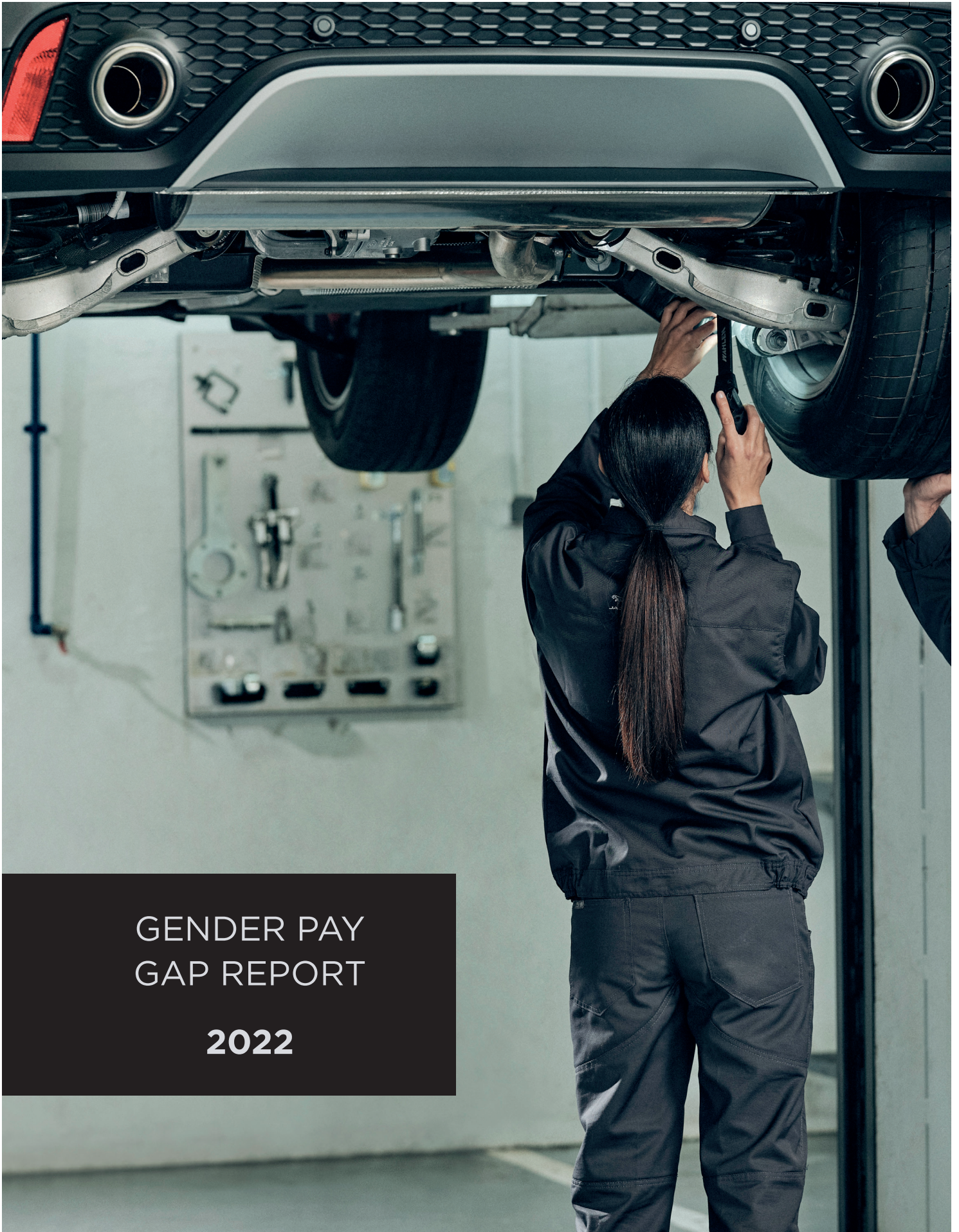




PENDRAGON



GENDER PAY  
GAP REPORT

2022



## INTRODUCTION

Pendragon is truly transforming. Together with our people we have co-created and launched our new purpose and values that are helping us to drive beyond the possible.

