

Sustainability strategy and sustainability management

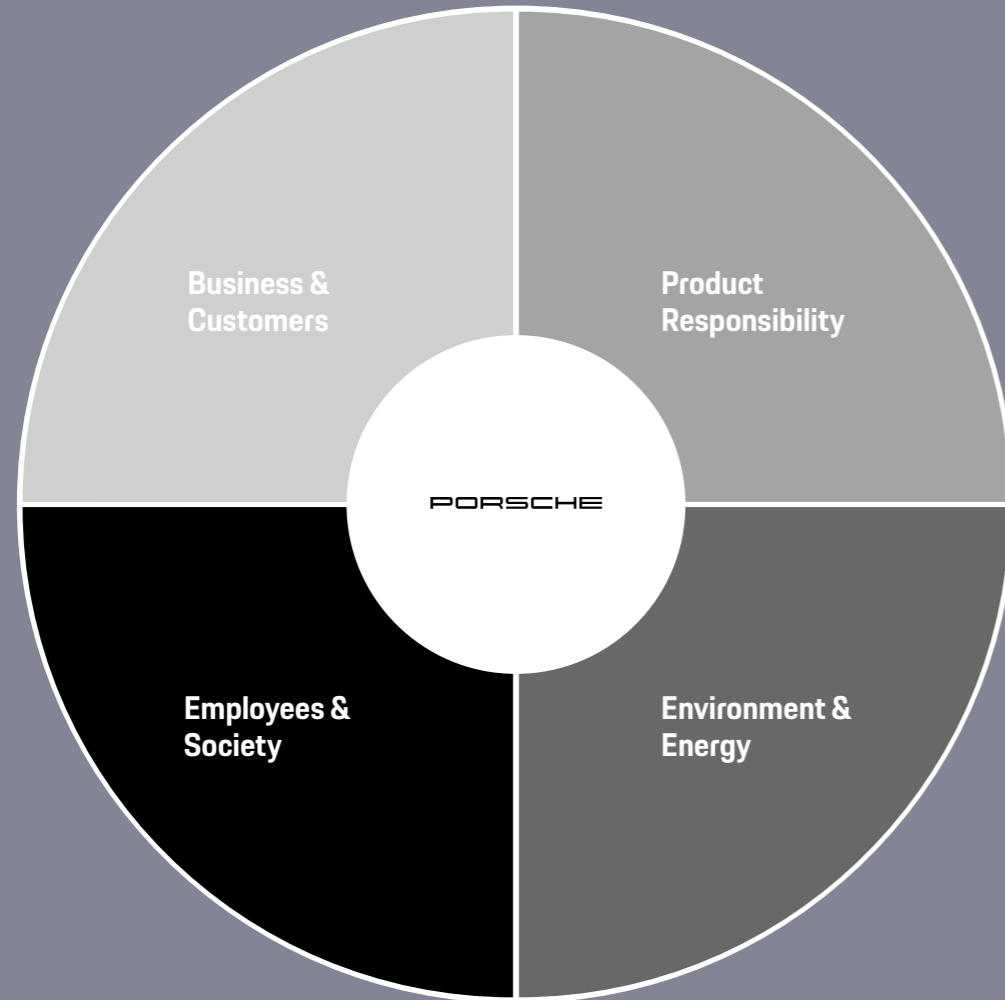
Strategy and organisation

Stakeholder management

Materiality analysis

Management approaches





STRATEGY AND ORGANISATION

(GRI 102-46)

Sustainability is a top priority for Porsche. We consider it our entrepreneurial duty to make sure that our actions benefit the environment and society. Our stakeholders also expect Porsche to strive for economic, social and ecological goals equally. This gives sustainability a central significance for Porsche when it comes to safeguarding its competitiveness.

Assuming responsibility for society and the environment does not run counter to our aims of efficiency and economic success. Sustainability is therefore a key cross-cutting issue in the Porsche Strategy 2025. Responsibility for this lies directly with the Chairman of the Management Board. Our aim is very clear: Porsche wants to be the most sustainable sports car manufacturer in the premium segment. Consequently, the issue of sustainability is firmly embedded throughout the company and broken down into four core action areas:

- Business & Customers
- Product Responsibility
- Environment & Energy
- Employees & Society

All activities relating to sustainability, and all strategic considerations and aims are structured around these four areas.

In order to implement sustainable action in daily practice and to achieve even more stringent implementation in the company, Porsche is working on a "Group Sustainability Directive". The Directive will contain binding rules on organisational processes, topic management, project implementation and communication of all sustainability topics.

Sustainability is implemented on a Group-wide basis. Porsche has therefore incorporated further relevant subsidiaries into its Sustainability Expert Group. Each part of the business is also represented by employees in this Expert Group which is responsible for implementation of the cross-cutting strategy on sustainability.

In order to reduce the complexity of sustainable actions while also improving measurability and control, the company developed the Porsche Sustainability Index during the year under review. This Index defines sustainability aspects using key figures and also depicts the key indicators of value-creating growth and environmental footprint. Based on the classic sustainability dimensions of economic, ecological and social issues, the index is based on the Porsche value chain. The central goal of

the Porsche Sustainability Index is to combine economically successful action with social commitment and simultaneous reduction in the company's environmental impact. The aim for the sustainability index is to be recorded half-yearly in future, and compared against the targets set. In this way, Porsche can consistently develop its commitment to sustainability.

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Sustainable Development Goals

In autumn 2015 the General Assembly of the United Nations adopted its seventeen Sustainable Development Goals (SDGs). The SDGs are at the heart of the 2030 Agenda for Sustainable Development, the aim of which is to reconcile economic progress, social justice and environmental compatibility.

The SDGs are primarily aimed at states and governments, yet Porsche too wants to counter the depletion of natural resources and climate change and have a positive impact on social development. The company is focusing on those issues that its own business model and related value creation processes can materially influence.

The expectations of its internal and external stakeholders are important to Porsche. With this in mind, in 2017 stakeholders were surveyed on what they regarded as the most relevant SDGs for Porsche. Seven goals were identified, and are now areas in which the company is using its sustainability activities to make a real difference:

SDG 4 – Quality education

For Porsche, education is the key to sustainable development. This is why the company offers its trainees and staff an exceptionally diverse programme of vocational and professional training, giving every single employee the opportunity to engage in systematic training tailored to their needs. Internationally too, Porsche is heavily committed to education and science, not least through its Porsche Training and Recruitment Centers in Manila and South Africa, and its Mobile Education Training and Resource Units (METRU), a joint project with UNICEF.

SDG 8 – Decent work and economic growth

Creating jobs and respecting human rights along the entire supply chain are prerequisites for value-creating, sustainable growth. Porsche not only assumes responsibility for its employees and invests in their future. It also imposes strict, internationally recognised standards on its suppliers in the area of social and human rights. In this way, Porsche supports humane working conditions while categorically rejecting any form of forced or child labour.

SDG 9 – Industry, innovation and infrastructure

Porsche is synonymous with innovative products and services, and the theme of mobility of the future is a top priority. By expanding a high-performance charging infrastructure for

electric vehicles, permanently working to find innovative solutions, and trialling digital technologies and future trends, the company is playing an instrumental role in this field.

SDG 11 – Sustainable cities and communities

Sports car production at the main plant in Zuffenhausen is located in a mixed-use zone, surrounded by residential areas. Consequently, the company is directly confronted with the challenges posed by increasing urbanisation. This is another reason why Porsche feels a sense of duty to actively contribute to the sustainable development of cities by providing smart solutions. Resource-efficient production processes and products, as well as technological and social innovation, are the key factors for the company in this regard.

SDG 12 – Responsible consumption and production

As well as consistently working to create environmentally sound products that use fewer resources, Porsche is also constantly developing efficient, environmentally compatible production processes. The economic, ecological, sociocultural, functional and technical process qualities all play a central role. Meanwhile, the company sees it as just as important that internationally accepted rules governing health and safety and environmental protection are upheld. Ethical considerations and standards take precedence along the entire Porsche supply chain as the overriding sustainability requirements.

SDG 13 – Climate action

Porsche is embracing the challenge of pushing technological boundaries, reducing fuel consumption and developing innovative drive systems. The conservation of raw materials and energy is another huge priority. The company now uses 100 per cent green energy to supply the power needed for production. In 2019, Porsche's first fully electric sports car, the Taycan, is due to leave the production line in Zuffenhausen. The production process for this model is carbon neutral. Meanwhile, the company is consistently cutting levels of CO₂ emissions from its own fleet. As its development of hybrid and electric models gathers pace, Porsche is making an important contribution to global climate protection and to improving air quality in cities.

