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Volkswagen and IG Metall successfully conclude pay negotiations

- Pay to rise by 4.3 percent from May 2018
 - From 2019, additional annual payment of 27.5 percent of a month's salary, which may be converted into six days of leave
 - Company pension scheme to be significantly improved
 - Changes in project working time arrangements
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Wolfsburg/Hanover – Volkswagen and IG Metall brought their negotiations on the company collective agreement to a successful conclusion in Hanover on Tuesday night. Base pay for employees covered by the collective agreement is to be increased by 4.3 percent effective May 1, 2018. In addition, employees are to receive a one-off payment of €100 for the months from February to April 2018. An additional annual payment of 27.5 percent of a month's salary from August 2019, which may be converted into six days of leave by special groups of employees, has also been introduced. From July 2019, a monthly payment of €90 is to be made to the company pension scheme; from January 2020, the figure will rise of to €98. In future, project working time arrangements are to be changed. The collective agreement has a term of 27 months.

Dr. Karlheinz Blessing, Member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Human Resources, said: "Our pay agreement is effectively at the same level as that reached in the metal industry. This was an important objective for us in order to safeguard the competitiveness of Volkswagen. At the same time, we have made Volkswagen significantly more attractive as an employer. The additional annual payment under the collective bargaining agreement gives employees the possibility of opting for additional remuneration or leisure time in line with their requirements. In addition, we have significantly improved the company pension scheme. Each of our employees covered by the collective agreement will notice the effect on his or her pension. This improvement will benefit younger employees more as a result of the longer contribution and interest accumulation period."

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The main points of the agreement reached are as follows:

Pay increase: The base pay of employees covered by the collective agreement is to be increased by 4.3 percent with effect from May 1, 2018. In addition, employees covered by the collective agreement will receive a one-off payment of €100 for the months from February to April 2018; the payment will be €70 for apprentices and €100 for temporary employees. "The pay increase agreed on is based on the economic performance capabilities of the automotive industry and of Volkswagen," said the chief negotiator for Volkswagen, Martin Rosik, Head of Human Resources of the Volkswagen brand.

Introduction of additional annual payment under the collective agreement: From August 2019, employees will receive an additional annual payment of 27.5 percent of a month's salary.

Conversion of additional payment from 2019: Employees will be able to convert the additional payment into contributions to the company pension scheme or time credits. Instead of receiving the additional payment, employees with high levels of stress in their private lives or at work (shift work, dependents requiring care, children up to 10 years old) can decide to take six days of leave. For 2019, employees will already be able to exercise this option this year.

Company pension scheme: From July 2019, instead of the previous amount of €27, an amount of €90 per month will be paid into the company pension scheme. From January 2020, this figure will be increased to €98 per month.

Project working time: To provide greater flexibility, it will be possible to agree on individual, voluntary increases in project working time up to 40 hours per week for five percent of employees covered by the collective agreement within the framework of schemes for the plants. The figure of five percent may be increased temporarily to 10 percent by agreement between the parties. Rosik: "This provision gives us the additional flexibility which we definitely needed. It will be a key prerequisite for mastering the special challenges we face in important future-oriented areas."

Apprentices: It was agreed that the number of apprentices will be 1,400 for three years.



Term of collective agreement: The new collective agreement has a term of 27 months (February 1, 2018 to April 30, 2020). Rosik emphasized: "This means that we will also stay very close to the term of the regional collective agreement in the future. In 2020, we will therefore once again be able to negotiate our collective agreement in a comparable economic environment to our competitors."

Scope: The collective agreement of Volkswagen AG applies to almost 120,000 employees at the Wolfsburg, Brunswick, Hanover, Salzgitter, Emden and Kassel plants as well as Volkswagen Financial Services AG.

About the Volkswagen brand: "We make the future real."

The Volkswagen Passenger Cars brand is present in more than 150 markets throughout the world and produces vehicles at over 50 locations in 14 countries. In 2017, Volkswagen produced more than six million vehicles, including bestselling models such as the Golf, Tiguan, Jetta and Passat. Currently, 198,000 people work for Volkswagen across the globe. The brand also has more than 7,700 dealerships with 74,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. Key strategic themes for the future are electric mobility, smart mobility and the digital transformation of the brand.
