



PORSCHE

Green Finance Framework

Dr. Ing. h.c. F. Porsche Aktiengesellschaft

February 2019

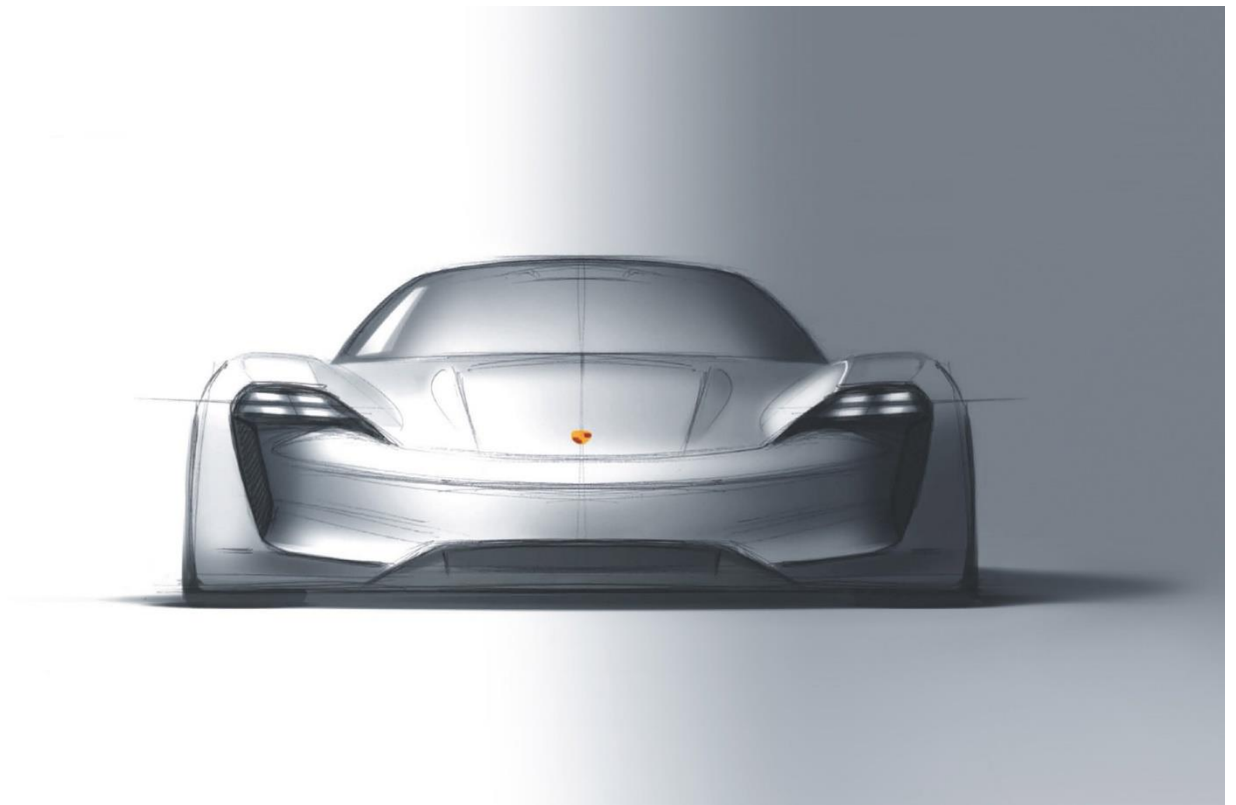
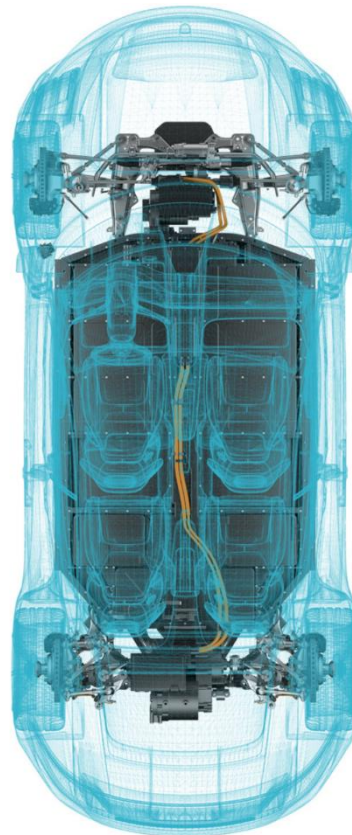


