

GENDER PAY REPORT

Unipart Group has long recognised that having a diverse and engaged workforce is key to our success. For many years we voluntarily published information on our gender pay gap as part of our corporate responsibility reporting and we have continually sought ways to pay gap through encouraging more women to join our businesses, which traditionally have attracted more men, and having effective and inclusive talent pipelines.

This work is delivering real results in terms of the gender divide at the most senior and therefore highest paid levels of our company, although it has yet to be reflected in our pay gap numbers which are subject to numerous other variables.

Our business has seen significant change since we reported on our pay gap in with over 30% of our colleagues having transferred in or out during the 12 month reporting period. This is reflected in our numbers which are vary significantly from those previously reported, with increases in some areas and decreases in others. Despite this, our median gender pay gap, which varies from 15.76% in favour of women to 16.76% in favour of men, is still better than the national average of 17.9% (*Office of National Statistics 2018, Gender pay gap for full and part time workers*).

We know that, if we are to continue to be successful and meet the huge challenges of the 4th Industrial Revolution as well as our exit from the European Union, we need to attract, develop and retain talent that reflects the diversity of society as a whole. To this end, we remain committed to our policies and programmes aimed at achieving a balanced and diverse workforce where everyone is encouraged to do their very best work every day and has an equal opportunity to be great.

An overview of our pay and bonus gap

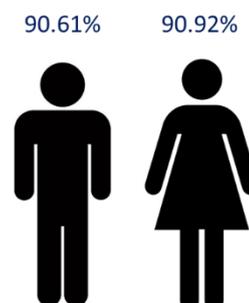
As a group of companies, under the new regulations we are required to report separately on each of our legal entities with at least 250 employees - we currently have three such entities as listed below.

Unipart Group Ltd

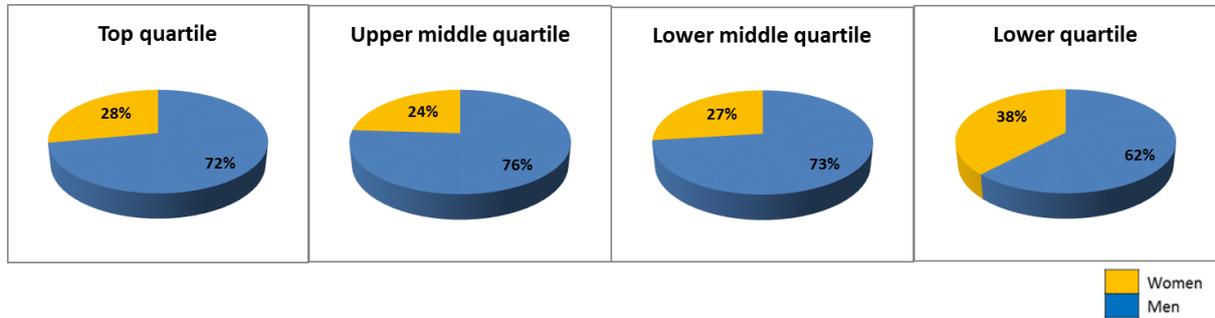
Difference in pay and bonus between men and women

	Mean	Median
Hourly pay	9.68%	7.37%
Bonus	20.08%	12.51%

Proportion of employees receiving a bonus



Distribution of employees across our pay quartiles



Kautex Unipart Ltd

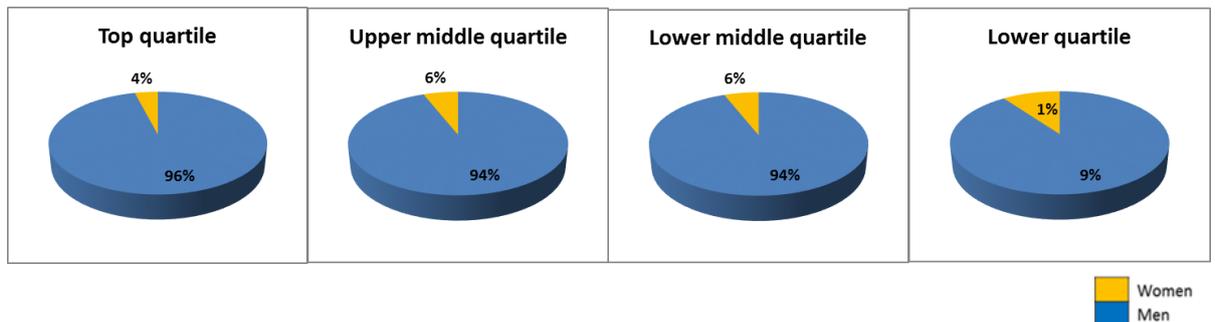
Difference in pay and bonus between men and women

