

# People in the Transformation

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## Social Responsibility for a New Era of Sustainable Mobility

The automotive industry is in the middle of a far-reaching technological transformation in order to live up to rising societal expectations, international treaties and political regulations which require targeted decarbonization of products and business processes. Shifting from the internal combustion engine to the electric drive, digitally connecting the car with its environment or autonomous driving do not just lead to corresponding increases in revenues and higher value-added shares in software and electric mobility; digitalization and electrification as drivers of future technological development also increase knowledge intensity in the sector, with a focus on coding, programming and engineering activities. This transition will be completed within a decade. This means the whole automotive world is currently in a transformation corridor, at the end of which the role of automotive manufacturers and their suppliers as employers and the qualifications needed in the industry will be radically different from at the start of this process. With our Group People Strategy, we are setting a course to make this change employee-friendly and socially acceptable.

## Human Resources Management

The Board Member for Human Resources has overarching responsibility for all social issues. Within Volkswagen AG, they have a direct right to issue instructions in connection with this. Internationally, the members of the brands' and regions' boards of management responsible for HR issues have responsibility for human resources issues and report to the Board Member for Human Resources. The significant management tools in this context include charters that cover employee issues, Group and brand policies, and business regulations at company level. As part of implementing the NEW AUTO Group strategy, targets are defined and worked on at various levels of the Group in the Group People Strategy. A KPI set was established as a tool to measure strategic implementation (see "Managing the Transformation and Making It Measurable" section, p. 98).

Firmly established committee structures facilitate the regular flow of information and decision-making.

## Sustainability Principles as the Foundation of HR Work

Volkswagen is a socially responsible employer, which, as a member of the UN Global Compact, follows international sustainability frameworks and standards in its HR activities, such as the UN Sustainable Development Goals (SDGs) or the Global Reporting Initiative (GRI). How we conduct our working relationships is also managed through a number of other charters and declarations that we have agreed with the Group European Works Council and Global Group Works Council. These give our employees security with regard to their collective rights at the workplace and set out the principles of the Volkswagen Group's labor policy. Together with the codetermination committees or the employee representatives, we implement these agreements at the respective sites.

The relevant HR frameworks include:

- The Declaration by the Volkswagen Group on Social Rights, Industrial Relations and Business and Human Rights (Declaration on Social Rights). Here, we commit to paying all employees the legally required national minimum wage that is to be guaranteed, to protecting the rights to privacy, personal safety and freedom of opinion, to the rights of indigenous peoples and to preventing cruel, inhuman or degrading treatment. The Declaration on Social Rights is geared to the conventions of the International Labour Organization (ILO). The scope of the charter extends to Volkswagen AG and the Volkswagen Group's controlled companies. The principles of the Declaration on Social Rights were also integrated as a component of the sustainability requirements in the supply chain and in the Volkswagen Code of Conduct for Business Partners.

 → [www.volkswagen-group.com](http://www.volkswagen-group.com) > Declaration on Social Rights

- The Charter on Labour Relations, which sets out additional information, consultation and codetermination rights for employee representatives of the brands, companies and locations represented by the Group European Works Council and the Global Group Works Council.

 → [www.volkswagen-group.com](http://www.volkswagen-group.com) > [Charter on Labour Relations](#)

- The Charter on Temporary Work, in which Group management as well as the Group European Works Council and the Global Group Works Council have agreed on principles relating to temporary work.

 → [www.volkswagen-group.com](http://www.volkswagen-group.com) > [Charter on Temporary Work](#)

- The Charter on Vocational Training, in which professional training is anchored as a central part of Charter on Labour Relations.

 → [www.volkswagen-group.com](http://www.volkswagen-group.com) > [Charter on Vocational Training](#)

→ The **Declaration on Social Rights** provides a binding basis for the Volkswagen Group's social and industrial relations. It is geared to the conventions of the ILO and applies to Volkswagen AG and the Volkswagen Group's controlled companies.

In addition, there are a number of locally applicable agreements with the relevant responsible trade unions that stipulate, for example, standards for further training or for preventive healthcare measures. These fundamental standards and agreements form the basis at Group level for the rights of employees and their elected representatives who are represented in the Group European Works Council and the Global Group Works Council. Executive managers and employee representatives meet regularly to consult on relevant issues. All members of the Group European Works Council and the Global Group Works Council attend at least one joint session of the two works councils every year.

### Employee Rights to Participation

We want to enable the most comprehensive representation of employee interests possible in our Group. When establishing cooperative labor relations marked by social harmony, we are guided by universally valid human rights and the standards of the ILO. Volkswagen is committed to global compliance with freedom of association and recognizes the basic right of all employees to form trade unions and workers' representations. Employees' right to negative freedom of association is also respected. The recognition of the right of all employees to form trade unions and workers' representations also includes the value chain and represents a key component of the Declaration on Social Rights. Due to different political and legal conditions, it is not possible to implement the OECD (Organisation for Economic Co-operation and Development) and ILO standards at all Group's production sites around the world to the same extent as in the European Union. Freedom of association is realized in compliance with the laws applicable in the various countries and locations. A particular challenge therefore arises in states that have not signed the ILO Convention on Freedom of Association and Protection of the Right to Organise.

