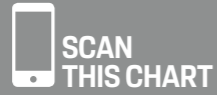


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Performance.

**Annual and
Sustainability Report
of Porsche AG
2017**

PORSCHE

Performance.

Living sustainably is an overarching strategic target for Porsche. For us, economic success, ecological awareness and social responsibility are not contradictions. On the contrary, when combined, they form a whole which defines the company's attitude

Economic success distinguishes Porsche – as does social compatibility. Precisely as a manufacturer of exclusive, high-performance sports cars, Porsche regards itself as being obliged to enhance the acceptance of the company and its products worldwide by means of socially and ecologically responsible action. Responsible action which benefits not only the company but also the environment and society is not just in line with the expectations of customers, business associates or investors; it also has great significance for ensuring competitiveness.

That's why Porsche is combining the Financial and Sustainability Report. We are sending out a message by doing this – namely that the two topics are inseparably connected.

Economic power, innovative vehicles, customer orientation, environmental protection and employee responsibility – Porsche sets the highest standards, and aims at continual and long-term improvement in all these areas.

You have before you two volumes: Perspective is intended to inspire, stimulate and motivate you – to confront, challenge and familiarise you with the topics and theories that an automotive company like Porsche must address in times of industrial system upheaval.

What will identity mean in future? This is the overriding question which Porsche already has to consider today. Alongside inspiration is information – about Porsche's philosophy in the interplay between digitalisation, connectivity and electrification.

Volume Two is entitled Performance. It contains all the events of the 2017 financial year. Here, you can find developments, summaries, explanations, key figures – and the documentation of Porsche's overarching sustainability commitment in all its aspects.

As different as the two volumes are, they have one thing in common: communication on various levels. In keeping with this, some articles offer the possibility of augmented reality. You can find references to this on the relevant pages – as well as some surprises.

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Michael Steiner
Michael Steiner
 Research and Development

Uwe-Karsten Städter
Uwe-Karsten Städter
 Procurement

Lutz Meschke
Lutz Meschke
 Deputy Chairman
 of the Board
 Finance and IT

Oliver Blume
Oliver Blume
 Chairman of the
 Executive Board

Albrecht Reimold
Albrecht Reimold
 Production and Logistics

Andreas Haffner
Andreas Haffner
 Human Resources
 and Social Affairs

Detlev von Platen
Detlev von Platen
 Sales and Marketing

Dear Sir or Madam,

Porsche, once again, exceeded itself in the financial year just ended. The number of vehicles delivered beat 2016's previous record number by four per cent. At the same time, the operating profit increased to 4.14 billion euros. Despite significant investments, our profit – at 17.6 per cent – continues to be among the best in the automotive industry. We have also never had as many people working for our company as now.

Seventy years after the first Porsche sports car was created, and at the threshold of a new era in automobile development, we are combining tradition with innovation. We are putting uncompromising sportiness onto the road, together with the benefits of new technology. We are adapting the power of our history to fulfil the requirements of future individual mobility.

In the last financial year, we continued to solidify our foundation for value-creating growth as part of the Porsche Strategy 2025. Our industry is reinventing itself. And, to a certain extent, so is Porsche. The electrification of our drive systems is just one dimension. The digital changeover goes much deeper than that. It affects the way in which cars will be used in the future, how we will control development and production, how we will work with suppliers, interact with customers and open up new business opportunities and markets.

Porsche is developing itself, from a manufacturer of exclusive sports cars into a leading provider of digital mobility solutions in the premium segment of automobile manufacture. With Porsche Digital, our lab in Berlin, and the innovation platform Startup Autobahn, for example, we are encouraging our employees to unleash their creativity and open ourselves up to new ideas from newly formed companies from around the world. The joint venture IONITY, which has Porsche and Audi as partners representing the Volkswagen Group, is working on putting in place a network of powerful quick-charging stations along Europe's main traffic arteries by 2020.

Economic success is inseparable from ecological and social responsibility. We, too, must be measured by the effects of our activities on the entire value chain, the environment and society. In future, we want to set ourselves apart from the competition not only through more innovation, but increasingly with the sustainability of our products and manufacturing processes.

Among the highlights of the last financial year were the millionth 911, which drove off the production line in May. The 911 is the epitome of a series-production sports car, a style icon and both the face and heart of the Porsche brand. New 911 GTS variants, the pure driving machines 911 GT2 RS and 911 GT3, the 911 Turbo S Exclusive Series and the GTS models 718 Boxster and Cayman as well as the 911 Carrera T – all these powerful, uncompromising sports cars are the vibrant and ageless expression of the fascination that is Porsche. While the new Cayenne – now in its third generation and comprehensively digitalised

and networked – is the epitome of a sporty and yet day-to-day SUV. With the new Panamera Sport Turismo, we are adding another body variant to the successful model line. And, with the Panamera Turbo S E-Hybrid, we are for the first time positioning a plug-in hybrid as the top model in a model line, thus underlining the key importance of electromobility.

Porsche and electromobility fit together perfectly. We are working consistently on the hybridisation of our fleet. And, in Zuffenhausen, we are preparing for production of the brand's first purely battery-driven sports car. By 2019, around a billion euros will have been invested in the Mission E project. This project involves the emergence of a completely new plant at our headquarters in Zuffenhausen – a factory within the factory. Our goal is CO₂-neutral manufacturing. Derivatives of the Mission E are already conceivable, and we are also planning additional purely electric vehicles.

A reorganisation of motor racing is taking shape as a result. From 2019, Porsche will enter its own works team into Formula E. Conversely, we have ended our LMP1 involvement in the FIA World Endurance Championship after capturing our third manufacturer and driver titles in a row and our 19th overall victory in Le Mans. Formula E is, for us, the ultimate competitive environment in which to promote the development of high-performance vehicles with regard to environmental friendliness, efficiency and sustainability. At the same time, we are strengthening our involvement in the GT Class.

Motor racing is part of our identity. Sporting ambition is what has driven Porsche engineers right from the beginning. For seven decades, the race track has been the unforgiving test platform that sports-car technology needs. Electrification, digitalisation and connectivity determine how, when, where and with what means we will all get around in future. One thing remains: there is a racing car in every Porsche.

Yesterday. Today. Tomorrow.

The Executive Board of Porsche AG

Important events
Business performance
Outlook



IMPORTANT EVENTS

Contract with Lutz Meschke extended

At the close of 2016 the Supervisory Board re-appointed Lutz Meschke, Deputy Chairman of the Executive Board and Member of the Executive Board Finance and IT, for another five years. Meschke has been a member of the Porsche Executive Board since 2009, and its deputy chairman since 2015. Supervisory Board Chairman Dr Wolfgang Porsche praised Meschke's work toward ensuring sustainably high profitability.



LUTZ MESCHKE

Order of Merit for Uwe Hück

Uwe Hück, chairman of the general and Group Works Council, received the Cross of the Order of Merit (Verdienstkreuz am Bande) of the Federal Republic of Germany in January for his outstanding commitment. He was congratulated by Winfried Kretschmann, Minister President of the State of Baden-Württemberg: "Your outstanding services to the general good have now received fitting public recognition." In the words of Chairman of the Executive Board Oliver Blume, "Uwe Hück embodies reliability – he is a tough negotiator but always works for the good of the company and the employees."



UWE HÜCK RECEIVES ORDER OF MERIT



PANAMERA TURBO S E-HYBRID

World premieres in Geneva

The Panamera Sport Turismo, Panamera Turbo S E-Hybrid and the new 911 GT3 celebrated their world premieres at the Geneva Motor Show in March. The Panamera Sport Turismo adds a new version of the body to the model line. With a large tailgate, low loading sill, larger luggage volume and 4+1 seating concept, this new four-door car meets high demands for everyday usability and flexibility. The Panamera Turbo S E-Hybrid was another highlight and the first plug-in hybrid to be positioned at the top of a Porsche model line. And the new 911 GT3 presented in Geneva is a racing-based two-seater with systematic lightweight construction – ideal for both the racing track and everyday use.

Community training project in South Africa

Porsche opened a new training centre in Cape Town in March. Over three years, 75 women and men from disadvantaged backgrounds will be trained as mechatronics service specialists. To provide opportunities to as many young people as possible, Porsche is deliberately training more individuals than it needs for its own workforce. South Africa's Porsche importer LSM Distributors and the Don Bosco Salesian Institute Youth Project (SIYP) in Cape Town are partners in this project. Porsche is providing the rooms, cars, and syllabi, and is also training the instructors.



TRAINING CENTRE IN CAPE TOWN

Porsche Design Group

Porsche Design Group became a wholly owned subsidiary in April. Porsche AG acquired 35 per cent of the shares of Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG (Porsche Design Group) from a holding company owned by the Porsche family. Porsche had already owned the remaining 65 per cent of shares. Porsche Design is a premium lifestyle brand founded in 1972 by Professor Ferdinand Alexander Porsche.

The Panamera Sport Turismo, Panamera Turbo S E-Hybrid and the new 911 GT3 celebrated their world premieres at the Geneva Motor Show in March. The Panamera Turbo S E-Hybrid was another highlight and the first plug-in hybrid to be positioned at the top of a Porsche model line.



NEW TRAINING CENTRE IN LEIPZIG

New training centre in Leipzig

Porsche opened a new training centre in Leipzig in April. Its modern workshop and seminar rooms plus innovative teaching facilities on 2,300 square metres of space give it the best infrastructure for professional training. Porsche was training more than 120 apprentices in Leipzig in 2017 to be industrial and tool mechanics as well as mechatronics specialists. A dual work-study program will also be offered in mechanical engineering for the first time.



PORSCHE ON SYLT

First Porsche site on Sylt

Porsche opened its first site on the island of Sylt in April. Part of a new sales strategy, it includes a showroom, the Porsche Drive rental service, products from Porsche Design and Porsche Driver's Selection, automotive consulting and a small workshop. Part of the site's 500 square-metre area will be used to present a changing series of exhibitions.

Porsche and Microsoft on the gamepad

Porsche entered into a six-year partnership with Microsoft in virtual racing and electronic games at the New York International Auto Show in April. It will give Porsche a higher profile in the "Forza Motorsport" and "Forza Horizon" series of racing games. This partnership centres around the growing field of eSports, which are contests played out in virtual settings.

Deciduous forests for clean drinking water

Promoting mixed forests over coniferous monocultures: some 5,000 sessile oak trees were planted on 1.5 hectares of land between Rutesheim and Weissach in April. These young trees replaced a spruce forest that had been damaged by storms. Deciduous forests generate an average of 800,000 litres more groundwater per hectare than coniferous monocultures – year after year, for generations. Porsche is thereby supporting a project from the Trinkwasser e.V. association. Another tree-planting event followed in Ludwigsburg in autumn.



PORSCHE SUPPORTS TRINKWASSER E.V.

Siegemund wins Porsche Tennis Grand Prix
 Stuttgart-born Laura Siegemund won the 40th Porsche Tennis Grand Prix in late April. In a dramatic final match that lasted two-and-a-half hours, she beat Kristina Mladenovic from France 6:1, 2:6, 7:6. Amidst a shower of golden confetti she climbed into a Porsche 911 Carrera GTS Cabriolet, awarded to the tournament winner. This anniversary year marked the fourth time in a row that players voted the traditional Stuttgart championship their favourite tournament in this category.



LAURA SIEGEMUND

Porsche Digital in Silicon Valley

A new site that opened in Santa Clara in Silicon Valley, California, in May will enable Porsche Digital Inc. to build partnerships with technology experts, innovators and venture capital companies. The aim is to identify digitalisation strategies and trends on the US market earlier in order to develop and test solutions for Porsche. Porsche Digital Inc. is expected to employ around 100 people in Santa Clara.

Production milestone

The one-millionth Porsche 911 rolled off the production line in Zuffenhausen on 11 May. It was a Carrera S in the individual colour of Irish Green – in honour of the very first 911 from the year 1963. The 911 remains the strategically most important model in the product range. It plays a key role in making Porsche one of the most profitable carmakers in the world.



WOLFGANG PORSCHE WITH ANNIVERSARY MODEL

Drama at the 24 Hours of Le Mans in June: Earl Bamber, Timo Bernhard and Brendon Hartley in the Porsche 919 Hybrid battled back from 56th place and 18 laps behind to win and claim Porsche's 19th overall victory.

19th overall victory for Porsche in Le Mans

Dramatic finish to the 24 Hours of Le Mans in June: Earl Bamber, Timo Bernhard and Brendon Hartley battled back from 56th place and 18 laps behind to take first place overall in a Porsche 919 Hybrid. This is the 19th overall victory in Le Mans for record-holder Porsche, and the third in a row. And any team winning the toughest race in the world three times in succession is allowed to keep the challenge cup.



EARL BAMBER, TIMO BERNHARD AND BRENDON HARTLEY AT LE MANS WITH THE 919 HYBRID

GT2 RS: world premiere in Goodwood

The 911 GT2 RS – the fastest and most powerful 911 of all time – entered the Festival of Speed in Goodwood (UK). This high-performance sports car has a bi-turbo flat engine that lets it accelerate from zero to 100 km/h in 2.8 seconds. It set a new record for road-authorized sports cars on the Nürburgring-Nordschleife (north loop) with a time of 6:47.3 minutes.

Gewandhaus Leipzig and Stuttgart Ballet
 Porsche extended its contract with Gewandhaus Leipzig in June and will support the popular "Klassik airleben" series of open-air concerts in Rosental for another three years. The company has been a "global partner" of the Gewandhaus Orchestra since 2011. It also extended its contract with the Stuttgart Ballet for three more years. Porsche has been the main sponsor of the Stuttgart Ballet since 2012.

Nardò Technical Centre

Fabio Barsotti became Managing Director of the Nardò Technical Centre in Apulia (Italy) in June. The testing and proving grounds have been operated since 2012 by the Porsche Engineering Group GmbH in Weissach, a wholly owned subsidiary of Porsche AG.

Innovation campaign in Israel

Porsche opened an "innovation office" in Tel Aviv in June to identify technological trends and recruit talent. Israel has more start-ups per capita than any other country in the world. Porsche is also investing an eight-figure sum in the Magma and Grove venture capital funds. Magma Ventures concentrates on artificial intelligence and the automotive sector. It is considered one of Israel's leading funds, with investments in successful start-ups like Waze and a portfolio of 600 million US dollars. Grove Ventures is a capital company with a volume of 100 million US dollars. It focuses on early-stage technologies in the Internet of Things (IoT), the cloud and artificial intelligence.

Gold from J.D. Power

Porsche received top marks from the J.D. Power quality study in June once again, with honours for the 911, Macan and the Leipzig plant. The US-based market research institute's "Initial Quality Study" gave the 911 the number-one ranking in its segment for the sixth time in a row. The Macan also built on previous successes to take the top position in its segment for the third successive time. In the factory category for Europe/Africa, Porsche's Leipzig plant took first place and the Gold Award.

Porsche received top marks from the J.D. Power quality study in June once again, with honours for the 911, Macan and the Leipzig plant. The US-based market research institute's "Initial Quality Study" gave the 911 the number-one ranking in its segment for the sixth time in a row.



GERD RUPP

Gerd Rupp now head of the Leipzig plant

Gerd Rupp became Chairman of the Executive Board of Porsche's Leipzig plant on 1 July. He succeeds Siegfried Bülow, who built up and developed the production site over the 17 years of his directorship. Before coming to Leipzig, Rupp spent seven years as the director responsible for tool construction for the Volkswagen brand in Wolfsburg after working for Audi AG in Ingolstadt and Barcelona. Siegfried Bülow stepped down due to reaching retirement age.

Minister President tours production

Winfried Kretschmann, Minister President of the State of Baden-Württemberg, praised the new engine plant in Zuffenhausen on a visit in July. "The newly built engine plant is exemplary in many respects," he said. "The prudent and forward-looking management of inner-city spaces fosters sustainability, and the involvement of nearby residents shows transparency. These are all important steps toward becoming a role model for climate-friendly mobility." Kretschmann was also given his first view of pilot production for Porsche's electric drives.



LEIPZIG PLANT

Porsche appeal for US customers

In July Porsche took first place in the overall rankings of the "Automotive Performance, Execution and Layout Study" (APEAL) from the US-based J.D. Power market research institute for the 13th time in a row. It remains the automotive brand with the greatest appeal for drivers in the US. The 911, Cayenne and Macan also took top honours in their categories. The survey asked more than 69,000 owners of new cars to evaluate 243 models from 33 carmakers in ten categories. In addition to driving dynamics and design, the criteria included everyday practicality and comfort.



MACAN

New engines, a new chassis, an innovative operating concept and greater connectivity all feature in the new Cayenne presented by Porsche in Zuffenhausen in August. The third generation is a completely newly developed version of this successful car which boasts sales of over 770,000 since 2002.



WORLD PREMIERE OF THE NEW CAYENNE

Recall for around 21,500 Cayenne Diesels

In agreement with the German Federal Motor Transport Authority (KBA), Porsche recalled Cayenne 3.0-litre V6 diesel cars in the EU6 emissions class. During internal investigations, the company found irregularities in the engine control software and actively passed on these findings to the KBA. A software update in connection with a recall was agreed upon with the transport authority. This affects around 21,500 cars made from 2014 to 2017 in Europe, including 6,000 in Germany. Porsche is bringing the cars to workshops for the free software update.

Porsche plans to enter Formula E

In July Porsche announced plans to enter a factory team in the Formula E championship in 2019. It is therefore ending its involvement in the LMP1 class of the FIA World Endurance Championship at the close of the 2017 season. Porsche's racing strategy will focus on entering the 911 RSR in the GT class of long-standing endurance contests such as the WEC and the IMSA WeatherTech SportsCar Championship in the US. This new racing focus is based on Porsche's Strategy 2025: among other things, the company will focus on a combination of purist GT cars and fully electric sports cars like the first purely battery-powered Mission E.

World premiere of the new Cayenne

New engines, a new chassis, an innovative operating concept and greater connectivity all feature in the new Cayenne presented by Porsche in Zuffenhausen in August. The third generation is a completely newly developed version of this successful car which boasts sales of over 770,000 since 2002. It will offer even greater typical Porsche performance combined with superior everyday practicality. The new Cayenne shows significantly developed visuals, which are now more precise, elegant, athletic and expressive. For the car's world premiere at the Porsche Museum, Jesse Milliner composed a "Sinfonie des Lebens" ("Symphony of Life") that was performed by Prague's Bohemia Symphony Orchestra and Leipzig's Gewandhaus Orchestra. In addition to the symphony, the event included dancers, live musicians and an elaborate light show.

Porsche unveils the 911 GT3 with Touring Package at the IAA – designed for fans of high-calibre sports cars with a real predilection for understatement and classic driving pleasure.

World premieres at the IAA: 911 GT3 with Touring Package and Cayenne Turbo

Two cars celebrated world premieres at the International Motor Show in Frankfurt am Main (IAA). The 911 GT3 with Touring Package joins the ranks of Porsche's purist high-performance sports cars. It is designed for fans of high-calibre sports cars who have a strong predilection for understatement and classic driving pleasure. The new Cayenne Turbo is the flagship of its model line. This newly developed member of the Cayenne's third generation raises the standard for sports-oriented performance in its segment even higher.



911 GT3 WITH TOURING PACKAGE

Logistics of the future: fully electric

Porsche Leipzig launched the eJIT project in August. Its three-year pilot phase will test a logistics truck with a fully electric drive on the route between the logistics centre and the assembly supply centre. Porsche is the first carmaker in Europe to use this fully electric 40-tonne vehicle that can also run on motorways.



EJIT PROJECT

Porsche Financial Services

Holger Peters and Jörg Pape joined long-standing company heads Albert Moser and Konrad Riedl on the Management Board of Porsche Financial Services GmbH. Their appointments are the result of strong growth as well as strategic challenges related to digitalisation and greater internationalisation.

Public transport pass to Weissach

Together with the Pforzheim-Enzkreis public transit authority (VPE) Porsche has developed a new "Jobticket" pass for employees at the Weissach Development Centre which is comparable to that for the Stuttgart public transit association (VVS). Introduced in September, the pass costs 46 euros a month and is valid for unlimited travel throughout the entire VPE network. Porsche pays a 10-euro subsidy per employee per month.

6-hour run for charity

Porsche's Zuffenhausen headquarters was transformed into a sport arena on 17 September. More than 3,000 employees ran a 911-metre circuit for six hours to raise money for charity. For each lap completed, Porsche AG donated five euros to charity organisations in the Stuttgart region. Employees completed 26,033 laps, which earned a total of 185,000 euros for the Olgäle Foundation, the Stuttgart Children's and Youth Hospice, Stuttgart's Mobile Youth Services, Stuttgart Jugendhaus gGmbH and the Gustav Werner School in Zuffenhausen. The sum includes a generous contribution from the Porsche AG board.



THIRD 6-HOUR CHARITY RUN

Partnership with start-up

The Porsche Digital subsidiary launched a partnership with the Stuttgart-based tech company Home-iX in September. A B2B start-up specialising in smart living, Home-iX was founded in 2016 by two former Porsche employees, Mehmet Arziman and Heiko Scholtes. It helps companies in the automotive industry offer individualised smart living solutions that connect cars and homes.

Porsche Cars North America is running a pilot programme to test the Porsche Passport. It offers flexible access to Porsche cars via a mobile app. With two membership packages, Porsche Passport makes first-class cars available to users in the Atlanta metropolitan area.

US: Porsche models subscription service

Porsche Cars North America is running a pilot programme to test the Porsche Passport. It offers flexible access to Porsche cars via a mobile app. With two membership packages, Porsche Passport makes first-class cars available to users in the Atlanta metropolitan area. The first package, with a monthly fee of 2,000 US dollars, offers on-demand access to eight model versions including the 718 Boxster, Cayman S, Macan S and Cayenne.



718 BOXSTER

Sustainable: Porsche's industrial quarters

Porsche's Plant 4 received the platinum sustainability award from the German Association for Sustainable Construction (DGNB) in October. This award recognises the quality of economic, environmental, sociocultural, functional and technical processes for newly constructed and converted industrial quarters. Plant 4 had already received gold for the precertification stage in 2015.



PORSCHE ENGINE CONSTRUCTION AT PLANT 4

Software update for Cayenne Diesel

US authorities approved a technical solution in late October to adjust emissions for cars with 3.0-litre V6 TDI engines. This will enable more than 38,000 cars with "Generation 2.1" and "Generation 2.2" 3.0-litre V6 TDI engines to meet the emissions standards they were originally certified for. This involves 11,500 Porsche Cayenne V6 diesel cars in the US.

Porsche mourns Peter W. Schutz

Former Chairman of the Porsche Executive Board Peter W. Schutz passed away on 29 October at the age of 87. He is remembered at Porsche not only for preserving the iconic 911 sports car but also for successfully introducing the 911 Cabriolet to the US-American market. The Porsche model range became more attractive under his leadership, and he also set the company on a new strategic course.

IONITY – high-power charging network

In November the BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, through Audi and Porsche, launched the IONITY joint venture to build a high-power charging network for electric vehicles in Europe. Setting up and operating around 400 high-speed charging stations by 2020 are important steps in making electric cars viable for long as well as short distances, and thereby helping to establish them on the market. These stations can recharge 80 per cent of the Porsche Mission E's battery capacity in just 15 minutes, which is equivalent to a range of 400 kilometres. The Mission E will come onto the market in 2019.



IONITY HIGH-POWER CHARGING NETWORK

In November the BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group, through Audi and Porsche, launched the IONITY joint venture to build a high-power charging network for electric vehicles in Europe.



ANDREAS HAFFNER



DETLEV VON PLATEN

Contracts extended

In December the Porsche Supervisory Board reappointed Detlev von Platen, Member of the Executive Board for Sales and Marketing, and Andreas Haffner, Member of the Executive Board for Human Resources and Social Affairs, each for five years. Von Platen joined the Porsche Executive Board in November 2015, and Haffner in October 2015. Supervisory Board Chairman Dr Wolfgang Porsche praised their work in introducing the new generation of the Panamera onto international markets and ensuring the future of the Zuffenhausen site through the building of production facilities for Porsche's first fully electric sports car.

Four-car world premiere in Los Angeles

Porsche celebrated world premieres for four sports cars at the Los Angeles Auto Show in late November. The Panamera Turbo S E-Hybrid Sport Turismo, 718 Boxster GTS and 718 Cayman GTS are now the flagships of their respective model lines, while the 911 Carrera T is a purist lightweight car. The new generation of the Cayenne was also introduced to the US in Los Angeles.

Porsche wins third successive world title

Porsche crowned the career of the 919 Hybrid in November with its third manufacturers' title in a row. Second- and third-place finishes at the 6 Hours of Shanghai race enabled it to clinch the title after eight of the nine races in the FIA World Endurance Championship (WEC). Earlier in the season the car had won not only Le Mans but also the races on the Nürburgring, in Mexico City and in Austin.

Start-up accelerator

Axel Springer Digital Ventures and Porsche Digital launched a new start-up accelerator in Berlin in November. They signed a joint venture agreement with equal shares. Its mission is to support digital business ideas with high market appeal that have the potential to change sectors. The aim is to invest in foundational stages of start-ups.

BUSINESS PERFORMANCE

Dynamic global economy

The world economy recorded GDP growth of 3.2 per cent in 2017 (2016: 2.5 per cent). Economic momentum picked up in both the advanced economies and in emerging markets. In western Europe, GDP growth rose slightly throughout the year compared with the previous year, hitting 2.1 per cent (2016: 1.8 per cent). Uncertainty was caused by the UK's Brexit negotiations with the European Union, the outcome of which, as well as the future shape of the relationship between the UK and EU, remain unclear. In Germany, consumer optimism and a buoyant labour market helped push up growth in GDP compared with the previous year (2017: 2.5 per cent; 2016: 1.9 per cent).

The US economy grew by 2.2 per cent, also a sharper rise than the previous year (1.5 per cent). This growth was largely driven by private consumption. The US dollar was somewhat weaker than in the previous year. In Brazil, the reporting year saw the economy climb out of its trough of the previous year. Economic output increased by 0.9 per cent after a 3.6 per cent decrease in 2016. Nevertheless, political uncertainty is one factor that continues to weigh heavily on what is South America's largest national economy. The Chinese economy grew by 6.9 per cent in 2017 (2016: 6.7 per cent).

In 2017, the global automotive market expanded by 2.9 per cent to 83.5 million vehicles. While Asia-Pacific, South America and western and eastern Europe experienced greater demand, performance in North America was down on the previous year. In Western Europe, new vehicle registrations increased by 2.5 per cent to 14.3 million vehicles, the highest level in a decade. In Germany, an additional 3.4 million units came on to the road, a rise of 2.7 per cent. Alongside the healthy economic situation as a whole, this increase can be attributed to price discounts in the form of a switching premium for older diesel models and an environmental bonus for electric vehicles. Demand in Italy (+8.1 per cent) and Spain (+7.7 per cent) benefited from drivers seeking to replace older vehicles and from a significant expansion of sales to commercial customers. France recorded growth of 4.8 per cent while sales in the United Kingdom were 5.7 per cent down on the previous year.

Sales of 20.8 million passenger cars and light commercial vehicles up to 6.35 tonnes in North America equated to a 1.4 per cent fall compared with the record level of 2016.

Demand in the US market fell by 1.8 per cent to 17.2 million vehicles in 2017. A healthy employment situation and incentives offered by vendors were not enough to stem the downward trend. Nevertheless, SUVs and pick-ups proved very popular, recording growth of 5.7 per cent. Sales of traditional passenger cars shrank by 10.9 per cent. The Canadian automotive market expanded by 4.6 per cent to 2 million vehicles. In South America, there was a significant 12.6 per cent increase in demand for passenger vehicles and light commercial vehicles to 4.2 million units, albeit from a low base. The Brazilian market recorded growth again for the first time after four years of falling registrations, with an increase of 9.4 per cent to 2.2 million vehicles. The market volume in the Asia-Pacific region in 2017 grew by 4.7 per cent to 37 million units. The most important growth market was China which expanded by 4.5 per cent to 23.9 million vehicles.

Record year

Porsche enjoyed another record year in 2017. Its success has been based on an attractive product range and excellent customer service. Porsche has the sportiest vehicles in every segment in which the brand is represented, and has added further highlights to its portfolio in the past year.

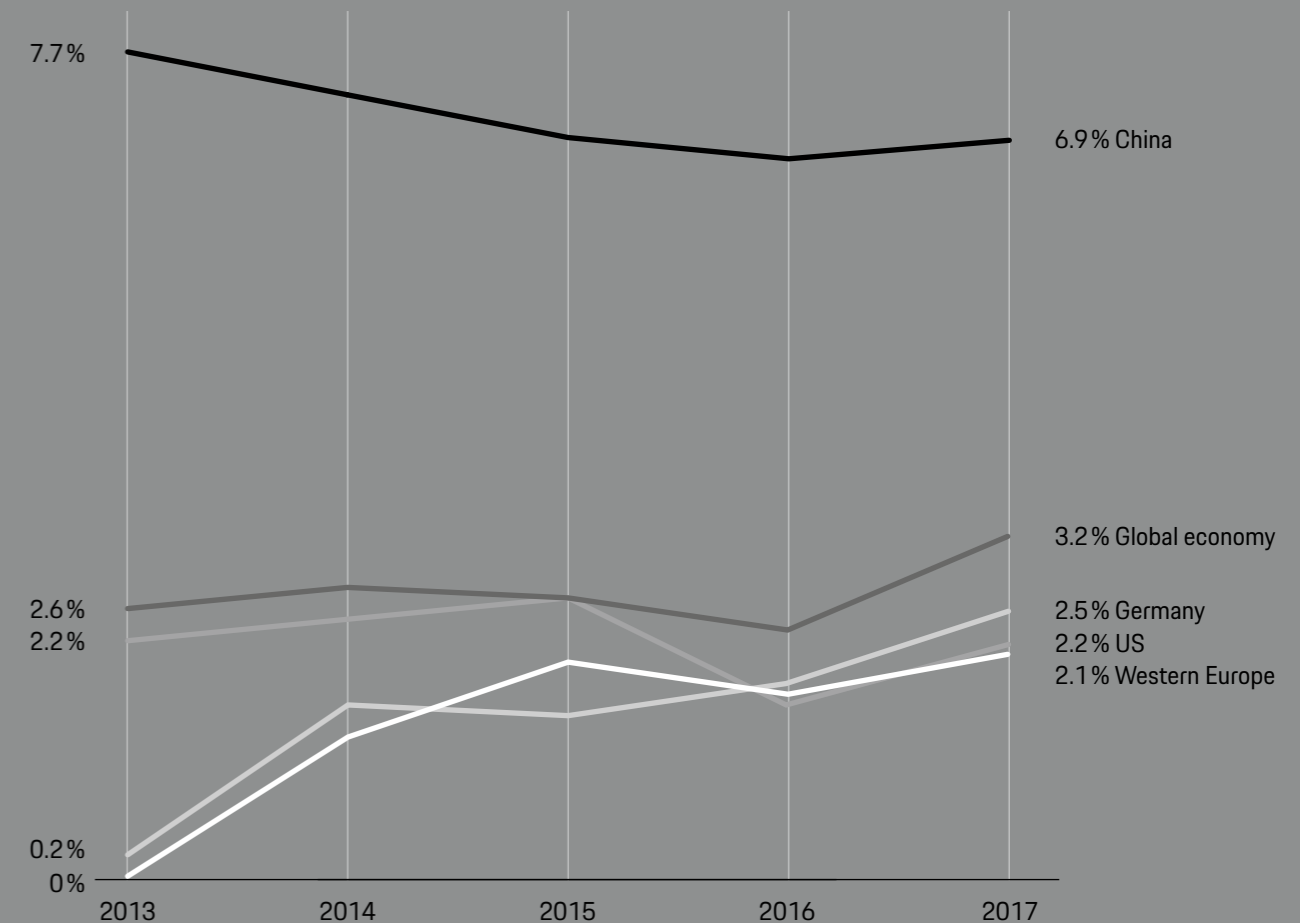
In total, 246,375 new vehicles were handed over to customers in 2017, more than in any other single year in Porsche's history. Year-on-year growth amounted to four per cent. The major contributor was the new Panamera, sales of which almost doubled in 2017. The new mid-engine sports cars also left their mark – the 718 Boxster and Cayman models were very well received on the market with 25,114 deliveries worldwide, comfortably surpassing the previous year's figures.

High demand for the Macan and Cayenne SUV models, which remained the two most popular model lines in 2017, once again shows Porsche's strong position as a sports-car maker in this segment. 63,913 deliveries of the Cayenne were recorded. This very high level of deliveries was achieved despite the change in model. The Macan was once again Porsche's most popular series in 2017, recording 97,202 deliveries. Hybrid models were also in high demand: the global share of hybrid vehicles performed well in comparison with the previous year. This success is primarily owed to the strong market demand for the sporty e-hybrid models of the new Panamera, the hybrid version of which more than doubled its share of global sales to 17 per cent.

The world economy recorded GDP growth of 3.2 per cent in 2017 (2016: 2.5 per cent). Economic momentum picked up in both the advanced economies and in emerging markets.

Economic growth

Percentage change in GDP



For the second time in succession, China was the strongest sales region; the 71,508 vehicles sold there represented an increase of 10 per cent compared with the previous year.

America

US: new record results

Porsche delivered 55,240 vehicles to customers in the United States in the reporting year. This is the eighth year in a row that Porsche has beaten its previous year's record. The growth from 2016 to 2017 was two per cent. The Macan once again claimed top spot among Porsche's models, with 21,429 units sold. The Panamera sold 6,731 units, representing a hefty increase of 53 per cent. The 911 hit the previous year's level of 8,970 units (actually up one per cent). And customers received the keys to 13,203 Cayenne cars. Deliveries of the 718 Boxster and Cayman mid-engine sports cars amounted to 5,087 units. In addition to demand for the sports cars, the US market showed great appreciation for the Porsche Experience Centres in Atlanta and in Los Angeles, which welcomed excellent combined visitor numbers of over 92,000 in 2017.

Canada: 17 per cent up and 72 record months in a row

In December 2017, Canada recorded the 72nd consecutive monthly improvement on the previous month's delivery figures. Over 2017 as a whole, Porsche achieved 17 per cent growth year-on-year, delivering a record 8,249 vehicles for the year. The highest-selling model remained the Macan (3,767 units), while the Panamera (559 units) and 911 (1,234 units) recorded the strongest growth of 86 per cent and 30 per cent respectively. Customers took receipt of 2,079 units of the Cayenne, while the 718 Boxster and Cayman sold 610 units in total. In July, Porsche celebrated the opening of its first own branch in North America, the Porsche Centre North Toronto.

South America: 911 and Panamera rising stars

During the reporting year, 2,921 new vehicles were delivered in Central and South America (excluding Brazil) and the Caribbean. The strongest market was Mexico, where 1,506 new vehicles were sold, recording sustained strong demand in an otherwise volatile region. The Macan was once again the top-selling Porsche model, with 969 units sold during the year. Demand for the Panamera rocketed by 156 per cent to 192 units, while the 911 sold 506 units for an increase of two per cent.

The Cayenne recorded 921 sales, and the 718 Boxster and Cayman sold 333 units in all.

Brazil's stellar trajectory

The Porsche subsidiary in Brazil once again exceeded its previous year's performance, in its third year of operation. Deliveries rose by 11 per cent to 1,124 vehicles. The largest volumes were achieved by the Macan (407 units) followed by the Cayenne (294 units). Strongest growth was recorded by the Panamera with 72 vehicles delivered and the 911, which sold 198 units, or 39 per cent more year-on-year. The 718 Boxster and Cayman recorded sales of 153 vehicles, largely on a par with the previous year.

