

DENSO
Crafting the Core

NOTICE OF THE 97TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date: 10 a.m., Friday, June 19, 2020

Place: Head Office, DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, Japan

Stock Code: 6902
DENSO CORPORATION

The DENSO Creed

“Be trustworthy and responsible.”

“Cherish modesty, sincerity, and cooperation.”

“Be pioneering, innovative, and creative.”

“Provide quality products and services.”

A spirit of foresight, credibility and collaboration

The DENSO Spirit expresses values and beliefs shared by our employees around the world that have driven us to contribute to the automotive industry and society as a whole since our establishment in 1949.

Table of Contents

Message from the President	3
NOTICE OF THE 97TH ORDINARY GENERAL MEETING OF SHAREHOLDERS.....	4
Measures for Preventing the Spread of COVID-19 at the General Meeting of Shareholders	6
REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS	8
Proposal No. 1: Election of Eight (8) Members of the Board due to the Expiration of the Term of Office of All the Current Members of the Board.....	8
Proposal No. 2: Election of One (1) Substitute Audit & Supervisory Board Member	18
Proposal No. 3: Presentation of Bonuses to Members of the Board	19
Proposal No. 4: Determination of Compensation for Granting Shares with Restrictions on Transfer to Members of the Board (Excluding Non-executive Members of the Board and Outside Members of the Board) and Revision of the Amount of Compensation Payable to Members of the Board.....	20
BUSINESS REPORT	23
Consolidated Financial Statements	51
Non-Consolidated Financial Statements	53
INDEPENDENT AUDITOR’S REPORT	56
AUDIT & SUPERVISORY BOARD MEMBERS’ REPORT	61
Guide to Stock-Related Procedures	63
Access to the Venue of the General Meeting of Shareholders	Final Page

To prevent the spread of COVID-19, this year we will not be presenting souvenirs, no factory tour will be held after the Meeting, and no products/panels will be exhibited. We will appreciate your understanding.

Message from the President

I am deeply grateful for the support we have received from all our shareholders.

The automotive industry is in the midst of a great transformation as the progress of CASE (connected, automated, shared and electrified) technologies and the trend toward digitization transform the business environment at a tremendous speed. In these circumstances, the impact of COVID-19 is spreading worldwide, causing enormous damage to the economy, and economic recovery to the pre-COVID-19 level is expected to take considerable time. For DENSO, the greatest challenge is how to survive in the face of this unprecedented adversity.

In responding to COVID-19, our priority is to safeguard the health and safety of our employees, the communities where we operate, and all other stakeholders of DENSO. We are doing our utmost to prevent infection and thus the spread of COVID-19. On the other hand, we also recognize that we need to be ready for post-COVID-19 economic recovery and renewed development. We are committed to executing fundamental reform, without any sanctuaries, in order to transform DENSO.

To survive in this dramatically changing era, it is incumbent on us to summon dynamism comparable to that displayed by our predecessors during DENSO's formative years.

In its infancy, aspiring to benefit the world while embracing challenges with an eye to the future, DENSO strove to surmount a myriad of obstacles in its path, taking on challenges at all levels. Expressed in the DENSO Creed, this founding spirit is the source of DENSO's uniqueness and the vital inheritance we all cherish up to now.

In this period of anxiety and uncertainty, we must recognize afresh what makes DENSO a truly unique company, and with the collective expertise and energy of the DENSO Group's 170,000 people, we will make all-out efforts to survive and prevail in this time.

Health comes first amid the COVID-19 pandemic and so I wish to extend my best wishes to all our shareholders. Please take good care of yourselves and stay safe. I sincerely appreciate your ongoing support.

May 2020

President & CEO
Koji Arima

(TRANSLATION ONLY)

Stock Code: 6902
May 25, 2020



To Those Shareholders with Voting Rights

Koji Arima
President & CEO
DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, Japan

NOTICE OF THE 97TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 97th Ordinary General Meeting of Shareholders of DENSO CORPORATION (the “Company”) to be held as follows.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please read the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights before 5:40 p.m. on Thursday, June 18, 2020.

- 1. Date:** 10 a.m., Friday, June 19, 2020
- 2. Place:** Head Office, DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi, Japan

3. Objectives of the Meeting:

Reports:

- (1) Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 97th Fiscal Term (from April 1, 2019, to March 31, 2020)**
- (2) Non-Consolidated Financial Statements for the 97th Fiscal Term (from April 1, 2019, to March 31, 2020)**

Agenda:

- Proposal No. 1: Election of Eight (8) Members of the Board due to the Expiration of the Term of Office of All the Current Members of the Board**
- Proposal No. 2: Election of One (1) Substitute Audit & Supervisory Board Member**
- Proposal No. 3: Presentation of Bonuses to Members of the Board**
- Proposal No. 4: Determination of Compensation for Granting Shares with Restrictions on Transfer to Members of the Board (Excluding Non-executive Members of the Board and Outside Members of the Board) and Revision of the Amount of Compensation Payable to Members of the Board**

- Any amendment to the REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS or the Attachment will be disclosed on our website.
- Of the documents that have been audited by the Accounting Auditors and the Audit & Supervisory Board Members, namely, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements except for “(reference)”, the documents below are not included in this NOTICE but posted on our website (<https://www.denso.com/jp/ja>) in accordance with the relevant laws and regulations and Article 16 of the Articles of Incorporation.

Business Report: Accounting Auditor, Summary of the Systems and of Operational Status thereof to Ensure the Propriety of Business Operations

Consolidated Financial Statements: The Consolidated Statement of Changes in Equity, The Notes to the Consolidated Financial Statements

Non-Consolidated Financial Statements: The Non-Consolidated Statement of Changes in Equity, the Notes to the Non-Consolidated Financial Statements.

● The Notice of the Resolutions regarding the Proposals approved by the Meeting will be posted on our website after the conclusion of the Meeting.

<Our website: <https://www.denso.com/global/en/>>

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Measures for Preventing the Spread of COVID-19 at the General Meeting of Shareholders

We are implementing the measures described below to prevent the spread of COVID-19.
We request our shareholders' understanding and cooperation.

1. Our measures against COVID-19

- This year, to reduce the risk of contagion, we will **not** provide a **courtesy bus service between Kariya Station and the venue of the General Meeting of Shareholders, souvenirs, factory tours, or product/panel exhibitions.**
- The Meeting may finish in a shorter period of time than an average year.

2. Requests for shareholders

- We request shareholders to exercise their voting rights in writing or via the Internet as described in this document and consider refraining from attending the General Meeting of Shareholders.
- In particular, we request those who are of advanced age, those with underlying health conditions, those who are pregnant, and those who do not feel well to refrain from attending the General Meeting of Shareholders.

3. Requests for shareholders attending the Meeting

- We may check your body temperature at the reception desk. Please note that those who have a high temperature or who appear to be in ill health will not be allowed to enter the venue.
- You are requested to wear a mask at the venue and cooperate with alcohol-based disinfection at the reception desk.

Guide to Exercising Voting Rights

If you are attending the Meeting:

Date and time of the Meeting: 10 a.m., June 19, 2020

Mailing:

Deadline for exercising voting rights: Must be received by 5:40 p.m., June 18, 2020

Internet:

Deadline for exercising voting rights: Until 5:40 p.m., June 18, 2020

If you exercise your voting rights using a smartphone, **you do not need to input “Login ID” and “Temporary Password” on your first login.**

If you use the “*Net de Shoshu* (online convocation)” app, it is easy to scan a QR code.

A QR code scanner is in place for smooth QR code scanning.

Points to consider when attending the Meeting:

- Please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. To save paper resources, please bring this NOTICE with you.
- As the entrance to the venue for the meeting will be crowded immediately before the meeting, please arrive early.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Election of Eight (8) Members of the Board due to the Expiration of the Term of Office of All the Current Members of the Board

The terms of office of all the eight (8) current Members of the Board expire at the conclusion of this 97th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect eight (8) Members of the Board.

The nominees for Members of the Board are as follows:

Nominee No.	Name		Current posts in the Company	Years of incumbency
1	Koji Arima	Reappointment	President & CEO Member of the Board	5 years
2	Yasushi Yamanaka	Reappointment	Executive Vice President Member of the Board	5 years
3	Hiroyuki Wakabayashi	Reappointment	Executive Vice President Member of the Board	4 years
4	Sadahiro Usui	New appointment	Executive Vice President	-
5	Akio Toyoda	Reappointment	Member of the Board	1 year
6	George Olcott	Reappointment Outside Member of the Board Independent Director	Member of the Board	6 years
7	Shigeki Kushida	Reappointment Outside Member of the Board Independent Director	Member of the Board	1 year
8	Yuko Mitsuya	Reappointment Outside Member of the Board Independent Director	Member of the Board	1 year

Election Policy and Procedure for Determining Nominees (Matters related to Proposals No. 1 and 2)

<Election Policy>

The composition of the Board of Directors reflects consideration of the balance of the board in terms of diversity (nationality, gender, etc.), experience, capabilities and specialties of the members so as to ensure accurate and swift decision-making.

Nominees for Members of the Board shall be persons who are well versed in the Company's business management and pressing issues and capable of contributing to formulation of business strategies for enhancing corporate value over the medium to long term and to accurate and effective management oversight.

Nominees for Audit & Supervisory Board Members shall be persons who have knowledge of business management, finances, accounting, and legal affairs and are capable of contributing to appropriate management audit.

<Determination Procedure>

The President & CEO and the Member of the Board responsible for executive assignment will take the lead in

selecting nominees for Members of the Board and nominees for Audit & Supervisory Board Members. They will hear opinions from appropriate persons from various quarters and select persons who are suitable to serve as Members of the Board or as Audit & Supervisory Board Members by comprehensively taking into account their past records, personality, insights and other factors. Then, they submit their selections to the “Officer Nomination and Compensation Advisory Council,” a body where an independent Outside Member of the Board serves as chairperson and a majority of the members are independent Outside Members of the Board, to draw up the draft of nominees for the current year.

The draft of appointments is determined after deliberations at a general meeting of shareholders taking into account the resolution on informal appointment at the Board of Directors. For the draft of appointments for Audit & Supervisory Board Members, an approval of the Audit & Supervisory Board shall be additionally obtained.

1. Koji Arima (February 23, 1958) 62 years old
 President & CEO, Member of the Board

Reappointment

■ Brief personal history	
April 1981	Joined DENSO CORPORATION
June 2008	Executive Director, DENSO CORPORATION
June 2014	Senior Executive Director, DENSO CORPORATION
June 2015	President & CEO, DENSO CORPORATION (current position)
■ Number of the Company's shares owned	30,600
■ Years of incumbency	5
■ Reason for having appointed him as a Member of the Board After joining the Company, Koji Arima engaged in production promotion departments and the electric component business. After having served as the President of a locally incorporated company in Italy from October 2005, he was assigned to the Electric Component Business Group from June 2009 and was in charge of the production promotion departments from June 2012. He has been serving as the President & CEO (current position) since June 2015. The Company has appointed him as a nominee for a Member of the Board in the expectation that his excellent management prowess and leadership will continue to be applied in the Company's management.	

