

# Charter on Temporary Work for the Volkswagen Group

## Preamble

The Volkswagen Group Board of Management, the Volkswagen European Group Works Council and the Volkswagen Group Global Works Council agree on the principles of this Charter on Temporary Work for the Volkswagen Group. This serves as a safeguard for appropriate employment and pay conditions of temporary external employees at Volkswagen as well as uniform use of the temporary work tool throughout the entire Volkswagen Group.

The employees' and company's sides agree upon the following:

- The reasonable use of temporary work is a key flexibility tool within the Volkswagen Group.
- The equal pay principle is implemented in the framework of a phased plan. The pay of temporary external employees in the Group develops with increasing experience and qualification, as it does for the permanent workforce.
- Temporary work in the Volkswagen Group is always linked with training offers for temporary external personnel.
- Alongside apprenticeships and the hiring of university graduates, temporary work is a third access path in the permanent workforce within Volkswagen.

Temporary employment should provide the individual with the chance to be taken on in the permanent workforce, if the necessary qualifications have been gained and the appropriate opportunity exists within the company. At the same time, temporary work at Volkswagen compensates for fluctuations in production or the dealing with particular tasks such as the establishment of operations or bigger sub-operations, for which the need for personnel exists. In addition to external hiring, temporary work can be a supplement to the permanent workforce, which is a sensible human resources policy and is necessary for business, provided that the principles agreed on below are followed,

which serve the protection of both the permanent and the temporary external employees.

### **Definition**

In the spirit of this Charter, temporary work is defined as working conditions under which an employee holding an employment contract with a temporary employment agency is transferred from this agency, for a period stipulated in a contract, in order to work under the supervision and direction of Volkswagen. The above is to be differentiated from the rendering of the contractually defined work performance for Volkswagen, in which the rights and responsibilities of the employer, in regard to working hours, instructions and training etc., remain solely with the external company. The use of holiday workers is not included in this agreement.

### **The organisation of temporary work at Volkswagen**

#### *a) Limiting the number of temporary workers*

The number of temporary external employees in the Volkswagen Group has to be in an appropriate relationship with permanent employees. As a benchmark for this, temporary external personnel make up 5% of the workforce per plant. Company and employee representation can amicably agree on a different portion at each plant. Should the figure exceed 5% per plant the company and workers representatives pledge to begin discussion in the context of the consultation mechanism, which is defined in the Charter on Labour Relations, whether a reduction in the level of temporary external employees is necessary and to bring about an amicable solution. Existing co-determination rights and co-determination rights gained in the future through the implementation of the Charter on Labour Relations will not be restricted through this.

The Volkswagen European Group Works Council and the Volkswagen Group Global Works Council have the right to have the Group Board of Management inform them over the level of temporary external personnel at work in the company or the individual sites as well as their percentage of the total workforce. The employee representatives have the same rights at their respective level as do the Volkswagen European Group

Works Council and the Volkswagen Group Global Works Council for the entire company.

*b) Equal pay and equal treatment*

Reference basis for Equal Pay is the respective base salary.

All further components of pay, i.e. shift and overtime supplements, depend on the rates typical for the location and/or sector, and if available, regulated by wage agreements.

Training wages based on the local and company regulations may be paid. After a period of 9 months at the latest, a temporary external employee shall receive the same basic pay as a permanent employee on the same level. The level of training wage is determined by the responsible wage negotiating parties.

From the second year of employment, temporary external employees are entitled to performance-oriented remuneration components such as team bonuses and individual bonuses, in an amount comparable to that received by the permanent workforce from the second year, when their performance can be evaluated for the first time. During performance evaluation, the same criterion used for permanent employees applies to temporary external personnel.

Subsidiary companies of the Volkswagen Group which act as agencies provide their employees earnings-based bonuses. The distribution volume of the earnings-based bonuses for the entire workforce shall be at least 10% of the operative results of the respective Group subsidiary. This volume is distributed to those entitled to the claim.

The Volkswagen Group ensures that the agencies pay to the employees an amount based on this agreement.

Payments which are linked to permanent affiliation to the Volkswagen Group do not fall under the Equal Pay Regulation.

The establishment of the working hours' regulations - for example, weekly hours, breaks and rest periods etc., depend on the regulations valid for the area of assignment of the site of the Volkswagen Group which the temporary external employee is assigned to.