	Mean	Median
Hourly pay	-5.41%	-15.76%
Bonus	-31.48%	13.89%

Proportion of employees receiving a bonus



Distribution of employees across our pay quartiles

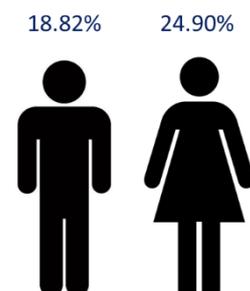


Unipart Rail Ltd

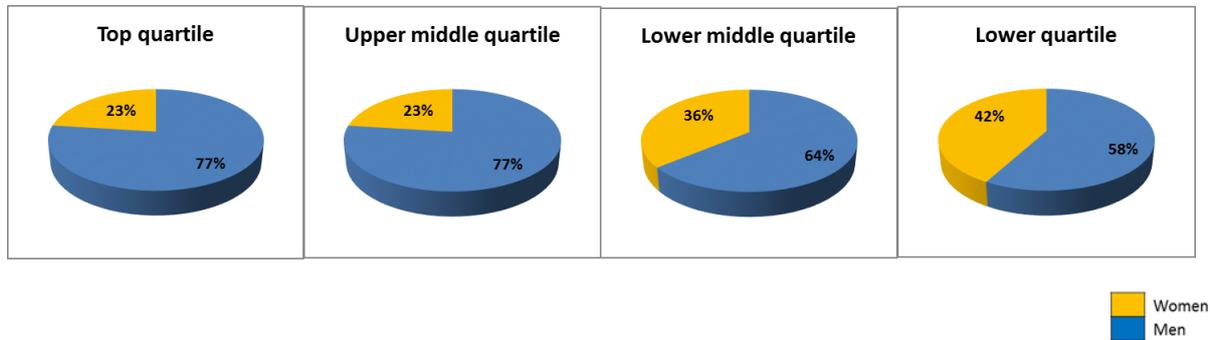
Difference in pay and bonus between men and women

	Mean	Median
Hourly pay	13.89%	16.76%
Bonus	18.84%	-17.94%

Proportion of employees receiving a bonus



Distribution of employees across our pay quartiles



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.

Furthermore, we frequently face significant changes in the composition of our workforce over which we have limited control, as a result of TUPE transfers in and out of our business that result from business changes. In the 2017/18 reporting period we experienced a particularly significant series of changes of this nature which saw a 30% change in our composition. This has impacted our pay gap numbers in every part of our business, with our rail division being particularly impacted as a result of a number of small acquisitions of specialist engineering-type businesses. These businesses primarily employ male engineers on high levels of pay, so given the already quite small proportion of women in this business these acquisitions have had a significant impact on our gender pay numbers.

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 girls and 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, albeit in 2018 our Manufacturing Business elected to work with an all-girls' school on 'Go4Set', a 10 week STEM project for 12-14 yrs olds that forms part of the Industrial Cadets programme.

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 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 – and not just in senior roles. 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)
- Leadership Development Programme (team leaders and first level line managers)
- High Potential Programme (Senior Leaders of the Future)
- Senior Leaders Development Programme

We carefully monitor progression of women in our Company by, amongst other things, tracking 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 29%, reflects the percentage of women in the business overall and is an improvement over previous years..

We also monitor how many participants in our Leadership and Senior Leadership Development programmes are women. This currently stands at 20% and we are considering ways in which we can encourage more of our female employees to put themselves forward for these programmes.

In addition to this we track the proportion of our managers who are female. This currently stands at 43% which compares favourably to the overall proportion of our workforce who are women.

The result of this work is beginning to manifest itself at our most senior leadership team level (the General Leadership Team) where the percentage of women increased during 2017/8 from 14% to 27% which much better reflects the gender split across our organisation.

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 the birth or adoption of a child or when faced with caring for relatives with long term health conditions or who are elderly.

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.

Conclusion

As a responsible business we recognise our critical role in eliminating the gender pay gap. The insights we gain from our pay gap reporting help us to evolve our programmes, albeit we accept that it will take time for the impact of these programmes to reflect in our pay gap numbers, particularly in light of the very variable nature of our workforce composition.

We remain absolutely focussed on encouraging 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. I am delighted to see the results of these programmes reflected in the increased number of women joining me on our most senior leadership team.

John Neill
Chairman and Group Chief Executive
Unipart Group