2. Yasushi Yamanaka (March 10, 1957) 63 years old
 Executive Vice President, Member of the Board

Reappointment

Current assignments in the Company: CQO (Chief Quality Officer); Safety, Quality, Production; General Administration & Human Resources Center; Safety, Quality & Environment Center

■ Brief personal history	
April 1979	Joined DENSO CORPORATION
June 2005	Executive Director, DENSO CORPORATION
June 2014	Senior Executive Director, DENSO CORPORATION
June 2015	Executive Vice President, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations Outside Director, Tokai Rika Co., Ltd.	
■ Number of the Company's shares owned	21,339
■ Years of incumbency	5
■ Reason for having appointed him as a Member of the Board After joining the Company, Yasushi Yamanaka engaged in the thermal system business. After having served as the Deputy Functional Center Head of the Engineering Research & Development Center from June 2011 and the President of a subsidiary of the Company as the Head of Europe from June 2013, he has been serving as the Executive Vice President (current position) since June 2015. He was in charge of Overall R&D and Future Creation Technology until March 2018 and is currently in charge of Safety, Quality, Production; General Administration & Human Resources Center; and Safety, Quality & Environment Center as CQO (Chief Quality Officer). The Company has appointed him as a nominee for a Member of the Board in the expectation that his broad knowledge of overall management will continue to be applied in the Company's management.	

3. Hiroyuki Wakabayashi (January 15, 1956) 64 years old Reappointment

Executive Vice President, Member of the Board

Current assignments in the Company: CTO (Chief Technology Officer); R&D, IT Digital

■ Brief personal history	
April 1979	Joined DENSO CORPORATION
June 2006	Executive Director, DENSO CORPORATION
June 2013	Senior Executive Director, Member of the Board, DENSO CORPORATION
June 2014	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION
June 2015	Senior Executive Director, DENSO CORPORATION
June 2016	Director, Member of the Board, Senior Executive Director, DENSO CORPORATION
April 2017	Executive Vice President, Member of the Board, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations	
Outside Director, ADVICS CO., LTD.	
Outside Member of the Audit & Supervisory Board, JTEKT CORPORATION	
■ Number of the Company's shares owned	19,800
■ Years of incumbency	4
■ Reason for having appointed him as a Member of the Board	
<p>After joining the Company, Hiroyuki Wakabayashi engaged in the production promotion departments. He was assigned to the engine component business from June 2009 and the powertrain component business from June 2010. He also assumed the post of the Business Group Head of the Information & Safety Systems Business Group (at that time) from June 2011. He has been serving as the Executive Vice President (current position) since April 2017. He was in charge of Overall Production until March 2018 and is currently in charge of R&D and IT Digital as CTO (Chief Technology Officer). The Company has appointed him as a nominee for a Member of the Board in the expectation that his managerial experience in the production promotion and operating departments, as well as knowledge in the advanced fields such as automated driving will continue to be applied in the Company's management.</p>	

4. Sadahiro Usui (September 9, 1958) 61 years old New appointment

Executive Vice President

Current assignments in the Company: CRO (Chief Risk Officer); China Div., Alliance, Purchasing Group

■ Brief personal history	
April 1981	Joined DENSO CORPORATION
June 2007	Executive Director, DENSO CORPORATION
June 2015	Senior Executive Director, DENSO CORPORATION
April 2019	Executive Vice President, DENSO CORPORATION (current position)
■ Number of the Company's shares owned	11,439
■ Reason for having appointed him as a Member of the Board	
<p>After joining the Company, Sadahiro Usui engaged in the business planning department. He was assigned to major departments of the Corporate Center from June 2007. He assumed the post of the President of a subsidiary of the Company as the Head of North America in June 2014 and the post of the President of a subsidiary of the Company as the Head of Europe in June 2016 and became responsible the China Division in September 2018. He is currently in charge of the China Division, Alliance, and the Purchasing Group and is promoting strengthening of the company-wide risk management system as CRO (Chief Risk Officer). The Company has appointed him as a nominee for a Member of the Board in the expectation that his experience in the business planning department and in formulation and implementation of a global strategy in important regions, such as North America, Europe and China, will be applied in the Company's management.</p>	

5. Akio Toyoda (May 3, 1956) 64 years old

Reappointment

Member of the Board

■ Brief personal history	
April 1984	Joined Toyota Motor Corporation
June 2000	Member of the Board of Directors, Toyota Motor Corporation
June 2002	Managing Director, Toyota Motor Corporation
June 2003	Senior Managing Director, Toyota Motor Corporation
June 2005	Executive Vice President, Toyota Motor Corporation Outside Member of the Audit & Supervisory Board, Koyo Seiko Co., Ltd. (currently, JTEKT CORPORATION)
June 2006	Outside Audit & Supervisory Board Member, TOYOTA BOSHOKU CORPORATION
June 2009	President, Toyota Motor Corporation (current position)
May 2018	Chairman, Japan Automobile Manufacturers Association, Inc. (current position)
June 2019	Member of the Board, DENSO CORPORATION (current position)
■ Important posts concurrently held at other corporations President, Toyota Motor Corporation Chairman, Japan Automobile Manufacturers Association, Inc. Director, HAMANAKODENSO CO., LTD.	
■ Number of the Company's shares owned	50,000
■ Years of incumbency	1
■ Reason for having appointed him as a Member of the Board Akio Toyoda is an unchallenged industry leader representing the car industry who serves as President, Toyota Motor Corporation (current position) and Chairman, Japan Automobile Manufacturers Association, Inc. (current position). The Company has appointed him as a nominee for a Member of the Board in the expectation that he will continue to contribute to accelerating the realization of a next-generation mobility society from a broader perspective taking a wide view of the overall car industry.	

6. George Olcott (May 7, 1955) 65 years old Reappointment/Outside Member of the Board/Independent Director

Member of the Board

<p>■ Brief personal history</p>	
July 1986	Joined S.G. Warburg & Co., Ltd.
November 1991	Director, S.G. Warburg & Co., Ltd.
September 1993	Executive Director, Equity Capital Market Group, S.G. Warburg Securities London
April 1997	Head of Tokyo Branch, SBC Warburg
April 1998	Vice President, LTCB-UBS-Brinson Asset Management
February 1999	President, UBS Asset Management (Japan) President, Japan UBS Brinson
June 2000	Managing Director, Equity Capital Market, UBS Warburg Tokyo
September 2001	Judge Business School, University of Cambridge
March 2005	FME Teaching Fellow, Judge Business School, University of Cambridge
March 2008	Senior Fellow, Judge Business School, University of Cambridge
June 2008	Outside Director, Nippon Sheet Glass Co., Ltd.
April 2010	Outside Director, NKSJ Holdings, Inc.
September 2010	Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo
April 2014	Guest Professor, Keio University Faculty of Business and Commerce (current position)
June 2014	Outside Director, Hitachi Chemical Company, Ltd. (current position) Member of the Board, DENSO CORPORATION (current position)
June 2015	Outside Director, The Dai-ichi Life Insurance Company, Limited
June 2016	Outside Director, BlueOptima Limited (current position)
October 2016	Outside Director, Dai-ichi Life Holdings, Inc. (current position)
December 2016	Outside Director, JPMorgan Japanese Investment Trust plc (current position)
March 2020	Outside Director, Kirin Holdings Company, Limited (current position)
<p>■ Important posts concurrently held at other corporations</p> <p>Outside Director, Hitachi Chemical Company, Ltd.</p> <p>Outside Director, Dai-ichi Life Holdings, Inc.</p> <p>Outside Director, Kirin Holdings Company, Limited</p>	
■ Number of the Company's shares owned	1,900
■ Years of incumbency	6
<p>■ Reason for having appointed him as a Member of the Board</p> <p>George Olcott has managerial experience in foreign-capital companies, including his experience as the Head of Tokyo Branch of a U.K.-based investment advisory company. He currently serves as the Guest Professor, Keio University Faculty of Business and Commerce, as a specialist in human resources development and corporate governance in global management. Since his assumption of office as the Outside Director of the Company in June 2014, he has contributed to the improvement of the corporate value of the Company from the perspective of global management. The Company has appointed him as a nominee for a Member of the Board in the expectation that he will provide useful advice that will be continuously reflected in the Company's management.</p>	

7. Shigeki Kushida (June 8, 1958) 62 years old Reappointment/Outside Member of the Board/Independent Director

Member of the Board

<p>■ Brief personal history</p>	
April 1981	Joined Bank of Japan
May 2004	Branch Manager, Kochi Branch, Bank of Japan
March 2009	Director-General, Personnel and Corporate Affairs Department, Bank of Japan
June 2010	Director-General, Planning Department, Bank of Japan
May 2011	Branch Manager, Nagoya Branch, Bank of Japan
March 2013	Executive Director, Bank of Japan Entrusted Branch Manager, Nagoya Branch and Osaka Branch, Bank of Japan
April 2017	Senior Advisor, American Family Life Assurance Company (currently Aflac Life Insurance Japan Ltd.)
June 2019	Director, Representative Executive Officer & President, Japan Securities Finance Co., Ltd. (current position) Member of the Board, DENSO CORPORATION (current position)
<p>■ Important posts concurrently held at other corporations</p> <p>Director, Representative Executive Officer & President, Japan Securities Finance Co., Ltd.</p>	
<p>■ Number of the Company's shares owned 0</p>	
<p>■ Years of incumbency 1</p>	
<p>■ Reason for having appointed him as a Member of the Board</p> <p>Shigeki Kushida has the experience of having led diverse activities toward the development and stability of the Japanese economy at Japan's central bank by filling the posts of Director-General and Executive Director, Bank of Japan. He currently serves as Director, Representative Executive Officer & President, Japan Securities Finance Co., Ltd. The Company has appointed him as a nominee for a Member of the Board in the expectation that his broad expertise in global monetary economy will continue to be applied in the Company's management.</p>	

8. Yuko Mitsuya (July 29, 1958) 61 years old Reappointment/Outside Member of the Board/Independent Director

Member of the Board

<p>■ Brief personal history</p>	
April 1981	Joined Hitachi, Ltd.
July 2007	Representative Director, Cipher Co., Ltd.
March 2014	Outside Audit & Supervisory Board Member, ASICS Corporation
March 2015	Outside Director, Fujita Kanko Inc.
April 2015	Outside Director, Paloma Co., Ltd.
June 2016	President, Japan Basketball Association (current position)
March 2018	Representative Director, SORA Corporation (current position)
June 2018	Outside Director, The Fukui Bank, Ltd. (current position)
June 2019	Outside Director (Audit and Supervisory Committee Member), JXTG Holdings, Inc. (current position)
	Member of the Board, DENSO CORPORATION (current position)
<p>■ Important posts concurrently held at other corporations</p> <p>Representative Director, SORA Corporation</p> <p>Outside Director, The Fukui Bank, Ltd.</p> <p>Outside Director (Audit and Supervisory Committee Member), JXTG Holdings, Inc.</p> <p>President, Japan Basketball Association</p>	
■ Number of the Company's shares owned	0
■ Years of incumbency	1
<p>■ Reason for having appointed her as a Member of the Board</p> <p>Yuko Mitsuya has abundant experience and knowledge in many fields, having long been in management at several corporations and associations and filling the posts of officer and committee member at several sports associations. She currently serves as Outside Director, The Fukui Bank, Ltd., Outside Director (Audit and Supervisory Committee Member), JXTG Holdings, Inc., and President, Japan Basketball Association and so forth. The Company has appointed her as a nominee for a Member of the Board in the expectation that her abundant expertise in corporate management will continue to be applied in the Company's management.</p>	

Notes:

- The brief personal history and the important posts concurrently held at other corporations are as of the dispatch date of this notice.
- The age and years of incumbency of each nominee are as of the conclusion of this 97th Ordinary General Meeting of Shareholders.
- Toyota Motor Corporation, at which Akio Toyoda currently serves as President, and the Company have transactions such as sales of products. Other nominees have no special interest in the Company.
- Akio Toyoda is not an executive Member of the Board, but he does not satisfy the requirements of Outside Members of the Board (outside directors), as stipulated in Article 2, Paragraph 15, of the Companies Act, because he currently serves as Director, HAMANAKODENSO CO., LTD, which is a subsidiary of the Company.
- If the election of Akio Toyoda as a Member of the Board is approved, the Company intends to enter into a liability limitation agreement with him, which limits his liability to the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, with regard to the liability for damages stipulated in Article 423, Paragraph 1, of the said Act.
- George Olcott, Shigeki Kushida and Yuko Mitsuya are the nominees for Outside Members of the Board (outside directors), as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act. The matters related to the three persons are as follows:
 - The Company has notified Tokyo Stock Exchange, Inc. (TSE), of the three persons as independent director as per the TSE Regulations. The three persons satisfy the requirements of independent directors/auditors as per the TSE Regulations. Accordingly, if their reelection as Outside Members of the Board is approved at the Meeting, the Company intends to notify the TSE of such status as independent director for these nominees.
 - The Company has entered into a liability limitation agreement with each of the three persons, which limits his/her liability to the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, with regard to the liability for damages stipulated in Article 423, Paragraph 1, of the said Act.
- At Hitachi Chemical Company, Ltd., where George Olcott, a nominee for an Outside Member of the Board,

has served as Outside Director since June 2014, improper inspections for some of its products and other problems were revealed in June 2018. A special investigating committee was established to determine the cause of the trouble and promote the examination of measures to prevent similar incidents. Although George Olcott had not recognized the fact until the incident emerged, he has taken responsibility by appropriately pointing out his honest opinions with regard to the implementation of measures to prevent a recurrence.

