

Measuring Sustainable Revenues in an Automotive OEM

VOLKSWAGEN GROUP SUSTAINABILITY

Executive Summary

In a challenging economic and geopolitical environment, sustainability efforts must be firmly anchored in core business logic to remain credible and resilient. For the Volkswagen Group, this is reflected in the sustainability strategy regenerate+, which explicitly links environmental, social, and business objectives. While existing KPIs already connect sustainability to financial metrics in selected areas, a clear, aggregated view of how much of the Group's revenue is generated through sustainable business activities had not previously been available.

To achieve this, Volkswagen assessed leading external standards for measuring sustainable revenues. The review showed that for the use-case of the Volkswagen Group no single framework sufficiently combines regulatory credibility, holistic sustainability coverage, methodological nuance, and practical applicability. Regulatory approaches are robust but narrow and binary, while investor and impact frameworks offer differentiation but are either environmentally focused, proprietary, or too complex for use as a clear management KPI.

Based on these insights, Volkswagen developed a pragmatic four-tier classification that comprehensively covers all major revenue-generating activities and assigns tiers according to their sustainability contribution. Tiers 1 to 3 count as sustainable, capturing both transformative and transitional or enabling business fields. The tiering is anchored in established external standards and refined through a balanced assessment of environmental and social impacts, and experts from the business practice group of the Volkswagen Group Sustainability Council validated the overall approach.

To ensure practical implementation, business fields were mapped to existing financial reporting structures, enabling reliable data availability and reconciliation with published figures. Sustainable Revenues are calculated annually, starting with the 2025 baseline.

Overall, the **Sustainable Revenue KPI** provides a clear, comprehensible view of how far the company's business model has already shifted toward sustainable activities. Internally, it offers a portfolio-level perspective that supports strategic steering. Externally, it enhances transparency and comparability for investors, regulators, and other stakeholders by showing not only the overall share of sustainable revenues but also their composition across tiers.

Acknowledging its limitations and the evolving nature of sustainability definitions, Volkswagen Group positions the methodology as a living framework that will be refined over time. By making the link between sustainability and revenue explicit, the approach reinforces the message that long-term competitiveness and sustainable development are inseparable.

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Introduction

Due to recent geopolitical and economic turmoil, sustainability has slipped from the spotlight, sparking a political backlash against ESG in certain areas of the public debate. At the same time, capital markets continue to place strong emphasis on sustainability behind the scenes, reflecting the material financial risks associated with climate change, resource scarcity, and social instability. This divergence highlights that sustainability is no longer primarily a matter of political preference or reputation management, but a core business imperative rooted in long-term value creation and risk management.

One promising approach to address this, is to explicitly link sustainability to economic value creation. This reflects the classic triple bottom line concept: a company must deliver value on three fronts - people, planet, and profit - simultaneously. In practice, this means pursuing environmental and social goals in tandem with (not at the expense of) financial performance. A business that balances ecology, society and economy is more likely to be robust in the long run, because neglecting any one pillar can undermine the others. Put simply, sustainability should not be seen as a cost center or a PR exercise, but as an integral part of competitiveness and risk management. As Volkswagen's Chief Sustainability Officer Dirk Voeste has emphasized, corporate sustainability only becomes "real and tangible" when it delivers concrete benefits for customers and stakeholders - and ultimately "it has to make business sense, it's not philanthropic". Aligning purpose with profitability in this way helps ensure that sustainability initiatives survive the backlash and continue to advance, even when external attention wanes (for the full interview, see (King, 2026))

The Volkswagen Group has embraced this philosophy through its sustainability strategy "regenerate+." It is built on a broad framework of programs mirroring the dimensions of the triple-bottom-line approach (Nature, Society - divided in Our People & Society, and Business). The strategy is implemented with concrete targets and Key Performance Indicators (KPIs) in each dimension (see overview Figure 1). Under the Business pillar Volkswagen already tracks the share of its vehicle sales that are battery-electric vehicles (a proxy for climate-friendly product mix) and the share of its corporate financing that comes from green bonds. These indicators already tie sustainability progress directly to financial metrics.

