

From managing the semiconductor crisis ...

... to creating a strategic semiconductor advantage for the Volkswagen Group

SEMICON Europa | Munich – November 15, 2023

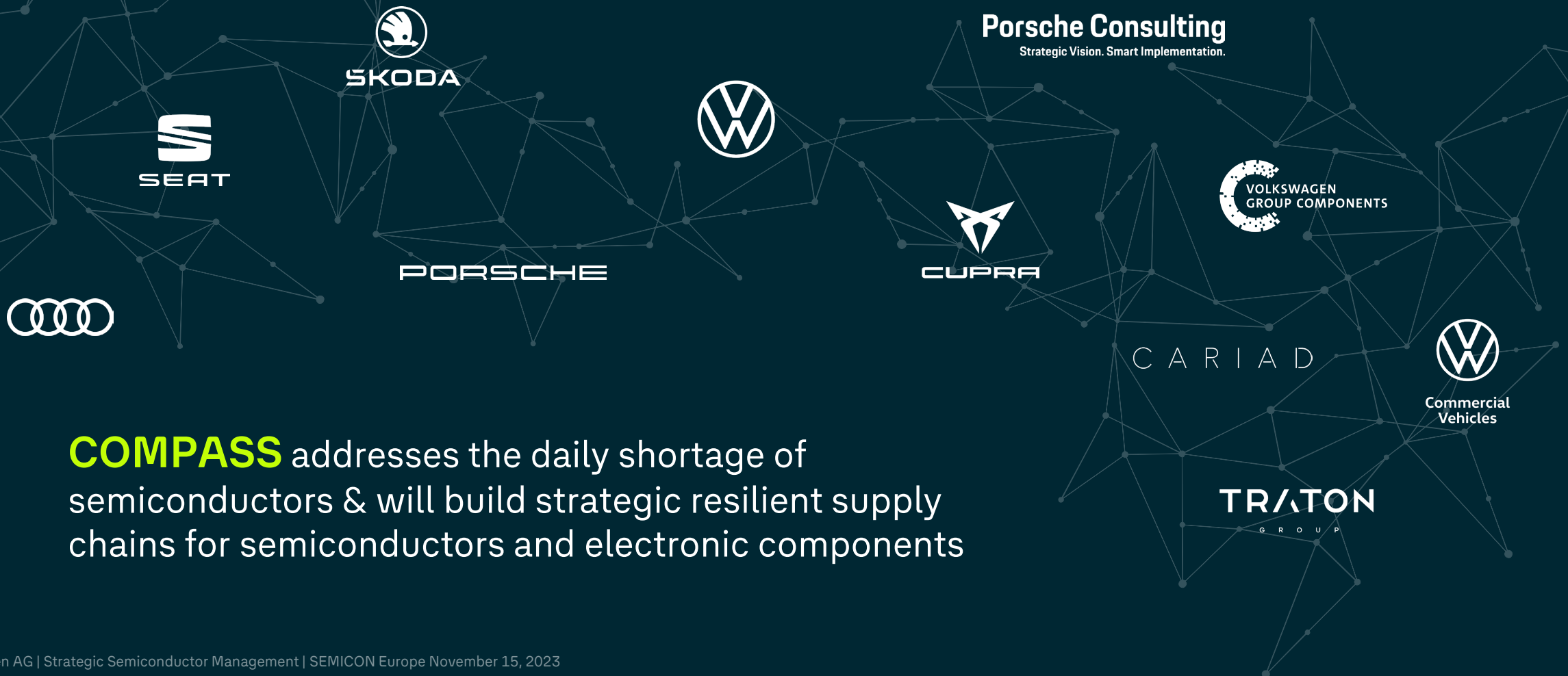
Michael Schmid (BC-H) | Volkswagen AG | Strategic Semiconductor Management

