# Declaration of compliance required by Sec. 289a German Commercial Code (HGB)

Listed stock corporations are required by the provisions of Sec. 289a HGB to issue a declaration of compliance. In accordance with the legal requirement (Sec. 289a (2) HGB), Porsche Automobil Holding SE makes the following disclosures:

## I. Declaration on the German Corporate Governance Code (Sec. 161 German Stock Corporation Act (AktG))

**The background**
On 26 February 2002, the Federal German Government Commission on the Corporate Governance Code introduced a standard of good and responsible corporate governance for companies listed on the stock exchange, which is regularly updated. Pursuant to Sec. 161 (1) AktG, the executive and supervisory boards of listed companies 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 Code 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.

**Text of the declaration of Porsche Automobil Holding SE in accordance with Sec. 161 (1) AktG in the version of May 2015:**
The executive board and supervisory board of Porsche Automobil Holding SE declare in accordance with Sec. 161 (1) AktG that the company has generally complied and complies 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. This declaration is made with reference to the respective valid version of the Code of 13 May 2013, published in the German Federal Gazette on 10 June 2013, and the version of 24 June 2014, published in the German Federal Gazette 30 September 2014. The following recommendations have not been not complied with since the most recent declaration of compliance in May 2014 or – with reference to Sec. 5.4.2 Sentence 1 GCGC – since the declaration was updated in March 2015, and will not be complied with in the future:

Regarding executive board remuneration paid by Porsche Automobil Holding SE, the recommendation in Sec. 4.2.3 (2) Sentence 6 GCGC was 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 executive board members for previously agreed targets or a subsequent bonus in recognition of extraordinary performance. The same therefore also applies 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 reasonableness of Sec. 87 (1) AktG is complied with.

The recommendation on the target regarding the composition of the supervisory board in Sec. 5.4.1 (2) and (3) GCGC was not complied with and will not be complied with in the future. The supervisory board advocates a balanced composition for the committee as defined in the recommendation in Sec. 5.4.1 (2) and (3) of the Code. Setting concrete targets continues to be inappropriate in the opinion of the supervisory board since decisions should be taken on the candidates proposed in each individual case in the light of the male or female candidates available at that time.

As regards the recommendation in Sec. 5.4.1 (4) GCGC regarding the disclosure of certain matters in the supervisory board's election recommendations to the annual general meeting, the requirements of the Code remain indefinite 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 (4) 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. As a result, non-compliance has been declared as a precaution.

With the departure of Sheikh Al-Thani from the supervisory board, effective as of the end of the day on 24 March 2015, the supervisory board can no longer maintain its former judgment that it has a sufficient number of independent members with sufficient legal certainty. Given his relationships to the company, its governing bodies and shareholders, his successor, Mr. Hans-Peter Porsche, cannot be regarded as independent as defined in Sec. 5.4.2 GCGC. As a precaution, it has been declared that the recommendation pursuant to Sec. 5.4.2 Sentence 1 GCGC has no longer been complied with since 25 March 2015 and will not be complied with in the future. With the appointment of Mr. Hans-Peter Porsche, the composition of the shareholder side of the supervisory board that existed prior to Qatar's investment in ordinary shares has been restored.

The recommendation in Sec. 5.4.6 (2) GCGC regarding the orientation of supervisory board compensation toward sustainability has not been complied with nor will it be complied with in the future. In view of the supervisory board's predominantly supervisory activities, which in the shared opinion of the executive board and the supervisory board give rise to a limited risk of short-term action, the current performance-related compensation includes an adequate sustainability component.

The recommendation in Sec. 6.3 GCGC to disclose shares held by members of the company's governing bodies has not been complied with and will not be complied with in the future. Notifications regarding the voting rights of our shareholders in accordance with the Securities Trading Act (WpHG) are published by Porsche Automobil Holding SE as required by this Act. Notifications concerning the purchase and sale of Porsche preference shares by members of the executive board and supervisory board in accordance with Sec. 15a WpHG are published as required by this Act. The shares in the company and related financial instruments held by members of the company's governing bodies have not been published in the past and will not be published in the future as we believe our complete compliance with statutory disclosure requirements provides the capital markets and our shareholders in particular with sufficient information.

**Text of the update to the declaration of the executive board and supervisory board of Porsche Automobil Holding SE on the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Sec. 161 (1) AktG of December 2015**

The declaration of the executive board and supervisory board of Porsche Automobil Holding SE on the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Sec. 161 (1) AktG of May 2015 has been updated as follows:

The supervisory board of Porsche Automobil Holding SE appointed Dr. Manfred Döss to the company's executive board as of 1 January 2016. He will be responsible for legal affairs and compliance function. At the same time, Dr. Döss will assume responsibility for managing the legal department of Volkswagen AG, where he will focus on supporting clarification of the diesel issue. The supervisory board has not yet reached a decision regarding his remuneration, as the supervisory board will deal with the executive board remuneration system as a whole at its next scheduled meeting in March 2016. The provisions of Sec. 4.2.3 (2) Sentence 2 GCGC, according to which the monetary elements of the remuneration of executive board members will comprise fixed and variable elements, will not be complied with from 1 January 2016 onward.

