

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

GENDER

PAY GAP

2018



INTRODUCTION

At VWFS, we're strongly committed to creating a fair and equal environment for all. Our workplace is one where our employees have earned their roles through merit. Our recruitment approach embraces capabilities, not characteristics.

We recognise the industry is challenging itself to change its culture – and we are playing our part in the way we work, through our values and policies.

We do everything we can to support our employees as they manage their out-of-work commitments alongside their job-based obligations. That's why we go beyond our statutory requirements, helping to make sure colleagues can balance their priorities and contribute to the success of our business. Our approach includes promoting flexible working, as well as an agile working approach where possible, where employees can take ownership of how, where and when they choose to work.

We're passionate about diversity, equality and respect in our workplace. In fact, fairness, respect and integrity are at the heart of our core beliefs. They're integral to our values, policies and practices – as well as to the fair and transparent way we approach pay and bonuses.

Although there has been a slight shift in the gender pay gap at VWFS this year, we are still below the industry average. As we describe on page four, the gap is largely a consequence of our company demographics.

WHAT IS THE GENDER PAY GAP REPORT ABOUT?

Legislation requires UK employers with 250 or more employees to publish their gender pay gap. The gender pay gap measures the difference in the average pay of men and women.

The gender pay gap shouldn't be confused with equal pay which addresses the difference in pay for men and women carrying out the same, similar or equivalent work.

OUR RESULTS

The statutory calculation of ordinary pay includes basic pay and allowances (for example first aider, fire warden and on-call allowances). It does not include pay related to overtime, redundancy or termination of employment or pay in lieu of annual leave.



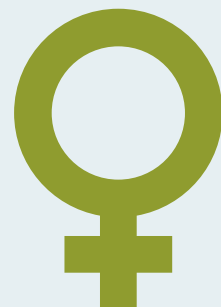
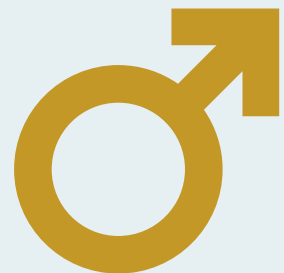
Mike Todd, Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Mike Todd'.



Julie Stayte, Chief HR Officer

A handwritten signature in black ink, appearing to read 'Julie Stayte'.



ORDINARY PAY GAP*

This information shows our overall mean and median gender pay gap based on hourly rates of pay.

The indicative average gender pay gap for the financial services sector is 30%. At 26.8% our mean gender pay gap remains lower than our industry peers.

OUR MEAN (AVERAGE)
ORDINARY PAY GAP IS

26.8%

OUR MEDIAN (MIDDLE)
ORDINARY PAY GAP IS

34.5%

RATIO
45:55

TOTAL FEMALE
576

TOTAL MALE
477

BONUSES**

The information shows our overall mean and median gender pay gap based on employees who received a bonus in the relevant period.

OUR MEAN (AVERAGE)
BONUS GAP IS

42.8%

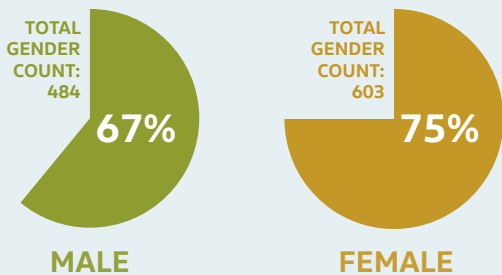
OUR MEDIAN (MIDDLE)
BONUS GAP IS

37.9%

RATIO
42:58

TOTAL FEMALE
450

TOTAL MALE
324



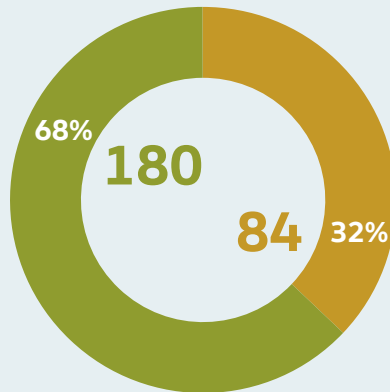
The percentages show the bonus proportions paid within the relevant period by gender split.

Unlike the gender pay gap, the bonus gap is not pro-rated for hours worked or length of service during the year. Almost 18% of our workforce chooses to work part-time of which 91.5% are female and this is reflected in our bonus gap.

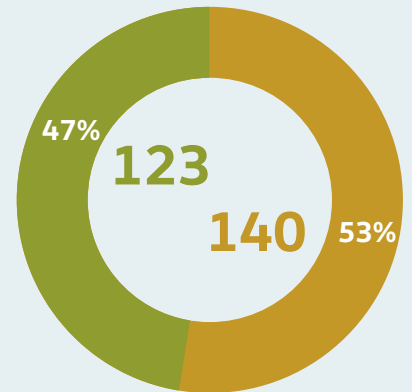
SALARY QUARTILES

Proportion of male and female employees split into four equal quartiles in order of hourly pay from highest to lowest

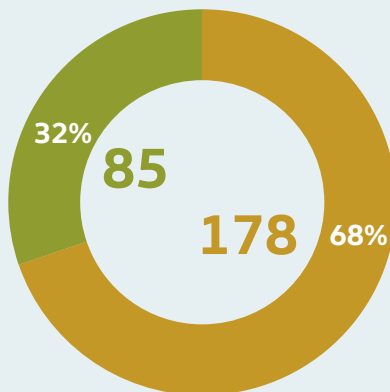
● MEN ● WOMEN



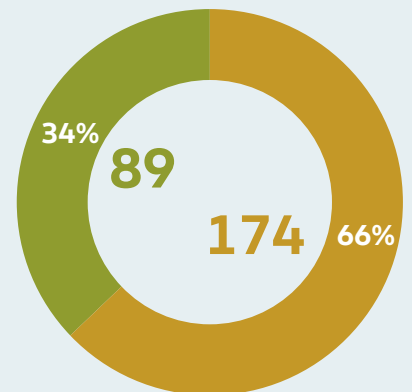
QUARTILE PAY
UPPER



QUARTILE PAY
UPPER MIDDLE



QUARTILE PAY
LOWER MIDDLE



QUARTILE PAY
LOWER

SALARY QUARTILES

Our approach to pay is gender neutral by design. Our analysis [this year] shows there has been a shift in our gender pay gap that reflects our company demographics. Put simply we have fewer males occupying more junior roles – it is this imbalance that results in the gender pay gap.

Much of this is driven by society, the data we collect around recruitment supports this analysis – we typically attract twice as many applications from females for junior roles within our customer services team, whilst around two thirds of applications for specialist roles are from male candidates.

Typically, pay and bonus gaps are higher within the banking and financial services industry. However, we continue to come in below this average, and our figures are consistent with other companies within our industry.

We regularly review our pay by grade to ensure that men and women are treated equally and we are comfortable with our position in that respect.



VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY