



VOLKSWAGEN GROUP UNITED KINGDOM LIMITED

GENDER PAY GAP REPORT | 2018

The report details our 2018 results and our drive towards reducing our gender pay gap

VOLKSWAGEN
GROUP UNITED KINGDOM LTD

Driving diversity and inclusion

At Volkswagen Group we believe in job opportunities for everyone.

We're committed to building a diverse team and celebrating all the creativity, innovation and bright ideas this brings. And it's so important to us that it's one of our global strategic objectives.

It's all about having the right person in the right role at every level, and over recent years we've worked particularly hard to drive a more gender-balanced workforce throughout our organisation.

That relentless focus is paying off. We're attracting more women into our business, and seeing more of our female employees progress into more senior roles. This is reflected in a small but significant pay gap improvement with our mean pay gap reducing by 1 per cent and our median reducing by 0.2 per cent

With a new agenda to broaden employee diversity across the board, supporting women in our workplace continues to be a driving factor. We've set ourselves the aim of filling 30 per cent of leadership positions with women by 2021, and we're on our way to achieving it.



DEFINITION

What is the gender pay gap?

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

Median pay gap

Imagine we split our employees by gender, arranging men and women in two lines in order of pay from highest to lowest. The median gender pay gap compares the hourly pay of the woman in the middle of the female line with the hourly pay of the man in the middle of the male line.

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 on the other hand considers two employees or groups of employees carrying out the same, similar or equivalent roles.

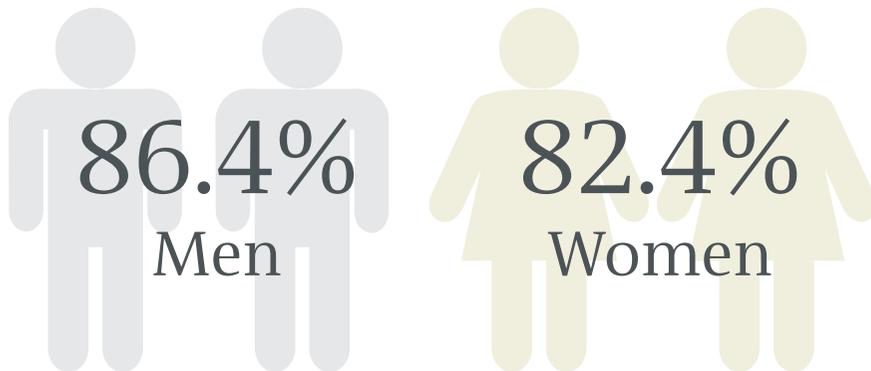


Volkswagen Group results for 2018

Gender pay gap (the difference between the pay of men and women in our organisation)	Mean (Average)	Median (Middle)
Hourly pay gap	20.1%	15.2%
Bonus pay gap	47.3%	31.9%

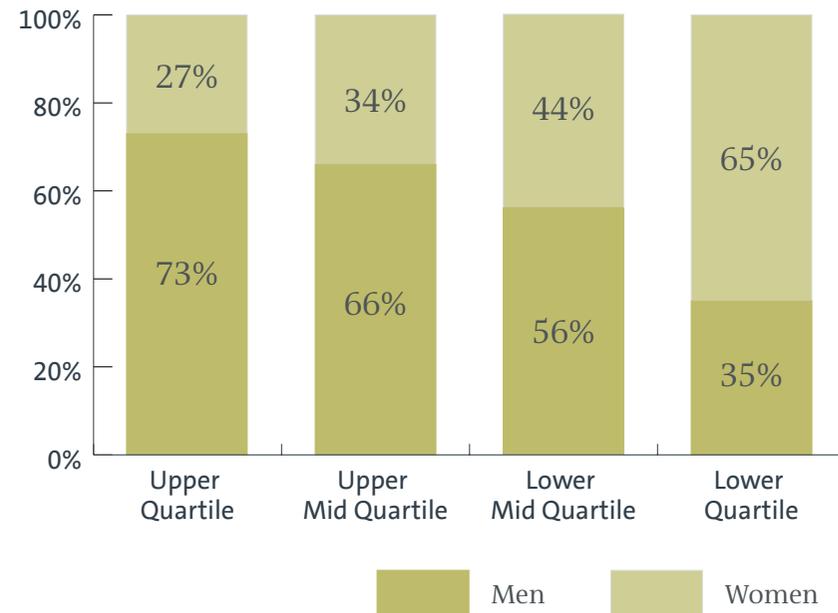
Snapshot date 5 April 2018, reference period to 5 April 2018

Proportion of employees who received a bonus (in the 12 months up to April 2018.)



