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All set for future mobility: Volkswagen Group and SAIC Strengthen Long-Standing Partnership with New Joint Venture Agreement

- **Milestone of the “In China, for China” Strategy: Volkswagen Group and SAIC Motor extend their joint venture agreement in the 40th year of their collaboration until 2040.**
- **Accelerated transformation: The agreement strengthens the SAIC VOLKSWAGEN joint venture with consistent strategic initiatives in the areas of product portfolio, production, and decarbonization.**
- **Ralf Brandstätter, Member of the Board of Management of Volkswagen AG for China: “Volkswagen and SAIC are pioneers of individual mobility in China. Together, we established one of the first international joint ventures in the region 40 years ago. With this long-term contract extension, we underline the importance of this collaboration and the significance of the Chinese market for the Volkswagen Group. We are accelerating the transformation of SAIC VOLKSWAGEN in line with our 'In China, for China' strategy on all levels, bringing a new generation of electrified vehicles onto the road by 2026, and thus making our partnership economically and technologically future proof.”**

Beijing, November 27, 2024 – The Volkswagen Group is consistently advancing its “In China, for China” strategy. The company is strengthening its successful 40-year partnership with SAIC Motor for the long term. In Shanghai, both companies signed an extension of their joint venture agreement until the year 2040. By extending the agreement, the partners are creating early planning security beyond 2030 in a very dynamic development phase of the Chinese automotive market. At the same time, Volkswagen and SAIC are accelerating the transformation of their joint venture company, SAIC VOLKSWAGEN, in the areas of product portfolio, production, and decarbonization. The shared goal of the partners is to achieve a leading market position for SAIC VOLKSWAGEN with the Volkswagen Passenger Cars and Audi brands in the era of intelligent, fully connected electric vehicles.

“Volkswagen and SAIC are pioneers of individual mobility in China. Together, we established one of the first international joint ventures in the region 40 years ago. Since its establishment, SAIC VOLKSWAGEN has earned the trust of more than 28 million customers. With the long-term contract extension, we underline the importance of this collaboration and the significance of the Chinese market for the Volkswagen Group. We are accelerating the transformation of SAIC

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VOLKSWAGEN in line with our 'In China, for China' strategy on all levels, bringing a new generation of electrified vehicles onto the road by 2026. This ensures that our partnership is economically and technologically future proof," said Ralf Brandstätter, Member of the Board of Management of Volkswagen AG for China. "China is a driver of innovation for autonomous driving and electric mobility. With the new agreement, we are intensifying our integration into the Chinese ecosystem and consistently leveraging local innovation strength. This also creates a strategic competitive advantage for the Volkswagen Group worldwide."

Wang Xiaoqiu, Chairman of SAIC Motor, said: "Electrification and the transformation of the car into an intelligent vehicle are the defining trends in the automotive industry. In view of the highly dynamic market, SAIC Motors, the first Chinese carmaker to sell more than one million vehicles in the electric segment and in overseas markets, is deepening and expanding its cooperation with Volkswagen. The focus for SAIC VOLKSWAGEN is on the development of new, intelligent electric vehicles in order to maintain an industry-leading position in the field of smart technologies. The decisive factors here are consistent customer orientation, quality management and the use of our own innovative strength. We will break new ground with 'China Speed'. The aim of the joint venture is to achieve sustainable and steady sales growth and a leading market position. In this way, we are contributing to the further positive development of the Chinese and global automotive industry."

The original joint venture agreement was valid until 2030. However, due to the multi-year planning cycles of new products and the associated investments, fundamental agreements are typically extended several years before their end date.

With the new agreement, both partners are now creating a strong and timely foundation for the successful development of SAIC VOLKSWAGEN beyond 2030. With this in mind, Volkswagen and SAIC have identified three key areas to accelerate the transformation of the SAIC VOLKSWAGEN joint venture with the Volkswagen Passenger Cars and Audi brands:

1. Expansion of Product Offensive with New E-Models, Range-Extender Variants, and Plug-In Hybrids

By 2030, SAIC VOLKSWAGEN will introduce a total of 18 new models to the market. In light of the dynamic market development, the joint venture partners are particularly focusing on an accelerated electrification strategy. This includes eight new electric models. As early as 2026, two electric vehicles based on the newly locally developed "Compact Main Platform" (CMP) - equipped with a state-of-the-art zonal electric architecture used for the first time across the Group - will be launched. Additionally, the still highly profitable internal combustion engine offering will be transitioned into the electric mobility world by 2026 with three plug-in hybrid models and, for the first time, two range-extender variants. This will rapidly further strengthen the company's position in the fast-growing market for fully electric and partially electrified vehicles. At the same time, the new vehicles will be consistently tailored to customer needs as part of the "In China, for China" strategy. Of the 18 models that SAIC VOLKSWAGEN will introduce to the market by 2030, 15 vehicles are being developed exclusively for the Chinese market.

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2. Gradual Optimization of the Production Network with a Focus on Efficiency and Productivity

Given the rapidly growing market demand for electric vehicles and increasing competitive pressure, the joint venture partners will also accelerate the transformation of SVW's production network with a focus on cost-effectiveness and productivity. In this context, existing production capacity for internal combustion vehicles will be gradually reduced in the coming years. While many SVW sites are being, or have already been, converted to produce electric vehicles based on customer demand, alternative economic solutions will be examined in individual cases. This also applies to the joint venture site in Urumqi. Due to economic reasons, the site has now been sold by the joint venture as part of the realignment. The same applies to the test tracks in Turpan and Anting.