(Reference)

There is no election of Audit & Supervisory Board Members at this General Meeting of Shareholders, as none of the incumbent Audit & Supervisory Board Members has completed his/her term office yet.

The current Audit & Supervisory Board Members are as follows:

Name		Current posts in the Company	Years of incumbency
Atsuhiko Shimmura	Incumbent	Standing Audit & Supervisory Board Member	6 years
Motomi Niwa	Incumbent	Standing Audit & Supervisory Board Member	2 years
Yasuko Gotoh	Incumbent Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	Audit & Supervisory Board Member	1 year
Haruo Kitamura	Incumbent Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	Audit & Supervisory Board Member	1 year

Proposal No. 2: Election of One (1) Substitute Audit & Supervisory Board Member

In case the number of Audit & Supervisory Board Members falls short of that required by laws and regulations, we hereby propose that you elect one (1) Substitute Audit & Supervisory Board Member. If this proposal is approved, the nominee below will be a Substitute Audit & Supervisory Board Member for incumbent members Yasuko Gotoh and Haruo Kitamura. If the nominee takes office of Audit & Supervisory Board Member replacing one of the incumbent members above, the nominee will serve the remaining term of the incumbent member leaving the post before his/her full term of office expires. The Audit & Supervisory Board has given its prior consent to this proposal.

The nominee for Substitute Audit & Supervisory Board Member is as follows:

Hiromi Kitagawa (November 4, 1962) 57 years old

Reappointment/Outside Audit & Supervisory Board Member/Independent Auditor

■ Brief personal history	
April 1996	Registered as a lawyer Joined Nankan Law Office (currently, Nankan Kitagawa & Ito)
July 2003	Partner lawyer, Nankan & Kitagawa (currently, Nankan Kitagawa & Ito) (current position)
April 2014	Director, Chubu Federation of Bar Associations
April 2016	Vice Chairman, Aichi Bar Association
April 2017	Professor, Nanzan Graduate School of Law (current position)
■ Important posts concurrently held at other corporations Partner lawyer, Nankan Kitagawa & Ito	
■ Number of the Company's shares owned 0	
■ Reason for having appointed her as a Substitute Outside Audit & Supervisory Board Member Hiromi Kitagawa has long and wide-ranging experience in the legal field, having filled the posts of Vice Chairman, Aichi Bar Association and university professor in addition to her abundant career as a lawyer. She currently serves as Partner lawyer, Nankan Kitagawa & Ito, and Professor, Nanzan Graduate School of Law. The Company has appointed her as a nominee for a substitute Audit & Supervisory Board Member in the expectation that her abundant legal experience will be applied in the Company's audits. Although she has never been in corporate management except as an outside officer in the past, the Company judges that she will appropriately execute her duties as an Audit & Supervisory Board Member of the Company because of the aforementioned grounds.	

Notes:

1. The brief personal history of the nominee is as of the dispatch date of this notice.
2. The age and years of incumbency of the nominee are as of the conclusion of this 97th Ordinary General Meeting of Shareholders.
3. The nominee has no special interest in the Company.
4. Hiromi Kitagawa is the nominee for an Outside Audit & Supervisory Board Member, as stipulated in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act. The matters related to this person are as follows:
 - (1) She satisfies the requirements of independent directors/auditors as per the TSE Regulations. Accordingly, if she assumes the post of Outside Audit & Supervisory Board Member, the Company intends to notify the TSE of such status as independent auditor for the nominee.
 - (2) If she assumes the post of Outside Audit & Supervisory Board Member, the Company intends to enter into a liability limitation agreement with her, which limits her liability to the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, with regard to the liability for damages stipulated in Article 423, Paragraph 1, of said Act.

Proposal No. 3: Presentation of Bonuses to Members of the Board

We hereby propose that bonuses be paid to four (4) Members of the Board (excluding non-executive Members of the Board and Outside Members of the Board) of the Company in the total amount of ¥60,700 thousand as the bonuses to Members of the Board as of the end of the fiscal year, taking into consideration the business performance for the current fiscal year and other factors.

Proposal No. 4: Determination of Compensation for Granting Shares with Restrictions on Transfer to Members of the Board (Excluding Non-executive Members of the Board and Outside Members of the Board) and Revision of the Amount of Compensation Payable to Members of the Board

Regarding the amount of compensation payable to the Members of the Board of the Company, the 84th Ordinary General Meeting of Shareholders held on June 26, 2007 adopted a resolution to set the maximum amount of basic compensation at ¥80 million per month. Meanwhile, the Company obtains approval for the total amount of bonuses payable to the Members of the Board per year at the Ordinary General Meeting of Shareholders on a yearly basis.

As part of our review of the executive compensation system, we propose paying additional compensation for granting shares with restrictions on transfer (hereinafter referred to as “Restricted Shares”) to Members of the Board (excluding non-executive Members of the Board and Outside Members of the Board; hereinafter collectively referred to as “Eligible Members of the Board.”) The new compensation is designed to have Eligible Members of the Board further share value with shareholders and to provide them with more incentives to achieve medium- to long-term enhancement of corporate value.

Compensation to be paid to Eligible Members of the Board for granting shares with restriction on transfer based on this proposal will be monetary claims and its total amount will be up to ¥200 million per year, an amount considered reasonable for the above-mentioned purposes.

In line with the introduction of the proposed system, we propose setting a yearly limit of the compensation for Members of the Board instead of the monthly limit that we currently set. Moreover, we propose setting the maximum amount of compensation at ¥1.0 billion per year (including compensation for Outside Members of the Board of up to ¥150 million per year.)

If this proposal is approved, the composition of the compensation payable to Members of the Board (excluding the amount of employee salaries payable to Members of the Board who are also employees) will be as shown in the table below.

<Compositions of Compensation Payable to Members of the Board >

Compensation composition	Maximum Amount of Compensation
Basic compensation	Up to ¥1.0 billion per year (including up to ¥150 million per year for Outside Members of the Board)
Bonus	
Share-based compensation	Up to ¥200 million per year
Total	Up to ¥1.2 billion per year (including up to ¥150 million per year for Outside Members of the Board)

Compensation for Members of the Board shall be determined by the Board of Directors within the amount mentioned above, following deliberation by the Officer Nomination and Compensation Advisory Council, a body where an independent Outside Member of the Board serves as chairperson and a majority of the members are independent Outside Members of the Board.

If Proposal No. 1 is approved as proposed, the number of Members of the Board eligible for the compensation for Restricted Shares will be eight (8) (including three (3) Outside Members of the Board.)

<Details of the Restricted Share-based Compensation System>

The outline of the Restricted Share-based Compensation System is as shown below. Other details related to this compensation system and the restricted share allotment agreement (hereinafter referred to as the “Allotment Agreement”) shall be determined by the Company’s Board of Directors.

Eligible persons	Members of the Board of the Company (excluding non-executive Members of the Board and Outside Members of the Board)
Total amount of share-based compensation	Up to ¥200 million per year
Amount of share-based compensation for each Member of the Board	Determined each year considering factors such as the Company’s business results and the responsibilities and performance of the Member of the Board
Class of shares to be allotted and method of allotment	Issue or disposal of shares of common stock (those with restrictions on transfer under the Allotment Agreement)
Total number of shares to be allotted	Up to a total of 100,000 shares per year to Eligible Members of the Board
Amount to be paid in	Determined by the Board of Directors of the Company based on the closing price of shares of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors, within a range that is not particularly advantageous to Eligible Members of the Board
Transfer restriction period	During the period predetermined by the Board of Directors of the Company, ranging from three (3) years to 30 years from the allotment date under the Allotment Agreement, Eligible Members of the Board must not dispose of the shares of the Company’s common stock by transferring or creating a security right on the shares of the Company’s common stock allotted by the Allotment Agreement or other measures.
Condition 1 for removal of transfer restrictions	The restrictions will be removed upon the expiration of the transfer restriction period. However, the restrictions will be removed also in the event that the Eligible Member of the Board leaves the position due to expiry of his/her term of office, his/her death or other justifiable reasons.
Condition 2 for removal of transfer restrictions	If a proposal for restructuring, etc. of the Company, such as a merger agreement whereby the Company will be an absorbed company to the merger, or a share exchange agreement or a share transfer plan whereby the Company will become a wholly owned subsidiary of another party, is approved at the Company’s General Meeting of Shareholders (or by the Company’s Board of Directors if such organizational restructuring, etc. does not require approval of the Company’s General Meeting of Shareholders) during the transfer restriction period, the Company shall remove, based on the resolution of the Company’s Board of Directors, the transfer restriction of the allotted shares at a date prior to the effective date of such organizational restructuring, etc. The number of such allotted shares subject to removal of the transfer restriction shall be reasonably determined in light of the period from the date of the start of the transfer restriction period to the date of approval of such organizational restructuring, etc.
Acquisition by the Company without consideration	The Company will be able to acquire all allotted shares without consideration in the event of violations of laws and regulations or other reasons specified by the Company’s Board of Directors during the transfer restriction period.