SDG 17 – Partnerships for the goals

Sustainable mobility solutions and a livable world for the future can only be created by working together. This is why a process of permanent exchange with stakeholders and the strengthening of partnerships are two of the main goals of Porsche's sustainability strategy.

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The company is actively involved in a range of networks and is committed to sustainability initiatives. Through these collaborations, Porsche is supporting the transfer of knowledge for innovative and future-oriented approaches shaped around sustainability.



<p>1 </p> <p>No poverty</p>	<p>2 </p> <p>Zero hunger</p>
<p>3 </p> <p>Good health and well-being</p>	<p>4 </p> <p>Quality education</p>
<p>5 </p> <p>Gender equality</p>	<p>6 </p> <p>Clean water and sanitation</p>
<p>7 </p> <p>Affordable and clean energy</p>	<p>8 </p> <p>Decent work and economic growth</p>
<p>9 </p> <p>Industry, innovation and infrastructure</p>	<p>10 </p> <p>Reduced inequalities</p>
<p>11 </p> <p>Sustainable cities and communities</p>	<p>12 </p> <p>Responsible consumption and production</p>
<p>13 </p> <p>Climate action</p>	<p>14 </p> <p>Life below water</p>
<p>15 </p> <p>Life on land</p>	<p>16 </p> <p>Peace, justice and strong institutions</p>
<p>17 </p> <p>Partnerships for the goals</p>	

STAKEHOLDER MANAGEMENT

Stakeholder communication and dialogue

(GRI 102-40, 102-42, 102-43, 102-44, 102-46)

Porsche is particularly concerned with fostering and consistently building on a process of exchange with its stakeholders. The company is aware that its business activities impact on the interests of many different groups. The expectations of these groups must be taken into consideration when dealing with central issues. The open and transparent exchange of information and arguments lays the foundation for mutual understanding and social acceptance. At the same time, this dialogue provides the company with important suggestions and new impetus. Once again during the reporting year Porsche continued to pursue its goal of engaging in exchange that benefits all stakeholders, stepping up its dialogue activities to improve stakeholder relations. Porsche's first Sustainability Days promoted proactive exchange with employees. Working relationships at the heart of initiatives, associations and working groups dedicated to entrepreneurial sustainability were advanced further. Since 2018, for example, Porsche has been supporting the competence platform "nachhaltig.digital" in order to be intensively involved in the link-up between the two themes, sustainability and digitalisation.

External dialogue

(GRI 102-40, 102-43, 102-44, 102-47, 102-48)

External stakeholder dialogue is based on trust which is at the heart of any long-term relationship between Porsche and its dialogue partners. Credible exchange with the stakeholders must be geared towards the long term and be nurtured on an ongoing basis.

This takes place via a diverse range of communication channels and event formats. The most important sources of information for thought leaders, decision makers and customers include the Porsche magazine *Christophorus*, published in twelve languages around the world, the online newsroom with its Twitter and Instagram channels, the web-based TV channel *9:11 Magazin* and the Porsche website. The community newspaper "targa – Nachrichten für die Nachbarn" ("targa", the residents' journal), launched in 2015, keeps local residents who live in proximity to Porsche's sites up to date with the latest news. Information letters are also used to keep stakeholders informed on, for example, plans for future construction work.

Stakeholder surveys are carried out every two years as part of a systematic process to learn about relevant groups' views and expectations in relation to the issue of sustainability. In 2017 around 7,200 stakeholders from Germany, China and the UK were invited to complete an online survey. The respondents included customers, business partners, representatives from authorities, associations, trade unions and non-governmental organisations, and politicians, scientists and sustainability experts. The issues identified provide the basis for sustainability aspects which are closely linked to other aspects of the corporate strategy.

Porsche highly values direct feedback from its interest groups. Through a dedicated e-mail address (sustainability@porsche.com), the company offers stakeholders a way of contacting the responsible department directly.

Porsche also seeks to address stakeholders personally. Regular dialogue events have been held across Porsche sites since 2016. These events give local residents a chance to raise specific questions with the experts directly. Porsche held two events in 2018 designed to update its neighbours on the state of building work at its sites. More than 500 members of the public took up this opportunity to learn about the projects, ask questions, make suggestions or express their opinions.

Cooperating in networks and engaging in sustainability initiatives and working groups also form part of Porsche's stakeholder dialogue as it works to drive forward ecological, economic and social issues. Against this background, Porsche has been a member of the Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (B.A.U.M. – German Environmental Management Association) since 2016. In 2017, Porsche joined the German Business Ethics Network (DNWE) and became a signatory to the state of Baden-Württemberg's WIN! charter for sustainable business, marking its commitment to entrepreneurial responsibility. Since 2018, Porsche has also been one of the cooperation partners involved in the "nachhaltig.digital" competence platform. The aim of the joint project on the part of B.A.U.M. e.V. and the German Federal Environmental Foundation (DBU) is to make digitalisation a tool for future-proof, sustainable development. The company also engages in dialogue with local politicians through an inter-municipal working group.

Internal dialogue

(GRI 102-40, 102-43, 102-44, 102-47)

Direct dialogue is an essential component of Porsche's corporate culture. Employees have a wide range of opportunities to contribute their own concerns and have broad access to transparent interaction channels and information, for example through the employee magazine, local site newsletters, the in-house TV channel and also the intranet, for up-to-the-minute news. Since 2017, employees have been able to download an app to access the Porsche intranet on their own devices. Regular works and departmental meetings, employee information events and specific topic and innovation weeks also form part of the diverse programme of internal communications.

During the year under review two Porsche sites organised a week dedicated to the topic of sustainability. Featuring an interactive experiential world and various expert talks, this initiative helped to further raise awareness of sustainability issues among Porsche staff. Employees made numerous new suggestions on how the company could improve its everyday sustainability even further. These proposals are now being carefully considered in the relevant departments and will be followed up. Internal stakeholder dialogue on sustainability issues is to be extended further still in future in order to promote understanding of the subject within the company and to build on employees' role as knowledge multipliers in the outside world.

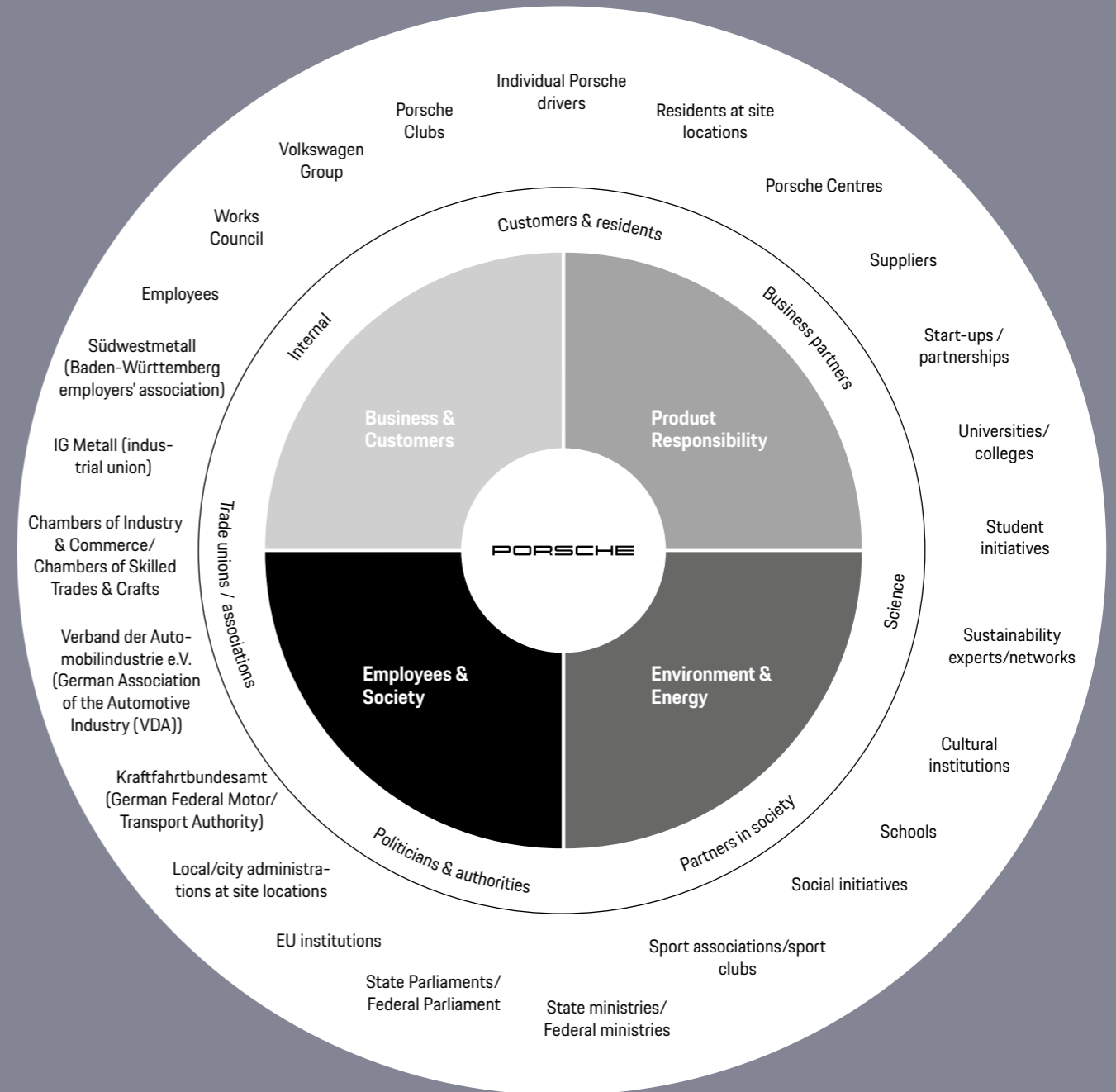
The company always encourages its employees to contribute their own ideas through its internal ideas and innovation management set-up. Complaints and personal concerns are treated in confidence where requested. Porsche has an ombudsman system to handle anonymous complaints and reports on any illegal behaviour in relation to the company.

