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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 our Basic Policies on Corporate Governance, we have adopted a company with audit and supervisory board structure. In addition to these legal functions, we have established various governance-related frameworks. At the same time, we share information and conduct dialogues regarding business conditions with our shareholders and other investors on an ongoing basis, thereby pursuing sound, efficient, and transparent management.

For Basic Policies on Corporate Governance, please see the following website.
https://www.denso.com/global/en/-/media/Global/sustainability/governance/management/management-doc-corporate-governance-policy-2026-en.pdf?rev=718ae39e3ae34818a71ed27f75cc30d0

Efforts to Improve Corporate Governance

We are working to evolve our corporate governance and enhance strategic discussions Companywide to realize sustainable increases in corporate value.

In line with each principle of the Corporate Governance Code, we undertake initiatives such as ensuring diversity in core personnel and promoting sustainability, and disclose their status in the Corporate Governance Report. We also implement sound, efficient, and transparent management including through the significant reduction of cross-shareholdings.

For Corporate Governance Report, please see the following website.
https://www.denso.com/global/en/-/media/Global/sustainability/governance/management/management-doc-corporate-governance-2026-en.pdf?rev=c165012742dd45279ea16f3b2b52d41e

Corporate Governance System

Corporate Governance System and Principal Organizations

We have adopted a company with audit and supervisory board structure under which we have 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.

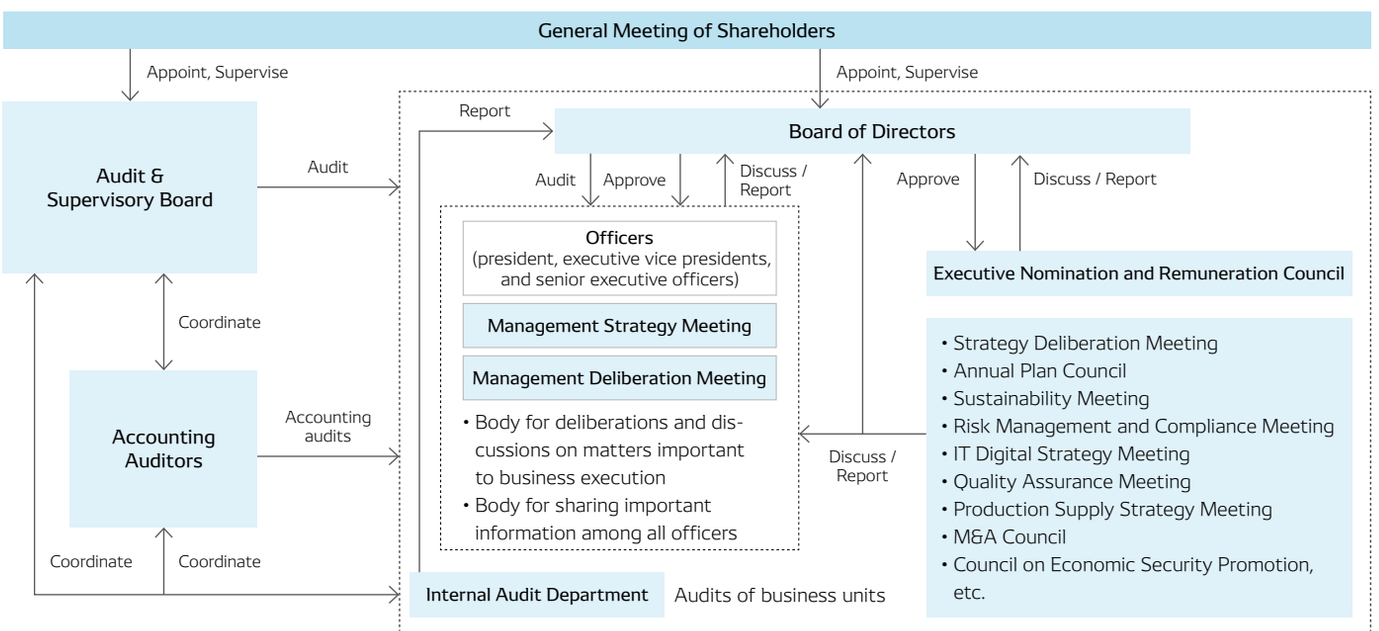
Reason for Selecting Our Current Corporate Governance System

We have been discussing and examining the optimal organizational structure to achieve highly effective corporate governance. By delegating authority from the Board of Directors as much as possible, we have been able to expedite decision-making. Additionally, the Audit & Supervisory Board, which maintains independence from the Board of Directors, has achieved high audit governance through strong collaboration with the Internal Audit Department. Therefore, at present, we are employing a company with audit and supervisory board structure.

To enhance corporate value, outside Board members with extensive insight into corporate management are appointed and are involved in decision-making and oversight based on their respective expertise. We have also established the Executive Nomination and Remuneration Council to ensure objectivity, fairness, and transparency in the nomination and remuneration of Board members.

For effective auditing, we have established a structure in which standing Audit & Supervisory Board members with in-depth knowledge of company operations conduct audits and oversee management alongside highly experienced outside Audit & Supervisory Board members, with an emphasis on on-site audits.

Corporate Governance System



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: four internal Board members, three outside Board members, two standing Audit & Supervisory Board members, and three 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 six independent officers (three outside Board members and three 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 experience and specializations in such fields as corporate management, legal affairs, accounting, and finance 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 2026, the Board of Directors convened 13 times, with 95% of members of the Board and 100% of Audit & Supervisory Board members attending.

Discussions at 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 2026 are shown in the table below. The Board received and discussed numerous reports on priority topics, namely, M&A and alliance strategies to improve corporate value over the medium to long term, as well as technology development and manufacturing strategies. Briefings and reporting at Board of Directors' meetings were streamlined thanks to the better preparation of pre-meeting materials, allowing for more than 70% of the total time to be spent on active discussions.

Main Topics Discussed, Number of Topics, and Time Allocation at Meetings of the Board of Directors in Fiscal 2026

Category	Number of Topics (Year on year)	Time Allocation (Year on year)	Main Topics
Management and business strategies	12 (–1)	39% (–7pt)	M&A and alliance strategies, technology development strategies, manufacturing strategies, IP strategies, analysis of competitors' strategies, and regional strategy for India
Financial results and finance	11 (±0)	15% (–9pt)	Resolutions on financial results and dividends, share buybacks, cross-shareholding reductions and policies, and financial activity policies
Governance and risk management	4 (–4)	10% (±0pt)	Evaluation of the effectiveness of the Board of Directors, reports on risk management activities, impact of and response to U.S. tariffs under the Trump administration
Human resources	4 (–1)	6% (±0pt)	Executive appointments, executive compensation, organizational restructuring, and introduction of share-based compensation for employees
Production and procurement	2 (–1)	8% (+2pt)	Operational reform in the supply chain domain and renewal of core systems, direction, and issues for procurement
Policies and plans	2 (±0)	7% (+3pt)	Mid-Term Plan, fiscal year plans, and corporate targets
Individually reported items	6 (+4)	15% (+11pt)	Innovation in technology and *Monozukuri* development in the AI era, strengthening of activities from an industry perspective, and reporting on the progress and results of previously resolved matters

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

In early March of each year, we conduct a survey of the effectiveness of the Board of Directors with all members of the Board. With a view to obtaining the frank opinions of members of the Board regarding issues and areas requiring improvement, interviews with internal 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

1. Composition and operation of the Board (composition of members, delegation of authority, and open and constructive discussion)
2. Support for outside officers (prior briefing, provision of information, and exchange of opinions and interaction)
3. Oversight by the Board (management philosophy, medium- to long-term strategies, governance, important risks)
4. Dialogue with stakeholders (discussions from a stakeholder perspective, status of dialogue with stakeholders)

Initiatives to Improve Effectiveness of the Board of Directors

Thanks to the initiatives shown in the table below, the results of the survey, interviews, and discussions confirmed that in fiscal 2026 the Board of Directors was even more effective than in the previous fiscal year, with more active discussions on M&A and alliance strategies.

Results of Fiscal 2026 Initiatives to Address Issues Identified in Fiscal 2025

Composition of the Board of Directors

- Systematic search for Board members
  - Working with the Executive Nomination and Remuneration Council, we replaced and increased the number of outside Board members and outside Audit & Supervisory Board members at the June 2026 General Meeting of Shareholders, raising the ratio of outside officers and the ratio of women.

