

GENDER PAY REPORT

Under new regulations which came into force in 2017, all employers with more than 250 employees are required to publish their gender pay gap. Unipart Group encompasses a number of different businesses operating across a diverse range of sectors of the UK economy. Our gender pay report reflects our diverse operations and is done for each of our employing entities that fall into the category of employing more than 250 people.

Unipart Group is proud to have been one of the few UK companies that have previously published information on our gender pay gap as part of our corporate responsibility reporting and this was done on the basis of difference between male and female basic hourly rates. This voluntary reporting reinforced our ongoing commitment to equal pay and also encouraged us to seek ways to reduce our gender pay gap through encouraging more women to join our businesses, which traditionally have attracted more men, and having effective and inclusive talent pipelines.

The format for calculating and reporting on gender pay that has been introduced under the new regulations has offered new insights into gender pay across our businesses and we are very pleased to report that our median gender pay gap, which varies from 5.3% in favour of women to 7.68% in favour of men, is far better than the national average of 18.1% (*Office of National Statistics 2016*).

We know that, if we are to continue to be successful and meet the huge challenges of the 4th Industrial Revolution as well as Brexit, we need to attract, develop and retain talent that reflects the diversity of society as a whole. To this end, over the past several years, we have given careful consideration to the factors that might underpin our gender pay gap; and we have been working on developing policies and programmes aimed at achieving a balanced and diverse workforce where everyone is encouraged to be their very best and has an equal opportunity to be great.

An overview of our pay and bonus gap

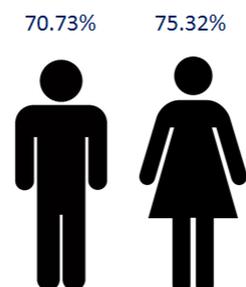
As a group of companies, under the new regulations we are required to report separately on each of our legal entities with at least 250 employees - we have four such entities as listed below.

Unipart Group Ltd

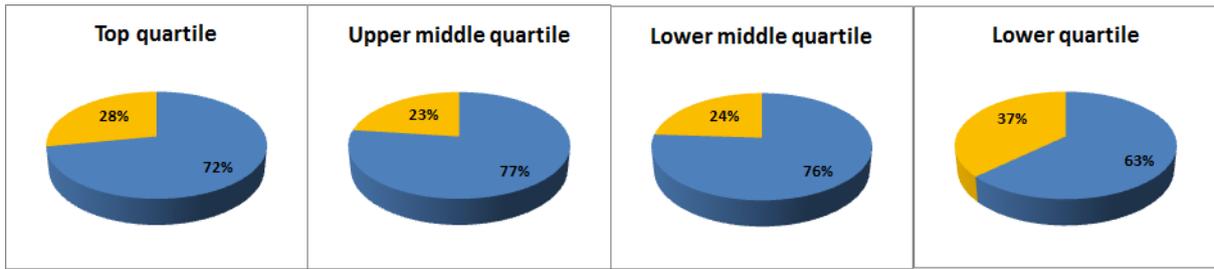
Difference in pay and bonus between men and women

	Mean	Median
Hourly pay	7.25%	6.11%
Bonus	19.33%	11.66%

Proportion of employees receiving a bonus



Distribution of employees across our pay quartiles



Unipart Powertrain Applications Ltd

Difference in pay and bonus between men and women

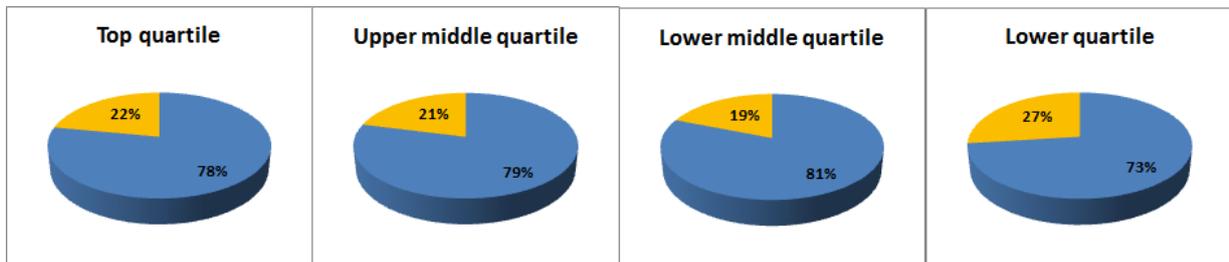
	Mean	Median
Hourly pay	6.79%	1.90%
Bonus	-2.23%	-11.76%