Our aim is to bridge the tension between the different national conditions and the interest in the greatest possible achievement of the right to organize. The Volkswagen Group relies here on a long tradition of also organizing company labor relations in countries in which the ILO Convention on Freedom of Association and Protection of the Right to Organise has not been recognized. Concrete examples include Volkswagen do Brasil Indústria de Veículos Automotores Ltda., ŠKODA AUTO Volkswagen India Private Limited and Ducati Motor (Thailand) Co., Ltd., where we pursue a participation approach that goes well beyond the legal framework.

Cases of discrimination due to membership of a trade union can be reported in the Volkswagen Group's whistleblower system. These cases have, to date, not been recorded as separate statistics as the recording of discrimination incidents does not differentiate between the causes of the discrimination. More information on the whistleblower system can be found in the Integrity and Compliance chapter.

 → Integrity and Compliance

### Cooperative Organization of Labor Relations at Brands and Companies

We cooperate with the relevant trade unions all over the world. Many companies in the Group also have a supervisory board on which the workforce is represented. In this way, Volkswagen's Commercial Vehicle division, with the holding company TRATON SE and its subsidiaries MAN, Scania, Navistar and Volkswagen Truck & Bus, enables far-reaching participation of employee representatives. The TRATON SE Works Council can, for example, exercise extensive rights of information and consultation within the framework of a participation agreement between the board of management and employee representatives. The agreement also regulates the equal representation of employee representatives in the highest body of TRATON SE – the supervisory board. Scania also has a European works council with participation rights, the SEC (Scania European Committee). In addition, Scania has introduced a global corporate policy that regulates minimum standards such as working hours, weekly rest periods, vacation time and sick leave for its employees. Moreover, the Swedish truck brand is an active partner of the Global Deal platform, a multi-stakeholder initiative for social dialog and partnership between governments, companies, employers' associations and trade unions.

The Volkswagen Group is aware that ESG-related controversies – including with regard to the protection of employee rights – are becoming increasingly important in investors' decisions. To make how we deal with current and ongoing controversies transparent, the Group has provided its own information online.

 → [www.volkswagen-group.com](http://www.volkswagen-group.com) > ESG Controversies

### Socially Responsible Transformation

Our aim at Volkswagen is a successful and socially responsible transformation of the workforce into the new era of sustainable mobility. We want to continue to employ the most highly qualified employees possible in attractive, promising professional fields, to pay them competitive salaries, and to provide secure jobs.

The transformation of the automotive industry, which is driven by digitalization and electrification, has a significant impact on our production strategy – and thus on the qualifications needed and the composition of the workforce. Since 2020, we

have been converting more and more vehicle and component plants: from the production of vehicles with combustion engines to the production of e-vehicles. Examples of this include the ongoing processes of retooling the plants in Emden, Salzgitter and Hanover and in Chattanooga, USA. Electric cars are now being built at 18 Volkswagen Group sites. Although their production is less complex compared with cars with internal combustion engines, new fields of employment for highly qualified workers are emerging as a result of new digital functionalities in the vehicle. Overall, the current structure of Volkswagen's workforce does not yet reflect the expected changes; for example, around half of employees continue to work in manual jobs in production. One core endeavor of our HR strategy is therefore to train employees from traditional areas of production in the areas of work required along our NEW AUTO Group strategy. It is also to be expected that the further implementation of the NEW AUTO Group Strategy and the transformation into a software-oriented business could lead to asynchrony in human capital development, for which it is vital to prepare. For example, a surplus of staff may arise in traditional areas, while a shortage is probable on talent markets for tech professions, where businesses such as Volkswagen will have to compete with IT businesses.

As a result, the Volkswagen Group workforce is undergoing a process of simultaneous recruitment, job cuts and restructuring. This transformation will only be successful if we involve our employees, train them, prepare them for the forthcoming changes as well as possible, give them a clear perspective and allow them to participate. We also need to preserve our employees' performance and motivation in this modernization process as well as seek to efficiently manage labor costs in order to stay competitive.

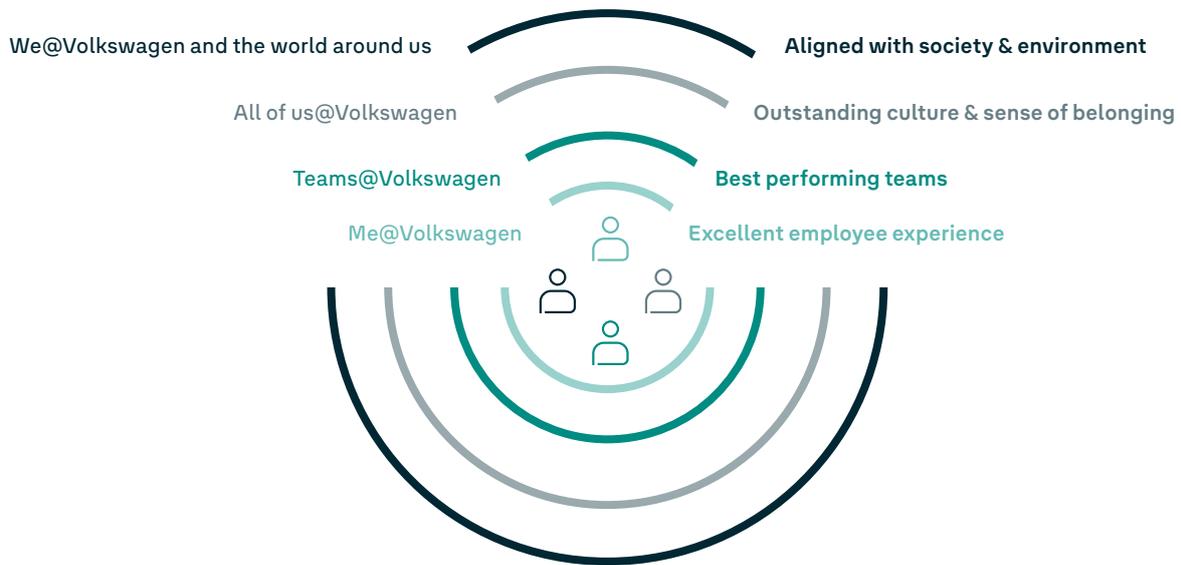
### Transformation in Human Resources as a Focus Topic of the Group Strategy

The responsibility for "people in the transformation" is at the core of our current and future activities in human resources. However, this responsibility extends beyond this: For the Volkswagen Group the transformation of the workforce is defined as a focus topic in the Group's NEW AUTO strategy. We have also embedded the topic in our Group-wide People & Transformation initiative. The Group People Strategy, which was adopted by the Group Board of Management in 2021 and is entitled "Transform to Tech," plays a key role for our three brand groups. The Volkswagen Group also continued

with key, successful approaches in its Human Resources policy in the reporting year. These include the pronounced stakeholder focus in corporate governance, comprehensive participation rights for employees, forward-looking training opportunities and the principle of long-term service through systematic employee retention and remuneration that is fair and transparent.

At the same time, the Group People Strategy is setting innovative trends: The employee experience is being systematically improved; teams, as the most important units in the company's organization, are being strengthened; and modern forms of working such as agile working are set to be expanded. In this way, we want to increase our employer attractiveness and raise our organization's performance.

## Our Approach: Four Dimensions of the Group People Strategy



In our Group People Strategy we have identified different dimensions with the aim of addressing employees' needs and expectations in a holistic manner. Together, these four dimensions make up the work experience, job satisfaction and, ultimately, the success of the work and the Group's integration into society:

- Me@Volkswagen
- Teams@Volkswagen
- All of us@Volkswagen
- We@Volkswagen and the world around us

Through our initiatives and programs in these four dimensions, we are targeting an improvement in the individual and group-related work situations and also taking the Volkswagen Group's cultural cohesion and social legitimacy into consideration.

### Initiatives in the Me@Volkswagen Dimension

We want to systematically improve the employee experience and are striving to ensure that all employees have the best possible conditions in which to do their job. That starts with excellent equipment and tools, continues via the avoidance of red tape and overly complex process steps through state-of-the-art workspaces, 360-degree feedback opportunities, individual health coaching and personally tailored advanced training opportunities.

### Transformation-Oriented Human Capital Development

As an employer, we want our employees to be able to work creating value at workplaces in our Group for their entire working lives. This requires not just for them to retain their health, but also adjusting skills and capabilities to the quickly changing environment. That is why training our employees

and adjustment to new work and career profiles is a key action area in the workforce transformation. The electrification of the vehicle fleet, the transition towards connected, autonomous driving and the digital transformation of our Group mean that employees currently need very different qualifications. We handle these changes through our comprehensive vocational and advanced training system with individual training measures.

In the current upheaval of the automotive industry, the Volkswagen Group's particular training focus is on training employees on important future technologies and closely supporting them in the transformation process. For example, Volkswagen specifically added courses on the topic of e-mobility to its professional training program at the site in Wolfsburg, with the aid of the Volkswagen Group Academy. The eMotionRoom was opened at the Wolfsburg plant for this purpose. In the reporting year, 2,519 production employees (11.5%) enjoyed an entertaining experience of the transformation process from internal combustion engines to electric vehicles in this training space. The eMotionRoom is part of a one-day training program (eMotionDay), which all production employees in Wolfsburg will participate in by 2025.

Dual vocational training at the Volkswagen Group supports the workforce transformation. With its flexible combination of practical activities and theoretical knowledge, vocational training prepares our young professionals for the forthcoming challenges. On an international level, we are guided by the high German training standards. In 2023, the Volkswagen Group trained 17,081 people. We also support the career development of new entrants once they have completed their apprenticeship. For example, especially talented young specialists are nurtured in talent groups.

In particular, we are broadening the knowledge base for the digital transformation in the Group with the Faculty 73 program. We train software developers here for our own needs. The two-year training program is designed for employees and external applicants with an affinity for IT. The future experts acquire all the necessary skills for a successful career as a software developer in the automotive industry within the training. Since Faculty 73 was introduced (in 2019), 278 junior

software developers have already successfully completed this training program. The people who have completed the program are primarily employed in the Group and brand IT departments and the Technical Development and CARIAD departments. In November 2023, a fifth year of trainees began this innovative transformation program.

Volkswagen AG, CARIAD and Škoda Auto a.s. have been supporting the innovative programming schools in Wolfsburg, Berlin and Prague in cooperation with the non-profit École 42. For example, Volkswagen AG and CARIAD donated €4.5 million for this purpose in the reporting year. In 2023, an average of 882 students learned from and with each other in Berlin, Wolfsburg and Prague in this innovative training concept. Like at École 42 in Paris, the free training is also open to applicants who have not graduated high school or college, irrespective of their age, sex or origin.