The automotive industry has traditionally been male dominated, but as an industry we have a real challenge and need to diversify our workforce, particularly in relation to women. As a business we need to access the very best of the available skills and talent that there is on offer.

D&I is a strategic imperative for our people strategy. We are working to make D&I a golden thread connecting everything that we do, because we want to attract and retain the best talent.

This is underpinned by our new Pendragon values, as we unite as one, we know that, if we create an environment where all our Associates can help drive our innovation, feel able to enjoy the journey and know that our people will do the right thing, our collective performance will be stronger, and our shared success much greater. The environment must be inclusive, offering all Associates the opportunities to engage, contribute and genuinely have a sense of belonging so they can bring their true self to the business.

Since our last report we have invested and supported the development of our Associate Diversity Resource Groups, and empowering our people to challenge us and help us to drive improvements that mean the most to them. These new perspectives, fresh thinking and insights from our Diversity groups will influence and help shape the future of our company, and help us to exceed expectations, especially for our customers.

We continue to work hard towards addressing our D&I goals, inclusive of the gender pay gap, and whilst we want to accelerate progress in our journey and drive beyond the possible, we want to secure meaningful change which may take more time.

At 14.6%, our median gender pay gap is lower than the Office of National Statistics UK average of 15.4%, and in 2021, we had one of the lowest median pay gaps of our direct competitors.

We absolutely recognise that there is much more work to be done to narrow the gap. This is why we have recruited a Head of Diversity and Inclusion to support the business to lead the development and implementation of new strategic initiatives and help us get much closer to where we want to be.

We have also created a dedicated Reward function to provide a fair and consistent approach to drive our continuous improvement in closing the gap.

We are excited about our future, and the D&I work plans we have ahead of us.

It is fitting that this year's International Women's Day theme is #EmbraceEquity. As a business and as an automotive industry we need to do more to face into the challenge and through embracing more equitable practices we can bring about positive change.

Pendragon are committed to driving beyond the possible, and we will remain focussed on closing the gap.

I declare the contents of this report to be accurate.

**Lizzie Downes**  
Chief People Officer  
Pendragon



## WHAT IS THE GENDER PAY GAP?

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The gender pay gap is a measure of the percentage difference in the average hourly pay or bonus of men and women working for Pendragon. This is regardless of their role in the organisation, length of service and any other differentiating factor.

