PORSCHE SE

Declaration of compliance/ corporate governance report

2019

Declaration of compliance/ corporate governance report

Pursuant to Secs. 289f and 315d German Commercial Code (HGB), listed stock corporations must issue a declaration of compliance in the management report and parent companies in the group management report. We have incorporated the declaration of compliance into the corporate governance report and published it on our website at http://www.porsche-se.com/en/company/corporate-governance/. In accordance with the legal requirements and recommendations of the German Corporate Governance Code ("GCGC" or "Code")[1], Porsche Automobil Holding SE ("Porsche SE") makes the following disclosures:

I. Declaration on the German Corporate Governance Code (Sec. 161 AktG)

Pursuant to Sec. 161 (1) German Stock Corporation Act (AktG), Art. 9 (1) lit. c) ii) SE-VO, the executive and supervisory board of a listed SE are obliged to make an annual declaration of compliance as to whether they have complied and are continuing to comply with the recommendations of the GCGC in the version valid at the time, or which of the recommendations contained in the Code have not been or are not applied, and why. In the event of changes during the year between two regular declarations, the declaration must be updated.

In the fiscal year 2019, Porsche Automobil Holding SE submitted two declarations of compliance pursuant to Sec. 161 AktG. The first was submitted in May 2019, the second brought forward to December 2019 in line with the suggestions of the Code Commission.

Wording of the declaration issued by Porsche SE in accordance with Sec. 161 (1) AktG in December 2019:
The executive board and supervisory board of Porsche Automobil Holding SE declare in accordance with Sec. 161 (1) AktG that since the most recent declaration of compliance in May 2019 the company has complied with and also in the future will comply with the recommendations of the Government Commission on the German Corporate Governance Code (GCGC or Code) announced by the Federal Ministry of Justice in the official part of the German Federal Gazette in the relevant version of the Code from 7 February 2017, published in the German Federal Gazette on 24 April 2017, with the exception of the following deviations:

The recommendation in Sec. 4.2.3 (2) Sentence 2 GCGC, according to which the monetary

[1] All of the following references relate to the version of the GCGC dated 7 February 2017 valid in the reporting period from 1 January 2019 to 31 December 2019

elements of the remuneration of executive board members should comprise both fixed and variable elements, has not been complied with regarding the chairman of the executive board Hans Dieter Pötsch and will not be complied with in the future.
Mr. Pötsch receives only a fixed basic component from Porsche Automobil Holding SE. In light of Mr. Pötsch's activity and task structure, the supervisory board of Porsche Automobil Holding SE considers the current structure of his remuneration without any variable remuneration to be appropriate.

In addition, regarding executive board remuneration paid by Porsche Automobil Holding SE, the recommendation in Sec. 4.2.3 (2) Sentence 6 GCGC has not been and also will not be fully complied with in the future. Based on the judgment of the supervisory board, there are no upper limits of maximum amounts of bonus payments to be made to individual executive board members for previously agreed targets or a subsequent bonus in recognition of extraordinary performance. The same therefore has to date also applied for compensation on the whole. The supervisory board does not consider this necessary because by exercising its judgment it can ensure that the requirement of appropriateness of Sec. 87 (1) AktG is complied with. Future obligations under stock corporation law to determine maximum compensation for the members of the executive board are complied with.

The recommendation contained in Sec. 5.4.1 (2) GCGC on determining an age limit for members of the supervisory board and determining a regular limit for the term of office served on the supervisory board was not complied with and will not be done so in the future until further notice. The supervisory board is still of the opinion that the ability to monitor and advise the executive board in its management of the company does not cease upon reaching a certain age or a certain term of office. A fixed age limit can also come across as discriminatory.

The diversity targets set by the supervisory board pursuant to Sec. 5.4.1 (2) GCGC for its composition do not contain a requirement for the percentage representation of women on the supervisory board. Although the board currently has one female member, quotas or targets should not be set for the diversity concept as the supervisory board believes that this would restrict the flexibility needed to put the board together. To this extent, in terms of the disclosures on diversity, the recommendation under Sec. 5.4.1 (2) GCGC was not complied with and will not be complied with in the future.

