

Corporate Governance

Basic Stance

DENSO recognizes the establishment of corporate governance as a priority initiative for achieving sustainable long-term increases in corporate value in a rapidly changing global market. Based on its Basic Policies on Corporate Governance, DENSO has adopted a corporate auditor system under which it has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as statutory bodies. In addition to these legal functions, the Company has established various governance-related frameworks. At the same time, the Company shares information and conducts dialogues regarding its business conditions with its shareholders and other investors on an ongoing basis, thereby implementing sound, efficient, and transparent management.

Please see the following URL for Basic Policies on Corporate Governance.

<https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc-corporate-governance-policy-2023-en.pdf>



Efforts to Improve Corporate Governance

DENSO is working to evolve its corporate governance and enhance strategic discussions Companywide to realize sustainable increases in corporate value.

DENSO has implemented all of the principles of the Corporate Governance Code that was revised in June 2021. DENSO discloses in its Corporate Governance Report its sustainability initiatives and efforts to ensure diversity in core personnel. Going forward, we will continue to implement sound, efficient, and transparent management including through the significant reduction of cross-shareholdings.

Corporate Governance System

Corporate Governance System and Principal Organizations

DENSO has adopted a corporate auditor system under which it has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as statutory bodies. Through a president, executive vice presidents, and a corporate officer system that separates and clarifies the roles between members of the Board, who are responsible for management (decision-making and supervision), and senior executive officers, who are responsible for the execution of business operations, DENSO CORPORATION is streamlining the number of members of the Board and is realizing swift decision-making and business operations.

Under this system, depending on the circumstances, members of the Board serve concurrently as president, executive vice president, and senior executive officer to ensure that the Board maintains an overall balance of knowledge, experience, and ability. DENSO CORPORATION sets the term of office for members of the Board at one year, with the aim of building a flexible management structure that responds to changes in the management environment and further clarifying management responsibility during the business year.

Board of Directors

The Board of Directors resolves matters stipulated by laws and regulations, as well as matters of importance to the Company's decision-making. As much as possible, the Board delegates authority to those in charge of business execution. This approach simultaneously accelerates execution and enables the Board to spend more time deliberating on management policies and strategies.

The Board of Directors meets once a month, in principle, and is composed of 12 members: five internal Board members, three outside Board members, two standing Audit & Supervisory Board members, and two outside Audit & Supervisory Board members. With respect to the independence of outside Board members and outside Audit & Supervisory Board members, the Company has selected a total of five independent officers (three outside Board members and two outside Audit & Supervisory Board members). These officers must fulfill the independence criteria stipulated by the financial instruments exchanges, and they are required to have a wealth of

Reason for Selecting Our Current Corporate Governance System

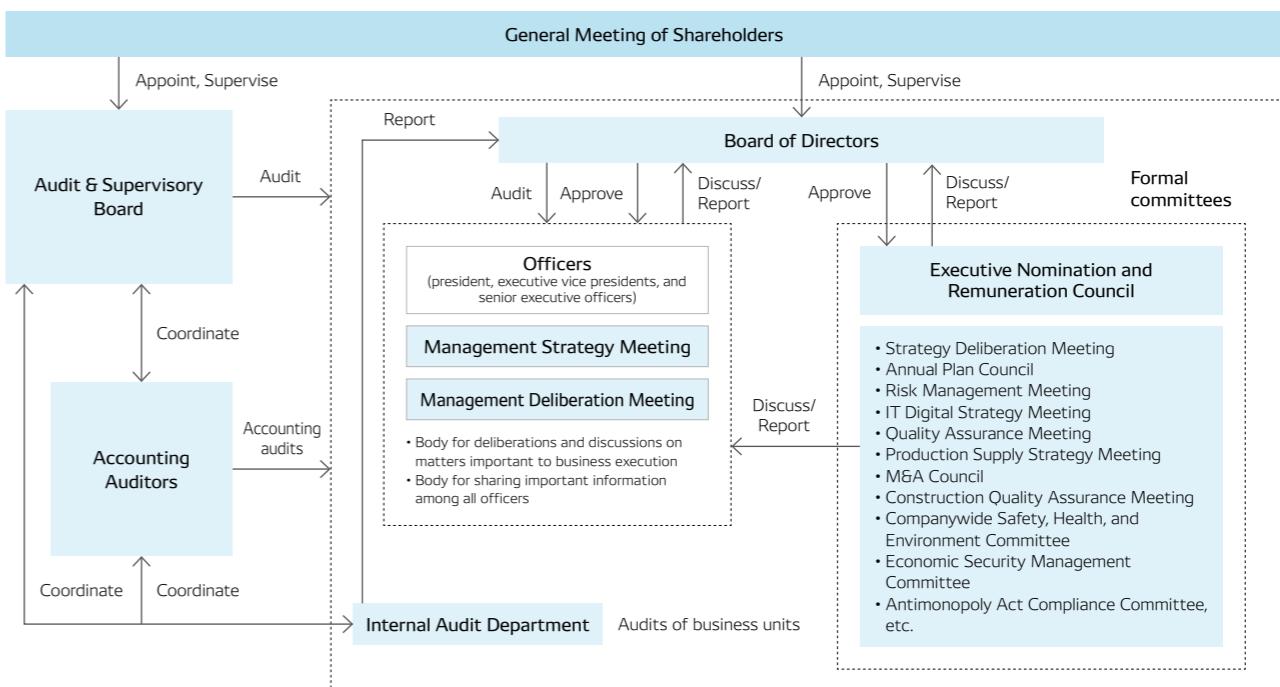
In addition to performing management decision-making that emphasizes *Genchi Genbutsu* (on-site verification), DENSO believes that it is important to build a system that can verify whether management decision-making has met shareholder expectations and whether there is a problem from the point of view of governance. To this end, we believe that the current system to supervise and audit the execution of business duties by the Board of Directors including outside Board members, as well as Audit & Supervisory Board members including outside Audit & Supervisory Board members, is most suitable. To improve earnings and corporate value, and to make better business decisions, we have appointed outside Board members with extensive knowledge of corporate management. Their specializations are helpful with decision-making and oversight.

DENSO has adopted a company with audit and supervisory board structure to maintain a system where auditors can independently exercise their auditing authority. To ensure audits are properly carried out, the Audit & Supervisory Board consists of standing Audit & Supervisory Board members who are knowledgeable of internal affairs, and outside Audit & Supervisory Board members who bring high levels of specialization and insights.

experience and specializations in such fields as corporate management, legal affairs, and accounting and to actively provide recommendations and opinions on management issues.

Resolutions must be approved by a majority of the members present at a Board of Directors' meeting, and the meeting itself must be attended by a majority of members of the Board. We have been enhancing our support structure for the outside officers to ensure the productive and efficient operation of the Board of Directors when making resolutions. Further, before a Board meeting is convened, materials are distributed beforehand and the agenda is explained in detail beforehand, and opinions and approval are received from any members of the Board who are unable to attend on the day of the Board meeting. In fiscal 2024, the Board of Directors convened 13 times, with 97% of members of the Board and 100% of Audit & Supervisory Board members attending.

Corporate Governance System



Discussions of the Board of Directors

The main topics discussed and the number of reports submitted for discussion at meetings of the Board of Directors convened in fiscal 2024 are shown in the table below. In fiscal 2024, the Board received and discussed numerous reports on priority topics, namely, strategies related to revising the business portfolio to improve corporate value over the medium to long term.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Board of Directors in Fiscal 2024

Classification	Reports Submitted for Discussion
Management strategy	13
Governance, risk management, and internal control	10
Financial results and financing	7
Human resources	4
Strategies and plans	1
Individual matters	7

Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

In early March of each year, DENSO has all members of the Board participate in a survey of the effectiveness of the Board of Directors. With a view to obtaining the frank opinions of members of the Board regarding issues and areas requiring improvement, interviews with inside officers are held, and outside officers discuss these matters at the Independent Officer Meeting, based on the outcome of the quantitative assessment in the survey.

