

Declaration of compliance required by Sec. 289a and Sec. 315 (5) German Commercial Code (HGB)

Pursuant to Secs. 289a and 315 (5) HGB, listed stock corporations must issue a declaration of compliance in the management report and parent companies in the group management report. In accordance with the legal requirements (Sec. 289a (2) and Sec. 315 (5) German Commercial Code (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.

Text of the declaration of Porsche Automobil Holding SE in accordance with Sec. 161 (1) AktG in the version of May 2016:

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 24 June 2014, published in the German Federal Gazette on 30 September 2014, and the version of 5 May 2015, published in the German Federal Gazette 12 June 2015. The following recommendations have not been not complied with since the most recent declaration of compliance in May 2015 or – with reference to Sec. 4.2.3 (2) Sentence 2 GCGC – since the declaration was updated in December 2015 as well as – with reference to Sec. 7.1.2 GCGC – since the declaration was updated in March 2016, and will not – with the exception of the recommendation in Sec. 7.1.2 GCGC – be complied with in the future:

The recommendation in Sec. 4.2.3 (2) Sentence 2 GCGC, according to which the monetary 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 since his contract of employment with Volkswagen AG was annulled in October 2015 in connection with his departure from its board of management and will not be complied with in the future. Mr. Pötsch receives only a fixed basic component from Porsche Automobil Holding SE. Mr. Pötsch no longer receives any variable remuneration calculated on a multi-year basis from Volkswagen AG; instead, as chairman of its supervisory board he receives, in accordance with Sec. 17 (1) of the articles of association of Volkswagen AG, annual variable remuneration, the amount of which depends on the dividend concluded by the annual general meeting of Volkswagen AG. In light of Mr. Pötsch's current role as chairman of the supervisory board of Volkswagen AG, the supervisory board of Porsche Automobil Holding SE considers the current structure of his remuneration without any further variable remuneration to be appropriate.

Dr. Döss, who has been a member of the executive board since 1 January 2016, also only receives fixed remuneration from Porsche Automobil

Holding SE. In his additional role as head of the legal department of Volkswagen AG, he also receives fixed and variable remuneration based on a contract of employment with the company; this remuneration contains the usual components for management within the Volkswagen Group. Upon being appointed to the executive board, the supervisory board had not yet made a decision regarding his remuneration. The provisions of Sec. 4.2.3 (2) Sentence 2 GCGC, according to which the monetary elements of the remuneration of executive board members should comprise fixed and variable elements, was therefore not formally complied with from 1 January 2016 onward. In accordance with the contractual agreement concluded between Volkswagen AG and Dr. Döss on 15 February 2016, Dr. Döss receives fixed and variable remuneration retrospectively for the time as of 1 January 2016; the provisions of Sec. 4.2.3 (2) Sentence 2 GCGC are thus since complied with.

The recommendation in Sec. 4.2.3 (2) Sentence 6 GCGC, according to which the executive board remuneration should be capped, both overall and for the variable compensation components, has not been complied with since 1 January 2016 with regard to Dr. Döss and will also not be complied with in the future. The variable remuneration granted to Dr. Döss, which contains the usual components for management within the Volkswagen Group, is not capped for all components. The same therefore also applies for his compensation on the whole. Based on past experience with the amount of the variable remuneration granted to management within the Volkswagen Group, the supervisory board assumes that the remuneration granted to Dr. Döss is nevertheless appropriate and Dr. Döss is provided with a long-term incentive to act in the interest of the company through the variable remuneration granted to him by Volkswagen AG.

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 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 exceeding the legal requirements 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 (5) GCGC (in the version of 5 May 2015) 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 shall continue to endeavor in the future to meet the requirements of Sec. 5.4.1 (5) of the Code (in the version of 5 May 2015), 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 regard to the recommendation in Sec. 5.4.2 Sentence 1 GCGC, the supervisory board can no longer – in light of the shareholder structure – maintain its judgment with sufficient legal certainty that due to the membership of Prof. Dr. Ulrich Lehner it has a sufficient number of independent members. As a precaution, it has therefore been declared that the recommendation pursuant to Sec. 5.4.2 Sentence 1 GCGC was not complied with and will not be complied with in the future.

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. 6.2 GCGC (in the version of 5 May 2015) 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.

The provision of Sec. 7.1.2 GCGC, pursuant to which the consolidated financial statements shall be publicly accessible within 90 days of the end of the fiscal year was not complied with for the consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2015. 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, was a prerequisite for the preparation of the separate and consolidated financial statements of Porsche Automobil Holding SE for the fiscal year 2015. For future consolidated financial statements of Porsche Automobil Holding SE, the provision of Sec. 7.1.2 of the code will continue to be complied with.

