

**VOLKSWAGEN  
FINANCIAL SERVICES**  
THE KEY TO MOBILITY

# Annual Report 2022







2022  
ANNUAL REPORT

PRESENTATION

VWFS BRASIL

PEOPLE

STRATEGY AND  
FUTURE VISION

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# Presentation

This is the 2022 Annual Report of Volkswagen Financial Services Brasil (VWFS Brasil), the company responsible for the financial operations of the Volkswagen Group, global leader for the financial and mobility operations, present in Brazil since 1956 with Banco VW, Consórcio Nacional VW, VW Corretora de Seguros and recently with the acquisition of LM Soluções de Mobilidade.

VWFS Brasil has just joined the United Nations Organization (UNO) Global Compact. This is our first report based on the standards of the Global Reporting Initiative (GRI), an independent organization that assists businesses, governments and other institutions in informing society about their impacts on the environment, the economy and people.

In the coming pages you will find a synthesis of our performance in a challenging year, in which we consolidate our new corporate identity as a company focused on mobility solutions. This transformation is aligned with the new global strategy of the Volkswagen Group, Mobility 2030.

It is our understanding that the concept of Innovation and technology is intrinsic to the entire business. Therefore, instead of placing it in a specific chapter, it will be addressed throughout the report, both in initiatives referring to internal processes and those oriented to company stakeholders.

We reiterate our commitment to contributing towards the sustainable development of Brazilian society.

**Enjoy reading it!**







# Message from Management

■ GRI 2-22 ● SDG 8

In 2022, even in an unfavorable macroeconomic conjuncture for the sector, Volkswagen Financial Services obtained significant results. In Brazil, we implanted structural changes that place us in the forefront of the Volkswagen Group's new global strategy, Mobility 2030. The old definition as a "vehicle manufacturer bank" no longer applies to us. In its place, a new identity emerges: a company that offers mobility solutions for people and companies, attuned to the socio-environmental requirements of our times.

This transformation in course is aligned with three disruptive trends in the way people and cargoes will be transported: the electrification of vehicles, connected vehicles and mobility as a service. In the context of combating climate change and the transition to a low carbon economy, environmental, social and corporate governance (ESG) becomes inseparable from our values. VWFS is committed to contributing to Brazilian society's journey towards sustainable development.

Our team has dedicated time and effort towards creating a new way of doing business. This is why we created our ESG and Sustainability area, incorporated into corporate strategy. We are experiencing a stimulating cultural transformation in the work environment, advancing in measures to value diversity and to offer our employees more and better development opportunities. Measures such as the adoption of a hybrid working model, flexibility in working hours and the offer of competitive benefits have reinforced talent retention. During the year, we invested more than BRL 1.6 million in education and training.

Business diversification, focus on customer satisfaction and rigorous cost control have made a decisive contribution to the company's resilience in the face of current economic difficulties, such as inflation and high interest rates. Even with a lower operating result, we managed to maintain ongoing growth and invested in new projects to consolidate activities on a nationwide basis. The results are already beginning to appear.

**Business diversification,  
focus on customer satisfaction and  
rigorous cost control contribute  
to our sustainability and leadership**





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We broke the market share record in the captive retail market, with nine out of ten financing transactions undertaken in the VW network. We expanded our activities in the used vehicle segment, financing the second and third car life cycles and reaching other channels through the new Car Bank brand. This is in addition to our capacity to operate as Banking as a Service, specialized in mobility, and adopting the brand of partners and dealers.

We launched the first national truck subscription service for companies and free lancers, with our sights on growth in the trend towards ownership by use or adverse possession. The year was also marked by the consolidation of the Sign&Drive service, created in 2020 to offer subscription to Volkswagen cars via the internet, and Audi Luxury Signature, subscription for Audi cars.

A key factor in the repositioning of VWFS Brasil in the fleet management and vehicle leasing businesses was the purchase of a controlling share in LM Soluções de Mobilidade (previously known as LM Frotas), an LM group company headquartered in Salvador. The merger of the operations expanded our fleet from 45,000 to 70,000 vehicles, positioning us as the third largest fleet and leasing management business in Brazil. Another highlight was the expansion of activities in the consórcio product, via a partnership with Embrac-on, to offer better solutions with differentiated value propositions and entry into the truck purchasing pool segment.

A number of digital services were created to provide users with a memorable experience. In July, our online presence was strengthened through the strategic partnership with NetCarros in the used vehicle segment. In August, we were the first VWFS unit in the world to launch a virtual assistant via WhatsApp, Torq. In October, we saw the debut of the Clube de Clientes (Customer Club), a community oriented to understanding the main expectations of our stakeholder groups and to validate launches. We ended the year with a customer satisfaction rate of 87.8%, exceeding the already historically high level of 85.7% in 2021.

In terms of governance, it is important to note the reinforcement of our risk assessment system, which strengthens investor confidence. We have a robust business, with almost BRL 37.2 billion in assets and a financial health rating of AAA, the highest issued by the credit rating agencies. We invest in the continuous improvement of policies in the areas of ethics, integrity and compliance, information security, privacy and personal data protection, as well as the prevention of human rights violations. These initiatives cover all company employees and the supplier chain.

Lastly, we underscore that people are VWFS Brasil's most important asset. Thanks to the dedication and talent of our team, with a focus on the pillars of our culture, we have many achievements to celebrate in 2022 and excellent expectations for the coming years. We continue to be inspired by our customers, driven by people and by results.



**Rodrigo Capuruço**  
CEO, VWFS Brasil and South America Regional  
Manager Volkswagen Financial Services Brasil





# About the report

■ GRI 2-2, 2-3, 3-1, 3-2

In this report you will find the corporate vision and the institutional brand represented by VWFS Brasil, the consolidated accounting and legal vision of VW Participações and the vision of Banco Volkswagen, the most relevant or most visible business in the consolidated structure. The information covers the activities and results for the period from January 1 to December 31, 2022.

From 2022, the report is aligned with the guidelines of the Global Reporting Initiative (GRI), as well as the indicators published by the Sustainability Accounting Standards Board (SASB). Our global strategy was formulated based on Mobility 2030, making us a benchmark for the VWFS group.

We defined eight material topics (see table on the following page), which permeate all the business areas and which are currently institutionalized through the company's Social, Environmental and Climate Policy and the ESG and Sustainability Committee. The prioritization of these topics involved the engagement of internal and external stakeholders, through interviews with a semi-structured questionnaire and active consultation of employees.

The methodology used involved the cross-referencing of the guidelines of the following organizations: SASB, B System, International Financial Committee (IFC), Brazil's Comissão de Valores Mobiliários (CVM) and the United Nations Organi-

## The stakeholders and specialists whose viewpoints underpinned the process of defining the material topics were:

### INTERNAL

Executive Committee (ComEx), executive and tactical management, and focal points:

**59** interviewees

### EXTERNAL

dealers, business partners, partners in social actions, customers and the other group brands:

**17** interviewees

### EMPLOYEES

12 online and face-to-face workshops, with

**320** participants

## OUR ESG STRATEGY ADOPTS BEST GLOBAL PRACTICES



zation (UNO) Global Compact. Furthermore, the ESG (Environment, Social and Governance) strategy also takes into account the UN [Sustainable Development Goals \(SDGs\)](#), which are correlated with the material topics.

Published in digital format in Portuguese and English, the 2022 Annual Report is organized in four thematic blocks.



In the first, we present the organization's strategy, our purposes and values, as well as specific aspects of corporate governance, ethics and integrity. In the second block, **People**, we explain the company's actions related to managing and developing employees, health and well-being. The third, **Future Vision**, synthesizes the strategic changes in the Volkswagen Group and its companies. Lastly, the fourth block, **Performance**, presents the company's economic-financial results and its social and environmental initiatives.

**An accessible version of this report will be published opportunistically.**





# Impacts of the material topics and connection with strategy\*




MATERIAL TOPICS	APPROACH <i>(what we do)</i>	EXTENSION OF IMPACTS** <i>(who we impact)</i>	RELATED GRI ASPECTS/ CONTENTS	AMBITIONS	CORRELATED SDGs
ATMOSPHERIC EMISSIONS	<ul style="list-style-type: none"><li>Greenhouse gas emissions inventory conducted annually (scopes 1 and 2)</li><li>Analysis of SECR (social, environmental and climate risk) integrated into the credit analysis process by means of an SECR questionnaire and analysis of documentation</li><li>Environmental and climate stress tests conducted in line with Brazilian Central Bank regulations and Brazilian legislation</li><li>Mandatory use of ethanol in the flexible fuel vehicles in the company fleet and use of electric cars</li><li>Environmental clauses in models of customer, supplier and investor contracts</li><li>Formulation of Social Responsibility, Environmental and Climate Policy</li></ul>	Employees Customers Business partners Society	305-1, 305-2, 305-3, 305-4, 305-3, 305-6, 305-7	To be carbon neutral by 2030	
ENERGY MANAGEMENT	<ul style="list-style-type: none"><li>Monitoring of consumption and use of equipment to reduce/optimize use</li><li>Implementation of Green IT and Green Operations programs</li></ul>	Employees Society	302-1, 302-2, 302-3, 302-4, 302-5	Migrate the energy matrix to renewable sources by 2025	





MATERIAL TOPICS	APPROACH <i>(what we do)</i>	EXTENSION OF IMPACTS** <i>(who we impact)</i>	RELATED GRI ASPECTS/ CONTENTS	AMBITIONS	CORRELATED SDGs
PRODUCT LIFE CYCLE MANAGEMENT	<ul style="list-style-type: none"> <li>Correct waste disposal</li> <li>Creation of products focused on sustainable mobility, diversifying the portfolio and businesses</li> </ul>	Employees Customers Business partners Society	413-1, 413-2, 416-1, 416-2, FS1, FS2, FS3	Establish reduction targets for scope 3 emissions and develop new products aligned with decarbonization by 2025	
DIVERSITY AND INCLUSION	<ul style="list-style-type: none"> <li>Selection process and affirmative actions</li> <li>Inclusive management program</li> <li>Continuous monitoring of indicators and expansion of representation of minorities in talent group in preparation for leadership positions</li> </ul>	Employees Customers Business partners Society	202-1, 405-1, 405-2, FS14	Increase representation of women and minority groups in leadership	 
HUMAN RIGHTS AND COMMUNITY RELATIONS	<ul style="list-style-type: none"> <li>Human rights clauses in contracts with customers, suppliers and investors</li> <li>Social actions undertaken in bank operational territories</li> </ul>	Employees Customers Business partners Society	202-2, 406-1, 408-1, 409-1, 410-1	Strengthen social actions in operational territories	



MATERIAL TOPICS	APPROACH <i>(what we do)</i>	EXTENSION OF IMPACTS** <i>(who we impact)</i>	RELATED GRI ASPECTS/ CONTENTS	AMBITIONS	CORRELATED SDGs
EMPLOYEE HEALTH AND SAFETY	<ul style="list-style-type: none"><li>Study to adopt biopsychosocial model throughout the employee medical accompaniment cycle from the admission examination</li><li>Outpatient medical service on premises of administrative building</li></ul>	Employees	401-2, 401-3, 403-1, 403-2, 403,3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	Promote preventive health care for 100% of the work force by 2025, by means of internal healthcare program	
ETHICS/PRIVACY AND DATA SECURITY/RISK MANAGEMENT	<ul style="list-style-type: none"><li>Robust integrity and compliance programs</li><li>Social stress tests conducted in line with Brazilian Central Bank regulations and Brazilian legislation</li><li>Structured and monitored internal policies and processes</li></ul>	Employees Customers Business partners Society	205-1, 205-2, 205-3, 207-2, 207-3, 418-1, FS	Increasing best practices regarding main ESG References by 2025, based on 2022 status	
RESILIENCE OF BUSINESS MODEL	<ul style="list-style-type: none"><li>Sustainability defined as one of the five strategic pillars of the next cycle of VWFS Group global strategy</li><li>Establishment of targets and indicators through the ESG Committee aimed at creating new initiatives and projects</li></ul>	Employees Customers Business partners Society	FS4, FS5, FS7, FS8	Establish the ESG Factor in the composition of executive bonus payments by 2024	

\* This is the first year of the ESG materiality cycle, therefore, monitoring of actions will be enhanced. Further information is presented throughout the text.  
\*\* The extent of the impacts indicates the main locations and groups, inside and outside the organization’s operations, for which the material topics are more critical.





GRI 3-3

## Managing the material topics

This will be the first year of the ESG materiality cycle, therefore, monitoring of actions will be enhanced, as will the ways in which we manage the topics. Our targets for the next reporting cycle are as follows:



Development of decarbonization strategy with the definition of Science Based Targets, focused on reducing greenhouse gas emissions, with a commitment to achieve carbon neutrality in 2030



Consolidation of methodology and calculation of scope 3 greenhouse gas emissions



Definition of percentage of ESG and sustainability targets in executive bonuses



Formulation of non-discrimination and diversity and inclusion policies



Full diversion of recyclable waste to reverse logistics process



Migration in energy use to renewable sources



Creation of internal preventive health program

## Management approaches

### Atmospheric Emissions

To prevent or mitigate possible negative impacts related to the material topic atmospheric emissions, VWFS Brasil is working on its second greenhouse gas emissions inventory, which is conducted annually. We also conduct an analysis of social, environmental and climate risk (SECR), integrated into the credit analysis process through an SECR questionnaire, the analysis of documentation and environmental and climate stress tests, in accordance with Brazilian Central Bank regulations and legislation.

To address actual negative impacts in this area, VWFS Brasil makes the use of ethanol in the company fleet mandatory and ensures the proper disposal of waste at its facilities. Contracts with customers, suppliers and investors contain environmental clauses. We recently formulated the company's Social, Environmental and Climate Responsibility Policy.

To manage potential actual positive impacts, the company establishes targets and indicators through the ESG Committee, aimed at creating new initiatives and projects. Moreover, VWFS concentrates on creating sustainability-focused products, in particular electric cars and electrification infrastructure.

The processes employed to track the effectiveness of these measures are still at the planning stage. The company is consolidating its strategy through the creation of the ESG and Sustainability Committee, the implementation of targets and indicators and the formalization of technical and institutional partnerships.

Our target is to be carbon neutral by 2030, encompassing scope 1, 2 and 3 emissions. We intend to track these targets by means of the ESG and Sustainability Committee and the Executive Committee, involving the board, the Annual Report and the Social, Environmental and Climate Risk Management Report (GRSAC in the Portuguese acronym).

Learnings are consolidated via analysis of the implementation processes and joint governance by the different areas. Policies are reviewed annually and the materiality cycle will be reviewed every two years. We also conduct regulatory and industry monitoring and any adjustments/modifications are undertaken in a timely manner.







## Resilience of the Business Model

To prevent or mitigate potential negative impacts and manage actual and potential positive impacts, we have selected sustainability as one of the five strategic pillars for the next cycle of VWFS Brasil's global strategy. To address actual negative impacts, our business strategy is aligned with ESG and Sustainability strategy. Furthermore, we create products focused on sustainable mobility, diversifying our portfolio and businesses.

## Product life cycle management

Our goal for assessing progress in this material topic is to establish reduction targets for scope 3 emissions and develop new electrification-related products.



It is our ambition to fulfill  
100% of our electricity  
requirements from  
renewable sources

## Energy management

To address actual negative impacts and manage actual and potential positive impacts related to the material topic Energy Management, we monitor consumption and use of equipment to reduce or optimize use. Our ambition in this area is to fulfill 100% of the organization's energy requirements using renewable sources. Worthy of note in the year were our activities in Green IT:

- Survey of IT energy consumption and CO<sub>2</sub> emissions;
- Pursuit of opportunities to acquire low carbon electricity (renewable sources);
- Acquisition or modernization of IT and refrigeration equipment with lower energy consumption, for example, data center with green seal;
- Projects to reduce use of printed materials in business operations;
- Rationalization of use of table sources to reduce energy consumption;
- Migration to cloud computing with use of renewable energy in data centers (low carbon emission certification);
- Clean energy consumption or low carbon emission certification in the data centers that we use.

In the near future, we intend to acquire energy from renewable sources for the operation of the building.

## Human Rights and community relations

To manage actual and potential positive impacts in this area, we have created strategic actions with the Fundação Grupo Volkswagen, with the other group brands and with social organizations. Our goal in evaluating the progress of our activities is to strengthen social actions in the regions in which we operate.

## Employee health and safety

To prevent or mitigate negative impacts in this topic, we ensure strategic alignment between the healthcare program and medical services, in line with the principles of the biopsychosocial model. To address actual negative impacts, governance consists of the Internal Accident and Harassment Prevention Committee and the organization of the Internal Accident Prevention and Environment Week (Sipatma in the Portuguese acronym). Our target in this area is to promote preventive healthcare for employees, providing assistance to 100% of the work force in the preventive healthcare and well-being program.

The management approaches to **Diversity and Inclusion, Ethics / Data privacy and security / Risk Management** will be addressed in specific chapters throughout the report.





# Highlights 2022



\*IFRS  
standard

Total assets of  
**BRL 37** billion

Net equity  
**BRL 3.3** billion



Launch of Torq, first  
virtual assistant in the  
VW group financial  
conglomerate



Expansion of activities in the  
used vehicle segment with the  
Car Bank brand



Acquisition of LM Soluções de  
Mobilidade (formerly LM Frotas)

## LAUNCHES



National truck  
signature service for  
companies and free  
lancers



New digital  
products and services

## STRATEGIC PARTNERSHIPS

- With Embracon for the consórcio product
- With NetCarros in the used vehicle segment







# Highlights 2022



## Soluções de Mobilidade

2022 highlights LM Soluções de Mobilidade Guided by our future vision, at the beginning of 2022 we concluded the business merger between our Fleet Solutions subsidiary and LM Mobility (formerly LM Frotas), which for the last 40 years has operated with corporate fleet outsourcing and passenger, light vehicle and truck rental. With this memorable key change we hold a 60% stake in the company. The goal of the combined operation is to expand the fleet business, positioning the company as one of the main players in the local market.

