

Volkswagen Financial Services Australia

Green Finance Framework

23rd July 2025



Table of Contents

1. Sustainability at Volkswagen Group.....	2
2. Financing Sustainable Transportation	3
3. VW FS Australia - Green Finance Framework.....	5
3.1 Use of Proceeds	5
3.2 Process for Project Evaluation and Selection	6
3.3 Management of Proceeds	6
3.4 Reporting.....	7
3.5 External Review.....	7

1. Sustainability at Volkswagen Group

Volkswagen AG is the parent company of the Volkswagen Financial Services Overseas AG. It develops vehicles and components for passenger cars and light commercial vehicles for the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands. In its capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., ŠKODA AUTO a.s., Dr. Ing. h.c. F. Porsche AG (Porsche AG), TRATON SE, Volkswagen Financial Services AG, and Volkswagen Financial Services Overseas AG and a large number of other companies in Germany and abroad.

The Volkswagen Group is one of the leading multi-brand groups in the automotive industry. The Group's business activities comprise the Automotive and Financial Services divisions. Our core brands within the Automotive Division – with the exception of the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands – are independent legal entities. The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas. The Passenger Cars Business Area essentially consolidates the Volkswagen Group's passenger car brands and the Volkswagen Commercial Vehicles brand. Activities focus on the development of vehicles, engines and vehicle software, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The product portfolio extends from small cars through to luxury vehicles in the premium segment. It also includes motorcycles and is supplemented by mobility solutions. The Commercial Vehicles Business Area primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services. The commercial vehicles portfolio ranges from light vans to heavy trucks and buses. The collaboration between the commercial vehicle brands is coordinated within TRATON SE. The Power Engineering Business Area combines the large bore diesel engines, turbomachinery and propulsion components businesses. The Financial Services Division's activities comprise dealer and customer financing, vehicle leasing, direct banking and insurance activities, fleet management and mobility services.

In the context of the fast-changing environment and the challenges resulting from it, the Group Board of Management adopted the Group strategy "NEW AUTO" – Mobility for Generations to Come in May 2021 with the approval of the Supervisory Board. The strategy's focus is the world of mobility in 2030. As technology advances, the automotive industry is rapidly forging ahead with its transformation toward e-mobility and digitalization. We therefore expect the market for electric vehicles to grow strongly in the next few years, meaning that cost-efficient and sustainable production of battery systems and the expansion of charging infrastructure will be crucial to success. The shift to connected, intelligent and eventually self-driving vehicles, however, will bring more wide-reaching changes for the automotive industry. Autonomous driving will change the customer's mobility experience forever and lay the ground for new business models. Sources of revenue will gradually shift and will expand beyond the core product of the automobile. This shift will be dependent on increasing software development capabilities so as to excite customers with constantly improving digital functionality. As with technological trends, global economic as well as geopolitical constraints are increasingly confronting the automobile industry with greater challenges – for example, the economic influence wielded by the biggest mobility markets, China, the USA and Europe, and the way they are diverging.

Sustainability will continue to be a recurring theme in the business world and will gain further pertinence, driven by the increasingly noticeable consequences of climate change, a greater consciousness of sustainable lifestyles on the part of the customer and, not least, underlying factors such as the Paris Climate Agreement. As we transition from automotive manufacturer to mobility group, we are resetting our priorities with NEW AUTO and positioning ourselves for the future. We are keeping our aim of being a world-leading provider of sustainable mobility firmly in our sights and making the Group more focused, efficient, innovative, customer-oriented and sustainable, as well as systematically gearing it toward profitable growth.

As we transition from automotive manufacturer to mobility group, we are resetting our priorities with NEW AUTO and positioning ourselves for the future. We are keeping our aim of being a world-leading provider of sustainable mobility firmly in our sights and making the Group more focused, efficient, innovative, customer-oriented and sustainable, as well as systematically gearing it toward profitable growth.

2. Financing Sustainable Transportation

Volkswagen Financial Services Australia is active in the areas of dealer and customer financing, leasing, and insurance activities as well as mobility services.

The key objectives of VW FS Australia are:

1. To promote product sales for the benefit of the Volkswagen Group brands and its partners appointed to distribute these products
2. To strengthen customer loyalty to VW FS AG and the Volkswagen Group brands by offering our services along the entire automotive value chain (including through the targeted use of digital products and mobility solutions, among other things)
3. To create synergies for Volkswagen Group by pooling Group and brand requirements relating to finance and mobility services and to constantly evolve their value
4. To generate and sustain a high level of return on equity for Volkswagen Group by offering financing solutions with a multi-brand approach

How our mission commits us to sustainability

With our key objective to offer competitive Finance and Insurance products to over 700 retailers. Representing automotive brands, within the Volkswagen Group, including Volkswagen Passenger and Commercial Vehicles, Audi, ŠKODA, Bentley, Porsche, Ducati, Lamborghini as well as Jaguar and Land Rover. VW FS Australia aims to play a crucial role in supporting the advancement of sustainable mobility solutions including battery electric vehicles ('BEV') in the regions where we are active. Our objectives are not limited to enabling the acquisition of BEV but also to offer integrated services which reflect the evolving needs and lifestyle decisions our clients take and which manifest in use and ownership of vehicles. For us our ability to enable flexible models of car possession and use, combined with the provision of insurance services and digital solutions, support our vision and ambition of becoming *"the best automotive financial services provider in the world"*.

