

VOLKSWAGEN GROUP UNITED KINGDOM LIMITED

GENDER AND ETHNICITY PAY GAP REPORT | 2022

VOLKSWAGEN
GROUP UNITED KINGDOM LTD

Executive summary

The world of mobility is going through its biggest change since the car replaced the horse. Cars and trucks are increasingly electrified, digital, and always online.

Fundamental to succeeding in this changing world are our people. It's about having the right mindset, how we work together as a team, and how closely we represent our customers so that we can truly understand what drives their needs, and offer attractive products and services.

Ultimately, it's about who we are.

Our Gender and Ethnicity Pay Gap Report is not only a statutory report, but also acts as an essential guide to highlight areas of focus on our journey.

Our report findings show that since the last report, we have seen*:

- A decrease in the mean gender pay gap by 2.0 percentage points and a decrease in the median pay gap by 1.1 percentage points.
- 1.0 percentage point growth in females in senior roles.
- We are moving in the right direction and are closing the gap for women. Within the upper pay quartile, 31% of employees are female, an increase of 8.0 percentage points in the last five years.
- An increase in employee ethnicity disclosure, rising from 86% in 2020 to 92% in 2022.

- Improved disclosure is one of the key drivers of the increase in the mean ethnicity pay gap by 4.5 percentage points and median increase of 0.7 percentage points.
- An overall increase in ethnic representation in senior roles moving from 5% to 7% over the last 2 years.
- An even split of ethnically diverse employees across the two upper and the two lower income quartiles.

We kicked off an in-depth review of 21 policies in 2022 to ensure a full underpinning of our Group Essential value: We live diversity.

We continue to work hard to implement and improve our strategies, and are committed to creating, sustaining and improving a diverse and inclusive culture here at Volkswagen Group UK.

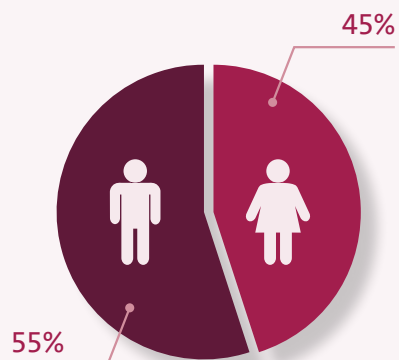
We confirm the data reported is accurate and in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Alex Smith, Managing Director



Penny Weatherup, People Director



We have a 45:55 balance of female and male employees

The proportion of females in the upper and upper mid income quartile has increased by 4 percentage points

**Reporting is based on the data from the previous 12 months: April 2021/22.*

Driving Diversity and Inclusion

At Volkswagen Group UK, we foster a vibrant and inclusive culture where our employees can thrive. We are committed to building a diverse and inclusive team, where everyone can bring their whole self to the work environment, one which reflects our society. Our commitment was key to us becoming the first automotive company to achieve Inclusive Employers Accreditation in 2021.

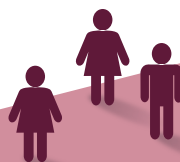
We want to create opportunities in our business, have the best person in the right role at every level, and be reflective of our society and our customers.

We have clear governance and regular reporting throughout the year that captures feedback and sets Board of Management sponsored Diversity and Inclusion (D&I) linked activity. This is achieved through our D&I Guild, and five employee networks: Driven Women, Cultural Diversity, We Drive Proud (LGBTQ+), Parents and Carers, and Disability and Neurodiversity.

We have created an environment where colleagues have voluntarily disclosed significant relevant D&I data which enables greater understanding and insight of representation across our business. This has helped to focus our efforts on ensuring we have a gender-balanced workforce, and an ethnically representative employee group. Since its first inclusion last year, we continue to broaden our annual Gender Pay Gap Report to include ethnicity pay gap information.

In the UK, unlike gender pay gap reporting, it is not a legislative requirement to report on the ethnicity pay gap. We voluntarily disclose these figures as we recognise it is an important step forward in understanding and addressing any ethnicity-related disparities within our organisation.

Being transparent in the way we report our progress will help us continue to build trust and drive progress inside our organisation. Supporting colleagues from an ethnically diverse background in our workplace remains of paramount importance, and we have established a strategy and a targeted approach to support our ambition.