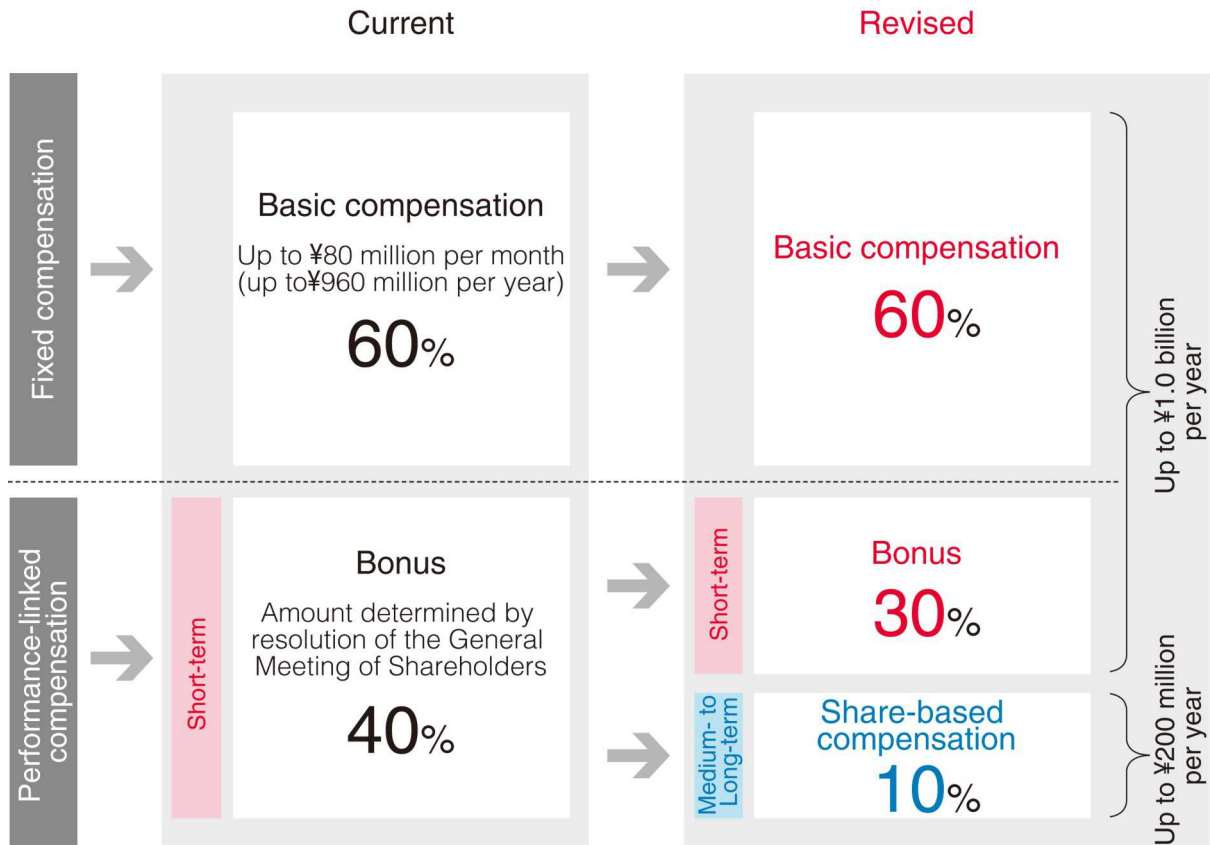
Subject to the approval of Proposal No. 4 as originally proposed, the Company will apply the same Restricted Share-based Compensation System to Executive Vice Presidents and Senior Executive Officers who are not Members of the Board.

(Reference) Compensation System for Members of the Board upon Approval of Proposal No. 4

Under the Company’s new compensation system for Members of the Board, compensation for Members of the Board (excluding non-executive Members of the Board and Outside Members of the Board) will consist of “basic compensation (fixed amount),” “bonus (short-term incentive)” and “share-based compensation (medium- to long-term incentive).” The ratios of basic compensation, bonus and share-based compensation will be roughly 60%, 30% and 10%, respectively, if the amount of consolidated operating profit equals the reference amount.

The Company will monitor the impact of the introduction of share-based compensation and consider increasing the ratio of share-based compensation.

Non-executive Members of the Board and Outside Members of the Board will receive basic compensation (fixed amount) only.



Attachment

BUSINESS REPORT

(From April 1, 2019, to March 31, 2020)

1. CURRENT SITUATION OF THE DENSO GROUP

(1) Process and Results of Operations of Our Group

1) Business environment

During the fiscal year ended March 31, 2020, the spread of protectionism, such as trade conflict between the United States and China, affected international trade and the world economy entered a downward phase. The spread of COVID-19 has exacerbated this situation, causing further deterioration of the world economy. The Japanese economy experienced a slowdown owing to the impact of the consumption tax increase and other factors. Automobile markets contracted in the United States and China owing to trade conflict, in India as a result of financial uncertainty, and in ASEAN countries due to tighter loan controls and other factors. The Japanese market also contracted, affected by the impact of the consumption tax increase. In addition, the adverse effect of the spread of COVID-19 became apparent since February 2020 with the growth rate of each market turning negative.

2) Summary of business

The Company formulated the DENSO Group Long-term Policy 2030 together with the slogan “Bringing hope for the future for our planet, society and all people.” In addition, as a road map to realize the above Policy, the Company formulated the DENSO Group Long-term Plan 2025. According to these initiatives, we will endeavor to contribute to happiness for everyone by performing our business operations, focusing on Electrification, Advanced Safety & Automated Driving, Connected Cars and Non-automotive Businesses (FA* and agriculture, etc.).

*FA: Factory automation: Automation of production lines through mechanization

3) Operating results for the fiscal year ended March 31, 2020

Although sales volume remained flat until the third quarter, revenue of the Group decreased by ¥209.3 billion or 3.9% to ¥5,153.5 billion for the year ended March 31, 2020, due to a significant market contraction caused by the impact of COVID-19 in the fourth quarter and exchange rate fluctuations.

Operating profit decreased by ¥255.1 billion or 80.7% to ¥61.1 billion, owing to provision for quality costs in the second half and decreased production volume reflecting lower sales. Consequently, profit before income taxes decreased by ¥266.4 billion or 74.8% to ¥89.6 billion, and profit attributable to owners of the parent company decreased by ¥186.4 billion or 73.2% to ¥68.1 billion.

Revenue	¥5,153.5 billion	3.9% y/y decrease
Operating profit	¥61.1 billion	80.7% y/y decrease
Profit attributable to owners of the parent company	¥68.1 billion	73.2% y/y decrease

Revenue by geographical segment

Revenue	¥5,153.5 billion
Japan	44.9%
North America	22.2%
Europe	10.6%
Asia	21.1%
Other	1.2%

(Ratio of sales to external customers)

(Billions of yen)

		96th Term (April 2018–March 2019)	97th Term (April 2019–March 2020)	Rate of change (%)
Japan		3,266.0	3,263.5	(0.1)
North America		1,212.4	1,176.3	(3.0)
Europe		652.5	583.3	(10.6)
Asia		1,416.4	1,278.5	(9.7)
Other		72.7	60.7	(16.5)
Total	Total	6,620.0	6,362.2	(3.9)
	Intersegment internal sales	(1,257.3)	(1,208.7)	—
	Sales to external customers	5,362.8	5,153.5	(3.9)

(2) Principal Business Lines

The Company engages in the manufacturing and sale of products that contribute to the improvement of the environment, security and safety in the following business domains.

Thermal Systems

Revenue: ¥1,280.6 billion

Major products:

- Car and bus air-conditioning systems
- Freezers for trucks
- Cooling systems and components such as radiators

Car air-conditioning system

Radiator

Powertrain Systems

Revenue: ¥1,222.0 billion

Major products:

- Gasoline and diesel engine management systems
- Engine-related components
- Drive-train components

High-pressure injector for direct gasoline injection

High-pressure pump for direct gasoline injection

Electrification Systems

Revenue: ¥897.4 billion

Major products:

- Driving and power supply systems and related components for hybrid vehicles (HVs) and EVs
- Electric power supply and starting system components
- Small automotive motor system components

Inverter

Motor generator

Mobility Electronics

Revenue: ¥1,112.6 billion

Major products:

- Electronic systems, services and platforms covering overall mobility
- Advanced safety and automated driving products
- Connected cockpit products
- Electronics products such as powertrain control ECUs and body control ECUs

Driver status monitor

Engine control ECU

Sensors & Semiconductors

Revenue: ¥139.2 billion

Major products:

- Microelectronic devices such as semiconductor sensors and ICs for onboard use

Wheel speed sensor

Power modules for automobiles

Non-automotive Business

Revenue: ¥179.6 billion

FA

Major products:

- Industrial systems and equipment represented by automation systems/modules and industrial robots
- Society-oriented systems, equipment and services such as handy terminals and QR solutions

Agriculture

Major products:

- Systems and equipment for agricultural production
- Cloud services
- After-sales services

Automated modules

Vertical articulated robot

Profarm, a climate control system for greenhouses

futecc, equipment for maintaining freshness

(3) Operating Results and Financial Position of the Group

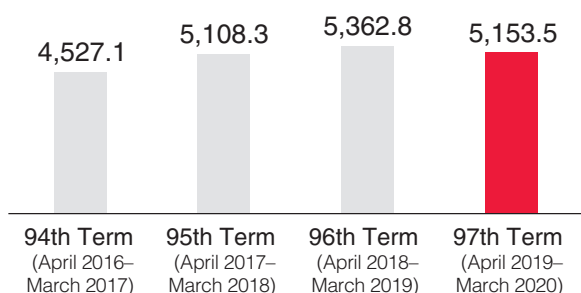
(Millions of yen)

IFRS

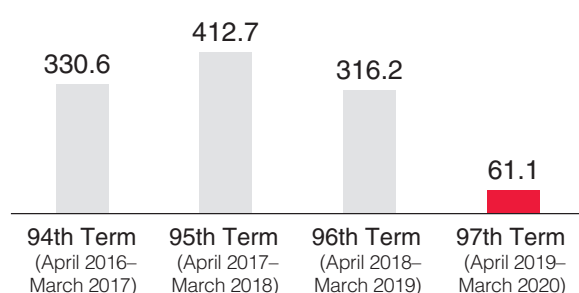
Account Item	94th Term (April 2016– March 2017)	95th Term (April 2017– March 2018)	96th Term (April 2018– March 2019)	97th Term (April 2019– March 2020)
Revenue	4,527,148	5,108,291	5,362,772	5,153,476
Operating Profit	330,551	412,676	316,196	61,078
Profit before Income Taxes	360,858	449,903	356,031	89,631
Profit Attributable to Owners of the Parent Company	257,619	320,561	254,524	68,099
Basic Earnings per Share (yen)	326.32	410.45	326.47	87.89
Equity Attributable to Owners of the Parent Company	3,312,724	3,598,321	3,595,694	3,397,136
Total Assets	5,150,762	5,764,417	5,792,414	5,651,801

IFRS

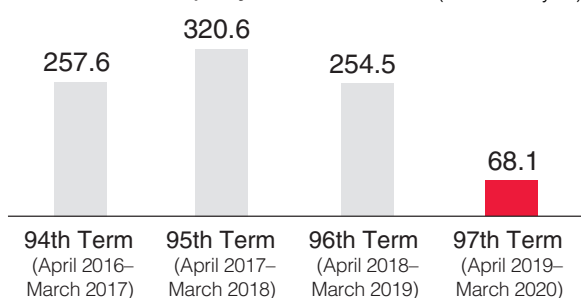
Revenue (Billions of yen)



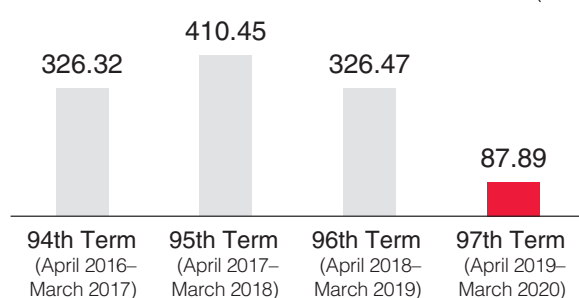
Operating Profit (Billions of yen)



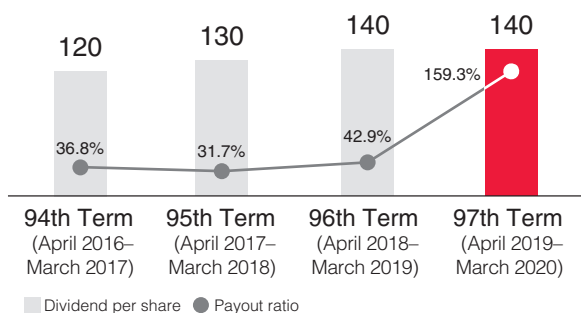
Profit Attributable to Owners of the Parent Company (Billions of yen)



