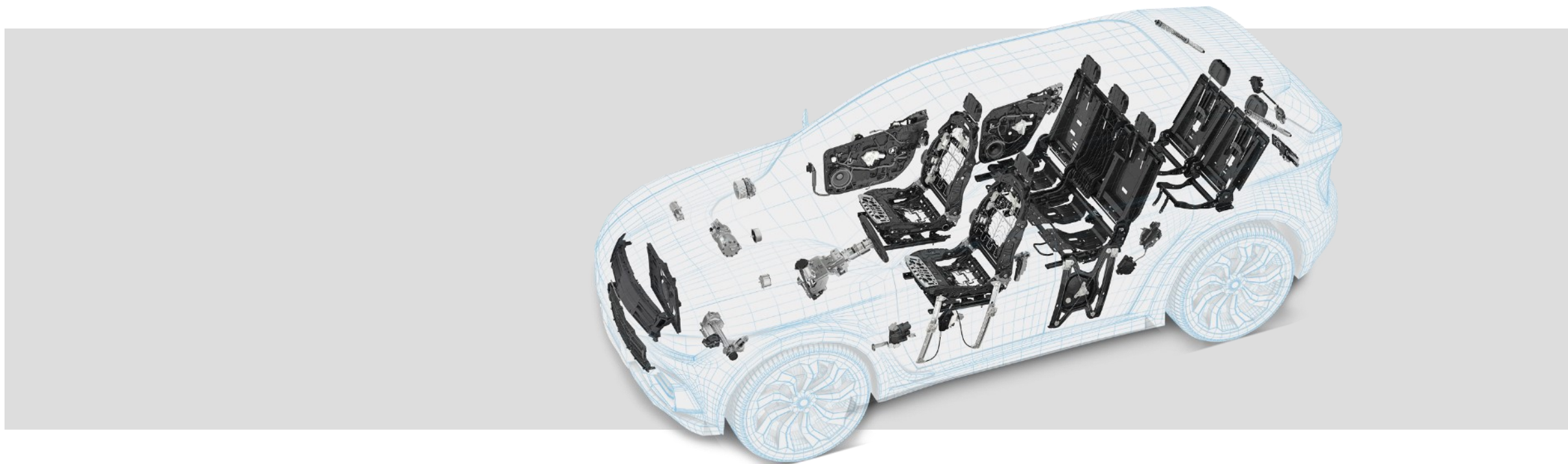


Fluctuation challenge in the U.S. – Vor welchen Herausforderungen steht derzeit die Automobilzulieferindustrie?



U.S. Labor Market Conditions

OESA Q3 2021 Automotive Supplier Barometer Data



Skills and company culture gaps widened as suppliers realize their workers expect a continuation of flexible work arrangements.

- Nearly 50% of suppliers have moderate to wide gaps between their current roles and responsibilities vs. skills (34% YoY)
- 62% of suppliers face moderate to wide gaps between current and expected company culture (up 50% from Q3 2020)
- Firms are focusing on increasing internal skill development and changing hiring practices to offset skills gaps, while offering flexibility and relying on leadership to drive cultural change



Scarce labor availability and competition from other sectors accelerated hourly employee turnover to extremely high levels.

- Nearly 50% of suppliers report hourly employee turnover in the U.S. above average while noting that plant positions are extremely difficult to fill
- Suppliers are increasing wages and relying on contract employees to offset the labor shortage. Signing and retention bonuses were the most successful incentive initiatives
- Hiring production workers in states that have ended unemployment subsidies has been easier



Key themes for career path and succession planning are developing high performing employees through training, mentoring, job rotation, and structured development plans.



Cost pressure is increasing as the supply base is budgeting for a 5.4% and 2.9% increase to hourly and salary wages. Pricing pressure is expected across all benefit offerings.



Suppliers permit non-operational employees 2-3 days per week of remote work, not due to performance but employees' desire the change. Firms are increasing the role of technology.

