

VOLKSWAGEN

AKTIENGESELLSCHAFT



**5th Annual Volkswagen Group ESG
Conference for Investors & Analysts**

“Sustainable Workforce Transformation”

Thymian Bussemer – Head of Group HR Strategy &
Innovation

6th October 2022

Disclaimer

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2022.

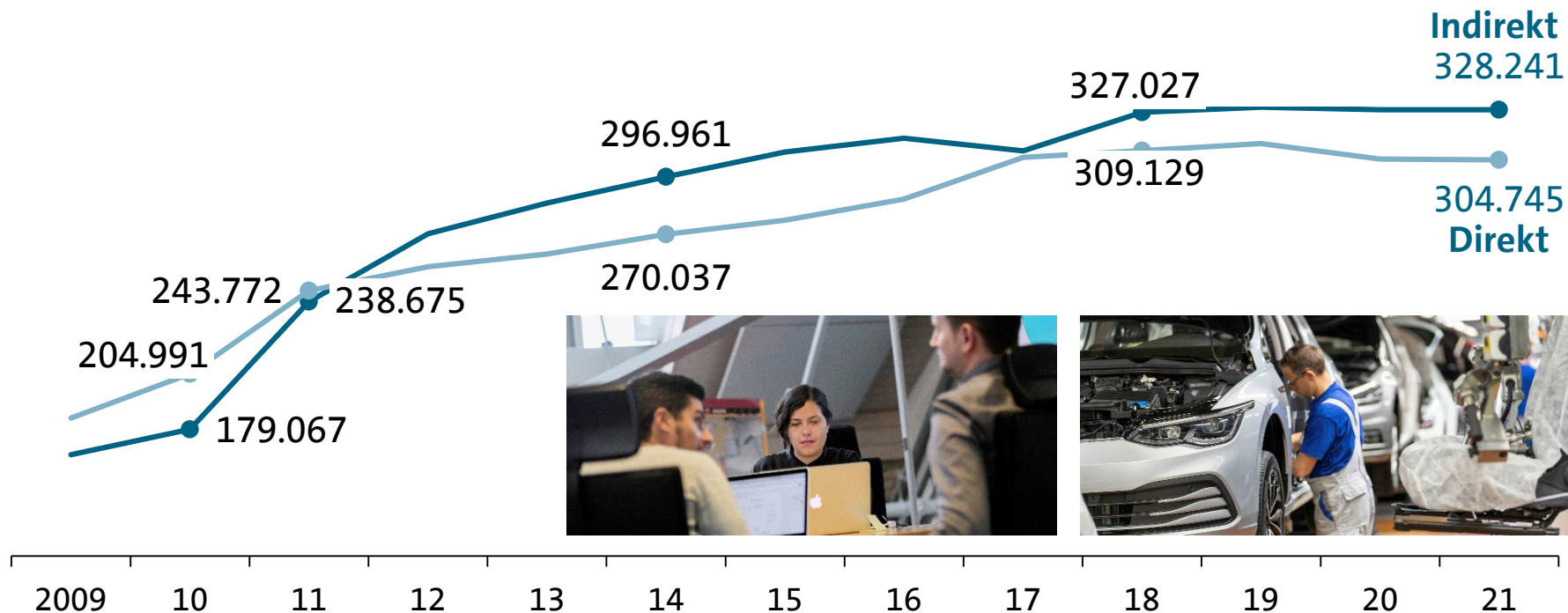
Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or commodities relevant to the Volkswagen Group or the supply with parts, or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

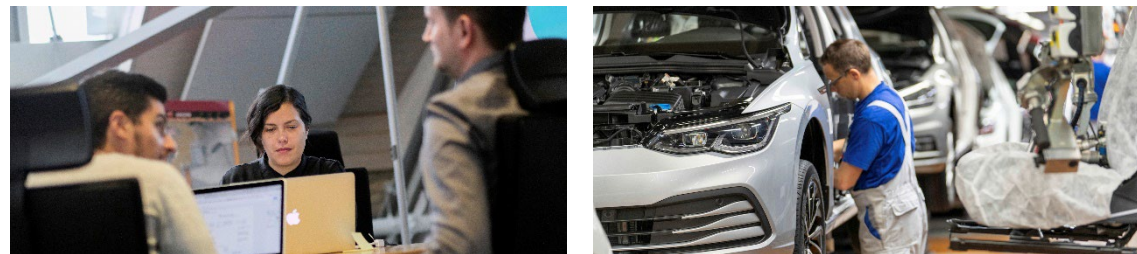
This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Value creation in the automotive industry is shifting towards BEV & software - The current workforce structure at Volkswagen does not reflect future "profit pools"