Issues and areas identified as requiring improvement and improvement action plans are reported to and discussed by the Board of Directors, followed by improvement activities that are implemented beginning in late May. Each year, a plan-do-check-act (PDCA) cycle is implemented to enhance the effectiveness of the Board of Directors.

Evaluation Items of the Survey for Evaluation of the Effectiveness of the Board of Directors

- Composition and operation of the Board (composition of members, delegation of authority, and uninhibited and lively discussion)
- Support for outside officers (prior briefing, provision of information, and exchange of opinions and interaction)
- Oversight by the Board (management philosophy, medium- to long-term strategies, governance, important risks)
- Dialogue with stakeholders (status of dialogue with stakeholders and discussion from the perspective of stakeholders)

Review of Initiatives in Fiscal 2024

Thanks to the initiatives shown in the table below, the results of the survey, interviews, and discussions confirmed that in fiscal 2024 the Board of Directors was even more effective than in the previous fiscal year, improving in terms of business portfolio reforms, discussions of strategy, and reporting of dialogues with stakeholders.

Fiscal 2024 Initiatives to Address Fiscal 2023 Issues

Discussion of strategies	<ul style="list-style-type: none"> Submit strategy-related agenda items in a planned manner to the Board for discussion Discussion of strategic topics, such as the business portfolio, the cost of capital (reduction of cross-shareholdings), and semiconductors Streamline Board of Directors' agenda due to delegation of authority Authority to make investments was delegated after changes were made to decision criteria Utilize opportunities outside of Board meetings to deepen discussion of strategies Discussions on human capital were held at the Executive Workshop
Support for outside officers	<ul style="list-style-type: none"> Support efforts to fully understand businesses through more on-site visits On-site visits to domestic Group companies and business partners
Dialogue with stakeholders	<ul style="list-style-type: none"> Report comprehensively on dialogue with stakeholders

DENSO aims to improve the effectiveness of the Board of Directors by planning and implementing the following improvement measures in fiscal 2025 to address lingering issues identified in fiscal 2024.

Fiscal 2025 Improvement Action Plan for Fiscal 2024 Issues

Further enhancement of strategic discussions	<ul style="list-style-type: none"> Systematically present strategic topics to the Board of Directors, such as the formulation of the next medium-term goals, Companywide strategies for sustainability, cross-functional strategies (human capital, technological development, and DX), as well as strategies related to semiconductors and software
Reduction of information gap between inside and outside officers	<ul style="list-style-type: none"> Select topics that Board members should be aware of, and share materials and meeting minutes from the Management Strategy Meeting and the Management Deliberation Meeting

Audit & Supervisory Board

Management Oversight Function of the Audit & Supervisory Board

As well as attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board members convene meetings of the Audit & Supervisory Board once a month, in principle. The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are outside Audit & Supervisory Board members. In addition, one alternate outside Audit & Supervisory Board member is appointed to provide against eventualities whereby attendance of the legally required number of Audit & Supervisory Board members is not possible.

At meetings of the Audit & Supervisory Board, resolutions on legally required matters are approved and exchanges of opinions are held with members of the Board, members of the senior management team, members of the Internal Audit Department, and Accounting Auditors regarding the Company's sustained growth and the medium- to long-term enhancement of corporate value. Also, the Audit & Supervisory Board fulfills its management oversight function through audits of the execution of duties by members of the Board and of the operations and financial position of the Group as a whole. The Audit & Supervisory Board met 15 times in fiscal 2024, with a 100% attendance rate by its members.

Pursuant with internal regulations, the Internal Audit Department conducts internal audits on the legality, appropriateness, and efficiency of the Company's operations. Based on the issues identified by these audits, each department of the Company establishes and subsequently enhances operational control and management systems.

Specific Topics Discussed at Meetings of the Audit & Supervisory Board

In fiscal 2024, Audit & Supervisory Board meetings included numerous discussions and reports on priority topics, namely, the appropriateness of the Company's management direction, enhancement of organizational governance, and preparations and human resource development aimed at realizing its philosophy.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Audit & Supervisory Board in Fiscal 2024

Classification	Reports Submitted for Discussion
Accounting audit	8
Corporate management	11
Audit activity report	11
Execution of duties by senior executive officers	9
Auditing policy and plan	4
Individual matters	7

Structure for Business Execution

DENSO CORPORATION separates the functions of the Board of Directors, which conducts management oversight, and the executive directors, who handle business execution.

As bodies for deliberating important matters pertaining to business execution, the Company has established the Management Strategy Meeting and the Management Deliberation Meeting. These two bodies, three when including the Board of Directors, are positioned as executive committees.

Overview of Deliberating Bodies on Business Execution

	Deliberating Bodies	
	Management Strategy Meeting	Management Deliberation Meeting
Chairperson	President	President
Composition	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members
Purpose	Hold strategic discussions from a medium- to long-term perspective, focused on businesses, functions, and regions	Deliberate on important items related to the Company's overall management, starting with the agenda items at meetings of the Board of Directors. In addition, sharing important information regarding business management and promptly utilizing such information to facilitate swift business execution
Number of meetings held in fiscal 2024	22	41

Requirements for Members of the Board and Audit & Supervisory Board Members and Our Approach to Diversity

The composition of the members of the Board and the Audit & Supervisory Board is decided with due consideration paid to the balance of diversity (including nationality and gender), experience, capabilities, and specialization to ensure precise and prompt decision-making.

For Board member candidates, DENSO nominates individuals who are well-versed in managing the Company's various businesses and effective at addressing urgent issues, and who can contribute to the formulation of management strategies aimed at enhancing corporate value over the medium to long term, as well as the accurate and effective supervision of management.

Similarly, for Audit & Supervisory Board member candidates, DENSO nominates individuals with knowledge in business management, finance, accounting, and legal affairs, who can contribute to the appropriate auditing of management.

Experience and Specializations of Members of the Board and Audit & Supervisory Board Members (Skill Matrix)

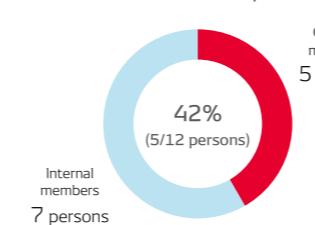
The skills (experience and specializations) required of members of the Board of Directors are decided while considering whether such skills are helpful in attaining objectives, such as medium- to long-term business strategies, policies, and targets. More specifically, DENSO has set out 11 types of experience and specializations to ensure that the Company has the experience and specializations required to realize its Long-term Policy for 2030 and to underpin stable corporate management. The experience and specializations of the Board of Directors as a whole are disclosed in the form of a skill matrix. We intend to revise these requirements to reflect future changes in business strategy and the business environment.

Approach to Selection of Experience and Specializations

Experience and specializations required to realize DENSO's Long-term Policy for 2030	<ul style="list-style-type: none"> Corporate management experience that enables anticipation of the future in uncertain and ambiguous times and the provision of recommendations on the course that the Company should pursue Software/digital and environment/energy experience and specializations that enable maximization of the value of "green" and "peace of mind" as well as social contributions, including initiatives focused on realizing carbon neutrality and eliminating traffic accident fatalities Marketing experience and specializations that enable correct understanding of market trends as well as social needs and expectations, which help in addressing not only mobility-related issues but a wide range of other social issues Governance, global, finance/accounting, human resources, technological development, production/quality, and sales/procurement experience and specializations that serve as foundations for DENSO's sustained growth, regardless of the era or environment
Experience and specializations required to underpin stable corporate management	<ul style="list-style-type: none"> Experience and specializations required to underpin stable corporate management

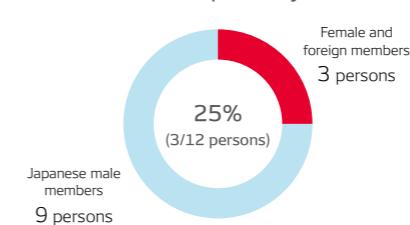
Composition of the Board of Directors and Audit & Supervisory Board

Ratio of Outside Members to the Board of Directors and the Audit & Supervisory Board

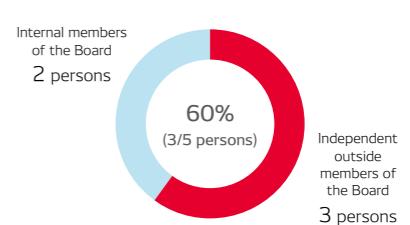


Note: Ratio of independent outside members to the Board of Directors: 38% (3/8 persons)

Diversity of the Board of Directors and the Audit & Supervisory Board



Composition of the Executive Nomination and Remuneration Council



Note: The Executive Nomination and Remuneration Council is chaired by an independent outside member of the Board.

