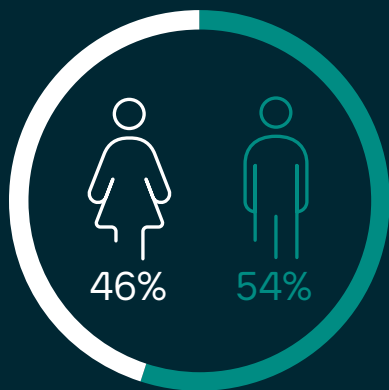


GENDER AND ETHNICITY PAY GAP REPORT

2023



Executive summary



We have a **46:54** balance of female and male employees.

The proportion of females in the upper and upper mid income quarters has increased by **five** percentage points.

**Reporting is based on data from April 2022-March 2023*

As a company that's going through a fundamental transformation, adapting to new customer expectations and responding to changes in society, it is essential that all Volkswagen Group employees have an environment in which they can thrive and fulfil their potential. Creating, improving and evolving this environment is how we remain an employer of choice for our current colleagues, and attract new and diverse talent.

To accelerate our transition to a world-leading software-oriented provider of sustainable mobility, we are systematically promoting diversity. We are committed to ensuring an inclusive culture at all levels: one that is understood and lived in all areas, by all employees, and embedded in the processes that govern our everyday tasks. It is a global commitment that we are proud to be enabling here in the UK.

Volkswagen Group United Kingdom Ltd has been steadfast in its commitment to advancing diversity

across the organisation, particularly in management roles. Since 2017 there has been notable progress, with senior female representation increasing from 22 per cent to 31 per cent in 2023. This surpasses and maintains the 30 per cent target set for 2025, a milestone we have reached two years ahead of schedule.

We aspire to comparable long-term progress in our representation of ethnicities in senior roles. Since 2020, we have seen growth from five per cent to six per cent, supported by significant increased disclosure from our colleagues.

The publication of our gender and ethnicity pay and bonus data reflects a comprehensive approach to addressing diversity, equality and inclusion at Volkswagen Group UK. We are voluntarily disclosing our ethnicity pay data as we recognise this is an important step in acknowledging and understanding ethnicity-related disparities within our organisation, enabling us to address them in future.

Since the last report*

We are seeing a continued decrease in our mean gender pay gap as our overall female population has increased to 46 per cent (up one percentage point), and the number of women in the upper pay quarters has grown by five percentage points.

This year's report serves as a tool for increasing transparency, identifying areas for improvement, and driving meaningful change. It also highlights considerable progress and delivers crucial insights for maintaining momentum in our pursuit of an equitable, inclusive culture for all.

Alex Smith, Managing Director

Penny Weatherup, People Director

Driving diversity

At Volkswagen Group UK, we're committed to creating inclusive workplaces with diverse teams who are likely to be more innovative, more creative and make balanced decisions. In addition, by providing a safe place for all to thrive, we'll inspire, attract and retain the best talent.

Different perspectives and thought processes are essential as our business and industry go through rapid change. To encourage and celebrate diverse thinking and allyship, we have six **Employee Network Groups (ENGs): We Enable, We Are Parents and Carers, We Inspire, We Live Cultural Diversity, We Drive Proud, and We Are Driven Women.**

Our UK Diversity, Equality and Inclusion (DE&I) strategy is fully aligned with our global strategy. The central premise is that by harnessing the diversity of our people, we will accelerate our cultural transformation, foster innovation and drive economic success.

Our Diversity, Equality & Inclusion strategic goals:

- **Be authentic in living our global value 'We Live Diversity':** We aim to be multi-dimensional and intersectional in our approach, going beyond gender, race, disability and sexual orientation. We are committed to making sure everyone is, and feels, included.
- **An employee demographic that's representative of our customers and community:** We aim to understand our customers' mobility needs and offer them innovative solutions.
- **Engagement and cultural alignment:** We want DE&I to be a golden thread that runs through all our brands and functions, understood and lived by all.

We have a number of Diversity, Equality & Inclusion programmes and interventions in place to help us progress and reach our goals.

- Targets in place for gender and ethnicity, measured at quarterly intervals.
- Colleague training and education in DE&I, delivered through a schedule of events, initiatives and different learning opportunities.
- Targeted outreach programmes through We Inspire, our Employee Network Group that works to encourage young people into the automotive sector.
- A commitment to advancing careers for people with disabilities and health conditions, through our status as a disability-confident employer and our partnership with the Business Disability Forum.