Half of the Group's employees are currently still engaged in direct production activities



Source: K-SPB



↓ ICE-based revenues

↑ BEV-based revenues

↑ Software-based Turnovers

011
101110
1011

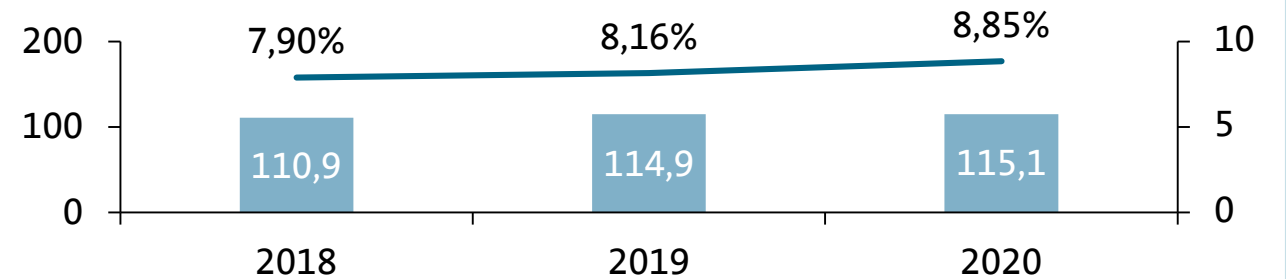
Knowledge intensity in the automotive industry will continue to increase - Requiring investment in workforce & skill transformation

Engineering -operations



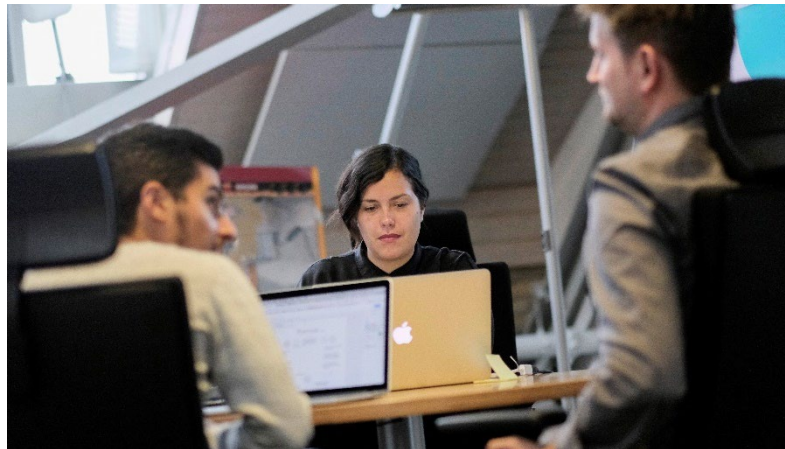
R&D spending in the global automotive industry

