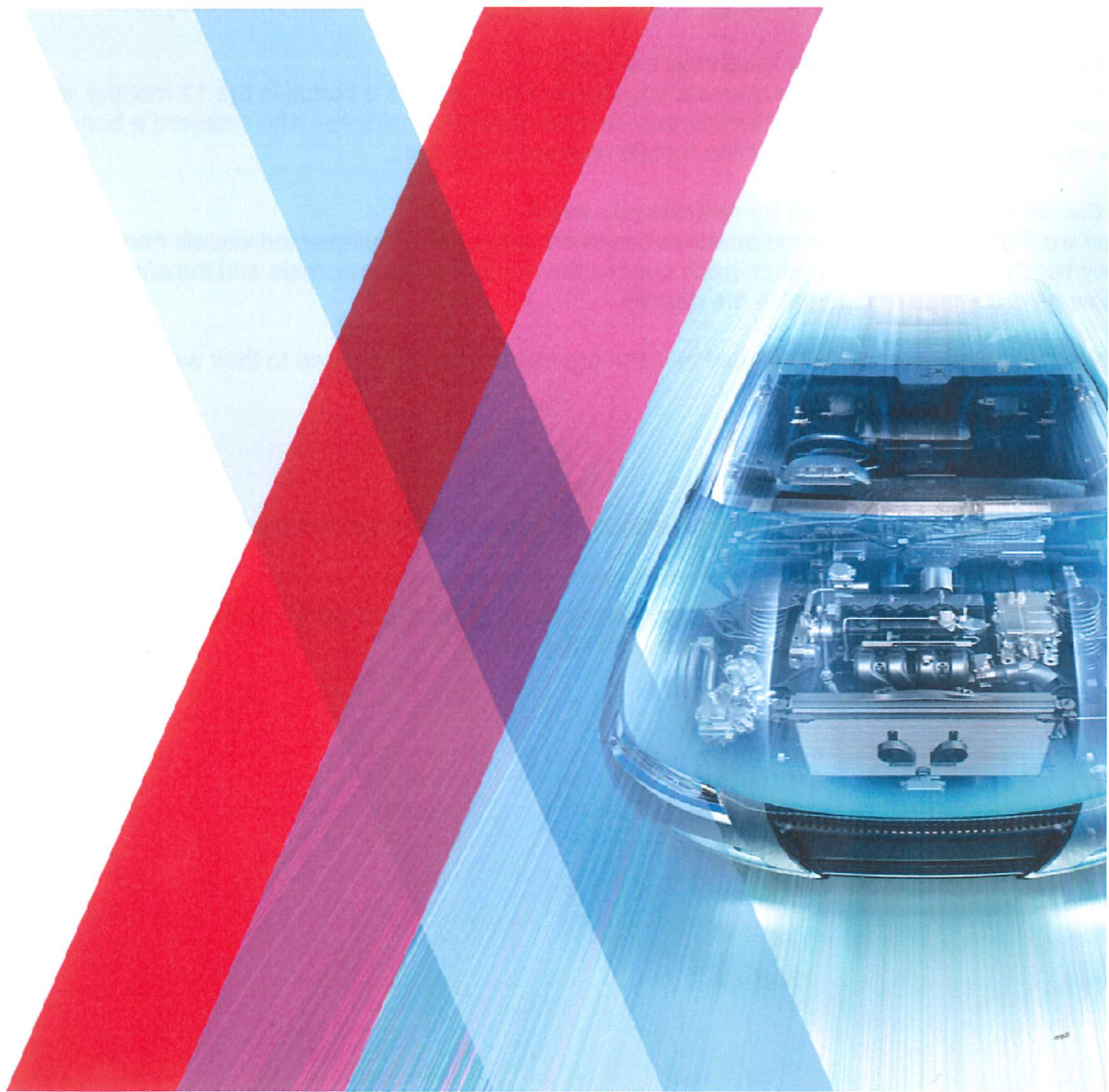


DENSO

Crafting the Core



DENSO Manufacturing UK Ltd

Gender Pay Gap Report 2023

Foreword

Legislative requirements

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires all UK companies with employees of 250 or more to publish specific gender pay information, as below:

Mean and Median Gender Pay Gap

This is the difference in hourly pay of male and female full-time relevant employees per April time period snapshot, expressed as a percentage of the hourly pay of male relevant employees.

Mean and Median Bonus Pay Gap

This refers to the bonus pay paid to male and female relevant employees during the 12 months prior to the snapshot date, expressed as a percentage of the bonus pay paid to male relevant employees.

Proportion of males and females receiving a bonus

Bonus pay proportion refers to male relevant employees who received a bonus in the 12 months, expressed as a percentage of the male relevant employees; female relevant employees who received a bonus in the 12 months, expressed as a percentage of the female relevant employees.

Proportion of males and females by quartile pay band

Organise workforce into evenly sized quartiles based on ranking of all full-pay individuals from highest to lowest by hourly rate of pay. Report on each quartile the number of full-pay male and females in each quartile as a percentage of the total in the quartile.

The information must be published annual by each organisation and uploaded to their website and a Government website.