At Porsche all staff and their elected representatives are informed comprehensively and in good time of any major operational changes. Adherence to this corporate practice is ensured in several different ways, including by means of a Supervisory Board with equal representation, the Works Council committees, regular works meetings and the continuous maintenance of the works agreement database on the intranet.

Our stakeholders

(GRI 102-40, 102-42, 102-43, 102-44)

The most important internal and external stakeholders for the company, established on the basis of internal analysis.



Sustainability organisation

(GRI 102-46, 103-1)

A transparent internal structure with defined roles and responsibilities allows sustainability topics to be handled rigorously and effectively throughout the business.

The Executive Board of Porsche AG acts as the highest authority on sustainability, meeting regularly as the Sustainability Board and setting the company's basic strategic direction. It also decides on the realisation of far-reaching sustainability measures and lighthouse projects.

The sustainability team of the Policy and External Relations department acts as an interface for all aspects of sustainability within the business. It is responsible for the coordination of all sustainability activities, implementation of the sustainability strategy and reporting, as well as integration with the Volkswagen Group's encompassing sustainability activities. Additionally, it organises internal and external communications and the continual expansion of stakeholder dialogue.

The Sustainability Expert Group is responsible for developing the content of sustainability activities and submitting appropriate proposals to the Executive Board. It brings together members from all departments and meets four times per year. The standing members of the Expert Group represent all of the relevant specialist departments in the company, where they act as multipliers for sustainability topics. During the reporting year the Group was extended to include representatives from the relevant German subsidiaries. In order to further reduce the complexity of sustainability management within the Porsche Group, the Expert Group is being expanded on an on-going basis.

Meanwhile, the Porsche Sustainability Council was established back in 2016, marking a key step forwards in terms of greater stakeholder dialogue. This Council has been an important source of ideas and impetus ever since. It is composed of internationally renowned representatives from the scientific and public communities. Its current members are: Prof. Sonja Peterson, Prof. Lucia Reisch, Prof. Maximilian Gege, Prof. Ortwin Renn and Prof. Klaus Töpfer.

The Porsche Sustainability Council was convened on two occasions in 2018, on one occasion sitting together with the Porsche AG Executive Board. The members of the Council were given greater involvement in processes relevant to management during the year under review, including during discussion of strategic

sustainability management and the intensification of stakeholder dialogue. Both of these areas have been consistently taken forward. Cooperation with the Council is to be stepped up even further in 2019.

A transparent internal structure with defined roles and responsibilities allows sustainability topics to be handled rigorously and effectively throughout the business. The Executive Board of Porsche AG acts as the highest authority on sustainability, meeting regularly as the Sustainability Board and setting the company's basic strategic direction.

Porsche Strategy 2025 Sustainability management



MATERIALITY ANALYSIS

Stakeholder survey

(GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-48, 103-1)
 Since 2013, Porsche has conducted a survey every two years to gather the views and expectations of its stakeholders on the subject of sustainability. In autumn 2017, approximately 7,200 representatives of relevant stakeholders were contacted as part of an anonymous and international online survey. This was three times as many stakeholders as in the 2015 survey. Responses were received from some 950 people including customers (67.3%), business partners and analysts/investors (7.5%), politicians and public authorities (4.8%), NGOs (3.0%), Porsche employees (2.7%), academics (2.4%) and other participants (12.3%). The survey was also completed by respondents from China and the UK for the first time.

More than two thirds of those surveyed reported being "very satisfied" or "satisfied" with Porsche's sustainability efforts, an improvement of twelve percentage points compared with the previous survey. This is a clear indication that Porsche is on the right track but has yet to reach the home straight. The survey respondents did not see any conflict, generally speaking, between sustainability and the manufacture of premium sports cars, with 89 per cent not believing there to be any general contradiction. More than half of participants (58%) stated that their impression of Porsche had been "hardly" or "not at all" affected by the diesel affair. Just under a third (29%) felt that their views had changed, however. All stakeholder groups expect open, honest and transparent communication on this matter as well as a clear response to the challenge of low-emission sustainable mobility.

Porsche consistently aligns its product range with its customers' wishes and with state-of-the-art technology. On this basis, it is stepping up its activities in relation to hybrid technology and electric vehicles, and no longer offers any diesel models. The company is embracing its responsibility for rebuilding any loss of trust and credibility by means of solid actions. Overall, the 2017 survey respondents listed "vehicle safety", "fuel consumption and vehicle emissions" and "long-term customer relationships" as their priorities.

The members of the Sustainability Council also had the chance to provide detailed feedback on sustainability at Porsche and on the opportunities and risks during individual expert interviews. They presented specific