Basic Earnings per Share (Yen)

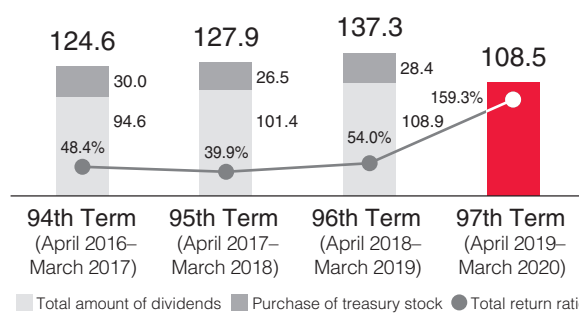


Annual Dividends per Share and Payout Ratio (Yen)



Total Return and Total Return Ratio* (Billions of yen)

* (Total amount of dividends + Purchase of treasury stock) ÷ (Profit attributable to owners of the parent company)



(4) Initiatives during the Year

For details, refer to the Company's Web site: <https://www.denso.com/jp/ja/news/>

Business

Green

Alternator
High-efficiency diodes for alternators

Began mass-production of automotive alternators equipped with newly developed diodes
Improved power generation efficiency and helped improve fuel consumption

Peace of Mind

Together with Toyota Motor Corporation and SoftBank Vision Fund, invested \$1 billion in Uber's Advanced Technologies Group
Expanded partnership to accelerate development and deployment of automated ridesharing services

Peace of Mind Green

MIRISE Technologies launched

Peace of Mind

Vision sensor
Millimeter-wave radar sensor

Toyota Motor Corporation's vehicles equipped with DENSO's Global Safety Package received the Grand Prix Award in preventive safety performance of the Japan New Car Assessment Program (JNCAP)

Peace of Mind

Opened Seattle Innovation Lab to strengthen R&D of connected technologies and advance the Mobility-as-a-Service (MaaS) platform

Green

DENSO's Hirose Plant began operation

Green

Opened Electrification Innovation Center at Anjo Plant

Peace of Mind

A new facility new facility with a test track to be opened in Haneda

Company Foundation

Hitozukuri Monozukuri

Awarded medals at the WorldSkills International Competition

Monozukuri

Celebrated the 25th anniversary of the QR Code in August 2019, which was invented by DENSO for production control of a wide range of automotive components

Hitozukuri Monozukuri

Received the "Friend of ASEAN" award at the ASEAN Business Awards (ABA) 2019
In recognition of DENSO's contribution to ASEAN's economic growth through production activities

Hitozukuri

Selected for the Health & Productivity Stock Selection program for the fourth consecutive year

(5) Our Challenge toward Future Growth

Amid an increase in the global population, aging societies and advancing urbanization, global warming caused by CO₂ emissions and an increase in traffic accidents have emerged as pressing social issues. In addition, business models are changing and people's sense of value and consumption behavior are diversifying due to the rapid digitization of society and advances in robotics. Furthermore, in the field of mobility, the evolution of IoT and AI has accelerated trends toward electrification, automated driving, connected cars, and car sharing. As such, the business environment surrounding the Company has entered a period of drastic change.

To grow continuously during this period of drastic change, the Company formulated Long-term Policy 2030, which depicts our goal for 2030, in October 2017. We intend to contribute to ensuring a society filled with smiling faces through the provision of new value that will be inspired by the Company's initiatives, in addition to maximizing the previous priority values of "Green" and "Peace of Mind."

In order to realize a sustainable society by resolving social issues through corporate activities, we have identified material issues (materiality) and are addressing them. Among the various social issues, including those highlighted in the United Nations' Sustainable Development Goals (SDGs), we determined that the three themes of "green," "peace of mind," and "corporate foundation" represent areas that have a high level of importance for realizing a sustainable society and areas in which we can make particularly significant contributions. Accordingly, we are sharing information on the material issues we have identified in each of these fields on a Companywide basis. By working to achieve the goals through our corporate activities, we will strive to resolve social issues going forward.



DENSO's Materiality and SDGs

DENSO's Materiality

<p>The Environment</p> <ul style="list-style-type: none"> • Prevention of global warming • Prevention of air pollution/Reduction of environmental burden • Effective utilization of resources • Conservation of water resources 	<p>Peace of Mind</p> <ul style="list-style-type: none"> • Reduction of traffic accidents • Provision of free and comfortable movement • Provision of safe and secure products • Response to decrease in birthrate and aging population
<p>Corporate Foundation</p> <ul style="list-style-type: none"> • Compliance • Strengthening of information security • Promotion of the active role of human resources • Occupational health and safety 	<ul style="list-style-type: none"> • Workstyle reforms • Protection of human rights • Sustainable procurement • Governance structure

Relevant SDGs to which DENSO primarily contributes through its overall corporate activities

Relevant SDGs to which DENSO primarily contributes through its products and services

TOPICS

Inculcating “Sustainability” into employees

In order to achieve sustainable development of the DENSO Group and society, it is indispensable to ensure that all 170,000 employees of the DENSO Group understand “sustainability” and take action.

Recognizing the need to enhance individual employees’ awareness of sustainability in order to change the behavior of each employee, we are promoting consciousness-raising activities worldwide.



Workshop for global leaders held in Japan



Offering sustainable seafood* at a company cafeteria



SDGs events held in Asia

*Sustainable seafood: Seafood caught by appropriately managed fisheries that accord consideration to marine resources and the environment or farmed with minimal environmental or social impacts

DENSO's 70th anniversary is certainly cause for celebration. DENSO would not be what it is today without the wholehearted support of our employees, customers, suppliers, the communities where we operate, our predecessors (retired executives and employees), and our shareholders. With the automotive industry in the midst of a paradigm shift, there is no better time to draw inspiration from the DENSO Creed, the founding spirit that is the source of our enduring strength, as we promote future-oriented initiatives and deliver new value to society and our customers.

DENSO's Origin

1949 DENSO founded



A plant producing electrical gear was spun off from Toyota Motor Co., Ltd. and incorporated as Nippon Electrical Equipments Co., Ltd, subsequently reinventing itself as NIPPONDENSO CO., LTD. DENSO embarked on a journey emphasizing innovation and creativity in pursuit of world-class technology, quality and cost competitiveness. The company name NIPPONDENSO was chosen to express the aspiration to offer reliable products to companies throughout Japan.

1956 DENSO Creed established

The DENSO Creed provides our guiding principles that we must always keep in mind and that we must turn to when we are not sure about our actions or judgments and make efforts toward the future.

The DENSO Creed

“Be trustworthy and responsible.”

“Cherish modesty, sincerity, and cooperation.”

“Be pioneering, innovative, and creative.”

“Provide quality products and services.”

Trust is a symbol of security and reliance. Through candid dialog and clashes, our predecessors built it up with straightforward honesty. Carelessness can destroy it in an instant, never to be easily retrieved.

There is something that is more important than personal appearance or a job title. Continue to refine our inner selves and essential qualities.

Sincerity is the depth of consideration. When we show others earnest consideration, we can demonstrate unexpected strength.

We want to create new value that is of use for society. To this end, we learn broadly about the matters of the world, take up challenges, and continue to refine our technologies and expertise. Aim to keep moving forward one step at a time with a never-give-up spirit.

Are we fulfilling the expectations of our customers? Are we dealing with our customers properly as they continue to evolve? We must never be arrogant. Our value is the satisfaction of each and every individual customer. Bringing smiles and contentment both to people who use cars and to people who don't. Continue to provide value that makes people happy.

Be trustworthy and responsible.

Safeguarding trust. Building it up. Then passing it down to the next generation. Acting and achieving with firm resolution and accomplish our roles.



Among the products DENSO has been manufacturing since its foundation, stators are an excellent example of a product through which DENSO has painstakingly cultivated trust while serving society.

Cherish modesty, sincerity, and cooperation.

Respecting the people we interact with, and filling even our mundane daily words and deeds with warmth and kindness.



DENSO made a concerted company-wide effort to expedite recovery from the Great East Japan Earthquake of 2011.

Be pioneering, innovative, and creative.

Envisioning dreams with our sights fixed on the future. Making those dreams reality in a prompt way, and delivering value to society. Carve a path through unexplored territory with our own hands.



In 1968, quick to grasp the coming shift to electronic control of automobiles, DENSO established the IC Research Center. Paved the way for mass production of ICs for automotive applications.

Provide quality products and services.



In 1994, DENSO invented QR codes. Widely diffused, QR codes are benefiting society.



Realizing the Future

The Company has long been engaged in the development of electrification technology to provide its customers with earth-friendly electrified vehicle systems that ensure more comfortable transportation. As a result, the Company has accumulated production achievements globally by achieving higher performance, more compactness and lower fuel consumption for major electrified products; these attributes are indispensable for hybrid vehicles. Going forward, by leveraging its broad range of businesses, the Company will endeavor to contribute to efficiency improvement of fuel economy and saving of electricity usage by connecting all the onboard systems and products and through efficient energy management in the vehicle.

Relevant SDGs



Specific Initiatives

Electrification Innovation Center opened

In the field of electrification, DENSO is committed to the technological innovation that is essential for realizing the future mobility society and has been developing and manufacturing key components for electric vehicles. To meet the rising global demand for automotive electrification technologies and products, DENSO is strengthening its ability to develop and produce them.

As part of this initiative, DENSO established the Electrification Innovation Center at DENSO's Anjo Plant in May 2020. The Electrification Innovation Center conducts advanced R&D, fabricates and tests prototypes, and is responsible for the launch and stabilization of mass-production lines to accelerate product development in the electrification field.

DENSO's Hirose Plant

In April 2020, the Hirose Plant, which previously belonged to Toyota Motor Corporation, became part of DENSO and began operation as DENSO's Hirose Plant. In the electrification field, along with the Anjo Plant, the Hirose Plant will be a global mother factory responsible for product development and establishment of production processes. By promoting competitive products related to electrification around the world, DENSO will contribute to realization of a sustainable society.



Automated Driving

Realizing the Future

To achieve Quality of Mobility in society without any traffic accidents and where everyone can travel freely and safely, the Company has been working continually to develop safety technology with high quality and reliability. In addition to its long-nurtured sensing technology, the Company intends to contribute to the development of AD technology by refining its Artificial Intelligence (AI) and information technologies. Rigorously abiding by the commitment to “Quality,” which has been unchanged since its foundation, the Company will continue to deliver a future mobility society with high security.

Relevant SDGs



Specific Initiatives

New company established to develop semi-conductors for innovation in mobility worldwide

In April 2020, Toyota and DENSO established MIRISE Technologies, a joint venture to conduct research and advanced development of next-generation in-vehicle semiconductors. MIRISE will accelerate the development of next-generation in-vehicle semiconductors that play a key role in technology innovation for electric vehicles and automated driving vehicles in terms of both vehicles and components by combining Toyota’s knowledge of mobility with DENSO’s knowledge of in-vehicle components. The goal is to achieve the future of mobility while preserving a pleasant environment and ensuring safety and comfort.

Accelerating development in the advanced mobility field through co-creation in the Tokyo metropolitan area

DENSO is promoting R&D of automated driving at its R&D base in the Tokyo metropolitan area, which is positioned as the headquarters for cutting-edge development in the advanced mobility field. Through co-creation with automobile manufacturers and external partners, we are accelerating planning, development, and verification with the aim of achieving early commercialization.

In July 2020, we will open a new facility with a test track and an office building at a former site of Haneda Airport. By establishing an R&D system with capabilities for verification tests on public roads using cars, we aim to further accelerate the pace of our development.

