Frequently asked questions about reducing the average working week to 38 hours at Leppersdorf and Aretsried sites

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1. Basic information about the reduction

1.1 Why is the 38-hour-week being introduced?

Having already created attractive opportunities in the white-collar sector in terms of flexible working hours to balance work and family life, we now also want to improve the working conditions for employees in the industrial/technical sector where, for example, mobile working or flexible working hours are not possible. This is a further step in our actions to increase attractiveness as an employer. At the same time, this action makes a valuable contribution to retaining and promoting the health of our employees. In the course of reducing the average weekly working time to 38 hours with full pay compensation, we are also optimising shift models at the sites - where possible - in order to further improve working conditions in this respect.

1.2 Who does the new regulation apply to?

The reduction in working hours applies exclusively to industrial and technical employees at German production sites in Aretsried and Leppersdorf. The corresponding allocation of functions was made legally binding in a regulatory agreement in alignment with the local works councils. For this group of employees, the 38-hour-week is the new full-time standard working time.

1.3 How was the assignment to the industrial-technical area being made and how do I know that this assignment is not arbitrary?

The allocation is based on objective criteria that are clearly recognised as permissible by case law and the applicable legal situation, which were documented in a regulatory agreement together with the works councils and their legal representatives.

1.4 Is this an unequal treatment and therefore a disadvantage compared to employees from the non-industrial/technical sector because they do not receive a reduction in working hours?

No, there is no unjustified unequal treatment or a legally relevant disadvantage for employees who do not fall within the scope of the reduction in working hours. As mentioned in section 1.3. above, the allocation of functions is based exclusively on transparent and objective criteria that allow a reduction in working hours to be made for employees whose functions are allocated to the industrial/technical area. As described in sections 1.1. and 1.9., employees outside the industrial-technical area, on the other hand, generally enjoy far-reaching opportunities to flexibilise their working hours and place of work.

1.5 Who can I contact if I think my assignment is incorrect?

The first point of contact is the manager. If they cannot clearly explain the assignment, they should contact the HR department. The assignment will be checked again then.

1.6 When does the new working time regulation apply?

The reduction in working hours will take effect from 1st October 2025, subject to the signing of the legally required addendum to the employment contract.

1.7 To which locations does the new regulation apply?

The new standard working time of 38 hours on average applies to Leppersdorf and Aretsried sites. Discussions with the local works council are still ongoing at Freising site.

1.8 Is the reduction temporary or permanent?

The adjustment of the regular weekly working hours is based on individual contracts without a time limit and can only be changed by mutual agreement.

1.9 Why does the reduction not affect all employees ?

The action only affects employees in the industrial and technical area in order to create more attractive working conditions in the production and production-related environment. No changes are currently planned for employees who work e.g. in administration and sales and whose work takes place predominantly in the office or in a comparable working environment, as they can already make use of flexible working time models and/or mobile working options.

1.10 Do I have to do anything actively for the reduction to apply to me?

Employees who fall under the scope of the reduced working hours due to their function will receive an amendment agreement to their existing employment contract from the end of July. With submission of the signed amendment agreement by 15th August 2025, the reduction will enter into force for them from 1st October 2025.

1.11 Do I have to sign the amendment agreement / addendum to the employment contract?

The amendment agreement or addendum to the employment contract regarding the reduction in working hours with full pay compensation is a voluntary offer from the employer. If the offer is not accepted, the previous contractual conditions remain in place, e.g. an average weekly working time of 40.0 hours/week (full-time) with

unchanged salary, while the other colleagues only have to work an average of 38.0 hours/week for the same salary.

1.12 Am I at a disadvantage if I sign the addendum to reduce my working hours?

No, there are no disadvantages for you. Quite the opposite: the employer offers you the unique opportunity to reduce your weekly working hours by 2.0 hours (full-time) while retaining your current salary. This does not deprive you of any rights or entitlements or impose any other disadvantages.

1.13 Can I sign the amendment agreement at a later date if I do not want to now?

No, that is not possible. This is a one-off and time-limited offer that will be made to employees from the end of July 2025. Failure to accept the offer timely will be deemed as a rejection, meaning that the current contractual terms will continue to apply unchanged.

1.14 What happens if I do not sign the amendment agreement?

For employees who do not sign the amendment agreement on the new weekly working hours, the previous conditions will remain in place and nothing will change in general. This means that the weekly working hours (full-time) will remain at 40.0 hours with the previous monthly salary. The shift model that will be applicable to the department in future will also apply to those employees without restriction by virtue of statutory regulations. Additional shifts may have to be scheduled if the weekly working time according to the shift model is lower than the individual contractual weekly working time.