Experience and Specializations (Skill Matrix) of Members of the Board and Audit & Supervisory Board Members

The areas of specialization that the Company expects each member to demonstrate (up to a maximum of five areas) are as shown below.

Note: This does not represent all the areas of experience and specialization of each person.

Name	Tenure	Attendance at Board of Directors' meetings in fiscal 2024	Meeting participation (◎ = Chair)		Experience and specializations required to realize DENSO's Long-term Policy for 2030					Experience and specializations required to underpin stable corporate management					Reason for appointment	Important posts concurrently held at other corporations	
			Board of Directors	Audit & Supervisory Board	Executive Nomination and Remuneration Council	Corporate management	Software / Digital	Environment / Energy	Marketing	Governance	Global	Finance / Accounting	Human resources	Technological development	Production / Quality	Sales / Procurement	
 Chairman, Representative Member of the Board Koji Arima	9 years	13/13	◎	○												Koji Arima has extensive management experience as representative member of the Board, president and chairman (current position), which includes oversight of management as the chairman of the Board and involvement in the formulation and execution of the Company's medium- to long-term policies and strategies. In addition, his experience as chairman of the Japan Auto Parts Industries Association, a position he held until May 2024, affords a top-down perspective of the entire industry. He was appointed with the expectation that he will promote further improvement in the Company's governance.	Outside Audit & Supervisory Board member of KDDI Corporation
 President & CEO, Representative Member of the Board Shinnosuke Hayashi	1 year	10/10*1	○	○												After joining the Company, Shinnosuke Hayashi engaged in the electronics business, served as chief software officer (CSO), and was an executive in charge of a business. He was appointed representative member of the Board and president (current position) in June 2023. He has been practicing "management that values people," such as by promoting the creation of a corporate culture that enables the Company's diverse people to use their abilities to their fullest, with the aim of constantly creating new value and staying one step ahead of the times. With his strong insight as a manager, he is expected to demonstrate exceptional leadership that draws out the best of the Company's diverse employees and facilitate the creation of new value as mobility evolves.	
 Executive Vice President, Representative Member of the Board CRO, CCO, CFO Yasushi Matsui	3 years	13/13	○													After joining the Company, Yasushi Matsui engaged in the thermal systems business and the electrification business. He was in charge of the purchasing department from June 2014 and currently serves as CRO, CCO, CFO, and the head of the Corporate Strategy Center. He is expected to lead corporate and financial strategies, which will be the foundation of corporate growth, by utilizing his broad perspective and foresight gained through his wide-ranging experience in functional and operating departments and at an overseas site.	Audit & Supervisory Board Member, BluE Nexus Corporation Outside Audit & Supervisory Board Member, JTEKT Corporation
 Executive Vice President, Representative Member of the Board CIO, CQO, CHRO Yasuhiro Yamazaki	—*2	—*2	○													After joining the Company, Yasuhiro Yamazaki served as president of the Company's Spanish subsidiary and was in charge of production promotion departments before being placed in charge of the thermal systems business in January 2021. He currently serves as CIO, CQO, CHRO, and is in charge of the General Administration & Human Resources Center. He is expected to promote the enhancement of technological development capabilities to realize a future mobility society and human resource development to support such efforts by utilizing his profound knowledge in technology and manufacturing.	Outside Director of Toyota Boshoku Corporation
 Member of the Board Akio Toyoda	5 years	11/13	○													Akio Toyoda is an unchallenged industry leader representing the automotive industry who currently serves as chairman of the Board of Directors, Toyota Motor Corporation, and served as chairman of Japan Automobile Manufacturers Association, Inc., and is driving creation of a next-generation mobility society. He is expected to provide a wide range of advice and guidance regarding the Company's management and oversee its management from a broader perspective, taking a wide view of the overall automotive industry.	Chairman of the Board of Directors, Toyota Motor Corporation Director, HAMANAKODENSO CO., LTD.
 Member of the Board <small>Outside Board Member Independent Officer</small> Shigeki Kushida	5 years	13/13	○	◎												Shigeki Kushida has the experience of having led diverse activities toward the development and stability of the Japanese economy at Japan's central bank, which plays a core function in the Japanese economy, by filling the posts of director-general and executive director of Bank of Japan. He has contributed to enhancing transparency and objectivity in the areas of officer nomination and remuneration, which is the essence of governance, as the chair of the Executive Nomination and Remuneration Council since January 2020. He is expected to contribute to the supervision of the Company's overall management, utilizing his broad expertise in the global monetary economy.	Representative Executive Officer & President, Japan Securities Finance Co., Ltd.
 Member of the Board <small>Outside Board Member Independent Officer</small> Yuko Mitsuya	5 years	12/13	○	○												Yuko Mitsuya has abundant experience and knowledge in many fields, having long been in management at several corporations and associations, filling the posts of officer and committee member at several sports associations such as vice president of the Japanese Olympic Committee (current position) and being engaged in education and human resource development at a university, among others. She is expected to contribute to the supervision of the Company's overall management, utilizing her abundant expertise in corporate management and human resource development.	Representative Director, PIT Co., Ltd. Outside Director, Japan Airlines Co., Ltd. President, Japan Basketball Association Vice President, Japanese Olympic Committee
 Member of the Board <small>Outside Board Member Independent Officer</small> Joseph P. Schmelzeis, Jr.	2 years	13/13	○	○												Joseph P. Schmelzeis, Jr. has a wealth of experience in management, particularly in the service industry, including at SEGA CORPORATION, as well as in venture business start-ups and strategic consulting. He has striven to strengthen the U.S.-Japan alliance as senior advisor to the ambassador at the U.S. Embassy in Tokyo since 2018. He is expected to contribute to the supervision of the Company's overall management, utilizing mainly his abundant business experience as well as profound global knowledge, and knowledge of risk management related to geopolitics.	Representative Director, JPS International, Inc. Executive Manager, Cedarfield Godo Kaihatsu Outside Director, Central Japan Railway Company Outside Director, Hitachi Construction Machinery Co., Ltd.
 Standing Audit & Supervisory Board Member Shingo Kuwamura	3 years	13/13	○	◎												After joining the Company, Shingo Kuwamura was engaged in the production technology and production planning departments. Starting in June 2009, he served as an executive director overseeing the Production Promotion Center. Subsequently, he held positions as president of the Company's North American subsidiary, president of a domestic subsidiary, and head of the Procurement Group, before becoming the executive officer in charge of the Asia-Pacific regional headquarters. With extensive management experience as an executive officer of the Company, as well as experience in managing overseas subsidiaries and domestic subsidiaries, he is expected to further strengthen and promote the Group's compliance initiatives, enhance corporate governance, and provide robust audit support and guidance to directors and CxOs.	
 Standing Audit & Supervisory Board Member Motomi Niwa	6 years	13/13	○	○												After joining the Company, Motomi Niwa worked in the purchasing, business planning, and human resources departments. Starting in August 2014, he served as vice president of a U.S. subsidiary of the Company. With management experience at an overseas subsidiary, as well as broad knowledge gained from working in both functional and business divisions, he is expected to strengthen and promote the Group's compliance initiatives, enhance the quality of corporate governance, and improve the audit support and guidance provided to directors and CxOs.	Auditor of ADVICS CO., LTD.
 Auditor <small>Outside Audit & Supervisory Board Member Independent Officer</small> Yasuko Gotoh	5 years	13/13	○	○												Yasuko Gotoh has extensive experience in public administration, including roles as vice governor of Yamagata Prefecture, head of the New York Office of the Japan National Tourism Organization, and managing director of Kyushu Railway Company. In addition, she has considerable expertise in auditing, having served as an Audit & Supervisory Committee Member at Kyushu Railway Company and as an External Audit Committee Member at Shiseido Company, Ltd. (current position), where she has gained financial, accounting, and compliance knowledge through her auditing activities. Her broad experience and insights in public administration and corporate management are expected to be valuable in reflecting these perspectives in the Company's audits.	Outside Director (Member of the Audit Committee), Shiseido Company, Ltd. Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc.
 Auditor <small>Outside Audit & Supervisory Board Member Independent Officer</small> Haruo Kitamura	5 years	13/13	○	○												Haruo Kitamura has a rich career and deep expertise as a certified public accountant, along with extensive experience in corporate management and auditing. He has served as an outside auditor at ROHM Co., Ltd., an outside director for MonotaRO Co., Ltd., and both an outside director and outside corporate auditor at Yamaha Corporation. His high level of knowledge in finance and accounting, combined with his extensive experience in corporate management, is expected to greatly contribute to the Company's auditing processes.	Owner, Kitamura Certified Public Accountant Office Outside Member of Audit & Supervisory Board, LeTech Corporation