Strengthening Governance

Aspiring to be a company that continues to grow

To address this once-in-a-century period of drastic change and maintain and improve long-term corporate performance in a quickly changing global marketplace, DENSO is working to enhance corporate governance.

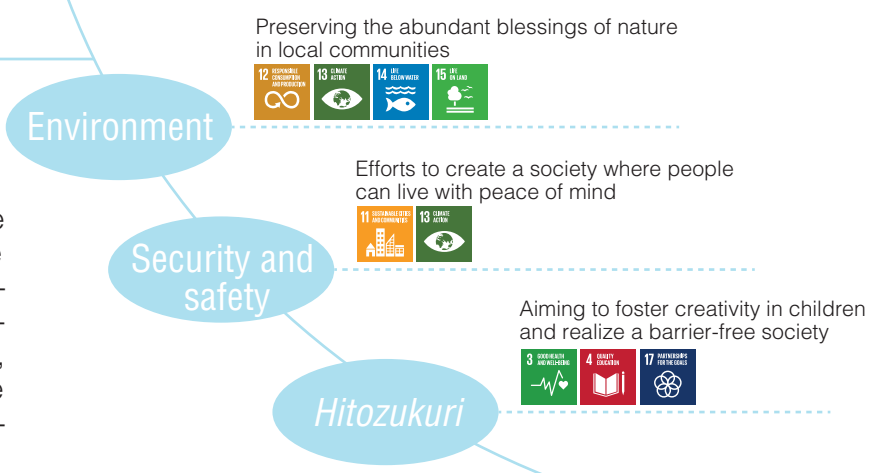
In fiscal 2019, DENSO greatly reduced the number of officers from the previous year to enhance the content of strategic discussions on a company-wide basis as well as to expedite management decision-making and execution. With a view to enhancing the effectiveness of the Board of Directors, we position our approach to diversity as an urgent task. We have therefore appointed new management team members with a greater awareness of diversity in regard to gender and nationality. In addition, we promoted the reduction of strategic shareholdings as part of our efforts to implement highly sound, efficient, and transparent management.

Change in the number of officers

	2016	2017	2018	2019	2020 (to be determined)
Number of officers	51	53	56	28	27
Number of Members of the Board	13	9	7	8	8
Of whom, Outside Members of the Board	2	2	2	3	3
Of whom, female Members of the Board				1	1
Number of Audit & Supervisory Board Members	5	5	5	4	4
Of whom, Outside Audit & Supervisory Board Members	3	3	3	2	2
Of whom, female Audit & Supervisory Board Members				1	1

Corporate Citizenship Activities

To contribute to the sustainable development of society, the DENSO Group is vigorously promoting corporate citizenship activities as a good corporate citizen, aiming to become a corporate group that is trusted and understood by stakeholders.



Symbiosis with the environment

Conserving the rich, abundant nature of each community

In addition to promoting environmentally friendly manufacturing as part of our business activities, DENSO, as a corporate citizen, also undertakes environmental conservation activities in the local community.



SAY NO PLASTIC BAGS drive (Thailand)

Safe and reliable urban development

Efforts to create a society where people can live with peace of mind

DENSO carries out a range of activities to ensure that people can live with peace of mind, including traffic safety and crime prevention activities and support for areas affected by natural disasters. In 2014, a group of employees was formed to carry out traffic safety educational activities on a voluntary basis.



Traffic safety education (USA)

Hitozukuri

Aiming to foster creativity in children and realize a barrier-free society

DENSO carries out various initiatives generating community interest with the aim of providing local children with opportunities to experience the fascination and joy of creating things (manufacturing) as well as promoting the independence of people with various disabilities.



Supporting sports for the challenged (Japan)

Sports Activities

Soon after the company's foundation in the 1950s, DENSO began establishing sports clubs with the aim of "Generating energy in the workplace." Today, we offer Group-wide support to teams and individual athletes in a variety of sports under the motto of "Let's move hearts together through sports."

Why We Emphasize Sports



Encouraging our employees

Through the emotions, excitement, and inspiration that come from sports, we aim to increase the vitality of the workplace.



Creating connections with local communities

We wish to deepen our interaction with local communities by offering excitement to people living near our business sites and sharing with them our dreams and energy.



Making progress together with the sports industry

We hope to realize people's dreams by supporting teams and athletes active on the global stage. Through sports, we will show our gratitude toward society.



Passionately enhancing our technological capabilities

We develop and provide products for the teams we sponsor. Through the support we have continued to offer to motorsports since the 1960s, we have been pursuing outstanding levels of quality and world-leading advanced technologies.

(6) Employees within the Group

Geographical Segment	Number of Employees
Japan	77,589 (17,634)
North America	25,117 (2,566)
Europe	16,254 (2,356)
Asia	49,139 (8,798)
Other Regions	2,833 (77)
Total	170,932 (31,431)

Note: “Number of Employees” indicates the number of persons working within the Group (i.e., exclusive of those loaned from outside the Group to within the Group and inclusive of those loaned from within the Group to outside the Group). The average yearly number of temporary employees (including fixed-term employees, temporary workers dispatched by personnel agencies, part-timers, contract employees, etc.) is indicated in parentheses.

(7) Capital Expenditures and Financing

During the fiscal year, capital expenditures of ¥436.5 billion were invested mainly to shift to highly cost-competitive next-generation products and further improve product quality and reliability. The Company appropriated the funds on hand for the investments.

(8) Major Lenders

Name of Lender	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd., Syndicate Loan	20,000
Shinkin Central Bank	20,000
The Norinchukin Bank	20,000
MUFG Bank, Ltd.	19,000
The Bank of Kyoto, Ltd.	13,000
Mizuho Bank, Ltd., Syndicate Loan	11,503
Resona Bank, Limited.	10,000
Fukoku Mutual Life Insurance Company	10,000
The Juroku Bank, Ltd.	8,000
The Hokkaido Bank, Ltd.	7,000
Others	44,000
Total	182,503

Notes:

1. “Major lenders” of the DENSO Group above means the Company’s major lenders.
2. MUFG Bank, Ltd., Syndicate Loan refers to a syndicate loan involving several financial institutions, for which the lead manager is MUFG Bank, Ltd.
3. Mizuho Bank, Ltd., Syndicate Loan refers to a syndicate loan involving several financial institutions, for which the lead manager is Mizuho Bank, Ltd.

(9) Principal Offices and Plants

1) The Company

Name	Location (Prefecture)
Headquarters	Aichi
Tokyo Office	Tokyo
Tokyo Division	Tokyo
Osaka Division	Osaka
Hiroshima Division	Hiroshima
Anjo Plant	Aichi
Nishio Plant	Aichi
Takatana Plant	Aichi
Kota Plant	Aichi
Toyohashi Plant	Aichi
Agui Plant	Aichi
Zemmyo Plant	Aichi
Toyohashi Higashi Plant	Aichi
Daian Plant	Mie
Kosai Plant	Shizuoka
Higashi Hiroshima Plant	Hiroshima
Advanced Research and Innovation Center	Aichi
Global R&D Tokyo	Tokyo

Note: Based on the contract entered into between Toyota Motor Corporation and the Company on April 5, 2019, Toyota transferred its Hirose Plant to the Company in April 2020.

2) Subsidiaries

Refer to “(10) Significant Subsidiaries.”

(10) Significant Subsidiaries

Name	Capital Stock	The Company's Ratio of Voting Rights (%)	Principal Businesses
DENSO SOLUTION JAPAN CORPORATION	JPY175 million	100.00	Sale of automotive components, industrial products and consumer products
DENSO TEN Limited	JPY5,300 million	51.00	Manufacture and sale of automotive components, and R&D on automotive components
TDmobile Corporation	JPY490 million	51.00	Sale of mobile phones, etc.
DENSO INTERNATIONAL AMERICA, INC.	USD503,816 thousand	100.00	— Regional headquarters for North America — Sale of and R&D on automotive components
DENSO MANUFACTURING MICHIGAN, INC.	USD125,000 thousand	100.00*	Manufacture and sale of automotive components
DENSO MANUFACTURING TENNESSEE, INC.	USD73,900 thousand	100.00*	Manufacture and sale of automotive components
DENSO MANUFACTURING ATHENS TENNESSEE, INC.	USD100 thousand	100.00*	Manufacture and sale of automotive components
DENSO TEN AMERICA Limited	USD42,500 thousand	100.00*	Sale of automotive components
DENSO SALES CANADA, INC.	CAD100 thousand	100.00	Sale of automotive components
DENSO MEXICO S.A. DE C.V.	MXN593,297 thousand	95.00*	Manufacture and sale of automotive components
DENSO EUROPE B.V.	EUR1,361 thousand	100.00*	Sale of automotive components
DENSO MANUFACTURING HUNGARY LTD.	EUR190,912 thousand	100.00*	Manufacture and sale of automotive components
DENSO INTERNATIONAL ASIA PTE., LTD. (Singapore)	USD175,240 thousand	100.00	— Regional headquarters for Asia — Sale of aftermarket products
DENSO SALES (THAILAND) CO., LTD.	THB100 million	100.00*	Sale of automotive components
DENSO (THAILAND) CO., LTD.	THB200 million	51.65*	Manufacture and sale of automotive components
SIAM DENSO MANUFACTURING CO., LTD.	THB2,816 million	90.00*	Manufacture and sale of automotive components
PT. DENSO INDONESIA	IDR2,345 million	68.34*	Manufacture and sale of automotive components
PT. DENSO SALES INDONESIA	IDR9,975 million	100.00*	Sale of automotive components
DENSO (CHINA) INVESTMENT CO., LTD.	CNY2,150 million	100.00	— Headquarters for China — Sale of and R&D on automotive components
TIANJIN DENSO ELECTRONICS CO., LTD.	CNY446 million	93.46*	Manufacture and sale of automotive components

Note: An asterisk (*) indicates the ratio of ownership including shareholdings by any of the Company's subsidiaries.

2. SHARES OF THE COMPANY

(1) Total Number of Shares Authorized to Be Issued: 1,500,000,000 shares

(2) Total Number of Issued Shares: 774,903,601 shares (excluding treasury stock of 13,041,350 shares)

(3) Number of Shareholders: 84,955 persons

(4) Major Shareholders

Name of Shareholder	Investment in the Company	
	Number of Shares Held (Thousand shares)	Ratio of Voting Rights (%)
Toyota Motor Corporation	188,949	24.38
Toyota Industries Corporation	69,373	8.95
The Master Trust Bank of Japan, Ltd. (Trust account)	51,978	6.70
Towa Real Estate Co., Ltd.	33,309	4.29
Japan Trustee Services Bank, Ltd. (Trust account)	32,251	4.16
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	21,645	2.79
DENSO Employees' Shareholding Association	14,128	1.82
Aisin Seiki Co., Ltd.	12,518	1.61
Japan Trustee Services Bank, Ltd. (Trust account 7)	10,218	1.31
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,968	1.15

Notes:

1. The Company holds treasury stock of 13,041 thousand shares, but is excluded from the list of major shareholders above.
2. "Ratio of Voting Rights" is calculated after excluding the treasury stock of 13,041 thousand shares.
3. "Investment in the Company" by Toyota Industries Corporation is stated after excluding the Company's 6,798 thousand shares (ratio of voting rights: 0.87%), which are contributed as a trust asset for employees' retirement benefits by Toyota Industries Corporation. (These shares are registered in the name of "Japan Trustee Services Bank, Ltd. (Trust Account of Toyota Industries Corporation Employees' Retirement Benefits for the Re-trust by Sumitomo Mitsui Trust Bank, Limited)," and Toyota Industries Corporation reserves the right of instruction in exercising the shares' voting rights.)