For the supervisory board's election recommendations to the company's annual general meeting in June 2019, the recommendation pursuant to Sec. 5.4.1 (4) Sentence 1 GCGC was not complied with, nor will it be complied with for the supervisory board's future election recommendations to the company's annual general meeting.

As regards the recommendation under Sec. 5.4.1 (6) GCGC regarding the disclosure of certain matters in the supervisory board's election recommendations to the annual general meeting, non-compliance has been declared as a precaution. The requirements of the Code are imprecise and their boundaries and scope unclear. The supervisory board has endeavored in the past and will continue to endeavor in the future to meet the requirements of Sec. 5.4.1 (6) of the Code, although, in light of the imprecision, unclear scope and boundaries of the recommendation, it cannot rule out that this recommendation was not fully complied with in the past or will not be fully complied with in the future.

Additional deviations in the declaration of Porsche SE in accordance with Sec. 161 (1) AktG in the version from May 2019:
In addition to the above mentioned declaration from December 2019, the declaration of compliance submitted in May 2019, which related to the period from May 2018 to May 2019, also contained the following deviations:

Until the supervisory board issued its diversity concept for the supervisory board on 30 November 2018, there was no guidance on diversity, such that the recommendation in this regard in Sec. 5.4.1 (2) GCGC was not complied with. By resolution dated 30 November 2018, the supervisory board issued a diversity concept for the supervisory board, expanding on the targets regarding with guidance on diversity. However, it does not contain a requirement for the percentage representation of women on the supervisory board.

Furthermore, a deviation from the recommendation pursuant to Sec. 5.4.1 (4) Sentence 1 GCGC was declared as the election recommendations to the company's annual general meeting on 15 May 2018 did not comply with the recommendation.

II. Relevant information on corporate governance practices that exceed the legal requirements

In the context of responsible corporate governance at Porsche SE, compliance with the relevant legal requirements has the highest priority. In addition, Porsche SE follows the recommendations of the GCGC both relating to the individual entity and those relating to the group to the extent set out in the declaration on the GCGC and any updates. Furthermore, the executive board of Porsche SE has prepared internal guidelines to ensure compliance with the legal requirements. After all, Porsche SE's reputation is influenced by the actions and behavior of everyone at the company.

The managers of Porsche SE are largely responsible for ensuring that the guidelines and rules within the company are systematically observed and complied with. In day-to-day business, every manager must continuously strive to ensure employees have the greatest possible freedom of action, without neglecting the fundamental principles of good corporate governance. To ensure this is the case, Porsche SE provides its managers and employees with training that focuses on the content of its internal guidelines.

The managers of Porsche SE also ensure that the corporate governance practices in place at its fully consolidated subsidiaries are complied with to the extent applicable there. As Porsche SE's most important investment, Volkswagen Aktiengesellschaft, Wolfsburg ("Volkswagen AG" or "Volkswagen"), is responsible for making its own decisions on the corporate governance practices to be applied within the Volkswagen Group and reports on them in Volkswagen AG's group management report.

III. Description of the working practices of the executive board and supervisory board, and the composition and working practices of their committees

The main basis for the corporate statutes of Porsche SE is formed by the European SE provisions, the German SE Implementation Act (SEAG), the German SE Investment Act (SEBG), the German Stock Corporation Act (AktG) as well as the provisions of the articles of association and the requirements of the GCGC. Like German stock corporations, Porsche SE applies the dual management system, with strict separation of the executive board and supervisory board. The executive board and supervisory board work hand in hand in the interest of the company.

Executive board
The executive board of Porsche SE comprises at least two persons. The supervisory board may specify a larger number of members of the executive board.

In the fiscal year 2019, the executive board consisted of three persons: Mr. Hans Dieter Pötsch (chairman), Dr. Manfred Döss and Mr. Philipp von Hagen. Mr. Pötsch is also chairman of the supervisory board of Volkswagen AG. Dr. Döss also heads the legal department of Volkswagen AG.

The executive board has sole responsibility for the management of the company and the Porsche SE Group in the interest of the company and represents the company in transactions with third parties. Its main tasks pertain to the strategy and management of Porsche SE as well as the implementation and monitoring of an efficient risk management system. The activity of the executive board is specified in more detail in rules of procedure issued by the supervisory board.

