



# CR REPORT | 2015

Corporate Responsibility the Unipart Way  
and 2015 Performance



*Engaging our Employees...*



# in this *Report*

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## Our 2014 Performance - *People*

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*“Engaging our employees is part of Unipart’s day to day activity”*

## a 5\* Performance

Unipart Group is proud to have ranked amongst the top 6 performing companies in the UK - achieving 5 Stars in the Business in the Community (BiTC) Corporate Responsibility Index (the UK's leading benchmark for responsible businesses).

Engaging our employees is part of Unipart's day to day activity, is embedded in our value set and is intrinsically linked with the Unipart Way. In addition, for many years we've been pursuing a wellbeing strategy with one of the best safety records in the country, leading edge health and fitness provision like the 'Lean Machine' at our head office and a wide range of policies for looking after our people. This was recognised with a big tick and a place in the national shortlist at the highly regarded Business in the Community Responsible Business Awards, 2014.

We have taken this a step further and developed our approach to Employee Wellbeing in a comprehensive strategy and programme called 'Unipart Workwell' which was launched towards the end of the year. Unipart Workwell encompasses emotional wellbeing, safety, financial health and personal health and will be further developed during 2015.

The Group's 'Emerging Talent' programmes continue to be key to the future of our business. Through these programmes we provide work experience, training, support, development and, in some cases, employment to young people from school age up to graduates and post graduates. In 2014, in an exciting development to these programmes, we were immensely proud to open the Institute for Advanced Manufacturing and Engineering (AME) a joint venture with Coventry University and the UK's first 'Faculty in the Factory'.

Unipart understands that our employees enjoy raising money for charity and volunteering in community projects; and we recognise the positive impact that such activities have on employee engagement. We also understand that, for such activities to make a genuine and lasting impact on our communities, they need to be linked to an overall strategy that reflects prevailing societal issues both nationally and locally. Consequently we have developed a clear Community Strategy which has been shared across our Group of Companies and aims to enhance the sense of 'fun' and satisfaction that our people derive from community activity whilst establishing meaningful partnerships in our communities. Our well-established community audit process encourages consistency and spread of best practice and in 2014 Community Partnerships were incorporated into our prestigious Unipart Way Awards.

The constant drive to reduce our energy use and emissions can be at odds with our on-going drive to grow our business and create jobs, particularly in the manufacturing sector; and this presents us with a particular challenge. We are particularly proud, therefore, that our approach of putting 'creativity before capital' has continued to deliver results and our environmental performance as a Group has continued to improve.

Our clients have their own, very challenging, environmental objectives and we work closely with them to seek new ways of reducing costs and turning environmental risk into opportunity. As a result we have developed a suite of sustainable products and services including repair and repair avoidance, reverse logistics and disposition, fleet services and recovery and recycling.

The Group has an unrelenting focus on ensuring safety in the workplace, and we were proud to be recognised at all of our major UK sites with the highly prestigious British Safety Council Sword of Honour Award 2014. The Oxford Distribution Centre again achieved a double award, earning both the Sword of Honour and the Globe of Honour Award; one of only 4 organisations worldwide to do so. This performance in the area of Health, Safety and Environment puts Unipart amongst the world's safest companies to work for.

This 2014 Corporate Responsibility report sets out how we structure and govern ourselves in relation to corporate responsibility, and highlights in more detail our key areas of focus and performance during the year.

The stories and case studies that lie behind this performance can be found on our website.

**<http://www.unipart.co.uk/news/>**



**UNIPART**  
GROUP

# Our Business

**Unipart Group is a diverse organisation with a range of operations, both in the UK and overseas. Operating across a range of market sectors including automotive, leisure, marine, manufacturing, mobile telecoms, rail and technology, Unipart offers a breadth of services from third party logistics to expert consultancy.**

## Logistics

Unipart Logistics is one of Europe's leading independent logistics companies. What sets us apart is a strong corporate philosophy, the Unipart Way, which guides the work of our worldwide workforce. Based on operational excellence and strong customer and employee engagement, our way of working is designed to maximise efficiency and minimise waste. It means constantly improving our processes, and builds on the skills of our employees. We manage end to end global supply chains including warehousing, fulfilment, and engineer support, as well as providing services outside the traditional logistics arena such as repair, recycling and assembly operations.

## Rail

Unipart Rail is a supply partner to some of the world's best-known names. Its partners know it to be expert in the services they provide – giving them the confidence to pursue their business objectives, while Unipart Rail supports them with bespoke solutions.

## Unipart International

With operations based in mainland Europe, the Gulf and USA, Unipart International provides services and products to the truck and bus aftermarket, the collision parts industry and the industrial and automotive heat exchange markets. Comprising a mixture of distribution, service and manufacturing companies, Unipart International has a global reach, and its operating companies are recognised as leaders in their specific fields.

## Unipart Expert Practices (UEP)

Unipart Expert Practices provides both consultancy and hands-on support to help organisations, of any kind, to increase capability, reduce costs and deliver better customer service. A focus on employee engagement and building capability ensures that benefits are sustained and continuously improved to help create substantial improvements to operational performance.

UEP's clients include a range of both private and public sector organisations.

## Manufacturing

Unipart Manufacturing Group (UMG) is a global specialist in manufacturing, supply chain and consultancy and has played a key role in the original development of our Group wide expertise in operational excellence and continuous improvement.

UMG consults and delivers a unique and tailored solution to manufacturing, engineering and supply chain problems. With a proud heritage in the automotive industry, UMG is expanding into wider sectors while continuing to deliver engineering excellence for customers.

## Unipart Autoparts

Unipart Autoparts is a specialist supplier of replacement parts and related services to the automotive aftermarket as well as the commercial vehicle, lifestyle and marine sectors.

With a comprehensive range of well-known brands of parts and accessories, supported by 40 years' service in providing continuous product development to customers on a global basis, Unipart Autoparts is a leading player in these markets.



# Company Statistics

## Financial background

**Group turnover**

*2013*

£1.04b

*2014*

£786.8m

**Total operating profit**

£26.2m

£27.2m

## Scale of operations

The figures below summarises the number of people and sites within the Group.

The numbers are a snapshot at end December 2014.



**6053**  
*colleagues*

# **Our approach & Governance**

## **Corporate Responsibility & Our Values**

*Corporate responsibility at Unipart is ingrained in our culture and is woven into the philosophy and values that are at the heart of our organisation and underpin everything that we do.*

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Our value set was created in 1987 when the Unipart Group was created and they formed the basis of our company culture. These values are as relevant to the way we do business today as they were then and they are described in a document called 'Conducting Business the Unipart Way', a copy of which is provided to all new employees and those working on our behalf and is made available for public consumption on our Corporate website.

Conducting Business the Unipart Way covers our Mission, Philosophy, Values and Principles and how these relate to our main Stakeholders, as well as describing our approach to Health, Safety and the Environment and issues such as Human Rights and anti-bribery and corruption.

## **Corporate Responsibility & The Unipart Way**

*The Unipart Way is our standard way of working that has been developed over nearly 30 years and we believe sets us apart from our competitors.*

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It is much more than a technique or initiative – it is a philosophy of working that is underpinned by a set of integrated tools, each of which can be mastered over time by people at every level of our organisation. It engages our people in delivering outstanding customer service while empowering them to find ways of continually improving our day-to-day operational performance.

The Unipart Way also provides the basis for embedding strong Corporate Responsibility principles and behaviours across our business.



# Our approach & Governance

## Corporate Responsibility Organisation and Governance

*We embed our Corporate Responsibility (CR) values into divisional and operational teams to ensure that CR plans are aligned with the overall business strategy for that part of the organisation.*

Each element of Corporate Responsibility has a Senior Champion who will set the high level priorities and strategic framework for their element (see table). Beyond that, accountability for detailed Corporate Responsibility planning and delivery is embedded into divisional and operational teams to ensure that CR plans are aligned with the overall business strategy for that part of the organisation.

Each division has a CR team who are responsible for developing their CR programmes, based on the Group priorities and its own divisional objectives. Increasingly we are seeing CR managed alongside business operations, subject to the same targets and monitoring process.

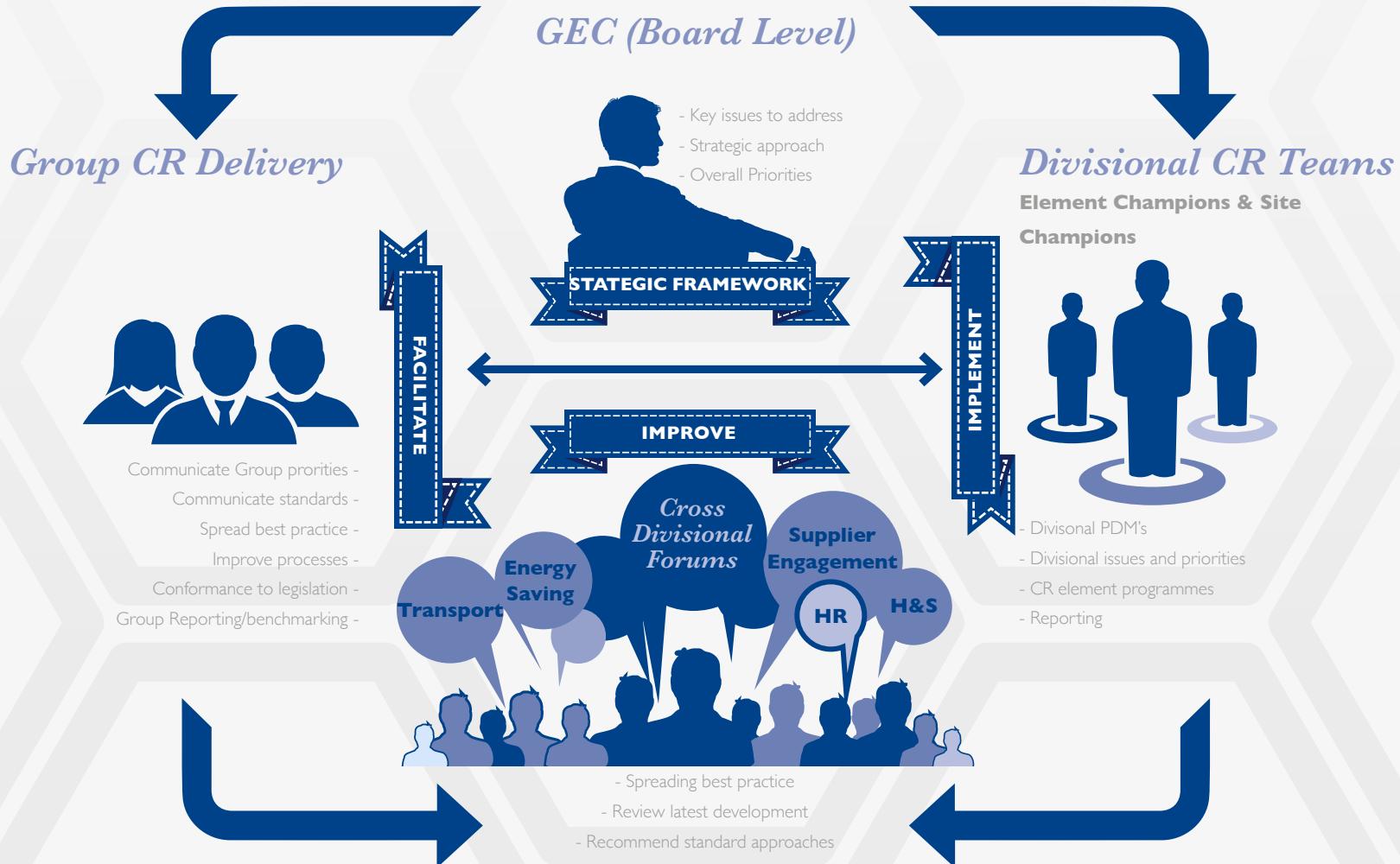
Reflecting Unipart's strong decentralised nature, a number of CR related cross-divisional forums are in place bringing together people from across the divisions to facilitate learning, improve processes across the group, and learn from external experts how to take advantage of latest developments.

