

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Air Resources Board ("CARB"), with its principal location at 1001 I Street, Sacramento, California 95814; and Dr. Ing. h.c. F. Porsche AG and Porsche Cars North America, Inc., with their principle offices at Porscheplatz 1, D-70435 Stuttgart, Germany, and 1 Porsche Drive, Atlanta, GA 30354, respectively (hereinafter "PORSCHE"), (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

(1) Purpose. The California Health and Safety Code mandates implementation of emission standards for new motor vehicle and motor vehicle engines to control emissions; allows CARB to certify these vehicles; and prohibits any person from selling, introducing into commerce, importing, delivering, purchasing, renting, leasing, acquiring, or receiving a new motor vehicle or new motor vehicle engine for use, registration, or resale unless it is certified. This includes attempts or assistance. (Cal. Health & Safety Code §§ 43100, 43101, 43151, 43153, 43211, and 43212.) The Health and Safety Code also mandates the reduction of emission of air pollution from motor vehicles (Cal. Health & Safety Code §§ 43000, 43000.5, 43011.), and compliance with California's anti-tampering laws (Cal. Health & Safety Code § 43008.6).

(2) Regulations/Statutes.

- a) Tampering. Vehicle Code section 27156(c) provides that unless an exemption is obtained from CARB, "[n]o person shall install, sell, offer for sale, or advertise any device, apparatus, or mechanism intended for use with, or as a part of, a required motor vehicle pollution control device or system that alters or modifies the original design or performance of the motor vehicle pollution control device or system."
- b) Test Procedures. Health and Safety Code section 43212 provided that all manufacturers or distributors who do not comply with the emission standards or the test procedures adopted by CARB are subject to a civil penalty not to exceed fifty dollars (\$50) for each vehicle that does not comply.¹
- c) New Vehicle Certification. CARB adopted requirements for "Approval of Motor Vehicle Pollution Control Devices (New Vehicles)" (*New Vehicle Certification Requirements*) (Cal. Code Regs., tit. 13 § 1950 et seq.) to reduce emissions of, inter alia, oxides of nitrogen (NOx) and hydrocarbons (HC) from new motor vehicles in California.

(3) Regulatory Provisions.

- a) Tampering.
 1. Model Years 2013-2014.

¹ California Health and Safety Code § 43212 was amended, effective January 1, 2017, to increase the penalty from \$50 per vehicle that does not comply with the standards or procedures to a maximum of \$37,500 per such vehicle. See 2017 Cal. Legis. Serv. Ch. 561 (A.B. 1516, "MAINTENANCE OF THE CODES").

- a. The certification requirements and test procedures for determining compliance with the emission standards in this section are set forth in the "California 2001 through 2014 Model Criteria Pollutant Exhaust Emission Standards and Test Procedures and 2009 through 2016 Model Greenhouse Gas Exhaust Emission Standards and Test Procedures for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles," as amended December 6, 2012, the "California Non-Methane Organic Gas Test Procedures," as amended December 6, 2012, which are incorporated herein by reference. (Cal Code Regs., tit. 13 § 1961(d).)
 - b. The "California 2001 through 2014 Model Criteria Pollutant Exhaust Emission Standards and Test Procedures and 2009 through 2016 Model Greenhouse Gas Exhaust Emission Standards and Test Procedures for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles" incorporates 40 C.F.R. § 86.1842-01 with one change not relevant here.
 - c. 40 C.F.R. § 86.1842-01(b) provides in relevant part, "A manufacturer will notify the Administrator concurrently with (or in advance of) any change or addition in production vehicles which creates a new vehicle configuration within the car lines covered in a certified test group, giving a full description of the change."
2. Model Years 2015-2018.
- a. The certification requirements and test procedures for determining compliance with the emission standards in this section are set forth in the "California 2015 and Subsequent Model Criteria Pollutant Exhaust Emission Standards and Test Procedures and 2017 and Subsequent Model Greenhouse Gas Exhaust Emission Standards and Test Procedures for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles," as amended December 19, 2018, the "California Non-Methane Organic Gas Test Procedures for 1993 through 2016 Model Year Vehicles," as amended September 2, 2015, and the "California Non-Methane Organic Gas Test Procedures for 2017 and Subsequent Model Year Vehicles," as adopted September 2, 2015, which are all incorporated herein by reference. (Cal. Code Regs, tit. 13 § 1961.2(d).)
 - b. The "California 2015 and Subsequent Model Criteria Pollutant Exhaust Emission Standards and Test Procedures and 2017 and Subsequent Model Greenhouse Gas Exhaust Emission Standards and Test Procedures for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles" incorporates 40 C.F.R. § 86.1842-01 with one change not relevant here.
 - c. 40 C.F.R. § 86.1842-01(b) provides in relevant part, "A manufacturer will notify the Administrator concurrently with (or in advance of) any change or addition in production vehicles which creates a new vehicle configuration within the car lines covered in a certified test group, giving a full description of the change."