What is the gender pay gap?

The Gender Pay Gap is a measure of the differences in average earnings between men and women within an organisation.

The Gender Pay Gap is different to Equal Pay, which relates to men and women receiving equal pay for work of equal value and is a legal requirement within the UK.

DENSO Manufacturing UK Ltd

Originally a joint venture as Nippondenso (DENSO and Magnetti Marelli in Italy) in 1990, then later established as DENSO Manufacturing UK Ltd (in 1996), the Company carries out a wide variety of manufacturing processes to supply HVAC (Heating, Ventilation and Air Conditioning) units, radiators, and ECMs (Engine Cooling Modules) to a distinguished portfolio of vehicle manufacturers located across the UK, Europe and Internationally, including Jaguar Land Rover, and Toyota.

As a socially responsible business, with a strong Japanese heritage, DMUK actively pursues its Corporate Social Responsibility (CSR) programme based on DENSO Group's Philosophy of "Contributing to a better world by creating value together with a vision for the future" and its Long-term policy of "Bringing hope for the future for our planet, society and all people".

The Company has established a Monozukuri Skills Promotion Centre which forms the hub of our future manufacturing, technical and career pathway development activities within the Company. Additionally, the Monozukuri Skills Promotion Centre acts as the conduit for the engagement and attraction of future generations of talent to DMUK, as well as providing the opportunity for local educational establishments to work in collaboration with the Company on engaging, educating and preparing students for working life and the required foundation skills.

Under its Corporate Social Responsibility actions, which are aligned to the United Nations Sustainable Development Goals, the Company maintains its status as an active community citizen and works collaboratively with a number of key local charitable organisations and educational establishments to tangibly contribute to the local community.

The Company has received a number of internal and external recognition awards, including the International CSR Excellence Awards in 2017 and 2019 and the Green World Awards in 2017. Internally DMUK has been recognised with the DENSO Presidents Award for Excellence (Safety, Quality and Performance) in 2017 and the DENSO Care Award (Social Responsibility) in 2019.

The Company is a recognised Investors in People, retaining Silver certification in 2023.

DMUK is a Green Business Award Winner and a zero-landfill operation since 2006. The company is also accredited to the ISO 45001 and ISO 14001 and IATF 16949 (formerly TS16949) standards.

Key Data

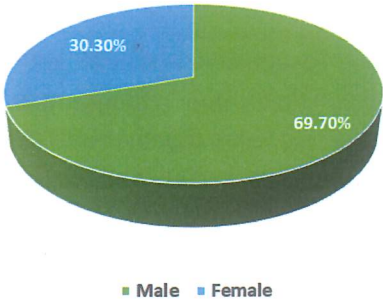
As per The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 the data used is taken as at 5th April 2023.

Total employees:

At 5th April 2023, DENSO Manufacturing UK Ltd employed a total of 561 Associates, undertaking a variety of roles including Production Operative and specialist engineering roles.

The largest proportion of the workforce is male, which is reflective of the manufacturing and engineering sectors.

Denso Manufacturing UK Ltd: Total Employees as at 5th April 2023



Mean and median gender pay gap

The mean gender pay gap is the difference in average hourly rates of pay received by male and female employees. This is calculated by taking all hourly rates of pay and dividing them by the number of employees in scope.

The median gender pay gap shows the differences in the midpoint of the ranges of hourly rates of pay received by males and females. This is calculated by ordering the rates of pay from lowest to highest and comparing the midpoint.

In 2023, we see a mean (average) pay gap of 20.92%, and a median (middle) pay gap of 12.22%. This is compared to a 2022 mean pay gap of 21.02% and median pay gap of 10.98%.

Mean
20.92 %
(female mean lower than male mean)

Median
12.11 %
(female median lower than male median)

Mean and median gender bonus gap

The mean gender bonus gap is the difference in the average bonus pay received by males and females.

The median gender bonus gap is the difference in the midpoints of the range of bonuses received by males and females.

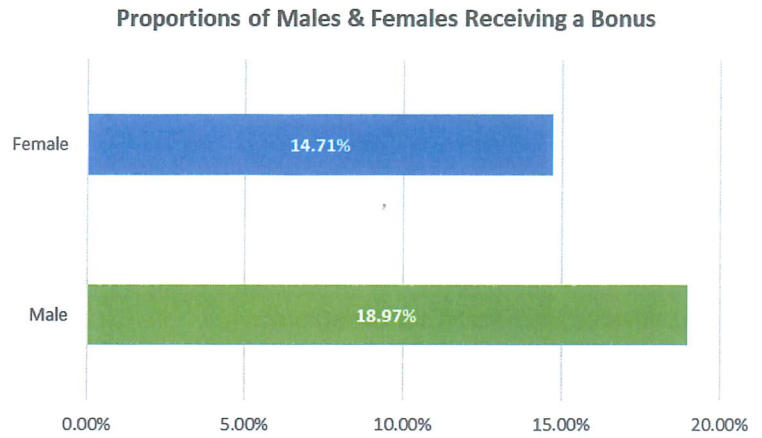
In 2023, we see a mean (average) bonus gap of 85.06%, and a median (middle) pay gap of 20%. This is compared to a 2022 mean bonus gap of 0.51% and median bonus gap of 0.00%.

