
Media information

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Integration: Volkswagen Sachsen GmbH to be incorporated into Volkswagen AG

- **Decision taken to fully integrate Volkswagen Sachsen GmbH in Volkswagen AG by 2027**
- **Corporate structures will become leaner and decision-making processes quicker**
- **Extra costs to be offset by site-specific compensation measures**
- **Agreement on gradual harmonisation of weekly working hours from 38 at present to 35**
- **Gunnar Kilian, member of the Board of Management for HR at Volkswagen: “The integration will enable us to optimise our structures, enhance collaboration and leverage efficiencies in administration.”**

Zwickau / Wolfsburg, 12 May 2021 – Volkswagen Sachsen GmbH, an independent company to date, will be fully integrated in Volkswagen AG by 2027. The company has reached an agreement to that effect with the trade union IG Metall. The integration will help optimise corporate structures and speed up decision-making processes at the three sites of Chemnitz, Dresden and Zwickau. The company is thus taking a further step in the transformation process of the Group. The around 10,000 employees will be gradually transitioned to Volkswagen AG’s company collective agreement. They were previously covered by the regional collective agreement applying in the metal and electrical industry.



The Volkswagen factory in Zwickau

Gunnar Kilian, member of the Board of Management for HR at Volkswagen: “The integration will enable us to optimise our structures, enhance collaboration and leverage efficiencies in administration. We’re also taking a vital step towards harmonizing working conditions under collective bargaining agreements. Our colleagues in Saxony make a key contribution to the Volkswagen Group’s

success – not least as a result of Zwickau’s successful transformation into our global lead plant for e-mobility. The gradual elimination of differences in collectively agreed labour conditions between Eastern and Western Germany, coupled with compensation of the costs, is therefore only logical and will secure our competitiveness long term.”

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“In order to further strengthen the competitiveness of our sites in Saxony, we’ve agreed to offset the extra costs from the reduction in working hours by site-specific compensation measures. On the basis of that, we’ll gradually increase productivity at our plants by up to 30 percent. As a result, we are again making it clear that social responsibility and economic efficiency are not mutually exclusive at Volkswagen,” says Ralf Brandstätter, CEO of the Volkswagen Passenger Cars brand.

Jens Rothe, Chairman of the General Works Council at Volkswagen Sachsen GmbH, commented: “This step, coming more than 30 years after German reunification, is long overdue. So it’s only right that we at Volkswagen should also display responsibility here and lead by example. With their work and flexibility, our colleagues in Saxony have demonstrated for decades that there is no longer any difference between Volkswagen in Western and Eastern Germany. It’s therefore only fair that our employees finally become a part of Volkswagen AG and are treated as equals in collective bargaining. Yet we’re also aware that we don’t want to jeopardise the sites’ competitiveness and so we’ve agreed an extensive compensation package.”

Daniela Cavallo, Chairwoman of the General Works Council at Volkswagen AG, noted: “The first Volkswagen in Zwickau – a Polo – came off the production line almost 31 years ago to the day. We started off with 500 colleagues in Saxony, and now the combined total for Chemnitz, Dresden and Zwickau is well in excess of 10,000. For many years now, Eastern and Western Germany have been growing together closely as regards co-determination, and now the company is being merged with Volkswagen AG. That’s not only an important step for the Volkswagen family, but is also long overdue from the socio-political perspective.”

As part of Volkswagen Sachsen GmbH’s integration, employees’ weekly working hours will be gradually reduced from 38 at present to 35. The first stage in harmonisation will begin in 2022 with a reduction to 37 hours. Further stages will then be implemented every two years (in 2024 and 2026). Under the legal merger envisaged in 2027, the sites of the current Volkswagen Sachsen GmbH will formally join and be covered by Volkswagen AG’s company collective agreement.

Apart from harmonisation of working hours, employees will also be treated equally as regards other arrangements, such as in relation to the company pension scheme and holiday and anniversary regulations. Basic monthly pay will not change as a result of the reduction in the collectively agreed weekly working hours. At short notice it was confirmed that the main arrangements under the 2021 collective agreement of Volkswagen AG will also apply to employees of the current Volkswagen Sachsen GmbH. As a result, monthly pay will increase by 2.3 percent effective 1 January 2022.

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The agreement between Volkswagen and IG Metall also specifies that the extra costs due to the reduction in working hours will be stretched out over the term of the agreement under the multi-stage model for collective bargaining harmonization and offset by means of the agreed site-specific compensation measures. They include measures to increase efficiency and productivity, flexibilisation in staff deployment, realignment of the production organisation and rigorous cost cutting by leveraging synergies with Volkswagen AG's structures and processes.

A further objective of the integration is to help strengthen the close ties between the Zwickau vehicle plant and the production network of the Volkswagen Passenger Cars brand. In addition, the Chemnitz engine plant will be directly integrated with Volkswagen Group Components.



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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products range from pick-ups to buses and heavy trucks. Every weekday, 662.600 employees around the globe are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2020, the total number of vehicles delivered to customers by the Group globally was 9.31 million (2019: 10.98 million). Group sales revenue in 2020 totaled EUR 222.9 billion (2019: EUR 252.6 billion). Earnings after tax in 2020 ended amounted to EUR 8.8 billion (2019: EUR 14.0 billion).