b) Test Procedures.

1. The test procedures for determining compliance with evaporative emission standards applicable to 2001 and subsequent model year vehicles are set forth in the "California Evaporative Emission Standards and Test Procedures for 2001 and

- Subsequent Model Motor Vehicles," adopted by the state board on August 5, 1999, and as last amended September 2, 2015, which is incorporated herein by reference ("Evap Test Procedures"). (Cal. Code Regs, tit. 13 § 1976(c).)
2. The fuel used for durability mileage accumulation and component aging shall be fuel set forth in 40 C.F.R. § 86.1824-08(f)(1) (April 28, 2014). (Evap Test Procedures, Part II, section A.2.6.)
 3. 40 C.F.R. § 86.1824-08(f)(1) provides in relevant part that gasoline fueled vehicles certified to meet the evaporative emission standards set forth in this subpart must employ gasoline fuel for the entire mileage accumulation period which contains ethanol in, at least, the highest concentration permissible in gasoline under federal law and that is commercially available in any state in the United States. In addition, the manufacturer must provide acceptable information to indicate that the mileage accumulation method is of sufficient design, duration and severity to stabilize the permeability of all non-metallic fuel and evaporative system components to the fuel constituents.
- c) New Vehicle Certification.
1. Prior to vehicles or engines being sold, introduced into commerce, imported, delivered, purchased, rented, leased, acquired, or received into California, they must be certified based on reliable test data and procedures and obtain an Executive Order from CARB. The vehicles and engines must, inter alia, meet the emission standards (either through a direct standard or through a fleet wide phase-in requirement), not contain a defeat device, have an Emission Control Label and be equipped with a computer-sensed emission-related component to inform the vehicle operator of a malfunction (On-board Diagnostic System (OBD)), and come with an emission control system warranty. (Cal. Code Regs., tit. 13, §§ 1900-2048.)

(4) Penalty Provisions.

- a) Failure to comply with the Tampering prohibitions is a violation of state law that may result in penalties not to exceed one thousand five hundred dollars (\$1,500) for each strict liability violation. (Cal. Health & Safety Code § 43008.6(b).)
- b) Failure to comply with the Test Procedures is a violation of state law that may result in penalties not to exceed fifty dollars (\$50) for each strict liability violation. (Cal. Health & Safety Code § 43212.)
- c) Failure to comply with the New Vehicle Certification requirements is a violation of state law that may result in penalties up to five thousand dollars (\$5,000) for each strict liability violation of the Vehicle Standards. (Cal. Health & Safety Code § 43154; Cal. Code Regs., tit.13, § 1900 et seq.)²

² California Health and Safety Code § 43154 was amended, effective January 1, 2017, to increase the penalty from \$5,000 per vehicle that does not comply with the standards or procedures to a maximum of \$37,500 per such

- d) The Parties agree to disagree on whether any or all of these penalty provisions apply to the violations described herein.

