VOLKSWAGEN
AKTIENGESELLSCHAFT

Volkswagen Group
Green Finance Framework 2022
“Introducing the NEW Framework”

Rolf Woller – 1 November 2022

Volkswagen ID. Buzz: Power consumption combined: 18.9 kWh/100km (NEDC), CO2 emissions combined: 0g/km, CO2 efficiency class: A+++

Decarbonization, Circular Economy, Responsibility in Supply Chain & Business, Diversity, People & Transformation and Integrity are our current ESG focus areas

VOLKSWAGEN
AKTIENGESELLSCHAFT

IMPROVE ESG Performance

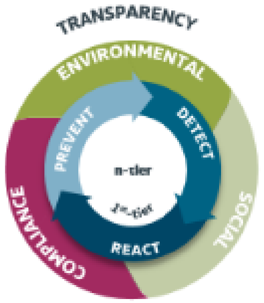
Decarbonization

go TO zero

Circular Economy

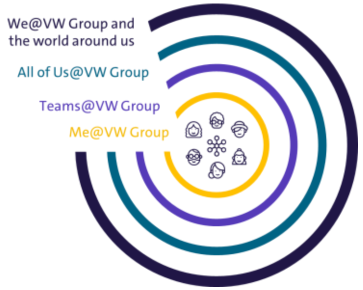
CIRCULAR ECONOMY

Responsibility in Supply Chain & Business



Diversity

People & Transformation



Integrity

INTEGRITY

Orientation | Reputation | Value-Driver | Transformation

In our Group decarbonization program, emission reduction targets are set on a life cycle basis & measured by the DCI – net carbon neutrality to be reached by 2050

Volkswagen Group Decarbonization Path until 2050 (Scope: Passenger Cars and Light Duty Vehicles)

Science Based Targets initiative approved:

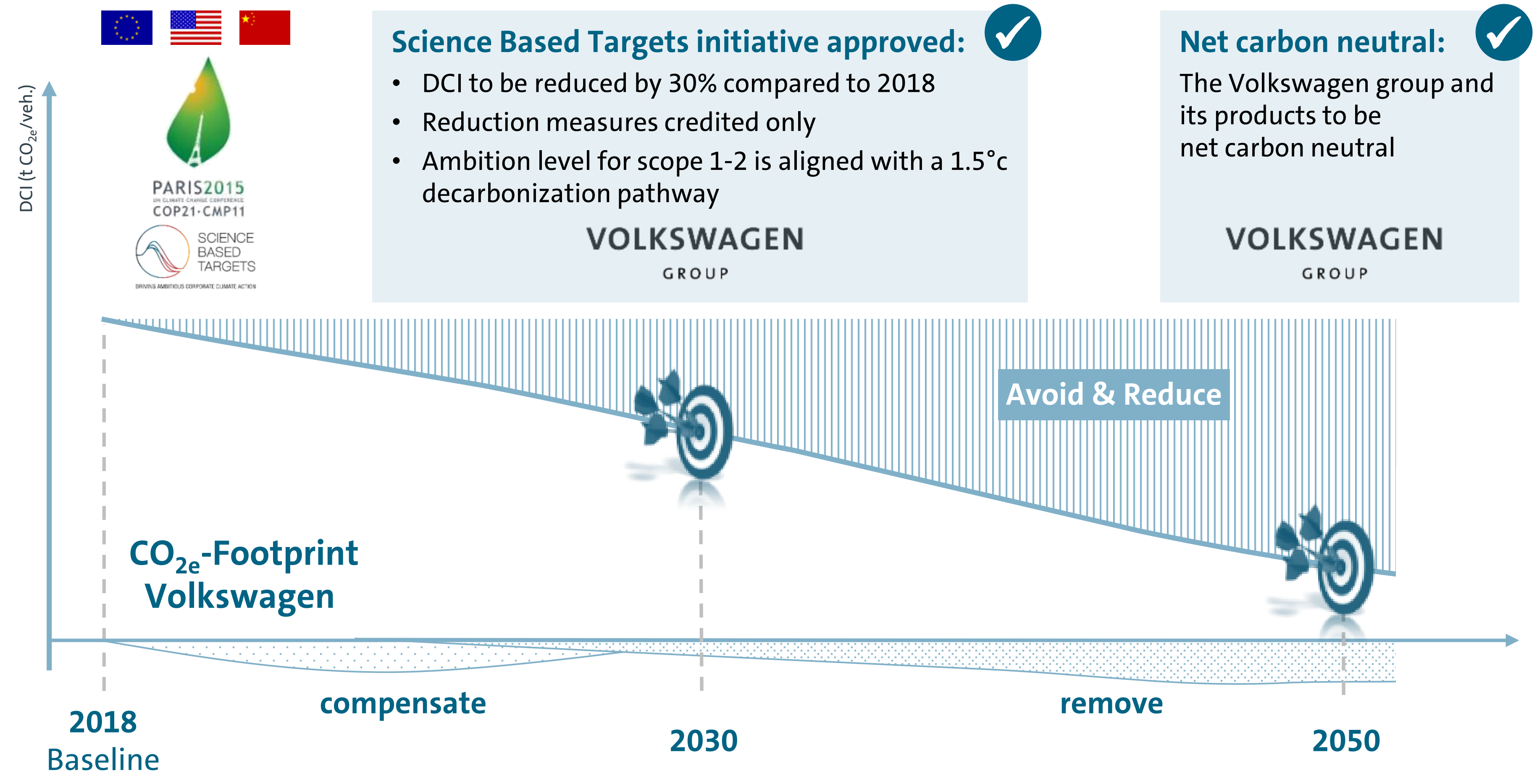
- DCI to be reduced by 30% compared to 2018
- Reduction measures credited only
- Ambition level for scope 1-2 is aligned with a 1.5°c decarbonization pathway