### GENDER PAY IS NOT THE SAME AS EQUAL PAY

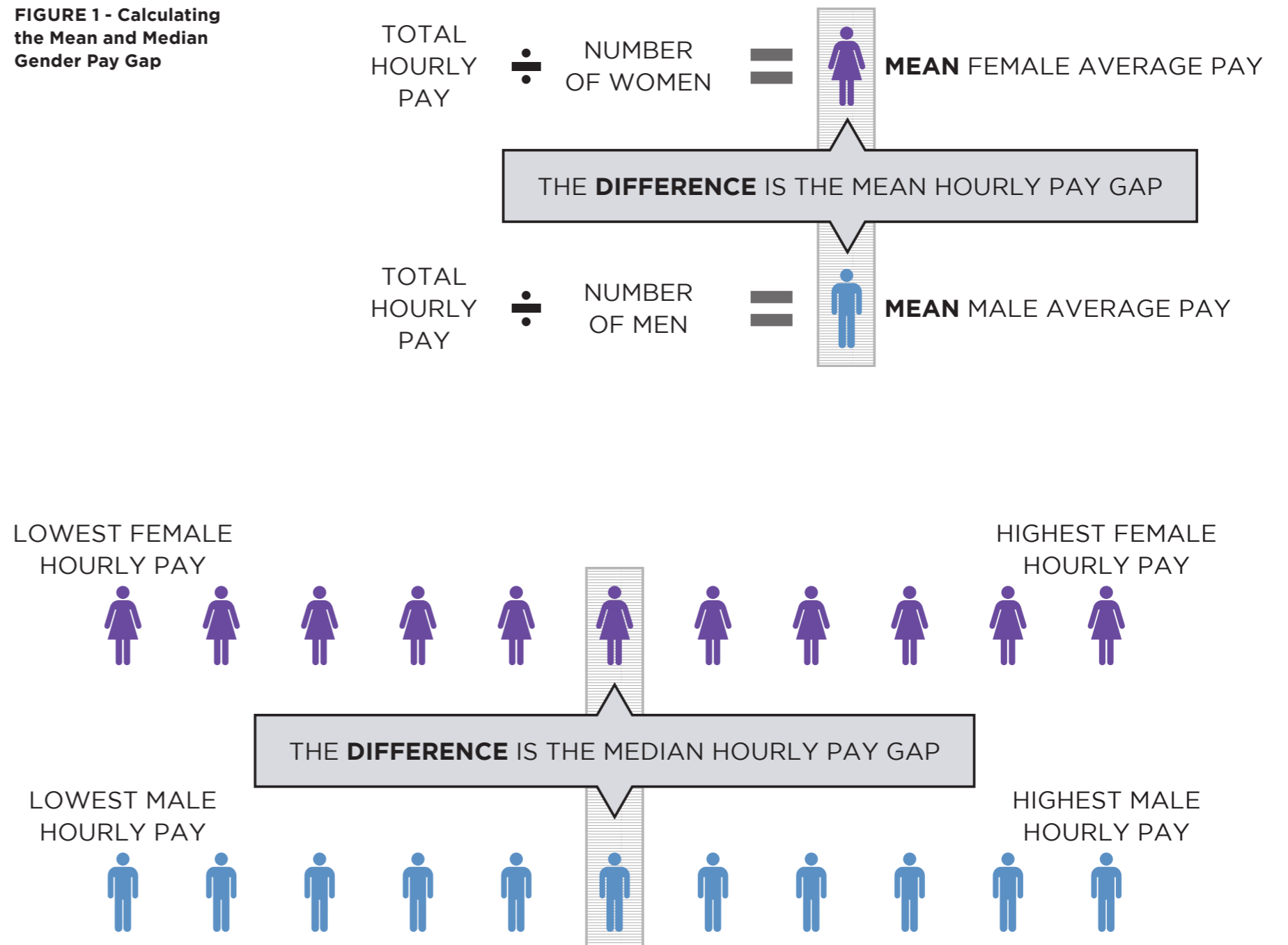
Equal pay is about men and women receiving the same wages for the same job of equal value. At Pendragon PLC we use our pay framework to ensure objectivity in assessing and benchmarking roles, ensuring not only the legislative requirements are met, but also our values in respect of treating our Associates fairly.

### HOW ARE THE MEDIAN AND MEAN PAY GAPS CALCULATED?

The mean gender pay gap is a calculation of the average hourly pay or bonus of men in our organisation versus the average hourly pay or bonus of women, including all relevant additional payments and regardless of what they do in our organisation.

The median pay and bonus gap is the difference between the pay or bonus of the middle female Associate and the pay or bonus of the middle male Associate when male and female Associates are listed in order of pay or bonus.

**FIGURE 1 - Calculating the Mean and Median Gender Pay Gap**



## WHAT WE HAVE DONE SO FAR

Our Vision is to be an organisation that meets the aspirations of an increasingly diverse customer base through diversity in the workplace and an inclusive culture where our people can be their authentic selves.

As reported last year, part of our strategy to deliver the vision has been to work on the following:

- Developing our group purpose to enable a progressive culture.
- Creating an aligned and consistent inclusive culture throughout the business
- Drive progressive HR policies, benefits, and support where possible.