At the Volkswagen Group Academy, which is responsible for vocational and advanced training, skilled workers can choose from a broad range of advanced training courses. These range from further training on topics of the future and occupational or cross-disciplinary areas of general interest to specific qualifications in vocational groups and even comprehensive personnel development programs.

Degreed, the innovative learning platform we introduced, opens up a wide range of further training opportunities for our employees. The platform creates a simple, individual learning experience and will be progressively rolled out in the Group. Degreed is aimed at supporting the results of strategic HR planning with appropriate training programs. Another focus is developing important skills – for example, in areas such as data analytics, software development, leadership, machine learning and artificial intelligence. The "Individual career orientation" (ICO) module offers all Volkswagen AG employees the opportunity to reflect on career goals, interests and personal skills and compare these with the development opportunities in the Group. Various methods of self-reflection or assessment by others, practical exercises, literature recommendations and podcasts are also offered in a toolkit.

In our extensive training measures, we set store by an overarching system and uniform standards. This also applies to

the leadership and management programs we currently use, which are summarized in the following overview.

Program	Participating brands and companies <sup>1</sup>	Target audience
<p><b>Foreman leadership development program (foreman LDP, previously foreman base training)</b></p> <p>The foreman LDP teaches the basic skills necessary for performing the work of a foreman. The participants optimize the management of their own foremanship, are strengthened in their foreman role and expand their leadership skills. They experience their own behavior in real management situations and learn to reflect on themselves even better.</p>	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles	Foremen
<p><b>Manager leadership development program (manager LDP, previously manager base training)</b></p> <p>In the manager LDP, participants get to know the relevant management tools and successfully use them situationally within Volkswagen AG's value system. The manager LDP also includes content on reflection on your own management style.</p>	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, CARIAD, Volkswagen Financial Services AG	Subsection managers
<p><b>Management development program</b></p> <p>The management development program for prospective managers focuses on diversity, business management, personal responsibility and an agile mindset.</p>	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, CARIAD, Volkswagen Financial Services AG	Management candidates
<p><b>Senior management program</b></p> <p>The Group-wide senior management program provides experienced managers with knowledge from research and practice with focuses on customer centricity, innovation and leadership, supplemented by learning content including design thinking methods, tools such as Triple Impact and Lean Canvas, and decision biases.</p>	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Škoda Auto a.s., AUDI AG	Newly appointed members of senior management
<p><b>Group training catalog</b></p> <p>A decentralized catalog of training and qualifications that have been conceptually designed by the individual brands and can be used by other brands. For example, the Group Leadership Academy provides seminars that support and inspire management in the transformation of the Group with the Group Training Catalog for Leadership and Transformation. For example, the "Building a sustainable organization. Together." training teaches how sustainability can be factored into operational management decisions.</p>	Volkswagen Passenger Cars, AUDI AG, CARIAD, TRATON SE	Management, senior management, top management

<sup>1</sup> To improve readability, an illustrative selection has been made and subsidiaries and microenterprises have not been mentioned.

### Opinion Survey Measures Employee Satisfaction

We attach great importance to actively involving our employees in processes and to ensuring that their opinions, assessments and criticism are heard. That is why we conduct the Opinion Survey each year. In this employee survey, in which 129 companies of the Group took part in 2023, we measure the status of our internal employer attractiveness with a targeted question. In addition, we are also interested in our employees' views on the questions of where the Group stands on the topic of integrity and how they assess working relationships in the Group. The results of the Opinion Survey help us to identify possible improvements and inform managers

of where action needs to be taken in their organizational units. In defined follow-up processes, managers take suitable measures in dialog with their employees. The Opinion Survey's Group team supports them in this with various tools – such as a method toolbox. The regular communication with managers on the measures derived and their implementation status takes place using a top-down approach, beginning with the respective division manager/Board member and proceeding to the lowest management level. The aim is to ensure the implementation of the measures derived from the organizational units in a lasting manner.

In 2023, the survey covered 129 companies in 48 countries. 464,749 of the 588,072 employees in the companies surveyed responded. This is equivalent to a response rate of 79%. The employee satisfaction index, which is calculated from 22 questions, is the principal indicator of the Opinion Survey. It is calculated from the total of all the responses to the survey in this regard and, in 2023, stood at 82.5 out of a possible total of 100 index points in the Volkswagen Group (2022: 82.4 index points) and at 75.8 index points in Volkswagen AG (2022: 76.2 index points). The result of the employee satisfaction index influences the level of the annual bonus as part of the variable remuneration for the Board of Management.

→ In 2023, the score on the employee satisfaction index in the Volkswagen Group was

# 82.5 out of 100

possible index points and thus slightly above the score in the previous year.

### Successfully Contributing Their Own Ideas

Through their creativity, knowledge and initiative, employees take on responsibility for improving processes and products and ultimately help us to achieve our sustainability goals. In 2023, 15,363 ideas were submitted as part of idea management, and savings of around €43 million were achieved at Volkswagen AG's sites.

In addition, Volkswagen AG supports the development of business ideas fit for the future with its own separate innovation fund. The associated "intrapreneurship" program offers employees the opportunity to implement their own business ideas at Volkswagen and expand the existing portfolio of services and products. It consists of an incubator phase for developing a business plan and an accelerator phase for constructing prototypes and customer tests. Under an agreement between IG Metall and Volkswagen AG, the Group makes €20 million available to the fund each year for projects in new areas of business.

