

# 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, including triangles, quadrilaterals, and larger polygons. These shapes are arranged in a way that creates a sense of depth and movement, resembling a stylized architectural structure or a network diagram. The lines are thin and white, contrasting sharply with the dark red background.

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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 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 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 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.

 > Managing the Transformation and Making It Measurable

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 Sustainable Development Goals, the Global Reporting Initiative (GRI) and recognized ESG standards. 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 (Social Charter). Here, 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 peoples and to preventing cruel, inhuman or degrading treatment. The Social Charter 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 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.

 > [www.volkswagenag.com](http://www.volkswagenag.com) > Sustainability > Strategy, Policy & Engagement > Policy > 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.
- 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.
- The Charter on Vocational Education and Training, in which professional training is anchored as a central part of the Charter on Labour Relations.

**SOCIAL CHARTER**

The Social Charter 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 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.

**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 Social Charter. Due to different political and legal conditions, it is not possible to implement the OECD 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 Organize.

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 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 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.

**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.volkswagenag.com](http://www.volkswagenag.com) > Investor Relations > Corporate Governance > 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 14 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-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 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 as part of its NEW AUTO Group strategy is defined as one of the central focus topics. 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, 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 "TRANSFORM TO TECH" 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 at Volkswagen and also taking the Volkswagen Group's cultural cohesion and social legitimacy into consideration.

### 1. 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 Chattanooga, USA, with the aid of the Volkswagen Group Academy. It largely comprises the two program lines high-voltage qualification and automation qualification, which have had more than 3,000 participants since their launch. From the middle of the reporting year, the program was transferred to the regular training structures.

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 2022, the Volkswagen Group trained 16,590 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.

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), 186 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 December 2022, a fourth year of trainees began this innovative transformation program – the largest group to date with 200 colleagues.

Volkswagen AG, CARIAD and Skoda supported the establishment and operation of innovative programming schools in Wolfsburg, Berlin and Prague in cooperation with the non-profit École 42. In the reporting period, Volkswagen made donations amounting to €3 million. To date, more than 400 students have been admitted to learn from and with each other in accordance with an 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 that we have established, will open 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 base training (FBT)</b></p> <p>The FBT 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>	VW AG, MAN Truck & Bus	Foreman
<p><b>Manager base training (MBT)</b></p> <p>In the MBT, participants get to know the relevant management tools and successfully use them situationally within Volkswagen AG's value system. The MBT also includes content on reflection on your own management style.</p>	VW AG	Subsection manager
<p><b>Management development program</b></p> <p>The management development program for prospective managers focuses on diversity, business management and personal responsibility. Two new modules train prospective managers on agility in management and on day-to-day management.</p>	VW AG, CARIAD	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 focus, innovation and leadership, supplemented by learning content including design thinking methods, tools such as Triple Impact and Lean Canvas, and decision biases.</p>	VW AG, VW Commercial Vehicles, AUDI AG, Porsche AG, Bentley Motors, CARIAD, ŠKODA	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>	Audi, Porsche, Bentley, CARIAD, SEAT, MAN, Scania, TRATON SE, VW AG, VW Commercial Vehicles	Management, senior management, top management
<p><b>Transform Leadership 2030 program</b></p> <p>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.</p>	VW AG and guests from other brands and companies	Management, senior management, top management

<sup>1</sup> To improve readability, 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 159 companies of the Group took part in 2022, 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 2022, the survey covered 159 companies in 49 countries. Of the 614,142 employees in the companies surveyed, 475,778 participated. This is equivalent to a response rate of 77%. 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 related answers in the survey and, in 2022, stood at 82.4 out of a possible total of 100 index points in the Volkswagen Group (2021: 82.3 index points) and at 76.2 index points in Volkswagen AG (2021: 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 2022, the score on the employee satisfaction index in the Volkswagen Group was**  
**82.4 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 2022, 13,953 ideas were submitted as part of idea management, and savings of around €38 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.

**2. INITIATIVES IN THE TEAMS@VOLKSWAGEN DIMENSION**

High-performance teams in the Volkswagen Group are groups that trust each other, have a common goal and can rely on each other, yet also discuss matters critically and speak their minds. As our transformation takes shape, the way in which teams in the Volkswagen Group collaborate is fundamentally changing. Hybrid digital forms of collaboration are becoming more important. They require modern office environments that simplify collaborative, flexible work. The same applies to opportunities for digital collaboration – an aspect that the Covid-19 pandemic has reinforced.


