Volkswagen board pockets €63 million in 2015

Dietmar Henning
10 May 2016

Despite the company losing billions, and the exhaust emissions scandal, the members of the Volkswagen Executive Board have pocketed more money in 2015 than in the previous year. The nine members of the board received €63.2 million collectively, up from the €54 million they were paid in 2014.

The Executive Board's remuneration is signed off by the Supervisory Board, in which representatives of the Works Council, the IG Metall union and the Social Democratic Party-led state government have a majority.

Their pay has risen even though the board members are responsible for the exhaust emissions scandal, which threatens thousand of jobs, and despite VW finishing the year with losses of €1.6 billion. The losses are the result of a provision of €16 billion for costs arising from the exhaust emission scandal. In 2014, the most successful year for the company, VW made a record profit of €12.7 billion.

The exorbitant salaries of the board members have clearly risen without regard to the negative impact of their actions, although the variable element of their remuneration is supposedly linked to the profitability of the company.

The long-standing VW boss Martin Winterkorn, who was forced to resign in September 2015 as a result of the manipulation of exhaust emissions results, received €7.3 million for his last nine months in office. Moreover, he will receive pension allocations worth nearly €30 million. For many years, Winterkorn was German's top-earning manager.

His successor Matthias Müller received around €4.2 million. Before becoming VW CEO, he had headed the company's Porsche division for five years.

The new Volkswagen brand boss Herbert Diess received €7.1 million for just half a year's work (he moved to VW from BMW in July 2015). This includes a "transfer premium" of €5 million.

Doing even better was Andreas Renschler, who moved from Daimler to VW in February 2015, where he is now responsible for heavy goods vehicles. He received a golden hello of €11.5 million, giving him an annual income of more than €14.9 million. Renschler is thus the best-paid board member in the VW group.

The other board members received €3-5 million: Purchasing chief Francisco Garcia Sanz (€3.5 million), Jochen Heizmann, head of the company's China business (€3.5 million) and Audi boss Rupert Stadler (€4.1 million).

The lowest earner was Frank Winter, the chief financial officer. He received "only" €900,000. But this was for just three months work, as he replaced Hans Dieter Pötsch in October 2015, who was paid €2.9 million for 2015.

Pötsch moved across to take on the post of Supervisory Board chairman, which is paid €1.5 million. He also received a sweetener to move of almost €20 million.

Since the VW workforce face sackings and pay cuts as a result of the emissions scandal, the VW Works Council chairman Bernd Osterloh and SPD state Premier Stefan Weil, who represents Lower Saxony on the Supervisory Board, called in the media for a cut in the Executive Board's bonus payments.

This was just a deceit. In the end, the Supervisory Board agreed to put aside 30 percent of the bonuses, to be paid later. A cut is not foreseen. It involves just €5.4 million euros, or around 8.5 percent of the remuneration of the Executive Board. Since the value of the bonuses that were set aside will be recalculated in 2019 on the basis of the share value at that point, they might walk away with even more. According to calculations by the *Tagesschau*, VW CEO Müller could expect an additional payment of up to €8.6 million.

The Supervisory Board was even more generous when it came to the pension allocations of former Executive Board members. The VW Group reserved

© World Socialist Web Site

€243 million at the end of 2015 for this purpose.

Among the main beneficiaries here, with €23.7 million, is the former IG Metall functionary Horst Neumann. He has used the union as a springboard to gain a rise in income, the dimensions of which even politicians and SME entrepreneurs can only dream. Since 1994, he worked as human resources director, a post usually granted to union officials—first at Rasselstein GmbH, a subsidiary of the ThyssenKrupp Group, then at ThyssenKrupp Elevator AG, then at Audi and from 2005 until his retirement last year at VW.

VW CEO Müller justified this enrichment of the top management at the press conference announcing the company's annual results, saying, "The Executive Board remuneration had been agreed by the Supervisory Board."

On the Supervisory Board, the union, Works Council and SPD control 12 of the 20 votes. In the Supervisory Board Presidium, which prepares all the company's important decisions, sit six men: Supervisory Board chair Pötsch, Wolfgang Porsche, as spokesman for the owners' family, Lower Saxony's state Premier Weil (SPD), IG Metall leader Jörg Hofmann, Works Council leader Osterloh and his deputy Stephan Wolf.

While the Works Council, IG Metall and SPD support the Executive Board's orgy of enrichment, they are simultaneously negotiating massive attacks on the workforce. Accordingly, productivity in the core VW brand will generally increase by 10 percent. In administration, 3,000 jobs, almost one in 10, are to go. Over 1,000 contract workers have already been sacked, and others will follow. Even the closure of two sites, one of them in Lower Saxony, is under discussion, possibly the engine plant in Salzgitter.

Apparently, they are considering selling off parts of the business: "The need for finances to cover the risks can lead to disposing of parts of the business dependent on the circumstances."

For this reason, the current contract negotiations are stalled at VW, which has a company-wide contract covering its 120,000 employees in Germany, and also in the electronics and metal-working industries, where the contract covers the other large auto companies.

For both contracts, the IG Metall is calling for a rise of 5 percent. The employers association has offered 2.1 percent more pay in a contract with a two-year duration. At VW, the management made no further offer at the second round of negotiations last week.

IG Metall's chief negotiator, Hartmut Meine, is the union's district chief in Lower Saxony and Saxony Anhalt. The social democrat sat on the Supervisory Board for the union up to last November.

Meine warned the company that its "estimation of the mood of the people in the six Volkswagen plants was completely wrong. There are debates there: Why haven't we had any bonus and why does the management get a bonus? And if no offer is forthcoming in the negotiations, that will make people really angry."

Works Council leader Osterloh is currently preparing to negotiate with management regarding a "pact for the future." Osterloh will negotiate with Personnel Director Karlheinz Blessing over jobs cuts, plant closures and a worsening of working conditions. IG Metall man Blessing welcomed the "negotiation stance" put forward by Osterloh at the beginning of April.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site