### MAIN FACTS AND ACHIEVEMENTS



Conclusion of the reverse takeover of Fleetzil (April)



Elevation of corporate rating from A+ to AA+ by S&P (April)



Rebranding of the Frotas, Assine Car, Seminovos, Veículos para Apps, Assine Truck services and the corporate brand (May)



Issue of sixth bond with AA+ rating from Moody's. Total of **BRL 1 billion**, with the following amortizations and rates: three years CDI +1.49% | five years CDI + 1.70% (September)



Increase in fleet from 45,000 vehicles (2021) to approximately **71,000**, growth of 57.3%



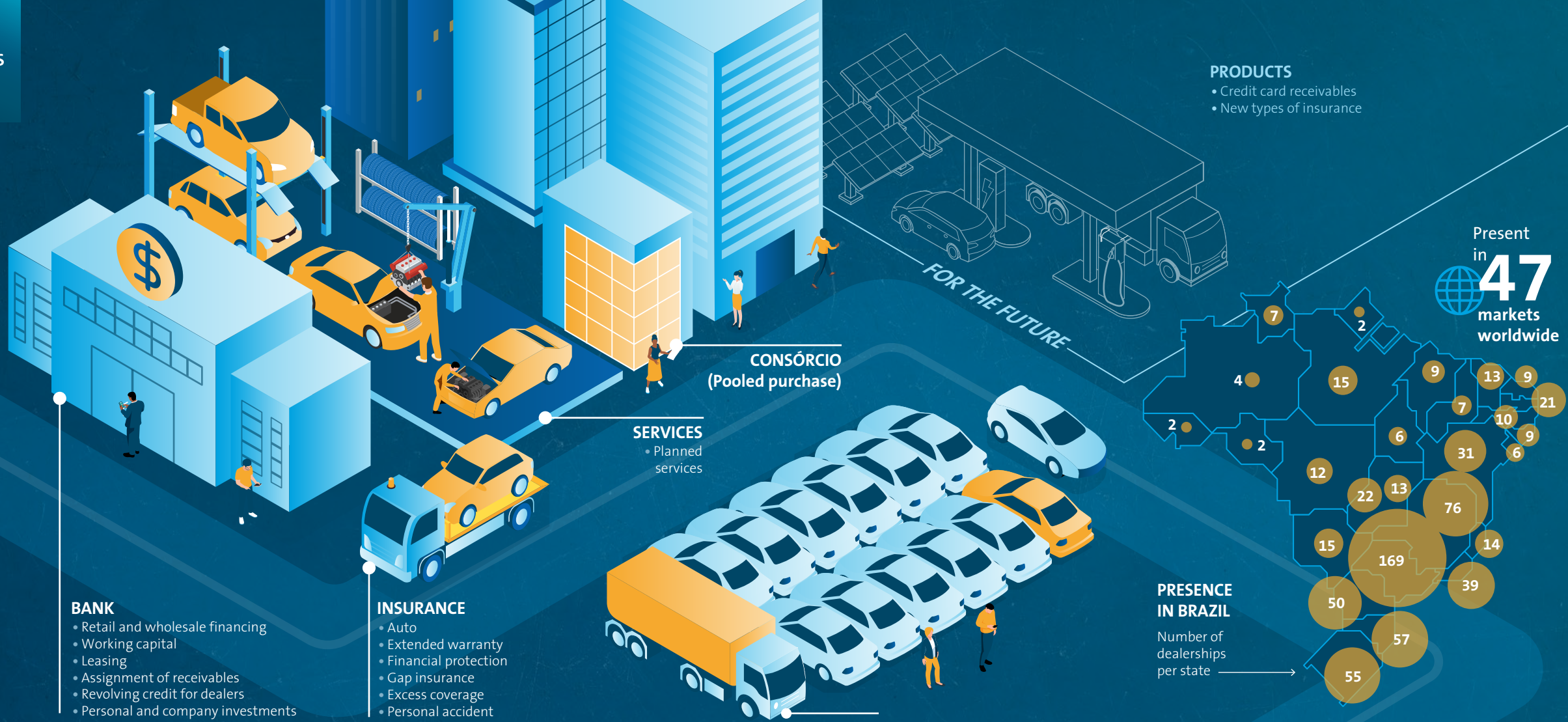
Reduction of percentage of vehicles with lien from 45% (2021) to **3%**, via negotiation and the “Volkswagen Group” bargaining power



Entry into full operation of the Volkswagen subscription vehicle programs:

- **VW Sign & Drive**
- **Audi Luxury Signature**
- **VW Truck Rental**









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# VWFS Brasil

■ GRI 2-1, 2-6, 2-7, 2-8, 2-23

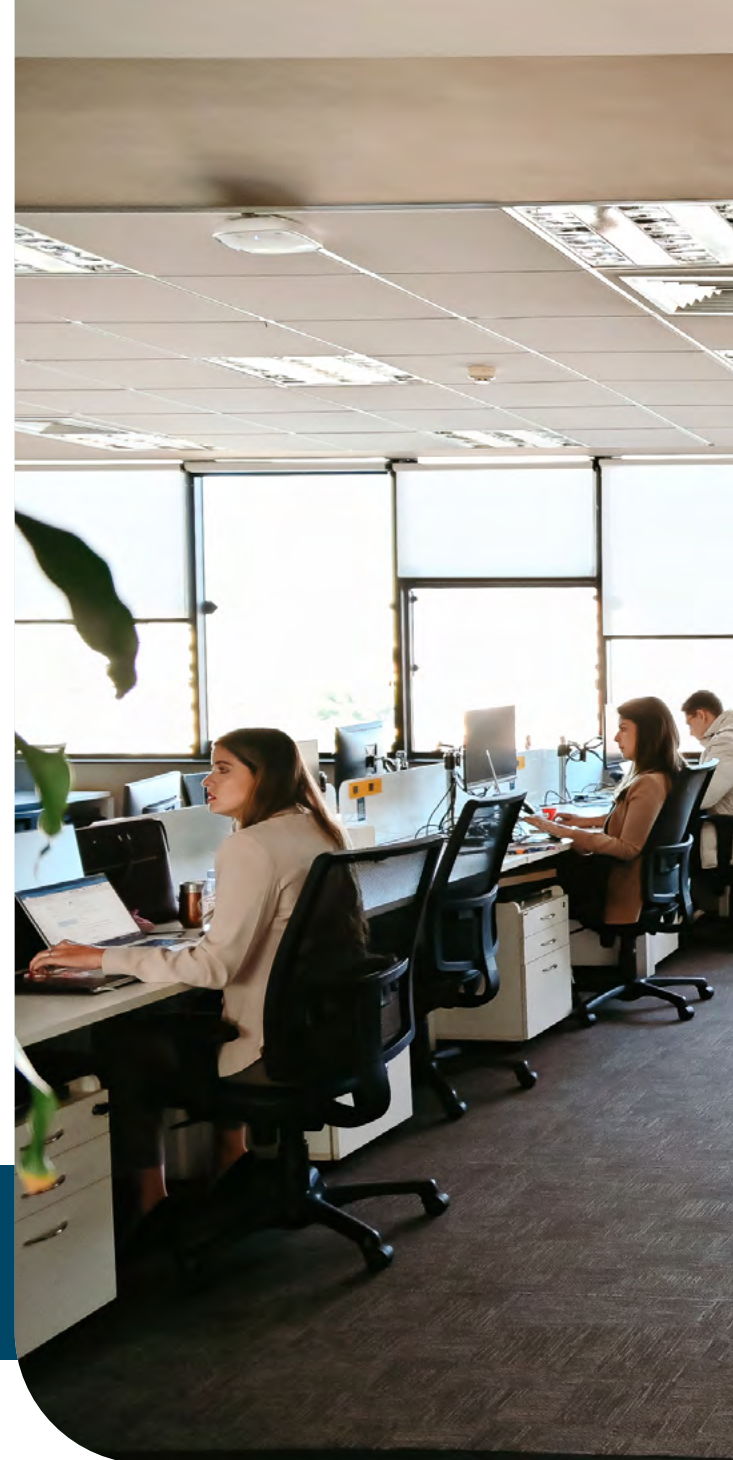
Volkswagen Financial Services Brasil (VWFS Brasil), headquartered in the city of São Paulo (SP), is the largest financial institution linked with a vehicle manufacturer in Brazil, Volkswagen, one of the biggest automotive groups in the world. We have businesses in 47 countries on all the continents. In Brazil, the company operates in every state through a network of 675 dealers and a team of 565 qualified staff.

With BRL 37.2 billion in assets and an AAA rating from local credit rating agencies, VWFS Brasil has a solid financial structure and a resilient business model. One of its main competitive differentials is its diversified portfolio. We offer finance, pooled purchase, insurance, financial leasing, fleet and mobility management, among other services.

Our focus is driving customer mobility, facilitating the purchase or leasing of passenger automobiles, commercial vehicles, trucks, buses and motorcycles. We ended 2022 with a total of 766,077 contracts, of which 436,003 involved direct consumer credit (CDC); 256,302, insurance; 65,365, consórcio contracts; 8,238 via Finame (Agência Especial de Financiamento Industrial) contracts; and 169 leasing contracts.

In 2022, in addition to working with the Volkswagen, VW Trucks, Audi, Porsche and Ducati brands, the company expanded its presence in the segment of used vehicles from other manufacturers. The strengthening of the corporate fleet outsourcing business came about through the merger of the assets of Fleet Solutions with those of LM Soluções de Mobilidade.

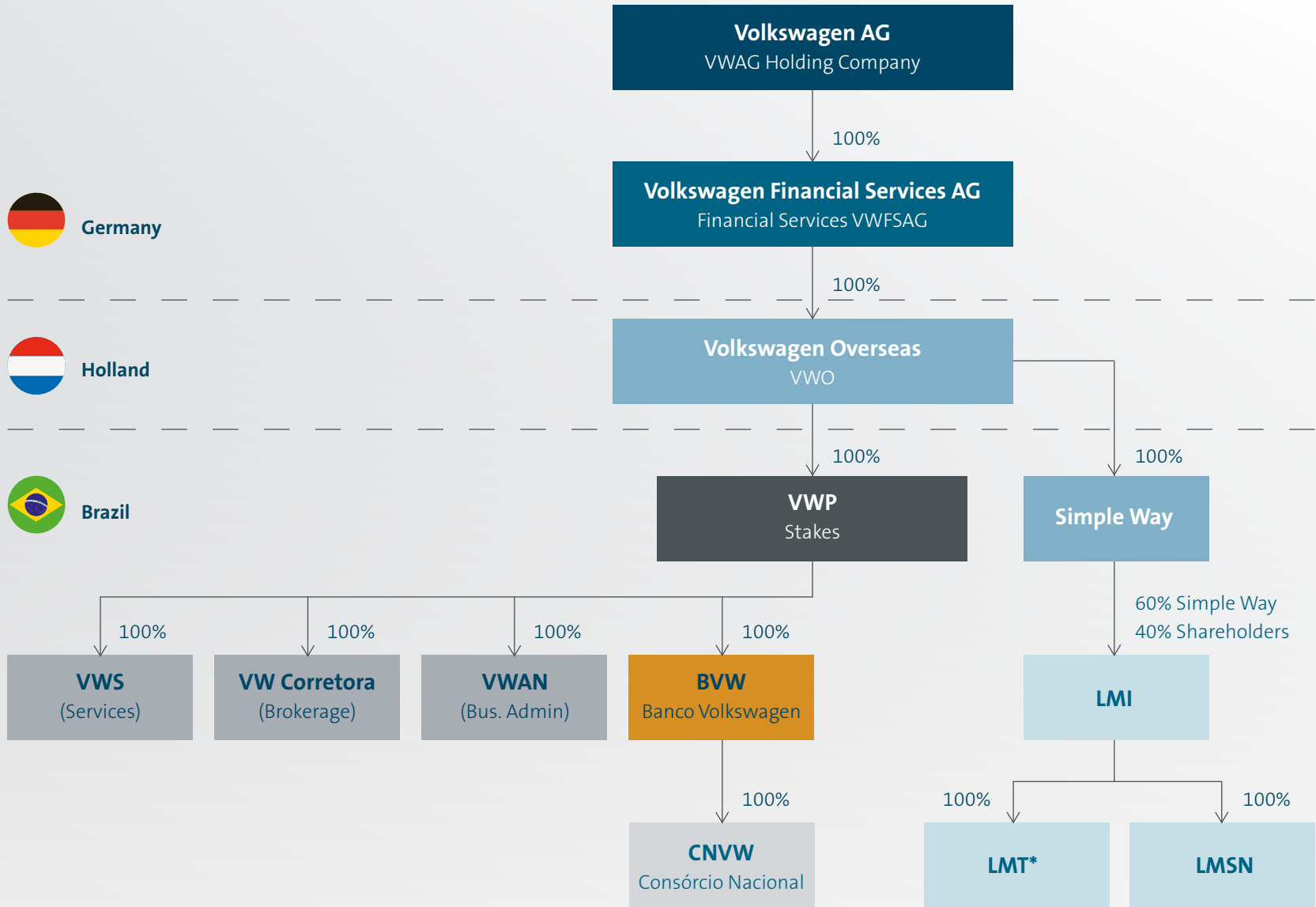
We operate in every state through a network of 675 dealers and a team of 565 qualified staff





VWFS | Legal Structure

Banco Volkswagen is a key element of the Volkswagen Group in Brazil



BVW - Banco Volkswagen S.A.  
CNVW - Consórcio Nacional Volkswagen -  
Administradora de Consórcio Ltda.  
LMI - LM Transportes Interestaduais Serviços  
e Comércio S.A.  
LMSN - LM Comércio de Veículos Seminovos Ltda.  
SIMPLE WAY - Simple Way Locações e Serviços S.A.  
VW Corretora - Volkswagen Corretora de Seguros Ltda.  
VWAG - Volkswagen AG - Germany  
VWAN - Volkswagen Administradora de Negócios Ltda.  
VWFSAG - Volkswagen Financial Services AG - Germany  
VW Overseas - Volkswagen Finance Overseas B.V. -  
Netherlands  
VWP - Volkswagen Participações Ltda.  
VWS - Volkswagen Serviços Ltda.

\* In April 2023, a LMT was incorporated by LMI.





# New paths

2022 saw a profound transformation for the the Volkswagen Group, which discontinued its Route 2025 strategy, focused on gaining capital and liquidity, to embrace its new global strategy, Mobility 2030 (further details in the block [Strategy and Future vision](#)). The new strategy is attuned to the 2030 Agenda, which establishes the Sustainable Development Goals (SDGs), a set of 17 global goals proposed by the UNO.

In Brazil, Volkswagen Financial Services undertook a series of measures to drive complementary alignment with this new corporate vision, which prioritizes mobility for sustainable development.

One of the emblematic initiatives during the year was the proceedings for adhering to the Global Compact, formalized at the beginning of 2023. The company was the first automotive group financial institution to participate in the Rede Brasil (Brazil Network), which mobilizes the business community in promoting the universal principles of defense of human rights, decent work, environment and anti-corruption.





# Our cultural identity

Upon adopting a proactive stance related to sustainable development, VWFS also took key steps towards consolidating its cultural transformation, underpinned by three pillars: People, Customers and Results.

In the People pillar, in practical terms this implies assuming a sense of ownership, learning from our errors and successes and saying what needs to be said, with respect.

We understand and fulfill the customers' needs, providing the best experience possible and building long-term relationships that translate into sustainable business.

To get results, we are ambitious, we make consistent and sustainable deliveries and, no less important, we recognize and celebrate achievements.



## MISSION

We foster global sales of all the Volkswagen Group brands and boost customer loyalty, in pursuit of long-lasting relationships.

We enable individual mobility for our customers as a trustworthy partner for our dealerships.

We offer attractive products for our customers throughout the vehicle life cycle, enabling us to grow profitably.

Our employees live our corporate values, which results in high levels of customer satisfaction.



## VISION

We are the key to mobility.



## VALUES

- Trust
- Courage
- Customer focus





# Governance structure

■ GRI 2-9

VWFS Brasil has a robust governance structure supported by internal policies and procedures aligned with regulatory standards and the Volkswagen Group guidelines, as well as best market practices and local and international governance benchmarks. Currently there is a specific policy for managing committees, accompanied by their respective regulations.

The company has 12 committees (Executive, Risk, Audit, Compensation, Credit, Integrity and Compliance, Customers, Data Protection and Privacy, Finance, Digitalization and technology, Pricing, ESG & Sustainability), of which three are regulatory, and eight, technical committees, as well as the Executive Committee. See the roles and attributions of the main committees in their three areas of activity:

## Regulatory committees

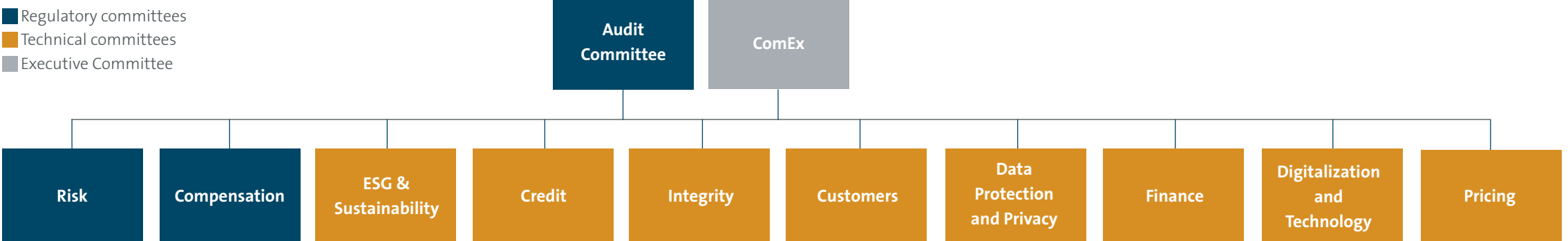
The Risk Committee advises the Executive Board and makes recommendations about levels of risk appetite, policies, strategies and risk and capital management limits, among other functions. The Compensation Committee reviews and approves fixed and variable remuneration programs in annual meetings.

## Decision making committees

The Credit Committee is responsible for assessing and deciding on credits that exceed established limits, as defined in credit policy. The Integrity and Compliance Committee tracks the evolution of knowledge and the adoption of principles and practices in the Together for Integrity program (T4I).

## Technical committees

The Customer Committee addresses matters related to customer service, experience and satisfaction. The Data Protection and Privacy Committee monitors new standards. It also decides on the measures necessary to ensure compliance with legislation, effectiveness in rapid response to crises and the treatment dispensed to legal demands from customers. The Finance Committee is responsible for assessing results, risks and treasury products. The Digitalization and Technology Committee assesses the portfolio, analyzes and tracks new projects, in addition to defining priorities. The Pricing Committee analyzes aspects such as competitiveness, rates and terms for products.







GRI 2-10

## Executive Committee

The highest governance body is the Executive Committee (ComEx), comprising all the directors of the institution (nine members), one of whom is a woman. ComEx is responsible for decision making and overseeing management of the organization's impact on the economy, on sustainability and people management. It is also responsible for approving the information in this annual report. The technical and regulatory committees provide support for senior management decision making. The committees have the autonomy to provide information and take decisions.

In terms of decision making, ComEx, comprising the directors of the organization, is the forum for addressing confidential and strategic subjects. Linked with this committee there are the Integrity & Compliance and ESG & Sustainability committees, that address matters related to people and to sustainability, respectively.

The organization has two managing directors: one CEO and one CFO. Both the statutory and non-statutory directors report to them. The CEO and CFO report to the Regional Manager South America.

GRI 2-11, 2-18, 2-19

### Selection process

All the directors on the ComEx undergo a meticulous assessment process conducted by the Human Resources department, in compliance with the guidelines set forth in organizational policies, and are subject to approval by VWFS AG. The Executive Committee does not report locally to other bodies, which guarantees its independence.

The choice of committee members takes into account professional experience, academic background, knowledge of the financial market, technical knowledge related to compliance, governance and the code of conduct. Generally, ComEx members have experience working in Germany, where the head office is located.

The Executive Committee reports only to the head office (Volkswagen Financial Services AG). Its members have indeterminate terms of office, in accordance with the position the member occupies in the institution. At a global level we have a representative of the employees – one of our main stakeholders – who is a member of the board. An annual meeting is held in Germany for employee representatives from all the offices worldwide, in which two representatives of VWFS Brasil participate. Locally, the company also has internal employee representation. This representation is not related to the employees' union, being aligned

with the head office model aimed at participative, contemporaneous management.

In most cases, the selection of committee members is linked with the role exercised by the participant and the subjects discussed in each forum. The approval criterion is the relevance of the subject for the organization. The participation of non executives tends to be isolated and depends on the subjects addressed in the forum. The following rite must be observed for the establishment of committees: the requesting department should contact the Compliance Department to propose the creation of a committee, informing its purpose, name, members and the frequency of meetings.

The Compliance Department will undertake a prior assessment and forward the request to be voted on by ComEx. The nomination of committee members is subject to assessment by the ComEx members.

### PERFORMANCE REVIEW

The methods for reviewing the performance of the team are aligned with the principles employed in all the organization's structures. Goals are set for the team on an annual basis aligned with the company's strategic requirements. Behavioral aspects are incorporated into the final review.





EXECUTIVE COMMITTEE



**Rodrigo Capuruço,**  
Managing Director - CEO  
and Regional Manager  
South America



**Pieter Griep,**  
Managing Director - CFO



**Simone Moras,**  
Marketing Director



**Felipe Oliveira,**  
Director of Information  
Technology



**Marco Aurélio de Castro,**  
Director of Human Resources,  
Corporate Communication, ESG  
& Sustainability



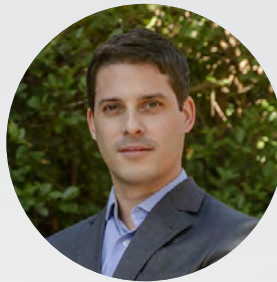
**Eduardo Portas,**  
Sales Director



**Leonardo Rocha,**  
Director of Risk,  
Credit and Collection



**Luis Fabiano Penteado,**  
Legal, Compliance and  
Integrity Director



**Ricardo Paixão,**  
Finance Director





GRI 2-19, 2-20, 2-21, 202-1, 202-2, 405-2

# Remuneration policies

The bonus system currently in place for VWFS Brasil executives is worldwide and is aligned with the philosophy “*We instead of I*”, that is, it promotes the idea of the group and team working. The current components take into account both local performance and that of the group as a whole, focusing on solidity and perpetuation of the business. It also considers questions of compliance and integrity. The model is being reviewed by the head office to incorporate ESG indicators. Probably the bonus to be paid in 2024 based on 2023 performance will incorporate these new indicators.

One attribution of the compensation committee is to review and approve the remuneration policy. The role of the remuneration consultant is to provide inputs for decision making based on market information (salary survey) and an analysis of internal equilibrium. The compensation of the organization’s key executives is decided by the head office in Germany. Whereas decisions on the remuneration of first liners (the first line of executives reporting to the ComEx) is the responsibility of the main executives.

We do not disclose the results of stakeholder (including shareholders) votes on remuneration policies and proposals. Competitiveness policy and remuneration strategy are revised periodically and are based on salary surveys involving the main companies in the segment. This subject is discussed with the Executive Committee, responsible for validating the strategy.