VOLKSWAGEN GROUP

Net carbon neutral:

The Volkswagen group and its products to be net carbon neutral

VOLKSWAGEN GROUP



How we act

Group Decarbonization target

Avoid

Reduce

Offset

Combination of portfolio transformation & the energy transition are the key levers to ensure decarbonization of individual mobility solutions in the transport sector

LCA analysis

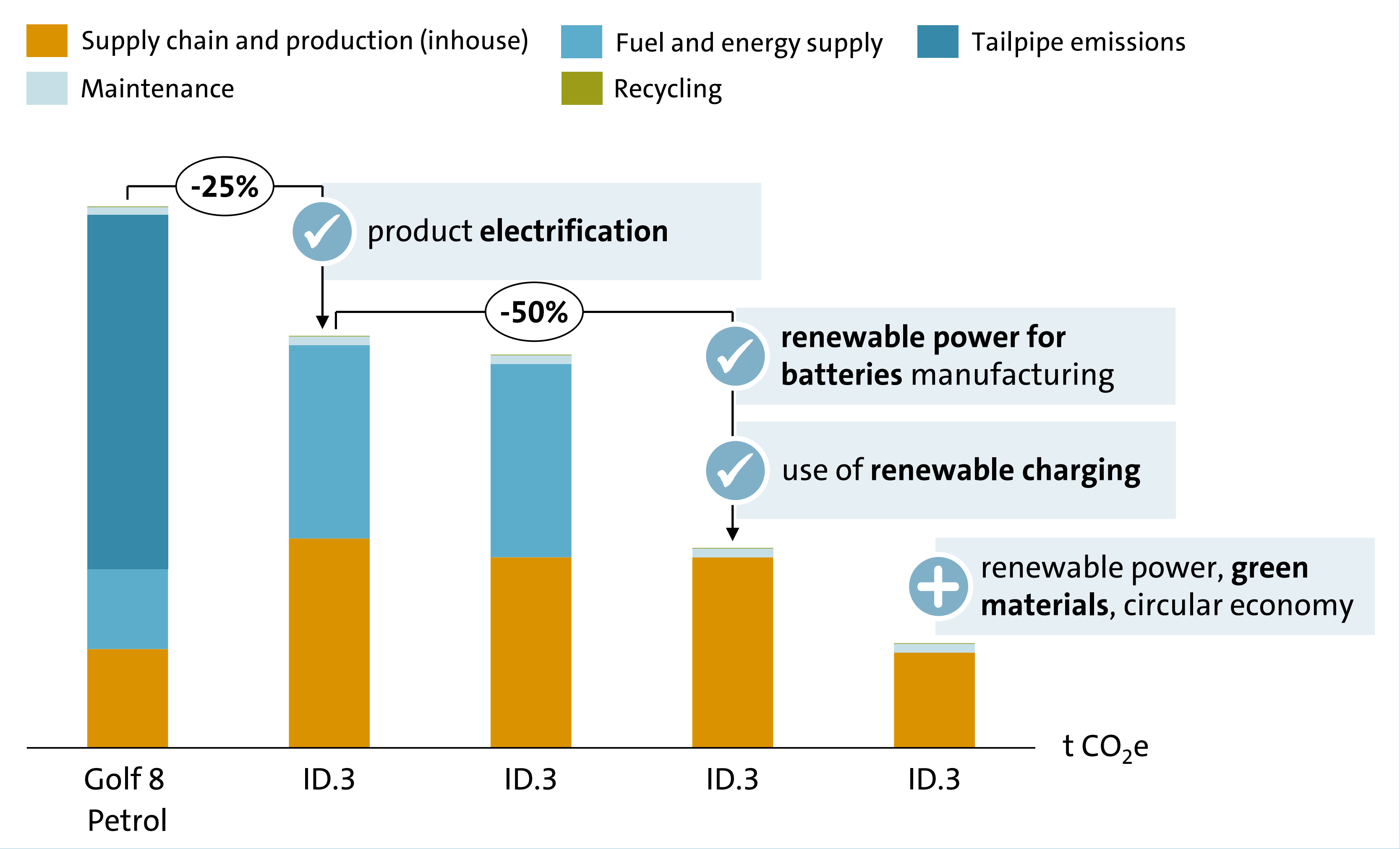


Chart data quality: DQ 1.0 = certified value

Based on EU 27 energy mix and fuels, WLTP and 200.000km mileage

Golf eHybrid: Fuel consumption in l/100 km: combined 1.6-1.4; power consumption in kWh/100 km: combined 10.8-10.1; CO_2-emissions in g/km: combined 36-33, CO_2 efficiency class: A+++

ID.4 Pro: Power consumption combined: 17.2 - 15.7 kWh/100km (NEDC), CO_2 emissions combined: 0g/km, CO_2 efficiency class: A+++

The decarbonization program covers measures in all areas of the life cycle - Clear priority: Avoid, reduce & compensate non-avoidable emissions

VOLKSWAGEN AKTIENGESELLSCHAFT

Volkswagen takes leadership in decarbonization along our value chain and beyond

Production		Use phase		End-of-life & others
Supply Chain	**In-house**	**Fuel- & energy Supply**	**Tailpipe Emissions**	**Recycling & Other**
Supplier requirements • 100% renewable power for battery suppliers anchored in new contracts	**Renewable Power** • 100% for ext. supply in EU by 2023; 96% achieved 2021 • Already 53 plants globally with 100% renewable power	**E-strategy** • VW Group with 60% EV sales in EU 