- We have achieved Gold accreditation through the Inclusive Employers Standard, which recognises our commitment to DE&I. Since earning Silver in 2021, we've continued delivering on our strategic plan, and our journey toward DE&I excellence continues.
- Commitment to external speaking opportunities to share best practice and be seen as an agent of change both within and outside the automotive sector.

In addition to our Employee Network Groups, we have five operational workstream 'accelerators' to embed our DE&I strategy.

These workstreams help us drive diversity, equality and inclusion through how we lead, connect and create inspiring opportunities. They also help us develop a work environment where everyone can thrive and help us support communities inside and outside our organisation.



What is the gender pay gap?

When discussing the gender pay gap, it's important to define what we're looking at.

Median pay gap

Imagine if we split our employees by gender, arranging men and women in two lines in order of pay from highest to lowest. The median is the pay of the person in the middle of the line and gives us the best view of 'typical' pay. We calculate separately for men and for women, and then compare the results.

The most common reason for a gap is that there are more men in senior roles than women. Seniority and hierarchy drive the difference.

Mean pay gap

The mean gender pay gap, on the other hand, shows the difference in the average hourly rate of pay between men and women in a company. As with the median gender pay gap, the mean pay gap is often because there are more men than women in senior roles in the company.

Bonus gap

These median and mean calculations are also carried out when comparing bonuses paid over a 12 month period.

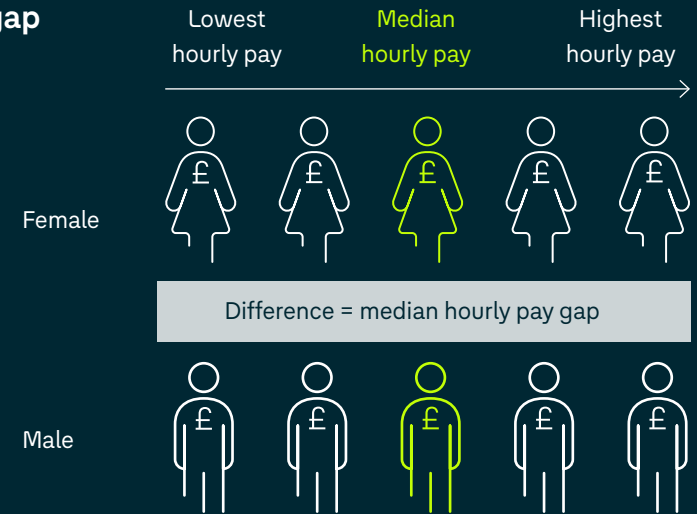
Equal pay

Both median and mean pay gaps are different from 'equal pay', which is the difference in pay between men and women doing the same or similar jobs - i.e. equal pay for equal jobs.

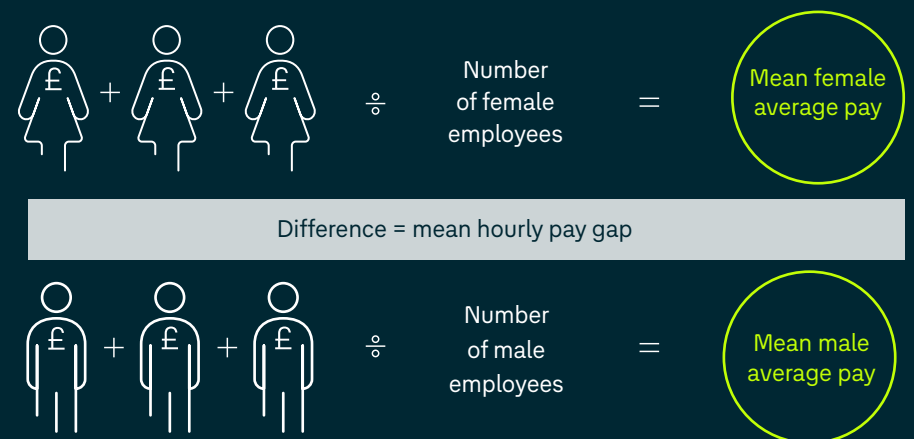
The gender pay gap measures the difference in pay regardless of role, and can be influenced by the different number of men and women in the organisation across all roles.

