

PEOPLE IN THE TRANSFORMATION

The background is a dark red color with a complex, abstract geometric pattern. The pattern consists of numerous white lines that form a series of interconnected, overlapping shapes, resembling a wireframe or a low-poly mesh. The lines are most prominent in the center and right side of the image, creating a sense of depth and movement. The overall effect is a modern, digital aesthetic.

65

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 rising societal expectations, international treaties and political regulations, which require targeted decarbonization of products and business processes. Shifting from internal combustion engines to electric drives, 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 as employers and the qualifications needed in the industry will be radically different from at the start of this process.

The changes the Volkswagen Group has made in its production strategy are also impacting the qualifications needed and the composition of the workforce. This is becoming particularly evident in the continued retrofitting of further plants in the reporting year, a process which started in 2020, for instance in Emden, Salzgitter and Hanover as well as in Chattanooga in the USA. Electric cars are now being built at 12 Volkswagen Group sites. In contrast to cars with internal combustion engines, the production of e-vehicles is less complex, whereas 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.

It is also to be expected that the transition to NEW AUTO and the transformation into a software-driven business could lead to asynchronicity 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.

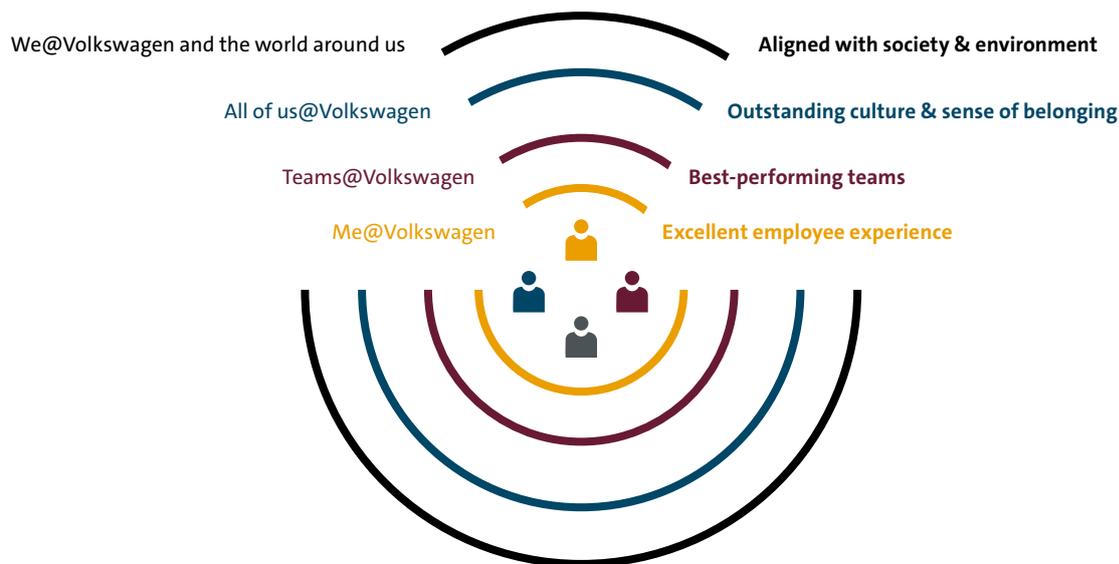
As a result, the Volkswagen Group workforce is facing a ten-year process of simultaneous recruitment, job cuts and restructuring. This transformation will only be successful if we involve our employees, train them, prepare them for the forthcoming changes as well as possible, give them a clear perspective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

Our aim at Volkswagen is therefore 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.

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

The responsibility for "people in the transformation" is therefore at the core of our current and future activities in human resources. This responsibility extends beyond HR: for the entire Volkswagen Group, the transformation of the workforce as part of its NEW AUTO Group strategy is defined as one of the central focus topics and in connection with this has been launched as a separate Group initiative. The **Group People Strategy** entitled "Transform to Tech", which was also adopted by the Group Board of Management in the reporting year, plays a key role here. In adopting this new strategy, the Volkswagen Group is continuing with the key, successful approaches contained in its Human Resources policy. These include the pronounced stakeholder focus in corporate governance, comprehensive participation rights for employees, outstanding training opportunities and the principle of long-term service through systematic employee retention. and remuneration that is fair and transparent. Throughout the Group, we offer individual remuneration components for non-union employees that we continuously update to reflect new working realities and business models.