Europe

Strong European demand for hybrid models

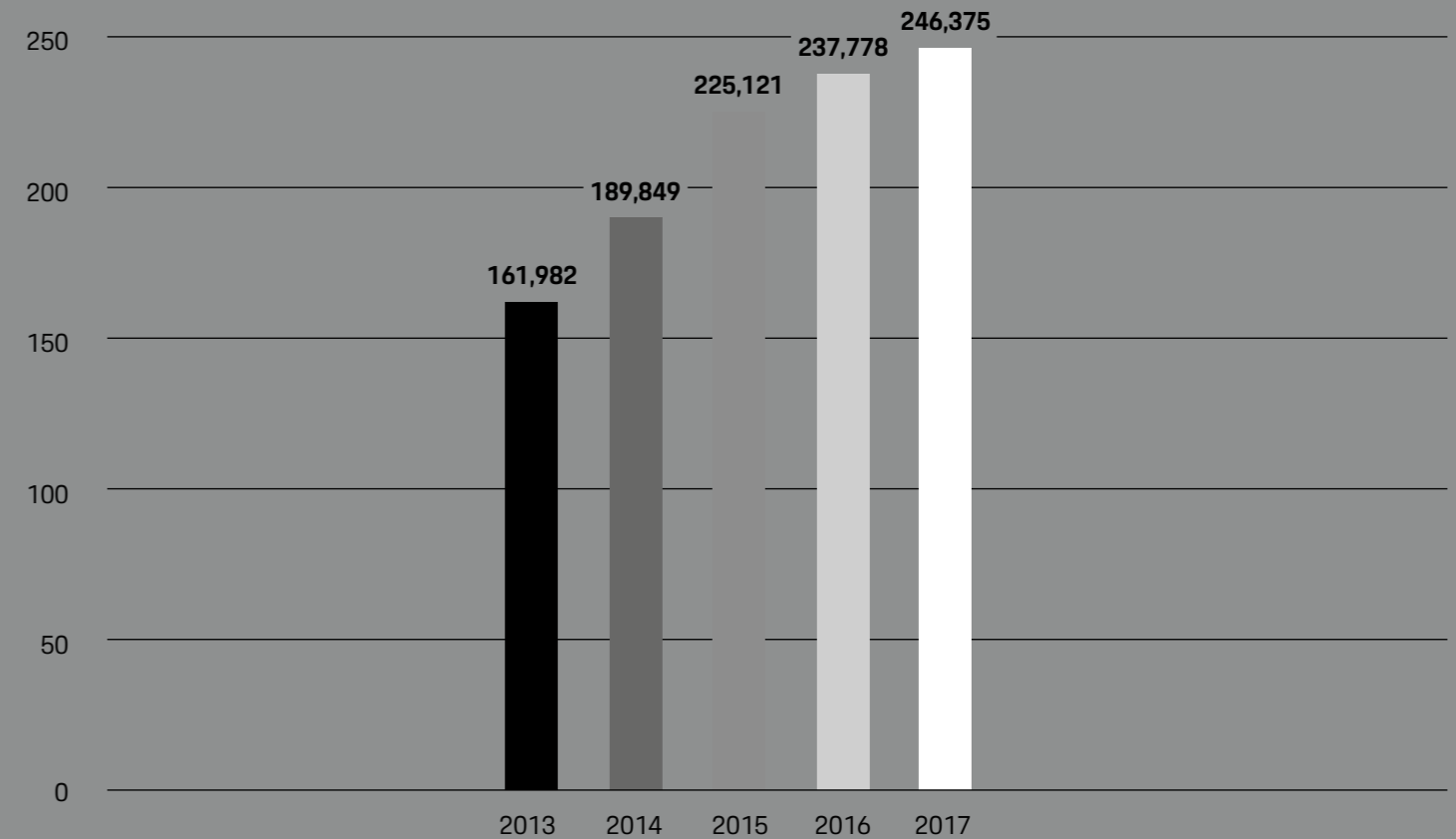
On the European market, Porsche achieved a solid result, recording slight growth in deliveries of two per cent. A significant contribution to this result was made by the Panamera, new vehicle deliveries of which rocketed from 3,831 in the previous year to 11,539 units in 2017. The introduction of the new Panamera 4 PHEV and Panamera Turbo S E-Hybrid in June 2017 means that now more than half of the Panamera models delivered are powered by a hybrid power train. The Macan series emphasised its position as the brand's best seller in the year under review: the 29,575 vehicles delivered equates to growth of six per cent. Customers took receipt of 15,721 units of the 911 and 14,547 of the Cayenne, while the mid-engine 718 Boxster and Cayman sold 8,880 units in total.

Germany: Macan popularity continues

Porsche supplied 28,317 new vehicles in its home market in 2017. With 8,414 units and growth of four per cent, the Macan was once again the most popular model, followed by the 911 with 7,581 vehicles and the Cayenne (5,000 units). The mid-engine 718 Boxster and Cayman sports cars sold 3,364 units. Deliveries of the Panamera more than doubled to 3,958 units, of which 1,002 were hybrid vehicles. In April 2017, Porsche opened a new showroom format on the up-market North Sea holiday island of Sylt, offering a special brand experience. The aim of the concept is to reach existing and new target groups more effectively and to encounter them in their own world. The "Porsche on Sylt" offer includes a showroom with changing models on show, the Porsche Drive car rental option, products from Porsche Design and Porsche Driver's Selection, a vehicle advisory service and a small workshop. In addition, new digitalisation and

Porsche delivered 246,375 vehicles to customers around the world in 2017, exceeding the record achieved in 2016 by another four per cent. The new Panamera has made a significant contribution here with some 28,000 units sold, a year-on-year increase of 83 per cent.

Deliveries of new vehicles



Deliveries 2017		Comparison to prior year ↑ +4%
Europe	80,262	
America	67,714	
Asia-Pacific, Africa and Middle East	98,399	

future mobility concepts are being piloted at the showroom. The new Berlin Adlershof Porsche Centre has also opened, and is one of the most modern Porsche Centres in the world.

United Kingdom: British love rear- and mid-engine sports cars

Despite the continuing negotiations on the United Kingdom's exit from the European Union, 2017 was a record year for Porsche Cars Great Britain. The 14,267 vehicles delivered equates to growth of seven per cent. Once again, the Macan was the most popular model, selling 5,854 vehicles for 27 per cent growth. The British public have underlined their love of Porsche's rear- and mid-engine sports cars. The two-door 911 sports car recorded deliveries of 2,245 vehicles while the 718 Boxster's and Cayman's total deliveries of 2,626 units even exceeded the figures for the Cayenne (2,140) for the reporting year. 1,402 units of the Panamera were delivered.

France: another record year

Deliveries on the French market increased by four per cent in 2017 to 5,822 vehicles. As in the previous year, this equates to a new record. The Macan was the highest-selling model line, with 2,536 units also meaning growth of four per cent. Sales of the 911 increased even more sharply, recording nine per cent growth for delivery of 1,105 new vehicles. The sales of the 718 Boxster and Cayman were roughly on a par with the previous year at 572 units. The Panamera sold 702 units in France, putting it close to level pegging with the Cayenne (907 units). Since the introduction of the new Panamera 4 PHEV and Turbo S E-Hybrid in June and July 2017, more than two-thirds of the Panamera models delivered are powered by a hybrid power train.

Belgium/Netherlands/Luxembourg: strong Panamera performance

Porsche once again out-performed an impressive previous year in the Benelux region, with sales of 5,458 units for growth of two per cent. Sales of the Panamera rocketed from 199 units to 1,259. The new hybrid variants of this model were particularly popular. Since the introduction of the new Panamera 4 PHEV and Turbo S E-Hybrid in June and July 2017, three-quarters of the Panamera models delivered are powered by a hybrid power train. After the Macan (1,786 units delivered), the Panamera is the second-most popular model, followed by the 911 with 1,034 units. Customers took receipt of 850 units of the Cayenne, while the 718 Boxster and Cayman sold 529 units together.

Italy: strong growth

Political and economic uncertainty continued to dominate Italy in 2017. Nevertheless, Porsche was unaffected, repeating its year-on-year growth. With deliveries of 5,534 new vehicles, the brand achieved an increase of seven per cent. The Macan was the highest-selling model, registering three per cent growth to 2,640 deliveries in the year. It was followed by the 911 with 938 deliveries (+3 per cent). 848 units of the Cayenne were sold, while mid-engine 718 Boxster and Cayman sports cars also performed strongly, with deliveries of these vehicles growing by 59 per cent. Demand for the Panamera rose to 551 units.

Spain/Portugal: Panamera in second place

On the Iberian market, Porsche exceeded its previous year's growth once again, with an increase in deliveries of nine per cent to 3,054 vehicles. The strongest growth was achieved by the Panamera. The 585 new units of this model delivered during the year moved it into second place in terms of popularity after the Macan (1,214 units). The 718 Boxster and Cayman (+49 per cent to 287 units) also performed strongly, as did the 911 (+16 per cent to 432 units). And customers also received the keys to 536 units of the Cayenne.

Switzerland: Cayenne and Panamera neck and neck

In Switzerland, Porsche delivered 3,621 new vehicles to customers. The most popular model was still the Macan, with 1,516 units, followed by the 911 with 876. The Cayenne and Panamera were almost neck and neck in terms of units delivered, at 493 and 487, respectively. The 718 Boxster and Cayman sold a total of 249 units on the Swiss market.

Austria: Panamera E-Hybrid model sales grow strongly

Porsche delivered 1,312 new vehicles in Austria in the reporting year. The strongest-growing model was the Panamera, with 236 vehicles sold. Since introducing the new Panamera 4 PHEV and Turbo S E-Hybrid in June 2017, more than three-quarters of the Panamera models delivered are now powered by a hybrid power train. The Macan line recorded the most units sold (470), followed by the 911 with 300 units. Customers took receipt of 187 units of the Cayenne, while the 718 Boxster and Cayman sold 119 units.

Deliveries on the French market increased by four per cent in 2017 to 5,822 vehicles. As in the previous year, this equates to a new record. The Macan is the highest-selling range here, with 2,536 units representing growth of four per cent.

Central and Eastern Europe: 11 per cent growth

In a mixed market environment characterised by geopolitical risks, Porsche delivered 6,185 vehicles to customers, registering growth of 11 per cent to achieve its eighth consecutive annual record. The biggest markets continue to be Poland (1,535 deliveries) and Turkey (676 deliveries). The best-selling model was the Macan, the 2,617 units of which represented growth of three per cent. In second place in the popularity ranking was the Cayenne, which sold 1,603 units. The Panamera came next with 1,048 vehicles – a significant increase. Demand for the 718 Boxster and Cayman models grew strongly, up 18 per cent to 350 vehicles. The 911 recorded delivery of 567 units (+3 per cent).

Russia: Macan remains popular

Porsche supplied 4,578 new vehicles in the Russian market in 2017. The best-selling model was the Macan, its 1,923 units representing growth of 11 per cent. 1,703 deliveries of the Cayenne were recorded. The Panamera achieved the greatest growth, with 633 units. And the 911's 195 units put it ahead of the 718 Boxster and Cayman (124 vehicles, +5 per cent).

Northern Europe: record result for new Panamera

In Scandinavia the positive development of recent years was continued in 2017 with a 12 per cent increase. The major contributor was the new Panamera, with triple-digit growth resulting in a record figure of 747 vehicles delivered. The best-selling model remains the Macan, with 1,062 units. The iconic 911 sports car also achieved a new annual record of 488 vehicles. Customers took receipt of 455 units of the Cayenne, while the 718 Boxster and Cayman sold 203 units.

Asia

China: up ten per cent

For the second year in a row, China is Porsche's biggest sales region in the world. Deliveries grew by ten per cent, from 65,246 vehicles in the previous year to 71,508 vehicles in 2017. The 718 Boxster and Cayman mid-engine sports cars registered 148 per cent growth to 5,998 vehicles. The Panamera sold 6,258 units (+22 per cent), while the Cayenne increased its sales by 19 per cent to 26,398 units. The 911 (including the 918 Spyder) sold 1,674 new vehicles for a 12 per cent rise. The best-selling model on the Chinese market remains the Macan, with 31,180 units. In November, the first Porsche Studio was opened in Guangzhou, the 100th sales point in the People's Republic of China. The Porsche Studio is a digital showroom concept that will feature increasingly in city-centre locations in the future.

Japan: stable performance

Porsche stabilised its previous year's record growth in 2017, with 6,808 deliveries (2016: 6,745 vehicles). Of these, the Panamera contributed 868 vehicles, or 120 per cent growth, while the 911 increased by nine per cent to 1,543 units. The 718 Boxster and Cayman also maintained their popularity of the previous year with a total of 1,374 vehicles sold. The best-selling model remains the Macan, with 2,378 units. And customers also received the keys to 868 units of the Cayenne.

South Korea:

high demand for the 718 Boxster and Cayman
Porsche delivered 2,600 cars in South Korea in 2017. Sales of the 718 Boxster and Cayman almost doubled to 780 units (+91 per cent). The 911 also improved by 35 per cent to 482 vehicles delivered. South Korea's best-selling model though was the Cayenne, 928 of which were sold. Customers took receipt of 219 units of the Macan, while the Panamera sold 191 units.

Asia-Pacific: the 718 up by 90 per cent

From its regional head office in Singapore, Porsche sold 5,390 vehicles in the Asia-Pacific region (which includes Taiwan as a separate market from 1 January 2018). The Macan remains the best-selling model, with 2,375 units delivered. In second place is the Cayenne, with 1,377 vehicles. Growth of 90 per cent was registered for the 718 Boxster and Cayman, 678 of which were sold. They were followed closely by the Panamera, which sold 593 units. There were 367 sales of the 911.

Middle East, Africa and India: Cayenne ahead, Macan enjoys strong demand

In the reporting year, Porsche delivered 6,381 vehicles and enjoyed success despite difficult conditions. The best-selling model with 2,122 units remains the Cayenne, followed by the Macan (1,786 units), whose figures improved by 50 per cent. The biggest growth was achieved by the Panamera, demand for which rocketed by 116 per cent to 742 units. Customers took receipt of 992 units of the 911, while the 718 Boxster and Cayman mid-engine sports cars sold 739 units.

Australia/New Zealand: stability in an eighth record year

For an eighth record year, deliveries in Australia and New Zealand stabilised at the previous year's level. The Macan was the highest-selling model, with 2,660 units of the total 4,871 vehicles delivered, representing a 13 per cent increase. The Cayenne sold 1,224 units, while the 911's 477 vehicles sold put it roughly on a par with the previous year. The mid-engine 718 Boxster and Cayman sports cars sold 382 units. The highest percentage growth was achieved by the Panamera, demand for which rocketed by 161 per cent to 128 units.

The Group's healthy cost base and sustained high profit capability are reflected in the key earnings indicators. As a result, the Porsche AG Group achieved an operating profit margin of 17.6 per cent in the reporting year (2016: 17.4 per cent)

Porsche financial year 2016 in figures

Figures relate to Porsche AG Group

17.6%

Operating profit margin

The profit margin rose from 17.4 per cent in the previous year to 17.6 per cent.

29,777

Employees

Our global workforce expanded by some 8 per cent.

€4.14 billion

Operating profit

Operating profit rose by 7 per cent.

€23.49 billion

Group sales revenue

Increase of 5 per cent compared to previous year.

€1.68 billion

Capital expenditure (TK Auto)

Capital expenditure (vehicles business) grew by 19 per cent.

246,375

Deliveries of new vehicles

Overall, we delivered 4 per cent more Porsche vehicles than in the previous year.

97,202

Macan sales

The best-selling Porsche model was the Macan, with growth of around 2 per cent.

27,942

Panamera deliveries

We delivered around 83 per cent more units of the Panamera model compared with the previous year.

€2.32 billion

Research and development costs

Our R&D costs climbed by 5 per cent.

OUTLOOK

Possibility of lower growth

In our plans we have allowed for a slight slowdown in growth in the world economy in 2018. Protectionist tendencies, volatility in the financial markets and structural deficits in some countries are all potential sources of risk, while geopolitical tensions and conflicts will further impact the prospects for growth. We therefore anticipate that both developed economies and emerging markets will experience somewhat weaker levels of growth than in 2017. We expect the highest growth rates to be recorded in the emerging national economies of Asia.

Our forecasts indicate that economic growth will slow down in western Europe in 2018, compared with the year under review. The question of how to resolve structural problems, not to mention the uncertain outcome and impact of Brexit negotiations, will present major challenges. In Germany we expect GDP growth in 2018 to be lower than in the reporting year. The labour market looks set to remain stable, continuing to support private consumption. We anticipate a continued improvement in the economic situation in the US in 2018, and we expect the US Federal Reserve to announce further interest rate hikes over the course of the year. In Brazil, our forecasts show the economy should stabilise further in 2018, with somewhat higher growth than in the year under review. The Chinese economy will continue to grow at a relatively high level in the coming year, although our plans anticipate that this growth will be less dynamic than in previous years.

Mixed fortunes on the automobile markets

We are expecting to see differences in how the world's regional markets for passenger vehicles perform in 2018. Our plans for western Europe assume that market volume in 2018 will be slightly down on the level achieved in the year under review. Following a positive performance in recent years we expect the German passenger car market to stabilise at last year's level in 2018. Demand for passenger cars and light commercial vehicles up to 6.35 tonnes will fall slightly in the US and in North America as a whole according to our forecasts. However, demand for models in the SUV and pick-up segments can be expected to remain high. In the largest South American market, Brazil, forecasts point to a significant increase in volumes in 2018 following the already strong performance of the past year. The passenger car markets of the Asia-Pacific region will continue to grow in 2018, but, we predict, at a weaker rate. Demand in China will increase

further in line with the rising demand for individual mobility. However, we anticipate a slight weakening in growth rates compared with the previous year. Entry-level SUV models in particular are expected to remain very popular.

Development forecast

In 2018 Porsche AG expects the high levels of deliveries and revenue to stabilise compared with the 2017 financial year. This expectation is based on Porsche's attractive product range, in particular the new-generation Cayenne, which will be introduced to all markets around the world in 2018, and the Panamera. Despite the very high investment in vehicle projects and innovative technologies, as well as in the expansion and renovation of sites, measures are in place to ensure that Porsche AG's lofty revenue requirements will continue to be met. These measures comprise making continual improvements to productivity, enforcing strict cost management and tapping new revenue sources from innovative future technologies.

Demand in China will increase further in line with the rising demand for individual mobility. However, we anticipate a slight weakening in growth rates compared with the previous year. Entry-level SUV models in particular are expected to remain very popular.

Automotive market development

Porsche AG forecast 2018

North America

Demand for passenger cars and light commercial vehicles will fall slightly in North America. Models in the SUV segment are expected to remain popular.

Germany

Following the positive development of recent years, the German passenger car market will stabilise at the level of the previous year.

China

Growth in China will persist in comparison with the previous year, albeit slightly weaker. Entry-level SUV models are expected to remain very popular.



Western Europe

The market volume for Western Europe will be slightly below the reporting year's figure.

Brazil

In Brazil, volumes are anticipated to increase noticeably again in 2018, after a strong improvement in the reporting year.

Asia-Pacific

The passenger car markets of the Asia-Pacific region will continue to grow in 2018, albeit at a lower rate.

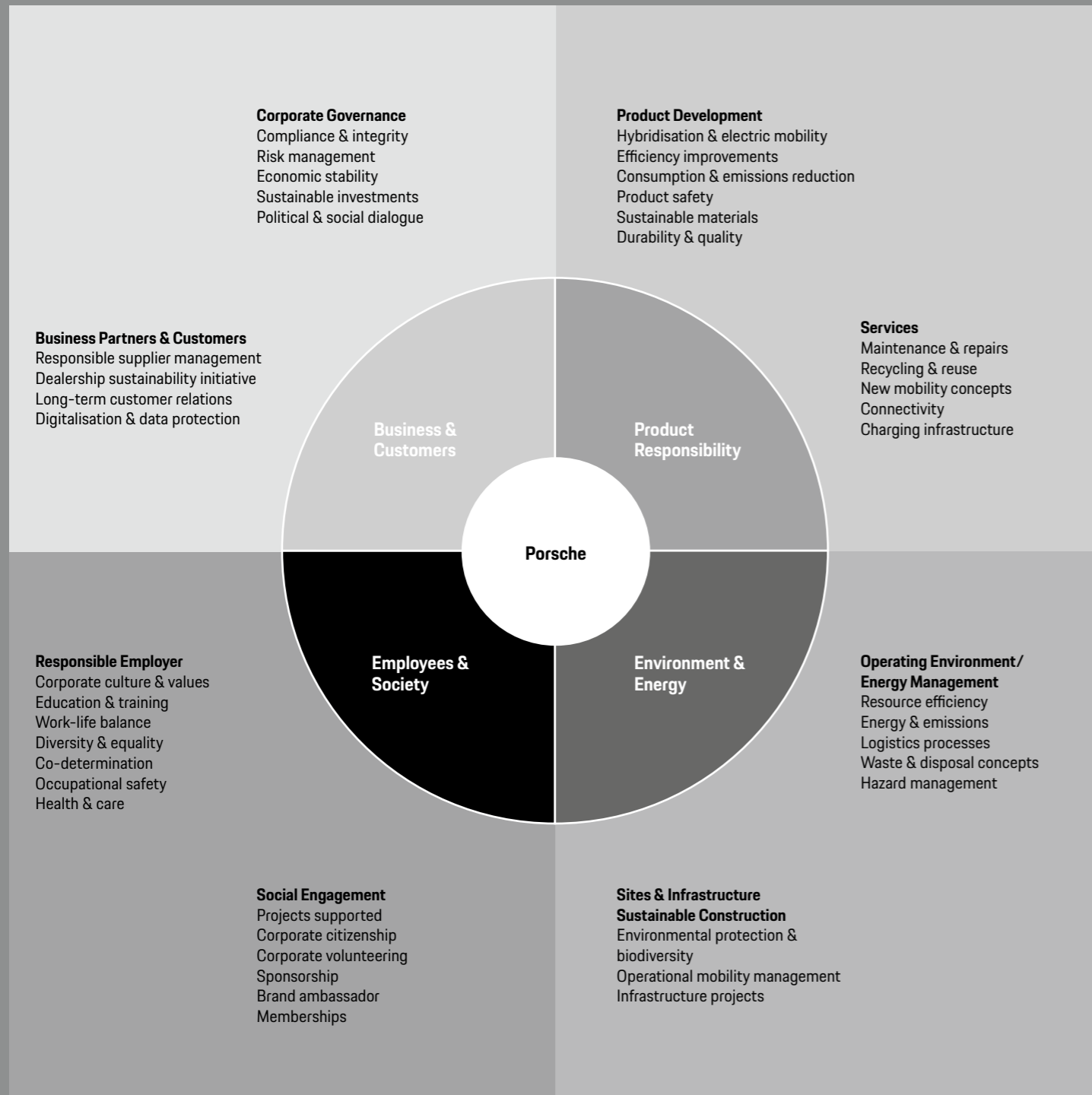
Sustainability strategy and sustainability management

Strategy and organisation

Stakeholder management

Our way – management approaches in our action areas





STRATEGY AND ORGANISATION
(GRI 102-46)

Sustainability is an entrepreneurial duty. Society as a whole, our customers, investors, the media and politicians all expect us to do business responsibly, for the good of the environment and the community. Doing business sustainably is also becoming increasingly important to our remaining competitive in our business environment. Social responsibility, economic success and efficiency are not conflicting ideals. These tenets form the basic components of successful, forward-looking business leadership.

Sustainability is a top priority for Porsche when it comes to strategic perspectives. The Chairman of the Executive Board holds direct responsibility for sustainability, underscoring the importance that Porsche attaches to it. Since 2016, sustainable action in combination with strengthening our capacity for innovation has been a core objective of the Porsche Strategy 2025. Porsche demands that all the parts of its business act sustainably and responsibly. Sustainability is a theme that is relevant across all departments. It is anchored permanently in processes and projects, structured in the four core action areas "Business & Customers", "Product Responsibility", "Environment & Energy" and "Employees & Society".

Porsche consolidated the sustainability measures anchored in its strategy in 2017. The company's own audits and similar activities improve on the implementation controls imposed in respect of the sustainability requirements made of suppliers. Since the start of 2017, Porsche AG and its subsidiaries Porsche Logistik GmbH and Porsche Leipzig GmbH have been using 100 per cent green energy. In terms of its financial strategy, Porsche is developing criteria that take account of sustainability aspects in long-term investment decisions. In 2017, strategic importance was given to identifying potential for improvement using external sustainability ratings. Working together with specialist units from within all company departments, the core sustainability team analysed and developed additional short-, medium- and long-term improvement steps along the entire value chain. These activities not only underline the significance of sustainability for the company as a whole, but also encourage individual employees to take their own initiatives in this direction. For example, enterprising employees in Aftersales have developed their own set of measures for working in harmony with environmental and social objectives in twelve action areas.

During the reporting year, Porsche amended its own system of directives and committees. The Porsche Environment and Energy Cockpit became a steering committee. In addition, the first steps have been taken towards organising the pan-company "Sustainability Expert Group", which will be expanded to cover the relevant German subsidiary companies. The Group Sustainability Directive is being revised for publication in spring 2018. It will provide group-wide, binding rules on the fundamental processes underlying organisational structure, topic management, project implementation, and communication and reporting for all sustainability topics. In this way, Porsche is seeking to achieve even broader and more rigorous sustainability implementation within the company.

Details on the organisation and content of sustainability efforts at Porsche, and on the principles and directives, can be found online in the "Sustainability" section of the Porsche Newsroom website: newsroom.porsche.com.

Porsche consolidated the sustainability measures anchored in its strategy in 2017. The company's own audits and similar activities improve on the implementation controls imposed in respect of the sustainability requirements made of suppliers. Since the start of 2017, Porsche AG and its subsidiaries Porsche Logistik GmbH and Porsche Leipzig GmbH have been using 100 per cent green energy.

Sustainability in the Porsche Strategy 2025

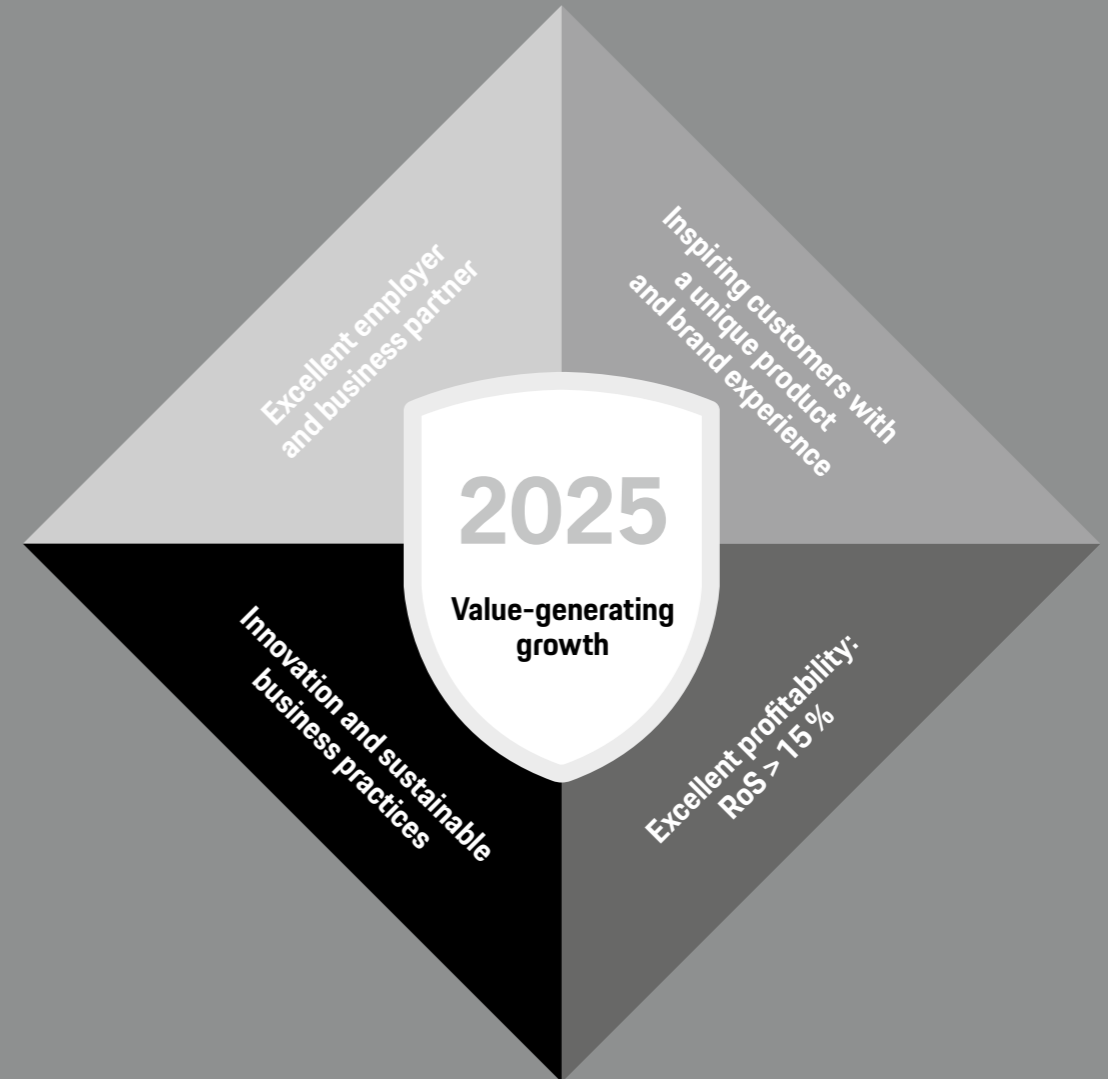
Shaping the future of the sports car – this is the theme of Strategy 2025. In 2016, the workforce and the management came together to develop a new corporate strategy for the next decade. Their deliberations focused on the prospective product portfolio. The sports car of the future combines the tradition and values of the Porsche brand with innovative technologies and sustainability. Themes such as electromobility, digitalisation and connectivity play a major role. The company makes it its business to define the exclusive sports mobility of tomorrow. Its main objective is to achieve value-generating growth. This is the only way Porsche can make sustainable investments in innovative technologies, in new products, and in its team.

Porsche excites customers with its unique products and services. The company wants to further cement its reputation as an excellent employer and business partner that fulfils its social and environmental responsibilities. Profitability, efficiency and social responsibility are not conflicting aims for Porsche.

Throughout their activities, all of the company's departments, from Development to Sales, will pay close attention to sustainability and ensure that it is driven forward. Consequently, all departmental strategies will incorporate sustainability in relation to both targets and projects. Examples of this include specific measures to increase sustainability in the supply chain, to improve products' environmental credentials throughout the life cycle and to further integrate sustainability into key company processes such as risk management. All corresponding topics are structured in accordance with the four central sustainability action areas at Porsche, as well as in the additional work packages "Integration in Processes" and "Communication and Stakeholder Dialogue". The sustainability team in the Policy and External Relations department is responsible for the further definition and measurement of content and ongoing implementation of the cross-cutting issue of sustainability, working alongside the individual managers in the specialist company units.

The company wants to further cement its reputation as an excellent employer and business partner that fulfils its social and environmental responsibilities. Profitability, efficiency and social responsibility are not conflicting aims for Porsche.

Porsche Strategy 2025 Targets



STAKEHOLDER MANAGEMENT

(GRI 102-40, 102-42, 102-43, 102-44, 102-46)

Porsche engages in two-way conversation with relevant stakeholder groups and continuously strengthens this dialogue. In addition, in 2017 the company expanded its stakeholder management in relation to sustainability themes and added a further international dimension to it. For example, the regular stakeholder surveys were extended to take in the Chinese and British markets, and direct dialogue with key suppliers was strengthened through the organisation of workshops.

Dialogue with external stakeholders

(GRI 102-40, 102-43, 102-44, 102-47, 102-48)

A range of communication channels and event formats support Porsche's engagement with external stakeholders. The Porsche magazine *Christophorus* is published in eleven languages around the world. The community newspaper *targa – Nachrichten für die Nachbarn* (*targa*, the residents' journal) addresses local residents who live in proximity to Porsche's sites. The online newsroom with its Twitter and Instagram channels, the web-based TV channel 9:11 Magazin and the Porsche website are all examples of key sources of information for thought leaders, decision makers and customers. Porsche also seeks to address stakeholders personally. Three events in 2017 provided progress updates on construction projects at Porsche sites. For the first time these included the communities of Weissach and Mönshheim in the immediate vicinity of the Porsche Development Centre. More than 500 interested locals took the opportunity to find out about how work was progressing, ask questions, make suggestions and voice their opinions.

Cooperating in networks and engagement in sustainability initiatives also form part of our stakeholder dialogue. Since 2016, Porsche has been a member of the Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (B.A.U.M. – German Environmental Management Association). In 2017, Porsche joined the German Business Ethics Network and became a signatory to the state of Baden-Württemberg's WIN! charter for sustainable business, marking its commitment to economic, environmental and social responsibility. The company engages in dialogue with local politicians through an "inter-municipal working group". In 2017, Porsche organised sustainability workshops for selected suppliers for the first time. Participants in these events discussed new approaches to collaboration on sustainability aspects.

The Porsche Sustainability Advisory Committee, formed in 2016, met the Executive Board of Porsche AG on two occasions in 2017. The committee is composed of internationally renowned representatives from the scientific and public communities (Prof. Sonja Peterson, Prof. Lucia Reisch, Prof. Maximilian Gege, Prof. Ortwin Renn and Prof. Klaus Töpfer) and acts as an idea generator and driver for change related to sustainability. This cooperation will be further deepened in 2018.

Dialogue with internal stakeholders

(GRI 102-40, 102-43, 102-44, 102-47)

Transparency, featuring open and direct communication, is a major component of Porsche's day-to-day corporate culture. Employees have a wide range of opportunities to learn about the company's activities and latest developments, for example through the employee magazine, local site newsletters, the inhouse TV channel and also the intranet. Since 2017 employees have been able to download an app to use the Porsche intranet on their own devices. Regular works and departmental meetings, employee information events and specific topic and innovation weeks also form part of the diverse programme of internal communications. In 2018 a week dedicated to the topic of sustainability will aim to raise employee awareness on the subject even further.

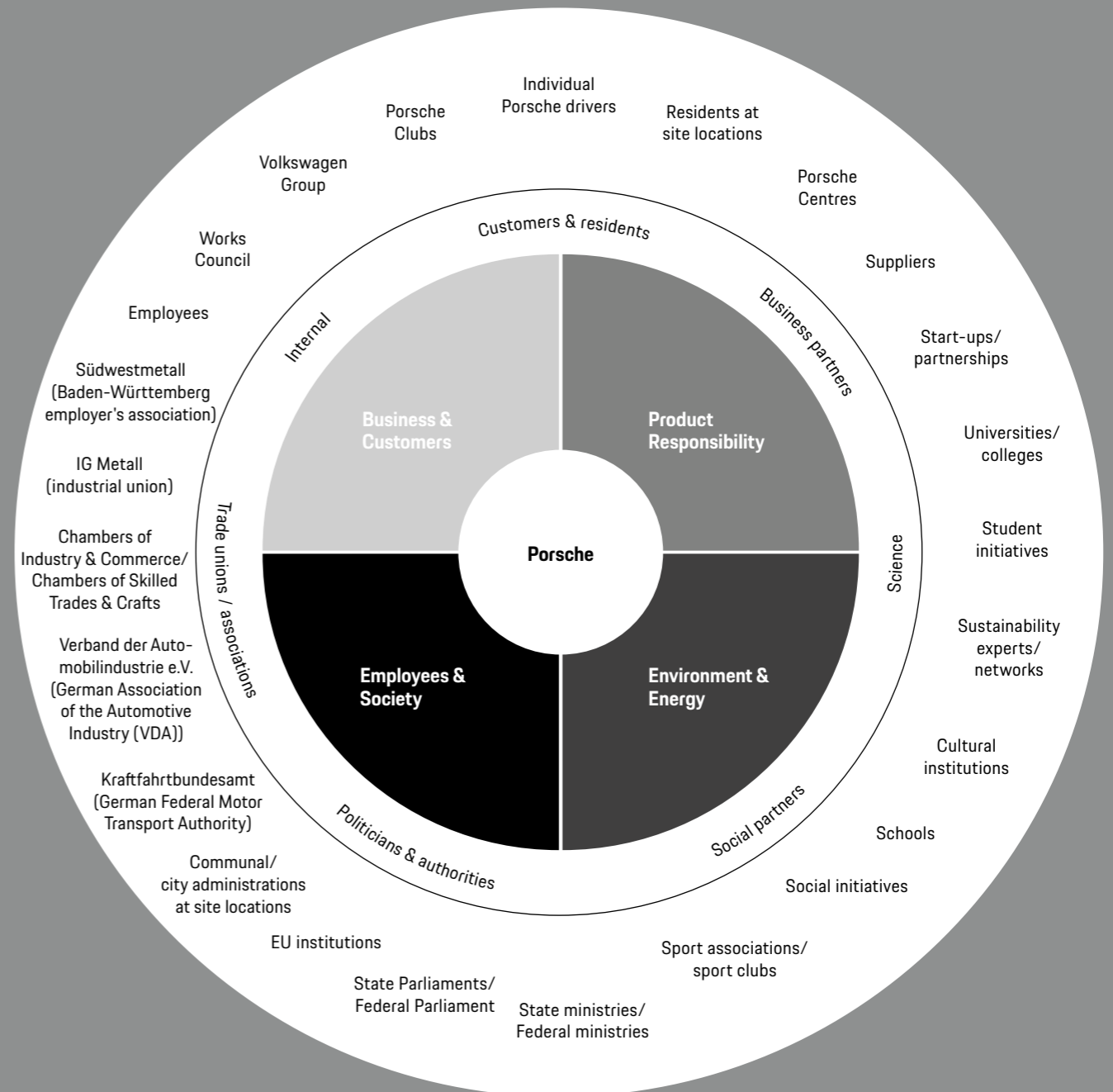
Porsche encourages its employees to contribute their own ideas through its internal ideas and innovation management set-up. Complaints and personal concerns are treated in confidence where requested. The Porsche ombudsman system receives anonymous complaints and reports on any illegal behaviour in relation to the company. In 2017, more than 18,000 employees took part in the mood barometer (Employee Opinion Survey), which questioned Porsche employees along with those at subsidiaries.