However, the next step was a single, comprehensive measure of how sustainability permeates Volkswagen's overall business revenue. In other words, one aggregated KPI to answer: "*What percentage of our total revenues are derived from sustainable business activities?*" As sustainability-oriented investing grows, stakeholders increasingly ask for this kind of figure. Developing this metric was not straightforward, because it required deciding what counts as a sustainable activity (and what does not) in a nuanced way.

Thus, the Group set out to design a methodology for measuring sustainable revenues that would build on established external frameworks, but also extend them to be more comprehensive and practical for internal use. The following sections detail the surveyed the state of the art in measuring sustainable revenues, and how those learnings led to a new tiered system tailored for the Volkswagen Group. The aim in sharing this methodology is to be transparent about the approach - inviting understanding, scrutiny, and feedback from our stakeholders - and to contribute to the broader dialogue on credible, actionable sustainability metrics in business.

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Figure 1: Overview of the regenerate+ KPIs 2025 (neon green: already implemented, grey: KPI in development)

State of the Art: Existing Frameworks for Sustainable Revenues

Before building a new metric, Volkswagen Group examined several major frameworks that classify or measure sustainable business activities. Below is the review of four key frameworks – the EU Taxonomy, FTSE Russell's Green Revenues Classification, MSCI Sustainable Impact Metrics, and ISS ESG SDG Solutions Assessment.

EU Taxonomy

What it is:

The EU Taxonomy is a regulatory classification system that defines which economic activities are considered environmentally sustainable in the eyes of the EU. To qualify, an activity must make a substantial contribution to at least one of six environmental objectives (e.g. climate change mitigation) and do no significant harm (DNSH) to the others, while meeting minimum safeguards. In practice, companies report absolute values and the percentage of their turnover that is Taxonomy-aligned. For example, under current criteria a passenger car is Taxonomy-aligned if its tailpipe CO₂ emissions are below 50 g/km (until end of 2025) or zero from 2026 onward and if they fulfill the DNSH and minimum safeguard checks. (European Commission, 2026)

Relevance:

As a legally defined and science-based framework, the EU Taxonomy carries high relevance for investors, regulators and other stakeholders. It provides a common reference point for assessing environmentally sustainable activities and supports comparability across companies and sectors (for the automotive industry electric vehicles, charging infrastructure, etc., qualify; traditional combustion vehicles do not). Using the EU Taxonomy as a reference ensures the definition of sustainable revenue aligns with globally recognized environmental goals. In addition, Taxonomy-aligned turnover is already subject to mandatory disclosure as part of the Group's non-financial reporting, allowing existing data and processes to be leveraged.

Limitations:

The Taxonomy's rigor comes with two main challenges. First, it is binary: an activity either meets all criteria and is fully counted as Taxonomy-aligned, or it is not counted at all. This approach supports regulatory clarity, but it offers limited differentiation between activities that are close to, but do not fully meet, the defined thresholds. In transition phases, this can result in activities with materially different environmental performance being classified in the same way, despite differing contributions to emissions reduction or system efficiency. For instance, a plug-in hybrid car that emits 51 g/km CO₂ is treated the same as an 8l combustion engine vehicle; both are classified as not sustainable despite the former being significantly cleaner. Second, practicality is a significant issue. Complying fully with the EU Taxonomy is complex and resource-intensive. It requires detailed technical assessments and documentation for each activity, including verifying DNSH criteria that go beyond existing regulations (e.g. assessing the substitution options for substances of very high concern and other substances of relevance, etc.). Many companies have struggled with data collection and interpretation, and authorities have acknowledged the burden – the EU is even considering rule changes to simplify Taxonomy reporting for companies (EU Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 2025). Moreover, the Taxonomy currently covers environmental factors only; social value does not count in its calculus.

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FTSE Russell Green Revenues Classification

What it is:

FTSE Russell's Green Revenues Classification System is an investor-focused classification that identifies company revenue from products or services contributing to the global green economy. The London Stock Exchange awards the "Green Economy Mark" to companies with substantial green revenue based on this system.