It is forbidden to use temporary external employee to work at legally strike-bound companies.

During their activity with Volkswagen, temporary external employees are given the same working conditions as the permanent employees in the workplace. The equal treatment of temporary external personnel includes, for example, the access to general company information as well as health and safety in the workplace, the access to collective communal facilities and services as well as social standards, as long as it does not include offerings and facilities which are necessarily provided only to members of the permanent workforce.

All rights for representation concerning the assignment are exercised by the Volkswagen employee representatives as long as no legal or company regulations prohibit this.

*c) Limiting the length of an individual's assignment*

The protection of a temporary external employee should not exceed the respective assignment length at the Volkswagen Group, a total of 3 contract extensions or a period of 36 months collectively. If the temporary external employee has reached the maximum employment limit, his or her adoption into the permanent workforce will be reviewed individually by the responsible department.

The minimum assignment duration of 6 months must be offered to the temporary external personnel. Furthermore, any offered extension of the contract must be at least 6 months. During the assignment period, temporary external employees will be informed of the extension of their assignment and its planned duration at least 4 weeks in advance. As long as national laws and contractual standards permit it, company and employee representation at every site can amicably agree on a deviating minimum assignment length and agreement duration.

*d) Opportunity for permanent employment and training*

When human resources planning determine that temporary external personnel can be employed in a long term basis, they will be taken on preferentially as permanent em-

employees according to the take-on criteria agreed on between the company and the employee representation at the site. After 18 months, a take-over is considered if appropriate training, personal attributes and sustained need for personnel exist. Thus, temporary work at Volkswagen becomes an opportunity for permanent employment and, in addition to apprenticeships, trainee programmes and direct recruitment of externals, a third way of entering the company. All brands and companies ensure that temporary external employees are preferentially treated during hiring when permanent personnel are needed. They further pledge to offer their technically-related training programme to the temporary workforce, just like the permanent workforce of the respective sites.

#### *e) Selection of temporary employment agencies*

Loan contracts are finalised only with suppliers, who recognise the 'Volkswagen Group requirements regarding sustainability in its relationships with business partners'. If a country has a wage agreement for temporary work or regulates through the legal minimum wage, Volkswagen pledges to coordinate only with companies which maintain minimum standards.

Concealing temporary work, in cooperation with temporary employment agencies which appear as recipients of factory orders but only practise their employer rights in form, is prohibited by the contracting parties.

### **Closing Provisions**

This Charter represents a supplement and further development of existing agreements and clarifications, in particular the 'Charter on Labour Relations within the Volkswagen Group' and the 'Declaration on social rights and industrial relations at Volkswagen'. It is valid for the companies that are represented in the Volkswagen European Group Works Council and the Volkswagen Group Global Works Council. No claims based on this Charter may be made by third parties.

The parties concerned recognise the country-specific trade union traditions and different legal and wage agreement regulations in different countries. The provisions of this Charter must be compatible with the local conditions. If compliance with country-specific standards for temporary work represents a worsening in comparison to this

Charter or other principles of the Volkswagen Group, then those regulations which are more favourable to the temporary external personnel always take effect. If national wage or company regulations or laws are favourable to the temporary external personnel, then the regulations will not be affected by this Charter.

Should discrepancies occur in the interpreting of the Charter or in the practice of the principles established here, then first the local agreement board consisting of representatives of the employee and employer sides deliberate on an amicable solution. If no agreement is reached at this level, then the President and the Secretary-General of the Volkswagen European Group Works Council and/or the Volkswagen Group Global Works Council as well as the labour director and the Head of Group HR International will be brought in to find a solution. This existing committee consisting of these people serves the purpose of arbitration and conciliation tasks.

This agreement can be amicably adjusted, when both sides wish to do so. Should one regulation of this agreement be invalid, then the parties agree to find a new one which is as close in spirit as possible to the invalid one.

This Charter was written in German. Should problems with the Charter arise through the translation of the original, the German version has precedence.

The Charter takes effect with its signing and is not valid retroactively. The company and bargaining parties in the respective sites are responsible for the implementation of this Charter until 30 June 2013.

Munich, 30 Nov. 2012

On behalf of the Volkswagen  
Board of Management

On behalf of the Volkswagen European  
Group Works Council  
and the Volkswagen Group Global  
Works Council

For IndustriALL Global Union