Overarching goals are the cornerstones of strategic semiconductor management



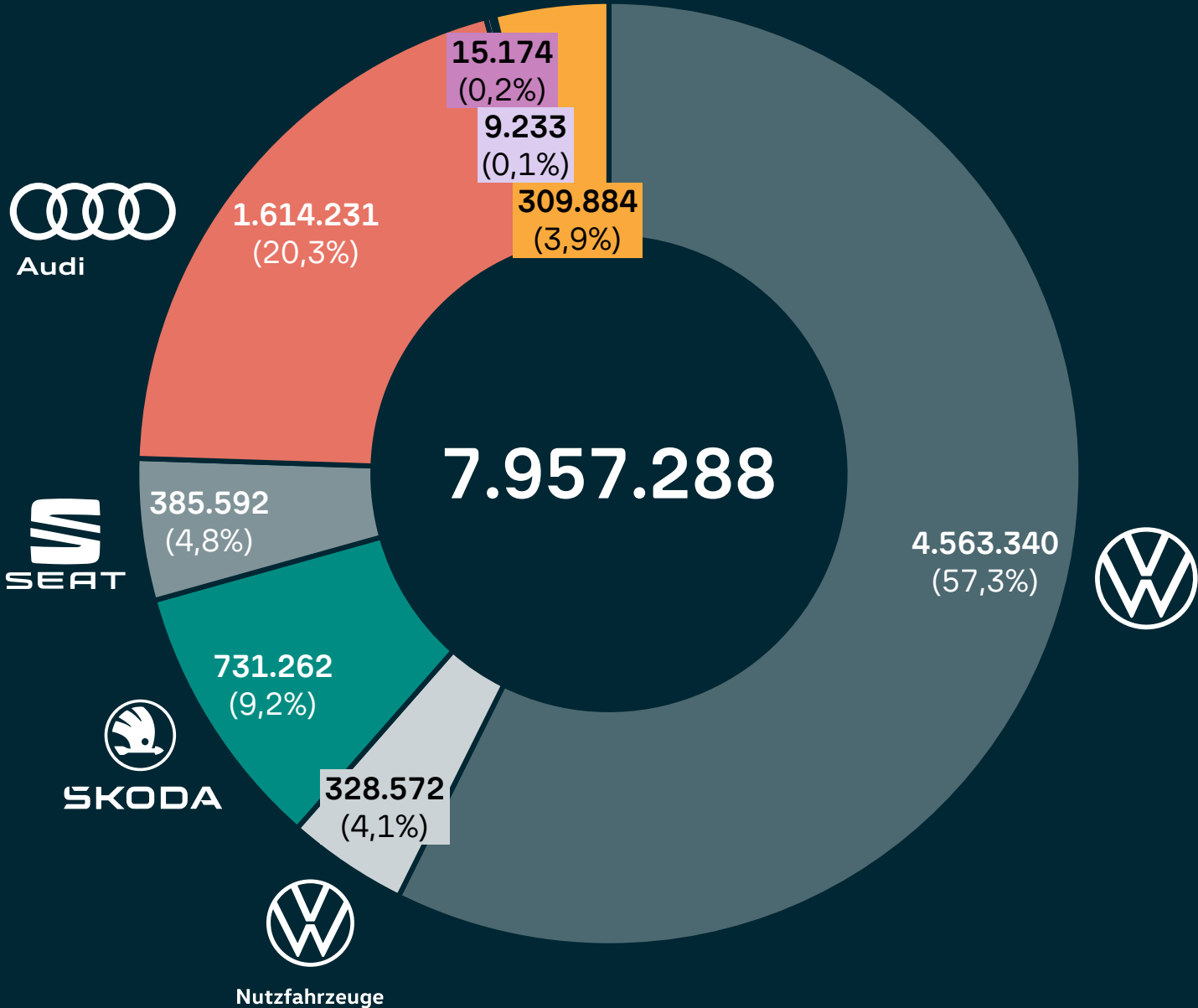
COMPASS is a cross-functional and cross-brand Volkswagen Group initiative

VOLKSWAGEN
GROUP



COMPASS addresses the daily shortage of semiconductors & will build strategic resilient supply chains for semiconductors and electronic components

Volkswagen Group vehicle sales in 2022 accounted for almost 8 million vehicles



Source: Annual report 2022

Category-specific semiconductor strategies are developed by a group-wide category management

Category specific

Microcontroller

Communication

PMIC

Power transistor

Sensor

Leading brand



PORSCHE

C A R I A D



Technical and
commercial
requirements



Strategy and
product portfolio



Implementation
in specifications
& sourcings



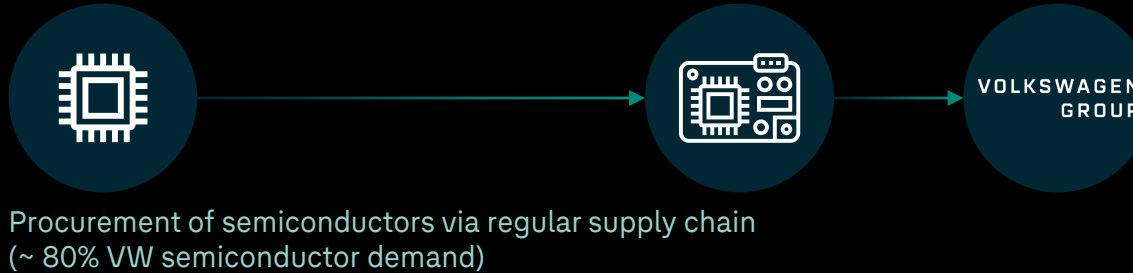
Interface within
group and for
suppliers