Table of Content

1.	Becoming a Global Provider of Sustainable Mobility	3
2.	Structure of the Green Finance Framework	4
3.	Use of Proceeds	4
4.	Project Evaluation and Selection Process	5
5.	Management of Proceeds	6
6.	Reporting	6
6.1.	Allocation Reporting	6
6.2.	Impact Reporting	6
7.	External Review	7
8.	Disclaimer	8



1. Becoming a Global Provider of Sustainable Mobility

Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche AG) is a German automobile manufacturer which specialises in high performance sports cars. The company headquarters are located in Stuttgart-Zuffenhausen. Porsche AG is part of the Volkswagen Group, which in turn is partly owned by Porsche Automobil Holding SE.

Since 1948, Porsche has shaped the history of sports cars with its pioneering products and innovative engineering. To shape the future of sports cars, sustainability is a key element of Porsche's strategy.

Porsche has a clear target: becoming the most sustainable sports car manufacturer in the premium segment. Taking a responsible approach towards people, the environment and society is essential to Porsche. Reducing the environmental impact of business processes and products throughout their life cycle and along the value chain is central to Porsche's strategy.

In 2019, this strategy results in the introduction of Porsche's first fully electric vehicle, the Porsche Taycan. The production of the Taycan will be in a completely new factory at the company's headquarters and will involve huge amounts of skill, innovation, technology and sustainability in the manufacturing process. For the first time in the history of serial car production, driverless transporter systems will replace the assembly line allowing for an entirely redesigned production process. From the first day of production, the whole process of manufacturing a Taycan will be carbon-neutral, marking the first step towards a zero-impact factory.

Responsibility for society and the environment does not contradict efficiency and economic success. Therefore, sustainability is a central element of the Porsche strategy 2025, supervised directly by the company's management board. An independent sustainability counsel advises the board and company experts on all relevant topics. The company has established the "Porsche Sustainability Index" to monitor and steer the sustainability performance. The index follows a value chain approach and measures the company's value creation taking into account economic and social aspects as well as its ambition to foster environmental protection within the company.

Porsche continuously works to reduce green-house gas emissions. In 2019, the Taycan will take these efforts to a new level. The electrification and hybridisation of the existing product range will continue from there. By 2025, Porsche is predicting that at least 50 per cent of the vehicles it delivers will have an electric or hybrid drive train. The electrification of the Porsche fleet is a key measure in the reduction of the company's carbon footprint.

2. Structure of the Green Finance Framework

To support Porsche's sustainability strategy and the production of zero-emission vehicles, Porsche has established a Green Finance Framework under which the company can obtain green financing such as Green Schuldscheindarlehen (SSD) and/or Green bonds and Green Loans to finance or refinance projects within the scope of clean transportation.

The Framework aligns with the 2018 version of the ICMA Green Bond Principles (GBP)¹ as well as the LMA Green Loan Principles (GLP)², which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green financing instruments.

The Porsche Green Finance Framework presents the following four components:

1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting

For each green instrument issued under this framework, Porsche asserts that it will adopt (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework. The Porsche AG Green Finance Framework also follows the recommendations of the Green Bond Principles and Green Loan Principles regarding external review.



3. Use of Proceeds

Porsche intends to allocate an amount at least equal to the incremental proceeds of financing instruments issued under this Framework to finance and/or refinance a portfolio of eligible investments and expenditures ("Eligible Green Projects") in the eligible category Clean Transportation ("Eligible Green Project Portfolio"). The Eligible Green Project Portfolio consists of investments and expenditures in the past and future, which are exclusively associated with the development and production of battery electric vehicles (BEV). The Porsche Eligible Green Project Portfolio includes, but is not limited to, investments and expenditures in the following eligible projects:

- Expenditures in Research & Development (R&D) for the conception, development and construction of Battery Electric Vehicles (BEV)
- Investments in energy efficient manufacturing production buildings and facilities (including infrastructures, production equipment and tools, supplier tools, processes and systems) solely built and used for Battery Electric Vehicles (BEV) development and production

¹ <file:///ad.ing.net/fm/P/UD/313201/HE82LG/Home/My%20Documents/Green-Bond-Principles---June-2018-140618-WEB.pdf>

² [https://www.icmagroup.org/assets/documents/Regulatory/Green Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf](https://www.icmagroup.org/assets/documents/Regulatory/Green%20Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf)