The annual total compensation ratio of the highest paid individual in the organization to the average total annual compensation for all employees (excluding the highest paid individual) is 13.83. These data do not take interns and administrative apprentices into account. Because this is the company’s first GRI report, there are not enough data to make a comparison with the previous cycle and it is not possible to know whether there was a percentage increase in the total annual compensation. Therefore, 2022 will be the base year for future comparisons to be reported in the next annual reports.

The ratio of the lowest salary to the minimum salary is 147.79% both for women and for men. 88.89% of the board members are contracted from the local community (Brazil).

The ratio of the lowest salary to the minimum salary is  
**147.79%**  
both for women  
and for men







## EXISTING CRITERIA IN 2022



### Fixed and variable remuneration

Annually the company conducts a salary survey to verify the level of competitiveness of the fixed remuneration of professionals, middle management and executives with the main players in the segment – retail banks, investment banks, captive banks, digital banks, means of payment companies and benefits administrators.

A comparative analysis is made for each position, with a view to increasing the accuracy of the comparison of our staff with the market. For each category, a salary grid is elaborated in five steps with a range varying from 60% to 100%, depending on the employee's category. These steps may be made horizontally due to salary increases for performance that exceeds expectations. Promotions may occur both through increments of activities of greater complexity within the current position and through moves to hierarchically higher positions.

The Profit Share scheme (PLR) for professionals and middle management is based on salary multiples for each category, which take into account the company's financial results. The calculation

takes into account the performance review (70% indexed to the achievement of individual targets and 30% to competency assessment).

The bonus model for executives is aligned with the group philosophy, which reinforces team work and joint effort to achieve corporate goals and results. The calculation is based both on local and global indicators, including the diverse group brands.



### Attraction and retention bonus or recruitment incentive payments

The organization may seek individuals from the market for determined positions requiring specific knowledge, critical functions for dealing with regulatory bodies (such as the Central Bank, Public Prosecution service, among others) or even for internal positions for which no successors are ready. In these cases, a one-off payment may be offered as an attraction or retention bonus, which will be indexed to the individual remaining in the company for a determined period.



### Severance payment

Severance payments are made in accordance with legislation.



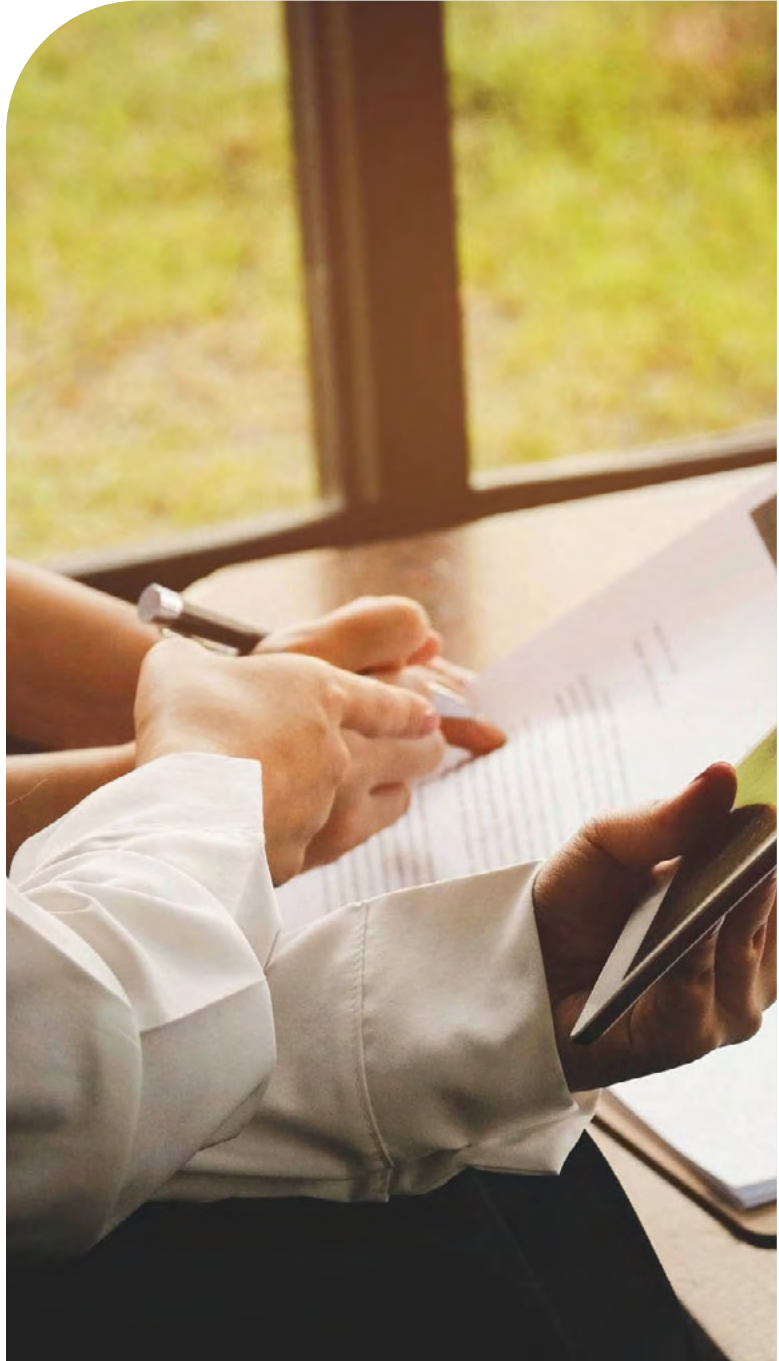
### Return of bonus and incentives (clawback)

Clawback clauses are based on the following principle: if a deviation in personal conduct is identified, the individual will be submitted to a disciplinary committee. The committee may determine a reduction or the return of the full amount of the bonus.



### Retirement benefits

VWFS Brasil has a closed pension plan with contributions linked with a table based on salary bands. Irrespective of the voluntary contribution, the organization makes monthly matching payments for all employee categories.



GRI 2-12, 2-13

# Management supervision

The Compliance Department bears the main responsibility for overseeing governance in the organization. It tracks updates in rules and regulations that may impact the organization, as well as maintaining close contact with VWFS AG (head office) related to any changes in guidelines on ethics and conduct, which are brought into effect by means of policy and the Code of Conduct. Our model provides for the adoption of a single code of conduct for the entire Volkswagen Group, which may be adapted in accordance with local legislation.

Additionally, every year the area prepares communication plans and training courses that incorporate ethics, conduct and integrity, among others. The members of the Integrity and Compliance Committee, which include the directors of compliance and human resources and the internal audit manager, participate in the approval of these plans. To demonstrate senior management support for the Compliance Program, the CEO also participates in all the integrity workshops promoted by the organization.

In organizational meetings, senior management reinforces the message of integrity, compliance and the organization's commitment to the environment and human rights. Corporate strategy is also constantly discussed in the regular agendas of the Executive Committee, in line with global Volkswagen Group guidelines.

The Compliance Department implemented mechanisms to ensure the company's adhesion to the regulatory framework applicable to the business, by means of an annual assessment of regulatory standards and group policies, based on classifications of criticality. Compliance also oversees the annual mapping of the organization's internal controls.

The results are reported annually to the main regulatory body of the Brazilian financial System (Brazilian Central Bank), as well as to the head office. These subjects may also be addressed in a decentralized manner in the diverse organizational committees, such as: Risk Committee, People Committee, ESG & Sustainability Committee, as well as the Compliance & Integrity Committee and the Audit Committee.

Responsibility for managing impacts on the environment, economy and people is not delegated, because the organization's governance design attributes this responsibility to each company area.

The main tool for reporting the analysis of the business areas' impact for compliance is through regulatory reports (Brazilian Central Bank and head office), mainly from the perspective of accounting, compliance and integrated risk management.





GRI 207-2

# Fiscal and tax control

VWFS Brasil has a team dedicated to overseeing the organization's fiscal compliance. A statutory director is responsible for tax and agendas related to this subject are addressed through the Finance Committee. Tax-related matters are presented to this committee, which includes all the statutory directors (including the CEO and CFO), on a quarterly basis.

We attribute the highest importance to compliance and more specifically to tax compliance. In addition to the principles defined in KRL 20 (*Konzernrichtlinie*, a German term meaning group policy) and in the Code of Conduct, the company expressly adopts the main guiding principles of tax law, as well as the tax principles of the VWFS Brasil group of brands.

To ensure proper compliance with tax obligations, the administration ordered the Tax Department to establish a tax compliance management system, through which the organization's fiscal risks are recorded, controlled centrally and monitored. The Tax Department is responsible for determining VWFS Brasil's specific fiscal risks and for defining

mitigation measures, such as issuing tax-related working procedures and conducting training on tax questions.

The governance and fiscal control structure is assessed taking into account, in addition to the decisions of the Finance Committee and direct management of tax questions by a statutory director, tax accounting in accordance with existing standards. Additionally, the Internal Controls Department maps the institution's controls on an annual basis.

The reporting of concerns related to anti-ethical or illicit conduct and to organizational integrity regarding taxes occurs by means of the annual mapping of internal controls. This enables assessment of the segregation of functions and conflicts of interest in activities related to tax management. Any illicit activities may also be communicated through the Whistleblower Channel. Human and system failures may also be recorded for the assessment of financial impacts and any impacts on image or reputation.



We attribute great importance to tax compliance and follow the constitutional standards and principles of VWFS Brasil

GRI 207-3

# FISCAL AND TAX MANAGEMENT

In Brazil, relations between tax authorities and tax payers are regulated by standards, integration systems and administrative procedures. Accordingly, only company directors and authorized powers of attorney may respond to the regulatory bodies (tax authorities) on behalf of the VWFS Brasil companies.

All fiscal or electronic documents related to tax obligations are forwarded to the tax authorities through systems or administrative procedures regulated by law, normative instructions and provisional measures, among others. In the event of a response by email, everyone involved in the response should receive a copy, as should at least one statutory director.

After the receipt and analysis of a determined tax-related ruling, if the decision is made to contest the ruling, the following procedure is applied:

- Analysis by the tax compliance team
- Analysis by the Board
- Decision on whether to undertake an administrative or judicial dispute
- Presentation of administrative dispute or filing of law suit with support from internal tax lawyers and specialized legal offices



GRI 2-15

## Conflicts of interest

The Compliance team adopts and discloses policies on conflicts of interest and measures to mitigate them. The company's Code of Conduct also provides guidance for employees on the behaviors expected to minimize conflicts of interest and declarations to this effect are signed by all employees every two years.

As part of the admission process, all employees and interns receive the VWFS Code of Conduct. The new employees must declare that they have received, read, understood and agree with the principles described in the document, making the commitment to update their information whenever necessary. If any conflict of interest should arise, this will be reported to the departments involved (HR, Compliance and other necessary areas, such as Legal). The company updates the employee declarations of adherence to the code of conduct every two years. The document for recording a conflict of interest is the Declaration of the Code of Conduct.

The annual mapping of internal controls also takes into account potential conflicts in the execution of activities linked with the organization's key controls. Governance of Information Technology (IT) and HR work directly on assessing the segregation of functions and accesses, mitigating potential conflicts. Compliance, HR and Governance consult with respect to these definitions whenever necessary.

GRI 2-16

## Communication of critical concerns

Incidents which may compromise the organization's compliance system and/or cause important impacts on its image and reputation in the market (for example, through environmental or social misconduct on the part of business partners) are monitored on a monthly basis, by means of the company's Hot Topics routine.

This monitoring is performed by the Internal Audit, Legal and Tax teams, who also base their observations on the company's risk matrix. This routine is conducted by Compliance. In the event of identification of a relevant incident, an official report is prepared and sent to the head office for evaluation.

Other departments, in particular Legal Affairs and Risk, use a report called Ad Hoc, which is sent to VWFS AG and ComEx whenever an incident that is relevant in terms of financial and other impacts is identified. This process does not cover the Whistleblower Channel, which is managed locally by Internal Audit. The reports are handled by the Integrity Committee.

In the reporting period, only one critical concern was communicated to the highest governance body. This involved the Parliamentary Inquiry Committee (CPI or Comissão Parlamentar de Inquérito) on Brazil's ISS service tax, initiated in Cuiabá. VWFS Brasil was mentioned in the inquiry but the likelihood of condemnation is slight.







# Ethics and integrity

■ GRI 2-23, 2-9, 2-13, 2-21, 2-26, 2-28, 3-3

## For the sixth consecutive year, we received the Selo de Empresa Amiga da Justiça (Justice Friendly Company Seal)

The year was very favorable in terms of promoting ethics and integrity. Our programs for compliance, prevention of money laundering, anti-corruption and antitrust received positive assessments from the internal and external audits and from our main regulatory authority, the Brazilian Central Bank.

Other highlights that demonstrated the company's robust compliance and integrity culture were our record score (94.1%) in the Together 4 Integrity program, the consistent performance of the team that oversees compliance and the consolidation of governance processes in LM Soluções de Mobilidade. The Compliance Department also assumed management of internal standards aimed at generating greater synergy between processes and controls.

In 2022, we reduced our portfolio of lawsuits resulting in liabilities by just over 15%, crowning a reduction of approximately 40% over the last five years. This result reflects the adoption of efficient working processes, effective and respectful conduct in the courts and the development of simple and transparent contracts that are easy for customers to understand. This advance was recognized by the São Paulo Tribunal of Justice, which

granted VWFS Brasil its Justice Friendly Company seal for the sixth consecutive year.

The company is returning to the Brazilian Banking Federation (Febraban - Federação Brasileira de Bancos), the main Brazilian banking association, which represents an important gain in terms of governance. At the end of 2022, we started to gather the data necessary to obtain the certifications provided by the association. We also participate in the credit, finance and investment association Acrefi (Associação Nacional das Instituições de Crédito, Financiamento e Investimento) and the pooled purchase association Abac (Associação Brasileira de Administradoras de Consórcios).

Our compliance, prevention of money laundering, anti-corruption and antitrust programs received positive assessments in the audits and from our main regulator, the Brazilian Central Bank





GRI 2-24, 2-27

# Responsible business policy commitments

The main instrument guiding responsible business conduct at VWFS Brasil is the organization's Code of Conduct. The document is formulated and signed by representatives of Volkswagen Group senior management. It is oriented to international ethical principles and takes into account the main legislations on anti-corruption, prevention of money laundering and prevention of anti-competitive conduct. There were no significant cases of non-compliance with laws and regulations by VWFS Brasil during the reporting period.

Aspects such as respect for human rights, confidentiality, the proper treatment of data and information security are also addressed in the document. The Volkswagen Group also has a specific integrity program, Together 4 Integrity, which is based on international guidelines and is disseminated to all employees. The company organizes perception seminars on an annual basis. These are attended by the CEO, as well as the directors of two areas: Legal Affairs, Compliance and Integrity; and Human Resources & Corporate Communication. The events generate action plans which are implemented to maintain the high level of perception of integrity within the organization.

VWFS Brasil complies with all the principles set forth in the [Volkswagen Group Code of Conduct](#), aligned with the global commitments to the preservation of human rights and sustainability. The CEO is in full agreement and disseminates these principles.

All company employees attest to having received and read the Code of Conduct, which addresses the topics mentioned above, when they are admitted to the company. Suppliers and business partners also receive a specific version of the document and confirm their awareness of corporate principles. The commitments in the Code of Conduct apply equally to all organizational activities and commercial relations.

Employees are informed of the corporate commitments through a specific page in the company intranet and through corporate email communications. The Code of Conduct is made available to business partners and other stakeholders through the institutional website.

All company employees are responsible for implementing the commitments set forth in the Code of Conduct on a daily basis. These



principles are also reflected in internal company policies and procedures.

The Compliance Department provides ongoing guidance to employees and leaders on the corporate principles, by means of corporate communications, training and the Annual Compliance Program. Worthy of note among the training programs are compliance e-learning, Prevention of Money Laundering and the Code of Conduct, Integrity workshop (Together 4 Integrity), Compliance Week and Compliance Onboarding.





Middle and senior management also play an important role in closely tracking the business areas, ensuring that the corporate principles, ethics and integrity become an intrinsic part of company routines.

Our organizational strategy is guided by the Volkswagen Group global corporate principles and by the Code of Conduct. Integrity and good business conduct are fundamental pillars of Volkswagen Financial Services global strategy. Currently, these principles are reflected in the Mobility 2030 strategy.

Guidance on how to implement the organization's policies and practices for responsible business conduct is delivered through ongoing communications and training courses. The Compliance Department provides information on channels for clarifying any doubts related to our corporate principles and the standards of behavior expected from employees. These mechanisms are also used to communicate the channels for reporting any deviations or breaches in conduct. Managers are also oriented to provide guidance to their subordinates.



[Further information](#)





# Our ESG & Sustainability performance

■ GRI 2-14

The VWFS Brasil ESG & Sustainability area has a lean fixed structure that functions along a matrix with the company's other business areas to ensure the capillarity of the theme. The area is based on three components:

## ■ ESG & Sustainability Committee

This has representatives from all the areas of the business responsible for conducting ESG strategy, with the role of providing support for the ComEx.

## ■ Executive squad

A multifunctional team made up from the Treasury, Risk, Legal, It, Workplace & Well-being and ESG and Sustainability areas, responsible for executing strategic and regulatory measures involving the three ESG (environmental, social and governance) pillars. It engages in projects oriented to the company's specific needs. Governance with the leaders of each team is through weekly meetings and the deliveries follow the route of project management and execution of each particular task.

## ■ Executive management of ESG & Sustainability and the Legal Department

These areas manage ESG & Sustainability.



A CHAVE PARA A  
MOBILIDADE SUSTENTÁVEL







# ESG and Sustainability Committee

## A voluntary initiative undertaken before Central Bank regulation

In 2022, VWFS Brasil created the ESG & Sustainability Committee, in advance of the regulatory determination of the Brazilian Central Bank for institutions in the S3 segment, those whose size is less than 1% and equal to or higher than 0.1% of Gross Domestic Product (GDP). The committee's attributions include:

- 1 Advise and make recommendations to the ComEx on subjects concerning ESG and Sustainability;
- 2 Track reporting on the ESG strategy targets and the indicator dashboard;
- 3 Discuss, assess, propose targets and review ESG strategy in the light of innovations, programs and initiatives, both from a legal standpoint and in terms of best Brazilian and international practices; and
- 4 Inform the ComEx, the Audit Committee and Integrity Committee of situations involving ESG topics and potential risks to the company's image, reputation and assets.

## OUR ESG GOVERNANCE STRUCTURE

### STRATEGY

ESG & Sustainability Committee

### IMPLEMENTATION

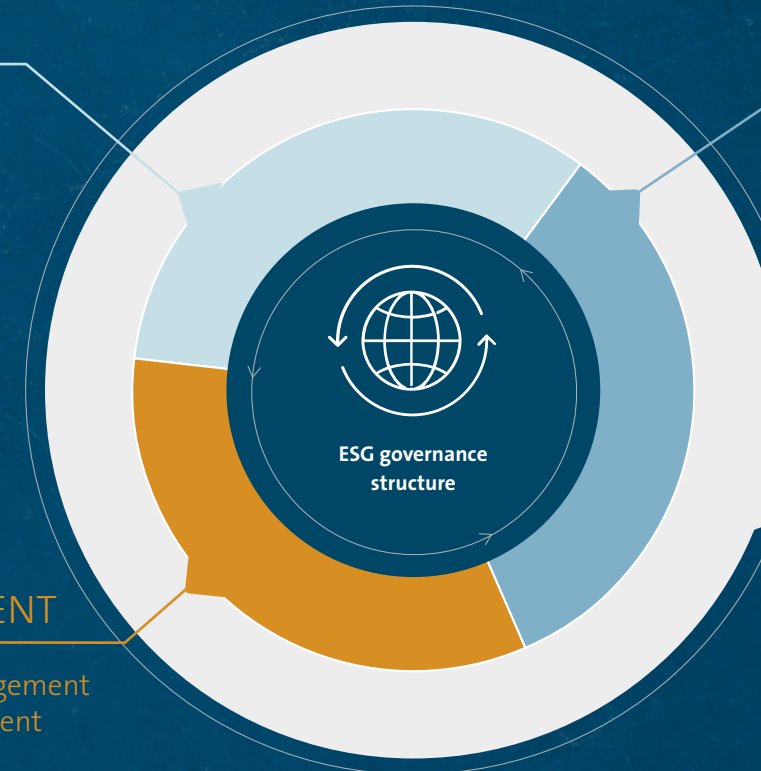
Executive squad  
Treasury  
Risk  
Legal  
IT  
Workplace & Well-being  
Diversity & Inclusion  
Marketing  
ESG & Sustainability

### STAKEHOLDERS

Employees  
Customers  
Investors  
Brands  
Business partners  
Suppliers  
Dealers

### MANAGEMENT

Executive Management  
+ Legal Department







## GRI 2-25

# Remediation of negative impacts

To promote or collaborate with the remediation of its negative impacts, the company provides financial and administrative support to the Fundação Grupo Volkswagen. This organization promotes actions in the third sector, both by means of services rendered to underprivileged communities and by the implementation of recycling activities in the group's production chain.

