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# Slavery and Human Trafficking Statement

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

This statement has been prepared in accordance with section 54 of the United Kingdom Modern Slavery Act 2015 and relates to the fiscal year 2023 of Dr. Ing. h.c. F. Porsche AG.

### **Organization**

Dr. Ing. h.c. F. Porsche AG (hereinafter "Porsche AG") is a joint stock corporation under German law with its registered office in Stuttgart, Germany. It manufactures motor vehicles and acts as the parent company of Porsche Group.

Porsche AG procures goods and services worldwide to manufacture its products. The focus for purchasing and manufacturing lies in Europe.

### ***Monitoring of Business & Human Rights Risk Management***

The Executive Board of Porsche AG has delegated the monitoring of human rights and environmental due diligence obligations to the Business & Human Rights Council, an interdisciplinary body for human rights and environmental obligations that is directly linked to the Executive Board. The Business & Human Rights Council has its own office and staff to support its work. The Business & Human Rights Council reported for the first time for the year 2023 to the Executive Board of Porsche AG as part of the regular reporting. The main contents of the reporting include human rights and environment-relevant results from the continuous risk analysis as well as findings from the examination of complaints received.

### ***Complaint Procedure***

Porsche AG conducts a complaint management system for "Business & Human Rights" issues. Internal and external complainants can use this channel to report potential violations of human rights and/or environmental obligations confidentially. Porsche AG publishes the reporting channels on its website. Porsche AG handles incoming complaints by means of a standardized process.



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## Internal measures

### ***Porsche Group's Code of Conduct***

Porsche Group's Code of Conduct summarizes the most important principles and expectations for lawful, moral and sustainable conduct for Porsche AG in a binding guideline for all managerial staff and employees. This includes, among other things, dealing with conflicts of interest, combatting corruption, an appropriate and lawful conduct within Porsche AG, vis-a-vis customers, business partners and public officials as well as assuming responsibility for the economy, the environment and society. A key element of Porsche Group's Code of Conduct is the commitment to respect human rights while categorically rejecting discrimination as well as child labor, forced labor and compulsory labor. This also applies to any form of modern slavery and human trafficking.

### ***Compliance with rules by employees***

Porsche AG has taken preventive measures to promote compliance with rules within the company. The main preventive measures include adopting and communicating guidelines and policies, providing confidential advice on compliance through the "Compliance Helpdesk" as well as training and informing employees on the Porsche Code of Conduct. New employees of Porsche AG are invited to a training event and a digital learning module on Porsche Group's Code of Conduct. Employees also have access to further information and advice via various online communication channels and print information.

## Measures in the supply chain

Combating modern slavery in the supply chain is a focal point of Porsche AG's activities in the context of "Business & Human Rights". Within the scope of the superordinate concept "Sustainability in the Supply Chain" of the Volkswagen Group, Porsche AG pursues a three-tier approach to establishing sustainable supply chains in procurement:

- Sustainability requirements are rooted in contracts and product specifications with direct suppliers. Training and qualification programs are offered to direct suppliers and are obliged to pass on the sustainability requirements to their suppliers.
- Sustainability risks in the supply chain are systematically identified. Sustainability aspects are taken into account as a criterion in procurement decisions when selecting direct suppliers of production materials and certain direct suppliers of non-production materials (sustainability rating). The sustainability rating is based on a self-declaration and risk-based on-site inspections.
- Any risks or breaches that are identified are addressed systematically. The central goal is to remedy and prevent potential breaches.



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### ***Setting sustainability requirements for suppliers and raising awareness***

Trust-based cooperation between Porsche AG and its direct suppliers is based on common values. The "Code of Conduct for Business Partners" translates these values into requirements. The Code of Conduct for Business Partners sets out the details of compliance with environmental, social and human rights standards by business partners.

Prior to submitting an offer, Porsche AG's direct suppliers confirm that they are aware of the sustainability requirements. They are also part of the supply contract. As such, direct suppliers are urged to pass them on to their subcontractors as part of the contract award process. These requirements are based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant conventions of the International Labour Organization (ILO).

