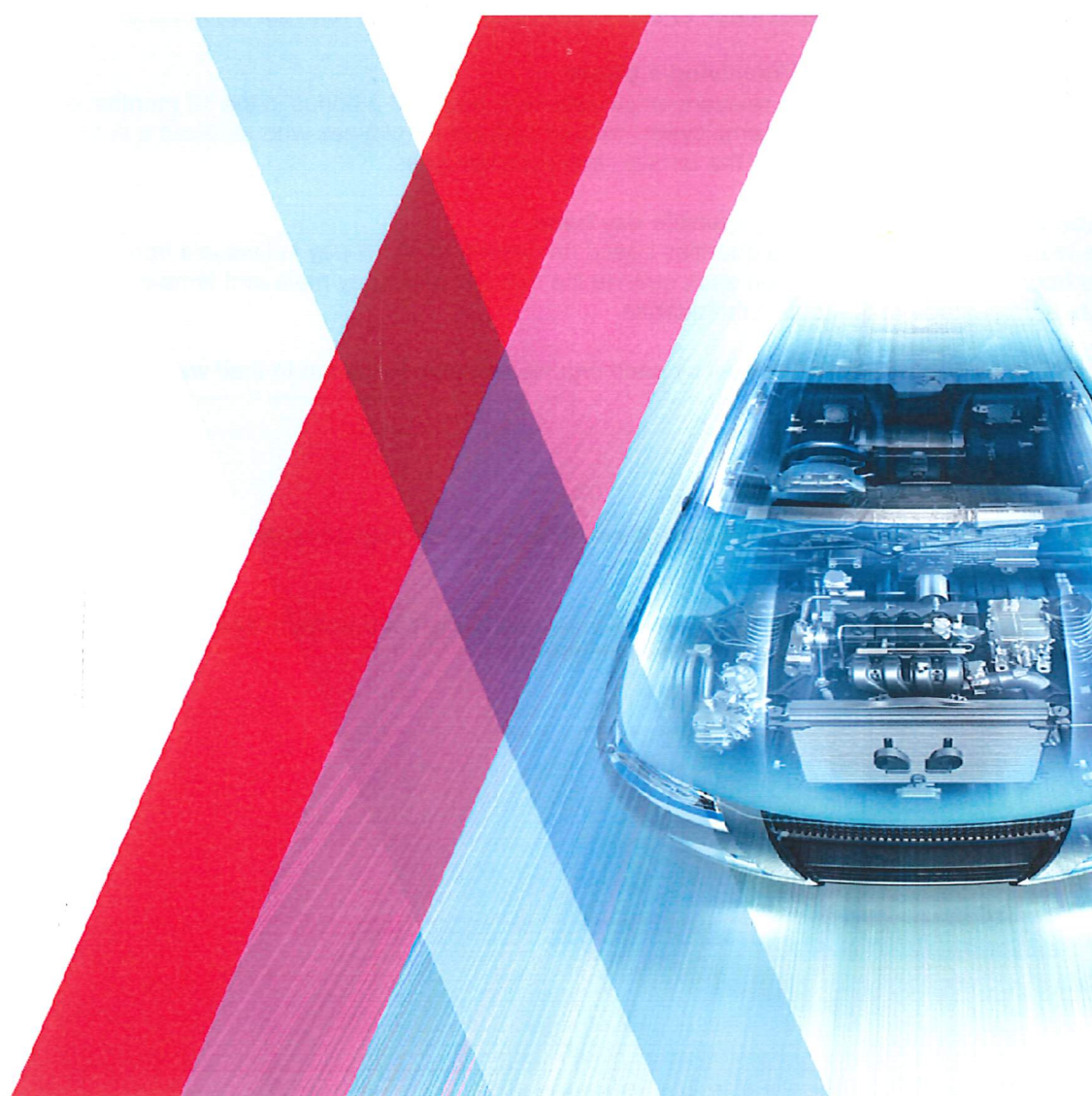


DENSO

Crafting the Core



DENSO Manufacturing UK Ltd

Gender Pay Gap Report 2021

Forward

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, Toyota, Honda and BMW.

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 2019.

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 15001 and IATF 16949 (formerly TS16949) standards.

Key Data

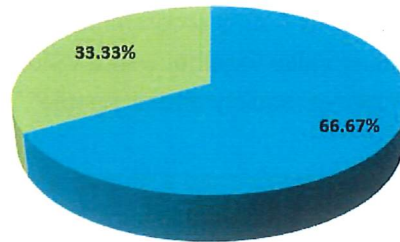
As per The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 the data used is taken as at 5th April 2021.

