



VW FS AG Green Finance Framework 2024 Investor Presentation

DISCLAIMER

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. All figures are rounded, so minor discrepancies may arise from addition of these amounts.

At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2024.

Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply with parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Under the brand "Volkswagen Group Mobility" the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Financial Services Overseas AG render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Volkswagen Financial Services AG 2024 Green Finance Framework¹

Following the latest best market practices

- In line with **ICMA GBP 2021** (including the updated appendix I of June 2022) and **LMA/LSTA/APLMA GLP 2023**
- Inclusion, on a best-effort basis, of **eligible financings aligned with the EU Taxonomy Regulation**
- May be updated or expanded to reflect future updates of GBP, **market practices, the evolving regulatory landscape** or developments in VW FS's strategy



Core components of the framework



Under the new Green Finance Framework 2024, VW FS AG² intends to issue Green Finance Instruments³ to finance and/or refinance Eligible Financings

1. <https://www.vwfs.com/en/investor-relations/volkswagen-financial-services-ag/refinancing.html>

2. As per VW FS AG' Green Finance Framework, different entities within the VW FS AG group, including consolidated subsidiaries and special purpose vehicles used for asset-backed financings originated by VW FS AG will be able to issue securities under the framework. VW FS AG can determine which entities of VW FS AG will facilitate the issuance of a Green Finance Instrument.

3. As per VW FS AG' Green Finance Framework, Green Finance Instruments may include but are not limited to unsecured and secured bonds (covered or asset-backed), commercial papers, Schuldscheindarlehen, bi- and multilateral bank loans, and can be of any status or seniority.

Use of Proceeds

Eligible projects defined as “Eligible Financings” relating to any vehicle with zero-tailpipe emissions (e.g. acquisitions of vehicles for the purpose of the leasing business or loans to customers)¹



Definition	EU Environmental Objective	SDG Contribution
Eligible Financings ² relate to any vehicle with zero-tailpipe emissions	Climate Change Mitigation	 

Exclusion criteria: financing of combustion engine vehicles (also excluding plug-in hybrids)

1. Volkswagen AG has a separate Green Finance Framework which focuses on capitalized development costs as well as investments into Volkswagen’s production capabilities for passenger BEVs. However, Volkswagen AG will not capture individual vehicles under its eligible asset categories which are, to the extent financing is provided to our customers, the purview of VW FS AG under this framework.
2. The selection of Eligible Financings can, for example, be qualified or restricted in order to underline efforts in specific regions or product groups.

Process for Project Evaluation and Selection

VW FS AG Green Finance Committee (“VW FS AG GFC”)

Member: CFO, managing director sales, managing director VW Bank GmbH, treasury, investor relations, reporting, controlling, and legal¹

- **Approval of the allocation of pre-selected Eligible Financings**
- **Overseeing, approving and publishing the allocation and impact reporting**, including external assurance statements
- **Reviewing and updating the content of framework** to reflect changes in corporate strategy, technology, market, or regulatory developments
- **Observing the developments in the principles and standards** relating to Green Finance Instruments including the adoption of the European Green Bond Standard and developing market conventions
- **Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts** associated with the Eligible Financings
- **Initiating the update of non-group documents** such as SPO and related documents from external consultants



On a best-effort basis, VW FS AG will strive to include **Eligible Financings** that are **aligned with the EU Taxonomy**, if and when possible, after assessing the below steps:

- **Compliance with “substantial contribution” criteria**
- **Adherence to “do-no-significant-harm” criteria**
- **Respect minimum safeguards**

The committee will meet on a regular basis

1. VW FS AG GFC may allow permanent or temporary observers and invite internal and external experts, although none of these constituents will be present at a vote in the GFC.

Management of Proceeds

The net proceeds of a VW FS AG's Green Finance Instrument will be managed on a **bond-by-bond basis** by the VW FS AG GFC

- **Management of proceeds rules:** bond-by-bond approach
- **Tracking process:** vehicles underlying Eligible Financings are flagged as to be used for a particular Green Finance Instrument in an internal system to avoid double counting for any subsequent financial asset
- **Eligible Financings:** 24 months look-back period
- **Level of allocation:** amount equal to the net proceeds of each Green Finance Instrument will be allocated to Eligible Financings earmarked for the respective instruments
- **Unallocated proceeds:** temporarily managed in line with VW FS AG's treasury policy
- **Perimeter of Eligible Financings:** directly on VW FS AG's consolidated balance sheet and those transferred and used as collateral for asset-backed securities



Reporting

VW FS AG will publish annually until full allocation an **allocation and impact report**¹

Allocation Report indicators

Allocated proceeds

Unallocated proceeds

Amount of Eligible Financing recorded per financial year

Regional split

Impact Report potential indicators

Number of BEVs financed which are allocated to outstanding Green Bonds

When and where feasible, examples of Life Cycle Assessments (“LCA”) which estimate the environmental performance of a vehicle of a specified type and model year over its complete life cycle; to the extent and relating to those vehicles, and respective model year, as available to VW FS and its parent and externally verified

Life-cycle emissions (tCO₂) as result from the specified LCA and, where available, life-cycle emissions (tCO₂) of ICE of a particular model year which are deemed comparable

On a best effort basis, VW FS AG intends to adhere the impact reporting to prevailing requirements as laid out in the **ICMA “Harmonized Framework for Impact Reporting” (June 2022)**


1. Such reports can include the allocation and impact of several outstanding Green Finance Instruments, however, displayed separately.

External Review

Pre-issuance verification: Second Party Opinion from ISS ESG

UoP contribute to UN SDGs





SPO SECTION	SUMMARY	EVALUATION ²
Part I: Alignment with GBP/GLP	The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.	Aligned
Part II: Sustainability quality of the Eligibility Criteria	<p>The Green Finance Instruments will (re)finance eligible service-related category which includes: Clean Transportation.</p> <p>Service-related use of proceeds category individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds category are managed.</p>	Positive
Part III: Consistency of Green Finance Instruments with Volkswagen Financial Services' Sustainability Strategy	<p>The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. The project category considered is in line with the sustainability objectives of the Issuer.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p>	Consistent

- Alignment with GBP/GLP: aligned
- Sustainability quality of the Eligibility Criteria: positive
- Linking the transaction to VW FS AG's Sustainability Strategy: consistent

Use of Proceeds




Process for Project Evaluation and Selection

Management of Proceeds




Reporting




Environmental & Social Risk Management




ESG Profile




**VOLKSWAGEN
FINANCIAL SERVICES**

THE KEY TO MOBILITY

Thank you!

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