Porsche engages in two-way conversation with relevant stakeholder groups and continuously strengthens this dialogue. In addition, in 2017 the company expanded its stakeholder management in relation to sustainability themes and added a further international dimension to it. For example, the regular stakeholder surveys were extended to take in the Chinese and British markets, and direct dialogue with key suppliers was strengthened through the organisation of workshops.

Our stakeholders

(GRI 102-40, 102-42, 102-43, 102-44)

The most important internal and external stakeholders for the company, established on the basis of internal analysis.



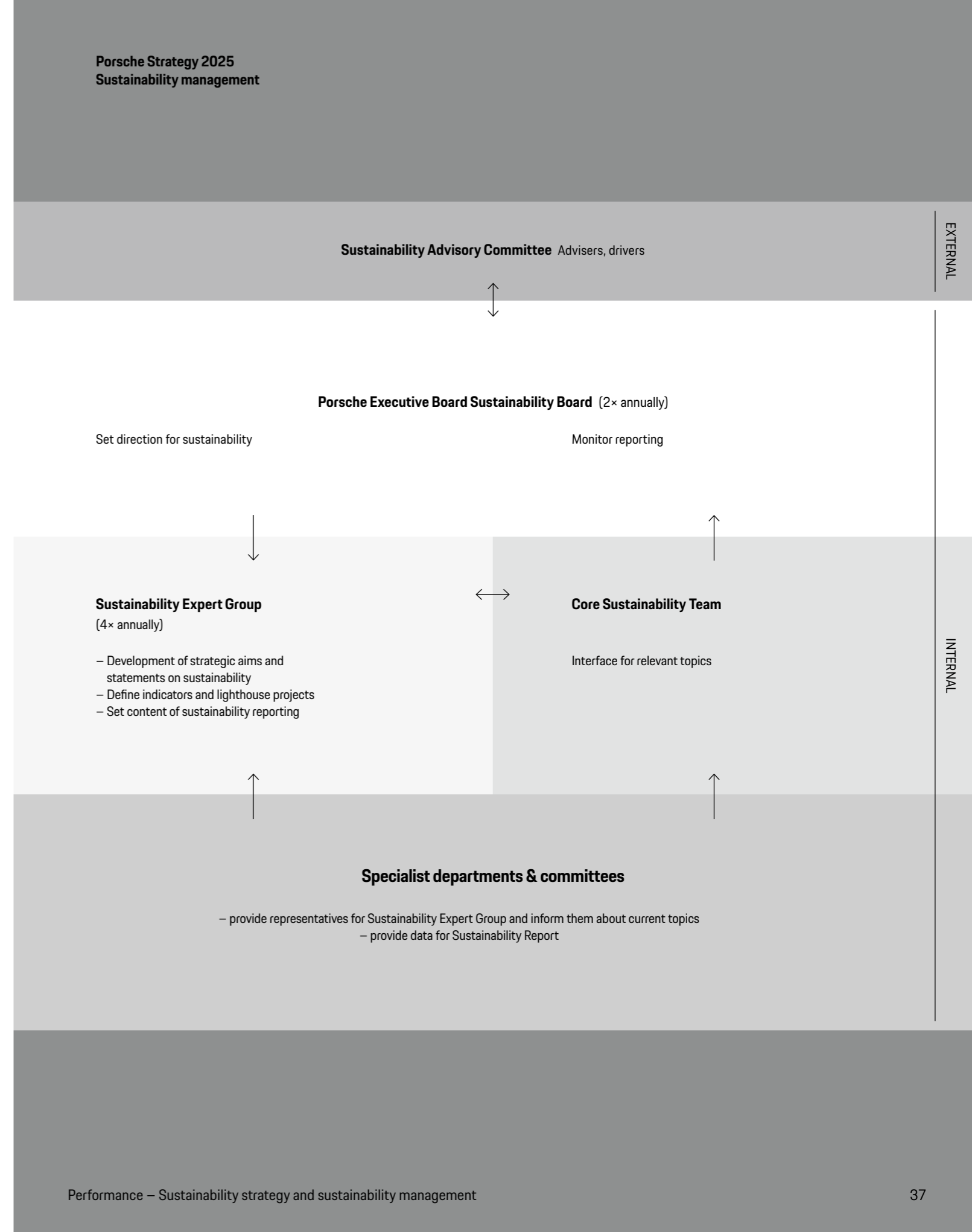
Sustainability Organisation

(GRI 102-46, 103-1)

A transparent internal structure with defined roles and responsibilities allows sustainability topics to be handled rigorously and effectively throughout the business. The Executive Board of Porsche AG acts as the highest authority on sustainability, meeting twice annually as the Sustainability Board. These meetings set the basic strategic direction and also decide on the realisation of lighthouse projects and far-reaching sustainability measures. The sustainability team of the Policy and External Relations department acts as an interface for all aspects of sustainability within the business. It is delegated with the coordination of all sustainability activities, implementation of the sustainability strategy, reporting, and integration with the Volkswagen Group's group-wide sustainability activities. Furthermore, it ensures internal and external communications and the continual expansion of stakeholder dialogue. The Sustainability Expert Group is responsible for developing the content of sustainability activities and making appropriate proposals to the Executive Board. It encompasses members from all departments across the company and meets four times each year. The standing members of the Expert Group represent specialist sustainability-related units within all departments in the company, where they act as multipliers for sustainability topics.

The Porsche Sustainability Advisory Committee, formed in 2016, met the Executive Board of Porsche AG on two occasions in 2017. The committee is composed of internationally renowned representatives from the scientific and public communities (Prof. Sonja Peterson, Prof. Lucia Reisch, Prof. Maximilian Gege, Prof. Ortwin Renn and Prof. Klaus Töpfer) and acts as an idea generator and driver for change related to sustainability. This cooperation will be further deepened in 2018.

A transparent internal structure with defined roles and responsibilities allows sustainability topics to be handled rigorously and effectively throughout the business. The Executive Board of Porsche AG acts as the highest authority on sustainability, meeting twice annually as the Sustainability Board.



MATERIALITY ANALYSIS 2017 ✓

(GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-48, 103-1)

An anonymous international online stakeholder survey was conducted in autumn 2017 to investigate the thoughts and expectations of 7,200 representatives of relevant groups on sustainability at Porsche. The survey therefore targeted three times as many people as in 2015. Responses were received from some 950 people including customers (67.3 per cent), business partners and analysts/investors (7.5 per cent), politicians and public authorities (4.8 per cent), NGOs (3.0 per cent), Porsche employees (2.7 per cent), academics (2.4 per cent) and other participants (12.3 per cent), including participants from China and Great Britain for the first time.

More than two-thirds of those surveyed reported being “very satisfied” or “satisfied” with Porsche’s sustainability efforts. This represents an improvement of twelve percentage points compared with the previous survey. It revealed that 89 per cent of respondents do not see any conflict, generally speaking, between sustainability and the manufacture of premium sports cars. More than half of participants (58 per cent) stated that their impression of Porsche was “hardly” or “not at all” affected by the diesel affair. Just under a third (29 per cent) felt it was actually a concern, however. All stakeholder groups expect open, honest and transparent communication on this matter as well as a clear response to the challenge of low-emission, sustainable mobility. On the whole, respondents prioritised the themes “vehicle safety”, “fuel consumption and vehicle emissions” and “long-term customer relationships”.

The members of the Sustainability Advisory Committee also had the chance to provide detailed feedback on sustainability at Porsche and opportunities and risks during individual expert interviews. They presented specific recommendations for action to further shape Porsche’s engagement. Topics including “alternative drives”, “reduction in corporate CO₂ emissions” and “expansion of the charging infrastructure” were central to their suggestions. The impetus generated by the members of the Sustainability Advisory Committee will be maintained by means of deeper integration into the company’s sustainability management and an expansion of external stakeholder engagement in the future.

MATERIALITY MATRIX AND REPORTING 2017 ✓

(GRI 102-44, 102-46, 102-47, 103-1)

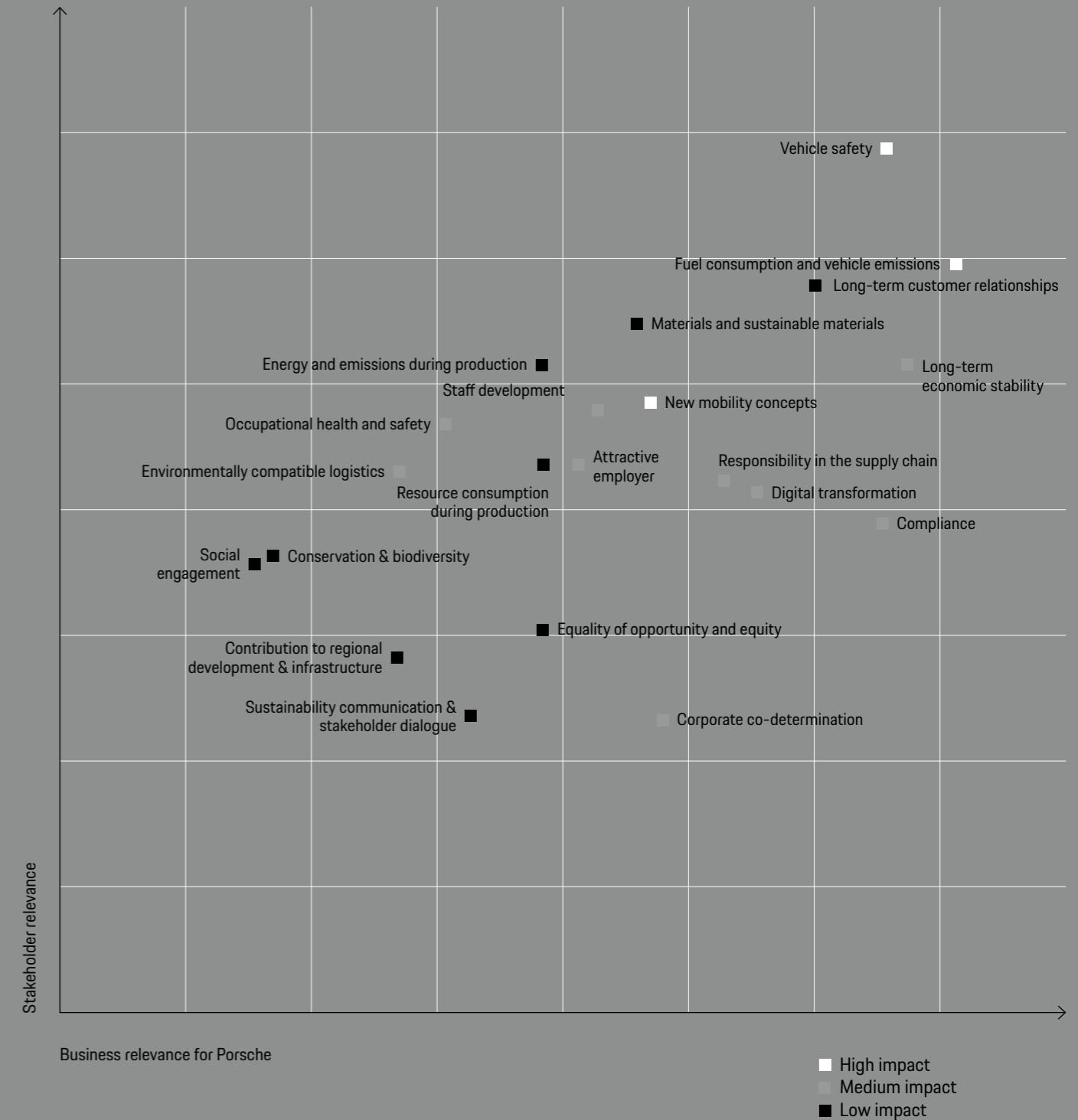
Porsche’s impact on the environment, employees and society was investigated by members of the Sustainability Expert Group and representatives from the company’s relevant specialist units during an internal workshop.

In accordance with the Global Reporting Initiative (GRI) standards, topics that are material for reporting in 2017 are those that are highly relevant for stakeholders and themes with medium and high impact: vehicle safety, vehicle fuel consumption and emissions, long-term customer relationships, materials and sustainable materials, energy and emissions during production, long-term economic stability, new mobility concepts, staff development, occupational health and safety, environmentally compatible logistics, resource consumption during production, attractive employer, responsibility in the supply chain, digital transformation, compliance, and corporate co-determination.

The survey revealed that 89 per cent of respondents do not see any conflict, generally speaking, between sustainability and the manufacture of premium sports cars.

Materiality Matrix ✓

(GRI 102-44, 102-46, 102-47, 103-1)



OUR WAY – MANAGEMENT APPROACHES IN OUR ACTION AREAS

BUSINESS & CUSTOMERS

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. Electrification, digitalisation and connectivity are the cornerstones of a new era of 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 are also seen as basic prerequisites for long-term economic success, and were assessed as having a medium impact on society and the environment.

Excellent profitability with an operating return on sales of at least 15 per cent is an outstanding feature of the Porsche corporate philosophy. At the same time, Porsche is making enormous investments in mastering the digital transformation and enhancing its own powers of innovation. The digital transformation affects all areas of the company – including internal processes, interaction with customers and the development of products and services. An

overall innovation management system supports new ideas, expedites prototype-based testing of technologies and trends, and encourages 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” in its disclosures on GRI 201: Economic Performance. This information is measured and reported on the basis of the Porsche AG Group’s financial analyses, financial data and calculations of added value.

Long-term customer relations

Porsche places a premium on customer relations and seeks to maintain and promote customer enthusiasm for the product worlds of exclusive sports cars and smart mobility. “Inspiring customers with a unique product and brand experience” is one of the four main aims of its Strategy 2025. The materiality analysis based on a stakeholder survey also underscores the importance of “long-term customer relations” for the company. Although an internal assessment considers this topic to have only a minor impact on society and the environment, the strategy for the sales and marketing division promotes a range of measures to further optimise the customer journey at Porsche.

Relations with all of our stakeholders are characterised by interaction and dialogue. In addition to classical means of communication, Porsche is establishing new forms of dialogue with customers. Apps, social media, chats and the overarching, personalised “My Porsche” customer portal not only provide information in quick and uncomplicated ways but also enhance individual interaction with the company. Personal contact is essential to building long-term customer loyalty. The company views constructive criticism as an opportunity to further enhance its products and processes. Porsche’s worldwide customer and market research seeks to promptly identify customer expectations, particularly with respect to new technologies in automotive engineering and the use of individual mobility, interpret these expectations in comprehensive ways and thereby channel them into the early development stages of products and services. More than 200,000 questionnaires are sent out every year to collect data and gauge the mindsets of customers around the world. In a product quality and customer satisfaction forum, the Executive Board of Porsche AG evaluates the results and consequences with technical specialists as well as with representatives from the Quality Assurance, Customer Relations and Aftersales departments.

Economic efficiency, environmental consciousness and social responsibility are not mutually exclusive. On the contrary – by combining them we create more value for our stakeholders.

In accordance with the Global Reporting Initiative (GRI), Porsche covers the topic of “long-term customer relations” in its disclosures on GRI 418: Customer Privacy. Porsche takes individual data privacy very seriously and respects the right to determine what is done with such data. Data protection is integrated – independently and free from external supervision – into relevant company processes to ensure compliance with laws and regulations. The company has issued its own guidelines that commit it to principles of data protection such as data economy, purpose-based collection and confidentiality. Due to internal confidentiality guidelines, any reports received of data protection violations cannot be disclosed.

Responsibility in the supply chain

Economic success and the use of new technologies are causing greater attention to be devoted to companies’ supply chains. Higher levels of sales mean a higher number of components from suppliers. This topic is also fraught with potential ethical issues, as strongly emphasised by Porsche stakeholders in the 2017 materiality analysis. According to an internal company assessment, the Porsche supply chain has a medium impact on the environment and society. Porsche makes every effort to make the supplier chain as positive and value-adding as possible, both within the realm of its own possibilities and also in conjunction with suppliers and sub-contractors.

When Porsche was incorporated into the Volkswagen Group, its procurement division was also largely integrated into the Group’s organisation. Shared purchasing structures, processes and systems were specified in a cooperation agreement back in 2011. The majority of Porsche’s procurement decisions are therefore coordinated and agreed upon with the Volkswagen Group. Cooperation between Porsche AG and the Volkswagen Group has also been increased on a continuous basis, with structures both expanded and consolidated.

This work is based on confidential 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

helped to revise and update in 2017. All suppliers are also expected to follow the OECD’s due diligence guidance on responsible supply chains of minerals from conflict-affected and high-risk areas. Porsche is active in this area in connection with the Group’s responsible minerals initiative (RMI). These sustainability requirements are part of suppliers’ contracts, the violation of which can result in reviews, formal statements and potentially also the termination of business relations. Sustainability audits in the 2017 reporting year yielded five cases in which specific sustainability requirements were not met. Appropriate measures were agreed upon with three suppliers, and the introduction of these measures was monitored. The other two cases were still open at the end of the reporting year and are still being evaluated.

Porsche always conducts integrity checks before entering business relations with new suppliers. Once relations have started, monitoring and development take place on a continuous basis and are supported by surveys, risk analyses of the suppliers’ countries, and e-learning modules and workshops. Porsche has also carried out sustainability audits of selected suppliers since 2016.

Audits are followed up by detailed reports and plans of action. Porsche is thereby fulfilling one of the key components of Strategy 2025 – in addition to numerous additional activities such as regular employee seminars on sustainability requirements in the supply chain as well as supplier workshops. Sustainability in the supply chain also has its own section in the purchasing strategy. And finally, a new guideline in the Volkswagen Group on sustainability in supplier management has governed all internal processes and areas of responsibility since 2017. Porsche is transferring the requirements in this guideline into its own brand-specific guidelines in the spring of 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 Assessment/Supplier Social Assessment; GRI 408/409: Child Labor/Forced or Compulsory Labor; and GRI 412: Human Rights Assessment.

Compliance

Responsible action is based on complying with laws and regulations. Porsche's stakeholders share this view and therefore assigned a high level of importance to the topic "Compliance" in the 2017 materiality analysis.

Adherence to the law is ensured by a compliance organisational set-up based on the company's business model, as well as legally secure processes and measures for both preventing violations and responding to any that might occur. Porsche is currently considering seven subject areas in its compliance management system. To prevent legal violations and to support employees in complying with laws and regulations, Porsche has established a compliance organisation. Its members include a chief compliance officer, compliance area managers at Porsche AG, and the managing directors and local compliance officers of the Group member companies. Porsche's compliance programme covers a range of different measures for prevention and response. Risk analyses are used to regularly define both preventive measures and necessary action in accordance with specific business models, applicable environmental conditions and the types of business partner relationships. Key preventive measures here include adopting and communicating clear guidelines and providing confidential compliance advice, as well as regular information and training workshops for managers and employees on relevant compliance topics. Porsche's code of conduct, which is binding for all managers and employees, summarises the most important principles and expectations regarding lawful, ethical and sustainable action in the Porsche Group. It addresses matters such as dealing with conflicts of interest, combating every form of corruption, appropriate behaviour within the Group toward customers, business partners and public officials, and taking responsibility for the economy, the environment and society. There is also a separate guideline for each compliance topic – for example on combating corruption, dealing with conflicts of interest – to avoid violations of antitrust law and prevent money laundering.

Porsche's central compliance help desk provides informational and advisory services on compliance questions and serves as a collection point for notifications from managers and employees. To ensure and promote lawful behaviour, managers and employees are given regular information and training on integrity and compliance. One of the main response measures was to set up an internal and external collection point for notifications of potential legal violations in connection with Porsche.

Within the company, managers and employees can confidentially report suspected illegal acts or serious irregularities to the compliance help desk. Outside the company, managers, employees, Porsche customers and business partners, public officials and other individuals can report legal violations anonymously via the ombudsman system. In both cases all information is carefully examined, and any violations found are responded to appropriately while observing the employment and co-determination guidelines. This includes taking suitable countermeasures and sanctioning individual misconduct. The Executive Board of Porsche AG receives regular reports on actions taken by the compliance organisation and on preventive and response measures in the Porsche Group.

Compliance training ✓

Compliance training is determined by the compliance officers for each area, in conjunction with the HR department. At the time of this report, training has thus far taken place primarily in a classroom format. Of note is a pilot e-learning project in the development division's Technical Conformity department, covering regulatory guidelines, environmental protection issues, general compliance guidelines and the Porsche whistle-blower system. Plans call for online courses on compliance topics to supplement classroom training for all the company's departments in the future.

The foundation for this is a training strategy that uses risk analyses to identify target groups and key areas of content for compliance officers, and that also defines organisational aspects such as the number and frequency of events and the capacities needed. A regular programme of set training events for managers and new employees is supplemented by workshops on selected topics and/or for specific target groups.

One example: compliance is included in the workshops on corporate culture for first- and second-tier managers as well as for all other managers with technical or line management responsibilities. These workshops focus on the Porsche code of conduct and the company's compliance culture as well as on basic anti-corruption guidelines and principles of antitrust law. They cover not only theory but also practice, with group exercises on addressing and solving potential compliance issues. Porsche managers are required to be available to their employees at all times for reporting of possible non-compliance in their areas of responsibility.

New employees are familiarised with the company's compliance culture as part of the Porsche Warm Up programme. Immediately upon joining Porsche, they study the company's code of conduct and basic anti-corruption guidelines. They also engage in group exercises to address potential compliance issues and develop their own possible solutions. The Porsche Warm Up programme is currently held on a monthly basis, depending on the number of new employees.

Compliance training is required at Porsche. Analyses and results are distributed internally. Starting in 2018, the Porsche HR department is keeping records of attendance at compliance seminars and compiling individual histories of compliance training.

Information for employees

Additional 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

As of 14 December 2017, the Volkswagen Group's code of conduct also applies to Porsche. The new Porsche code of conduct provides comprehensive directions on employees' compliance responsibilities:

- 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
- at the workplace: occupational safety and healthcare; data protection; security and protection of information, know-how and intellectual property; IT security; handing company assets.

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 implementation of the

new code of conduct includes publishing it on the Internet and Intranet, sending a digital version to all employees by email, adding it to training materials and distributing the compliance brochure to new employees at classroom training events.

In accordance with the Global Reporting Initiative (GRI) standards, Porsche covers the topic of compliance with the following disclosures: GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior, GRI 307: Environmental Compliance, GRI 419: Socioeconomic Compliance. This information is measured and reported in part by the number of business sites audited and the number of compliance training events.

PRODUCT RESPONSIBILITY

Sustainability principle

Porsche develops high-quality, innovative and long-lasting products. With each new model generation, Porsche consistently sets new standards in quality, environmental friendliness and safety across the entire life cycle of all vehicles.

The Product responsibility action area covers the topics identified in 2017's materiality analysis, namely "Vehicle safety", "Fuel consumption and vehicle emissions", "Materials and sustainable raw materials" as well as "New mobility concepts". These topics are marked by clearly defined processes and skills as well as formalised and transparent evaluation procedures.

Vehicle safety

Vehicle safety is Porsche's top priority. And by that we do not just mean the safety of our own products, but the safety of all road users in general. Porsche stakeholders – persons, groups and institutions who are affected directly and indirectly by the activities of our company, and who can have a significant effect on our company's success – place a great deal of importance on vehicle safety. During the sustainability survey that was part of 2017's materiality analysis, stakeholders placed this topic first, not least due to its economic relevance and its social importance.

Vehicle safety is a decisive criterion in the development of innovative and modern vehicles. The initial elements arise during the concept phase and at early design phases, such as the design of the outer contour or the interior. Active and passive vehicle safety is subject to strict legislation. Anti-lock brakes, electronic stability programs and emergency braking systems, for example, all contribute to active safety. Passive measures – airbags, seatbelts or body crumple zones – reduce the effects of an accident. Porsche not only meets numerous international legal requirements, some of our benchmarks exceed them – these are formalised in a requirements catalogue that the Development, Setup, Safety and Front/Rear End Systems department draws up, has agreed across all departments and maintains. Clearly delineated responsibilities and a comprehensive reporting system guarantee that the specifications are implemented. Planning, execution and documentation of crash tests are the responsibility of the Development, Setup, Safety and Front/Rear End Systems department. Acceptance is the responsibility of the Development Technical Conformity department.

In accordance with the rules of the Global Reporting Initiative, the topic of vehicle safety is covered in this report by the indicator GRI 416: Customer Health and Customer Safety

Fuel consumption and vehicle emissions

Electrification and digitalisation are leading to radical change right throughout automobile construction. Porsche accepts this challenge resolutely. The company builds sports cars that combine supposed opposites such as tradition and innovation, performance and day-to-day usability, functionality and design as well as exclusivity and social acceptance into a single whole. A key part is also played by fuel consumption and vehicle emissions – after vehicle safety, it was identified as the second-most important topic by the stakeholders in the 2017 materiality analysis. Its materiality to Porsche has also been confirmed within the company: fuel consumption and vehicle emissions are not only the most important topic with regard to business relevance, they also have significant ecological and social consequences. Continuous increase in efficiency, development of alternative drive technologies, lower fuel consumption and lower emissions – for Porsche, resource-saving and environmentally friendly mobility is a primary strategic target.

In addition to a wide range of measures to increase efficiency – from lightweight construction and technologies for the optimisation of conventional combustion engines to the use of smart assistance systems – Porsche will increasingly make use of hybridisation and complete electrification of its model range. "Electromobility" and "Vehicle architecture of the future" are cornerstones of the Porsche Strategy 2025. The Mission E, as the first purely electric Porsche in the company's 70-year history, defines sports car construction in this category with regard to performance, driving dynamism and range.

Consumption optimisation is one side of resource-saving mobility, reducing harmful emissions is the other. Modern exhaust after-treatment systems reduce emissions, regardless of the current discussion surrounding diesel engines. In reporting year 2017, Porsche recalled diesel Cayennes with the three-litre V6 engine in emission class EU6. Previously, internal investigations had revealed irregularities in the engine control software; these irregularities were actively reported to Germany's Federal Motor Transport Authority. Around 21,500 vehicles from construction years 2014 to 2017 were affected around Europe, of which 6,000 were in Germany. On 18 October 2017, the authority approved the software update that Porsche had submitted

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for testing. Since calendar week 45 of last year, Porsche has been recalling the affected vehicles into workshops for free overhauling. Porsche does not develop or produce any diesel engines itself, but, as vehicle manufacturer, accepts its full responsibility to customers. It is of utmost priority for the company to fully meet customer expectations with regard to quality, integrity and service.

In accordance with the rules of the Global Reporting Initiative, the topic of fuel consumption and vehicle emissions is covered in this report by the indicator GRI 305: Emissions. The figures in this report that are required for this indicator refer, however, only to emissions that arise in production and administrative operations. For that reason, the consumption and emission figures for all vehicle models are reported instead. Taking product-specific emissions into account as part of an overall recording of the company's Scope 3 emissions is an issue that is currently being worked on; reporting is planned for the next few years.

Materials and sustainable raw materials

Materials and sustainable raw materials are the building blocks of modern, future-ready vehicle architecture. The Porsche stakeholders surveyed as part of the 2017 materiality analysis considered this topic to be relevant (fourth place among all evaluations) – despite the company's view that it has a relatively small effect on the environment and society. The reason for the company's view is the relatively low number of Porsche vehicles that are produced.

The long service life of Porsche vehicles, their high-quality workmanship and the use of low-wear materials are part of the Porsche principle. The company is taking more and more environmental effects of a vehicle – across its entire life cycle – into account, from the acquisition of raw materials and the manufacture and use through to disposal. The aim is to achieve a total ecological optimum. Electric vehicles, for example, protect the environment when they are being used. On the other hand, the impact on the environment by the manufacture of electric vehicles is on the increase due to the raw materials and production processes used for components such as traction batteries. Even if, all in all, every factor speaks in favour of electric driving, achieving optimum environmentally friendly vehicle manufacture remains an ongoing task for Porsche. That applies, naturally, to the selection of raw materials too. This can be seen in the fact that the promotion of sustainable materials and the consideration of a vehicle's service life are expressly anchored in the

Porsche Strategy 2025. The Sustainable materials working group ensures that an exchange of ideas occurs between departments. The company is also a heavy promoter of the issue of recycling the raw materials that have been extracted and processed with a high intensity of effort.

In this report, the topic of "Materials and sustainable raw materials" is covered in accordance with the rules of the Global Reporting Initiative by the indicator GRI 301: Materials. The indicator is measured and reported in tonnes based on annual consumption of materials.

New mobility concepts

Urbanisation, increasing prosperity, growing mobility around the world and – as a result – greater impact on the environment are triggering an innovative and market dynamic towards adapting the automobile and how we use it. These factors are leading to a diversification of drive concepts to achieve both highly efficient and alternative drives, but also new and attractive mobility concepts. Digitalisation and connectivity, as well as customers' desire for more flexibility and sustainability, are accelerating this change. In the 2017 materiality analysis, the Porsche stakeholders underline the key importance of this transition, as do internal company analyses of possible effects on the environment, employees and society as well as of the economic consequences for the company.

Porsche is developing innovative products and services to shape flexible and comfortable mobility. The features of this mobility include, but are not limited to, innovative solutions for parking, needs-driven vehicle usage, seamless integration with other forms of transport and the best possible use of electric vehicles thanks to optimised charging options. Agile and interdisciplinary teams are developing models that are aligned in particular with new customer requirements. This development is underpinned by close cooperation between the company's different departments, an open information policy, as well as early piloting and inclusion of the stakeholder groups.

The mobility options offered to employees are another main focus. An interdepartmental project has the aim of improving the traffic situation and the mobility of the staff at Porsche's different locations in the long term, thanks to a wide range of measures and initiatives. This applies particularly to the main plant in Zuffenhausen, which is located in an urban area. Employees receive, for example, a monthly subsidy to buy a company ticket for local public trans-

port. What is more, the parking situation at the location and mobility around the plant grounds have been improved. Porsche also directs daily delivery traffic as efficiently as possible: this is why Logistics already makes use of two gas/diesel hybrid trucks and two natural-gas-only trucks.

ENVIRONMENT & ENERGY ✓

Sustainability principle

Porsche views the conservation of natural resources as an entrepreneurial obligation. Whether in development or in production, the objective is to impact the environment as little as possible and to use energy efficiently. All the steps taken to this end are scrutinised on a continuous basis along the entire value chain, and improvements are made where necessary.

The “Environment and Energy” action area constantly reviews the themes identified in the 2017 materiality analysis: “energy and emissions during production”, “environmentally compatible logistics” and “resource consumption during production”. Porsche has mandated clearly defined processes and responsibilities for all its divisions. Options for feedback and evaluating processes have been codified.

Energy, emissions and resource consumption during production

Global climate change, scarcity of resources and advancing urbanisation all pose enormous challenges to the economy and society. In Porsche’s 2017 materiality analysis, the Porsche stakeholders who are impacted directly or indirectly by the company’s activities assign a great deal of importance to “energy and emissions during production” and “resource consumption during production”. According to internal assessments, Porsche’s activities in this area tend to have less of a direct effect on environment and society: nevertheless, Porsche considers itself under obligation to maintain an uncompromising, sustainable company policy.

Environmentally conscious and energy-efficient activity at all sites and across all levels is an essential element in the day-to-day business. A company-wide environment and energy management policy continually checks all work processes in regard to ecological impact and irregularities along the entire value chain. Internal sets of rules and strategic guiding principles are the frame of reference for the management of environment and energy. A proprietary Group guideline defines standardised procedures and responsibilities within the Porsche Group. It supports the Group companies in the systematic investigation, observance and checking of the regulatory environmental and energy requirements. The energy and environment management policy covers emissions (air/noise) and soil protection, dealing with contaminated sites, hazardous materials and waste as well as emergency pre-

paredness, water and nature conservation and energy efficiency. The responsibility and the systematic implementation of necessary steps lies with the Member of the Executive Board for Production and Logistics, supported by the Environment and Energy Management department. The fundamental aim is that every Porsche employee is cognizant regarding the effects of his or her job on the environment. Every employee is called upon to observe the Group’s guideline concerning minimisation of impact on the environment or even avoiding it entirely in the best-case scenario.

The strategy field “sustainability in production” defines short-, medium- and long-term measures. The “environment and energy efficiency strategy” and the company’s own “environmental policy” are additional strategic guiding principles. With these the company is implementing a requirement of the international standards for environment and energy management, ISO 14001 and ISO 50001, to which Porsche’s internal specifications and processes are orientated. The sports-car maker also complies with the EMAS (Eco-Management and Audit Scheme) standards, a voluntary community environmental management and auditing instrument developed by the European Union. The Porsche site at Stuttgart-Zuffenhausen has been validated according to EMAS for more than 20 years and was also the first automotive industry plant in the world to fulfil the ISO 50001 standard. Since then, Porsche Leipzig GmbH, the Development Centre in Weissach and the external locations, the central parts warehouse in Sachsenheim and Porsche Werkzeugbau GmbH have all been certified as compliant with this standard. These locations also have an environment management system that conforms to ISO 14001 at their disposal. In addition to the official certifications, Porsche also reviews in-house compliance with environmental and energy laws as part of annual system and process audits (compliance audits). The hallmarks of these audits are the high standards and the hiring of external environment and energy auditors. The site results method records sites’ impact on the environment: data and key figures rate essential environmental aspects on a scale of high, medium and low relevance. From this, Porsche derives all necessary measures to reduce or eliminate possible negative impacts on the environment. The Environment and Energy steering committee works cross-departmentally. The committee assesses the predefined goals regularly and initiates appropriate steps.

A company-wide environment and energy management policy continually checks all work processes in regard to ecological impact and irregularities along the entire value chain. Internal sets of rules and strategic guiding principles are the frame of reference for the management of environment and energy.

Porsche strives to achieve balanced environmental performance. Thus, a conscious and highly efficient use of water throughout circulation systems as well as multiple reuse play an important role – as does circumspect handling of contaminated production waste water. Avoiding waste, low-waste technologies and sustainable disposal solutions are key aspects of Porsche’s waste management concept. The resource regulation “environmental protection” serves as both an internal guideline as well as a set of rules for suppliers, among other things.