II. Relevant information on applied 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 on the German Corporate Governance Code both relating to the individual entity and those relating to the group to the extent set out in the declaration on the German Cor-

porate Governance Code and any potential updates. Moreover, the executive board of Porsche Automobil Holding SE has issued internal guidelines, for example on “data protection”, “handling insider information and financial instruments relating to insider information”, “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”, “travel expenses and fringe benefits” as well as on financial issues such as “management accounting”, “treasury”, “accounting”, “preparation, review, approval and administration of specification documents”, “handling services of audit firms and audit networks”, “taxes” 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.

The managers of Porsche Automobil Holding 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 Automobil Holding SE’s most important investment, Volkswagen Aktiengesellschaft is responsible for making its own decisions on the corporate governance practices to be applied within

the Volkswagen Group and reports on them in its management report and group management report.

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, the articles of association of Porsche Automobil Holding SE and the provisions of the current version of the German Corporate Governance Code. As for German stock corporations, the dual management system applies to Porsche Automobil Holding SE, 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 interests of the company and represents the company in transactions with third parties. Its main tasks pertain to the strategy and management of the Porsche Automobil Holding SE 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 were specified for the first time, the implementation

deadline was not allowed to exceed 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 and, to conclude, Dr. Döss is also general counsel at Volkswagen AG.

Corporate governance takes into consideration conflicts of interest that could have arisen or can arise, among other things, from these dual functions (one at Porsche Automobil Holding SE and one at Volkswagen AG) 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, in principle, 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 compli-

ance 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 disposal 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 persons closely associated with 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 circular resolution.

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 were specified for the first time, the implementation deadline was not allowed to exceed 30 June 2017. For the first management level below the executive board, which comprises five department head 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. In the reporting period, 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 determined according to the European SE provisions and a co-determination agreement entered into with representatives of the European Porsche employees in 2007 and last amended on 1 February 2017, which defines the competencies of the employees, as well as the relevant rulings in the articles of association. According to the agreement dated 1 February 2017, the supervisory board

of Porsche SE will in the future comprise six shareholder representatives and co-determination of the employee representatives in the supervisory board of Porsche Automobil Holding SE is being suspended.

Due to the change in the composition of the supervisory board, Porsche Automobil Holding SE initiated status proceedings pursuant to Sec. 97 AktG on 6 February 2017. As a consequence of the status proceedings, the terms of office of all serving members of the supervisory board of Porsche Automobil Holding SE pursuant to Sec. 97 (2) Sentence 3 AktG end at the close of the 2017 annual general meeting. The 2017 annual general meeting must therefore elect new members of the supervisory board (six shareholder representatives).

No supervisory board elections have taken place since Sec. 17 (2) SEAG came into force on the minimum percentage of women and men on the supervisory board of a listed SE with the same number of shareholder and employee representatives. Existing appointments can be continued until the relevant end pursuant to the applicable legal provisions. As the supervisory board is no longer made up of the same number of shareholder and employee representatives following conclusion of the agreement to suspend co-determination, there will in the future be no legally prescribed minimum percentage of men and women on the supervisory board.

Sec. 111 (5) Sentence 1 AktG requires that the supervisory board of a listed company sets a target figure for the percentage of women on the supervisory board if no statutory quota applies. Accordingly, the supervisory board to be elected at the 2017 annual general meeting will set a target figure for the percentage of women on the supervisory board.

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 the 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 of Porsche Automobil Holding SE are also members of the supervisory boards of Volkswagen AG or of Volkswagen subsidiaries, conflicts of interest can arise for these supervisory board members in individual cases.

Any possible 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 from voting. 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 and continue to support the work of the full supervisory board. These are the executive committee, the audit committee, the nominations committee and the investment committee. The rules on the composition of the committees and the members of the committees will be newly regulated following the suspension of co-determination.

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 makes decisions on matters of the executive board which require approval of the executive board in urgent cases. 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 key audit topics 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. 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. 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. The investment committee should include two members of the supervisory board elected by the shareholders and two members of the supervisory board 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 2016. You can find more information on the corporate governance practices of Porsche Automobil Holding SE in the corporate governance report for the fiscal year 2016 at

www.porsche-se.com/en/company/corporate-governance/cg-report

Stuttgart, 10 March 2017
Porsche Automobil Holding SE

The executive board