

Workforce transformation in the Volkswagen Group

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1

Quantitative Transformation



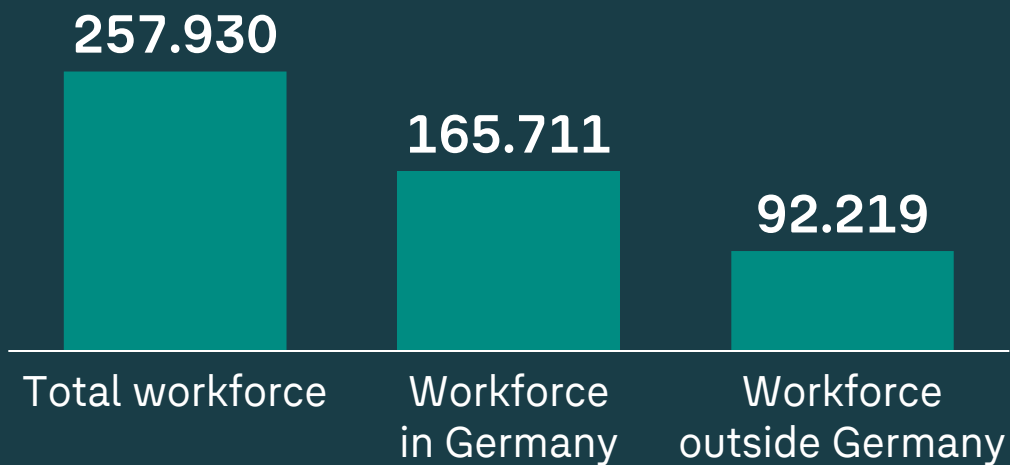
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Qualitative Transformation