← COVID-19 Pandemic Impact on Fluctuation →



The Great Resignation

- According to the U.S. Bureau of Labor Statistics, 4 million Americans quit their jobs in July 2021
- Resignations peaked in April and have remained abnormally high for the last several months, with a record-breaking 10.9 million open jobs at the end of July
- Resource: [Who Is Driving the Great Resignation? \(hbr.org\)](https://hbr.org/2021/07/who-is-driving-the-great-resignation/)



Blue Collar

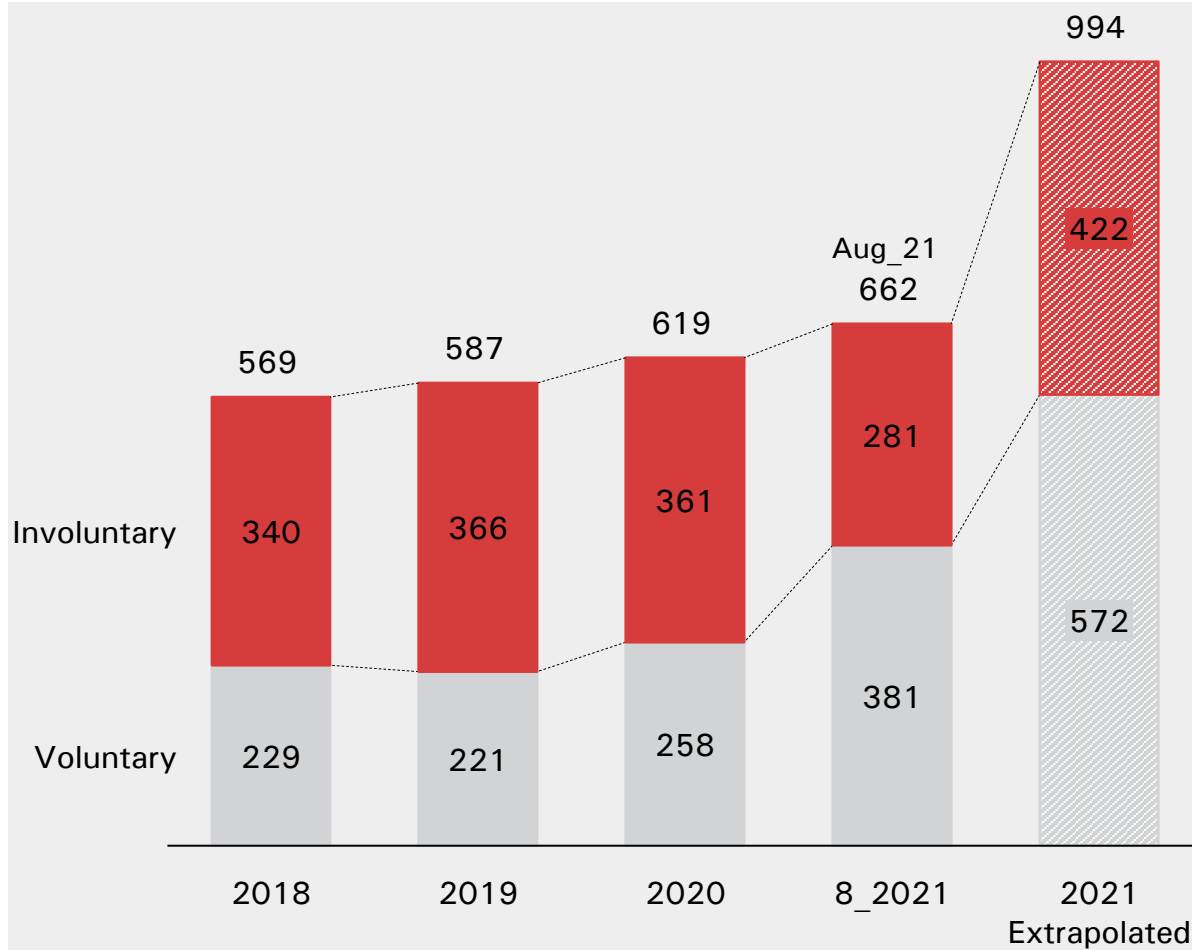
- Lucrative government subsidies paid employees more money to stay home
- Competitive job market with unprecedented wages in all industries including manufacturing
- Lack of available workers – many women and people close to retirement age did not return to the workforce



Salaried

- Competitive market: Flexible work and significant increases being offered to professionals
- GM is hiring thousands of professionals with lucrative offers & completely flexible working model (employees can work from anywhere)
- Burn out: Change of direction in career driven by COVID

Brose North America U.S. Fluctuation – Salaried and Blue Collar



of exits as of **August 2021** has exceeded the previous three annual totals



Extrapolation of full year exits in 2021 = **994**



Voluntary exits are exceeding involuntary exits for the first time in US since 2017 (YTD 60%)



Of the 91 salaried exits in **2021** 76% were voluntary:

Top 3 exit reasons of this group:

- 44 Career development
- 12 Salary and compensation
- 7 Personal reasons

Blue collar #1 exit reason 2021: 126 disciplinary

Brose North America Retention Measures

Retention measures at a glance



Wage Increases

Salaried and hourly
employees



Bonuses

Sign-on and
retention



Develop- ment

Training and
promotions



Upskilling

MAT2 and other
apprenticeship
programs

Advanced Operator



Hiring Campaigns

Direct hire of blue-
collar employees,
hiring of non-English
speaking workforce



Govern- ment

Working with
officials on potential
for immigrant
workers



Employee Focus

Engagement
initiatives, top
workplace awards,
flexible work model



Culture

Diversity Equity &
Inclusion, BeFIRST
campaign,
entrepreneurship

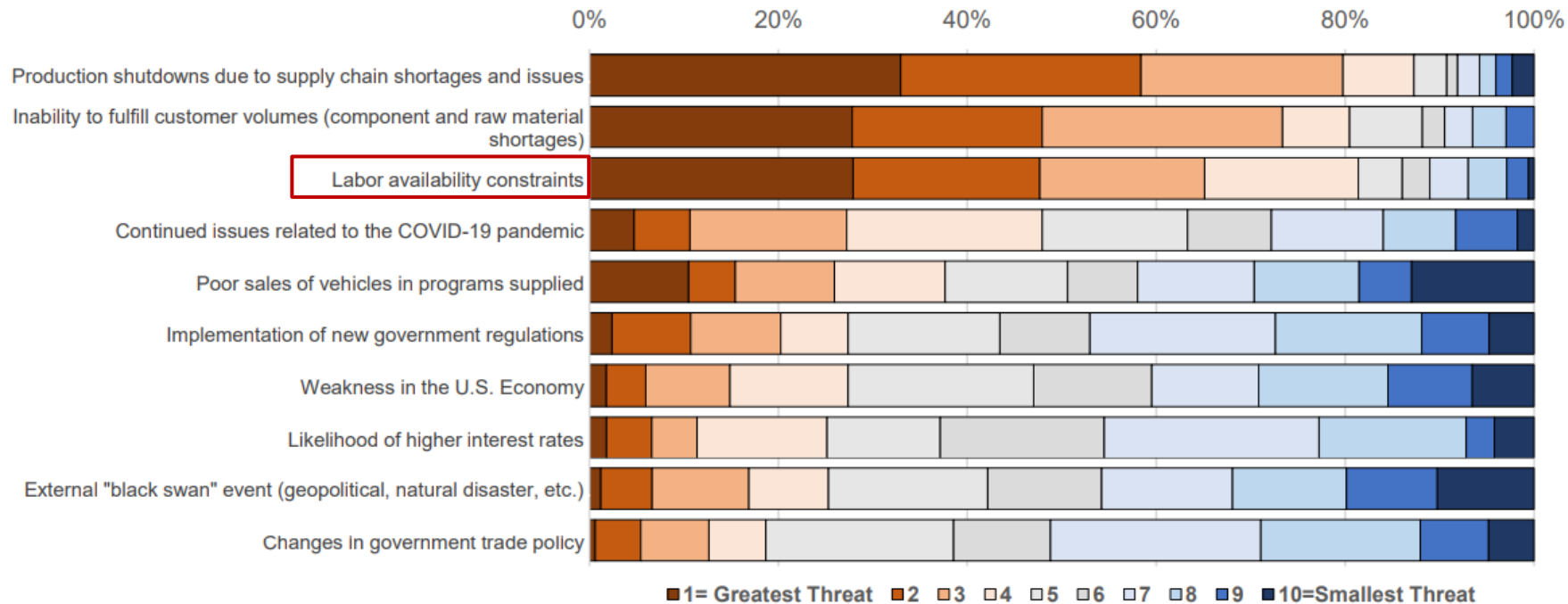
Backup



Automotive Industry Threats

OESA Q3 2021 Automotive Supplier Barometer Data

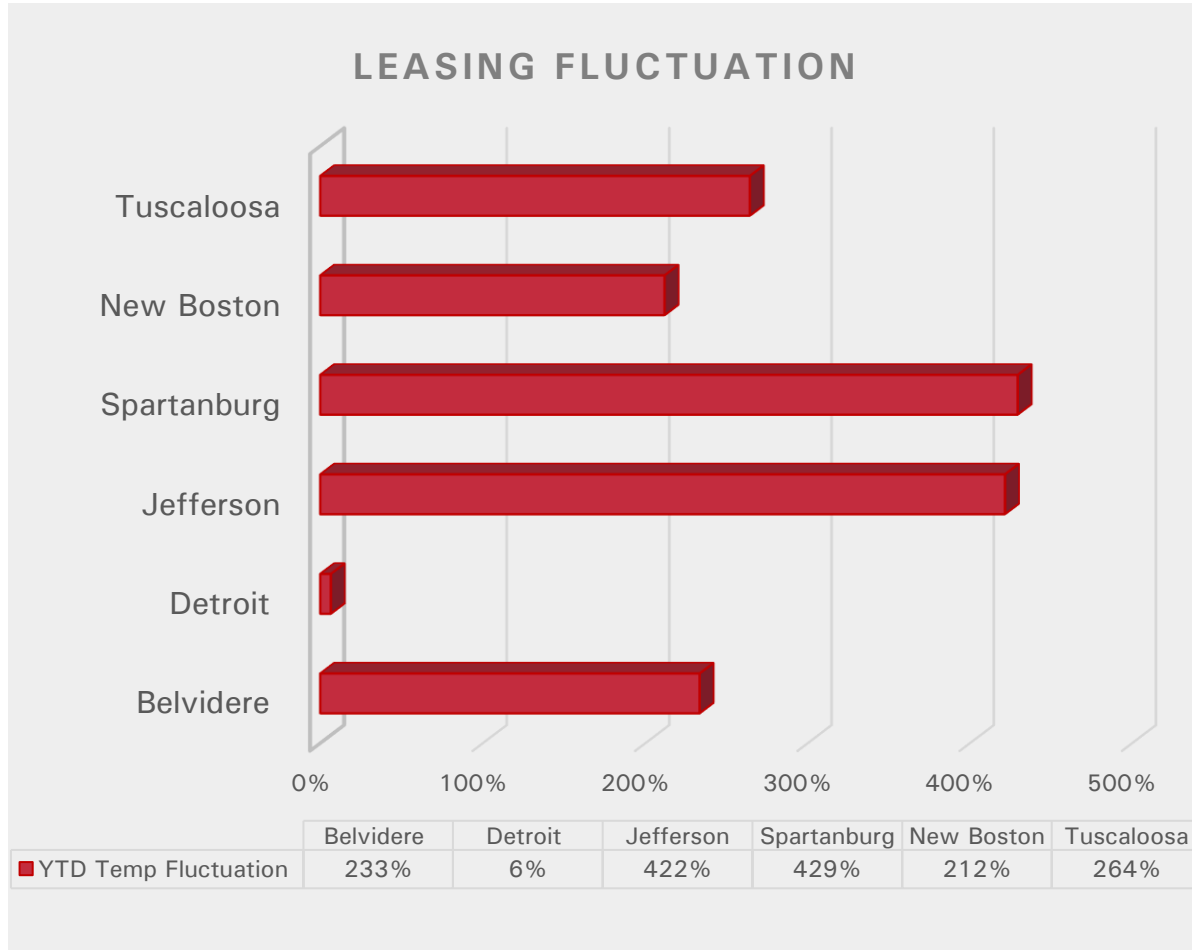
What are the greatest threats to the industry over the next 12 months?



Comment

- Production shutdowns due to supply chain shortages, and suppliers' ability to fulfill volumes are the top threats to the 12-month outlook.