It covers a wide range of environmental sectors (renewable energy, energy efficiency, sustainable transport, etc.) and assigns each revenue source into one of three tiers based on environmental benefit. Tier 1 represents activities with clear and significant environmental benefits, Tier 2 covers those with limited but net-positive benefits, and Tier 3 includes activities with some green aspects that are overall either neutral or slightly negative in environmental impact. Companies using this system can report what percentage of revenue falls into each tier, and often a combined "green revenue" percentage (typically counting Tier 1 and 2, sometimes Tier 3 as well) is used for comparisons or index inclusion. (FTSE Russell, 2025)

Relevance:

FTSE's model is relevant as it introduces a tiered differentiation of environmental impact. For Volkswagen, this framework would classify things like electric vehicle sales or renewable energy services as Tier 1 green revenue and maybe revenue from certain efficiency-related car parts or services as Tier 3. The tiered approach is valuable because it introduces gradation – acknowledging that not all "green" revenues are equal. The framework is widely referenced by investors and index providers and is used as an input for sustainability-oriented investment products. Its tier structure enables a relatively straightforward aggregation of environmentally related revenues (a single percentage and a breakdown), which is appealing for communication.

Limitations:

A key limitation of the FTSE Russell classification is its exclusive focus on environmental aspects. Social sustainability dimensions, such as access, inclusion or broader societal benefits, are not captured. As a result, revenue streams that primarily deliver social value without a clear environmental component are not reflected in the framework.

Additionally, some of FTSE's categorizations might not fully align with evolving regulatory standards or public expectations. Activities may be classified as green based on relative environmental benefits compared to conventional alternatives, even where their long-term role in a climate-neutral system is subject to ongoing debate.

The FTSE Russell methodology is also proprietary. While high-level classification principles are publicly described, the detailed application of criteria and underlying assessments are maintained within FTSE Russell's data model. This limits transparency and can create dependencies on external providers for updates and methodological changes.

MSCI Sustainable Impact Metrics

What it is:

MSCI's Sustainable Impact Metrics is a framework used by ESG investors to measure the proportion of a company's revenue that addresses selected environmental or social challenges. It defines a set of specific impact themes aligned with the UN Sustainable Development Goals, typically grouping them into environmental and social categories. For example, MSCI identifies themes like alternative energy, energy efficiency, sustainable water, green building, and pollution prevention on the environmental

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side, and themes like nutrition, healthcare, education, affordable housing, and financial inclusion on the social side. In total, there are about 13 distinct themes (6 environmental and 7 social in MSCI's model). For any given company, MSCI calculates what percentage of revenue falls under each relevant theme. This allows an investor to see, say, that a company derives X% of its revenue from products contributing to clean energy, Y% from solutions for basic needs, etc. (MSCI ESG Research LLC, 2025)

Relevance:

MSCI's approach is broader in scope than pure "green revenue" – it explicitly covers social impact areas alongside environmental ones. This matches Volkswagen's holistic perspective that sustainability includes more than just climate or pollution metrics. MSCI Sustainable Impact Metrics are widely referenced by institutional investors and ESG analysts and are commonly used in portfolio analysis and benchmarking.

Limitations:

The strength of MSCI's framework – its breadth – is also a key limitation for the use as a KPI. The MSCI framework does not result in a single, aggregated sustainable revenue figure. Instead, revenues are distributed across multiple impact themes. While this allows for thematic transparency, it complicates the use of the framework as a concise management or communication indicator. Aggregating revenues across themes is not straightforward, as individual products or services may contribute to more than one impact area, creating a risk of double counting if figures were simply summed.

In addition, the framework applies a binary qualification at the level of each impact theme: a product or service either qualifies for inclusion in a given theme or it does not. Differences in the degree or intensity of impact within a theme are not differentiated. As a result, activities with materially different sustainability profiles may be treated in a similar way once they meet the inclusion criteria.

The detailed criteria and assessments underlying the MSCI Sustainable Impact Metrics are proprietary. While the thematic structure and general approach are publicly described, the specific classification logic and data inputs are not fully transparent without access to MSCI's research products. This limits transparency and could create dependencies on external providers for updates and methodological changes.