A small central team facilitates and supports this approach, including maintenance of standards and legislative compliance, report production and sharing of best practice, both internally and externally.

Element	Group Champion	Position
<b>Overall Champion</b>	John Neill	Chairman & Group Chief Executive
<b>Community</b>	Frank Nigriello	Director of Corporate Affairs
<b>Workplace (incl Human Rights)</b>	John Greatrex	Group HR Director
<b>Marketplace - Customers</b>	Frank Burns	Managing Director Unipart Logistics
<b>Marketplace - Suppliers</b>	John Clayton	Managing Director Unipart Rail
<b>Environment</b>	Claire Walters	Managing Director, Technology & Retail Logistics



# Our approach & Governance



# Our approach & Governance

## Understanding and managing risk

*We have a robust and comprehensive Enterprise Risk Management (ERM) process that covers our whole business.*

It is updated annually, but also monitors key risks and changing risk levels throughout the year, providing awareness of new risks and early warning for changing risk levels. It is based on COSO Published "Enterprise Risk Management-Integrated Framework", and is modified to suit Unipart's environment. This process covers Workplace, Social and Environmental risks as well as Business and Operational risks.

**Key group risks identified for 2014/15 are:**

### **Competition:**

Across the various areas of our Logistics operations we operate in a highly competitive market which applies pressure to the sales and margins that we can achieve. We seek to differentiate ourselves from our competitors through the application of the Unipart Way, enabling us to offer superior levels of quality, service and availability to our customers.

### **Customer Contracts:**

We have developed a significant number of long term relationships with clients, where both sides have invested in the relationship for mutual benefit. As a result the loss of any major client would represent a risk. However this is mitigated through continued diversification with new clients, close client management at various levels and long term contractual relationships.

### **Pension Deficit:**

The risk in common with many large companies remains exposed to external factors such as discount rates, rates of inflation, market returns and mortality rates.

### **Global Economic Fluctuations:**

Exposure to the effects that on-going global economic fluctuations have on the UK economy inevitably has a knock-on effect on our business and our customers' businesses. We mitigate this through diversification into new products and markets.

### **Emerging Markets:**

Political, regulatory, economic and legal systems in emerging markets may be less predictable than in countries with more stable institutional structures. Since we operate in and are exposed to emerging markets, our local operations in these markets may be adversely affected by political, regulatory, economic, tax and legal developments which are beyond our control. We consult with professional advisors in all markets we operate in to ensure compliance with local regulations to minimise this risk.

### **IT Vulnerability:**

The risk of breaches to IT Security, which can lead to loss or corruption of controlled data, due to unauthorised access is mitigated by the deployment of multiple layers of software and processes.



# Our approach & Governance

## Understanding and managing risk continued

*While the ERM process covers the major risk areas for the business, risk management is also embedded within all of our core processes, including Corporate Responsibility risks. For example:*

Risk assessment is embedded in our Unipart Safety and Environmental Management Systems

The Unipart Programme Management process, used to deliver all significant business projects, now includes a CSR Impact Assessment carried out at an early stage in the process. Questions are included to ensure that the project/programme team can demonstrate that CR issues have been suitably considered and managed at each stage.

Risk Assessment is embedded into our Communication Strategy process. All stakeholders are considered and maintained in the communications process.

Internal Audit programmes are developed and implemented; business processes are audited via the annual Unipart Way Audit programme, covering Health & Safety, Environment and Community.

*The identification of key issues in the different elements of CR were initially informed by the appropriate CR risks coming from the Enterprise Risk Management process, with additional risks identified and built in as follows:*

### **Marketplace:**

Supplier - Overall risk is assessed by the Heads of Procurement. Supplier risk assessments are done by divisional procurement teams.

Customer – Risk assessment is managed through the Customer Engagement Programme and overseen by the Customer Engagement Steering Group.

### **Community:**

Workshop chaired by Group Community Champion with divisional and site champions

### **Workplace:**

Workshop chaired by Group Workplace champion with divisional champions. Cross divisional Safety Forum chaired by the Group H&S Director. Health & Wellbeing Steering Group chaired by Director of Corporate Responsibility. Employee Engagement risks identified via the Group wide Employee Engagement programme and overseen by the Employee Engagement Steering Group.

### **Environment:**

Overall risks are assessed by the Group Environmental Steering Group. Site-based risk assessments are also done and as well as Environmental Audits.





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## Stakeholder Engagement

*We think that communication and dialogue with our key stakeholders is vital to understanding how our activities are perceived and how they are impacting others; furthermore, the feedback we receive helps to inform our corporate responsibility priorities.*

*We use a variety of techniques to engage with key Stakeholders.*



# Our approach & Governance

<b>Stakeholder</b>	<b>Engagement methods</b>	<b>2014/15 Examples</b>
<b>Our employees</b>	We have a number of formal and informal methods of engaging with our employees including: <ul style="list-style-type: none"> <li>• Forums</li> <li>• Communications Cells</li> <li>• Engagement Surveys and workshops</li> <li>• Senior Leadership 'Open Door' policy</li> </ul>	In 2014 we continued with our annual programme of employee engagement surveys and workshops. Engagement hubs are now present on all sites and 'Engagement Dashboards', (which help leaders monitor and understand engagement and its impact in their part of the business) are well established.
<b>Our Customers</b>	In addition to informal day-to-day customer engagement, we have a number of different methodologies for formal customer engagement including: <ul style="list-style-type: none"> <li>• Our own 4 Ps process</li> <li>• Customer seminars</li> <li>• Major account reviews</li> </ul>	We work with our customers to deeply understand their real and perceived needs. During 2014 we launched our customer engagement system on our internal knowledge management system – the Unipart Way on-line.
<b>Our Suppliers</b>	In addition to the day to day contact that takes place between our suppliers and our procurement and supplier development teams, we have formal processes for engaging with our suppliers. These are: <ul style="list-style-type: none"> <li>• Our Ten(d)to Zero supplier management programme</li> <li>• Supplier conferences</li> </ul>	During 2014 our Supplier conference programme continued to be vital to engaging with our suppliers both individually and collectively.  We also introduced a regime of ethical audits across our Rail businesses which are being adopted by other Divisions of our Group.
<b>Our Communities</b>	As a multi-site organisation we believe it is appropriate that community engagement is managed at a local level. Each site consults with their local community/community organisations to understand their concerns and issues and identify areas where we can positively contribute. We talk to our neighbours to help us understand the impact of our operations on their lives and help them understand what we do.	In 2014, we continued our community audit programme to assess the levels of engagement and communication with local community partners.  We continued to share our best practice and good news stories, both internally and externally, through the 'CSR News' section of our Group Corporate Website.



# Promoting our Values to Government

*Lobbying is an influencing activity that Unipart pursues directly and indirectly in the UK. Directly, Unipart makes representations to government at national and local level through its own relationships. Indirectly, Unipart lobbies government through its partner organisations such as the EEF, CBI, and Society of Motor Manufacturers and Traders. It is Unipart's policy to strictly comply with all lobbying laws and regulations wherever Unipart does business.*

## **What it means for Unipart:**

- Unipart aims to be consistent in its communications with local and national UK Government, Governmental Departments, Industry & Business Regulatory Bodies on matters of public or regulatory policy
- Unipart takes its role as a responsible corporate citizen seriously, and may engage with the UK Government or Governmental bodies on public or regulatory policy matters which are of specific concern to the Company
- Unipart employees or others acting on Unipart's behalf contacting government officials or employees to influence legislation or regulations may be engaged in lobbying activities.
- All contacts with government elected officials and government personnel (and contracts for lobbying consultants) on behalf of Unipart will be coordinated with Corporate Affairs.
- Participation in consultation on pending legislation, covering functional issues such as Employment, Environmental, Safety or Pensions, is relatively frequent and will be co-ordinated by the functional director concerned.
- Because of Unipart's prominence and the expertise of its employees, particularly in the field of operational excellence, employees are sometimes asked to appear

before or support government bodies. The company believes such appearances provide an opportunity to enhance its reputation and influence the development of public policy. The decision to accept, not accept, or an opportunity to testify requires careful thought, planning and will be coordinated with Corporate Affairs.

- Indirect lobbying via partnership organisations is likely to be specific to the business sectors operated in, and will therefore be the responsibility of divisions. Examples of these organisations include SMMT, Chartered Institute of Logistics and Transport, EEF, Aldersgate Group for the environment, Rail Industry Association, and the Association of Train Operating Companies.