VWFS Brasil participates actively in providing advice to the organization and in volunteer work activities, as well as providing financial support for social assistance measures. In addition to assisting the foundation oriented to the third sector, VWFS Brasil supports and sponsors cultural and sporting events through governmental programs or market sponsorships.

To identify and address complaints, the organization has a [Whistleblower Channel](#), accessed by different means, through which employees, customers, suppliers and business partners may report breaches in conduct by the organization or its representatives. The company also has an Ombudsman and customer service channels.

Contacts are handled in the restricted forum of the channel, which reports directly to senior management (Integrity Committee). As a result of analysis of reports, disciplinary measures may be adopted against employees. If applicable, legal measures may also be considered. The handling and investigation of reports are standardized for all VWFS subsidiaries worldwide.



# Enhancement of contracts

The constant enhancement of contracts and processes that reflect new legislation, regulations and best market practices is an ongoing process in the company. We have a clear vision that being an ethical and responsible company is not enough. Our goal is to foster the same behavior in our customers, suppliers and shareholders.

One of the initiatives to enhance governance has been fostering a circular economy. In all contracts with partners, we include an addendum on good practices which companies in any industry may adopt. There are also clauses on the environment, sustainability and human rights.

We include an addendum on good circular economy practices in all our contracts with partners





GRI 2-17, 205-1, 205-2, 205-3

# Anti-corruption policies

VWFS Brasil has consolidated rules for the prevention of corruption, such as its Integrity Policy and the Code of Conduct. We also have policies to identify and mitigate conflicts of interest and the accumulation of functions, which are verified by internal controls. In 2022, the Code of Conduct was updated in a process coordinated by the senior management of the Volkswagen Group.

In the year covered by the report, no cases of corruption were recorded in the organization and there are no corruption-related lawsuits in course. All four of the organization's operations were subject to risk assessments. Similarly, 100% of the members of the highest governance body, employees and workers were informed about procedures for combating corruption and received training in the company's anti-corruption policies and procedures. The functional categories of the staff trained include: members of the Executive Committee, senior managers, professionals, apprentices and interns.

All of the company's 159 business partners were informed about the company's procedures. Business partners are trained by means of communications, manuals, educational materials. This takes place on an annual basis, as with the rest of the company.

## Relevant topics

Under the management of the Compliance Department, the following topics are considered important in monitoring this risk:

- **Gifts and presents:** unwarranted influence, active or passive corruption;
- **Donations and sponsorship:** unwarranted influence, active or passive corruption;
- **Supplier assessment:** unwarranted influence, active or passive corruption;
- **Integrity Committee:** decision making process and definition of next steps in the event of reports involving suspected corruption.

Moreover, we have policies to identify and mitigate conflicts of interest and the accumulation of functions, which are verified by internal controls





## Continuous updating

The Compliance team promotes annual training courses on compliance, prevention of money laundering, anti-corruption, the compliance system, the whistleblower channel, integrity and related questions. In 2022, the ESG & Sustainability area participated in this training to share the main ESG and sustainability principles with the organization.

The members of the Compliance team remain updated by studying changes in regulatory requirements and in Brazilian and international ESG-related legislations.

For the Prevention of Money Laundering and Financing of Terrorism, we rely on the constant

updating of Brazilian and international black lists. In 2022, we consolidated and further developed our internal assessment of this type of risk.

In line with the principles Know Your Customer, Know Your Partner and Know Your Employee, we also observe negative media and consult other black lists made available by the HR, credit, sales and procurement areas.

In addition to the measures that support identification, qualification and classification, VWFS Brasil also has digital tools for the continuous monitoring of the customer portfolio and business partners, as well as specific policies for key business partners and suppliers.



# 100%

of the members of the highest governance body, employees and other workers were trained in anti-corruption procedures

FS9

## INTERNAL AUDIT

VWFS Brasil has its own internal audit structure, which assists the organization in assessing and enhancing the effectiveness of risk management, control and governance processes. The Internal Audit works in compliance with the standards and procedures established by Brazil's National Monetary Council, Central Bank, the Volkswagen Group Corporate Internal Audit and the Conselho Federal de Contabilidade (Federal Accounting Council). We also seek to be compliant with Institute of Internal Auditors' International Professional Practices Framework.

The area works on identifying all the company's auditable lines of business, processes and products. For each auditable area, risk criteria and relevance determine the frequency with which audits are conducted. In 2022, the Internal Audit completed close to 100% of its work plan, in addition to generating diverse ideas for improvements and providing consultancy.





GRI 3-3, 418-1, SASB FN-CF-230a.3 ● ODS 16

# Data privacy and security

VWFS Brasil has an [information security](#) policy that is compliant with global standards and with the guidelines of the VW Group worldwide. All the personal data handled by the company is done so legally, which means it is in compliance with the provisions of Brazil's General Data Protection Law (LGPD).

Our [Privacy Policy](#) is aimed at demonstrating VWFS Brasil's commitment to privacy, ensuring transparency for customers related to the way personal data is treated within the scope of use of the services offered by the company. Only strictly necessary data is collected, ensuring the privacy of the data owner. The company fully respects data owners' opposition and refusal to receive marketing and sales communications.

Even though the company does not yet have ISO/IEC 27001 standard certification, we are aligned with its guidelines. We also continuously monitor a series of indicators, which are reported to senior management.

Worthy of note among these are:

- Vulnerability and resolution time indicators;
- Findings from the results of intrusion tests and audits;
- Information security awareness;
- Information security incidents;
- Management of systems updates;
- Access management;
- Backup;
- Data encrypting;
- Access and segregation of function;
- Data center technical service requirements;
- Business Continuity Plan and IT Disaster Recovery Operation;

To prevent and mitigate actual and potential negative impacts related to ethics, privacy and data security, the company conducts an annual mapping exercise of all data treatment in the light of the data protection law. This includes control processes, communication and training, signatures of the Code of Conduct and the treatment of exceptions for the assumption of specific risks. Relevant events are reported to the Risk Committee and the action plans to correct or mitigate the causes are monitored by the Operational Risk Department. All positive impacts are reported to the main committees.

The company handles all personal data in compliance with Brazil's LGPD data protection law



We provide training in these areas, as well as assessing employee attendance at training. Furthermore, we evaluate the effectiveness of controls. The target is to have 100% of the work force trained, in accordance with corporate strategy. By means of the annual policy review and the elaboration of a compliance report, the company assesses whether the learnings have been incorporated into operating procedures.

The company has enhanced a series of digital tools to manage information and security events, such as SIEM and the threat intelligence service to reinforce cybernetic security. Another measure adopted in the year was the implementation of PKI (Public Key Infrastructure), a public key infrastructure dedicated to managing digital certificates and cryptography. All information security incidents are cataloged, prioritized and handled using the IT Service Manager (ITSM) tool.

As a result of the painstaking management of privacy and data security in the reporting period there were no cases of leaks, theft or losses of personal data or relevant damage to data owners which would require mandatory communication under the terms of article 48 of the General Personal Data Protection Law (LGPD).

# Challenges and opportunities

From 2023, VWFS has established the target of exceeding regulatory expectations and requirements so that the company becomes a benchmark in governance and compliance in the market. The company is also seeking even more modern digital tools for managing the prevention of money laundering and financing of terrorism and consolidating these practices into its corporate governance. The integrity programs continue to be a priority for the organization with the goal of guaranteeing the heightened perception of employees and other stakeholders.

For 2023, we have a plan to adhere to banking self-regulation. This reflects our commitment as a financial institution to employing the best market practices, which include international standards for privacy and data treatment, and healthy competition in the financial system.

A challenge that deserves special attention is knowledge and monitoring of customers, partners and suppliers. As we want to be positioned as a company engaged in robust ESG practices, it is also necessary to verify our partners. This analysis is complex because much of the information that we require is not public and needs to be requested from the partner. We have already conducted an internal study on how to identify, prevent and remediate human rights in the supply chain, and we intend to publish a guide on this for the VW Group.

Another target is the greater use of technology in legal activities (artificial intelligence, robotization and data analytics), which will enable greater efficiency and agility, lower costs and greater focus on strategic questions.

We want to be positioned as a company with robust ESG practices, which is why we seek to enhance the verification of human rights-related matters in our supplier chain





2022  
ANNUAL REPORT

PRESENTATION

VWFS BRASIL

PEOPLE

STRATEGY AND  
FUTURE VISION

PERFORMANCE

GRI CONTENT  
INDEX

# People

Our employees

Management and development

Diversity and inclusion

Health, safety and well-being

Human rights and community relations





# Human value

## People are Volkswagen Financial Services' most valuable asset.

We are committed to creating a healthy work environment that promotes personal development. This is why values related to social inclusion, valuing diversity, eliminating barriers to participation and human rights permeate all our activities.

By the same token, the company is committed to being respectful and transparent with all its stakeholders, from the consumers of our products and services to investors, suppliers, partners, communities and representatives of regulatory authorities. We maintain diverse communication channels to ensure relations with all our stakeholders are more and more productive, beneficial and long-lasting.



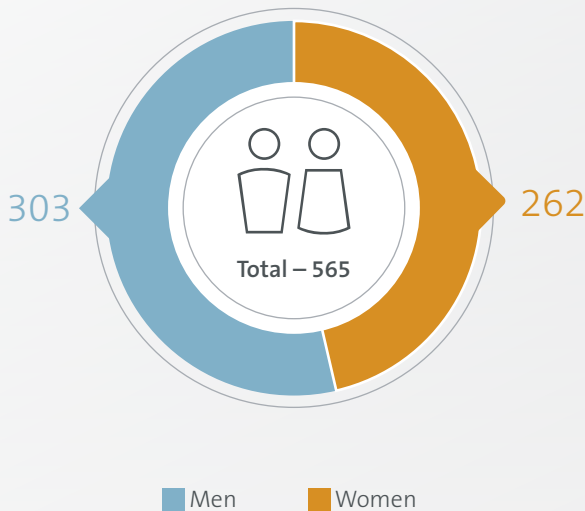


# Our employees

■ GRI 2-7, 2-8

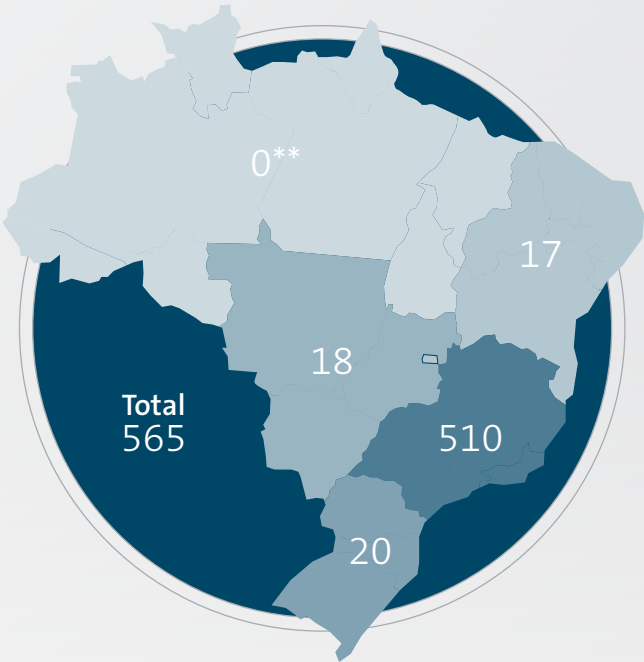
VWFS Brasil has 565 employees on permanent contracts, 54% men and 46% women. They work full-time in the Southeast, South, Midwest and Northeast regions of the country. We have 26 interns and 17 administrative apprentices.

EMPLOYEES BY TYPE OF CONTRACT AND GENDER (2022)\*



\*There are no temporary employees.

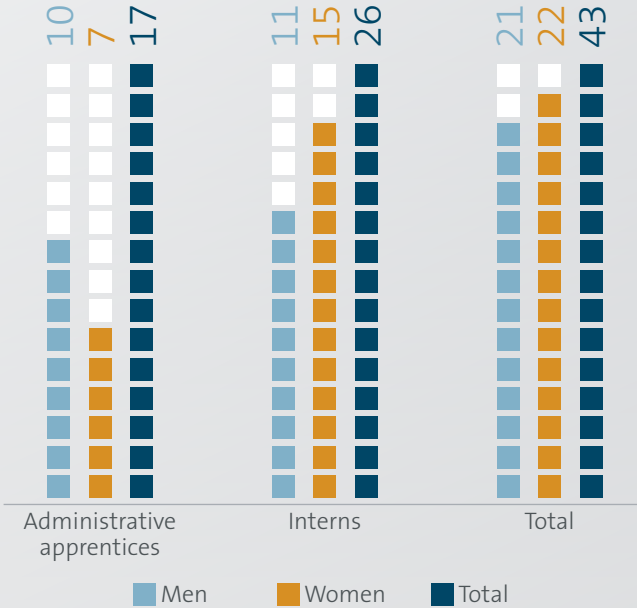
EMPLOYEES BY TYPE OF WORK CONTRACT AND REGION (2022)\*



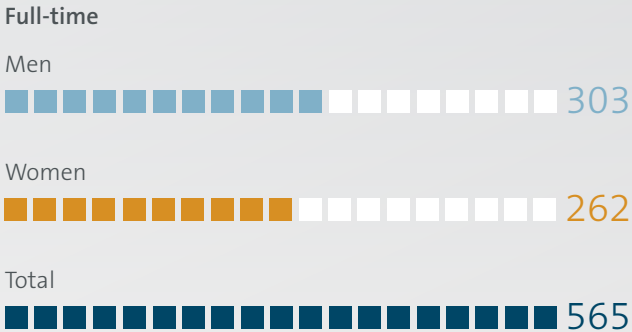
\*In absolute numbers. There are no fixed-term contracts or part-time workers.

\*\* The operation in the Northern region is covered by the regional management in Brasilia.

WORKERS BY FUNCTIONAL CATEGORY AND GENDER IN ABSOLUTE NUMBERS



EMPLOYEES BY TYPE OF EMPLOYMENT (2022)



\*There is no part-time employment or contracts without guaranteed work loads.



# Management and development

VWFS values employees with a self-starter mindset when it comes to personal development. This is why we orientate managers and subordinates to design individual development plans, that may change during the course of the year. Both individual and collective development measures are supported by a specific budget. In 2022, more than BRL 1.6 million was invested in training for the whole company, with 1,800 hours focused on leadership.

We have a training trail that reinforces cultural aspects and policies of the company, addressing areas such as ethics, prevention of money laundering and operational risks. In the career planning field, in 2022 we reviewed the mapping of performers & potentials, increasing the number of women engaged from ten to sixteen. Performers are people we consider to have a high level performance. Potentials are talents we target to assume leadership positions in the future

We also reviewed the competencies considered in the performance appraisal, focused on the corporate culture pillars.

**GRI 401-2, 401-3**

Our development, education and training structure is developed via diverse actions that occur simultaneously, such as:

- Leadership development programs
- Essential training trails
- Breakfast with the CEO and leaders
- On-demand training related to the individual plan
- Training on diversity and inclusion







# Benefits

All employees and their dependents are entitled to the medical plans offered by the organization. Dental plans are also offered to employees and dependents, but do not include executives yet. The company encourages activities that drive physical and mental well-being, offering benefits such as the Gympass corporate well-being program. We also provide an outpatient medical service for employees and third-parties, with an on-site clinic to handle emergencies, with monitoring and support from the social service.

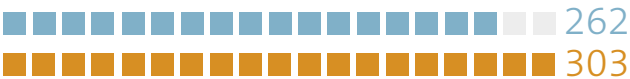
The standard benefits for full-time employees are:

- Complement to social security payments for sick leave;
- Extended maternity and paternity leave;
- Healthcare plan;
- Life insurance (optional);
- Private pension plan;
- Savings plan
- Meal allowance;
- Food allowance;
- Personal accident insurance;
- Dental plan;
- Mobility card/allowance;
- Restaurant and clinic at workplace;
- Gympass application, providing access to gyms;
- Day off (day off on birthday, with a BRL 100 bonus on the food allowance to buy a cake).



## MATERNITY/PATERNITY LEAVE 2022 GRI 401-3

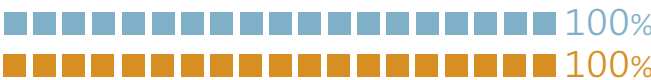
Employees entitled to take leave



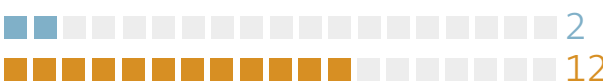
Employees who returned to work at the end of leave within the reporting cycle



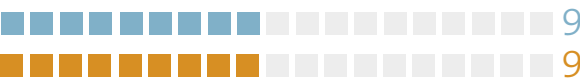
Return rate\*



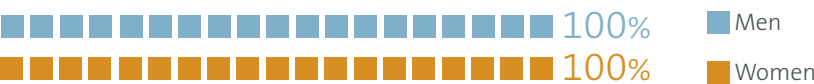
Employees who took leave



Employees who returned to work after the leave and remained employed 12 months after their return



Retention rate\*\*



\* Ratio between the total number of employees retained 12 months after returning to work following a period of parental leave and the total number of employees returning from parental leave in the prior reporting period (2021).

\*\* Ratio between the total number of employees returning to work following a period of parental leave divided by the total number of employees who should return to work in 2022.



GRI 2-30

# Collective work agreements

At VWFS Brasil, 85.8% of the employees are covered by collective work agreements. For positions of trust, including consultants, coordinators, managers, executive managers, senior managers, directors and Regional Manager South America, salary adjustments on base dates are non-linear, with the percentage approved by the head office in Germany.

# Hybrid work

The year saw the adoption of a hybrid work format, which involved important challenges from the fiscal, social security and labor perspectives. More modern work contracts that take into account the current reality were elaborated to ensure greater legal security for the company and the employees. Now the control of working hours is more focused on productivity.

The use of communication tools such as *Teams* required a significant amount of communication and training for teams and managers. A key point in this change in paradigm was material support for the new model with infrastructure and equipment. No less important due to the care necessary with remote working was constant training in the personal data protection law, LGPD.







# Diversity and inclusion

■ GRI 3-3, 405-1, FS14 ● SDG 5 ● SDG 10

To prevent and mitigate potential negative impacts related to the material topic Diversity and Inclusion, in 2022 VWFS Brasil initiated a project of at least three years to implant Inclusive Management as a method. This measure involves mapping culture, policies and practices to generate corrective, structured and formative actions on a multi and interdisciplinary basis throughout the company.

The company also undertook a functional mapping of disabled and/or rehabilitated employees reported to the government via the Caged\* register, aimed at guaranteeing reasonable adaptation, including accessibility resources enabling the exercise of functions.

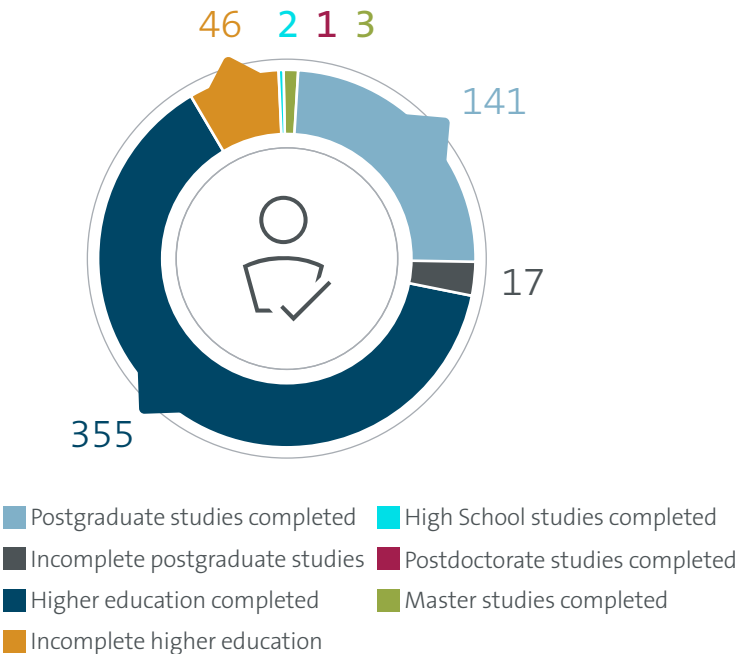
As a result of the mapping of active disabled employees, internally no architectural or equipment-related barriers to the exercise of functions were identified. The organization offers a telephone service for hearing impaired customers.

After the disclosure of the inclusive management methodology, we started work on providing internal and external support to provide a technical basis and to ensure clarification of doubts by specialists in each area of Inclusive Management. The measures are informed as each area is reached during each phase of the mapping.