An equal pay analysis considers two employees or groups of employees carrying out the same, similar or equivalent roles.

Median pay gap



Mean pay gap



How we measure up

Gender pay gap

(The difference between the pay of males and females in our organisation)

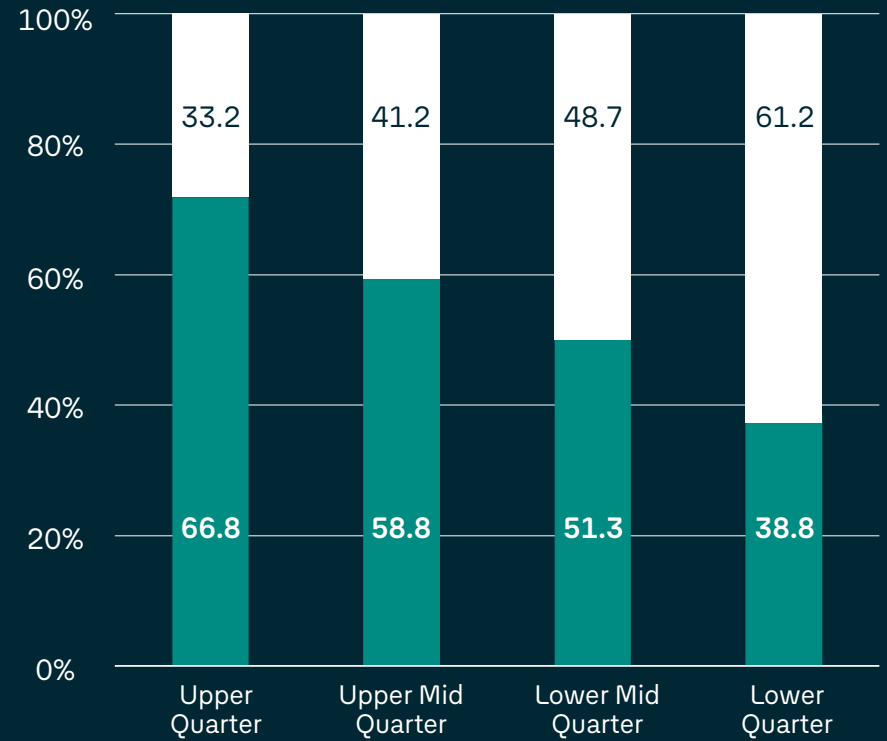
	Mean % (Average)	Median % (Middle)
Hourly pay gap	16.6	11.3
Bonus pay gap	51.2	25.0

Proportion of employees that received a bonus

(In the 12 months up to April 2023)



2023 gender distribution by pay quarter (%)



Gender pay gap results in focus

In 2023, we increased our overall female population from 45 per cent to 46 per cent, demonstrating steady year-on-year growth across the business.

Significantly, 31 per cent of our senior roles are held by female employees. We reached our target figure of 30 per cent in 2023, two years ahead of our projected 2025 goal.

Positively, since 2019 we have seen an overall increase of five percentage points for females in the top pay quarter, going from 28 to 33 per cent and we have reduced the mean gender pay gap by nine percentage points.

We work hard to maintain pay equality for equivalent jobs by following strict processes, including conducting an annual pay parity review and applying transparent pay principles.

Where bonuses are paid, they are based on factors including seniority

and company performance. We have seen our mean bonus pay gap decrease by 5.1 percentage points and median bonus pay gap decrease by 0.8 percentage points.

The key reasons behind our ongoing gender pay and bonus gaps remain: not only do we currently have more men than women in higher-grade roles; we also have a higher proportion of women in part-time roles. In fact, at present, 11 per cent of our total workforce consists of women in part-time roles.

31%
of our senior
leadership
positions are
held by female
employees



What is the ethnicity pay gap?

When discussing the ethnicity pay gap, it's important to define what we're looking at. In this case, the ethnicity pay gap measures the difference between the earnings of 'White' individuals and those voluntarily disclosed as 'Ethnically Diverse' across the business, regardless of the work they do.*

Median pay gap

The median is the middle number in a ranking of pay from highest to lowest, and gives us the best view of 'typical' pay. The calculation is completed separately for White and Ethnically Diverse individuals and the medians are compared.

Bonus gap

These median and mean calculations are also carried out when comparing bonuses paid over a 12 month period.