**Transition to Hybrid Work Formats**

Hybrid working – a combination of remote working and working on-site – gives employees greater flexibility in terms of when and where they work and is increasingly becoming the norm for the Volkswagen Group. In the reporting period, we again refined and expanded virtual and hybrid communication and collaboration, as well as new formats of knowledge transfer and training. Major topics included:

- Drafting and expanding the company agreements on remote working at AUDI AG and Volkswagen AG
- Maintaining mental health and strengthening the management culture and culture of trust (Culture and Change Factory) in light of the changing world of work

In addition, we continued developing the Guide for Digital and Hybrid Collaboration, which is intended to provide guidance on successful communication and organization for employees, managers and teams. We also continued working on the Office 2025 initiative, which is to be used to advance the modernization of the office and working environment within Volkswagen AG. Office 2025 pursues a holistic perspective and takes the categories of people, space and technology into consideration. In addition we promote the modernization of digital infrastructure, opportunities for collaboration and social spaces within Volkswagen AG's production areas through the modernization fund, which distributes an average of €25 million per year at the request of the plants and departments. The size of the fund is €125 million over a term of five years.

The flexibility that new forms of working bring has a positive impact on work/life balance. Information on strategies, measures and programs on this topic is summarized in the chapter on the focus topic of diversity.

 > Diversity

**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. 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. This area, which is 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.

**3. 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 "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."

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 diverse. 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 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.

**Fair and Transparent Pay**

A fair and transparent pay system and payment of fair remuneration make a significant contribution to employees' work 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 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 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.

#### 4. INITIATIVES IN THE WE@VOLKSWAGEN AND THE WORLD AROUND US DIMENSION

The Volkswagen Group employs more than 675,805 people, of whom more than 116,677 at Volkswagen AG. We work in 35 countries in Europe and 37 countries in North and South America, Asia, Australia and Africa and operate 119 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. 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 countermeasures where necessary:

- **Internal Employer Attractiveness:** The indicator is derived by asking respondents as part of the Opinion Survey, which is conducted for the majority of our Group workforce, whether they perceive their respective company as an attractive employer. The Volkswagen Group's target for 2025 is 89.1 out of a possible total of 100 index points. 86.6 index points were achieved in the reporting year, i.e., the intermediate target for 2022 of 88.7 index points was missed. 86.8 points were achieved in the previous year. For Volkswagen AG, the value for 2022 was 87.1 index points (2021: 87.7 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 human resources 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 us to identify qualitative and quantitative surpluses and shortfalls in the business units at an early stage and derives necessary qualification, training and restructuring requirements, the implementation of which helps to support the transformation. To map progress in strategic HR planning, we will measure the percentage of the workforce taken into account in the strategic HR planning from 2023.
- **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 enhancing important success factor. Volkswagen is increasing access to training by leveraging economies of scale in connection with digitalization and through 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 22.0 hours. An average of 19.9 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*), 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. In the area of health, sustainability means for us that we want to help all employees to retire healthy. This long-term approach also helps our Group to cope with demographic change, which is now typical of many industrial countries.

## MANAGEMENT AT GROUP LEVEL

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 Board Member for Human Resources, 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 health care and occupational safety. Compliance with legal requirements, the identification and assessment 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.

The spread of the coronavirus SARS-CoV-2 underscores the great importance of effective occupational health protection to protect employees and reduce the risk of process disruptions and production stoppages.

## STRATEGIC DIRECTION

### 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. The Occupational Health and Safety Policy was revised in 2022. By doing this, the Volkswagen Group's Board of Management underscored the importance of occupational health and safety while complying with national and international regulations. Our aim here is to ensure the protection and promotion of physical and mental health, taking into account psychosocial risks and their effects. We believe in providing employees with health care that is above the standard set by law in the country in question.

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. At Group level, occupational health and safety form part of the Code of Conduct, on which the Group's employees are trained regularly. At Volkswagen AG, compulsory web-based training on occupational health and safety was rolled out for managers in the reporting year. The Safety First strategy requires all Volkswagen Group production sites to comply with the standards of ISO 45001 occupational health and safety management systems.

## PREVENTIVE MEASURES

The implementation of the Safety First strategy is followed up in the Group Steering Committee for Occupational Safety by means of reports on progress and measures taken by the brands and companies, and an exchange of experiences supported. 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. As part of the discussion of the checkup findings, employees are offered customized healthcare services based on current scientific knowledge. However, the pandemic meant it was only possible to maintain these services to a restricted degree in the reporting year. To further improve the services, employee feedback on the checkup and the practical experiences of employees in the Health department are continuously incorporated and a Checkup 2.0 project team was established in the reporting year.

**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 assessments 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. Two Group audits were conducted in the 2022 reporting year.

**At the end of 2022, a total of**

**61**

**Volkswagen Group 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 2022, a total of 61 (2021: 48) Group sites were certified in accordance with ISO 45001. This corresponds to coverage of 27% 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 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 x 1 million divided by total number of hours worked. In 2022, the accident frequency was 3.7 (2021: 3.7), and in Volkswagen AG it was 6.3 (2021: 6.8). 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, measures can be taken to prevent similar accidents across all our sites in the future. The Volkswagen Group recorded one fatal accident involving our own employees in the reporting year.