Proportion of employees receiving a bonus

30.82% 21.28%



Distribution of employees across our pay quartiles



Women
Men

Kautex Unipart Ltd

Difference in pay and bonus between men and women

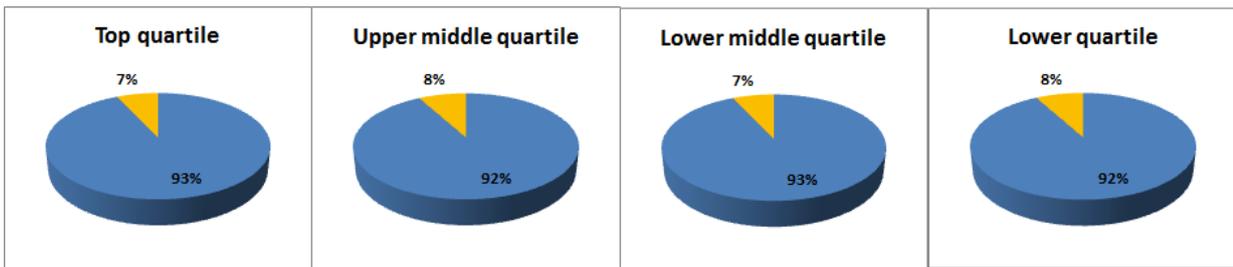
	Mean	Median
Hourly pay	0.92%	-5.36%
Bonus	-81.89%	22.13%

Proportion of employees receiving a bonus

88.69% 81.82%



Distribution of employees across our pay quartiles



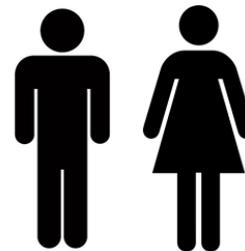
Unipart Rail Ltd

Proportion of employees receiving a bonus

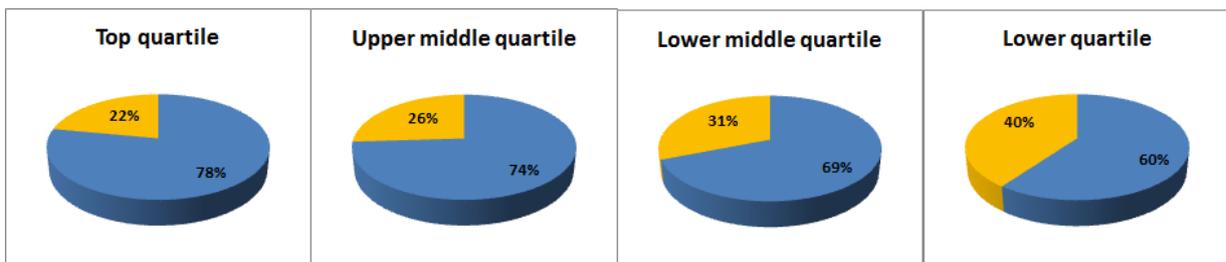
Difference in pay and bonus between men and women

10.85% 16.92%

	Mean	Median
Hourly pay	9.99%	7.68%
Bonus	16.40%	-16.71%



Distribution of employees across our pay quartiles



Women
Men

Understanding our Gender Pay Gap

To understand our gender pay gap it is important to understand our history and growth as an organisation, as well as the trends and challenges of the specific sectors in which we operate.

Unipart Group is a privately owned company with origins in the automotive sector; latterly expanding into rail and manufacturing. All of these sectors have traditionally attracted more male employees and this is reflected in the composition of our workforce which has a 7:3 male to female ratio.

In addition to this, as an organisation we have generally experienced very low levels of turnover at a senior level. Such low turnover is important to our organisation which invests heavily in the training and long term development of people, particularly in The Unipart Way (a system which defines our philosophy and way of working); however it also means that our plans and activities that aim to increase diversity at a senior level will take time to deliver results.