## **What we will avoid**

- Formal discussions on Unipart's behalf about legislation, rulemaking or policy development with elected officials or administrative employees, unless there is prior review and agreement with Corporate Affairs.
- Unipart is a politically-neutral company and will not engage in any lobbying intended to favour or promote a specific political party or organisation



## **Tax Policy**

We have a clear and simple tax policy - which is to pay the right amount of tax at the right time in all tax jurisdictions in which we operate.

## **Diversity and Inclusion**

As a progressive business with a global footprint we recognise the significant benefits that come with having a diverse workforce in terms of:

- employee engagement
- customer engagement
- creativity and innovation
- leadership and retention
- helping us establish ourselves in new markets

We believe that as a diverse and inclusive employer the composition of our workforce should reflect that of working age people in the territories in which we operate.

Equality of opportunity is embedded in our value set and achieved primarily through consistent delivery of the Unipart Way and Leadership Fundamentals. This is underpinned by training for line managers and team leaders and all those who are involved in the recruitment process.

Our Diversity and Inclusion targets and performance against those targets can be found in the Workplace section of our annual Corporate Responsibility Performance Report.

We do not set specific targets around recruitment or promotion based on gender, ethnicity or any other characteristic. We seek to identify and remove barriers to success and focus on our core programmes such as Gate to Great. We believe that if people are committed and motivated then, regardless of gender, ethnicity, nationality, age or anything else, they should be able to achieve more than they ever imagined possible at Unipart.



# Our Corporate Responsibility *Priorities*

*One of the core principles of The Unipart Way is that 'We manage with a long term view'. It is, therefore, unsurprising that our Corporate Responsibility Priorities and areas of focus remain largely consistent with previous years.....*

## *Workplace*



## *Community*



## *Environment*



## *Marketplace*



# Our Corporate Responsibility Priorities



## *Workplace*

**Employee Engagement**

**Employee Health & Wellbeing**

**Developing future leaders**

**Employee Development**

**Young Talent Programmes**



## *Community*

**Focus on our 5 key strategic themes**

**Building Community Partnerships**

**Evaluate inputs & outputs through our audits**

**Locally-led Fundraising**



## *Environment*

**Continually improve our environmental performance through:**

**Reducing Energy Usage**

**Improving Waste Management**

**Improving management of Environmental resources**



## *Marketplace*

**Understanding our Customers**

**Responsible Supply Chain Management**

**Responsible products & Services Ethical Audits**



# Marketplace

*Long term, shared destiny relationships with both our customers and our suppliers are core to the Unipart Group's Value set. Putting a sustainable and responsible approach to the marketplace is at the heart of what we do.*

## **Our Customers**

Our future as a Group and as individual employees is determined by our ability to satisfy the needs of our customers who, whether individual, retail, wholesale or corporate, deserve:

- To have their needs understood and fulfilled.
- An outstanding quality of product and service which exceeds the express and implied promise made when business is placed with Unipart.
- To be told clearly about the details of the offer before business is accepted.
- Frankness and integrity from Unipart.
- A positive approach to the resolution of difficulties of all kinds.
- To be listened to carefully at all times.
- Our demonstrable commitment to the continual development of mutually beneficial relationships

## **We want to understand our customers better than anyone else.....**

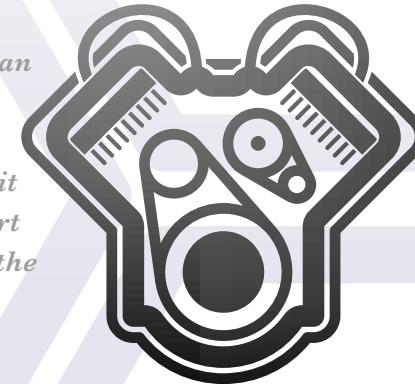
To embed consistency across our organisation we have established some key 'Systems', including one on how we engage with our customers.

Our Systems are explained in detail on our internal Knowledge Management system which we call 'The Unipart Way On-line'. This is available to every employee in our organisation and contains detailed explanations of our Systems along with training materials, documentation and case studies.

Unipart Way On-line explains the concept of a System as follows:

A system is an organised collection of parts that are highly integrated to accomplish an overall goal or defined objective.

*One example of a system is an engine. This is an organised collection of parts that need to operate together to make it function properly. If one part is missing then the system, the engine, fails.*



# Marketplace

Our Customer Engagement System looks like this....

Unipart Customer Engagement architecture

**What**

Customer Engagement is a series of interrelated operational and relationship experiences which, when added together, increase our customers' commitment to want to do business with us for the long term

**How**

Philosophy



To understand the real and perceived needs of the customer better than anyone else and to serve them better than anyone else

Ambition

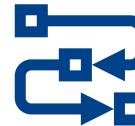


Framework



**Performance**  
**People**  
**Proposition**  
**Planning**

Methodology



Review



**Comm. Cells**

Divisional

BU

Team

Employees can find out more about every element of this system through the Unipart Way on-line and get the support they need to implement in their part of the business.

## And serve them better than anyone else...

*Outstanding personal customer service is deeply ingrained in the spirit of Unipart and our recognition programme , Mark In Action, recognises those individuals and teams who live up to the goal of making the Unipart brand the mark of outstanding personal customer service.*

Through 'Mark In Action', Unipart encourages its employees to provide world class levels of productivity, quality and customer service, using the tools and techniques of the Unipart Way to improve our performance and the performance of our customers. The programme prides itself in recognising both large and (what may appear on the surface) small actions, which often go unrecognised in other companies.

Nominations are made from both within and outside the company. An external panel of judges decides which teams and individuals should be selected and the awards are presented at a prestigious ceremony attended by clients and colleagues on a regular basis throughout the year where the inspirational stories of the winners are shared with the audience.

These stories are also shared across our whole Group through 'Grapevine', our regular corporate news video; and they are important – not just because it enables us to thank the winners - but also because they demonstrate to other employees that the sorts of behaviours that make a difference to our customers are the sorts of behaviours that are highly valued within our Company.

To date over 2,600 employees have been presented with a Mark in Action Award.

*Over 2600  
employees  
awarded*





## **Living our values with our suppliers.....**

*Our Value Set sets out very clear standards and expectations relating to the sorts of long term, mutually beneficial and sustainable relationships that we want to have with our Suppliers.*

### **Our Suppliers**

As we respect our customers, we should earn the right to be respected by our suppliers, who deserve a Company which offers:

- Synergy through the opportunity of a long term business relationship built on mutual aspirations.
- Confidence by clearly defining our requirements and maintaining a good trading record.
- Trust by treating our Supplier with integrity and professionalism.
- Ethics through not using our position to the detriment of our Suppliers.
- Challenge by setting demanding performance requirements but assisting our suppliers in meeting them.

In turn we expect our Suppliers to:

- Operate in a legally compliant manner.
- Work with us to deliver continuous improvement for mutual benefit.
- Satisfy agreed price, quality, and delivery time criteria.
- Embrace the principles set out in the Universal Declaration of Human Rights.
- Manage the social and environmental impacts of their products or services.

# Marketplace Case study

**After a two stage audit,  
Unipart Rail achieved  
BS 11000 certification  
through a BSI  
independent validation  
of their collaborative  
business relationship  
programme in the rail  
sector.**

## Bringing these values to life in our Rail Division

One of the catalysts for Unipart Rail to embrace BS 11000 was the release of Sir Roy McNulty's "Rail Value for Money" study published in May 2011. This study identified greater collaboration between organisations within the rail industry as one of the means of delivering greater value.

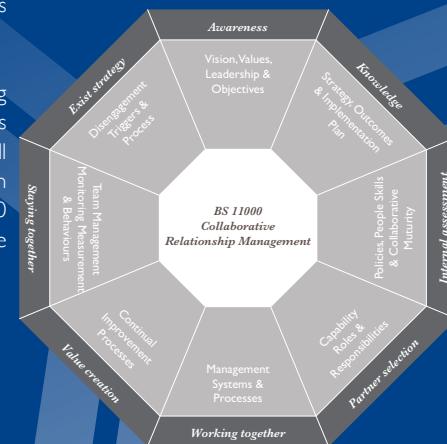
The key concept behind BS 11000 is that organisations that work closely together can achieve much more than they can achieve alone and is designed to improve collaborative working between customers and suppliers. Key business benefits include the positive influence that the collaborative effort has on achieving and sustaining growth, enhanced success when responding to bidding opportunities, facilitating improved customer service, and ability to use the standard as the basis for building a whole spectrum of measurable supplier and customer relationships.

Achieving BS 11000 standard is a critical step for Unipart Rail and the use of its framework has already had a profound positive effect on the company's ability to work more effectively and efficiently.

Additionally, Unipart Rail intends to be acknowledged as an industry leader in collaborative working in the rail supply chain sector as well as demonstrating best practice in business relationship development, therefore, we are delighted to be the first organisation in this field to be awarded certification to the new British Standard.

Gaining accreditation is a significant achievement in the midst of a programme of wide-ranging changes within Unipart Rail which are already beginning to deliver the desired outcomes by providing the strategic architecture to deploy the policies and processes required to establish successful collaborative relations, whilst improving risk management and providing a strong basis for critical collaborative skills development.

Most importantly of all, as sustaining long term relationships with our key customers is vital for the success of our business as well as supporting our customers' future growth aspirations, the deployment of the BS 11000 proven approach is already delivering the joint benefits of collaboration.