*1 Number of times since appointment as representative member of the Board in June 2023 *2 Appointed representative member of the Board in June 2024

Note: CEO (chief executive officer) CRO (chief risk officer) CCO (chief compliance officer) CFO (chief financial officer) CIO (chief innovation officer)
CQO (chief quality officer) CHRO (chief human resources officer)

Share-Based Compensation

Share-based compensation is paid in the form of restricted shares, and the restriction on transfer is removed when the officer retires, in principle. During the period of restriction on transfer, in the event of a violation of laws and regulations by the officer or for other reasons determined by the Company's Board of Directors, the Company shall acquire all allotted shares without providing compensation.

Method for Determining Compensation

DENSO has established the Executive Nomination and Remuneration Council, of which a majority of the members and the chair are independent outside Board members, in order to ensure impartiality, fairness, and transparency in Board member compensation.

The Board of Directors has passed a resolution on the total amount of compensation for fiscal 2024, which is within the scope of compensation established by a resolution of the General Meeting of Shareholders. The Board has also passed a resolution to entrust decisions on individual compensation amounts to the Executive Nomination and Remuneration Council. This council determines individual compensation based on consideration of the officer compensation system, corporate performance, the responsibilities and achievements of the member of the Board, and conformance with the Board-approved policy on determining compensation.

Compensation for Audit & Supervisory Board members is determined through a consensus of members and set within the total amount approved by resolution at the General Meeting of Shareholders.

Total Amount of Compensation by Board Member Classification, Total Amount of Each Type of Compensation, and Number of Eligible Board Members

Board member classification	Total amount of compensation (¥ million)	Total amount of each type of compensation (¥ million)			Number of eligible Board members
		Fixed compensation		Performance-linked compensation	
		Basic compensation	Bonus	Share-based compensation	
Members of the Board	513	275	126	112 / 42,700 shares	9
(Outside Board members)	(55)	(55)	(-)	(-)	(3)
Audit & Supervisory Board members	122	122	-	-	4
(Outside Audit & Supervisory Board members)	(30)	(30)	(-)	(-)	(2)
Total	635	397	126	112 / 42,700 shares	13

Notes: 1. The figures above include Member of the Board Yukihiko Shinohara, who retired as of the conclusion of the 100th Ordinary General Meeting of Shareholders held on June 20, 2023.

2. Performance-linked compensation is the amount based on a resolution adopted at the Board of Directors' meeting held on May 10, 2024. Below are the indicators used to calculate performance-linked compensation in fiscal 2024.

Consolidated operating profit: ¥380.6 billion; ROIC: 5.5%; sustainability score: 5/8 achievement

3. For share-based compensation, the number of shares granted is calculated by dividing the amount of compensation approved by resolution of the Board of Directors' meeting held on May 10, 2024, by the closing price on the day before the adoption of this resolution.

Total Amount of Consolidated Compensation for Each Board Member

Name (Board member classification)	Total amount of compensation (¥ million)	Total amount of each type of consolidated compensation (¥ million)			
		Fixed compensation		Performance-linked compensation	
		Basic compensation	Bonus	Share-based compensation	
Koji Arima (Representative Member of the Board)	155	70	39	46	
Shinnosuke Hayashi (Representative Member of the Board)	133	56	35	42	

Note: Only shows individuals who received at least ¥100 million in total consolidated compensation

Relationship with Major Shareholders

As with other general transactions, the terms and conditions of individual transactions with major shareholders are determined through negotiations after the presentation of a suggested price that is based on due consideration of market value. If price revisions are significant, depending on the amount, deliberations are conducted and internal approval procedures are implemented in accordance with regulations on operational decisions.

Relationship with Toyota Motor Corporation

DENSO provides products and systems to many types of manufacturers around the world. While analyzing the technological characteristics and local conditions in each region of the world and meeting exacting market requirements, the Company refines its leading-edge technologies and manufacturing capabilities and then utilizes them to realize enhanced products and systems for the next generation.

At the same time, to create synergies within the Toyota Group, the Company is promoting efficient and expedited R&D and

manufacturing by combining Toyota Motor's insights with respect to mobility with its own insights and knowledge of automotive products and systems. Specific examples include the Company's 2020 assumption of Toyota Motor's electronic components business and the Hirose Plant, the Company's CTO being appointed head of Toyota Motor's Digital Software Development Center in October 2023, and a wide range of other collaborations.

In addition, Member of the Board Akio Toyoda is a prominent leader in the automotive industry and a driving force behind the creation of a next-generation mobility society, serving as chairman of the Board of Directors (representative director) of Toyota Motor Corporation, one of our principal shareholders. In 2019, he was appointed as a member of the Board so that he could provide the Company with a wide range of advice and recommendations on its business management as well as oversee business management from a broad perspective that encompasses the entire automotive industry.

Establishing and Strengthening Internal Controls

With the aim of fair and efficient business operations, the Company formulated the DENSO Basic Policies for Internal Control. We have stipulated basic policies for control, various rules, and systems in areas that form the basis of our management such as the Code of Conduct, management systems, risk management, and compliance. We make revisions and changes when necessary after undertaking regularly scheduled annual verifications of the status of implementation.

 Please see the following URL for DENSO Basic Policies for Internal Control.
<https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc/internal-control-policy-2023-en.pdf>



Internal Reporting System

In accordance with the circumstances in each region of operation, the DENSO Group has set up internal reporting systems at its regional headquarters and each business site. These systems allow employees to report their concerns and receive consultation on matters related to legal and regulatory violations via email, telephone, written correspondence, or face-to-face interaction.

For example, at DENSO CORPORATION, we have established a Business Ethics Hotline in accordance with Japan's Whistleblower Protection Act that allows anonymous reporting; is independent from the normal chain of command; and is administered by outside attorneys and the Business Ethics Hotline Secretariat. This hotline can be used by all persons working at DENSO CORPORATION and domestic Group companies, including employees, temporary employees, and employees contracted from other companies, in addition to suppliers. In fiscal 2024, the hotline received 125 reports and consultations regarding matters such as employment, labor, work environment, information management, business transactions, and accounting, all of which were addressed appropriately after staff investigated the situation and confirmed the facts.

