Independent auditor’s Limited Assurance Report regarding selected environmental key performance indicators in the Sustainability Report

To the Executive Board of Continental Aktiengesellschaft, Hanover

We have performed an independent limited assurance engagement on selected environmental key performance indicators, published in the Sustainability Report, for the business year from January 1 to December 31, 2020 (hereinafter “the Report”), of Continental Aktiengesellschaft, headquartered in Hanover (hereinafter “Continental”).

The following selected environmental key performance indicators are included in the scope of the assurance engagement:

– Further indirect upstream and downstream GHG emissions (GRI 305-3 and according to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard by the Greenhouse Gas (GHG) Protocol) for the following categories:
  - Use of sold products,
  - Purchased goods and services,
  - Processing of sold products,
  - Inbound logistics (transportation and distribution),
  - Outbound logistics (transportation and distribution),
  - End-of-life treatment of sold products,
  - Waste generated in operations,
  - Fuel and energy related activities (not included in scope 1 or 2),
  - Business travel
– Energy consumption within the organization (GRI 302-1),
– Waste generation (306-2),
– Product weight based on internal definition

1 Our engagement applied to the German version of the Report 2020. This text is a translation of the independent auditor’s Limited Assurance Report issued in German language, whereas the German text is authoritative.
Management’s Responsibility

The legal representatives of Continental are responsible for the accurate preparation of the selected environmental key performance indicators in accordance with the reporting criteria. Continental applies the principles and standard disclosures of the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the GHG Protocol as reporting criteria.

The responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the selected environmental key performance indicators and the use of assumptions and estimates for individual qualitative and quantitative disclosures, which are reasonable under the circumstances. Furthermore, this responsibility includes internal controls relevant for the preparation of selected environmental key performance indicators of the Report in a way that is free of – intended or unintended – material misstatements.

Practitioner’s Responsibility

Our responsibility is to express a conclusion on the selected environmental key performance indicators based on our work performed and the evidence obtained within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” published by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance of whether any matters have come to our attention that cause us to believe that the abovementioned selected environmental key performance indicators for the business year from January 1 to December 31, 2020, have not been prepared, in all material respects, in accordance with the reporting criteria. In a limited assurance engagement, the evidence gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor’s own judgment.

Within the scope of our engagement, we performed the following procedures:

− A risk analysis, including a media search, to identify relevant sustainability aspects for Continental in the reporting period
− Evaluation of the design and implementation of the systems and processes for the collection, processing and control of selected environmental key performance indicators, including the consolidation of the data
− Inquiries of personnel on the corporate and business area levels responsible for determining, carrying out internal control procedures and consolidating the data for the selected environmental key performance indicators
− An analytical review of the data and trend explanations submitted by all sites for consolidation at group and business area level
− Evaluation of selected internal and external documentation
Assessment of the overall presentation of the selected environmental key performance indicators including accompanying explanations

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected environmental key performance indicators, published in the Sustainability Report, for the business year from January 1 to December 31, 2020, are not prepared, in all material respects, in accordance with the reporting criteria.

Restriction of Use/Clause on General Engagement Terms

This assurance report is solely addressed to the Executive Board of Continental Aktiengesellschaft, Hanover. We assume no responsibility with regard to any third parties.
Our assignment for the Executive Board of Continental Aktiengesellschaft, Hanover, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, April 16, 2020
KPMG AG
Wirtschaftsprüfungsgesellschaft

Hell ppa. Mathias
Appendix
General Engagement Terms
General Engagement Terms
for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application
(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as “German Public Auditors” – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.
(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory requirements. In such cases the engagement terms also apply to these third parties.

2. Scope and execution of the engagement
(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.
(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express written agreement.
(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate
(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor’s work. The engaging party will also designate suitable persons to provide information.
(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence
(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor’s staff. This applies to the conduct of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.
(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information
To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed in oral statements and explanations by the German Public Auditor, the engagement terms are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor’s professional statement
(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor’s written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.
(2) The use by the engaging party for promotional purposes of the German Public Auditor’s professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification
(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.
(2) The engaging party must assert a claim for the rectification of deficiencies in writing (Textform) [Translators Note: The German term “Textform” means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.
(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor’s professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Missstatements which may call into question the results contained in a German Public Auditor’s professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection
(1) Pursuant to the law (§ Article 323 Abs 1 HGB [German Commercial Code: Handelsgesetzbuch]), § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch] the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.
(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability
(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.
(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.
(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.
When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor’s negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements
(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor’s report, he may no longer use this auditor’s report.
If the German Public Auditor has not issued an auditor’s report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor’s written consent and with a wording authorized by him.
(2) If the German Public Auditor revokes the auditor’s report, it may no longer be used. If the engaging party has already made use of the auditor’s report, then upon the request of the German Public Auditor he must give notification of the revocation.
(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters
(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.
(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.
(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:
   a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
   b) examination of tax assessments in relation to the taxes referred to in (a)
   c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
   d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
   e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).
In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.
(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.
(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).