# Marketplace

## Our Marketplace KPIs...

<b>Objective</b>	<b>Target</b>	<b>2013 performance</b>	<b>2014 performance</b>
<b>Ethical Audits conducted with Supplier demonstrate improvement</b>	Selected Suppliers are completing the audit	n/a	76%
	Suppliers have CSR Strategy/policy	n/a	23%
	Suppliers monitor on-time payment	n/a	74%
	Supplier work with their suppliers regarding CR activity	n/a	26%
<b>Our Supplier Engagement process (TTZ) includes an element on sustainability and is embedded across our business</b>	All businesses using sustainability element in Ten(d) to Zero programme	Yes	Yes
<b>Our customer engagement process (4Ps) is embedded across our business</b>	4Ps process deployed across all major accounts (>£4m)	Yes	Yes
<b>Anti bribery and corruption measures are in place across our business</b>	Anti-bribery and corruption training delivered for 100% of sales and procurement teams	100%	100%
	Use of Gifts and Gratuities register monitored across all sites	yes	yes
<b>We develop products and services which are responsible and improve sustainability for our businesses and those of our clients</b>	We develop products and services which are responsible and improve sustainability for our businesses and those of our clients	Yes Plus and Play products to improve safety and reduce waste in Rail Sector	Yes Diesolift in Rail Sector





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**GROUP**



# Community

## Our strategy .....

*For community activity to be truly impactful we believe it should have its basis in a clearly defined and understood strategy. We have a Community Strategy Document which sets out our approach and priorities which we have shared across our Group of Companies and this is used at site level to guide the local strategy, objectives and plans.*

Key elements to our strategy are:

- Understand your local and national issues - whether this is youth unemployment, Armed Forces re-settlement, promoting the study of STEM subjects or impact on the local environment we believe this should be the start point for site community strategy.
- Consider how the core skills and capabilities of the site can be deployed to help solve those issues
- Link volunteering and community activity to personal development plans
- Identify local community partners and draw up meaningful partnership agreements
- Measure inputs, outputs and benefits, for the site, and for the community/society

We have a Community Audit process, which is conducted across every site on an annual basis by the Director of Corporate Responsibility, to drive consistency and spread best practice.

## Building enduring community partnerships.....

*Core to our strategy is the development of strong and enduring community partnerships and we have programmes across our Group which demonstrate this in action to deliver real benefits to our business and our community partners.*

### Unipart and Business Class

Oxfordshire is recognised as the historic birthplace of education in the UK. Its universities are regarded as world class and have spawned a large number of 'knowledge-based' companies in high tech industries.

While two of Oxfordshire's five districts are amongst the most affluent in the country, the county also has ten areas in the bottom ten per cent of in terms of child poverty. This contrast has influenced the performance of schools, in particular, some schools in the city of Oxford. Beneath the dreaming spires are pockets of low aspiration and poor educational performance.

Unipart has been associated with Oxfordshire schools for many years. From sponsorship of the Schools in Action programme to one-to-one mentoring in city schools, for many years Unipart people have been enthusiastic about hosting school visits, attending careers fairs and becoming school governors.

Two years ago, Unipart began discussions with Business in The Community about introducing a programme that would not only enhance our relationships with local schools but would also involve other companies.

The Business Class programme seemed a natural fit with

Unipart's stakeholder ethos and Unipart's Director of Corporate Affairs, Frank Nigriello, took the lead as chair of the Oxford cluster.

"Every business in Oxfordshire is faced with the same challenge," said Frank. "We're all competing for talent. My colleagues in Unipart see Business Class as an investment in our future and in the future of our community. If we can help to develop highly skilled, highly motivated young people, we may be able to identify the business leaders of tomorrow."

The Oxford Cluster has now engaged around 10 organisations – including Oxford City Council – in working in partnership with schools. Some 3,000 pupils have benefitted from the programme and over 500 business people have been involved in mentoring and other business contact events. According to Frank Nigriello, the programme has accelerated faster than expected.

"When we first set out to introduce Business Class in Oxford, I thought that I could interest one or two business people that I knew were enthusiastic about working with schools. The growth of the programme, and the development of the cluster, far exceeded my expectations," he said.

"The benefits of having an enthusiastic, highly professional cluster manager like BITC's Sally Andreou cannot be overstated. BITC brought that professionalism to the cluster and it has paid massive dividends both in our ability to reach out to schools and our ability to engage colleagues in activities."

"Unipart people have always been very motivated to work with schools and to share their experience. That motivation has been infectious and has spread to a wide range of local companies who are not only working with schools, but sharing experience and building relationships with each other."

"We expect Business Class to continue to grow and to develop in new ways including embracing the areas of apprenticeships and work placement. Every time I meet with our cluster members I am further convinced that Business Class is making a contribution to both schools and business and is delivering sustainable benefits for both."



# Community

## **'Life in The Fast Lane' at our Coventry factory**

*At our Unipart Powertrain Applications (UPA) Factory in Coventry we have continued to develop strong community links with local schools.*



This is the sixth consecutive year that UPA has worked with Holbrook's School to deliver the year 6, Creative Curriculum topic "In the fast lane" the outcome of which is to design, manufacture, test, evaluate a powered vehicle then to present their findings to UPA senior managers.

60 pupils, 10 or 11 years old visited the new Institute for Advanced Manufacturing Engineering building; many of the pupils have seen the new building being built and were delighted to be the first school to visit. The UPA team visited Holbrook's to judge team presentations and demonstrations of battery powered vehicles. A winning team was selected and they had the opportunity to review an Aston Martin Vanquish vehicle. An engraved trophy was presented to the winning team in front of the entire school at which time the current year 5 pupils were invited to take part next year.

This partnership helps us to establish strong links with our local community and has a big impact on employee engagement. For the school it helps bring to life the practical applications of math, science and technology and how they can be applied in an exciting environment.

UPA also support Sherbourne Fields an all age special school located nearby. During the summer of 2014 the development workshop team designed, manufactured and installed a tubular bells sculpture at the school.



## STEM Ambassadors

*The Unipart Technology Logistics' team of STEM ambassadors supported an event at Cheddington Combined School, supporting a 'Transport and Travel' themed STEM week and also were also asked to run an event for Lower Key Stage 2 pupils (aged 7-9).*

The team decided to adapt the 'Sticklebricks' game – this is a game currently run by Unipart Way practitioners and specialists to teach Lean principles across the Unipart Team Leader population. The game was simplified and turned into a 1 hour session, where the children had to build a widget (or "Boat" as they called it) and get it the customer on time, on budget and looking tidy!

The UTL team ran 4 sessions, each with 15 children and decided to introduce an element of competition to make the game more exciting. They discovered that young people can become quite a formidable force to be reckoned with when they know they're competing to win!

The team really enjoyed their day and were encouraged by the happy smiling faces and the amount of 'Lightbulb moments' they had from a lot of the children - it really confirmed that they had got their message across.

The team ended each session with the open question - 'What have we learnt?'

The responses from the children were precisely what we would be expecting from our Unipart Leaders including:

"Communication is important in Teamwork"  
"Teamwork is all about good people"  
"Listening is as important as talking"

Impressive observations from children as young as 7.



# Community

## Unipart Rail Partnership with the University of Huddersfield

*At the end of 2013, Unipart Rail concluded a Collaboration Agreement with the University of Huddersfield supporting the new 'Centre for Innovation in Rail' (CIR).*



The CIR is based within the internationally-renowned Institute of Railway Research (IRR) at the University, and builds on the Institute's strategic partnership with the Rail Safety & Standards Board (RSSB), with the support of technology partners, Unipart Rail, Omnicom Engineering and the National Skills Academy for Rail Engineering (NSARE).

This new facility utilises the worldclass product design and R&D capability of the project partners, to provide industry and academia with training, research and expert services to develop and improve critical engineering interfaces in the rail industry.

This is the first major partnership with academia for Unipart Rail and will provide many significant benefits for the business, including,

- The development of a technology strategy roadmap aligned to Unipart Rail's business plans
- The creation of research projects
- The potential to gain access to other possible funding sources such as
  - Case funded PhDs
  - Knowledge Transfer Partnerships
  - EITI/TSB2 grants
  - Transport systems catapult
  - Potential European Union projects with associated funding

In addition, this collaboration agreement will further enhance the reputation of Unipart Rail as not only the leading product and logistics provider to the UK railways, but also as a key provider of engineering solutions.

# Community



## Partnerships in India

*Our community strategy and partnership approach is not limited to the UK*

it applies across our global sites. Our 3 major sites located in Pune, Sanand and Bangalore have all identified local schools to partner with - building employee engagement and reinforcing our values by providing opportunities for colleagues to volunteer and participate in activities to improve the facilities and learning environment available for local children.



Activities have included:

- Provision of groceries and water
- Distribution of medicine
- Spending time with elderly people in a home
- Provision of bags for schoolchildren
- Supply of a water pump
- Spending time with young people at a local orphanage
- Establishing a tree plantation
- Blood donation
- Facilities such as blackboards and fans for local schools
- Promoting health awareness to school children

## It's not always *about money.....*

*We firmly believe that we can support community partners and charities in ways other than purely through the donation of cash.*

In 2014 over 70% of our community investment was in the form of our time – and a significant proportion of that time was spent imparting our expertise and sharing some of our core tools to deliver benefits for the long term.

We use the tools and techniques of the Unipart Way to deliver long term sustainable benefits to our partners. For example:

- Team members have taught problem solving skills to young people in schools and colleges.
- We've used our expertise in supply chain and logistics to help local charity shops better manage their warehousing and delivery
- Our Human Resources teams have delivered employability workshops to school leavers and job seekers to improve their employment outcomes

# Community



*After raising the stakes year on year, Claire Walters, (Managing Director, Unipart Technology Logistics) and her intrepid team undertook a massive 290 mile walking and cycling challenge, travelling 60 miles on foot over two days, from Boston to Kettering, followed by another 200 miles to Bournemouth by bike in two days to raise money for Macmillan Cancer Support.*

## Leading by Example

The team walked 112,000 steps, the equivalent of two marathons, in the first two days alone.

Matt Trigger, General Manager said; "It was fantastic to support Macmillan and to forge new friendships with colleagues. The flat and featureless Lincolnshire countryside and sweltering September weather made the walking days a real challenge, but team spirit kept us going."

Claire Walters said, "Judging by the team members who were walking gingerly around the office in flip flops the week after; I think it's fair to say we really were pushed to the limit. Two marathons in two days really was as tough as it sounds: so that the prospect of then cycling 200 miles in two days was seen as something of a relief, as it meant some respite for the sprains, bruises and blisters!"

"The cycling was undeniably tough, but with resilience and stubborn perseverance, we completed 200 miles in two days to reach Bournemouth, and the opportunity to do our ice bucket challenge!"

UTL colleagues supported the challenge locally, participating in Macmillan coffee mornings, dress down days, and sponsored static pedalling on exercise bikes. Nuneaton Site Manager Amanda Nicholls met up with the team at the end of Day 2 to present them with 'keep going' messages of support and encouragement.