ISS ESG SDG Solutions Assessment

What it is:

ISS ESG's SDG Solutions Assessment is a framework that evaluates a company's product and service portfolio against the United Nations Sustainable Development Goals (SDGs). It assesses both positive contributions and negative impacts on each sustainability objective, using a five-point scale from "significant positive" to "significant negative" impact. ISS defines 15 specific sustainability objectives (7 social and 8 environmental, derived from the SDGs) and for each objective, it looks at what percentage of a company's revenue falls into products that contribute to that objective or obstruct it. The outcome is a multi-dimensional profile: a company might have, for example, 10% of revenue significantly supporting climate action, 5% moderately supporting it, 20% moderately obstructing climate action, etc., across a range of objectives. (Institutional Shareholder Services (ISS) ESG, 2024)

Relevance:

The ISS approach is comprehensive and holistic. It mirrors the concept of double materiality, acknowledging that large companies often have mixed portfolios with both green and brown elements. By assessing contributions and obstructions in parallel, the framework provides a differentiated view of how revenues relate to selected environmental and social objectives. The inclusion of social goals alongside environmental ones distinguishes the approach from purely

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climate- or environment-focused revenue classifications and aligns conceptually with broader impact-oriented sustainability analysis used by investors.

Limitations:

A key limitation of the ISS ESG SDG Solutions Assessment is its level of detail and complexity. Applying the framework requires the evaluation of each business activity across multiple sustainability objectives, including the allocation of revenues to different degrees of positive or negative impact. For large and diversified portfolios, this results in a highly granular assessment that is comparable in analytical depth to an impact or double-materiality analysis, but applied at the level of individual revenue streams. This level of detail limits the practicality of the framework as a recurring management indicator.

The output of the ISS framework is not designed to be condensed into a single, easily communicable headline figure. Instead, it produces a multi-layered impact profile across objectives and impact levels. While this richness of information supports in-depth analysis, it complicates the use of the framework for concise internal steering or external communication, particularly where a single aggregated revenue metric is required.

As with the other investor-oriented frameworks, the detailed methodology underlying the ISS ESG SDG Solutions Assessment is proprietary. This limits reproducibility and independent verification.

Key Takeaways for Methodology Design

The review of existing frameworks for measuring sustainable revenues indicates that each provides an important but incomplete perspective when applied to a diversified automotive group. The EU Taxonomy offers the strongest level of regulatory credibility and a clear environmental benchmark, but its binary logic, only environmental scope, and high implementation burden limit its usefulness as a management KPI. Investor-oriented frameworks such as FTSE Russell introduce a valuable tiered differentiation of environmental impact and are comparatively easy to communicate, yet they remain focused solely on environmental benefits and rely on proprietary classifications that complicate internal application. Broader impact-oriented approaches such as MSCI Sustainable Impact Metrics and the ISS ESG SDG Solutions Assessment highlight the importance of capturing both environmental and social contributions and of acknowledging trade-offs between positive and negative impacts, but their outputs are fragmented, complex, and not readily aggregable into a single, decision-relevant figure.

Taken together, the state of the art highlights that no existing framework alone satisfies the Volkswagen Group's combined requirements of credibility, broad sustainability perspective, methodological nuance, and practical applicability. Instead, the review of frameworks points toward the value of a hybrid approach that anchors itself in recognized external standards, differentiates degrees of sustainability contribution, incorporates social as well as environmental value, and remains feasible to implement and communicate as a KPI.

Method Development

This section explains the guiding requirements derived from the state of the art in developing the Sustainable Revenue KPI methodology and how they were implemented, defines the tier structure, details the mapping of business fields to tiers and describes data collection for the metric.

Guiding Principles and Requirements

After evaluating external frameworks and considering the original goals of this methodology, a number of requirements guided the development of the methodology.

- **Externally grounded definitions:** Criteria should be anchored in established frameworks or validated by external experts.
- **Holistic sustainability:** The methodology should reflect both environmental and social impacts, evaluating each activity across a range of sustainability dimensions.
- **Tiered classification:** Activities should be ranked by degree of environmental and social sustainability, guided by frameworks like FTSE's tiers and ISS's graded ratings, incentivizing progress and avoiding binary cutoffs.
- **Pragmatic implementation:** The methodology should be designed and feasible for a practical application using existing data/reporting structures with minimal overhead.
- **Single-value metric:** The methodology should result in one aggregated sustainable revenue figure (as in EU taxonomy or FTSE) with a comprehensible breakdown, underpinned by a multi-criteria evaluation taking into account positive and negative impacts of each activity.

Based on these insights, a structured classification system was developed.