Corporate governance takes into consideration conflicts of interest that could have arisen or can arise, among other things, from membership of two boards (for example one at Porsche SE and one at Volkswagen AG) and addresses these in the interest of Porsche SE. For example, a member of the executive board who is also a member of the Volkswagen AG supervisory board does not, in principle, participate in any resolutions concerning issues relating to Volkswagen AG where there is a conflict of interest.

The members of the executive board are jointly responsible for all aspects of the management of the company. The executive board as a whole decides on all matters of material or fundamental importance. This overall responsibility notwithstanding, each member of the executive board independently manages the business area assigned to him where the decision is not – in matters of material or fundamental importance – the responsibility of the entire executive board.

The executive board informs the supervisory board regularly, without delay and comprehensively about the strategy, planning, business development, risk situation and the risk management and compliance of the company and consults with the supervisory board on the strategy. The chairman of the executive board is responsible for organizing and coordinating cooperation with the supervisory board and its members; he is responsible for ensuring that the supervisory board is informed in a timely, conscientious and comprehensive manner. In addition, he is responsible for ensuring the foundations for Porsche SE to thrive through ongoing personal contact with the chairman of the supervisory board and constant dialog with him.

For certain types of transaction, the executive board requires the prior approval of the supervisory board. These include, in particular, the acquisition and sale of companies and equity investments, if the value of the individual transaction exceeds € 25 million; the foundation and dissolution of investment companies and the establishment and closure of plant locations, where the transaction in question is of significant importance for the company; the assumption of guarantees, acknowledgments of debt and warranties that do not form part of the company's ordinary business operations; and legal transactions with holders of ordinary shares, supervisory board members or family members of such persons outside the ordinary business operations of the company.

Executive board meetings are held regularly, at least once a month. They are convened by the chairman of the executive board. The chairman of the executive board is obliged to convene a meeting of the executive board at the request of a member of the executive board or the chairman of the supervisory board.

The executive board has a quorum if all members of the board have been invited and at least half of its members attend the meeting personally or via electronic media. Resolutions are passed by a majority vote of the participating board members. In derogation of Art. 50 (2) Sentence 1 SE-VO, the chairman does not cast the deciding vote in the event of a tied vote. The chairman of the executive board determines the type of vote. If no executive board member objects, decisions can also be taken by circular resolutions.

Supervisory board

The supervisory board appoints the members of the executive board and monitors and supervises management.

The size and composition of the supervisory board are determined according to the European SE provisions and a co-determination agreement entered into with representatives of the European Porsche employees in 2007 and amended by agreement dated 1 February 2017. This agreement defines the competencies of the employees as well as the regulations of the articles of association.

The supervisory board comprises exclusively members appointed by the annual general meeting (shareholder representatives). According to the articles of association, the supervisory board comprises ten shareholder representatives, who are listed on our website at

https://www.porsche-se.com/en/company/supervisory-board/

With regard to the composition of the supervisory board, a shareholder initiated a status proceeding pursuant to Sec. 98 German Stock Corporation Act (AktG) with the Regional Court of Stuttgart in November 2018. It was requested to the court to find that the supervisory board of Porsche SE should, in derogation from its current composition, consist of half shareholder representatives and half employee representatives. Porsche SE is of the opinion that the supervisory board is duly composed and therefore considers the motion to be without merit. A decision has yet to be reached on the matter.

By resolution of Stuttgart local court dated 28 March 2019, Prof. KR Ing. Siegfried Wolf was appointed as member of the supervisory board by court appointment as of 11 April 2019. Pursuant to Sec. 104 (6) AktG, the court appointment applied until a new member of the supervisory board was elected by the annual general meeting. On 27 June 2019, the annual general meeting of Porsche SE elected Prof. KR Ing. Siegfried Wolf onto the supervisory board effective as of the end of the annual general meeting.

The statutory tasks of the supervisory board or those imposed by the articles of association are jointly fulfilled by its members. It cooperates closely with the other company bodies for the good of the company. Its members have the same rights and duties; they are not bound by orders and instructions, especially not those of the shareholders.