[in billion €] — R&D costs per car in % ■ Total R&D expenditure



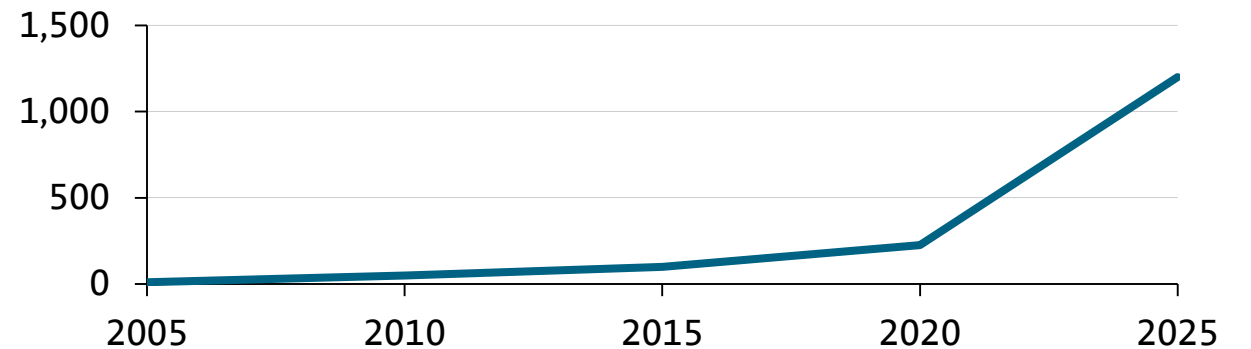
Source: Statista 2021

Coding



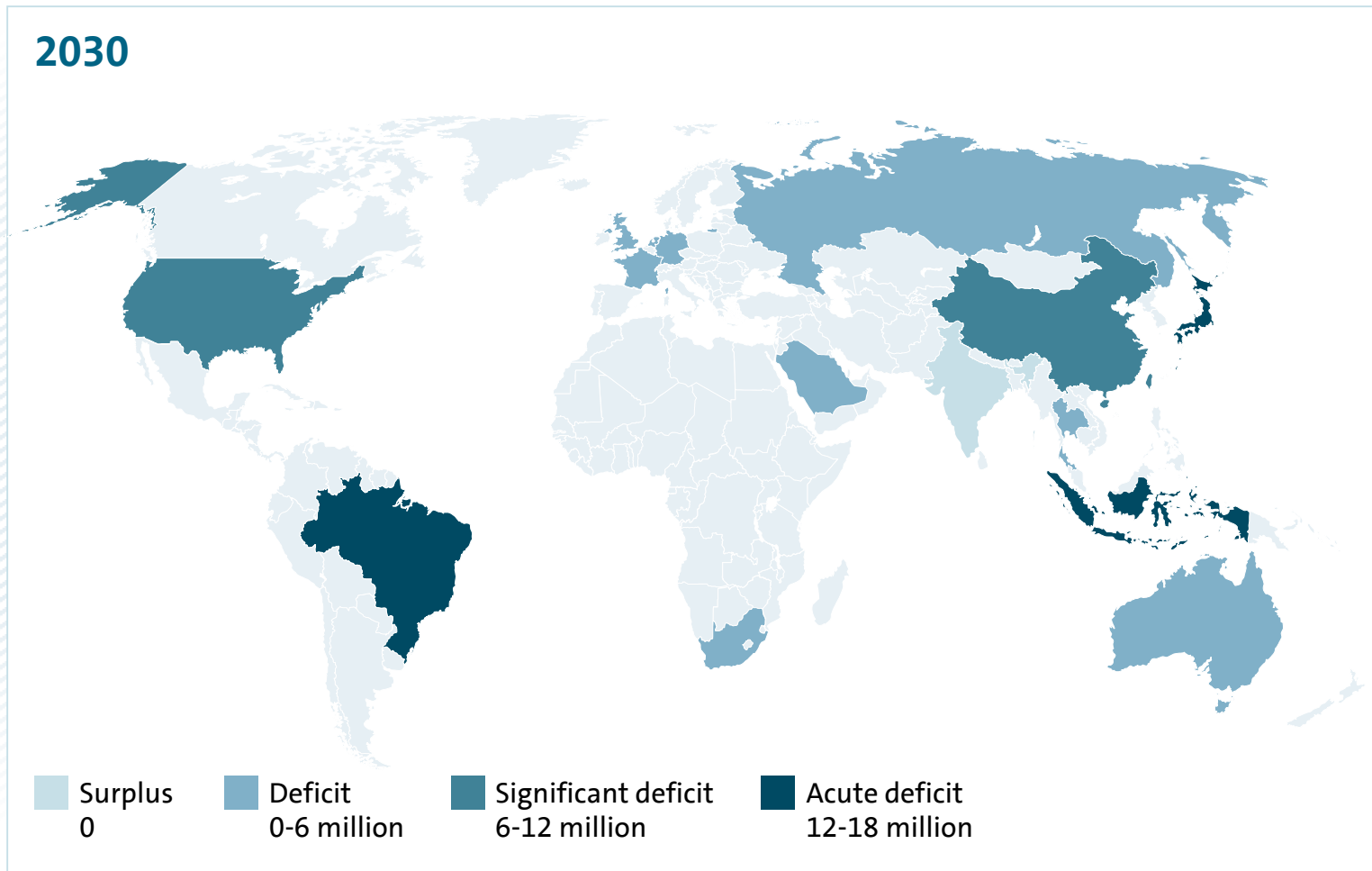
Software as a central enabler of the car of the future