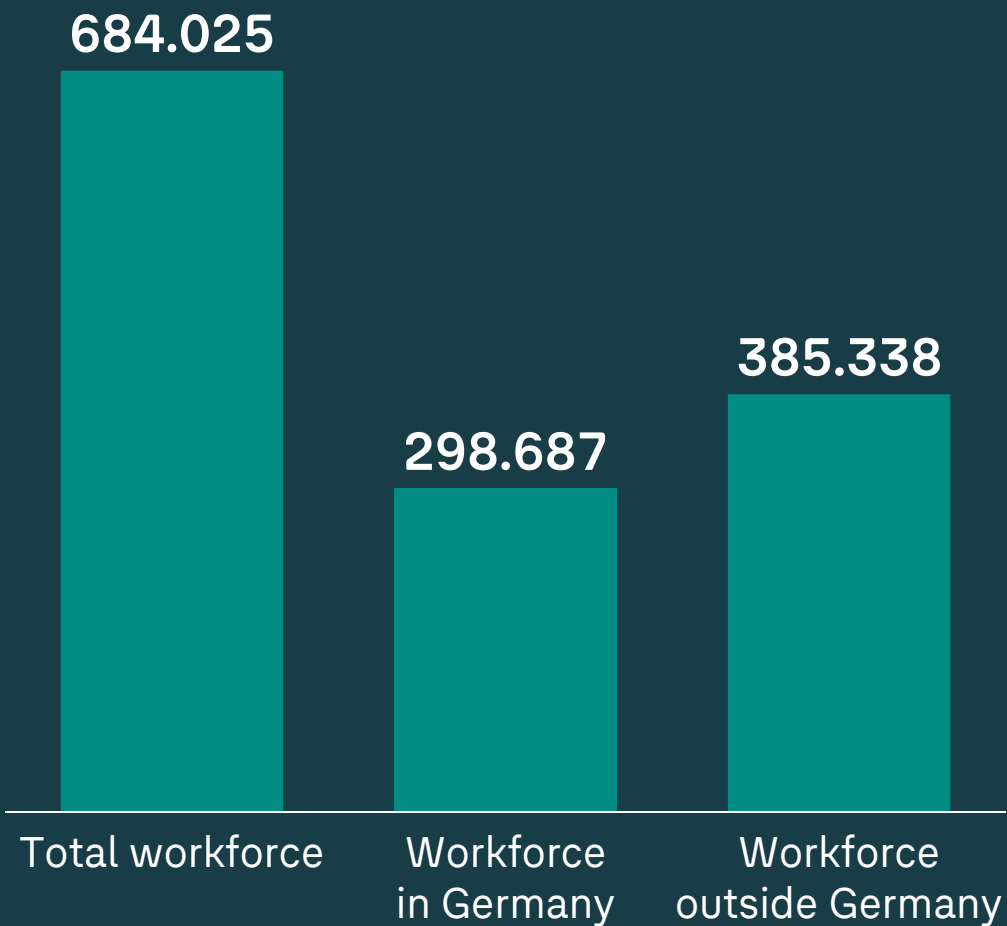


Occupation at Volkswagen Group: 35 years of constant growth

1990

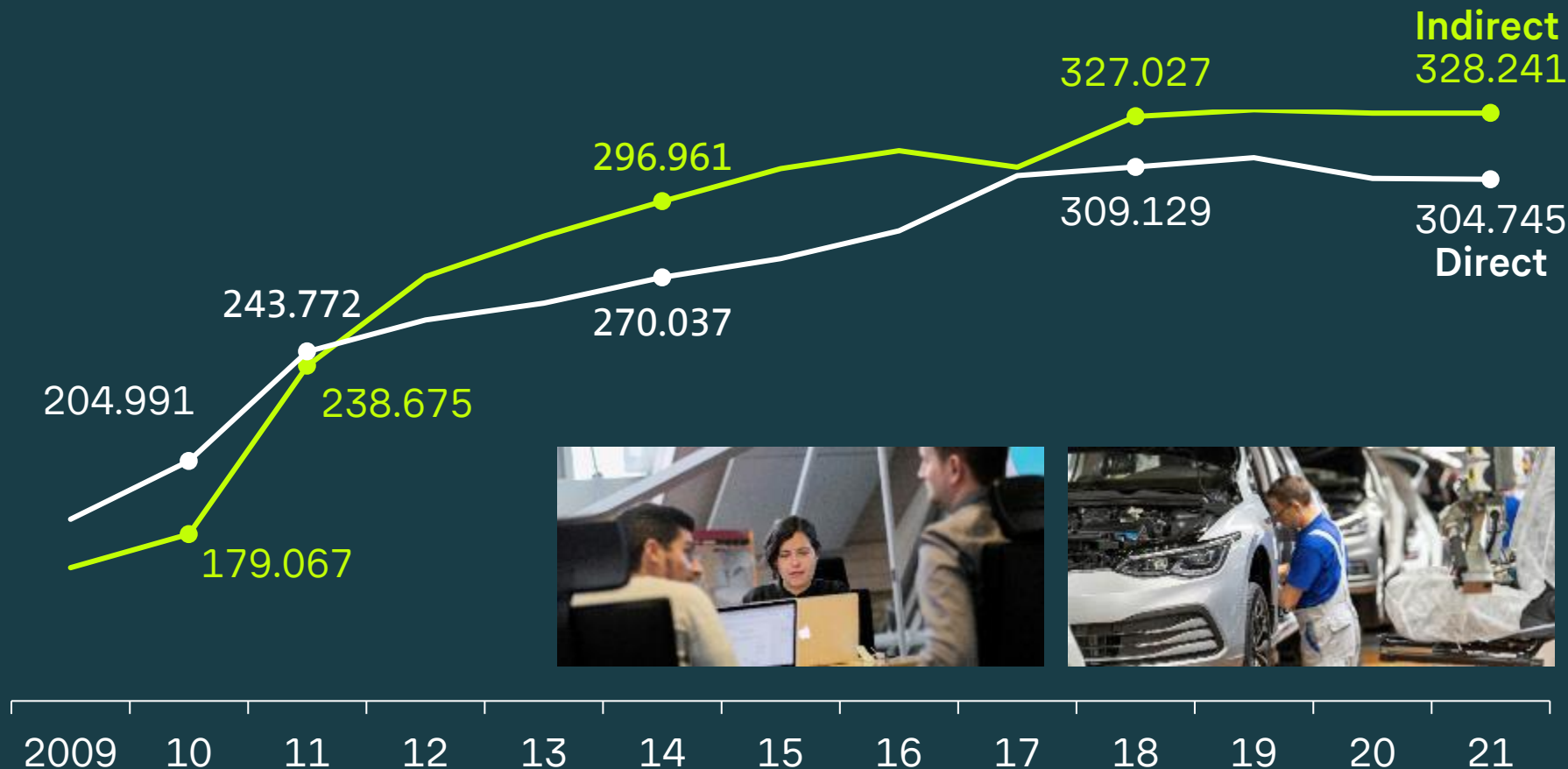
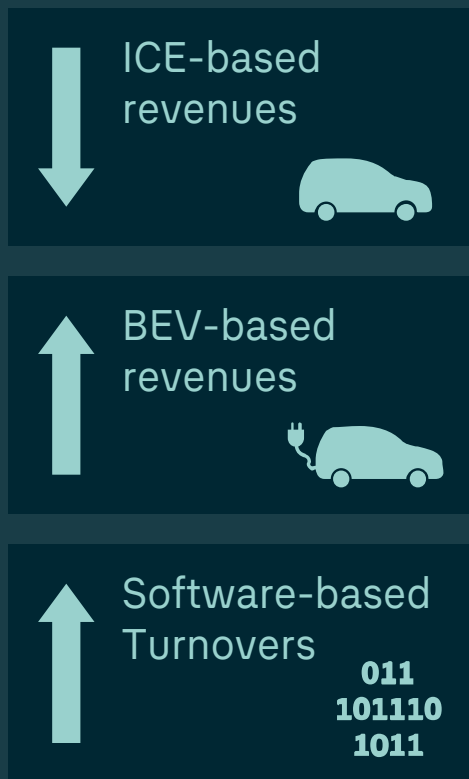


2023



Value creation in the automotive industry is shifting towards EV & 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

Workforce transformation as central strategic objective of Volkswagen for the next decade