Tier Definitions

Four sustainability tiers have been established, ranging from Tier 1 (most sustainable) to Tier 4 (legacy business), to classify business fields. Table 1 provides a summary of each tier's definition and typical characteristics. Tiers 1, 2, and 3 are included in the calculation of "Sustainable Revenue," defined more precisely as sales revenues derived from sustainability-aligned and transition-enabling activities. Tier 4 is excluded from the sustainable revenue total. With respect to external frameworks, Tier 1 and Tier 2 are consistent with the FTSE Russell definitions for Tier 1 and Tier 2 green revenues, representing significant and limited environmental benefits, respectively; Tier 1 is additionally guided by EU Taxonomy criteria. Tiers 3 and 4 further differentiate the FTSE Tier 3 (mixed/neutral) category, creating more granular distinctions between transitional business areas and traditional activities with incremental sustainability improvements.

Table 1: Sustainability Tiers – Definitions

Tier	Definition (Sustainability Contribution)
Tier 1	Clear and Significant Sustainability Impact. Activities with clear, substantial environmental benefits (e.g. zero-emission technologies) and recognized social function (e.g. public transport).
Tier 2	Transitional Contribution to Sustainability. Activities that have clear benefits but also some limitations. On balance they contribute to sustainability, though not as strongly as Tier 1. Often these are transitional solutions that are better than the status quo and aligned with climate or social goals in the near-to-medium term.

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Tier 3	Enabling and Supporting Sustainability: Activities that play a supporting role in the transition, with some sustainable elements. They may fulfill certain transition criteria and help mitigate environmental or social impact. They have some alignment with sustainability goals but not enough for Tier 2.
Tier 4	Legacy Business with Incremental Improvement. Established business activities that are not contributing to sustainability in their current form, but subject to continuous improvement (e.g. efficiency, emissions, lightweighting). They form the baseline while more sustainable alternatives are developed.

Mapping Business Fields to Tiers

With the tier definitions in hand, the next step was to map Volkswagen Group's business fields to these tiers. All relevant revenue-generating activities across the company were catalogued, building on categories used for strategic planning. In total, 16 initial business fields were identified – essentially groupings of products or services that have a similar sustainability profile. This ranged from obvious categories like “Battery Electric Vehicle Business” to more granular ones like “Used Internal Combustion Engine Vehicle (ICEV) Parts Business.” Each field was then classified into tiers using the following steps:

Reference Tier from External Frameworks:

The initial tier assignment for each activity was established using external frameworks. For evaluating environmental impact, the EU Taxonomy and FTSE Green Revenues served as primary references. Social impact assessments were informed by UN SDG themes, with connections to MSCI and ISS criteria.

Applying Multi-Dimensional Criteria and Balancing Trade-offs:

Throughout the mapping process for each business field, the baseline tier was adjusted as necessary to reflect social impacts and additional environmental objectives, taking into account the diverse perspectives from various ranking systems. Conflicting sustainability factors were integrated by assessing whether an activity's negative effects in one area outweighed its benefits in another, or vice versa. When appropriate, the tier classification was modified upward or downward to ensure an accurate representation of overall sustainability impact.

External Expert Review:








Once a preliminary tier mapping for all business fields was developed, the draft was assessed by Volkswagen Group's independent Sustainability Council, with a focus on feedback from the Business practice group (Volkswagen Group, 2026). This council consists of external specialists from academia, industry, and civil society, functioning as impartial evaluators of Volkswagen's sustainability approach. Tier definitions and proposed business field classifications were presented for review. The council's input was instrumental in confirming the rationale behind the tier assignments and ensuring they were grounded in factual analysis. In certain instances, the council recommended greater rigor or clarity regarding underlying assumptions, resulting in further improvements and adjustments to specific tier classifications.

Final Ranking:








As a result, Table 2 provides a summary of the business fields and their assigned tiers, along with a brief reasoning of their ranking.

