

Compliance



Basic Stance

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



Promotion Structure

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

Specific Initiatives

Educational and Enlightenment Activities

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

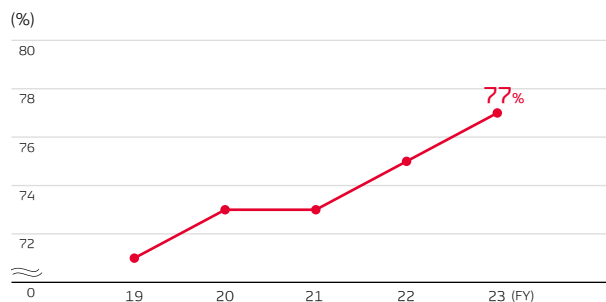
In Japan, we carry out educational and enlightenment activities related to compliance, including position-based training, various compliance training, and the "Business Ethics Month" (every October). We also roll out similar activities for employees in each region of operations, centered on our regional headquarters.

Inspection and Improvement of Activities

DENSO conducts inspections to ascertain whether its compliance activities have sufficiently taken hold and to look for any potential compliance issues. If an issue is discovered, reports are made to senior management when necessary, and steps are taken to prevent a recurrence of the issue. For example, DENSO CORPORATION holds a sustainability survey every year in order to gain an understanding on the extent to which compliance-related measures have taken hold and on potential compliance risks.

Sustainability Survey (DENSO CORPORATION)

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



Response to Antitrust Laws

In February 2010, the U.S.-based subsidiary DENSO International America was investigated by the U.S. Department of Justice. Since then, we have established the Antitrust Laws Compliance Committee to further reinforce our efforts to adhere to antitrust laws. Under the guidance and supervision of this committee, which is chaired by the chief compliance officer (CCO), we have endeavored to reinstitute strict compliance with the antitrust laws across the entire DENSO Group. These efforts have included further reinforcing adherence to regulations laid out under antitrust laws, strengthening education about relevant rules, and conducting more precise audits regarding legal compliance.

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

Preventing Corruption

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

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

1. Response to Laws Pertaining to Bribery Prevention

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

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

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

2. Preventing Insider Trading

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

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

3. Promoting Proper Accounting and Record Keeping

DENSO has established and maintains Company rules and procedures for the handling of expenses, inventory, and other matters, and ensures that all employees are aware of said rules and procedures by sharing relevant information via the Company intranet and providing accounting compliance education along with other measures. The aim of such measures is to ensure that transactions that could lead to accounting irregularities, such as off-balance-sheet transactions, fictitious transactions or other unsound transactions, or transactions that could be mistaken as such, are not conducted, and that proper accounting procedures are performed in accordance with International Financial Reporting Standards and the laws and accounting standards of each country in which the Company operates.

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

Response to Tax Compliance

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

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

Fiscal 2023 Taxes by Region (Billions of yen)

Region	Tax Amount
Japan	55.29
North America	3.11
Europe	3.08
Asia/Oceania	39.35
Other regions	5.99
Total	106.83

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

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



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