Claire continues, "We were humbled by the support we received from friends, family, colleagues and customers to help us raise a great amount of money for a charity very close to our hearts.

"The money raised will go to Macmillan in memory of colleagues we have lost to cancer. We will continue to support the vital work Macmillan do, providing practical, medical and financial support to people living with cancer and continuing to push for earlier diagnosis and better cancer care."

# Community

## Our Community KPIs ...

<b>Objective</b>	<b>Target</b>	<b>2013 performance</b>	<b>2014 performance</b>
<b>I % of pre-tax profits invested in Community activities through cash donations, staff time, and gifts in kind</b>	Based on annual financial performance	Achieved	Achieved
<b>Divisional cash donations achieve target levels</b>	£15,000 per division	Achieved across all Divisions	Achieved across all Divisions
<b>All sites are operating in line with the community road map</b>	> 75% of community investment is in the 5 key areas set out in the road map	Yes	Yes
	A community audit is completed at every site	Yes	Yes
<b>The benefits to business and society are from all community activities are captured on the community log</b>	All sites are completing a community log	90%	95%
<b>Sites developing long term community partnerships</b>	There is at least 1 community partnership per site	Achieved by 80% of sites	Achieved by 85% of sites
<b>Growth in Community investment</b>	Increase of 5%	Yes, (30%)	Yes, (15%)



# Community

**Total Community investment  
(excluding fundraising) in 2013  
was just under £275k.**

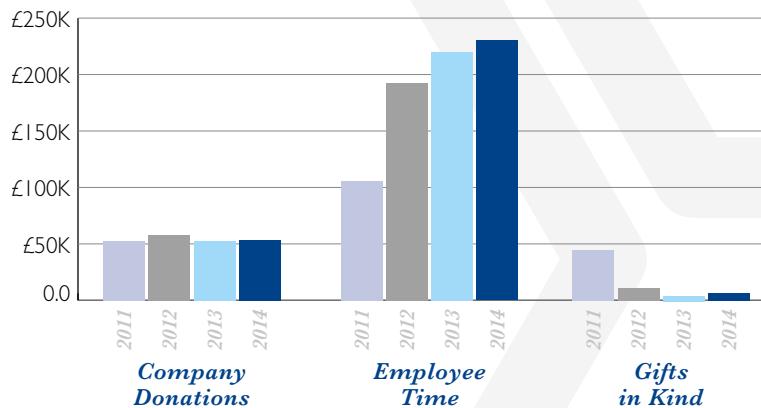
## Our Community Performance

Over 75% of investment has been in form of time, reinforcing our belief that community activity and volunteering enhance employee engagement, and the value we can add through donating time and skills has more long term value to our community partners than cash.

Total Community investment, including employee-led fundraising, was £380k in 2014, a significant increase from the 2013 figure of £341.5k. Over 60% of investment has been in form of time, reinforcing our belief that community activity and volunteering enhance employee engagement, and the value we can add through donating time and skills has more long term value to our community partners than cash.

For another year, the biggest growth area has been employee time and expertise. We firmly believe that this form of community activity has the biggest and most sustained level of impact for our community partners.

### Total Investment 2011 - 2014



### Total Community Investment 2014



**Company Donations £58,13**

**Employee time £230,775**

**Gifts in kind £13,738**

**Employee fundraising £77,453**



# Community

## Our Community Performance continued

85% of our total community investment was within the 5 Target Community areas outlined in our community roadmap (the first 5 bars of the chart).

Cash donations have remained remarkably consistent over the past 4 years at just over £52k and far exceed our £15k target.

In addition to the time that our employees spend during their working day, a significant number of our employees dedicate their personal time to supporting our community and charity activities. The significant increase from 2013 to 2014 may be attributable, in part, to sites improving their capturing and reporting of data in this area.

### Company Cash Donations 2011 - 2014

2011 total	2012 total	2013 total	2014 total
55K	67K	52K	58K

### Investment by Community Area 2014 - Our top 4

Economic Dev  
Education  
Employability  
Health



### Personal Time spent on Community Activity

In 2012 our employees dedicated  
**3000 Work Hours** **500 Personal Hours**

In 2013 our employees dedicated  
**5100 Work Hours** **1000 Personal Hours**

In 2014 our employees dedicated  
**4500 Work Hours** **2500 Personal Hours**

Personal Hours Dedicated  
2014 2013 2012  
  
250% increase



# Unipart Way Products



# Workplace

*During 2014  
we continued  
to focus and  
build on our  
core workplace  
priorities.*

## **Recruitment of talent.....**

### **Tackling youth unemployment**

It is widely recognised that unemployment amongst 18-24 year olds is a national issue. Whilst at an individual level the root cause of unemployment can be very varied, at a national level it is clear that there are some underlying factors – some of which, as a large company, we can help to address.

During 2014 we launched Unipart Inspires, a programme aimed at giving a high quality, intensive programme to young job seekers – equipping them with the skills they need to find a job, building their self-awareness and confidence and providing them with meaningful work experience placements to draw upon.

Success rates have been high with over 90% of those participating on the programme going on to secure employment.

In addition to this we have continued with our previous programme of activities including:

- Membership of Business in the Community's Generation Talent Champions Group, working alongside other businesses, sharing ideas and best practice and seeking long term solutions to youth unemployment.
- Offering guaranteed work experience placement to the children and grandchildren of our employees
- Working with schools and colleges across the UK delivering employability skills workshops such as interview skills as well as attending careers events
- Working with schools and colleges across the UK promoting the study of STEM subjects
- Working with Job Centre Plus, and encouraging our recruitment partners to do the same, to encourage young people to apply for jobs with us.



*There is a recognised shortage of skilled engineers in the UK which has the potential to threaten not only the future of some parts of our business but also to 'UK PLC'.*

## Developing skills for the future

At Unipart Manufacturing group (UMG) we have a long established strategy to 'Encourage young people into adopting careers in Engineering and Manufacturing' based on our realisation that, if we are to secure the resources that we need to sustain and grow our business, we need to take a proactive role in working with and supporting schools and colleges to develop the industry-ready engineers of the future.

Our strategy has evolved over a period of 10 years and includes programmes to address students from aged 10 upward and covering all abilities. Programmes at the younger end of the spectrum focus on raising awareness of how what they are learning in school can be applied to real jobs (in manufacturing). Levels of engagement in the work carried out in our manufacturing sites increases as the age of the students involved rises, culminating in students using their skills to solve real-life engineering problems.

The on-going development of our strategy led to the development of our flagship facility– the Institute for Advanced Manufacturing and Engineering (the AME). This exciting collaboration with Coventry University (supported by the Higher Education Funding Council for England's Catalyst Fund) is a UK first, establishing a new and innovative teaching environment that will create a step change in the higher education model for manufacturing engineering degree courses through enhanced activity-led learning and a degree jointly designed by Unipart and Coventry University.

The AME gives us the opportunity to have direct input into the design of courses, tailoring the content to suit the needs of manufacturing engineering to ensure graduates are industry-ready by the time they finish University. This produces a pipeline of talent with a wealth of exposure to real-life manufacturing engineering not just for our business but right across our supply chain.

Key features include:

- It is physically located on our Manufacturing site in Coventry
- It is equipped with state-of-the-art kit for Research and Development as well as teaching
- 3 flexible teaching rooms (100 people capacity), a 20 seat board room and 25+ seat office space
- It employs a dedicated team including an Institute Director supported by professors, senior researchers and research assistants
- The team are supported by Unipart staff including our Principal Engineers and Manufacturing and Quality Engineers
- It is fully integrated into our operations
- Students 'rub shoulders' with Unipart Engineers as well other staff, throughout the course of their degree – even sharing the same canteen
- Initially will offer a Bachelor's Degree and Master's degree in Manufacturing Engineering

*Our first cohort of students joined in September of 2014 and we will be following their progress with great interest.*





# Workplace

## A Healthy and Engaged Workforce.....Performance through Engagement

Research shows that engaged employees generate 43% more revenue than disengaged employees. Unlocking the potential of every member of the workforce by improving their day to day experience of work not only improves their sense of wellbeing and engagement but also makes good commercial sense.

At Unipart we have along established employee engagement programme. Key to our approach is our belief that engagement is driven by day to day activities and the degree of personal control and ownership that employees have of their own work.

We believe that our approach is unique..... rather than focus on survey results themselves we regard this as only one part of the process and we focus instead on using the results proactively to drive behavioural change and then measure the impact of that behavioural change on our business and on the wellbeing of our workforce.

Our results speak for themselves.

- Unipart employees report feeling more engaged for the 5th consecutive year;
- We've seen a 45% improvement in employee volunteering and community activity since 2010
- Over the past 2 years we've achieved a 26% reduction in sickness absence – equating to a saving of over £200k
- Our employees have delivered over £2million cost savings EVERY year through solving problems at their own level
- We've helped wider UK business by sharing our learning externally



## Improving Productivity by improving *Health and Wellbeing*

*For many years we've been pursuing a well-being strategy with one of the best safety records in the country and a wide range of policies and activities for looking after our people.*

At the end of 2014 we took this a step further with the launch of our Wellbeing Strategy, Unipart Workwell. This strategy is based on our core belief that 'work should be good for you' and seeks to:

- encourage and help all our people take personal responsibility for their own health and wellbeing to improve their quality of life and levels of personal resilience;
- support people, in particular line managers, in understanding the impact of their actions and decisions on the wellbeing of others; and
- identify workplace factors that may negatively impact the health and wellbeing of our people and seek ways to remove or mitigate it

There are number of fundamental elements to our strategy which will be introduced in a phased approach across 2015.

*A Workwell Steering Group has been established to ensure that Wellbeing is embedded across every one of our sites so that all of our people can benefit.*



# Workplace

*Across our diverse range of businesses it is vital that every site has Health and Safety embedded into the way they work and we have robust health and Safety processes that enable us to deal quickly and effectively with operational safety incidents as they occur and adapt quickly to legislative changes.*

## A safe working environment

These processes are underpinned by a communication programme on matters relating to safety and health in the workplace, and a comprehensive training and development programme based on 'Gate to Great' which is shared through our internal knowledge management system – Unipart Way online.