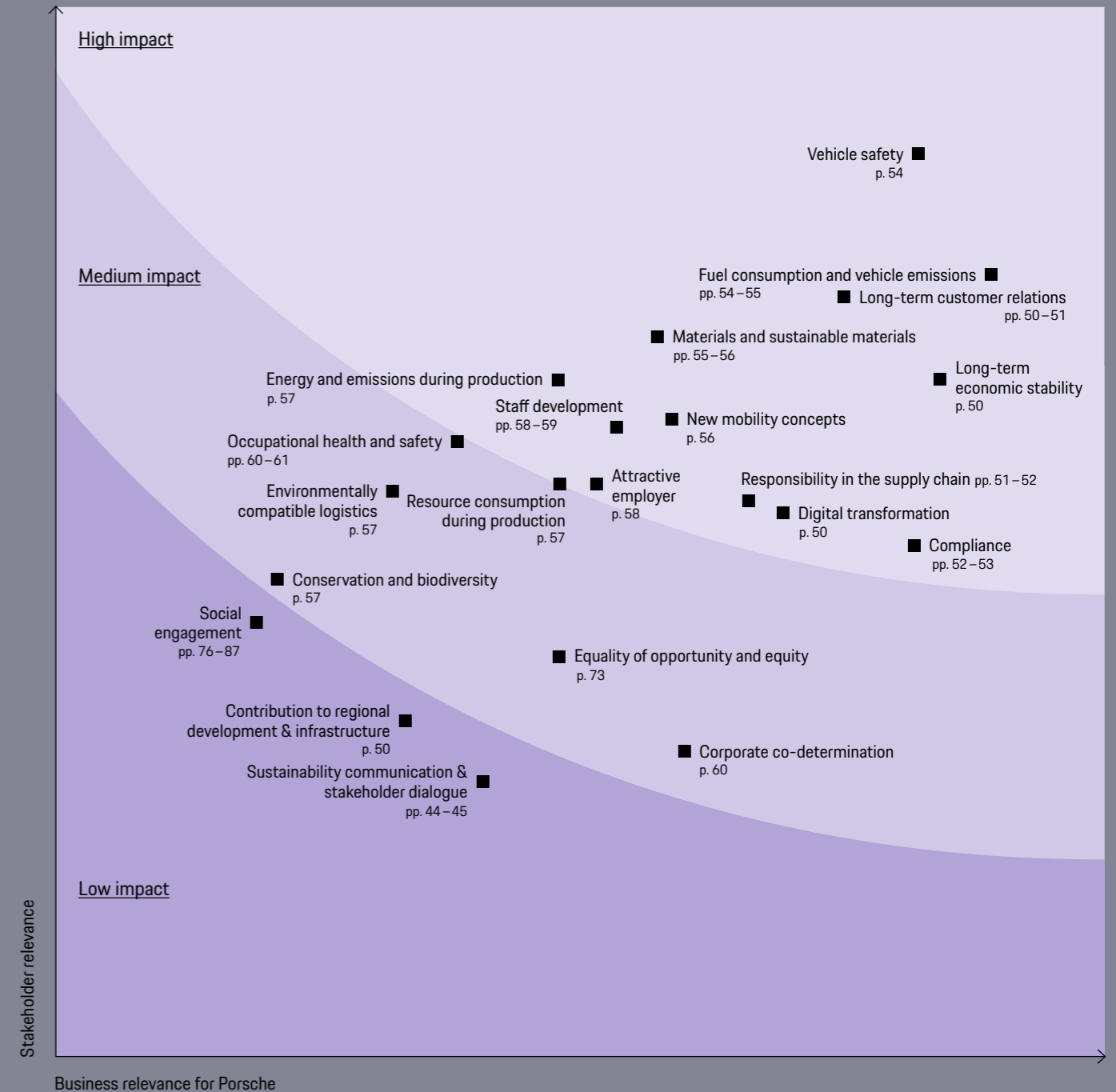
recommendations for action to further shape Porsche's engagement. Key areas of discussion included alternative drives, a reduction in corporate CO₂ emissions, and the expansion of the charging infrastructure. The members of the Sustainability Council discussed the impetus around these issues at two joint meetings with the Porsche Executive Board during the reporting year, using it as the basis for appropriate measures. The working relationship with the Council is to be further strengthened. The first significant step will be a joint dialogue format with representatives of external stakeholders in 2019. The next Porsche stakeholder survey is scheduled for autumn 2019 and will have a greater international focus.

Materiality analysis

(GRI 102-44, 102-46, 102-47, 103-1)
 A workshop for members of the Sustainability Expert Group and representatives of the relevant departments at Porsche was staged in autumn 2017, providing an opportunity to evaluate defined topics in terms of their impact on the environment, employees and society. Porsche pooled the results of this process in the form of a materiality matrix for 2017. This illustrates the link between the issues that are most important to stakeholders and those that are most relevant to the company's operations. The matrix helped to determine the main focuses of this report and was also used to review the ongoing development of the company's sustainability strategy.

Porsche pooled the results of this process in the form of a materiality matrix. This illustrates the link between the issues that are most important to stakeholders and those that are most relevant to the company's operations.

Materiality matrix
 (GRI 102-44, 102-46, 102-47, 103-1)



MANAGEMENT APPROACHES OUR FIELDS OF ACTION

BUSINESS & CUSTOMERS

Sustainability principle

Satisfied customers, economic stability, value-generating growth and social acceptance are the focus of all of our business activities at Porsche. Corporate responsibility begins with our self-image of actively helping to protect the natural conditions for life on earth and of benefiting our business environment. Economic efficiency, environmental consciousness and social responsibility are not mutually exclusive. On the contrary – by combining them we create more value for our stakeholders. As a company, Porsche is an integral part of society. Ethical behaviour is therefore essential. Porsche embraces fair competition and acts not only lawfully but also legitimately. The company systematically combats corruption, respects and complies with international standards of human rights, and categorically rejects all forms of forced and child labour.

The “Business & Customers” action area covers the following topics identified in the 2017 materiality analysis: “long-term economic stability”, “long-term customer relations”, “compliance”, “responsibility in the supply chain” and “digital transformation”. All of these topics feature clearly defined processes and areas of responsibility, as well as established evaluation procedures.

Economic stability and digital transformation

The automotive industry is facing radical change across the world. Electrification, digitalisation and connectivity are the hallmarks of a new era in individual mobility. This view is shared by Porsche’s stakeholders who assigned correspondingly high degrees of relevance to the topics of “economic stability” and “digital transformation” in the 2017 materiality analysis. From the company’s perspective, these two topics must be handled successfully in order to secure Porsche’s long-term economic success.

The company enjoys excellent profitability and has set itself the strategic target of a minimum operating return on sales of 15 per cent. At the same time, Porsche is making major investments to ensure it retains its innovative capacity and can embrace the digital revolution. Digitalisation is impacting on all areas of the company – from internal processes to our interaction with customers and the develop-

ment of new products and services. An innovation management system that extends across all of the company supports the generation of new impetus, driving the testing of technologies and trends, and encouraging Porsche’s employees to take the initiative to shape mobility in sustainable ways.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of “long-term economic stability” through its disclosures pursuant to *GRI 201: Economic Performance*. This information is measured and reported on the basis of the Porsche AG Group’s financial analysis, financial data and calculations of added value.

Long-term customer relations

Porsche sets high standards with regard to maintaining long-term customer relations, and consistently seeks to improve and develop its range of exclusive sports cars and mobility services in the interests of its customers. “Inspiring customers with a unique product and brand experience” is one of the four main aims of the Porsche Strategy 2025. The 2017 materiality analysis also underscores the importance attached to “long-term customer relations”. Consequently, the Sales and Marketing division uses a variety of measures to strengthen customer satisfaction and loyalty over the long term and to further optimise the customer journey at Porsche.

We strengthen relations with all of our stakeholders through personal interaction and open dialogue. New apps, expanded social media channels, the integration of chat functions and the overarching, personalised “My Porsche” customer portal are all simplifying and speeding up digital communications between the company and its customers. Yet these new approaches are by no means replacing personal contact, which will remain just as essential in future as Porsche fosters stable, long-term relationships based on trust. This is why Porsche supports individual support for its customers across the world throughout their customer journey, updating the technical systems deployed for this purpose, staging exclusive customer events and ensuring that its sales staff are given the necessary customer-focused training.

Porsche regards constructive criticism as an opportunity to keep on improving its products, services and processes. The company’s global market research team sends out more than 250,000 questionnaires every year in order to gain a better understanding of its customers and to identify new customer expectations in good time so that these can be fully interpreted.

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Particularly with regard to new vehicle technology and mobility trends, the findings from the company’s surveys are fed into the process of developing new products and services at an early stage. Porsche takes customer feedback very seriously. In a monthly product quality and customer satisfaction forum, the Executive Board of Porsche AG evaluates the results and consequences of the feedback that it receives with developers, as well as with representatives from the Quality Assurance, Aftersales and Customer Relations departments. The results of these efforts to look after and communicate with clients in cooperation with Porsche’s trade partners are clear to see. For the fourteenth year in succession, Porsche occupied one of the top rankings in the Automotive Performance, Execution and Layout Study (APEAL) quality study conducted by the US market research institute J.D. Power in 2018.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of “long-term customer relations” through its disclosures pursuant to *GRI 418: Customer Privacy*. Porsche takes individual data privacy very seriously and respects every data subject’s right to determine what is done with their data. Data protection is integrated – independently and without instruction – into all relevant company processes. Porsche’s data protection system and the relevant business processes are consistently designed to ensure that the statutory requirements are upheld at all times. Over and above the statutory requirements, Porsche has issued its own guidelines committing the company to further data protection principles, including data economy, purpose-based collection and confidentiality. A full-company programme was launched in order to guarantee implementation throughout Porsche of the new requirements imposed by the EU’s General Data Protection Regulation (GDPR). This programme covers documentation and information obligations, the rights of data subjects, and data protection management processes. Due to internal confidentiality guidelines, any reports received on specific data protection violations are not published, however.

