

Volkswagen Financial Services AG

Consumer Finance Germany

ESG Risk Rating

15.0

Last Full Update Jan 6, 2025

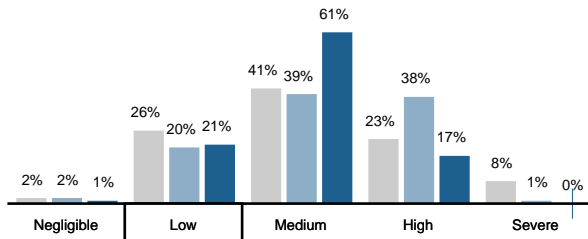
+2.5

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	1654/15110	12th
Diversified Financials INDUSTRY	70/876	9th
Consumer Finance SUBINDUSTRY	11/214	6th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Motability Operations Group Plc	33.0 Low	61.8 Strong	13.8 Low
2. Intrum AB	38.0 Medium	66.1 Strong	14.3 Low
3. Volkswagen Financial Services AG	37.7 Medium	65.4 Strong	15.0 Low
4. CNH Industrial Capital LLC	33.0 Low	55.0 Strong	15.8 Low
5. CNH Industrial Capital Canada Ltd.	33.0 Low	52.3 Strong	16.6 Low

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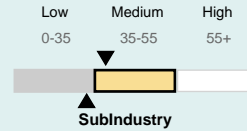
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

37.7 **+4.1**
Medium Momentum
 Beta = 1.18



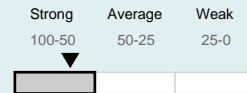
VW FS AG provides financial services to private, corporate and fleet customers. Due to the diversity of its offering and client base, it is exposed to issues related to the quality of its financial products. Involvement in discriminatory or predatory lending practices could result in a loss of client trust and regulatory scrutiny, possibly resulting in financial penalties. In addition, the company collects and processes a high amount of sensitive data from its customers, which makes it susceptible to misuse of confidential information. Failure to safeguard such data from unauthorized access could lead to investigations and reputational damage. Moreover, as a financial company, VW FS AG is subject to stringent regulations regarding ethical business dealings. Involvement in misconduct could lead to regulatory investigations and reputational damage.

The company's overall exposure is medium and is moderately above subindustry average. Product Governance, Data Privacy and Cybersecurity and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

65.4 **-1.5**
Strong Momentum



VW FS AG's ESG-related disclosure is strong overall, signaling its commitment and accountability to investors and the public. Furthermore, the company has assigned board-level responsibility for sustainability issues, suggesting that these are integrated in core business strategy. Highlights in its preparedness consist of strong human capital policies and robust management of financial resilience. Perceived gaps in its management consist of lacking disclosure on gender pay, and lack of clarity on its responsible asset management activities.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Product Governance	8.8 High	41.6 Average	5.1 Medium	34.4%
Data Privacy and Cybersecurity	7.4 Medium	55.0 Strong	4.1 Medium	27.5%
Business Ethics	6.6 Medium	70.0 Strong	2.2 Low	14.8%
Human Capital	5.5 Medium	78.3 Strong	1.4 Negligible	9.4%
Resilience	4.4 Medium	90.6 Strong	1.2 Negligible	8.1%
Stakeholder Governance	5.0 Medium	82.6 Strong	0.9 Negligible	5.8%
Overall	37.7 Medium	65.4 Strong	15.0 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (1)