Our commitment to providing a safe working environment for our workforce was recognised in 2013 when all six of our major logistics sites won the highly prestigious Sword of Honour Award; and in 2014 for a second year in a row, Unipart won six swords of honour which was recognised as an outstanding achievement by the British Safety Council.

The Oxford Distribution Centre again achieved a double award, earning both the Sword of Honour and the Globe of Honour Award; one of only four organisations worldwide to do so. This performance in the area of health, safety and environment puts Unipart amongst the world's safest companies to work for.



# *Workplace*

*In addition to having robust talent pipeline in the form of our graduate and apprentice schemes, we have well-established programmes to grow all of our people and manage and develop those who have the potential to reach the most senior leadership positions.*

## **Developing our future Leaders.....**

We have a framework of leadership behaviours aimed at creating and sustaining the highest levels of engagement supported by a suite of training interventions.

We have also continued to roll out our 'Leaders of the Future' programme. Following several key senior internal appointments to our most senior leadership team in 2014 focus has been maintained on developing and supporting those individuals in addition to all those individuals who are identified as having high potential through our Succession Planning process.

### **Gate to Great**

Our commitment to people development applies across our entire workforce. We have created an employee development philosophy which we call 'Gate to Great'. This programme enables each employee to reach their full potential at a rate of learning matched to their

experience and abilities and is based on the premise that, with deliberate practice within a designed system, we all have the potential to be great.

Every individual within the business has a 'Gate to Great' development plan (called their Gate to Great Journey) which is appropriate to their role and their aspirations. Achievements and progress against individual plans are displayed and celebrated at team communication cells.

Sites further support their employees through the organisation of local learning events and delivery of our Unipart Way and Team Leader Development programmes.



# *Workplace*



*Instilling our  
values across the  
Globe*



## **Global Reach.....**

Our global footprint continues to expand as we continue to grow our business. Instilling our core values across all of our global sites, whilst recognising and respecting local cultures can be a delicate balance but it one that we strive hard to achieve. Our Corporate Responsibility programmes across our Indian sites are an excellent example of this.

We have three sites in India, Pune, Bangalore, and Sanand. Each has continued to deliver its own CSR programmes which cover core workplace activities such as employee engagement, health and safety and wellbeing; as well as a community/environmental CSR programme. The programmes are fully integrated and there is strong link, for example, between feedback from engagement survey workshops and volunteering activity with local community partners or wellbeing initiatives such as cricket matches with customers and suppliers or road safety campaigns around the sites. As a result of this, our engagement scores across our Indian workforce are amongst the highest in the Group.

## **Workforce Diversity**

### **Flexibility**

We have had a Flexible working policy for many years and long before it became a statutory requirement. Of those who request flexible working, over 80% of requests are agreed to, and our overall uptake of flexible working is currently 7.2%. It is worth noting that in addition to this, many flexible arrangements put in place are short term and often to reflect the needs of working carers.

We are ever-conscious of the importance of working closely with colleagues who are not currently attending work to ensure that we are able to retain them; including encouraging those with long term health conditions and those taking maternity and/or some form of parental leave to return to the business. At present our return rate from maternity leave is over 80%. As yet we have no employees taking parental leave but will track return rates in a similar manner.



*As we seek to expand our businesses both within the UK and globally, having a diverse workforce is increasingly important, not just because it is the right thing to do, but also because we recognise the positive impact of diversity on engagement and innovation.*

## Recruitment, Development & progression

However this is not without its challenges. Unipart Way skills are key to our business both now and in the future and expertise in the Unipart Way is built up over a number of years. As such is it important that we are able to retain employees and labour turnover rates across our business are low for the sectors in which we operate; at the most senior levels of the organisation, turnover is very low. Consequently certain groups of employee are underrepresented at the most senior levels including females, minority ethnic groups and our migrant worker population.

Logistics and manufacturing typically attract a greater proportion of male applicants and the gender composition of our workforce is reflective of this with 70% of our employees being male. The majority of our female employees are engaged in non-operation roles in functions such as finance, HR, sales support and secretarial/office administration. Conversely the majority of our minority ethnic and migrant worker colleagues are typically engaged in operation roles and we are looking to our Gate to Great and team leader development programmes to provide progression pathways into Operation leadership

roles and beyond; as well as encouraging those who are qualified to apply for our Graduate programmes.

We firmly believe in selecting the right candidate for each role and that colleagues who achieve career progression deserve to know that this has been achieved based purely on their hard work and effort. Consequently we accept that bringing about change in the diversity profile of our workforce must be a long term objective but one to which we must give continual focus through our Diversity and Inclusion programmes.



# Workplace

## Our Workplace KPIs...

<b>Objective</b>	<b>Target</b>	<b>2013 performance</b>	<b>2014 performance</b>
<b>Our employee engagement process is embedded across all of our sites</b>	100% of sites have conducted at least one round of surveys/workshops during the reporting period	100%	100%
<b>A Health and Safety Culture is embedded across all sites (including international)</b>	Annual Rate of 'over 3 day' accidents per 1,000 workers (employees + agency staff) is 10 or less	Yes for UK (8.48) Global rate is borderline (10.09)	Yes. Global rate is 9.5
	Zero improvement or prohibition notices received from enforcing authorities	Yes	Yes
	Zero prosecutions as a result of Health, Safety or Fire related legislation	Yes	Yes
<b>A Wellbeing Culture is embedded across all sites</b>	All sites have completed at least 1 health promotion event during the reporting period	90%	100%
	All sites have a Workwell information board which is regularly updated.	60%	80%
	Actions/return to work plans are in place for all long term sick cases	Yes	Yes
<b>Successors are identified for all key senior leadership roles</b>	100% of Divisional and Business Unit Operating Committees have succession plans in place	100%	100%
<b>All Divisions have a strategy for the recruitment of talent, including apprentices and Graduates</b>	100% of graduates and apprentices secure established roles at the end of their programme	95%	100%

# Workplace

## Our Workplace KPIs...

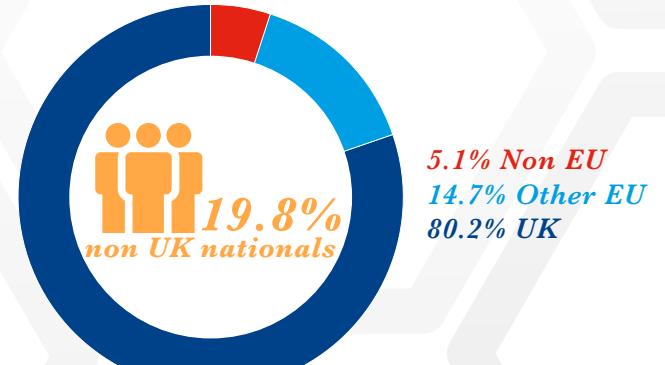
<b>Objective</b>	<b>Target</b>	<b>2013 performance</b>	<b>2014 performance</b>
<b>The International risk assessment is used across the business</b>	Risk assessment conducted before every overseas operation/activity is established	Yes	Yes
<b>Improve Unipart Way Competency level</b>	Increase level by 5%	No (up 3%)	No (up 2%)
<b>Implement a bribery and corruption risk assessment process across the Group.</b>	Process in place, monitored and subject to management review  100% of key staff trained There are zero breaches to our anti-bribery & Corruption Policy	Yes  Yes, in all business units Yes - no breaches reported	Yes  Yes, in all business units Yes - no breaches reported
<b>We are fostering a diverse and inclusive culture</b>	BAME and gender composition of recruitment pipeline is monitored for all vacancies  Flexible working requests are sympathetically considered  The Diversity of our key talent pipelines is understood and where appropriate improvement targets in place.	new for 2014  80% of requests are agreed  new for 2014	Currently known for: Graduates Warehouse operatives  80% of requests are agreed  Yes for Graduates and 'Leaders of the Future' Still required for Apprentices and Team Leader programmes



# Our 2014 Performance - *People*

## Employees by Nationality

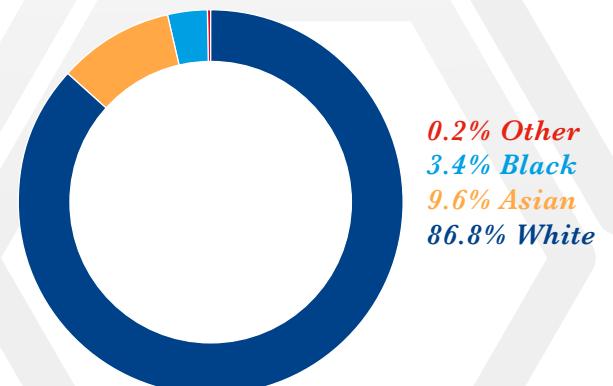
Almost 20% of the Unipart Group workforce are non-UK nationals - this compares to a 13% of the population of England and Wales\*- and reflects our inclusive approach to employment.



## Employees by Ethnic Origin

The ethnicity of our workforce is largely reflective the the composition of the population of England and Wales (86% white, 7.5% Asian, 3.3% black and 3.2% other\*)

\*Source: Office of National Statistics 2011 Census.



# Our 2014 Performance - *People*

## Gender pay difference

(based on hourly rate)

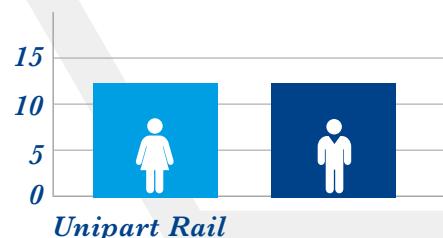
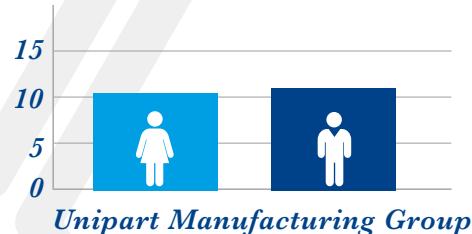
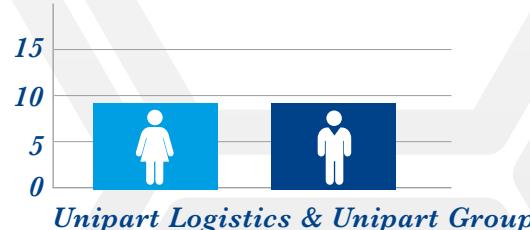
Gender pay is reported based on median hourly pay.

