ISS-CORPORATE

# Volkswagen Financial Services AG

Specialized Finance | Germany

**Second Party Opinion – Green Finance Framework**
1 September 2026

## Assessment summary

**Part 1: Alignment with Green Bond Principles / Green Loan Principles**

ALIGNED

**Part 2: Sustainability of Eligibility Criteria**

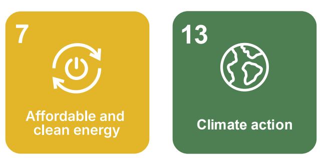
Overall contribution to the UN Sustainable Development Goals

POSITIVE

The Green Finance Instruments will re(finance) the following eligible asset categories:

Green categories: Clean Transportation

Product and/or service-related categories contribution to SDGs:[i]




The environmental and social risks associated with the use of proceeds categories and the Issuer are outlined in part 2B.

**Part 3: Volkswagen Financial Services' sustainability strategy**

The Issuer has disclosed its material sustainability topics/matter/issues and sets internal performance targets for those topics. Progress on the sustainability strategy is publicly reported.

[i] Clean Transportation

## Assessment overview

ISS-Corporate has partnered with Volkswagen Financial Services to provide an independent assessment of its Green Finance Instruments, evaluating alignment with the GBP and GLP.

### Verification parameters

| | |
|---|---|
| **Types of Instruments Contemplated** | Green Finance Instruments [ii] |
| **Relevant standards** | » Green Bond Principles, as administered by the ICMA (as of June 2025)<br>» Green Loan Principles, as administered by the LMA (as of March 2025) |
| **Scope of verification** | » Volkswagen Financial Services Green Finance Framework (dated 25.08.2026)<br>» Volkswagen Financial Services Eligibility Criteria (dated 25.08.2026) |
| **Lifecycle** | » Pre-issuance verification<br>» Third update of SPO dated 20.09.2025 (ISS-Corporate weblink)[1] |
| **Validity** | Valid as long as the cited Framework remains unchanged |

If you have any questions about this report, contact **sposales@iss-corporate.com**

[ii] green bonds and green loans, commercial papers, Schuldscheindarlehen, deposits.

[1] Volkswagen Financial Services AG updated its Green Finance Framework in August 2026, superseding all previous versions. The updated Framework incorporates certain amendments relating to the use of proceeds, project evaluation and selection, management of proceeds, and reporting. It also includes provisions intended to address Directive (EU) 2024/825, commonly referred to as the Empowering Consumers for the Green Transition Directive or the "EmpCo Directive." ISS-Corporate's analysis is limited to green bonds and green loans and assesses the Framework against the relevant ICMA/LMA Principles. It does not constitute an assessment of any environmental claim or related implementation plan against the requirements of the EmpCo Directive.

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# Scope of work

Volkswagen Financial Services ("the Issuer", "the Company", or "VWS") engaged ISS-Corporate to support its Green Finance Instruments by assessing three core elements to determine the instrument's sustainability quality, as well as providing an overview of the Issuer's sustainability strategy:

1. Volkswagen Financial Services' Green Finance Framework (dated 25.08.2026), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Loan Market Association (LMA)'s Green Loan Principles (GLP).

2. The Eligibility Criteria, including: whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs); and how they perform against ISS-Corporate's proprietary, issuance-specific indicators for the management of environmental and social risk (see Annex).

3. An overview of Volkswagen Financial Services' sustainability strategy, based on the material sustainability objectives and priorities defined by the Issuer.

# Volkswagen Financial Services overview

Volkswagen Financial Services engages in the provision of automotive financial services. It operates through the following segments: Banking, Leasing, Insurance and Service, Mobility, and Payment. The Banking segment comprises retail financing, wholesale financing, as well as factoring and deposits. The Leasing segment offers finance lease and operating lease. The Insurance and Service segment includes motor and telematics, warranty, commercial lines, full and limited maintenance, tires, as well as service and inspection. The Mobility segment focuses on fleet, rental, parking, as well as charge and fuel. The Payment segment specializes in in-car payment, mobile payment, and wallet. The company was founded in 1994 and is headquartered in Braunschweig, Germany.