Product strategy affects needed skills and quantity of work

Workforce faces a combination of growth, relocation and downsizing

Effective management of wages in the transformation essential

ICE ⇌ BEV



Software driven products



MaaS & TaaS



Restructuring programs

ZUKUNFTS
PAKT

TRANSFORM
2025+

NEW
Volkswagen

Roadmap

EFFIZIENZ III
PROGRAMM
FÜR DIE ZUKUNFT

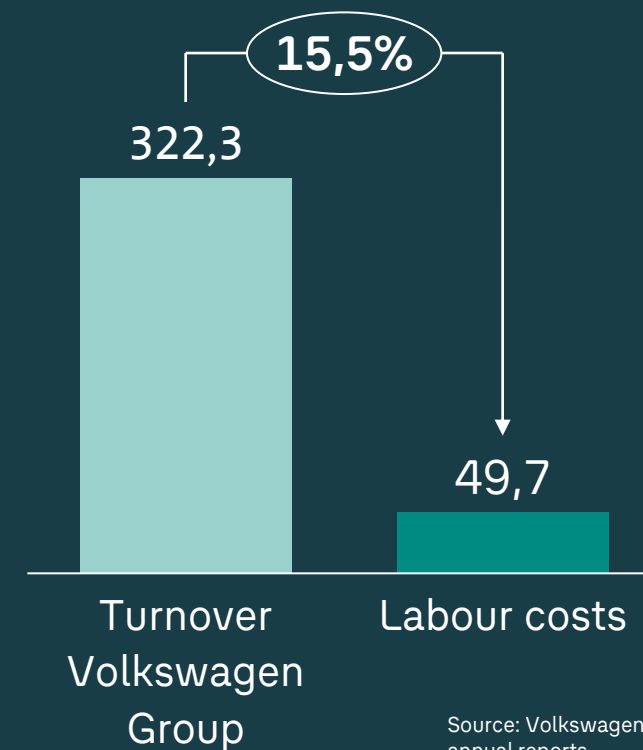
Roadmap:
Digital Transformation

New business fields

C A R I A D
A VOLKSWAGEN GROUP COMPANY



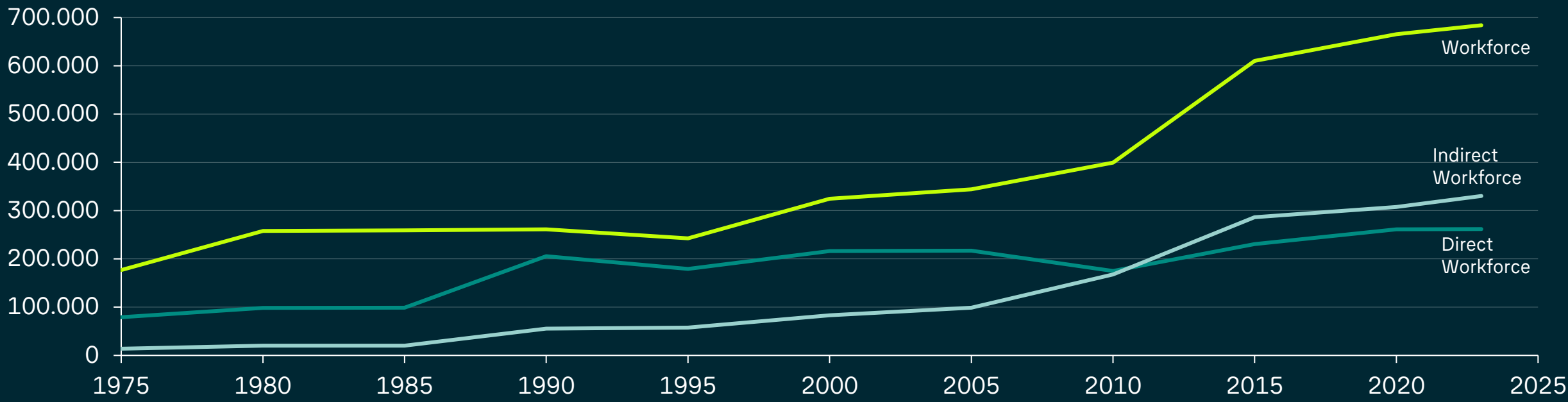
Annual labor costs
Volkswagen Group 2023



Source: Volkswagen Group annual reports

Growth and decline of professions has always been part of Volkswagens' workforce development

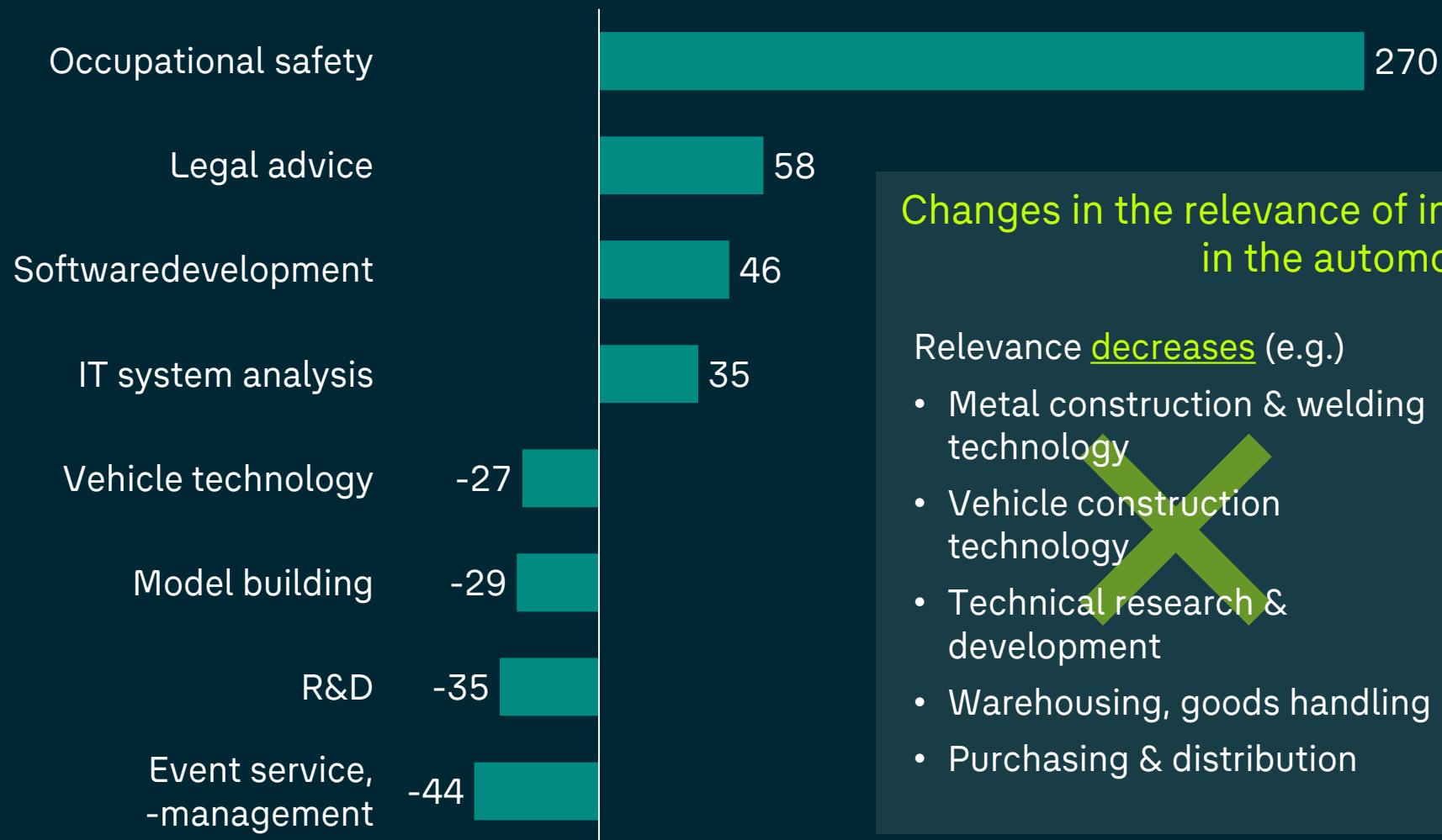
IT & Software R&D Production Sales & Marketing



Profession	Approximate Period
Vehicle developer	1975 - 1980
Industrial mechanic	1975 - 1980
Quality manager	1975 - 1980
Sales engineer	1980 - 1990
Cutting machine operator	1980 - 1990
Software developer	1980 - 1990
Material scientist	1990 - 2000
Brand Manager	1995 - 2005
IT security analyst	1995 - 2005
Software developer for driver assistance systems	2000 - 2010
Process manager	2000 - 2010
Digital Marketing Manager	2000 - 2010
Customer Relationship Manager (CRM)	2000 - 2010
Embedded Systems Engineer	2000 - 2010
Battery developer	2010 - 2020
Data Analyst for Marketing	2010 - 2020
Data Scientist	2010 - 2020
Specialists for electric car production	2010 - 2020
AI system developer	2020 - 2025
AI specialist	2020 - 2025

The rise and fall of professions

Job losses and gains in key occupational groups in the automotive industry 2019-2023 in %



Changes in the relevance of individual occupational groups in the automotive industry

Relevance decreases (e.g.)

