



## Business & Customers

**20/06/2022** The sustainability activities of the company are subdivided into four main spheres of activity. Porsche manages the respective activities based on guidelines, regulations, and clear responsibilities.

### Sustainability principle

Satisfied customers, economic stability, value-generating growth and social acceptance are the focus of all of our business activities at Porsche. Corporate responsibility begins with our self-image of actively helping to protect the natural conditions for life on earth and of benefiting our business environment. Economic efficiency, environmental consciousness and social responsibility are not mutually exclusive. On the contrary – by combining them we create more value for our stakeholders. As a company, Porsche is an integral part of society. Ethical behaviour is therefore essential. Porsche embraces fair competition and acts not only lawfully but also legitimately. The company systematically combats corruption, respects and complies with international standards of human rights, and categorically rejects all forms of forced and child labour.

The “Business & Customers” action area covers the following topics identified in the 2017 materiality analysis: “long-term economic stability”, “long-term customer relations”, “compliance”, “responsibility in the supply chain” and “digital transformation”. All of these topics feature clearly defined processes and areas of responsibility, as well as established evaluation procedures.

## Economic stability and digital transformation

The automotive industry is facing radical change across the world. Electrification, digitalisation and connectivity are the hallmarks of a new era in individual mobility. This view is shared by Porsche's stakeholders who assigned correspondingly high degrees of relevance to the topics of “economic stability” and “digital transformation” in the 2017 materiality analysis. From the company's perspective, these two topics must be handled successfully in order to secure Porsche's long-term economic success.

The company enjoys excellent profitability and has set itself the strategic target of a minimum operating return on sales of 15 per cent. At the same time, Porsche is making major investments to ensure it retains its innovative capacity and can embrace the digital revolution. Digitalisation is impacting on all areas of the company – from internal processes to our interaction with customers and the development of new products and services. An innovation management system that extends across all of the company supports the generation of new impetus, driving the testing of technologies and trends, and encouraging Porsche's employees to take the initiative to shape mobility in sustainable ways.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of “long-term economic stability” through its disclosures pursuant to GRI 201: Economic Performance. This information is measured and reported on the basis of the Porsche AG Group's financial analysis, financial data and calculations of added value.

## Long-term customer relations

Porsche sets high standards with regard to maintaining long-term customer relations, and consistently seeks to improve and develop its range of exclusive sports cars and mobility services in the interests of its customers. “Inspiring customers with a unique product and brand experience” is one of the four main aims of the Porsche Strategy 2025. The 2017 materiality analysis also underscores the importance attached to “long-term customer relations”. Consequently, the Sales and Marketing division uses a variety of measures to strengthen customer satisfaction and loyalty over the long term and to further optimise the customer journey at Porsche.

We strengthen relations with all of our stakeholders through personal interaction and open dialogue. New apps, expanded social media channels, the integration of chat functions and the overarching, personalised “My Porsche” customer portal are all simplifying and speeding up digital communications

between the company and its customers. Yet these new approaches are by no means replacing personal contact, which will remain just as essential in future as Porsche fosters stable, long-term relationships based on trust. This is why Porsche supports individual support for its customers across the world throughout their customer journey, updating the technical systems deployed for this purpose, staging exclusive customer events and ensuring that its sales staff are given the necessary customer-focused training.