To raise awareness and inform direct suppliers accordingly, information materials are available on the group business platform "One". In addition, the Volkswagen Group conducts centralized sustainability training and workshops on specific topics with selected direct suppliers.

### ***Identifying sustainability risks systematically***

Porsche AG's objective is to identify sustainability risks in the supply chain and to address and mitigate them effectively. One measure is the sustainability rating ("S-rating").

Through the S-rating, sustainability is anchored in the selection process for direct suppliers of production materials and certain direct suppliers of non-production materials. The S-rating covers environmental and social aspects, including respect for human rights and assesses compliance with ethically correct conduct. The S-rating is based on a supplier self-assessment on clearly defined sustainability criteria. Should the self-assessment lead to an unsatisfactory outcome due to the sustainability standards required in the S-rating not being met, an on-site examination can be carried out. It is carried out by an independent sustainability auditor. If the auditor observes any anomalies, the supplier receives a negative rating. Thereupon Porsche AG draws up a "corrective action plan" together with the supplier. The supplier must rectify any anomalies identified promptly; this is verified centrally by the sustainability auditor. Porsche AG will not consider these suppliers for further contracts until they meet the sustainability requirements.

### ***Achieving improvements together***

There are various measures available to respond to risks that are identified in the supply chain as well as potential breaches of regulations by suppliers and consequently improve procedures or put a stop to misconduct at an early stage.



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The "Supply Chain Grievance Mechanism" applies when there are (potential) breaches of the supply chain requirements. This process is used to investigate potential breaches of which Porsche AG becomes aware, e.g. through media reports, hints from third parties or through the supplier's employees. Porsche AG reserves the right to terminate an ongoing business relationship in particularly serious cases or if the party concerned refuses to implement measures and to block the supplier from future awards.

Furthermore, as part of sustainable supplier management, Porsche AG focuses on the raw material supply chains. In general Porsche AG itself does not procure raw materials directly but it works together closely with direct suppliers for this purpose to make raw material supply chains as sustainable as possible. In this context, a raw material due diligence management system was established. With the aid of this management system potential human rights risks are identified for a total of 18 selected raw materials and risk mitigation measures are developed jointly within the VW Group. The most important findings and measures are published annually in the Volkswagen Group's Responsible Raw Materials Report. Additionally, Porsche AG participates in industry initiatives to promote industry-wide standards and improvements.

In implementing human rights due diligence processes, Porsche AG follows the procedures described in the UN Guiding Principles on Business & Human Rights and the OECD Guidelines for Multinational Enterprises. Further guiding principles are found in the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

## **Progress report**

Porsche AG does not tolerate human rights violations. Porsche AG also intends to adapt its standards to current developments in the future.

In 2023, Porsche AG extended its risk analysis regarding human rights and environmental obligations. For its own business area, Porsche AG uses the Compliance Risk Assessment, which maps the human rights and environmental topics that are considered relevant, including modern slavery. The results of the analysis of human rights- and environment-related risks and impacts are integrated into corporate decision-making processes regarding the selection of direct suppliers, business partner management, product responsibility and development and investment management. The risk analysis forms the basis for the identification of appropriate measures. In addition, the results are used as a basis for the preparation and, if necessary, adaptation of internal specification documents, processes and training measures in order to consider the increasing requirements for due diligence processes.



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The Group Procurement function carried out an analysis of the supply chain in procurement responsibility at Group companies in its own business unit using a risk-based approach. For companies producing vehicles or developing vehicle software, an abstract risk analysis of the direct suppliers was first carried out based on industry risks inter alia based on studies. These were plausibly checked with reference to country risks. Based on the identified sector- and country-specific risks, direct suppliers were assigned with a low, medium or high-risk exposure. The risk of direct suppliers with high-risk exposure was plausibly checked using questionnaires (so-called self-assessment questionnaires, SAQs). As part of the specific risk analysis, specific risks were identified for suppliers with increased individual risk exposure from the SAQ based on on-site inspections using a standardized test protocol. The specific risks identified in this way were assessed and transferred to a risk inventory.

Porsche AG supports and participates in the "Automotive Industry Dialogue" initiative as part of the German Federal Government's "National Action Plan for Business & Human Rights" (NAP).

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

*June 2024*