Female workers comprise just under 30% of our total work - this figure has been very consistent over the past several years.

In our largest Division, Unipart Logistics, there is no difference in median pay rates. In Unipart Rail and Manufacturing there is a slight variance in favour of male employees. Across the Group overall, the gender pay variance is 0.9% in favour of male employees.



2014 Median Male & Female Hourly rate across the Unipart Group



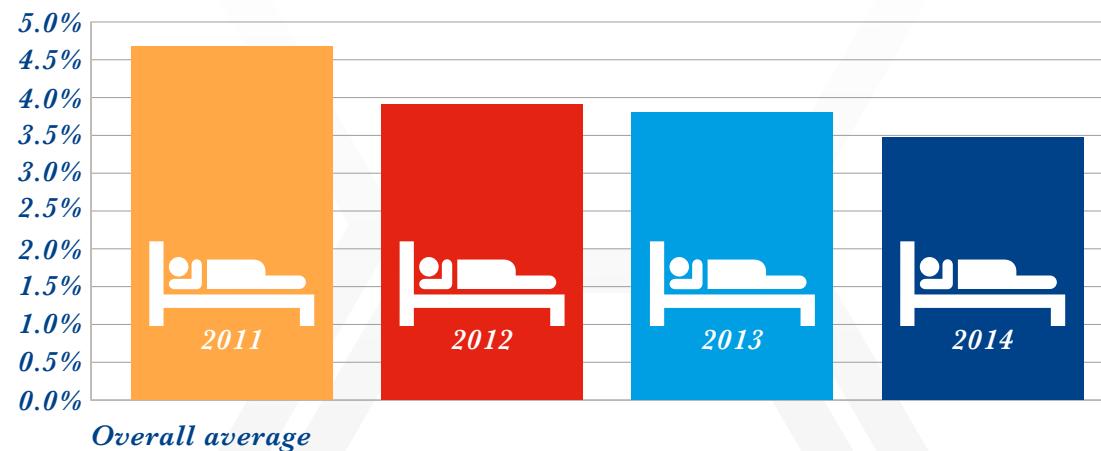
# Our 2014 Performance - People

## Absence from work

Absenteeism\* levels have seen a decrease in every part of the business. This represents our continuing focus on maximising attendance through health monitoring and promotion activities, employee engagement activities and effective 'return to work' processes following any and all periods of sickness absence.

We have observed a significant correlation between absence levels and employee engagement scores across the business.

\* Absenteeism data is based on periods of absence of <1 month



## Formal training days

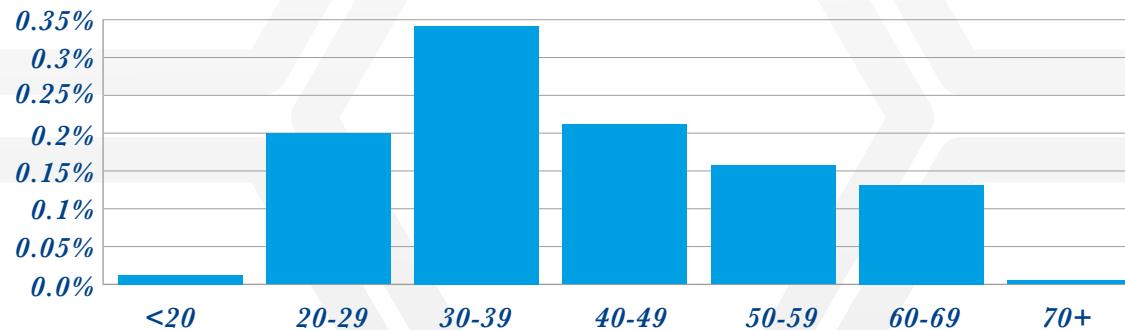
It is important to note that data captured on training tends to be focussed on external training and formal internal training. It does not capture less formal and 'just in time' training and workshops which are frequently conducted, nor does it capture time spent on self development using tools such as Unipart Way on-line or Sales Excellence on-line.



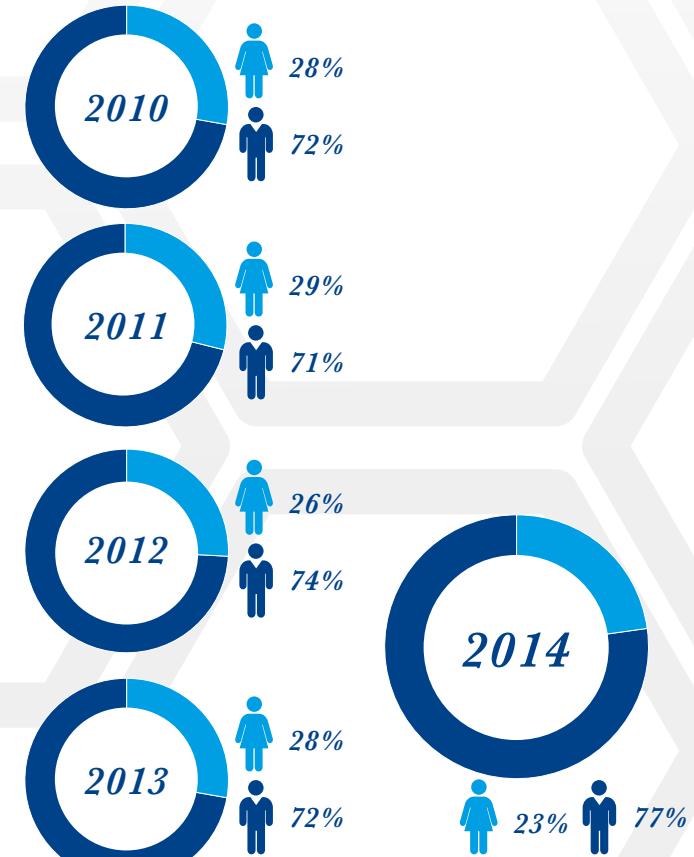
# Our 2014 Performance - *People*

## Age profile of leavers

Both the age and gender profile of those who leave Unipart voluntarily is consistent with the overall composition of our workforce.



## Gender profile of leavers



# Our 2014 Performance - People

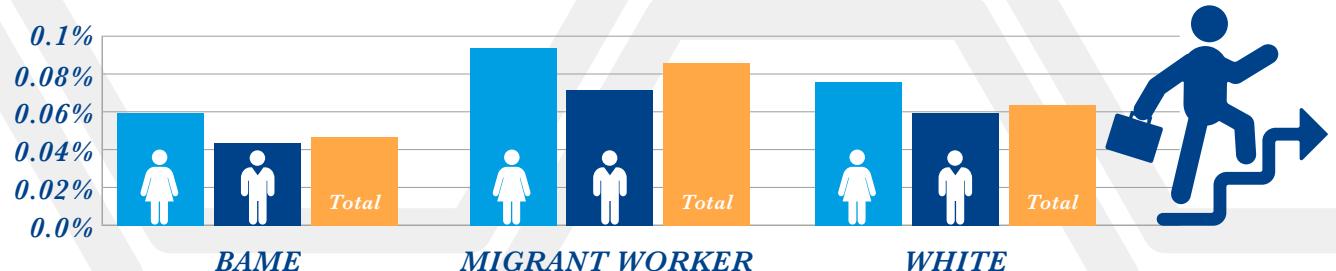
## Grievance rate

Grievance rates remain at below 1% across our Group of Companies



## Promotion rate

We believe in appointing the best candidate for the job and do not have quotas or specific targets for promoting one category of employee over another. We do, however, recognise that barriers may exist for certain categories of employee and to help us identify and understand what these may be we carefully monitor promotion rates. The calculation above reflects the number of promotions as a % of that category of employee e.g. of our migrant, female workers 10% were promoted in 2014.

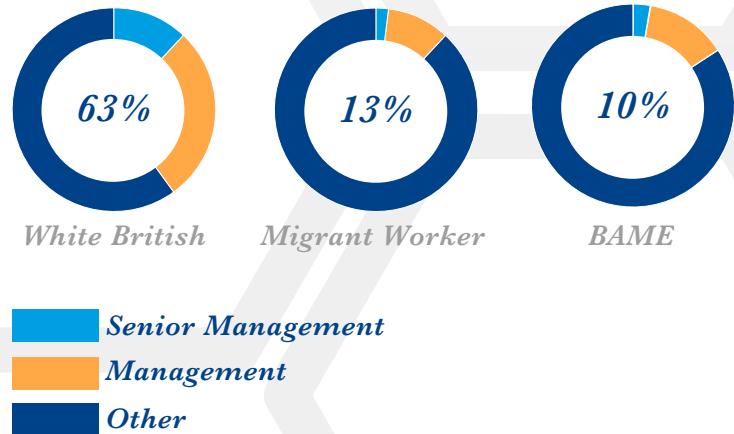


# Our 2014 Performance - *People*

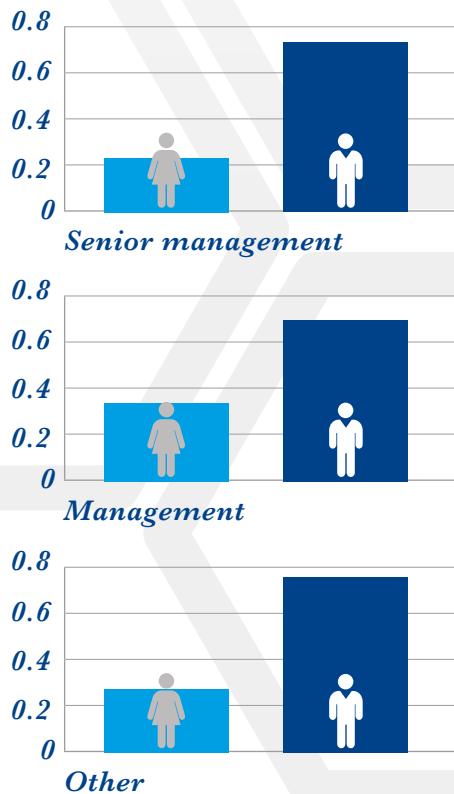
## Occupational mix

The predominance of white british employees at the most senior levels of the organisation is a reflection of the very low levels of turnover at these grades. We focus very much on growing and developing talent from within and are seeking to address this imbalance through focus on the diversity of our key talent pipelines.

