

VOLKSWAGEN GROUP UNITED KINGDOM LIMITED

GENDER PAY GAP REPORT | 2017

This report details our 2017 results and our drive towards
reducing our gender pay gap.

VOLKSWAGEN
GROUP UNITED KINGDOM LTD



Driving diversity

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.

It's all about attracting and retaining the best people for the job, and we've taken significant steps to drive a more gender-balanced workforce at every level, and continue to do so.

Independent research shows that companies with a more diverse workforce have higher levels of performance.

We have a relentless focus on driving diversity, including addressing gender representation and supporting women in the workplace.

And key to this is our #DrivenWomen programme, set up to promote gender diversity and inclusion by finding, developing and retaining women across the business, and supporting them to reach their full potential.

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 twelve 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.

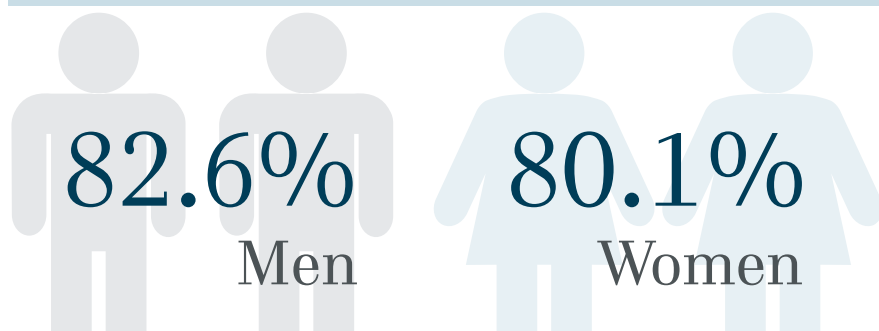


Volkswagen Group results for 2017

Gender pay gap (the difference between the pay of men and women in our organisation)	Mean (Average)	Median (Middle)
Hourly pay gap	21.1%	15.4%
Bonus pay gap	46.4%	34.3%

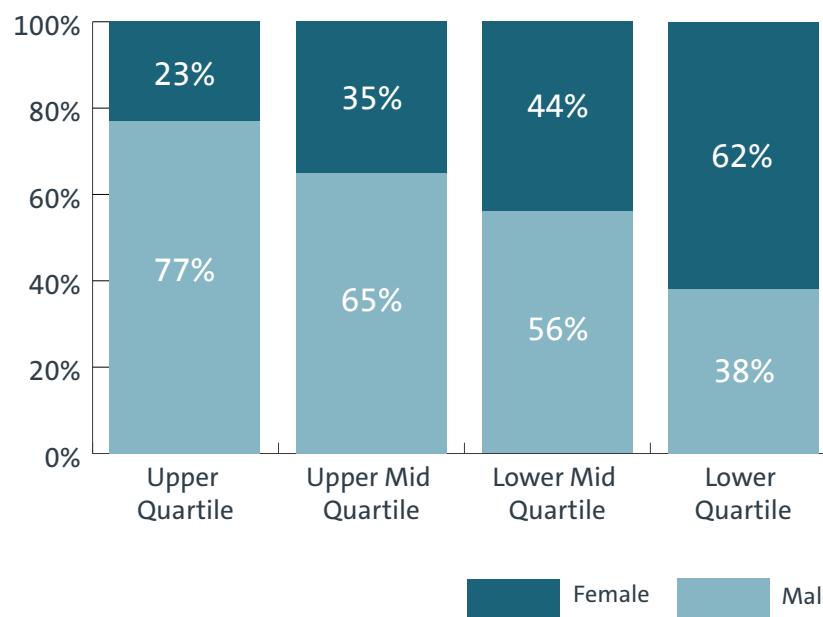
Snapshot date 5 April 2017, reference period to 5 April 2017

Proportion of employees who received a bonus (in the 12 months up to April 2017)



Gender mix by pay quartile

The chart below illustrates the gender distribution of Volkswagen Group UK Ltd'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 42 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, 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.

#DrivenWomen

At the start of 2015, Volkswagen Group set up a working group to examine gender balance across our business.

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

Over the past two years, our working group has grown into a wide-reaching #DrivenWomen programme.

The programme aims to inspire young women from schools, colleges and through apprenticeships to consider a career in the automotive industry. It is also helping create an environment at Volkswagen Group in which women are supported, encouraged and developed to take on more senior roles.

We've also invested in raising awareness of the need for gender diversity across the Group through a variety of initiatives, including training, mentoring, new recruitment techniques and the implementation of more flexible working practices.