Discussions regarding Strategy

- Enhancement of medium- to long-term discussions by systematically submitting strategic agenda items to the Board of Directors
  - Submitted the technology strategy, *Monozukuri* strategy, IP strategy, and semiconductor strategy to the Board of Directors
  - Discussed the Mid-Term Plan on multiple occasions

Strengthening of Stakeholder Perspectives

- Held DENSO DIALOG DAY in conjunction with the announcement of the Mid-Term Plan

We aim to improve the effectiveness of the Board of Directors by planning and implementing the following improvement measures in fiscal 2027 to address lingering issues identified in fiscal 2026.

Fiscal 2027 Improvement Action Plan to Address Issues Identified in Fiscal 2026

Response to Revisions of the Corporate Governance Code

- Response to the roles required of the Board of Directors under the revised Corporate Governance Code

Clarification of the Future Vision for DENSO's Board of Directors

- Setting of agenda items and the approach to discussions in light of the characteristics of the automotive parts industry, clarification of the roles required of outside officers, and continued examination of the Board's overall design

Strengthening of Reporting on Oversight of Execution Status

- Strengthening of reports on the execution status to enable the Board of Directors to accurately oversee and monitor execution

Systematic Submission of Management Issues and Strategic Agenda Items to the Board of Directors

- Timely and appropriate reporting of management issues to the Board of Directors and reflection of such issues in executive actions

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 five Audit & Supervisory Board members, three of whom are outside Audit & Supervisory Board members.

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.

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 2026, Audit & Supervisory Board meetings included numerous discussions and reports on priority topics, namely, enhancement of organizational internal controls, and preparation and human resource development aimed at realizing the Company's philosophy.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Audit & Supervisory Board in Fiscal 2026

Classification	Matters Submitted for Discussion
Policy and plan	3
Corporate management	13
Execution of duties by senior executive officers	8
Accounting audit	9
Audit & Supervisory Board members' audit report	13
Audit & Supervisory Board structure	3
Individual discussions of key issues	2

Structure for Business Execution

DENSO CORPORATION separates the functions of the Board of Directors, which conducts management oversight, and the senior 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.

Composition of the Board of Directors and Audit & Supervisory Board

Approach to Requirements and 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, we select individuals who are well-versed in managing the Company's various businesses and are 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 to the accurate and effective supervision of management.

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

Experience and Expertise (Skill Matrix)

The skills (experience and specializations) required of members of the Board of Directors are decided when considering whether such skills are helpful in attaining objectives, such as medium- to long-term business strategies, policies, and targets. More specifically, we have set out nine items from three perspectives: skills necessary to create the social value the Company aims for, skills necessary to oversee management, and core skills that underpin competitiveness.

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.

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 2026	14	45

Composition of the Board of Directors and Audit & Supervisory Board

As of the end of June 2026

Members of the Board

Internal members of the Board: 4 persons



Outside members of the Board*2: 3 persons



Audit & Supervisory Board Members

Internal Audit & Supervisory Board members: 2 persons

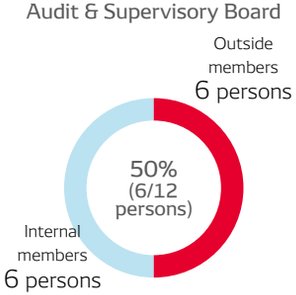


Outside Audit & Supervisory Board members*2: 3 persons

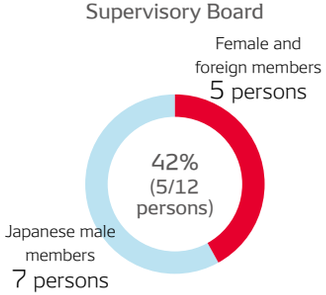


*1 Retired as CFO in July 2026 and newly assumed the role of CSEO
*2 The Company's outside officers satisfy the independence criteria established by the Company and by the financial instruments exchanges.

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



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



Notes:1. Ratio of independent outside members to the Board of Directors: 43% (3/7 persons)
2. Ratio of female members of the Board of Directors: 29% (2/7 persons)

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 (Years)	Attendance at Board of Directors' meetings in fiscal 2026	Meeting participation (◎ = Chair)			Skills for creating social value		Management oversight skills				Core skills underpinning competitiveness			Reason for appointment	Important posts concurrently held at other corporations (As of the end of June 2026)
			Board of Directors	Audit & Supervisory Board	Executive Nomination and Remuneration Council	Environment and society	Software / Digital	Corporate management	Governance / Risk management	Global	Finance / Accounting	Technological development	Manufacturing	Human resource development		
 Chairman, Member of the Board Koji Arima	11	13/13	◎		*1			○	○	○		○	○		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. He has been engaged in activities to support Japan's manufacturing industry across companies in various public roles. 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 Outside member of the Board of AGC Inc.
 President & CEO, Representative Member of the Board Shinnosuke Hayashi	3	13/13	○		○	○	○	○				○		○	After joining the Company, Shinnosuke Hayashi was engaged in the electronics business, served as chief software officer (CSwO), 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 lead the creation of new value.	
 Executive Vice President, Representative Member of the Board CRO, CCO, CFO*2 Yasushi Matsui	5	13/13	○			○		○	○	○	○				After joining the Company, Yasushi Matsui was 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, and CFO.*2 He is expected to lead corporate and financial strategies and advance growth strategies by utilizing his broad perspective and foresight gained through his wide-ranging experience in functional and operating departments and at an overseas site.	Outside Audit & Supervisory Board Member, JTEKT Corporation
 Executive Vice President, Representative Member of the Board CSO, CHRO Yasuhiko Yamazaki	2	13/13	○		○*3		○	○				○	○	○	After joining the Company, Yasuhiko Yamazaki served as president of the Company's Spanish subsidiary and was in charge of production promotion departments and the driving safety business before being placed in charge of the thermal systems business in January 2021. He currently serves as CSO and CHRO. We expect him to draw on his deep knowledge of technology and *Monozukuri* to advance management strategies grounded in future growth potential and the customer's perspective, as well as development of the people who will support the realization of those strategies.	Outside Director of Toyota Boshoku Corporation
 Member of the Board Outside Board Member Independent Officer Yuko Mitsuya	7	13/13	○		◎			○	○					○	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 including 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.	Outside Director, Japan Airlines Co., Ltd. Vice President, Japanese Olympic Committee
 Member of the Board Outside Board Member Independent Officer Joseph P. Schmelzeis, Jr.	4	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 Kaisha Outside Director, Central Japan Railway Company; Outside Director, Hitachi Construction Machinery Co., Ltd.

*1 Retired as of July 2026 *2 Retired as CFO in July 2026 and newly assumed the role of CSEO *3 Appointed in July 2026

Note: CEO (Chief Executive Officer); CRO (Chief Risk Officer); CCO (Chief Compliance Officer); CSO (Chief Strategy Officer); CFO (Chief Financial Officer); CHRO (Chief Human Resources Officer); CSEO (Chief Safety & Environment Officer); CSwO (Chief Software Officer)

