

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Volkswagen Financial Services Australia

30 July 2025

VERIFICATION PARAMETERS

Type(s) of
instruments
contemplated

- Green Finance Instruments¹

Relevant standards

- Green Bond Principles, as administered by the ICMA (as of June 2025)
- Green Loan Principles, as administered by the LMA, APLMA and LSTA (as of March 2025)

Scope of verification

- Volkswagen Financial Services Australia Green Finance Framework (as of Jul. 23, 2025)
- Volkswagen Financial Services Australia Eligibility Criteria (as of Jul. 23, 2025)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

¹ The Issuer states that this includes unsecured bonds, secured bonds (secured GSS collateral bonds, where collateral is selected based on the standard VWFS Australia securitization eligibility criteria in addition to the eligible asset criteria listed in section 3.1 of the VWFS Australia Green Finance Framework), bi- and multilateral bank loans, revolving credit facility and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) that can be of any status or seniority.

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SCOPE OF WORK

Volkswagen Financial Services Australia ("the Issuer," "the Company" or "VWFS Australia") commissioned ISS-Corporate to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Volkswagen Financial Services Australia's Green Finance Framework (as of Jul. 23, 2025), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association's (LSTA) Green Loan Principles (GLP).
2. The Eligibility Criteria — 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 key performance indicators (KPIs) (see Annex 1).
3. Consistency of Green Finance Instruments with Volkswagen Financial Services Australia's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA OVERVIEW

Volkswagen Financial Services Australia engages in the provision of automotive financial services. It operates through the following segments: Financing, Leasing, Insurance Brokerage and Service. The Financing segment comprises retail financing (consumer loans and chattel mortgages) and wholesale financing (floorplan, real estate, construction and capital loans). The Leasing segment offers novated lease, finance lease and operating lease. The Insurance Brokerage includes financing of both external and VWFS branded insurance products (The VWFS insurance products are underwritten by an external insurer). The Service segment includes full and limited maintenance and tyre management for fleet vehicles. VWFS was founded in 2001 and is 100% owned by VWFS Overseas AG (Germany). VWFS is headquartered in Sydney, Australia.

ESG risks associated with the Issuer's industry

Volkswagen Financial Services Australia is classified in the Specialized Finance industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies² in this industry are Products and services with social and environmental benefits, Customer and product responsibility, Labour standards and working conditions.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

² Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
Part I: Alignment with GBP and GLP	The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.	Aligned
Part II: Sustainability quality of the Eligibility Criteria	The Green Finance Instruments will (re)finance the following eligible asset category: Clean Transportation. The product and/or service-related use of proceeds category individually contribute to one or more of the following SDGs: The environmental and social risks associated with the use of proceeds category and the financial institution are managed.	Positive
Part III: Consistency of Green Finance Instruments with VWFS Australia's sustainability strategy	The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. The project category considered is in line with the Issuer's sustainability objectives.	Consistent with Issuer's sustainability strategy

³ The evaluation is based on the Volkswagen Financial Services Australia's Green Finance Framework (Jun. 30, 2025, version), on the analyzed eligibility criteria as received on Jul. 23, 2025.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP AND GLP

This section evaluates the alignment of the Volkswagen Financial Services Australia's Green Finance Framework (as of Jul. 23, 2025) with the GBP and GLP.

GBP AND GLP	ALIGNMENT	OPINION
1. Use of proceeds	✓	The use of proceeds description provided by VWFS Australia's Green Finance Framework is aligned with the GBP and GLP. The Issuer's green category aligns with the project categories as proposed by the GBP and GLP. Criteria are defined clearly and transparently. Disclosure of the distribution of proceeds by project category is provided, and environmental benefits are described. The Issuer clearly specifies the method defined for each secured GSS bond in the Framework and discloses its criteria for selecting underlying collaterals. The Issuer defines a look-back period of 24 months, in line with the best market practice.
2. Process for project evaluation and selection	✓	The process for project evaluation and selection description provided by VWFS Australia's Green Finance Framework is aligned with the GBP and GLP. The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy. The Issuer defines exclusion criteria for harmful project categories. The Issuer involves various stakeholders in this process, in line with best market practice.
3. Management of proceeds	✓	The management of proceeds provided by VWFS Australia's Green Finance Framework is aligned with the GBP and GLP.

GBP AND GLP	ALIGNMENT	OPINION
		The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately in a formal internal process. The net proceeds are managed per instrument (bond-by-bond approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that each loan tranche will be clearly labeled as green.
4. Reporting	✓	The allocation and impact reporting provided by VWFS Australia's Green Finance Framework is aligned with the GBP and GLP. The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting and the Framework will be publicly available on the Issuer's website, and will be available to institutions participating in the loans. VWFS Australia has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the instrument level (bond level). Moreover, the Issuer commits to report annually until the proceeds have been fully allocated. The Issuer states that it flags respective underlying projects as used for a specific Green Finance Instrument in its internal system and makes any subsequent financial asset relating to the project ineligible to be used for a subsequent Green Finance Instrument when identifying eligible green projects, to avoid double counting across the instruments included in the Green Finance Framework. The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with the best market practice.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE U.N. SDGs⁴

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution
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Each of the Green Finance Instruments' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Clean Transportation <i>Automotive financing products for new or used zero-tailpipe emission vehicles⁵ and charging infrastructure⁶</i>	Contribution	 

⁴ The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

⁵ The Issuer confirms that only electric vehicles is included as zero-tailpipe emission vehicles.