Lines of code per model [in millions]

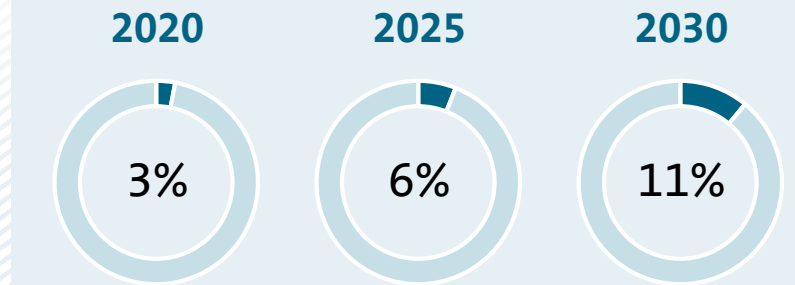


Overheated talent markets in future professions force Volkswagen in critical competition with tech companies & emerging game changers in the automotive sector

Total global talent deficit by economy



Total global labor deficit as % of workforce



In 2030, ...

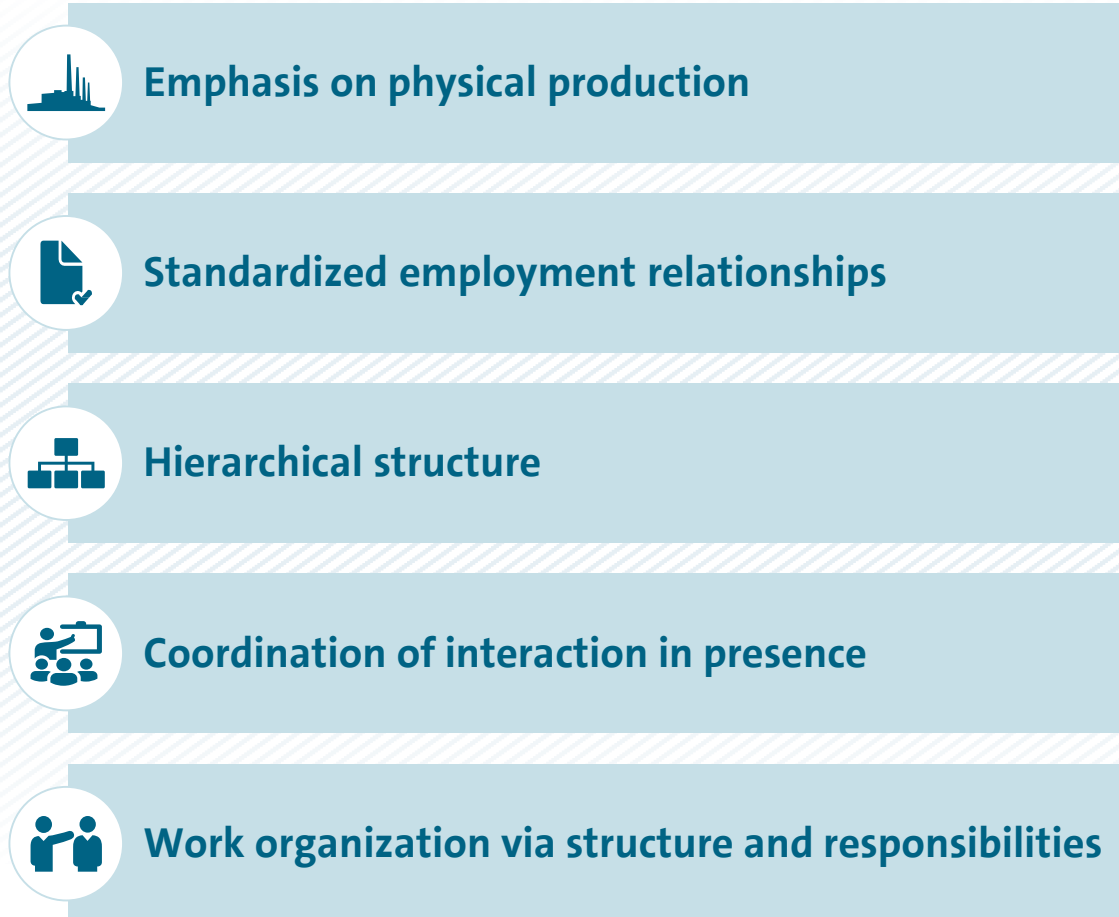
-  ... ~ 6.5 million highly skilled talent shortage¹
-  ... ~ 5 million talent shortage
-  ... ~ 4.3 million talent shortage in technology sector globally

