



ŠKODA Annual Press Conference 2016
Mladá Boleslav, 16 March 2016

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- The spoken word prevails -

Speech manuscript for Bohdan Wojnar
ŠKODA AUTO a.s., Annual Press Conference 2016
16 March 2016

Slide: 'Introduction slide'

Ladies and Gentlemen,

I would also like to offer you a very warm welcome to the ŠKODA AUTO annual press conference.

2015 was also **an intensive and successful year** for HR management. In **2016**, **new trends are at the forefront** of all areas of our work, including human resource activities. The changes to the **working environment** and **the development of digitalisation** offer us a **great opportunity**. We must, however, seize it with full power and maximum efficiency. I will talk about this over the next few minutes, as well as covering other topics.

Slide: 'Company success creates record employment'

In many respects, 2015 was a year of great importance for all of ŠKODA AUTO. Once again, we have sold more than 1 million vehicles and the new Superb has become a real star. Our success has also enabled **record growth in terms of our employees**. The **ŠKODA** brand employs **approximately 28,500 people worldwide**, which is more than ever before. If we add to this the jobs **that are indirectly created by ŠKODA AUTO**, we reach a total of more than **180,000 employees** worldwide.

Thanks to our successful sales and new products, we were able to **create almost 1,000 new jobs** in **2015**. At the ŠKODA AUTO Vocational School for Mechanical Engineering and the ŠKODA AUTO University, **approximately 2,000 young people** benefit from top-quality education in preparation **for their future careers**. This is, however, just the start of the list of our activities that relate to social responsibility.



Together with the KOVO union, we have begun the next round of **employee donations**. **The clothing collection** by our employees yielded over 3 tonnes of clothing for vulnerable people. We help children in children's homes, we have already planted the 500,000th **ŠKODA tree** in the Czech Republic and we contribute to **improving road traffic safety**.

This is one reason for the **high level of staff loyalty** at ŠKODA. The average annual **attrition rate is 5%**, which is less than half the industry average.

Slide: '120 years of ŠKODA – tradition, appeal and celebration of our shared success'

ŠKODA is not only **attractive** to existing employees but also to the general public. In the prestigious **Trendence** and **Universum** rankings, we also achieved **the highest positions** in 2015. We celebrated 120 years of our company's rich heritage with our employees, their families and friends of our brand during the **open day**, which drew over **80,000 visitors** to the plant and the Technical Development department in Mladá Boleslav.

Slide: 'The performance of the company and staff has a positive effect on remuneration'

Both our vehicles and our company deliver **a high level of performance**. This is essential for a **stable, competitive position** in the market, which is, in large part, down to our employees. Their **flexibility, high-quality** work and **commitment** form the basic pillars of our success. The employees thereby **influence** the company's high level of efficiency and its processes **directly through their work** but also through the **ŠKODA improvement scheme**. In 2015, we received almost **29,000 ideas for improvement**.

Good performance must go hand in hand with appropriate remuneration. Here too, **ŠKODA is well above the Czech average**. The average **pay** at ŠKODA AUTO **has risen by approximately 30% since 2010**.

This is fundamentally different to some fields of industry, which have experienced long-term stagnation in wage growth. **In 2015**, we paid employees a **bonus** which



was, on average, more than **61,500** korunas and we expect this figure to increase further in 2016.

Slide: '2016 is marked by considerable growth of the Kvasiny plant'

The Kvasiny site has already been **further expanded** in 2015. This year, **two new models from the SEAT and ŠKODA brands** will roll off our production lines in Eastern Bohemia. To safeguard their production, we must firstly extend **the skills** and qualifications of our current employees and secondly create **new jobs**. In **2016** alone, **2,000 people** will therefore find **a new job**.

With its compensation scheme, ŠKODA AUTO offers very **attractive terms** for **permanent staff** as well as for **temporary staff**. The position of the latter has been strengthened through the **temporary work charter**, which was signed by ŠKODA AUTO – the first company in Central Europe to do so – and the KOVO union as the direct **representative of the temporary workforce**.

Slide: 'Increasing the employment rate requires ongoing support from the state'

The current **situation** in the Czech **labour market** is very fraught. We **appreciate** the Czech **government's approach to helping** companies.

However, we have not yet found a solution to the employment issue. As a major employer, we would very much welcome **further improvements in the interregional cooperation of job agencies as regards recruitment**.

Mobility of employees is an important issue in the Czech Republic. Mobility will only improve significantly when there is a programme for **permanent relocation of people**, their **accommodation** and the necessary **infrastructure**. We also believe that the **employment of foreign nationals** is important **in some jobs**.

Essential components for the further development of the Rychnov, Kvasiny and Solnice regions are the completion of the **public industrial zone**, the implementation of investments in **public infrastructure** and the promotion of **local development** as well as the strengthening of the **education and health systems**.



Slide: 'The industry is facing extensive changes'

The industry is facing extensive changes. Some of these have already been implemented: the enormous rise of new technologies, **digitalisation** and **electrification** for example, are going to **completely change the industry and as a result, the working environment**. **New jobs** will be created much more quickly and displace **the ones we know today**. Studies show that **up to 65% of today's students** will do **jobs that don't even exist** today. This is placing huge **demands** on the education system which has to be more forward-thinking. **Young people** who were born at the start of the millennium will change their jobs and their employers **much more frequently** – on average up to **ten times** during their **active working life**. Companies and HR managers have to be prepared for this.

Slide: 'Essential task for the future: preparation for the changing world of work'

We are already preparing for changes in the world of work. We are **investing** a lot of money in our **vocational school**, for example. In the last two years alone, we have invested 135 million korunas in the modernisation of the building; most of which was invested in training material and workshop equipment. Further investments will follow this year. Part of the vocational training includes **3D printing**; we have opened a new **CNC centre** and are now building a **laboratory for robotics** or **alternative drive systems**.

Let us not forget the **new methods** that are also being applied to **adult education**. For more flexibility in training, and taking our staff's mobility into consideration, we have introduced **virtual classrooms** as well as **blended learning**, which combines classroom learning with e-learning. In order to improve learning efficiency, we are also using **various simulation methods** or **virtual reality** devices, particularly in technical training.

Slide: 'We grow together with our employees'

As an employer, ŠKODA AUTO plays an important role. We are aware of the great responsibility that we bear. This is why we continuously prepare our employees –



and thereby the entire company – for future challenges. **A willingness to change is the key to success.** We are building an open and **innovative culture within our company** that allows our employees to contribute to how the company is run.

We are creating **new, highly skilled jobs.** We are going to continue this trend in 2016.

We are also very much aware of our **social responsibility.** We are working together with many **charities** and are **implementing many voluntary projects.**

I am convinced that we are only able to implement important changes and prepare our employees and the company for future challenges through **open and constructive social dialogue** with our social partners.

Our company's **long tradition obliges us to remain successful** on our journey. And with our employees, we will achieve this.

Thank you for listening.