Quality and Safety

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

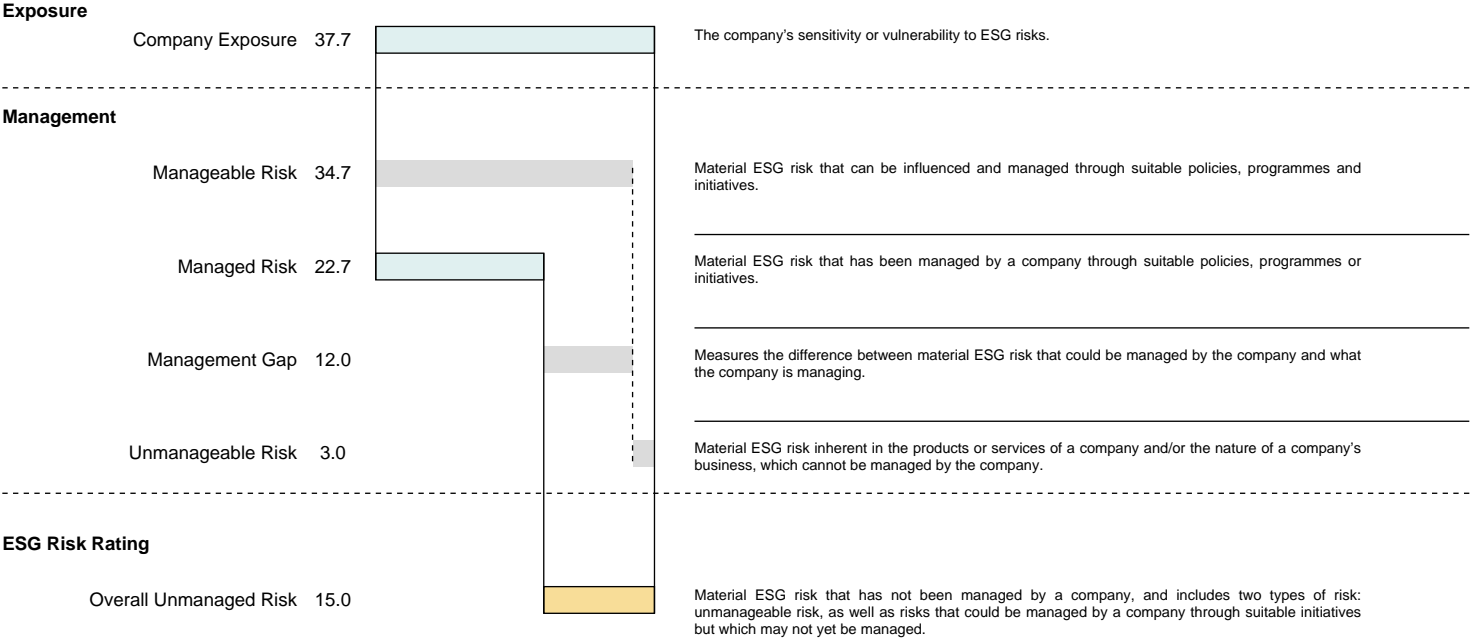
None (11)

- Access to Basic Services
- Accounting and Taxation
- Anti-Competitive Practices
- Bribery and Corruption
- Business Ethics
- Data Privacy and Security
- Labour Relations
- Lobbying and Public Policy
- Marketing Practices
- Resilience
- Sanctions

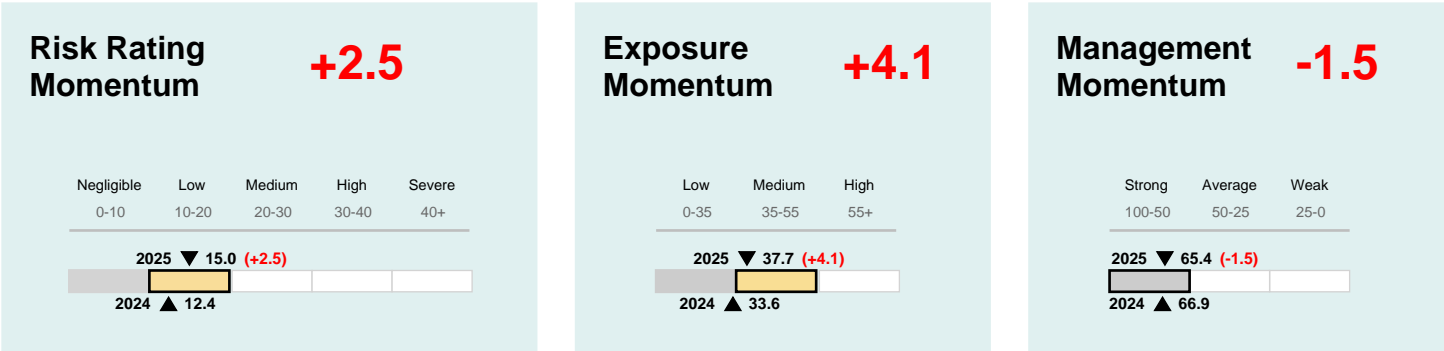
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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