

Agreement reached:
Volkswagen AG positions itself competitively
for the future

December 2024

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Volkswagen AG¹ positions itself competitively for the future



1. Including Volkswagen Passenger Car brand, Volkswagen Commercial Vehicles and Volkswagen Group Components, including Volkswagen Sachsen and Volkswagen Osnabrueck | 2. Incl. Audi and Porsche locations | 3. Resulting in particular from short-term reduction in labor costs as well as the agreed capacity and workforce reduction until 2030 | 4. German workforce comprising locations of Volkswagen Passenger Car brand, Volkswagen Commercial Vehicles and Volkswagen Group Components, including Volkswagen Sachsen and Volkswagen Osnabrueck

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Wage increase **suspended²**
until 2030; German **Workforce**
to be reduced by >35k

Competitiveness to be enhanced
substantially by reducing **German**
technical capacity by >730k vehicles

Short-term cost **effect** of
net **€1.5 bn p.a.**; **mid-term**
cost **effect** of net **€4 bn p.a.**

1. Including Volkswagen Passenger Car brand, Volkswagen Commercial Vehicles and Volkswagen Group Components, including Volkswagen Sachsen and Volkswagen Osnabrueck | 2. Suspension of wage increase of in total 5.5% and one-time payment of 600€ until 2030; continued suspension of increase in 2027-30 to financially support socially acceptable reduction of workforce until 2030; possible wage increases resulting from the 2027 et seq rounds of wage negotiations will be partly used to align individual compensations to to be defined benchmarks

Collective bargaining round concluded

Sustainable personnel cost relief of €1.5 bn per year achieved



- **Collectively agreed wage increase suspended** in 2025 and 2026; continued suspension of increase in 2027 to 2030 can be used to financially support socially acceptable workforce reduction until 2030
- **Possible wage increases** resulting from the **2027 et seq** rounds of wage negotiations to be partly used to **align individual compensations to defined benchmarks under adjusted remuneration system**
- **Exclusion of forced redundancies** agreed¹ until December 2030, no risk of cost burden from potential revival of old tariff regulation ("Schattentarifvertrag") afterwards
- **No bonus payments for 2025/2026 for tariff employees, staggered reduction of bonuses** for 2027-29 in collective bargaining sector and of management, Tarif Plus bonus scheme to be adjusted
- **Jubilee bonuses reduced and fixed** from 2025, **vacation pay cancelled** in 2025/2026 and reduced in 2027-29
- **35 weekly working hours** set as standard for tariff employees (excl. Tarif Plus) from July 2025 onwards
- **New competition-oriented remuneration system** to be introduced at Volkswagen AG from 2027²
- **Reduction of apprenticeships** from 1,400 to 600 at the six locations of Volkswagen AG

Socially responsible rightsizing of German workforce¹ until 2030

>35k Reduction in direct and indirect areas via

- i) natural attrition
- ii) early retirement
- iii) severance programs
- iv) hiring freeze
- v) reduction of number of apprenticeships

equivalent to a reduction by
>30%
by 2030¹

Adjustment of technical capacity in Germany by ~730k units

Productivity and factory cost target achievement prerequisite for future investment

Emden (ID.7, ID.4; future product allocation to be decided as part of one of the next planning round, prerequisite: competitive factory cost)

Wolfsburg (Tiguan, Touran, Tayron, ID.3, Cupra born, e-Golf and SSP model; adjustment of production lines from 4 today to 2 from 2027 on)

Osnabrück (T-Roc Cabrio until 2027; alternative use planned)

Dresden (ID.3; vehicle production expiring by end of 2025, alternative external use considered)

Zwickau (Mid-term focus on one production line, new business areas in circular economy context to be developed)



Re-allocation of models to leverage additional significant synergies

Summary

- »» Collective bargaining round concluded delivering sustainable personnel cost relief of €1.5 bn per year until 2030
- »» Adjustment of technical capacity in Germany by ~730k units¹
- »» Socially responsible rightsizing of workforce by more than 35k until 2030 agreed, exclusion of forced redundancies until 2030
- »» Short term cost effects of around €1.5 bn and mid-term cost effects of more than €4 bn; cumulative cost effects of more than €15 bn until 2030
- »» Profitability target of VW brand realistic in the medium term
- »» Detailed financial evaluation of negotiation outcome for 2025 et seq to follow in coming weeks, currently no significant impact on financial outlook 2024 expected

»» **Volkswagen AG positions itself competitively for the future**

VOLKSWAGEN GROUP