Interest in internal whistleblowing systems has risen since the revised Whistleblower Protection Act was enacted in 2022, so the number of hotline calls is likely to increase. We will continue to strengthen collaboration with related departments to ensure that reports and consultations are investigated and addressed promptly and appropriately.

Number of reports and consultations received (Group companies)	Fiscal 2022	Fiscal 2023	Fiscal 2024
103 (44)	107 (46)	125 (57)	

Dialogue with the Outside Board Members



Yuko Mitsuya
Outside Board Member

Ms. Mitsuya has been serving as an outside Board member at the Company since 2019. She also serves as representative director of PIT Co., Ltd. and has a long history in the sports world.

Shigeki Kushida
Outside Board Member

Mr. Kushida has been serving as an outside Board member at the Company since 2019. He also serves as representative executive officer & president at Japan Securities Finance Co., Ltd., and has experience working at the Bank of Japan.

Joseph P. Schmelzeis, Jr.
Outside Board Member

After serving in such positions as corporate director at SEGA CORPORATION and senior advisor to the ambassador at the U.S. Embassy in Tokyo, Mr. Schmelzeis currently works as executive manager at Cedarfield Godo Kaisha. He was appointed as outside Board member of DENSO in 2022.

Accelerating Governance Reforms to Realize Management That Is Open to Society and Markets

DENSO's governance is now at a major turning point as the Company transitions to a new management system and drastically reduces cross-shareholdings. The Company's three independent outside Board members, who were deeply involved in a series of officer appointments and governance reforms, discuss the various issues currently facing DENSO from a range of objective perspectives.

DENSO in a Transitional Phase of Reform

Kushida Amid drastic changes in the external business environment and in-house operational conditions, DENSO is steadily moving forward with initiatives that require a great deal of effort, including the replacement of portfolio businesses and the disposal of a large number of cross-shareholdings. The Company is also earnestly responding to society's expectations of a listed company by revising the officer compensation system and raising the salaries of general employees. In addition, when Shinnosuke Hayashi became president & COO (currently president & CEO) in 2023, he set out a bold vision of the future that encompasses fundamental technologies, semiconductors, software, and the creation of new value. Going forward, I anticipate discussions on more-concrete measures.

Mitsuya DENSO is in a phase of transitioning from internal combustion engine (ICE) products, which have supported the Company until now, to the electrification domain and other future growth businesses. Although this is an extremely challenging time for the Company, it is advancing far-sighted human resource management while remaining mindful of employee motivation. These initiatives are a clear testament to DENSO's seriousness as well as the open organization created in response to quality issues. On the other hand, I believe that the realization of forward-looking strategies is the next big task.

Schmelzeis DENSO's genuine corporate culture is creating a positive cycle in society. For example, the Company has maintained the soundness of the supply chain through price pass-on, taken into consideration shareholders and a wide range of other stakeholders, and raised employee salaries. The replacement of portfolio businesses is a difficult task, like changing the tires of a car while it is running. However, DENSO deserves credit for such concerted Companywide efforts.

New Three-Leader Management System

Kushida The new management system that began in 2023 has been further bolstered in 2024 by having two executive vice presidents, Yasuhiko Yamazaki and Yasushi Matsui, support the president & CEO, Shinnosuke Hayashi. President & CEO Hayashi is a leader whose ability to communicate drives DENSO forward. In contrast, Executive Vice President Matsui has the financial acumen necessary for business planning and portfolio management. Meanwhile, Executive Vice President Yamazaki is in charge of formulating technology strategies—such as strategies to ensure the superiority of the Company's *Monozukuri*—while conducting business management in a manner that contributes to human resource development and organization building. In this way, the executive vice presidents support the president & CEO with respect to organizational management. I believe that each of these three individuals is able to demonstrate his particular strengths, thereby creating an extremely well-balanced team.



Mitsuya DENSO's senior management team overturns the common belief that senior officers should be generalists. Given the global scale of the Company's operations and the volatility of the times, the formation of a team of complementary senior officers expedites decision-making that is based on a broader perspective. The two executive vice presidents are specialists in their fields. I feel that they work well together and have an easy-going relationship in which they can discuss anything with each other. Meanwhile, the president & CEO focuses on effectively communicating his message. In 2023, the Executive Nomination and Remuneration Council expressed the opinion that the president & CEO should have excellent support, and I believe that the current senior management team is outstanding and fully satisfies this requirement.

Schmelzeis I agree with you. For one person to face the many strategic issues requiring a high level of expertise would be challenging. The new senior management team allows Executive Vice President Matsui to cover strategy quantification, fundraising, and investor relations, while President & CEO Hayashi and Executive Vice President Yamazaki concentrate on core strategies for competitiveness and technologies. The new team functions as a true triumvirate and meets, or even surpasses, the expectations of the Executive Nomination and Remuneration Council. As DENSO endeavors to realize the Mid-term Policy for 2025 in the coming crucial period, I hope that the team will advance an array of reforms while drawing on Chairman Arima's experience and personal connections.

Enhanced Effectiveness of the Board of Directors

Kushida In 2023, Koji Arima, who had served as president & CEO and chaired the Board of Directors, was appointed chairman & CEO. In 2024, the CEO position was transferred to Hayashi, which has enabled Arima to speak with a more industry-wide perspective. In terms of governance, this change means a separation of supervision and execution and strengthens the supervisory function of the Board of



Directors. I believe that Chairman Arima himself is fully aware of the separation of the supervision and execution in relation to facilitating the proceedings of the Board of Directors.

Mitsuya The occasions when Chairman Arima asks President & CEO Hayashi as the leader of the executive side for his comments at meetings of the Board of Directors are symbolic. After receiving explanations from the executive side, the president & CEO explains the essence of the agenda item from a comprehensive viewpoint and in a very clear and logical manner. This helps us to understand the intentions of the executive side and to appreciate the leadership exercised by President & CEO Hayashi on the executive side.

Schmelzeis Separation of the positions of chairperson of the Board of Directors and president has the benefit of adding one more person to the executive side and giving the senior management team some room to breathe. I feel that the governance system has become very good, with each inside officer showing an ability to perform in ways that surpass the limits of their previous roles.

Mitsuya There was an incident that made me keenly aware of our role as outside Board members. The discussion of a certain business strategy plan became unprecedently heated. In fact, it was so heated that the discussion was split into two or three sessions. The executive side had spent time developing a plan at the Management Strategy Meeting and the Management Deliberation Meeting, and they must have felt confident about it. However, in our position, which does not have ties to the Company, we must first consider the Company's risks. I believe that acting in such a manner is an important obligation both with regard to the Company and its shareholders.

Schmelzeis In the process of reaching the Board of Directors as agenda items, proposals inevitably develop in-house momentum and become part of plans premised on their approval. The Board of Directors is the last gatekeeper

able to say "no" to such proposals. As members of the Board, we do not just choose between agreeing or disagreeing with proposals. We conduct detailed, sound discussions in light of the risks involved.

Kushida In principle, the Board of Directors, which is a supervisory body, should make decisions on important issues relating to the direction of the Company. The Management Deliberation Meeting certainly includes inside Board members who hold both executive and supervisory positions. That said, if any proposal were able to in effect receive approval through this meeting, the Company's decision-making process would be flawed. To achieve a more substantive separation of supervision and execution, we should seek a governance structure in which the Board of Directors exercises authority over management strategies and large investment projects but expedites matters by delegating authority for more detailed issues to the executive side.

Toward Market-Oriented Management

Kushida One of the major steps DENSO took in 2023 was the reduction of cross-shareholdings, including shares of companies belonging to the Toyota Group. This is a good example of DENSO's senior management team showing their strong conviction by raising a concern and then steadily achieving results based on a series of discussions within the Group.

Going forward, the treatment of Toyota Motor Corporation shares will be the focus. To date, the market's evaluation of the reduction of cross-shareholdings has been very positive overall. Cross-shareholdings are viewed as an inherent part of supply chains not only in Japan's automotive industry but also among the country's manufacturers generally. I think DENSO's efforts to change this from within have been well received. This initiative should be steadily continued, which I believe is the executive side's policy.