CASE BACKGROUND

- (5) Corporate Entity. Dr. Ing. h.c. F. Porsche AG is a German vehicle manufacturer. Porsche Cars North America, Inc. is a Delaware corporation headquartered in Atlanta, Georgia; it submits motor vehicle certification applications to CARB and EPA for Dr. Ing. h.c. F. Porsche AG.
- (6) Allegations. This Settlement Agreement resolves self-disclosures made by PORSCHE to CARB since January 2018 that are described below. CARB alleges that PORSCHE:
- a) tampered with 55,327 vehicles by changing the electronic control unit (ECU) software and or the transmission control unit (TCU) software without CARB approval;
 - b) violated the test procedures for determining compliance with evaporative emission standards for 16,338 vehicles;
 - c) violated the New Vehicle Certification Requirements by selling, introducing into commerce, importing, delivering, purchasing, renting, leasing, acquiring, or receiving 22 new model year 2018-2019 model 911 Carrera S vehicles retrofitted with a kit to increase vehicle performance into California and not obtaining an Executive Order for these "911 Carrera S kits;" and
 - d) violated the New Vehicle Certification Requirements by selling, introducing into commerce, importing, delivering, purchasing, renting, leasing, acquiring, or receiving 585 model year 2011 Boxster and Cayman vehicles in an uncertified configuration by changing the fuel and breather lines.
- CARB alleges that if the allegations described in paragraphs (1) through (6) were proven, civil penalties could be imposed against PORSCHE for each and every vehicle involved in the violations and each day.
- (7) Acknowledgment. PORSCHE admits the facts in paragraphs (5) and (6), but denies any liability resulting from said allegations.
- (8) Consideration. In consideration of CARB not filing a legal action against PORSCHE for the violations alleged in paragraph (6), and in consideration of the other terms set out below, the Parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed alleged violations and voluntarily agree to resolve these matters by means of this Settlement Agreement. In order to resolve the alleged violations described herein, PORSCHE agrees to make the payments enumerated below within the Terms and Conditions. Further, CARB accepts this Settlement Agreement in termination and full settlement of these matters.

vehicle. See 2016 Cal. Legis. Serv. Ch. 604 (A.B. 1685, "AIR POLLUTION—MOTOR VEHICLES—FINES AND PENALTIES").

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against PORSCHE for the alleged violations referred to above in the Legal Background and Case Background, and PORSCHE's agreement to complete all terms and conditions set forth below, CARB and PORSCHE agree as follows:

- (9) Settlement Amount. PORSCHE shall pay a civil penalty of one million five hundred seventy-seven thousand four hundred seventeen dollars and sixty-seven cents (\$1,577,417.67 USD) to the California Air Pollution Control Fund and, in addition, agrees to fund the following three Supplemental Environmental Projects (SEPs) in the combined amount of one million five hundred seventy-four thousand one hundred twenty-two dollars and thirty-three cents (\$1,574,122.33 USD) consistent with CARB's SEP Policy:
- a. Brawley Health ACTION Environmental Study (see Attachment A for a summary) in the amount of one million seventy-six thousand four hundred eighty-two dollars (\$1,076,482.00 USD);
 - b. Installation of School Air Filtration Systems - Calexico (Imperial County) (see Attachment B for a summary) in the amount of four hundred eleven thousand one hundred thirty-seven dollars and eighty-five cents (\$411,137.85 USD); and
 - c. Installation of School Air Filtration Systems - El Centro (Imperial County) (see Attachment C for a summary) in the amount of eighty-six thousand five hundred two dollars and forty-eight cents (\$86,502.48 USD).

PORSCHE shall tender all payments within 30 calendar days from the date CARB notifies PORSCHE of the full execution of the Settlement Agreement.

- (10) Civil Penalty Payment Method. PORSCHE shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to CARB, using instructions provided separately by CARB in a "Settlement Agreement Payment Transmittal Form," which will accompany the fully executed Settlement Agreement. PORSCHE is responsible for all payment processing fees. Payments shall be accompanied by the Settlement Agreement Payment Transmittal Form to ensure proper application. CARB shall deposit the civil penalty amount into the California Air Pollution Control Fund for the purpose of carrying out CARB's duties and functions to ensure the integrity of its air pollution control programs. Should payment instructions change, CARB will provide notice to PORSCHE in accordance with Paragraph (15) (Notices).
- (11) SEP Payment Method(s). PORSCHE shall fund each of the SEPs listed in paragraphs (9)a through (9)c by wire transfer, credit card, or check, payable to the SEP implementer/recipient using instructions provided separately by CARB in the respective "Supplemental Environmental Project Payment Transmittal Form," which will accompany the fully executed Settlement Agreement. PORSCHE is responsible for all payment processing fees. Payments shall be accompanied by the respective

Supplemental Environmental Project Payment Transmittal Form to ensure proper application. Should payment instructions change, CARB will provide notice to PORSCHE in accordance with Paragraph (15) (Notices).