Porsche regards constructive criticism as an opportunity to keep on improving its products, services and processes. The company's global market research team sends out more than 250,000 questionnaires every year in order to gain a better understanding of its customers and to identify new customer expectations in good time so that these can be fully interpreted. Particularly with regard to new vehicle technology and mobility trends, the findings from the company's surveys are fed into the process of developing new products and services at an early stage. Porsche takes customer feedback very seriously. In a monthly product quality and customer satisfaction forum, the Executive Board of Porsche AG evaluates the results and consequences of the feedback that it receives with developers, as well as with representatives from the Quality Assurance, Aftersales and Customer Relations departments. The results of these efforts to look after and communicate with clients in cooperation with Porsche's trade partners are clear to see. For the fourteenth year in succession, Porsche occupied one of the top rankings in the Automotive Performance, Execution and Layout Study (APEAL) quality study conducted by the US market research institute J.D. Power in 2018.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of "long-term customer relations" through its disclosures pursuant to GRI 418: Customer Privacy. Porsche takes individual data privacy very seriously and respects every data subject's right to determine what is done with their data. Data protection is integrated – independently and without instruction – into all relevant company processes. Porsche's data protection system and the relevant business processes are consistently designed to ensure that the statutory requirements are upheld at all times. Over and above the statutory requirements, Porsche has issued its own guidelines committing the company to further data protection principles, including data economy, purpose-based collection and confidentiality. A full-company programme was launched in order to guarantee implementation throughout Porsche of the new requirements imposed by the EU's General Data Protection Regulation (GDPR). This programme covers documentation and information obligations, the rights of data subjects, and data protection management processes. Due to internal confidentiality guidelines, any reports received on specific data protection violations are not published, however.

## Responsibility in the supply chain

Economic success, the extension of the product portfolio, and the use of new technologies are focusing ever more attention on companies' supply chain. Two examples illustrating this development are higher delivery figures driving growth in supply parts, while new products frequently also need innovative components that must be procured responsibly. Porsche stakeholders also assigned a high level of relevance to the topic of "responsibility in the supply chain" in the 2017 materiality analysis. Together

with its suppliers and sub-suppliers, Porsche makes every effort to make its supply chain as sustainable and value-adding as possible.

When Porsche was incorporated into the Volkswagen Group, its procurement division was also largely integrated into the Group's organisational structure. Shared purchasing structures, processes and systems were specified in a cooperation agreement back in 2011. This means that Porsche's procurement decisions are largely coordinated and agreed upon with the Volkswagen Group. Cooperation between Porsche AG and the Group is also consistently being driven forward and the relevant structures expanded and strengthened.

A supply chain based on responsibility is built around trust-based cooperation, shared values and strict compliance with the sustainability requirements defined in the Volkswagen Group. The concept of "sustainability in supplier relations" and the corresponding code of conduct compel all parties to observe and comply with the high environmental, social and human rights standards in the International Chamber of Commerce's charter and the OECD's guidelines for long-term, sustainable development. The relevant key labour standards from the International Labour Organization (ILO) serve as the foundation for the sustainability requirements that Porsche once again helped to revise and update during the year under review. All suppliers are also expected to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Porsche is active in this area in the context of the Group's responsible minerals initiative (RMI) activities. These sustainability requirements are enshrined in supply contracts, the violation of which can result in reviews, formal statements and potentially also the termination of the business relationship. Sustainability audits in the 2018 reporting year yielded two cases in which specific sustainability requirements were not met. Appropriate measures were agreed upon with two suppliers, and the introduction of these measures was monitored. As at the end of the reporting year, one case was still open and being reviewed.

Porsche AG does not tolerate any abuse of human rights. According to the UK Modern Slavery Act, Porsche publishes the "Slavery and Human Trafficking Statement". More information can be found [here](#).

Porsche always conducts integrity checks before entering into business relations with new suppliers. Once the cooperation arrangement is in place, monitoring and development are carried out on a continuous basis, supported by questionnaires, risk analyses of the supplier countries, and e-learning modules and training sessions. Porsche has also been carrying out its own sustainability audits of selected suppliers since 2016. Audits are followed up by detailed reports and plans of action. In this way, and combined with a broad range of other activities including regular employee seminars on sustainability requirements in the supply chain and supplier workshops, the company is putting one of the Porsche Strategy 2025 measures into practice. Sustainability in the supply chain is also a separate area of action within the company's purchasing strategy. A new guideline in the Volkswagen Group on sustainability in supplier management has also governed all internal processes and areas of responsibility since 2017. Porsche incorporated the requirements defined in this guideline into its own brand-specific guidelines in 2018.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of “responsibility in the supply chain” in the following content-specific disclosures: GRI 204: Procurement Practices, GRI 308/414: Supplier Environmental/Social Assessment, GRI 408/409: Child Labor/Forced or Compulsory Labor and GRI 412: Human Rights Assessment.