The 30% Club

Volkswagen Group is an active member of the 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

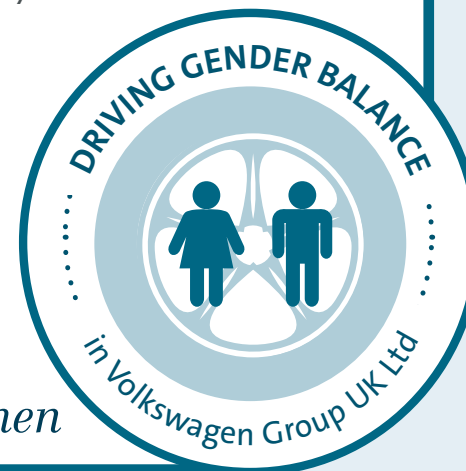
30
by 21

We support the aim to fill 30 per cent of key leadership positions with women by 2021

2015:

A working group established to examine gender balance led to a wide-reaching project known as

#DrivenWomen



LOOKING AHEAD

Our focus and key strategies

This is what we'll be working on to make sure the momentum is maintained as we drive towards reducing the gender gap...



Inspire

- Engaging with young people aged 11 to 16, and promoting our 'On the Road' programme for 16- to 25-year-olds.
- Using outreach programmes to educate girls about the range of jobs available in automotive – a sector which has traditionally been seen as 'male'.



Develop and keep

- Continuing to promote coaching, mentoring and employee sponsorship, while minimising conscious and unconscious bias supported by essential development for our line managers.
- Exploring new ways for people to work flexibly, and ensuring they have targeted training and development. Supporting people returning to our business after family leave and ensuring talent doesn't go to waste.
- Encouraging people to take control of and develop their careers.



Attract

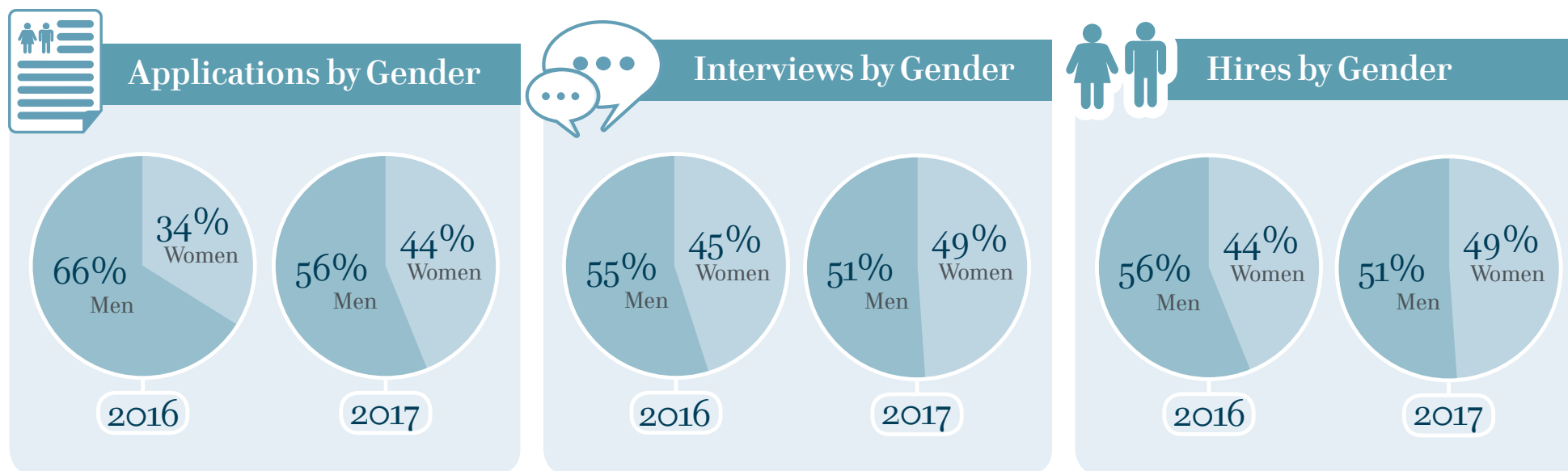
- Refining our job descriptions to attract the best people for our roles.
- Promoting our positive approach to gender diversity and the wide range of opportunities for women in our business.
- Using social media to provide a platform for all groups to learn about Volkswagen Group and what it's like to work for us.

DRIVING THE DIFFERENCE

How we're seeing things change

Who we've taken on...

- In 2016, 56 per cent of the employees we recruited were male and 44 per cent were female
- In 2017, 51 per cent of the employees we recruited were male and 49 per cent were female
- 2017 Graduate intake – 58 per cent female



We confirm the data
reported is accurate

Paul Willis, Managing Director

Penny Burnett, HR Director