### Sustainability risks associated with the Issuer Industry

Volkswagen Financial Services is classified in the Specialized Finance industry under ISS STOXX's sector classification. Key sustainability issues faced by companies[2] in this industry are Sustainability impacts of lending and other financial services/ products, Customer and product responsibility, Labour standards and working conditions, Products and services with social and environmental benefits.

This report focuses on the sustainability credentials of the issuance. Part III of this report provides an overview of the Issuer's overall sustainability strategy.

### Rationale for issuance

The Green Bond Framework has played an important role in supporting Volkswagen Financial Services' sustainability ambitions. Through this update to the Green Finance Framework, the Issuer aims to finance and lease solutions for vehicles with zero tailpipe emissions.

[2] Please note that this does not constitute a company-specific assessment, but rather highlights the areas that are of particular relevance to companies within this industry.

# SPO Assessment

## Part 1: Alignment with the GBP and GLP

This section evaluates the alignment of the Volkswagen Financial Services' Green Finance Framework (dated 25.08.2026) with the he GBP and GLP.

| SPO section | Opinion |
|---|---|
| **Use of Proceeds (UoP)**<br>✓ ALIGNED | The UoP description provided by Volkswagen Financial Services' Green Finance Framework is **aligned** with the GBP and GLP.<br>Core Requirements:<br>» The Issuer's green categories align with the project categories outlined in the GBP and GLP.<br>» The criteria are clearly and transparently defined, and the process for evaluating the sustainability quality of the eligible deposits is described.<br>» Only one project category will be financed and disclosure on the distribution of proceeds is provided accordingly.<br>» The expected environmental benefits are described and, where feasible, quantified.<br>Best Practices:<br>» The Issuer defines which projects will be refinanced.<br>» the Issuer defines a look-back period of 24 months. |
| **Process for project evaluation and selection**<br>✓ ALIGNED | The project evaluation and selection process outlined in Volkswagen Financial Services' Green Finance Framework is **aligned** with the GBP and GLP.<br>Core Requirements:<br>» The project selection process is clearly defined and structured in a coherent manner.<br>» Sustainability risks associated with the project categories are identified and managed appropriately.<br>» The selected projects demonstrate alignment with the Issuer's sustainability strategy.<br>» The Issuer has defined exclusion criteria for harmful project categories.<br>Best Practices:<br>» The Issuer involves various stakeholders in this process<br>» The Issuer provides information on how the selection and evaluation process fits within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability.<br>» The Issuer identifies the alignment of their green finance framework and their green project with official or market-wide taxonomies. |

| SPO section | Opinion |
|---|---|
| **Management of proceeds**<br>✓ ALIGNED | The management of proceeds described in Volkswagen Financial Services' Green Finance Framework is **aligned** with the GBP and GLP.<br>Core Requirements:<br>» The net proceeds collected will be equal to the amount allocated to eligible projects.<br>» The net proceeds are tracked appropriately and verified through a formal internal process.<br>» The process and frequency for monitoring are disclosed, and the Issuer's eligible asset pool meets the value of the outstanding deposits. The Issuer has an internal mechanism to track the allocation of proceeds to Eligible Financings using unique Vehicle Identification Numbers (VINs) and to prevent double counting. Once an underlying vehicle is allocated to a Green Finance Instrument, it is flagged in the Issuer's internal system.<br>» The net proceeds are managed on a bond-by-bond basis.<br>» The Issuer discloses that the temporary investment instruments for unallocated proceeds will be kept as liquidity according to the treasury policy.<br>» Moreover, the Issuer has a system in place to ensure the amount of eligible assets of the portfolio pool is larger than the amount issued.<br>» The Issuer confirms that each loan tranche will be clearly labelled as green. |
| **Reporting**<br>✓ ALIGNED | The allocation and impact reporting described in Volkswagen Financial Service's Green Finance Framework is **aligned** with the GBP and GLP.<br>Core Requirements:<br>» The Issuer commits to disclosing the allocation of proceeds transparently and reporting at an appropriate frequency.<br>» Where the outstanding instruments include bonds, the reporting will be publicly available on the Issuer's website.<br>» Volkswagen Financial Services has disclosed the type of information to be reported and has stated that allocation reporting is expected to be provided at the project category level.<br>» The Issuer commits to reporting annually until the proceeds have been fully allocated.<br>» The Issuer has defined the process and frequency for reporting deposits which same as bonds<br>Best Practices:<br>» The Issuer is transparent on the information reported and further defines the duration and frequency of the impact reporting, in line with best market practice.<br>» The Issuer commits to get the allocation report audited by an external party. |