The chairman of the supervisory board convenes the supervisory board meetings, giving at least fourteen days' notice. The supervisory board must meet at least twice in a calendar half year and should meet once each quarter. In addition, supervisory board meetings are convened if there is a special reason.

The supervisory board has a quorum if all the members have been invited and at least half of the members required by the articles of association participate in the resolution. Resolutions are passed by a majority vote of the participating board members. In the event of a tied vote, the chairman casts the deciding vote. Resolutions may also be passed in a telephone or video conference outside meetings by casting votes in writing, over the phone, or in text form if no member of the supervisory board objects or if the chairman of the supervisory board establishes this manner of voting.

Due to the influence of individual members of the supervisory board of Porsche SE on ordinary shareholders of Porsche SE or the fact that individual supervisory board members are also members of the supervisory boards of Porsche SE and Volkswagen AG or individual Volkswagen subsidiaries conflicts of interest can arise for these members of the supervisory board in individual cases.

Any conflicts of interest are handled according to the following basic principle: The members of the supervisory board of Porsche SE determine whether there are any conflicts of interest, in particular prior to meetings and passing resolutions, and disclose any they identify. This applies especially for those members who are also members of the supervisory board of Volkswagen AG. Wherever there is any indication of a possible conflict of interest, the respective members do not participate in the discussion of the relevant resolution or abstain. Members of the supervisory board cannot participate in a vote by voting yes or no if the resolution concerns a transaction where they are involved or relating to the initiation of a lawsuit between such members and the company.

Committees of the supervisory board
The supervisory board established a total of three committees (executive committee, audit committee and nominations committee) to carry out its duties in the fiscal year 2019. The specific composition of the current committees is presented in the overview in the **appendix**.

The committee meetings are convened by the respective committee chairman; as a rule, meetings should be convened with no less than one week's notice. Committees that take decisions on behalf of the supervisory board only have a quorum if all members participate in the resolution by voting or abstaining. The respective committee chairman regularly informs the supervisory board about the activities of his committee.

The committees support the supervisory board and prepare supervisory board resolutions as well as topics for discussion by the full supervisory board. Moreover, decision-making authority of the supervisory board may be transferred to the individual committees to the extent permitted by law.

Executive committee
The executive committee decides in urgent cases on business matters which require the approval of the supervisory board in accordance with the rules of procedure of the executive board. It also functions as a personnel committee and makes recommendations to the supervisory board on concluding, amending and terminating contracts of employment for members of the executive board. In addition, the executive committee draws up a proposal for the individual amount of the variable remuneration for each completed fiscal year, taking into account the respective business and earnings situation and based on the specific performance of the individual member of the executive board, if agreed as such with Porsche SE. This proposal is submitted to the supervisory board of Porsche SE for decision.

The executive committee comprises the chairman of the supervisory board, his deputy and an additional member of the supervisory board. The chairman of the supervisory board is also the chairman of the executive committee.

Audit committee
The audit committee supports the supervisory board in monitoring management of the company and pays particular attention to reviewing accounting, monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the compliance system and the internal audit. Accounting primarily relates to the consolidated financial statements and the combined management report, interim financial information and the separate financial statements prepared in accordance with HGB. The committee also focuses on the non-financial group report and prepares them for review by the supervisory board. Another topic is the audit of the financial statements. The audit committee submits to the supervisory board a recommendation for the appointment of the auditor,

which – except in cases where the auditor is reappointed – is prepared following a selection procedure within the meaning of Art. 16 (3) Regulation (EU) No 537/2014, comprises at least two candidates and is explained. Furthermore, the audit committee monitors the independence of the auditor and focuses on the preparation of the auditor, the determination of key audit topics, the key audit matters, the fee agreement and the additional non-audit services rendered by audit firms.

The audit committee consists of three members. In accordance with the rules of procedure of the supervisory board, at least one independent member of the audit committee must have specialist knowledge in the areas of accounting or auditing. On Porsche SE's audit committee, this is Prof. Dr. Ulrich Lehner.