The chairman of the company's executive board, Mr. Hans Dieter Pötsch, left the board of management of Volkswagen AG on 7 October 2015 and was subsequently appointed a member of the supervisory board of Volkswagen AG by court appointment and elected its chairman by the supervisory board of Volkswagen AG. His contract of employment with Volkswagen AG was annulled in the process. As a result, Mr. Pötsch does not receive variable remuneration calculated on a multi-year basis from Volkswagen AG. He receives only a fixed basic component from Porsche Automobil Holding SE. As a result, the provisions of Sec. 4.2.3 (2) Sentence 2 GCGC have not been complied with since that time.

At its next scheduled meeting in March 2016, the supervisory board will deal with the executive board remuneration system and decide whether Mr. Pötsch and Dr. Döss should be granted a variable component calculated on a multi-year basis in accordance with the provisions of Sec. 4.2.3 (2) Sentence 2 GCGC.

**Text of the update to the declaration of the executive board and supervisory board of Porsche Automobil Holding SE on the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Sec. 161 (1) AktG of March 2016**

The declaration of the executive board and supervisory board of Porsche Automobil Holding SE on the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to Sec. 161 (1) AktG of May 2015, amended in December 2015, has been updated as follows:

The provisions of Sec. 7.1.2 GCGC, pursuant to which the consolidated financial statements will be publicly accessible within 90 days of the end of the fiscal year will not be complied with for the consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2015. The publication of the consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2015 will not be in March 2016, as originally planned, but in April 2016.

The preparation of the separate and consolidated financial statements of Porsche Automobil Holding SE was delayed because Volkswagen AG, Wolfsburg, announced that the preparation of the annual financial statements of Volkswagen AG for 2015 had been delayed due to outstanding questions in connection with the consequences of the diesel issue and the measurement matters resulting from this. As a result of Porsche Automobil Holding SE’s equity investment in Volkswagen AG, which is currently 30.8%, and the importance of this investment for Porsche Automobil Holding SE, the availability of the consolidated financial statements of Volkswagen AG, the issue for publication of which was likewise delayed, is a prerequisite for the preparation of the separate and consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2015.

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

In the context of responsible corporate governance at Porsche Automobil Holding SE, compliance with the relevant legal requirements has the highest priority. In addition, Porsche Automobil Holding SE follows the recommendations of the German Corporate Governance Code to the extent set out in the declaration on the German Corporate German Corporate Governance Code and any updates. Moreover, the executive board of Porsche Automobil Holding SE has issued internal guidelines, for example on data protection, handling insider information and insider instruments, insider list and dealing with gifts and other benefits, correspondence and signing authority, procurement, including signing rules, internal audit, corporate communication, identification, acquisition and management of investments, risk management, advice concerning labor and social law, company law, capital market law and compliance, as well as on financial issues such as management accounting, treasury, and group financial reporting. This is because the good name of Porsche Automobil Holding SE is shaped to a great extent by the image, conduct and actions of each individual in the company.

The managers of Porsche Automobil Holding 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, each manager must continuously strive to ensure employees have the greatest possible freedom of action, without ignoring the fundamental principles of good corporate governance. To ensure this is the case, Porsche Automobil Holding SE provides its managers and employees with training that focuses on the content of its internal guidelines.

## III. Description of the mode of operation of the executive board and supervisory board, and the composition and mode of operation of their committees

The legal framework for the corporate governance of Porsche Automobil Holding SE, as a listed stock corporation, is primarily determined by the European SE provisions, the German SE Implementation Act, AktG, and the recommendations of the current version of the German Corporate Governance Code. Like other German stock corporations, Porsche Automobil Holding 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 has sole responsibility for the management of the company 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 the Porsche SE Group as well as the implementation and monitoring of an efficient risk management system. It comprises at least two persons. The supervisory board may specify a larger number of members of the executive board.

Sec. 111 (5) AktG requires that the supervisory board specify a target figure for the percentage of women on the executive board and set a deadline for meeting this target. When targets are specified for the first time, the implementation deadline may be no later than 30 June 2017. The supervisory board has resolved that the target figure for the percentage of women on the executive board should remain zero percent and has set an implementation deadline of 30 June 2017.

The executive board of Porsche Automobil Holding SE consists of four persons: Mr. Hans Dieter Pötsch (chairman), Dr. Manfred Döss, Mr. Matthias Müller and Mr. Philipp von Hagen. Mr. Müller is also chairman of the board of management of Volkswagen AG. Mr. Pötsch is also chairman of the supervisory board of Volkswagen AG.

Corporate governance takes into consideration conflicts of interest that could have arisen or can arise, among other things, from membership of two boards (at Porsche Automobil Holding SE on the one hand, and at Volkswagen AG on the other) and addresses these in the interest of Porsche Automobil Holding SE. For example, a member of the executive board who is also a member of the Volkswagen AG board of management does not 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 segment 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 beneficial development of the Porsche Automobil Holding SE through ongoing personal contact with the chairman of the supervisory board and constant dialogue with him.