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 middle number of a ranking of pay 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 there because there are more men than women in senior roles in the company.

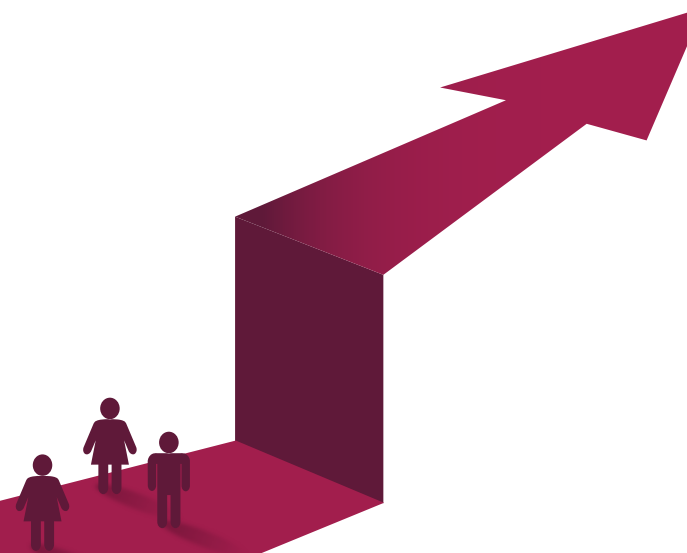
Bonus gap

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 – ie 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.

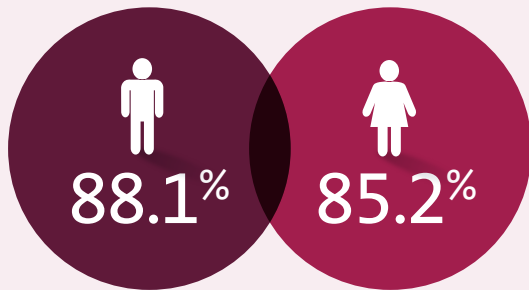


How we measure up

Gender pay gap (The difference between the pay of men and women in our organisation)	Mean % (Average)	Median % (Middle)
Hourly pay gap	18.2	13.9
Bonus pay gap	56.3	25.8

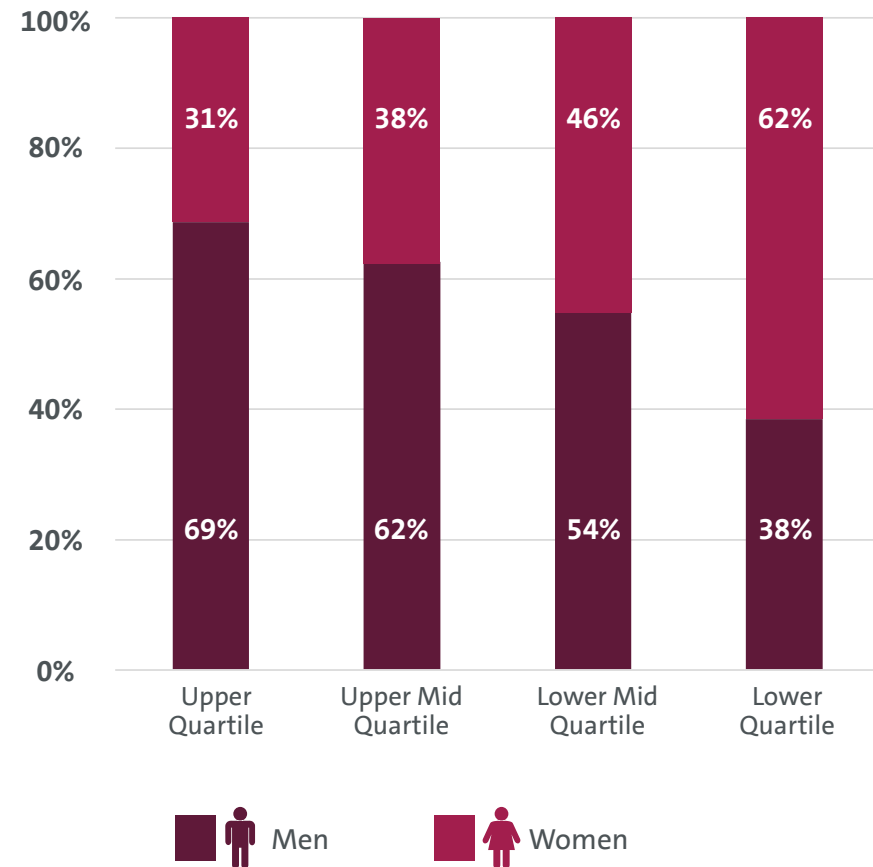
Proportion of employees who received a bonus