- Metal construction & welding technology
- Vehicle construction technology
- Technical research & development
- Warehousing, goods handling
- Purchasing & distribution

Relevance increases (e.g.)

- Energy technology
- IT
- Software development
- Chemistry/ Physics
- Plastics processing

Automatization is since decades a constant driver for the decline of work volume in different segments of production

Number of robots vs. people in coachbuilding, plant Wolfsburg



The current transformation towards BEVs brings a new push in the decline of work volume in our factories

Vehicle production in mix ICE & BEV



■
- 12 %
↓

Electric powertrain vs. ICE powertrain



■
- 60 %
↓

Gearbox in mix ICE & BEV



■
- 70 %
↓



Support and enable
people in shifting jobs



Provide meaning for work-
force in traditional field

Source: Fraunhofer IAO
Decrease in % / FTE

The German automotive industry had reached its occupational peak in 2019
(958 tsd.)

Electrification is linked to a decline in demand for labor.
Estimated 190,000 people between 2019 and 2035

Individual professions are becoming much more relevant and new occupational fields
are emerging, while other professions are becoming less important

Future adjustments in occupation depend on overall economic situation and can range
between moderate losses of jobs and rapid decline

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Quantitative Transformation



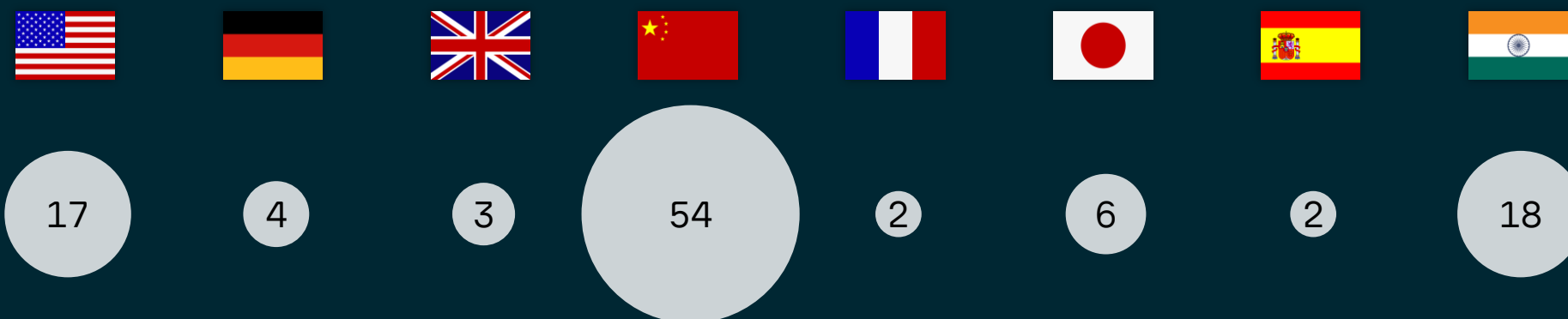
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Qualitative Transformation