Three models to operationalize scalable solutions to strengthen independence

Overview Supply Chain Models 1-3 SCHEMATIC

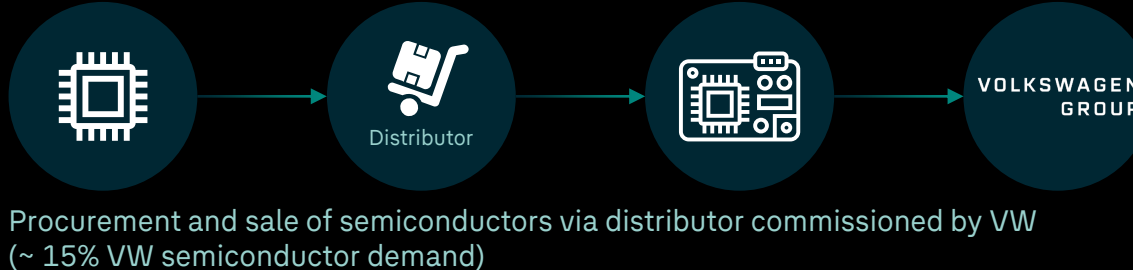
Model 1

Existing Supply Chain



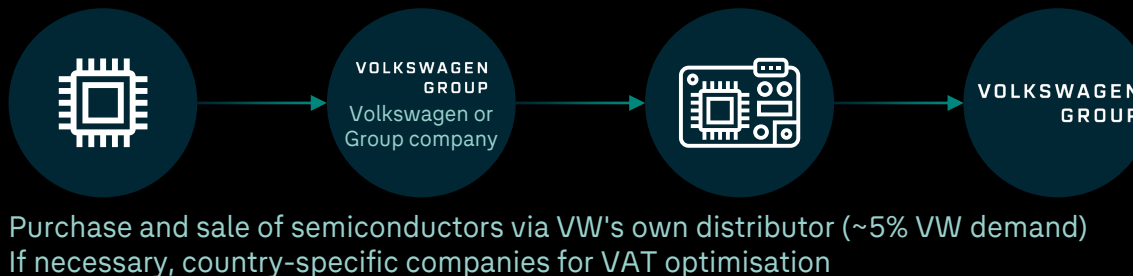
Model 2

Transit acquisition via distributor



Model 3

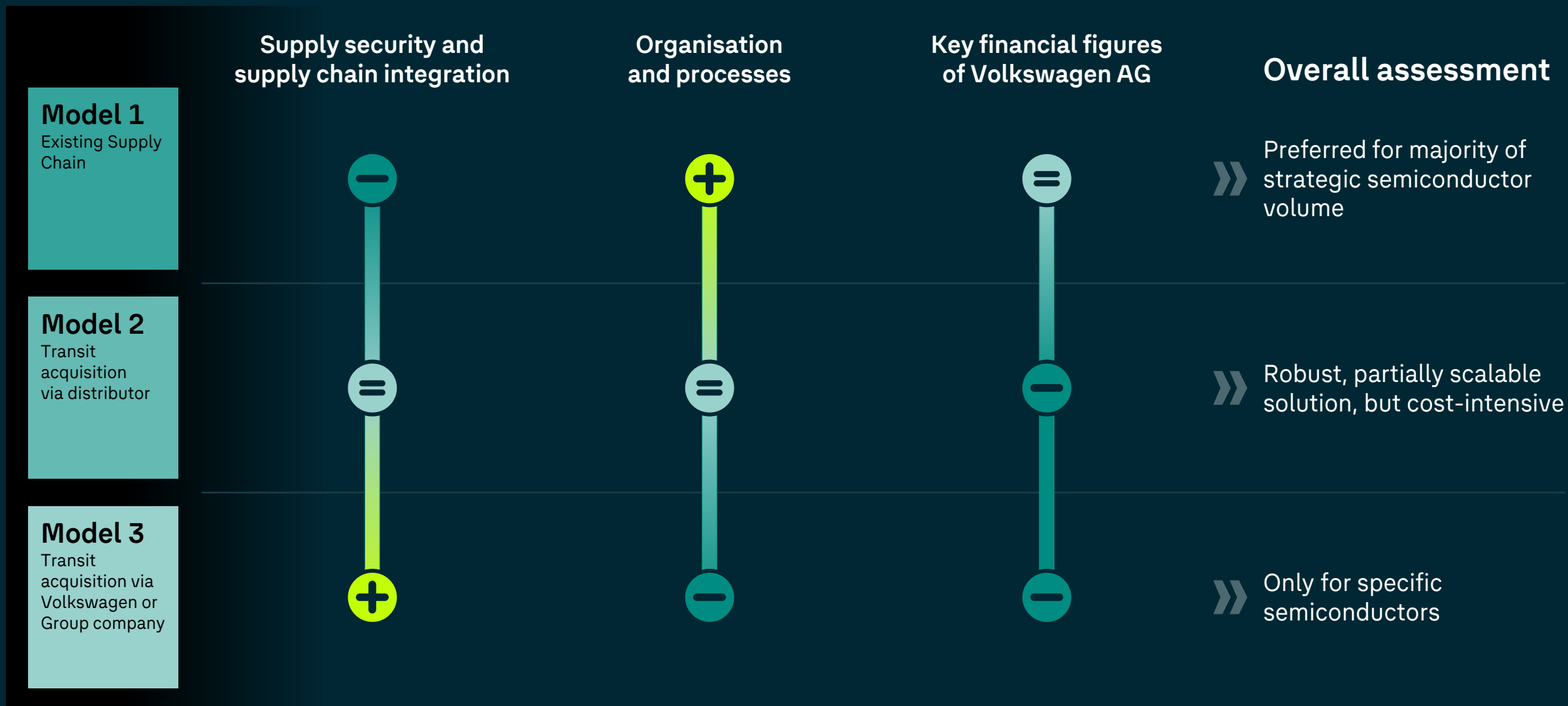
Transit acquisition via Volkswagen or Group company