### Initiatives in the Teams@Volkswagen Dimension

As our transformation and the accompanying cultural changes take shape, the way in which teams in the Volkswagen Group collaborate is fundamentally changing. Hybrid, digital and agile forms of collaboration are becoming more important.

They require changes in office environments and working methods that are intended to simplify collaborative, flexible work. The same applies to opportunities to collaborate digitally. These new approaches to work organization supplement existing tools, such as flexible working time models. At Volkswagen AG, these include various part-time models, mobile working, trust-based working time, flexitime, the use of working time accounts, Time Asset credits and other tools.

### Hybrid Working at Volkswagen

Hybrid working – a combination of remote working and working at the office – has become the "new normal" for many employees. It can give employees greater flexibility in terms of when and where they work. To strengthen collaboration between teams in this changed environment, we offer accompanying knowledge transfer and training formats on the topic of virtual and hybrid collaboration.

Hybrid collaboration also poses new requirements for the design of office spaces. Against this backdrop, we are currently testing desk-sharing models in various office environments (e.g., at Volkswagen AG, Audi and Porsche) with the aim of designing more modern workplaces at Volkswagen. And we are also investing in contemporary working environments in production. For example, we are gradually renovating several hundred social spaces at the Wolfsburg site. Money for this is partly provided by the modernization fund, which distributes an average of €25 million a year on request by the plants and departments. The fund has a total volume of €125 million, spread over five years.

### Promoting Agility and Cultural Change

The Volkswagen Group attaches particular importance to its employees being able to act with agility and entrepreneurial drive. Together with 30 publicly traded large companies from Germany, Austria and Switzerland, we developed a skills matrix for training and professional development in the area of agile business processes under the umbrella of the DACH30 initiative. As part of these endeavors, the Volkswagen Group Academy set up an agility training portfolio.

In order to actively support divisions, departments and project teams with implementing strategic realignments, Volkswagen has a Culture & Change Factory. With around 40 experts, this area, which is under the umbrella of the Group Academy, supports and steers various transformation projects and is intended to help to build up expertise in new working methods. The team's portfolio includes change management, formats for collaboration culture, agile training, team coaching, process design and continuing training.

## Initiatives in the All of Us@Volkswagen Dimension

The Volkswagen Group Essentials define the shared underlying values across all of the Group's brands and companies. Seven simple statements describe what the Group stands for: "We take on responsibility for the environment and society," "We are honest and speak up when something is wrong," "We break new ground," "We live diversity," "We are proud of the work we do," "We not me," "We keep our word."

We want our corporate culture to create a feeling of belonging for our workforce – a feeling that increases in importance in particular in times of change and in an environment that is becoming increasingly heterogeneous. We see fair remuneration as an important part of our self-image. It is intended to motivate and express our appreciation for the performance of each individual. And last but not least, we need to empower our leaders to contribute to a successful transformation and act as role models.

### Leading by Example as a Manager

Role models motivate, give people courage for change and create trust. These are key factors for successfully working together. The role model program supports managers in strengthening these factors. Concise catalogs give managers suggestions and instructions for different activities that can be implemented easily and without any additional budget. The binding framework with minimum requirements for managers supports implementation of this program to improve the corporate culture.

### Social Compatibility of the Transformation in Focus

Collective job security agreements play an important role in the transformation. In Volkswagen AG in Germany, the job security applies until 2029 as a result of the Digital Transformation Roadmap, which underlines our appreciation for industrial work.

We also strive to act in a socially responsible way anywhere we have to cut jobs for economic reasons. For example, as it did many other companies, the coronavirus pandemic also challenged Volkswagen do Brasil to reduce fixed costs. Volkswagen do Brasil, metalworker trade unions and employee representatives of all four plants came together to negotiate a restructuring agreement. In addition to cost-cutting, it was also a matter of applying flexibility measures and adjusting the headcount through a program of voluntary resignations.

At MAN Truck & Bus SE, partial retirement contracts, termination agreements, a change of Group and the establishment of a transfer company were used as tools for the socially responsible headcount reduction that was also necessary there. The basis for this was the negotiation of a joint key issues paper between the company's management and the employee representatives. The corresponding rules and programs that were implemented in 2021 were valid until the end of the reporting period.

We provide the HR answers to various challenges at a national or international level with future-proofing programs that we have concluded as part of codetermination. For example, Germany and other parts of Western Europe face not only risks resulting from demographic changes but continue to face shortages of skilled workers who we will need for cutting-edge areas of work.

### Fair and Transparent Pay

A fair and transparent pay system and payment of fair remuneration make a significant contribution to employees' job satisfaction. In accordance with our Declaration on Social Rights, the remuneration and fringe benefits for our employees correspond at least to the legally required minimum level which is to be guaranteed in the particular country. As they are collectively agreed with trade unions, our rates of pay are usually higher than the prevailing minimum levels. Our employees are generally selected, hired and promoted on the basis of their qualifications, experience and abilities. Individual pay is generally based on the job performed.

Employees of Group companies enjoy further Company benefits. Depending on location, these may include subsidized transport and meals, employee terms at cooperation partners and discounts on certain leisure activities. Additional health-care or supplementary pension benefits may round off the range of company benefits at specific sites. By offering occupational pension schemes, Volkswagen AG and many of its brands and subsidiaries make an important contribution towards securing their employees' income in old age. Employee participation in the Company's success in the form of an employee share program – such as a stock option plan – is not currently offered.