Equal pay

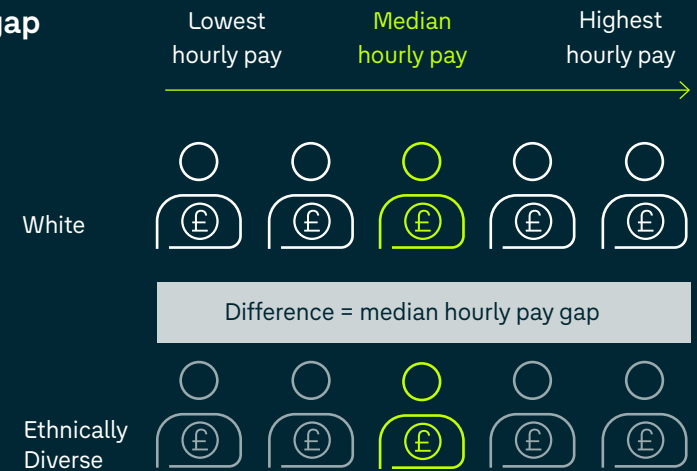
The ethnicity pay gaps calculated here are different from 'equal pay', which is the difference in pay between employees of different ethnicities doing the same or similar jobs – i.e. equal pay for equal jobs. We work hard to maintain pay equality for equivalent jobs, following strict processes such as our annual pay parity review, applying our pay principles and performing regular checks to ensure our policies and practices are fair to all.

Mean pay gap

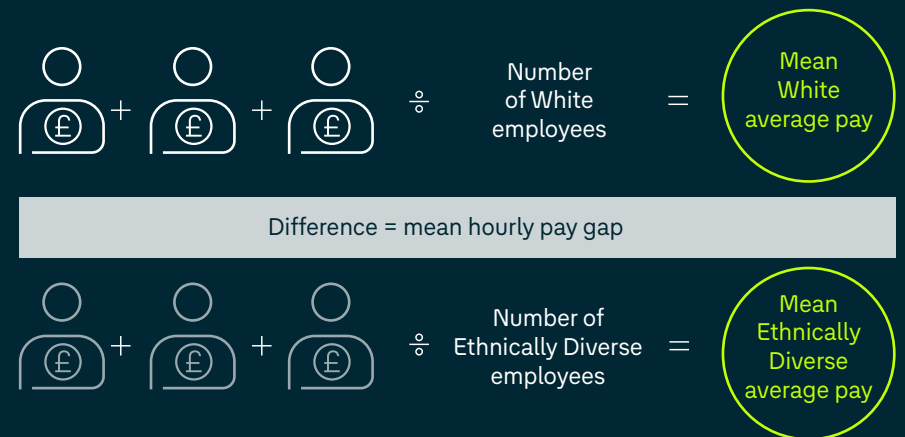
The mean is calculated by adding up the total pay of employees and dividing it by the number of employees. The calculation is completed separately for White and Ethnically Diverse individuals and the means are compared.

**For this report 'White' is used to group all individuals that self-identified as being from a White background, inclusive of White British and White Other. 'Ethnically Diverse' is used to group all racially and ethnically diverse individuals and excludes those who have chosen not to disclose their ethnicity. This high level category is used within this report because to break down the grouping further poses a risk of identifying individuals from this data. This is consistent with the Office for National Statistics who recommend using 'white combined' and 'ethnic minority' combined' to categorise the data for ethnicity pay gap reporting.*

Median pay gap



Mean pay gap



How we measure up

Ethnicity pay gap

(The difference between the pay of White colleagues and Ethnically Diverse colleagues in our organisation based on a 96% disclosure rate)