(in the 12 months up to April 2022)



The gap to 100% in general represents those who joined the organisation during the year, and were not yet eligible to receive a bonus. With a higher number of females joining in 2021/22, there was therefore a lower proportion of women receiving bonuses in the reporting year.

2022 gender distribution by pay quartile

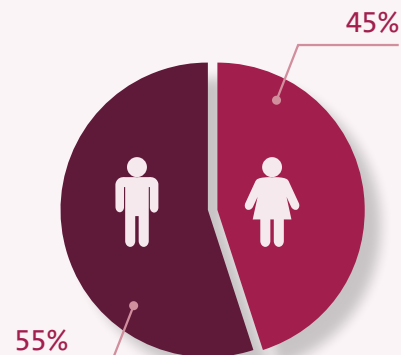


Gender pay gap results in focus



45% of employees in our organisation are women. We've seen an increase in females in senior roles, yet continue to have more men in senior roles overall. This is what fundamentally continues to drive our current gender pay gap. Overall, the data shows that we are moving in the right direction and are closing the gap for women. Within the upper pay quartile, 31% of our employees are female.

Our own internal analysis shows that our equal pay gap measure continues to be less than 1%. We work hard to maintain pay equality for equivalent jobs – following strict processes, such as our annual pay review, and applying our pay principles. We also perform regular checks to ensure our policies and practices are fair to all.



Gender split ratio across all employees

Where bonuses have been paid, they have been based on several factors including grade, and personal and company performance. Our median bonus gap has decreased by 2.9% and mean gap has increased by 7.1%. The bonus pay gap is influenced in a similar way to the median pay gap. The gap exists as we currently have more men than women in higher-grade roles, and a higher proportion of women who have chosen to work flexibly in part-time roles. Through our policies to support the development of all employees, we have set ourselves the goal of achieving at least 30% representation of women in senior leadership roles by 2025.

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 expressed as 'Other' across the business, regardless of the work they do.*

Median pay gap

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

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 Other individuals and the means are compared.

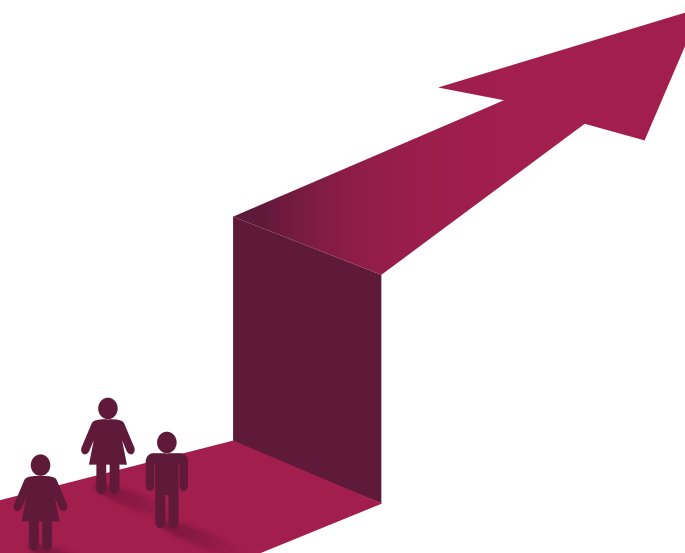
Bonus gap

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

** 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. 'Other' 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 ONS.*

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



How we measure up

We work hard to ensure our pay and reward policies and practices are fair to all, and will continue to review these to ensure there are no disparities between employees.