## Initiatives in the We@Volkswagen and the World Around Us Dimension

The Volkswagen Group employs more than 684,025 people, of which 116,063 at Volkswagen AG. We work in 35 countries in Europe and 37 countries in North and South America, Asia, Australia and Africa and operate 115 production sites around the world. In all these places, we assume responsibility for the employees and their families, but also for social and economic development around our sites.

We are aware that without long-term social legitimacy at our locations and in our markets, we will not be able to continue our business model in times of accelerated changes in values – this applies from an economic, environmental and social perspective. We see our employees as representatives of the Volkswagen Group who communicate our values to society. Together with them, we also assume responsibility above and beyond our core business – such as through foundation work and corporate volunteering (employee engagement). The topics of our social engagement activities range from education, diversity, a culture of remembrance, culture, climate and environmental protection through various site commitments. More information on this is available in the Corporate Citizenship chapter.

 → Corporate Citizenship

## Managing the Transformation and Making It Measurable

The transformation means that we are on a long-term path of change and renewal. It is important to us to keep checking whether we are keeping to the course we have set out on and are achieving our goals. The Group People Strategy's strategic KPIs help us to measure our progress and take counter-measures where necessary:

- Internal employer attractiveness:** The indicator is determined by asking respondents as part of the Opinion Survey, which is conducted for the majority of our Group workforce, whether they perceive their company as an attractive employer. The Volkswagen Group's target for 2025 is 89.1 out of a possible total of 100 index points. 86.0 index points were achieved in the reporting year, i.e., the intermediate target for 2023 of 88.8 index points was missed. 86.6 points were achieved in the previous year. For Volkswagen AG, the score for 2023 was 84.7 index points (2022: 87.1 points).

- Diversity index:** As part of our Group-wide diversity management, in this strategic indicator we report on the trends in the proportion of women in management and the internationalization of top management, in each case as a percentage of the active workforce<sup>1</sup> globally. In particular, this indicator underpins the objective of the Group People Strategy, which is aimed at contributing to an exemplary leadership and corporate culture.

 → Diversity

- Strategic HR planning implementation status:** Strategic HR planning supplements operational HR planning by adding a qualitative, long-term and strategic planning perspective. It allows business units to identify qualitative and quantitative surpluses and shortfalls at an early stage and derives necessary qualification, training and restructuring requirements designed to help support the transformation. To map progress in strategic HR planning, we measure the percentage of the active workforce<sup>1</sup> considered in the strategic HR planning from 2023. The data showed a coverage of 34.3%, which is slightly below the target of 35%.
- Number of training hours per employee:** Due to the transformation in the automotive industry, we are facing the biggest process of change in expertise and cultural change in the history of the Group. As a result, individual opportunities for change for employees are becoming an increasingly important success factor. Volkswagen is expanding access to training by leveraging economies of scale in connection with digitalization and through the use of the Degreed platform. The goal is to increase the average number of training hours per employee in the Volkswagen Group – based on the active workforce<sup>1</sup> – by 35% to 30.0 hours per year by 2030. The baseline value is 22.3 hours and represents the average for the years 2015 to 2019. The years 2015–2019 were chosen as the baseline due to the outbreak of the Covid-19 pandemic, which temporarily curtailed training activities in 2020 and 2021. The target for the reporting year was 24.0 hours. An average of 22.1 hours per employee meant it was not achieved.

<sup>1</sup> Definition of active workforce: total workforce not including trainees or employees in the passive phase of semi-retirement. In addition, when compiling the data for the diversity index and within the framework of the German Act on the Equal Participation of Women and Men in Leadership Positions (*Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*) and the training KPIs, an adjustment is made for employees in the withdrawal phase of the Time Asset scheme (Time Asset scheme: time credits from deferred compensation).

## Preventive Health and Occupational Safety

Particularly in the transformation, ensuring a safe and healthy working environment is a significant component of sustainable corporate governance and an important building block of employer attractiveness. Sustainability in the context of occupational health and safety for us means developing and implementing long-term strategies and measures that aim to ensure the health and safety of employees and, at the same time, take account of environmental and social aspects. This long-term approach also helps the Volkswagen Group to cope with demographic change, which is now typical of many industrial countries. Open communication in which employees can express concerns and suggestions for improving health and safety at work is also important to us.

### Management at Group Level

Healthcare is managed at Group level by the Head of Group Occupational Health and Safety, who is also Volkswagen AG's senior physician. They report directly to the Chief Human Resources Officer, reporting to the latter on the topics of health and occupational safety. The Group Steering Committee for Health and the Group Steering Committee for Occupational Safety make decisions on strategic direction and coordinate topics of fundamental importance across brands. In addition, the steering committees initiate projects, ensure that expert knowledge is made transparent, and leverage synergies in healthcare and occupational safety. Compliance with legal requirements, the identification, assessment and reduction of work-related risks, the derivation of measures and checking effectiveness form the basis for successful occupational health and safety and thus make a positive contribution to keeping employees healthy as part of society.

Specifically, occupational healthcare in the Volkswagen Group provides employees with advisory and preventive services relating to healthy and safe working – for example, in the form of checkups. The services help to maintain and improve employees' health. They take account of both the physical and mental health of employees and provide them with information on health-related topics as part of various initiatives.