- (12) Prohibition Against Financial Benefit. PORSCHE has agreed that by funding the SEPs listed in paragraphs (9)a through (9)c, PORSCHE will not receive any direct or indirect financial benefit, and that whenever PORSCHE publicizes or refers to any of the SEPs or the results of the SEP, PORSCHE will state that the SEPs are being undertaken as part of the settlement of a CARB enforcement action.
- (13) Assignment of Rights. In the event that any of the SEP implementers/recipients do not fully implement or complete the SEP in accordance with the terms of the respective SEP Agreement, CARB shall be entitled to recover the full amount of the respective SEP from the SEP implementer/recipient, less any amount expended on the timely and successful completion of any previously agreed upon interim milestone(s). CARB will deposit any such recovery into the Air Pollution Control Fund. Accordingly, PORSCHE assigns any and all rights against the SEP implementer/recipient to CARB. CARB will use best efforts to identify alternative SEPs for any such recovered amount and will discuss with PORSCHE whether it agrees to using the recovered amount for funding the alternative SEPs proposed by CARB. In the event the Parties cannot agree on an alternative SEP to fund, any such recovered amount will be deposited into and/or remain in the California Air Pollution Control Fund.
- (14) Documents. PORSCHE shall email or mail the signed and dated Settlement Agreement to the email address or mailing address in Paragraph (15) (Notices). PORSCHE shall further email or mail a copy of proof of payment of the penalty, and SEPs, and a copy of the Payment Transmittal Forms to the email address or mailing address in Paragraph (15) (Notices).
- (15) Notices. Unless otherwise specified in this Settlement Agreement, whenever notifications, submissions, or communications are required by this Settlement Agreement, they shall be submitted in writing to the address or email below:

As to CARB:

California Air Resources Board
Enforcement Division / Settlement Agreements
Vehicle, Parts, Consumer Products Enforcement Branch / Engine, and Parts
Enforcement Section
P.O. Box 2815
Sacramento, CA 95812-2815
Settlement_Agreement@arb.ca.gov

As to PORSCHE:

King & Spalding, LLP
1700 Pennsylvania Avenue, NW
2nd Floor Washington, D.C. 20006
Attention: Granta Nakayama
Email: GNakayama@kslaw.com; ADammann@kslaw.com

With copies to each of the following:
Dr. Ing. h.c. F. Porsche AG
Porscheplatz 1
D-70435 Stuttgart
GERMANY
Attention: GR/Rechtsabteilung/General Counsel

Porsche Cars North America, Inc.
1 Porsche Drive
Atlanta, Georgia 30354
Attention: U.S. Legal and General Counsel

Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above. Notices submitted pursuant to this section shall be deemed submitted upon emailing or mailing.

- (16) Recovery of Costs. If the Attorney General files a civil action to enforce this Settlement Agreement, PORSCHE shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorneys' fees, and costs, provided the Attorney General prevails in that action.
- (17) Violations of California Laws and Regulations. Without creating any new, independent or additional obligations for PORSCHE, reference is herein made to the following California laws and regulations:
- a. PORSCHE hereafter shall submit running changes and field fixes in accordance with 40 C.F.R. § 86.1842-01(b).
 - b. PORSCHE hereafter shall conduct all certification emission testing in compliance with the applicable test procedures.
 - c. PORSCHE hereafter shall not import, deliver, receive, acquire, sell, or offer for sale any new motor vehicle or new motor vehicle engine in violation of Health and Safety Code sections 43151-43153.