Responsibility in the supply chain

Economic success, the extension of the product portfolio, and the use of new technologies are focusing ever more attention on companies’ supply chain. Two examples illustrating this development are higher delivery figures driving growth in supply parts, while new products frequently also need innovative components that must be procured responsibly. Porsche stakeholders also assigned a high level of

relevance to the topic of “responsibility in the supply chain” in the 2017 materiality analysis. Together with its suppliers and sub-suppliers, Porsche makes every effort to make its supply chain as sustainable and value-adding as possible.

When Porsche was incorporated into the Volkswagen Group, its procurement division was also largely integrated into the Group’s organisational structure. Shared purchasing structures, processes and systems were specified in a cooperation agreement back in 2011. This means that Porsche’s procurement decisions are largely coordinated and agreed upon with the Volkswagen Group. Cooperation between Porsche AG and the Group is also consistently being driven forward and the relevant structures expanded and strengthened.

A supply chain based on responsibility is built around trust-based cooperation, shared values and strict compliance with the sustainability requirements defined in the Volkswagen Group. The concept of “sustainability in supplier relations” and the corresponding code of conduct compel all parties to observe and comply with the high environmental, social and human rights standards in the International Chamber of Commerce’s charter and the OECD’s guidelines for long-term, sustainable development. The relevant key labour standards from the International Labour Organization (ILO) serve as the foundation for the sustainability requirements that Porsche once again helped to revise and update during the year under review. All suppliers are also expected to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Porsche is active in this area in the context of the Group’s responsible minerals initiative (RMI) activities. These sustainability requirements are enshrined in supply contracts, the violation of which can result in reviews, formal statements and potentially also the termination of the business relationship. Sustainability audits in the 2018 reporting year yielded two cases in which specific sustainability requirements were not met. Appropriate measures were agreed upon with two suppliers, and the introduction of these measures was monitored. As at the end of the reporting year, one case was still open and being reviewed.

Porsche always conducts integrity checks before entering into business relations with new suppliers. Once the cooperation arrangement is in place, monitoring and development are carried out on a continuous basis, supported by questionnaires, risk analyses of the supplier

countries, and e-learning modules and training sessions. Porsche has also been carrying out its own sustainability audits of selected suppliers since 2016. Audits are followed up by detailed reports and plans of action. In this way, and combined with a broad range of other activities including regular employee seminars on sustainability requirements in the supply chain and supplier workshops, the company is putting one of the Porsche Strategy 2025 measures into practice. Sustainability in the supply chain is also a separate area of action within the company's purchasing strategy. A new guideline in the Volkswagen Group on sustainability in supplier management has also governed all internal processes and areas of responsibility since 2017. Porsche incorporated the requirements defined in this guideline into its own brand-specific guidelines in 2018.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of "responsibility in the supply chain" in the following content-specific disclosures: *GRI 204: Procurement Practices*, *GRI 308/414: Supplier Environmental/Social Assessment*, *GRI 408/409: Child Labor/Forced or Compulsory Labor and GRI 412: Human Rights Assessment*.

Compliance

Acting responsibly means acting in strict compliance with laws and regulations. Porsche's stakeholders share this view, duly assigning a high level of importance to the topic "Compliance" in the 2017 materiality analysis.

The company has put in place a compliance structure based around its business model to ensure that it acts lawfully, with legally secure processes and preventive and reactive measures. The Porsche compliance management system encompasses seven areas of compliance. In order to avoid any infringements of the law and to help its employees act in accordance with legal and statutory provisions, Porsche has had a compliance system in place for many years now. This system includes a chief compliance officer, and compliance officers at Porsche AG and at the Group member companies covering every area of the business. The compliance programme encompasses a range of different preventive and reactive measures.

Regular risk analysis is carried out to define areas that require action and preventive measures. The company's business model, relevant environmental conditions and the relationships with business partners are all taken into account. Key preventive measures at Porsche include the adoption and communication of

binding rules, while managers and employee have access to confidential advice and risk-based training and information on relevant compliance issues. Ultimately, the code of conduct sets out the most important rules to be applied at Porsche in accordance with the company's business model. This code documents the expectations of managers and staff in terms of the responsibility they must assume for compliance as a member of society, as a business partner and at the workplace. The rules are also set out in guidelines, covering such areas as how to avoid corruption or violations of antitrust law, how to handle conflicts of interest or the receipt of gifts, and how to prevent money laundering. To ensure and promote lawful behaviour over the long term, all managers and employees are given regular information and training on compliance and the related risks.

Porsche's central compliance help desk provides information and advice on compliance issues internally, providing expert answers to all questions from managers and employees alike. The help desk can also be contacted confidentially to report (potentially) unlawful actions, such as criminal acts or serious irregularities. Outside the company, Porsche managers, employees, customers and business partners, as well as public officials and other external individuals, can report legal violations anonymously via the ombudsman system. All of the information received is carefully examined, and any violations found are responded to appropriately in accordance with the relevant provisions of the employment and co-determination laws. This includes introducing suitable countermeasures and sanctioning cases of individual misconduct. The Executive Board of Porsche AG receives regular reports on actions taken by the compliance organisation and on preventive and response measures implemented in the Porsche Group.

Compliance training

The compliance officers for each area, together with the HR department, are responsible for compliance training. Most of the training currently being delivered takes the form of classroom-based sessions. In addition, web-based training sessions devoted to "Technical Compliance" and "Data Protection" were also available. The range of e-learning options is to be gradually extended to include more compliance issues in future.

The compliance managers deliver the training on the basis of a subject-specific plan, which uses risk analyses to identify target groups and key areas of content, and also defines

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organisational aspects such as the number and frequency of events and the capacities needed. A regular programme of set training events is in place for (new) managers and employees, as well as for junior managers and trainees. In addition, training courses on selected topics and with specific target groups are held.

For example: since the relaunch of Porsche's programme for junior managers (PE programme) in 2018, compliance training has been available in various formats and covering a range of issues through classroom-based and online modules. Participants can also gain an insight into the company's compliance culture, management and rules, and its code of conduct, via an online offering. Using Skype for Business, participants can take a live multiple choice test and ask questions at the end of the session. Compliance issues including anti-corruption, anti-money laundering measures and antitrust law are presented by compliance officers during the classroom-based sessions. As well as presentations and case studies, some sessions involve group work where case studies are tackled with the help of a board game.

New employees are familiarised with the company's compliance culture during the Porsche Warm-up event, an introductory training session generally held monthly. The event is based around the World Café, in which newly hired staff have the chance to look intensively at the code of conduct and basic rules on avoiding corruption, tackling specific cases before presenting their solutions to the full group. The compliance image film rounds off the event which also covers the most important rules and expectations in relation to the issue of compliance.

All compliance trainings at Porsche are binding. The amount of training undertaken by compliance officers is monitored over the course of the year, with the final status being reported to the Compliance Council and to the Executive Board and Supervisory Board. Since the beginning of 2018, employees' attendance at compliance seminars has been recorded in their continuing professional development file.

Information for employees

Information about the Compliance department's training programme is available to Porsche employees on the intranet. In addition to relevant Group and company guidelines, this information includes contact persons and ways to report concerns either internally or externally, along with a range of materials such as compliance videos, flyers, note cards and check lists.

Porsche's code of conduct

The Volkswagen Group's code of conduct has also applied to Porsche since the end of 2017. These guidelines set out all aspects of employees' responsibility for compliance:

- as members of society: human rights; equal opportunity and equal treatment; product conformity and product safety; environmental protection; donations, sponsorships and charity; communications and marketing; political lobbying.
- as business partners: conflicts of interest; gifts, hospitality and invitations; prohibition of corruption; dealings with public officials and holders of political office; prohibition of money laundering and terrorism financing; accounting and financial reporting; taxes and customs; fair and free competition; procurement; export control; prohibition of insider trading
- in the workplace: occupational safety and healthcare; data protection; security and protection of information, know-how and intellectual property; IT security; handling company assets. Illustrative examples that employees might face on the job are provided for each topic.

There is also a self-administered test designed to help employees make decisions in case of doubt. Porsche's code of conduct is published on the internet and intranet. All staff are also sent the code of conduct by e-mail and informed about it during training and information events, and all new employees are provided with a hard copy in the form of a brochure at the welcome event on their first day.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of "compliance" through the following disclosures: *GRI 205: Anti-corruption*, *GRI 206: Anti-competitive Behavior*, *GRI 307: Environmental Compliance*, *GRI 419: Socio-economic Compliance*.