For certain types of transactions, 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 process 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, generally once a month. Executive board meetings 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 with the votes of the majority of the participating board members. The chairman of the executive board determines the type of vote. If no executive board member objects, decisions can also be reached by circularization.

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. When targets are specified for the first time, the implementation deadline may be no later than 30 June 2017. For the first management level below the executive board, which comprises five senior departmental manager functions, the executive board has resolved that the target figure for the percentage of women should remain zero. The second management level below the executive board currently consists of eight management functions. As a target figure for this level, the executive board has resolved that, as at present, one of these management functions should be occupied by a woman, which is equivalent to a percentage of 12.5%. The executive board has set an implementation deadline of 30 June 2017 for both management levels.

**Supervisory board**

The supervisory board appoints the members of the executive board and monitors and supervises management. It comprises twelve male members – six supervisory board members elected by the shareholders and six supervisory board members elected by the employees. The size and composition of the supervisory board are governed by European SE provisions. These are supplemented by the co-determination agreement entered into with representatives of the European Porsche employees. This defines the competencies of the employees in the SE works council of Porsche Automobil Holding SE, the procedure for the election of the Porsche SE works council and the representation of the employees in the Porsche SE supervisory board as well as the relevant rulings in the articles of association.

Pursuant to Sec. 17 (2) of the German SE Implementation Act in its current version, the supervisory board of Porsche Automobil Holding SE, which is publicly listed on the stock exchange and its supervisory board must consist of the same number of members of representing the shareholders and members representing the employees, and be composed of at least 30% female and at least 30% male representatives. This minimum percentage has had to be taken into account since 1 January 2016 should it become necessary to appoint one or more new members of the Porsche Automobil Holding SE's supervisory board. Existing appointments can be continued until their normal end. The normal tenure of all current members of the supervisory board of Porsche Automobil Holding SE ends after the ordinary annual general meeting in 2018. Any appointments to the supervisory board that are necessary in the future will be made taking the new law into consideration.

The tasks of the supervisory board are jointly fulfilled by its members. It cooperates closely with the other company boards for the good of the company. Its members have the same rights and duties; they are not bound by orders and instructions.

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

The supervisory board has a quorum if, after all members have been invited, at least half of its members required under these articles of association participate in a resolution. Resolutions are passed with the votes of the majority of the participating board members. In the event of a tied vote, the chairman casts the deciding vote.

According to the provisions of the SE directive, the chairman may only be a shareholder representative. 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 Automobil Holding SE on ordinary shareholders of Porsche Automobil Holding SE or the fact that individual supervisory board members are also members of the supervisory boards of Porsche Automobil Holding SE and Volkswagen AG or of Volkswagen subsidiaries, conflicts of interest can arise for these supervisory board members in isolated instances.

Any conflicts of interest are handled according to the following basic principle: The members of the supervisory board of Porsche Automobil Holding SE regularly determine whether there are any conflicts of interest, in particular prior to meetings and passing resolutions. 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**
To carry out its duties, during the period covered by this report the supervisory board formed a total of four committees which effectively supported or are still supporting the work of the supervisory board as a whole. These are the executive committee, the audit committee, the nominations committee and the investment committee.

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 half the members (at least three members) participate in the resolution. The respective committee chairman must regularly inform the supervisory board about the activities of his committee.

**Executive committee**
The executive committee functions as a personnel committee and, in urgent cases, makes decisions on matters of the executive board which require the approval of the supervisory board. The executive committee comprises the chairman of the supervisory board, his deputy and a shareholder representative and employee representative elected from the supervisory board.

**Audit committee**
The audit committee supports the supervisory board in monitoring management of the company and pays particular attention to monitoring accounting processes, the effectiveness of the internal control system, the risk management system and internal audit, the audit of the financial statements, including the independence of the auditor and the additional services rendered by the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement as well as compliance.

The audit committee consists of four members. It should include two members of the supervisory board elected by the shareholders and two members of the supervisory board elected by the employees; however, other combinations are permissible. At least one independent member of the audit committee must have specialist knowledge in the areas of accounting or auditing. At Porsche Automobil Holding SE, 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. The nominations committee comprises the chairman of the supervisory board and three supervisory board members who are elected by the shareholder representatives.

**Investment committee**

The investment committee prepares resolutions of the supervisory board as well as topics to be dealt with in plenary sessions which are required for or conducive to implementing the investment concept decided upon by the executive board and gives recommendations in this regard to the supervisory board. The investment committee comprises the chairman of the supervisory board and three other supervisory board members, who are elected by the shareholder representatives. The investment committee should include two members of the supervisory board elected by the shareholders and two members of the supervisory elected by the employees. The chairman of the supervisory board is the chairman of the investment committee.

You can find the current members of the respective committees *here*. 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 2015. You can find more information on the corporate governance practices of Porsche Automobil Holding SE in the corporate governance report for the fiscal year 2015 at www.porsche-se.com/pho/en/investorrelations/cg-report/

Stuttgart, 25 April 2016
Porsche Automobil Holding SE

**The executive board**