In general, environment and energy management staff are always at the disposal of all company stakeholders – internal and external – with regard to questions or suggestions on the topic of “environment and energy”. The goal is open and transparent stakeholder dialogue. An example of this is the central complaints management within the environment and construction management.

EMPLOYEES & SOCIETY

Sustainability principle

At Porsche, people are at the centre of the company. It assumes responsibility for its employees and invests in their future. Continuous professional development and qualification are hallmarks of the Porsche culture. At the same time, key importance is attached to equal opportunities, diversity and co-determination as well as the ongoing improvement of our employees' worklife balance along with fair and performance-based remuneration. As part of our local and international social commitment in the areas of social matters, education and science, culture and sport, Porsche initiates its own projects and supports external partners in conducting their own important social activities.

Under the "Employees & Society" heading, Porsche covers, among other themes, the important topics identified in the 2017 materiality analysis: "attractive employer," "staff development," "corporate co-determination," and "occupational health and safety." In all four areas, Porsche has clearly defined processes and demarcations of responsibility as well as established avenues of evaluation and feedback.

Attractive employer

The basis for successful HR work is Porsche's continued position as an attractive employer. Stakeholders – i.e. people, groups and institutions directly or indirectly affected by the activities of a company and whose success they can significantly impact – attributed a great deal of importance to this aspect in the 2017 materiality analysis. According to internal assessments, the topic also has a moderate degree of impact on employees and society. Porsche gets particularly high marks for excellent general conditions, a strong corporate culture and co-determination, as well as extensive options in the area of work-life balance. Firmly anchored in the Porsche HR strategy, employer attractiveness is one of four central areas of emphasis in the overarching Porsche Strategy 2025. Other benchmarks include the "Compliance Code" and the "Porsche Business Rules."

The continuous development of the corporate culture is exceptionally important to Porsche. The backdrop is defined by the strong growth in staff numbers in recent years, the restructuring of the automotive industry and the company's reorientation toward electric technology, digitalisation and connectivity. Process sponsors are Porsche Chairman of the Executive Board Oliver Blume, Porsche HR Board

Member Andreas Haffner and Uwe Hück, Chairman of the Group Works Council. Drawing on the new culture guidelines, the future "Porsche Code" will comprise the four elements dedication, pioneering spirit, sportiness and family. This code will replace previous leadership guidelines.

Porsche places great importance on worklife balance. Employees receive support through a wide variety of different measures. Six cooperation partners make sure that there are sufficient childcare places in nurseries near the company's sites. With the family service, Porsche offers free, individualised and comprehensive support service for all family life situations. Porsche also provides flexible options with respect to work location and working hours. Options agreed with the Works Council range from arrangements for working from home and flexitime aligned to the employee's current phase of life, through to voluntary periods off in the form of sabbaticals. Job sharing in leadership roles has also proven to be successful in a pilot project and is now being expanded within the company.

In this report, the topic of employer attractiveness is covered by the provisions of the Global Reporting Initiative as indicated by the flag GRI 401: Employment. This is measured and reported based on the following key figures: total workforce, employee structure, new hires and employee fluctuation and parental leave claims.

Staff development ✓

The pillars of HR work at Porsche include needs-based training that focuses on future requirements, ongoing skills acquisition, and options and routes for internal development. To be well prepared for the challenges facing the automotive industry, Porsche identifies and retains qualified and enthusiastic professionals. In the context of the 2017 materiality analysis, stakeholders rate the aspect of employee development as highly important. According to internal assessments, the topic also has a moderate degree of impact on employees and society. Porsche is directly involved in these positive effects and is striving to achieve continuous improvement in this area in the future as well.

The foundation is formed by professional training as well as the support and qualification of students, for example through training options for dual-studies students and the "Porsche Trainee Programme". Another important component is the permanent hiring of all apprentices upon passing the final examination. Building on this, employees also

Employee support and qualification is not only a central component of the Porsche culture and leadership guidelines; it is also firmly anchored in the Porsche Strategy 2025.

have access throughout their career to a diverse range of programs and qualification offerings for their systematic and forward-looking professional development on all levels. This includes the Porsche Warm up introduction programme for all new hires, the Porsche development programme for the qualification and preparation for the possible assumption of management roles, and target group-specific qualification and talent promotion in the field of production. Two modular and internationally oriented qualification offerings for the management level – the Porsche Management Programme International for managers and the Porsche Advanced Management Programme for top management – extend the range of training opportunities.

Employee support and qualification is not only a central component of the Porsche culture and leadership guidelines; it is also firmly anchored in the Porsche Strategy 2025. The digital transformation in particular is placing new and significantly different demands on the workforce. Against the backdrop of digitalisation, the Fit for Digit@l initiative was started to help establish and expand a common basis of knowledge and understanding. Employee support and qualification is also an instrument of strategic leadership and planning processes. Individual training requirements are identified during annual employee appraisals, and relevant development opportunities established on this basis. The comprehensive range of training opportunities and individual staff development programmes are continuously evaluated and optimised in consultation with the Works Council. In the year under review, the newly introduced Porsche Learning Platform established a digital portal for the targeted support of employees.

The objective of staff development measures is the ongoing structured establishment and

extension of capabilities critical to the company's success among all employees. One pilot project in the reporting year of 2017 was a procedure for strategy skills management. The core tasks and associated skills are analysed and compared to future tasks and skills yet to be acquired by means of a fit-gap analysis. Detected capability deficiencies can thus be addressed at an early stage through targeted re-training and further training, recruiting and new emphases in ongoing training.

In this report, the topic of staff development is covered by the provisions of the Global Reporting Initiative found in GRI 404: Training and Education. This is measured and reported on based on the following key figures: the number of participants in training measures and the average training hours per employee. There is currently a survey under way for Porsche AG and Porsche Leipzig GmbH; continuous expansion to the Porsche AG Group is planned for the future.

Corporate co-determination

One of the pillars of the Porsche corporate culture is corporate co-determination. The relevance of the topic is also underscored by the 2017 materiality analysis. Porsche benefits from continuous dialogue as well as open, direct communication across all levels of the organisation. For all topics affecting the staff and the company, the employer and the Works Council have traditionally worked together closely. Internal media inform employees of Porsche AG concerning the variety of options on offer. Moreover, the Works Council offers a comprehensive platform for information and discussion at the individual Porsche locations through its works meetings. In the form of additional informational and department-specific events, the board members and the Works Council transparently provide information concerning current topics and developments. It is also established practice at Porsche to inform all employees and their elected representatives about important operational changes both comprehensively and in a timely manner. This is done in compliance with national laws, applicable collective bargaining agreements and works agreements. Adherence to this corporate practice is ensured by a number of means, including a Supervisory Board with equal representation, the Works Council committees, regular works meetings and the continuous maintenance of the works agreement database on the intranet.

At the same time, there is also a multitude of ways for employees – be it openly or discreetly through special channels – to bring their suggestions, problems or complaints to

committees and decision-making bodies. The mood barometer is an instrument through which employees throughout the company are anonymously surveyed about topics relating to working with colleagues and supervisors, the quality of work and the provision of information. The detailed evaluation is followed by a discussion of the results involving the Works Council in all areas of the company, in which potential improvements are identified and corresponding measures for optimising work procedures and conditions are defined jointly.

In this report, the topic of corporate co-determination is covered by the provisions of the Global Reporting Initiative found in GRI 402: Labour/Management Relations and GRI 407: Freedom of Association and Collective Bargaining.

Occupational health and safety ✓

Healthy and capable employees are indispensable for the success of the company. Stakeholders also attribute great importance to this issue in the 2017 materiality analysis.

Porsche health management is proactively involved in the crossdepartmental development of workplace framework conditions. The primary aim is to safeguard the health and fitness of employees and therefore their ability to work in the long term. Key elements include the quick reintegration of employees who have been ill for an extended period and the placement of employees with compromised performance due to health issues in positions suited to their capabilities. Measures such as systematic ergonomics assessments of work stations, for example, detect high and specific work strains and mitigate them through suitable technical or organisational measures. Work stations at Porsche are designed in keeping with human ergonomics and are based on the latest insights of occupational medicine. The company assiduously applies the legal and trade association specifications and recommendations. Furthermore, it also offers all employees individual, workplace-related physiotherapeutic advisory and treatment services.

Secure workplaces and employee protection are of utmost priority at Porsche. An organised and structured system for occupational health and safety ensures targeted and consistent procedures along with the implementation of legal provisions. This system helps to prevent accidents at work, occupational illnesses and work-related health hazards. No area of work at Porsche suffers significant accumulation of illnesses. This is also the case for operational activities linked to a particularly high risk of

illness. The central processes are standardised and regulated by the Group guideline on occupational safety. This guideline represents an essential element of the company's compliance management system and is valid for all employees. The managers ensure that their employees are familiar with the specifications of this guideline and comply with its provisions. Specialists in occupational safety, Works Council members and works doctors are available to all employees in an advisory capacity. All employees of the company are represented through the legally defined representatives in the occupational safety committees in accordance with the Occupational Safety Act.

All these joint efforts have enabled Porsche to achieve a significant reduction in the injury rate in recent years.

In this report, the topic of occupational health and safety is covered by the provisions of the Global Reporting Initiative found in GRI 403: Occupational Health and Safety. This is measured and reported based on the following key figures: number of accidents, work days lost and cases of death, as well as the injury rate. A survey is currently being performed for Porsche AG and Porsche Leipzig GmbH; expansion to the Porsche AG Group is planned for the future.

Employees, society, sport

Employees

Society

Sport



EMPLOYEES

Porsche's success hinges on its employees – their abilities, their dedication and their passion. They identify with and embrace the values and objectives of the company. At the end of the reporting period on 31 December 2017, Porsche AG employed 29,777 people. That is an increase of nearly eight per cent over the previous year. The company's rapid growth also poses some major challenges, which can only be met if everyone pulls together. This makes constructive cooperation with the Works Council, its committees and the IG Metall trade union another important factor for success. Collective wage and works agreements above and beyond the legal requirements lay a solid foundation for sustainable success, benefitting the Porsche company, employees and shareholders.

HR strategy

The HR strategy provides the framework for how Porsche works with its employees. They are the heart of the company, and Porsche wants to be an outstanding employer for them not only now but also in the future. This approach is based on the unique corporate culture, which always reflects Porsche's identity and tradition. The company creates ideal framework conditions for its highly motivated employees by providing innovative working environments that encourage high levels of performance. It invests in future-oriented training and talent management in order to provide individual, targeted and high-quality skills acquisition and further development opportunities for every employee. This is all the more important in a world undergoing ever faster change and increasing digitalisation. Porsche takes a modern HR approach here by way of efficient processes and interconnected IT systems.

Digitalisation

A key part of Strategy 2025 and therefore also of Porsche's HR strategy consists of digitalising the company's processes. Numerous lean administration projects and consistent further development of IT systems – always in close cooperation with the Works Council and in strict compliance with the highest data protection and security requirements – have led to major successes in digitalisation and process optimisation. Porsche provides a company-wide platform called the My Porsche Cockpit for an array of personnel and company-related processes.

Fit for Digit@l initiative

The objective of the Fit for Digit@l initiative launched in 2017 is to instil and expand shared trans-departmental digitalisation-related knowledge and understanding at

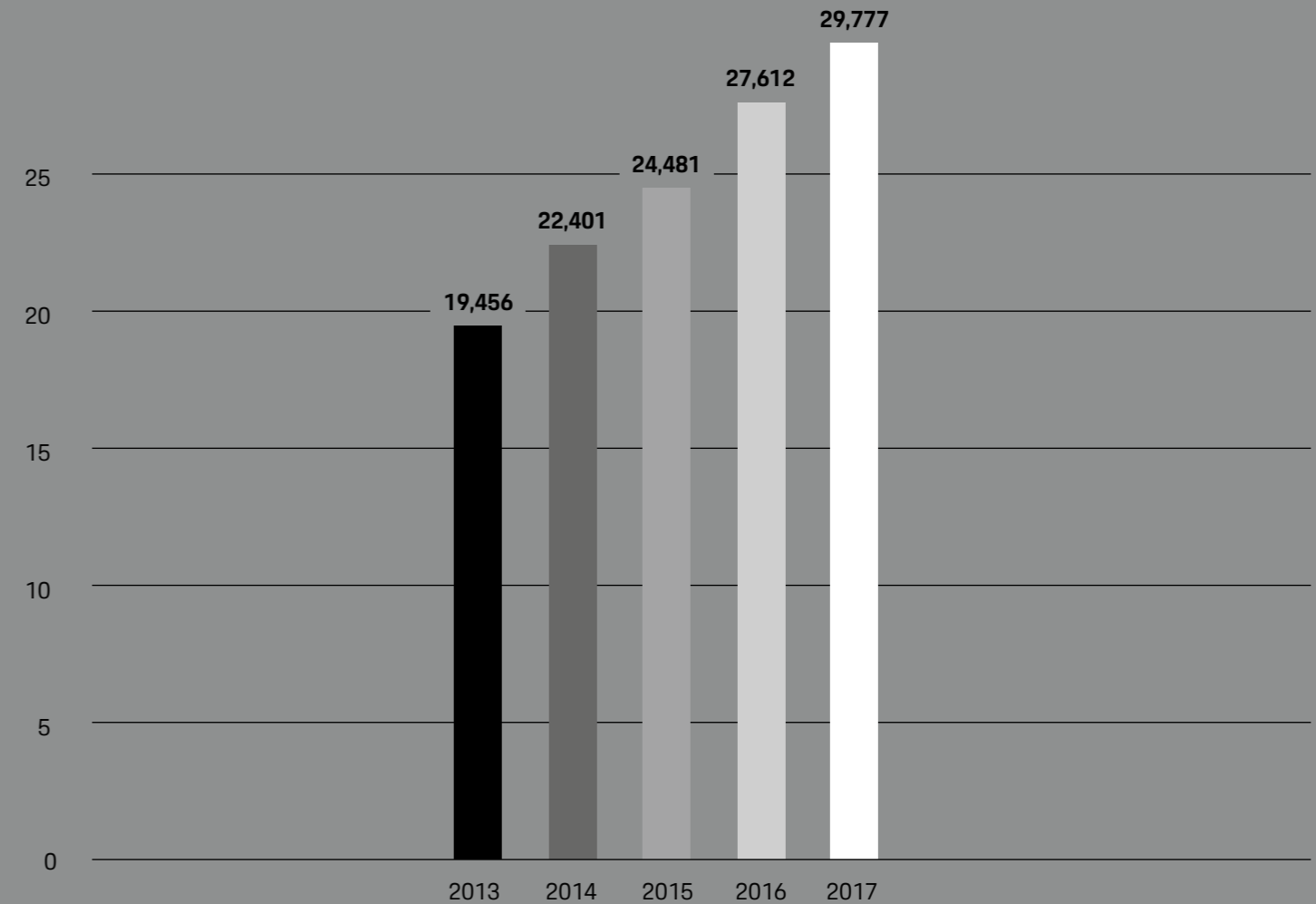
Porsche. The aim is to promote awareness and motivation for this transformation among all the employees. This includes gaining understanding and knowledge of the main purposes and drivers of digitalisation and of the individual action areas at Porsche, which in turn is intended to support sustainable development of a Porsche digital mindset.

Porsche learning platform

The Porsche learning platform introduced in 2017 is a key part of the HR digitalisation initiative, and the main employee portal for everything related to skill acquisition opportunities both within and beyond individual specialties. It shows all available training courses and offers direct access to a wide range of attractive and flexible online options. The online possibilities on this newly created platform supplement the proven brick-and-mortar opportunities. The use of blended learning, for example, adds a targeted dimension to training programmes. Higher degrees of transparency and connectivity – including with subsidiary companies – raise collaborative learning to a new level. Employees can access their training histories, as well as shape their desired learning strategies in active and individual ways. This makes learning a self-determined and integrated part of everyday working life at Porsche – a key precondition for the strategic goal of lifelong learning.

Porsche's success hinges on its employees – their abilities, their dedication and their passion. They identify with and embrace the values and objectives of the company. At the end of the reporting period on 31 December 2017, Porsche employed 29,777 people. That is an increase of nearly eight per cent over the previous year.

Staff ✓
Porsche AG



Attractiveness as an employer, and working with young talent

The basis for successful HR work continues to be Porsche's sustainable positioning as an attractive employer. Porsche supports numerous initiatives to promote young talent, and focused on digital talent and recruiting related target groups in the reporting year. In the high-profile employer rankings from Trendence and Universum, the company again received high marks from students in 2017. Reviews by young professionals have been especially positive. In the Young Professional survey conducted by Universum, for instance, Porsche rose in all categories and even took first place among engineers. Applicant figures also show the company's appeal as an employer, with more than 150,000 applications submitted to the Porsche Group in 2017.

Porsche also maintained partnerships with key organisations to encourage young talent during the reporting year. These included Formula Student Germany, an international design competition sponsored by the Association of German Engineers (VDI), and Femtec, a programme that encourages women to study science and engineering. Porsche supported students for the first time at the World Solar Challenge in 2017, namely the Sonnenwagen team from RWTH Aachen University. Covering 3,000 kilometres across Australia, the WSC is the toughest and most important emission-free automotive race in the world.

Joint projects with leading universities are being further expanded, with a special emphasis on digitalisation. Porsche is a partner of the newly founded CODE University in Berlin, a private accredited technical college that offers programmes in software engineering, interaction design and product management. Right from the start, its students work on their own projects in international and interdisciplinary teams in close cooperation with companies and organisations. The Porsche AG chair founded in 2013 at the Leipzig Graduate School of Management has been extended and its content adapted. Starting in 2018, it will focus on strategic management and entrepreneurship in the digital age. The Porsche Automotive Campus programme at Nuertingen-Geisling University (HfWU), which provides scholarships for talented young people in the automotive sector, has been extended for two years. Relations with universities in other countries are also being expanded on a continuous basis. Examples include an internship programme at Tongji University in Shanghai and joint projects with the IT department at Babeş-Bolyai University in Cluj in Romania. In Silicon Valley, Porsche is working together

with Stanford University on an initiative that is also expected to be expanded in 2018.

Awarded for the 17th time in 2017, the Ferry Porsche Prize recognises the top A-level students from the state of Baden-Württemberg in the core subjects of mathematics, physics and technology. Some 212 young people received the coveted prize. Six of them were also given one-year scholarships, which were decided by lots drawn at the awards ceremony held at the Porsche Development Centre in Weissach.



COOPERATION WITH CODE UNIVERSITY

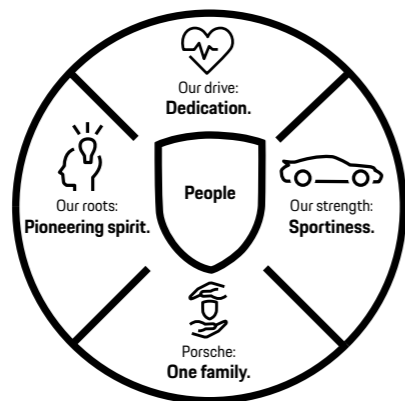
Porsche corporate culture

One of the focuses of the reporting year was to further develop the corporate culture. This was prompted in part by the large increase in new employees over recent years, and also by the company's reorientation in the digital age which has changed how people work together. Members of the Executive Board Oliver Blume and Andreas Haffner and the Chairman of the general Works Council, Uwe Hück, are the original and ongoing sponsors of this focus. Workshops throughout the company took a bottom-up approach to sketch the current state of the Porsche corporate culture and compare it with a version for the future. This meant determining the values that connect Porsche employees, and which direction the company's culture must take to forge a distinct identity that attracts and retains employees.

The resulting cultural guidelines were created containing the four elements of dedication, pioneering spirit, sportiness and family. These keywords define how employees envision cooperation within the company. They also show, however, how Porsche wants to shape major trends in the automotive industry.

The resulting corporate culture guidelines were used to develop the Porsche Code. It replaces the previous leadership guidelines and describes the key dimensions of a shared understanding of leadership.

The corporate culture guidelines and the Porsche Code will be further developed in 2018. Plans also call for leadership labs to help management personnel prepare for future challenges and internalise Porsche leadership culture by means of critical reflection and external inspiration. The whole process is actively supported and promoted by the Executive Board and the employee representatives.



Training

Needs-based and future-oriented training, on-going skills acquisition, and internal development opportunities are cornerstones of Porsche's HR policy. Over the last seventy-five years, vocational training has formed the basis for these efforts, with trainee programmes and curricula adapted to meet projected advances in technology and developments in society. The company currently offers formal training programmes for ten technical and commercial occupations, as well as seven programmes of study in connection with Baden-Württemberg Cooperative State University (DHBW). Two hundred young people began a training programme at Porsche AG in the financial year just ended. Forty per cent of the slots for technical occupations are reserved for applicants with a college degree. If successfully completed, the future-oriented training system will lead to trainees gaining a permanent employment contract. In the period under report, 142 trainees and DHBW students signed an employment contract with Porsche after passing their final examinations.

Porsche is expanding its main plant in Zuffenhausen, preparing to produce the Mission E and again increasing the size of its technical training programme – from the current number of 106 trainees to 156. In addition to traditional occupations in the automotive industry, approximately half of the new traineeships will be for automotive electromechanical engineers and industrial electronics engineers. In addition, a new future-oriented discipline of Information Technology (Automotive IT) was established as a study programme in connection with DHBW. Next year the disciplines on offer will also include information technology, and the number of places in electrical engineering will be increased.

Porsche has consistently expanded the international component of its training programme. Technical trainees have thus far been able to gain experience abroad in Australia, Great Britain and the Philippines. In the reporting year, Taiwan, Italy, China and the US were added as potential new destinations. Porsche has also launched an exchange programme with Bentley and with Volkswagen South Africa. Twenty-two technical trainees took part in the programme abroad. Another 18 trainees in the dual Porsche-DHBW programme were sent to Great Britain, Switzerland, Spain, France, Italy, the Czech Republic, China, Korea, Japan, Australia, Brazil, Canada and the US. They gained experience at different Porsche sites or with Bugatti or Bentley. Ten commercial trainees were sent to Great Britain and Spain respectively.



PORSCHE VOCATIONAL TRAINING

Of special note is the increase in the number of female technical trainees. In the reporting year, 33 per cent of the first-year trainees and 43 per cent of the first-year students in the dual Porsche-DHBW programme were women.

The rapid expansion of digitalisation into all areas of automotive engineering, electromobility and smart mobility is also influencing vocational training in these fields. Because all trainees must be able to keep up with technological advances, they are intensively prepared for new developments.

Because many applicants are unlikely to meet the general selection criteria for acceptance to a traineeship, Porsche offers a basic programme known as a preparatory year. Since 2012, 62 young adults have completed a preparatory year based on the collective wage agreement, with 58 of them qualifying for a subsequent traineeship at Porsche. Given these successful results, the 2017 preparatory year was expanded and the original number of 12 participants increased to 20. Porsche also continued the integration year project for refugees. Fifteen young people took part, and almost all have been successfully integrated into training programmes or the job market in cooperation with skilled trade companies. Porsche also works with vocational training centres to offer traineeships for people with disabilities either at the company or in conjunction with it.

New training centre in Leipzig

The new training centre that opened in Leipzig in 2017 reflects Porsche's investment in the next generation of skilled workers at the site. With 2,300 square metres of modern workshop space and seminar rooms as well as innovative instructional tools, the centre offers the best conditions for vocational training in the constantly changing automotive industry. It stands for a new era of professional training that now includes electromobility, hybrid and connected cars, digital instructional media, and human-robot cooperation. More than 120 trainees were pursuing programmes in industrial mechanics, tool mechanics, electro-mechanics and automotive electro-mechanics at the Leipzig site in 2017, and 30 more will begin their programmes this year. A dual Porsche-DHBW study programme will also be offered for the first time in mechanical engineering. Training programmes in Leipzig have long enjoyed a close partnership with the VDI-GaraGe technology centre in the city's Plagwitz district, which prepares pupils for vocational training later on. Its workshop is designed to bring automotive technology to life and inspire students to apply for traineeships at Porsche.

Employee development

The digital transformation is placing new and considerably different demands on all employees and managers. Staff in employee and management development as well as Works Council members focussed on this situation in the reporting year. The aim is to enable all employees and managers to acquire and enhance key digital skills in structured and sustainable ways. Digital topics, tools and training formats have been added to the overall further training system, and innovative customised modules are being integrated into target-group-specific HR development programmes.



NEW TRAINING CENTRE IN LEIPZIG

Porsche Warm Up

Training starts from day one at Porsche, with a two-day induction programme for new employees and managers known as the Porsche Warm Up. It gives participants an overview of fundamental topics such as Strategy 2025, sustainability, health management and the activities of the Works Council. Around 2,000 people took part in the Warm Up programme in 2017.

Trainee programme

Following successful completion of the third wave of the Porsche Trainee Programme, the fourth wave started in October 2017 with ten participants. This 12-month programme offers talented young college graduates an opportunity to learn about working processes across departmental and divisional lines. It includes project and practical work in Germany and abroad.

Talent development programmes

A key part of the HR development and talent strategy within Strategy 2025 is to promote talented members of the workforce employed under the general wage agreement in sustainable and targeted ways. For example, the new Porsche development programme seeks to enhance employees' technical and leadership skills to make them potential candidates for assuming management positions. This programme is based on the content and framework conditions of Strategy 2025, including digitalisation, innovation abilities, internationalisation and life-long learning. The Porsche development programme started in November 2017 with around 250 participants. Programmes for specific target groups were also further developed in the reporting year. The Fit for Planning pilot project enables production employees to acquire the skills to become production, logistics or process planners. Analogous programmes will be launched for additional target groups on a needs-oriented basis. The development programmes for new talent and young professionals were also continued in all divisions in the reporting year.

Programmes at management level

Management-level training at the Porsche Group includes two high-quality modular programmes developed in collaboration with leading international business schools and tailored to current and future requirements for Porsche management personnel.

Porsche launched an international management programme in the reporting year. Under the motto "A Distinctive Agility Trip for Porsche Leaders", this customised programme

is designed to support second-tier managers in the Porsche Group and to actively guide the digital transformation process. It aims to systematically raise the level of leadership skills, reinforce the requisite mindset and expand the repertoire of methods. This new management programme started in December 2017 with 50 participants.

The Porsche Advanced Management Programme has passed a milestone. Following its successful introduction in April 2015, the second wave started in March 2017 with 22 participants from Porsche AG, worldwide subsidiaries and Bentley. It concentrates on enhancing leadership skills and helping participants to successfully operate in global and volatile environments and actively guide Porsche's strategic course.

Strategic skills management

A major future competitive advantage will be the ability to provide employees with the right skill acquisition opportunities at the right times and with a high level of quality. Skills therefore need to be defined, directed and managed in just as professional a manner as other factors in production. A systematic approach is therefore being created to help the company develop the employee skills needed to meet the challenges of the future. A standardised process will define skill gaps at an early point in time so they can be filled through targeted retraining and further training, farsighted recruitment and new focuses in existing training programmes. A pilot project for this approach was successfully carried out in the reporting year and will now be put gradually into practice.

Porsche mood barometer

The mood barometer was used again in the reporting year, with a company-wide employee survey at Porsche AG and the German subsidiaries. More than 18,000 employees responded to questions on topics such as working together with colleagues and superiors, work quality and the availability of information about current developments at Porsche. There were new questions this time on integrity and on collaboration within the Porsche Group. The results were analysed and then discussed in all company divisions with input from the Works Council. Managers and employees identified potential areas for improvement and defined specific ways to for example optimise processes and working conditions.



CO-DETERMINATION AT PORSCHE

Career and family

Porsche places a premium on the ability to balance a career and a family, and supports its employees with a wide range of services. For example, a sufficient number of childcare places in nurseries near the company sites are ensured by six partner providers. As in the previous year, children of employees enjoyed a comprehensive programme throughout the school summer holidays at all the sites around Stuttgart, including a shuttle service. Childcare was also available during all other school holiday periods, with the exception of Christmas.

Porsche's family service provides comprehensive individual consultation and support for all stages of family life. This includes consultations for prospective parents, help in finding and arranging qualified care personnel for children and seniors, and trained support in finding and selecting care facilities for the elderly.

Porsche is committed to making work flexible in terms of both location and times. Working from home, flexible working times in certain stages of life and voluntary time off in the form of sabbaticals are just some of the options. Job sharing for leadership roles has also proven to be successful in a pilot project and is being expanded to other areas of the company. Together with the Works Council and guided by the relevant works agreements, a framework for successfully implementing these options is being put into place.

Co-determination

Porsche AG uses a range of internal media to inform employees about the many options in this area. The Works Council also offers a comprehensive platform for information and discussion with its meetings at individual Porsche sites in Germany. Co-determination is highly valued in general at Porsche and is a key pillar of the company's success. This also includes the numerous wage and factory agreements arrived at in the reporting year. The Works Council is an important partner and driving force behind the traditional fair for employees and their families at the Zuffenhausen site, which welcomed more than 20,000 guests in 2017. The 6-hour Charity Run is also the result of an initiative by the Works Council. More than 3,000 employees in nearly 250 teams ran at the event in the reporting year, and raised a total of 185,000 euros for good causes.

Equal opportunities and diversity

The Porsche workforce is fuelled by its diversity. Employees from more than 80 countries with a wide range of individual skills ensure that Porsche takes the lead in many ways. Promotion of diversity by the management is anchored in both the previous leadership guidelines and in the newly developed Porsche Code. Equal opportunities and equal treatment for all employees – regardless of race, ethnicity, nationality, religion, beliefs, political or trade union activity, gender, sexual orientation, age, disability or illness – are stipulated in

the Porsche compliance code. To consolidate and further expand equal opportunity and diversity activities, the Equal Opportunities department was created in January 2017. One important aim that Porsche continues to work toward consists of increasing the percentage of women at all levels of the company.

Since 2012 Porsche has continuously increased the number of women at the company to the current level of 15.3 per cent. Over the same period of time the number of female managers has more than doubled and is currently at nine per cent. Measurable and binding equal opportunities are part of target agreements for all managers at Porsche. The Porsche management has set specific divisional targets above and beyond legal requirements for the percentage of women promoted to management positions. These targets are based on gender ratios in the upper wage groups. Training and further educational opportunities such as workshops and seminars as well as mentoring programmes are also offered.

Fostering young talent is a key means of increasing the percentage of women at the company. Around half of the trainees are female, and 29 per cent of the internships and final dissertations are completed by women. A joint project with Stuttgart University was established in the reporting year to promote enthusiasm among female pupils and young women for technical occupations and careers at Porsche. With the TryScience at Porsche programme, the company offers female pupils as well as female students and graduate students in the MINT subjects (mathematics, IT, natural sciences and technology) at Stuttgart University the chance to find out about related careers. As in previous years, Porsche also participated in the Germany-wide Girls' Day event, giving more than 150 female pupils from nearby college-preparatory schools and other secondary schools a look behind the scenes at the company. In addition, Porsche has successfully expanded its more than 15-year cooperation with Femtec, the international career platform for women in science, technology, engineering and mathematics. The highlight of 2017 was the Femtec innovation workshop, a practice-based project spanning several months that addressed the question of "What does a future with fully automated cars look like for Porsche?"

Porsche also regularly informs female students and women with professional experience about career opportunities at women-specific fairs and events such as women&work, Panda and the Ada Lovelace Festival. At Frankfurt's International Motor Show (IAA) more than

40 young professionals were introduced to Porsche as an employer at an exclusive career day for women.

In late May Porsche took part for the first time in Germany's annual Diversity Day. Under the motto of "Promoting equal opportunities, benefiting from diversity", the HR department, Works Council and disability representatives raised awareness of diversity at the company in Zuffenhausen. The aim was to highlight the value of equal opportunities and diversity and to expand this awareness in talks with co-workers. The seminar programme on diversity and respect was also further expanded.

Targets for female members of the Supervisory Board, Executive Board and management

To meet Germany's Law on Equal Participation by Women and Men in Leadership Positions in the Private Sector and Public Services, targets were specified for the percentage of women to be on the Supervisory Board, the Executive Board and in first-tier management at Porsche AG by 31 December 2021. Given the long terms of its members, the Porsche Supervisory Board confirmed the status quo of ten per cent as its own target.

When the law was passed, all of the Members of the Executive Board with divisional responsibilities were men, with contracts extending over multiple years. The Supervisory Board therefore decided not to adjust the Executive Board target for 31 December 2017, and confirmed the status quo of zero until 31 December 2021. However, the Porsche Supervisory Board has set itself the aim of increasing the percentage of women on the Executive Board over the long term. For first- and second-tier management, the Supervisory Board specified targets of 15 per cent. The company thereby seeks to nearly double its status quo in these areas.

Health management and occupational safety

Healthy and capable employees are a precondition for the success of any company. Structured and step-by-step reintegration management has enabled 250 employees with long-term conditions to successfully return to work promptly in ways that safely accommodate their abilities.

Porsche places a premium on preventing health problems. The 23rd Porsche Health Days were held in June and July 2017 under the motto of "A question of posture – ergonomic tips for work stations". More than 2,000 employees at seven sites attended and took part in electromyography tests to assess muscular tension.

The Assembly department is running a pilot project on how everyone can increase their fitness for work station activities in concrete and effective ways. The physiotherapy team Pit Stop helps employees take individual precautionary steps in their everyday routines.

Safe places of work are given the highest priority at Porsche. An organised and structured occupational safety and health management system provides a targeted and uniform approach and ensures compliance with regulations. The aim is to prevent work injuries and conditions as well as work-related health hazards.

The main processes are standardised and regulated by the Porsche Group's occupational safety guidelines. These guidelines are a key component of the company's compliance management system and apply to all employees. Managers make sure that their staff members know the content and provisions. Occupational health specialists, Works Council members and company physicians provide additional advisory services. This led to a significant decrease of 12.7 per cent in the injury rate from 2015 to 2017. With 5.5 accidents per million hours of work in 2017, Porsche AG and Porsche Leipzig GmbH achieved its lowest accident rate ever.

Porsche food services

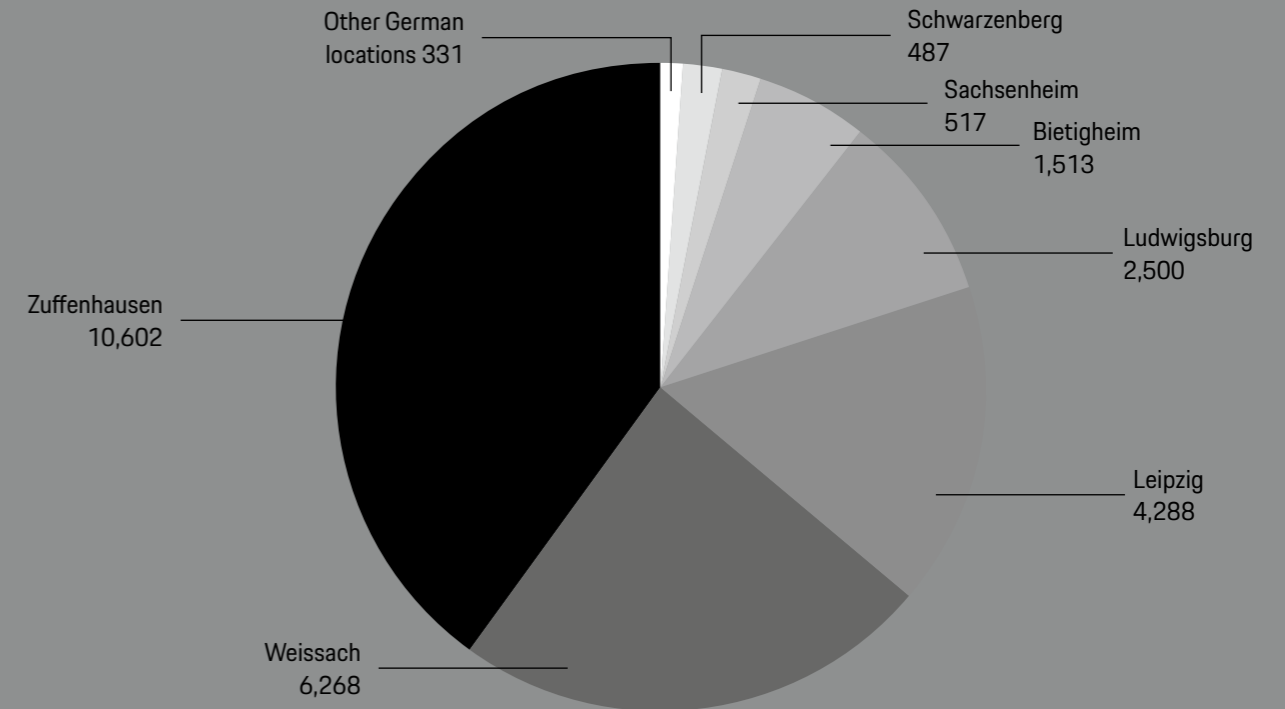
The company's growth also affects its provision of food services for employees. The relevant infrastructure and offerings have been further expanded, and new cafeteria concepts developed for Zuffenhausen and Weissach. A total of 2.6 million meals were provided at Porsche sites in the reporting year.