- Suppliers are becoming increasingly concerned over sales of programs supplied.

Brose North America U.S. Leasing Fluctuation



LEASING EXITS 2021

| Location | January | February | March | April | May | June | July | August | Grand Total |
|-------------|---------|----------|-------|-------|-----|------|------|--------|-------------|
| Belvidere | 1 | 3 | 5 | 1 | 8 | 3 | 0 | 0 | 21 |
| Detroit | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Jefferson | 20 | 26 | 23 | 20 | 42 | 50 | 50 | 62 | 293 |
| New Boston | 29 | 44 | 48 | 48 | 46 | 69 | 58 | 72 | 414 |
| Spartanburg | 5 | 6 | 9 | 11 | 14 | 16 | 8 | 4 | 73 |
| Tuscaloosa | 16 | 8 | 10 | 43 | 50 | 67 | 98 | 108 | 400 |

LEASING HEADCOUNT 2021

| Location | January | February | March | April | May | June | July | August |
|-------------|---------|----------|-------|-------|-----|------|------|--------|
| Belvidere | 18 | 17 | 16 | 18 | 11 | 6 | | |
| Detroit | 12 | 11 | 10 | 10 | 10 | 11 | 14 | 19 |
| Jefferson | 55 | 70 | 76 | 101 | 98 | 93 | 86 | 84 |
| New Boston | 189 | 200 | 208 | 148 | 222 | 228 | 197 | 202 |
| Spartanburg | 14 | 12 | 13 | 16 | 17 | 23 | 23 | 20 |
| Tuscaloosa | 32 | 28 | 51 | 57 | 89 | 146 | 168 | 189 |