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Table 2: Key Business Fields Mapped to Sustainability Tiers

Business Field	Tier	Rationale for Tier Assignment
		Alignment of tier ranking to evaluation from external frameworks and external expert validation: aligned , partially/formerly aligned , differing , not mentioned
Battery Electric Vehicle (BEV) Business (incl. passenger and heavy duty vehicles and their services) 	Tier 1	Zero-emission vehicles with clear and substantial climate benefits across the lifetime. Aligned with stringent environmental criteria and recognized as enabling technology for decarbonized mobility. EU taxonomy FTSE MSCI ISS Sustainability Council
Renewable Energy Business (i.e. EV charging infrastructure, renewable energy provision) 	Tier 1	Directly enabling electric mobility and renewable energy use in transport. These activities are indispensable infrastructure for climate-neutral mobility systems and deliver clear environmental and societal benefits. EU taxonomy FTSE MSCI ISS Sustainability Council
Battery Business (for BEV or grid storage applications incl. dismantling & recycling) 	Tier 1	Batteries as direct enablers of electric mobility and renewable energy. While sourcing needs to be addressed through closed-loops, these activities are highly relevant for climate-neutral mobility. EU taxonomy FTSE MSCI ISS Sustainability Council
EV Mobility Services (usage-based mobility solutions, e.g. ride-sharing, on-demand) 	Tier 1	Provides societal value by enabling efficient vehicle and urban space use, potentially reducing per-capita transport emissions. High system-level environmental and social benefits. EU taxonomy FTSE MSCI ISS Sustainability Council
Range Extended Electric Vehicle (REEV) Business (incl. their related services) 	Tier 2	Transitional low-emission vehicles that facilitate the market shift toward full electrification by reducing range anxiety. Environmental benefits are material but limited by continued reliance on fossil fuels. EU taxonomy FTSE MSCI ISS Sustainability Council
Public and mass transport services & vehicles (i.e. buses) 	Tier 2	Lower per capita environmental impact than individual transport, but higher impact leads to a lower tier than zero-emission buses. In public transport use also social benefits through public and shared mobility services, supporting access. EU taxonomy FTSE MSCI ISS Sustainability Council
Special Purpose Vehicles (i.e. emergency service, fire brigade, police vehicles) 	Tier 2	Enable critical public services such as emergency response and civil protection, providing high societal value. Environmental impact is secondary to essential social function. EU taxonomy FTSE MSCI ISS Sustainability Council

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<p>Accessible Vehicles (i.e. new car sales of vehicles adapted to accommodate people with disabilities)</p> 	Tier 2	<p>Provide inclusive access to mobility for people with disabilities, directly supporting social sustainability objectives. Limited sales volumes and strong social benefit outweigh the environmental footprint of the underlying vehicle technology.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>Plug-in Hybrid Vehicle (PHEV) Business (incl. their related services)</p> 	Tier 3	<p>Offers partial emission reductions compared to conventional vehicles and supported as transitional technology in earlier regulatory frameworks. Continued fossil fuel use and declining recognition as a sustainable solution justify inclusion only in tier 3.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>Efficient logistics services (i.e. services for routing & logistics fleet optimization)</p> 	Tier 3	<p>Efficiency optimizations in logistics processes enable resource and emissions savings as well as societal benefits such as traffic optimization. Incremental rather than transformational benefits put them in tier 3.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>Advanced Safety Technologies (e.g. driver assistance software)</p> 	Tier 3	<p>Improved road safety and reduced fatalities, contributing to key social sustainability goals. Environmental impact is neutral, but the clear societal benefit supports recognition within sustainable revenues.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>Used Internal Combustion Engine Vehicle (ICEV) Parts Business (used & remanufactured parts for ICEV repair)</p> 	Tier 3	<p>Supports circular economy principles by extending component lifecycles and reducing resource use and manufacturing emissions. While linked to internal combustion vehicles, contributes to sustainability objectives of scaling circular solutions.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>Used ICEV Business (incl. used car sales, new parts & services)</p> 	Tier 4	<p>Provides limited circularity benefits through vehicle reuse but prolongs fossil fuel-based mobility. The overall sustainability contribution is marginal and therefore excluded from sustainable revenue.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>
<p>New ICEV Sales (incl. parts & services)</p> 	Tier 4	<p>Conventional fossil-fuel vehicles. These activities are misaligned with recognized sustainability objectives and are therefore excluded.</p> <p>EU taxonomy FTSE MSCI ISS Sustainability Council</p>

 currently accounting data available  currently no accounting data available

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Data Collection and Accounting

In principle calculating the Sustainable Revenues KPI is as simple as summing up the revenues from all business fields in Tiers 1, 2 and 3 and expressing this total as a percentage of total Group sales revenue. For this calculation reliable sales revenue data is required for business activities classified in Tiers 1, 2 and 3. Data collection and accounting are therefore structured to use available financial information while maintaining consistency with published figures.