1.15 Will other contractual conditions change or will previous regulations remain in place?

The amendment agreement only contains the agreement to reduce weekly working hours with the clarifying addition that the salary (gross) remains the same. Only existing part-time agreements contain a passage on the new increased monthly salary. In this case, lower weekly working hours remain unchanged. Further information on salary can be found in section 3 (Effects on salaries, bonuses and holiday) and on part-time work in section 7 (Special cases: part-time models and reduced full-time models).

2. Working hours and work organisation

2.1 What does "38-hour-week with full pay compensation" actually mean?

The "38-hour-week with full pay compensation" means that the average working week is reduced to 38 hours without reducing employees' pay.

2.2 How are the 38 hours distributed over the weekdays?

The 38 hours are spread over an average of 5 days per week, applying the shift model that is applicable to the respective department.

2.3 Will existing shift models be adapted?

Existing shift models are gradually being reviewed and, if necessary, adapted to comply with the new working time regulations.

2.4 When will I find out if and when my shift model will change?

Employees will be informed of this timely. Shift models will be reviewed and, if necessary, adjusted in close cooperation between HR, the respective department, the team responsible for the technical implementation as well as local works councils. Transparent communication will take place so that all those affected know if and when their shift model will change.

2.5 When will the new shift models be introduced?

New shift models are currently being reviewed and fine-tuned in the respective departments. The common understanding with the local works councils is that by mid-2026 at the latest, it should be clear for all relevant areas which (new) shift model will be implemented and when. As mentioned in section 2.4, employees will be informed in time about how the shift model that will apply in future will be organised and when it will come into force.

2.6 What happens to overtime?

Times resulting from the difference between the contractually agreed working hours (target hours) and the hours worked (actual hours) are continuously documented in a working time account. All further details will be regulated in the new company agreement on shift work, which is currently being negotiated with the involvement of the works councils. Further information will be announced timely.

2.7 Will there still be 12-hour-shifts at weekends?

Our aim is to implement innovative and ergonomic shift models that no longer include 12-hour-shifts at weekends wherever possible. During a transition phase, it may be necessary in certain areas to continue 12-hour-shifts in order to maintain operations until the requirements for implementing a new shift model are met.

2.8 Does the introduction of the 38-hour-week have an impact on the number of weekends off per month?

The aim of the new working time regulations is to reduce the burden of weekend work. The abolition of 12-hour-shifts at weekends will only be possible by introducing a 38-hour-week in combination with new shift models. The number of regular weekends off can vary from department to department or even from time to time.

2.9 I have heard that the shift models will only be changed over gradually. What happens to my overtime hours that accrue during the transition phase (from 1 October 2025 until the changeover to a new shift model)?

The times will continue to be recorded and managed according to the previous agreements and practices at the respective location - i.e. until the actual changeover to the new area-specific regulations.

2.10 What will happen to my working time account and overtime already accumulated from 1 October 2025?

The company parties are currently working on comprehensive regulations for dealing with working hours and shifts in our company. Further information will be announced in good time. The aim is to ensure that no overtime is forfeited.

2.11 What number of hours per week will count as full-time employment from 1 October 2025?

The average number of hours per week for full-time employment is 38 hours for all employees who are assigned to the industrial-technical area due to their function.

3. Effects on salaries, bonuses and holidays

3.1 Will my remuneration remain the same?

Yes, the reduction takes place with full pay compensation, i.e. the previous salary remains the same. For employees who are already working part-time (38 hours or less), the salary will increase. Further information on part-time work can be found under point 7 (Special cases: part-time models and reduced full-time models).

3.2 Will my allowances or supplements change?

Bonuses will not change in principle. As before, the bonuses are calculated on the basis of the basic hourly pay. As the new hourly wage increases due to the new average monthly working hours (164.64 hours), the bonuses will also increase in the same proportion.

Example:
Basic remuneration: EUR 3,000
Average hourly wage for a 40-hour week: EUR 3,000 / 173.30 hours = EUR 17.31
25% night surcharge per hour: EUR 4.33
Average hourly wage for a 38-hour week: EUR 3,000 / 164.64 hours = EUR 18.22
25% night surcharge per hour: EUR 4.56

3.3 Will my holiday entitlement change?

The statutory and contractually agreed holiday entitlement remains unchanged.

3.4 What will holiday planning look like in future?

Holiday planning is based on the applicable shift model and in compliance with the applicable company regulations on handling holidays.

3.5 Will I receive the second part of this year's pay round (2% from 1 October 2025) if I do not accept the offer of a 38-hour week and stay at 40 hours?

