

PRE-ISSUANCE CLIMATE BOND CERTIFICATION

Verifier's Report for Pre-Issuance Certification
for the Green Bond Issued by Dr. Ing. h.c.F. Porsche
Aktiengesellschaft



PORSCHE

SCOPE

Dr. Ing. h.c.F. Porsche Aktiengesellschaft (Porsche) commissioned ISS-oekom to compile a Verifier's Report for Pre-Issuance Certification of its 2019 Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1)
- Low Carbon Land Transport (Version 1.0)

ISSUER'S RESPONSIBILITY

Porsche's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

ISS-oekom's VERIFICATION PROCESS

ISS-oekom is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS-oekom has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS-oekom has been conducted this independent Pre-Issuance Verification Process of the green bond to be issued by Porsche based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS-oekom's approach is to assess whether the issuer's Green Bond meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS-oekom carried out an assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

The engagement with Porsche took place in March 2019.

ISS- oekom's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of Porsche and the Climate Bonds Standard Board. The present document may be published by Porsche, CBI and ISS-oekom. CBI and ISS-oekom agree to publish the report with the consent of Porsche.



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OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, the Porsche's 2019 Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.



ROBERT HÄBLER
ISS-oekom
Munich, 11 April 2019

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About ISS-oekom and ISS ESG

Since March 2018, ISS-oekom has been a member of the ISS family, sitting within the ISS ESG business unit, which also includes ISS-ethix and ISS-climate. ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG, from ISS-oekom and ISS-climate.

Originally founded in 1993 and formerly known as oekom research AG, ISS-oekom is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom is headed by Robert Haßler, former CEO and co-founder of oekom research AG. More information: www.oekom-research.com and www.issgovernance.com.

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ANNEXES

Annex 1: Detailed Findings

Annex 2: Detailed Findings Low Carbon Land Transport

ANNEX 1: DETAILED FINDINGS

1. SELECTION OF NOMINATED PROJECTS & ASSETS

REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
<p>1.1. Decision-making process to determine eligibility of nominated projects & assets.</p>	<p>Porsche AG intends to allocate the net proceeds of the Green Instruments to a Green Project Portfolio which includes, but is not limited to, investments and expenditures in</p> <p>a) Research and Development (R&D) for the conception, development and construction of BEV and,</p> <p>b) investments in energy efficient manufacturing (including infrastructures, production equipment and tools, supplier tools, processes and systems) solely built and used for Battery Electric Vehicles (BEV) development and production.</p>	<p>✓</p>
<p>1.2. Assessment of proposed nominated projects & assets.</p>	<p>The Porsche Treasury department will assess the eligibility of projects and allocation of proceeds to Eligible Green Projects in close cooperation with the respective expert departments including public and investor relations, controlling, risk management as well as the management board and sustainability counsel. The Treasury department monitors the Eligible Green Portfolio and is responsible for excluding projects that no longer comply with the Eligibility Criteria and for replacing the eligible assets that have matured, or have been disposed of, on a best effort basis.</p>	<p>✓</p>
<p>1.3. Documentation of eligibility of nominated projects & assets.</p>	<p>The Porsche Treasury department will assess the eligibility of projects and allocation of proceeds to Eligible Green Projects in close cooperation with the respective expert departments including public and investor relations, controlling, risk management as well as the management board and sustainability counsel. The Treasury department monitors the Eligible Green Portfolio and is responsible for excluding projects that no longer comply with the Eligibility Criteria and for replacing the eligible assets that have matured, or have been disposed of, on a best effort basis.</p>	<p>✓</p>

1.4. No double nomination of projects & assets.	The Treasury department monitors the Eligible Green Portfolio and is responsible for excluding projects that no longer comply with the Eligibility Criteria and for replacing the eligible assets that have matured, or have been disposed of, on a best effort basis.	✓
1.5. Net proceeds in relation to issuer's debt obligation.	Porsche seeks to compile an Eligible Green Project Portfolio that, over time, matches or exceeds the proceeds from green funding instruments issued under this framework thereby ensuring swift allocation of funds to projects. The addition of other eligible investments and projects will be in accordance with the evaluation process described in the "Project Selection and Evaluation Process" outlined in the Framework.	✓

2. INTERNAL PROCESSES & CONTROLS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
2.1.1.	Tracking of proceeds	Porsche intends to allocate the proceeds from green funding instruments under this framework to the Eligible Green Project Portfolio. Porsche will manage these proceeds using a portfolio approach. Porsche will track investments in eligible projects to ensure that the allocation of proceeds is in accordance with the Green Finance Framework.	✓
2.1.2.	Managing unallocated proceeds	If net proceeds from green funding instruments remain unallocated, Porsche will temporarily hold the funds at its own discretion in its treasury liquidity portfolio.	✓
2.1.3.	Earmarking funds to nominated projects & assets	Porsche seeks to compile an Eligible Green Project Portfolio that, over time, matches or exceeds the proceeds from green funding instruments issued under this framework thereby ensuring swift allocation of funds to projects. The addition of other eligible investments and projects will be in	✓

accordance with the evaluation process described in the "Project Selection and Evaluation Process" outlined in the Framework.

3. REPORTING PRIOR TO ISSUANCE

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
3.1.1.	Disclosure on investment areas	Porsche will document that the proceeds will be used to (re)finance new and existing investments and expenditures, which are exclusively associated with the development and production of battery electric vehicles (BEV), including the manufacturing facilities.	✓
3.1.2.	Disclosure on intended types of temporary investment instruments	The Porsche AG Green Finance Framework, together with a Second Party Opinion relating to the Framework, can be found on the Issuer's website: "If net proceeds from green funding instruments remain unallocated, Porsche will temporarily hold the funds at its own discretion in its treasury liquidity portfolio."	✓
3.1.3.	Disclosure regarding pre-issuance verification	Porsche will disclose the verifier's report as part of its bond disclosure documentation.	✓
3.1.4.	Disclosure on periodic assurance engagements	Porsche will seek a post-issuance certification by the CBI and might decide to seek other external review re-verification in the future.	✓



ANNEX 2: DETAILED FINDINGS LOW CARBON LAND TRANSPORT



The Green Bond Asset Pool complies with the Low Carbon Transport criteria of the Climate Bonds Initiative.

The financed assets relate to the development and construction of battery electric vehicles (BEVs) and manufacturing facilities solely built and used for Battery Electric Vehicles (BEV). The assets are therefore eligible for the Climate Bonds Certification.