Leveraging Existing Reporting Structures:

A significant share of the tier model's business fields can be linked to areas already covered by existing reporting processes. For example, EU Taxonomy disclosures provide turnover information for defined activity categories that can serve as reference points for selected Tier-1 business fields. In addition, financial reporting systems provide sales revenue data for specific product lines and service units. Where feasible, sustainability business fields are mapped to existing financial reporting line items. In some cases, the revenue of a subsidiary can largely correspond to a defined business field.

Reconciliation logic:

The data allocation approach is designed to assign sales revenues to business fields in a mutually exclusive way, in order to reduce the risk of double counting. Category boundaries are defined to separate, for example, new vehicle sales from used vehicle sales. At an aggregated level, the mapping is designed so that totals can be reconciled against the Group's reported sales revenue, providing a consistency check with published financial figures.

Data Availability:

For a limited number of business areas, standalone sales-revenue tracking is not currently available. Where such items cannot be reliably isolated, they are described qualitatively and not included in the KPI calculation. These limitations are indicated in the tier mapping overview (see Table 2). As a result, the reported KPI reflects the scope of revenues that can currently be assigned with sufficient reliability.

For external disclosure of the 2025 baseline, the results for Tiers 2 and 3 are presented as a combined total. This aggregation reflects confidentiality and competition-law considerations in external reporting. For internal steering and analytical purposes, the detailed tier breakdown is used and implemented.

Alignment with Fiscal Year and Reporting Cadence:

The Sustainable Revenue KPI is calculated on an annual basis in line with the fiscal year and the cadence of established financial and sustainability reporting. For initial implementation, fiscal year 2025 is used as the baseline, and the methodology is designed to allow annual updates in subsequent reporting cycles.

Conclusion and Outlook

Methodology Significance and Stakeholder Impact

With the development of this methodology, Volkswagen is now able to measure sustainability business performance pragmatically but oriented on external frameworks. Internally, this provides a clearer view of how each part of the business contributes to sustainability goals, informing strategic decisions. Externally, it gives a deeper insight into the extent of the Group's sustainable transformation for investors, regulators, and the public. In essence, this new KPI links the financial story with the sustainability story, showing that the two are increasingly intertwined.

A core design principle of the methodology was transparency. This was achieved by grounding every inclusion in well-known external references – for example, reviewing EU Taxonomy business activities, FTSE Russell's tier definitions, and UN SDG criteria as guidelines for what counts as sustainable. Additionally, members of the Volkswagen Group Sustainability Council reviewed the mapping. Only activities that meet external standards (or closely parallel them) are included in the Sustainable Revenue KPI.

The tier system further operationalizes this transparency by making the composition of sustainable revenues visible. This enables a deeper external understanding of these figures. If an external observer prefers a stricter interpretation – say, counting only Tier 1 – they can read the percentage from the disclosed data. By supporting data transparency, the methodology allows for constructive discussion rather than obscuring its approach.

It is also important to note that the Sustainable Revenue KPI is voluntary and solely supplemental; it does not constitute, nor should it be construed as, a replacement, substitute, or modification for legally required disclosures. Only those disclosures, figures, and statements published in accordance with statutory accounting, reporting, and disclosure obligations – including financial and sustainability reporting – remain binding and authoritative. These published data and information continue unchanged and are unaffected by the introduction of the Sustainable Revenue KPI. In cases of ambiguity or contradiction, only the official disclosures made within the scope of financial reporting are decisive. This dual reporting ensures that formal regulatory requirements are fully met, even as the regenerate+ KPIs extend beyond them.

Business Insight and Strategic Steering

Developing and applying the methodology has yielded significant internal insights with a consolidated view of the revenue portfolio split by sustainability contribution. This revealed what portion of the Group's business accounted for today is on track for the sustainability goals (Tiers 1–3) and which portion needs attention (Tier 4). For example, growth in Tier 1 and 2 revenues year-over-year can be a potential indicator of progress, reinforcing to leadership and employees that the strategy is delivering tangible change. Now that a holistic picture is available, it has potential to be integrated into strategic and financial planning processes.