PRODUCT RESPONSIBILITY

Sustainability principle

Porsche develops high-quality, innovative and long-lasting products. With each new model generation, Porsche consistently sets new standards in quality, environmental friendliness and safety across the entire life cycle of all vehicles.

The Product responsibility action area covers the topics identified in 2017's materiality analysis, namely "Vehicle safety", "Fuel consumption and vehicle emissions", "Materials and sustainable raw materials" and "New mobility concepts". Clearly defined processes and skills are in place for these topics, alongside transparent evaluation procedures.

Vehicle safety

Vehicle safety is of the utmost importance to Porsche, with the safety of the vehicle's occupants being the top priority. In addition, making sure that other road users are also kept safe is another key aim. For their part, Porsche stakeholders place a great deal of importance on vehicle safety. During the sustainability survey conducted as part of 2017's materiality analysis, stakeholders ranked this topic in first place, not least due to its economic relevance and social importance.

Vehicle safety is a decisive criterion from the outset in the development of innovative, state-of-the-art vehicles. Alongside accident prevention – by fitting vehicles with ABS or ESP systems or automatic emergency braking systems – one of the main goals is to reduce the effect of an accident on the vehicle's occupants. With this in mind, during the development phase of a new model the deformation behaviour of the vehicle body is precisely defined for a variety of frontal, lateral and rear end impacts. Vehicles are also fitted with a smart restraint system consisting of airbags and seatbelts. Crash tests are used to check the effectiveness of the safety systems. In a controlled crash the impact of the entire vehicle slamming into an object, such as a wall, is investigated. Crash test dummies with sensors are used, which allows an evaluation of the possible injuries of the occupants. Specific biomechanical limits must be adhered to, stipulating such parameters as maximum acceleration or deceleration of the head.

In addition to carrying out complete vehicle crash tests, component tests and computer simulations are used during development to tune the complete vehicle system and its behaviour in an impact and continuously

improve it until it is ready for series production. The Porsche safety strategy defines the underlying requirements, not only complying with statutory rules across the world but also meeting internal company requirements. The latter extend beyond the minimum required by law and involve a significantly broader load case portfolio. In this way, Porsche can ensure that, in the event of an accident, its drivers and their passengers, as well as other road users, benefit from the high level of protection synonymous with Porsche.

The ultimate vision in terms of vehicle safety is the general avoidance of accidents. Porsche is therefore consistently working on the development of anticipatory systems. In this way, vehicle safety at Porsche will continue to make an important contribution to general road safety in the future.

In accordance with the rules of the Global Reporting Initiative, the topic of "vehicle safety" is covered in this report by the indicator *GRI 416: Customer Health and Safety*.

Fuel consumption and vehicle emissions

Electrification and digitalisation are responsible for radical change in automotive construction. For its part, Porsche is embracing this challenge. The company builds sports cars that reconcile apparent contradictions: tradition and innovation, performance and day-to-day usability, functionality and design, and exclusivity and social acceptance.

At the same time, fuel consumption and vehicle emissions have a key role to play. After vehicle safety, they were identified as the second-most important topic by stakeholders in the 2017 materiality analysis. Their materiality to Porsche is also evidently clear within the company: fuel consumption and vehicle emissions are key issues with regard to commercial relevance, yet they also have significant ecological and social consequences. Continuous efficiency gains, the development of alternative drive technologies, falling fuel consumption and lower emissions – for Porsche, resource-saving and environmentally friendly mobility is a primary strategic target.

In addition to a wide range of measures to increase efficiency – from lightweight construction and technologies for the optimisation of conventional combustion engines to the use of smart assistance systems – Porsche is increasingly exploiting hybridisation and the complete electrification of its model range. The themes of "electromobility" and "vehicle architecture of the future" are cornerstones of the Porsche Strategy 2025. The Taycan,

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Porsche's first all-electric model, is redefining sports car construction in terms of performance, driving dynamism and range.

Optimising consumption is one side of resource-saving mobility; reducing harmful emissions is the other. Modern exhaust after-treatment systems reduce emissions, regardless of the current discussion surrounding diesel engines. In late October 2018, Porsche recalled its diesel Macan with the 3.0-litre V6 engine in emission class Euro 6 for a software update after irregularities were found in the engine control software. Germany's Federal Motor Transport Authority (KBA) had ordered a recall for a software update in July 2018 in order to remedy the issue. On 1 August 2018, the KBA approved Porsche's proposed software update for the Macan with the 3.0-litre V6 diesel engine in emission class Euro 6.

Porsche had already recalled diesel Cayennes with the 3.0-litre V6 engine in emission class Euro 6 in Germany during the previous year. Investigations had revealed irregularities in the engine control software for these vehicles. The KBA had ordered a recall for a software update in order to remedy the issue. In mid-October 2017, the FBA approved Porsche's proposed software update for its diesel Cayenne with the 3.0-litre V6 engine in emission class Euro 6. Porsche has since recalled the vehicles concerned for a free software update.

During the reporting year, the KBA issued Porsche with recall notices for the Cayenne 4.2-litre V8 diesel (Euro 5 and Euro 6) and Panamera 4.0-litre V8 diesel (Euro 6). As soon as the technical solution has been approved, vehicle owners will be contacted accordingly by their Porsche dealers.

Porsche consistently aligns its product range with its customers' wishes and strives to achieve technological leadership. Demand for diesel vehicles is falling. Traditionally, the diesel segment has been less important to Porsche, accounting for just 12 per cent of business in 2017. At the same time, interest in hybrid models is soaring. As far as the Panamera is concerned, 63 per cent of the vehicles delivered in Europe are hybrids. As of February 2018 Porsche no longer included any diesel models in its portfolio. The company made the decision in September 2018 to no longer offer any diesel models.

In accordance with the rules of the Global Reporting Initiative, the topic of fuel consumption and vehicle emissions is covered in this report by the indicator *GRI 305: Emissions*. The figures in this report that are required for

this indicator refer, however, solely to emissions that arise in production and administrative operations. For this reason, the consumption and emission figures for all vehicle models are reported instead.

Materials and sustainable materials

Materials and sustainable raw materials are the building blocks of modern, future-ready vehicle architecture. The Porsche stakeholders surveyed as part of the 2017 materiality analysis also assigned a high level of relevance to this issue.

The long service life of Porsche vehicles, their high-quality workmanship and the use of low-wear materials all form part and parcel of the Porsche principle. The company is focusing to an ever greater extent on the environmental effects of a vehicle across its entire life cycle, from the acquisition of raw materials and the vehicle's manufacture and use through to its disposal. The aim is to achieve a total ecological optimum.

Electric vehicles, for example, do not cause environmental damage when they are being driven, which helps to improve air quality in built-up areas. Conversely, however, the environmental impact of the manufacturing process is on the increase as a result of the raw materials and production processes used for components such as traction batteries. Together with its suppliers, Porsche is therefore working to make improvements to the battery manufacturing process in order to conserve resources, cut the energy density further and improve performance. Against this background, the Battery Recycling Working Group was set up during the year under review in order to tackle the key questions of what happens to old batteries once they are no longer fit for use. Information and project findings from the relevant departments are being analysed, and the Working Group is submitting recommendations to the Porsche Group which are then being put into practice. A pilot project is running in parallel in the Aftersales department, as part of which used traction batteries are being recycled for use as energy stores as part of a second life concept. In this way, resources can be conserved and sustainability enhanced.

Optimal and environmentally compliant vehicle production is an ongoing task for Porsche. This naturally also applies to the selection of sustainable materials and consideration of life cycles. The company has been scrutinising both of these areas as part of its 2025 strategy. Consequently, environmental aspects are already being given greater weighting in the

pre-development phase and taken into account at an early stage in the project award process. Measures are also in place to raise project managers' awareness of ecological issues even further. The company is also a heavy promoter of the recycling of raw materials, the extraction and processing of which required a high level of effort.

In this report, the topic of "Materials and sustainable raw materials" is covered in accordance with the rules of the Global Reporting Initiative by the indicator *GRI 301: Materials*. The indicator is measured and reported in terms of the annual consumption of materials.

New mobility concepts

Urbanisation, increasing prosperity, a world-wide increase in mobility and the associated higher environmental pollution trigger innovation and market dynamics for the adaptation of the automobile and its use. These factors are leading to a diversification of drive concepts in a move towards highly efficient, alternative concepts. At the same time, however, more and more new and attractive mobility concepts are also being researched and developed. Digitalisation and connectivity, as well as customers' desire for more flexibility and sustainability, are accelerating this change. In the 2017 materiality analysis, Porsche stakeholders underlined the huge significance of this turnaround.