At the reporting date 31 December 2017, Porsche employed 26,506 people in Germany. This is an increase of seven per cent over the previous year. The company's rapid growth also poses Porsche major challenges, which can only be met by everyone pulling together and collaborating constructively.



STAFF RESTAURANT CONCEPT

Employees at locations in Germany



Total workforce in Germany ✓			Compared to previous year +7%
2017	26,506		
2016	24,681		
2015	21,745		

SOCIETY

Porsche has supported more than 100 projects as part of its charitable donations and CSR sponsorship activities during the reporting year. The firm funds such projects as part of its corporate responsibility in keeping with its commitment to civic and social causes. Its support is focused on five key areas: education and science, culture, social affairs, sports and the environment.

Education and science

The Porsche Integration Year was repeated in 2017, as the sports-car maker once again prepared 15 young refugees for an apprenticeship at partner companies and in industries that are currently suffering from an acute shortage of specialist workers. Porsche is also supporting a range of other initiatives that seek to give refugees long-term prospects in the German labour market. It is one of the main backers of the social enterprise Joblinge gAG Stuttgart, which helps to find apprenticeships for young people facing a difficult start. This programme supported 80 refugees in 2017. Meanwhile, it has been full-speed ahead for the Berufliche Anerkennung in Baden-Württemberg (Vocational Recognition in Baden-Württemberg) bursary programme during the reporting year. The Baden-Württemberg-Foundation project helps refugees to get the qualifications and training that they have completed abroad recognised without experiencing excessive red tape. As the only federal state in Germany to offer this type of assistance, Baden-Württemberg is supported by Porsche through the Stifterverband association of German companies and foundations. By the end of 2017 some 500 people from across the federal state had been given a bursary.

In addition, Porsche has contributed to the Ausbildungscampus (education campus) initiative set up by the Bürgerstiftung Stuttgart civic foundation. The foundation has worked with public bodies and representatives of employers to develop a model that introduces young people in need of support, especially young refugees, to work and training. The project now provides them with all the information they need, as well as support and advice, in one convenient location. The assistance on offer ranges from careers advice to help with applications and arranging contacts, as well as to guidance during training. At the same time, the project acts as a platform for employers, giving them information and advice.



INTEGRATION PROGRAMME

During the reporting year Porsche funded the expansion of the Porsche Training and Recruitment Centre (PTRCA) in Manila. For nine years, the sports-car maker has worked with the Salesians of Don Bosco religious order to train disadvantaged young people in the Philippines as vehicle service mechanics, opening the door to a potential subsequent career in the Porsche retail organisation. Volkswagen and Audi became partners in the PTRCA in 2015, when the annual number of young people involved was boosted from 36 to 145. This expansion allows the PTRCA to offer its participants the best preparation for the rapidly transforming challenges involving the Aftersales department.

Since the devastating earthquake in the Chinese province of Sichuan in 2008, Porsche China has been funding a long-term education project for children and young people. The Empowering the Future programme was launched in 2009 to provide education and integrated early development opportunities for disadvantaged children and young people in rural areas. Porsche China is currently working closely with UNICEF on three projects: Mobile Education Training and Resource Units (METRU) is a project that focuses on the development of local quality standards for teaching and education. METRU Plus & Effective Teaching and Learning (METRU Plus & ETL) is now improving the quality of education at primary schools in the poorer parts of the country. In addition, the Integrated Early Childhood Development (IECD) project is

giving basic healthcare, early support and child protection to pregnant mothers and infants up to three years old. By the end of 2016, Porsche China had donated approximately RMB 60 million (around 7.7 million euros) as part of its cooperation with UNICEF. The funds are assisting 915 project schools with around 310,000 pupils, 13,300 teachers and 4,000 infants in seven provinces, communities and autonomous areas.

Culture

In July, Porsche and Stuttgart Ballet present the open-air "Ballett im Park" event. Porsche's support for these performances is now in its sixth year, allowing thousands of ballet fans to experience the cultural phenomenon at no cost. Last September, Porsche extended its agreement with Stuttgart Ballet to continue as main sponsor for a further three years. The extension of the successful cooperation between Porsche and this leading ballet company comes right in time for the start of the 2017/2018 season, which launches with a special edition of its Behind the Scenes XXL series, in celebration of John Cranko's 90th birthday, at Stuttgart's Kammertheater. The sports-car maker has been principal sponsor of the Stuttgart Ballet since 2012. Furthermore, Porsche has donated ten million euros to fund the construction of the new building for the John Cranko Schule for young dancers.

In June, Porsche extended its agreement with the Leipzig Gewandhaus, including support for the much-loved Rosental Concerts as part of the "Klassik erleben" series of concerts for a further three years. To date, the sports-car maker's commitment to the venture has enabled more than 60,000 people from Leipzig to attend these first-class musical events free of charge. Porsche's sponsorship package also includes international tours and major concerts. The company has been the Global Partner of the Leipzig Gewandhaus Orchestra since 2011.



LEIPZIG OPERA BALL

In November, Porsche presented the Leipzig Opera Ball for the fifth time, donating a 718 Cayman to be raffled for a good cause. The guests bought a total of 8,000 tickets at ten euros each. This year the proceeds from the raffle were donated to the Leipzig hilft Kindern children's charity, including the Haus Leben e.V. project in Leipzig. This group supports cancer patients and their families in dealing with the emotional and practical challenges of the disease and helps them to help themselves, according to its motto "Preventing, curing and managing cancer".

One of the main focuses of Porsche China's social commitment is support for talented young artists. The company launched its cooperation with the Sichuan Institute for Fine Arts as early as 2010. So far, seven Porsche Art Competitions have been organised through the Empowering the Future project, attracting more than 2,000 entries from art students. In May 2017, Porsche initiated the first ART021 Porsche Chinese Artist of the Year competition, together with the Shanghai Fair for Contemporary Art, as an extension of the programme. The aim of this project is to support the personal and artistic development of China's most innovative and pioneering young artists.



STUTTART BALLET

Social affairs

The reporting year saw the third staging of the 6-hour Charity Run. Three thousand Porsche workers tackled the 911-metre route at the Zuffenhausen plant. For each lap completed, the company made a five-euro donation to social projects in the Stuttgart region. In total, 185,000 euros were raised. The money was donated to the Olgäle-Stiftung (Olgäle-Foundation), Mobile Jugendarbeit Stuttgart (a youth work umbrella organisation) and Stuttgarter Jugendhaus gGmbH (a children's charity organisation), Gustav-Werner-Schule Zuffenhausen school, and to Kinder- und Jugendhospiz Stuttgart (a hospice for children and young people in Stuttgart). This final recipient has benefited from the last three stagings of the 6-hour Run and opened its doors during the reporting year. It is the first residential hospice for children and young people in Baden-Württemberg. Up to eight seriously ill children and young people can be accommodated and supported, along with their parents. The Olgäle-Stiftung aims to provide the best level of care for children attending the Olgahospital in Stuttgart. In addition to the medical attention they receive, it believes creating an atmosphere in which the children feel at home is vital to their care. As a result, the charity has funded special ward clowns for over 15 years. They have received

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DONATIONS BY 6-HOUR CHARITY RUN



BEE COLONIES AT PORSCHE LEIPZIG



STIFTUNG LESEN FOUNDATION

psychological training for working with sick children and help take the young patients' minds off their health concerns.

The world of books allows children to escape and join their heroes such as the Little Prince, and Snow White as they embark on their adventures. The Hohensteinschule and Silcherschule schools in Zuffenhausen have set up an informal reading club with bean-bags and relaxed seating as well as a library of children's books, thanks to cooperation with the Stiftung Lesen foundation and a donation from Porsche. The aim of the project is to give the children a love of reading without the pressure to achieve, thus improving their language and reading skills. The opening ceremony was attended by TV and movie actor Richy Müller, as a guest reader.

Weihnachtsmann & Co is a Stuttgart-based initiative that has been supporting charitable ventures and organisations in the city and its surrounding area for over 40 years. One of its most important sources of income is its annual stand at the Stuttgart Christmas Market.

Staff taking part in the Porsche Year of Support once again volunteered a day of their time to help at the stall in 2017. In addition, Porsche handed over a cheque to provide extra funds to this operation, which is the only one of its kind in Germany.

Integration through sport

Porsche is supporting the Württemberg Football Association to enable people suffering from mental health disorders to take part in regular training sessions. This commitment to inclusive sport was strengthened once again in 2017 as Porsche trainees invited the association's team for people with mental disorders to play a friendly match. As ever, the experience of taking part was more important than the result.

Porsche in Leipzig has been working with the RB Leipzig football club on an 'Inclusive Game Day'. The club's Bundesliga match against 1. FC Ingolstadt centred around a campaign for people suffering from disabilities, a campaign coordinated by the Bundesliga Stiftung (German professional football foundation),

Aktion Mensch (a German charitable organisation) and Sächsischer Behinderten- und Rehabilitationssportverband (SBV - the Saxony Association for Disability and Rehabilitation Sports). Porsche Leipzig also joined forces with RB Leipzig as a partner in the club's efforts to help young refugees, funding their participation in an integration programme. More than 30 refugee children took part in the activity entitled Willkommen Fussball (Welcome to Football), featuring a summer camp provided by the RB Leipzig football academy.

Environment

In an effort to improve forest diversity and move away from pine forest monoculture, several thousand oak trees were planted in an area covering 4.6 hectares in Rutesheim, Weissach and Ludwigsburg. The saplings are replacing spruce and ash trees that have been destroyed by storms or fungi. Deciduous forests generate on average 800,000 litres more groundwater per hectare than pine forest monoculture, doing so every year and for generations to come. This action is Porsche's contribution to the national project of the Hamburg-based Trinkwasserwald e.V. environmental association. The 4.6-hectare drinking water forest will produce 3.68 million litres of clean groundwater annually. With every one of us requiring some 1,000 litres of drinking water each year, the new plantation will thus quench the thirst of up to 3,680 people for their entire lives.

As part of the Porsche sustainability strategy, Porsche Leipzig has joined forces with binee, a local recycling start-up based in Saxony. Founded in 2015, this company has developed a recycling system that pays for old, unwanted electrical items and aims to reuse their components. This reduces the need to extract raw materials such as iron ore. Employees at Porsche Leipzig took part in a three-month pilot phase in which they could easily dispose



BINEE START-UP

of old mobile telephones and small electrical appliances on their way to work. Transparent processes provide users with visibility and insight into the recycling chain. They can follow their old devices as they progress through the system. As a thank you, each participant received a discount coupon for use in conjunction with a purchase at one of binee's partner businesses. The cooperation between Porsche and binee is an example of the successful symbiosis of business and innovation in Leipzig.

At the beginning of May, 25 bee colonies populated with some 60,000 bees each moved in to the grass meadow at Porsche Leipzig's off-road test area. The 132-hectare area, in which nature is allowed to take its course, is now home to 1.5 million honey bees. The aim of this relocation is to help secure the future of the honey-bee population and thus promote environmental protection and conservation. The diversity of flora in the off-road facility provides the best habitat for the bees, with hawthorn, robinia and lime trees thriving alongside many wild flowers. In addition, the area provides a natural paddock for some 30 Exmoor ponies and 75 wild cattle. Many other species such as pheasants, black kites, amphibians, brown hares, deer and bats live here too. The concept is unique in the automotive industry. Porsche Leipzig is ensuring sustainable, low-resource automobile production with a commitment to nature and the environment right from the word go. The plant's off-road area was once a military zone and was restored to its natural state in 2000.

In 2017, Porsche Leipzig also donated eight Exmoor ponies to two charitable associations in Saxony and Thuringia. The animals are frequently donated to selected charities in order to manage the pony population at Porsche Leipzig.

Porsche Cars North America launched the Porsche Care Network in 2011; this initiative organises the Porsche employees' volunteer work. The focus of these efforts is on the environment, family and education projects. More than 750 working hours were donated in 2017. The projects undertaken by the employees included cleaning up a section of the Chattahoochee River, and planting trees at the site. In addition, they put together food packages for needy families and launched an education project that uses fun activities to teach children about how to handle money.



EXMOOR PONIES AT PORSCHE LEIPZIG

SPORT

Porsche has commitments in many different sports, with particularly significant involvement in women's professional tennis and men's professional golf. Since competitive sport is not possible without comprehensive basic training, Porsche supports the next generation at its production locations. Under the motto "Turbo for talents", the company sponsors children and adolescents in football, basketball and ice hockey in Stuttgart and Leipzig. Its partner clubs are RB Leipzig, SG Sonnenhof Großaspach, SV Stuttgarter Kickers, SC Bietigheim-Bissingen Steelers and the Porsche Basketball Academy Ludwigsburg. The aim of this cooperation is to support the next generation both in sports and also socially, and to prepare them for their future professional life.

Record number of participants at Leipzig Quarter-Finals

The final round of the third young footballers' tournament organised jointly by Porsche and RB Leipzig, the Leipzig Quarter-Finals, was held at the beginning of August. The tournament registered a new record number of participants: more than 1,000 boys and girls in over 100 teams in the age groups U11 and U14 competed for their districts in the preliminary rounds in June. A particularly motivating factor for the young talents is that four professionals from RB Leipzig each sponsor a district. The award ceremony in the Red Bull Arena, part of the professional team's opening to the season, was viewed by more than 21,000 spectators – an unforgettable moment for the young footballers.



LEIPZIG QUARTER-FINALS

Porsche Coaching-Mobil

The Porsche Coaching-Mobil has been on the road since April – and not just with the five partner clubs in the Stuttgart and Leipzig regions. Over 3,000 children and young people have taken part in the 28 initiatives so far. The Coaching-Mobil is a trailer specially developed for youth training, which is fitted out with sporting equipment and instruments to measure performance data. This gives young talents the opportunity to evaluate their sports performance better and to adjust their further training accordingly. In addition, age-dependent reference values provide a benchmark for comparing results.

Talents from the Basketball Academy visit Porsche

In May, 13 young talents from the Porsche Basketball Academy (BBA) visited Porsche AG's training centre. Trainees presented their fields of activity, their day-to-day training routines, current projects and the eight different technical training vocations. In addition, the team from the U16 Youth Basketball Federal League received general tips on applications and career choice.

Porsche honours young athletes

150 young athletes from RB Leipzig, SV Stuttgarter Kickers, SG Sonnenhof Großaspach (football), SC Bietigheim-Bissingen Steelers (ice hockey) and the Porsche Basketball Academy Ludwigsburg came to Leipzig for the second "Porsche Night of Talents". The highlight was the award of the Turbo 2017 prize, presented in three categories: best sporting development, best school achievement and exceptional social commitment. TV series Tatort police commissioner Richy Müller was among those presenting the prizes to the winners. In addition, the participants visited the production department and got to know the performance of various Porsche models during "taxi rides" on the circuit.



PORSCHE HONOURS YOUNG ATHLETES

Ice hockey meets basketball

Under the motto "Turbo for talents connects", Porsche initiated a joint training unit for two junior teams from ice hockey and basketball at the beginning of September. At the invitation of the U19 ice hockey aces from the Bietigheim Steelers, the young athletes met in the ice rink in Bietigheim-Bissingen. Over the course of the evening, the NBBL junior team from the Porsche Basketball Academy (BBA) Ludwigsburg gained insights into the Steelers' training methods.

Tennis

40th Porsche Tennis Grand Prix

In April, in a final filled with excitement and drama, Laura Siegemund fulfilled her dream: the Porsche Team Germany player won the 40th Porsche Tennis Grand Prix. In the sold-out Porsche Arena, the local heroine beat the French player Kristina Mladenovic 6:1, 2:6, 7:6. She was presented with the keys to the winner's car, a 911 Carrera 4 GTS Cabriolet, by Porsche CEO Oliver Blume. The doubles winners were Raquel Atawo (US) and Jelena Ostapenko (Latvia). Maria Sharapova, three-time winner in Stuttgart, returned to the WTA tour amidst worldwide attention after a 15-month ban. The American player Tracy Austin, who became the crowd favourite in 1978 as a 15-year-old teenager at the first Porsche Tennis Grand Prix in Filderstadt, was the anniversary guest. The 40th edition of the tournament was not only a huge success with the public; the players, too, enjoy this traditional championship more than any other in the Premier 700 category on the WTA tour. In 2017, they once again voted the Stuttgart event the most popular tournament – for the ninth time since it moved to the Porsche arena in 2006 and for the fourth time in succession.



LAURA SIEGEMUND

40,000 euros for children in need

In its anniversary tournament, the Porsche Tennis Grand Prix also supported charitable organisations which promote the well-being of children throughout the world with its Aces for Charity campaign. Porsche donated 200 euros for each ace. In 2017, 179 aces were struck on the way to the final – and Porsche rounded the 35,800 euros generated up to 40,000 euros. The sum will be shared equally between the Agapedia Foundation and Plan International, both of which are charity partners of the Porsche Tennis Grand Prix.

In April, Porsche and the Women's Tennis Association (WTA) entered into a global partnership which will run for several years. Porsche will be the official and exclusive automobile partner of the WTA and, under the heading "Porsche Race to Singapore", the new title partner for the qualifying rankings for the WTA Finals in Singapore.



EXCLUSIVE AUTOMOBILE PARTNER OF THE WTA

New global partnership between Porsche and the WTA

In April, Porsche and the Women's Tennis Association (WTA) entered into a global partnership which will run for several years. Porsche will be the official and exclusive automobile partner of the WTA and, under the heading Porsche Race to Singapore, the new title partner for the qualifying rankings for the WTA Finals in Singapore. The campaign will run throughout the season and will culminate in the WTA's showcase event with the eight most successful singles players. The player who, after 57 tournaments – that is, after the 57th round – leads the results list in the Porsche Race to Singapore at the end of the season is not only ensured a starting place in the prestigious final tournament of the season but is also rewarded with a Porsche 911 Carrera GTS. The first winner is the 26-year-old Romanian Simona Halep, who received her winner's vehicle during the WTA Finals. Coming on top of the Porsche Tennis Grand Prix and Porsche's involvement in German women's tennis, the Porsche Race to Singapore now makes the sports-car maker a visible presence in tennis throughout the whole year.

Porsche continues as premium partner of the DTB

The German Tennis Federation (DTB) and Porsche are extending their premium partnership until 2020. This cooperation, which chiefly comprises the support of Porsche Team Germany in the Fed Cup and of young players in the Porsche Talent Team, has existed since 2012. An example of the successful promotion of top talents is Carina Witthöft, a member of the Porsche Talent Team up to the start of 2016. The 22-year-old from Hamburg is about to enter the top 50, made her first appearance in the Fed Cup Team in April, and won her first title on the WTA Tour in Luxembourg in October. Julia Görges from Porsche Team Germany has now won her fourth title. In the final of the WTA Elite Trophy in Zhuhai, China, at the beginning of November, she beat the American Coco Vandeweghe 7:5, 6:1, marking the biggest success of her career. This means that the 29-year-old from Bad Oldesloe goes into the winter break as number 14 in the world rankings – the best ranking so far for the winner of the Porsche Tennis Grand Prix 2011.



JULIA GÖRGES

Julia Görges from Porsche Team Germany has now won her fourth title. In the final of the WTA Elite Trophy in Zhuhai, China, at the beginning of November, she beat American Coco Vandeweghe 7:5, 6:1, marking the biggest success of her career.

Porsche brand ambassadors

Maria Sharapova, Porsche ambassador since 2013, won the WTA Tour tournament in Tianjin, China, in October. It is the 36th title won by the multiple Grand Slam winner. Angelique Kerber has been a brand ambassador since 2015. In October 2017, she received the Jerry Diamond ACES Award from the WTA. This prize is awarded to the player who makes an exemplary contribution off the court to promoting public interest in women's tennis. The former world number one earned the award, the jury said, because of her regular commitment to charity events and fan events around the world, as well as her numerous initiatives with children.



MARIA SHARAPOVA

Golf

Porsche Generations Open

The innovative amateur golf tournament series, the Porsche Generations Open, was staged for the second time in Germany in 2017. Once again, the response to the three tournaments was consistently positive. The concept of a team competition with players from two generations with a minimum age difference of 20 years has also evoked international interest – Porsche Great Britain and Porsche Brazil adopted this format in the year under review.



PORSCHE GENERATIONS OPEN



JORDAN SMITH

Porsche European Open in Hamburg

In July, Porsche was, for the third time, the title partner of the prestigious European Tour tournament, which has a prize fund of two million euros. After two years in Bad Griesbach, Bavaria, the tournament moved to northern Germany to the Green Eagle golf course, just outside Hamburg. The tournament weekend was rung in with the Porsche European Open Team Challenge, a golf show on the Reeperbahn, in which eight top stars of the event took part in a team competition. Over four tournament days, nearly 40,000 enthusiastic spectators followed the victory of Englishman Jordan Smith in the play-off against the French defending champion Alexander Lévy. For 24-year-old tour rookie Smith, this was his first victory on the European Tour.

Porsche Golf Cup celebrates its 30th edition

More than 12,000 amateur golfers participated worldwide in the 200-plus preliminary round tournaments of the Porsche Golf Cup 2016. This meant that the record number of participants from the previous season was once again exceeded and illustrates the growing interest of Porsche customers in golf. The best 98 players from 20 nations qualified for the world final in May 2017 in Mallorca. The winner of the prestigious nations ranking was Team Great Britain. This exclusive amateur tournament series for customers has existed since 1988 and is organised by Porsche AG together with the Porsche Centres and Porsche distribution companies. In the year under review, the Porsche Golf Cup in Germany celebrated its 30th edition.

Porsche initiates a global golfing network

Teeing off into digital worlds: in October, at the Founding Member Event in Penha Longa, near Lisbon, the starting signal was sounded for the Porsche Golf Circle. This is an international, app-based community exclusively for Porsche customers who are golf enthusiasts. The sports-car maker is thus continuing to develop its commitment to golf. Anyone who owns a Porsche can become a member of the Porsche golf network. The platform for it is an app for Android and iOS which enables members to come into contact with other participants in the community, find playing partners worldwide and obtain information about current Porsche golfing activities. In addition, further services are planned such as training tips in the form of digital golf tutorials, assistance on the rules and experience reports. From 2018, the highlights of the Porsche Golf Circle will be exclusive event formats all over the world.



RESEARCH AND DEVELOPMENT

New 911 GTS models

Porsche has continued to expand its 911 product range by adding five GTS models. The 911 Carrera GTS with rear-wheel drive and the 911 Carrera 4 GTS with all-wheel drive are both available as a coupe and cabriolet. The 911 Targa 4 GTS with all-wheel drive has also joined the portfolio. Newly developed turbochargers for the 3.0-litre flat-6 engine raise its performance to 331 kW/450 hp. The drive system has 22 kW/30 hp more than the 911 Carrera S and 15 kW/20 hp more than the previous GTS model with a naturally aspirated engine.

World premieres in Geneva

Porsche ushered in the spring with three spectacular world premieres at the Geneva Motor Show in March. The Panamera Sport Turismo gives the Panamera family a new body version. Based on the successful sports saloon, the new model's unique design makes a new statement in the luxury segment. Generating up to 404 kW/550 hp, the four-door Sport Turismo is also more versatile than any other member of its class. With a large tailgate, low loading sill, larger luggage volume and 4+1 seating concept, this new car meets high demands for everyday usability and flexibility.

One special feature is its adaptive roof spoiler – currently the only one in its segment. Depending on the driving situation and vehicle settings, the spoiler can occupy one of three levels and generate up to 50 kilos of additional downforce on the rear axle. At speeds of up to 170 km/h this aerodynamic guide element – a key system component of Porsche Active Aerodynamics (PAA) – remains retracted at an angle of minus seven degrees which reduces drag and thereby optimises fuel consumption. Above 170 km/h the roof spoiler automatically extends to the performance position with an angle of plus one degree, where it enhances driving stability and lateral dynamics.



PANAMERA TURBO SPORT TURISMO

The car comes in four model versions: the Panamera 4 Sport Turismo, Panamera 4 E-Hybrid Sport Turismo, Panamera 4S Sport Turismo and Panamera Turbo Sport Turismo.

The second hybrid version of the Panamera is the first plug-in hybrid to be positioned at the top of a Porsche model line, reflecting the great importance that the company attaches to electromobility. The new 500-kW/680-hp Panamera Turbo S E-Hybrid adds an electric motor to the 4-litre V8 engine from the Panamera Turbo. This generates overall system performance of 500 kW/680 hp and impressive power development with 850 Nm of torque available at just above idling speed. This in turn enables acceleration from zero to 100 km/h in 3.4 seconds and a peak speed of 310 km/h. The boost strategy for this flagship Panamera model with all-wheel drive comes from the 918 Spyder super sports car. Average fuel consumption in the New European Driving Cycle is 2.9 l/100 km, and the fully electric range can reach 50 kilometres. The electric motor is powered by a liquid-cooled lithium-ion battery with an energy capacity of 14.1 kWh. Integrated into the rear of the car, the high-voltage battery can be fully charged in

six hours using a 230-volt 10-amp connection. With the optional 7.2-kW on-board charger and a 230-volt 32-amp connection instead of the standard 3.6-kW system, the Panamera's battery can be fully charged in 2.4 hours.

The 911 GT3 presented by Porsche in Geneva is a racing-based two-seater with systematic lightweight construction that is ideal for both motorsport and everyday use. The heart of the 911 GT3 – its flat-6 engine with 368 kW/500 hp – have been completely re-designed by Porsche Motorsport and is already being used in adapted form in the 911 GT3 R, 911 Cup car and 911 RSR. The newly conceived variable intake system made of lightweight synthetic material has two integrated resonance butterflies compared to just one in the predecessor model. Depending on load and engine speed, these open singly or simultaneously to enable a considerably higher torque curve than before. One beneficial side effect consists of efficient load alteration that enhances fuel consumption. Both the re-worked chassis with rear-wheel steering and the systematic lightweight construction are designed to convert engine power into outstanding driving dynamics.



911 GT3



718 CAYMAN GTS



PANAMERA TURBO S E-HYBRID

Luxurious: the 911 Turbo S Exclusive Series

In the summer Porsche introduced the 911 Turbo S Exclusive Series, a limited edition of 500 cars. The coupe generates 446 kW/607 hp, or 27 hp more than the standard 911 Turbo S. Its 3.8-litre bi-turbo flat-6 engine with an exclusive power kit has a peak torque of 750 Nm that is available between 2,250 and 4,000 rpm. The Turbo S sprints from zero to 100 km/h in 2.9 seconds, with a peak speed of 330 km/h. Its combined fuel consumption, which does not differ from the standard model, is 9.1 l/100 km and corresponds to 212 g/km of CO₂ emissions.

Impressive features of the 911 Turbo S include its unique design, luxurious details and higher-grade materials. The sports car is finished by hand with meticulous craftsmanship at the Porsche Exclusive Manufaktur workshop in Zuffenhausen. In addition to producing limited-edition series, this in-house workshop specialises in personalising Porsche cars. Customers can choose from a large number of specially developed optional features.



911 TURBO S EXCLUSIVE SERIES

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CARBON WHEELS

Carbon wheels: exclusive innovation

Porsche is the world's first car manufacturer to offer lightweight wheels with braided carbon fibre. They are available as an option for the Porsche 911 Turbo S Exclusive Series. The high-tech carbon material's characteristic black colour is shown to full advantage under a protective clear coating.

The innovative wheels weigh a total of approximately 8.5 kilos, or 20 per cent less than the standard lightweight alloy wheels, and are 20 per cent stronger at the same time. This lower unsprung weight enables the tyres to trail the surface of the road better and transfer longitudinal and lateral forces in optimised form. Lower rotating masses also mean greater spontaneity in both acceleration and braking, which in turn enhances driving dynamics and pleasure.

The new Porsche 718 GTS models

Porsche has added the new 718 Boxster GTS and 718 Cayman GTS two-seaters to its family of mid-engine cars. A newly developed intake duct and an optimised turbocharger have increased performance to 269 kW/365 hp, so the 2.5-litre flat-4 engine generates 11 kW/15 hp more output than the 718 S model and up to 26 kW/35 hp more than the previous GTS models with naturally aspirated engines.

Porsche Active Suspension Management (PASM) lowers the body by ten millimetres. Peak torque of up to 430 Nm enables even better acceleration and flexibility values. It is available between 1,900 and 5,000 rpm. Together with a Porsche double-clutch transmission (PDK) and Sport Chrono Package, the GTS models race from zero to 100 km/h in 4.1 seconds. The peak speed is 290 km/h.

The GTS cars stand out in the 718 model line in technical but also visual terms. The new Sport Design front apron accentuates their sporty character. Their front light modules and bi-xenon headlights are tinted black in the typical GTS manner.

New Cayenne celebrates world premiere

Porsche held a spectacular event in Zuffenhausen in August to present the third generation of the Cayenne. More than 770,000 cars in this model line have been sold since 2002. The completely redeveloped third generation of the SUV is more precise, elegant, athletic and expressive, and influenced strongly by the 911. It now offers mixed tyres and rear-axle steering for the first time. Despite an expanded range of standard equipment, it weighs up to 65 kilos less thanks to intelligent lightweight construction. Its exterior shell is made entirely of aluminium, as is its floorpan assembly, front section and nearly all of its chassis components.

Of special technical note is its innovative lithium-ion polymer starter battery, which alone makes the car ten kilos lighter than the previous model. This new-generation line was launched with two newly developed six-cylinder petrol engines that generate 250 kW/340 hp in the Cayenne and 324 kW/440 hp in the Cayenne S.

The Cayenne has been thoroughly digitalised and networked. Its expanded range of performance from sportiness on the one hand to comfort on the other is due not least of all to the new eight-speed Tiptronic S gearbox. Shorter response times and sportier ratios in the lower gears enhance both on-road performance and off-road capacities. At the other end of the expanded range, the long-transmission eighth gear ensures low rpm levels and optimises fuel consumption on leisurely drives.

Shortly after the world premiere, Porsche presented the Cayenne Turbo. The new flagship of this SUV generation, it significantly raises the standard for sporty performance in its segment yet again. Its four-litre bi-turbo V8 engine generates 404 kW/550 hp. Innovative technologies like the active aerodynamics including a roof spoiler, the controlled three-chamber pneumatic suspension, mixed tyres and a new high-performance braking system combine to lay the foundation for even better driving dynamics.



CAYENNE TURBO

Porsche has raised connectivity to a new level in the new Cayenne. The many different options are a key component of Porsche Connect Plus, which is standard in the new SUV generation.

Porsche Connect Plus

Porsche has raised connectivity to a new level in the new Cayenne. The many different options are a key component of Porsche Connect Plus, which is standard in the new SUV generation. Drivers can now use Porsche Communication Management (PCM) to access Amazon Music, smart-home services from Nest, and Radio Plus, an intelligent combination of conventional and online radio reception. An integrated LTE-compatible SIM card enables the new Cayenne to be permanently online, which is also a standard feature. In addition, Porsche has developed a simplified smartphone app for the main Connected Car functions. And Amazon Music subscribers can enjoy one of the most popular streaming services in the Cayenne directly via PCM. Amazon Music offers not only a wide range of music but also other entertainment services in Germany such as live audio streaming of Bundesliga football matches.

The further developed online navigation system with real-time traffic information is now even simpler, faster and more comprehensive. A central "finder" – whose icon is a magnifying glass in the PCM's header – makes it easy to search for destinations. The finder also offers a lot of additional information such as petrol prices, locations of parking garages including their prices and opening times, and user reviews of hotels and restaurants. The new Voice Pilot function makes it just as simple to give spoken commands to the navigation system. Porsche's voice control has again been further enhanced. Online speech recognition makes voice input more intuitive than before. For example, destinations can be entered without all the details in the address.

The route calculation system has also been optimised, thanks to simultaneous processing of on-board and online information. It calculates routes both internally in PCM and online. PCM automatically selects the best route, but always starts with the one calculated first. The navigation system also uses the new Risk Radar service to process swarm data: this data has been gathered and transmitted anonymously by vehicles equipped with special sensor systems to detect conditions like fog, slippery driving surfaces and accidents. The new Cayenne can therefore help to reduce risks and prevent accidents.

GT2 RS is the fastest 911 of all time

The Festival of Speed in Goodwood (United Kingdom) provided the setting for the world premiere of the 911 GT2 RS – the fastest and most powerful 911 of all time. The heart of this high-powered sports car is a bi-turbo flat-6 engine with 515 kW/700 hp that accelerates the 1,470-kilo two-seater with a full tank of fuel from zero to 100 km/h in 2.8 seconds. Its peak speed is 340 km/h. The 911 GT2 RS set a new record for road-authorized sports cars on the Nürburgring-Nordschleife (Nürburgring north loop) with a time of 6:47.3. As usual for record laps, this was measured on the 20.6-kilometre circuit. The average speed was 184.11 km/h.

Premiere at the IAA:

911 GT3 with Touring Package

The 911 GT3 with Touring Package joined the ranks of purist high-performance sports cars with its debut in September at the International Motor Show in Frankfurt am Main (IAA). The car only comes with a manual six-speed gearbox, and has a variable rear spoiler. Its four-litre naturally aspirated racing engine generates 368 kW/500 hp and develops 460 Nm of torque. With optimal gear shifting, the 911 GT3 with Touring Package powers from zero to 100 km/h in 3.9 seconds, and has a peak speed of 316 km/h.

The "Touring Package" name recalls a set of equipment for the 911 Carrera RS from model year 1973. Then, too, the focus was on purist 911 design and classic interior features. The new 911 GT3 with Touring Package picks up on and modernises this idea. In keeping with the character of a purist GT car, high-grade leather features prominently in the interior. Smooth-grained leather lines the steering wheel with a 12-o'clock marker, shift lever, door-panel arm rests, storage compartment cover on the central console and door handles.

The 911 GT3's body has impressively large air inlets in its specially designed front end, as well as the model's typical air outlet in front of the luggage compartment lid. Forged lightweight metal wheels with central locking dominate the side view. With the body 44 millimetres broader at the wheel arches than the 911 Carrera, the tyres leave a powerful impression. The body has also been lowered by 25 millimetres, which accentuates the broad appearance. This car appeals to fans of high-calibre sports cars who have a strong predilection for understatement and classic driving pleasure.



911 GT2 RS

Porsche Exclusive Manufaktur refines the most powerful Macan

Porsche presented the Macan Turbo Exclusive Performance Edition, an especially elegant variant of the flagship Macan model, in October. This Edition model is based on the Macan Turbo with Performance Package, which has a 3.6-litre V6 turbocharged engine that generates 324 kW/440 hp. The car is only available in selected markets. Exclusive design features on both the exterior and interior accentuate the especially sporty character of this most powerful derivative in the model line.

This "sports car among SUVs" is meticulously hand-finished in the Porsche Exclusive Manufaktur workshop at the Leipzig production site. The Macan Turbo Exclusive Performance Edition's unique appearance is based on the standard Turbo exterior package, which includes 21-inch 911 Turbo Design wheels with spokes painted high-gloss black on the sides, LED main headlights and tinted rear lights.

The car's exclusive character is emphasised by design highlights created solely for this model, such as Carmine Red elements on the front spoiler, rear apron and sideblades. The "Macan Turbo" model designation also appears in Carmine red below the Porsche insignia in high-gloss black at the rear.