⁶ The Issuer confirms that only charging infrastructure related to electric vehicles is included for charging infrastructure.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets is not limited to any specific geographical regions.

ASSESSMENT AGAINST KPIs

Integration of ESG guidelines into the financing process

VWFS Australia follows the [Volkswagen Group's Code of Conduct](#) which states that employees should commit to ensuring the underlying vehicle, subject to financing/leasing don't pose any risks, detrimental effects, or hazards to the health, safety, and environment of customers or any third party. In addition, Volkswagen Group's 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 Australia 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.

Inclusion



VWFS Australia has a retail credit policy in place that ensures credit is provided without discrimination based on race, gender, religious groups, and sexual orientations.

Data protection and information security



VWFS Australia has implemented Volkswagen Group's ISO 27001, Information Security Management System to safeguard personal data and information security. In addition, VWFS Australia follows the [Volkswagen Group's Code of Conduct](#) which 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. Volkswagen Group's Code of Conduct also requires employees to comply with Information Technology security regulations and electronic data processing security. Outsourcing data processing arrangements are governed by company's internal IT standards policy which includes due diligence, red flag identification, mandatory compliance with IT security requirements, documentation, review and mapping to regulatory frameworks, including [Minimum Requirements for Risk Management \(MaRisk\)](#), [Banking Supervision Requirements for IT \(BAIT\)](#), and [Supervisory Requirements for IT in Insurance Undertakings \(VAIT\)](#). These requirements are embedded in their contractual frameworks and reviewed periodically. VWFS Australia also complies with all applicable Australian privacy laws, including the Privacy Act 1988 (Cth) and the Australian Privacy Principles (APPs), ensuring that personal data is collected,

processed, and stored in accordance with both local legal requirements and group policy. For the handling of personal information, VWFS Australia contractually requires all suppliers and outsourced providers to comply with the privacy obligations under Australian law, data protection measures. Through procurement and vendor management processes VWFS Australia also requires its suppliers to participate in periodic reviews, audits and ensures segregation of test and production environments, with anonymization of personal data where applicable.

Responsible treatment of customers with debt repayment problems



VWFS Australia adheres to the Australian Securities & Investments Commission (ASIC)'s [Credit licensing: Responsible lending conduct](#) to analyze the credit worthiness of the Borrower prior the start of contract and will conduct monitoring in regular intervals during the contract life to identify credit arrears. If credit arrears are identified, VWFS Australia 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.

Sales practices



VWFS Australia states that it does not set individual sales targets with dealerships, but employs a reward system based on a cooperation model between dealerships and VWFS Australia. Maximum sales targets are set for dealerships based on floorplan financing commitments from VWFS Australia, and no additional commissions are paid beyond the agreed limit. VWFS Australia states that all accredited points of sales individuals are required to complete a mandatory training program on responsible sales practices, which includes topics such as anti-competitive conduct, bribery and corruption, consumer protection, consumer privacy, and anti-money laundering and counter terrorism financing. The mandatory training also includes training regarding product transparency, information on product costs and risks, no aggressive sales especially regarding vulnerable customers, and product matching the risk appetite and situation of the customer. Furthermore, VWFS Australia states that it has an internal operation risk and compliance team that will perform random audits for authorized sales individuals to ensure that standards set out in VWFS Australia's Business Introducer Accreditation Policy are met, and that sales individuals are required to refresh training regarding responsible sales practices every 12 months. VWFS Australia also maintains an internal register of banned sales individuals who have breached VWFS Australia's compliance standards, and monitors the Australian Securities and Investments Commission's banned and disqualified register, where individuals

listed on these registers are prohibited from accrediting as a VWFS Australia point of sales.

Responsible marketing



VWFS Australia adheres to the [ASIC's Credit licensing: Responsible lending conduct](#) 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 with key information on the loan including but not limited to effective annual interest, all costs of the loan, and repayment amount. VWFS Australia applies ASICs Regulatory Guide 234: Advertising Financial Products and Services to ensure all stated fees and costs provide a realistic impression of the overall fees and costs, providing comparison rates when interest rates are stated and give a balance message on the risks and benefits. VWFS confirms that the product associated risks, the terms and conditions that govern use over the product's life cycle and the responsibilities of the customer and will be clearly disclosed. Lastly, VWFS Australia 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 Australia 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 Australia has due diligence process in place to identify and address illegal business practices of a potential Borrower. The scope includes 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 III: CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH VWFS AUSTRALIA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Core ESG pillars	The Issuer is a wholly owned subsidiary of Volkswagen AG. As such, the Issuer aligns with the ESG pillars established at the Group level by Volkswagen AG. The Group's ESG pillars, which apply to the Issuer, include: ▪ Nature: As a mobility provider, the Volkswagen Group focuses on the reduction of impact on nature and the environment throughout its entire value chain. The Issuer takes measures for climate protection, resource efficiency and biodiversity conservation. ▪ People: Volkswagen Group aims to build a diverse, inclusive, and non-discriminatory culture in the workplace, being a socially responsible employer. The Issuer focuses on training and the occupational health and safety of employees as part of its sustainable corporate management. ▪ Society: As an automotive manufacturing Group, the Issuer aims to create a positive impact towards its partners, stakeholders, society and supply chains. As part of its social impact efforts, the Issuer participates in corporate citizenship projects that prioritize environmental protection, education, and community development. ▪ Business: Volkswagen Group is working to integrate a sustainability approach in its operations to practice climate-friendly business. Since 2023, the Volkswagen Group has also been investing in decarbonization efforts both internally and externally through a venture capital fund.
Definition of core ESG pillars	The ESG pillars have been defined using European Sustainability Reporting Standards (ESRS) and through a double materiality assessment.