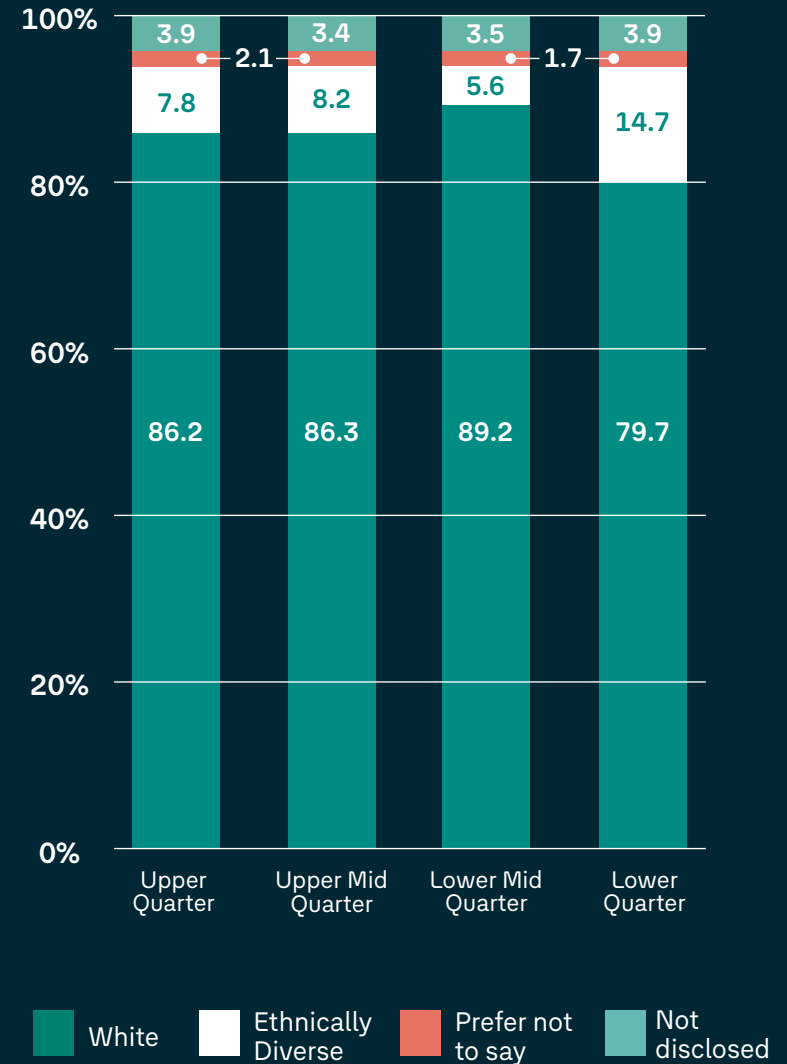
	Mean % (Average)	Median % (Middle)
Hourly pay gap	12.9	5.9
Bonus pay gap	33.0	13.6

Proportion of employees receiving bonus payment

(In the 12 months up to April 2023)



2023 ethnicity distribution by pay quarter (%)



Ethnicity pay gap results in focus

Pay gaps often stem from the make-up of the organisation. And like our gender pay gap, our ethnicity pay gap exists because there are fewer ethnically diverse colleagues in senior positions than white colleagues.

Without full ethnicity disclosure, we cannot assess or report the true pay gap. What is clear, however, is that because of the small sample size and low representation at a leadership level, the mean and median pay gaps are disproportionately affected by any minor changes across pay quarters, causing the pay gap to fluctuate year to year.

Our ethnicity disclosure has increased from 92 to 96 per cent, and overall ethnicity representation remains at nine per cent. However, the spread of ethnically diverse colleagues in different pay quarters has shifted. We now have more ethnically diverse colleagues joining our talent pipeline but currently in our lower quarter (an increase of five percentage points), as well as fewer at a senior level (a decrease of one percentage point in the upper quarter).

We anticipate that this ethnically diverse talent will move into senior roles over time, narrowing the ethnicity pay gap to mirror this improving representation.

Bonus Payments

During the reporting year, only 52 per cent of ethnically diverse employees received a bonus. This is largely because we had an increase in ethnically diverse talent joining the organisation; but because our bonuses are paid in the year after the period of performance, a substantial number of these new employees would have received their bonus beyond the report cut-off date. We expect to see the number of ethnically diverse employees receiving a bonus payment improve in the 2024 pay gap report.

We are committed to upholding pay equality for comparable roles through rigorous procedures including our annual pay parity review and the application of our pay principles.



96%
ethnicity disclosure
rate will strengthen
future pay gap reports

Ethnicity Pay Gap

Steps towards tangible change

Following a comprehensive recruitment audit conducted in early 2023, we've implemented various initiatives aimed at improving our hiring processes, particularly for diverse groups.

These include the expansion of our advertising channels, and the increased use of job boards that target diverse talent. We have redesigned our careers website and have had a thorough review of job adverts to ensure they are inclusive and free from biases. We have also introduced post-interview review sessions with hiring managers.