Stuttgart hosts global electromobility conference for first time

Stuttgart holds global electromobility conference for the first time The International Electric Vehicle Symposium & Exhibition (EVS30) was held for the first time in Stuttgart in October. As the electromobility industry's largest and leading event worldwide, it attracts experts from around the globe who report on the latest technologies, developments and trends. Porsche was both a sponsor and an exhibitor at the EVS30.

The technological changes brought about by electromobility require a wide range of new strategies and solutions. Major topics included new approaches to products and production, regional mobility strategies and solutions, and mass market access. Some 250 experts gave talks on the latest developments in fuel cell and battery research as well as charging technology, electricity sources and supply, integrated product solutions, digitalisation including intelligent charging infrastructure, and connected approaches to mobility. Porsche was represented by ten speakers at the symposium, and presented three major exhibits: the 919 Hybrid that won Le Mans, the Cayman e-volution as a "research lab on wheels" and the high-speed charging system known as Porsche Turbo Charging which celebrated its premiere at the EVS30 and will be installed worldwide starting in autumn 2018.

The Festival of Speed in Goodwood (United Kingdom) provided the setting for the world premiere of the 911 GT2 RS – the fastest and most powerful 911 of all time.

Less is more – the new Porsche 911 Carrera T

In October, Porsche presented the 911 Carrera T, a new take on the purist 911 T of 1968 – lower weight, shorter transmission ratios for the manual gearbox, and rear-wheel drive with a mechanical rear differential lock. Based on the 911 Carrera, this new model has its own visuals and delivers 272 kW/370 hp. The 911 Carrera T – "T" stands for Touring at Porsche – has additional elements not found in the 911 Carrera. These include PASM sports suspension with a 20-millimetre lowered body as a standard feature, a weight-optimised Sport Chrono Package, shortened gear lever with a red shift diagram, and Sport-Tex seat centres. The 911 Carrera T also has optional rear-axle steering, which is not available for the 911 Carrera. All the features are designed to enhance sportiness and lower the weight. Sound insulation is reduced to a minimum. The car does not have rear seats or Porsche Communication Management (PCM), although both are available at no extra cost if desired. With an empty weight of 1,425 kilos, this two-seater is 20 kilos lighter than a 911 Carrera with comparable systems.



911 CARRERA T

Worldwide innovation: New PSCB brake for greater performance and sustainability

Porsche places the highest priority on safety for its own products and especially for everyone on the roads. The company has therefore always devoted special attention to developing and continuously improving its braking technologies. With the latest generation of the Cayenne, Porsche has introduced an innovative grey-iron brake disc that sets new standards worldwide in performance and sustainability. The Porsche Surface Coated Brake (PSCB) features discs with an extremely hard coating made of tungsten carbide along with specially developed pads. This new system has considerably better properties than conventional grey-iron brakes. In addition to unique visuals, these include further optimised responsiveness and very high fading stability also under extreme conditions. As for sustainability, the PSCB breaks new ground with considerably less wear than conventional uncoated brake discs. Brake service lives are thereby lengthened by at least 30 per cent, or even more depending on usage. In addition to significantly reduced wear, the brake produces around 90 per cent less of the usual dust. This means lower particulate levels and better environmental compatibility – coupled with better performance. Thanks to its innovative coating, the new brake is absolutely corrosion-free and shows constant friction values throughout its entire service life. The PSCB is standard in the Cayenne Turbo and an option for all other Cayenne models. Plans call for rolling it out to additional model lines.

Sales, production, procurement

Sales

Production

Procurement



SALES

Customer service further improved

In 2017, Porsche concentrated on improving customer service through a variety of different projects. In addition to strategically important external studies and comparisons with the competition, Porsche also conducts its own continuous measurement of customer satisfaction with sales and service processes. Real-time reporting has been set up that directly informs responsible parties within the system of customer feedback.

With the start of the "Excite! Driving Global Customer Culture" initiative, the company aims to further enhance its customer focus. The project is being introduced as a pilot project at Porsche Cars North America and Porsche AG in Germany. The project focusses on two key questions: How can the internal customer focus be further enhanced? And how can employees' proximity to customers be further enhanced? Understanding, knowledge and empathy play a central role here. Based on comprehensive analyses of the customer culture, in 2017 top management defined customer-orientation guidelines. Training and coaching for the implementation of these guidelines have been successfully initiated and will be continued and expanded through innovative tools in the years to come.

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Process and customer management

CRM@Porsche is the central process and customer management platform for all affiliated subsidiaries and their dealers and is integrated across all sales levels. The platform also includes all further customer-related applications. To ensure successful and efficient management of the customer journey, the continuous development of CRM@Porsche is essential. The goal is a fully integrated back-end of the current and future customer ecosystem. The platform will therefore be further developed technically, functionally and visually in the coming years. In 2017 the emphasis of the project CRM@Porsche 2017+ was on technical readiness. The focus here was on preparing the implementation of new processes, functions and applications. There are also plans to develop a new user experience that guides and supports users through the processes and functions.

Porsche strengthened its digital customer presence yet again in 2017. With My Porsche, the Connect portal revised in 2016 was expanded as a personal interaction platform for the customer with Porsche and introduced in some initial markets. Customers and potential buyers now have access to the entire digital and service portfolio custom-tailored to their individual needs using their Porsche ID. The range is continuously being expanded and already includes numerous Connect services, remote vehicle information, after-sales functions and smart mobility products.

Recognition and prizes from all quarters

Numerous international studies have confirmed the positive effects of the customer service and customer satisfaction measures. In 2017, Porsche came out tops in the overall rankings of the Automotive Performance, Execution and Layout Study (APEAL) quality study by the US market research institute J.D. Power for the 13th straight year. Porsche thus remained the automobile brand with the highest attractiveness for customers in the US. Moreover, the Porsche 911, Cayenne and Macan models also topped their respective categories. The survey involved more than 69,000 new car owners, who rated 243 models from 33 manufacturers in ten categories. Also conducted in the US by J.D. Power, the Initial Quality Study (IQS) annually surveys new car customers regarding defects in their vehicles. With its repeat top ranking, the sports-car icon 911 led the tables for the sixth year in a row in the "Midsize Premium Sporty Car" category. US customers have thus rated the legend from Zuffenhausen as having the best quality every year since 2012. The Macan took top honours in the "Compact Premium SUV" segment. Since its survey debut in 2015, it has thus headed the category three times on the trot. The Porsche plant in Leipzig once again took gold and thus the top spot among all plants in Europe and Africa.

The US consumer magazine Kelley Blue Book handed out a total of four Brand Image Awards to the sports-car maker: the Porsche brand in the "Best Performance Luxury Brand" category, the Porsche Macan in "Best Resale Value – Luxury Compact SUV/Crossover", the Porsche Panamera in "Best Resale Value – High-End Luxury Car", and the Porsche 718 Cayman in "Best Resale Value – Sports Car". Readers of the US car magazine Car and Driver placed the Porsche 718 Boxster and Cayman among the "10 Best Cars" and the Porsche Macan among the "10 Best Trucks/SUVs".

In Germany, over 120,000 readers of the trade magazine auto motor und sport gave top honours to Porsche 911 Carrera and the Porsche 911 Cabriolet – as in the previous year – in the "Best Cars 2017" rankings in the sports-car and convertible categories, respectively. The new Porsche Panamera, meanwhile, took victory in the luxury class in its debut year. Readers of sport auto named Porsche models best in class in four out of ten categories. The 718 Boxster S, 911 Carrera GTS, 911 Carrera GTS Cabriolet and the 911 GT3 all conquered their respective competitors. Porsche was the most successful manufacturer in the survey. The British magazine Top Gear honoured the Porsche 911 GT3 with its "Engine of the Year"



APEAL AND KELLEY BLUE BOOK: MACAN

award and the Porsche 911 GT2 RS with the Code Brown Award as the "Scariest Device of the Year".

And in winning the "Golden Steering Wheel" from Bild am Sonntag and Auto Bild, the Panamera Sport Turismo was named the best sports car of 2017, securing one of the most important European automobile awards. The Golden Steering Wheel has been awarded by the publications of the Axel Springer publishing house since 1976 and is regarded as the Oscars equivalent for cars, with its exceptional international renown.

For the 14th time, Auto Bild and Schwacke named their "Value Champion". The award compares all models sold in Germany in 13 vehicle segments and names the vehicle with the most stable value in each class. With a value loss of just 34.7 per cent after four years, the Porsche Macan S Diesel again took the title as the most stable-valued car in Germany. In total, Porsche scored four class wins: in addition to the Macan, the 718 Cayman S PDK won the sports-car class, the Panamera 4S Diesel the luxury class and the Cayenne Diesel the SUV class.



BEST CARS 2017: PANAMERA 4S



GOLDEN STEERING WHEEL: PANAMERA TURBO SPORT TURISMO

In 2017, Porsche came tops in the overall rankings of the Automotive Performance, Execution and Layout Study (APEAL) quality study by the US market research institute J.D. Power for the 13th straight year. Porsche thus remained the automobile brand with the highest attractiveness for customers in the US.

Dealership Sustainability Initiative

With its Dealership Sustainability Initiative, Porsche supported the planning, construction and operation of environmentally sustainable Porsche Centres. One innovative example was the development of a photovoltaic carport that is now being used at Porsche dealerships worldwide. Specially designed for Porsche vehicles, the carport enables the charging of plug-in hybrid and electric vehicles with locally generated renewable energy. It also protects against weather conditions. The elegant support structure with integrated Porsche universal chargers (AC) features a roof structure made of semi-transparent glass-glass photovoltaic modules. For two parking places, for example, they generate more than 3,000 kilowatt-hours of energy per year – enough electricity for over 200 battery charges for a Panamera 4 E-Hybrid, which corresponds to an electronic range of roughly 10,000 kilometres. The photovoltaic carport celebrated its premiere on the North Sea island of Sylt. Plug-in hybrid vehicles hired out by Porsche Drive can be charged there. Further locations are already in the pipeline.

Porsche was also honoured worldwide for sustainable construction in 2017. In China, the Porsche Centre Shanghai Waigao-qiao received the "LEED Gold" certification. In the US, the Porsche Experience Centre in Los Angeles was rated "LEED Certified".

New corporate identity

New design for the Porsche brand presentation: Porsche changed its corporate identity for the first time in roughly 20 years. The in-house font, colours and image presentation that the sports-car maker now uses in its communications, such as publications, catalogues, ads, signs, online media and even the displays in its vehicles, have been fundamentally reworked. The result is a significantly modernized and even more emotional presentation. Porsche had been resolutely applying its previous corporate identity since 1996 and with it had given the brand an unmistakable appearance. With the growing importance of digital channels, the new design effort placed great importance on establishing a brand presentation that would work online as well, and unmistakably stand for Porsche. In the future, the colour scheme will focus in the colour white, accompanied by four grey tones, black and a new, brilliant Porsche red. The colour Acid Green was retained as the communications colour for the E-Performance area. The Porsche Next in-house font was also redesigned.

The Aftersales department also focussed on the market launch of the new Cayenne in the reporting year as well as securing the worldwide replacement parts supply for the third SUV generation. In addition to the definition and provisioning of replacement parts, new digital, interactive Driver's Manuals and an app for customers were developed.

Porsche and Microsoft

Virtual driving pleasure for real: Porsche and Microsoft plan to collaborate more closely in the future. At the 2017 New York International Auto Show, the two companies agreed to a six-year partnership in the field of racing games and electronic gaming competitions. In the future, sports cars from Porsche will have a greater presence in the racing game series Forza Motorsport and Forza Horizon. One central element of the partnership is the growth field of eSports – i.e. competitions in which players compete in virtual gaming contests. The kick-off for the engagement was the Forza Racing Championship (ForzaRC), the leading eSport racing series with the largest online racing community worldwide. Based on the current Xbox racing game Forza Motorsport 6, in which Porsche has been involved with over 20 cars since 2016, the ForzaRC 2017 season provided a motor racing championship for all Porsche fans.

Aftersales: professional service

The Aftersales department also focussed on the market launch of the new Cayenne in the reporting year as well as securing the worldwide replacement parts supply for the third SUV generation. In addition to the definition and provisioning of replacement parts, new digital, interactive Driver's Manuals and an app for customers were developed. Aftersales also achieved a very strong insurance rating for the Cayenne. New repair concepts continued to be developed. For example, a procedure that enabled particularly rapid testing for wear on the new PSCB brake utilising a paint-thickness measuring device was introduced. This enabled more cost-effective and simultaneously higher-quality service both for the customer and the Porsche Centre.

To ensure that vehicles could be rapidly and competently serviced or repaired, a comprehensive training programme for the employees of Porsche Centres was initiated worldwide. The focus of the training programme was new technologies and systems used in the Cayenne. The qualification of the dealer organisation as well as the further development of the course and training methods were core themes in the effort to prepare dealers optimally for coming vehicle generations.

The advancing electrification of the vehicle models also took on a central role in the aftersales context. In particular, this included the development of a powerful charging infrastructure at the Porsche locations that would allow the recharging of vehicle batteries at currently unimaginable speed – independent of the capacity of the available connection

lines. In the reporting year, a clear course was charted for these new technologies, and the requisite infrastructure and processes are in development. At the same time, the Sales department and the Volkswagen Group were hard at work on "intelligent home charging". With automatic consideration of the electricity price and the current electricity needs of all consumers in the household, the system enables rate-optimised charging.

The Porsche vehicles of the future will, moreover, be "always online". In 2017, the Aftersales department worked on various over-the-air (OTA) functions. In the future, these capabilities will enable one-click purchasing of new vehicle functions in the Porsche navigation system. Analyses and troubleshooting will also be possible without the customer having to visit a Porsche Centre.

The Aftersales department also worked on Service Packages offering customers all-inclusive comprehensive services. All costs for maintenance or replacement of high-wear components, for example, would be covered by a single price. This would then ensure optimal care for the vehicle.

To make day-to-day work in the Porsche Centres more efficient and pleasant, all Aftersales systems were modernised in 2017. In the future, roughly 30 systems will be united in a single frontend.

2018 TÜV Report: quality at Porsche

In the 2018 TÜV Report published in November 2017, the 911 models from Porsche once again demonstrated their superior long-term quality. Among the six- to seven-year-old models as well as the eight- to nine-year-old and ten- to eleven-year-old models, the 911 topped the list in each category. The 2018 TÜV Report was based on the results of the main study. In the study period between July 2016 and June 2017, the results from nearly nine million vehicles were evaluated.

Collaboration project in battery recycling

In Aftersales, Porsche is collaborating with the Swedish company Box of Energy. The joint project involves the recycling and further use of lithium high-voltage batteries. A prototype for a second-life energy storage unit is in progress. The unit is comprised of two used Panamera batteries installed in a stationary energy storage unit with 18 kilowatt-hours of capacity. Depending on market and customer demands, specific solutions for the storage of solar power generated in-house or cheap purchased electricity for later use will be developed. In conjunction with renewable energy sources, the project makes an important contribution since the need for temporary storage of electricity is continuing to rise. The use of used vehicle batteries as energy storage units significantly reduces waste and the consumption of raw materials.



PORSCHE CLASSIC CENTRE IN NORWAY

Porsche Classic expands offerings

In addition to current vehicles, classic Porsche models continue to enthuse fans worldwide. Porsche Classic handles all vehicles whose production period lies more than about ten years in the past. This includes all aspects, from technical literature to the provision of 52,000 original parts and even complete vehicle restoration. New additions to the replacement parts assortment included the brake drum for the Porsche 356 A and the Porsche Classic Vehicle Tracking System, which provides an additional anti-theft protection measure for classic sports cars. For the optimal maintenance of the vehicles and to provide an expert point of contact for classic Porsche enthusiasts, the international dealer and service network was further expanded in 2017. Locations were added in Australia, Hong Kong and Norway. Customers and potential buyers therefore now have a total of 60 Porsche Classic partners worldwide, including three Porsche Classic Centres. The Porsche Classic Centres now bring together services, auto repair and sales of classic sports cars under one roof for the first time. Porsche has thereby integrated the care and value preservation of modern classic and older classic cars in a single service concept that honours tradition and innovation in equal measure.

New additions to the replacement parts assortment included the brake drum for the Porsche 356 A and the Porsche Classic Vehicle Tracking System, which provides an additional anti-theft protection measure for classic sports cars. For the optimal maintenance of the vehicles and to provide an expert point of contact for classic Porsche enthusiasts, the international dealer and service network was further expanded in 2017.

PRODUCTION

In the 2017 financial year, Porsche produced a total of 255,683 vehicles. This constitutes an increase of about seven per cent compared with the previous year. All vehicles in the 911 (33,820 units), 718 Boxster (12,900 units) and 718 Cayman (5,081 units) model ranges came off the production line at the Zuffenhausen plant. Thus, Porsche produced a total of 51,801 cars at its headquarters in Zuffenhausen. A total of 156,439 vehicles were manufactured at the Leipzig plant, amounting to around 61 per cent of Porsche's total production. 98,763 units in the Macan model range came from Leipzig, plus 20,071 Cayennes and 37,605 Panameras. 5,286 units of the third-generation Cayenne were produced in Bratislava (Slovakia). Porsche produced 33,711 Cayennes at the Volkswagen Group's multi-brand site in Osnabrück and 8,446 units of the 718 Cayman.

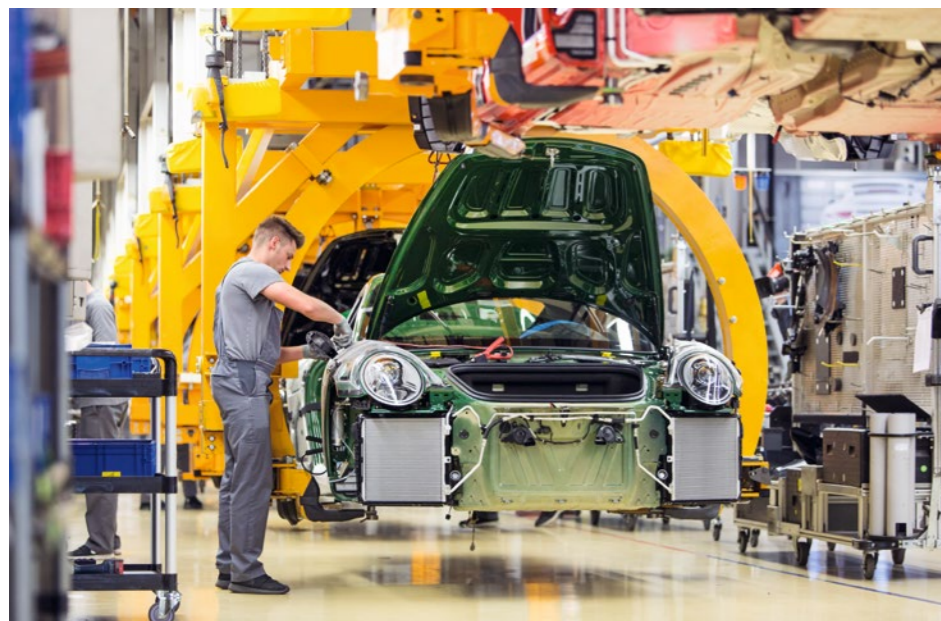
Production in Zuffenhausen

On May 11, the millionth Porsche 911 came off the production line in Zuffenhausen: a Carrera S in the individual colour Irish green, reminiscent of the first original 911s from 1963. The 911 remains the most strategically important model in the product range, and contributes significantly to Porsche's position as one of the most profitable carmakers in the world. A significant element of Porsche's success is the production site at its headquarters in Zuffenhausen. All the 911 models are built here. An ingenious production principle now enables the assembly of all the sports cars on one production line – the 911, 718 Boxster and 718 Cayman, including their numerous derivatives.

Approval for restructuring in Zuffenhausen

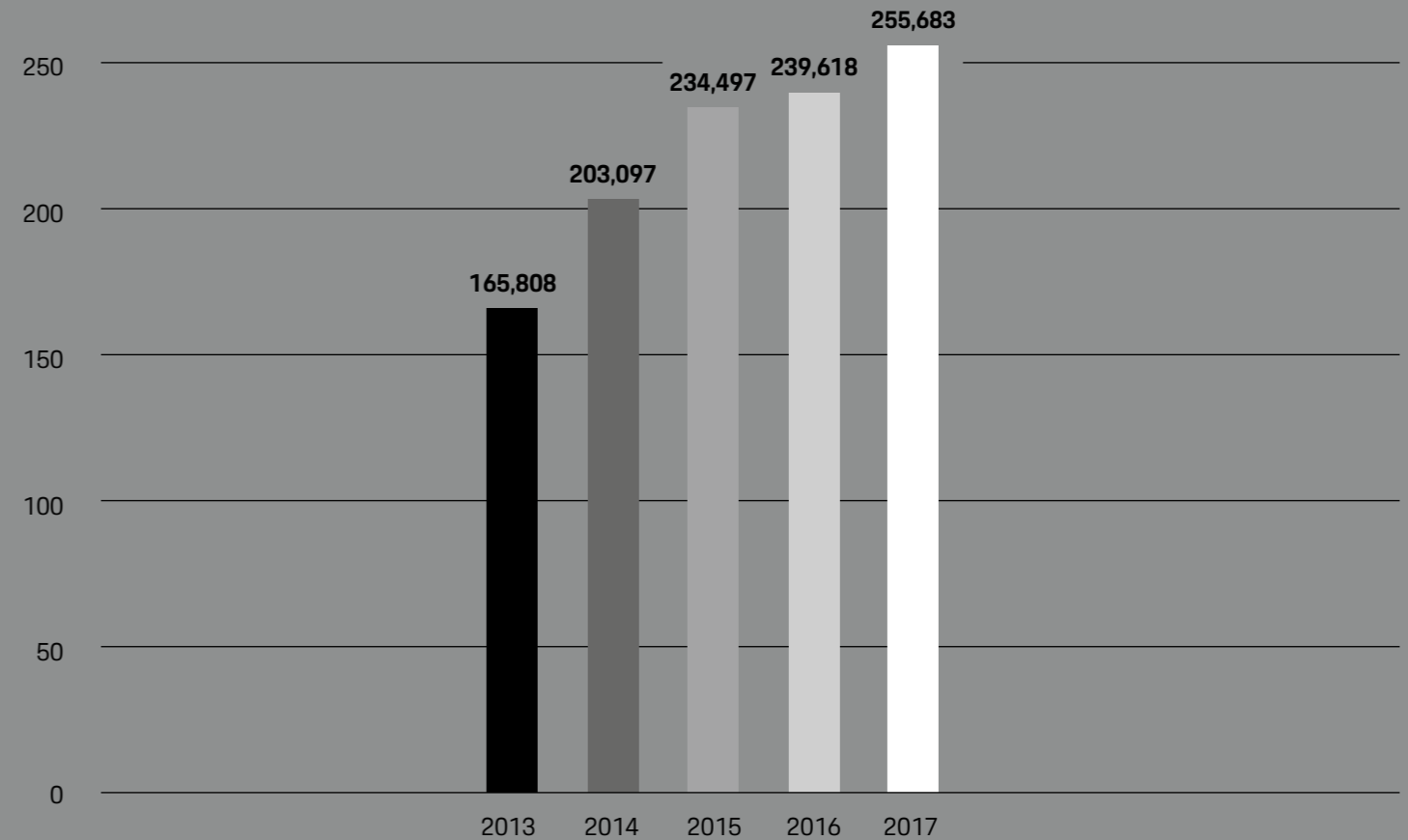
A milestone on the road towards production of the first purely electric sports car was achieved in 2017 when, following a seven-month application review, immission control approval was issued for the restructuring of the traditional site in Stuttgart-Zuffenhausen, with no reservations. The documents submitted comprised 365 files weighing around one tonne in total. The complex procedure included public involvement and determined all the environmental effects of the construction project: for example, the effects on humans, flora and fauna as well as on the landscape and on cultural assets. Over 15 environmental assessments were drawn up for air, noise, water protection and environmental protection. The authorities approved the plant extension, which will result in a capacity of 100,000 vehicles per year. The saddlery, the new engine plant and the vehicle assembly department can also be expanded. Porsche maintained on-going, proactive dialogue with its neighbours during the process.

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THE ONE-MILLIONTH 911

Production volume
Vehicles produced

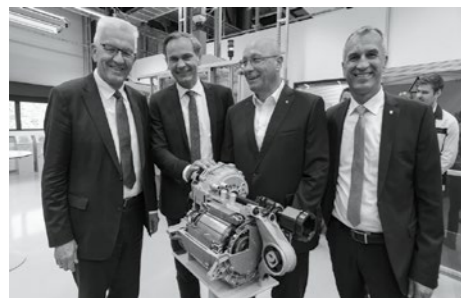


The first Baden-Württemberg industry week

In June, Porsche participated in the first Baden-Württemberg industry week, organised by the Ministry for Economics, Labour and Housing. The company gave an insight into sports-car production as well as into the training developments necessitated by operational changes. Instructors learned how trainees can be involved at an early stage in topics such as digitalisation, electromobility and smart mobility, and the learning methods that can be used for this.

Minister President praises Porsche production

During his visit to Zuffenhausen in July, Minister President of Baden-Württemberg Winfried Kretschmann learned about the company's future direction with regard to electromobility and the associated restructuring of the Stuttgart-Zuffenhausen site. He praised the new engine plant as a role model. "The careful and far-sighted management of urban areas exemplifies sustainability, and the involvement of residents conveys transparency. All these are important steps towards being a role model for climate-friendly mobility," said Kretschmann.



WINFRIED KRETSCHMANN VISIT

Porsche plant particularly sustainable

Porsche is setting standards in terms of sustainability with the expansion and renovation of its headquarters in Zuffenhausen. Plant 4, with the new engine plant, central workshops and additional office space, was given platinum certification by the German Society for Sustainable Construction (Deutsche Gesellschaft für nachhaltiges Bauen, DGNB) in October. This makes Porsche a pioneer in this area. The award honours economic, ecological, socio-cultural, functional and technological process quality in the restructuring and conversion of industrial districts. At the pre-certification in 2015, Plant 4 had already been considered for gold certification, which was the highest award category at that time.

In future, the electric drives of the Mission E will also be produced at the new engine plant, as well as V8 engines. A new building will also be built for the central workshops in Zuffenhausen, which will be located on the premises of the former Mercedes transmission plant. A particular advantage here was that assessments of inherited liabilities and pollutants had already been drawn up in advance of the demolition work and that the renovation recommendations were not only implemented but also supervised by surveyors.

In addition, Porsche set considerably more horticultural plants than is actually prescribed for ecological compensation. The award also acknowledged the future energy mix, including a biogas component, the generous relaxation rooms with adjacent green spaces and park-like areas for employees, and the quality of the entire project management.



PORSCHE ENGINE PLANT

Efficient resource use

In Zuffenhausen, Porsche participated in the Federal State of Baden-Württemberg's project 100 Companies for Resource Efficiency in 2017. In the paint shop, the optimisation of operation in the pre-treatment process for vehicle bodies enable a saving of around 60,000 kilograms of chemicals (e.g. tensides, cleaning agents, pH regulators) per year, in addition to 5,500 cubic metres of fresh water. The procedure is applied in order to remove adhesions and lubricants from the bodywork surface in preparation for the painting process.

The second project that Porsche submitted was the energy optimisation provided by use of drier exhaust heat in the wet chemical waste air purification plant in the Zuffenhausen paint shop. The optimisation enables the necessary separating agent to be heated by the waste heat flow from the paint drier in the waste air purification plant. This achieves electrical energy savings of 750,000 kilowatt hours per year, which corresponds to an emission of 319 tonnes of CO₂.

This commitment was honoured during Baden-Württemberg's 6th Resource Efficiency and Circular Economy Congress: in the presence of Minister President Winfried Kretschmann, Environment Minister Franz Untersteller presented two certificates to Head of Production Albrecht Reimold. Furthermore, both measures were included as examples of excellence in the book "100 Companies for Resource Efficiency", which is being published to accompany the federal state project.



PRE-TREATMENT PROCESS IN PAINT SHOP

New training centre in Leipzig

Porsche's success story is predominantly attributable to its highly qualified and motivated team. In April, the company therefore set an important milestone for excellent vocational training: the newly opened training centre in Leipzig represents a far-sighted investment in the next generation of skilled employees. Covering 2,300 square metres, the new building provides modern workshops and seminar rooms, innovative training tools and thus the ideal infrastructure for vocational training.



TRAINING CENTRE IN LEIPZIG

The newly opened training centre in Leipzig represents a far-sighted investment in the next generation of skilled employees. Covering 2,300 square metres, the new building provides modern workshops and seminar rooms, innovative training tools and thus the ideal infrastructure for vocational training.

Gold for the Leipzig plant

In June, the Porsche 911 won first place in its segment for the sixth time in succession in the Initial Quality Study by U.S. market research institute J. D. Power. This makes it a serial winner in the "Midsize Premium Sporty Car" category since 2012. The Macan also took first place again, for the third time in succession. In the factory ratings for Europe/Africa, Porsche took first place with the Leipzig plant and was thus presented with the Gold Award. Over 77,000 private citizens took part in the survey, evaluating 243 models by 33 carmakers.

Gerd Rupp new head of Porsche plant in Leipzig

On 1 July, Gerd Rupp took over the chairmanship of the Executive Board of Porsche Leipzig GmbH. Rupp succeeded Siegfried Bülow, who had built up and developed the production site over the course of 17 years as plant director. Before moving to Leipzig, Rupp had been director of tool construction for the Volkswagen brand in Wolfsburg for seven years, and had previously worked for Audi AG in Ingolstadt and Barcelona. Siegfried Bülow retired on 1 July. He will continue to be available to the company as a consultant.

Starting signal for the new Panamera Sport Turismo

In July, series production of the new Panamera Sport Turismo began in the Porsche factory in Leipzig. Porsche has expanded the Leipzig site with a new body shop building for the Panamera model family. As part of the 500-million-euro investment, an in-house quality and pilot centre was also created to accompany the transition from prototype to series production. Porsche has invested more than 1.3 billion euros in the Leipzig plant from the laying of its foundation stone to the present day.



NEW PANAMERA SPORT TURISMO

New photovoltaic systems at the Leipzig plant

Three photovoltaic systems are currently in operation at the Porsche Leipzig GmbH site. The system in the new body shop achieves particularly high performance. The 15,240 modules produce 4.2 megawatts of electricity. Another 0.6 megawatts are contributed by the system in the body shop which produces the Macan. The roof surfaces of the training centre, which was opened in April, are also equipped with photovoltaic modules. In full sunshine, the system generates a substantial proportion of the electricity requirement. The energy saving provided by the photovoltaic systems is therefore an important factor on the way towards resource-efficient production.



PHOTOVOLTAIC SYSTEMS AT LEIPZIG PLANT

In full sunshine, the system generates a substantial proportion of the electricity requirement. This energy saving is an important factor on the way towards resource-efficient production.

Resource-efficient body building

The bar has been raised again for resource-efficient production in the planning and construction of the body shop in Leipzig. This includes numerous new, energy-efficient production procedures and the intelligent control of lighting.

A further example is provided by the over 400 robots used in body building. Up to now, functionality and productivity had played an essential role for the robots deployed in production. In cooperation with the Fraunhofer Institute, Porsche examined the robots' motion sequences and routes: How quickly do they accelerate? When do they brake? How long do they apply the brake? When do they actually switch to energy-saving mode? As a result, the robots' processes were optimised to enable them to perform sequences that also maximize energy savings. For example, the robots now only accelerate as fast as is necessary. This enables evaluation of each individual robot and the entire process sequence that also takes into consideration the energy aspect.

With this development, body building is raising the bar for efficient internal processes. Previously, the energy efficiency as certified on the device was decisive: now, it is important that the device is optimally adjusted to the work process. This optimisation produces energy savings of approximately 12 per cent.



LEIPZIG BODY SHOP

Pilot project for environmentally friendly logistics

The eJIT project was launched at the Leipzig site in June. The pilot testing, which will take three years, tests a truck with a purely electric drive in logistics traffic. Porsche is the first automobile manufacturer in Europe to deploy a motorway-suitable, fully electric 40-tonne vehicle. In Leipzig, more than 600 trucks arrive at the plant every day – the eJIT is the first truck with a purely electric drive to be used for transport between the logistics centre and the assembly supply centre. In a second development stage, the vehicle is to be highly automated from 2018.

The e-truck is charged up at the supply centre during the regular waiting time while being loaded up. The battery is charged using a 150-kW quick charger. This enables it to be used in three-shift operation. The range on a full electrical charge is around 70 kilometres, and the maximum speed is 85 kilometres per hour. A second e-truck is currently being tested by Volkswagen Saxony at the Zwickau plant. In Zuffenhausen, the use of an e-truck to supply production from the nearby distribution point is planned for 2018. This will enable a considerable reduction of emissions in the plant environment.

Alongside Porsche Leipzig as associated partners, IAV GmbH, Schnellecke Logistics, Volkswagen Saxony and the Network of Automotive Suppliers are participating in

the eJIT research project. The partners have been working together on truck electrification since the beginning of 2016. The project is part of the programme "IKT III [Information and Communications Technology for Electromobility III]: integration of electric commercial vehicles into logistics, energy and mobility infrastructures". With this programme, the Federal Ministry for Economics and Energy is continuing its research activities into the commercial use of electromobility.



EJIT PILOT PROJECT

CROSS-SITE SUSTAINABILITY PROJECTS

“Green Logistics” for environmentally sustainable logistics

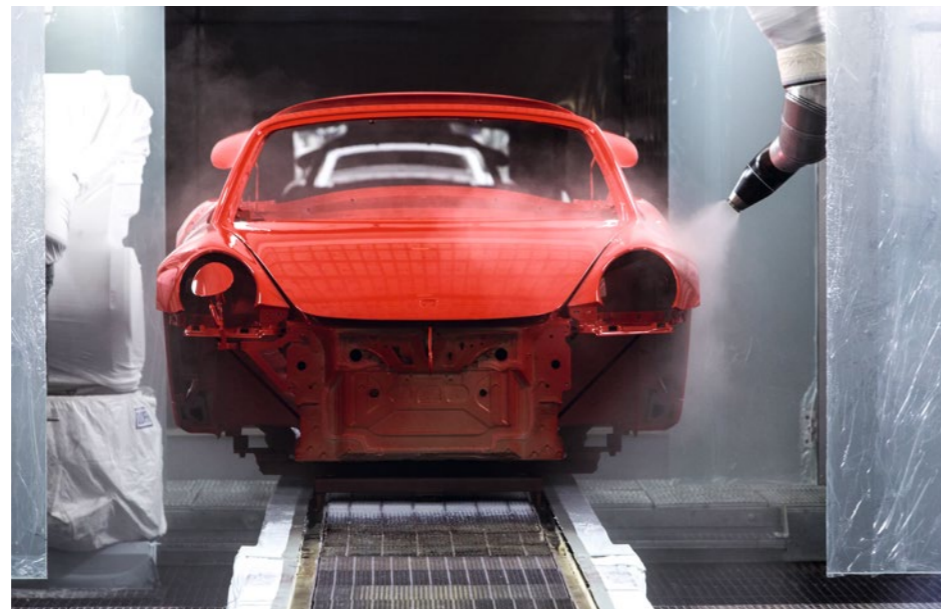
In the last few years, Porsche has advanced diverse projects to promote environmentally sustainable logistics. Their implementation was continued in 2017 in order to achieve the targets set out in the new Green Logistics strategy. Among other things, a method was developed to enable comprehensive capturing of Porsche CO₂ emissions in transport logistics according to the greenhouse gas protocol for the first time. The calculation method will continue to be refined and checked for feasibility in the next few years in order to achieve more detailed evaluations.

Given the increasing traffic load, particularly in built-up areas, it is important to Porsche to make a contribution to the avoidance of emissions. For this purpose, three CNG gas trucks were deployed for daily transport in 2017. This enabled up to 20 per cent of previous CO₂ emissions to be saved – around 119 tonnes of CO₂ per year. The CNG gas trucks emit 80 per cent fewer soot particles and 90 per cent less carbon monoxide. They are also quieter. The additional deployment of LNG gas trucks is planned for the next few years, because of their greater range and promising technological development. The prerequisite for this is a comprehensive expansion of the LNG filling station network.