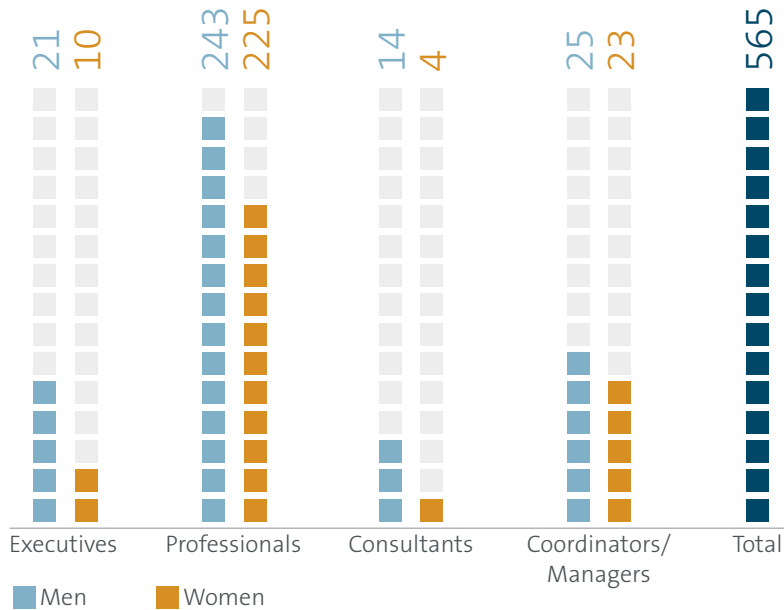
\* General Register of Employees and Unemployed.

In the breakdown of employees by gender, we have 54% men and 46% women. In 2022, the number of women leaders increased by 22% from 27 to 33. At executive level, growth was 67%, from six to ten women. 57% of the promotions during the year were granted to women. There was also an important advance in the ethnic-racial area, with an increase in the number of non-white interns from 46 to 70.

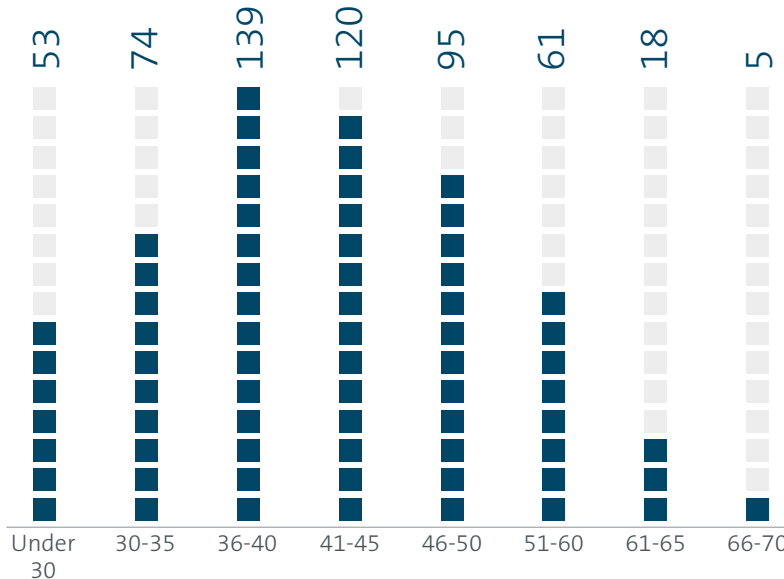
## BREAKDOWN OF EMPLOYEES BY LEVEL OF SCHOOLING



BREAKDOWN OF EMPLOYEES BY GENDER



BREAKDOWN OF EMPLOYEES BY AGE GROUP



# Commitment to equality

Volkswagen Financial Services AG has a global commitment to reach at least 25% women in leadership positions by 2025. VWFS Brasil has already reached 32%, but our ambition is to make the workplace even more equal. The company has one woman on ComEx and is committed to prioritizing women to fill future vacancies. As of yet, there is no member representing other minority groups.

We have planned affirmative actions for disabled employees, that will be mapped and applied in 2023. The goal is to create an individual development plan that will enable promotion and entry to more internal opportunities in the company, promoting access in all its dimensions, not just the architectural ones.

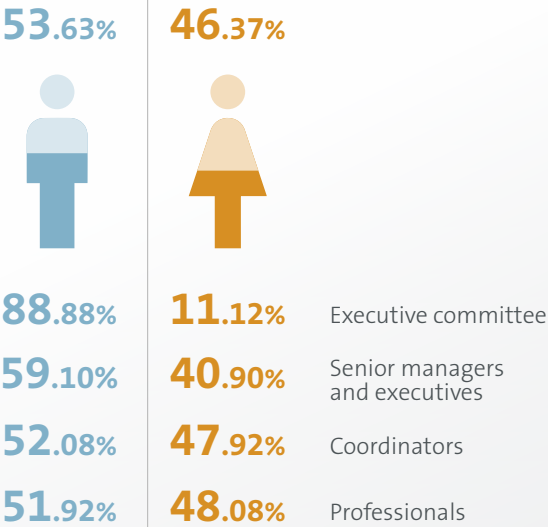
This is a long-term plan that is multidisciplinary in nature. We are still at the implementation phase of the project, which is why we have not yet determined all the inputs to generate the Human rights and Community relations (SDG 10) and employee Health and safety (SDG 3) indicators.



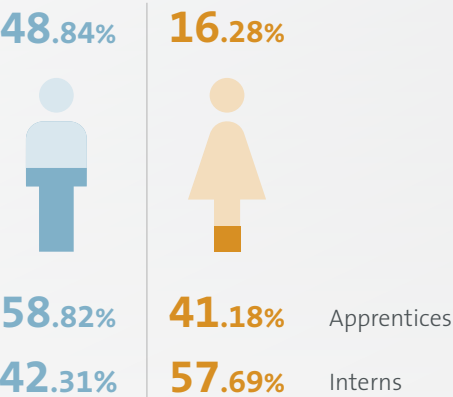
VWFS Brasil has 32% women in leadership positions, exceeding the company's global commitment to have at least 25% by 2025



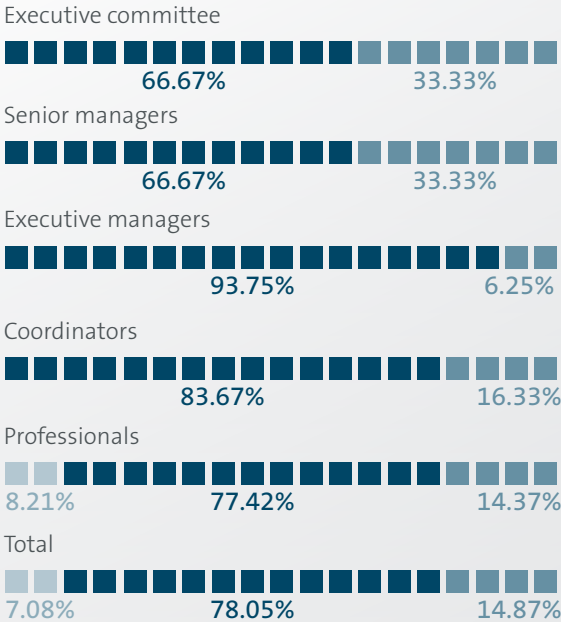
### EMPLOYEES BY FUNCTIONAL CATEGORY AND GENDER - 2022 (%)



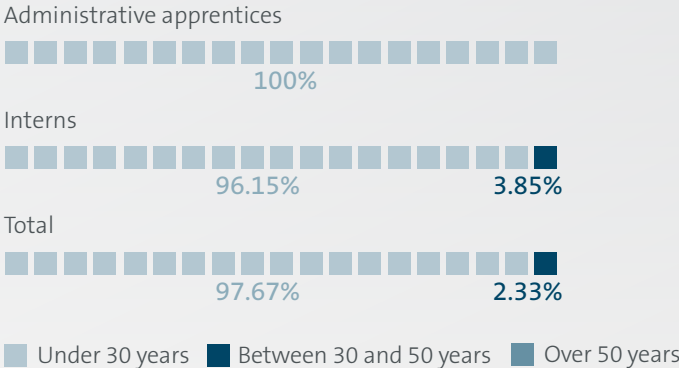
### WORKERS BY FUNCTIONAL CATEGORY AND GENDER - 2022 (%)



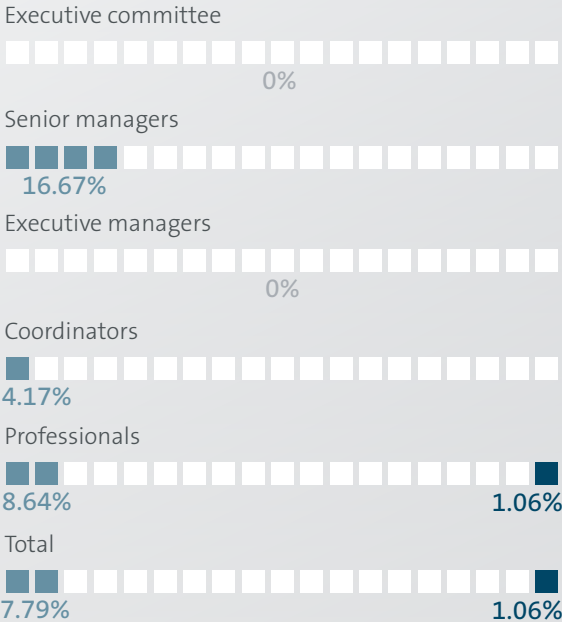
### EMPLOYEES BY FUNCTIONAL CATEGORY AND AGE GROUP - 2022 (%)



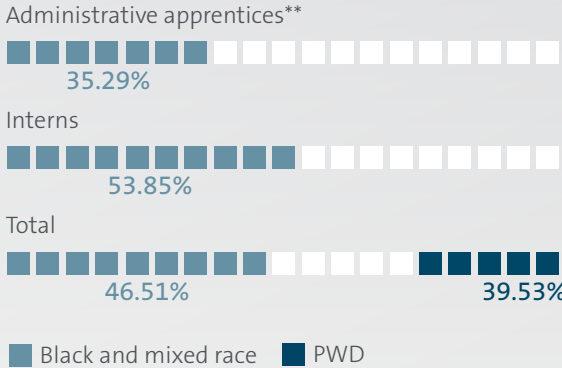
### WORKERS BY FUNCTIONAL CATEGORY AND AGE GROUP - 2022 (%)



### EMPLOYEES FROM MINORITY GROUPS, BY FUNCTIONAL CATEGORY - 2022 (%)\*



### WORKERS FROM MINORITY GROUPS, BY FUNCTIONAL CATEGORY - 2022 (%)



\*The company does not yet monitor LGBTQIA+ individuals.

\*\*100% of the administrative apprentices are PWD.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN  
TO MEN - BY FUNCTIONAL CATEGORY – 2022(%)\* **GRI 405-2**

Ratio Men X Women	Base salary	Remuneration
Executive committee**	81	57
Executive managers	89	84
Senior managers	95	94
Coordinators	96	92
Professionals	92	91

\* The data take all the organization into account. Male employees historically have greater length of service, which has enabled more opportunities for horizontal salary progressions in their career. Regarding the other levels in the organization, the variation is also associated with male employees' greater length of service in the company. The administrative apprentice category is formally employed under Brazil's CLT regime.

\*\* The variation observed in the Executive Committee is explained in part by there being one woman at this level, as well as by the fact that she assumed this position from the second semester of 2022.

GRI 406-1

INCIDENTS OF DISCRIMINATION  
AND CORRECTIVE ACTIONS TAKEN

There are two labor grievances underway related to psychological harassment. One of the cases has not yet been settled in court. The case was deemed unsubstantiated. Both cases are still subject to appeal until a final decision is taken. The company established procedures aligned with the requirements of the Volkswagen Group to identify incidents of non-compliance and establish formal monitoring programs and grievance mechanisms. Regarding the grievance mechanisms, the rule in place is that the grievances received should be handled confidentially.







# Health, safety and well-being

● SDG 3

Creating conditions that enable our employees to coexist in a healthy, safe and agreeable environment is a priority for VWFS Brasil. We are especially attentive to this question and adopt corporate policies that enable us to go beyond the obligations set forth in legislation and regulatory standards.

These range from campaigns to prevent diseases and accidents to agreements to promote physical activities, including the ergonomic assessment of work posts and the monitoring of indicators that enable continuous improvement in processes.

Since the beginning of the Covid-19 pandemic in 2020, together with diverse departments, the company developed measures and protocols to prevent and control the disease based on existing sanitary protocols and legislation.



## SUMMARY OF ACTIVITIES DEVELOPED

- Actions to maintain **social distancing**
- Measures for the correct use and disposal of **masks**
- Promotion of **hand washing**
- **Checking of temperature** upon entry
- **Rapid tests**
- **Electronic bulletins**
- Identification of people in **high risk groups**
- Incentives for **vaccination**
- **Control** of people vaccinated, positive cases and suspected cases
- Control of **contacts** in positive and suspected cases
- **Training and medical protocols**



GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 416-1, 416-2

## Health and safety management

VWFS Brasil has an occupational safety management system which includes a checklist for assessing risks in environments and follows a schedule in accordance with the degree of risk. The system is aligned with the standards established by the Brazilian Ministry of Labor and Employment and covers all employees and workers. Its attributions are:

- Development of preventive and health promotion programs;
- Healthcare campaigns;
- Execution of occupational examinations; and
- Application of an epidemiological questionnaire.

Since the organization's activities are administrative, there are no imminent risks of hazards. Regarding third-party workers, the company requires the presentation of appropriate documentation for working in hazardous conditions such as the LTCAT (Laudo Técnico de Condições Ambientais de Trabalho) and training certificates, in accordance with regulations.

In the head office building in São Paulo, the company has two firemen on call during working hours and one at nighttime, on holidays and weekends. They are compliant with the instructions

issued by the São Paulo state Fire Brigade and the applicable regulatory standard (NR). Their attributions include inspections, tests and training of the employees in the building. On an annual basis we conduct building evacuation and accident simulation drills.

With regard to events involving employees/ third-parties, all incidents follow a specific flow-chart of procedures. According to the type of incident, a fireman is summoned together with nurses to provide first aid. The patient is then sent to the outpatient clinic to be assessed by the doctor and, if necessary, transported for treatment in the hospital network.

If a third-party employee identifies a high risk situation, they should call the firemen to analyze the case, as well as to check documentation. If everything is correct, the activity is liberated and the employees may execute it, assisted by the fireman.

In the year covered by the report, there was only one case of a workplace incident requiring mandatory communication. This involved a cut that was not severe and did not require sick leave. There were no cases of diseases, severe accidents or fatalities related to the company's activities. Should this occur, the procedure consists in undertaking an investigation to identify the cause and



to eliminate the risk. When a work-related injury occurs with a third-party employee, an occupational safety technician investigates the incident and prepares an action plan to eliminate or control the risk. The company monitors the situation until the end of the process.

Employees participate in training sessions and occupational health and safety measures, as well as in the Internal Accident Prevention and Environment Week (Sipatma in the Portuguese acronym). The company has an Internal Accident and Harassment Prevention Committee (Cipa), comprising representatives of the employees and the employer, which holds monthly meetings.





## Training and campaigns

The only risk identified for those working at VWFS Brasil is ergonomic, which is considered to be low level. The company always acts preventively in this respect, issuing ergonomics reports, with interviews and orientations for workers on measures to prevent work-related ill-health.

The organization promotes thematic campaigns on a monthly basis, following an annual schedule. Every month different topics related to promoting healthcare are addressed. Vaccination campaigns, such as influenza, are offered to employees and dependents, at a discounted rate. The company also offers a course for mothers-to-be and first aid training, aimed at employees and third-parties.

All the data on employees and third-parties who require aid in our outpatient clinic is stored in accordance with the personal data protection law (LGPD).

## Consumer health and safety

Under the terms of Brazil's Consumer Defense Code, the products and services provided by VWFS Brasil as a financial institution do not constitute any hazard or risk for our customers. The impacts of the company's product categories on the health and safety of the consumer are not assessed.

# Human rights and community relations

■ GRI 3-3, 410-1, 413-2 ● SDG 10

VWFS Brasil's community actions and interactions occur through volunteer work, internal donation campaigns and bazaars, as well as through the Fundação Grupo Volkswagen (FGVW), which invests in community education and development actions financed by a fund constituted by Volkswagen. The foundation currently embraces two priority causes: urban mobility and sustainable communities, and social mobility and inclusion. The foundation also provides technical support for some social responsibility actions by group companies in Brazil. Volkswagen do Brasil, Volkswagen Trucks and Buses and VWFS Brasil participate in the governance bodies of the foundation.

All of its projects are correlated with the Sustainable Development Goals (SDGs) on the United Nations Organization's 2030 Agenda. In the core topics on the human rights agenda, FGVW prioritizes questions oriented to the inclusive education of disabled persons, the guarantee of fundamental rights, employability and income generation – principally for women – and access to cities. The Fundação Grupo Volkswagen also supports Volkswagen Group social responsibility actions for diversity and the inclusion of minority groups, especially women, black and mixed race people, the LGBTQIA+ community and the disabled.

Further information in [Social Performance](#)





GRI 2-29

## Stakeholder relations

Our stakeholders are employees, consumers, investors, brands, dealers, authorized representatives, multibrand stores, business partners, suppliers, investors and creditors.



### SPECIFIC ENGAGEMENT GOALS FOR EACH GROUP:



#### Employees

Strengthen the pillars of culture, sense of ownership, pride in belonging.



#### Customers

Increase satisfaction and loyalty, reinforcing the institutional reputation of the brand and the group.



#### Investors and creditors

Propose good investments and competitive rates, always safeguarding our solidity and robustness.



#### Suppliers

Ensure that suppliers always pursue best market practices in offering our customers simple and rapid solutions.



#### Dealers, authorized representatives, multibrand stores and business partners

Build and maintain relations to generate more business and profitability for everyone involved, aimed at healthy partnerships that offer the best solutions to fulfill customer needs.



#### Brands

Build relations and contributions to partnerships focused on developing new projects that promote business growth and strengthen the business and legitimacy of the VW Group operations in the country.





We have diverse initiatives to achieve these goals (see the next page). Consumer satisfaction surveys are conducted repeatedly with a view to understanding how the experience with our products and services has been. In 2022 we implemented a process whereby, based on customer feedback, we designed journeys seeking to resolve the root cause of problems.

We launched the Clube de Clientes (Customer Club) for conversations in which we seek to understand their vision of relevant topics such as sustainability and also to validate solutions. In addition to listening to the customer, these spaces are for validation and for adjusting the courses we are following to ensure alignment with customer expectations.

The key performance indicators (KPIs) and the progress of the actions are monitored by the Customer Committee, to ensure they maintain their relevance.

We have evolved in the digitalization of the customer journey with the launch of Torq, the VWFS Brasil virtual assistant, which received 18,530 customer evaluations between August and September. We were the first company in the VW Group financial conglomerate worldwide to launch this tool. We also created the Customer Portal for the Car Bank brand, which provides service 24 hours a day, seven days a week.

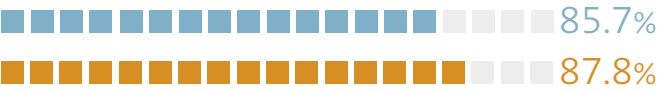
In support or sponsorship of cultural and social initiatives, we develop exclusive relationship actions to involve these audiences, with a focus on their particularities. All these customer focused actions have resulted in an increase in the consumer satisfaction rate, which rose from 85.7% in 2021 to 87.8% in 2022. In the dealer satisfaction survey, we increased from 92.7% to 93.2%.

Another highlight in stakeholder relations in the year was the indication of the bank and pooled purchase operation for the Reclame Aqui Award, which recognizes the Brazilian companies with the best reputations and most efficient customer service operations.

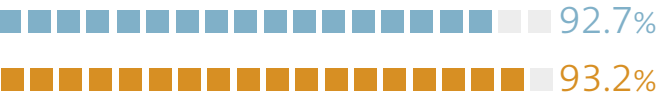
Differently from the large multiple banks, which have a branch network and sales force, the Treasury, which negotiates the financial products, is responsible for capturing investors and funding. Regarding traditional bank deposit certificate (CDB) investors, we manage relations through investment platforms or marketplaces. These channels strengthen our nationwide reach, provide scalability and facilitate the offer of products in a safe and properly organized environment.