At the same time, the new 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 can increase our employer attractiveness and raise our organization's performance.



This is why the Volkswagen Group people strategy looks at employees and their needs throughout the entire work experience: “Me@Volkswagen”, “Teams@Volkswagen”, “All of us@Volkswagen” and “We@Volkswagen and the world around us” are the perspectives from which we address employees’ needs and expectations in a holistic manner. These four dimensions together are what make up the work experience, job satisfaction and, ultimately, the success of the work and the Group’s integration into society.

The first dimension, “**Me@Volkswagen**”, follows the principle that every employee should 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.

The “**Teams@Volkswagen**” dimension is pivotal to the Group’s success: high-performance teams in the Volkswagen Group are groups of people that trust one another, have a common goal and can rely on one another and that can also discuss issues critically and express their opinion.

“**All of us@Volkswagen**” describes the corporate culture dimension. The Volkswagen Group has a strong culture, unique products, fair working conditions, safe work, good opportunities for participation and attractive development paths.

The fourth dimension, “**We@Volkswagen and the world around us**”: 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. Employees are representatives of the Volkswagen Group, and they communicate our values to society.

As the transformation’s key projects and expansion stages, we are pursuing strategic HR planning across the entire Group, an expert basis for the transformation through external academic support and analysis, the definition of an Employment 2030 vision and the implementation of new learning platforms for training with an increased training budget.

Although our new Group people strategy “Transform to Tech” came into effect in fall 2021, the reporting on the key performance indicators for 2021 follows the preceding strategy of “Empower to Transform”. As part of the strategy, we collect and analyze the following key performance indicators:

- Internal employer attractiveness: The indicator is derived by asking respondents, as part of the Opinion Survey, which is conducted in the majority of our Group companies, whether they perceive the respective company as an attractive employer. The target for 2025 is 89.1 out of a possible total of 100 index points. 86.8 index points were achieved in the reporting year, i.e. the target of 88.4 index points was missed. 88.2 points were achieved in the previous year. For Volkswagen AG, the value for 2021 was 87.7 index points (2020: 86.9 points).
- External employer attractiveness: The ability to recruit top talent is of decisive importance, particularly in view of the Company’s transformation into one of the world’s leading providers of sustainable mobility solutions and the associated development of new business fields. We use this strategic indicator once a year to check the positioning of the major passenger-car-producing brands on the labor market for graduates in each brand’s home country. Rankings in surveys conducted by Universum, in which we aim to achieve individually set, ambitious scores for the Group brands featured, serve as the basis for this. In fiscal year 2021, the Porsche and ŠKODA brands fully achieved the targets set for them, exceeding them in some cases. Whereas SEAT was able to realize some of its targets, the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and Audi brands did not achieve their targets.

- **Diversity index:** Given the cultural diversity in our global markets and the growing economic momentum, success in a highly competitive marketplace requires an ever-wider range of experience, world views, solutions to problems and product ideas. The diversity of our workforce provides potential for innovation in this area, which we aim to make even better use of in future. As we establish diversity management across the Group, this strategic indicator expresses the development of the proportion of women in management and the internationalization of top management as a percentage of the active workforce¹ worldwide. In particular, it underpins the objective of the human resources strategy, which is aimed at contributing to an exemplary leadership and corporate culture. The proportion of women in management positions, comprising line managers, senior managers and top managers (including members of the Group Board of Management), was 16.3% in 2021, 1.2 percentage points higher than the previous year's level. We aim to raise this figure to 20.2% by 2025. Our goal is to increase the level of internationalization in top management, the uppermost of our three management tiers, to 25.0% by 2025; in the past fiscal year it was 20.3% (2020: 18.7%).

Management of HR Processes through OneHR

We aim to effectively implement our HR strategy by means of a standardized structure for the HR departments at the Volkswagen AG sites. In 2020, we established the uniform operating model OneHR for this in our human resources work. The structure of the OneHR organization is based on the Group control units for HR principles and management, HR strategy and innovation, diversity and advancement of women and on a uniform model for personnel support at the plants. In addition, the Group has advice centers staffed by experts plus HR business partners that provide managers and employees in the business divisions with support on all HR issues. After this operating model had first been established and continuously optimized in Volkswagen AG, implementation was also significantly advanced in the Audi, Porsche, MAN and SEAT brands and in Volkswagen Financial Services during the reporting year. OneHR thus supports us in pursuing and achieving the objectives of our Group people strategy.

