G&W UK/Europe Region Companies

Gender Pay Gap report

Snapshot data April 2018

Freightliner Ltd
Freightliner Heavy Haul Ltd
Pentalver Transport Ltd
Pentalver Cannock Ltd
G&W UK/Europe Region companies (‘G&W Group’) do not discriminate on the basis of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. It also does not discriminate on the basis of any other irrelevant factors and is building a culture that values meritocracy, openness, fairness and transparency.

While the G&W Group remains confident that there are no issues with regard to equal pay within its businesses, it is clear there needs to continue to be a focus on the Gender Pay Gap, particularly with regard to encouraging more women into the industry which is the key to addressing the Gender Pay Gap differential.

Data is per April 2018. In the table below, the four companies in the coloured cells, make up approximately 75% of the G&W Group and are primarily the Operational businesses.

<table>
<thead>
<tr>
<th></th>
<th>Freightliner Ltd</th>
<th>Freightliner Heavy Haul Ltd</th>
<th>Pentalver Transport Ltd</th>
<th>Pentalver Cannock Ltd</th>
<th>Freightliner UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Females</td>
<td>8%</td>
<td>5%</td>
<td>10%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Mean Gender Pay Gap</td>
<td>15%</td>
<td>33%</td>
<td>44%</td>
<td>42%</td>
<td>18%</td>
</tr>
<tr>
<td>Median Gender Pay Gap</td>
<td>19%</td>
<td>47%</td>
<td>43%</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Mean Gender Bonus Gap</td>
<td>29%</td>
<td>92%</td>
<td>66%</td>
<td>100%</td>
<td>59%</td>
</tr>
<tr>
<td>Median Gender Bonus Gap</td>
<td>43%</td>
<td>87%</td>
<td>75%</td>
<td>0%</td>
<td>85%</td>
</tr>
<tr>
<td>Proportion of staff receiving Bonus (M/F)</td>
<td>5%(M) 10%(F)</td>
<td>5%(M) 16%(F)</td>
<td>54%(M) 32%(F)</td>
<td>0%(M) 40%(F)</td>
<td>7%(M) 21%(F)</td>
</tr>
</tbody>
</table>

Pay Quartiles By Gender

A (Lower Quartile) 80%(M) 12%(F) 80%(M) 12%(F) 38%(M) 62%(F) 50%(M) 50%(F) 84%(M) 16%(F)
B (Lower Middle Quartile) 89%(M) 11%(F) 96%(M) 4%(F) 0%(M) 100%(F) 91%(M) 9%(F) 93%(M) 7%(F)
C (Upper Middle Quartile) 92%(M) 8%(F) 98%(M) 2%(F) 29%(M) 71%(F) 73%(M) 27%(F) 93%(M) 7%(F)
D (Upper Quartile) 96%(M) 4%(F) 99%(M) 1%(F) 86%(M) 14%(F) 100%(M) 0%(F) 96%(M) 4%(F)

Since privatisation from British Rail and for the last 20 years, the Group’s overall proportion of women to men has always hovered around 8% - 10%. The Rail and Road industries have always had a heavy male bias especially in the operational or traditional “blue collar” roles. These roles make up the largest groups of staff and tend to be on the higher end of the salary scales as outlined below.

Example;

- Train drivers make up almost a third of the entire rail business
- Train drivers basic pay in 2018 was between £46,000 and £53,000 which puts them in the “Upper” and “Upper Middle” quartile ranges
- With overtime, 25% of train drivers earn between £70,000 and £100,000 per year which puts them well into the Upper Quartile, out-earning all but the most senior office based staff
- 98% of Train drivers in the group are men
- For the reportable companies, most of the support services which are departments with traditionally more females are handled by Shared Services in Freightliner Group Ltd which is 45% females

Specific facts for Freightliner Heavy Haul;

- Train Drivers make up 55% of Freightliner Heavy Haul headcount;
- Other Operating grades make up approximately 35% of Heavy Haul headcount;
• This leaves 10% office staff, the majority of whom are Operations Managers most of whom will have been promoted through the ranks internally and are therefore also male
• If there were just 20 female locomotive drivers in Freightliner Heavy Haul, the Median pay gap in Heavy Haul would drop to nearly zero

In the table above “Freightliner UK”, represents all of the G&W Group companies in the UK combined (approximately 2000 staff). While, these numbers show the business as being within the normal levels for the transport and logistics industry, this is not to suggest that the numbers are acceptable. G&W Group and the industry as a whole have a lot of work to do to encourage and attract more diverse talent.

Ongoing Action Plan
G&W UK Group has begun that journey by engaging in a number of projects including:

• Reviewing and benchmarking family friendly/health and well-being policies,
• Reviewing culture, policies and process to embed inclusive values as well as
• Training to reinforce culture change as well as specific training in removing unconscious bias
• Targeted recruitment to attract women into historically male dominated roles
• Large financial investment in updating and unifying systems and technology across the Group which will allow much greater control and analysis of our staff metrics
• Ramping up of the diversity and equal opportunity agenda including the involvement of the relevant unions to look at an industry leading standard

These are already beginning to pay dividends with nearly 25% of our graduate driver intake for the last 12 months being female. Once qualified as competent drivers, this will increase our number of female drivers by nearly 200%.

New HCM, recruitment, appraisal and training software which is due to roll out later this year will enable the company to access a better data to identify barriers to gender equality and inform the business of clear priorities for action.

None of the initiatives will, of themselves, remove the gender pay gap, and some will take significant time before making an impact. Due to the nature of the industry, if we can encourage more females to apply for operational roles, particularly train driver roles, there would be a significant improvement to the company’s gender pay gap results. We firmly believe that with modern technology being employed in many of the front line roles, there is no reason why women would be unable to do any of the roles.

In the meantime the G&W Group is committed to annual reporting on what it is doing to reduce the Gender Pay Gap and the progress it is making.

Mark Whitcher
Head of HR – Planning & Compliance
April 2019