Strengthening
independence

by establishing **direct customer relationships** with semiconductor manufacturers, we enhance our **supply chain transparency** and can better **manage our demand and control our supply situation**

Three models to operationalize scalable solutions to strengthen independence



WE DECIDE together ... strategically important semiconductors in the SSC

VOLKSWAGEN
GROUP



PORSCHE

C A R I A D



— Before 2022 —



CSC

Corporate Sourcing Committee

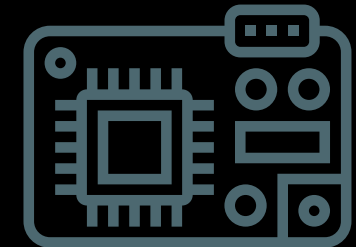
NEW

SSC

Semiconductor Sourcing Committee

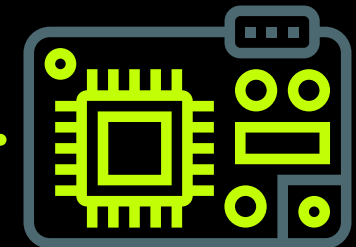
Joint effort of procurement and technical development

— After 2022 —



STRATEGY

+



Actively tackling all those fields of action, allows
Volkswagen Group to step forward ...

VOLKSWAGEN
GROUP



... from
managing the
semiconductor
crisis ...



... to creating a strategic semiconductor advantage for the Volkswagen Group



Secured production
program



Technical and
economic transparency



Increase in earnings
contribution



Sustainable technology
roadmaps



Sustainable semi-
conductor organization

..... 2019

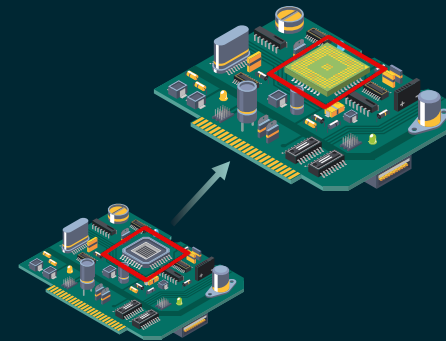


..... Start in 2023



Black box

- ✗ No knowledge about used semiconductors
- ✗ No governance option
- ✗ Missing measures



- ✓ Transparency about used semiconductors
- ✓ Active influence of semiconductor concepts in components
- ✓ Contribution to security of supply and economic optimization

Key Takeaways

- » We follow our **semiconductor strategy goals across all brands** of Volkswagen Group, pushing for **innovation, resilience & profitability**
- » Volkswagen Group **involves vertically** in the semiconductor supply chain, **collaborating actively** with semiconductor suppliers
- » **Category management and a top management semiconductor committee** as cornerstones for future VW semiconductor management

Competition
makes us faster

COLLABORATION
makes us better

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