
Media information

NO. 51/2020

Volkswagen presents Green Finance Framework

- Document defines framework for sustainable financial instruments
- Funds to target environmentally compatible projects such as e-mobility
- Regular reporting and independent auditing create transparency
- Group CFO Frank Witter: “The Green Finance Framework consistently links our corporate objective of carbon neutrality in 2050 with our financing strategy.”
- Sustainability Council Spokesman Georg Kell: “It is a most welcome development that Volkswagen will use the power of finance to accelerate investments that will lead to reductions of greenhouse gas emissions.”

Wolfsburg, March 5, 2020 – With the Green Finance Framework (GFF), the Volkswagen Group today presented further guidelines for sustainable financial instruments. In future, it will therefore be possible for investors to invest in a targeted fashion in sustainability projects of the Volkswagen Group such as e-mobility. A new corporate body, the Green Finance Committee, will select appropriate projects and can adapt the GFF to reflect changing requirements. Furthermore, regular reporting will ensure transparency in the use of funds. The objective is to ensure independent external verification of the use of funds.

Frank Witter, Member of the Group Board of Management responsible for Finance and IT, said: “In order to become one of the world’s leading providers of sustainable mobility, significant investments will be needed. The Green Finance Framework consistently links our corporate objective of carbon neutrality in 2050 with our financing strategy. This way, we will be able to diversify our investor basis and offer existing investors further investment alternatives.”

Georg Kell, Spokesman of the Volkswagen Group Sustainability Council, said: “As climate risks are increasingly urgent, it is a most welcome development that Volkswagen will use the power of finance to accelerate investments that will lead to reductions of greenhouse gas emissions.”

The GFF covers the following types of financing: green bonds, green Schuldscheindarlehen, green private placements and green loans. From the beginning, two types of sustainability projects will be integrated in the GFF: electric vehicles based on the modular electric drive toolkit (MEB) and charging infrastructure. In future, other categories may be added to the GFF.

With the Green Finance Committee, a new corporate body for the GFF has been established. The committee is responsible for the selection and assessment of appropriate sustainability projects including monitoring the use of funds for the designated projects. In addition, the committee will be able to adapt the GFF to changing requirements and to add new projects to the portfolio.

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For Volkswagen's GFF, Sustainalytics, a renowned independent rating institute, has given a second party opinion in order to verify compliance with the Green Bond Principles of the International Capital Market Association (ICMA) and the Green Loan Principles of the Loan Market Association (LMA). Volkswagen also aims to secure certification by the Climate Bonds Initiative (CBI) for the financial instruments to be issued within the GFF.

Volkswagen will report at least once per year on the projects financed within the GFF. Reports are also to be issued on the environmental impact of the projects funded.

In 2018, the Volkswagen Group was the first automaker to commit to the Paris climate goals. Last year, the Group presented its new environmental mission statement "goTOzero". The aim of the mission statement is to operate the company as environmentally compatible as possible and to achieve a neutral CO₂ balance by 2050. The four main areas of activity under the mission statement are climate change, resources, air quality and environmental compliance.

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10.8 million (2017: 10.7 million). The passenger car global market share was 12.3 percent. In Western Europe 22.0 percent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totaled EUR 235.8 billion (2017: EUR 231 billion). Earnings after tax in the fiscal year now ended amounted to EUR 17.1 billion (2017: EUR 11.6 billion).