Mitsuya My understanding is that decisions on the merits and demerits of cross-shareholdings are being made in line with certain criteria and guidelines. We have received a clear explanation from the executive side that the dissolution of cross-shareholdings with the Toyota Group companies will not damage the long-standing relationship between DENSO and the Toyota Group. The process is a major step toward market-oriented business management, and I view the policy in a positive light.

Schmelzeis In the history of listed companies' governance in Japan, the disposal of cross-shareholdings by companies marks a very important turning point. Non-Japanese investors' strong endorsement of the unwinding of cross-shareholdings is noteworthy. I do not believe that all shares of Toyota Group companies should be disposed of right now, but I recognize that the reduction of cross-shareholdings is a sound move and the right direction in which to be heading.

Essence of Sustainability Activities

Kushida When a sustainability evaluation was introduced into the officer compensation system in fiscal 2023, the setting of the sustainability KPIs that were to be used became a focus. For the sake of workability, we began by narrowing down the number of KPIs for material issues (Materiality). At present, the Company has decided to incorporate its Materiality into the next mid-term policy. In the current preparatory stage, a large number of material issues have been compiled. We must take heed of the previous discussions of the Executive Nomination and Remuneration Council and ensure that the KPIs are highly workable.

The numerous material issues that companies are currently facing are partly an inevitable consequence of complying with new European rules on disclosure. However, the main idea is to use social issues and businesses that are important to DENSO as the two axes of efforts to narrow down the themes that should be focused on and then create and incorporate KPIs accordingly. Initiatives that do not have an affinity with or stem from the core of business management will not be sufficiently workable and will not increase corporate value.

Mitsuya In its own right, the introduction of KPIs is of great significance. The current sustainability KPIs are not in their final form. In an ongoing process of trial and error, they will be discussed at the Executive Nomination and Remuneration Council and other meetings.

The use of ESG figures in isolation, before their linkage to core businesses has been clarified, would be putting the cart before the horse. The simple issuance of figures is not enough. DENSO should issue figures that it has fully analyzed and internalized and clearly explain why it is emphasizing the figures and what it hopes to achieve by reaching certain numerical targets. Moreover, if a target is not achieved, the cause should be identified and a fundamental reexamination should be undertaken. On the other hand, if initiatives are already in place, being overly focused on the announcement of numerical targets seems unnecessary.



Kushida I certainly think that the essence of targets should be analyzed in depth and verbalized. However, in order to monitor the progress of the initiatives, I believe we need KPI-based management. I could not agree more that we should go back to basic objectives and fundamentally review figures that are far removed from actual situations.

Ideal Mid-Term Policy

Kushida Even though it is too early to look back on the achievements under the Mid-term Policy for 2025, at this point the Company is certainly falling behind in the area of new value creation. However, this delay is apparent only because we have set clear targets for consolidated revenue and other metrics, without which we would not be able to judge the progress of initiatives. We must consider the positioning of the mid-term policy in greater depth.

In general, when formulating a medium- to long-term plan, completely foreseeing the market four or five years into the future is challenging. Even in recent memory, there have been a series of events, such as the COVID-19 pandemic and the semiconductor shortage, that far exceeded our prior assumptions. We must respond flexibly to such major changes in the environment. At a time that calls for the rapid execution of responses, the Board of Directors should not engage in endless discussions about execution.

To ensure that the benefits of separating supervision and execution are not diminished, the speed of execution should be increased through delegation of authority, while the Board of Directors should hold discussions that are sharply focused on a narrowed down set of issues. DENSO's governance has definitely improved in recent years, but I think room remains for further improvement.

Mitsuya Certainly, both society and DENSO have changed dramatically over the past five years. There was the implementation of "Reborn21," a transformation plan established in response to quality issues. Formulated in 2022, the Mid-term Policy for 2025 integrates several earlier plans, including "Reborn21." When these earlier plans were formulated, foreseeing the changes in society and DENSO would have been impossible.

On the other hand, from a steep decline five years ago the Company's performance has recovered rapidly, with consolidated revenue reaching record highs for three consecutive years. Quite apart from the Company's progress toward the plan's targets, this resilience and ability to recover deserves praise.

Schmelzeis One test for the senior management team will be how concrete the next mid-term policy is. The ongoing discussions are still at the brainstorming stage, with ESG-related keywords flying around, but the question is how to refine them and incorporate them into concrete targets for the next five, 10, or 15 years. I would like to actively participate in and contribute to these discussions, which are about to get into full swing.

Risk Management

Basic Stance

To minimize the impact of constantly diversifying risks, DENSO is working to strengthen its risk management structure as a part of internal controls. Specifically, we have divided matters that have the potential to damage our businesses into "risks," which refer to circumstances where such matters have yet to manifest, and "crises," which refer to states of emergency where such matters have manifested. Based on these classifications, we are focusing our efforts on implementing preventive measures, which stop risks before they occur, and swift and accurate initial-response and recovery measures, which minimize damage in the event a crisis occurs.

Recently, DENSO has been facing a variety of risks the likes of which it had previously never experienced. Since March 2020, we have been dealing with the fallout from the quality-related issue pertaining to our fuel pumps, which are being recalled by various auto manufacturers. This issue has impacted the trust our customers place in us and has shaken our management foundation. Additionally, numerous risks have been emerging due to the external environment, such as the COVID-19 pandemic, tight supply-demand for production materials, and cyberattacks.

In light of these circumstances, we have once again recognized risk management as an important management issue. Going forward, we will pursue dramatic reforms to our risk management structure in order to further strengthen our response capabilities.

Promotion Structure

DENSO has established the Risk Management Meeting, chaired by the chief risk officer (CRO), who is responsible for Groupwide risk management. The Risk Management Meeting is a Groupwide organization that confirms improvements to the Company's risk management structure and framework and discusses and promotes the direction of important risk management activities based on the conditions and trends both inside and outside the Company. We have also appointed risk officers and risk managers responsible for risk management in each business unit and at each regional headquarters and domestic and overseas Group company. In these ways, we

are taking steps to strengthen measures to prevent damage to our businesses during normal times and measures to minimize damage during times of emergency.

In addition, we have created the Emergency First Response Manual in order to respond promptly and accurately in the event of a crisis. This manual clarifies such matters as the criteria for determining the level of urgency for a crisis, reporting standards, reporting routes, and basic policy for internal and external responses. Furthermore, depending on the severity and level of urgency of the situation, we assemble special countermeasure organizations through which the functional departments lead the way with measures to enact an agile response geared toward minimizing damage.

Ascertaining Risks and Clarifying Response

DENSO makes efforts to actively ascertain the risks it faces and manage these risks from the perspectives of prevention and damage mitigation. Every year, risk assessments are carried out by each functional division, business unit, regional headquarters, and domestic and overseas Group company.

In fiscal 2024, the Company has identified risks that could potentially damage its operating capabilities, credibility, assets, and production activities, as well as the environment, based on the surrounding business environment. The Company designates responsible functional departments to examine the reasons for the occurrence of such risks and for the expansion of damages after occurrence, thereby clarifying preventive measures, initial response, and recovery efforts for these risks. Based on the implementation status of response and other measures, the Company has also assessed the scale of remaining risk factors for each risk item based on the perspectives of level of impact and frequency of occurrence.

In particular, DENSO is identifying risks for which remaining risk factors are significant and toward which it invests resources to promote countermeasures as "key risk items." The Company has also established activity plans and targets for fiscal 2025 toward further enhancing its risk management, which were determined by the Risk Management Meeting. Also, with regard to its response measures

for key risk items, DENSO has established quantitative KPIs for Companywide targets pertaining to each risk item, and the status of initiatives based on these KPIs is also confirmed by the Board of Directors. Furthermore, DENSO implements inspections of this risk management process through internal audits and audits performed by external organizations.