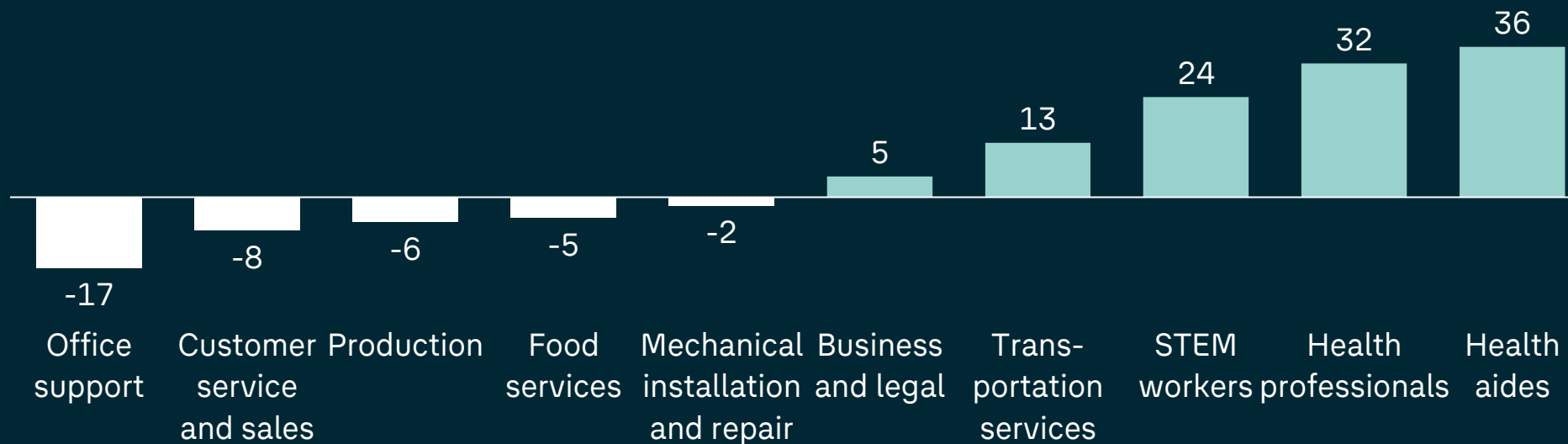


The changing world of work as an omnipresent phenomenon

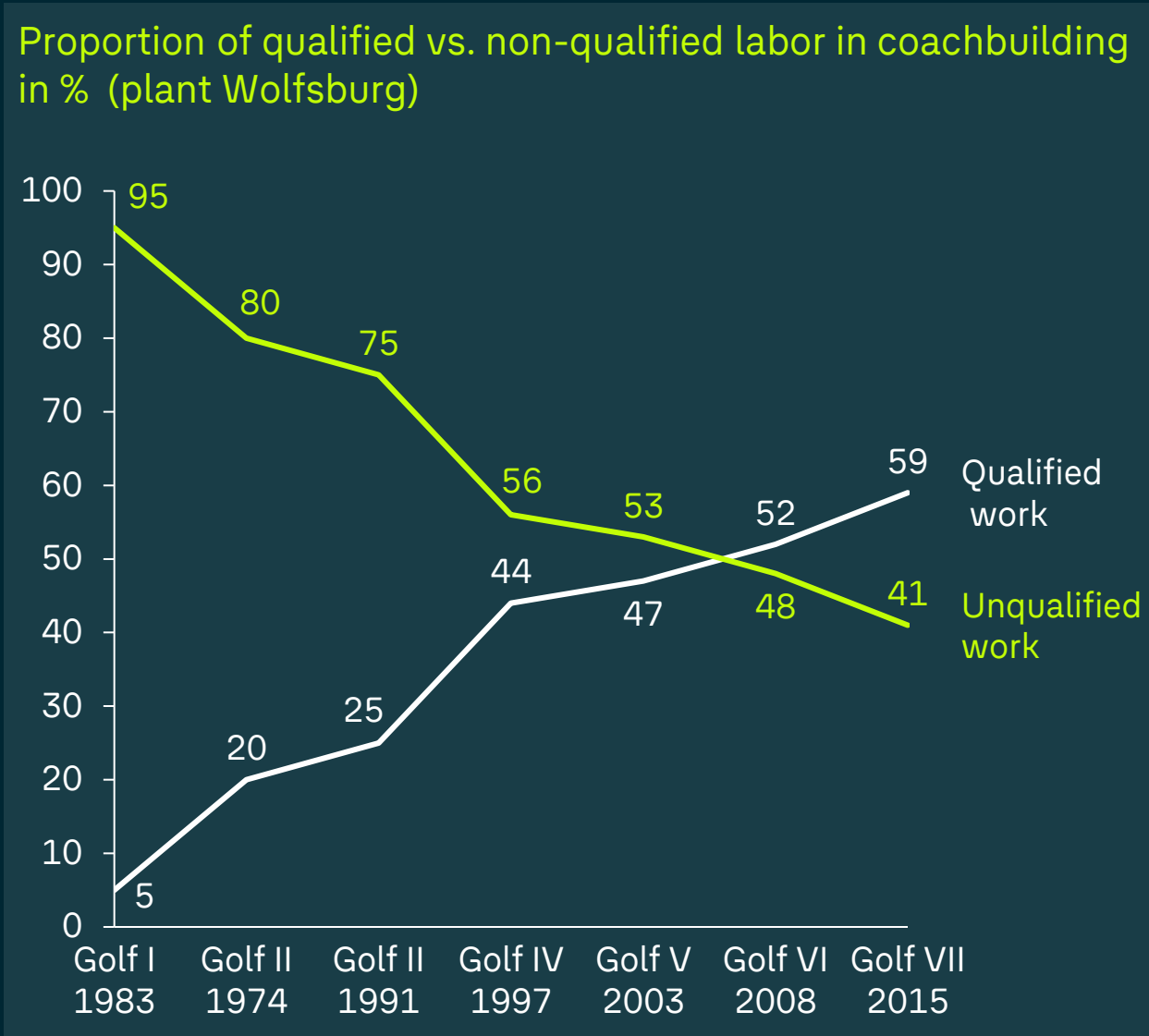