¹ ,Highly skilled worker' = post-secondary education, such as college or university, or a high-level trade college qualification
Source: KornFerry 2018

Transforming to software-enabled mobility provider will fundamentally change the way we work & collaborate

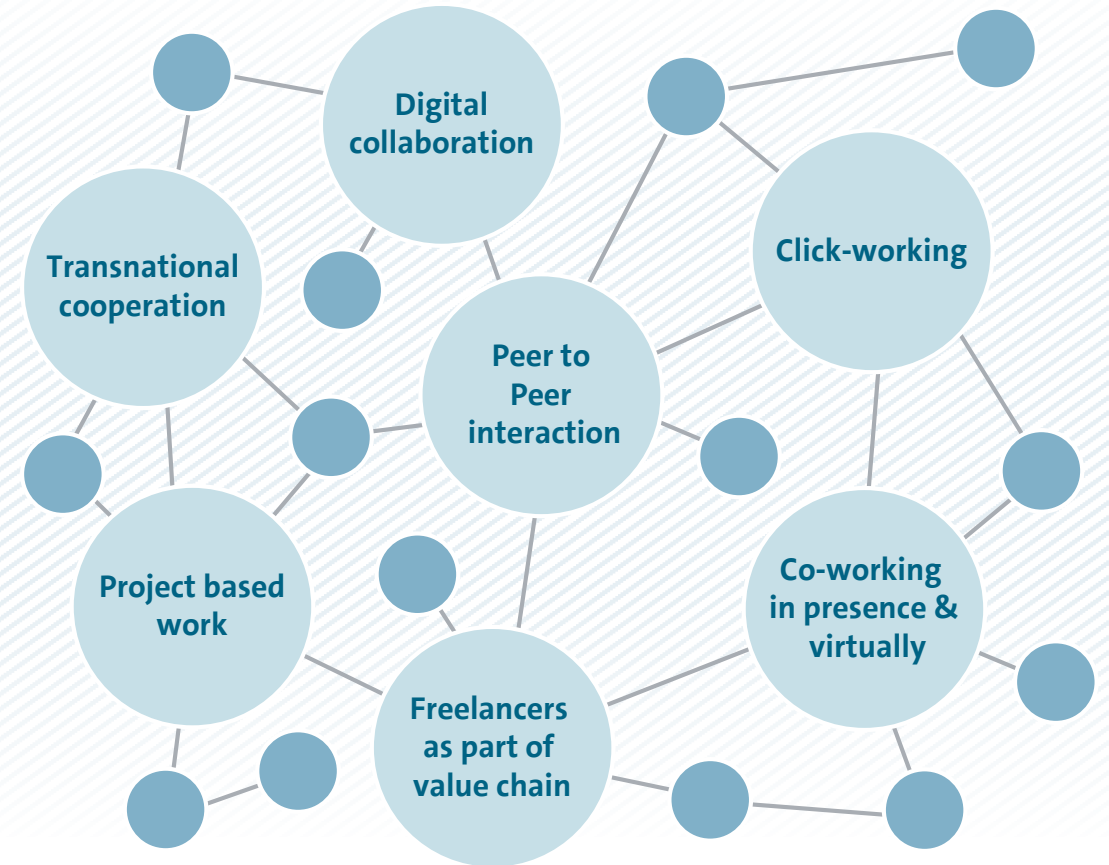
Industrial companies:

Clear distinction between inside and outside



Tech companies:

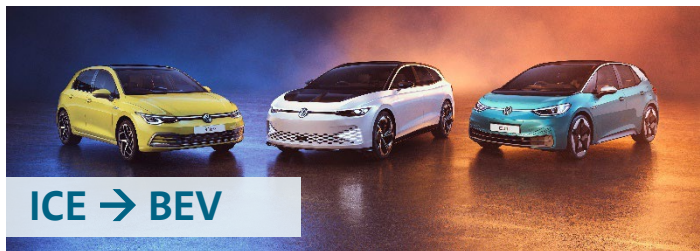
Network-shaped and interwoven in ecosystems



