



PORSCHE

# Policy statement on respect for and promotion of human rights

## **Message from our Management Board and the Works Council**

Ladies and gentlemen,  
dear colleagues,

No Porsche sports car comes into being without the people who build and design it. That is why, at Porsche, people are at the heart of everything we stand for.

We consider respect for human rights a key pillar of responsible corporate governance. Our aspiration is that human rights should be respected both in our company and by our business partners. Porsche's corporate responsibility does not end at our factory gates. Our clear objective is: our products should be produced without human rights violations. As a manufacturer of premium products we are rightly held to a very high standard. Our customers want to be able to identify unequivocally with Porsche.

We, the Management Board and Works Council of Porsche Leipzig GmbH, commit with this policy statement to respecting human rights and, in particular, to promoting good working conditions and fair trade. We have formulated clear rules – both relative to our own business activities and with regard to our global supply chains. This statement supplements and specifies our guidelines with regard to human rights and good working conditions.

The policy statement was developed by cross-departmental collaboration. We intend to keep our approach to human rights under continuous review in the future to reflect the latest developments.

Our business will only be able to achieve long-term success if the impact of our activities is in harmony with people and the environment. This policy statement is another important step towards that goal. When it comes to putting this into practice, each and every one of us is called upon to help our company make the transition towards a sustainable future. Thank you in advance for your contribution!

### **A. Our commitment to respect for human rights**

At Porsche Leipzig GmbH ("Porsche" or "we"), we are aware of our corporate responsibility to respect human rights and have anchored this in our Code of Conduct.



**PORSCHE**

Porsche bases its corporate actions on the following internationally recognised standards:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Tripartite Declaration of Principles concerning Multinational Enterprises and ILO Social Policy
- Ten Principles of the UN Global Compact
- OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights

We respect these sets of rules for the protection of human rights worldwide as fundamental and universal guidelines and have derived the following focal points for our work from them.

As part of its sustainability strategy, Porsche is committed to sustainable development in the areas of the environment, society and responsible corporate governance and strives to ensure social and environmental sustainability along the supply chain.

This policy statement sets out human rights and environmental due diligence requirements in our own business operations and offers recourse for those affected by human rights violations in connection with our business activities.

This applies not only to collaboration within Porsche. We also expect proper conduct from and towards our business partners<sup>2</sup>, especially relative to our direct suppliers. In addition, through our direct suppliers, we strive to ensure that our indirect suppliers also comply with these requirements by insisting on appropriate commitments. The resulting requirements, expectations and escalation mechanisms are set out and defined in the Code of Conduct for Business Partners and the relevant business processes. Before the start of any business relationship, business partners must acknowledge the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners) ([https://www.vwgroupsupply.com/one-kbp-pub/en/kbp\\_public/information/nachhaltigkeit\\_neu\\_pub\\_2019/sustainability\\_requirements/basic\\_page\\_for\\_general\\_pages\\_html\\_13.html](https://www.vwgroupsupply.com/one-kbp-pub/en/kbp_public/information/nachhaltigkeit_neu_pub_2019/sustainability_requirements/basic_page_for_general_pages_html_13.html)).

## **B. Main focuses**

---

<sup>2</sup> The term business partner includes all contractual partners of Porsche, including our direct suppliers.



**PORSCHE**

Porsche respects human rights. As part of an overarching risk analysis within the VW Group, we have identified topics of relevance to Porsche and assessed them with regard to material human rights and environmental risks. This includes risks to people directly or indirectly related to our business activities and in our global supply chains. From these topics, we have derived ten key points for our human rights and environmental due diligence processes:

- no child labour
- no forced/compulsory labour; rejection of all forms of modern slavery
- diversity and protection of vulnerable groups
- prohibition of any form of discrimination
- tolerance of different opinions
- ensuring the safety of individual
- no involvement in unlawful acts
- good working conditions
- freedom of association and collective bargaining
- environmental protection

A particular focus is on the following groups of people whose human rights may potentially be affected by our business activities along our global supply chain:

- Porsche's own employees
- workers employed by our direct suppliers

If we have factual indications that suggest a possible violation of a human-rights or environmental obligation at indirect suppliers, we also include indirect suppliers in the analysis (see "Remedy").

### **C. OBJECTIVES**

Based on the ten key points referenced above, Porsche has set itself the following human rights and environmental objectives, to which the Management Board of Porsche Leipzig GmbH is committed relative to Porsche employees and those of our business partners (including suppliers).

#### **No child labour**

Child labour is prohibited.