3. Consistent Decarbonization Initiatives with Ambitious Goals

As part of the extension of the joint venture agreement, both partners have agreed on ambitious decarbonization goals for sustainability. SAIC VOLKSWAGEN aims to reduce its CO2 emissions by 25 percent by 2030 compared to 2018 levels and is actively pushing forward its transformation towards carbon neutrality at the corporate level. Thereby, SAIC VOLKSWAGEN is following the Group's objective of achieving carbon neutrality by 2050. This positions the company as a pioneer in decarbonization within the Chinese automotive industry.

SAIC and Volkswagen Continue 40-Year Success Story

Over the past four decades, the Volkswagen Group, together with its Chinese partner SAIC, has precisely aligned its strategy to meet the needs of Chinese customers. With the Santana, millions of customers were enabled to enter the world of individual mobility. Later, the first China-specific models like the Lavida were introduced, becoming multi-million-sellers and continuing to enjoy great success in the market today. Since 2007, ŠKODA models have also been produced by SAIC VOLKSWAGEN. The electrification strategy in China was launched as early as 2017. The ID.3 is currently one of the best-selling pure electric vehicles in the Chinese market and leads the segment of compact hatchbacks.

Group Drives Transformation with "In China, For China" Strategy

As part of its "In China, for China" strategy, the Volkswagen Group is determined to drive forward its transformation in China. The Group is strengthening its local development skills in e-mobility, digitalization, and autonomous driving. This involves both enhanced collaboration with its Chinese partners and the consistent expansion of its own additional development capacities. A key role in this context is played by the new development and innovation center in Hefei, where around 3,000 developers are working on the next generation of fully connected intelligent electric vehicles. This also accelerates the Group's decision-making and development processes in the region, contributing to a reduction in the development cycles of new products by 30 percent. This enables the company to respond more quickly to market-defining trends in China and to optimally leverage the market's growth dynamics.

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Over the next three years alone, the Group and its brands will bring 40 new models to the Chinese market, half of which will be electrified. By 2030, the Group will offer more than 30 electric models in China.

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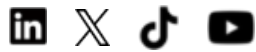
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About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 114 production facilities in 17 European countries and 10 countries in the Americas, Asia and Africa. With around 684,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With an unrivalled portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability.

In 2023, the total number of vehicles delivered to customers by the Group globally was 9.2 million (2022: 8.3 million). Group sales revenue in 2023 totaled EUR 322.3 billion (2022: EUR 279.1 billion). The operating result before special items in 2023 amounted to EUR 22.6 billion (2022: EUR 22.5 billion).

About the Volkswagen Group in China:

The Volkswagen Group is one of the first and most successful international partners of the Chinese automotive industry. The company's success story began in 1978 when the Volkswagen Group first collaborated with Chinese partners. In 1984, the first joint venture of the Volkswagen Group in China, SAIC VOLKSWAGEN Corporation Ltd., was established in Shanghai. This was followed by the founding of FAW-Volkswagen Corporation Ltd. in Changchun in 1991. In 2017, the Volkswagen Group established Volkswagen (Anhui) Automotive Company Limited, which focuses on the research, development, and production of New Energy Vehicles (NEVs). In 2021, the Audi FAW NEV Company was incorporated, focusing on the manufacture of premium NEVs in China.

The activities of the Volkswagen Group in China include the production, distribution, and service of vehicles and components such as engines and transmissions. Some of the Group's brands, including Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, ŠKODA, JETTA, Porsche, Bentley, Lamborghini, and Ducati, are represented in China through Volkswagen Group China and its subsidiaries.

In 2023, Volkswagen Group China, together with its Chinese joint venture partners, delivered more than 3.23 million vehicles to customers on the Chinese mainland and in Hong Kong. Around 50 million customers in China drive a Group vehicle. By the end of 2023, Volkswagen Group China and its joint ventures employed around 90,000 employees.

About the Joint Venture SAIC Volkswagen:

SAIC VOLKSWAGEN AUTOMOTIVE CO., LTD. (SAIC VOLKSWAGEN) is a joint venture founded by SAIC Motor from China and Volkswagen Group from Germany, each holding a 50% stake. SAIC VOLKSWAGEN, headquartered in Shanghai, is the first joint venture for passenger cars in China. SAIC VOLKSWAGEN is celebrating its 40th anniversary this year, and the models of SAIC VOLKSWAGEN has been trusted by more than 28 million users. The joint venture has been a pioneer in making advanced individual mobility accessible for Chinese customers. Thereby it takes over a key role in the evolution of China's automotive industry, guiding it from its early days to becoming a vital part of the global automotive sector.

SAIC VOLKSWAGEN offers a wide range of vehicles catering to different market segments with a diverse lineup of more than 30 models under Volkswagen brand, AUDI, and ŠKODA. The VW brand covers popular models such as Polo, Lavida XR, Lavida, Lamando, Passat, Tiguan, Teramont, Tharu, Touran, Viloran, and fully-electric models from ID. Family. SAIC Audi offers models including A7L, Q5 e-tron, and Q6. Under the ŠKODA brand are OCTAVIA-PRO, SUPERB, KODIAQ, KAROQ, and KAMIQ.

In response to the technological changes in the automotive industry towards electrification and smart connectivity, SAIC VOLKSWAGEN has been actively promoting transformation, with a focus on the development of new energy products. It has launched several Plug-in Hybrid and pure electric models, including Tiguan L PHEV, Passat PHEV, ID.4 X, ID.6 X, ID.3, and Audi Q5 e-tron, and will further accelerate to expand its e-model lineup under the new Joint Venture contract.