This is a critical checkpoint, where our Talent Attraction team and hiring managers scrutinise each interview process to identify any potential unconscious biases or barriers before extending an offer.

Additionally, these sessions provide an opportunity to reflect on our methods of attracting new talent, ensuring that our recruitment strategies resonate with a diverse talent pool and truly reflect our commitment to inclusivity.

Career progression is a crucial lever in closing the ethnicity pay gap and is another key area of focus. To support those advancing into senior management positions, we offer comprehensive mentoring, coaching, and personalised development plans.

To bolster the pipeline of diverse talent, we conduct targeted sessions aimed at facilitating career planning and overcoming challenges specific to diverse backgrounds. Through these initiatives, we aim to foster an inclusive environment where individuals from all ethnicities have equal opportunities to move their careers forward.



Improving our hiring processes

- Expansion of our advertising channels
- Redesign and relaunch of our careers website, ensuring digital accessibility for all
- Review of job adverts



Post-interview review sessions

- Identify any potential unconscious biases or barriers
- Opportunity to reflect



Comprehensive mentoring

- Personalised coaching and development plans
- Targeted sessions aimed at facilitating career planning
- Overcoming challenges specific to diverse backgrounds

Understanding what makes us who we are

We know that comprehensive information is essential to any effective DE&I approach. Without accurate insights into our organisation's demographics, we can't create a truly inclusive environment. For that reason, over the past few years we have encouraged all our colleagues to provide us with as much diversity data as they feel comfortable sharing.

To build on this, and increase the amount of information we hold, we ran a data collection campaign during 2023 called 'What Makes You, You?'. The response rate to this, compared to previous surveys, was an impressive 83 per cent, and the number of employees answering questions related to disability and caring increased by over 40 per cent.

The campaign helped us to establish a new level of diversity data and shaped our decision-making. We used the data when updating our policies, in evolving our working environment, and to promote allyship with our Employee Network Groups.

The data gives us an increased understanding across all aspects of diversity at Volkswagen Group UK, and for the first time we can now also analyse:

- The types of disabilities in the workplace.
- The caring responsibilities of our colleagues.
- The socio-economic background of our workforce.

Inclusive policies for all

Our policies play a vital role in consistently supporting our core values. We recognised there was an opportunity to improve our existing policies and sought feedback from our ENGs and Forum For.All (our employee forum), to ensure they were truly inclusive.

Absence

We removed the qualification period for sick pay eligibility and introduced paid leave for fertility treatment and post-pregnancy complications. Paid time off is offered to donors, and enhanced compassionate leave has been extended to 'close' family members.

Community involvement

We increased paid volunteering time from one to two days per year (in addition to financial matching when raising money for charities).

Family leave

We enhanced pay for maternity, shared parental, adoption and surrogacy leave, and for those with newborns in neonatal care.

Agile working

We introduced more flexibility in work patterns and made it easier for colleagues to request changes.

Menopause and menstruation

We support absence and adjustments to accommodate these natural changes. Plus we've created an online support channel and a new 'buddy' system.

Domestic abuse

We introduced a policy offering paid leave for those affected.

Carers leave

We brought in a new policy providing paid leave for colleagues with caring responsibilities.

In 2023 we updated and enhanced sixteen people policies and introduced six new ones.



Leading change: Reverse mentoring

Following a pilot led by our We Live Cultural Diversity ENG, a year-long reverse mentoring programme was launched in 2022. The programme gave senior leaders the chance to spend time with, and learn from, ethnically diverse colleagues. Senior leaders reported back on what they had learned from the initiative at conferences and through intranet articles and videos.

In 2023, the programme was rolled out to the rest of the business and was supported by multiple ENGs. In total, 34 participants were matched with mentors from our Employee Network Groups: We Enable, We Are Parents and Carers, We Live Cultural Diversity, We Are Driven Women and We Drive Proud. In 2024 this has continued to grow, with 44 participants signed up. To date, more than 55 per cent of our senior managers have registered with the programme.

The programme led to significant business change, including policy enhancements and new ways of working. It simultaneously advanced cultural shifts by fostering mutual understanding,



breaking down hierarchical barriers, and harnessing diverse perspectives among different groups, including those in leadership positions.

55% of our senior managers have registered with the programme

Leading change: Transformation

DE&I has been a major theme in our series of Leading Transformation leadership conferences, aimed at giving senior leaders the opportunity to discuss new ways of working and the business's evolving culture.