- d. Unless an exemption is obtained from CARB, PORSCHE shall not install, sell, offer for sale, or advertise any device, apparatus, or mechanism intended for use with, or as a part of, a required motor vehicle pollution control device or system that alters or modifies the original design or performance of the motor vehicle pollution control device or system in accordance with Vehicle Code section 27156(c).
- (18) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning the Case Background, and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning the Case Background hereof. This Settlement Agreement consists of twelve pages and thirty-four paragraphs.
- (19) Binding Effect. The payment and other obligations set forth in paragraphs (6) to (17) shall be binding upon PORSCHE and its successors and assignees, or other entities or persons otherwise bound by law. The release and other obligations set forth in paragraphs (6)-(8), (10)-(11), (13), (15)-(16), and (29) shall be binding on CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.
- (20) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (21) Modification and Termination. No agreement to modify, amend, extend, supersede, terminate, or discharge this Settlement Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all Parties to this Settlement Agreement.
- (22) Severability. Each provision of this Settlement Agreement is severable, and in the event that any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable in any jurisdiction, the remainder of this Settlement Agreement remains in full force and effect to the extent necessary to fulfill the Settlement Agreement's purpose and the intent of the Parties.
- (23) Choice of Law. This Settlement Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.
- (24) Not Tax Deductible. For purposes of this Settlement Agreement, PORSCHE shall not deduct any monies spent to comply with any provision of this Settlement Agreement in calculating and submitting its U.S. federal, state, or local income tax.
- (25) Rules of Construction. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Settlement Agreement.

- (26) Non-Waiver. The failure to enforce any provision of this Settlement Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Settlement Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Settlement Agreement or otherwise provided by law.
- (27) Intent to be Bound. The Parties represent that: They have participated fully in the review and drafting of this Settlement Agreement; understand and accept all terms; enter into this Settlement Agreement freely and voluntarily; have had an opportunity to consult with legal counsel; are fully informed of the terms and effect of this Settlement Agreement; have agreed to this Settlement Agreement after independent investigation and agree it was not arrived at through fraud, duress, or undue influence; and knowingly and voluntarily intend to be legally bound by this Settlement Agreement.
- (28) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.
- (29) Release. Now, therefore, in consideration of the settlement payments by PORSCHE to the California Air Pollution Control Fund and the SEPs as specified in paragraphs (9)-(11), CARB hereby fully, finally, irrevocably, and forever releases PORSCHE and its principals, officers, shareholders, directors, agents, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and predecessors from any and all claims, demands, actions, or causes of action that CARB has brought or could have brought based on or related to the facts and allegations described in paragraph (6).
- (30) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (31) Per Unit Penalty. The per unit or per vehicle penalty in this case is a maximum of one thousand, five hundred dollars (\$1,500) per alleged action under Vehicle Code section 27156, fifty dollars (\$50) for alleged violations of the Evap Test Procedures, and five thousand dollars (\$5,000) for alleged violations of the New Vehicle Certification requirements. The penalty obtained in this case is approximately forty-three dollars and sixty-one cents (\$43.61) per unit for 72,272 units.
- (32) Emissions. The provisions cited above do prohibit emissions above a specified level. Without information on usage and emission rates, it is not practicable to quantify the excess emissions. However, since CARB has alleged that the vehicles did not meet the regulatory requirements, CARB alleges that all of the excess emissions were illegal.