Green Logistics also means that, in future, new Porsche vehicles are to be transported by rail using green electricity to the seaports for shipping. The conversion to green electricity was prepared and coordinated with the transport service providers in 2017. As a result, approx. 6,194 tonnes of CO₂ will be saved per year in future. This corresponds to around three per cent of total emissions by Porsche AG in the area of transport in 2016.

CO₂ neutrality in production

Porsche is aiming at CO₂-neutral production of its vehicles in future. A first step will be the production of the first purely electric vehicle – this is to be manufactured CO₂-neutrally at the Zuffenhausen site from the end of the decade. To this end, Porsche AG and its subsidiaries Porsche Leipzig GmbH and Porsche Logistik GmbH switched to 100 per cent green electricity at the start of 2017, thus providing all the production sites in Germany with an ecologically viable energy supply. This will be supplemented by the future use of biogas at the Zuffenhausen site. In cooperation with a local municipal facility, the energy mix will be optimised by fermentation of organic waste.



ZUFFENHAUSEN PAINT SHOP

Porsche saves resources in diverse ways

At Porsche, careful handling of the environment and resources is not only regulated in numerous principles and guidelines, it is also practised every day. In 2017, a wide range of measures contributed to enabling Porsche to achieve its long-term goal of saving a million euros per year through the optimised and careful use of resources in production.

At the Zuffenhausen site, shortening the duration of GT3 engine testing by 15 minutes on the heat testing bench enabled a saving of almost 38,000 litres of fuel per year – without sacrificing any of the engine testing quality. As well as the approx. 101 tonnes of CO₂ saved annually, this also has a positive effect beyond direct operation: the reduction in consumed fuel contributes to a reduction in the logistics outlay in general.

The body building experts achieved considerable energy savings by optimising the extraction of the smoke generated during welding. This enables Porsche to save almost 400,000 kilowatt hours of electricity per year. For comparison, this resource saving would enable 45 Porsche 911 Carreras to clock up around 30,000 CO₂-neutral kilometres per year. As well as the ecological advantage, optimised plant management also achieves added value in the improved working conditions for employees on site.

The paint shop is also saving considerable resources. In Zuffenhausen, paint material amounting to almost 67,000 euros was saved in 2017, simply by optimising the application technique to the vehicle body. In Leipzig, electricity consumption is to be reduced by more than 740,000 kilowatt hours per year on average, by reducing the fresh air component in the recirculated air sections of the paint shop. This corresponds to an annual CO₂ emissions total of around 427 tonnes – which would enable 84 Porsche 911 Carreras to travel 30,000 kilometres CO₂-neutrally each year.

Porsche aims to achieve a continual reduction in the consumption of fresh water. On the testing track at Leipzig, rain and well water will be used in future on the “dynamic surface” to test vehicle behaviour on wet roads. This will enable an average annual saving of 2,092 cubic metres of fresh water.



LEIPZIG TESTING TRACK

PROCUREMENT

In reporting year 2017, Porsche AG once again increased its deliveries – to more than 246,000 vehicles. Procurement had its own contribution to make to the success and, thanks to a close cooperative partnership with the supplier industry, was able to guarantee a reliable supply of high-quality components.

The focus in 2017 was on products of key strategic importance and topics for optimising Porsche's value chain. That is why Procurement continued to intensify its supplier networking throughout the reporting year. Cooperation based on partnership will continue to grow across company boundaries in the future, and there will also be more strategic partnerships. Classic commissioning of suppliers will no longer be the only form of cooperation. Porsche AG has already taken action to ensure that it can develop new technologies and products in future using smart cooperation models, and to ensure that they are future-ready.

At the same time, there are some tangible examples of digitalisation in practice and in day-to-day working life: Procurement has come up with a range of ideas for new apps, and has integrated new ideas into already functioning apps.

Model start-ups

For Procurement, the focus of the reporting year was on the production start-ups for the new Cayenne, the Panamera Sport Turismo and the 911 GT2 RS – the fastest and most powerful road 911. For all models, Procurement purchases a wide range of new parts and guides the vehicles – in tandem with the suppliers – to series maturity.

The Cayenne, as a model for success, is now in its third generation and is being completely redeveloped, tangibly and visibly improved and perfected. The Cayenne is also comprehensively digitalised and networked. Within the Panamera family, the new chassis version known as the Panamera Sport Turismo celebrated its premiere in the reporting year. With its large tailgate, low loading sill, enlarged boot volume and 4+1 seat concept, the new four-door vehicle fulfils high standards of both day-to-day usability and variability.

Motor racing

The outstanding motor racing season was another highlight of 2017. At the 24 Hours of Le Mans, the 919 Hybrid took Porsche's 19th overall victory and, as early as November in Shanghai, the sports-car maker took its third World Championship title in the manufacturers' ranking since 2015. The racing teams were able to rely on Procurement: shoulder to shoulder with all specialist units involved, Procurement was able to get the right partners on board to make these victories possible.

Strategy 2025

Porsche Strategy 2025 and global trends in procurement markets have given rise to various strategic aims for Procurement. Firstly, top quality at competitive terms and conditions thanks to active design of technical and ecological innovations. Secondly, efficiency across the products' entire service life. Thirdly, reliability due to constant availability, consistent high quality of purchased parts and stable, efficient goods flows. Fourthly, an increase in attractiveness as an employer of talented people and high employee satisfaction by creating optimum working conditions.

During the reporting year, Procurement implemented a range of projects as part of the strategic initiative. The exchange of ideas with suppliers will continue to intensify and the issue of sustainability within the supply chain will move more into focus. Furthermore, Procurement will expand its marketing in order to get students, graduates and professionals interested in the complex topics surrounding procurement.

During the reporting year, Procurement cooperated with third-level education institutions such as the University of Mannheim. This gives Porsche employees new insights while also offering students a look at how the company works by means of excursions, lectures and practical work placements.

In reporting year 2017, Porsche AG once again increased its deliveries – to more than 246,000 vehicles. Procurement had its own contribution to make to the success and, thanks to a close cooperative partnership with the supplier industry, was able to guarantee a reliable supply of high-quality components.

Innovation Management

Porsche operates in an environment that is shaped by rapid change. The progress of globalisation, demanding customers, increased competition for time and knowledge as well as contrasting ways of thinking and working in the IT and automobile sectors are just some of the challenges that the company needs to face. In order to recognise trends and developments early, Porsche takes its cue from the supplier sector. As part of the Porsche Supplier Innovation Days, the aim is to tie suppliers' new concepts to the company at an early stage. That is why, for example, Innovation Management for Procurement and Development organises a Porsche Supplier Innovation Day dedicated to the topic of Alternative Materials and Lightweight Construction. At this event, selected suppliers present their innovative manufacturing concepts to Porsche experts from various specialist departments. For the Innovation Day on the topic of 'Well-being in a Porsche Vehicle', the Porsche departments Procurement, Development and Distribution contact selected suppliers and start-ups in advance and ask them to submit their developments as part of the open innovation approach. The more than 200 innovation ideas suggested are evaluated by interdisciplinary Porsche teams. 60 well-being innovations make it into the final selection and are then presented to Porsche experts in Weissach by suppliers and start-ups from all over the world. At the Porsche Supplier Tech Day, the sports-car maker is a guest at the world's second-largest automobile supplier, ZF Friedrichshafen AG. The Innovation Management team in the Procurement department and the Advance Chassis Development team organise presentations, specialist lectures and an exchange of ideas. The topic here is: What are the latest innovations from Porsche suppliers? How does Porsche put them into practice? The promising series of Porsche Supplier Innovation Days will continue to be expanded in the future.

Sustainability workshops with suppliers

Sustainability aspects within the supply chain are already important today, and will inevitably become more and more significant as time goes on. Porsche is among those companies that take sustainability projects and the implementation thereof into account. In order to intensify our exchange of sustainability-related ideas with suppliers, Porsche developed a concept for supplier workshops during the reporting year, organising two events. Within the workshops, shared approaches to implementing sustainability aspects are identified and possible topics are defined for future cooperation. Supplier audits are already being carried out to ensure that sustainability requirements are observed, which lays the foundation for future cooperation. In doing this, Porsche is implementing an additional measure as part of the Procurement Strategy 2025. The observance of sustainability requirements will continue to be a focus of Porsche Procurement.

Procurement of production materials and non-production materials

As in previous years, material costs per vehicle were further optimised in the 2017 financial year. Close cooperation and early inclusion of economic partners in various cost and production workshops led to significant savings. In 2017, Porsche AG's material costs were 4,985 million euros (2016 financial year: 4,129 million euros).

Even in services and non-production materials, Procurement made a significant contribution within the reporting period to achieving the company's aims. Due to another large number of infrastructure projects, investments in the 2017 financial year amounted to 1,684 million euros. This development reflects Porsche's continued growth (2016 financial year: 1,695 million euros).

Financial analysis

Net assets

Financial position

Results of operations

NET ASSETS

As of 31 December 2017, the total assets of the Porsche AG Group stood at €35,019 million, 9 per cent higher than on the prior-year reporting date.

Non-current assets increased by €1,655 million to €25,247 million. The increase primarily relates to fixed assets and other financial assets, while there was a decline in deferred taxes. Non-current assets expressed as a percentage of total assets amounted to 72 per cent (prior year: 73 per cent).

At the end of the reporting period, the fixed assets of the Porsche AG Group – i.e., the intangible assets, property, plant and equipment, leased assets, equity-accounted investments and other financial assets – amounted to €14,404 million, compared with €12,841 million in the previous fiscal year.

Fixed assets expressed as a percentage of total assets increased to 41 per cent (prior year: 40 per cent). Intangible assets increased from €3,965 million to €4,646 million. The increase mainly relates to capitalised development costs. The largest additions concerned the Cayenne, 911, and Mission E model line. Property, plant and equipment increased in comparison with the prior year by €787 million to €5,903 million, primarily due to additions to land and buildings, furniture and fixtures, as well as advance payments made and assets under construction. These additions consist mainly of tools and construction work for the new generations of vehicles. Leased assets increased by €82 million in comparison with the prior year, to €3,455 million. This item contains vehicles leased to customers under operating leases.

Non-current other financial assets increased by €425 million to €8,903 million. The increase was due to the marking-to-market of derivative financial instruments.

Deferred income tax assets amounted to €370 million as against €879 million in the prior year.

As a percentage of total assets, current assets amounted to 28 per cent compared with 27 per cent in the prior year. Inventories increased from €2,536 million in the prior year to €3,051 million at the end of the reporting period.

Non-current and current receivables from financial services rose from €2,010 million to €2,095 million. This item mainly comprises receivables from finance leases and receivables from customer and dealer financing.

Current other financial assets increased by €504 million to €1,841 million. The increase is attributable in almost equal measure to the clearing account with Porsche Holding Stuttgart GmbH and the marking-to-market of derivative financial instruments.

Cash, cash equivalents and time deposits increased by €178 million to €3,067 million.

The equity of the Porsche AG Group increased by €3,220 million to €15,200 million compared with the prior-year reporting date. Equity was lifted by the profit after tax, profit transfer and dividends (€982 million), as well as revaluations from pension plans after tax (€50 million), the change in the cash flow hedge reserve after tax (€1,109 million), and a capital contribution by Porsche Holding Stuttgart GmbH (€1,312 million).

By contrast, currency translation effects of €235 million were recognized as a decrease in equity.

Non-current liabilities relate to financial liabilities, pension provisions, deferred income tax liabilities, other financial liabilities, other liabilities, and other provisions. They declined by €362 million to €9,084 million in comparison with the prior year. Non-current liabilities expressed as a percentage of total capital decreased from 29 per cent in the prior year to 26 per cent at the end of the fiscal year.

Provisions for pensions and similar obligations increased by €253 million, mainly due to a rise in the number of eligible employees.

Non-current other financial liabilities decreased by €580 million. This decline relates mainly to the marking-to-market of derivative financial instruments.

Deferred income tax liabilities amounted to €614 million compared with €864 million in the prior year.

Current liabilities declined from €10,809 million to €10,735 million. Current liabilities expressed as a percentage of total capital decreased from 34 per cent in the prior year to 31 per cent as of 31 December 2017.

Trade payables increased to €3,048 million after €2,589 million in the prior year. This increase is attributable to higher volumes of investments and business.

Current other financial liabilities amounted to €2,599 million (prior year: €3,337 million). This was primarily due to the change resulting

from the marking-to-market of derivative financial instruments (€469 million) and a reduction in the profit transfer liability to Porsche Holding Stuttgart GmbH (€213 million).

Net assets of the Porsche AG Group

€ million	31 Dec. 2017	%	31 Dec. 2016	%
Assets				
Intangible assets	4,646	13	3,965	12
Property, plant and equipment	5,903	17	5,116	16
Equity-accounted investments	341	1	333	1
Other equity investments	59	0	54	0
Leased assets	3,455	10	3,373	11
Financial services receivables	1,417	4	1,363	4
Other financial assets	8,903	25	8,478	26
Other receivables	153	1	31	0
Deferred tax assets	370	1	879	3
Non-current assets	25,247	72	23,592	73
Inventories	3,051	9	2,536	8
Trade receivables	593	2	591	2
Financial services receivables	678	2	647	2
Other financial assets	1,841	5	1,337	4
Other receivables	429	1	390	1
Tax receivables	51	0	194	1
Securities	62	0	59	0
Cash, cash equivalents and time deposits	3,067	9	2,889	9
Current assets	9,772	28	8,643	27
	35,019	100	32,235	100
Equity and liabilities				
Equity	15,200	43	11,980	37
Provisions for pensions and similar obligations	3,466	10	3,213	10
Other provisions	799	2	685	2
Deferred tax liabilities	614	2	864	3
Financial liabilities	3,687	11	3,669	11
Other financial liabilities	119	0	699	2
Other liabilities	399	1	316	1
Non-current liabilities	9,084	26	9,446	29
Provisions for taxes	82	0	77	0
Other provisions	1,841	5	1,636	5
Financial liabilities	1,770	5	1,830	6
Trade payables	3,048	9	2,589	8
Other financial liabilities	2,599	7	3,337	10
Other liabilities	850	3	783	3
Tax payables	545	2	557	2
Current liabilities	10,735	31	10,809	34
	35,019	100	32,235	100

FINANCIAL POSITION

Cash flows from operating activities amounted to €4,069 million in the 2017 reporting period following €3,864 million in the prior year. The material effects resulted from increased profit and higher depreciation, amortisation and write-downs on the one hand, and non-cash income and expenses and higher outflows for inventories on the other.

The cash flows from investing activities resulted in a cash outflow of €3,140 million in the reporting period following €2,724 million in the prior year. Investments in intangible assets (excluding capitalised development costs) and property, plant and equipment increased from €1,438 million in the prior year to €1,762 million in the period under review. Additions to capitalised development costs amounted to €1,337 million following €1,228 million in fiscal year 2016.

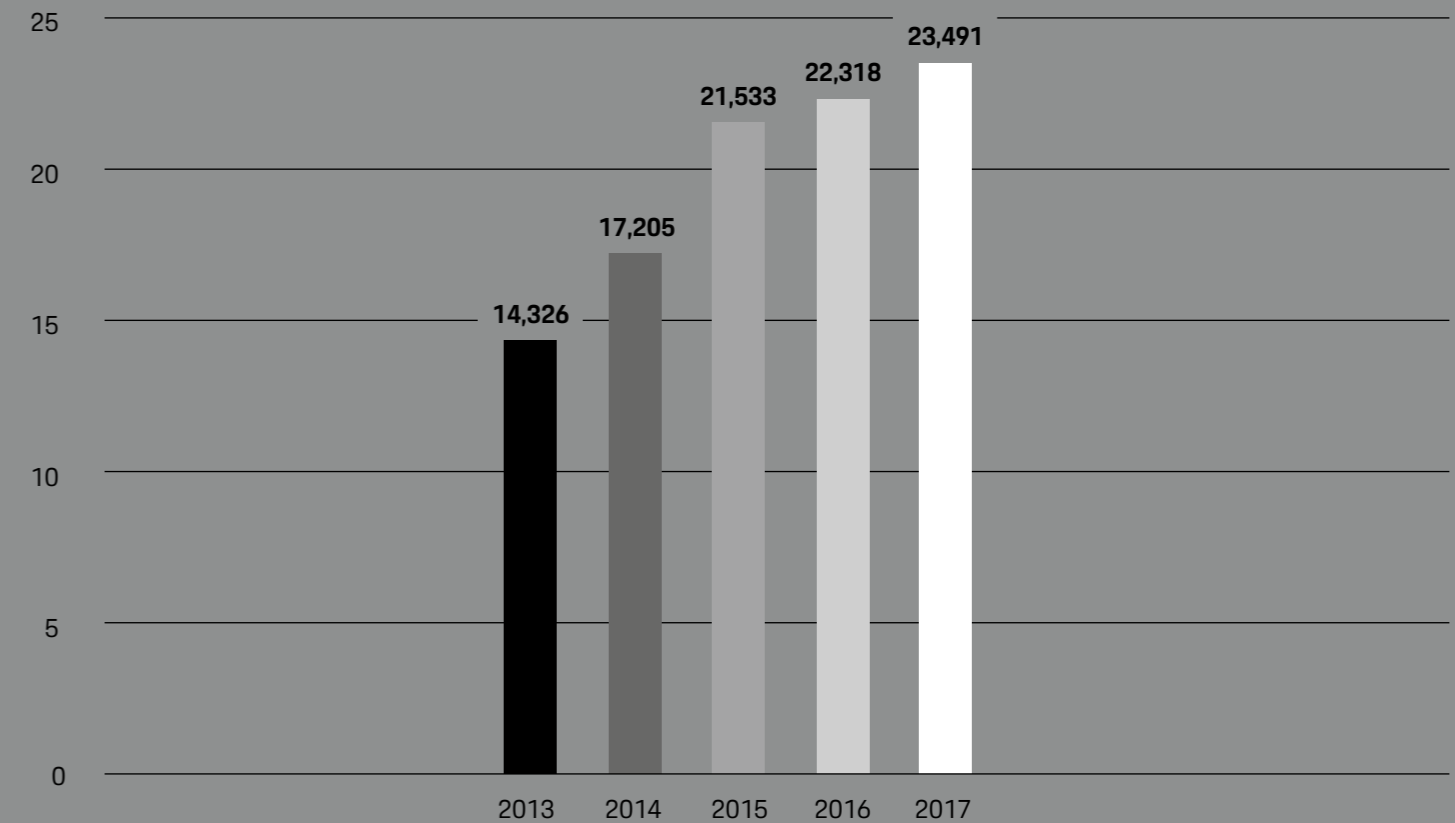
There was a change in cash flows from financing activities from €-786 million in the prior year to €-744 million in the current fiscal year.

Payments made in respect of profit transfer and dividends resulted in a cash outflow of €2,371 million (prior year: €1,904 million). This was partly offset by capital contributions amounting to €1,312 million (prior year: €1,076 million) made by Porsche Holding Stuttgart GmbH.

The net available liquidity of the automotive division – i.e., its gross liquidity less financial liabilities and excluding the financial services business in each case – improved from €1,965 million as of 31 December 2016 to €2,231 million as of 31 December 2017.

Consolidated revenue at the Porsche AG Group for the current reporting period amounted to €23,491 million, following €22,318 million in the prior year.

Sales revenue
€ million



RESULTS OF OPERATIONS

The Porsche AG Group's profit after tax increased by €499 million from €2,640 million in the corresponding prior-year period to €3,139 million in the current fiscal year. The tax rate in the reporting period was 26 per cent (prior year: 29 per cent).

Consolidated revenue at the Porsche AG Group amounted to €23,491 million in the reporting period (prior year: €22,318 million). The Porsche AG Group sold 238,691 new vehicles in the past fiscal year. This corresponds to an increase in unit sales of 3 per cent compared with the prior year. The primary contribution to the growth in sales volume and revenue was made by the Panamera model line, which recorded an increase of 18,334 to 30,998 new vehicles. The Macan model line maintained its lead in terms of sales volume, with 95,540 new vehicles sold. In regional terms, China remained the largest market, with new vehicle sales totalling 70,594 units. The European market (excluding Germany) recorded particularly healthy growth, with 52,237 new vehicles sold. This corresponds to 7 per cent growth in unit sales.

The cost of sales increased in line with revenue to €16,872 million (prior year: €15,937 million), which represents 72 per cent of revenue (prior year: 71 per cent). In absolute terms, the cost of sales rose by €935 million or 6 per cent. This slightly disproportionate increase is due to the growth in warranty expenses and higher research and development costs recognized in the income statement. The capitalisation ratio for research and development costs amounted to 58 per cent (prior year: 56 per cent). The slightly disproportionate increase in cost of sales caused the gross margin to decrease from 29 to 28 per cent.

Distribution expenses rose from €1,703 million to €1,883 million due to the higher volume of sales. Administrative expenses increased from €867 million to €1,041 million. In relation to sales revenue, distribution expenses remained level at 8 per cent (prior year: 8 per cent), as did administrative expenses at 4 per cent (prior year: 4 per cent).

The personnel expenses across all functions of the Porsche AG Group increased from €2,875 million to €3,200 million. The growth in personnel expenses corresponds to the rise in the average number of employees in 2017 by 2,782 to 29,033.

Depreciation, amortisation and impairment across the functions increased to €2,276 million compared with €2,081 million in the prior year. This primarily relates to the depreciation, amortisation and impairment of capitalised development costs and leased assets.

Other operating income rose from €1,206 million to €1,366 million. The increase is mainly attributable to a rise in income from the reversal of provisions and accruals as well as higher income relating to forward exchange transactions. Other operating expenses declined from €1,140 million to €917 million. The decrease mainly results from lower expenses in connection with forward exchange transactions.

Results of operations of the Porsche AG Group

€ million	FY 2017	%	FY 2016	%
Sales revenue	23,491	100	22,318	100
Cost of sales	- 16,872	- 72	- 15,937	- 71
Gross profit	6,619	28	6,381	29
Distribution expenses	- 1,883	- 8	- 1,703	- 8
Administrative expenses	- 1,041	- 4	- 867	- 4
Other operating income	1,366	6	1,206	5
Other operating expenses	- 917	- 4	- 1,140	- 5
Operating profit	4,144	18	3,877	17
Financial result	77	0	- 180	0
Profit before tax	4,221	18	3,697	17
Income tax income/expense	- 1,082	- 5	- 1,057	- 5
Profit after tax	3,139	13	2,640	12

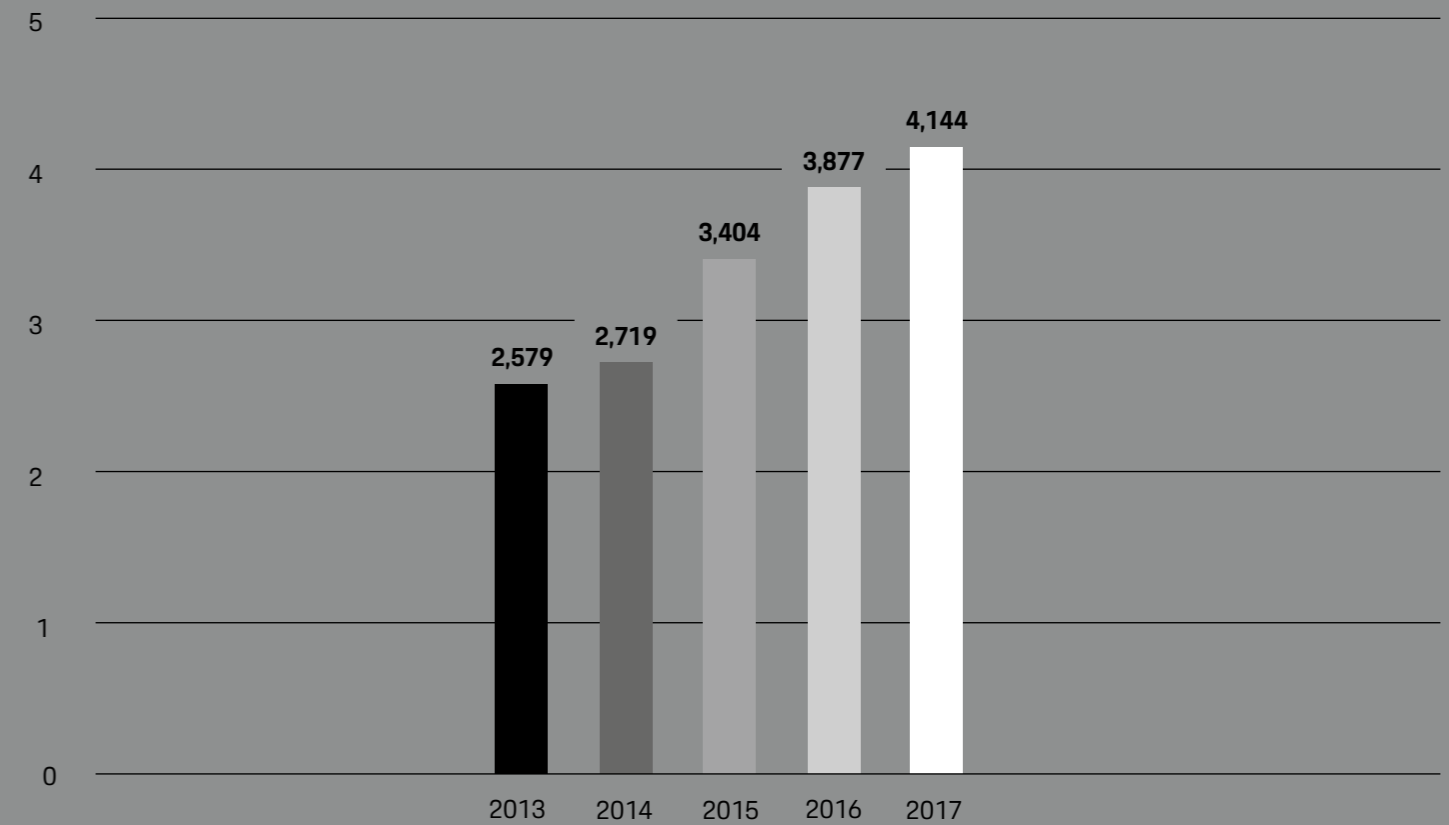
Operating profit amounted to €4,144 million, an increase of €267 million in comparison with the prior year.

The financial result amounted to €77 million (prior year: €-180 million). The increase in the financial result was due on the one hand to higher gains from fair value measurement relating principally to exchange rate and interest rate hedging transactions that are not included in hedge accounting. On the other hand, there was a decline in interest expenses.

The healthy cost structure and the sustainably high earnings power of the Group are also reflected in the key performance indicators. The Porsche AG Group generated an operating return on sales of 17.6 per cent in the past financial year (prior year: 17.4 per cent). The pre-tax return on sales amounted to 18.0 per cent (prior year: 16.6 per cent). The return on capital, defined as the ratio of the operating result after tax to the average invested assets of the automotive division, amounted to 28.2 per cent (prior year: 30.7 per cent). The return on equity after tax was 23.1 per cent (prior year: 23.3 per cent).

Operating profit amounted to €4,144 million, an increase of €267 million in comparison with the prior year.

Operating profit (EBIT)
€ million



Financial data

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of cash flows

Consolidated statement of changes in equity

Value added statement

Consolidated income statement

of Porsche AG for the period 1 January to 31 December 2017

€ million	FY 2017	FY 2016
Sales revenue	23,491	22,318
Cost of sales	- 16,872	- 15,937
Gross profit	6,619	6,381
Distribution expenses	- 1,883	- 1,703
Administrative expenses	- 1,041	- 867
Other operating income	1,366	1,206
Other operating expenses	- 917	- 1,140
Operating profit	4,144	3,877
Share of profit or loss of equity-accounted investments	4	8
Interest income ¹⁾	395	395
Interest expenses ¹⁾	- 68	- 144
Other financial result ¹⁾	- 254	- 439
Financial result	77	- 180
Profit before tax	4,221	3,697
Income tax income/expense	- 1,082	- 1,057
current	- 1,234	- 1,074
deferred	152	17
Profit after tax	3,139	2,640
thereof profit attributable to shareholders	3,139	2,640
thereof profit attributable to non-controlling interests	0	0
Profit transferred to Porsche Holding Stuttgart GmbH	- 2,157	- 2,370

¹⁾ The structure within the financial result has been changed. The presentation of finance costs has been replaced with interest income and interest expenses. Prior-year figures have been adjusted accordingly.

€ million	FY 2017	FY 2016
Profit after tax	3,139	2,640
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	72	- 619
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	- 22	184
Pension plan remeasurements recognized in other comprehensive income, net of tax	50	- 435
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	50	- 435
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	- 235	32
Transferred to profit or loss	0	-
Exchange differences on translating foreign operations, before tax	- 235	32
Deferred taxes relating to exchange differences on translating foreign operations	-	-
Exchange differences on translating foreign operations, net of tax	- 235	32
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,733	119
Transferred to profit or loss	- 152	363
Cash flow hedges, before tax	1,581	482
Deferred taxes relating to cash flow hedges	- 472	- 144
Cash flow hedges, net of tax	1,109	338
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	4	-
Transferred to profit or loss	0	-
Available-for-sale financial assets, before tax	4	-
Deferred taxes relating to available-for-sale financial assets	- 1	-
Available-for-sale financial assets, net of tax	3	-
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	0	0
Items that may be reclassified subsequently to profit or loss	877	370
Other comprehensive income, before tax	1,422	- 105
Deferred taxes relating to other comprehensive income	- 495	40
Other comprehensive income, net of tax	927	- 65
Total comprehensive income	4,066	2,575
thereof profit attributable to shareholders	4,066	2,575
thereof profit attributable to non-controlling interests	0	0

€ million	31 Dec. 2017	31 Dec. 2016
Assets		
Intangible assets	4,646	3,965
Property, plant and equipment	5,903	5,116
Leased assets	3,455	3,373
Equity-accounted investments	341	333
Other equity investments	59	54
Financial services receivables	1,417	1,363
Other financial assets	8,903	8,478
Other receivables	153	31
Deferred tax assets	370	879
Non-current assets	25,247	23,592
Inventories	3,051	2,536
Trade receivables	593	591
Financial services receivables	678	647
Other financial assets	1,841	1,337
Other receivables	429	390
Tax receivables	51	194
Securities	62	59
Cash, cash equivalents and time deposits	3,067	2,889
Current assets	9,772	8,643
	35,019	32,235
Equity and liabilities		
Subscribed capital	45	45
Capital reserves	10,245	8,933
Retained earnings	4,910	3,001
Equity before non-controlling interests	15,200	11,979
Non-controlling interests	0	1
Equity	15,200	11,980
Provisions for pensions and similar obligations	3,466	3,213
Other provisions	799	685
Deferred tax liabilities	614	864
Financial liabilities	3,687	3,669
Other financial liabilities	119	699
Other liabilities	399	316
Non-current liabilities	9,084	9,446
Provisions for taxes	82	77
Other provisions	1,841	1,636
Financial liabilities	1,770	1,830
Trade payables	3,048	2,589
Other financial liabilities	2,599	3,337
Other liabilities	850	783
Tax payables	545	557
Current liabilities	10,735	10,809
	35,019	32,235

Consolidated statement of cash flows

of Porsche AG for the period 1 January to 31 December 2017

€ million	FY 2017	FY 2016
Cash and cash equivalents at beginning of period	2,834	2,485
Profit before tax	4,221	3,697
Income taxes paid	- 1,093	- 1,035
Depreciation, amortisation and impairment losses	2,276	2,081
Gain/loss on disposal of non-current assets	25	- 26
Share of profit or loss of equity-accounted investments	4	- 1
Other non-cash expense/income	- 92	314
Change in inventories	- 651	- 29
Change in receivables (excluding financial services)	- 577	- 595
Change in liabilities (excluding financial liabilities)	710	405
Change in pension provisions	326	231
Change in other provisions	349	81
Change in leased assets	- 1,230	- 1,171
Change in financial services receivables	- 199	- 88
Cash flows from operating activities	4,069	3,864
Investments in intangible assets (excluding capitalised development costs), and property, plant and equipment	- 1,762	- 1,438
Additions to capitalised development costs	- 1,337	- 1,228
Change in equity investments	- 8	- 33
Cash received from disposal of intangible assets and property, plant and equipment	57	88
Change in investments in securities	1	- 17
Change in loans and time deposits	- 91	- 96
Cash flows from investing activities	- 3,140	- 2,724
Capital contributions	1,312	1,076
Profit transfer and dividends	- 2,371	- 1,904
Proceeds from issuance of bonds	2,513	2,707
Repayment of bonds	- 2,173	- 3,582
Change in other financial liabilities	- 25	917
Cash flows from financing activities	- 744	- 786
Effect of exchange rate changes on cash and cash equivalents	- 59	- 5
Net change in cash and cash equivalents	185	354
Cash and cash equivalents at end of period	2,960	2,834
Cash and cash equivalents at end of period	2,960	2,834
Securities, loans and time deposits	425	369
Gross liquidity	3,385	3,203
Total third-party borrowings	- 5,458	- 5,499
Net liquidity	- 2,073	- 2,296

Consolidated statement of changes in equity
of Porsche AG for the period 1 January to 31 December 2017

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income					Equity before non-controlling interests	Non-controlling interests	Group equity
			Accumulated profit	Revaluations from pension plans	Securities marked to market	Cash flow hedges	Currency translation	Equity-accounted investments			
As of 1 January 2016	45	7,857	3,806	- 577	0	- 643	210	0	10,698	2	10,700
Effects of currency translation	-	-	-	-	-	-	32	-	32	-	32
Revaluations from pension plans	-	-	-	- 619	-	-	-	-	- 619	-	- 619
Financial instruments pursuant to IAS 39	-	-	-	-	0	482	-	-	482	-	482
Taxes recognized in other comprehensive income	-	-	-	184	0	- 144	-	-	40	-	40
Other comprehensive income	-	-	-	- 435	0	338	32	0	- 65	-	- 65
Profit after tax	-	-	2,640	-	-	-	-	-	2,640	0	2,640
Total comprehensive income	-	-	2,640	- 435	0	338	32	0	2,575	0	2,575
Capital contribution	-	1,076	-	-	-	-	-	-	1,076	-	1,076
Profit transfer and dividends	-	-	- 2,370	-	-	-	-	-	- 2,370	- 1	- 2,371
As of 31 December 2016	45	8,933	4,076	- 1,012	0	- 305	242	0	11,979	1	11,980
As of 1 January 2017	45	8,933	4,076	- 1,012	0	- 305	242	0	11,979	1	11,980
Effects of currency translation	-	-	-	-	-	-	- 235	-	- 235	-	- 235
Revaluations from pension plans	-	-	-	72	-	-	-	-	72	-	72
Financial instruments pursuant to IAS 39	-	-	-	-	4	1,581	-	-	1,585	-	1,585
Taxes recognized in other comprehensive income	-	-	-	- 22	- 1	- 472	-	-	- 495	-	- 495
Other comprehensive income	-	-	-	50	3	1,109	- 235	0	927	-	927
Profit after tax	-	-	3,139	-	-	-	-	-	3,139	0	3,139
Total comprehensive income	-	-	3,139	50	3	1,109	- 235	0	4,066	-	4,066
Capital contribution	-	1,312	-	-	-	-	-	-	1,312	-	1,312
Profit transfer and dividends	-	-	- 2,157	-	-	-	-	-	- 2,157	- 1	- 2,158
As of 31 December 2017	45	10,245	5,058	- 962	3	804	7	0	15,200	0	15,200

Value added statement

of the Porsche AG Group from 1 January to 31 December 2017

Source of funds in € million	2017	2016	2015
Sales revenue	23,491	22,318	21,533
Other income	1,522	1,231	1,380
Cost of materials	- 13,665	- 12,623	- 12,095
Depreciation and amortisation	- 2,276	- 2,081	- 2,124
Other upfront expenditures	- 1,361	- 2,089	- 2,458
Value added	7,711	6,756	6,236

Appropriation of funds in € million	2017		2016		2015	
to shareholders (profit transfer)	2,157	28.0 %	2,370	35.1 %	1,905	30.5 %
to employees (wages, salaries, benefits)	3,200	41.5 %	2,875	42.5 %	2,605	41.8 %
to the state (taxes, duties)	1,298	16.8 %	1,106	16.4 %	1,154	18.5 %
to creditors (interest expense)	76	1.0 %	135	2.0 %	142	2.3 %
to the Company (reserves)	980	12.7 %	270	4.0 %	430	6.9 %
Valued added	7,711	100 %	6,756	100 %	6,236	100 %

Key figures

Key economic figures

Key figures for environment and energy

Key figures for personnel and social matters

Key economic figures

The key figures concerning deliveries and production relate to the Porsche Group (including subsidiaries).