Gender mix by pay quartile

The chart below illustrates the gender distribution of Volkswagen Group's male and female employees, split into four equal-sized pay quartiles.





Our results in focus

Our gender pay gap is driven by the fact that although 43 per cent of employees in our organisation are women, we have more men in more senior roles.

On the other hand, our own internal analysis shows that our equal pay gap is less than one per cent.

We work hard to maintain pay equality for equivalent jobs – following strict processes like our annual pay review and pay principles, and performing regular checks to ensure our policies and practices are fair to all.

Where bonuses are paid, they are based on several factors, including grade, and personal and company performance.

The bonus pay gap is influenced in a similar way to the median pay gap. The gap exists because we have more men than women in higher grades.

Shifting the needle

We know that when organisations have a truly diverse workforce, they are more creative, innovative and more aligned to customer needs and ultimately they are more successful.

In the traditionally male-dominated automotive industry, we've worked hard to shift the needle towards a more gender-balanced employee base at Volkswagen Group.

Thanks to the consistent focus and determination of our wide-ranging Diversity and Inclusion Programme, we're now seeing year-on-year improvements to the number of women we interview, hire, and who progress through the organisation.

Our programme aims to inspire young women from schools, colleges and through apprenticeships to consider a career in our industry.

Our initiatives seek to enrich our working environment so our female employees feel supported, encouraged and developed to take on more senior roles. And our refreshing recruitment approach ensures we always focus on hiring the best person for the job, regardless of their gender, background or anything else.

Together, it's helping us to develop a more attractive and inclusive culture – and we're seeing our people thrive as a result. Last year we were delighted that six influential women from across Volkswagen Group were recognised at the prestigious Autocar 2018 Great British Women in the Car Industry awards which celebrate the sector's most influential leaders.



The 30% Club

Volkswagen Group is an active member of the UK Automotive 30% Club, a voluntary group of progressive motor industry CEOs and MDs who are working to achieve a better gender balance in their organisations.

The club has an aspirational aim to fill 30 per cent of key leadership positions with women by 2030.

We've gone further than that, with a target of 30 per cent female representation in senior management by 2021.



Achieving gender balance

**30
by 21**

We're aiming to fill 30 per cent of key leadership positions with women by 2021

This is a key objective, and supports our global ambition to increase diversity, integrity, appreciation and respect.



Go to the next page for examples of how Volkswagen Group is helping to inspire the next generation of talent to consider a career in the automotive sector.

Inspiring the next generation of talent

Speakers for Schools

In 2017, Volkswagen Group partnered with the Automotive 30% Club to host the Inspiring Automotive Women event at the CDX17 automotive fair in Silverstone.

One hundred female secondary school students were invited for a day of activities aimed at inspiring them to consider careers in the automotive industry.

We'll be sponsoring the event again in 2019, this time at our National Learning Centre in Milton Keynes.

Inspiring Automotive Women event

Volkswagen Group is an active participant in the 30:30:30 campaign, launched in association with TV presenter Robert Peston's Speakers for Schools programme. The idea behind the campaign was to enlist 30 of the UK's top automotive executives to give their time in 30 state schools, in order to help inspire young women to become future leaders. Our picture shows Volkswagen Group's Penny Burnett during a visit to Milton Keynes Academy.

Continued on next page...



Inspiring the next generation of talent

UK Automotive 30% Club Annual Conference

We presented at the UK Automotive 30% Club Annual Conference at Facebook UK, which focused on how we can create a working environment in which women can thrive. The panel of HR experts, including Volkswagen Group's HR Director, Penny Burnett, gave insights and advice about how we can address the gender pay gap. The overriding message was about making sure companies achieve a better gender balance across all levels and occupations within the industry.