In fiscal year 2022, the Health department carried out 548 initial and 2,398 subsequent checkups in Volkswagen AG. Since the introduction of the service in 2010, a total of 84,799 Volkswagen checkups have been completed (active workforce).

## PEOPLE IN THE TRANSFORMATION KPIS

KPI	Unit	2022	2021	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>119</b>	<b>120</b>	
of which Volkswagen AG production facilities	number	6	6	
<b>Number of employees in the Volkswagen Group by continent</b>				
Europe	number	490,777	492,559	
The Americas	number	73,236	71,192	
Africa	number	5,702	5,842	
Asia	number	104,574	101,726	
Australia	number	1,516	1,470	
<b>Total workforce (of which Volkswagen AG)</b>	<b>number</b>	<b>675,805 (116,677)</b>	<b>672,789 (117,633)</b>	
<b>Number of employees in the Volkswagen Group by type of work</b>				
Fixed-term employees	number	25,536		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Permanent employees	number	650,269		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Temporary agency workers	number	26,171		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Apprentices	number	16,590	17,151	
in Volkswagen AG	number	4,452		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
<b>Employee age structure in the Volkswagen Group</b>				
		<b>Women/ men</b>	<b>Women/ men</b>	
< 20 years old	in %	0.3/1.2	0.3/1.3	
20–29 years old	in %	3.4/12.2	3.4/13.0	
30–39 years old	in %	5.6/25.0	5.5/24.9	
40–49 years old	in %	4.7/21.1	4.7/21.0	
50–59 years old	in %	3.4/17.8	3.3/17.6	
> 60 years old	in %	0.7/4.6	0.7/4.4	
<b>Proportion of women in the Volkswagen Group</b>				
Total management	in %	16.8	15.9	
Total apprentices	in %	20.3	20.1	Excluding Scania and Navistar
Volkswagen Group, total	in %	18.1	17.9	

KPI	Unit	2022	2021	Notes and comments
<b>Proportion of women in Volkswagen AG</b>				
Total management	in %	15.9	14.7	
Total apprentices	in %	25.0		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Volkswagen AG, total	in %	18.3	17.9	
<b>Staff turnover at Volkswagen AG</b>				
Women	in %	0.5	0.5	
Men	in %	0.6	0.5	
<b>Opinion Survey</b>				
Participating companies	number	159	165	
Participating countries	number	49	40	
Eligible employees	number	614,142	596,905	
Participating employees	number	475,778	466,021	
Percentage of participating employees	in %	77	78	
Internal employer attractiveness	index score	86.6	86.8	
Internal employer attractiveness in Volkswagen AG	index score	87.1	87.7	
Employee satisfaction index	index score	82.4	82.3	
Employee satisfaction index in Volkswagen AG	index score	76.2	76.2	
<b>Idea management at Volkswagen AG</b>				
Ideas submitted	number	13,953	12,631	
Savings	in € million	38.0	37.6	
<b>Training<sup>1</sup></b>				
<b>in the Volkswagen Group</b>				
Training hours per employee	average number of hours	19.9	20.9	
Time	million hours	12.8	13.9	
Training costs	in € million	398.6		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Training costs per employee	average cost in €	619.4		– Recorded in the Sustainability Report for the first time in the 2022 reporting year

<sup>1</sup> Change in methodology: Figure from 2022 relates to the active workforce. Figure for 2021 relates to the entire workforce. Definition of active workforce: total workforce not including trainees or employees in the passive phase of semi-retirement.

KPI	Unit	2022	2021	Notes and comments
<b>in Volkswagen AG</b>				
Training hours per employee	average number of hours	10.6	9.9	
Time	million hours	1.1	1.2	
Training costs	in € million	91.1		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
Training costs per employee	average cost in €	861.9		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
<b>Preventive health and occupational safety<sup>2</sup></b>				
Initial checkups by the Health department	number	548	10	
Subsequent checkups by the Health department	number	2,398	38	
Total Volkswagen AG checkups since 2010	number	84,799	86,027	
Volkswagen Group sites certified in accordance with ISO 45001	number	61	48	
Proportion of these in terms of number of employees	in %	27	29	
Volkswagen AG sites certified in accordance with ISO 45001	number	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 %	19.8		– Recorded in the Sustainability Report for the first time in the 2022 reporting year
<b>Accidents reported<sup>2</sup></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	3.7	3.7	
Index of accident frequency in Volkswagen AG	value	6.3	6.8	

<sup>2</sup> Scope: The following sites are not included in the Group assessment in the reporting year: the four Scania Service Centers (Johannesburg, Narasapura, Kuala Lumpur, Taoyuan City); two MAN Truck & Bus sites (Serendah, St. Petersburg); one site in China (Suzhou), two other sites still currently under construction in China (a vehicle plant in Changchun and another component plant in Hefei with planned production start in 2023/2024); and the six Navistar sites.