We collate ethnicity data via a self-identification and voluntary disclosure approach. **Currently, the disclosure rate sits at 92%.** As this number changes over time, estimates may change depending on the ethnicities of those who chose 'prefer not to say'.

	Mean (Average)	Median (Middle)
Ethnicity pay gap The difference between the pay of White colleagues and Other colleagues in our organisation	8.3%	0.7%
Ethnicity bonus gap	28.0%	15.1%

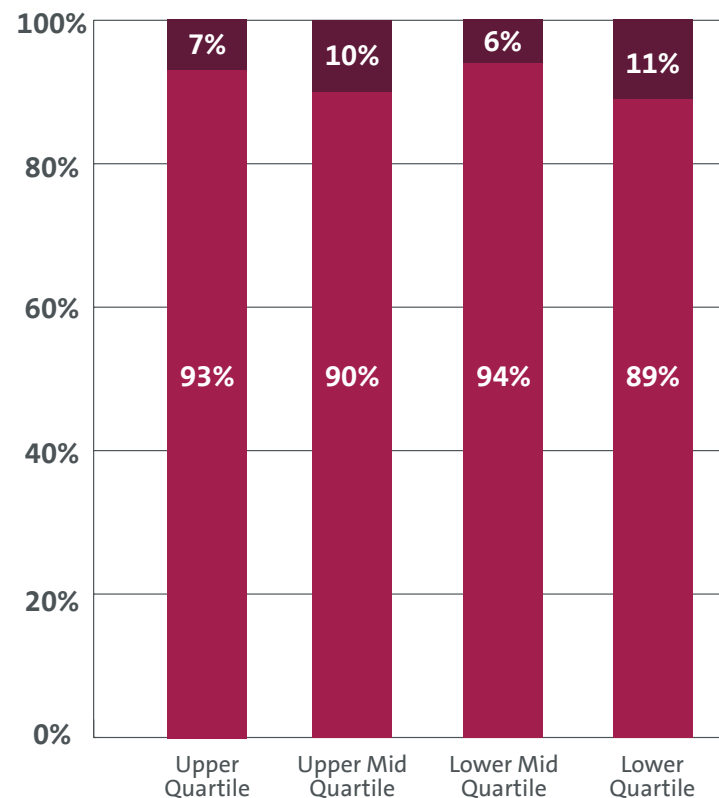
Proportion of employees receiving bonus payment

White
87.9%

Other
68.8%

Read a further explanation about this on the next page.

Ethnicity distribution by pay quartile



According to the 2011 UK Census, 82% of the total population of England and Wales was White*. For those surveyed in this report, 8% did not take part in the D&I data disclose and are therefore excluded from the analysis.

*Population of England and Wales - GOV.UK ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)

Ethnicity pay gap results in focus

Pay gaps are generally driven by workforce representation. A significant driver of our mean ethnicity pay gap continues to be a simple structural reason: there are fewer ethnically diverse colleagues in senior roles than white colleagues.

Ethnicity disclosure within the lower grade roles has historically been low. For this report, it has improved and provided a larger and more complete sample compared to previous reports, driving a widening of the pay gap.

As with many organisations, bonuses are typically paid in the year after the period of performance rewarded for. Therefore, new joiners will not have received a bonus in the first reporting year. As we have had proportionately more ethnically diverse employees join us in 2021/22, this has skewed the bonus pay gap statistics. We expect future reports to show a narrowing of the ethnicity pay gap to reflect improving ethnic representation.

As employees thrive within the company over the longer term, this diverse workforce is also expected to progress into more senior roles, and the pay gap is expected to reflect that improving representation.

The proportion of ethnically diverse employees has dropped by 1% in the upper quartile, and has increased by 2% in the upper mid quartile due to employee movements.

We continue to review our Talent Acquisition processes to ensure all roles are fully inclusive, including appealing to a pool of diverse candidates.



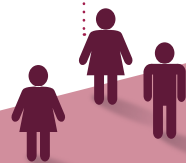
A positive culture

We believe that D&I adds value and are essential elements for the transformation of our group worldwide. In 2015 we set out our D&I journey. This had an initial focus on increasing the number of females in our business as well as in senior roles and has grown to explore different representations across our company.