2030 • 50% BEV Share in Sales globally	**Energy & Charging** • Customer services with renewable energies Elli · electrify america · CAMS	**Battery recycling** • Target of 90% recycling of battery raw materials • Pilot closed loop battery recycling in Salzgitter
PowerCo • 6 giga-factories in Europe 240 GWh p.a. in 2030 • 100% renewable electricity • JV with Umicore for mat.	**Carbon neutral production** • Already 9 carbon neutral sites	**Driving the energy transition** • VW group supports Germany's largest independent solar PV project in Tramm-Göthen • More projects planned	**Carbon neutral BEV handover** • Carbon-neutral delivery of BEVs to all customers in EU • Volkswagen-Climate Partner JV for Compensation Projects founded in 2022	**New ways of working** • Up to 4 days/week mobile working for office workers

Volkswagen leadership across industries

Scania partnering on low carbon steel with H2green steel

VW Group and Salzgitter AG signed MoU for low-CO_2 steel:

CEO Alliance for Europe's Recovery, Reform & Resilience

Partnerships for renewable power generation and public charging infrastructure (enel, IBERDROLA, bp)

New EU taxonomy aligned portfolio

VOLKSWAGEN
AKTIENGESELLSCHAFT

EU Taxonomy Criteria

Substantial contribution to at least one of the environmental objectives

Do no significant harm (DNSH) to any of the other environmental objectives

Minimum safeguards comply with OECD Guidelines, UN Guiding Principles on Business and Human Rights, ILO[2] fundamental conventions

Economic activity is environ-mentally sustainabl e

Capital Expenditure -Extract from the Annual Report for 2021

Economic activities	CAPITAL EXPENDITURE € million	CAPITAL EXPENDITURE %[1]	SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION € million	SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION %[1]	COMPLIANCE WITH DNSH CRITERIA Y/N	COMPLIANCE WITH MINIMUM SAFEGUARDS Y/N	TAXONOMY-ALIGNED CAPITAL EXPENDITURES € million	TAXONOMY-ALIGNED CAPITAL EXPENDITURES %[1]
A. Taxonomy-eligible activities	**53,596**	**99.2**	**14,437**	**26.7**	**Y/N**	**Y**	**14,165**	**26.2**
Vehicle-related business								
3.3 Manufacture of low-carbon technologies for transport	53,531	99.1	14,437	26.7	Y/N	Y	14,165	26.2
of which additions to capitalized development costs for BEVs (passenger cars and light commercial vehicles)	–	–	–	–	Y	Y	3,504	6.5
of which additions to property, plant and equipment for BEVs (passenger cars and light commercial vehicles)	–	–	–	–	Y	Y	3,760	7.0
Power Engineering								
3.2 Manufacture of equipment for the production and use of hydrogen	–	–	–	–	–	–	–	–
3.6 Manufacture of other low-carbon technologies	65	0.1	–	–	–	–	–	–
9.1 Close to market research, development and innovation	–	–	–	–	–	–	–	–
B. Taxonomy-non-eligible activities	**443**	**0.8**						
Total (A + B)	**54,039**							

1) All percentages relate to the Group's total capital expenditure
2) ILO - International Labor Organization

Volkswagen's NEW Green Finance Framework – Eligible Assets
EU Taxonomy aligned including DNSH & Minimum Social Safeguard requirements

EU Taxonomy aligned
- ✓ EU Environmental Objectives
- ✓ Technical Screening Criteria
- ✓ Do No Significant Harm (DNSH)
- ✓ Minimum Social Safeguard requirements

VW Group has established processes for **EU taxonomy reporting** (Article 8). This report applies the EU Taxonomy Regulation (including the EU Environmental Objectives, the Technical Screening Criteria (TSC), the Do No Significant Harm (DNSH) criteria and Minimum Social Safeguard requirements)

Third-Party Review ✓

Volkswagen Group's EU taxonomy reporting (Article 8) will be externally audited on a reasonable assurance basis, as it is part of the Group Management Report. Given that the Eligible Green Portfolio only consists of EU taxonomy aligned capital expenditures, it will have been subject to this audit process

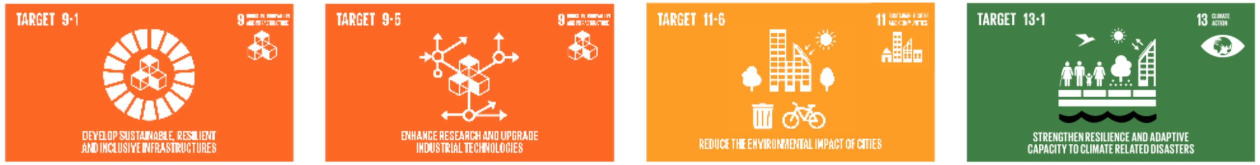
Eligible Assets

Clean Transportation (all-electric)

ICMA Green Bond Principles Eligible Green Project Category: Clean Transportation

Substantial contribution to Environmental Objective: Climate Change Mitigation

United Nation Sustainable Development Goals: 9.1, 9.5, 11.6, 13.1



Economic activity EU taxonomy	Allocation in the Volkswagen Group	Additional criteria and information on the Eligible Green Portfolio
3.3 Manufacture of low-carbon technologies for transport	Vehicle-related business	IFRS accounted additions to capitalized development costs[1)] for the BEVs (Battery Electric Vehicles) and, the IFRS accounted additions to property, plant and equipment[2)] for BEVs

Exclusion:
- × **plug-in hybrid electric vehicles (PHEVs)**
- × **vehicles with combustion engines**

1) Include all direct and indirect costs that are directly attributable to the development process (as defined in the notes to the Consolidated Financial Statements of the Annual Report)
2) Such as buildings, site improvements, technical equipment and machinery or other equipment and operating equipment, including special tools (as defined in the notes to the Consolidated Financial Statements of the Annual Report)