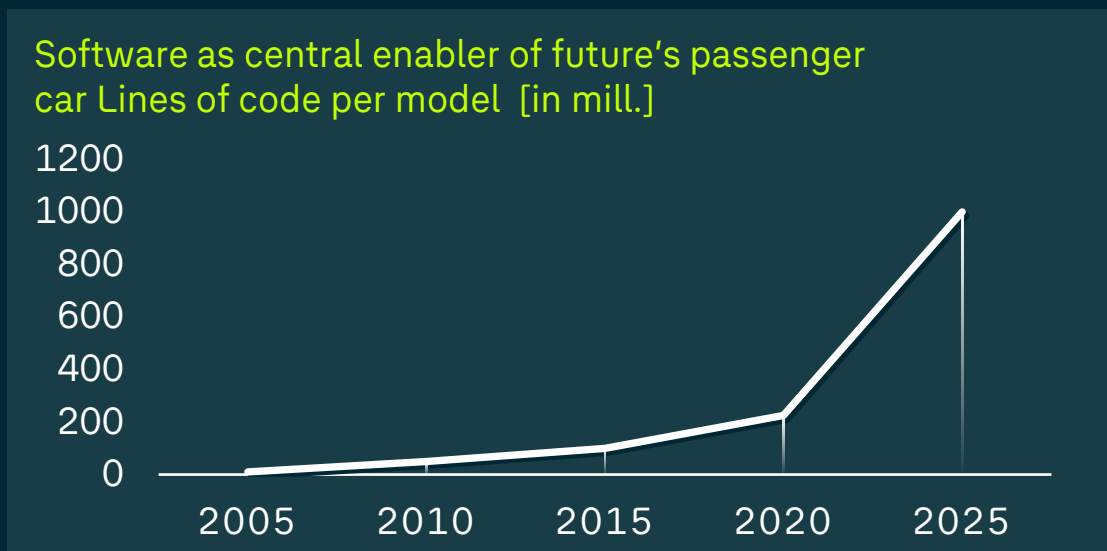
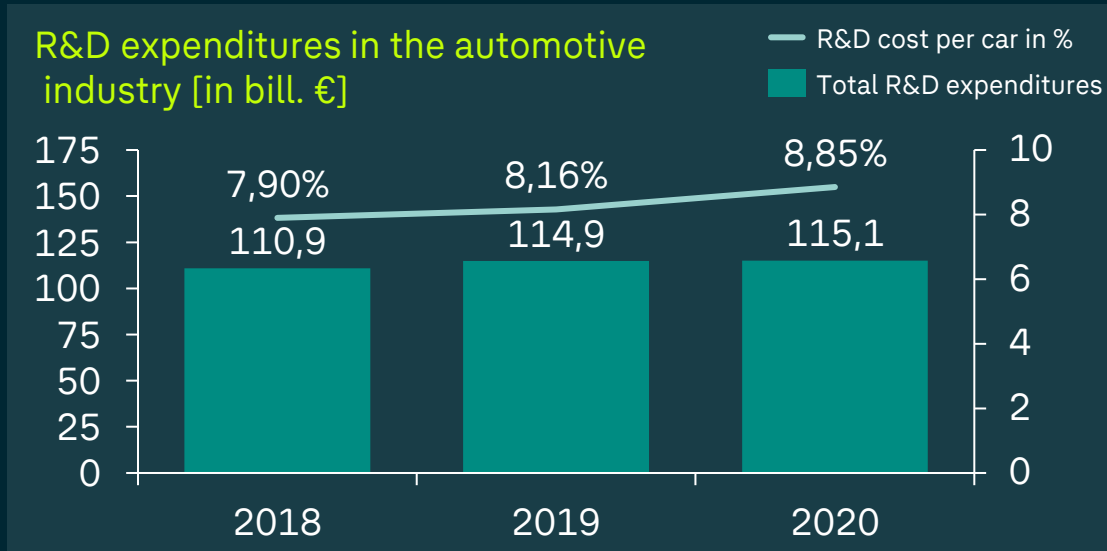
Number of workers
foreseeing disruptive
change of requested
skills (in mill.)