From our strategy we have completed the following actions:

- 1 Recruited a dedicated Head of D&I (end July 2022).
- 2 Created three Employee Resourcing Groups (ERGs), each with a senior executive sponsor:
  - Pride-dragon (LGBTQIA+).
  - Gender.
  - Faith and Culture.

Each group will play a role in supporting the business, but the Gender network will be our core support in relation to this element of our D&I work as we collaborate with our Associates.

- 3 Launched the Group's new Purpose and Values (December 2022). Our new values: Unite as one, Do the right thing, Drive our innovation, and Enjoy the Journey clearly support the D&I agenda and our ambition to drive progress in this space.
- 4 Sponsored AutoCar Great Women 2023. We are proactively working to raise the profile of women in the industry and showcase successful and positive role models to attract more to it. We want to increase the positive profile and the opportunities that the automotive industry can offer to women, and particularly here at Pendragon as a potential future employer. We will of course be taking every opportunity to make our own submissions to the AutoCar Great Women Awards putting forward the great women of Pendragon for external recognition.



- 5 Raised awareness and celebrated International Women's Day (8th March) through internal and external communication campaigns, alongside running an internal recognition and celebration process.
- 6 Refreshed our available training and development resources in relation to Unconscious Bias.
- 7 Embedded diversity and inclusion themes within our new Leadership Framework and leader learner journeys. Challenging and supporting leaders to improve their abilities, with the aim to increase leaders' effectiveness and the positive impact they can have on individuals.
- 8 Developed and launched a specific Menopause in the Workplace Guide for Leaders and delivered Menopause Awareness workshops.
- 9 Spot checked a random sample of our job adverts and descriptions using the Gender Decoder tool to screen for language bias and will conduct regular reviews of our job adverts, job descriptions and recruitment campaigns.



## OUR RESULTS - KEY HIGHLIGHTS

As of 5 April 2022, the gender profile of Pendragon's workforce was 76% male (2021: 77%, 2020: 78%) and 24% female (2021: 23%, 2020: 22%) marking for the second consecutive year a marginal shift of 1%.

Our mean pay gap has increased by 8.2 percentage points (pp) from 16.4% in April 2021 and our median pay gap has increased by 1.4pp from 13.2% in April 2021.

Our mean bonus gap has increased by 9.9pp from 50.8% in April 2021 and our median has decreased by 5.9pp from 2021.

In 2022, 7.1% of men and 6.6% of women received an annual bonus for the 12-month period.

Taking a deep dive into the data, we have been able to identify several key factors that have contributed to the change in the pay gap:

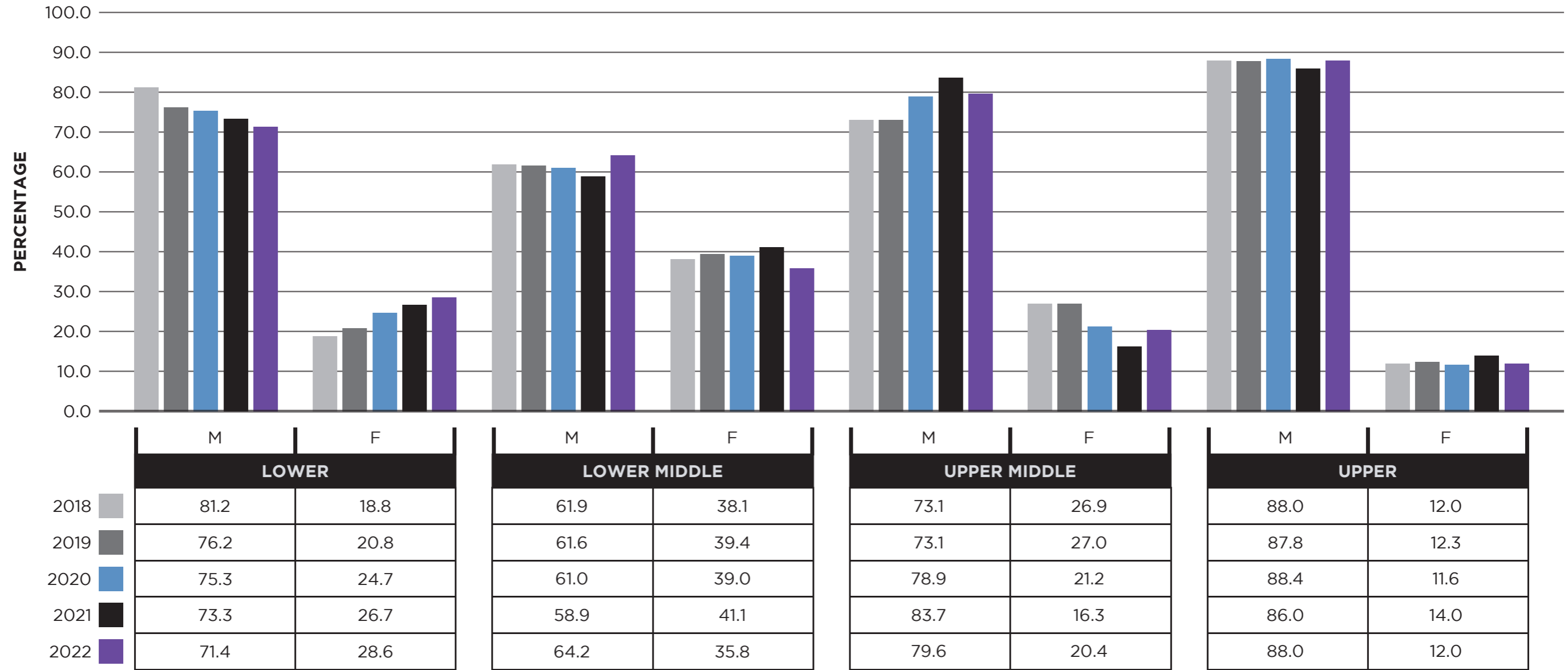
- An area of focus is our Sales Executive population where female representation is at 13%, adversely affecting the pay gap for this group where high earning potential is available;
- Not having a formalised process for cyclical reward activities, leaving room for impartiality to go unchecked;
- The eligibility criteria for the group annual bonus scheme where only 13% of females represent the total number of eligible participants.

**FIGURE 2 - 2022 Gender Pay Gap Data**

	MEAN	MEDIAN
GENDER PAY GAP	<b>24.6%</b> 2022	<b>14.6%</b> 2022
	16.4% 2021	13.2% 2021

	MEAN	MEDIAN
BONUS PAY GAP	<b>60.7%</b> 2022	<b>51.2%</b> 2022
	50.8% 2021	57.1% 2021

**FIGURE 3 - Gender Distribution by Pay Quartile 2018-2022**



A gender pay gap does not necessarily mean that an organisation has a gender pay equity issue; but the gap does highlight the uneven employment distribution of men and women across that organisation's pay quartiles. This type of analysis leads to a better understanding of the nature of employment by gender within an organisation and whether the challenges faced are linked to the deeply rooted issues of 'occupational segregation'. This is where one gender tends to dominate a specific occupational group (e.g. men in senior management, and women in administrative roles).

From our workforce data we can see we have a series of complex issues:

- Women are generally underrepresented within the business (24%);
- The nature of female employment and representation is increasing at the lower quartiles but reducing at the lower middle and upper middle;
- Women are significantly underrepresented within leadership positions particularly within the dealerships.

These factors along with issues of occupational segregation have contributed to the increase to the overall gender pay gap.

We recognise that given the complex nature of the gender pay gap that a sustained and multifaceted longer-term approach is required to shift the dial. This is why we have set a series of longer-term gender-based targets to ensure we are placing sufficient priority and focus to make progress. These include:

- Continue to work towards meeting the FCA guidelines in relation to increasing the representation of women on the Board.
- Set an ambition for a year-on-year reduction to the median gender gap.
- Increase the number of women within leadership roles.
- Increase the representation of women within the Pendragon workforce.