Over the past seven years we have widened this remit to focus on ethnicity, disability and neurodiversity, LGBTQ+ and those with caring responsibilities through several programmes including:

- The launch of our Driven Women network in 2016, followed by four further employee networks in 2019: Cultural Diversity, We Drive Proud (LGBTQ+), Parents and Carers, and Disability and Neurodiversity in 2021
- D&I sponsorship by our Board of Management with clear governance, accountability, and reporting
- The development of our *Gender and Ethnicity Pay Gap* report, and follow-up actions
- Various leadership supported programmes to widen the D&I conversations
- 12 month Board of Management sponsorship programme for women
- Ongoing reverse mentoring for Board of Management and senior leaders
- The INSPIRE network, focused on encouraging young people into our sector

- Sponsoring and contributing to external programmes such as the Automotive 30% Club
- A disability focus with senior sponsorship launched in December 2021
- Inclusive Employers Silver EDI Accreditation in 2021
- D&I e-learning and focused D&I leadership sessions to support greater understanding
- In-depth review of 21 policies in 2022 supporting our Group Essential value: We live diversity.



A positive culture

The impact that our focused approach has achieved:



- Senior female representation has increased from 22% to 25%, since 2017



- Senior ethnicity representation has grown from 5% to 7%, since 2020

To accelerate our D&I strategy in 2022, we refreshed our approach to build D&I into our overall business performance. We also welcomed a full time Diversity, Equality & Inclusion Partner who has reviewed and refreshed our strategy, and sharpened its alignment to our future needs.

Black internship programme:

- This new initiative supports, mentors, coaches, and encourages young and talented Black students to consider careers in automotive.
- This includes a paid internship programme for Black and financially less privileged students.

Reverse classroom programme:

- We have set up workshops to build awareness and drive cultural change within senior leadership teams.
- We held a kick-off session with our Board of Management, followed by core leadership teams. We achieved 70% coverage of the teams in 2021/22.

Engagement programme to widen D&I reach:

- We have invited speakers from diverse backgrounds to raise awareness of important ethnicity topics. The speakers included Serhat Ekinici and Barbara Blake Hannah.

Our continuing journey



Driven Women



Cultural Diversity



We Drive Proud (LGBTQ+)



Parents and Carers



Disability and Neurodiversity

Volkswagen Group UK drives activities inside and outside of the organisation to increase engagement with under-represented groups. We have five employee networks: Driven Women, Cultural Diversity, We Drive Proud (LGBTQ+), Parents and Carers, and Disability and Neurodiversity. These groups create and deliver a comprehensive list of activities across the year. Key recent projects include the following:

Milton Keynes Pride Festival:

- We were the 2021 headline sponsor of Milton Keynes Pride Festival, and continued our support in 2022.
- This was a key local family event to celebrate diversity as a whole, and create a safe space to highlight the importance of LGBTQ+ friendly events in the area.
- We are a founding member of the wider automotive network 'Driving Pride'.

Inspiring future generations into automotive:

- Through our INSPIRE network we have a dedicated team of 50 employee volunteers, many of whom started on our talent programmes.
- The INSPIRE programme covers primary schools, secondary schools, colleges and universities.
- Projects range from one-hour sessions to two-week activities, and mock assessment centres.
- Almost 9,000 students were reached throughout 2021/22.

Nazia Shaheen – Head of Group IT Governance and Security

IT leader Nazia Shaheen has been driving diversity trends for two decades. In her current role, she’s making her mark in three traditionally male-oriented worlds – IT, cyber security and automotive.



Nazia Shaheen
Head of Group IT
Governance and Security

“At Volkswagen Group, our new IT Director is a woman – the first time I’ve ever experienced that in my career. It’s really inspiring to see how knowledgeable and powerful she is, and I definitely feed off her amazing energy.”

Nazia Shaheen



My career in senior IT management spans more than two decades – 15 years in the staffing industry, and five in tech data. I’ve been at Volkswagen Group UK for around a year as Head of IT Governance and Security.

My role is becoming increasingly important and challenging as we move towards a cloud-based world. It’s of course vital that we continue to ensure our systems are safe and secure.