## Part 2: Sustainability quality of the eligibility criteria

### A. Contribution of the green finance instruments to the U.N. SDGs[3]

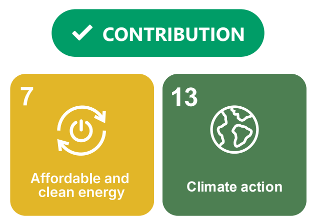
The Issuer can contribute to the achievement of the SDGs by providing specific services and products that help address global sustainability challenges, while also acting responsibly to minimize negative externalities in its operations along the entire value chain.

#### Products and services

The assessment of the SDG relevance of UoP categories for (re)financing in products and services is based on ISS-Corporate's proprietary methodology[4], which draws on established frameworks, including the EU Taxonomy, other regional taxonomies, the ICMA Green Bond Principles, and the ICMA Social Bond Principles[5].

Assessment results are presented on a three-point scale: 1) Obstruction, 2) No Net Impact, and 3) Contribution

Each UoP category under the green finance instruments has been assessed for its contribution to, or obstruction of, the SDGs:

| Use of Proceeds (products/services)[6] | Sustainable development goals |
|---|---|
| **Clean Transportation**<br>Eligible financings relate to any vehicle with zero-tailpipe emissions |  |

[3] The impact of the UoP categories on the U.N. SDGs is assessed using a proprietary methodology and may therefore differ from the Issuer's description in the Framework.

[4] The methodology is principally aligned with the ISS STOXX SDG Solutions Assessment.

[5] Our assessment methodology differentiates between product/service categories and operational improvement categories. The latter refers to financing directed toward an entity's internal operations that do not themselves produce revenue. In the case of financial institutions, this differentiation is not applied due to the limited visibility they have over borrowers' operational specifics and the diversified nature of their lending activities.

[6] The review is limited to the project examples outlined in the Framework.

## B. Management of environmental and social risks and impacts associated with the eligibility criteria

The table outlines how the Issuer addresses the environmental and social risks associated with the eligibility criteria. The entirety of the assets is not limited to any specific geographical regions.

| |
|---|
| **ESG guidelines into financing process** |
| VWFS' Code of Conduct states that employees should commit to ensure the underlying vehicle subject to financing /leasing don't pose any risks, detrimental effects and hazards to the health, safety, and environment to the customers or any third party. In addition, VWFS' Code of conduct states that employees should prevent money laundering and terrorism financing through checking the identity of customers, business partners and third parties that VWFS might potentially deal with. In addition, there are internal documents outlining ESG questions to be considered during the credit processes specified to the renting and leasing of motor vehicles. |
| **Data protection and information security** |
| VWFS has implemented ISO 27001, Information Security Management System to safeguard personal data and information security. The implementation has been certified by an external audit. In addition, VWFS' Code of Conduct commits to protect the personal data of customers and suppliers, and will collect, gather, process, use and store personal data in accordance with legal provisions in the company's Code of Conduct. VWFS' Code of Conduct also requires employees to oblige Information Technology security regulations and electronic data processing security. |
| **Responsible treatment of customers with debt repayment problems** |
| VWFS applies the Responsible Lending for Consumers Code to analyze the credit worthiness of the lessee prior the start of contract and will also conduct credit check in regular intervals during the contract to identify credit worthiness risks. If credit worthiness risks are identified, VWFS will work with the Borrower to discuss appropriate support program. Support programs include debt management programs such as payment moratorium for leasing installments. VWFS also has ombudsperson's contact for the consumer to settle dispute displayed in public website. |
| **Inclusion** |
| VWFS applies the Responsible Lending to Consumer Code in ensuring that credit is provided without discriminations based on race, gender, religious groups, and sexual orientations. |
| **Responsible marketing** |
| VWFS applies the Responsible Lending to Consumer Code to ensure marketing material are presented in an accurate, understanding, and not misleading manner. In addition, the Code also states that consumers will be provided key information on the loan including but not limited to effective annual interest, all costs of the loan, and repayment amount. Lastly, VWFS doesn't systematically provide an explanation of the loan rejection in how and why the consumer did not meet the loan requirement, while doing so upon request. |
| **Exclusion criteria** |
| As VWFS focuses in providing leasing and financing services for vehicles, there are no policies in not financing weapons, military equipment or infrastructure, ethically or morally controversial projects. Regarding due |

diligence process, VWFS has due diligence process in place to identify and address illegal business practices of a potential Borrower. The scope include business with violations against sanction or embargo lists, violations against money laundering regulations, bribery and corruption, violations against competition and antitrust law, and organized crime

