

Slavery and Human Trafficking Statement Dr. Ing. h.c. F. Porsche AG

This statement was prepared in accordance with § 54 of the United Kingdom Modern Slavery Act 2015 and refers to the 2017 financial year at Dr. Ing. h.c. F. Porsche AG.

Organisation

Dr. Ing. h.c. F. Porsche AG (hereinafter referred to as “Porsche AG”) is a stock corporation (“Aktiengesellschaft”) under German law, with its headquarters in Stuttgart, Germany. The company produces motor vehicles and acts as the parent company of the Porsche Group.

Porsche AG procures goods and services from all over the world for the production of its products. Its procurement focus is in Europe. Porsche AG operates production sites exclusively in Germany and furthermore undertakes manufacturing entirely within the European production network of the Volkswagen Group.

Internal measures

Porsche AG code of conduct

The Porsche code of conduct summarises the most important principles and expectations relating to lawful, ethical and sustainable actions within the Porsche Group in a binding guideline for all managers and employees. It addresses such matters as handling conflicts of interest, combating corruption in all its forms, appropriate and lawful behaviour within the Group, towards customers, business partners and public officials, and the assumption of responsibility for the economy, environment and society. An integral part of the Porsche code of conduct is the observance of internationally recognised human rights as part of the categorical rejection of discrimination, as well as child, forced and compulsory labour. This also applies to any form of modern slavery and human trafficking.

Porsche Group whistle-blower system

Employees, business partners and other third parties have access to internal contacts as well as external ombudspersons for the purpose of reporting information about potential violations of laws and regulations relating to the Porsche Group. Suspected human rights abuses may also be

reported to these contacts. The information is processed in accordance with established procedural principles for the protection of whistle-blowers, but also for the protection of those affected by the violations.

Compliance with the rules by employees

Porsche AG promotes compliance within the organisation by means of extensive preventive measures. The key preventive measures include the adoption and communication of clear guidelines, the availability of confidential compliance advice via the "Compliance Helpdesk" as well as regular and task-oriented training and the provision of information concerning compliance issues for employees at all levels of the hierarchy. New recruits at Porsche AG are obliged to participate in a training event concerning the Porsche Group compliance code. Additional information options and advisory services are available to employees via various channels of online and print communication.

Measures in the supply chain

Sustainability requirements for suppliers

The "Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)" also applies to Porsche AG as part of the overall concept of "Sustainability in Supplier Relations". The document includes expectations for the behaviour of business partners in relation to environmental, social and compliance standards for all brands and regions of the Volkswagen Group. The principles of the UN Global Compact, the International Chamber of Commerce Business Charter for Sustainable Development as well as the conventions of the International Labour Organization serve as the basis for these requirements. The contractual integration of sustainability requirements in the Porsche AG procurement process and an auditing concept derived from these requirements ensures that sustainability standards are observed throughout the entire supply chain worldwide. Before submitting a quotation, Porsche AG suppliers must confirm that they understand these sustainability requirements. This confirmation becomes an integral part of the contract when a contract is awarded. Porsche AG suppliers are reviewed on an on-going basis with regard to their sustainability performance in three areas (requirements, monitoring and development) as defined by the "Sustainability in Supplier Relations" (SiSR) concept.



Training and monitoring of suppliers

To enable continuous supplier development, an e-learning module on the topic of sustainability is available to all Porsche AG suppliers during the course of the business relationship. In addition to e-learning, subject-specific sustainability training and workshops are carried out with suppliers at selected locations. Porsche AG uses a variety of tools to review supplier compliance with sustainability requirements, such as self-assessment questionnaires, the observance of sustainability in quality audits plus targeted sustainability audits.

Risk analysis

Before negotiations with potential suppliers commence, the Volkswagen Group carries out a country risk analysis in order to assess social, environmental and human rights-related risks at each supplier's locations. This analysis is based on data supplied by third parties, as well as on internal knowledge-based experience. Using this information, countries such as Brazil, India, China, Mexico and Russia have been identified as countries in which there is an increased risk of non-compliance with sustainability requirements. Porsche AG therefore focuses on these countries in particular when it comes to supplier development. To identify current developments as well as long-term structural challenges in individual countries, Porsche AG participates in a constant dialogue with the brands and regions of the sustainability procurement network within the Volkswagen Group. Before a business relationship commences, Porsche AG also carries out a risk-related review of the integrity of its business partners as part of the "Business Partner Check".

Progress report

Porsche AG does not tolerate abuses of human rights. The company constantly strives to sharpen awareness both internally and externally of modern forms of slavery and human trafficking. Porsche AG will continue to adapt its standards in line with current developments in the future. Accordingly, the Porsche AG code of conduct was revised in 2017 and a rejection of all forms of modern slavery and human trafficking was added.

To continually improve the company's own sustainability management and its dialogue with relevant stakeholders, Porsche AG appointed a Sustainability Advisory Committee in 2016 and further intensified its collaboration in 2017. This committee comprises renowned experts from the fields of science, politics and society. Members of the Advisory Committee report to the Executive Board of Porsche AG twice annually and advise the Board on issues and challenges in the context of relevant ecological and social trends. The committee also specifies its approach and its priorities independently. In addition to the topics of sustainable mobility, climate protection, the future of work and digitalisation, the committee deals with social responsibility and integrity.

To integrate further insights and the expertise of independent third-parties on the subject of human rights into the company strategy, Porsche AG engages with various stakeholder groups such as trade union representatives, non-government organisations and groups from the fields of science and politics. Communication with these groups is maintained by means of stakeholder interviews, among other methods. As we will not tolerate abuses of human rights as a company now or in the future and because we understand this issue to be a dynamic risk, we will continue to work both inside and outside of our company to raise awareness of all forms modern slavery and human trafficking.

Dr. Ing. h.c. F. Porsche AG

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