Our first Leading Transformation Day, for Directors and Heads of Department was in September 2022. The day featured a 90-minute session on Inclusive Leadership, which asked leaders to reflect on their approach and how they can promote inclusivity within their teams and across the organisation.

In November 2023, another Leading Transformation Day was attended by 250 of our people managers. They took part in a 60-minute Inclusive Leadership session called 'Human Kind', and were afterwards given an Inclusive Leadership Toolkit. This gives practical suggestions on how to embed DE&I into their day-to-day role, from how they manage colleagues' performance to implementing inclusive recruitment practices.



250 People Managers attended our Leading Transformation Day

Everyday inclusion

Our six Employee Network Groups (ENGs) help colleagues to connect, share experiences, develop a deeper understanding of issues, forge allyship, drive change and celebrate differences.

More than 60 per cent of our colleagues are now signed up to one or more of our ENGs, either as members or allies.

Each ENG has a senior sponsor, a Chair or Co-Chairs, a steering group and a representative from our Forum For.All.

Every year, each ENG shares its objectives with the Board of Management to ensure transparency and support for action where needed.

Our colleagues organise and participate in a variety of activities for under-represented groups both inside and outside our organisation.

Over the past 12 months, our ENGs have taken the lead on several events and initiatives.

We Live Cultural Diversity

- Launched and delivered 'flipped classroom' workshops stimulating discussions on key D&I topics reaching over 200 colleagues.
- Celebrated World Day of Cultural Diversity by inviting local community groups into the business.

We Inspire

- We Inspire encourages young people to consider a career in automotive. They reached over 33,000 students during the 2022-23 academic year through engagement events.
- A Virtual Work Experience initiative for 12- to 18-year-olds, designed to introduce young people to the automotive sector, was piloted and launched in early 2024.



We Are Parents and Carers

- Led a panel session marking Carers' Week, where colleagues were invited to talk about their experiences.
- Delivered webinars led by experts on children's mental health and online safety.



We Drive Proud

- Led sponsorship activities for Milton Keynes Pride Festival, including a Q&A session with the ENG sponsor and People Director.
- Created Pride Flag-inspired rainbow crossings in the car parks of our HQ sites.

We Are Driven Women

- Celebrated International Women's Day with networking events and talks.
- Ran a workshop on mental toughness facilitated by British Rally Championship driver Penny Mallory during National Inclusion Week.



We Enable

- Led a live panel session for International Day of Persons with Disabilities, where colleagues shared their experiences of hidden disabilities.
- During National Inclusion Week, British Para Cycling Athlete Sam Ruddock, joined by TV presenter Angellica Bell, discussed the challenges along his road to success.
- Neurodiversity support added to the Group's Private Medical Insurance plan.

Peter McLeod – Brand and Performance Marketing Manager, Škoda

A supportive word from a senior colleague gave Peter the confidence he needed to take on a more high-profile role...



At Volkswagen Group, I've never felt that my ethnicity has held me back. I'm not the black guy, I'm simply part of the team.

Peter McLeod
Brand and Performance
Marketing Manager, Škoda

"Early in my working life, after an initial phone conversation, I was invited for a face-to-face interview. When I arrived, the interviewer's unexpected comment stuck with me, 'Oh, I didn't think you'd look like that'.

While he didn't say 'I didn't think you'd be black', the underlying implication was clear. During our phone conversation, he'd built a picture of me. I don't have a distinctive accent and my name's Peter McLeod, which sounds Scottish. This experience highlighted all too clearly the prevalence of unconscious bias at work.

At Volkswagen Group, things are different, and I've never felt that my ethnicity has held me back. I don't feel like I'm any different from anyone else. I'm not the black guy, I'm simply part of the team.

I joined Škoda in 2015, as a Communications Manager, and when the prospect of a more senior role came up five years later, I initially felt

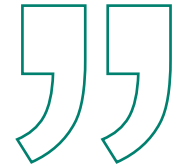
nervous. However, the support of my line manager at the time, along with a memorable conversation with a more senior member of the team, changed my perspective.

During our chat, the Head of PR and Communications talked me through his experience, emphasising that it was OK to make mistakes and learn from them – this is normal in a new role. He also made it clear that he had faith and confidence in my ability, so I went for it.

Initially, it was an interim position during Covid, and I assumed it would eventually go to someone more senior or more experienced. But when I was offered a permanent role, it was great to know that their belief in me had paid off.