Occupational level by ethnicity



Gender mix by Occupational Level





## **We want to continually improve our environmental performance...**

*We have a very diverse range of operations across different sectors and with very different customers. This means that we have an equally diverse range of environmental issues and impacts to consider when looking at our overall Environmental Performance and we need to reflect this by being flexible in how we tackle Environmental Performance across our sites.*

# **Environment**

## **Engaging all**

If we are to improve our Environmental Performance it is vital that every one of our employees recognises their role and the impact that they can have as individuals and teams.

To this end we run an annual environmental event over a week and encourage everyone to get involved and increase levels of awareness around our environmental performance.

We issue periodic environmental pauses to members of staff via their team leaders, these communicate areas of specific focus for the week ranging from spill control, recycling and switch off campaigns.



# Environment

*We work very closely with our clients to deliver the best environmental outcomes for both of us. At Unipart Technology Logistics (UTL) we have worked with the client, Sky to deliver sustainable and environmentally efficient solutions. To achieve the highest levels of recycling, UTL processes are completed using manual sortation. Although the site is logistic operation, it provides Sky with an added value service for their waste management.*

## Working in partnership

The site set itself a target of 99% recycling, with future ambitions to raise this to 100% as we continue working with Sky to ensure:

- No waste is left in customer homes
- Zero waste is sent to landfill
- We remain carbon neutral.

In 2011, we recycled 700 tonnes of waste; now this figure has grown to 2500 tonnes p.a. - a substantial 257% increase in four years. This has been achieved by creating added incentives to receive extra waste back from the engineer field, including postal routes, engineer routes and introducing an incentivised buy-back scheme.

A few years ago UTL were only recycling Sky's electrical waste such as set top boxes. Since then we have significantly developed our processes enabling us to recycle a portfolio of over 16,000 Sky product lines.

Using innovative solutions we've found unique ways to reuse returned items, giving them a second life as a completely new product. For example, a key part of Sky engineer safety equipment is their safety rope - made from nylon and polyester - which is returned either due to damage or expiry of its recommended shelf life. Instead of sending the rope for energy recovery as there is no suitable reuse or recycling options being available, the ropes are donated to a company who specialise in producing dog leads and pet mats from old discarded rope which directly benefits a service personnel's charity.

A further innovative solution was created by a member of staff based at Baginton, resulting in a cost saving initiative to Sky. When an engineers' van is decommissioned it often contains a number of unused smaller items, including screws, nuts, bolts etc. In the past these items would be recycled, however, the site identified potential to store and consolidate these items into complete packs, ready to be sent to engineers in the field.



# *Environment*

## **Recycling and Reuse at Unipart Rail**

Shipping products takes a lot of boxes. We reviewed our usage and disposal methods across our Unipart Rail sites and identified that we could reuse the boxes we receive product in for shipping materials out. This has led to a 75% reduction in the purchase of new boxes. Furthermore, non-suitable boxes are shredded and used for packing materials - over 560 cubic meters over the course of a year. In addition, we re-use suitable bubble-wrap.

## **Renewable Energy**

Energy consumption and carbon emissions remain a top risk area for us. We continue to raise awareness to increase energy efficiency. We have gone a step further and invested in renewable energy through biomass boilers. A new biomass boiler was commissioned at Unipart House and has been operational since October 2014. Unipart House now predominantly use this boiler for space heating and hot water generation. The biomass boiler replaces use of the gas fired boiler saving 700 tonnes equivalent of CO2 emissions. We also commissioned a new biomass boiler at our Canley site creating potential savings of 100 tonnes equivalent of CO2.

## **Energy Management**

Unipart House, our global headquarters, is one of the biggest energy consumers in our portfolio. To reduce CO2 emissions and reduce consumption we have installed nearly 50 submeters which are connected to the central energy management system. This has enabled us to monitor usage and target areas where we consume excess electricity. Because of these submeters we have been able to identify areas where weekend usage remained higher than the required baseload.

We have installed efficient lighting in most areas of the building and will continue to replace inefficient lighting on an on-going basis.

## **Learning and Development**

We have developed a five level training package to provide employees with consistent and leading edge knowledge and skills to enable them to deliver environmental improvements the Unipart Way. Level 1 provides basic awareness of the Unipart environmental policy; waste prevention, energy efficiency and pollution prevention whilst level 2 is more detailed and accompanied by test questions at the end. It is aimed at employees who perform tasks that have potential to cause significant environmental impacts. 100% of this target audience have successfully completed level 2 and a proportion of them are progressing to level 3.

All our environmental representatives have undergone BSI external training on the implementation of the requirements of the new 2015 ISO 14001 standard. This will help in the transition from the current standard requirements to the new one.



# *Environment*

*Our Head Office in Oxford has long been one of our worst performing sites from an Environmental Performance improvement perspective.*

## **The challenges at Head Office**

The nature and age of the building itself combined with the fact that it is inhabited by lots of different teams and departments makes it a particularly challenging site to engage on environmental issues. To overcome this we did the following:

- Established an Environmental Forum for Unipart House
- Appointed Environmental Champions for each floor
- Engaged the Forum and Champions to identify key environmental impacts and areas for improvement e.g. using 2/3 amount of electricity at weekends even though most people not in – we established this was largely due to monitors and other machines being left in 'standby' mode.

We then agreed plans to tackle each of these major issues including:

- Removal of bins from desks
- Establishment of recycling areas across every floor
- Inclusion of 'turn it off' checks on daily audits
- Addition of desk 'master-switches' to make it easy for people to turn off all electricity to their desk at the end of each day.

Roll out of these plans started in 2013 and has continued throughout 2014. Some early signs of improvement are encouraging – however we recognise we still have a long way to go and will be continuing monitor progress and performance very closely throughout 2015 and beyond.





**UNIPART**  
**GROUP**

# Environment

*Unipart is a member  
of the Oxford-  
based stakeholders  
which includes  
Local Government,  
Community Groups,  
University and  
Business organisations  
all working  
collaboratively  
towards the vision for  
a Low Carbon Oxford.*

## Sharing best practice externally

The Low Carbon Oxford strategy is a 'bottom up' approach relying largely on action by businesses, communities and households working individually and in collaboration within a framework of targets, monitoring and networking to share best practice.

Unipart have signed up to a Pathfinder Group of leading organisations in Oxford, who have agreed to adopt the vision and sign up to a charter and series of actions.

Unipart has a representative on the programme board and is involved in a number of key Pathfinder projects where we believe our capabilities and expertise can make a difference, including

- The 'Synergy Energy Saving Group' whose objective is sharing best practice on energy saving methods
- Looking at lower carbon ways of travelling to work in Oxford
- Reviewing the feasibility of a freight consolidation process for deliveries to central Oxford retailers.



## Recognition for our Environmental Management System

We believe that strong environmental management systems (EMS) are vital if performance improvement is to be achieved and maintained. Our management system provides a standardised and consistent approach in areas such as compliance, waste management and energy efficiency. The EMS provides clear expectations to our employees. They also foster a spirit of teamwork and best-practice sharing across the Company. In 2014, 13 of our sites achieved ISO14001 accreditation and we plan to increase this to 14 sites in 2015.

Having gone through comprehensive audits to benchmark environmental management performance against the latest best practice, four of our sites (Honeybourne, Baginton A, Baginton B and Cowley DC) achieved the 5 star status. All four sites qualified for the Globe of honour. The audits particularly highlighted the strength of environmental performance monitoring and tracking processes and local leadership and employee engagement in environmental issues.

# Environment

<i>Objective</i>	<i>Target</i>	<i>2013 performance</i>	<i>2014 performance</i>
<b>Reduce total waste</b>	4% reduction (tonnes/head)	Yes (-8%)	No(-1%)
<b>Increase proportion of recycled waste</b>	3% increase	No (+2.0%)	No(+2%)
<b>Purchase green energy</b>	Purchase at least 75% electricity on green tariff	Yes	Yes
<b>Reduce carbon emissions</b>	3% reduction (tonnes CO2/head)	No (-1%)	Yes (-4%)
<b>Reduce water consumption</b>	3% reduction (m3/head)	No (-2%)	Yes (-39%)
<b>equivalent</b>	major sites	sites	50% sites



# Environment

## Our Environmental Performance

We take climate change seriously and we have set demanding targets. We continue to make steady progress to deliver against these targets. Carbon emissions overall continue to show a year on year improvement. A significant proportion of our emissions come from use of electricity.

Water usage across the Group has reduced significantly in 2014. Water usage is primarily for domestic purposes and there were significant improvements due to installation of push taps and proactive leak management.

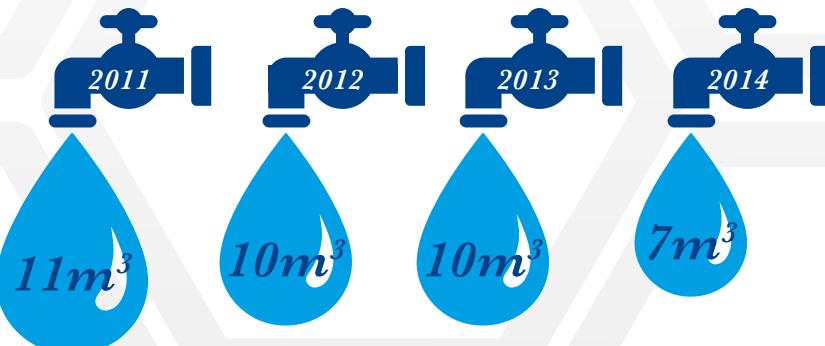
Total waste produced continues to reduce despite the increase in services such as repair, refurbishment and re-processing which, by their nature, produce waste. We have focussed our efforts on waste minimisation and prevention.

A continued focus on recycling across all of our sites is reflected in the year-on-year increases in the proportion of waste which is recycled. A number of our sites have achieved 100% recycling rates and the expertise gained at these locations is being shared with those sites with lower rates.

*Co2 emissions per head*



*Water usage per head*



# *Environment*

*Total waste per head*



*%Waste Recycled*