Nominations committee
The nominations committee makes recommendations to the supervisory board for the supervisory board's proposals to the annual general meeting concerning the election of supervisory board members. In the fiscal year 2019, the nominations committee passed resolutions on the proposals to the annual general meeting concerning the election of supervisory board members representing shareholders.

The nominations committee consists of three members: The chairman of the supervisory board is always also the chairman of the nominations committee.

Details of the specific tasks of the supervisory board and its committees can be found in the report of the supervisory board for the fiscal year 2019, which is printed in the annual report of Porsche SE for the fiscal year 2019 and can be found at

https://www.porsche-se.com/en/investor-relations/financial-publications

IV. Information on targets for the equal representation of men and women in management positions and on the supervisory board

Sec. 76 (4) AktG requires that the executive board specify target figures for the percentage of women in the two management levels below the executive board and set a deadline for achieving these target figures. The executive board has set a target for the percentage of women in the first and second management level below the executive board of 25% in each case with 30 June 2022 as implementation deadline. Due to a lack of changes in personnel, the target figure for the percentage of women in the first management level below the executive board has not been achieved. The percentage of women for the second management level below the executive board was 25%.

Sec. 111 (5) AktG requires that the supervisory board of companies that are listed or subject to co-determination specify a target figure for the percentage of women on the executive board and set a deadline for meeting this target. The supervisory board had raised the target figure for the percentage of women on the executive board from 0% to 25% in 2017, setting an implementation deadline of 30 June 2022. All of the members of the executive board are currently male. No new members were appointed in the fiscal year 2019.

Sec. 111 (5) Sentence 1 and 5 AktG requires that the supervisory board of companies that are listed or subject to co-determination specify a target figure for the percentage of women on the supervisory board if no statutory quota applies. Pursuant to Sec. 17 (2) SEAG, there is a statutory quota for companies organized as an SE only for a listed SE whose supervisory board has an equal numbers of shareholder and employee representatives. Although Porsche SE is listed, its supervisory board does not comprise an equal number of shareholder and employee representatives, meaning that there is no statutory quota for Porsche SE. In light of this, the supervisory board had set a target figure for the percentage of women on the supervisory board in 2017 of 0% until 2022. There has been no change in this target. The election of Mag. Marianne Heiß means that there is one female supervisory board member.

V. Information on diversity concepts for the executive board and supervisory board

As a listed company, Porsche SE complies with the guidance on diversity in particular according to the European SE provisions, the German SE Implementation Act, the German SE Investment Act, the German Stock Corporation Act, the GCGC as well as the applicable accounting standards. This guidance comprises various requirements for the composition of the executive board and supervisory board. Porsche SE has also set its own targets. These requirements and targets form the basis of the diversity concepts developed by the supervisory board for the composition of the executive board and supervisory board of Porsche SE.

Furthermore, against the background of the recommendation in Sec. 5.4.1 (2) GCGC, taking into account the activities of the company as an internationally and capital-market oriented, investment management holding company in the areas of mobility and industry as well as the ownership structure of the company, the supervisory board prepared a profile of skills and expertise for the entire board and also named specific targets for the composition of the board.

Executive board

When appointing executive board members, the supervisory board has to ensure that the executive board collectively has the knowledge, skills and experience required to properly perform all its duties. In order to take these requirements into consideration, the supervisory board has concluded, among other things, a diversity concept aimed at diversifying the executive board. The company is convinced that diverse composition of the executive board promotes diversity of opinion and knowledge and helps make balanced decisions and to recognize operational and financial opportunities and risks early on. Regardless of this, the interest of the company always comes first when filling a specific position on the executive board, taking into account the circumstances of the individual case. The supervisory board is therefore mainly guided by the specialist knowledge and personal suitability of a candidate.

When putting the executive board together, the following diversity aspects should be taken into account, where possible, with the objectives expressed therein:

- Taking into account the experience required to serve on the executive board, a range of age groups should be appropriately represented on the executive board. There should be no specific requirements regarding the age of individual or all executive board members so as not to unduly restrict suitable candidates for the supervisory board and executive committee.
- The members of the executive board should complement each other in terms of their educational and professional background and cover as broad a range of knowledge and experience as possible. The role of the company as an investment management holding company and the company's respective investment portfolio should be appropriately taken into account.
- When putting the executive board together, attention should be paid to an appropriate degree of international diversity considering the fact that the company holds foreign investments as well as German investments with international activities. In light of this, at least one executive board member should have international experience, obtained from a professional activity or training abroad or from the candidate's origin.