Loss and rise of
employment in
different economic
sectors



Importance of knowledge work in our industry is massively increasing



Workforce transformation at Volkswagen – main fields of action

Global & digital
availability of learning
content 24/7



Securing the
qualification level of our
workforce across the
board



Adaptation and
academization of
training occupations



Enabling our people to
proactively shift
towards profit pools



Flexibilization of
internal labor markets



Appropriate reduction
of direct personnel
along the demographic
curve



Development of new
fields of knowledge
(battery chemistry, cell
production...)



Scientific analysis of our
problems and areas of
potential



Re- and up-skilling at Volkswagen AG 2021-2023



Trafo-Budget

200 Mio. €

for transformation-related qualifications



Upskilling

>28.000

Employees



Reskilling

>6.500

Employees

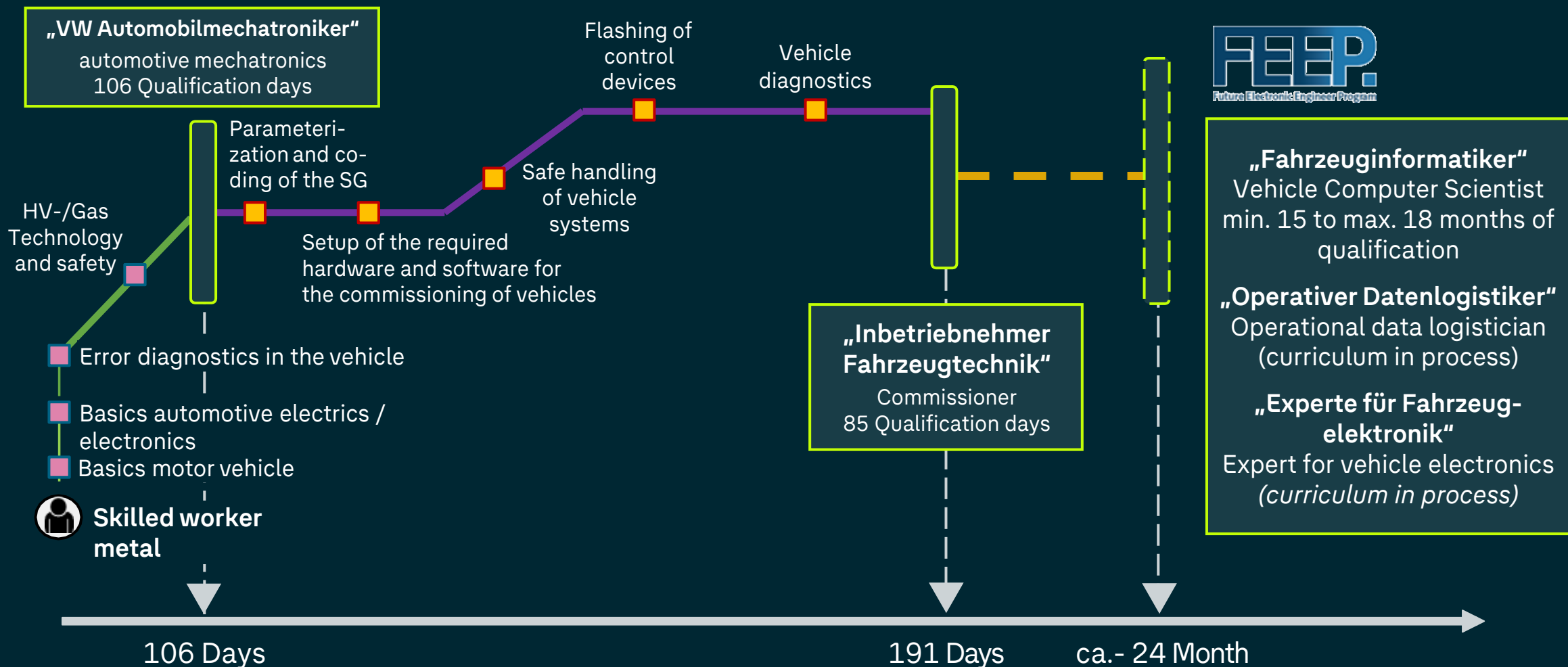
Apprenticeship



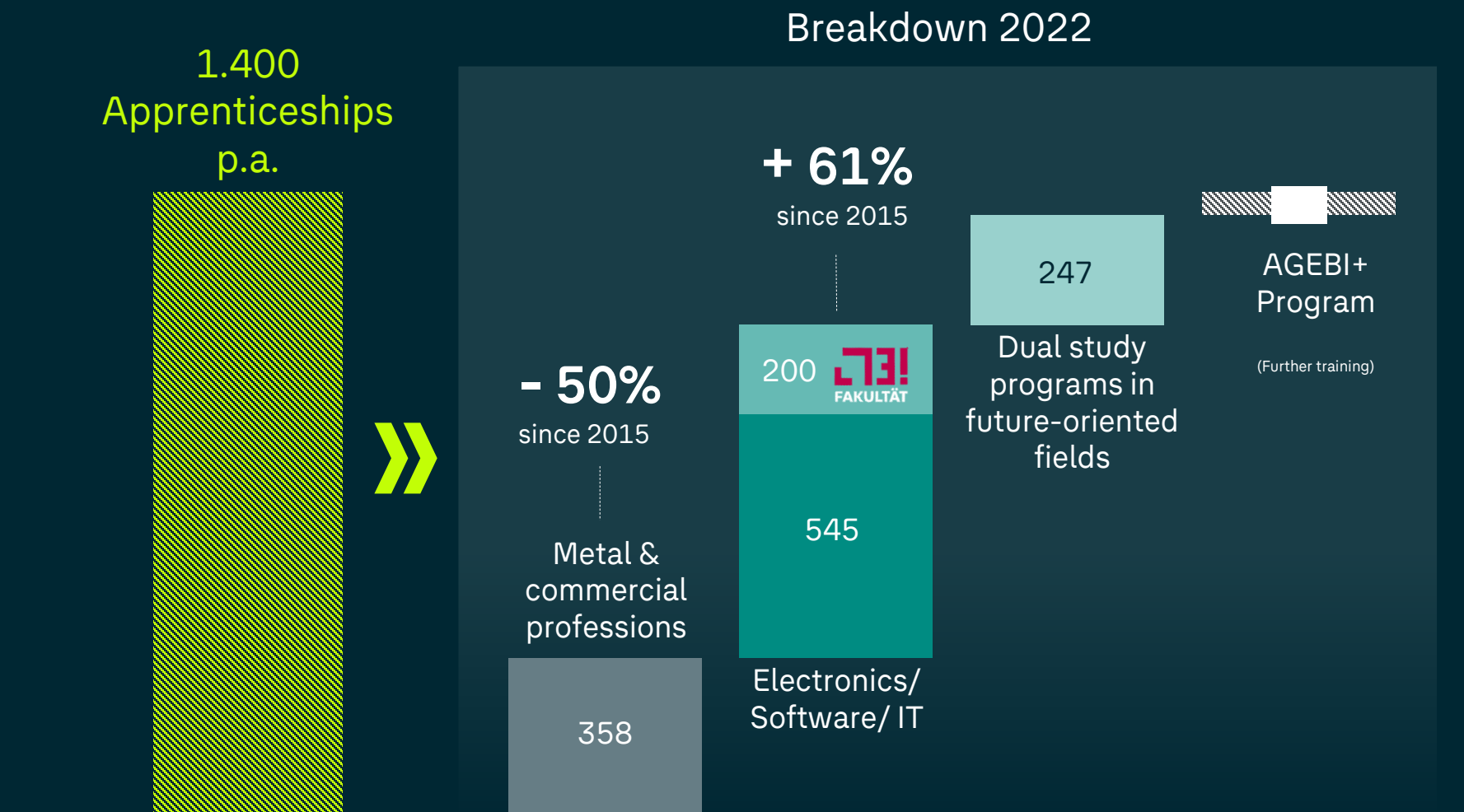
Electronics/ IT
& Software

Metalworking

Systematic re-skilling of traditional professions: from skilled metal worker to vehicle IT specialist



Re-orientation of vocational training towards future professions



Future professions at Volkswagen

New apprenticeship professions



Chemical laboratory technician



Electronics technician for IT & systems technology



IT specialist (new specializations)



IT systems electronics technician



Digitization management specialists



Production technologist 4.0

New study programs



Automotive Engineering



Chemistry



Chemical engineering



Digital Engineering (M.E.)




Vehicle information technology



Smart Vehicle Systems

43 Wolfsburg & Berlin: A successful, innovative educational concept



 **37%** of former students hold a permanent position in the automotive sector



26% at VW software suppliers
(e.g. T-Systems, Capgemini, ETAS..)