## Compliance

Acting responsibly means acting in strict compliance with laws and regulations. Porsche’s stakeholders share this view, duly assigning a high level of importance to the topic “Compliance” in the 2017 materiality analysis.

The company has put in place a compliance structure based around its business model to ensure that it acts lawfully, with legally secure processes and preventive and reactive measures. The Porsche compliance management system encompasses seven areas of compliance. In order to avoid any infringements of the law and to help its employees act in accordance with legal and statutory provisions, Porsche has had a compliance system in place for many years now. This system includes a chief compliance officer, and compliance officers at Porsche AG and at the Group member companies covering every area of the business. The compliance programme encompasses a range of different preventive and reactive measures.

Regular risk analysis is carried out to define areas that require action and preventive measures. The company’s business model, relevant environmental conditions and the relationships with business partners are all taken into account. Key preventive measures at Porsche include the adoption and communication of binding rules, while managers and employees have access to confidential advice and risk-based training and information on relevant compliance issues. Ultimately, the code of conduct sets out the most important rules to be applied at Porsche in accordance with the company’s business model. This code documents the expectations of managers and staff in terms of the responsibility they must assume for compliance as a member of society, as a business partner and at the workplace. The rules are also set out in guidelines, covering such areas as how to avoid corruption or violations of antitrust law, how to handle conflicts of interest or the receipt of gifts, and how to prevent money laundering. To ensure and promote lawful behaviour over the long term, all managers and employees are given regular information and training on compliance and the related risks.

Porsche’s central compliance help desk provides information and advice on compliance issues internally, providing expert answers to all questions from managers and employees alike. The help desk can also be contacted confidentially to report (potentially) unlawful actions, such as criminal acts or serious irregularities. Outside the company, Porsche managers, employees, customers and business partners, as well as public officials and other external individuals, can report legal violations anonymously via the ombudsman system. All of the information received is carefully examined, and any violations found are responded to appropriately in accordance with the relevant provisions of the employment and co-determination laws. This includes introducing suitable countermeasures and sanctioning cases of individual misconduct. The Executive Board of Porsche AG receives regular reports



on actions taken by the compliance organisation and on preventive and response measures implemented in the Porsche Group.

## Compliance training

The compliance officers for each area, together with the HR department, are responsible for compliance training. Most of the training currently being delivered takes the form of classroom-based sessions. In addition, web-based training sessions devoted to "Technical Compliance" and "Data Protection" were also available. The range of e-learning options is to be gradually extended to include more compliance issues in future.

The compliance managers deliver the training on the basis of a subject-specific plan, which uses risk analyses to identify target groups and key areas of content, and also defines organisational aspects such as the number and frequency of events and the capacities needed. A regular programme of set training events is in place for (new) managers and employees, as well as for junior managers and trainees. In addition, training courses on selected topics and with specific target groups are held.

For example: since the relaunch of Porsche's programme for junior managers (PE programme) in 2018, compliance training has been available in various formats and covering a range of issues through classroom-based and online modules. Participants can also gain an insight into the company's compliance culture, management and rules, and its code of conduct, via an online offering. Using Skype for Business, participants can take a live multiple choice test and ask questions at the end of the session. Compliance issues including anti-corruption, anti-money laundering measures and antitrust law are presented by compliance officers during the classroom-based sessions. As well as presentations and case studies, some sessions involve group work where case studies are tackled with the help of a board game.

New employees are familiarised with the company's compliance culture during the Porsche Warm-up event, an introductory training session generally held monthly. The event is based around the World Café, in which newly hired staff have the chance to look intensively at the code of conduct and basic rules on avoiding corruption, tackling specific cases before presenting their solutions to the full group. The compliance image film rounds off the event which also covers the most important rules and expectations in relation to the issue of compliance.

All compliance trainings at Porsche are binding. The amount of training undertaken by compliance officers is monitored over the course of the year, with the final status being reported to the Compliance Council and to the Executive Board and Supervisory Board. Since the beginning of 2018, employees' attendance at compliance seminars has been recorded in their continuing professional development file.

## Information for employees

Information about the Compliance department's training programme is available to Porsche employees on the intranet. In addition to relevant Group and company guidelines, this information includes contact persons and ways to report concerns either internally or externally, along with a range of materials such as compliance videos, flyers, note cards and check lists.

## Porsche's code of conduct

The Volkswagen Group's code of conduct has also applied to Porsche since the end of 2017. These guidelines set out all aspects of employees' responsibility for compliance:

- as members of society: human rights; equal opportunity and equal treatment; product conformity and product safety; environmental protection; donations, sponsorships and charity; communications and marketing; political lobbying.
- as business partners: conflicts of interest; gifts, hospitality and invitations; prohibition of corruption; dealings with public officials and holders of political office; prohibition of money laundering and terrorism financing; accounting and financial reporting; taxes and customs; fair and free competition; procurement; export control; prohibition of insider trading
- in the workplace: occupational safety and healthcare; data protection; security and protection of information, know-how and intellectual property; IT security; handling company assets. Illustrative examples that employees might face on the job are provided for each topic.

There is also a self-administered test designed to help employees make decisions in case of doubt. Porsche's code of conduct is published on the internet and intranet. All staff are also sent the code of conduct by e-mail and informed about it during training and information events, and all new employees are provided with a hard copy in the form of a brochure at the welcome event on their first day.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of "compliance" through the following disclosures: GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior, GRI 307: Environmental Compliance, GRI 419: Socioeconomic Compliance.

## Political dialogue

For Porsche, it is important to be actively involved in solutions for social, ecological and economic challenges faced today and in the future. That is why Porsche is committed to working with associations to represent the interests of the company and its employees and to contribute its specialist knowledge. All company activities in this field are based on the principles of transparency,

traceability and accountability and are in line with existing statutory regulations. Porsche demonstrates political neutrality in its dealings with political parties and interest groups and engages in a centrally coordinated, open and transparent dialogue with politics and society. The following list includes just some of associations and groups of which Porsche is a member:

German Association of the Automotive Industry (VDA)

Federation of Industry of the State of Baden-Württemberg (LVI)

Südwestmetall (association of metal and electrical industries in South-West Germany)

Chamber of Industry and Commerce (IHK) in Stuttgart

Society for the Advancement of the Institute for the World Economy (Gesellschaft zur Förderung des Instituts für Weltwirtschaft)

American Chamber of Commerce in Germany (AmCham Germany)

New drive and mobility concepts as well as ecological issues have increasingly gained in relevance over recent years. Porsche is a global company with deeply rooted ties to its region, which is why the company is actively involved in a series of initiatives aimed at promoting precisely these important issues. These include the "Strategic Dialogue for The Automotive Sector Baden-Württemberg" launched by the State Government of Baden-Württemberg, the "Alliance for Mobility and Air Pollution" of major employers in the public and private sectors in the region of Stuttgart as well as the "Urban Mobility Platform".

The headquarters of Porsche is located in Stuttgart-Zuffenhausen, an urban district at the edge of a metropolitan area. For this reason, Porsche actively engages in direct and open dialogue with the local community. Porsche also maintains and nurtures its contacts with authorities and political bodies to ensure an open and transparent flow of information for building projects and other activities. "targa" is the name of the community newspaper published by Porsche since January 2015 to provide information on the current status of building plans, background information on the project for the first purely electric sports car, the Taycan, as well as details of the associated developments at the company's headquarters. Since March 2017, Porsche has regularly organised information events to provide the local community with first-hand information on the project status. The company also posts information on all aspects of the project on a project website. Porsche encourages regular, transparent and open dialogue and invites the local population to get in contact via the e-mail address "nachgefragt@porsche.de" to share their concerns.



## Link Collection

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