The key figures concerning suppliers relate to Porsche AG.

Deliveries		2017	2016	2015
Total	Vehicles	246,375	237,778	225,121
911	Vehicles	32,197	32,365	31,350
918 Spyder	Vehicles	7	44	566
718 Boxster/Cayman	Vehicles	25,114	23,620	22,663
Macan	Vehicles	97,202	95,642	80,216
Cayenne	Vehicles	63,913	70,867	73,119
Panamera	Vehicles	27,942	15,240	17,207
Production		2017	2016	2015
Total	Vehicles	255,683	239,618	234,497
911	Vehicles	33,820	31,648	31,373
918 Spyder	Vehicles	–	–	375
718 Boxster/Cayman	Vehicles	26,427	24,882	21,978
Macan	Vehicles	98,763	97,177	86,016
Cayenne	Vehicles	59,068	71,693	79,700
Panamera	Vehicles	37,605	14,218	15,055

Basis of consolidation

(GRI 102-45)

Since 1 August 2012, Volkswagen AG has been the sole shareholder of Porsche Holding Stuttgart GmbH, which holds 100 per cent of the share capital in Porsche AG. Dependency agreements and profit transfer agreements exist between Porsche Holding Stuttgart GmbH and Porsche AG, as well as between Porsche AG and its major domestic subsidiaries. The basis of consolidation at Porsche AG includes a total of 111 fully consolidated companies, with 26 headquartered in Germany and 85 abroad.

Supplier origin 2017¹⁾

Suppliers of production materials

95.8 % Based in the EU  4.2 % Based outside the EU

Suppliers of non-production materials

95.1 % Based in the EU  4.9 % Based outside the EU

¹⁾ Based on the creditor's billing address.

	2017	2016	2015
Expenditure for local suppliers at main business sites¹⁾			
Proportion of allocated purchasing budget spent on local suppliers	98%	98%	99%

¹⁾ Suppliers are considered to be local if they are based in the EU. Zuffenhausen and Leipzig are considered the main business sites.

	2017	2016	2015
Supplier screening based on environmental criteria			
Proportion of screened suppliers	100%	100%	100%

Key figures for environment and energy

The calculation and reporting method has been adjusted for 2017 and future reporting periods. The previous categories "Production sites" (Stuttgart-Zuffenhausen and Leipzig incl. management) and "Other sites" (Weissach and Ludwigsburg) have been added. New categorisation in line with internal management reporting: "Production sites" (Stuttgart-Zuffenhausen and Leipzig incl. production-relevant external sites), "Development site" (Weissach incl. development-relevant external sites, "Other sites" (all other sites). A detailed overview of the key figures can be found in the Porsche Newsroom: www.newsroom.porsche.com/reports

Direct energy consumption according to primary energy sources in MWh ✓	2017	2016	2015
Total¹⁾	304,111	293,623	265,915
Production sites	225,218	217,104	199,443
Development site	62,556	N/A	N/A
Other sites	3,054	64,603	53,530
Fuel (in litres)	1,540,403	1,385,573	1,504,843

Indirect energy consumption according to primary energy sources in MWh ✓	2017	2016	2015
Total²⁾	339,200	296,873	282,369
Production sites	268,346	233,523	222,573
Development site	59,418	N/A	N/A
Other sites	11,436	63,350	59,796

¹⁾ The direct energy consumption is comprised of gas, combustible gas for manufacturing processes, heating oil, special energy products and fuel.

²⁾ The indirect energy consumption is comprised of electrical energy, district heating and combined heat and power units (CHPUs).



Energy consumption in KWh per vehicle¹⁾

2017		2,485
2016		3,008
2015		3,185

¹⁾ Production sites only

Emissions in t	2017	2016 ¹⁾	2015
Direct and indirect GHG emissions in t CO₂ equivalent (Scope 1 and 2) total ✓	63,522	164,159	142,261
Production sites	45,557	129,975	110,795
Development site	14,752	N/A	N/A
Other sites	3,213	34,184	31,466
Direct GHG emissions in t CO ₂ equivalent (Scope 1) ✓	57,117	53,928	49,659
Indirect GHG emissions in t CO ₂ equivalent (Scope 2) ✓	6,405	110,231	92,602
Other indirect GHG emissions (Scope 3) ²⁾³⁾	54,338	49,023	45,318
NO _x emissions	39.25	45.01	40.37
SO _x emissions	0.41	0.28	0.25
Weight of volatile organic compounds (VOC) ✓	125.29	116.93	110.05
Weight of dust emissions	0.11	0.3	0.27

¹⁾ The published key figures for 2016 have been partially corrected.

²⁾ The calculation method has been further developed for 2017, and the key figures for 2015 and 2016 adjusted in line with this method.

³⁾ The emissions indicated relate only to business trips, i.e. made by train (Porsche AG only), plane and rental car. A method for calculating Scope 3 emissions in logistics is currently under development.



Fresh water and waste water in m ³ ✓	2017	2016 ¹⁾	2015 ¹⁾
Water consumption (drinking water)	644,173	617,752	587,498
Volume of waste water	561,332	542,217	529,980

¹⁾ The published key figures for 2015 and 2016 have been partially corrected.

Volume of waste in t ✓	2017	2016 ¹⁾	2015
Total	22,272	21,171	18,802
Waste for recycling	20,592	19,312	17,121
Waste for disposal	1,680	1,859	1,681

¹⁾ The published key figures for 2016 have been partially corrected.



Investments in environmental protection € millions	2017		2016		2015	
Total¹⁾	39.09	100%	43.57	100%	42.73	100%
Waste disposal	2.84	7%	4.36	10%	7.26	17%
Emissions control	6.26	16%	10.89	25%	12.82	30%
Remedy costs	4.27	11%	7.84	18%	11.11	26%
Prevention	25.72	66%	20.48	47%	11.54	27%

¹⁾ Investments at the Zuffenhausen and Weissach sites have been included in calculations.

Key figures for personnel and social matters

Unless specified otherwise, the key figures shown below concerning personnel and social matters relate in principle to Porsche AG and Porsche Leipzig GmbH. A detailed overview of the key figures can be found in the Porsche Newsroom: www.newsroom.porsche.com/reports

Total workforce ✓	2017 ¹⁾	2016	2015
Porsche Group (including subsidiaries)	29,777	27,612	24,481
of which Porsche AG ²⁾	17,549	16,241	14,569
of which Porsche Leipzig GmbH ²⁾	4,148	3,994	3,667
Region: Germany	26,506	N/A	N/A
Region: Europe (excluding Germany)	1,403	N/A	N/A
Region: North America	741	N/A	N/A
Region: Asia	868	N/A	N/A
Other regions (Australia, Latin America)	259	N/A	N/A

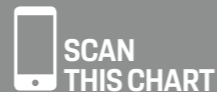
¹⁾ As of 2017, this figure relates to the entire Porsche AG Group.

²⁾ The specified employee figures are based on reports by region (Porsche AG = Baden-Württemberg, Porsche Leipzig GmbH = Saxony).

Employee structure ✓	2017 ¹⁾	2016	2015
Employees by gender			
Female	5,317	2,872	2,483
Male	24,460	17,363	15,753
Employees by type of employment²⁾			
Employees subject to wage agreements	25,911	18,312	16,419
Employees exempt from wage agreements and executive employees	3,866	1,923	1,817

¹⁾ As of 2017, this figure relates to the entire Porsche AG Group.

²⁾ Due to the equal payment and attractive framework conditions, the number of temporary employees has not been reported separately.



Proportion of foreign employees ¹⁾ ✓	2017	2016	2015
Porsche AG	12.7%	12.2%	12.0%
Porsche Leipzig GmbH	0.7%	0.8%	1.0%

¹⁾ We do not report on minorities, as we are not permitted to collect this data due to personality rights.

Employee turnover¹⁾ ✓

2017 ²⁾	1.20%
2016	0.60%
2015	0.60%

¹⁾ Employee turnover is not broken down by age group, gender and region. These figures are not essential to us as they are not relevant for management. The key figure is also calculated without including fixed-term employment contracts, employees entering into receipt of pensions and semi-retired workers.

²⁾ As of 2017, this figure relates to the entire Porsche AG Group.

Training programme participants ✓	2017	2016	2015
Total number of participants	19,909	21,798	21,731
Female	3,458	3,461	3,768
Male	16,451	18,337	17,963
Distribution of participants by employee category			
Employees subject to wage agreements	93.1%	90.7%	85.8%
Employees exempt from wage agreements and executive employees	6.9%	9.3%	14.2%



Number of accidents, lost days and fatalities ¹⁾ ✓	2017	2016	2015
Accidents ²⁾	177	171	165
Lost days ³⁾	1,708	1,957	2,542
Fatalities	0	1	0

¹⁾ It is not possible to report on employees from temporary employment agencies and external companies, or independent contractors.

²⁾ Non-serious injuries resulting from minor accidents are not included in the report. Accidents not resulting in lost days (calendar days) count as minor accidents.

³⁾ Working days are counted as lost days (usually Mo-Fr); the day of the accident is not included (>= 1 lost calendar day).

Injury rates ¹⁾ ✓	2017	2016	2015
Porsche AG	5.1	5.5	6.2
Porsche Leipzig GmbH	6.7	6.3	6.7

¹⁾ Injury rate = Accident frequency index: provides information on frequency of accidents occurring in the workplace in relation to the total of all hours worked. The calculation formula is based on the number of industrial accidents x 1 million hours / hours worked.

Donations made in € million	2017	2016	2015
	Approx. 4.8	Approx. 5.0	Approx. 4.6

Further information

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

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Deputy Chairman
Chairman of the general and Group Works Council of Dr. Ing. h.c. F. Porsche AG
Chairman of the Zuffenhausen/Ludwigsburg/Sachsenheim Works Council
Deputy chairman of the Works Council of Porsche Automobil Holding SE

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Lawyer

Dr Ferdinand Oliver Porsche
Investment management

Hans-Peter Porsche
Engineer

Hans Dieter Pötsch
Diplom-Wirtschaftsingenieur
Chairman of the Executive Board of Porsche Automobil Holding SE
Chairman of the Supervisory Board of Volkswagen AG

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Chairman of the Executive Board of Volkswagen AG

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Betriebswirt
Member of the Executive Board of Volkswagen AG
with responsibility for Procurement

Frank Witter
Member of the Executive Board of Volkswagen AG
with responsibility for Human Resources and Organisation

Dr Karlheinz Blessing
Member of the Executive Board of Volkswagen AG
with responsibility for Human Resources and Organisation

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Head of Sales Planning

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Member of the general Works Council
Member of the Zuffenhausen/Ludwigsburg/Sachsenheim Works Council
Member of the Works Council of Porsche Automobil Holding SE

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Collective Bargaining Secretary at IG Metall

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Chairman of the Weissach Works Council
Member of the Works Council of Porsche Automobil Holding SE

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Peter Schulz*
Diplom-Ingenieur (FH)
Vice President of Human Resources, Management and Production

Jordana Vogiatzi*
Press officer for the IG Metall trade union – Stuttgart Administrative Office

Axel Weyland*
Head of Drivetrain Division at Porsche Engineering Services GmbH

Werner Weresch*
Member of the Group Works Council
Member of the general Works Council of Dr. Ing. h.c. F. Porsche AG
Head of shop stewards' committee
Deputy chairman of the Works Council Zuffenhausen/Ludwigsburg/Sachsenheim
Member of the SE Works Council of Porsche Automobil Holding SE

*Employee representative

Emission and consumption information

Model	Power output [kW]	Power [hp]	Fuel consumption (urban) [l/100 km]	Fuel consumption (extra-urban) [l/100 km]	Fuel consumption (combined) [l/100 km]	CO ₂ emissions (combined) [g/km]
718						
718 Cayman	220	300	9.9	6.0	7.4	168
718 Cayman PDK	220	300	9.0	5.7	6.9	158
718 Cayman S	257	350	10.7	6.5	8.1	184
718 Cayman S PDK	257	350	9.5	6.0	7.3	167
718 Cayman GTS	269	365	12.3	7.0	9.0	205
718 Cayman GTS PDK	269	365	10.9	6.6	8.2	186
718 Boxster	220	300	9.9	6.0	7.4	168
718 Boxster PDK	220	300	9.0	5.7	6.9	158
718 Boxster S	257	350	10.7	6.5	8.1	184
718 Boxster S PDK	257	350	9.5	6.0	7.3	167
718 Boxster GTS	269	365	12.3	7.0	9.0	205
718 Boxster GTS PDK	269	365	10.9	6.6	8.2	186
911						
911 Carrera T	272	370	13.5	7.1	9.5	215
911 Carrera T PDK	272	370	11.5	6.8	8.5	193
911 Carrera	272	370	11.7	6.3	8.3	190
911 Carrera PDK	272	370	9.9	6.0	7.4	169
911 Carrera S	309	420	12.2	6.6	8.7	199
911 Carrera S PDK	309	420	10.1	6.4	7.7	174
911 Carrera GTS	331	450	12.9	7.3	9.4	212
911 Carrera GTS PDK	331	450	10.7	6.9	8.3	188
911 Carrera Cabriolet	272	370	11.9	6.5	8.5	195
911 Carrera Cabriolet PDK	272	370	9.9	6.2	7.5	172
911 Carrera S Cabriolet	309	420	12.3	6.7	8.8	202
911 Carrera S Cabriolet PDK	309	420	10.2	6.5	7.8	178
911 Carrera GTS Cabriolet	331	450	12.9	7.3	9.4	214
911 Carrera GTS Cabriolet PDK	331	450	10.8	7.0	8.4	190
911 Carrera 4	272	370	12.2	6.7	8.7	201
911 Carrera 4 PDK	272	370	10.1	6.3	7.7	177
911 Carrera 4S	309	420	12.4	6.8	8.9	204
911 Carrera 4S PDK	309	420	10.3	6.6	7.9	180
911 Carrera 4 GTS	331	450	13.0	7.4	9.5	216
911 Carrera 4 GTS PDK	331	450	10.9	7.1	8.5	192
911 Carrera 4 Cabriolet	272	370	12.4	6.9	8.9	206
911 Carrera 4 Cabriolet PDK	272	370	10.3	6.5	7.9	182
911 Carrera 4S Cabriolet	309	420	12.6	6.8	9.0	208
911 Carrera 4S Cabriolet PDK	309	420	10.4	6.7	8.0	184
911 Carrera 4 GTS Cabriolet	331	450	13.3	7.6	9.7	220
911 Carrera 4 GTS Cabriolet PDK	331	450	11.2	7.3	8.7	196
911 Targa 4	272	370	12.4	6.9	8.9	206
911 Targa 4 PDK	272	370	10.3	6.5	7.9	182
911 Targa 4S	309	420	12.6	6.8	9.0	208
911 Targa 4S PDK	309	420	10.4	6.7	8.0	184
911 Targa 4 GTS	331	450	13.3	7.6	9.7	220
911 Targa 4 GTS PDK	331	450	11.2	7.3	8.7	196
911 Turbo	397	540	11.8	7.5	9.1	212

Model	Power output [kW]	Power [hp]	Fuel consumption (urban) [l/100 km]	Fuel consumption (extra-urban) [l/100 km]	Fuel consumption (combined) [l/100 km]	CO ₂ emissions (combined) [g/km]
911 Turbo S	427	580	11.8	7.5	9.1	212
911 Turbo S Exclusive Series	446	607	11.8	7.5	9.1	212
911 Turbo Cabriolet	397	540	12.1	7.6	9.3	216
911 Turbo S Cabriolet	427	580	12.1	7.6	9.3	216
911 GT3 PDK	368	500	19.4	8.8	12.7	288
911 GT3 manual transmission	368	500	19.7	8.8	12.9	290
911 GT3 with Touring Package	368	500	20.2	9.2	13.3	302
911 GT3 RS	383	520	19.2	9.0	12.8	291
911 GT2 RS	515	700	18.1	8.2	11.8	269
Panamera						
Panamera	243	330	9.8–9.7*	6.3*	7.6–7.5*	173–171*
Panamera 4	243	330	9.9–9.8*	6.5–6.4*	7.8–7.7*	177–175*
Panamera 4 Executive	243	330	10.0–9.9*	6.7–6.6*	7.9–7.8*	180–178*
Panamera 4S	324	440	10.2–10.1*	6.8–6.7*	8.2–8.1*	186–184*
Panamera 4S Executive	324	440	10.4–10.3*	6.9–6.8*	8.3–8.2*	189–187*
Panamera Turbo	404	550	12.9–12.8*	7.3–7.2*	9.4–9.3*	214–212*
Panamera Turbo Executive	404	550	13.1–12.9*	7.4–7.3*	9.5–9.4*	217–215*
Panamera Sport Turismo						
Panamera 4 Sport Turismo	243	330	10.0–9.9*	6.7–6.6*	7.9–7.8*	180–178*
Panamera 4S Sport Turismo	324	440	10.4–10.3*	6.9–6.8*	8.3–8.2*	189–187*
Panamera Turbo Sport Turismo	404	550	13.1–12.9*	7.4–7.3*	9.5–9.4*	217–215*
Macan						
Macan	185	252	8.6–8.4*	6.6–6.4*	7.4–7.2*	172–167*
Macan S	250	340	11.6–11.3*	7.6–7.3*	9.0–8.7*	212–204*
Macan S Diesel	190	258	6.9–6.7*	5.9–5.7*	6.3–6.1*	164–159*
Macan GTS	265	360	11.8–11.4*	7.8–7.4*	9.2–8.8*	215–207*
Macan Turbo	294	400	11.8–11.5*	7.8–7.5*	9.2–8.9*	216–208*
Macan Turbo Performance Package	324	440	12.6–12.4*	8.0–7.8*	9.7–9.5*	224–219*
Macan Turbo Exclusive Performance Edition	324	440	12.6–12.4*	8.0–7.8*	9.7–9.5*	224–219*
Cayenne (E3)						
Cayenne	250	340	11.3–11.1*	8.0–7.9*	9.2–9.0*	209–205*
Cayenne S	324	440	11.8–11.3*	8.4–8.0*	9.4–9.2*	213–209*
Cayenne Turbo	404	550	16.4–16.2*	9.5–9.3*	11.9–11.7*	272–267*

Plug-in hybrids

Model	Power output [kW]**	Power [hp]**	Fuel consumption (combined) [l/100 km]	Power consumption [kWh/100 km]	CO ₂ -emissions combined [g/km]
Panamera 4 E-Hybrid	340	462	2.5	15.9	56
Panamera 4 E-Hybrid Executive	340	462	2.5	15.9	56
Panamera 4 E-Hybrid Sport Turismo	340	462	2.6	15.9	59
Panamera Turbo S E-Hybrid	500	680	2.9	16.2	66
Panamera Turbo S E-Hybrid Executive	500	680	2.9	16.2	66
Panamera Turbo S E-Hybrid Sport Turismo	500	680	3.0	17.6	69

*Range depending on the tyre set used
 **Overall system performance



This Annual and Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) standards on the basis of the Core option. Compliance with the external reporting requirements has been checked within the framework of the GRI Materiality Disclosures Service. All of the reported universal and topic-specific indicators included in the report are listed in the GRI Content Index below, and their location in the printed and online versions of the report is shown. A detailed version of the GRI Content Index is available in the Porsche Newsroom: www.newsroom.porsche.com/reports.

GRI standard	Disclosure	Printed report	Online version	Omission
General Disclosures				
	102-1 Name of the organisation	139	→ Text	
	102-2 Activities, brands, products, and services	7, 18, 70–75, 128–129	→ Index/Text	
	102-3 Location of headquarters	139		
	102-4 Location of operations	20–24		
	102-5 Ownership and legal form		→ Index	
	102-6 Markets served	20–24		
	102-7 Scale of the organisation	18–25, 53, 93–113, 118, 122	→ Key figures	
	102-8 Information on employees and other workers	25, 48–49, 52–53, 59, 122–123	→ Key figures	
	102-9 Supply chain	40–43, 90–91, 119	→ Index/Text	
	102-10 Significant changes to the organisation and its supply chain	4, 10–17, 26, 133	→ Index	
	102-11 Precautionary principle or approach	48–49, 52–58	→ Text	
	102-12 External initiatives	10, 17, 34, 38, 40–41, 46–47, 91, 130–132, 133	→ Index	
	102-13 Membership of associations		→ Text	
	102-14 Statement from senior decision-maker	6–7	→ Text	
	102-16 Values, principles, standards, and norms of behavior	31–33, 40–43, 46–49	→ Index/Text	
	102-18 Governance structure	6–7, 126–127	→ Text	
	102-40 List of stakeholder groups	34–35	→ Text	
	102-41 Collective bargaining agreements		→ Index	
GRI 102: General Disclosures (2016)	All the employees of the company, with the exception of senior executives, are covered by collective wage agreements. As a member company of the Südwestmetall Employers' Association, Porsche AG participates actively in the social partnership between the metal and electrical industry in Baden-Württemberg and the IG Metall trade union. All Porsche AG employees therefore fall under its multi-employer wage agreement, while the company's own collective agreement covers employees of Porsche Leipzig GmbH.			
	102-42 Identifying and selecting stakeholders	34–35	→ Text	
	102-43 Approach to stakeholder engagement	34–35	→ Text	
	102-44 Key topics and concerns raised	34–35, 38–39	→ Text	
	102-45 Entities included in the consolidated financial statements	118	→ Index	
	102-46 Defining report content and topic boundaries	31, 34, 36, 38–39, 133	→ Text	
	102-47 List of material topics	34, 38–39	→ Text	
	102-48 Restatements of information	34, 38, 133		
	102-49 Changes in reporting	133		
	102-50 Reporting period	133		
	102-51 Date of most recent report	133		
	102-52 Reporting cycle	133		
	102-53 Contact point for questions regarding the report	139		
	102-54 Claims of reporting in accordance with the GRI Standards	130–132, 133		
	102-55 GRI content index	130–132		
	102-56 External assurance	136		

Key topics	Disclosure	Printed report	Online version	Omission
Long-term economic stability				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 40–43	→ Text	
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed 201-4 Financial assistance received from government	25, 60–67, 94–115, 123, 135	→ Index/Text → Index	
Long-term customer relations				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 40–43	→ Text	
GRI 418: Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		→ Index	Restricted due to obligation to maintain confidentiality (for further details see online index)
Responsibility in the supply chain				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 40–43	→ Text	
GRI 204: Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	119	→ Index/Key figures	
GRI 308: Supplier Environmental Assessment (2016)	308-1 New suppliers that were screened using environmental criteria	41, 91, 119	→ Text/Key figures	
GRI 409: Forced or Compulsory Labor (2016)	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	41, 91	→ Index/Text	
GRI 412: Human Rights Assessment (2016)	412-2 Employee training on human rights policies or procedures 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		→ Index	
GRI 414: Supplier Social Assessment (2016)	414-1 New suppliers that were screened using social criteria	119	→ Key figures	
Compliance				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 40–43	→ Text	
GRI 205: Anti-corruption (2016)	205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures	42–43	→ Key figures	
GRI 206: Anti-competitive Behavior (2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		→ Index	
GRI 307: Environmental Compliance (2016)	307-1 Non-compliance with environmental laws and regulations		→ Index	
GRI 419: Socioeconomic Compliance (2016)	419-1 Non-compliance with laws and regulations in the social and economic area		→ Index	
Digital transformation				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 40–43	→ Text	
Vehicle safety				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 44–45	→ Text	
GRI 416: Customer Health and Safety (2016)	416-1 Assessment of the health and safety impacts of product and service categories		→ Index	
Fuel consumption and vehicle emissions				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	34, 38–39, 44–45	→ Text	
GRI 305: Emissions (2016)	305-3 Other indirect (Scope 3) GHG emissions	121	→ Key figures	Information not available (For details see p. 121)

Key topics	Disclosure	Printed report	Online version	Omission
Material and sustainable materials				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	34, 38–39, 44–45	→ Text	
	103-3 Evaluation of the management approach			
GRI 301: Materials (2016)	301-1 Materials used by weight or volume	91	→ Key figures	
New mobility concepts				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	34, 38–39, 44–45	→ Text	
	103-3 Evaluation of the management approach			
Energy and emissions during production				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	34, 38–39, 46–47	→ Text	
	103-3 Evaluation of the management approach			
GRI 302: Energy (2016)	302-1 Energy consumption within the organisation	82–89, 120	→ Key figures	
	302-3 Energy intensity	120	→ Key figures	
	305-1 Direct (Scope 1) GHG emissions	121	→ Index/Key figures	
GRI 305: Emissions (2016)	305-2 Energy indirect (Scope 2) GHG emissions	87, 121	→ Text	
	305-3 Other indirect (Scope 3) GHG emissions	121	→ Key figures	Information not available (For details see p.121)
	305-4 GHG emissions intensity		→ Key figures	
	305-6 Emissions of ozone-depleting substances (ODS)		→ Key figures	
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	121	→ Key figures	
Resource consumption during production				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	34, 38–39, 46–47	→ Text	
	103-3 Evaluation of the management approach			
GRI 303: Water (2016)	303-1 Water withdrawal by source	46–47, 121	→ Key figures	
	306-1 Water discharge by quality and destination	46–47, 121	→ Index/Key figures	
GRI 306: Effluents and Waste (2016)	306-2 Waste by type and disposal method	46–47, 121	→ Key figures	
	306-3 Significant spills		→ Index	
Environmentally compatible logistics				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	34, 38–39, 46–47	→ Text	
	103-3 Evaluation of the management approach			
GRI 305: Emissions (2016)	305-3 Other indirect (Scope 3) GHG emissions	87,121	→ Key figures	Information not available (For details see p. 121)
Attractiveness as an employer				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	4, 38–39, 48–49	→ Text	
	103-3 Evaluation of the management approach			
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	48–49, 52–53, 59, 122–123, 135	→ Index/Text/Key figures	
	401-3 Parental leave		→ Index/Key figures	
Staff development				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	4, 38–39, 48–49	→ Text	
	103-3 Evaluation of the management approach			
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	48–49, 52, 56–57, 123	→ Text/Key figures	
	404-2 Programs for upgrading employee skills and transition assistance programs	54–58	→ Text	
Corporate co-determination				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	4, 38–39, 48–49	→ Text	
	103-3 Evaluation of the management approach			
GRI 402: Labor/Management Relations (2016)	402-1 Minimum notice periods regarding operational changes	34	→ Index/Text	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		→ Index	Not applicable (for further details see online index)

Key topics	Disclosure	Printed report	Online version	Omission
Occupational health and safety				
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components	4, 38–39, 48–49	→ Text	
	103-3 Evaluation of the management approach			
GRI 403: Occupational Health and Safety (2016)	403-1 Workers representation in formal joint management-worker health and safety committees		→ Index	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	48–49, 123	→ Index/Key figures	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	48–49, 58	→ Index/Text	

About this report

Report contents and period

(GRI 102-46, 102-48, 102-50, 102-51, 102-52)

This documentation represents the second time that Dr. Ing. h.c. F. Porsche AG has published a combined Annual and Sustainability Report. The company published its first report in this format for the 2016 financial year on 17 March 2017. The report is produced annually. The current report covers the period from 1 January 2017 to 31 December 2017. Information from before this period is also included for completeness. Unless otherwise specified, the end date for all data is 31 December 2017. The editorial deadline was in February 2018. Unless otherwise indicated, all information refers to Dr. Ing. h.c. F. Porsche AG. If content that was already reported has been corrected, e.g. due to changes in collection methods for key figures and data, this is indicated. Financial analyses as well as key figures and data are given in compact form at the end of the report and in detailed form online in the Porsche Newsroom (newsroom.porsche.com). This site also contains further information on Porsche's sustainability work. Management approaches to major topics in this report are contained in the section entitled "Sustainability strategy and management".

Reporting standard and assurance

(GRI 102-49, 102-54, 102-55, 102-56)

This report and the information on Porsche's sustainability work were authored in accordance and compliance with the Core option of the Global Reporting Initiative (GRI) standards. Previous reports used the G3.1 and G4 guidelines which were current for those points in time. The GRI Content Index at the end of the report shows the extent to which the indicators have been met and where they are located in the print and online versions. The GRI Materiality Disclosures service confirmed that the GRI requirements for materiality disclosures were met. In addition to careful data collection and recording via internal reporting and processing systems as well as detailed internal consolidation and auditing of the information and data, an external audit was performed on selected content (materiality process, management approaches, key figures). These items are marked accordingly in the Report with a (✓). The auditor's report by the independent auditor is on page 136.

Separate non-financial consolidated report

Dr. Ing. h.c. F. Porsche AG makes use of the exemption provision in Sections 289b (2) and 315b (2) of the German Commercial Code ("HGB") allowing it not to issue a non-financial report and a non-financial consolidated report and refers to the separate non-financial report of Volkswagen AG for the financial year 2017, which will be available on the www.volkswagenag.com website in German and English no later than 30 April 2018.

		FY 2017	FY 2016	FY 2015
Deliveries	Vehicles	246,375	237,778	225,121
911	Vehicles	32,197	32,365	31,350
918 Spyder	Vehicles	7	44	566
718 Boxster/Cayman	Vehicles	25,114	23,620	22,663
Macan	Vehicles	97,202	95,642	80,216
Cayenne	Vehicles	63,913	70,867	73,119
Panamera	Vehicles	27,942	15,240	17,207
Production	Vehicles	255,683	239,618	234,497
911	Vehicles	33,820	31,648	31,373
918 Spyder	Vehicles	–	–	375
718 Boxster/Cayman	Vehicles	26,427	24,882	21,978
Macan	Vehicles	98,763	97,177	86,016
Cayenne	Vehicles	59,068	71,693	79,700
Panamera	Vehicles	37,605	14,218	15,055
Employees ¹⁾	Total	29,777	27,612	24,481
Personnel expenses	€ million	3,200	2,875	2,605
Financials				
Sales revenue	€ million	23,491	22,318	21,533
Total assets	€ million	35,019	32,235	29,143
Equity	€ million	15,200	11,980	10,700
Fixed assets	€ million	14,404	12,841	11,009
Capital expenditure ²⁾	€ million	3,099	2,666	2,427
Cost of materials	€ million	13,665	12,623	12,095
Depreciation, amortisation and impairment losses	€ million	2,276	2,081	2,124
Cash flows from operating activities	€ million	4,069	3,864	3,843
Operating result (EBIT)	€ million	4,144	3,877	3,404
Profit before tax	€ million	4,221	3,697	3,382
Profit after tax	€ million	3,139	2,640	2,335

¹⁾ As of 31 December.

²⁾ Relates to investments in intangible assets and property, plant and equipment.

Porsche Newsroom provides more information and an interactive comparison of current financial and volume data. By selecting various parameters such as time period, key figure type or display type, you can generate and save individual comparisons in different formats.
www.newsroom.porsche.com/charts



AUDITOR'S REPORT BY THE INDEPENDENT AUDITOR REGARDING A BUSINESS AUDIT FOR THE ATTAINMENT OF LIMITED ASSURANCE REGARDING SUSTAINABILITY INFORMATION

To Dr. Ing. h.c. F. Porsche AG, Stuttgart

We have subjected the sustainability details marked with “√” in the annual report (hereinafter referred to as the “Report”) of Dr. Ing. h.c. F. Porsche AG, Stuttgart (hereinafter referred to as the “Company”) for the period from 01/01/2017 to 31/12/2017 to a business audit for the attainment of limited assurance. Our remit refers exclusively to the details marked with “√”.

RESPONSIBILITY OF LEGAL REPRESENTATIVES

The Company's legal representatives are responsible for drawing up the Report in accordance with the principles referred to in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter referred to as the “GRI Criteria”) and for the selection of the details to be evaluated.

This responsibility of the Company's legal representatives comprises the selection and application of suitable methods of sustainability reporting as well as making assumptions and carrying out estimates regarding individual sustainability details that are appropriate under the circumstances. Furthermore, the legal representatives are responsible for internal controls that they have deemed to be necessary in drawing up the Report and in ensuring that the Report is free of significantly erroneous details – either intentional or unintentional.

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDITING COMPANY

We complied with German professional regulations regarding independence as well as additional professional conduct requirements.

Our auditing company applies the national legal regulations and professional notifications – particularly those of the occupational statute for auditors and chartered accountants (“BS WP/vBP”) as well as the IDW quality assurance standard 1 “Requirements of quality assurance in auditing practice” (IDW QS 1) issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer (IDW)) – and, as a consequence, maintains a comprehensive quality assurance system that comprises documented regulations and measures with regard to compliance with professional conduct requirements, professional standards and decisive statutory and other legal requirements.

RESPONSIBILITY OF THE AUDITOR

It is our remit to submit a limited-assurance audit opinion based on the audit regarding the details in the Report that are marked with “√”.

We carried out our business audit in consideration of the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. We then planned and executed the audit in such a way that we can state with limited assurance that we are aware of no issues that would lead us to believe that the details marked with a “√” in the Company's Report for the period from 01/01/2017 to 31/12/2017 have not been drawn up in accordance with the relevant GRI Criteria in all significant aspects. This does not mean that a separate audit opinion is issued for each marked detail.

In the case of a business audit to attain limited assurance, the auditing actions carried out are less comprehensive than in a business audit to attain reasonable assurance, meaning that a significantly lower level of audit assurance is required. Selection of the auditing actions lies within the auditor's professional judgement.

As part of our audit, we carried out auditing activities and other tasks, including the following:

- Gaining an understanding of the structure of the sustainability organisation and the inclusion of stakeholders
- Surveying employees who were involved in drawing up the Report regarding the drawing-up process, regarding the internal control system applied to this process and regarding selected details in the Report
- Assessment of the risk of significant incorrect details appearing in the Report, taking the GRI Criteria as a basis
- Inspection of relevant documents and surveying employees with regard to the materiality process and the creation of the materiality matrix, with regard to the selected management approaches and the data capture and consolidation of the selected key figures for 2016 and 2017 as well as regarding the internal control system applied to these processes
- Carrying out on-site visits to gain an impression of the data-capture and consolidation processes as well as the internal control activities with regard to the selected key figures:
 - Zuffenhausen plant, Germany
 - Leipzig plant, Germany
- Inspection of supplementary documentation and supporting systems

- Analytical evaluation of selected details in the report
- Comparison of details with the relevant financial reporting data
- Evaluation of the representation of the selected sustainability performance details

AUDIT OPINION

Based on the auditing activities carried out and the verifications obtained, we are aware of no issues that would lead us to believe that the details marked with a “√” in the Company's Report for the period from 01/01/2017 to 31/12/2017 have not been drawn up in accordance with the relevant GRI Criteria in all significant aspects.

INTENDED PURPOSE OF THIS AUDITOR'S REPORT

We issue this auditor's report based on the remit agreed with Dr. Ing. h.c. F. Porsche AG. The audit was carried out for Company purposes and the auditor's report is only intended for the information of Dr. Ing. h.c. F. Porsche AG regarding the result of the audit.

The auditor's report is not intended to be used as a basis for third parties to make (investment) decisions. Our responsibility is exclusively to Dr. Ing. h.c. F. Porsche AG. We accept no re-sponsibility for third parties.

Frankfurt, 28 February 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

ppa. Nicolette Behncke, Auditor
ppa. Heinke Richter

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