The minimum age for employment and all employer practices are determined in accordance with ILO standards and requirements prohibiting hazardous child labour.<sup>3</sup>

---

<sup>3</sup> ILO Conventions Nos. 138 and 182



**PORSCHE**

### **No forced/compulsory labour; rejection of all forms of modern slavery**

We strictly reject forced labour and all forms of slavery, including human trafficking.<sup>4</sup> This includes, in particular, work undertaken involuntarily under threat of a menace or penalty (e.g. bonded labour or forced prison labour). Employment relationships must always be entered into on a voluntary basis and can be terminated at any time by employees of their own volition and in compliance with reasonable time limits.

### **No discrimination and no harassment**

Equality of opportunity and equal treatment are key pillars of fair, unprejudiced and open interactions. Porsche promotes respectful cooperation in a spirit of partnership, diversity and tolerance. We embrace diversity, actively promote inclusion and strive to create an environment that fosters each person's individuality in the interest of the company.

We are committed to cultural diversity, respecting the rights of ethnic, religious or other minority groups, and promoting mutual respect. In short, we reject any form of discrimination. This applies in particular to discrimination on the basis of ethnic or national affiliation, gender, religion, ideology, age, disability, sexual orientation or identity, skin colour, social origin or other legally protected characteristics and political beliefs, insofar as these are based on democratic principles and tolerance towards those who hold different views. We respect and protect the rights of vulnerable groups.<sup>5</sup>

Porsche does not tolerate any form of violence or harassment occurring during, in connection with or as a result of work.<sup>6</sup> This applies in particular to sexual harassment. We believe it is essential to raise awareness and end such conduct by having adequate measures in place; indeed, this is a prerequisite for ensuring well-being at work. Our relevant guidelines set out the pertinent rules.

### **Protection of freedom of conscience, expression and religion**

Porsche respects the right to freedom of conscience, expression and religion and is also committed to developing practical approaches to implementing human rights and environmental due diligence within the framework of industry initiatives.

### **Protection of physical integrity, prohibition of torture**

---

<sup>4</sup> ILO Conventions Nos. 29 and 105, and Protocol of 2014 to the Forced Labour Convention

<sup>5</sup> ILO Convention No. 111

<sup>6</sup> ILO Convention No. 190



**PORSCHE**

Everyone has the right to respect for their physical integrity, and we seek to ensure proper protection of this legal interest through adequate measures and within the scope of our duty of care.

Porsche is aware of its history and its historical responsibility and respects existing international human rights. We strictly reject any involvement or complicity in the arbitrary exercise of public power, abductions, torture, killings or the like.

### **Remuneration and benefits**

Porsche is committed to the principle of equal pay for work of equal value, irrespective of gender.<sup>7</sup>

Remuneration and benefits must at least meet the applicable statutory minimum to be guaranteed under the relevant prevailing national law. In the absence of statutory or collectively agreed rules, remuneration and benefits must be based on the industry-specific, customary local remuneration and benefits that ensure a reasonable living for employees and their families, taking into account the cost of living, as well as social security benefits in the country concerned.

### **Working hours**

Porsche recognises the principle that working hours must not exceed respective national statutory requirements or the rules applicable to the relevant national economic sectors. We promote social and community dialogue through collective bargaining where possible to ensure that working hours are humane and do not constitute a health hazard.

### **Occupational safety, health and fire protection**

We place great importance on occupational safety, health and fire protection. Therefore, we are committed to creating a safe working environment and ensuring healthy employment conditions. Our objective is to prevent operational accidents and illness. We have laid down our principles in relevant internal guidelines and requirements.

In our group companies, we ensure occupational health and safety and fire protection in the workplace free of charge for all employees, at a minimum within the framework of the relevant rules and regulations applicable at national level. Our occupational health and safety guideline describes the occupational health and safety requirements for Porsche Group companies worldwide. We take appropriate protective measures in this regard, and we ensure those measures are complied with and

---

<sup>7</sup> ILO Convention No. 100



**PORSCHE**

continuously improved through the existing occupational health and safety organisation in collaboration between management and labour.

### **Freedom of association and collective bargaining**

Porsche recognises the fundamental right of all employees to form and join trade unions or employee representative bodies.<sup>8</sup> We are committed to maintaining neutrality in this context. This precludes any form of discrimination based on trade union activities.<sup>9</sup>

Porsche recognises the right to collective bargaining.<sup>10</sup> We engage in social dialogue with trade unions and employee representatives and embrace a spirit of cooperation based on trust. Collective bargaining is a special form of this social dialogue.

Porsche respects the right to strike and the freedom of association. Where domestic legal systems restrict these rights, we advocate dialogue with workers.

### **Environmental protection**

As a commercial enterprise, we bear responsibility for the environmental impact and sustainability of our products, sites and services. We focus on environmentally sound, advanced and efficient technologies and strive to implement them throughout the life cycle of our products. Beyond the applicable environmental protection laws and regulations, we are mindful that we should use natural resources sparingly and continuously seek to reduce the environmental impact of our activities in development and production. In addition, we keep the environmental impact of products and manufacturing processes under constant evaluation and try to improve them on an ongoing basis.