Academic Support of the Transformation Process

We see the continuous academic support of the transformation as an important factor of its success. For the expert basis and operationalization of our new people strategy, we were able to draw, in particular, on the findings of the comprehensive research project "EMDI@VW – Impact of Electric Mobility and Digitalization on the Quality and Quantity of Employment at Volkswagen" initiated by the Volkswagen Sustainability Council, which we conducted together with the Fraunhofer Institute for Industrial Engineering IAO in Germany in 2019 and 2020.

The completion of the study gave us a clear picture of the areas in which we will have to cut jobs and/or recruit in the next few years and of what changes are to be expected in qualifications,

particularly in view of digitalization. In the reporting year, we set up a follow-up study on this. In collaboration with the lead chair of sociology at Friedrich-Alexander University Erlangen-Nürnberg, we will draw on the findings of the Fraunhofer study and explore them in depth to identify potential and resources of people, the organization and learning for shaping the digital and environmental transformation. Like the previous study, this research will also be financed by the Volkswagen Group's Sustainability Council. The findings will be published in 2022.

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 Sustainable Development Goals, the Global Reporting Initiative and recognized ESG standards. Specifically, our activities in daily practice are guided by five principles:

- Transparency, responsibility and participation
- Fair and attractive employer
- Increase in diversity and inclusion
- Transformation-oriented human capital development
- Expansion of preventive health and occupational safety

 > www.volkswagenag.com > Sustainability > Strategy & Reporting > Policy > Declaration on Social Rights

TRANSPARENCY, RESPONSIBILITY AND PARTICIPATION

The Volkswagen Group employs more than 672,000 people, of which more than 117,000 at Volkswagen AG. At both Group level and in Volkswagen AG, the proportion of women is 17.9%. We work in 35 countries in Europe and 37 countries in the Americas, Asia, Australia and Africa and operate 120 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.

In our social charter, we commit to paying all employees the legally required national minimum wage that is to be guaranteed, to protecting the right to privacy, personal safety and freedom of opinion, to the rights of indigenous people and to preventing cruel, inhuman or degrading treatment. We acknowledge our responsibility to open up good development opportunities for our employees, to encourage their participation and involvement in the work process and to offer a high level of job security.

 > www.volkswagenag.com > Sustainability > Strategy & Reporting > Policy > Declaration on Social Rights

¹ Active workforce: total workforce not including trainees and employees in the passive phase of semi-retirement. Data collected from 2021 onwards not including employees in the withdrawal phase of the Time Asset scheme (Time Asset scheme: time credits from deferred compensation).

We are guided in our actions by clear values, especially in the transformation phase. The Volkswagen Group Essentials set out the common basic values for all brands and companies within the Group. Seven simple “We” 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”.

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 – this is also an important element of the people strategy in the “Me@Volkswagen” target dimension. In our Opinion Survey, an employee survey in which 165 companies of the Group took part in 2021, 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 thus serve 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 and are supported in doing this by the Opinion Survey Group team, which provides various tools for this – such as a method toolbox.

At the regular managers’ measures discussion, a discussion of 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.

The 2021 Opinion Survey was carried out at 165 companies in 40 countries. 466,021 of the 596,905 employees in the companies surveyed responded. This is equivalent to a response rate of 78%. The employee satisfaction index, which is calculated from 22 questions, is the principal indicator of the Opinion Survey. It is obtained from the sum of all the responses to the survey that were given on this topic and was 82.3 out of 100 possible index points in 2021 in the Volkswagen Group (2020: 82.2 index points), at Volkswagen AG at 76.2 index points (2020: 74.3 index points).

In 2021, the employee satisfaction index score was

82.3 out of 100

possible index points and therefore slightly above the score of the previous year.

Transition to Hybrid Work Formats

In the dialog and feedback processes, our employees also told us what particular needs they have regarding the new world of work that is evolving. For example, like at other companies, at Volkswagen the coronavirus crisis above all acted as a catalyst for the breakthrough of digitalization in knowledge work. Virtual communication and collaboration and new formats of knowledge transfer and training – for example, through podcasts or online tutorials – were set up and expanded at short notice.

