

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

# Volkswagen Green Finance Framework

Update on Portfolio



## Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

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 Such statements are valid on the date of publication and can be superseded.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.

# Summary of the framework and second party opinion



### Use of Proceeds – Clean Transportation

- Projects related to the manufacture of electric vehicles
- Dedicated e-charging infrastructure



### Project Evaluation and Selection

- cross-departmental Green Finance Committee responsible for overseeing the process of selecting, evaluating and monitoring Eligible Green Projects
- look-back period of up to three preceding full fiscal years from the date of issuance



### Management of Proceeds

- Allocation for the Eligible Green Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Debt Instruments
- Unallocated proceeds can be invested in cash or other liquid marketable instruments



### Reporting

- Yearly updated reporting with limited assurance on use of proceeds
- Impact metrics such as Life Cycle Assessment

Second-Party Opinion

## Volkswagen Green Finance Framework



**SECOND-PARTY OPINION**



### Evaluation Summary

Sustainalytics is of the opinion that the Volkswagen Green Finance Framework is credible and impactful and aligns with the four core components of the ICMA Green Bond Principles 2018 and LMA Green Loan Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that Clean Transportation will lead to positive environmental impacts and advance the UN Sustainable Development Goals 9 and 11.



**PROJECT EVALUATION / SELECTION** Volkswagen's Green Finance Committee (GFC) will evaluate and select the eligible green projects to approve whether the projects are aligned with the Framework. The GFC is comprised of cross-functional representatives from Group Treasury, Sustainability Department, Group Accounting, Group Controlling, Group Legal and business units developing eligible projects. This process is in line with market practice.



**MANAGEMENT OF PROCEEDS** Volkswagen will allocate the proceeds to an Eligible Green Project Portfolio. Volkswagen will track expenditure and development costs using internal reporting systems. Pending full allocation or reallocation, the unallocated proceeds will be invested in cash or other liquid marketable instruments. This process is in line with market practice.



**REPORTING** Volkswagen intends to annually publish allocation and impact reporting of proceeds on the Volkswagen Group's website until full allocation. Allocation reporting will include the balance of allocated and unallocated proceeds as well as the number of new and existing projects. In addition, impact reporting will disclose data of CO2 emissions avoided in the use and production phases, along with the description of the green projects and results of Life Cycle Assessment. Sustainalytics views Volkswagen's allocation and impact reporting plans to be aligned with market practice.

<b>Evaluation date</b>	March 2020
<b>Issuer Location</b>	Wolfsburg, Germany

**Report Sections**

Introduction .....	2
Sustainalytics' Opinion .....	3
Appendices .....	8

**For inquiries, contact the Sustainable Finance Solutions project team:**

**Lili Hocke (Amsterdam)**  
Project Manager  
lili.hocke@sustainalytics.com  
(+31) 20 205 00 40

---

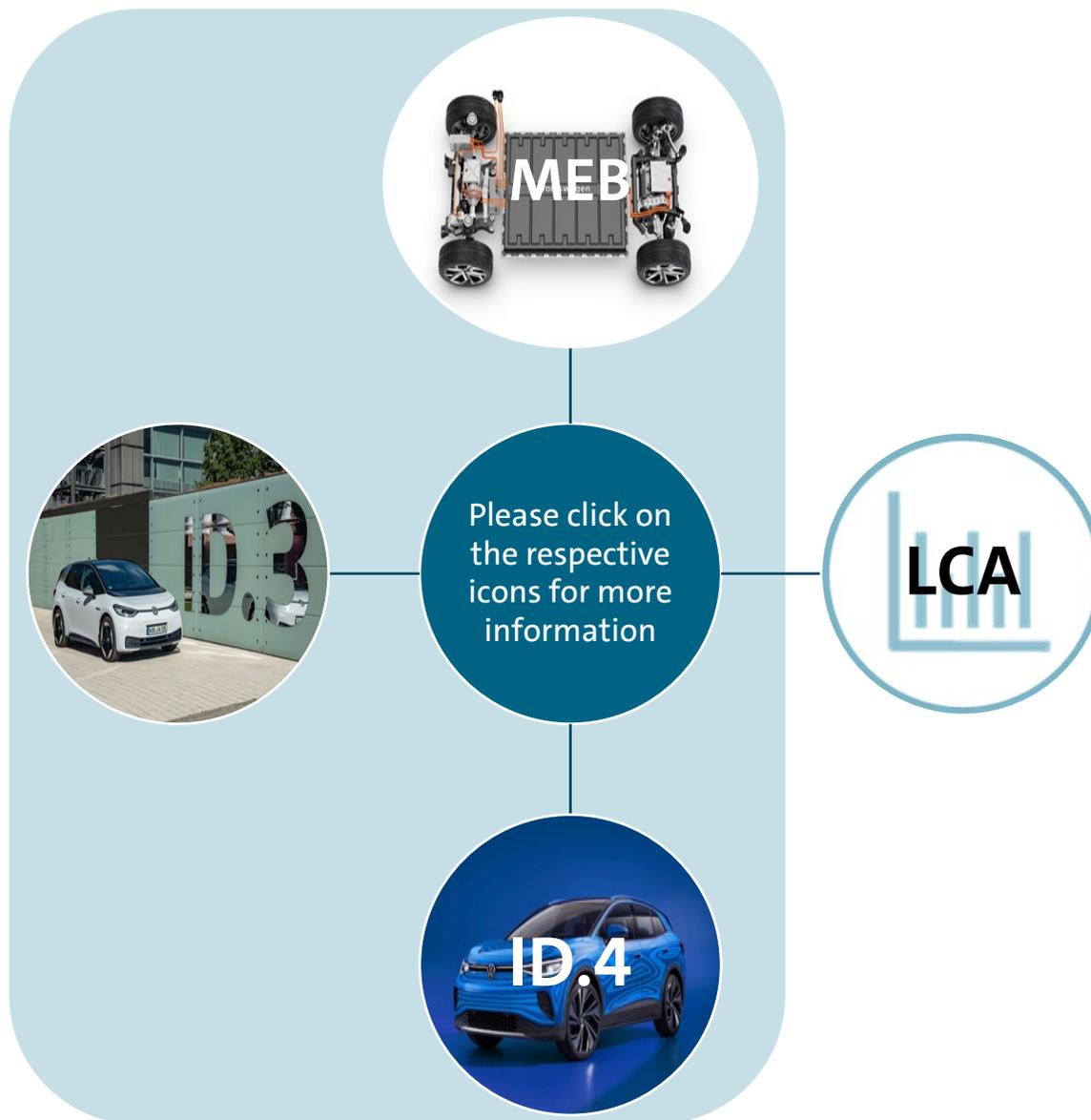
**Evan Bruner (Amsterdam)**  
Project Support  
evan.bruner@sustainalytics.com  
(+31) 20 205 0027

---

**Jean-Claude Berthelot (Amsterdam)**  
Client Relations  
susfinance.emea@sustainalytics.com  
+44 20 3880 0193

## Our green project portfolio – purely electric

Our current portfolio



We are entering a new era of electric mobility