Volkswagen’s NEW Green Finance Framework
Further Framework components in brief

VOLKSWAGEN
AKTIENGESELLSCHAFT

Process for Project Evaluation and Selection

- Cross-departmental Volkswagen Green Finance Committee (“GFC”)
- Evaluating and selecting the Eligible Green Portfolio in line with the Eligibility Criteria defined within the Framework, as well as validating the purpose of the financing and the environmental objectives they contribute to

Management of Proceeds

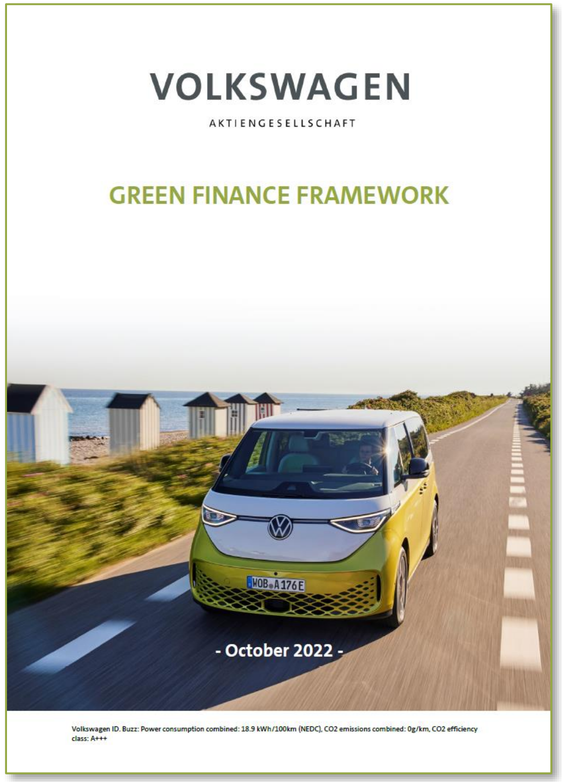
- Tracking via the established processes for EU taxonomy reporting (Art. 8)
- Intention to fully allocate the proceeds of Green Debt Instruments at the time of issuance, striving to invest unallocated proceeds 12 month after the date of issuance latest

Reporting

- Regular Green Finance Report

✓ **Allocation Reporting**
- Total amount Eligible Portfolio
- Amount/Percentage of new and Eligible Green CapEx (share of re- vs. financing)
- Eligible Green CapEx split by region
- Balance of unallocated proceeds (if necessary)

✓ **Impact Reporting**
- BEVs sold (align. with EU Tax.)
- Est. avoided tailpipe emissions (tCO_2/year))
- Results from Life Cycle Assessments (LCA) of BEVs



Framework is aligned with

✓ Green Bond Principles 2021 including the updated Appendix I of June 2022

✓ Green Loan Principles 2021 (PLMA, LSTA and LMA)

Scope of Framework within the Volkswagen Group

This Framework only includes eligible capital expenditures by Group brands or Group companies without separate green finance engagements as specified further in each annual Green Finance Report

External Review

Second Party Opinion by Sustainalytics

✓ Framework is credible and aligned with Green Bond and Loan Principles

✓ Projects funded by the proceeds are expected to provide positive environmental impact

✓ Green Finance Framework is aligned with the overall sustainability strategy of the Group

✓ Aligned with market practice

MORNINGSTAR | SUSTAINALYTICS
Second-Party Opinion

Sustainable Financing becomes part of our DNA

We believe that Green Debt Instruments are effective tools to channel investments to projects that demonstrate climate benefits and thereby contribute to the achievement of the Paris Climate Agreement and the United Nations' Sustainable Development Goals ("UN SDGs").

We target to increase the use of Green Debt Instruments in the coming years significantly. All our future Green Bond transactions will (re-) finance our EU taxonomy aligned capital expenditures.

We want to stay in regular contact and exchange with you – our investors – on further developments in the field of sustainable and green debt instruments. We appreciate the dialogue with you and have the clear ambition to match or exceed your expectations.

ID.3: Power consumption combined: 13.5 - 12.9 kWh/100km (NEDC), CO_2 emissions combined: 0g/km, CO_2 efficiency class: A+++

Disclaimer

VOLKSWAGEN AKTIENGESELLSCHAFT

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. 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 2022.

Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or commodities relevant to the Volkswagen Group or the supply with parts, or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may 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.