Hybrid working as a combination of remote working and working on site is increasingly becoming the norm and requires a change of thinking regarding the organization of work and collaboration. To this end, the Group launched several initiatives during the reporting year. One of these is Volkswagen AG’s Office 2025 project, a holistic concept spanning the dimensions of people, space and technology that focuses on the topics of modular working environments, desk sharing and technical infrastructure, including hardware and software.

In July 2021, Volkswagen AG held a “Digital Week” on the hybrid working world with numerous interactive events, around 40 speakers and over 20,000 attendees. The main topics were drafting and applying the company agreement on remote working, maintaining mental health, strengthening the management culture and culture of trust, and the design of office environments, including the technical equipment. The Group also developed guidelines for digital and hybrid collaboration, which should serve as guidance for successful communication and organization for employees, managers and teams. This shared focus on success in cooperation will be applied across the Group in the future with the implementation of the Group people strategy under the “Teams@Volkswagen” target dimension.

Employee Ideas Wanted

Through their creativity, their knowledge and their initiative, employees take on responsibility for improving processes and products and ultimately help us to achieve our sustainability goals. In 2021, more than 12,631 ideas were submitted as part of idea management and savings of € 37.6 million were achieved at Volkswagen AG’s sites. Volkswagen AG’s innovation fund also supports the development of business ideas fit for the future. 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.

Employee Rights to Participation

When establishing cooperative labor relations marked by social harmony, we are guided by universally valid human rights and the standards of the International Labour Organization (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 Social Charter. The scope of the Social Charter extends to Volkswagen AG and the Volkswagen Group's controlled companies. The principles of the Social Charter were also integrated as a component of the sustainability requirements in the supply chain and in the Volkswagen Code of Conduct for Business Partners. Due to different political and legal conditions, implementation of the OECD and ILO standards at all global production sites is not possible 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 Organize.

In order to navigate the tension between the different national conditions and the interest in the greatest possible achievement of the right to organize, the Volkswagen Group relies 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 Organize 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 an approach to cooperation that goes well beyond the legal framework is taken. 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.

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.volkswagenag.com > Investor Relations > Corporate Governance > ESG Controversies

The form of our working relationships is also managed through a number of 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. They include:

- The Declaration on Social Rights and Industrial Relations at Volkswagen (Social Charter), which is geared to the relevant ILO conventions

- The Charter on Labor 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
- 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 – for example, guide values for the ratio of temporary to permanent employees, equal pay (for equal work), training measures and the limitation of employment periods with a subsequent review as to whether to take on the employee permanently
- The Charter on Vocational Education and Training, in which professional training is anchored as a central part of Charter on Labor Relations

In addition, there are a number of locally applicable agreements with the relevant responsible trade unions that stipulate, for example, standards for further training and for preventive healthcare measures. These fundamental standards and agreements underpin the rights of employees and their elected representatives at Group level 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. As well as discussing the current situation at the various sites, the respective HR managers and Group executive management also share information about product and workforce plans as well as social welfare and personnel standards.

Cooperative Organization of Labor Relations at Brands and Companies

We want to enable the most comprehensive representation of employee interests possible in our Group. 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 Caminhões e Ônibus, 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 Charter on Labor Relations additionally allows employee representatives around the world to conclude agreements with local management on specific rights to information, consultation and co-determination. This far-reaching form of participation has proved highly successful over many decades.

FAIR AND ATTRACTIVE EMPLOYER

We believe that an attractive employer is first and foremost a fair employer. That is why we adhere to the relevant national legal standards when dealing with all matters that affect our personnel. However, in line with our tradition of social partnership and the balancing of interests, we go beyond these standards; we would like to allow all our employees throughout the world to share in Volkswagen's social achievements and its high work and social standards.

Participation, initiative and individual creative opportunities are particularly important when it comes to keeping our promise to be an excellent employer. We would like our employees to be responsible, competent and confident "Company citizens" who actively take part in company affairs and get involved in decision-making processes. "Me@Volkswagen" – one of the target levels of the new people strategy – is based on precisely this principle.

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. From 2019 until 2023 and beyond, Volkswagen AG is investing up to € 4 billion in major digitalization projects and efficient administration within this framework in Germany.

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, 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 the reporting year continue to apply until 2023.

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. In order to fill jobs with experienced and creative IT, digitalization and electrification experts even more to the benefit of the candidates, we are strengthening our efforts in digitalizing the internal recruitment processes.

Applicants are at the heart of our activities, and we are increasingly addressing them via digital formats due to the current situation. This also includes our "Hello Possible 2.0" recruitment campaign for the Volkswagen brand, which we ran exclusively in digital space and which is aimed at selected experts from the areas of intuitive operability, digital transformation and emission-free mobility.

Commitment to External Employer Attractiveness

The transformation requires particular dedication to acquiring top talent. An indicator for this is external employer attractiveness. In addition to measuring external employer attractiveness, which includes rankings in surveys conducted by Universum for the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Audi, ŠKODA, SEAT and Porsche brands (p. 77), we compile a strategic KPI for Volkswagen Financial Services AG: the external employer ranking. This involves taking part in the "Great Place to Work" external benchmarking, in general once every two years. The aim is to position ourselves as an attractive employer and derive appropriate measures to achieve a ranking among the top 20 employers by 2025 – not just in Europe, but globally. For 2023, we plan to participate in this ranking on a global scale. In competition with other European employers, we achieved that targeted top 20 ranking. In 2021, Volkswagen Financial Services AG was represented in further national and international best-employer rankings.

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 Social Charter, 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 based on the job performed.

The remuneration system not only reflects the corporate culture but also the organization of work and represents a significant

competitive factor for the Group. The gradual transition from old product range to new also comes into play in matters of pay. For example, changes in work, roles and expertise also need to be reclassified with respect to their value.

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 healthcare 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.

DIVERSITY AND INCLUSION

Information on strategies, measures and programs, including on enabling a better work/life balance is summarized in the chapter on the focus topic of diversity.

 > Diversity

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. This is because the comprehensive specialist qualifications of our employees remain the basis for the highest technological excellence. The electrification of the vehicle fleet, the transition towards connected, autonomous driving and the digital transformation of our Group mean that employees already need very different qualifications today. We handle these changes with our comprehensive training system with its individual training measures, which is also part of the gradual implementation of our new people strategy with the target focus of “Me@Volkswagen”.

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 but also comply with the relevant national standards and regulations.

In 2021, the Volkswagen Group trained 17,151 young people. We also support the career development of new entrants once they have completed their apprenticeship. For example, particularly talented young specialists are nurtured in talent groups.

Training Skilled Workers and Managers

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. The COVID-19 pandemic meant that only a restricted range of options was available again in 2021, particularly in multidisciplinary areas. This went hand in hand with a greater shift from classroom seminars to online seminars. In 2021, a start was also made on creating a new learning ecosystem, which will be used to continuously expand the learning options through a platform solution. 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, seminars and podcasts are also offered in a toolkit.

The leadership and management programs and training were further developed in 2021 and their content updated to adapt them to future requirements. The Volkswagen Passenger Cars brand's foreman base training (FBT) and manager base training (MBT) were revised in the reporting year. The manager base training has also had agile management content added. In addition, there is a program for future managers of the Volkswagen brand, the management development program, which focuses on corporate culture, diversity, compliance & integrity, and personal responsibility. Two new modules train prospective managers on agility in day-to-day management. For newly appointed managers of the Volkswagen brand, the new management program launched in 2020 with the company Malink St. Gallen was continued in the reporting year. Its objective is to strengthen managers' ability to deal with the challenges of the transformation using scientifically based leadership and management models. For experienced managers, the Group-wide senior management program provides high-quality knowledge from research and practice with focuses on customer focus, innovation and leadership, which have been supplemented by learning content including design thinking methods, tools such as Triple Impact and Lean Canvas, and decision biases. We set up this human capital development program with Paris business school HEC and the Potsdam Hasso Plattner Institute Academy.

The Volkswagen Group has also compiled a decentralized training and qualifications catalog for its managers, and these qualifications are conceptually designed by 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. Under coronavirus conditions, 160 managers took part in nine pilot training courses across the Group in fiscal year 2021. This builds on the enormous stock of know-how and experience for manager training, uses synergies

between the brands and expands knowledge transfer and networking. For example, the “Building a sustainable organization. Together.” training teaches how sustainability can be proactively factored into operational management decisions.

The Transform Leadership 2030 program provides the opportunity to explore all the aspects of the transformation in dialog with experts and members of the Board of Management in eight core modules and, in particular, to deepen technology-specific knowledge.