## Strategic Direction

Occupational health and safety are not isolated topics for us but inseparable elements of the Group-wide sustainability strategy. It recognizes the close connection between the well-being of our employees, operating efficiency and our long-term success. The aim is to strengthen this connection and continuously improve working conditions with innovative approaches and cooperative measures. With this in mind, we want to ensure a healthy and safe working environment that protects our employees and contributes to a productive and positive corporate culture.

### Guidelines and Policies Regulate Occupational Health and Safety

A Group policy regulates the responsibility for occupational health and safety uniformly for all the Group's brands and companies. This policy was revised in 2023 to set binding health and safety requirements for all the Group's companies. By aiming for the highest standards in health and safety, we not only help to protect our employees but also contribute to our Group's sustainable development.

Our aim here is to ensure the protection and promotion of physical and mental health, taking into account psychosocial risks and their effects. At Volkswagen AG, the maintenance, promotion and restoration of our employees' mental health are defined premises of our strategic focus and are anchored not only in the internal "Health 2025+" agenda of the Volkswagen Health department but also in the "Mental Health" position paper and in the Volkswagen Group's Occupational Health and Safety Policy.

### Safety First Strategy

Sustainable occupational safety means for us that employees do not suffer accidents when working. Volkswagen is supporting this objective through the Safety First strategy. The vision of this strategy is to anchor "safety first" as a guiding principle in the actions of all managers and employees. All occupational safety processes are to be known and to be applied reliably. Workplaces are to be safe and the Occupational Safety department is to be involved in shaping them. All managers and employees are to be informed and trained and act in line with safety requirements.

GRI 403-1, 403-2, 403-4, 403-6, 403-8, 403-9

The Safety First strategy requires all Volkswagen Group production sites to comply with the standards of ISO 45001 occupational health and safety management systems. All production sites with more than 1,000 of their own employees are to be certified in accordance with ISO 45001 by 2026. The implementation of the strategy is supported by brands and companies reporting and sharing information on their progress and measures. In 2023, we also established a networking meeting at which contacts from various brands share information on health and safety topics. In addition, various health and safety committees in which both company and employee representatives are involved have been established at Volkswagen AG.

### Preventive Measures and Initiatives

In the area of health, in addition to meeting statutory requirements, the Volkswagen Group focuses to a large extent on preventive approaches. For example, employees are offered regular checkups. To further increase our employees' health and thus also their ability to work, in the reporting year a project team modernized and digitalized this checkup and linked it with specific follow-up interventions. The focus included creating an end-to-end, digital process chain, ensuring the earliest possible start of treatment for employees with health problems and increasing employees' health literacy.

#### Running for a Good Cause

Volkswagen organized its first International Health.Care.Run., a brand-wide charity run, in 2023. Thousands of employees took to the starting line at a total of 21 sites in 11 countries to raise money for a good cause. The money went toward the "a chance to play" project, which helps disadvantaged children and young people close to the Volkswagen sites.

### Measuring Effectiveness

To evaluate the Group companies' current performance in occupational health and safety, in the reporting year the Volkswagen Group conducted a risk analysis based on self-assessment questionnaires at the level of the companies. For example, we were able to identify improvement potential and introduce measures to reduce sustainability-related risks. The content of the risk analysis focused on the topics

of external certification, organization, safety standards for workplaces, work equipment, workstations and protective measures, training and instruction, and emergency planning. The implementation of requirements and compliance with standards is audited in a risk-based Group audit program on occupational health and safety. Three Group audits were conducted in the 2023 reporting year.

→ At the end of 2023, a total of

**72**

**Volkswagen Group production sites were certified in accordance with ISO 45001.**

Collecting key figures is a core element for assessing the effectiveness of our measures. At the end of 2023, a total of 72 (2022: 61) Group production sites were certified in accordance with ISO 45001. This corresponds to coverage of 51% of employees at Volkswagen Group production sites. In addition to the number of ISO 45001 certificates and their level of coverage, the Volkswagen Group uses the accident frequency for employees, excluding temporary agency workers, as a key performance indicator for reporting. The accident frequency index provides information on the number of accidents at work as a proportion of the total of all hours worked. It is calculated as the number of accidents at work reported multiplied by 1 million divided by total number of hours worked. In 2023, the accident frequency was 3.6 (2022: 3.7) in the Volkswagen Group and 7.0 (2022: 6.3) in Volkswagen AG. The Group uses Group regulations to provide cross-brand information in the event of serious or fatal accidents involving our own employees or workers from external firms. On this basis, measures can be taken to prevent similar accidents across all our sites in the future. The Volkswagen Group recorded no fatal work-related accidents involving our own employees in the reporting year.

In fiscal year 2023, the Health Department carried out 1,741 initial and 5,380 subsequent checkups in Volkswagen AG. Since the introduction of the service in 2010, a total of 88,643 Volkswagen checkups have been completed (active workforce<sup>1</sup>).