TOPIC	ISSUER APPROACH
ESG targets and timeline	To achieve and maintain its ESG commitments, The Issuer follows targets and timeline established by Volkswagen Group, which apply to the Issuer: ▪ By 2025, the Issuer aims to increase proportion of women in management by 20%. ▪ For management and quality assurance of health and safety activities, all Volkswagen Group production sites with more than 1,000 employees are to be certified in accordance with ISO 45001 by 2026. ▪ The Issuer has set an intermediate target to reduce the carbon footprint per kilometer traveled during the use phase of our passenger cars and light commercial vehicles by 30% by 2030 (compared to 2018). ▪ By 2030, the Volkswagen Group aims to finance at least 30% of its outstanding bond volume through green bonds, with the aim to increase this figure to 50% by 2040. ▪ Towards carbon neutrality, the Issuer aims to reduce greenhouse gas emissions by 90% in 2040 compared to 2018. To achieve this goal, the Issuer aims to procure 100% of external electricity from carbon-neutral sources at all sites by 2030. ▪ By 2040, in terms of sales revenue, the Issuer aims to ensure that over 95% of suppliers have a positive sustainability rating (S-Rating). ▪ The Issuer aims to achieve net carbon neutrality by 2050 and is committed to the Paris Agreement, aligning with the 1.5-degree goal.
(Verified) Science Based Targets	To achieve and maintain its ESG commitments, at the Group level, the Issuer has set the following science-based targets and timeline: ▪ Volkswagen AG commits to reducing absolute scope 1 and 2 GHG emissions by 50.4% by 2030, from the 2018 base year. Volkswagen AG further commits to reducing scope 3 GHG emissions from the use of sold products of light-duty vehicles by 30% per vehicle km by 2030 from a 2018 base year. Volkswagen subsidiary Scania CV commits to reduce scope 3 GHG

TOPIC	ISSUER APPROACH
	emissions from use of sold products by 20% per vehicle km by 2025 from the 2015 base year. This target has also been independently certified by the SBTi as 2°C aligned.
Stakeholders involved in decision-making and the implementation and monitoring of the ESG agenda	The following stakeholders are involved in the Issuer's ESG agenda: ▪ VWFSA Leadership team (includes senior managers and directors from across the business). ▪ VWFSA ESG Committee (includes representatives from across the business).
Additional ESG policies	There is no information available on additional ESG policies of the Issuer.
Collective commitments	-
ESG reporting	The Issuer is currently reporting on its ESG agenda at the group level. Volkswagen Group produces publicly available sustainability reports annually. The report is prepared according to European Sustainability Reporting Standards (ESRS), European Union's Corporate Sustainability Reporting Directive (CSRD), Global Reporting Initiative (GRI), UN Global Compact, Sustainability Accounting Standards Board (SASB) reporting guidelines. The report is available on Volkswagen Group's website .
Previously issued sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	-
Public shareholders	The Issuer is 100% owned by Volkswagen AG, and there are no other public shareholders.
Shareholding profile	No information has been disclosed on the shareholding profile of the Issuer.

Rationale for issuance

The Green Finance Framework will help VWFS in achieving the goal of financing sustainable transportation by enabling the ownership of battery electric vehicles and charging infrastructure, a goal that is part of the 2030 sustainability strategy plan.

Opinion: *The Issuer clearly describes the key sustainability objectives and the rationale for issuing green finance instruments. The project category financed align with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Volkswagen Financial Services Australia commissioned ISS-Corporate to compile a Green Finance Instruments SPO. The second-party opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and assessing the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles, as administered by the ICMA (as of June 2025)
- Green Loan Principles, as administered by the LMA, APLMA and LSTA (as of March 2025)

ISSUER'S RESPONSIBILITY

Volkswagen Financial Services Australia's responsibility was to provide information and documentation on:

- Green Finance Framework
- Eligibility criteria
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Green Finance Instruments to be issued by Volkswagen Financial Services Australia has been conducted based on proprietary methodology and in line with the ICMA's Green Bond Principles and LMA, APLMA and LSTA's Green Loan Principles.

The engagement with Volkswagen Financial Services Australia took place from May to July 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

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