ICMA GBP/GLP Category	Eligible Green Projects	UN SDGs	UN SDG target
Clean Transportation	Expenditures in Research & Development (R&D) for the conception, development and construction of fully Battery Electric Vehicles (BEV) such as prototypes, testing systems, testing stations and related infrastructures		11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
	Investments in energy efficient production buildings and facilities (including infrastructures, production equipment and tools, supplier tools, processes and systems) solely built and used for Battery Electric Vehicles (BEV) production, including ISO 14001 and ISO 50001 certified production processes and buildings that exceed the regulatory requirements with regard to energy efficiency (EnEV), highly energy-efficient robots (A++), resource efficient purification processes of particles that ensure waste minimization, recovery of thermal energy and humidity, excluding financing of facilities for combustion or hybrid models		9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Eligible projects are determined through an integral cost approach, considering all investments and costs directly linked to BEV production. This approach explicitly excludes other low-emissions vehicles, such as hybrid models, from the portfolio.

4. Project Evaluation and Selection Process

Selection of projects financed or refinanced via Instruments issued under the Framework will be in accordance with the eligible categories set out under Chapter 3 ("Use of Proceeds"). The Porsche Treasury department will assess the eligibility of projects and allocation of proceeds to Eligible Green Projects in close cooperation with the respective expert departments including public and investor relations, controlling, risk management as well as the management board and sustainability counsel.

The Treasury department monitors the Eligible Green Portfolio and is responsible for excluding projects that no longer comply with the Eligibility Criteria and for replacing the eligible assets that have matured, or have been disposed of, on a best effort basis.

Porsche will use best efforts to ensure that all selected investments comply with national and international environmental and social standards. Porsche also applies risk management measures in its capital allocation decisions, supported by a company-wide planning, reporting and controlling system. Porsche's Sustainability report sets out its environmental, social and sustainability policies.

5. Management of Proceeds

Porsche intends to allocate the proceeds from green funding instruments under this framework to the Eligible Green Project Portfolio. Porsche will manage these proceeds using a portfolio approach. Porsche will track investments in eligible projects to ensure that the allocation of proceeds re in accordance with the framework.

Porsche seeks to compile an Eligible Green Project Portfolio that, over time, matches or exceeds the proceeds from green funding instruments issued under this framework thereby ensuring swift allocation of funds to projects. The addition of other eligible investments and projects will be in accordance with the evaluation process described in the previous section.

If net proceeds from green funding instruments remain unallocated, Porsche will temporarily hold the funds at its own discretion in its treasury liquidity portfolio.

6. Reporting

The ICMA Green Bond Principles require issuers of green funding instruments to provide information on the allocation of proceeds and recommend communicating on the expected impact of the projects.

Porsche will retain readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio on an annual basis until full allocation and provide an impact report at issuance. Porsche intends to report the project status and allocated funds from a green funding instrument on an ongoing basis and will enhance this report with reports on project impacts where feasible. There will be timely reporting of any material developments, such as modification of the Framework or allocation portfolio.

Porsche intends to provide aggregated reporting for all Porsche's green financings outstanding. There will be publically available reports or direct disclosures to investors for all instruments issued under this framework.

6.1. Allocation Reporting

On an Eligible Green Project Portfolio level, the allocation reporting will provide:

- The total amount of investments and expenditures in the portfolio
- The amount and/or percentage of new and existing projects (share of financing and refinancing)
- The balance of unallocated proceeds

6.2. Impact Reporting

Where feasible, Porsche may report on the environmental impact of the eligible projects funded with the proceeds, by way of its Sustainability Report, and/or specific impact reports as defined in the Eligible Green Project Portfolio. This reporting can include carbon-emission savings from the use of BEV compared to vehicles with combustion or other engines. Porsche can make assumptions on units in use as well as the relevant benchmark emission and will clearly state these in the reporting.

Porsche intends to align, on a best effort basis, the reporting with the portfolio approach described in "Green Bonds - working towards a Harmonized Framework for Impact Reporting (December 2015)"³

³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/20151202-0530-FINALRevised-Proposal2.pdf>

7. External Review

Second Party Opinion

The Porsche Green Finance Framework has been reviewed by ISS-oekom (ISS ESG).

Verification

Porsche has obtained accreditation of the CBI certificated for the envisaged green debt instrument.

8. Disclaimer

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY PORSCHE AND ACCORDINGLY, NO REPRESENTATION, AND WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY PORSCHE AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THE DOCUMENT. PORSCHE HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES, NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT OF LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE INFORMATION IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND PORSCHE SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE

