

# Human Capital

## Outline of Efforts to Strengthen Human Capital

At DENSO, we believe that the ability of our employees and teams to turn ideas into reality are what enables us to deliver new social value and bring happiness to people and society as a whole. In fiscal 2022, we formulated and rolled out "PROGRESS, a vision and action plan for our people and our organization," with the aim of becoming a "group of professionals with the ability to turn ideas into reality." In addition, under the Mid-term Policy for 2025, we stated that the promotion of people and the organization is the prerequisite for us to realize the goals of the policy. As our business structure changes significantly and with the heightened social expectations of DENSO, we are pushing forward with efforts to enable our diverse group of employees to envision their dreams and make them a reality while also striving to maintain and enhance their level of engagement with their work and the organization.

**KPI Targets for Fiscal 2026**

Rate of affirmative responses in employee engagement survey **78%**

Number of women in management positions  
**Business fields: 200    Technical fields: 200**

## Characteristics of DENSO's Human Capital (Fiscal 2022 results)

Number of employees applying for new in-house job offerings	<b>73</b>
Rate of affirmative responses in employee engagement survey	<b>70%</b>
Number of women in management positions	<b>Business fields: 130</b> <b>Technical fields: 132</b>

## Aiming to Be a Group of Professionals with the Ability to Turn Ideas into Reality

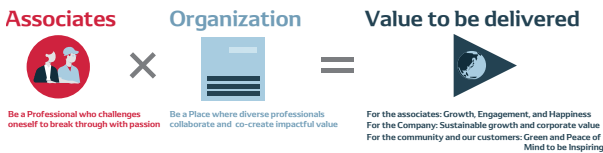
The ability to turn ideas into businesses, which helps create businesses that properly ascertain social trends, and the ability to realize mass production, which helps us deliver products and services of the highest quality to customers around the world, are two abilities that are crucial to the growth of DENSO and its employees. To that end, under "PROGRESS," the vision and action plan for our people and organization, we have re-envisioned our human resource policies and management based on the four pillars of "Design," "Develop," "Drive," and "Diversity & Digital," and are stepping up our support for our employees, who continue to take on the challenge of change.

## Examples of Initiatives under PROGRESS

Design: Career	In-house job offer program, recurrent education programs on software
Develop: Learn and grow	Global leadership development programs
Drive: Evaluation and treatment	Evaluation system based on role and results
Diversity & Digital: Workstyles and culture	Measures to enhance employee engagement

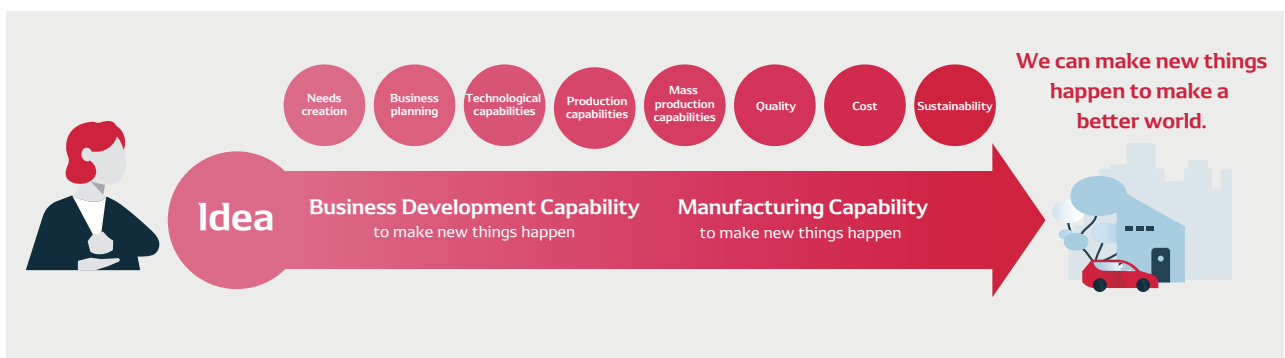
Vision for Our Associates and Organization

# PROGRESS



## Business Portfolio Transition and Career Innovation

To realize the DENSO Philosophy of "Contributing to a better world by creating value together with a vision for the future," we are working on an organization-wide basis to enhance the mobility of our thousands of personnel across focus areas, including promoting the job transition from internal combustion domains to electrification domains and the transition from hardware to software. At the same time, we are bolstering initiatives toward career innovation to ensure that each employee



can become a professional with the ability to turn ideas into reality and pave the way in an era of dramatic change.

For the software domain, which is particularly important, we offer the “sommelier certification program,” which objectively certifies the skills possessed by our software engineers, as well as recurrent education programs on software, which help employees who have switched over to the software engineer position acquire the necessary knowledge and skills. Lasting for a period of six months, these recurrent education programs focus on having participants gain valuable knowledge on software and help them make entries into new domains through hands-on experience. In addition to passing on skills, we have in place structures and environments that provide employees with career counseling and advice, on-the-job training, and mentorships. In these ways, we encourage hundreds of employees a year to transition to software positions while providing them with support tailored to their individual needs. Additionally, to facilitate the swift allocation of personnel in focus fields and support independent career development, we enhanced our in-house job offer system in fiscal 2022. To date, we have had 73 employees seek new challenges by applying for the approximately 80 posts available through the system (new business development, DX promotion, etc.).

To increase the number of employees who want to take on new challenges and continue to set new records for themselves, it is necessary for each individual to first have a thorough understanding of the Company's policies and then develop their career independently by envisioning what they wish to achieve and increasing their number of capabilities. Accordingly, to support employee self-reliance and independence, we are working to strengthen support measures such as improving career design dialogue and career training between supervisors and employees and enhancing career consultation centers.

#### Initiatives to Enhance Employee Engagement

A high level of work engagement is needed for each employee to continue to grow, take on challenges, and produce results. To achieve such engagement, a workplace that facilitates good communication is indispensable. At DENSO CORPORATION, we carry out an employee engagement survey every year, targeting our roughly 45,000 employees belonging to approximately 2,500 workplaces. This survey classifies workplaces into 11 types based on an analysis of various aspects, including the individual employee's desire to grow on their own volition, the level of support from supervisors, and workplace culture. The results for each individual workplace are disclosed to the employees working in that workplace in an effort to create even better working environments through communication between employees. In addition, for managers, who play a key role in creating positive workplace environments, we provide lectures by experts and training in dialogue skills, thereby enhancing their ability to manage a diverse pool of personnel as one team.

In the engagement survey conducted in fiscal 2022, the rate of affirmative responses was 70% (up four points over the previous fiscal year). From fiscal 2023, we will continue to strive to achieve and improve this rate as part of our management initiatives and reinforce efforts to realize improvement.

#### Promotion of Diversity and Inclusion

An environment of co-creation where employees freely and openly exchange different opinions and ideas provides the source for innovation, and promoting diversity and inclusion is crucial to creating such an environment. At DENSO, we are promoting initiatives on a global scale to realize a working

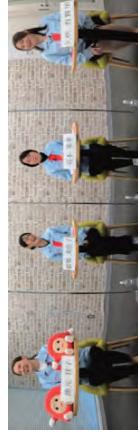
environment and an organizational culture that enables an active and fulfilling role for diverse human resources in terms of gender, identity, sexual orientation, age, race, nationality, religion, and disabilities as well as in terms of unseen differences such as experience and value systems.

#### Non-Japanese Employees

Since establishing a sales office in the United States in 1966, DENSO has continued to expand its business overseas for more than 50 years. At the moment, we carry out our business activities at 135 overseas locations together with our approximately 1,700,000 employees. To continue our global business expansion, we are placing emphasis on systematically cultivating local leaders who can oversee the future of DENSO and drive new business creation. In our talent management activities, which we conduct through collaboration between the head office and our overseas bases, we are working to promptly discover outstanding personnel and provide them with support for growth through such initiatives as the Global Leadership Development Program (total of roughly 250 participants since 2009), which seeks to cultivate global leaders for the next generation.

#### Promoting the Active Role of Women

With the aim of enabling our employees to work with enthusiasm in any position regardless of gender, we have formulated KPIs for every phase of employees' careers, including joining a company, encountering major life events, and being promoted, and are promoting activities to achieve these KPIs accordingly. In fiscal 2022, we adopted targets to increase the number of women working in not only business and technical fields but production fields as well. Guided by these targets, we have been promoting such efforts as roundtable discussions with female employees who serve as role models for other women and diversity training for the supervisors of female employees. In addition, as a global initiative, we held events for the first time on International Women's Day, such as lectures and panel discussions in Japan, North America, Europe, and India, in an effort to further foster a sense of solidarity.



Role model roundtable discussion for female employees

#### Mid-career Hires

DENSO has been promoting mid-career hires in order to increase diversity of experience and acquire knowledge that the Company has been lacking. New mid-career hires account for around 25% of the total number of employees we hire for regular positions. To date, mid-career hires have been active in a wide variety of domains of their choosing, from mobility fields to advanced research and new business development. Recently, the number of mid-career hires working in the electrification domain has been increasing. Given this trend, we have in place various types of support to help mid-career hires overcome any mental or physical anxieties, including helping them establish a personnel network through introductory training and providing them with a consultation center.



Takumi Inoue  
Cloud Services R&D Division



Kenichiro Ito  
Chief Human Resources Officer (CHRO)  
Member of the Board of Directors,  
Senior Executive Officer

## Message from the Chief Human Resources Officer Enhancing Corporate Value by Promoting a Free and Open Corporate Culture and the DENSO Spirit

Since its founding, DENSO has always promoted management that valued people. Management that values people helps improve the well-being of each employee and leads to the provision of new value that satisfies the customer. The first step in achieving such management is ensuring that employees can work in good health and with peace of mind. The next step is enabling employees to work with enthusiasm in an environment that facilitates good communication. In addition, it is also important to have each employee act on behalf of the customer and society and be able to express themselves freely.

Recently, we launched PROGRESS, a vision and action plan for our people and our organization, with a view to enhancing employee well-being. Under PROGRESS, we have declared our intention to reform various personnel systems so that we can become a group of professionals who take action and implement concrete measures to bring happiness to people and society and who are able to envision their dreams and make them a reality. In this integrated report, I have the privilege of reporting the essence of such initiatives.

The driving forces for realizing the goals of PROGRESS are a free and open corporate culture and the DENSO Spirit, which serves as a guideline for the actions of our employees. If we can embody the DENSO Spirit within a culture where there is little distance between employees and executives and supervisors and their subordinates and where employees can exchange their honest opinions based on respect for one another, then we can truly invigorate our people and our organization.

DENSO is entering the period of its second founding in which it is taking on such challenges as creating value in the CASE era and realizing carbon neutrality. Being able to continue to deliver new value to our customers and contribute to society going forward will depend on several factors. These include how we will increase the number of employees with diverse thoughts and ideas and how we will empower such employees so that they can work with enthusiasm. These also include the kind of steps we will take to further enhance employee well-being. In that regard, it is now more important than ever that we maintain a free and open corporate culture and share the DENSO Spirit with all of our diverse employees.

As chief human resources officer (CHRO), I have worked to create opportunities to speak about the relationship between DENSO's management policies and strategies and the human resource development initiatives we are promoting under PROGRESS. I have also spoken about what I have learned through my personal work experience and my experience putting the DENSO Spirit into action. In addition, I have held numerous dialogues with a wide range of our global employees, from new recruits and regular employees to managerial personnel and executives. At DENSO, the leaders of Group companies and heads of departments in each area around the globe value this kind of communication and execute their duties with the utmost respect for communication. As we enter into the period of our second founding, we find ourselves in an opportune time to focus our efforts on maintaining and passing on a free and open corporate culture and the DENSO Spirit. Going forward, we will continue these kinds of human resource initiatives as we work to enhance DENSO's corporate value.