Supervisory board

The supervisory board has concluded a diversity concept aimed at diversifying the supervisory board overall. The company is convinced that diverse composition of the supervisory board promotes diversity of opinion and knowledge and helps make balanced decisions and to recognize operational and financial opportunities and risks early on.

When putting the supervisory board together, the following diversity aspects should be taken into account where possible with the objectives expressed therein:

- In terms of its composition, the supervisory board should ensure an appropriate age structure. There is no age limit for members of the supervisory board or regular limit for the term of office served on the supervisory board. The supervisory board is still of the opinion that the ability to monitor and advise the executive board in its management of the company does not cease upon reaching a certain age or a certain term of office. A fixed age limit can also come across as discriminatory.
- In 2017, pursuant to Sec. 111 (5) AktG the supervisory board set a target figure for female representation on the supervisory board of 0% by 2022. For the supervisory board's diversity concept, no target deviating from this figure is to be set. Although the board currently has a female member, quotas should not be set so as not to unduly exclude the suitable candidates available to the nominations committee. From today's perspective, specific requirements make it difficult to take a flexible approach putting together a board with an appropriate degree of flexibility.
- The members of the supervisory board should complement each other in terms of their educational and professional background and cover as broad a range of knowledge and experience as possible. The role of the company as an investment management holding company and the company's respective investment portfolio should be appropriately taken into account.
- When putting the supervisory board together, attention should be paid to an appropriate degree of international diversity considering the fact that the company holds foreign investments as well as German investments with international activities. In light of this, at least three supervisory board members should have international experience, obtained from a professional activity or training abroad or from the candidate's origin.
- At least two members of the supervisory board should, in the assessment of the supervisory board, be independent within the meaning of Sec. 5.4.2 GCGC.
- The supervisory board should exclusively comprise people that are able to devote the amount of time necessary to fulfill the supervisory board mandate properly.
- No more than two former members of the executive board should belong to the supervisory board.
- Members of the supervisory board must not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company.

Unless indicated otherwise, the above mentioned targets relate to the supervisory board as a whole. The supervisory board may only make recommendations for proposals concerning the composition of the supervisory board. Supervisory board members are generally appointed by the annual general meeting.

According to the profile of skills and expertise prepared by the supervisory board, the entire board is to have competencies that are of material importance for the activities of the company as an international operating and capital-market-oriented investment holding company in the areas of mobility solutions. This includes in particular in-depth knowledge, skills and professional experience in

- monitoring and advising the management of internationally operating and capital-market-oriented companies;
- developing, designing, manufacturing and selling vehicles and vehicle components on the international market;
- the area of technical and scientific innovations, in particular the automotive industry and its digitalization as well as the development of smart traffic and mobility concepts;
- company mergers and acquisitions;
- accounting, controlling, risk management as well as legal affairs and compliance in internationally operating and capital-market-oriented companies.

Regardless of the above, at all times at least one member of the supervisory board must have specialist knowledge in the areas of financial reporting or auditing and the members of the supervisory board as a whole must be familiar with the sectors in which the company operates.

Implementation of diversity concepts and profile of skills and expertise for the supervisory board as well as the executive board

The diversity concepts are primarily implemented by the supervisory board, which takes into account the above mentioned diversity criteria and their aims when making recommendations for proposals to the annual general meeting on the appointment of supervisory board members or when appointing executive board members.

Recommendations for proposals of supervisory board members to the annual general meeting of Porsche SE must meet the statutory requirements for the composition of the supervisory board and should take into account the self-imposed targets of the diversity concept and at the same time aim at fulfilling the overall profile of required skills and expertise of the board. The recommendations made by the nominations committee to the supervisory board should appropriately take into account the criteria set out in the diversity concept when searching for and selecting suitable candidates.

In the company's opinion, the requirements of the diversity concept for the supervisory board are currently being met in full. The same applies for the diversity concept of the executive board with the exception of the target figure for the percentage of women, although this will have been reached by 30 June 2022.