For fiscal 2025, the Company has determined 37 major risk items and, among these, eight key risk items. DENSO will continue to revise these major risk and key risk items appropriately based on the results of risk assessments.

Additionally, through the risk assessment activities carried out in fiscal 2024, the Company analyzed the causes of each risk and organized the relationships between these causes and the risk management items. As a result, DENSO reaffirmed that the underlying causes of compliance-related risks, in particular, are shared issues rooted in its corporate culture. To that end, in fiscal 2025 DENSO is working to identify and address high-risk workplaces through workplace capability assessments and employee awareness surveys, as well as strengthening its compliance awareness initiatives, with a view toward creating a workplace culture that facilitates good communication.

Examples of Response to Risks

Adhering to Open, Fair, and Transparent Transactions

Appropriate Transactions and Adherence to Laws and Regulations

DENSO is working on a Groupwide basis to ensure appropriate transactions and adhere to laws and regulations. To that end, the Company has been engaging in close communication with each of its suppliers, promoting discussion on cost fluctuations and working to assess issues suppliers face. Amid the soaring costs of various goods, including not only unavoidable increases in raw material and energy costs but also rises in wage levels, we have been working to appropriately pass on costs to customers within the supply chain, seeking to set in motion a virtuous cycle across the industry and the domestic economy.

Looking ahead, we will further deepen our communication with suppliers, explicitly discussing the need to reflect increases in labor, raw material, energy, and other costs in transaction prices during price negotiations. At the same time, we will implement initiatives to ensure strict adherence to laws and regulations on a Groupwide basis. In these ways, we will aim to achieve sustainable development based on mutual trust with our suppliers.

Promoting Communication with Suppliers

To ensure the mutual growth of DENSO and its suppliers, we hold the Supplier Appreciation Meeting and other events, thereby working to facilitate mutual communication. At such events, we receive new technological proposals from suppliers and listen to their concerns and requests, while communicating information on such matters as our procurement policies, carbon neutrality-related efforts, and business trends. By doing so, we aim to achieve future growth together with our suppliers.

For DENSO, suppliers are a partner with whom we strive to achieve growth and foster trust through open dialogue and ongoing communication. In addition to spreading knowledge on and rigorously enforcing appropriate transactions both internally and externally, we are working to create environments that make it easy for suppliers to voice their concerns with us and are making efforts to alleviate said concerns.

Adhering to Laws and Regulations and Implementing Open, Fair, and Transparent Transactions

At DENSO, our procurement divisions give priority to efforts to entrench the principle of open, fair, and transparent transactions. To that end, these divisions distribute the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every employee, to all members of the Group. At the same time, we distribute the Business Etiquette for Buyers, which lays out standards of behavior that should be adhered to within procurement activities, to all employees involved in procurement,

thereby working to further increase awareness. Moreover, we encourage suppliers to utilize our Internal Reporting System. We also distribute the DENSO Compliance Declaration, which clarifies items to be observed in conducting business, to suppliers and procurement departments. Additionally, we offer anonymous surveys to suppliers on fair transactions and carefully reflect on the unfiltered feedback that we receive. In these ways, we are working to ensure strict compliance and make improvements to better meet supplier needs.

Looking ahead, we will seek to strengthen our partnerships with suppliers so that we can procure components, materials, equipment, and services that excel in terms of quality, technology, cost, delivery, environmental and safety performance, and compliance. By doing so, we aim to continue to offer products and services that satisfy our customers while also realizing growth across the automotive industry.

Initiatives to Prevent Harassment

As corporations seek to promote diversity, the forms of harassment are also becoming more diverse. In light of these circumstances, we are strengthening our initiatives to prevent harassment based on a zero-tolerance policy against harassment.

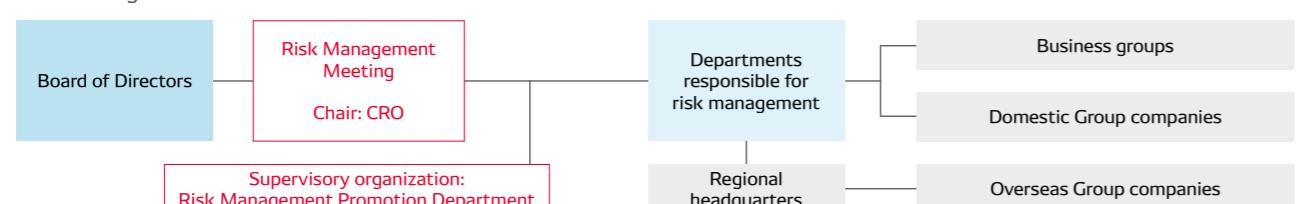
To ensure behavior in accordance with the DENSO Group Human Rights Policy, we clearly state the prohibition of harassment within our Code of Conduct. Additionally, we promote awareness-raising activities such as educational training for employees at each Group company.

For example, at DENSO CORPORATION, we provide harassment prevention training for all workplace leaders, including department heads and all supervisory personnel above that position as well as section and team leaders. Aside from harassment prevention measures, including studying trends and response strategies using case studies based on a wide range of specific harassment behaviors, this training covers methods for creating harassment-free workplaces and handling harassment when it occurs in nearby settings.

In fiscal 2024, DENSO CORPORATION and domestic Group companies introduced new training for regular employees, in addition to the conventional web-based education. This new training includes discussions at the workplace to promote a proper understanding of harassment and systematically address harassment prevention.

Moving forward, we will continue to implement harassment training and prevention activities to increase knowledge and awareness of harassment issues and its prevention and further improve our response capabilities when harassment does occur. In these ways, we will aim to create a fulfilling workplace culture in which employees can draw on their abilities to the greatest extent possible.

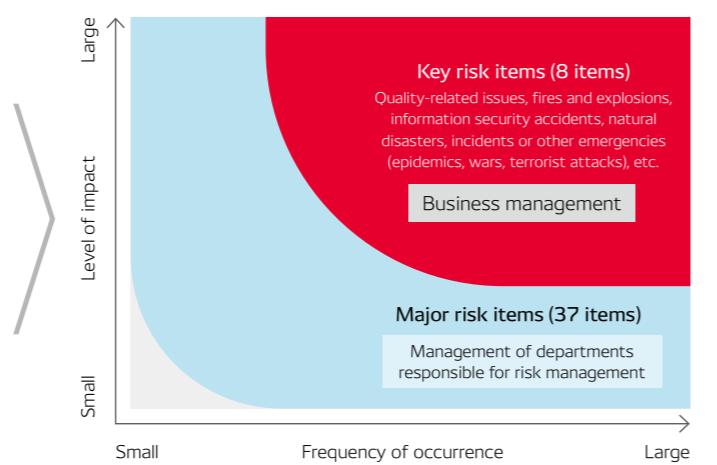
Risk Management Structure



Major Risk Items

Factors	Risk Items
Internal factors (accidents and mistakes)	Environmental pollution, work-related accidents, fires and explosions, quality-related issues, information security-related accidents, personnel- and work-related incidents, traffic accidents, etc.
Internal factors (legal violations)	Violation of the Antimonopoly Act, inappropriate employee dispatch or use of contract work, violation of product laws and regulations, violation of anti-bribery laws, etc.
External factors (natural disasters)	Earthquakes, typhoons, concentrated heavy rains, lightning strikes, etc.
External factors (political and social)	Product liability litigation, supplier-related issues, incidents or other emergencies (infectious diseases, wars, terrorist attacks, etc.)

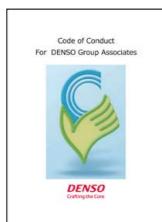
Risk Map



Compliance

Basic Stance

We believe that key actions to earn the trust and understanding of society pertain to the DENSO Group's observance of all applicable national and regional laws and all Group employees' fair and faithful conduct that embodies the highest ethical standards. Based on this recognition, in 2006 we adopted the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every employee. In training and at workplace conferences, we utilize the Code of Conduct for raising employees' awareness of compliance at DENSO CORPORATION and all domestic Group companies. Overseas Group companies use a regional version of the Code of Conduct for DENSO Group Associates, formulated by their regional headquarters in accordance with national and regional laws and customs.