Based on Porsche's environmental and energy policy, the go-to-zero strategy defines the short, medium and long-term goals and measures for environmental and energy management. The standardised procedure and responsibilities are defined by the "Environmental and Energy Management" group guideline. This supports the group companies in systematically identifying, complying with and reviewing environmental and energy law requirements. Porsche is working towards a clear goal: the "zero impact factory" – in other words, a production facility that leaves no ecological footprint. In particular, this is intended to implement the requirements of ISO 14001, ISO 50001 and the Eco-Management and Audit Scheme (EMAS) Regulation. All requirements applicable to Porsche are illustrated in the Environmental Compliance Management System (ECMS).

---

<sup>8</sup> ILO Convention No. 87

<sup>9</sup> ILO Convention No. 135

<sup>10</sup> ILO Convention No. 98



**PORSCHE**

#### **D. Our approach to implementing human rights and environmental due diligence obligations**

- **Anchoring responsibilities for human rights and environmental due diligence at Porsche**

We have defined clear responsibilities for the implementation of and compliance with our human rights and environmental due diligence obligations.

The Management Board of Porsche Leipzig GmbH endeavours that human rights and environmental obligations are respected in our business activities.

The Management Board of Porsche Leipzig GmbH has delegated the monitoring of human rights and environmental due diligence obligations at Porsche to the Business & Human Rights Council, a body for human rights and environmental obligations, with members from across all Porsche departments, and which reports directly to the Executive Board. The Business & Human Rights Council has its own office and staff to support its work.

The Business & Human Rights Council reports regularly (at least once a year) and on an ad hoc basis to Porsche's Executive Board. Key aspects of this reporting include human rights and environmental findings from our continuous risk analysis, findings from the review of complaints reported and information on the effectiveness of our remedial and preventive measures.

- **Risk analysis**

We consider it part of our duty of care to identify and assess human rights and environmental risks in our company and at our direct suppliers, and to define adequate measures to minimise risks.

For our supply chain, we have systematically supplemented our company-wide risk and supplier management with processes and measures to ensure respect for human rights in our supply chains. For our own business, we use our compliance risk assessment, in which we map the human rights and environment-related topics within Porsche that we assess as relevant, as well as risks in connection with our direct suppliers.

The results of the analysis of human rights and environmental risks and impacts are incorporated into our corporate decision-making processes in terms of supplier selection, business partner management, product stewardship and development, and investment management. The risk analysis forms the basis for identifying appropriate measures. We also use the results as a basis to create and, where necessary, adapt internal compliance documents, processes and training to reflect the changing demands on our due diligence processes.



**PORSCHE**

The analysis of human rights and environmental risks and impacts is conducted on an annual basis, but also ad hoc in the event of significant changes or increases in risk exposure in the supply chain, for example through the introduction of new products, projects or a new business field.

To further refine the risk analysis, Porsche incorporates findings from audits, complaints reported and external experts, among other inputs.

**TEXTBOX NAP:** Porsche participates in the Sector Dialogue Automotive Industry within the framework of the National Action Plan on Business and Human Rights (NAP). As part of the implementation of the National Action Plan on Business and Human Rights (NAP), the German Federal Ministry of Labour and Social Affairs (BMAS) conducts sector dialogues. The German government adopted the NAP in 2016. The National Action Plan enshrines for the first time the responsibility of German companies to ensure respect for human rights – both in Germany and worldwide. The NAP implements the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) in Germany with the aim of improving the human rights situation along global supply and value chains. The automotive industry is playing an lead role in this endeavour. The sector dialogue consists of 34 members from companies, associations, trade unions, civil society organisations, initiatives, the German Institute for Human Rights and the German Federal Ministry of Labour and Social Affairs (BMAS). In addition, the German Foreign Office and the German Federal Ministry for Economic Cooperation and Development participate in the sector dialogue as observers. Further information can be found at: <https://www.csr-in-deutschland.de/EN/Business-Human-Rights/Implementation-support/Sector-dialogues/Automotive-Industry/automotive-Industry.html>

- **Effectiveness control**

We review the effectiveness of our measures both annually and on an ad hoc basis, taking a risk-oriented approach (including compliance monitoring) in order to avoid and mitigate adverse human rights impacts. This includes a risk-oriented review of compliance with our Code of Conduct and our Code of Conduct for Business Partners, and whether reported complaints regarding potential human rights violations have been addressed.

In our supply chain, we check the effectiveness of measures, for example by conducting risk-based audits of our direct suppliers, including on-site inspections. Wherever possible, potentially affected individuals or at least their representatives are involved and, with regard to the aforementioned audits, rights holders are consulted.