- (33) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as described in CARB's Enforcement Policy. CARB considered whether the violator came into compliance quickly and cooperated with the investigation; the extent of harm to public health, safety and welfare; nature and persistence of the violation, including the magnitude of the excess emissions; compliance history; preventative efforts taken; innovative nature and the magnitude of the effort required to comply, and the accuracy, reproducibility, and repeatability of the available test methods; efforts to attain, or provide for, compliance prior to violation; action taken to mitigate the violation; financial burden to the violator; and voluntary disclosure. The penalties are set at levels sufficient to deter violations, to remove any economic benefit or unfair advantage from noncompliance, to obtain swift compliance, and the potential costs, risks, and uncertainty associated with litigation. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case. Mitigating factors include the following specific examples:
- a) PORSCHE thoroughly and timely self-disclosed all of the alleged violations included herein to CARB and the United States Environmental Protection Agency (EPA) pursuant to "Incentives for Self-Policing; Discovery, Disclosure, Correction and Prevention of Violations, 65 Fed. Reg. 19,618 (Apr. 11, 2000) and the California Environmental Protection Agency's ("CAL/EPA") "Recommended Guidance on Incentives for Voluntary Disclosure" (October 2003);
 - b) PORSCHE promptly and completely fixed all problems identified;
 - c) PORSCHE identified and initiated necessary process changes and implemented the required improvements and other measures to prevent undisclosed running changes and field fixes in the future;
 - d) Based on best engineering judgment, no impacts to evaporative emissions and durability are expected;
 - e) The ECU/TCU software combinations tested by PORSCHE showed results for criteria air pollutants that are considerably below the standard when tested under the applicable test conditions in drive mode, and In-Use Verification Program (IUVP) results are consistent with the certification values;
 - f) The ECU/TCU software combinations tested by PORSCHE showed only minor deviation in carbon dioxide (CO₂) results over four model years;
 - g) PORSCHE promptly improved processes to ensure that no vehicle will be imported, sold, or delivered in California until it has received certification by CARB;
 - h) PORSCHE's IUVP on-board refueling vapor recovery testing results were all below the applicable standard;
 - i) PORSCHE's IUVP evaporative emissions results are below the EPA regulatory standards;
 - j) There were no warranty claims for any one specific symptom or specific part associated with the affected vehicles' evaporative systems;

- k) PORSCHE established an independent department for technical conformity ("ET") in 2017 with over 100 employees;
- l) PORSCHE confirmed durability with gasoline containing 15% ethanol;
- m) PORSCHE confirmed there were no significant differences in the deterioration factor determination, allowing future model year vehicles to be certified;
- n) The identical engine and transmission calibration in the 991II Carrera GTS, a certified vehicle, is in the 991 II Carrera S Kit;
- o) The identical OBD system in the 991III Carrera GTS 2019 model year OBD II group is in the 991 II Carrera S Kit;
- p) PORSCHE's emission tests with a representative worst case vehicle of the 991III Carrera S KIT have shown compliance with the Tier3/Bin160 Emission Standard;
- q) PORSCHE's fuel economy results for the 991 II Carrera S Kit are comparable to those of the 991III Carrera GTS but have a lowered fuel economy as compared to the 991III Carrera S;
- r) PORSCHE integrated its certification process so all power kits would go through the technical conformity group as is done for all new vehicle certifications;
- s) Changes to the fuel and breather lines were with a product of superior evaporative performance;
- t) The alleged violations do not undermine emissions standards or cause the release of excess emissions;
- u) These were unintentional, first time occurrences by PORSCHE of these types of alleged violations;
- v) PORSCHE fully complied with the investigation and provided requested information in a complete and timely manner;
- w) PORSCHE mitigated the environmental and programmatic impacts of the alleged violation by promptly fixing problems, e.g., flashing vehicles that contained pre-series production software and buy-back of the Porsche GT3 Touring Edition vehicle;
- x) PORSCHE met with CARB on numerous occasions to promptly respond to questions, provide clarification, present findings of testing/investigation, and provide updates; and
- y) CARB's enforcement program has had a clear deterrent effect on PORSCHE. Specifically, as part of the 3L consent decree in 2017, PORSCHE (along with the other defendants) admitted to the presence of defeat devices, which weren't disclosed to the agencies at the time of certification, admitted that the vehicles emit NOx above the certification limits, paid substantial civil penalties, paid \$225,000,000 to fund Eligible Mitigation Actions to fully mitigate the total, lifetime excess NOx emissions, agreed to remove from commerce or perform an AEM on at least 85% of the vehicles, agreed to a buy-back and lease termination, agreed to perform 5 years of in-use compliance testing, agreed to perform PEMS testing of 33% of its MY2017-2019 vehicles, agreed to two Green City Initiatives (ZEV investment), agreed to pay CARB \$25,000,000 to fund ZEV-related aspects of the EFMP Plus Up program, or the ZEV-related aspects of similar vehicle replacement programs, and agreed to self-disclose violations. PORSCHE's first self-disclosure occurred in October 2016, shortly after the 3L diesel investigation commenced. In addition, PORSCHE continues to promptly