Promoting Agility and Cultural Change

In view of the many upheavals and to strengthen a culture of cooperation, the Volkswagen Group puts a special emphasis on employees’ ability to act agilely and entrepreneurially. Until 2020, there was, however, a lack of uniform standards that define concrete agile skills. We therefore developed a skills matrix for training in the area of agile business processes together with 30 major listed companies from Germany, Austria and Switzerland in the DACH30 initiative. In the course of this, the Volkswagen Group Academy established a training portfolio on agility.

In order to actively support divisions, departments and project teams with implementing strategic realignments, the Culture & Change Factory was founded at Volkswagen in 2021. The new unit under the umbrella of the Group Academy supports and steers various transformation projects with around 40 experts. The team’s expertise includes change management, culture change, agile training, coaching, process design and continuing training.

Investment in Development of Skills for New Technologies

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 new courses on the topic of e-mobility to its professional training program at the site in Chattanooga, USA, with the aid of the Volkswagen Group Academy. It largely comprises the two program lines high-voltage qualification and automation qualification, which had around 3,000 participants in the reporting year. We plan to expand the training programs to include the topics of 3D printing, cybersecurity and robotics in the future.

By 2023, Volkswagen AG wants to create at least 2,000 new jobs connected to digitalization at its traditional West German sites. For the HR transformation in the course of the digitalization drive, the Group is increasing its training budget relating to new technologies by € 40 million to a total of around € 200 million, around € 126 million of which had already been released by the end of 2021.

In particular, we are broadening the knowledge base for the digital transformation in the Group with the Faculty 73 program. We train 100 software developers each year 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. In 2021, we placed all 94 graduates of the first phase of the program within Volkswagen AG and CARIAD. In March 2021, 100 people became the third year of students to begin the training program.

Volkswagen AG and CARIAD have also encouraged the establishment of innovative programming schools in Wolfsburg and Berlin in cooperation with the non-profit École 42. The training institute in Wolfsburg commenced operations in May 2021 with 170 students from 30 countries. By the end of 2022, 600 students in Wolfsburg and Berlin are to be admitted and learn from and with each other in line with an innovative training concept. Like at École 42 in Paris, the free training at 42Wolfsburg and 42Berlin is also open to applicants who have not graduated high school or college, irrespective of their age, sex or origin.

PREVENTIVE HEALTH AND OCCUPATIONAL SAFETY

The Volkswagen Group and its HR division continued to have to deal with the consequences of the coronavirus pandemic in 2021 and therefore had to respond to challenges that needed to be handled at the same time as the transformation work. For example, HR repeatedly had to deal with production downtime caused by regional outbreaks of the pandemic and adapt activities to protect employees at the various sites in line with the threat situation.

In addition to this central task currently facing us, we are further expanding preventive health and occupational safety in the Volkswagen Group. This is because physical and mental well-being are important if employees are to perform well at work and cope with the stress typical of working in a changing production company. We have also committed ourselves to this goal of promoting optimum health within the framework of the Group people strategy under the “Me@Volkswagen” target dimension.

In the area of health, sustainability means for us that we want to help every employee to retire healthy. This long-term approach also helps our Group to cope with demographic change in the form of an aging population, which is now typical of many industrial countries in which we operate.

Holistic health management at Volkswagen already goes beyond the statutory preventive healthcare and occupational health and safety requirements. It also includes aspects such as work organization, ergonomics, prevention, integration and rehabilitation, along with leadership culture.

Group Policy Regulates Occupational Health and Safety

Our employees receive medical care at all our sites in accordance with the relevant national legal regulations and internal rules and on the basis of Group guidelines on protecting and promoting health. All Group sites have at least one facility for dealing with medical emergencies. Most of them also offer medical care provided by a company doctor.

A Group policy regulates the responsibility for occupational health and safety uniformly for all the Group's brands and companies. Health care 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 Care makes decisions on strategic direction and coordinates topics of fundamental importance across brands. The steering committee initiates projects, ensures the transparency of expert knowledge and organizes the leveraging of synergies in health care. Its participants are the Head of Group Health Care and the brands' heads of health care or their representatives. The Group Steering Committee for Occupational Safety makes decisions on the strategic direction and the development of occupational safety. Its participants are the Head of Group Occupational Safety and the brands' heads of occupational safety or their representatives.

