

PORSCHE SE

Non-financial  
group report  
of Porsche SE

2019



# Non-financial group report of Porsche SE

## **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 2019 follows the requirements of the German Act to Implement the CSR Directive (CSR-RUG) pursuant to 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 within the shareholder dialog and board work. With regard to the investment in Volkswagen, reference is made to the Volkswagen Group's own sustainability reporting.

Reporting of 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. The investment in Volkswagen AG is at the center of the investment strategy. Porsche SE's objective is also to acquire additional investments with regard to the automotive value chain, industrial production or the future of mobility, thereby generating a sustainable increase in the value of net assets.

Porsche SE is currently focusing its search on companies in the area of autonomous driving, electromobility, traffic management, innovative production/manufacturing methods as well as innovative mobility offerings.

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 the investments 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, Porsche SE has over the past few years invested in several companies that have significant sustainability aspects anchored in their business models. With their software solutions to optimize traffic and routes, PTV Group and INRIX are aiming to make a significant contribution to reducing the consumption of resources and lowering emissions, thereby also improving air quality. 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.

In general, the Porsche SE Group attaches great importance to the aspects environmental matters, social matters and respect for human rights. None of the companies relevant for the non-financial reporting are from manufacturing or commodity- or energy-intensive industries, which is why these aspects have been classified as immaterial for the Porsche SE Group in the context of this reporting. 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, which faces fierce competition for qualified IT specialists. Attracting and retaining qualified employees and promoting health and advanced training are therefore main interests of the Porsche SE Group.

Against this background, there are concepts to promote 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 appreciation and respect for the employees. 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 dialog 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. The Porsche SE Group has an attractive working environment and, depending on the specific task, also offers opportunities for mobile working.

The health of its employees is an absolute priority for the Porsche SE Group. In particular, there are offerings of occupational measures to promote healthcare, medical examinations and prevention programs as well as fitness programs located close to work.

The qualification of the Porsche SE Group's employees is a key factor for its success in its business divisions. Correspondingly, 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 with extensive activities in the area of compliance. For instance, Porsche SE established 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 of Porsche SE on all questions relating to compliance, to take preventive measures, manage these and to monitor and encourage compliance with regulations.

Porsche SE has set up a compliance organization and, in doing so, implemented 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.

## 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 consequences on the non-financial aspects.

Stuttgart, 11 March 2020  
Porsche Automobil Holding SE

The executive board