- **Complaint procedure**



**PORSCHE**

We reject all forms of human rights violations. Adequate and effective complaint management is an important part of our due diligence processes to prevent and remedy potential adverse human rights and environmental impacts caused by our company and business activities.

Porsche operates a multi-level complaint management system that provides internal and external complainants with a confidential communication channel for reporting possible human rights violations and breaches of environmental obligations.

We communicate the reporting channels for our complaint management system to both internal and external audiences in comprehensible language on our website. There is a standardised process in place to handle any complaint regarding possible human rights violations and violations of environmental obligations in our own business and supply chain.

This process safeguards the confidentiality and anonymity of complainants. All complaints are handled in a neutral and fair manner. Any breaches of the rules detected are promptly remedied and appropriately sanctioned. We endeavour, where possible and within our sphere of influence, to ensure that complainants are protected from adverse treatment in relation to the reports they submit.

We review the existing reporting channels of the complaint procedure both annually and on an ad hoc basis, e.g. in the event of significant changes in the risk situation or if there are specific indications that the reporting channels' functionality is significantly impaired.

Further information on the complaint procedure can be found on our website:

<https://newsroom.porsche.com/humanrights>

- **Remedy**

If we become aware that a violation of a human rights or environmental obligation has occurred or is imminent in our own business or at one of our direct suppliers, we will take immediate action to prevent, stop or minimise the extent of the violation.

If we have factual indications that suggest the possibility of a violation of a human rights or environmental obligation at indirect suppliers, we will take immediate measures to prevent or end such violations or to minimise the extent of the violation based on the options available to us in law and in fact.

Depending on the severity of the violation, we reserve the right to react appropriately in connection with our business partners, up to and including termination of the business relationship.

- **Reporting**



**PORSCHE**

In our annual human rights report to the German Federal Office of Economics and Export Control (BAFA), we inform the public about our human rights and environmental due diligence processes and their effectiveness.

- **Other human rights and environment-related measures**

To fulfil our responsibility to ensure respect for human rights, we have taken further measures. The aim is to improve the situation of (potentially) affected individuals and to prevent, end or minimise the extent of potentially adverse effects of our corporate actions.

We proactively and systematically involve human rights experts in the development of our prevention measures and regularly exchange information with relevant stakeholders, for example in the Sector Dialogue Automotive Industry within the framework of the National Action Plan on Business and Human Rights. We are also involved in social projects, industry initiatives and dialogue formats.

In order to sensitise all our employees to respect human rights and environmental due diligence obligations and to provide the necessary knowledge for the effective implementation of human rights due diligence processes in the relevant business areas, we provide regular training in our group companies.

As a matter of principle, new Porsche business partners and portfolio companies undergo a risk-based integrity check (also including human rights standards) before entering into a business relationship.

With the sustainability rating (S-Rating), sustainability is also an important criterion when selecting suppliers. The S-Rating covers environmental and social aspects, including respect for human rights, and verifies compliance with ethically correct conduct.

**TEXTBOX EXPLAINING S-RATING:** The first step towards obtaining an S-Rating involves suppliers submitting a self-disclosure on defined sustainability criteria – based on a standardised questionnaire established in the automotive industry. If the outcome of this self-disclosure is deemed insufficient, this triggers an on-site inspection of the supplier, which is carried out by an independent sustainability auditor. If concerns still remain following the inspection, this will result in the supplier being given a negative evaluation. Together with the supplier, a corrective action plan is then drawn up to promptly remedy the identified risks. The implementation of this plan is subject to a central review. Affected suppliers will not be considered for awards until compliance with sustainability requirements is met.



**PORSCHE**

**E. Commitment to the continuous development of our human rights and environmental due diligence processes**

Respecting human rights and implementing human rights and environmental due diligence in our operational processes is an important contribution we can make to improving the human rights situation along global supply chains. We are committed to continuously developing our human rights and environmental due diligence processes.

We attach great importance to effective due diligence processes. We are committed to ongoing dialogue with people whose rights are potentially adversely affected by impacts of our business activities and along our supply chain. These dialogue formats enable us to identify human rights and environment-related risks and continuously enhance the effectiveness of our measures to prevent, mitigate and remedy adverse human rights impacts.



PORSCHE

## Definitions of terms/abbreviations

BAFA	German Federal Office of Economics and Export Control ( <i>Bundesamt für Wirtschaft und Ausfuhrkontrolle</i> )
BMAS	German Federal Ministry of Labour and Social Affairs ( <i>Bundesministerium für Arbeit und Soziales</i> )
EMAS	Eco-Management and Audit Scheme
ILO	International Labour Organisation
ISO	International Organization for Standardization
NAP	National Action Plan for Business and Human Rights
OECD	Organisation for Economic Co-operation and Development
S-Rating	Sustainability rating for suppliers
UN	United Nations
VW	Volkswagen Aktiengesellschaft