People in the Transformation KPIs <sup>1</sup>	Unit	2023	2022	Notes and comments
<b>Number of countries in which the Volkswagen Group is active by continent</b>				
Europe	number	35	35	
North and South America, Africa, Asia, Australia	number	37	37	
<b>Production facilities worldwide</b>	<b>number</b>	<b>115</b>	<b>119</b>	
of which Volkswagen AG production facilities	number	6	6	
<b>Number of employees in the Volkswagen Group by continent   GRI 2-7</b>				
Europe	number	493,629	490,777	
America	number	77,430	73,236	
Africa	number	5,717	5,702	
Asia	number	105,644	104,574	
Australia	number	1,605	1,516	
<b>Total workforce (of which Volkswagen AG)   GRI 2-7</b>	<b>number</b>	<b>684,025 (116,063)</b>	<b>675,805 (116,677)</b>	
<b>Number of employees in the Volkswagen Group by type of work   GRI 2-7, 2-8</b>				
Fixed-term employees	number	27,640	25,536	
Permanent employees	number	656,385	650,269	
Temporary agency workers	number	27,974	26,171	
Apprentices	number	17,081	16,590	
in Volkswagen AG	number	4,374	4,452	
<b>Employee age structure in the Volkswagen Group   GRI 405-1</b>				
		<b>Women/ men</b>	<b>Women/ men</b>	
< 20 years old	in %	0.3/1.2	0.3/1.2	
20–29 years old	in %	3.5/11.6	3.4/12.2	
30–39 years old	in %	5.8/24.8	5.6/25.0	
40–49 years old	in %	4.9/21.1	4.7/21.1	
50–59 years old	in %	3.5/17.9	3.4/17.8	
> 60 years old	in %	0.7/4.8	0.7/4.6	
<b>Proportion of women in the Volkswagen Group   GRI 405-1</b>				
Total management	in %	18.7	16.8	
Total apprentices	in %	20.6	20.3	Excluding Scania and Navistar
Volkswagen Group, total	in %	18.7	18.1	
<b>Proportion of women in Volkswagen AG   GRI 405-1</b>				
Total management	in %	17.3	15.9	
Total apprentices	in %	25.1	25.0	
Volkswagen AG, total	in %	18.6	18.3	

<sup>1</sup> The "diverse" category is not included in the KPIs because the total number is too low to be visible in the percentage breakdowns.

People in the Transformation KPIs <sup>1</sup>	Unit	2023	2022	Notes and comments
<b>Staff turnover at Volkswagen AG   GRI 401-1</b>				
Women	in %	0.6	0.5	
Men	in %	0.7	0.6	
<b>Opinion Survey</b>				
Participating companies	number	129	159	
Participating countries	number	48	49	
Eligible employees	number	588,072	614,142	
Participating employees	number	464,749	475,778	
Percentage of participating employees	in %	79	77	
Internal employer attractiveness	index score	86.0	86.6	
Internal employer attractiveness in Volkswagen AG	index score	84.7	87.1	
Employee satisfaction index	index score	82.5	82.4	
Employee satisfaction index in Volkswagen AG	index score	75.8	76.2	
<b>Idea management at Volkswagen AG</b>				
Ideas submitted	number	15,363	13,953	
Savings	in € million	42.56	38.0	
<b>Training<sup>2</sup>   GRI 404-1</b>				
<b>in the Volkswagen Group</b>				
Training hours per employee	average number of hours	22.1	20.1	
Time	million hours	14.3	12.9	
Training costs	in € million	487.7	399.3	Excluding vocational training costs
Training costs per employee	average cost in €	753.9	623.4	Excluding vocational training costs
<b>in Volkswagen AG</b>				
Training hours per employee	average number of hours	11.9	10.9	
Time	million hours	1.2	1.1	
Training costs	in € million	103.4	91.1	Excluding vocational training costs
Training costs per employee	average cost in €	1,015.8	887.0	Excluding vocational training costs

<sup>2</sup> Change in methodology: 2023 figures adjusted for employees in the withdrawal phase of the Time Asset scheme (time credits from deferred compensation). Previous year's figures adjusted.

People in the Transformation KPIs <sup>1</sup>	Unit	2023	2022	Notes and comments
<b>Preventive health and occupational safety<sup>3</sup>   GRI 403-8</b>				
Initial checkups by the Health department	number	1,741	548	
Subsequent checkups by the Health department	number	5,380	2,398	
Total Volkswagen AG checkups since 2010	number	88,643	84,799	
Group sites certified in accordance with ISO 45001	number	72	61	
Proportion of these in terms of number of employees <sup>4</sup>	in %	51	27	
Volkswagen AG sites certified in accordance with ISO 45001	number	3	2	Certification for the six Volkswagen AG sites is scheduled to be achieved by 2024.
Proportion of these in terms of number of employees	in %	34	19.8	
<b>Accidents reported<sup>3</sup>   GRI 403-9</b>				
				Temporary agency workers and internal commuting accidents not included in the KPI. Absence days are included through December 31 of the respective fiscal year.
Index of accident frequency in the Volkswagen Group	value	3.6	3.7	Value per 1 million hours worked
Index of accident frequency in Volkswagen AG	value	7	6.3	Value per 1 million hours worked
<b>Deaths due to work-related injuries   GRI 403-9</b>				
Volkswagen Group deaths	number	0	1	
Volkswagen AG deaths	number	0	0	

<sup>3</sup> Scope: The following sites are not included in the Group assessment in the reporting year: Volkswagen Transmission (Shanghai) Co., Ltd. and Innovative Charging Solutions (Suzhou) New Energy Technology Co., Ltd. Data for MAN Truck & Bus SE (Serendah) are based on estimates.

<sup>4</sup> Change in methodology: scope adjustment in 2023 - relates to the number of employees at production sites worldwide. Previous year's figure not adjusted.