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# Slavery and Human Trafficking Statement

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

This statement was prepared pursuant to Section 54 of the United Kingdom Modern Slavery Act 2015 and relates to the 2021 fiscal year of 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 under German law (Aktiengesellschaft) with its registered office in Stuttgart, Germany. It manufactures motor vehicles and acts as the parent company of the Porsche Group.

Porsche AG procures goods and services worldwide for the manufacture of its products. Its sourcing and manufacturing activities take place mainly in Europe.

### Internal measures

#### ***Code of Conduct of Porsche Group***

The Code of Conduct of the Porsche Group summarizes the most important principles and expectations of lawful, integrity-based and sustainable action within the Porsche Group (and thus also for Porsche AG) in a binding guideline for all the management staff and employees. Among other things, this includes the handling of conflicts of interest, combating all forms of corruption, appropriate and law-abiding conduct within the Group towards customers, business partners and office holders as well as taking economic, environmental and social responsibility. An important component of the Code of Conduct of Porsche Group is adherence to the internationally recognized human rights with categorical rejection of discrimination and child, forced or compulsory labor. This also applies to any form of modern slavery and human trafficking.

#### ***Whistleblower system at the Porsche Group***

Employees, business partners and other third parties have access to internal points of contact as well as external ombudsmen to report information about potential violations of laws and regulations in connection with the Porsche Group. Suspicions of human rights violations can also be submitted here. This information is processed according to a set of procedural principles to ensure protection of the whistleblower and affected parties, but also to identify, remedy and adequately sanction misconduct by employees.



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### **Regulatory compliance by employees**

Porsche AG promotes regulatory compliance in the organization by means of extensive preventive measures. The key preventive measures include the adoption and communication of clear guidelines, the provision of confidential compliance advice via the Compliance Helpdesk and regular, task-based training and information on compliance topics for employees of all hierarchical levels. New employees at Porsche AG are obliged to participate in a training event and in a digital training module on the Code of Conduct of the Porsche Group. Further information options and advisory services are available to employees through various online and print communication channels.

### **Measures in the supply chain**

Combatting modern slavery in the supply chain is a focus topic of Porsche AG within the framework "Business & Human Rights". As part of the Volkswagen Group's "Sustainability in Supplier Relations" concept, Porsche AG has adopted a three-pronged approach to the establishment of sustainable procurement in its supply chains:

- **Prevent:** Sustainability requirements are anchored as obligatory elements of contracts and specifications. Training and communication materials are used to enhance direct supplier awareness and qualifications.
- **Detect:** Sustainability risks are determined and prioritized systematically in the supply chain. Sustainability aspects are included as criteria in business decisions for new suppliers (sustainability rating). This is done using information provided by suppliers themselves and risk-based on-site audits.
- **React:** Systematic responses are adopted to identified risks and the impact of risks. The key objective is to remedy and prevent regulatory violations as well as to take active and effective action to improve the sustainable performance of direct suppliers.

The basic precondition for these steps is transparency along the supply chain, which extends beyond the direct supplier relationship.

### **Sustainability requirements for suppliers and awareness raising (prevent)**

The core element in Porsche AG's supplier management are the "Requirements of the Volkswagen Group regarding sustainability in its relationships with business partners" – the VW Code of Conduct for business partners.

Direct suppliers of Porsche AG must confirm that they have received and read the sustainability requirements before they submit offers. These requirements then become part of any contract and are also to be provided for in contracts between direct suppliers and their own downstream suppliers.

These requirements are based on the OECD Guidelines for Multinational Enterprises, the principles of the UN Global Compact and the conventions of the International Labor Organization (ILO).



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Extensive information is available on the “One” Group business platform for raising direct suppliers’ awareness regarding these issues. Porsche AG also conducts sustainability training courses and workshops on specific issues for selected suppliers. A risk-based check of business partners’ integrity is conducted at Porsche AG before entering into a business relationship.

### ***Systematic identification of sustainability risks (detect)***

The aim of Porsche AG is to be able to identify and take effective action at any time in relation to sustainability risks in the supply chain. A sustainability rating (S-Rating) was introduced in mid-2019 as a key element. The S-Rating assesses environmental and social sustainability as well as the integrity of direct suppliers. The S-Rating is a mandatory award criterion for all the direct suppliers of production materials. This also applies to suppliers in other areas based on risk: contracts are not closed with suppliers that fail to meet the sustainability standards and requirements. This means that suppliers have a strong incentive to improve their sustainability performance.

The S-Rating check is a multiphase, risk-based process. An enterprise’s sustainability performance is analyzed using a standardized questionnaire (Self Assessment Questionnaire - SAQ). An external service provider reviews and validates the information and documents in the SAQ. Human rights are also addressed and reviewed in the questionnaire. Risk-based audits are conducted on-site after suppliers’ data has been analyzed.

### ***Achieving improvements together (react)***

There are a number of measures available for responding to risks identified in the supply chain and potential regulatory violations by suppliers; these measures enable processes to be improved or misconduct to be stopped in good time.

If Porsche learns of (potential) regulatory violations of the sustainability requirements, the “Supply Chain Grievance Mechanism” applies. Following this process, potential violations that have been addressed to Porsche AG, for example based on information provided by third parties or suppliers’ employees, will be investigated. Porsche AG reserves the right to terminate a business relationship in serious cases or if a business partner refuses to implement measures.

Porsche AG’s sustainable supplier management also focuses on raw materials supply chains. Porsche AG does not procure raw materials directly itself but does work closely with the relevant direct suppliers. In 2020 a Raw Material Due Diligence Management System has been implemented. Supported by this Management System human rights risks relating to 16 raw materials were identified and risk mitigating/risk avoiding measures were jointly developed within VW Group. The most important findings and measures are published annually in the Volkswagen Group Responsible Raw Materials Report. Porsche AG also takes active part in industry initiatives designed to promote the further industrywide use of standards and the implementation of improvements. Therefore, in 2020 Porsche AG joined the „Responsible Mica Initiative“ (RMI) to further improve the human rights situation for mining Mica in India.



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In this context, Porsche AG is guided by the implementation of human rights due diligence processes as required by the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises. Action is also guided by the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The OECD Guidelines cover management approaches, the identification and prevention of risks, the checking of melting of minerals and communication and reporting instruments.

## **Progress report**

Porsche AG does not tolerate any violations of human rights. The company works continuously to raise awareness of modern forms of slavery and people trafficking both within and outside the company. Porsche AG will continue to adapt its standards to current developments. In 2019, for example, Porsche AG introduced its own Code of Conduct for Business Partners, which supplements the VW regulations, as well as the use of sustainability S-Ratings as mandatory criteria for the closing of contracts. In addition to environmental risks, the S-Rating takes particular account of human rights risks.

In view of the growing importance of electric mobility, Porsche AG will also focus in the coming year on raw materials risks and activities for the further development of sustainability in deeper supply chains. With the 2020 implemented Raw Material Due Diligence Management System sustainability risk shall be reduced systematically. Activities will also continue to be focused on battery raw materials, in particular, cobalt and lithium. Porsche AG is working on sustainable procurement with the Volkswagen Group in this area.

Porsche AG is continuing to exchange with enterprises along the entire supply chain to raise awareness even further in and outside enterprises of the different forms of modern slavery and people trafficking. Porsche AG also supports and actively participates in initiatives, such as the industry dialogue within the automotive industry as part of the German government's National Action Plan for Business and Human Rights (NAP). Respecting human rights and the fight against modern slavery also plays an important role in this context.

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

*June 2022*