I’ve always been part of teams that have a high proportion of male colleagues. The IT world is changing though, and it’s really refreshing to see so many companies – including here at Volkswagen Group UK – embracing a more inclusive workplace.

And of course having more women in the team encourages others to consider opportunities in IT, and I am happy that I can play a personal role in driving change.

The move towards an extended type of hybrid working post-pandemic has opened up even more opportunities for women with family commitments to develop their careers. My children are older now, but I know from experience that juggling a family and a career can be a challenge. I was fortunate to have managers who were very supportive, but it wasn’t always easy to find the right mix.

I can see tangible improvements here at Volkswagen Group UK and in the overall IT sector. With every step, women are becoming more confident to seize the available opportunities. That’s good for us and for companies too. A true win-win.”

Nahim Amin – Supply Planning Manager, Volkswagen Commercial Vehicles

As a member of the Cultural Diversity Employee Network Group (ENG), Supply Planning Manager Nahim Amin says discussions around the differences that make people unique are always healthy and positive...



Nahim Amin
Supply Planning
Manager, Volkswagen
Commercial Vehicles

“There are a lot of misconceptions about the Islamic faith. Faith and culture are often confused – a lot of the things that happen in certain parts of the world are because of the culture of that place, and not necessarily what the faith or religion teaches them to do.”

Nahim Amin



I was born in the UK to Pakistani parents, and lived in Pakistan for six years as a youngster. This gave me an early appreciation of differences in cultures, values and belief systems.

I joined Volkswagen Group UK as an undergraduate, and later returned, in 2015, with Škoda UK in Planning and Operational roles. I moved over to Volkswagen Commercial Vehicles towards the end of last year as Supply Planning Manager.

The great thing about working with a business such as Volkswagen Group UK is that if you have the right attitude, and work to build good relationships, opportunities are available. People are really willing to support you in your development.

Since I've returned to the Group, I've noticed an increasing focus on embracing cultural diversity. This has become even more visible to me since

I became a member of the Cultural Diversity ENG. This has shown me just how passionate people are regarding inclusivity – not just by colleagues from minority groups, but right across the company.

Being part of the network gives me the chance to hear different perspectives from people from other backgrounds, and to gain an understanding of what's important to them. I found the Reverse Mentoring programme particularly beneficial. As a Muslim, I trust that it's been a two-way benefit as I can share views from an Islamic perspective.”

Francesca McGuinn – Product Marketing Manager, Volkswagen Passenger Cars

At the age of just 30, Francesca McGuinn has one of the most high-profile roles in the UK’s top-selling car brand...



Francesca McGuinn
Product Marketing Manager,
Volkswagen Passenger Cars

“Automotive is an incredibly diverse and inclusive industry. It’s multifaceted, engaging with customers, working with our retailer partners, and coordinating the manufacturing side – and that’s what attracted me.”

Francesca McGuinn



I consider that I have the best job in the automotive industry. How many people get the opportunity to help decarbonise the UK transport sector?

I’ve always loved cars, so it was great when I had the chance to join the graduate scheme at one of our competitors on finishing my degree at Durham University. I spent three years there before joining Volkswagen Group UK as an Aftersales Planning Manager.

I then had the opportunity to take on the role of Technical Assistant to the Managing Director – a role with a huge amount of challenge, diversity and profile. In the role, I was exposed to all angles of the business, with unrestricted access to the MD, the Board of Management and senior leaders of the organisation. I was able to find out how the business worked from the inside, to broaden my understanding of the external automotive sector, and witness strategies being formulated and implemented from close up.

While it was an unforgettable role, the time came to put my learning to good effect as Product

Marketing Manager for Electric Vehicles within the Volkswagen Passenger Cars brand, as we launched the new Volkswagen ID. family.

In the year I joined, Volkswagen Passenger Cars achieved the number one spot in the UK market for the first time, and the Volkswagen Group was number one for electric cars sales. I am immensely proud of the role I played in this achievement.

In 2022, The Volkswagen Group took steps to align with the future world of online direct sales, as well as continuing its transition to connected, electrified mobility. As roles were developed, I took on the job of Product Marketing Manager across the whole Volkswagen product range, leading a team of people.

I love my role and believe in our ambition as a company. A perfect match.”