Name	Tenure (Years)	Attendance at Board of Directors' meetings in fiscal 2026	Meeting participation (◎ = Chair)			Skills for creating social value		Management oversight skills				Core skills underpinning competitiveness			Reason for appointment	Important posts concurrently held at other corporations (As of the end of June 2026)
			Board of Directors	Audit & Supervisory Board	Executive Nomination and Remuneration Council	Environment and society	Software / Digital	Corporate management	Governance / Risk management	Global	Finance / Accounting	Technological development	Manufacturing	Human resource development		
 Member of the Board Outside Board Member Independent Officer Noriko Kinoshita	—*1	—*1	○		○	○			○		○				Noriko Kinoshita has abundant experience and knowledge in all aspects of management including public relations and sustainability, alongside experience in the postal business at Japan Post Holdings Co., Ltd. and JAPAN POST Co., Ltd. She also has experience in risk management through her emergency response activities during the Great East Japan Earthquake. She is expected to utilize this extensive experience to oversee the Company's overall management.	Audit & Supervisory Board member of JAPAN POST Co., Ltd.
 Standing Audit & Supervisory Board Member Naoto Inuzuka	—*2	—*2	○	◎					○	○	○				After joining the Company, Naoto Inuzuka mainly engaged in business planning and also served as the president of a subsidiary of the Company in Thailand from January 2021, being involved in the management of the overseas business as CEO of the Asia-Oceania region. He was appointed Senior Executive Officer in 2025 and is participating in the Group's management from a global perspective. He is expected to contribute to thorough Groupwide compliance and enhancement of corporate governance through audits aligned with actual business conditions, as he is well-versed in overseas subsidiary management based on business planning.	Outside Audit & Supervisory Board member of ADVICS CO., LTD.
 Standing Audit & Supervisory Board Member Katsunori Hayashi	1	10/10*3	○	○					○		○			○	After joining the Company, Katsunori Hayashi has worked in human resources, secretarial, and sales departments. He served as general manager of the planning department in the operating division from January 2011, and he has served as general manager of the secretarial department since April 2018. He has wide-ranging experience in functional and operating departments, and has extensive and deep knowledge of corporate governance in general, including his leadership of governance reforms focusing on the areas of nomination and remuneration as general manager of the secretarial department. He is expected to reflect this experience and knowledge in the Company's audits for the improvement of high-quality corporate governance systems of the Group.	
 Auditor Outside Audit & Supervisory Board Member Independent Officer Yasuko Gotoh	7	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 (Audit Committee Member), Shiseido Company, Ltd. Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc. Outside Director, Sumitomo Corporation
 Auditor Outside Audit & Supervisory Board Member Independent Officer Kumiko Baba	—*2	—*2	○	○			○		○		○				Kumiko Baba has abundant experience centering on business operations overseas, such as contract negotiations and business alliances with overseas companies, as well as new business launches at Toshiba Corporation. At JFE Engineering Corporation, she gained wide-ranging executive experience from overseeing overseas businesses to engaging in management areas such as accounting and finance. In addition, she has experience as a full-time Audit & Supervisory Board Member at JFE Holdings, Inc. She is expected to reflect her experience of engaging in manufacturing from a global perspective and her expertise covering accounting, finance, auditing, and other professional areas in the Company's audits.	Advisor, JFE Engineering Corporation Outside Director (Audit & Supervisory Committee Member), SWCC Corporation Outside Director (Audit & Supervisory Committee Member), AGC Inc.
 Auditor Outside Audit & Supervisory Board Member Independent Officer Masato Yamagami	—*2	—*2	○	○		○			○		○				Masato Yamagami has held key roles at PricewaterhouseCoopers Japan LLC alongside abundant work experience as a certified public accountant, and possesses highly specialized expertise in corporate accounting, corporate auditing, and sustainability. More recently, he has accumulated experience centering on key management issues including risk management and compliance as CEO at PwC Risk Advisory LLC. He is expected to utilize this wide-ranging experience and expertise to refine the Company's audit framework and provide appropriate oversight of management risks.	Representative, Masato Yamagami Certified Public Accountant Office

*1 Appointed Member of the Board in June 2026
*2 Appointed Audit & Supervisory Board member in June 2026
*3 Number of meetings attended since appointed Audit & Supervisory Board member in June 2025

Definition of each skill and reason for selection

Skill category	Skill items	Definition	Reason for selection
Skills for creating social value	Environment and society	Operational experience relating to environmental and social issues or expertise in sustainability management	Because the Company aims to broadly contribute to the resolution of social issues beyond mobility, centered on “green” and “peace of mind”
	Software / Digital	Operational experience in software and use of digital technologies or expertise in digital transformation	Because these technologies are fundamental to value creation in a mobility society where cars and society are interconnected, and the Company aims to improve its competitive advantage and achieve sustainable growth through DX promotion, including the use of AI
Management oversight skills	Corporate management	Experience in leading corporate management at listed companies, etc.	To ensure accurate decision-making relating to complex global management issues as the automotive industry undergoes a significant, once-in-a-century transformation
	Governance and risk management	Operational experience or expertise in corporate governance and risk management	To maintain stakeholder trust by enhancing the effectiveness of governance and appropriately responding to increasingly diverse global risks
	Global	Overseas management experience or understanding of overseas business environments and cultures	To ensure understanding of different cultures, values, and laws and regulations amid the Company’s global business expansion and to promote Companywide strategies while utilizing strengths in each region
	Finance and accounting	Operational experience or expertise in financial affairs, accounting, and capital markets	To create a robust financial foundation and enhance corporate value through financial strategies and dialogue with capital markets
Core skills to support competitive advantages	Technology development	Operational experience in technology and R&D or expertise in global technological trends	Because the Company must continue to refine its founding strengths—a forward-looking spirit of creation and a focus on world-first technologies and product manufacturing—in order to create new value
	Manufacturing	Operational experience in production technology and quality control, etc., or expertise in manufacturing strategies	Because the Company must continue to refine its founding strengths in highly efficient and high-quality manufacturing based on in-house technologies, in order to maintain trust and its competitive advantage
	Human resource development	Operational experience in human resource strategies and organizational development or expertise in human capital management	Because human resources are the Company’s most important capital and the Company must preserve and further advance its corporate culture that can maximize the capabilities of its organizations and approximately 155,000 employees worldwide, under its open organizational climate

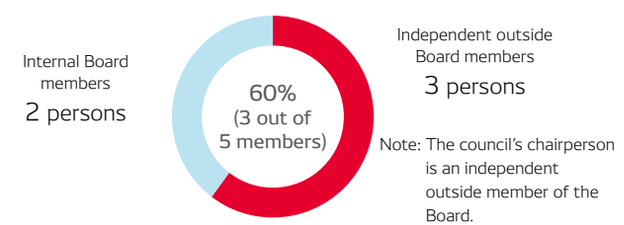
Executive Nomination and Remuneration Council

We have established the Executive Nomination and Remuneration Council to increase fairness and transparency from an impartial standpoint when making important decisions regarding the nomination and remuneration of executives. The council is chaired by an independent outside Board member, with independent outside Board members constituting the majority of its members.

Composition of the Executive Nomination and Remuneration Council

Chairperson	Yuko Mitsuya	Independent Outside Board Member
Members	Shinnosuke Hayashi	President & CEO, Representative Member of the Board
	Yasuhiko Yamazaki	Executive Vice President, Representative Member of the Board
	Joseph P. Schmelzeis, Jr.	Independent Outside Board Member
	Noriko Kinoshita	Independent Outside Board Member

Composition of the Executive Nomination and Remuneration Council



Note: The council’s chairperson is an independent outside member of the Board.

Nomination Process for Board Members and Audit & Supervisory Board Members

Process 1	• The president and relevant officers take the lead in gathering opinions from various sources and comprehensively assess candidates based on performance, character, and insight to identify those best suited for the role. The Executive Nomination and Remuneration Council then deliberates and drafts the nomination proposal for the fiscal year.
2	• Board members are appointed following a resolution by the Board of Directors and subsequent approval at the General Meeting of Shareholders. • Audit & Supervisory Board members are appointed based on a resolution by the Board of Directors, subject to consent by the Audit & Supervisory Board, and approved at the General Meeting of Shareholders.

Activities of the Executive Nomination and Remuneration Council

The Executive Nomination and Remuneration Council convened a total of eight times in fiscal 2026 with 100% attendance by its members. The main topics of deliberation were as follows:

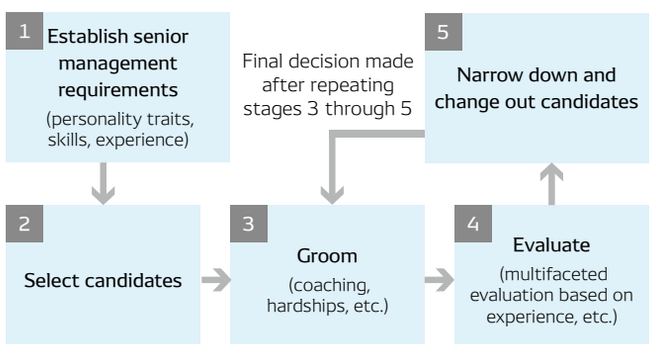
Nomination	• CEO succession plan • Outside officer succession plans • January 2026 executive system • June 2026 executive system
Remuneration	• Compensation levels by position and duties • Performance evaluation based on corporate earnings indicators • Evaluation of individual performance • Determination of individual compensation • Reforms to executive remuneration system

Senior Management Succession Plan

We regard president & CEO succession planning as one of DENSO's most important management tasks. The Executive Nomination and Remuneration Council leads the search for the next president based on a highly objective and transparent process.

The Executive Nomination and Remuneration Council establishes requirements that reflect the type of senior management sought by DENSO. In searching for an optimal successor, the council conducts ongoing discussions based on a diverse range of information concerning the candidates. Such information is obtained from parties inside and outside the Company and includes past achievements, employment histories, and assessments of suitability for management positions. In addition, for CxO positions and below, we identify candidates for the succession of key core management posts inside and outside Japan and groom these candidates from medium- and long-term perspectives.

Succession Planning Process



New Senior Management Requirements*

Capabilities	• Vision setting • Decisiveness • Team building and leadership • Succession and development
Personality traits	• Sense of purpose and ambition • Outward focus • Accountability • Courage • Integrity and positivity • Openness

* Revised in fiscal 2026 based on discussions by the Executive Nomination and Remuneration Council

Executive Compensation

Basic Policy

- Achieve medium- to long-term enhancement of corporate value and management from the perspective of shareholders
- Incentivize eligible members of the Board to enhance business performance by linking the Company's performance with individual performance

Composition of Remuneration

The compensation system for members of the Board (excluding non-executive members of the Board and outside Board members) at DENSO consists of basic compensation as fixed compensation, as well as bonuses and share-based compensation as performance-linked compensation. An overview of each compensation system and the ratio of compensation by position for basic compensation amounts are as detailed in the table below. However, note that these ratios may vary depending on fluctuation in performance-linked compensation amounts, which are based on the achievement of corporate earnings for the fiscal year. Compensation for non-executive members of the Board and outside Board members consists of only basic compensation (fixed amount) from the standpoint of ensuring independence. Compensation for Audit & Supervisory Board members also comprises only basic compensation (fixed amount), in light of their roles and responsibilities as auditors in charge of compliance audits.

Compensation Levels

The level of compensation for members of the Board and Audit & Supervisory Board members is set at competitive levels for comparable companies while also referencing levels at major manufacturers of similar scale in similar sectors and with similar business models as DENSO, based on board member compensation survey data compiled by external research institutions each year.

Method for Calculating Performance-linked Compensation

To establish linkage with corporate performance and to incentivize members of the Board to enhance corporate performance and sustain growth, a performance-linked compensation amount is calculated by reflecting a corporate performance evaluation and an individual performance assessment—which is based on an evaluation of the business results and achievements of the individual and their medium- to long-term initiatives—in a position-specific basic compensation amount. Depending on corporate performance and individual performance, the performance-linked compensation amount fluctuates in a range that is between 0% and 150% of the basic compensation amount.

Type of Compensation		Overview	Ratio		
			Chairman	President	Executive Vice President
Fixed compensation	Basic compensation	• Paid as monthly fixed compensation based on position	25%	25%	30%
Performance-linked compensation	Bonus (short-term incentive)	• Paid at a certain time each fiscal year after the conclusion of the General Meeting of Shareholders • Bonus: The payment amount is determined based on corporate performance indicators (consolidated operating profit and ROIC) and the results of individual performance assessments. • Share-based compensation: The payment amount is determined based on corporate performance indicators (ROE, total shareholder return [TSR], employee engagement, and sustainability score) and the results of individual performance assessments.	25%	25%	30%
	Share-based compensation (medium- to long-term incentives)		50%	50%	40%

Performance-linked compensation amount = Position-specific basic compensation amount × Corporate performance evaluation × Individual performance assessment

Fluctuating in a range between 0% and 150% depending on corporate earnings and the outcome of individual assessments

Corporate Performance Evaluation Indicators

The Company revised its performance evaluation indicators in fiscal 2027 to encourage the achievement of KPIs set out in the Mid-Term Management Plan CORE 2030, and to strengthen incentives for achieving sustainable growth and enhancing corporate value over the medium to long term through greater value sharing with stakeholders. Under this revised framework, bonuses are linked to short-term profit-related indicators, while stock-based compensation is linked to medium- to long-term indicators, including non-financial and share price-related metrics. The score weighting and evaluation method for each evaluation indicator are shown on the right. Further, targets for each fiscal year, the basis of these evaluations, are set each year based on medium- to long-term objectives.

Share-based Compensation

The Company pays share-based compensation through a trust-type share-based compensation system, the Board Benefit Trust-Restricted Stock (BBT-RS). This system is a performance-linked share-based compensation system under which the Company distributes, through a trust, its own shares and the cash equivalent to the market value of those shares to executive officers. Share-based compensation is paid in the form of restricted shares, and the restriction on transfer is removed when the executive officer retires, in principle.

Malus and Clawback Provisions

If the Company subsequently restates its financial results or if a serious act of misconduct or compliance violation occurs, DENSO may, by resolution of the Executive Nomination and Remuneration Council, reduce or forfeit the right of an executive officer to receive bonuses and share-based compensation, which constitute performance-linked compensation, or request the return of compensation already paid.

Method for Determining Compensation

The Board of Directors has passed a resolution on the total amount of compensation for fiscal 2026, 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.

Performance Evaluation Indicators

	Indicator	Weighting	Evaluation method	Evaluation coefficient
Bonuses	Consolidated operating profit	75%	Evaluation based on degree of achievement of fiscal year targets and rate of growth against past results	0 and 150%
	ROIC*1	25%	Evaluation based on degree of achievement of fiscal year targets	
Share-based compensation	ROE	35%	Evaluation based on degree of achievement of fiscal year targets	25 and 150%
	Total shareholder return (TSR)	35%	Evaluation based on relative comparison with the growth rate of TOPIX including dividends for the fiscal year	
	Employee engagement	15%	Evaluation based on degree of achievement of fiscal year targets	
	Sustainability score	15%	Evaluation based on overall achievement of fiscal year targets for the following material issues (Materiality), which we have set out to resolve through our businesses: 1. Addressing climate change 2. Providing safe and unrestricted mobility 3. Providing a secure and stable food supply 4. Improving labor productivity in industry	

*1 ROIC (return on invested capital) = (Profit attributable to owners of the parent company + Interest expenses after tax) / Average invested capital*2 (Average of figures at the beginning and end of the year)
*2 Equity attributable to owners of the parent company + (Interest-bearing debt − Surplus funds)

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	964	384	213	367/198,300 shares	8
(Outside Board members)	(63)	(63)	(—)	(—)	(3)
Audit & Supervisory Board members	143	143	—	—	5
(Outside Audit & Supervisory Board members)	(37)	(37)	(—)	(—)	(2)
Total	1,107	527	213	367/198,300 shares	13

1. The figures above include Audit & Supervisory Board Member Shingo Kuwamura, who retired as of the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 13, 2025.
2. Performance-linked compensation is the amount based on a resolution adopted at the Board of Directors' meeting held on May 22, 2026. The following indicators are used to calculate performance-linked compensation in fiscal 2026. Consolidated operating profit: ¥552.5 billion; ROIC: 7.4%; sustainability score: 5/5 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 22, 2026, 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 (Chairman of the Board)	243	79	55	109
Shinnosuke Hayashi (Representative Member of the Board)	310	101	70	139
Yasushi Matsui (Representative Member of the Board)	158	55	44	59
Yasuhiko Yamazaki (Representative Member of the Board)	158	55	44	59

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

For the compensation of Audit & Supervisory Board members, the Company consults with and reaches an agreement with the Audit & Supervisory Board members based on the deliberations of the Executive Nomination and Remuneration Council, within the scope of compensation established by a resolution of the General Meeting of Shareholders.

Protection of Minority Shareholders

We respect the rights of all shareholders and seek to ensure the fair return of profits and impartiality while also giving due consideration to ensuring that minority shareholders are able to exercise their rights. 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

We provide 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, we refine our leading-edge technologies and manufacturing capabilities and then utilize them to realize enhanced products and systems for the next generation. The same applies to our transactions with Toyota Motor Corporation. Toyota Motor Corporation, which owns 22.24%* of DENSO's voting rights, is classified as an other affiliated company of DENSO. However, we conduct our business activities independently, without restrictions from Toyota Motor Corporation, such as matters requiring our approval.

At the same time, to generate synergies within the Toyota Group, we combine the knowledge of each company, including perspectives on mobility, automotive products and systems, and marketing, thereby enabling efficient and speedy research and development, *Monozukuri*, and human resource development. In 2025, for example, five companies comprising DENSO CORPORATION, AISIN Corporation, Toyota Tsusho Corporation, Toyota Motor Corporation, and Woven by Toyota, Inc. launched the Toyota Software Academy to strengthen the development of AI and software human resources, and we are advancing collaboration across a wide range of domains.

In this way, we maintain relationships with our business partners without relying on capital relationships, strengthening business competitiveness by leveraging the unique advantages of belonging to the Toyota Group.

* As of March 31, 2026

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. (Risk Management, P.100–101; Compliance, P.103–104)

For DENSO Basic Policies for Internal Control, please see the following website.
https://www.denso.com/global/en/-/media/Global/sustainability/governance/management/management-doc-internal-control-policy-2025-en.pdf?rev=e8604a232dbe484cbdabd9c7c8b50ec3

Messages from Outside Board Members

Supporting Value Creation That Only DENSO Can Achieve, While Attending to Human Resource Issues in the Age of AI

Yuko Mitsuya
Outside Board Member

Ms. Yuko Mitsuya has held key positions in the sports industry and currently serves as vice president of the Japanese Olympic Committee. She has been serving as an outside board member of DENSO since 2019.



Lively Discussions at the Board of Directors

I took office as an outside Board member of DENSO in 2019. Six months after I took office, COVID-19 struck and the Board of Directors' meetings shifted online. Because I had always drawn on such cues as the facial expressions of speakers during meetings, I admit that I felt a certain unease at first. Even so, the attentive support of the secretariat and the way Chairperson of the Board Koji Arima presided over the meetings, securing ample time for questions and answers, encouraging each participant to speak, and asking President Shinnosuke Hayashi for closing remarks after the deliberation of each agenda item, naturally increased the number of comments from other members of the executive side and from Audit & Supervisory Board members as well. Now that the pandemic has ended and meetings are held offline once again, that same atmosphere, in which everyone can speak freely, remains firmly in place.

In this atmosphere, our dissenting votes have rejected proposals from the executive side, and we have also approved certain matters on the condition of continuous monitoring. With proposals concerning acquisitions in particular, we examine their appropriateness from a comprehensive perspective, considering whether human synergies exist and what the impact on organizational culture will be, because an acquisition means inheriting not only business synergies but also the hearts and minds of people.

Role of Outside Board Members and Our Assessment of CORE 2030

One role we must fulfill is to not intervene in the details of business execution. For my part, I am also cautious about offering various critiques of how senior management perceives the current situation. After all, that is a view only senior management can see. What matters instead is to walk alongside senior management and check whether the broad policy they have set out is holding steady.

With the Mid-Term Management Plan 2030, CORE 2030, which defines this broad policy, senior management decided that, compared with the previous Mid-Term Policy for 2025, the Company should deliberately settle in for the long haul rather than lean into the pursuit of short-term goals, and should concentrate on fundamentally strengthening *Monozukuri* capabilities and building trust-based relationships with customers from a medium- to long-term perspective. Our role is to monitor how thoroughly this new broad policy takes root within the Company and how coherently it aligns with individual measures.

The same applies to discussions at the Executive Nomination and Remuneration Council. When we interview candidates for Board member positions, we ask them, for example, for their broad view of where DENSO stands in the automotive industry going forward, and we scrutinize in our own way the depth and breadth of their awareness of the issues and the coherence of their thinking regarding the Company's broad policy. To that end, as well as to prepare for the development of future successors, we intend to further augment our dialogues with Chairperson of the Board Arima and President Hayashi and to share that understanding as a deliberative body.

Emergence of AI and Human Capital Management

I sense that employees hold a special attachment to DENSO as a company. This is a clear indication that DENSO successfully puts human capital management into practice. I intend to pay close attention to ensuring that this outstanding corporate climate and culture endures, and that the closeness of personal relationships does not give rise to friction stemming from generational gaps. Another matter I am watching closely is the impact of introducing AI. In human capital management going forward, dividing roles between work that we can entrust to AI and work that humans should undertake will become crucial. Whereas AI is the very embodiment of cognitive ability, the essence of humanity lies rather in noncognitive abilities such as cooperativeness, individuality, and self-esteem. Cultivating these noncognitive abilities is precisely what is indispensable for humans and AI to coexist and prosper together, and corporate education today faces the need for fundamental transformation. DENSO has long extended generous support to the world of sports, and because sports are a concentration of noncognitive abilities, I believe that skillfully integrating sports into its approach will enable DENSO to practice human capital management in a way that is more distinctly its own.

What I envision is employees, brimming with humanity, fully exercising an entrepreneurial spirit and contributing to DENSO's value creation. There is no reason why a B2B company cannot foster a strong entrepreneurial culture. I look forward to a future in which DENSO's *Monozukuri* continues to deliver one product and service after another that astonishes the market, and I will support the Company, at times with a scrutinizing perspective.

Advancing to a New Stage of Growth While Sharing a Positive Sense of Crisis with Executives

Joseph P. Schmelzeis, Jr.
Outside Board Member

Mr. Joseph P. Schmelzeis, Jr. has served as a director at SEGA CORPORATION and a senior advisor to the ambassador at the U.S. Embassy in Tokyo. He currently serves in such positions as executive manager at Cedarfield Godo Kaisha. He has been serving as an outside Board member of DENSO since 2022.



Sharing a Sense of Urgency at the Board of Directors

I assumed the position of outside Board member of DENSO in 2022, and this June marked exactly four years in the role. Although there was much I was unaccustomed to when I first took office, my understanding of DENSO as a company gradually deepened, and I came to express my own views with greater conviction at the Board of Directors and other forums. Meanwhile, this period was also one in which the executive side established the current three-person senior management structure. DENSO's Board of Directors has always been characterized by openness and by an atmosphere in which speaking up comes easily, and I feel that discussions have grown richer and more fruitful as the thinking of both the executive side and outside members has become clearer.

The greatest change compared with four years ago is that we now share a sense of urgency to a far greater degree. It is true that revenue and profit reached record highs in fiscal 2026. This is the product of the steady and sound management that only DENSO can deliver, and I hold it in high regard. Today, however, both the structure of the automotive industry and the factors that constitute competitive advantage have changed markedly, and the hurdles to sustainable growth stand higher than ever before. DENSO's dedication to quality, safety, and reliability is a major strength that holds its own anywhere in the world. However, in a world entirely different from the past, a world of software, semiconductors, and AI, relying on conventional strengths alone carries the risk that the Company will miss future growth opportunities.

These are the points I emphasize from time to time at meetings of the Board of Directors and on other occasions. The executive side shares the same understanding, and this is clearly apparent in many places, beginning with the recent organizational restructuring.

Assessment of CORE 2030 and Issues to Address

I agree with the thinking behind CORE 2030, the mid-term management plan. The issue, however, lies in the path for achieving these targets. The plan needs greater specificity by repeatedly asking "how" for each target, based on the "5 Hows" framework.

What is it that DENSO lacks? Personally, I believe that making greater use of global talent would be a turning point. In the software domain, the Company has already established research and development bases in India and elsewhere, but I cannot confidently say that DENSO is making full use of global human resources, and it needs to secure a far greater number of top-class engineers in Japan and overseas. In doing so, M&As and alliances will also be among the options available. By opening its doors more widely to the world and generating synergies between external and overseas DNA and DENSO's own inherent strengths, the Company should begin to see the outlines of a new stage of growth that does not simply extend from the past.

Taking on Challenges Aimed at Creating Global Standards

DENSO's share price has been weak in recent years, and there have been phases where the price-to-book ratio (PBR) has dipped below 1x. This is a trend common across the entire Japanese automotive industry, partly because of the difficulty articulating a medium- to long-term growth story. Amid a rapidly changing business environment, it is becoming increasingly unclear which customers DENSO will be serving 10 years from now, and with which products and services. This is precisely the point that concerns the capital markets.

Looking back over its history, however, DENSO is a company that has overcome numerous trials and hardships to grow into a leading Tier 1 supplier. Out of that history have come products that became global standards, such as the QR Code®. Precisely because this is an era of such rapid change, I want to pose questions from an outside perspective so that DENSO returns to its original spirit and takes on challenges far more boldly.

I would like the Company to spare neither time nor investment in taking the world by storm with innovation originating at DENSO and in creating new global standards. I am convinced that only through such efforts will the capital markets come to value DENSO's true capabilities properly.

Contributing to DENSO's Future with a Broad Perspective and a Sense of Balance

Noriko Kinoshita Newly Appointed
Outside Board Member

Ms. Noriko Kinoshita serves as an audit and supervisory board member of Japan Post Co., Ltd., after holding the position of senior executive officer. She has been serving as an outside Board member of DENSO since 2026.



On Being Appointed as an Outside Board Member

I was appointed as an outside Board member of DENSO at the Ordinary General Meeting of Shareholders held in June 2026. I joined the Ministry of Posts and Telecommunications (now the Ministry of Internal Affairs and Communications) in 1989 and engaged in policy planning and international negotiations in the information and telecommunications field. With the privatization of the postal services, I moved to the business side and went on to oversee a broad range of management operations at Japan Post (now the Japan Post Group). The experience I remember most vividly from that time is responding to the emergency in the disaster-stricken areas immediately after the Great East Japan Earthquake. Witnessing firsthand the devastation that could not be fully grasped from Tokyo, I learned a great deal about the true meaning of putting human life first, my own powerlessness, and the strength of people.

My experience across many spheres, the public and private sectors, overseas and Japan, and central and regional government, is a great asset to me. On DENSO's Board of Directors, I intend to keep a balanced watch over everything from the direction of national policy to individual issues in corporate management, and from global concerns to local communities, and to enhance the objectivity of the Company's management by offering perspectives grounded in my experience.

An Unprecedented Period of Transformation and Where DENSO Stands Today

In my interactions with the people of DENSO, I felt that their commitment to technology, quality, and safety, and their determination to think it through in terms of their relationships with customers and society, represent sustainability management genuinely put into practice. I also hold the Company's earnest corporate culture and its solid, trust-based relationships with local communities in high regard. At the same time, the automotive industry is undergoing a once-in-a-century transformation. Within the Company, I sense that reforms are advancing along two broad vectors, driven by an extraordinary sense of urgency and a firm resolve that taking on challenges is now or never. The first vector is to return once again to the founding origins described above. The second is to build on that foundation and carve out the future through unprecedented new challenges. The Mid-Term Management Plan 2030, CORE 2030, charts that path and states this sense of urgency frankly, so I found its direction convincing. What investors focus on, however, is the form in which such a plan will be realized. I believe the challenge ahead lies in how far the Company can translate the plan into concrete measures during a period of transformation in which the road ahead cannot be seen clearly.

Three Elements That Enhance the Effectiveness of the Board of Directors

The primary role of the Board of Directors is to decide broad management policies and to oversee the internal control framework. For these to function smoothly, three things are indispensable between the executive side and outside Board members: 1) information sharing, 2) open discussion, and 3) mutual respect. My impression is that the Company's Board of Directors meets these criteria.

On the first point, the Company provides advance briefings ahead of Board of Directors' meetings as well as meaningful presentations for newly appointed Board members. On the second point, Chairperson of the Board Arima, who chairs the meetings, presides with great skill, allowing ample time for each participant to speak while adeptly summarizing the various opinions raised. On the third point, my own conviction is that there can be no relationship of trust without respect, and at the Company's Board of Directors, I sense an atmosphere in which internal members of the Board and outside Board members and Audit & Supervisory Board members respect one another, together with the mutual trust that grows out of it. Supported by this cultivation of the right environment, exchanges between outside members and the executive side do not end as simple question-and-answer sessions but develop into lively cross talk that draws in other participants as well, which I found highly impressive.

Sharing a Single Vision with Everyone

For a company, having an origin to return to and a foundation to stand on is an absolute strength. That said, a strength can at times turn into a weakness. In this era of dizzying change, clinging to conventional ways of doing things often invites decline. What is needed is bold thinking that breaks through existing frameworks, and a sense of speed. A willingness to try without fear of failure. Such a mindset has arguably been difficult for the traditional automotive industry to adopt.

To me, this issue is by no means someone else's concern either. What I feel strongly, based on my experience to date, is that the difficulty of making decisions and of staying close to the front lines is a theme common to every industry and every type of business. Sharing a single vision with everyone, I intend to draw on my experience and devote my full efforts to bringing about an even brighter future for DENSO.

Risk Management

Risk management is an important corporate governance initiative that ensures appropriate compliance, minimizes losses arising from the various risks surrounding the Company and supports the creation of growth opportunities through appropriate risk-related decision-making. Centered on the Risk Management and Compliance Meeting, chaired by the chief risk officer (CRO), we strive to strengthen our Companywide risk management framework and enhance its effectiveness. The meeting also holds discussions on not only the response to individual risks but also on the fostering of an organizational culture and mindset that emphasizes compliance. In these ways, it advances cross-organizational governance enhancement.

Going forward, we will continue to respond accurately to changes in the business environment, advance our risk management activities across the entire Group, and work to sustainably enhance corporate value.

Basic Stance

To appropriately respond to increasingly diverse and sophisticated risks and minimize their impact, 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 impact 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 implement measures both to prevent risks before they materialize and to mitigate the impact of a crisis when one occurs. In addition, should a crisis occur, we focus on a swift and accurate initial response and early recovery.

In recent years, the risk environment surrounding the Company has grown increasingly severe, with such factors as the threat of catastrophic natural disasters, tight supply and demand for production materials, sophisticated cyberattacks and increasingly complex geopolitical risks. Based on this understanding of the environment, we position risk management as one of our key management issues, not only from the perspective of addressing threats but also from that of enabling appropriate risk taking to pursue growth opportunities.

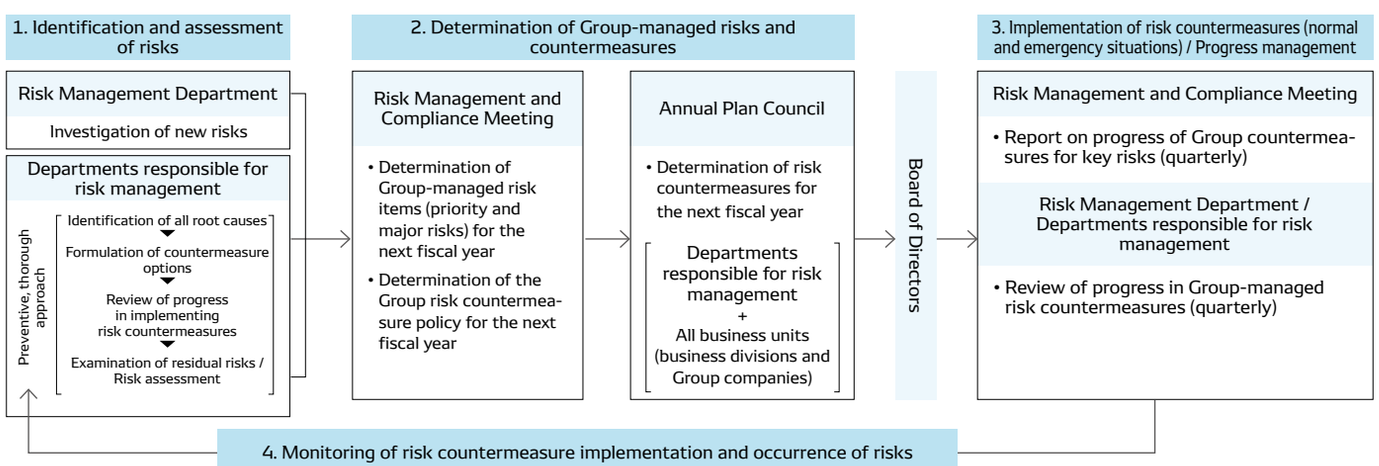
We are working to advance our risk management efforts to further strengthen our ability to respond to risks.

Promotion Framework

DENSO has established the Risk Management and Compliance Meeting, chaired by the CRO responsible for overseeing risk management across the Group, to review progress in improving the Group's risk management systems and frameworks, and to deliberate and provide direction on priority activities in light of changes in the internal and external environment. In addition, across the entire Group, we assign risk officers and risk managers as those responsible for risk management within each organization, including business units, regional headquarters and Group companies, thereby strengthening our capabilities to prevent risks during normal operations and to minimize damage in emergencies. Furthermore, in order to respond promptly and accurately in the event of a crisis, we have put in place the Emergency First Response Manual, which clarifies situation assessment, reporting standards, reporting routes, and basic policy for internal and external responses. In addition, we form specialized response organizations according to the severity and urgency of the situation, establishing a structure that enables agile responses centered on the departments responsible for risk management.



Risk Management Process



For more information on Risk Management, please see the following website.
https://www.denso.com/global/en/sustainability/governance/risk/

Identifying Risks and Defining Response

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

In fiscal 2026, we identified risks that could potentially damage our credibility, assets and production activities, as well as life and the environment, based on the business environment. Departments responsible for risk management analyzed the causes of such risks and the factors behind the expansion of damages after occurrence, thereby clarifying preventive measures as well as initial response and recovery measures. Based on the implementation status of these measures, we also assessed the scale of the remaining risk for each risk from the perspectives of level of impact and frequency of occurrence.

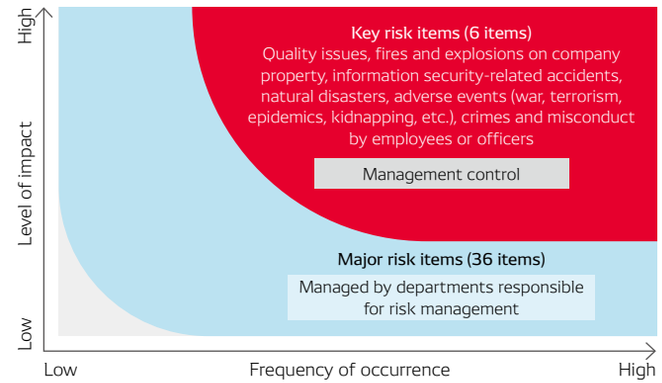
Based on this assessment, we selected risks with particularly high residual risk that require intensive allocation of resources as key risks, and the Risk Management and Compliance Meeting determined the activity plans and targets for fiscal 2027. For key risks, we also set quantitative key performance indicators (KPIs) as Companywide targets, and the Board of Directors confirms the progress made toward them. Furthermore, we inspect the effectiveness of these risk management processes by making them subject to both internal audits and audits performed by external organizations.

In fiscal 2027, we position six of the 36 major risk items as key risks, and we will continue to review them as appropriate based on the results of risk assessments. We also position legal compliance and ethical business operations as our highest priorities and focus on raising compliance awareness. Specifically, officers including the chief risk officer (CRO), division heads, heads of business groups, and CEOs of overseas regional headquarters personally deliver compliance messages and lead by example in demonstrating an attitude and behavior of compliance, while we work to ensure thorough compliance with laws, regulations, and internal rules through education and training at each workplace. Through these efforts, we aim to foster a corporate culture in which all employees recognize the importance of compliance and thoroughly uphold legal compliance and practice ethical behavior.

Major Risk Items and Key Risk Items

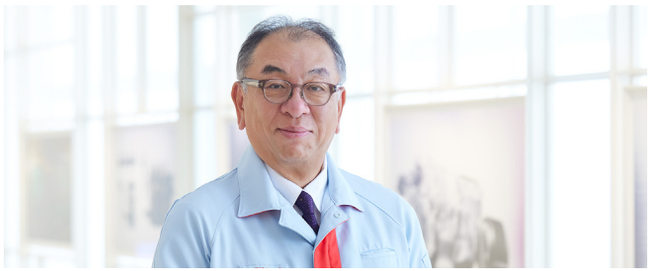
Factors		Risk Items
Internal factors	Accidents and mistakes	Environmental pollution, work-related accidents, fires and explosions, quality-related issues, information security-related accidents, personnel- and work-related incidents, traffic accidents, etc.
	Legal violations	Violation of the Antimonopoly 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.
	Political and social issues	Supplier-related issues, incidents, or other emergencies (wars, terrorist attacks, kidnappings, infectious diseases, etc.)

Risk Map



Status of Responses to Key Risks

Major Risk Items	Risk Details	Responses
Quality issues	Quality issues that could lead to large-scale recalls may result in loss of trust from end-users and customers, potentially causing significant costs and a decline in sales.	We incorporate safety designs, such as fail-safe mechanisms to prevent serious failures, design products with repairability in mind to minimize damage in the event of a defect, utilize big data, such as vehicle operating conditions at the time of failure, for early resolution, and promote efficiency in data analysis through AI technology.
Fires and explosions on company property	In the event of a fire or explosion at a plant, delays or errors in the initial response could endanger employees' lives and halt production and delivery activities. Such incidents could also cause damage to the local communities near the plant.	We conduct regular inspections and maintenance of equipment to minimize risks to human life and reduce negative impacts on business operations. We also aim to strengthen response capabilities by improving disaster awareness among employees through repeated training and awareness activities so that all employees can take appropriate initial action in the event of an emergency.
Information security-related accidents	Advancements in autonomous driving and IoT have increased the threat of cyberattacks on vehicles, production facilities, and other systems. In the event of a cyberattack's outcome far exceeding expectations, there is a risk of adverse impacts on the functions of automotive products, production stoppages, and leaks of confidential information, potentially resulting in loss of competitiveness and damage to reputation. Furthermore, the proliferation of AI is increasing risks, such as confusion caused by false or misleading information, legal violations, infringement of rights, and information leaks.	To address the cyber risks accompanying advancements in automated driving and IoT, we develop regulation-compliant development processes and pursue human resource development for automotive products, while implementing multilayered defenses and providing supplier support at our plants and throughout the supply chain. We are also advancing the acquisition of TISAX and ISO/SAE 21434 certification and, to address the risks associated with the use of generative AI, we are building a management framework through screening, monitoring, the development of guidelines, and education.
Natural disasters	Global warming is raising concerns over the increased frequency and severity of natural disasters, such as floods and heavy rain. In Japan in particular, many business sites are located in areas designated for promoting countermeasures against a potential Nankai Trough earthquake. In the event of a natural disaster, delays or errors in the initial response could endanger employees' lives and halt production and delivery activities.	We are engaged in disaster mitigation measures, such as formulating business continuity plans (BCPs) and emergency action manuals. We also aim to strengthen our response capabilities by repeatedly conducting various training and awareness activities to further enhance each employee's awareness of disaster preparedness.
Adverse events (war, terrorism, epidemics, kidnapping, etc.)	The weighting of overseas markets in DENSO's production and sales activities has been increasing year by year. Overseas business operations inherently involve risks, such as war, terrorism, epidemics, and kidnapping, and if any such incident occurs, the lives of employees and their families could be endangered. Such incidents are also likely to hinder the normal conduct of business activities.	We strive to gather timely information from internal and external sources, quickly share risk information with relevant parties, enhance alerts for employees on overseas business trips, and strengthen pre-departure training for overseas assignments to raise employees' risk awareness. We have introduced a common self-assessment protocol to confirm preparedness during normal times at all Group companies, aiming to enhance the Group's overall crisis management framework.
Crimes and misconduct by employees or officers	If an employee or officer commits a crime or an act of misconduct, it may be reported by the media or disseminated through social media and other channels, potentially causing the Company to lose credibility. In some cases, the Company may also become a party to lawsuits and other legal proceedings.	We have formulated and shared a Code of Conduct for employees, and continuously deliver messages from the CRO, as well as provide various training and awareness activities for officers and employees. We also undertake monitoring efforts to detect early signs of issues. At the same time, we have established an internal reporting system to identify problematic behavior and other concerns.



Delivering the Very Best Quality from the Customer's Perspective

Hideshi Takemura
Executive Officer, CQO

From a "Fresh Start in Quality" to the Next Stage of Growth, Building Unwavering Trust

Since its founding, DENSO has prided itself on being synonymous with quality and safety, and passed on a management spirit that values quality and safety. Prompted by the fuel pump recall issue that began in 2020, we have worked Companywide to restore DENSO's long-standing reputation as a company synonymous with quality. We now stand at the starting line of a "fresh start in quality" and are moving forward toward the next stage of growth.

At the same time, as technologies evolve rapidly and customer needs diversify, while we take on the challenge of creating new value, we take seriously the fact that we have not fully met our customers' expectations and have caused them concern and inconvenience. With this in mind, we return to the customer's perspective and position the continued provision of the very best quality, even in an era of rapid change, as one of the most important issues for management, thereby building up the trust of our customers.

Anticipating Changes in the Business Environment to Enhance Customer Value

In recent years, as progress in software-defined vehicles (SDVs) has raised the importance of software in addition to conventional hardware, establishing fundamental technologies that anticipate the future has become essential. In addition, as we take on the challenge of new technology domains, we also need human resource development that reliably passes on the knowledge we have cultivated as "The DENSO of Quality" and actively incorporates new technologies. Furthermore, to realize carbon neutrality, we must also swiftly deliver products that meet diverse customer needs, ranging from internal combustion engines to electrified vehicles.

To respond to these changes in the business environment, deepen our relationships with vehicle manufacturers, and contribute to creating safe, secure and appealing vehicles, the Company is strengthening the following initiatives.

Improving Software Quality to Help Create Customer Value

To reliably build quality into software that is growing larger in scale and becoming more complex, we deploy dedicated quality teams and advance projects while identifying risks and implementing countermeasures and inspections.

We also define elemental technologies in detail and certify experts in each domain in order to build a solid foundation for software development. We clarify the elemental technologies required at the early stages of development and have experts in each domain review design deliverables, thereby advancing quality improvement. At the same time, we are promoting the use of AI in software development, and by 2030, we aim to apply AI to 40% of the quality development process.

Evolving Quality Assurance for the Era of AI

Since AI depends on training data, events or discrepancies that cannot be anticipated during development may lead to unexpected results, and AI therefore carries inherent risks of human rights infringement and impacts on social infrastructure. In mobility in particular, such risks could lead to serious accidents, and the Company therefore operates AI quality assurance based on international standards in an integrated manner from development through improvement.

We also focus on transforming operations through AI and are consolidating the vast body of know-how and lessons we have accumulated to date. By drawing on this knowledge and having AI present the information needed to secure quality in a timely and accurate manner, we will further raise the quality and speed of every process from development to production.

In addition, using AI to analyze vehicle-condition data collected from connected cars, we use AI to understand how vehicles are used and to detect signs of malfunction, which accelerates product development and repairs.