No, the increase in October (2%) only applies to employees who are not assigned to the industrial-technical area due to their function in accordance with the regulatory agreement.
The granting of a pay increase as part of the pay round is a voluntary benefit of the employer without any legal entitlement to it. In the present case, the employer has decided that a reduction in working hours with full pay compensation will be made possible for employees in the industrial/technical area, which corresponds to an indirect pay increase of approx. 5 %. Employees who reject this offer are not entitled to any other financial commitments.

4. Workforce planning and productivity

4.1 Does the reduction in working hours mean that new employees have to be recruited?

This varies from area to area and depends on the current operational requirements (e.g. production requirements and shift model).

4.2 Is there an impact on productivity?

Maintaining productivity can be ensured by carefully planning and organising shift models. With this in mind, detailed analyses of production and personnel requirements have been and are being carried out. This planning also takes into account shift staffing with the new reduced working hours and reserve quotas due to possible time off entitlements.

4.3 Is there a risk of redundancies due to the reduction in working hours?

No, on the contrary: in some areas there will be new hires to ensure shift staffing.

5. Co-determination and participation

5.1 Is the works council involved?

Yes, the works council is involved in accordance with the statutory regulations and exercises its right of co-determination, among other things, in the negotiation of the new

works agreement on shift work, including new shift models. However, the change in weekly working hours can only be made on an individual basis. The works council also has a right of co-determination in the preparation of the relevant contract templates and was involved accordingly.

6. Other

6.1 I would like to stay on my current 40-hour week and continue to work more hours voluntarily. Is that possible? Will my pay change because I am prepared to work more than the new full-time hours?

Yes, there is an option to increase the weekly working hours to 40 hours for a limited period if there is also a need on the employer's side and the employer agrees to the increase. In this case, the monthly salary will be increased proportionately. The prerequisite is that the employees have previously agreed to the amendment agreement for the new permanent reduction in working hours to 38 hours per week.

6.2 Can I change from 38 hours per week back to 40 hours per week at a later date (increase in working hours)? How often and for how long can I adjust my weekly working hours?

Yes, the planned option to increase the weekly working time to 40 hours will be possible for a limited period of one calendar year. Further information on how to apply for the increase will be announced in good time.

6.3 Is there an obligation to record working hours?

Yes, employees who fall under the scope of the new reduced working hours due to their function are obliged to record their working hours at the terminals provided for this purpose in accordance with the applicable company regulations.

6.4 Who can I contact specifically if I have further questions?

If you have any further questions, please contact your line manager or the relevant contact person in the HR department.

7 Special cases: What applies to part-time or reduced full-time models?

7.1 I already work 38 hours a week - will anything change for me?

Yes, the monthly remuneration is recalculated. The calculation is based on 38 hours as the basis for full-time employment. This is also stated accordingly in the amendment agreement. The average weekly working time of 38 hours remains unchanged.

Example:
Basic remuneration: EUR 2,850 (corresponds to part-time 95%) - Full-time remuneration: EUR 3,000 (ø 173.3 hours)
Basic salary based on full-time 40-hour week: EUR 2,850 / ø 164.64 hours = EUR 17.31/hour
Basic remuneration new as full-time 38-hour week: EUR 3,000 / ø 164.64 hours = EUR 18.22/hour

7.2 I currently work 36 or 34 hours per week - will my salary be adjusted?

Yes, the monthly remuneration is recalculated. The calculation is based on 38 hours as the basis for full-time employment. The monthly remuneration is recalculated according to the degree of employment. The new amount is also stated accordingly in the amendment agreement. In this case, the previous average weekly working time remains unchanged.

Example:
Basic remuneration: EUR 2,700 (36 hours = part-time 90%) - Full-time remuneration: EUR 3,000 (ø 173.3 hours)
Basic remuneration based on full-time 40-hour week: EUR 2,700 / ø 155.97 hours = EUR 17.31/hour
Basic remuneration based on full-time 38-hour week: EUR 2,842.02 / ø 155.97 hours = EUR 18.22/hour

7.3 I have an individual part-time agreement with 38 or fewer hours - can I now increase or reduce my hours even further?

The prerequisite for an increase is that the employees have previously agreed to the change agreement (weekly working hours remain the same, pay increases). The increase requires the consent of the employer, taking into account the legal requirements and operational needs. If the working hours are to be further reduced, a new part-time application must be submitted.

7.4 Will it be easier to apply for part-time work in future?

In principle, there are no changes to the regulations for applying for part-time work. The statutory regulations will continue to apply.