Workforce transformation as central strategic objective of Volkswagen in the forthcoming decade

ILLUSTRATIVE

Product strategy affects needed skills and quantity of work



Workforce expects side by side process of growth, re-location and dismantling

Restructuring programs

ZUKUNFTS
PAKT

TRANSFORM
2025⁺

Roadmap

NEW
Volkswagen

Roadmap:
Digitale Transformation

EFFIZIENZ
PROGRAMM
FÜR DIE ZUKUNFT

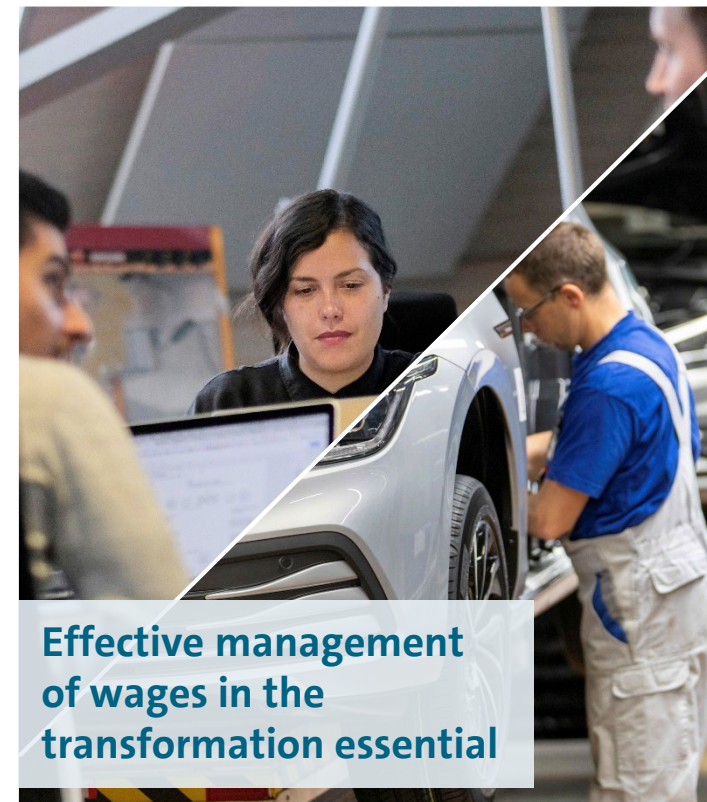
New business fields

C A R I A D

Elli

PowerCo
BATTERIES. FOR GENERATIONS TO COME.

Labour costs as massive impact factor



Golf eHybrid: Fuel consumption in l/100 km: combined 1.6-1.4; power consumption in kWh/100 km: combined 10.8-10.1; CO₂-emissions in g/km: combined 36-33, CO₂ efficiency class: A+++
 ID.3: Power consumption combined: 13.5 - 12.9 kWh/100km (NEDC), CO₂ emissions combined: 0g/km, CO₂ efficiency class: A+++
 Volkswagen ID.7/AERO: Vehicles is a near-production concept car

Winning transformation by empowering people



We need to organize the biggest skill & culture shift process in history

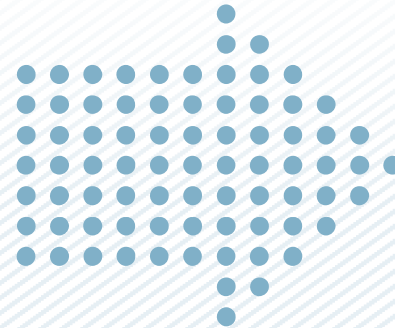
Successful transformation requires the initiative of each individual

Change means acting boldly and flexibly

Develop a team of 670.000 proactively seeking value adding activities and future-proof jobs

HR's role in transformation is to address employees needs & wants with a holistic approach

Functional Department Strategy



People Strategy



Focus on HR

#functionally centered
#KPI based
#linear

Focus on People & Business

#human centered
#data oriented
#holistic

Four layers define our vision of Volkswagen as software-enabled mobility provider 2030

We@VW Group and
the world around us

Aligned with society &
environment

All of Us@VW Group

Outstanding culture &
sense of belonging

Teams@VW Group

Best performing teams

Me@VW Group

Excellent employee experience



With our Volkswagen Group People Strategy, we address the workforce transformation on a holistic level