Sometimes you need that kind of senior support to make a big step forward; it's too easy to let self-doubt hold you back. I'm grateful for the support I've had, and without it I wouldn't be where I am now."

I'm grateful for the support I've had, and without it I wouldn't be where I am now.



Catherine Baker - Head of Parts Operations

As a senior manager within Volkswagen Group, Catherine is aware of the impact she can have as a role model...



I'm a massive supporter of allyship, and that goes hand in hand with the importance of role models.

Catherine Baker
Head of Parts Operations

"When I started my career in automotive back in the early 1990s, attitudes to women were very different. I recall in one of my first meetings, the Marketing Director asked if I did shorthand. There's nothing wrong with being able to do shorthand, but I had to explain to him that I was, in fact, the new Management Trainee and not there to take notes. This experience serves as a reminder of the gender biases of that time.

Similarly, as I entered my early 30s and started a family, I took the decision to work part-time for a number of years to prioritise my children. It meant stepping sideways, or back very slightly, but I made the choice to change my focus.

Back then, automotive wasn't an environment where you could bring your whole self to work as a woman. It's great that society has moved on, and we no longer have to hide the challenges we're facing.

I wasn't lucky enough to have lots of female role models. Most of my

supporters, advocates, and people I've looked up to have been men, and they have been great allies. As a senior manager at Volkswagen Group, I'm keen to use my influence to support other women with caring responsibilities and help them flourish. I'm conscious of leading by example, which is why I don't make a secret of things like taking my child to revision classes for his GCSEs.

It's not just about women with caring responsibilities though; as managers we must support fathers too. Having a supportive partner makes all the difference and I'm pleased to see men in the team doing the nursery or school run in the morning or pickups later in the day.

I'm a massive supporter of allyship, and that goes hand in hand with the importance of role models. I believe leaders can have a real lasting impact on others and it's important that those who can, actively help pave the way for others. I hope people can look at the way my career has developed

and recognise it's possible to have a family, and a successful leadership role. 'Traditional' routes to leadership are evolving, and while achieving a balance between work and family can be challenging, you can do it."

I hope people can look at the way my career has developed and recognise it's possible to have a family, and a successful leadership role.



Jess Mainard – Product Manager, Volkswagen Commercial Vehicles

Stepping up to take on a high-profile secondment has proved a brilliant opportunity for EV fan Jess...



I've noticed big changes in the number of young women wanting to move into the industry and seeing it as a real career path.

Jess Mainard
Product Manager,
Volkswagen Commercial
Vehicles

"My career has always been all about the 'product' – that's what I'm passionate about. I'm currently a product manager for Volkswagen Commercial Vehicles, and my first job in that role was to launch the iconic all-electric ID. Buzz – one of the biggest launches ever for the brand. That was a lot of pressure, but it was really exciting too. It helps that I love electric vehicles.

Recently, I was seconded for ten months to the role of Electric Vehicles Business Lead for the Group. It was a big step up for me, and a huge challenge. It meant my network expanded outside of Volkswagen Commercial Vehicles, working with colleagues from across the business and right up to Board level.

I felt nervous about taking the step up, but I was hugely supported by both my old and new manager. I learned so much and got to know so much about the business; I'm trying to make sure I use the skills I learned and the

relationships I built now that I'm back in my previous role.

I've noticed big changes in the number of young women wanting to move into the industry and seeing it as a real career path. Through my work with the Inspire schools and colleges outreach team, it's evident that we are changing attitudes.

I was in a meeting with Volkswagen Commercial Vehicles recently which was exclusively female. When I took on my first role in a large automotive manufacturer in 2017, I was the only female in that team. Seven years later, I see much more balance in teams across the business – especially at a middle management level. There are lots more females working as sales executives and service technicians across our retail network. And when you walk around our National Learning Centre, you'll see lots of young women.

We've made huge progress in terms of gender balance over the past few

years. It will take time, but in the future I hope to see a significant increase in females taking the most senior leadership roles. Creating more opportunities for the sharing of skills and ideas will be key to driving that progress."

I was in a meeting with Volkswagen Commercial Vehicles recently which was exclusively female. When I took on my first role in a large automotive manufacturer in 2017, I was the only female in that team.



VOLKSWAGEN GROUP
UNITED KINGDOM



2023