Strategic *Hitozukuri* That Can Respond to Change

We visualize the expertise of our engineers, who constitute our human capital, on a five-level scale, and we will develop professional human resources in the priority domains of electric drive, electronics, and energy management that we must strengthen toward 2030. To this end, we will strategically pursue internal and external talent development, talent acquisition, and technology alliances in alignment with our business and technology strategies.

For quality assurance personnel in particular, we are accelerating cross-domain rotations and the strategic deployment of talent, applying lessons gained from challenges in one domain to new domains, while also recruiting external talent with advanced expertise in fields such as semiconductors from outside the Company, thereby advancing strategic *Hitozukuri* that can respond to change.

In software development, we have introduced the SOMRIE® certification system, which objectively certifies the skills employees possess, and we are accelerating human resource development by setting a target of tripling, by fiscal 2031, the number of employees certified as leading experts in their respective technology domains compared with fiscal 2024.

Meeting the Expectations of Society and Our Customers

The words inscribed in the DENSO Creed, "provide quality products and services," remain unchanged even today as the business environment undergoes major change, and they guide the Company's approach to quality. We promise to continue providing quality that meets the expectations of society and our customers by anticipating change and consistently doing the right work in the right way. We appreciate your continued support and confidence in DENSO.

Compliance

Basic Stance

We recognize that, to earn the trust of society and be inspiring, we must not only observe all applicable national and regional laws but also ensure that each and every employee acts fairly and faithfully in accordance with 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, and we use it to raise compliance awareness at DENSO CORPORATION and Group companies in Japan through training and workplace discussion meetings. At overseas Group companies as well, regional headquarters formulate a regional version of the Code of Conduct for DENSO Group Associates that reflects national and regional laws and customs, and we work to ensure thorough compliance.

For particularly important compliance themes, we formulate individual policies and thoroughly communicate them throughout the Company. A representative example is the Global Anti-Bribery Policy. Based on these policies, we require each and every employee to correctly understand and properly comply with the relevant laws and internal regulations.

In addition, when employees become aware of corrupt practices such as cartel conduct, embezzlement or theft, bribery, and conflicts of interest, of human rights issues such as sexual harassment, power harassment, and discrimination, or of any other act that violates or is suspected of violating the Code of Conduct, we encourage them to report it to their supervisor or a specialized department, as well as to the various consultation channels that the Company establishes and operates, including the Business Ethics Hotline. For reported cases, we conduct appropriate and necessary investigations in accordance with internal regulations, confirm the facts, and take action to prevent recurrence.

Promotion Structure

We created the Risk Management and Compliance Meeting, chaired by the chief risk officer (CRO), to deliberate and determine policies for activities to ensure thorough compliance.

Globally, we have established bodies such as the Compliance Committee and appointed officers in charge of promotion, such as compliance leaders, at each regional headquarters. 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, pursuing enlightenment activities. Furthermore, legal affairs personnel in Japan, North America, South America, Europe, China, Southeast Asia, India, and South Korea regularly share information and issues, and we work to establish and maintain unified compliance on a global basis.

Specific Initiatives

Educational and Enlightenment Activities

We undertake various educational and enlightenment activities for employees and contract employees on an ongoing basis with the aim of enhancing compliance awareness. 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.

Internal Reporting System

We have set up internal reporting systems at regional headquarters and sites tailored to local circumstances, enabling employees to report or consult on work-related legal violations via email, telephone, written documents, or in-person meetings.

DENSO CORPORATION has established the Business Ethics Hotline in accordance with Japan's Whistleblower Protection Act, operating it independently from normal chains of command and enabling anonymous reporting. To ensure employees can use the system with confidence, we have established internal rules for operating the Business Ethics Hotline, stipulating confidentiality obligations regarding whistleblower information and prohibiting disadvantageous treatment due to reporting or consultation, and have thoroughly communicated these rules internally. In fiscal 2026, the Business Ethics Hotline received 161 reports and consultations, which were properly investigated, fact-checked, and addressed.

Strictly observing confidentiality obligations and anonymity, we report the results to the officer in charge (CRO) and disclose the status of consultations through our company intranet.

Number of Consultations via the Business Ethics Hotline [DENSO CORPORATION and 55 domestic Group companies]

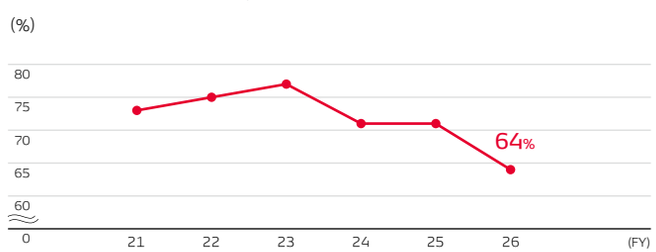
Fiscal year	2024	2025	2026
Number of reports and consultations (of which domestic Group companies)	125 (57)	130 (71)	161 (48)

Inspection and Improvement of Activities

We conduct a variety of inspection activities to ascertain how thoroughly compliance has taken root and whether any problems exist. We report the issues identified to senior management and take improvement measures, including measures to prevent recurrence. We also conduct internal audits every year through the audit department or the department in charge, and we promote improvement activities based on the results. In these internal audits, we verify the conformity and effectiveness of each process and identify problems and issues, thereby linking the audits to continuous improvement.

Sustainability Survey (DENSO CORPORATION)

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



For the fiscal 2026 survey, we reviewed the conventional, formalistic question of whether employees "put the guidelines into action" and renewed it with questions that better reflect actual conditions, asking whether employees fully understand the content of the Code of Conduct for DENSO Group Associates, refer to it in their work, identify with its content, and feel a need for further revision. This allows us to ascertain not merely awareness or formalistic practice, but whether employees put the Code of Conduct into action with genuine identification and confidence. Based on the issues identified from the actual conditions revealed by this survey, we will work to further strengthen improvement activities so that every employee firmly adopts conduct that places compliance first.

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 worked to further reinforce the adherence to antitrust laws that we have long pursued. Under the guidance and supervision of the Risk Management and Compliance Meeting, we have endeavored to ensure strict compliance with the antitrust laws across the entire DENSO Group. We will continue efforts for further reinforcing adherence to regulations laid out under antitrust laws, strengthening education about relevant rules, and conducting precise audits regarding legal compliance.

Prevention of Corruption

(1) Compliance with Anti-Bribery Laws

We anticipate an increase in opportunities to collaborate with public institutions and public officials in each country and region as we respond promptly to rapid changes in our businesses and business environment.

We promote anti-bribery compliance activities under the direction and supervision of the Risk Management and Compliance Meeting. We have established the Global Anti-Bribery Policy as a basic policy for preventing bribery. Under this policy, we have established internal regulations on a global basis, operate anti-bribery systems, and promote anti-bribery awareness activities and education for employees. We also inform suppliers of our Supplier Sustainability Guidelines, which include anti-bribery measures, and conduct self-inspections to prevent acts of bribery by our suppliers.

(2) Preventing Insider Trading

To ensure fairness and soundness in the securities market and to secure the confidence of shareholders and investors, we have 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 our employees, we have established internal rules and bylaws regarding internal information management, have set standards of conduct for officers and employees regarding trading of the Company's shares and other securities, and clearly prohibit insider trading, as formally stated in our employee conduct guidelines. We also implement compliance training on a regular basis.

Adherence to Fair, Transparent, and Open Transactions

We are working on a Groupwide basis to ensure appropriate transactions and adherence to laws and regulations. To that end, the Company has been engaging in close communication with each of its suppliers to better understand cost fluctuations and the issues that suppliers face.

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 internal 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.

Initiatives to Prevent Harassment

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

At DENSO CORPORATION, we provide harassment prevention training for all workplace leaders, including department heads and all supervisory personnel at or above that level 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 dealing with harassment appropriately when it occurs in the workplace.

Response to Tax Compliance

DENSO believes that paying its fair share of taxes is a part of being socially responsible. The CFO has been designated as the person in charge of tax governance. We have built, maintain, and continuously improve a tax compliance structure, and engage in tax planning while addressing tax-related risks when they materialize. In addition, we have 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 2026 Taxes by Region

(Billions of yen)

Region	Tax Amount
Japan	202.7
North America	22.8
Europe	6.4
Asia	59.7
Other regions	1.7
Total	293.3

Moving forward, we will continue to expand and enhance frameworks for raising employee awareness of compliance. We aim to further enhance the DENSO Group's compliance capabilities.

For more information, please see the "Compliance" section of the following website.
https://www.denso.com/global/en/sustainability/governance/compliance/

For information on tax compliance, please see the "Tax Governance" section of the following website.
https://www.denso.com/global/en/sustainability/governance/tax-policy/