In addition to meeting statutory requirements, Volkswagen's Health department focuses to a large extent on preventive approaches. Employees are therefore offered regular checkups. As part of the discussion of the checkup findings, employees are offered customized healthcare services based on new scientific knowledge. However, the pandemic meant it was only possible to maintain these services to a very restricted degree in the reporting year. In fiscal year 2021, the Health department carried out ten initial and 38 subsequent checkups in Volkswagen AG. Since the introduction of the service in 2010, a total of 86,027 Volkswagen checkups have been completed (active permanent workforce).

Diverse Programs for Combating the Pandemic

In response to the coronavirus pandemic, Volkswagen's Health department began operating its own PCR test facilities at all Volkswagen AG sites at an early stage in order to minimize the risk of cluster outbreaks and protect employees and the Group as well as possible. In addition, Volkswagen also made its PCR test infrastructure available to public health departments at the sites and thus reduced the burden on the public health service.

In addition, the Volkswagen Health department set up and operated its own vaccination centers at 31 sites for a high level of protection against infection. 332,004 coronavirus vaccinations were given across the Group in 2021 (Volkswagen AG: 91,874). Here too, Volkswagen assumed social responsibility and

opened the vaccination centers in some Group companies for people outside the Group.

The Wolfsburg Volkswagen plant's health department also launched a project for monitoring waste water in mid 2021 in order to establish an early warning system for infection clusters via the changes in the viral load in wastewater. This project adds to the range of coronavirus protection measures at an early stage.

High Standards for Occupational Safety

Like preventive healthcare and emergency health provision, the continuous improvement of occupational health and safety is vitally important to us. In 2004, the Volkswagen Group adopted an internationally valid occupational safety policy. Among other things, it is intended to promote the development of concepts in Group companies for continually improving occupational safety at work.

In the area of occupational safety, sustainability means for us that employees do not suffer accidents when working. Volkswagen is supporting this objective through the introduction of 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.

The strategy requires all Volkswagen Group production sites to comply with the standards of ISO 45001 occupational health and safety management systems and more specific Group requirements. At the end of 2021, a total of 48 (2020: 46) Group sites were certified in accordance with ISO 45001. This corresponds to coverage of 29% of the Volkswagen Group's employees.

In addition to the number of ISO 45001 certificates and their level of coverage, the Volkswagen Group uses the accident frequency and accident severity for employees excluding temporary agency workers as key performance indicators 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. The underlying calculation formula is: number of accidents at work reported x 1 million ÷ the total number of hours worked. The accident severity index expresses the severity of the accidents reported by showing the total number of working days lost due to accidents reported in the fiscal year as a proportion of the total of all hours worked. The underlying calculation formula is: number of working days lost through accidents reported in the fiscal year x 100,000 ÷ the number of hours worked. The Group uses a Group process standard to provide cross-brand information in the event of serious or fatal accidents involving our own employees or workers from partner firms. On this basis, specific measures can be taken to prevent similar accidents across all our sites in the future.

In 2021, the accident frequency¹ was 3.7 (2020: 3.6) in the Volkswagen Group and 6.8 (2020: 5.5) in Volkswagen AG. The accident severity¹ was 5.7 (2020: 5.1) in the Volkswagen Group and 9.1 (2020: 7.4) in Volkswagen AG. The Volkswagen Group and Volkswagen AG recorded one fatal accident involving our own employees in the reporting year.

Volkswagen Sites Recognized for High Occupational Safety

The Board of Management awards occupational safety trophies each year for the best plant in the Volkswagen Passenger Cars brand in Europe. The best vehicle plant and the best component plant of the Volkswagen brand in Europe were also awarded

prizes for the progress on reducing accident numbers. The trophies for 2019 and 2020 were awarded in Wolfsburg in October of the reporting year.

MANAGING THE WORKFORCE TRANSFORMATION AND MAKING IT MEASURABLE

We resolutely want to follow the path described above and be measured by tangible progress in reaching our targets. To this end, we will in future use strategic KPIs, such as training hours completed by employees, employer attractiveness as part of the Opinion Survey and the diversity index.

¹ Accidents reported: temporary agency workers and internal commuting accidents not included in the KPI. Absence days are included through December 31 of the respective fiscal year. Excluding Navistar.
² Excluding Scania and Navistar.