Porsche is developing innovative products and services to shape flexible and comfortable mobility. These include innovative parking solutions, needs-driven vehicle usage, seamless integration with other forms of transport and the best possible use of electric vehicles thanks to optimised charging options. Agile and interdisciplinary teams are developing models that take their lead from customers' latest requirements. This development is underpinned by close cooperation between the company's different departments and an open information policy, as well as by early piloting and stakeholder involvement.

The mobility options offered to employees are another key area. An interdepartmental project has been launched to determine how to improve the traffic situation and the mobility of staff at Porsche's sites around the world for the long term. The project is particularly relevant to the main plant in Zuffenhausen, which is located in an urban area. The employees based there receive a monthly subsidy towards local public transport costs. In addition, the availability of parking at the plant, and mobility around the site grounds have also been significantly improved. Porsche manages the daily

delivery traffic as efficiently as possible which is why Logistics is already making use of three natural-gas trucks, one e-hybrid truck and two electric trucks.

In order to make mobility fit for the future and make smart cities a reality, Porsche also combines attractive mobility offers, technical expertise and digital solutions. In the year under review, Porsche and the PTV Group, the world market leader in the development of intelligent software solutions and integrated traffic concepts, examined measures for the liquefaction and relocation of traffic in the Ludwigsburg model area. These included innovative approaches such as a change in traffic management, a shift to public transport or the strengthening of inner-city cycling.

Porsche Consulting has also optimized the road construction site "Am Kräherwald" in a cooperation with the city of Stuttgart sponsored by Porsche. The aim was to significantly accelerate the construction project compared to a road section completed in 2017. The Porsche subsidiary introduced a new system for planning and controlling the construction site, which accelerated the construction time by more than 80 per cent and thus reduced congestion and emissions.

ENVIRONMENT & ENERGY

Sustainability principle

Porsche views the conservation of natural resources as an entrepreneurial obligation. Whether in development or in production, the objective is to impact the environment as little as possible, to use energy efficiently and to increase the share of renewable energies. All the steps taken to this end are scrutinised on a continuous basis along the entire value chain, and improvements are made where necessary.

The "Environment and Energy" action area constantly reviews the themes identified in the 2017 materiality analysis: "energy and emissions during production", "environmentally compatible logistics" and "resource consumption during production". Porsche has put in place clearly defined processes and responsibilities for all its divisions. Options for feedback and evaluating processes have also been firmly enshrined in the organisational structure.

Energy, emissions and resource consumption during production

Global climate change, scarcity of resources and advancing urbanisation all pose enormous challenges to the economy and society. In Porsche's 2017 materiality analysis, the Porsche stakeholders who are impacted directly or indirectly by the company's activities assign a great deal of importance to "energy and emissions during production" and "resource consumption during production".

Environmentally conscious and energy-efficient activity at all sites and across all levels is an essential element of Porsche's day-to-day business. A Group-wide environment and energy management policy continually checks all work processes along the entire value chain with regard to their ecological impact and any irregularities. Internal sets of rules and strategic guiding principles provide the relevant frame of reference. A dedicated Group guideline defines standardised procedures and responsibilities within the Porsche Group. This supports the Group companies in the systematic investigation, observance and checking of the regulatory environmental and energy requirements.

The energy and environment management policy covers emissions (air/noise) and soil protection, dealing with contaminated sites, hazardous materials and waste, as well as emergency preparedness, water and nature conservation and energy efficiency.

Responsibility for and the systematic implementation of the necessary steps lies with the Member of the Executive Board for Production and Logistics, supported by the Environment and Energy Management department. The fundamental aim is that every Porsche employee should be informed about the effects of his or her work on the environment. Every employee is called upon to observe the Group and company guidelines in order to minimise, or ideally avoid, any negative impact on the environment.

The strategy field "sustainability in production" in the Porsche Strategy 2025 defines short-term, medium-term and long-term measures. The "Environment and energy efficiency strategy" and the company's own "Environmental policy" are additional strategic guiding principles. In this way the company is implementing a requirement of the international standards for environment and energy management, ISO 14001 and ISO 50001, around which Porsche's internal specifications and processes are based. The sports-car maker also complies with the EMAS (Eco-Management and Audit Scheme) standards, a voluntary community environmental management and auditing instrument developed by the European Union. The Porsche site at Stuttgart-Zuffenhausen has been validated according to EMAS for more than 20 years and was also the first automotive industry plant in the world to fulfil the ISO 50001 standard. Since then, Porsche Leipzig GmbH, the Research and Development Centre in Weissach including its external locations, the central parts warehouse in Sachsenheim and Porsche Werkzeugbau GmbH have all been certified as compliant with this standard and with the ISO 14001 environmental management system.

In addition to the official certifications, Porsche also carries out internal reviews of compliance with environmental and energy legislation as part of its annual system and process audits (compliance audits). These audits are based on high standards and involve the hiring of external environment and energy auditors. The site results method records the impact that a site has on the environment: data and key figures are used to rate essential environmental aspects on a scale of high, medium and low relevance. On this basis, Porsche can determine all measures needed to ensure that potential negative impacts on the environment are reduced if not eliminated altogether. The Environment and Energy steering committee carries out regular progress checks on the pre-defined goals and initiates appropriate steps. The steering committee works cross-departmentally.

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Porsche strives to achieve a balanced environmental performance. Using water as efficiently as possible, through circulation systems and multiple reuse, and the careful handling of contaminated production waste water are important aspects in this regard. Avoiding waste, harnessing low-waste technologies and deploying sustainable disposal solutions are key elements of Porsche's waste management concept. The company's "environmental protection" resource regulation serves as an internal guideline and is also binding on suppliers.

Generally, environment and energy management staff are always at the disposal of company stakeholders – internal and external – to answer questions or listen to suggestions on the topic of "environment and energy". The goal is to foster open and transparent stakeholder dialogue. One example of this approach is the central complaints management system within the environment and construction management structure. Porsche's neighbours may contact central contact persons with any complaints or suggested improvements. All issues raised are dealt with individually. This system enables Porsche to react as quickly as possible and to incorporate suggestions into its long-term planning for the improvement of its sites.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of "energy, emissions and resource consumption during production" in the form of the following disclosures: *GRI 302: Energy*, *GRI 303: Water*, *GRI 305: Emissions*, *GRI 306: Effluents and Waste*.

EMPLOYEES & SOCIETY

Sustainability principle

At Porsche, people are at the centre of the company. It assumes responsibility for its employees and invests in their future. Continuous professional development and qualification are hallmarks of the Porsche culture. At the same time, key importance is attached to equal opportunities, diversity and co-determination as well as the ongoing improvement of our employees' worklife balance along with fair and performance-based remuneration. As part of our local and international social commitment in the areas of social matters, education and science, culture and sport, Porsche initiates its own projects and supports external partners in conducting their own important social activities.

Under the "Employees & Society" action area, Porsche covers, among other issues, the important topics identified in the 2017 materiality analysis, namely "attractive employer," "staff development," "corporate co-determination," and "occupational health and safety." In all four areas, Porsche has clearly defined processes and remits in place, as well as established avenues of evaluation and feedback.

Attractive employer

The basis for successful HR work is Porsche's continual positioning as an attractive employer. Indeed, Porsche's stakeholders attributed a great deal of importance to this aspect in the 2017 materiality analysis. Porsche scores particularly highly for its excellent general conditions, the strong corporate culture and co-determination, and the extensive options for reconciling a career and family life. Firmly anchored in Porsche's HR strategy, employer attractiveness is one of four central priorities enshrined in the overarching Porsche Strategy 2025. Other benchmarks include the codes of conduct and the "Porsche Business Rules".

The continuous development of its corporate culture is exceptionally important to Porsche, particularly against the backdrop of the strong growth in staff numbers in recent years, and the company's new focus on electric technology, digitalisation and connectivity.

The patrons of this corporate culture are Porsche Chairman of the Executive Board Oliver Blume, Porsche HR Board Member Andreas Haffner and Uwe Hück, Chairman of the Group Works Council. These individuals embody the Porsche code, which draws on the new culture guidelines comprising the four elements of dedication, pioneering spirit, sportiness and

family. The Porsche code replaced the previous leadership guidelines during the year under review, and all Porsche managers are taking part in "leadership labs" to help implement it.