The current composition of the supervisory board corresponds to the profile of skills and expertise as well as the targets for the composition of the board set out above. In the assessment of the supervisory board, Prof. Dr. Ulrich Lehner, Ms. Mag. Marianne Heiß and Prof. KR Ing. Siegfried Wolf are independent members of the supervisory board.

VI. Further disclosures on corporate governance

Shareholders' rights
Porsche SE's share capital is equally divided into ordinary shares and non-voting preference shares. To the extent provided for in the articles of association, the shareholders exercise their rights before or during the annual general meeting, exercising their voting right should they hold ordinary shares. When passing resolutions, each ordinary share of Porsche SE carries one vote. There are no shares with multiple or preferential voting rights, nor are there maximum voting rights. Every shareholder is entitled to take part in the annual general meeting, to express an opinion on items on the agenda, to table motions and to demand information about company matters if this is needed to properly judge an item on the agenda.

The annual general meeting decides on the appropriation of profits as well as the exoneration of the executive board and supervisory board and elects the members of the supervisory board and the auditor. The annual general meeting also decides on the articles of association and purpose of the company, on amendments to the articles of association and on key corporate measures, such as corporate contracts in particular.

Financial reporting and annual audit
The Porsche SE Group's financial reporting is based on the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union, as well as the provisions of German commercial law applicable under Sec. 315e (1) HGB. The financial statements of Porsche SE as parent company of the Porsche SE Group are based on the accounting provisions of the German Commercial Code. Auditor for both sets of financial statements

for the fiscal year 2019 is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. In addition, the underlying facts of the compliance declaration in accordance with Sec. 161 (1) AktG are taken into consideration during the annual audit.

Compliance

In accordance with the provisions of the GCGC, the executive board ensures compliance with legal provisions and internal policies, and works toward ensuring compliance. Porsche SE has a dedicated legal affairs and compliance executive board function. The task of Porsche SE's member of the executive board responsible for legal affairs and compliance is to report to the whole executive board on all questions relating to compliance, to introduce preventive measures, manage these and monitor compliance with regulations. Compliance activities are based on a preventive, proactive strategy.

Porsche SE has set up a compliance council which regularly addresses the company's compliance. It supports the executive board member responsible for legal affairs and compliance in performing his duties, in particular in monitoring compliance with the legal provisions applicable to the company and its employees as well as preventing potential infringements.

Employees were also given the opportunity, among other things, to report any suspected breaches of law within the company anonymously, i.e., the sender cannot be identified, using a compliance e-mail address.

An internal company directive of Porsche SE keeps a record of the responsible organizational units and decision makers in terms of procedures relating to compliance.

Risk management and control system

The Porsche SE Group has a group-wide risk management and control system which helps management recognize major risks at an early stage, thus enabling them to initiate countermeasures in good time. The risk management and control system at the Porsche SE Group is continuously tested for effectiveness and continually optimized to reflect changed conditions. Further details are explained in the section "Opportunities and risks of future development" in the annual report.

Communication and transparency
Porsche SE attaches great importance to transparent communication and regularly keeps shareholders, financial analysts, shareholder associations, the media and the general public informed about the situation of the company and its business development. This information can be accessed, in particular, on the website

www.porsche-se.com

("Porsche SE-Homepage"), which contains all press releases and financial reports as well as the articles of association of Porsche SE and information about the annual general meeting.

In addition to regular reporting, Porsche SE also provides information in the form of ad hoc announcements about insider information directly affecting Porsche SE according to the provisions of Art. 17 of the European Market Abuse Directive. These ad hoc announcements are also published on the homepage of Porsche SE.

Managers' transactions
According to Art. 19 of the European Market Abuse Directive, members of the executive board and supervisory board, other persons that perform management tasks as well as persons closely related to them must disclose managers' transactions in Porsche SE shares and related financial instruments. Porsche SE publishes announcements about transactions of this kind, among other things, on the Porsche SE homepage.

Stuttgart, 11 March 2020
Porsche Automobil Holding SE

The executive board

Stuttgart, 13 March 2020
Porsche Automobil Holding SE

The supervisory board