

# Pandemic profiteers: GXO Logistics acquires Clipper Logistics in billion pound deal

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UK-based warehousing company Clipper Logistics is set to be acquired by the world's largest contract logistics provider, GXO Logistics. The cash and stock share acquisition deal is worth £943 million and due to be completed this summer.

GXO has roughly 100,000 employees across 869 sites globally. Clipper has 10,000 at 52 across Europe.

Announcing the deal, Clipper's executive chairman Steve Parkin salivated, "The offer from GXO gives shareholders the opportunity to receive a high portion of cash at a significant premium to the prevailing share price and a premium to the all-time closing high, whilst also being given the opportunity to benefit in the potential future upside in the combined group."

Malcolm Wilson, chief executive of GXO, commented, "Together, GXO and Clipper have a one-of-a kind growth opportunity."

Both companies are reaping the rewards of the pandemic. Profits have soared across the logistics sector due to the COVID-19 crisis that has caused a dramatic growth in online shopping. In 2020, online retail accounted for an average of 28.1 percent of all retail sales, up from 19.2 percent in 2019.

Clipper's revenue for the six months to October 2021 was £406 million, up 33.1 percent on the year before; its profit before tax grew 12.6 percent to £16.1 million, coming on top of a 38.2 percent increase in the first year of the pandemic.

Parkin's base level remuneration was £512,000 in the year ending April 2021. But he cashed shares to the tune of £62 million that January. Shareholder's dividends increased 14.3 percent in 2020 and another 12.5 percent in 2021, with over £7.2 million paid out in 2021.

GXO's revenue for 2021 was \$7.9 billion, up 28 percent on 2020. Its earnings before interest, taxes, depreciation, and amortization increased from \$457 million to \$633 million.

CEO Malcom Wilson is paid a base salary of £468,000, plus pension, insurance and car entitlements. The company's annual incentive plan allows him to double or triple that. Other incentives include an award of \$850,000 for company performance in 2021 and a gift of 120,000 stock options on taking up the position last year.

These vast fortunes, and the extensive personal luxuries they afford their owners, were built by the two companies' tens of thousands of employees forced to work for a pittance amid a raging pandemic. Median annual pay and benefits at Clipper are £20,835, with GXO paying similar rates. While shareholders and management were patting themselves on the back for record profits, workers across the country were falling ill, forced to work in unsafe conditions and threatened for raising the alarm.

In March 2020, workers at the Clipper warehouse in Ollerton, Nottinghamshire, told the BBC that the company was "putting lives at risk" and that they were being "crammed into corridors". One explained, "There's easily 100 to 200 people in the hallway, all having to press the same security buttons, having to clock out with the same finger scanners." The site processes refunds for Marks & Spencer and River Island.

Workers' concerns were dismissed. One explained, "When I voiced my opinions and said I felt unsafe one manager said, 'Just think of how many people die of cancer every year'." Another manager responded, "At this time all I care is about getting refunds processed".

The same month, Clipper sent an email to employees at its Northampton e-fulfilment centre, responsible for Zara clothes, claiming that any coughing and sneezing was likely to be hay fever. It threatened that in any case, "If, in a rare instant, the site has a case of COVID-19, the site will not close... Therefore, there is no point in telling people you have the virus when you do not. Anyone who behaves in this way will be investigated through the disciplinary process and please note this is a breach of

H&S [health and safety], and would be treated as gross misconduct.”

In July 2020, an outbreak of dozens of cases at Clipper’s Pretty Little Thing (PLT) distribution centre in Sheffield, England, served as a contributory factor in the local lockdown of the city. One worker who became infected told the *Sunday Times*, “I caught it from the warehouse. There’s no way I should have been working. How is distributing cheap women's fashion essential?”

Others warned that the distribution centre was “a breeding ground for the virus”. Speaking anonymously for fear of victimisation, they described the lack of even the facilities to wash their hands—with only four soap dispensers in a 650,000 square foot warehouse, the size of 15 football pitches—and having to conduct their work in 4-foot-wide aisles, largely unable to socially distance.

Three months earlier, in April 2020, a worker at the warehouse had told the *Yorkshire Post*, “They won’t furlough us and I need the money, my wife is begging me not to go in and I don’t want to take it home to her but I’m not well paid.” Describing the conditions inside, he said, “You’re still passing people, you’re still queuing for lockers where there are 100 other people. I see on the news about social distancing then there’s 300 of us all in the warehouse.”

In April 2021, an outbreak at Clipper’s warehouse in Selby, which processes ASOS returns, was linked by public health officials to a sharp rise in the town’s infection rate—ultimately climbing to the highest level in England for the seven days to April 22. Clipper admitted the workforce had been “significantly affected” but insisted there was no evidence of transmission within the warehouse.

Workers told a local councillor that social distancing and mask wearing were not being enforced, that conditions were like a “sweatshop”, and that the company was creating a “culture of fear”.

At GXO, previously a part of XPO Logistics, at least 77 workers tested positive in a single outbreak in August 2020 at a warehouse run for supermarket Iceland in Swindon. Over 60 people, more than 10 percent of the workforce, were infected in an XPO warehouse supplying supermarket Morrisons in Bellshill, Scotland. The company’s policy is to dock the first three days of wages from workers off sick, pushing people to work while infected.

In addition to this ruthless exploitation, the multi-billion and million-pound companies both benefited from some of the many government handouts to the corporations on

offer during the pandemic.

Between December 2020 and February 2021, the only period for which figures are available, XPO received between £12 and £25 million in furlough money. If this rate of support was consistent throughout the pandemic, the company could have been paid more than £100 million while it was handing out multimillion pound bonuses.

Clipper received a secretive and lucrative Personal Protective Equipment (PPE) contract worth £11 million. The company’s chairman Steve Parkin is a major donor to the ruling Conservative Party, having given eight cash donations totalling £730,000.

The same story could be told of corporations all over the world. Amid the social catastrophe of the pandemic, their billionaire owners have literally made a killing, continuing their grotesque self-enrichment at the expense of the working class.

In the UK alone, the logistics sector employs some 215,000 workers, directly contributing £127 billion Gross Value Added to the British economy each year, which they have the power to bring to a standstill. The fact that such a decisive section of the working class can be so abused is thanks to the trade unions, which work to suppress and sabotage opposition.

It is critical that workers at Clipper, GXO and throughout the sector and the wider economy draw the lessons of the last years. To that end, the *World Socialist Web Site* is conducting a Global Workers’ Inquest into the COVID-19 Pandemic. We urge workers and youth to contribute your experiences today.



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