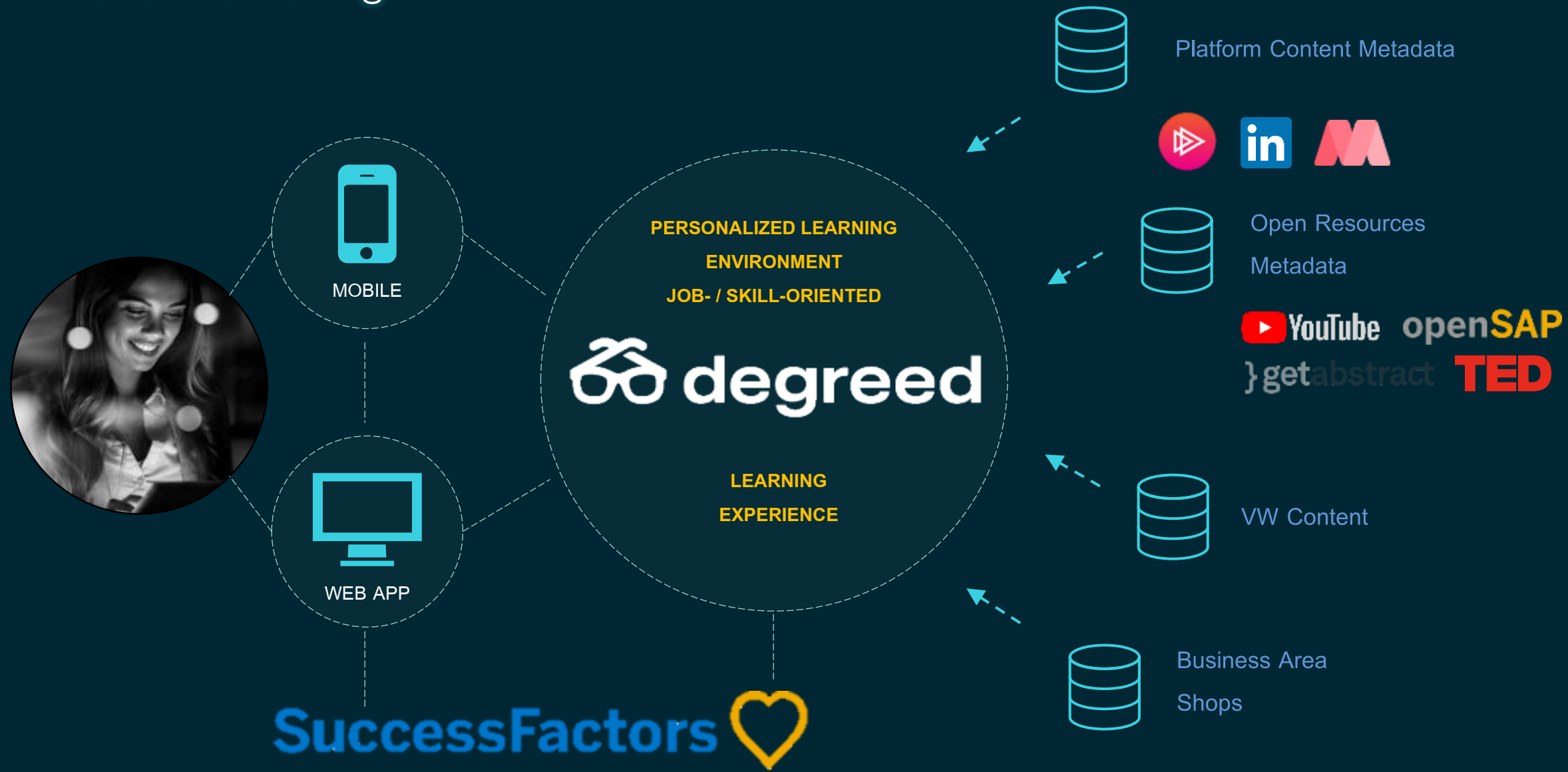


11% within the Volkswagen Group

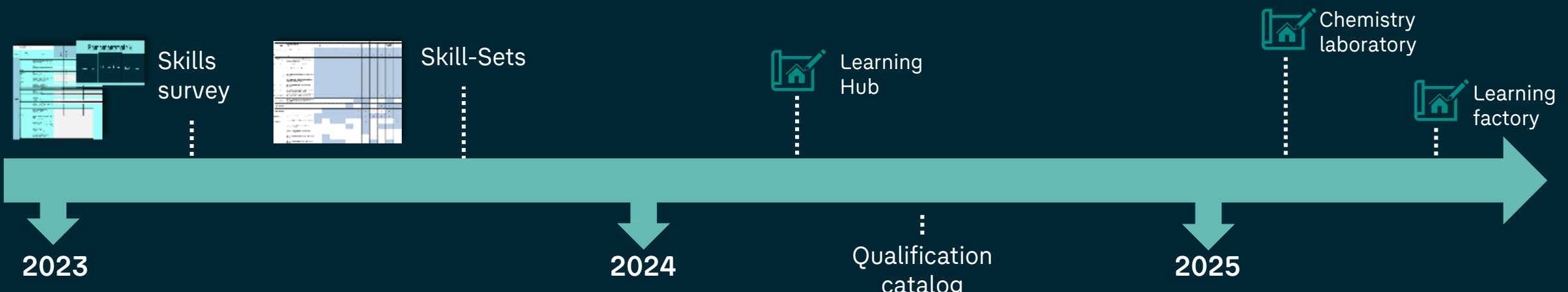


Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
School utilization in %	22%	44%	67%	91%	100%	100%	100%	100%	100%
Students									
Wolfsburg	240	484	733	1.000	1.100	1.100	1.100	1.100	1.100
Berlin	240	320	376	450	500	500	500	500	500
	0	164	357	550	600	600	600	600	600
Permanent positions	0	13	38	100	150	210	285	350	350

Customized digital learning ecosystem for various job families at Volkswagen



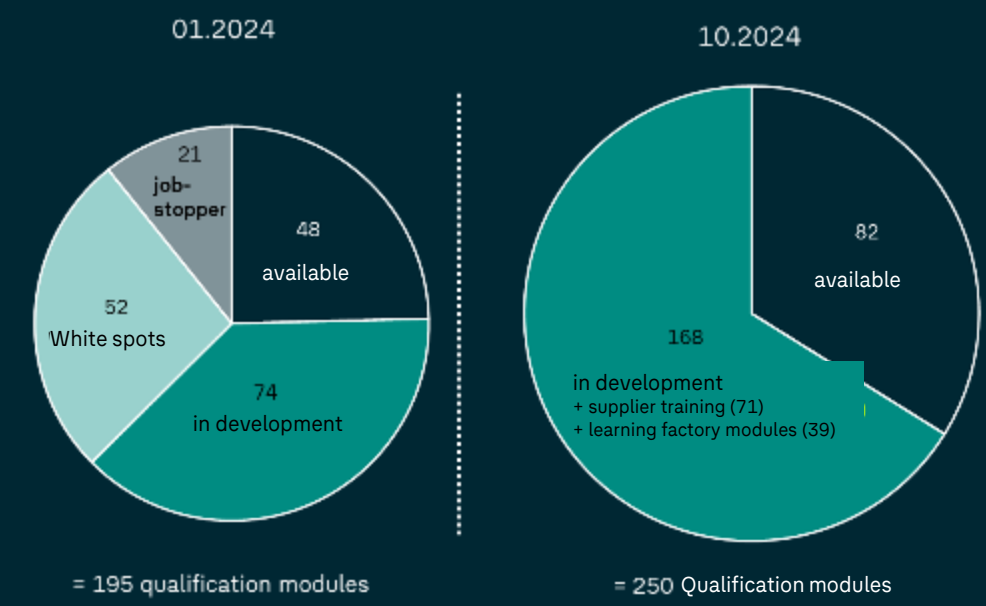
Breaking new ground: introducing battery cell manufacturing in Germany



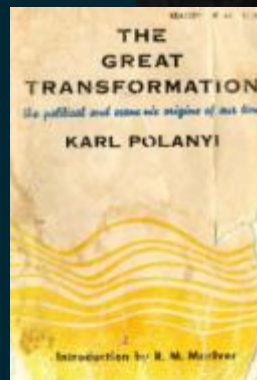
Building expertise through global exchange



Status of the qualification catalog



The great transformation and why it is finally about people



"The organization of labor is only another word for the forms of life of the common people"

The renewed Group People Strategy as universal codification paves the way



We need to organize the biggest change
in skills and culture in our history

Every single person is needed in this
massive transformation process

We need to stop patronizing employees and
offering all-round solutions for every change

We want employees who proactively
take the path of the future

**WINNING TRANSFORMATION
BY EMPOWERING PEOPLE!**