## Part 3: Volkswagen Financial Services' sustainability strategy

### Material sustainability objectives and priorities defined by the Issuer

| Topic | Issuer approach |
|---|---|
| **Material sustainability topics** | The Issuer focuses on the following sustainability topics:<br>» Electric vehicle (BEV) deliveries by its parent company, Volkswagen Group, to more than 50% of total deliveries worldwide, and over 70% in Europe by 2030. |
| **Definition of material sustainability topics** | The sustainability topics of the Issuer have been defined through a double materiality assessment. |
| **Sustainability targets and timeline** | To achieve its sustainability commitments, the Issuer has set the following targets and timeline:[7]<br>» Achieve more than 50% of total deliveries worldwide, and over 70% in Europe by 2030.<br>» Improve the % of BEV leasing or financing contracts to 80% of the European portfolio by 2030<br>» Reduce 50% of $CO_2$ emissions within the operational and Information technology department, and achieve $CO_2$ net neutrality by 2030. |
| **SBTi Targets**[8] | The Issuer status on SBTi targets is the following:<br>» For Near-Term Status, the Issuer validated targets (Targets Set) |
| **Financial budget to achieve the sustainability targets (CapEx, OpEx, Product Mix)** | There is no information available on the issuer's financial budget to achieve its sustainability targets. |
| **Association/ Collective commitments** | The Issuer is a member of: |

[7] Volkswagen Sustainability Report, available here (hyperlink).

[8] Science Based Targets, Target Dashboard available here.

| Topic | Issuer approach |
|---|---|
| | » Responsible Lending for Consumers code, administrated by Bankenfachverband since 2010, setting guidelines and best practices on how to achieve responsible lending. |
| **Sustainability reporting** | The Issuer reports on its sustainability performance and initiatives annually. The report is prepared according to Task Force on Climate Related Financial Disclosures (TCFD), Global Reporting Initiative (GRI), UN Global Compact, Sustainability Accounting Standards Board (SASB), and Carbon Disclosure Project (CDP) reporting guidelines The report is available on the Issuer's website. |
| **Previously issued sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework** | VWFS has published Green Finance Framework in August, 2023.[9] VWFS has issued approximately fifteen billion Euros of Green Bonds through 28 transactions from September 2023 to October 2025, with maturity dates ranging between 2025 and 2031. |

[9] Volkswagen Financial Services AG, Green Finance Framework, August 2023, https://www.vwfs.com/content/dam/bluelabel/valid/www-vwfs-com/investor-relations/vwfs-ag/green-financeframework/VWFSAG_GFF_2023.pdf

# Annex: Quality management processes

## Issuer's responsibility

Volkswagen Financial Services was responsible for providing information and documentation relating to:

- the Green Financing Framework;
- Eligibility criteria; and
- documentation evidencing the management of sustainability risks at the framework level.

## ISS-Corporate's verification process

Since 2014, ISS STOXX, of which ISS-Corporate forms part, has built a reputation as a thought leader in the green and social bond market and was among the verifiers approved by the Climate Bonds Initiative (CBI).

This independent SPO of the Green finance instruments to be issued by Volkswagen Financial Services has been conducted using a proprietary methodology and in alignment with the ICMA/LMA GBP and GLP.

The engagement with Volkswagen Financial Services took place in August to September 2026.

## ISS-Corporate's business practices

ISS-Corporate conducted this verification in strict compliance with the ISS STOXX Code of Ethics, which sets out detailed requirements relating to integrity, transparency, professional competence and due care, professional behaviour and objectivity for ISS STOXX and its team members. The Code is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS STOXX.

| | |
|---|---|
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