PEOPLE IN THE TRANSFORMATION KPIS

KPI	Unit	2021	2020	Notes and comments
Number of countries in which the Volkswagen Group operates				
Europe	Number	35	36	
The Americas, Africa, Asia, Australia	Number	37	37	
Production facilities worldwide				
of which Volkswagen AG production facilities	Number	120	118	
Number of employees in the Volkswagen Group by continent				
Europe	Number	492,559	492,907	
The Americas	Number	71,192	56,914	
Africa	Number	5,842	6,134	
Asia	Number	101,726	105,173	
Australia	Number	1,470	1,447	
Total workforce (of which Volkswagen AG)	Number	672,789 (117,633)	662,575 (118,673)	
Employee age structure in the Volkswagen Group				
		Women/ men	Women/ men	
< 20 years old	in %	0.3/1.3	0.3/1.4	
20–29 years old	in %	3.4/13.0	3.4/14.4	
30–39 years old	in %	5.5/24.9	5.3/25.1	
40–49 years old	in %	4.7/21.0	4.4/20.9	
50–59 years old	in %	3.3/17.6	3.0/17.2	
> 60 years old	in %	0.7/4.4	0.5/4.0	
Staff turnover at Volkswagen AG¹				
Women	in %	0.5	0.5	
Men	in %	0.5	0.8	
Apprentices in the Volkswagen Group	Number	17,151	17,939	
Proportion of women in the Volkswagen Group				
Total management	in %	15.9	14.9 ²	
Total apprentices	in %	20.1	22.9	Excluding Scania and Navistar
Volkswagen Group, total	in %	17.9	17.0	
Proportion of women in Volkswagen AG				
Total management	in %	14.7	13.9	
Female university graduates recruited	in %	31.7	32.5	
Volkswagen AG, total	in %	17.9	17.8	

¹ Change in data collection methodology from 2021.² Adjustment of 2020 figure.

KPI	Unit	2021	2020	Notes and comments
Opinion Survey				
Participating companies	Number	165	117	
Participating countries	Number	40	38	
Participating employees	Number	466,021	436,326	
Percentage of participating employees	in %	78	81	
Internal employer attractiveness	Value	86.8	88.2	
Internal employer attractiveness in Volkswagen AG	Value	87.7	86.9	
Employee satisfaction index	Value	82.3	82.2	
Employee satisfaction index in Volkswagen AG	Value	76.2	74.3	
Ideas management				
Ideas submitted	Number	12,631	14,850	
Savings	€ million	37.6	43.5	
External employer attractiveness				Targets for the Porsche and ŠKODA brands were reached in full, and exceeded to some extent. SEAT targets were reached to some extent, while Volkswagen Passenger Cars, Commercial Vehicles and Audi targets were not reached.
Training				
in the Volkswagen Group	Number	101,953 (132,543)	75,596	Figure in brackets includes web-based training
Time	million hours	10.9 (13.9)	7.8	Figure in brackets includes web-based training
Training hours per employee	average number of hours	16.4 (20.9)	11.7	Figure in brackets includes web-based training
in Volkswagen AG	Number	9,349 (12,972)	5,771	Figure in brackets includes web-based training
Time	million hours	1.0 (1.2)	0.4	Figure in brackets includes web-based training
Training hours per employee	average number of hours	8.3 (9.9)	3.4	Figure in brackets includes web-based training
Preventive health and occupational safety				
Initial checkups by the Health department	Number	10	553	
Subsequent checkups by the Health department	Number	38	1,445	
Total Volkswagen AG checkups since 2010	Number	86,027	88,999	
Group sites certified in accordance with ISO 45001	Number	48	46	
Proportion of these in terms of number of employees	in %	29	–	
Volkswagen AG sites certified in accordance with ISO 45001	Number	–	–	Certification for the six Volkswagen AG sites is scheduled to be achieved by 2024.

KPI	Unit	2021	2020	Notes and comments
Accidents reported				Temporary agency workers and internal commuting accidents not included in the KPI. Absence days are included through December 31 of the respective fiscal year. The figures for 2020 were adjusted due to subsequently reported accidents.
Index of accident frequency in the Volkswagen Group	Value	3.7	3.6	Excluding Navistar
Index of accident severity in the Volkswagen Group	Value	5.7	5.1	Excluding Scania and Navistar
Index of accident frequency in Volkswagen AG	Value	6.8	5.1	
Index of accident severity in Volkswagen AG	Value	9.1	7.4	