3. OFFICERS OF THE COMPANY

(1) Members of the Board

Name	Position	Assignment in the Company and Important Posts Concurrently Held at Other Corporations
Koji Arima	President & CEO *	CEO (Chief Executive Officer)
Yasushi Yamanaka	Executive Vice President *	CQO (Chief Quality Officer); Safety, Quality, Production; General Administration & Human Resources Center; Safety, Quality & Environment Center (Important posts concurrently held at other corporations) Outside Director, Tokai Rika Co., Ltd.
Hiroyuki Wakabayashi	Executive Vice President *	CTO (Chief Technology Officer); R&D, IT Digital (Important posts concurrently held at other corporations) Outside Director, ADVICS CO., LTD. Outside Member of the Audit & Supervisory Board, JTEKT CORPORATION
Shoji Tsuzuki	Member of the Board Senior Executive Officer	CISO (Chief Information Security Officer), IT Digital Center
Akio Toyoda	Member of the Board	(Important posts concurrently held at other corporations) President, Toyota Motor Corporation Chairman, Japan Automobile Manufacturers Association, Inc. Director, HAMANAKODENSO CO., LTD.
George Olcott	Member of the Board Outside Member of the Board Independent Director	(Important posts concurrently held at other corporations) Outside Director, Hitachi Chemical Company, Ltd. Outside Director, Dai-ichi Life Holdings, Inc. Outside Director, Kirin Holdings Company, Limited
Shigeki Kushida	Member of the Board Outside Member of the Board Independent Director	(Important posts concurrently held at other corporations) Director, Representative Executive Officer & President, Japan Securities Finance Co., Ltd.
Yuko Mitsuya	Member of the Board Outside Member of the Board Independent Director	(Important posts concurrently held at other corporations) Representative Director, SORA Corporation Outside Director, The Fukui Bank, Ltd. Outside Director (Audit and Supervisory Committee Member), JXTG Holdings, Inc. President, Japan Basketball Association

Notes:

1. The Members of the Board marked with an asterisk (*) are representative directors.
2. Members of the Board George Olcott, Shigeki Kushida and Yuko Mitsuya are Outside Members of the Board (outside directors), as stipulated in Article 2, Paragraph 15, of the Companies Act.
3. The Company has notified TSE of the names of Members of the Board George Olcott, Shigeki Kushida and Yuko Mitsuya as independent directors.
4. Haruya Maruyama and Takashi Nawa retired from the posts of Member of the Board, due to the expiration of their term of office as of the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 26, 2019.

(2) Audit & Supervisory Board Members

Name	Position	Important Posts Concurrently Held at Other Corporations
Atsuhiko Shimmura	Standing Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member, Jeco Co., Ltd. External Corporate Auditor, ADVICS CO., LTD.
Motomi Niwa	Standing Audit & Supervisory Board Member	
Yasuko Gotoh	Audit & Supervisory Board Member Outside Audit & Supervisory Board Member Independent Auditor	External Audit & Supervisory Committee Member, Shiseido Company, Limited
Haruo Kitamura	Audit & Supervisory Board Member Outside Audit & Supervisory Board Member Independent Auditor	Chief, Kitamura Certified Public Accountant Office Outside Director, MonotaRO Co., Ltd. Supervisory Director, MCUBS MidCity Investment Corporation Outside Corporate Auditor, LEGAL CORPORATION

Notes:

1. Audit & Supervisory Board Members Yasuko Gotoh and Haruo Kitamura are outside Audit & Supervisory Board Members (outside corporate auditors), as stipulated in Article 2, Paragraph 16, of the Companies Act.
2. Audit & Supervisory Board Member Haruo Kitamura is qualified as a Certified Public Accountant and has substantial knowledge of finance and accounting.
3. The Company has notified TSE of the names of Audit & Supervisory Board Members Yasuko Gotoh and Haruo Kitamura as independent auditors.
4. Moritaka Yoshida and Toshimichi Kondo retired from the posts of Audit & Supervisory Board Member as of the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 26, 2019.
5. Noriyuki Matsushima resigned from the post of Audit & Supervisory Board Member at the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 26, 2019.

(3) Remuneration, etc., Payable to Members of the Board and Audit & Supervisory Board Members Pertaining to the Current Fiscal Year**1) Compensation payable to Members of the Board**

Compensation for Members of the Board (excluding non-executive Members of the Board and Outside Members of the Board) consists of basic compensation (fixed amount) according to positions and bonus as a short-term incentive linked with consolidated operating profit of each fiscal year in order to enhance their motivation to improve performance and to achieve sustainable growth by linking the compensation with performance of the Company and of individuals.

Bonuses for Senior Executive Officers (including those who are not Members of the Board) are vary within the range of $\pm 10\%$ based on performance and evaluation of achievements of individual officers in addition to consolidated operating profit of each fiscal year.

Compensation for non-executive Members of the Board and Outside Members of the Board is basic compensation (fixed amount) only.

2) Compensation payable to Audit & Supervisory Board Members

Compensation for Audit & Supervisory Board Members consists only of basic compensation (fixed amount).

3) Determination method

Regarding compensation for Members of the Board and Audit & Supervisory Board Members, the policy on determination of compensation, the criteria, the compensation system, and appropriateness of the level of compensation are deliberated by the Officer Nomination and Compensation Advisory Council, which

is chaired by an independent Outside Member of the Board and whose majority consists of independent Outside Members of the Board.

Basic compensation for Members of the Board is determined by the Board of Directors based on the criteria specified by the Company within the total amount of compensation (80 million yen per month) approved at the General Meeting of Shareholders. Bonuses are determined by the Board of Directors based on the criteria specified by the Company after obtaining approval of the total amount of bonuses at an Ordinary General Meeting of Shareholders.

Compensation for Audit & Supervisory Board Members is determined through consultation by the Audit & Supervisory Board within the total amount of compensation (¥15 million per month) approved at the General Meeting of Shareholders.

Officer Category	Amount of Remuneration, etc. (Millions of yen)	Total amount by type of remuneration, etc. (Millions of yen)		Number of Eligible Officers
		Basic compensation	Bonus	
Member of the Board	361	300	61	10
Audit & Supervisory Board Members	122	122	-	7
Total	483	422	61	17

Notes:

1. The amounts above include ¥73 million in remuneration, etc., payable to outside officers (four Members of the Board and five Audit & Supervisory Board Members).
2. The amounts above include the remuneration, etc. corresponding to Haruya Maruyama and Takashi Nawa who retired from the post of Member of the Board, Moritaka Yoshida and Toshimichi Kondo who retired from the post of Audit & Supervisory Board Member, and Noriyuki Matsushima who resigned from the post of Audit & Supervisory Board Member at the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 26, 2019.
3. The amount of bonuses payable to Members of the Board above is the amount for which it is expected a resolution will be adopted by the 97th Ordinary General Meeting of Shareholders to be held on June 19, 2020.

(4) Outside Members of the Board and Audit & Supervisory Board Members

1) Major activities during the fiscal year

Category	Name	Major Activities
Outside Members of the Board	George Olcott	He attended 14 of 14 Board of Directors meetings held in the fiscal year. At these meetings, he mainly remarked on the Company's global management based on his academic background and considerable experience and deep insight related to corporate management.
	Shigeki Kushida	Since becoming an Outside Member of the Board on June 26, 2019, he has attended 11 of 11 Board of Directors meetings held in the fiscal year. At these meetings, he remarked on the Company's general management affairs based on his experience at the Bank of Japan and broad expertise in global monetary economy.
	Yuko Mitsuya	Since becoming an Outside Member of the Board on June 26, 2019, she has attended 9 of 11 Board of Directors meetings held in the fiscal year. At these meetings, she mainly remarked on the Company's general management affairs based on her expertise in corporate management and considerable experience in various fields, including her service as a director or a member of various sports associations.
Outside Audit & Supervisory Board Members	Yasuko Gotoh	Since becoming an Outside Audit & Supervisory Board Member on June 26, 2019, she has attended 11 of 11 Board of Directors meetings and 10 of 10 Audit & Supervisory Board meetings held in the fiscal year. At these meetings, she remarked on the Company's general management affairs based on her broad experience in the public and private sectors and deep insight.
	Haruo Kitamura	Since becoming an Outside Audit & Supervisory Board Member on June 26, 2019, he attended 11 of 11 Board of Directors meetings and 10 of 10 Audit & Supervisory Board meetings held in the fiscal year. At these meetings, he mainly remarked on the financial and accounting affairs of the Company based on his professional viewpoint as a Certified Public Accountant and a management consultant.

2) Outline of the agreement with outside officers to limit their liability for damages

The Company has entered into an agreement with each Outside Member of the Board or Outside Audit & Supervisory Board Member to limit his/her liability with regard to the damages stipulated in Article 423, Paragraph 1, of the Companies Act. As a result, his/her liability shall be the amount set forth in Article 425, Paragraph 1, of the Companies Act.

4. CORPORATE GOVERNANCE OF THE COMPANY

The Company believes that establishing a corporate governance system designed to strengthen Group competitiveness is the key to maintaining and improving long-term corporate performance in a quickly changing global market. Specifically, the Company has adopted an Audit & Supervisory Board Member system. In addition to the legal functions of statutory bodies such as the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditor, the Company has developed various governance mechanisms. Furthermore, we are implementing highly sound, efficient and transparent management by continuously sharing information and conducting dialogues with shareholders and investors on the state of our business. This approach is reflected in the Company's Basic Policies on Corporate Governance.

Basic Policies on Corporate Governance

(1) Securing the rights and equal treatment of shareholders

- We shall provide timely and accurate information needed for shareholders to exercise their rights. Concurrently, the Company shall make efforts to establish an environment in which shareholders can exercise their voting rights and give due attention to assuring the rights and equal treatment of various substantial shareholders that include foreign and minority shareholders.

(2) Appropriate cooperation with stakeholders other than shareholders

- We shall strive to create a virtuous cycle whereby it earns the trust and empathy of stakeholders and continually grows and develops with them by dealing with social issues and actively working to find solutions.
- We shall place high value on dialogues with stakeholders and provide them with appropriate information to share values and cooperate with stakeholders.

(3) Ensuring appropriate information disclosure and transparency

- We shall disclose its financial condition, operating results, and other financial information each quarter in compliance with the relevant laws and regulations as well as appropriately disclose management strategies and plans and other non-financial information each time they are formulated.
- We shall deploy various methods for disseminating non-financial information in particular, which include directly disseminating information through its website and presentations as well as disseminating information to the mass media through press releases to obtain the understanding of its stakeholders.

(4) Execution of duties of the Board of Directors

- We shall, in keeping with the DENSO Philosophy, determine the strategic directions of the Company through the Long-term Policy, a management compass indicating the directions we will pursue over the next five to 10 years, and the Mid-term Policy, which contains strategies that give global concrete shape to our objectives and activities for the next three- to five-year period.
- We shall realize swift decision-making and business operations through 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 Executive Vice Presidents and Senior Executive Officers, who are responsible for the execution of business operations.