#INSPIRE Competition

We regularly partner with schools to help develop students' subject knowledge and understanding with initiatives rooted in the real world of work. Our annual INSPIRE competition is designed to embed learning and develop young people's problem-solving skills through fun and practical challenges. Last year, the contest centred on bringing a new Electric Vehicle to market, and we were highly impressed with the students' creative and innovative response.

We showed our appreciation by welcoming more than 35 year 7-12 students from Milton Keynes Academy and Lutterworth College to our Winners' Day at Silverstone, where they were treated to a tour of the home of British motor racing, including watching some performance cars being put through their paces round the track and a chance to stand on the winners' podium.



Our strategy and key initiatives

Our broad approach to diversity and inclusion will ensure we maintain momentum towards reducing the gender pay gap. Our strategy spans three key themes...



Inspire

- Engaging with young people aged 11-16 through the nationally recognised Speakers for Schools programme
- Using outreach programmes and attending schools in the local community to promote careers in the automotive industry
- Continuing our university engagement programme to connect with young women considering an undergraduate placement programme



Develop and keep

- Encouraging people to take control and accelerate their career development with tailored coaching, mentoring and senior leadership sponsorship
- Creating essential development for line managers to minimise conscious and unconscious bias
- Supporting people returning to our business after family leave and ensuring we make the most of their talents
- Increasing awareness of all the ways our people can work flexibly and the benefits this brings



Attract

- Promoting our positive approach to gender diversity and the range of opportunities for women in our business
- Using targeted campaigns and social media to help people learn about Volkswagen Group as a place to work
- Working to balance the number of male and female applications for every job, and using inclusive interview panels to ensure fairness throughout our recruitment practices

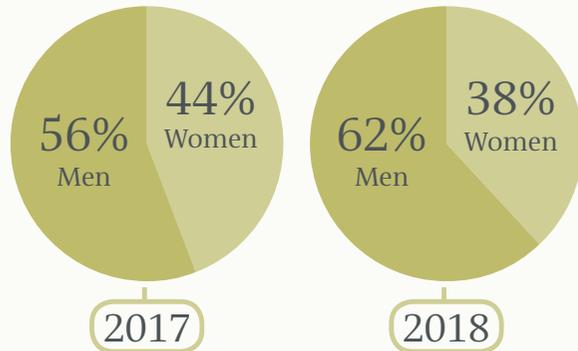
How we're seeing things change

In 2018...

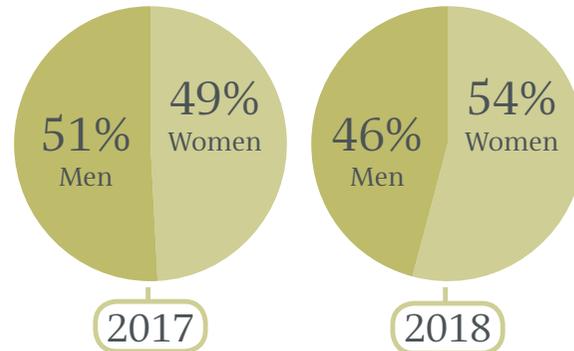
- Our increased focus means we interviewed a significantly higher percentage of women
- We maintained a similar hire ratio to last year, underlining the high quality female talent we're attracting and placing into roles at Volkswagen Group



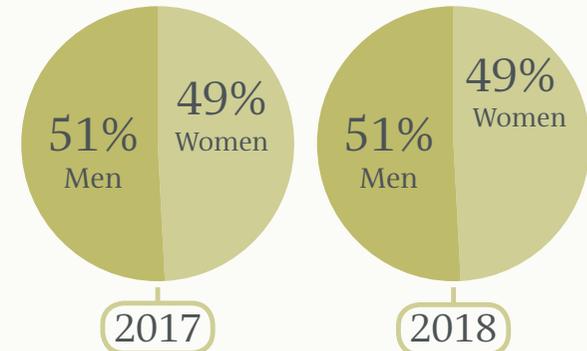
Applications by gender



Interviews by gender



Hires by gender



We confirm the data reported is accurate

Alex Smith, Managing Director

Penny Burnett, HR Director