

Optimizing supply chains, eliminating sources of error, guaranteeing social and ecological standards – these are the goals of the collaboration between the #volkswagen Group and Minespider.

Together with the blockchain specialist, a pilot project is to be set up to achieve transparency in the the global supply chain for lead. Blockchain technology makes it possible to trace the raw material back to the point of origin by means of digital certificates. The #volkswagen Group plans to use this technology for further raw materials and their supply chains.

Supply chain transparency is a major issue in many industries, including the #automotive sector. Responsible raw material procurement is fundamental for sustainable mobility. Going forward, #volkswagen will be using blockchain, the technology behind various cryptocurrencies, to ensure more transparency and security in the supply chain. Starting in April, #volkswagen will be collaborating with Minespider to trace the supply chain for lead from the point of origin to the factory. The point of origin will be either the mine or the recycling source. The pilot project will involve suppliers and sub-suppliers that deliver more than two thirds of the Group's total lead starter battery requirements.

The solution developed by Minespider is a proprietary protocol built on a public blockchain. A multi-layer architecture guarantees the security of the sensitive supply chain data despite the open source approach. One layer of the protocol contains generally accessible information, a second layer contains the private data blocks which cannot subsequently be changed, and the third layer is the encryption layer. The advantage versus a private blockchain is that everyone – from suppliers and sub-suppliers through to those directly responsible for mining or recycling the raw material – works with one system, even if several supply chains are involved.

This creates a common digital infrastructure that allows the transparent exchange of information. “Digitalization provides important technological instruments that enable us to track the path of minerals and raw materials in cross-border supply chains in ever greater detail”, Marco Philippi, Head of Strategy Group Procurement, commented. “Together with Minespider we will use the blockchain technology to make our processes more transparent and secure.”

The pilot project on the supply chain for lead also serves to define the framework for broader collaboration. Following the successful completion of this pilot, it is planned to use the

Scritto da Administrator

Martedì 23 Aprile 2019 15:31 -

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technology for further raw materials and their supply chains. “We are witnessing a transformation of global supply chains”, Nathan Williams, CEO of Minespider, said. “Companies have the right to know that their suppliers are operating responsibly and with blockchain we finally have the tools to prove it.”

For decades, the #volkswagen Group has pursued the principle that sustainability and social responsibility do not start at the production plant. In a company with international production sites and sales activities in over 150 countries, due diligence is an enormous challenge and a major responsibility. The stated goal is to use industrial raw materials that are extracted sustainably in a socially and environmentally sound manner.

The present collaboration is the outcome of a “Hackathon for Supply Chain Transparency” held in 2018, where Minespider came out on top. During the event that is one element of the #volkswagen Group’s #corporate citizenship, some 100 experts from various disciplines worked together to further develop innovative, digital solutions for more supply chain transparency. The hackathon series continues in 2019.