

PORSCHE SE

2020

Non-financial
group report of
Porsche SE

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Basis of reporting

The non-financial group report of Porsche SE aims to give internal and external readers a transparent presentation of the concepts, strategies and processes relating to non-financial aspects in the Porsche SE Group. In addition, the non-financial group report is intended to help analyze the opportunities and risks associated with these aspects.

This non-financial group report of Porsche SE for the fiscal year 2020 follows the commercial law requirements of Sec. 315b German Commercial Code (HGB). In accordance with Sec. 289d HGB, it was considered which national, European or international frameworks could be used for the preparation of the non-financial group report. The Porsche SE Group currently opts not to use a framework on account of deviating definitions of materiality between the frameworks and the legal requirements as well as the unreasonable cost-benefit ratio in light of the current corporate structure. The future use of a framework will be regularly evaluated; in particular, the current assessment may change with the acquisition of additional investments.

Reporting covers Porsche SE and the fully consolidated entities included in the consolidated financial statements of the Porsche SE Group and particularly the companies of PTV Group. The Porsche SE Group does not have control over its other investments, meaning that it can encourage sustainable corporate governance at these investments only through the shareholder dialogue and board work. With regard to the investment in Volkswagen, reference is made to the Volkswagen Group's own sustainability reporting.

Reporting on the Porsche SE Group mainly focuses on the non-financial aspects environmental matters, employee-related matters, social matters, respect for human rights and anti-corruption and bribery matters.

Business model of the Porsche SE Group

Porsche SE is a holding company with investments in the areas of mobility and industrial technology. The investment in Volkswagen AG remains Porsche SE's core investment. In addition to this, Porsche SE aims to acquire additional investments related to industrial production or the future of mobility in order to generate sustainable returns through active investment management.

When it comes to identifying, implementing and further developing investment projects, Porsche SE draws on its integration into one of the world's largest automotive and industrial networks.

The Porsche SE Group is, in general, organized along decentralized lines, the management of each investment is independently responsible for corporate governance. Porsche SE is in constant communication with the management of its investments, particularly through its board work.

Before acquiring investments, Porsche SE considers how the target company manages non-financial aspects in addition to financial aspects. The scope of these investigations depends considerably on the company's business model and market coverage.

In addition to the core investment in Volkswagen, the Porsche SE Group has over the past few years invested in several companies that have significant sustainability aspects anchored in their respective business models. With the data portfolio they offer and their software solutions, the PTV Group and INRIX are aiming to optimize traffic and routes, thereby making a significant contribution to reducing the consumption of resources and lowering emissions. The innovative 3D printing solutions of two of our investments should allow raw materials to be used more efficiently in development and production.

Materiality analysis

A materiality analysis was performed during preparation of the non-financial group report of Porsche SE. As a result, the aspects employee-related matters and anti-corruption and bribery matters (compliance) were classified as material for the Porsche SE Group.

The Porsche SE Group also attaches great importance to the aspects environmental matters, social matters and respect for human rights. However, none of the companies relevant for the non-financial reporting are from manufacturing or commodity- and energy-intensive industries, which is why these aspects have been classified as immaterial for the Porsche SE Group in this context. Nevertheless, the Porsche SE Group considers these aspects in its investment management and also takes all of these into account in due diligence activities before an investment.

There are currently no non-financial key performance indicators that are material for the business activities of the Porsche SE Group.

Material non-financial aspects

Employee-related matters

The qualification, motivation and efficiency of the Porsche SE Group's employees are key factors for its success. This applies both to Porsche SE as a holding company for successfully implementing its investment strategy and to the PTV Group, each facing fierce competition for qualified specialists. Attracting and retaining qualified employees and promoting health and advanced training are therefore main interests of the Porsche SE Group.

In light of the Covid-19 pandemic, the protection of the health of the Porsche SE Group's employees played a significant role in the fiscal year 2020. Hereto the Porsche SE Group took extensive measures. In line with the recommendations of the health authorities, a hygiene concept was developed and implemented early on. Rules of conduct updated to reflect the current situation were regularly communicated to all employees. Furthermore, technical and organizational measures, some of which were already in place, to enable employees to largely work remotely were created or optimized. Further concrete measures including in particular the provision of protective masks and the intensification of hygiene measures. For the employees of Porsche SE, there was also the possibility of getting tested for Covid-19 when needed.

Employee health is also fundamentally an important concern of the Porsche SE Group. Offers include in particular occupational measures to promote healthcare, medical examinations and prevention programs as well as fitness programs located close to the place of work.

There are concepts to promote additional employee-related matters at Porsche SE level as well as at PTV Group level. A key pillar of this is the creation of a corporate culture based on mutual appreciation and respect. This includes protecting employee rights, supported by professional processes in HR. Other components include informing employees about central developments in the company as well as encouraging communication and cross-department dialogue between employees by regularly holding various types of joint events.


A major factor in attracting and retaining employees is the attractiveness of the Porsche SE Group companies as an employer. Alongside attractive remuneration, the Porsche SE Group has also set up options for private pension plans. There are opportunities for basic and advanced training programs for employees, comprising internal and external training events and workshops, attending conferences, subsidizing selected work-based training programs as well as language courses.

Compliance

Adherence to statutory requirements as well as company-internal guidelines and standards are the basic principles of entrepreneurial behavior in the Porsche SE Group. Significant components are therefore ensuring and promoting conduct that is in line with the law as well as combating corruption and bribery.

The Porsche SE Group fulfills its responsibilities through extensive activities in the area of compliance. For instance, Porsche SE established a dedicated legal affairs and compliance board of management function. The Porsche SE's member of the board of management responsible for legal affairs and compliance is tasked with reporting to the whole board of management on all questions relating to compliance, taking preventive measures, managing these and also monitoring and encouraging compliance with regulations.

Porsche SE has established a compliance organization and thus a compliance management system. This is specifically tasked with preventing breaches of laws or other legal requirements and company-internal guidelines and regulations. An internal company directive of Porsche SE stipulates the responsible organizational units and decision-makers in terms of procedures relating to



compliance. Furthermore, employees of Porsche SE have the opportunity to report any suspected breaches of law within the company anonymously using a compliance e-mail address. The compliance organization is also supported by the Internal Audit integrated in the risk management system.

The PTV Group has anchored compliance with legal and internal regulations in its group-wide code of conduct. This code of conduct provides guidance for entrepreneurial behavior of all employees in the PTV Group. Management and executives are tasked with ensuring that their employees are aware of and comply with the code of conduct. Employees' compliant behavior is promoted via company-wide information and clarification about the obligations and competences of their respective business division. Furthermore, employees of the PTV Group also have the opportunity to report any suspected breaches of law within the company using a compliance e-mail address.

Stuttgart, 10 March 2021
Porsche Automobil Holding SE

The board of management

Hans Dieter Pötsch

Dr. Manfred Döss

Lutz Meschke

Risk assessment

Significant non-financial aspects are taken into account in the Porsche SE Group's risk management system. In particular, the risk area "Compliance" in the risk management system comprises risks from non-compliance with the statutory requirements as well as company-internal guidelines for the Porsche SE Group. As of the reporting date, these risks are considered low.

Based on current estimations, there are no significant risks from the Porsche SE Group's business activities and no significant risks associated with the Porsche SE Group's business relationships, products or services that are very likely to have serious negative consequences for the non-financial aspects.