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Media information

Volkswagen strengthens new software organization

- **The Car.Software organization will operate as an independent business unit from January 1, 2020**
- **Car.Software organization will centralize the relevant associates and subsidiaries within the Group**

Wolfsburg, November 21, 2019. Volkswagen strengthens its Car.Software organization with its Group responsibility for in-car software. Starting January 1, 2020, the Car.Software organization will operate as an independent business unit. As a Group company, the Car.Software organization will centralize the associates and subsidiaries within the Group that develop car software and software for the digital ecosystems. Initially, around 3,000 digital experts from the software-related associates and subsidiaries will be grouped together in this unit. The Car.Software organization will be based at Audi Electronics Venture GmbH, and will incorporate other German sites, for example in Berlin, Bochum, the Ingolstadt area, the Stuttgart area, and in Wolfsburg. International locations of the software organization include Seattle and Beijing. Going forward, digital experts from the different Group brands and regions will also work together under the mantle of the Car.Software organization.

The Volkswagen Group is working on a comprehensive expansion of its Car.Software organization. In addition to integrating the associates and subsidiaries, the goal is to win skilled professionals from the Volkswagen Passenger Cars, Audi und Porsche brands for a transfer to the Car.Software organization. Over time, the number of experts will be sustainably increased through new hires, strategic acquisitions and further partnerships. By 2025, more than 10,000 digital experts in the Car.Software organization will develop the software for the vehicle and the digital ecosystems as well as customer-centric functions at dealers. In the long term, the further development of the Car.Software organization will be pursued, using the target vision of a "software brand" within the Group with its own brand design.

"With our Car.Software organization we will create an ideal platform for pioneering software development in the Volkswagen Group. We are stepping up our efforts," says Christian Senger,

Member of the Board of Management of the Volkswagen brand responsible for Digital Car & Services, who has Group-wide responsibility for in-vehicle software. "We will increase our competitiveness in the Volkswagen Group by controlling a much larger share of the value creation in the digitalization of our vehicles going forward. For this reason we will also develop software on a cross-brand basis in the Car.Software organization. This will allow us to achieve important synergies and economies of scale for all brands."

Gunnar Kilian, Member of the Group Board of Management for Human Resources, says: "We are creating clear structures and building up expertise in areas that will be important in the future. Together with employee representatives, we have agreed that the new Car.Software organization will have competitive working conditions based on collective bargaining agreements. These conditions will reflect both the future orientation and challenges of the software industry as well as our attractiveness as an employer. In the process, we will take account of agile, networked ways of working within the software industry and its direct competition as well as the interests of our future employees."

Currently, there is still a number of organizational questions regarding the development of the new unit, for example, the form of company co-determination in the Car.Software organization, the arrangement for switching to the new unit and aspects regarding payment policy. These are to be resolved in close cooperation with the responsible Works Councils over the coming months.

In-house share of car software development is to be increased significantly
Volkswagen aims to boost the in-house share of car software development from the current figure of less than 10 percent to at least 60 percent by 2025. The Car.Software organization will play a key role in achieving this goal. The organization will develop cross-brand software in five domains: Connected Car & Device Platform, Intelligent Body & Cockpit, Automated Driving, Vehicle Motion & Energy and Digital Business & Mobility Services. The objective is to establish one uniform software architecture in the Group and bring together parallel development paths in the brands.

The domains will cover the development work on one standard vehicle operating system "vw.os" for all Group vehicles and their connection to the Volkswagen Automotive Cloud, a standardized infotainment platform, all assistance systems including highly automated driving functions such as a motorway or parking garage pilot in cars for end customers, software functions for connecting the drive system, chassis and charging technology, and ecosystems for all of the brands' mobility services and digital business models.

The Car.Software organization intends to invest over EUR 7 billion in its tasks and projects by 2025. Having a uniform software architecture will enable Volkswagen to generate sizable economies of scale in the Group, substantially reducing per-vehicle software costs across all brands.

Note to editors:

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About the Volkswagen Group:

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

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2017 amounted to €17.1 billion (2017: €11.6 billion).