Total employees:

At 5th April 2021, DENSO Manufacturing UK Ltd employed a total of 633 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 2021



■ Male ■ Female

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 2021, we see a mean (average) pay gap of 21.66%, and a median (middle) pay gap of 9.44%. This is compared to a 2020 mean pay gap of 41.44% and median pay gap of 31.52%. Both the mean and median pay gap for 2020 were affected by the impact of the COVID-19 Pandemic on the number of Associates relevant for Gender Pay Gap reporting.

Mean

21.66%

(female mean lower than male mean)

Median

9.44 %

(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.

Mean

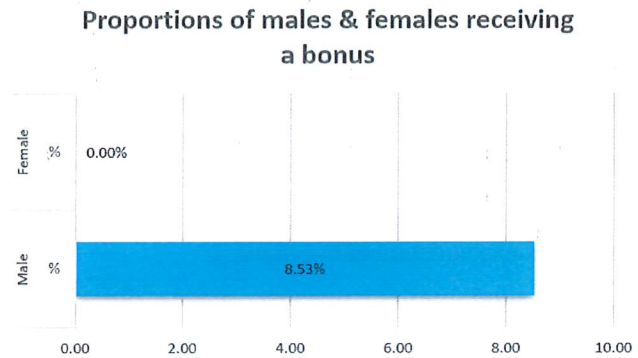
100%

Median

100%

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 2021.



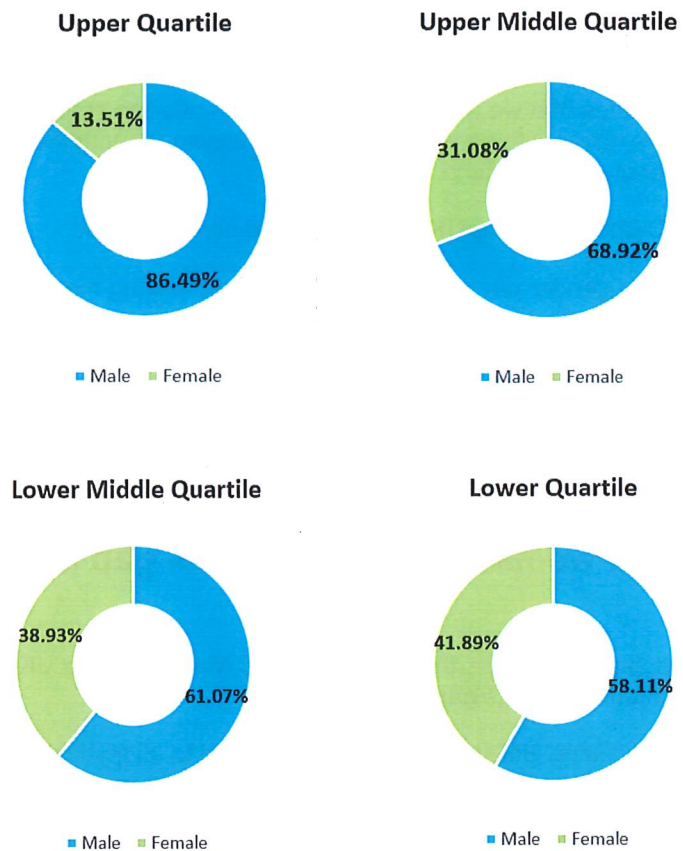
Proportion of males and females by pay quartile

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.

As a result of the COVID-19 Pandemic, in 2020 the proportion of males and females within the quartiles was affected by the number of relevant Associates in scope for Gender Pay Reporting purposes.

When reviewing against comparable data from 2017 and 2018, the number of females within the upper and upper middle quartiles has increased in 2021.



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.

As a result of the COVID-19 Pandemic the 2020 pay data was impacted by the number of relevant Associates at the snapshot date, this means 2021 data is not wholly comparable. The evaluation of our workforce shows that in 2021 the number of females (including as a percentage of the total workforce) employed within the Company is greater when reviewing against the last comparable data in 2018. Using this same comparison when reviewing pay quartiles, it shows an increase in the proportion of females in the upper mid and upper quartiles and a positive reduction of females in the lower and lower mid pay quartiles.

This indicates that we are being successful in offering employment opportunities to more women and 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?

Overall, the data shows that whilst DENSO Manufacturing UK Ltd has a mean gender bonus gap, there is no median gender bonus gap.

This is because, whilst a bonus has been 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 our management positions (including Senior Management roles) are held by males, with stable length of services and that 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 2021, are based on FTE adjusted pay received in the month of April 2021. Bonus payment data is based on actual payments made in the 12 months to 5th April 2021.

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