„How do we convince our customers and stakeholders that Volkswagen is corporately responsible?“

We@VW Group and the world around us

„What makes Volkswagen unique and why do we love to work here?“

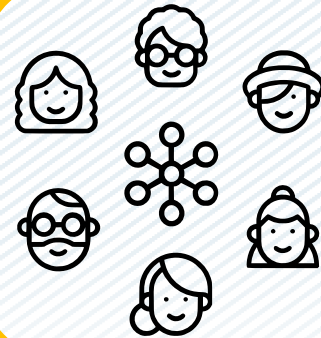
All of Us@VW Group

„What helps us to achieve the best team performance?“

Teams@VW Group

“What motivates me to do my job and how do I sustain my fitness to work?“

Me@VW Group



Target dimensions sustain performance & boost ESG-profile of Volkswagen Group

We@VW Group and
the world around us

Aligned with society & environment

60% of ESG capital market rates diversity as key indicator for investment¹

All of Us@VW Group

Outstanding culture & sense of belonging

Companies led by CEOs caring about culture double their financial performance²

Teams@VW Group

Best performing teams

Employees are 12 times more likely to be fully engaged if they trust in their team and their team leader.³

Me@VW Group

Excellent employee experience

Companies focusing on a strong employee experience perform 3% better by return on equity.⁴

Specialist article HR

Effects of digitization on the Knowledge work: Example Volkswagen AG



Fraunhofer IAO Study

Employment effects through digitization and electromobility



Source:
https://www.volkswagenag.com/presence/stories/2020/12/fraunhofer-studie/6095_EMDI_VW_Summary_um.pdf

Sabine Pfeiffer

Study on work and qualification 2030 at Volkswagen



Panel of experts

Transformation der Automobilwirtschaft des BMWK



Employment 2030 at Volkswagen - Noticeable decline in work volume in traditional areas of automotive production

Vehicle final production
in the mix ICE & BEV



Electric powertrain
vs. ICE powertrain



Gearboxes
in the mix ICE & BEV



Supporting and empowering people
to switch



Appreciation for the workforce in
traditional areas

Reference: Decline in % RTD

Source: Results of the Fraunhofer IAO study, reference: Illustration EA 211 vs. APP310

Strategic workforce planning is starting point for sustainable workforce transformation

Objectives



Transparency of qualitative staffing development



Dealing with strategic personnel and competence requirements



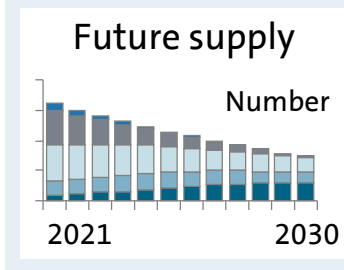
Identify fields of action & derivation of measures



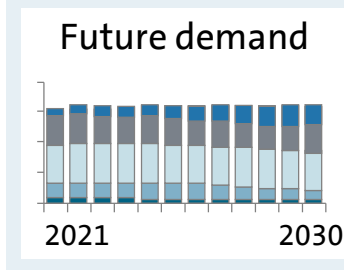
Support for transformation

Process

Workforce supply simulation

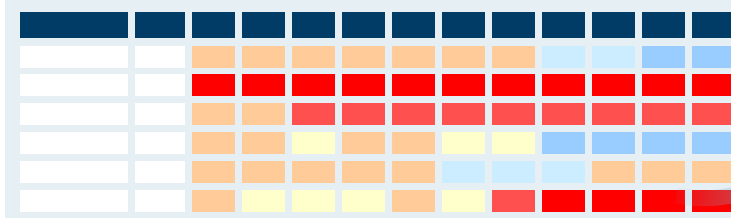


Workforce demand planning



Gap-Analysis

Identification of qualitative and quantitative surpluses and gaps



Measures

HR-Measures

Possible approaches

- Qualification and training strategy
- Restructuring
- Flexibilization of capacity
- Recruiting
- Employer Branding
- Own contribution / outsourcing
- ...

Volkswagen is fully committed to sustainably transforming our workforce – best-in-class educational opportunities are crucial for our success!



Lernen mit all deinen **Devices.**

degreed

Hier kommt deine neue **Lernwelt.**

Lernen bei Volkswagen. Gehe deinen Weg. **degreed.**



73!
FAKULTÄT

42 | Wolfsburg