We want to increase the number of women in our business and to do this we need to increase the number of women who apply for roles with us. We firmly believe in employing best candidate for each job, consequently our senior female leaders can be confident that they are in role because of their performance and capability, not their gender. In order, therefore, to address the imbalance at a senior level we are choosing to focus our efforts on a range of programmes aimed at attracting more women into our organisation, for example, we have looked hard at the criteria for making it as easy as possible for women and men to balance the demands of family life with work and developing inclusive talent pipelines to develop a more diverse profile amongst our senior leadership teams.

Closing the Gap

Encouraging women into STEM careers

At Unipart we have a long established strategy to '**Encourage young people into adopting careers in Logistics and Manufacturing**' based on our realisation that, if we are to secure the resources that we need to sustain and grow our businesses, we need to take a proactive role in working with and supporting schools and colleges to develop the industry-ready employees 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 and backgrounds. 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 and logistics. Levels of engagement in the work carried out in our operational sites increases as the age of the students involved rises, culminating in students using their skills to solve real-life engineering problems.

These community programmes are aimed equally at boys and girls; however an important element is dispelling the gender stereotypes that surround the industries in which we operate and emphasising that careers in Logistics and Manufacturing are for all.

Recruitment

Over recent years we have thoroughly examined our recruitment practices to better understand the applicant profile and enable us to increase the diversity of this profile.

We have taken simple steps such as changing the images used in campaigns to reflect society more widely and we are targeting advertising and other methods of attracting applicants to those methods that we have identified give us the most diverse range of applicant.

We have looked hard at the criteria for roles in the operational parts of our business and questioned our own assumptions regarding certain requirements, for example to have previous experience in similar operational environments. As a consequence of this in one of our businesses we saw a notable increase in female applicants and appointed a number of women into senior roles in operational areas.



We use assessment tools and methods from reputable and British Psychological Society accredited sources and are careful to deploy these tools as required for specific roles - rather than simply across the board.

We are very aware of the impact of unconscious bias on individual hiring decisions and require all those who are regularly involved in recruitment decisions (particularly within the HR Function) to undergo Diversity and Inclusion training which aims to remove unconscious bias from our recruitment processes.

Inclusive talent pipelines

We recognise that if we are to close our gender pay gap we need more women - not just in senior roles but across the whole spectrum. Consequently our commitment to people development applies across our entire workforce at all levels. We have created an employee development philosophy which we call 'Gate to Great'. This enables each employee to reach his or her full potential at a rate of learning matched to his or her 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.

All employees within the business have 'Gate to Great' development plans (called their Gate to Great Journey) appropriate to his or her role and aspirations.

Nowhere is this better demonstrated than through our Future Leaders Programmes which include:

- Aspiring Team Leader programme (for operatives aspiring to be a Team Leader)
- Team Leader Accreditation
- The Engaging Leader Programme
- Leader of the Future
- High Potential Programme (Senior Leaders of the Future)

We carefully monitor progression of women in our Company by, amongst other things, tracking promotion rates. Since 2016, 34% of those receiving a promotion were female; which is a positive trend given that women comprise less than 30% of our workforce. We also monitor how many women work in our operational areas and are developing into leadership roles. One way in which we do this is by tracking the percentage of female team leaders which currently stands at 23%. Although this is lower than our current target of 30% (to reflect the percentage of women in the business overall) it represents an improvement over previous years. We will continue to seek ways in which we can encourage more women into operational roles and into our Operations Development Programmes.

Flexible working and family friendly policies

If we are to tackle some of the challenges that underpin gender pay we need to make it easy as possible for women AND men to balance the challenges of family life with work; in particular after maternity leave.

We recognised this many years ago and, in addition to part-time and working from home policies, we introduced a Flexible Working Policy long before it became a legal requirement. This enables both men



and women to request working patterns and arrangements that enable them to meet the demands of their home life alongside their role in Unipart.

These policies are a strong retention tool and make a significant contribution to improving retention of valuable skills across our organisation.

In addition we are seeking to establish mentoring programmes for those returning from maternity/shared parental leave to provide additional support at a time that can be particularly unpredictable and challenging.

Conclusion

As a responsible business we recognise our critical role in eliminating the gender pay gap. For us this means continuing to encourage more women to apply for jobs in our businesses at all levels and having inclusive talent development pipelines to help address the gender imbalance at the most senior levels of our organisation. We do this, not only because it is the right thing to do from a gender pay perspective, but also because we believe encouraging more women into our businesses is the right thing to do from a commercial perspective.

John Neill
Chairman and Group Chief Executive
Unipart Group