Code of Conduct for
DENSO Group
Associates



Regional versions of the
Code of Conduct for
DENSO Group Associates

Promotion Structure

In 1997, DENSO created the Business Ethics and Compliance Committee chaired by a member of the Board to provide oversight in that area (currently the Risk Management Meeting). We have also installed committee structures, such as the Compliance Committee, and appointed compliance promotion officers, and have positioned such compliance leaders at the regional headquarters of each region of our collective global base. In doing so, we are building global systems that promote compliance, while at the same time promoting the development of organizational structures that take differing regional characteristics into consideration, introducing and operating reporting systems, and pursuing enlightenment activities.

Specific Initiatives

Educational and Enlightenment Activities

DENSO undertakes various educational and enlightenment activities for employees on an ongoing basis with the aim of enhancing their overall awareness of compliance matters.

In Japan, we carry out enlightenment activities related to compliance, including position-based training, various compliance training,



and the Business Ethics Month (every October). We also roll out similar activities for employees in each region of operations, centered on our regional headquarters.

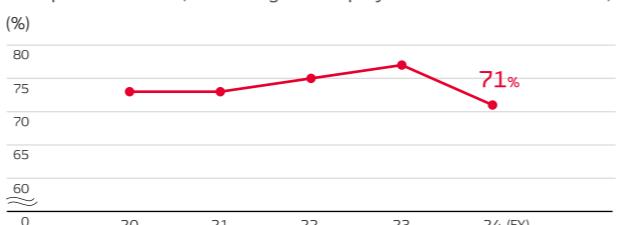
Inspection and Improvement of Activities

DENSO conducts inspections to ascertain whether its compliance activities have sufficiently taken hold and to look for any potential compliance issues. If an issue is discovered, reports are made to senior management when necessary, and steps are taken to prevent a recurrence of the issue.

In addition, audits are carried out on a regular basis in all regions, including Japan. For example, DENSO CORPORATION holds a sustainability survey every year in order to gain an understanding on the extent to which compliance-related measures have taken hold and on potential compliance risks. In the results for the fiscal 2024 survey, we observed a decline in some items related to the practical application of the Code of Conduct. Through analysis, we identified that this decline was the result of insufficient connections being made between the Code of Conduct and the actual day-to-day activities of each employee. Moving forward, we will enhance compliance awareness activities in an effort to improve the content of the Code of Conduct so that it is more practical and relatable to the individual actions of each employee.

Sustainability Survey (DENSO CORPORATION)

Question: Do you put into action the Code of Conduct for DENSO Group Associates? (Percentage of employees who answered "Yes")



Response to Antitrust Laws

In February 2010, the U.S.-based subsidiary DENSO International America was investigated by the U.S. Department of Justice. Taking this investigation with the utmost seriousness, we have established the Antitrust Laws Compliance Committee to further reinforce our efforts to adhere to antitrust laws. Under the guidance and supervision of this committee, which is chaired by the chief compliance officer (CCO), we have endeavored to reinstitute strict compliance with the antitrust laws across the entire DENSO Group. These efforts have included further reinforcing adherence to regulations

laid out under antitrust laws, strengthening education about relevant rules, and conducting more precise audits regarding legal compliance.

Moving forward, we will seek to prevent the recurrence of such an incident while working to regain trust by further strengthening our structure for complying with antitrust laws.

Preventing Corruption

Corruption is not only a hindrance to legitimate business activities but also a source of concern due to its connection with the funding of antisocial forces such as terrorist and criminal organizations. Many countries around the world are strengthening their regulations against acts of corruption, including the United Kingdom's Bribery Act (UKBA) and the United States' Foreign Corrupt Practices Act (FCPA).

In accordance with the DENSO Group Sustainability Policy, DENSO is committed to conducting sound and fair business activities with high ethical standards. For example, DENSO rigorously practices compliance with anti-corruption laws and regulations in all regions and countries in which it conducts business activities to ensure that it does not provide benefits or advantages through illegal or improper means such as bribery or illegal political contributions/donations; through threats, extortion, or embezzlement; or by engaging in money laundering, illegal international money transfers, or the funding of antisocial forces. The main examples of these kinds of efforts are as follows.

1. Response to Laws Pertaining to Bribery Prevention

In order to respond promptly to rapid changes in its businesses and in the operating environment, DENSO has established the Anti-Bribery Compliance Committee, which is chaired by the CCO. The Company is promoting anti-bribery compliance activities under the direction and supervision of the committee, in anticipation of an increase in opportunities to collaborate with public authorities and officials in various countries and regions.

The Company has established the Global Anti-Bribery Policy as its basic policy for preventing bribery. Under this policy, DENSO has introduced internal regulations on a global basis, operates anti-bribery systems, and actively promotes anti-bribery awareness activities and education for employees.

We also inform suppliers of our Supplier Sustainability Guidelines, which include anti-bribery measures, and encourage suppliers to conduct self-inspections. By doing so, we work to prevent any and all acts of bribery.

2. Preventing Insider Trading

To ensure fairness and soundness in the securities market and to secure the confidence of shareholders and investors, DENSO has established the Internal Information Committee, which is chaired by the executive vice president, and the Internal Information Review Committee, which manages the practical affairs of the former committee, both dedicated bodies to ensure the prevention of insider trading.

Additionally, in an effort to instill an awareness of insider trading prevention among its employees, the Company has established internal rules and bylaws regarding internal information management, has set standards of conduct for officers and employees regarding trading of the Company's shares and other securities, and clearly prohibits insider trading, as formally stated in its employee conduct guidelines. The Company also implements compliance training on a regular basis.

3. Promoting Proper Accounting

DENSO has established and maintains Company rules and procedures for the handling of expenses, inventory, and other matters, and ensures that all employees are aware of said rules and procedures by sharing relevant information via the Company intranet and

providing accounting compliance education along with other measures. The aim of such measures is to ensure that transactions that could lead to accounting irregularities, such as off-balance-sheet transactions, fictitious transactions or other unsound transactions, or transactions that could be mistaken as such, are not conducted, and that proper accounting procedures are performed in accordance with International Financial Reporting Standards and the laws and accounting standards of each country in which the Company operates.

Moreover, the Company creates and maintains accounting records, such as forms and account ledgers, that, in reasonable detail, accurately and fairly reflect all transactions and dispositions of assets.

Response to Tax Compliance

DENSO believes that paying its fair share of taxes is a part of being socially responsible. The CFO, executive vice president, and representative member of the Board has been designated as the person in charge of tax governance. The Company has built, maintains, and improves a tax compliance structure, and engages in tax planning while addressing tax-related risks when they materialize.

In addition, DENSO has established the DENSO Group Global Tax Policy. We believe that properly paying taxes in accordance with the rules and regulations in each country is one of the most fundamental and important responsibilities of a corporation. Accordingly, under this policy, we engage in activities to enhance tax compliance on a Groupwide basis, such as providing training for employees and abiding by rules for cross-border transactions.

Fiscal 2023 Taxes by Region

(Billions of yen)

Region	Tax Amount
Japan	87.5
North America	29.7
Europe	6.7
Asia	51.7
Other regions	3.5
Total	179.1

Moving forward, we will continue to expand and enhance frameworks for raising employee awareness of compliance. At the same time, we will revamp and improve training programs through Groupwide collaboration with a view toward bolstering the compliance structure of the entire DENSO Group.

Please see the "Sustainability" section of our corporate website for more information.
Compliance:
<https://www.denso.com/global/en/about-us/sustainability/governance/compliance/>



Please see the "Tax Governance" section of our corporate website for information on tax compliance.
<https://www.denso.com/global/en/about-us/sustainability/governance/tax-policy/>