## SATISFACTION RATE

### Consumers



### Dealers



■ 2021  
■ 2022







# Initiatives for customers and dealers

Some 2022 VWFS Brasil initiatives aimed at improving end customer and business partner satisfaction:



Program of senior management visits to dealers and banking correspondent stores to get a feel for the end customer experience



Launch of the digital assistant Torq as a self-service tool via Whatsapp



November launch of the Consórcio Nacional Volkswagen (pooled purchase) for trucks



Campaign to engage dealer sales staff in insurance sales



Expansion of use of Sales Force tool for omnichannel customer service



Launch of VW Truck Rental



Complete solution campaign, such as free Volkswagen insurance for launch of the Polo



Constant reviews and improvements in campaigns and measurement of results in customer relationship management (CRM)



Expansion of Audi Luxury Signature



Integration of dealers into the VWFS cultural agenda with customer involvement



Start up of partnership between Consórcio Nacional Volkswagen and Embrakon



Launch of the Customer Club, an open conversation space for this stakeholder group



Expansion into new channels by means of the new Car Bank brand





2022  
ANNUAL REPORT

PRESENTATION

VWFS BRASIL

PEOPLE

STRATEGY AND  
FUTURE VISION

PERFORMANCE

GRI CONTENT  
INDEX

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# Strategy and Future vision

Mobility 2030

Investments and capital allocation

Risk management

Sustainability vision



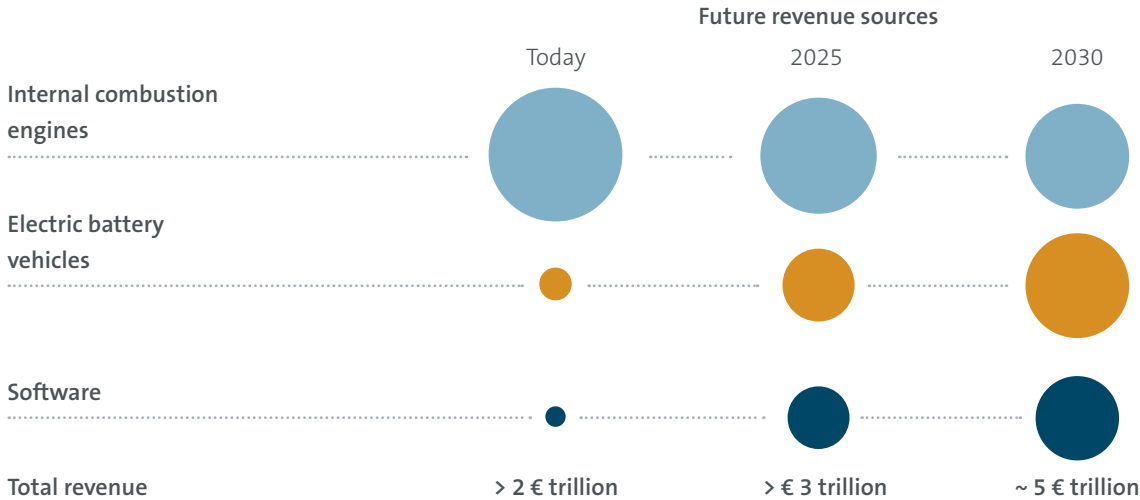


# An electrified, connected world in motion

Three trends are going to provoke major changes in the automotive industry in the context of the global energy transition towards a low carbon economy: the electrification of means of transportation with the use of hybrid vehicles and other potential alternatives, vehicles connected in networks and mobility as a service. Although individual mobility continues to play a central role in people's lives, the car and the business model of automobile manufacturers will undergo fundamental transformations.

In the coming years, revenue sources will change gradually from combustion powered vehicles to electric models with zero gas emissions. It is also expected that vehicle sales will cede space for software and mobility services, driven by autonomous or self-driving technology. In a scenario in which mobility revenues should double by 2030, the outlook for the sector is encouraging – and challenging.

## WORLD OF MOBILITY



Schematic overall vision based on internal and external analyses. Source: Volkswagen.







# Mobility 2030

● SDG 7 ● SDG 12 ● SDG 13



The VWFS Group is reinventing itself to offer ever more sustainable and relevant mobility products and services for the new generations.

This change is expressed in the new corporate strategy, [Mobility 2030](#), which will now shape the course of the business globally, substituting Route 2025.

The company is investing in its growth potential through consolidated brands, based on four innovative technology platforms: mechatronics, software, batteries and charging solutions, and mobility. These fronts are sustained by an emphasis on ESG aspects, on decarbonization and on the transformation of the corporate culture.

In tune with this strategy, VWFS Brasil has undertaken diverse initiatives that underscore its role as a company that provides mobility solutions and whose business is oriented to the principles of sustainable development as opposed to just being a financial institution.

Sustainability-related topics gain greater relevance in the credit analysis and customer awareness processes, as well as in contracting and training suppliers.



## OUR MAIN AMBITIONS RELATED TO SUSTAINABILITY



Maximize customer loyalty  
to the Volkswagen Group brands



Leverage data and technology as the  
main facilitators of our success



Act as entrepreneurs and pursue  
the greatest success



Unleash the potential of business  
throughout the vehicle life cycle  
together with the group brands



Conduct the transition to zero carbon  
mobility in accordance with the  
Volkswagen Group ESG principles



# Investments and capital allocation

We started the year at the earliest time on the first working day in 2022 (January 3) with the finalization of the acquisition of control of LM Soluções de Mobilidade, a strategic investment that positions VWFS Brasil among the leading players in the segment in the country. The process involved the initial construction, due diligence, contract discussions, the signature and the approval of the antitrust body Cade (Conselho Administrativo de Defesa Econômica).

In April 2022, we incorporated Fleetzil into LM Soluções de Mobilidade, finalizing the planned legal corporate design. In October, we implanted an integrated system for contracts, standardizing the structures. The controller of [LM](#) is the company [Simple Way](#).



The acquisition of control of  
LM was a material fact in 2022







# Risk management

■ GRI 3-3 ● ODS 16

In 2022, VWFS Brasil consolidated the modernization of risk assessment, which had been underway in the three previous years and involved massive process automation. The changes, oriented to results and placing the customer at the center of the process, involved actions related to digitalization, information security and scalability.

Worthy of note was the complete adoption of a digital corporate credit analysis system, considered to be at the forefront of financial service companies worldwide. Implanted at the end of 2021, the Credit Corporate Decision System (CCDS) eliminated the use of paper and manual activities in processing major transactions of above BRL 10 million. The corporate credit decision making chain at the dealers was taken over by executives on a remote basis.

The company's digital invoicing systems were integrated. As a result, we obtained gains in efficiency and response times that benefited our dealer partners and the end customer. In addition to enabling more agile team work, our new collection system enabled the implantation of more effective automated strategies.

We initiated the restructuring of the Direct Consumer Credit (CDC) process, with the adoption of new digital tools that provoked a strong positive impact on the payment flow. The average operation processing time, which in some cases had taken up to 48 hours, is now only three hours.

The combination of the innovations adopted in the period enabled an increase in the quality of managing the three main risks for the business, in addition to reducing operational risk, the main thermometer of our efficiency. As a result, VWFS Brasil has a delinquency rate below the market average, which enables us to pursue the best customers.

## KEY RISK INDICATORS\*

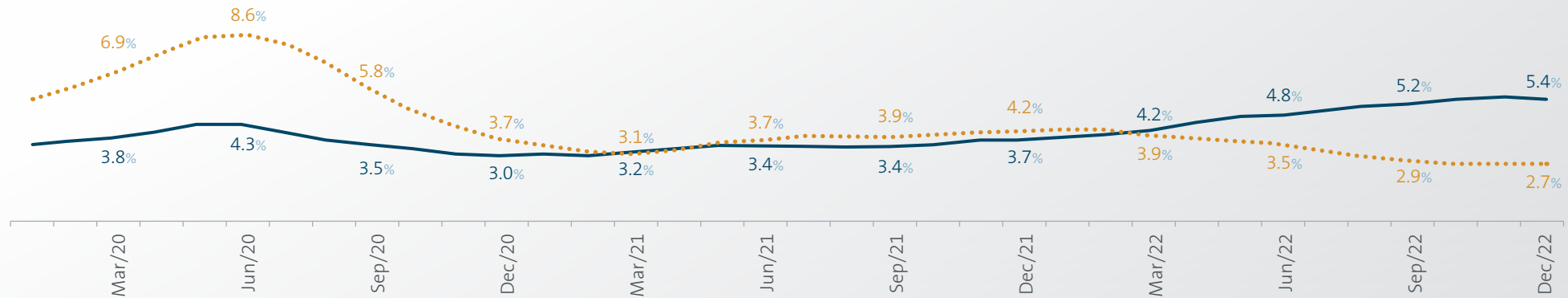
	2020	2021	2022
Portfolio	19.056	23.663	31.863
% Over 90 Portfolio	2,2%	2,2%	1,8%
Provision	633	706	824
% Provision/Portfolio	3,3%	3,0%	2,6%
Losses	696	425	475
% Losses/Portfolio	3,7%	1,8%	1,5%

\*BRGAAP standards.

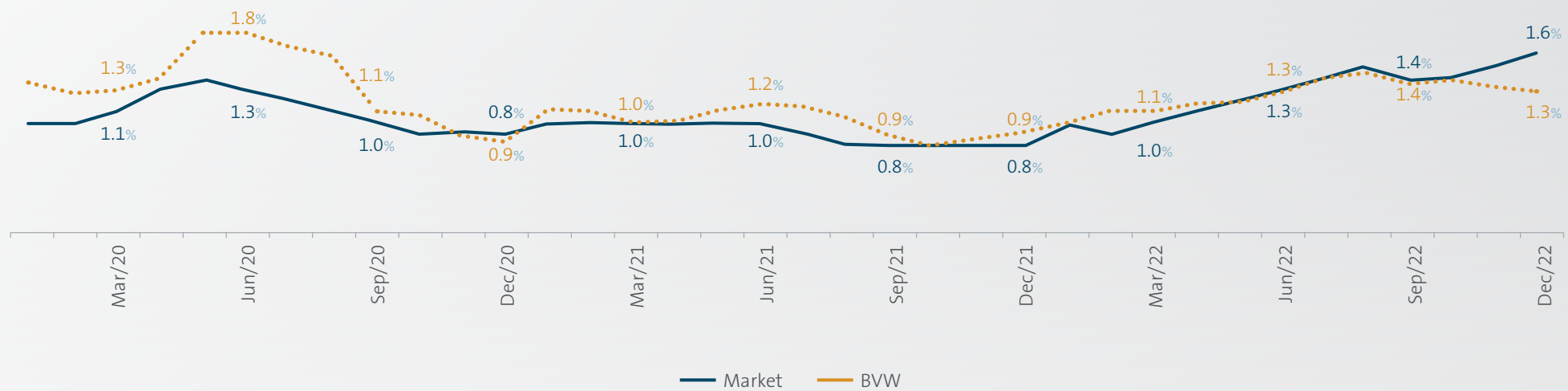


## DELINQUENCY VWFS BRASIL VS. MARKET\*

Active contracts more than 90 days overdue - 2020 to 2022



Direct Consumer Credit (CDC) – vehicles – companies- 2020 to 2022



\*BRGAAP standard

Source: Brazilian Central Bank. Sistema Financeiro Nacional Credit Statistics. Relatório da Associação Nacional de Instituições de Crédito, Financiamento e Investimento (Acrefi).  
Elaborated by VWFS in February 2023.





# Main business risks



## Strategic risk

This addresses possible long-term problems caused by decisions taken by senior management. To minimize them, the committees have periodic meetings to monitor and review internal strategies, in line with Integrity and Compliance.



## Credit risk

Credit risk is related to factors external to the company that could jeopardize payment of credit granted. This varies in accordance with the customer profile, the products and services offered, the amount requested and the institution granting the credit. With a view to fulfilling strategic goals and adequate risk management, the VWFS credit risk management structure is aligned with head office guidelines, Basel Agreement requirements and the requirements of Brazil's National Monetary Council and Central Bank.



## Interest rate risk

This is the actual or potential risk associated with adverse changes in interest rate risk in the banking book (IRRBB) – which is the case with all the company's operations. In line with regulatory body standards and adopting models aligned with best market practice, the company measures, assesses and monitors interest rate risk in accordance with the policies, guidelines and operational limits established by a specific committee.

Three methodologies are used in this monitoring and control:

- Economic Value of Equity (EVE), which measures the variation in the net present value of assets and liabilities in accordance with interest rate shocks and stress scenarios;
- Net Interest Income (NII), a measure of sensitivity which simulates the impacts of oscillations in interest rates in the result of financial intermediation; and
- Stress Test, which assesses the effect of simulated large variations in interest rates.



## Liquidity risk

This is the possibility of the company not being able to honor its current and future expected or unexpected obligations, without affecting its daily operations or causing significant losses or, also, of not being able to negotiate its assets at market prices when selling them. The risk is measured, assessed and monitored on a daily basis.





### Operational risk

This is the possibility of suffering losses through the failure, deficiency or inadequacy of internal processes, people, systems or the occurrence of external events. VWFS Brasil considers the following operational risk events:

- Internal and external fraud;
- Labor demands and deficient safety in the workplace;
- Inappropriate practices relative to customers, products and services;
- Damage to company owned physical assets or assets in use;
- Situations that lead to an interruption in activities; and
- Failures in Information Technology (IT) systems, processes or infrastructure, in execution, in honoring deadlines or in managing company activities.



### Cybernetic risk

This involves technology systems and possible attacks by hackers or any associated loss of this nature. A number of tools and processes are adopted to ensure the protection of data related to operations, employees, customers, suppliers and third-parties.



### Socio-environmental and climate risk

Social risk is defined as the possibility of occurrence of losses for the institution caused by events associated with the violation of rights and fundamental guarantees or acts that are harmful to common interests.

Environmental risk is the possibility of the occurrence of losses for the institution caused by events associated with the degradation of the environment, including the excessive use of natural resources.

Transition risks and physical risks associated with the climate are defined as:

- **Climate transition risk:** the possibility of occurrence of losses for the institution caused by events associated with the transition to a low carbon economy, in which greenhouse gas emissions are reduced or offset and the natural mechanisms for sequestering these gases are preserved; and
- **Physical climate risk:** the possibility of occurrence of losses for the institution caused by events associated with frequent and severe meteorological conditions or long-term environmental alterations related to changes in climate patterns.

In 2022, VWFS Brasil implanted a new socio-environmental and climate risk policy incorporating new processes for assessing and monitoring these risks.







# Sustainability vision

FS1, FS2, FS4, FS5, FS7, FS8, FN-IN-270a.4, 410a.2 ● SDG 8

The incorporation of ESG into VWFS Brasil management and governance strategies is formalized in the [Social, Environmental and Climate Responsibility Policy](#) (PR SAC). Adopted in 2022, it became mandatory from January 2023 for assessments of credit operations, investments, important suppliers, important customers and for monitoring the economic sector.

The Social, Environmental and Climate Responsibility policy establishes the guidelines for the company to address social, environmental and climate questions adequately, to evaluate their effectiveness and to identify any needs for adjustments. Additionally, it provides parameters for capturing and analyzing our customers' level of exposure to these risks.

This policy should be reviewed annually by the Operational Risk, Market, Liquidity & BCM (Business Continuity Management), Legal and ESG & Sustainability areas, in accordance with the governance bodies established and approved by the board.

All new VWFS Brasil products and significant alterations in existing products are subject to social, environmental and climate risk assessment. Relevant suppliers to the organization are also assessed. This process was adopted recently and the

assessment of its results will be presented in the next report, having 2023 as base year.

The PTP (Product Transparency Process) is aimed at proposing a complete analysis before altering an existing product or launching a new one. This analysis involves the main VWFS Brasil areas for the provision of technical reports. Accordingly, this ensures a broad range of different viewpoints, from organizational guidelines, product maturity level, technological requirements to financial feasibility and legal analysis.

On a joint basis, the Risk, Legal and Compliance departments undertake the legal analysis and make a prior assessment of the potential environmental impacts. When necessary, we conduct training with the teams who apply the Social, Environmental and Climate Risk Policy. In 2022, the areas trained were Corporate Credit, Procurement, Treasury Back Office and Sales.

One specific environmental benefit was the substitution of physical documents with completely digital processes, enabled by the partnership with Embracore. These processes include, for example, contracting consórcio (pool purchasing) groups, the draw, invoicing of the good, transfer of ownership and customer service by means of an application.



FN-IN-410a.2, FN-IN-410b.2 ● SDG 8 ● SDG 13

## Health, safety and environment friendly products

### MAIN TYPES OF INSURANCE SOLD BY THE DEALERS



#### Personal accident

This indemnifies the beneficiary in the event of accidental death or permanent total or partial invalidity by accident.



#### Automobile

In addition to damage to the automobile, it covers material, bodily and non-material damage to third-parties.



#### Loan protection payment

This settles the balance owed in the event of the death or total invalidity by accident of the beneficiary, up to the indemnity limit, in accordance with the product chosen. It pays loan installments in the event of involuntary unemployment or physical incapacity due to illness or accident, in accordance with the product contracted.

### OTHER PRODUCTS OFFERED BY VWFS BRASIL



#### Employee benefit insurance

Permits the policyholder to select the doctors, laboratories and hospitals of their choice.



#### Travel

Provides travelers with assistance in the event of incidents during their journey, in accordance with the types of coverage contracted in the policy.



#### D&O insurance

Ensures coverage in lawsuits, administrative or arbitration procedures for company directors or officers.



#### Civil responsibility insurance

Ensures the reimbursement of indemnities paid out for non-intentional bodily or material damage to third-parties.



#### Environmental Liability Insurance

Provides coverage in the event of activities that cause any type of pollution to the environment.

FS3

## MONITORING OF RELEVANT CUSTOMERS

To monitor clients' implementation of and compliance with environmental and social requirements included in agreements and transactions, the institution conducts monitoring of relevant customers. Customers classified as such receive specific monitoring which includes the following quarterly assessments:

- Fulfillment of action plans for points encountered during the credit concession and renovation process;
- Assessment of any social, environmental and climate-related news involving the customer;
- Assessment of reports made by external auditors, if applicable.

After monitoring, if there is any situation that may put the organization at risk, these customers are submitted to the credit risk discussion forum.







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# Performance

Success in a challenging year

Sales performance

Economic-financial result

Environmental performance

Social performance



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# Success in a challenging year

2022 was marked by events inside and outside the economic spectrum that generated great volatility in the financial markets. Ruptures in the production and logistics chains (semiconductor crisis) continued to impact the market, not only due to the policies to contain Covid-19 adopted by China, but also from the effects of the war between Russia and Ukraine.

The repressed demand in the market and the restriction of goods and services resulted in an increase in inflation, which was combated by Brazil's Central Bank and National Monetary Council (CMN) by means of increases in the basic interest rate, Selic, which rose from 9.25% to 13.75%, allied with the reduction in liquidity policies and lines of credit.

In spite of the difficult situation, the car and truck market continues to develop, actually breaking sales records in December 2022. Worthy of note also is the ongoing strengthening of the partnership between the manufacturers Volkswagen do Brasil, MAN Latin America, Audi Brasil, Ducati do Brasil and, from the second half of 2021, Porsche Brasil, as well as their respective dealership networks.

In 2022, total assets reached BRL 37.2 billion, with credit and leasing operations and other credits corresponding to BRL 32.5 billion. The VWFS Brasil credit policies value the maintenance of asset quality in the most diverse economic contexts. During the year, 91% of our credit and leasing operations portfolio had ratings in the AA, A and B range.



## HIGHLIGHTS IN YEAR



### Leadership

VWFS continues to be the largest automotive bank in Brazil, occupying 23<sup>rd</sup> place among the private financial institutions and 27<sup>th</sup> among the banks in the country, according to the criterion of total assets, in accordance with Brazilian Central Bank data.



### Market share

The company is responsible for 76.4% of all the new vehicles sold with financing by the Volkswagen Group – 71.2% in the truck and bus segment and 77.4% in the automobile segment.



### Capital market

We maintained a solid presence in the capital market, with two public offerings of financial securities of BRL 1 billion each. The issues were in three series, of two, three and four years, with demand exceeding supply.



### Rating

Our credit rating from S&P Global is brAAA, the highest granted by the agency on a national scale for corporate credits.



### Basel

On December 31, 2022, we reached 12% on the Basel Index, which measures the ratio between the money a financial institution has and the amount of third-party capital it has.





# Sales performance

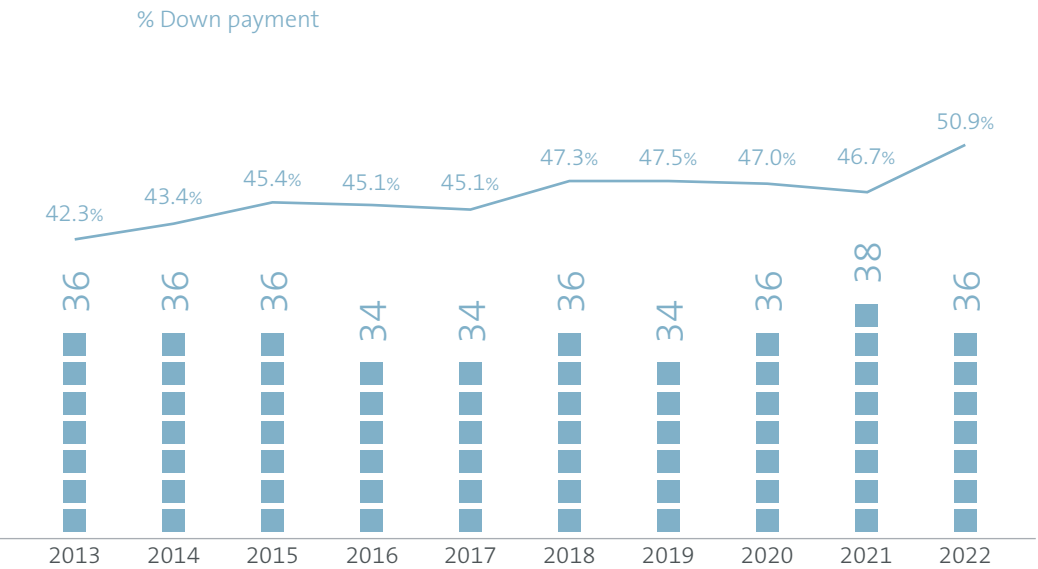
Market share, one of the main indicators of sales performance, shows how much the company financed of the total financed in the segment, excluding cash sales. In 2022, we reached the rate of 89.7% in Volkswagen brand retail, an impressive increase compared with the two previous years.

For trucks, the result was surprising in comparison with the last five years: 71.2%. Performance in the Audi and used vehicle segments has also been showing significant growth. Worthy of note in 2022 was the launch of the Car Bank brand, which has been returning robust performance in the financing market outside the VW group.

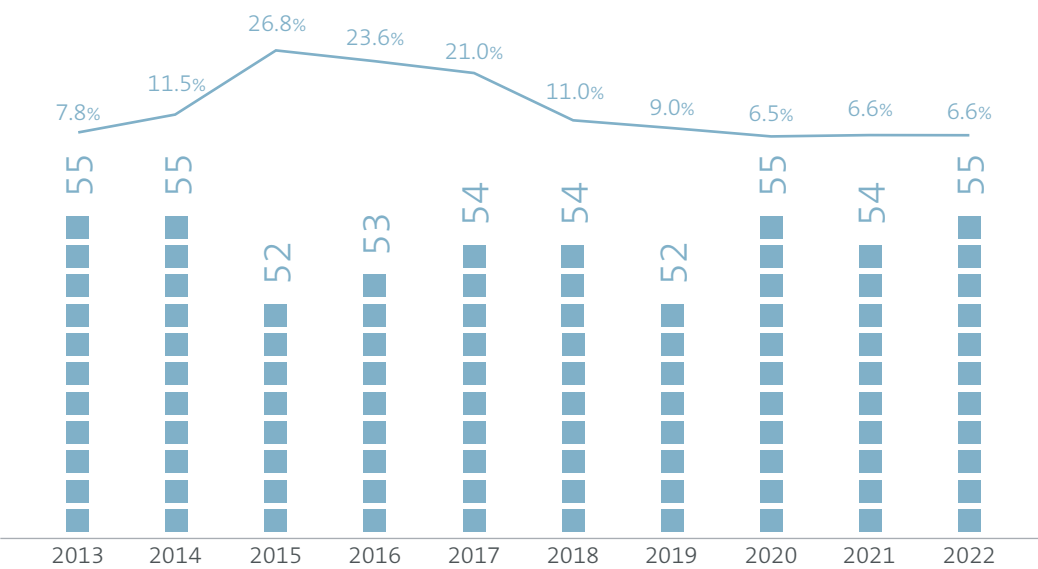


## LENGTH OF CONTRACT (MONTHS)

Light vehicles (CDC)



Heavy vehicles (CDC and Finame)



# Economic-financial result

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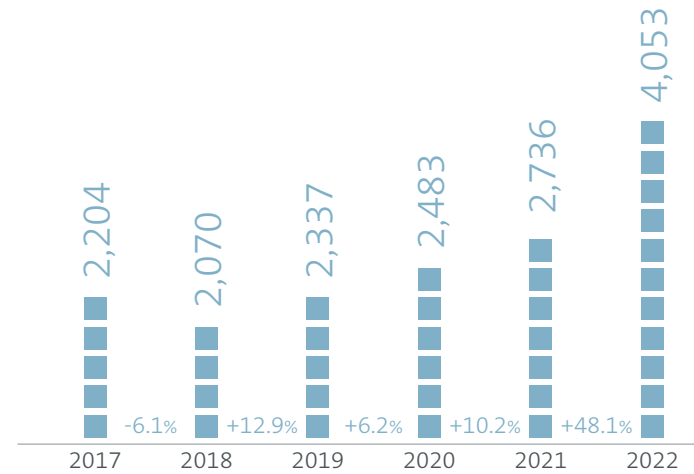
The consolidated financial statements of the Banco Volkswagen and its subsidiaries show the equity and financial position of the company on December 31, 2022, as well as operating performance and cash flows, in accordance with the international financial reporting standards issued by the International Accounting Standards Board (IASB).

All the relevant information was analyzed and approved by the independent auditor Ernst & Young and is available in full on the [VWFS Brasil website](#). Further information is available in the [attachment](#) to this report.

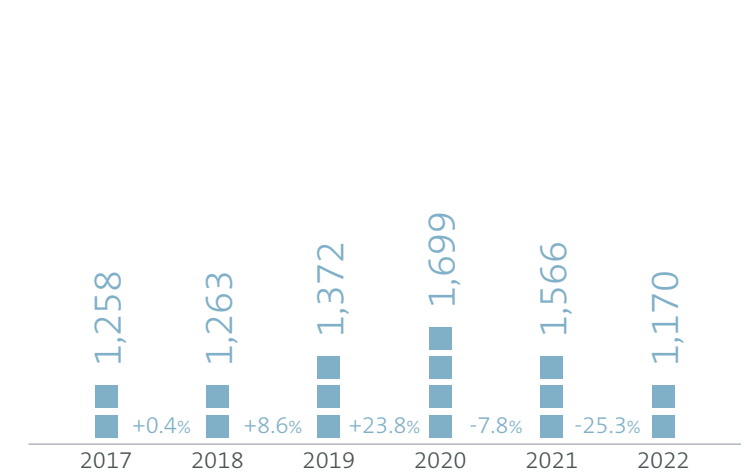


## Income Statement (BRL million)

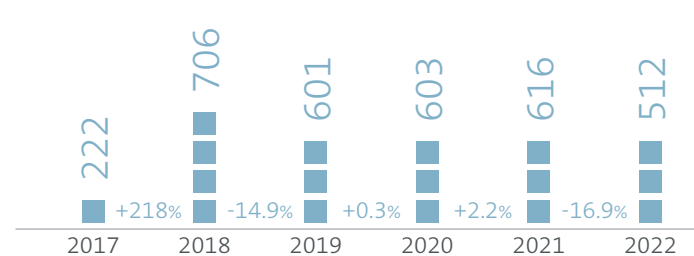
### INTEREST RESULT AND OTHER FINANCIAL RESULT



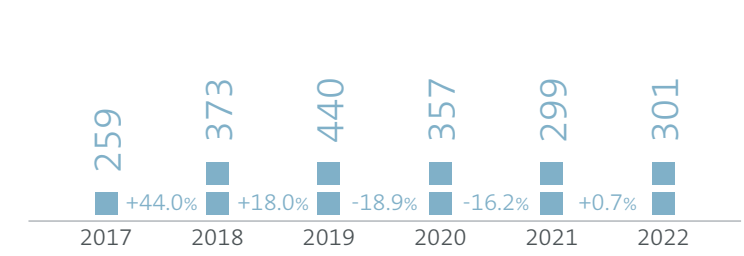
### NET INTEREST INCOME



### OPERATING RESULT



### NET PROFIT

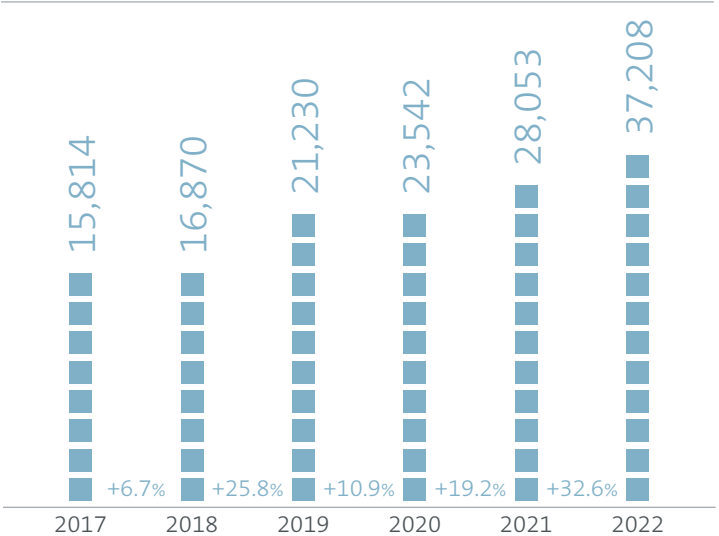




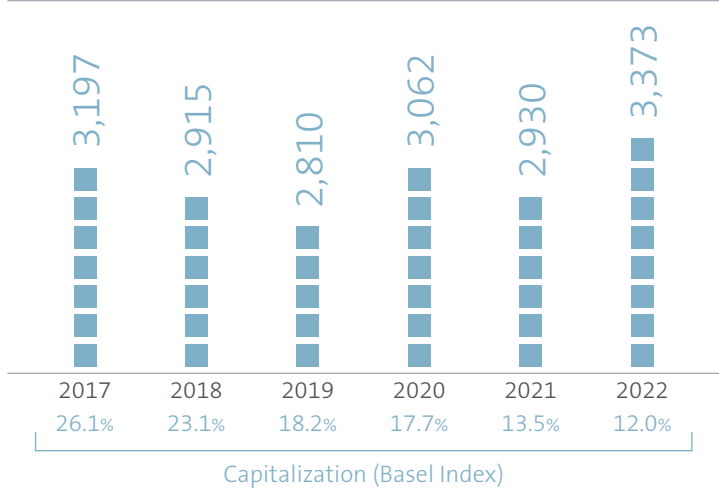


Balance sheet (BRL million)

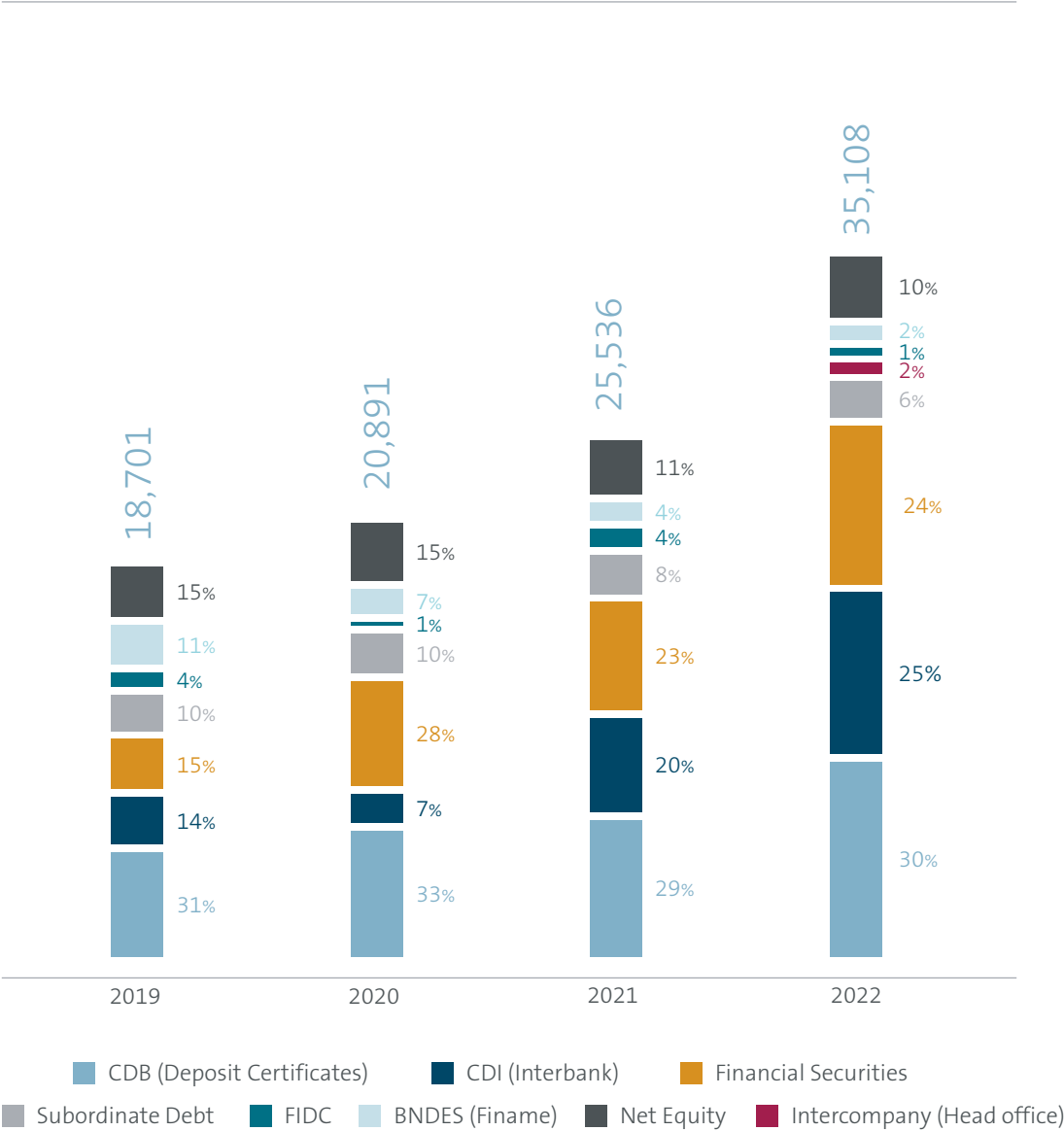
TOTAL ASSETS



NET EQUITY

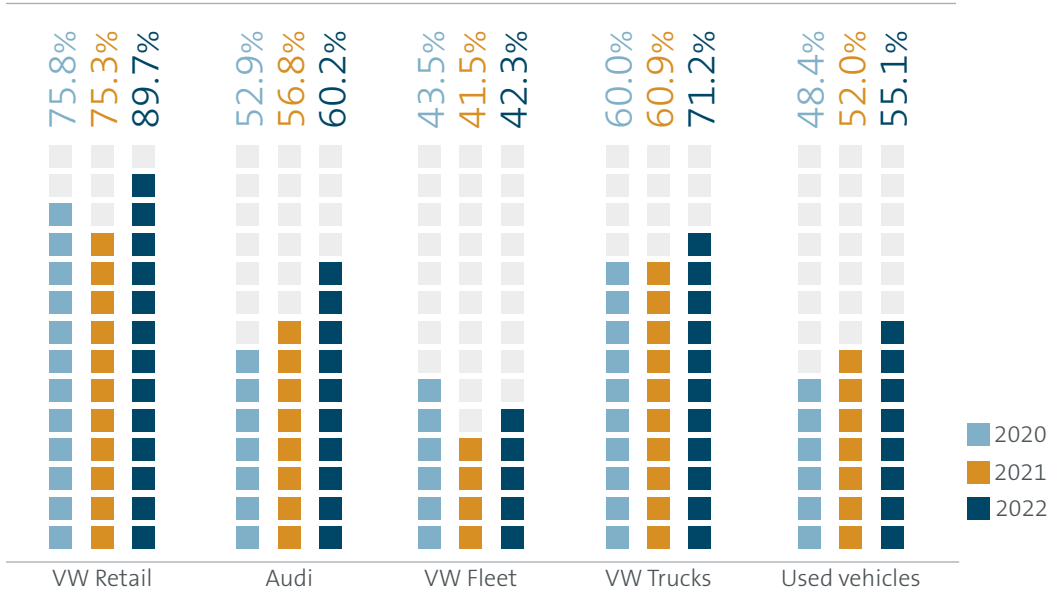


COMPOSITION OF *FUNDING* (BRL MILLION)

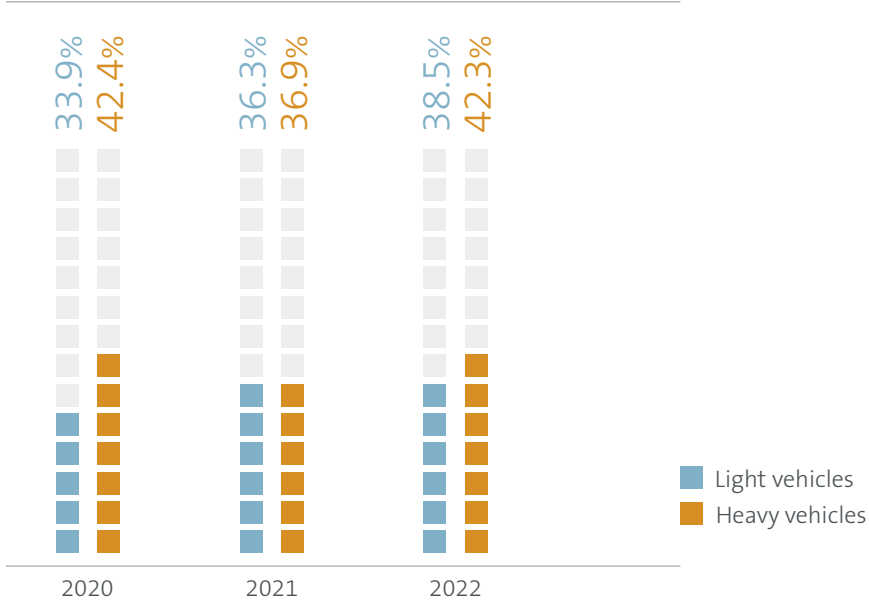




VWFS BRASIL MARKET SHARE\*



% PENETRATION\*\*, LIGHT AND HEAVY VEHICLES



## Challenges and opportunities

Externally to the company, we consider political stability to be a prerequisite for the Brazilian economy, upon which the growth of our portfolio depends. In the coming years, we intend to increase international cooperation between the VWFS subsidiaries to generate synergies and stimulate learning.

Among our main challenges in the economic-financial area is the amplification of the product and service portfolio by means of a closer partnership among the brands. For this to happen, it will be necessary to promote the continuous enhancement of our systems and controls. We expect the LM Soluções de Mobilidade business to grow, driven by a change in the behavior of the consumer, who is likely to attribute greater value to use than to ownership.

\*Market share: total volume of new group brand vehicle financing transactions done by VWFS Brasil over total volume of new vehicles financed by the brands.

\*\* Penetration: total volume of contracts made over total volume of new vehicles registered by the group brands.





# Environmental performance

VWFS Brasil strategy, aligned with VWFS AG global strategy, projects **neutrality** in CO<sub>2</sub> emissions in its operations by 2030. This commitment implies increased focus on access to electric mobility and electric vehicle charging infrastructure, as well as the use of renewable energy.

## DIRECT GREENHOUSE GAS EMISSIONS (T CO<sub>2</sub> EQUIVALENT)\* **GRI 305-1**

	2022
Scope 1	107,645 (mobile combustion) 0.308 (fugitive emissions)

## INDIRECT EMISSIONS FROM THE ACQUISITION OF ENERGY (T CO<sub>2</sub> EQUIVALENT) **GRI 305-2**

Scope 2	43.09
---------	-------

\*Base year chosen: 2022. Greenhouse gas emissions inventory audited externally. Total emissions in base year: 151.048 t CO<sub>2</sub> equivalent. The data were reported in accordance with the division of consumption among occupants of the building. The main sources of gas emissions were: internal vehicle fleet, air conditioning and fire extinguishers, energy generator (scope 1) and energy consumption (scopes 1 and 2).

Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF<sub>6</sub> (sulfur hexafluoride), NF<sub>3</sub> (nitrogen trifluoride). The main approach chosen for emissions was operational control. Standards, methodology and premises adopted in accordance with the GHG Protocol and ISP 14.064 external certification by Fundação Vanzolini

## BIOGENIC CO<sub>2</sub> EMISSIONS (T CO<sub>2</sub> EQUIVALENT)

	2022
Scope 1	261.912

## Our energy consumption GRI 302-1

### ENERGY CONSUMPTION INSIDE THE ORGANIZATION

#### Energy consumed (GJ)\* **3,682.80**

Electricity **3,682.80**  
Heating **0**  
Refrigeration **0**  
Steam **0**

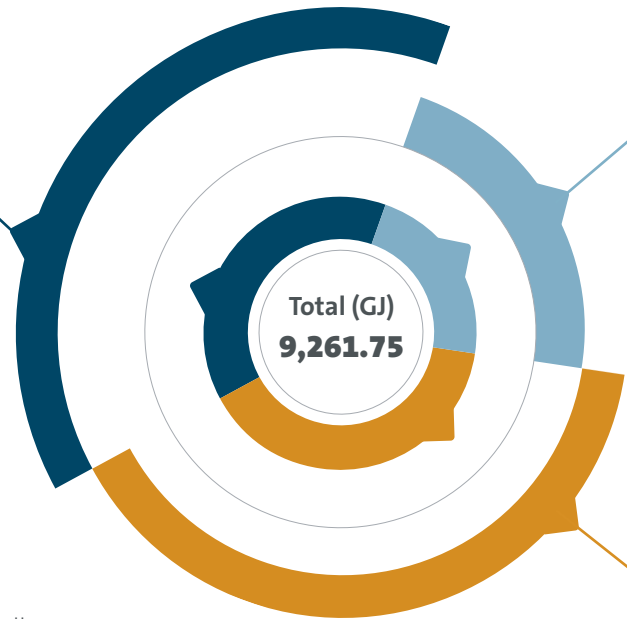
#### Consumption of fuels from non-renewable sources (GJ) **2,052.13**

Gasoline / diesel (fleets) **2,052.13**

#### Consumption of fuels from renewable sources (GJ) **3,526.82**

Ethanol (fleets) **3,526.82**

\*The organization does not sell energy.





# Social performance

In 2022, the following relationship actions were worthy of note in the regions in which VWFS Brasil has a stronger presence, conducted directly or jointly with the Fundação Grupo Volkswagen:

- **Support for Gerando Falcões** – Loan of five vehicles to the NGO Gerando Falcões via bailment contract to support the families in the communities assisted by the organization.
- **Edital Fundo Solidário (Solidarity Fund Call for Proposals)** – Support for community-based social organizations working in cities with Volkswagen Group plants and business units. Each organization received up to BRL 22,500 for actions aimed at combating food insecurity, promoting employability and equipping community spaces. In São Paulo, the institution assisted was the Instituto Brasileiro de Estudos e Apoio Comunitário (Ibeac). In Salvador, support was provided for the Centro Cultural e Educacional de Desenvolvimento da Cidadania Mus-E Brasil.
- **Corporate Volunteer Work Program** – In the course of the year Volkswagen Group volunteers worked on revitalizing areas for non-profit organizations. The activities included redecoration, painting and equipment construction (parks, hen houses, vegetable gardens). In São Paulo, VWFS Brasil employee volunteers worked on redecorating the NGO Aldeia do Futuro, in the Americanópolis district.
- **Solidarity Campaigns** – The Fundação Grupo Volkswagen organized campaigns to make donations to underprivileged communities. In addition to foundation funds, voluntary donations were collected from employees. Communities in the city of São Paulo benefited from the donation of McHappy Day tickets (in partnership with the Instituto Ayrton Senna), powdered milk (Children's Day) and food vouchers (Christmas campaign). Communities in Salvador, Bahia, also received donations of food vouchers worth BRL 150. In addition to facilitating logistics, the vouchers enabled the families to opt for products meeting their most immediate needs. This represented a means of stimulating local commerce, thus strengthening the local communities themselves.
- **Emergency Actions** – In January 2022, the Fundação Grupo Volkswagen donated BRL 100,000 to the Instituto Gerando Falcões to support victims of rainfalls in the state of Bahia.

In addition to actions in surrounding communities, the foundation supported and developed a number of private social investment initiatives using its own funds. A total of 112,927 students, educators and community members were directly impacted in diverse states in Brazil, with an investment of BRL 6.9 million.

The institution also provided management support in the donation of another BRL 15.2 million in funds from Volkswagen Group companies, of which BRL 9.2 million from VWFS Brasil, through the Culture, the Fumcad Municipal Children's and Adolescent Funds, the Elderly and Sports tax incentive laws.

Moreover, with the aim of working to promote people and social and urban mobility, we loaned another three vehicles to the NGO Gerando Falcões. These were delivered by our team in the Favela dos Sonhos, in Ferraz de Vasconcelos (SP). A total of five vehicles were loaned on bailment contract.

Click to access [more information on the activities of the Fundação Grupo Volkswagen](#).

In 2022, all of the hundred employees engaged in security at VWFS Brasil received training in human rights policies or procedures. VWFS Brasil activities do not provoke negative impacts on local communities.





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NOVO  
CONSÓRCIO  
NACIONAL  
VOLKSWAGEN

# GRI content index





# GRI content index

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	16	-			
	2-2 Entities included in the organization’s sustainability reporting	6				
	2-3 Reporting period, frequency and contact point	6, 91				
	2-4 Restatements of information	This is the company’s first GRI report.				
	2-5 External assurance	There was no external assurance.				
	2-6 Activities, value chain and other business relationships	16				
	2-7 Employees	16, 40				 
	2-8 Workers who are not employees	16, 40				
	2-9 Governance structure and composition	20, 28				 
	2-10 Nomination and selection of the highest governance body	21				 
	2-11 Chair of the highest governance body	21				

Declaration of use	VWFS Brasil reported in compliance with the GRI Standards for the period from January 1 to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021





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			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	25				
	2-13 Delegation of responsibility for managing impacts	25, 28				
	2-14 Role of the highest governance body in sustainability reporting	31				
	2-15 Conflicts of interest	27				
	2-16 Communication of critical concerns	27				
	2-17 Collective knowledge of the highest governance body	34				
	2-18 Evaluation of the performance of the highest governance body	21				
	2-19 Remuneration policies	21, 23				
	2-20 Process to determine remuneration	23				
	2-21 Annual total compensation ratio	23, 28				
	2-22 Statement on sustainable development strategy	4				
	2-23 Policy commitments	16, 28				
	2-24 Embedding policy commitments	29				



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			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	33				
	2-26 Mechanisms for seeking advice and raising concerns	28				
	2-27 Compliance with laws and regulations	29				
	2-28 Membership associations	28				
	2-29 Approach to stakeholder engagement	51				
	2-30 Collective bargaining agreements	43				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	6	-			
	3-2 List of material topics	6				
Ethics / Privacy / Data security/ Risk management						
GRI 3: Material Topics 2021	3-3 Management of material topics	28, 36				
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	34				
	205-2 Communication and training in anti-corruption policies and procedures	34				
	205-3 Confirmed incidents of corruption and actions taken	34				























GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	26				  
	207-3 Stakeholder engagement and management of concerns	26				  
GR I418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36				
Financial sector supplement - financial services	FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	35				
Resilience of business model						
GRI 3: Material Topics 2021	3-3 Management of material topics	11				
Financial sector supplement: product portfolio	FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	62				
	FS5 Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities	62				
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	62				

GRI Standard / Other Source	Disclosure	Location	Omission			SDG
			Requirement(s) Omitted	Reason	Explanation	
Financial sector supplement: product portfolio	FS8 Monetary value of products and services designed to deliver a specific environment benefit for each business line broken down by purpose	62				
Diversity and inclusion						
GRI 3: Material Topics 2021	3-3 Management of material topics	44				
GRI 202: Market presence 2016	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	23				  
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	44				 
	405-2 Ratio of basic salary and remuneration of women to men	23, 47				  
Financial sector supplement: Local communities	FS14 Initiatives to improve access to financial services for disadvantaged people	44				   
Product life cycle management						
GRI 3: Material Topics 2021	3-3 Management of material topics	11				
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	We mapped the gender, race and income data of project beneficiaries, but we do not have a formal social impact assessment yet. In February 2023 a consultancy was contracted for this question, and the process will be implanted in the course of 2023.				





GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
GRI 413: Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	50				 
GRI 416: Consumer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	49				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	49				
Financial sector supplement: product portfolio	FS1 Policies with specific environmental and social components applied to business lines	62				   
	FS2 Procedures for assessing and screening environmental and social risks in business lines	62				   
	FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	63				   
Employee health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 49				
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	41				  



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			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
GRI 401: Employment 2016	401-3 Parental leave	41, 42				 
	403-1 Occupational health and safety management system	49				
GRI 403: Occupational health and safety 2018	403-2 Hazard identification, risk assessment and incident investigation	49				
	403-3 Occupational health services	49				
	403-4 4 Worker participation, consultation, and communication on occupational health and safety.	49				 
	403-5 Worker training on occupational health and safety	49				
GRI 403: Occupational health and safety 2018	403-6 Promotion of worker health	49				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49				
	403-8 Workers covered by an occupational health and safety management system	49				
	403-9 Work-related injuries	49				  
	403-10 Work-related ill health	49				  


























GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
Human rights and community relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 50				
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	23				 
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	47				
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	All VWFS Brasil contract models contain human rights clauses. We also have as a reference a new German law called LkSG (Supply Chain Due Diligence Law, in the German acronym), which makes key determinations for contracting suppliers. Implementation will take place during 2023 and will be reported in 2024. Monitoring will take place from the next cycle.				  
GRI 409: Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	All VWFS Brasil contract models contain human rights clauses. We also have as a reference a new German law called LkSG, which makes key determinations for contracting suppliers. Implementation will take place during 2023 and will be reported in 2024. Monitoring will take place from the next cycle.				 
GRI 410: Security practices	410-1 Security personnel trained in human rights policies or procedures	50				









GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
Energy Management						
GRI 3: Material Topics 2021	3-3 Management of material topics	11				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	70				   
	302-2 Energy consumption outside the organization		a, b, c	This is not monitored yet. We will conduct a study on this in 2023.		   
	302-3 Energy intensity		a.i, a.ii. b, c, d	This is not monitored yet. We will conduct a study on this in 2023.		   
	302-4 Reduction of energy consumption		a, b, c, d	The process of monitoring reduction will be established in the coming cycles.		   
	302 -5 Reductions in energy requirement of products and services		a, b, c	The process of monitoring reduction will be established in the coming cycles.		   





GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
Atmospheric emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	10				
	305-1 Direct (Scope 1) GHG emissions	70				    
	305-2 Energy Indirect (Scope 2) GHG emissions from the acquisition of energy	70				    
	305-3 Other indirect (Scope 3) GHG emissions		a, b, c, d, e, f, g	Data not measured in this cycle.	Measurement of scope 3 gases will be reported in the next cycle.	    
GRI 305: Emissions 2016	305-4 GHG emissions intensity		a, b, c, d	Data not measured in this cycle.	The GHG emissions intensity rate will be reported in the next cycle.	  
	305-5 Reduction in GHG emissions		ai, aii, b, c, d	Data not measured in this cycle.	Reduction targets will be calculated during 2023 in the decarbonization plan study	  



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			SDG
			REQUIRMENT(S) OMITTED	REASON	EXPLANATION	
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable to the company's activities.				 
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable to the company's activities.				   





# SASB indicators

Ethics / Privacy / Data security/ Risk management		
SASB Consumer Finance Client Privacy	FN-CF-220a.1 Number of account holders whose information is used for secondary purposes	We do not use personal data for secondary purposes.
SASB Consumer Finance Data security	FN-CF-230a.3 Description of approach to identifying and addressing data security risk	35
SASB Insurance Ethics in business	FN-IN-270a.4 Description of approach to informing customers about products	61
Resilience of business model		
SASB Insurance Incorporation of ESG factors	FN-IN-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies.	62
SASB Insurance Policies designed to incentivize responsible behavior	FN-IN-410b.2 Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	62



# Attachments

The full information on the financial statements is available on the [VWFS Brasil website](#).

## Consolidated balance sheet on December 31, 2022 In BRL thousands

	2022	2021
Current Assets	19,512,426	14,499,608
Cash and cash equivalents	2,484,000	1,527,064
Derivative financial instruments	135,463	41,859
Fair value valuation of financial assets	-	133,428
Credit and commercial leasing operations	16,056,686	12,213,409
Tax assets		
Income tax and social contribution - current	490,333	295,639
Other taxes to be recovered	183,403	46,348
Other assets	148,725	232,304
Other amounts and goods	13,816	9,557
Non current	17,695,781	13,553,288

	2022	2021
Derivative financial instruments	209,051	130,630
Credit and commercial leasing operations	14,625,169	10,564,983
Tax assets		
Income tax and social contribution - deferred	1,236,695	1,488,363
Other assets	1,558,565	1,327,083
Other amounts and goods	23,639	5,215
Fixed	8,373	8,512
Intangible	34,289	28,502
Total assets	37,208,207	28,052,896



	2022	2021
Liabilities and Net Equity		
Current	17,818,935	13,605,058
Deposits	13,737,369	9,373,965
Loan and transfer obligations	1,121,825	1,043,665
Financial securities	2,021,066	2,234,439
Derivative financial instruments	699	3,970
Taxes payable	23,881	64,045
Income tax and social contribution payable	70,428	294,444
Other liabilities	419,112	386,460
Subordinate debt	424,555	204,070
Non current	16,015,460	11,517,345
Deposits	5,644,596	3,143,190
Loan and transfer obligations	694,482	1,098,214
Financial securities	6,563,841	3,724,495
Taxes payable	1,583	1,464

	2022	2021
Income tax and social contribution deferred	48,886	125,992
Derivative financial instruments	1,181	20,395
Other liabilities	79,133	353,079
Subordinate debt	1,526,849	1,783,940
Provisions for contingent liabilities and tax obligations	1,454,909	1,266,576
Total liabilities	33,834,395	25,122,403
Net equity		
Equity and reserves attributable to bank shareholders	3,250,502	2,770,668
Capital	1,843,883	1,598,883
Profit reserve	1,385,427	1,147,757
Adjustments in equity evaluation	21,192	24,028
Non-controlling interests	123,310	159,825
Total net equity	3,373,812	2,930,493
Total liabilities and net equity	37,208,207	28,052,896





## Consolidated income statement on December 31, 2022 (in BRL thousands)

	2022	2021
Revenue from interest and others	4,053,380	2,735,774
Interest expenses and similar charges	(2,883,770)	(1,169,963)
<b>Net revenue from interest</b>	<b>1,169,610</b>	<b>1,565,811</b>
Revenue from services rendered	160,032	182,090
Revenue from commissions on insurance sales	179,823	169,255
Provision for reduction in amount recoverable from credit and commercial leasing operations	(356,233)	(530,352)
General and administrative expenses	(560,693)	(491,519)
Other operating revenues	582,431	368,255
Other operating expenses	(663,166)	(647,663)
<b>Profit before income tax and social contribution</b>	<b>511,804</b>	<b>615,877</b>
Income tax and social contribution - current	(29,512)	(341,141)
Income tax and social contribution - deferred	(181,137)	24,667
<b>Net profit</b>	<b>301,155</b>	<b>299,403</b>
Attributable to:		
Bank shareholders	237,670	260,609
Non-controlling interests	63,485	38,794
<b>Basic net profit and net profit per share attributable to bank shareholders (expressed in BRL per share)</b>	<b>0.76</b>	<b>0.83</b>

## Consolidated comprehensive income statement on December 31, 2022 (in BRL thousands)

	2022	2021
<b>Net profit</b>	<b>301,155</b>	<b>299,403</b>
Other components of comprehensive result		
Items to be reclassified later for the cash flow hedge result	(2,836)	34,316
<b>Total comprehensive income</b>	<b>298,319</b>	<b>333,719</b>
Attributable to:		
Bank shareholders	234,834	294,925
Non-controlling interests	63,485	38,794



**Statement of changes in consolidated net equity on December 31, 2022 (in BRL thousands)**

	ATTRIBUTABLE TO BANK SHAREHOLDERS									
	PROFIT RESERVE								Non-controlling interests	Total net equity
	Equity	Tax incentives	Distribution of additional dividends	Legal re-serve	Special profit reserve	Adjustments in equity evaluation	Cumulative profit	Total		
On January 1, 2021	<b>1,307,883</b>	<b>18,515</b>	<b>291,000</b>	<b>227,650</b>	<b>1,051,983</b>	<b>(10,288)</b>	-	<b>2,886,743</b>	<b>175,061</b>	<b>3,061,804</b>
Adjustments in equity evaluation	-	-	-	-	-	34,316		34,316	-	34,316
Capital increase	291,000				(291,000)	-		-	(20,030)	(20,030)
Net profit	-	-	-	-	-	-	260,609	260,609	38,794	299,403
Destination of result										
Transfer between reserves	-	-	-	16,128	244,481	-	(260,609)	-	-	-
Dividends paid (BRL 0.93/share) AGE 22/03/21	-	-	(291,000)	-	-	-		(291,000)	-	(291,000)
Dividends paid (BRL 0.38/share) AGE 31/03/21	-	-	-	-	(120,000)	-	-	(120,000)	-	(120,000)
Dividends paid	-	-	-	-	-	-	-	-	(34,000)	(34,000)
On December 31, 2021	<b>1,598,883</b>	<b>18,515</b>	-	<b>243,778</b>	<b>885,464</b>	<b>24,028</b>	-	<b>2,770,668</b>	<b>159,825</b>	<b>2,930,493</b>
Adjustments in equity evaluation	-	-	-	-	-	(2,836)	-	(2,836)	-	(2,836)
Capital increase	245,000	-	-	-	-	-	-	245,000	-	245,000
Net profit	-	-	-	-	-	-	237,670	237,670	63,485	301,155
Transfer between reserves	-	-	-	9,564	228,106	-	(237,670)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)
On December 31, 2022	<b>1,843,883</b>	<b>18,515</b>	-	<b>253,342</b>	<b>1,113,570</b>	<b>21,192</b>	-	<b>3,250,502</b>	<b>123,310</b>	<b>3,373,812</b>



## Consolidated cash flow statement on December 31 (in BRL thousands)

	2022	2021
Cash flows from operating activities		
<b>Net profit</b>	<b>301,155</b>	<b>299,403</b>
Changes in net profit		
Provision for reduction in amount recoverable from credit and commercial leasing operations	356,233	530,352
Proceeds from overseas loan obligations	17,108	-
Proceeds from derivative financial instrument obligations	(224,214)	(9,714)
Revenue from updated interest in contracts	(9,361)	(9,211)
Proceeds from pool purchases – groups finalized	(5,964)	(6,074)
Depreciation, amortization and loss from reduction in recoverable amount	6,219	4,494
Loss from disposal of fixed/intangible	26,598	4,907
Provision for contingent liabilities and tax obligations	236,217	88,202
Interest of subordinate debt	178,186	181,912
Income tax and social contribution deferred	181,137	(24,667)
<b>Cash flows from operating activities before changes in operating assets and liabilities (i)</b>	<b>1,063,314</b>	<b>1,059,604</b>
Reduction (increase) in financial assets available for sale and derivative financial instruments	160,698	(131,978)
Reduction (increase) in credit and commercial leasing operations	(8,259,696)	(4,957,859)
Reduction (increase) in other assets and other amounts and goods	(352,264)	173,816
Increase (reduction) in deposits	6,864,810	4,104,783
Increase (reduction) in loan and transfer obligations	(342,680)	505,931
Increase (reduction) in financial security funds	2,625,973	170,227





	2022	2021
Increase (reduction) in taxes payable	(177,100)	48,247
Increase (reduction) in other liabilities	(241,294)	60,862
Increase (reduction) in provisions for contingent liabilities	(47,884)	(73,282)
Payment of income tax and social contribution	(228,283)	(412,534)
<b>Net cash from operating activities</b>	<b>1,065,192</b>	<b>547,817</b>
Cash flows from investment activities		
Fixed / intangible acquisitions	(12,153)	(8,958)
Disposal of fixed / intangible	(26,311)	(1,935)
<b>Net cash from investment activities</b>	<b>(38,464)</b>	<b>(10,893)</b>
Cash flows from financing activities		
Increase (reduction) in subordinated debt obligations	(214,792)	(185,903)
Capital increase	245,000	-
Dividends paid	(100,000)	(546,669)
<b>Net cash from financing activities</b>	<b>(69,792)</b>	<b>(732,572)</b>
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>956,936</b>	<b>(195,648)</b>
Cash and cash equivalents at beginning of period	1,527,064	1,722,712
Cash and cash equivalents at end of period	2,484,000	1,527,064
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>956,936</b>	<b>(195,648)</b>
Complementary information on cash flow		
Interest received	3,982,654	1,722,712
Interest paid	593,733	586,875



# Credits and corporate information

■ GRI 2-3

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Special thanks go to the VWFS Brasil employees for their dedication and participation in supplying the information for the preparation of this report.

São Paulo, May 31, 2023.

**VOLKSWAGEN  
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**2022 Annual Report**