Mean
85.06 %
(female median lower than male median)

Median
20 %
(female median lower than male median)

Proportion of males and females receiving a bonus

This is the proportion of males and females who received bonus pay in the 12 months up to 5th April 2023.



Proportion of males and females by pay quartile

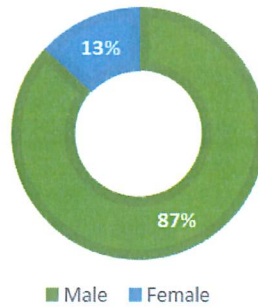
This is the proportion of males and females in quartile pay bands.

This is calculated by dividing our workforce into four equal parts, by salary.

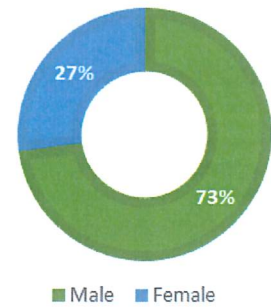
In 2023 the proportion of females within the upper quartile remains consistent in comparison to 2022, whilst we see a slight reduction in the proportion of females within the upper middle quartile.

When compared with 2022 data, for 2023 we see a marginal increase in the proportion of females within the lower and lower middle quartile.

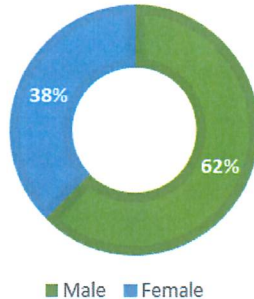
UPPER QUARTILE



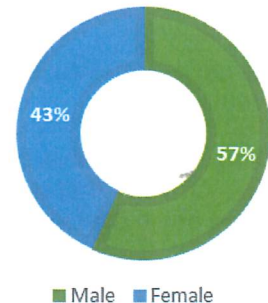
UPPER MIDDLE QUARTILE



LOWER MIDDLE QUARTILE



LOWER QUARTILE



Why do we have a gender pay gap at DENSO Manufacturing UK Ltd?

Under the Equality Act 2010, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

DENSO Manufacturing UK Ltd is committed to the principle of equal opportunities and equal treatment for all Associates, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability.

It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above).

Across the UK economy as a whole, the manufacturing and engineering sectors have traditionally been less attractive to females, leading to predominantly male working environments.

Men are also more likely than women to be in senior roles (especially very senior roles at the top of organisations) and also more likely to be in technical engineering roles, which attract higher rates of pay than other roles at similar levels of seniority.

The evaluation of our workforce shows that in 2023 there was a reduction in the number of Associates as a total from 584 in 2022 to 561 as at 5th April 2023. Whilst a reduction has been seen in the proportion of females employed within the business, we have seen a consistency in the proportion of females within the upper quartile when comparing year on year data.

This indicates that gender is not an influencing factor in progressing through the Company's pay structure, however balancing out diversity will take time.

DENSO Manufacturing UK Ltd is therefore confident that:

- Its gender pay gap does not stem from paying men and women differently for the same or equivalent work.
- Rather its gender pay gap is the result of the numbers of men and women employed by the company, the stability in the roles in which they work within the Company and the salaries that these roles attract.

Why do we have a gender bonus gap at DENSO Manufacturing UK Ltd?

Bonus payments included within the data are for long service payments and management performance payments.

The long service bonus payments were of a fixed amount paid to the qualifying associates regardless of gender. Of those that qualified for long service payments 66% were male and 34% female, which is reflective of the overall workforce.

The management performance bonus, whilst paid to all qualifying associates, these associates are senior members of the management team. DMUK believe in providing opportunity for associates to progress within the organisation and therefore members of the management team are likely to have a technical/engineering background which traditionally has been less attractive to females.

The majority of the management positions (including Senior Management roles) are held by males, with stable length of service and these roles attract a higher bonus opportunity based on performance.

Our future activity

DENSO Manufacturing UK Ltd is not complacent with regards to its gender pay and bonus gaps and it is committed to continuing to promote equality and gender diversity within the workplace.

Through its skills development and talent identification activity, the Company aims to provide the opportunity for career and salary advancement irrespective of gender.

In addition to continuing to recognise and promote on the basis of merit, the Company is committed to working with local educational establishments on STEM activities (Science, Technology, Engineering and Maths) to promote manufacturing and engineering as a career choice for young people of all genders, including the focus on engaging more females into the engineering and manufacturing sector.

We will continue to work closely with our local communities to provide a greater understanding of the opportunities and careers available within DENSO Manufacturing UK Ltd

Data Information

The figures set out in this report have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Pay data is taken from the pay period to 5th April 2023, are based on FTE adjusted pay received in the month of April 2023. Bonus payment data is based on actual payments made in the 12 months to 5th April 2023.

I, Phil Tomlinson, Head of Human Resources, confirm that the information in this statement is accurate.



Phil Tomlinson
Head of Human Resources
DENSO Manufacturing UK Ltd