In addition, we are currently developing our FY 2023 short-term action plan that will continue to support our efforts to further reduce our gender pay gap. These actions include:

- Implement fair and equitable pay practices delivered by an independent Reward function.
- In partnership with our newly formed Gender Network review our current HR policies, benefits, and support where possible to ensure they are inclusive of minority groups, particularly in relation to maternity, paternity, and flexible working support.
- Expand the available training and development opportunities to continue to support gender equality and challenge unconscious bias and stereotyping.
- Positively promote and celebrate women in the automotive industry and the great women we have within our Group.
- Continue to advance our work in building a pipeline of female technicians through expanding our apprenticeship programmes and partnerships.

## BY REPORTING ENTITY

The following tables summarise the position in our group entities that employed over 250 people as at April 2022:

**FIGURE 4 - Pay and Bonus by Entity**

Entity	Pay Gap		Bonus Difference		% Receiving a Bonus	
	Mean	Median	Mean	Median	Male	Female
Reg Vardy Limited	36.32%	19.38%	38.61%	0.00%	2.3%	4.8%
Derwent Vehicles Limited	15.57%	13.55%	15.69%	-87.95%	10.4%	2.9%
Pendragon Management Services Limited	38.61%	24.67%	81.40%	97.40%	20.6%	14.3%
Stratstone Limited	25.01%	16.69%	91.31%	85.41%	2.1%	2.6%
Evans Halshaw Limited	25.91%	10.96%	49.72%	15.39%	10.5%	8.6%
Stripestar Limited	25.82%	6.34%	-7.04%	0.00%	2.9%	2.6%
<b>Pendragon Group</b>	<b>24.6%</b>	<b>14.6%</b>	<b>60.7%</b>	<b>51.2%</b>	<b>7.1%</b>	<b>6.6%</b>

**FIGURE 5 - Gender Distribution by Pay Quartiles by Entity**

Entity	Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile	
	Male	Female	Male	Female	Male	Female	Male	Female
Reg Vardy Limited	81.2%	18.8%	55.4%	44.6%	78.9%	21.1%	91.9%	8.1%
Derwent Vehicles Limited	67.4%	32.6%	59.8%	40.2%	71.6%	28.4%	92.7%	7.3%
Pendragon Management Services Limited	43.9%	56.1%	33.9%	66.1%	46.7%	53.3%	67.0%	33.0%
Stratstone Limited	73.6%	26.4%	64.0%	36.0%	80.8%	19.2%	93.5%	6.5%
Evans Halshaw Limited	80.5%	19.5%	73.2%	26.8%	86.6%	13.4%	93.2%	6.8%
Stripestar Limited	80.6%	19.4%	72.1%	27.9%	87.6%	12.4%	94.7%	5.3%
<b>Pendragon Group</b>	<b>71.4%</b>	<b>28.6%</b>	<b>64.2%</b>	<b>35.8%</b>	<b>79.6%</b>	<b>20.4%</b>	<b>88.0%</b>	<b>12.0%</b>

## OUR COMMITMENT TO THE FUTURE

Diversifying our workforce and encouraging talented women into our industry is a challenge, but we are committed to providing an equal and encouraging environment within our business. With the challenges our industry is facing now, and in the future, we need the best and brightest minds to innovate and revolutionise the way we deliver our strategy.

This is why D&I and engagement are embedded at the core of our longer-term People strategy. We have set the foundations with the creation of our D&I networks, and have also introduced our Employee Engagement Survey Tool, which we run at regular intervals across the year. These mechanisms seek to engage the workforce and ascertain their views and experiences from a D&I perspective and will be key to how we continue to shape and drive this work to secure progress and meaningful change for the future.