In the pursuit of this vision, we do not stand alone. Volkswagen Group's environmental policy provides the tangible framework for the environmental activities of its brands and divisions. For VW FS Australia this joint environmental policy means that VW FS Australia aligns its core business operations and governance with these principles and thus supports the Volkswagen Group in implementing its environmental but also social and governance goals and objectives. The environmental policy of VW FS Australia is hence substantially influenced by Volkswagen Group's policy.

In view of the climate crisis, for us, sustainability is not just a duty but a responsibility. We are adding a climate risk dimension which also covers prudential aspects of climate and ESG risk assessment with the customers we aim to support. In addition, we implement the internal structures, systems and controls which allow for a proactive management of these risks but also to help to facilitate environmental opportunities for our clients by providing concepts that facilitate the transition to sustainable mobility on an individual or fleet basis.

Finally, we are convinced that we can only be a credible and meaningful partner to our customers and be able to further implement our business model successfully by thinking and acting responsibly and with foresight. Therefore, the topic of sustainability has been a key component of our corporate conduct for over a decade and become an irreversible trend in the financial industry. We see sustainability as both a business responsibility and a strategic success factor.

Therefore, "Sustainability" has been determined as one of the five strategic dimensions to drive our new strategy MOBILITY2030 forward.

Our principle, our defining commitment, is to act in accordance with the laws and our core values. One of the concerns that matter to us particularly is our role in society and the communities in which we operate - and being able to give something back to it.

Our sustainability approach is based on the following core principles:

1. Orienting our decisions towards the needs of society, our customers and our employees.

2. Offering comprehensive automotive financial services under one roof and developing products and services to meet the mobility needs of tomorrow.
3. Operating internationally but always being mindful of our local roots. As such sustainable and responsible business management and operations are important to us.
4. We act reliably and with a focus on protecting the environment, we are an attractive employer, and we are committed to achieving a viable and sustainable society.

As such we also are mindful of and gratefully assume social responsibility also outside our core business areas and involve ourselves regionally and locally. We do so in the form of social projects, the sponsoring of sports clubs and events, and the promotion of cultural life. We make an active contribution to ensure that the locations we work in have a viable and sustainable future. We are a top, first-rate employer for our employees because we respect their interests and offer them attractive and varied work assignments.

3. VW FS Australia - Green Finance Framework

Volkswagen Financial Services Australia has established a Green Finance Framework (the '**VW FS Australia Framework**') that is based on the 2021 International Capital Market Association's Green Bond Principles (the '**GBP**'), including the updated Appendix I of June 2022¹ and the 2025 Green Loan Principles (the '**GLP**'), jointly published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association.

This Framework provides VW FS Australia with a common methodology for the issuance of "**Green Finance Instruments**".

VW FS Australia's Green Finance Instruments may include but are not limited to unsecured bonds, secured bonds (secured GSS collateral bonds²), bi- and multilateral bank loans, revolving credit facility and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) and can be of any status or seniority. Any Green Finance Instrument will rank *pari passu* with conventional instruments of similar status and subordination.

The VW FS Australia Framework may be further updated or expanded from time to time to reflect future updates to the GBP, market practices, the evolving regulatory landscape or developments in VW FS Australia's strategy.


The latest version of the framework can be found on the VWFS Australia investor relations website: www.vwfs.com.au/Our-Company/vwfs-australia.

The VW FS Australia Framework consists of the following core components and recommendations of the GBP and GLP, which are described in more detail below:

- 3.1 Use of Proceeds
- 3.2 Process for Project Evaluation and Selection
- 3.3 Management of Proceeds
- 3.4 Reporting
- 3.5 External Review

3.1 Use of Proceeds

An amount equal to the proceeds of any Green Finance Instrument issued by VW FS Australia will be used to finance and/or refinance a portfolio of financing products (Eligible Assets) relating to zero-tailpipe emission mobility, as defined below (the "**Eligibility Criteria**"). The selection of Eligible Assets can, for example, be qualified or restricted in order to underline efforts in specific regions or product groups.

Eligible Category (GBP / GLP)	Eligibility Criteria	SDG ³ Contribution
Clean Transportation	Automotive financing products for new or used zero-tailpipe emission vehicles and charging infrastructure.	

¹ https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

² Collateral is selected based on the standard VWFS Australia securitisation eligibility criteria in addition to the eligible asset criteria listed in section 3.1 of the VW FS Australia Green Finance Framework.

³ Sustainable Development Goal (SDG)

Exclusion Criteria: VW FS Australia explicitly excludes internal combustion engines, including hybrid vehicles, as Eligible Assets under this Framework.

VW FS Australia exclusively captures projects related to the financing of zero-tailpipe emission vehicles and charging infrastructure, with that providing green mobility to end customers. 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, therefore, providing the industrial basis for the transformation of mobility at a scale.

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 Australia under this Framework. Both Frameworks jointly represent the Volkswagen Group's ambition to lead sustainable mobility, while still recognizing the distinct projects underlining the contribution of Volkswagen AG and VW FS Australia.

3.2 Process for Project Evaluation and Selection

VW FS Australia has established a process to screen projects that meet the Eligibility Criteria outlined above with the goal to identify Eligible Assets that positively contribute to the objective of climate change mitigation.

Responsible for oversight and implementation is a newly established VW FS Australia Green Finance Committee ('**VW FS Australia GFC**'). Critical business areas such as treasury, investor relations, reporting and controlling are represented in the VW FS Australia GFC. Main responsibilities of the VW FS Australia GFC include but are not limited to:

1. Project proposal and shortlisting will be undertaken by the VWFS Treasury Department in coordination with other members of the VW FS Australia GFC.
2. Approval of the allocation of pre-selected Eligible Assets to a Green Finance Instrument of VW FS Australia (the VW FS Australia GFC has full discretion to object to the inclusion of any assets).
3. Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. VWFS may rely on external sources, in addition to its own assessment.
4. Reviewing the content of the VW FS Australia Framework and updating it to reflect changes in corporate strategy, technology, market, or regulatory developments if deemed necessary in the context of the objective of making a positive impact on sustainable mobility and avoiding carbon emissions.
5. Observation of the developments in the principles and standards relating to Green Finance Instruments including the potential adoption of the Australian Sustainable Finance Taxonomy and developing market conventions as well as assessment of potential implications for the VW FS Australia Framework.
6. Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts associated with the Eligible Assets. Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful.
7. Initiating the update of non-Group documents such as a second party opinion ("SPO") and related documents from external consultants.

The VW FS Australia 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. The committee will meet at least on an annual basis.

3.3 Management of Proceeds

An amount equal to the net proceeds of each Green Finance Instrument issued under the VW FS Australia Framework will be allocated to Eligible Assets earmarked for the respective instrument⁴. (instrument-by-instrument-

⁴ When identifying Eligible Green Assets, VW FS Australia flags the respective underlying vehicle as used for a particular Green Finance Instrument in its internal system and makes any subsequent financial asset relating to the vehicle ineligible to be used for a subsequent Green Finance Instrument for VW FS Australia. This intends to prevent double counting.

approach). Pending full allocation, VW FS Australia will temporarily manage any unallocated proceeds in line with its treasury policy.

The speed of this allocation process depends on and will reflect both market development and Volkswagen Group's efforts as well as those of VW FS Australia's partners under its multi-brand approach with respect to the sales of Eligible Assets. A look-back period of 24 months will be applied.

VW FS Australia may keep Eligible Assets directly on its consolidated balance sheet with any of its subsidiaries without any legal segregation but will also retain the right to include Eligible Assets which have been used, are used, or may be used at some point for asset-backed securities.

Generally, identifying Eligible Assets and allocating them to a Green Finance Instrument is a mere designation and does not imply any change in ownership, pledge or lien for the benefit of third parties and is a process independent from the allocation of any financial assets as collateral for any covered or asset backed securities.

3.4 Reporting

VW FS Australia will publish annually an allocation and impact report. Such reports can include the allocation and impact of several outstanding Green Finance Instruments, however, displayed separately in line with our instrument-by-instrument approach to the management of proceeds. The report will be renewed annually at least until all outstanding Green Finance Instruments have been fully allocated. The report will take into consideration, on a best effort basis, the prevailing requirements as laid out in the "Harmonized Framework for Impact Reporting"⁵. The reporting is subject to confidentiality agreements and competitive considerations and, therefore, certain metrics might be only presented at aggregated levels.

Allocation Report:

The allocation report will include:

1. The balance of allocated and unallocated proceeds
2. Amount of Eligible Assets recorded per financial year
3. Regional split

Impact Report:

The impact report may include:

1. Number of Eligible Assets financed which are allocated to outstanding Green Finance Instruments
2. Estimated avoided tailpipe emissions (tCO₂)

3.5 External Review

Second Party Opinion

VW FS Australia has obtained an independent second-party opinion (SPO) from ISS ESG to confirm alignment of its Green Finance Framework with GBP, GLP and Climate Bonds Standard. The independent SPO is published on VW FS Australia's website ([VWFS Australia \(vwfs.com.au\)](https://vwfs.com.au)) and is also available on the website of the external reviewer ISS-Corporate.

Post-Issuance Assurance

In order to ensure sustained compliance of all issued Green Financing Instruments with the Eligibility Criteria set out in this Framework, VW FS Australia may appoint an external verifier to produce a post-issuance verification report on the allocation of the proceeds once full allocation is achieved.

⁵ Most recently published June 2024 but updated from time-to-time and available on the website of the ICMA at the following link: <https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects/>.

DISCLAIMER

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY VOLKSWAGEN FINANCIAL SERVICES AG AND ACCORDINGLY, NO REPRESENTATION; WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY VOLKSWAGEN FINANCIAL SERVICES AG AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS; EXPECTATIONS; ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THIS DOCUMENT. VOLKSWAGEN FINANCIAL SERVICES AG HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES, NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT OF LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE INFORMATION IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND VOLKSWAGEN FINANCIAL SERVICES AG SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE.

CBI DISCLAIMER

THE INFORMATION CONTAINED IN THIS DOCUMENT DOES NOT CONSTITUTE INVESTMENT ADVICE IN ANY FORM OR ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY AND THE CLIMATE BONDS INITIATIVE IS NOT AN INVESTMENT ADVISER. ANY REFERENCE TO A FINANCIAL ORGANISATION OR DEBT INSTRUMENT OR INVESTMENT PRODUCT IS FOR INFORMATION PURPOSES ONLY. LINKS TO EXTERNAL WEBSITES ARE FOR INFORMATION PURPOSES ONLY. THE CLIMATE BONDS INITIATIVE ACCEPTS NO RESPONSIBILITY FOR ANY CONTENT ON ANY EXTERNAL WEBSITE. CERTIFICATION UNDER THE CLIMATE BONDS STANDARD RELATES EXCLUSIVELY TO THE CONFORMITY OF ONE OR MORE DESIGNATED DEBT INSTRUMENTS, DESIGNATED ASSETS AND/OR DESIGNATED ENTITIES WITH THE APPLICABLE CLIMATE BONDS STANDARD AT THE TIME OF CERTIFICATION. CERTIFICATION UNDER THE CLIMATE BONDS STANDARD CARRIES NO IMPLICATION (AND SHOULD NOT BE UNDERSTOOD AS CARRYING ANY IMPLICATION) AS TO ANY OTHER ASPECT OF ANY DEBT INSTRUMENT OR INVESTMENT PRODUCT OR ANY COLLECTION OF DEBT INSTRUMENTS OR INVESTMENT PRODUCTS OR ANY ASSET OR ENTITY OR GROUP OF ASSETS OR ENTITIES OR AS TO CONTINUING CONFORMITY AT ANY TIME AFTER THE TIME OF CERTIFICATION. SUCH CERTIFICATION CARRIES NO IMPLICATION (AND SHOULD NOT BE UNDERSTOOD AS CARRYING ANY IMPLICATION) THAT ANY STATED TARGET HAS BEEN OR WILL AT ANY TIME BE MET OR THAT ANY PARTICULAR LEGAL OR REGULATORY REQUIREMENT HAS BEEN OR WILL BE SATISFIED. THE CLIMATE BONDS INITIATIVE IS NOT ENDORSING, RECOMMENDING OR ADVISING ON THE FINANCIAL MERITS OR (SUBJECT TO THE PREVIOUS PARAGRAPH) ANY OTHER ASPECT OF ANY DEBT INSTRUMENT OR INVESTMENT PRODUCT OR ANY COLLECTION OF DEBT INSTRUMENTS OR INVESTMENT PRODUCTS OR ANY ASSET OR ENTITY OR GROUP OF ASSETS OR ENTITIES AND NO

INFORMATION WITHIN THIS DOCUMENT SHOULD BE TAKEN AS SUCH, NOR SHOULD ANY INFORMATION IN THIS DOCUMENT BE RELIED UPON IN MAKING ANY INVESTMENT DECISION. THE DECISION TO INVEST IN ANYTHING IS SOLELY YOURS. THE CLIMATE BONDS INITIATIVE ACCEPTS NO LIABILITY OF ANY KIND, FOR ANY INVESTMENT MADE BY AN INDIVIDUAL OR ORGANISATION, NOR FOR ANY INVESTMENT MADE BY THIRD PARTIES ON BEHALF OF AN INDIVIDUAL OR ORGANISATION, BASED IN WHOLE OR IN PART ON ANY INFORMATION CONTAINED WITHIN THIS, OR ANY OTHER CLIMATE BONDS INITIATIVE DOCUMENT.