The sustainable revenue mix provides an additional indicator for assessing the future orientation of the portfolio. A higher share of Tier 1–2 revenues reflects stronger alignment with evolving market dynamics and regulatory trends toward electrified, low-carbon and socially relevant products. As investors and analysts increasingly request transparency on companies' positioning for the green transition, the KPI offers a quantifiable reference point. In investor discussions, it has the potential to support not only the presentation of the overall figure but also the explanation of its composition and

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development over time. Integrating this metric into internal management and external reporting can strengthen the link between sustainability considerations and business performance.

Limitations and Challenges

While the methodology represents a meaningful step forward, it also has inherent limitations and areas for further development. First, the KPI is based on a simple share of sales revenue and does not reflect the magnitude of environmental or social impact associated with different activities. This perspective is addressed by complementary approaches such as those pursued by the Value Balancing Alliance, of which Volkswagen Group is a member. The Alliance aims to develop standardized methodologies to quantify and disclose corporate impacts on society, the environment, and the economy in monetary terms.

Second, the methodology reflects current definitions and assessment criteria, which are expected to evolve over time. Technological progress, regulatory developments, and changing societal expectations may alter what is considered sustainable. To remain aligned with these developments, the tier definitions and classification criteria will be reviewed regularly, with any changes transparently documented and communicated.

A further limitation relates to data availability. At present, a number of business fields cannot be reliably separated from other activities and are therefore excluded from the calculation. As a result, the reported figure represents a conservative estimate of Sustainable Revenues. Improving data granularity and coverage remains an ongoing objective, with refinements planned on a year-by-year basis.

Overall, the Sustainable Revenue KPI should be understood as complementary to existing financial and sustainability metrics. It provides an additional, portfolio-level perspective on the Group's transformation, but does not claim to capture the full breadth of ESG performance. Despite these limitations, the KPI constitutes a significant advance in making progress toward a more sustainable business model visible and measurable, and it will continue to be refined through practical application over time.

Outlook and Call for Collaboration

The introduction of the Sustainable Revenue metric represents an initial step toward greater transparency on the sustainability profile of the Group's revenue. The focus going forward lies on consistent application of the methodology, reporting, and ongoing refinement in line with data availability and reporting requirements. The first full results, covering the 2025 financial year, are planned to be published alongside this whitepaper. This disclosure will provide a baseline view of the share of 2025 revenues attributed to the defined sustainability tiers. Subject to internal governance and reporting decisions, incorporation of the metric into regular annual reporting formats may be considered in subsequent reporting cycles.

Following initial publication, feedback and discussion are meant to inform further development of the methodology. The tier model is designed to be reviewed periodically, based on an established internal process. Any methodological adjustments or refinements would be documented and communicated in subsequent updates in order to maintain consistency and comparability over time.

Currently differences in definitions of sustainability-related ("green") revenues limit comparability across companies and sectors. By disclosing the underlying assumptions, structure and limitations of the methodology, the approach aims to foster dialogue with stakeholders and contribute to a shared understanding of how sustainability-related revenues can be measured. In this context, the

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methodology may also offer practical reference points as taxonomies and related frameworks continue to evolve.

Ultimately, measuring sustainable revenue goes beyond the introduction of an additional KPI. It makes the link between financial performance and sustainability performance explicit and tangible. By reporting this metric, the Group strengthens accountability for progress in economic terms and provides greater clarity on its strategic positioning in a sustainable economy. Over time, the Sustainable Revenue KPI can support disciplined self-monitoring, enhance transparency, and underpin the Group's transformation. If adopted more broadly, such approaches may also contribute to advancing a more consistent and credible understanding of sustainable business performance across the industry.

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About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 111 production facilities in 16 European countries and 10 countries in the Americas, Asia and Africa. With around 663,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With a comprehensive portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability. The goal: As a "Global Automotive Tech Driver", to make the best automotive technologies accessible to customers worldwide - from entry-level mobility to the luxury segment.

In 2025, the total number of vehicles delivered to customers by the Group globally was 9.0 million (2024: 9.0 million). Group sales revenue in 2025 totaled EUR 321.9 billion (2024: EUR 324.7 billion). The operating result in 2025 amounted to EUR 8.9 billion (2024: EUR 19.1 billion).

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