Porsche greatly strives to ensure that its staff can achieve a work-life balance. Employees receive support through a wide variety of different measures. Thanks to local cooperation partners, sufficient childcare places are available in nurseries located in proximity to the company's sites. Through its family service, Porsche offers free, individualised and comprehensive support for all family life situations. Porsche also provides flexible working options with respect to place of work and working hours. Options agreed with the Works Council range from arrangements for working from home and flexitime aligned to the employee's current phase of life through to time off to care for family members. Employees may also take voluntary sabbaticals. Job sharing in leadership roles has also proven to be successful in a pilot project and is now being rolled out further.

In this report, the topic of "employer attractiveness" is covered in accordance with the rules of the Global Reporting Initiative by the indicator *GRI 401: Employment*. This indicator is measured and reported on the basis of the following key figures: total workforce, employee structure, new hires and employee turnover, and parental leave claims.

Staff development

To be optimally prepared for the challenges facing the automotive industry, Porsche identifies and retains qualified and enthusiastic professionals and managers. The pillars of HR work at Porsche include needs-based training that focuses on future requirements, ongoing skills acquisition, and options and routes for internal development. In the 2017 materiality analysis, stakeholders rated the topic of employee development as highly important. Consequently, Porsche is striving to achieve continuous improvement in this area.

Staff development is founded on professional training as well as the support and qualification of students, for example through training options for dual-study programme students and the Porsche Trainee Programme. Another important component is the hiring on the basis of permanent contacts of all apprentices who pass their final examination. Throughout their careers, employees have access to a diverse range of programs for their systematic professional development on all levels. These include the "Porsche Warm-up" introduction programme for all new hires, the "Porsche Development Programme" to prepare

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candidates to take on management roles, and specific qualification and talent promotion measures tailored to the target group in the field of production.

Porsche also runs two modular and internationally oriented training programmes for managers: the "Porsche International Management Programme", which has been specially designed for second level managers, and the "Porsche Advanced Management Programme" targeted at senior managers.

Employee support and qualification is not only a central component of the Porsche culture and code, but is also firmly anchored in the Porsche Strategy 2025. The digital revolution in particular is placing new demands on the workforce. This is why it is important to foster shared knowledge of the various aspects of the digital revolution in general and of digitalisation at Porsche in particular. With this in mind, the Fit for Digit@l initiative launched during the previous year was rolled out across the Group with significantly more content added. "Work and values in transition", "The core of digitalisation" and "Digital transformation at Porsche" are now fixed components of the programme.

Employee support and qualification is also a tool used for strategic leadership and planning processes. Individual training requirements are identified during annual employee appraisals, and relevant development opportunities established on this basis. The comprehensive range of training opportunities and individual staff development programmes are continuously being expanded and optimised in consultation with the Works Council. Here too, skills relating to the digital world and the digital mindset are crucial.

Important cornerstones for digital learning are the Porsche learning platform introduced last year and the new media laboratory, enabling the departments to produce their own digital learning formats. HR Development and more than 150 trained representatives from the individual departments regularly update the platform content. The fact that there are now over 24,000 user profiles illustrates the extent to which self-managed learning is being actively embraced by Porsche employees as they look to advance their skills.

The "Lernen@Porsche-Community" group was created during the development of the learning platform. Led by HR Development, this community is composed of stakeholders who are responsible for specialist training in their particular areas. The aim of the group is to enable

an exchange of knowledge across departments on all areas relating to skills, digital learning and blended learning. Meanwhile, the didactic and methodological structure of digital learning formats is also discussed. In this way, synergies can be harnessed across the network as a whole, creating opportunities for more flexible and sustainable learning.

Against the background of the Porsche Strategy 2025 and the far-reaching changes in the automotive industry, the structured creation and expansion of critical skills among all employees is a vital aspect of HR development activities. The "Strategic Skills Management" pilot project initiated during the previous year has been successfully concluded. The process of upscaling the project to encompass a full department began in 2018. The aim of strategic skills management is to systematically determine the skills needed for the future and to introduce measures to achieve these. Based on current and future roles, the required skills, capacities, job descriptions and requirements are recorded. Future tasks and skills yet to be acquired are then compared against each other by means of a fit-gap analysis. Any identified skill gaps can thus be addressed at an early stage through targeted re-training and further training, recruitment and new priorities in ongoing training.

In this report, the topic of "staff development" is covered in accordance with the rules of the Global Reporting Initiative by the indicator *GRI 404: Training and Education*. This indicator is measured and reported on the basis of the following key figures: the number of participants in training measures and the average training hours per employee. A survey is currently being carried out for Porsche AG and Porsche Leipzig GmbH with an ongoing expansion to include the Porsche AG Group planned for the future.

Corporate co-determination

One of the pillars of Porsche's corporate culture is corporate co-determination. The relevance of the topic was also highlighted by the 2017 materiality analysis. Porsche benefits from continuous dialogue as well as open, direct communication across all levels of the organisation. The employer and the Works Council have traditionally worked together closely on all issues affecting the staff and the company. Internal media keep employees of Porsche AG up to date on current issues. In addition, the Works Council offers a comprehensive information and discussion platform with its works meetings, which take place at the individual Porsche locations in Germany. In additional information and specific departmental events, the members of the Board of Management and the Works Council report transparently on current topics and developments. It is also established practice at Porsche to inform all employees and their elected representatives about important operational changes, doing so comprehensively and in a timely manner. This is done in compliance with national laws, applicable collective bargaining agreements and works agreements. Adherence to this corporate practice is ensured in a number of other ways, including through a Supervisory Board with equal representation, the Works Council committees, and the works agreement database on the intranet.

At the same time, there are numerous ways for employees to bring their suggestions, problems or complaints to the attention of committees and decision-making bodies, be it openly or discreetly through special channels. The mood barometer involves an anonymous survey of employees throughout the company about topics relating to the working relationship with colleagues and supervisors, the quality of work and the provision of information. A detailed evaluation of the results is followed by a discussion involving the Works Council in all areas of the company. Potential improvements are identified and measures to optimise work procedures and conditions are agreed on.

In this report, the topic of "corporate co-determination" is covered in accordance with the rules of the Global Reporting Initiative by the indicator *GRI 402: Labor/Management Relations* and *GRI 407: Freedom of Association and Collective Bargaining*.

Occupational health and safety

Porsche's most important resource is its motivated and capable workforce. Porsche health management has a key role to play in ensuring that the company can continue to develop, produce and sell exclusive vehicles in the future too. Alongside the well-established tools to secure productivity at the development and production sites, new occupational health promotion measures are now also available to certain areas. Porsche employees may also arrange to have a thorough medical check-up and obtain medical advice on any health issues. This voluntary health check is carried out by qualified doctors during working hours. The Porsche health management system also includes courses on nutrition, mental health strategies and effective self-management. Employees can also access individual physiotherapy advice at the workplace.

Occupational safety is a top priority for Porsche and its employees. An organised and structured system for occupational health and safety ensures a uniform approach and the implementation of legal provisions. This system helps to prevent accidents at work and occupational illnesses as far as possible.

The central processes are standardised and regulated by the Group guideline on occupational safety. This guideline represents an essential element of the company's compliance management system and applies to all employees. The managers ensure that their employees are familiar and comply with the provisions of this guideline. Specialists in occupational safety, Works Council members and works doctors are available to all employees in an advisory capacity. All staff members are also represented through the legally defined representatives in the occupational safety committees in accordance with the Occupational Safety Act.

Safety experts design work stations, equipment and installations with the focus on prevention and safety. In order to guarantee the highest possible level of safety for all project partners working on construction and installation sites, the occupational safety team has been extended to include construction site experts, thereby exceeding the statutory requirements. These experts monitor compliance with the safety standards, which are permanently being updated.

Thanks to the joint dedication, the injury rate has been significantly reduced in recent years. With a current rate of 5.8 accidents per million working hours, Porsche AG and Porsche Leipzig GmbH are at the same level as in previous years.

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In this report, the topic of "occupational health and safety" is covered in accordance with the rules of the Global Reporting Initiative by the indicator *GRI 403: Occupational Health and Safety*. This indicator is measured and reported on the basis of the following key figures: number of accidents, work days lost and cases of death, as well as injury rate. The key figures are currently being gathered for Porsche AG and Porsche Leipzig GmbH with an expansion to include the Porsche AG Group planned for the future.