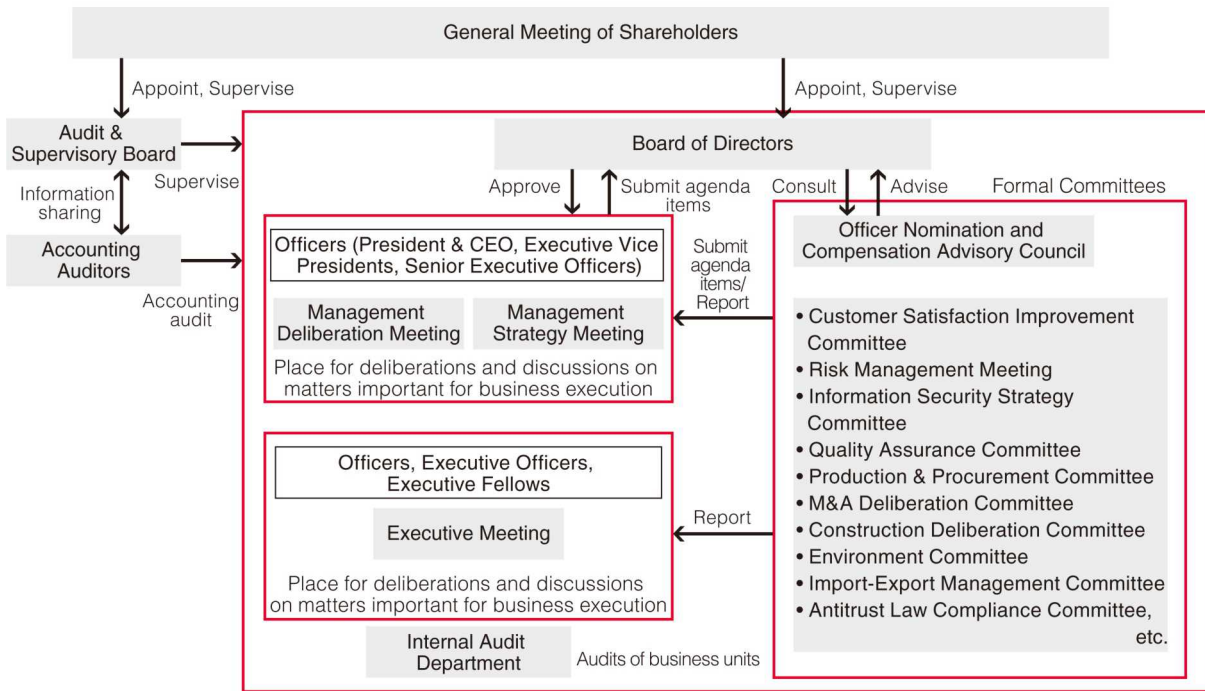
Additionally, we shall, depending on the circumstances, have Members of the Board serve concurrently as Executive Vice Presidents and Senior Executive Officers to ensure the balance of knowledge, experience, and capabilities of the Board of Directors as a whole.

- We shall emphasize objective and neutral management supervision from an outside perspective and shall utilize as Outside Members of the Board and Outside Audit & Supervisory Board Members those persons who can reflect their wealth of external experience and wide-ranging knowledge in the Company's decision-making and auditing.

(5) Dialogue with shareholders

- We shall strive for good communication with its shareholders and investors by providing enhanced information encompassing management strategies and financial information and actively holding dialogues with the participation of Members of the Board, Executive Vice Presidents, and Senior Executive Officers in charge. The results of the dialogues shall be reported to the Board of Directors and the opinions of shareholders shall be utilized in the Company's management.

< Corporate Governance System >



5. POLICY REGARDING A DECISION OF DIVIDENDS FROM SURPLUS

As for dividends from surplus, the Company intends to improve the dividend level stably by comprehensively taking into account the consolidated operating results, the payout ratio and the amount of dividends. To this end, the Company will continue to strive to establish a business foundation capable of flexibly responding to change in the environment and to enhance financial performance.

Moreover, the Company intends to allocate retained earnings not only to the capital investment and R&D investment required to maintain long-term business development but also to the acquisition of treasury stock in the pursuit of distributing its profits to the shareholders while paying attention to the status of funds.

The Company stipulates in its Articles of Incorporation that it may distribute dividends from surplus upon resolution of the Board of Directors in accordance with Article 459 of the Companies Act without adopting a resolution at a general meeting of shareholders.

Accordingly, the Company, at its Board of Directors meeting held on April 30, 2020, resolved that the fiscal year-end dividend for the fiscal year ended March 31, 2020, be ¥70 per share of the Company's common stock (for a total of ¥54,243,252,070) and the date of commencement of dividend payment thereof be May 26, 2020. The annual dividend for the current fiscal year, including the interim dividend, is ¥140 per share.

Dividends per share

	(yen)
94th Term (April 2016–March 2017)	120
95th Term (April 2017–March 2018)	130
96th Term (April 2018–March 2019)	140
97th Term (April 2019–March 2020)	140

6. IMPORTANT MATTER REGARDING THE CURRENT SITUATION OF THE DENSO GROUP

The Company has been subject to the alleged violation of antitrust law or competition law in connection with certain past transactions regarding specific auto parts from the authorities in certain countries, coping with several lawsuits filed in the United States, etc., and engaged in settlement negotiations with certain automobile manufacturers.

Compliance with the Antitrust Laws is one of the Group's significant management priorities. The Company keeps endeavoring to strengthen more its Antitrust Laws compliance system to restore confidence.

The amounts stated in this Business Report are rounded off to the nearest unit.

(TRANSLATION ONLY)

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

Account Item	97th Term (As of March 31, 2020)	(Reference) 96th Term (As of March 31, 2019)	Account Item	97th Term (As of March 31, 2020)	(Reference) 96th Term (As of March 31, 2019)
(Assets)			(Liabilities)		
Current assets	2,346,318	2,612,310	Current liabilities	1,423,067	1,293,947
Cash and cash equivalents	597,816	711,638	Bonds and borrowings	112,402	144,038
Trade and other receivables	885,461	1,009,049	Trade and other payables	891,949	939,550
Inventories	651,670	612,539	Other financial liabilities	53,436	26,263
Other financial assets	121,177	182,921	Income tax payables	22,839	26,474
Other current assets	90,194	96,163	Provisions	269,733	87,959
Non-current assets	3,305,483	3,180,104	Other current liabilities	72,708	69,663
Property, plant and equipment	1,758,233	1,689,949	Non-current liabilities	669,865	728,101
Right-of-use assets	47,254	—	Bonds and borrowings	352,970	406,160
Intangible assets	96,388	86,292	Other financial liabilities	34,166	8,595
Other financial assets	1,121,066	1,200,258	Retirement benefit liabilities	253,198	250,634
Investments accounted for using equity method	104,590	106,138	Provisions	4,429	1,198
Retirement benefit asset	38,298	38,324	Deferred tax liabilities	13,469	42,352
Deferred tax assets	117,856	29,774	Other non-current liabilities	11,633	19,162
Other non-current assets	21,798	29,369	Total liabilities	2,092,932	2,022,048
			(Equity)		
			Equity attributable to owners of the parent company	3,397,136	3,595,694
			Capital stock	187,457	187,457
			Capital surplus	272,375	268,776
			Treasury stock	(56,815)	(56,803)
			Other components of equity	226,653	401,582
			Retained earnings	2,767,466	2,794,682
			Non-controlling interests	161,733	174,672
			Total equity	3,558,869	3,770,366
Total assets	5,651,801	5,792,414	Total liabilities and equity	5,651,801	5,792,414

Consolidated Statement of Income

(Millions of yen)

Account Item	97th Term (From April 1, 2019, to March 31, 2020)	(Reference) 96th Term (From April 1, 2018, to March 31, 2019)
Revenue	5,153,476	5,362,772
Cost of revenue	(4,423,876)	(4,531,872)
Gross profit	729,600	830,900
Selling, general and administrative expenses	(668,509)	(513,323)
Other income	21,981	23,556
Other expenses	(21,994)	(24,937)
Operating profit	61,078	316,196
Finance income	47,250	48,629
Finance costs	(9,621)	(12,007)
Foreign exchange gains	(14,530)	(4,386)
Share of the profit of associates accounted for using the equity method	5,454	7,599
Profit before income taxes	89,631	356,031
Income tax expenses	(5,009)	(76,422)
Profit for the year	84,622	279,609
Profit attributable to:		
Owners of the parent company	68,099	254,524
Non-controlling interests	16,523	25,085

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

Account Item	97th Term (As of March 31, 2020)	(Reference) 96th Term (As of March 31, 2019)	Account Item	97th Term (As of March 31, 2020)	(Reference) 96th Term (As of March 31, 2019)
(Assets)			(Liabilities)		
Current assets	1,283,031	1,429,581	Current liabilities	1,009,954	793,030
Cash and deposits	311,942	426,806	Accounts payable—trade	434,924	445,570
Notes receivable—trade	2,165	2,448	Current portion of bonds	20,000	20,000
Accounts receivable—trade	379,444	421,129	Current portion of long-term borrowings	31,503	—
Electronically recorded monetary claims—operating	76,247	80,153	Accounts payable—other	57,731	47,959
Marketable securities	—	23,006	Accrued expenses	78,177	85,956
Finished goods	56,359	48,690	Income taxes payable	9,863	5,837
Work in process	111,564	105,764	Deposits received	82,024	70,395
Raw materials and supplies	18,782	18,442	Accrued bonuses to employees	36,608	46,043
Advance payments	75,224	72,731	Accrued bonuses to directors and corporate auditors	61	190
Prepaid expenses	7,567	4,183	Reserve for product warranties	247,483	56,754
Short-term loans receivable from subsidiaries and associates	108,912	100,120	Provision for loss on antitrust issues	9,499	13,179
Accounts receivable—other	109,557	106,347	Other current liabilities	2,081	1,147
Other current assets	25,463	19,955	Long-term Liabilities	545,370	593,102
Allowance for doubtful accounts	(195)	(193)	Straight bonds	200,000	220,000
Fixed assets	2,351,546	2,263,332	Long-term borrowings	151,000	182,503
Property, plant and equipment	548,075	512,608	Liability for employees' retirement benefits	176,541	174,046
Buildings	95,875	97,151	Provision for loss on business of subsidiaries and associates	5,604	7,406
Structures	13,139	13,041	Provision for environmental measures	3,829	619
Machinery and equipment	198,717	181,571	Other long-term liabilities	8,396	8,528
Vehicles and transportation equipment	3,029	3,201	Total liabilities	1,555,324	1,386,132
Tools, furniture and fixtures	36,804	31,868	(Equity)		
Land	121,378	121,017	Shareholders' equity	1,763,147	1,956,146
Construction in progress	79,133	64,759	Capital stock	187,457	187,457

Intangible assets	20,928	17,379	Capital surplus	265,985	265,985
Software	16,243	12,163	Additional paid-in capital	265,985	265,985
Other intangible assets	4,685	5,216	Other capital surplus	—	—
Investments and other assets	1,782,543	1,733,345	Retained earnings	1,366,509	1,559,496
Investment securities	424,039	512,282	Legal reserve	43,274	43,274
Investment in subsidiaries and associates	1,080,868	1,050,895	Other retained earnings	1,323,235	1,516,222
Investments in equity	4,831	4,774	Reserve for special depreciation	33	50
Investments in equity of subsidiaries and associates	36,377	36,697	Reserve for advanced depreciation of fixed assets	654	588
Long-term loans receivable from subsidiaries and associates	51,979	44,455	General reserve	896,390	896,390
Prepaid pension cost	73,141	60,548	Earned surplus carried forward	426,158	619,194
Deferred tax assets	102,039	13,894	Treasury stock, at cost	(56,804)	(56,792)
Other assets	9,320	9,851	Variance of the estimate/ conversion	316,106	350,635
Allowance for doubtful accounts	(51)	(51)	Net unrealized gain on available-for-sale securities	316,235	350,711
			Deferred gains on derivatives under hedge accounting	(129)	(76)
			Total equity	2,079,253	2,306,781
Total assets	3,634,577	3,692,913	Total liabilities and equity	3,634,577	3,692,913

Non-Consolidated Statement of Income

(Millions of yen)

Account Item	97th Term (From April 1, 2019, to March 31, 2020)	(Reference) 96th Term (From April 1, 2018, to March 31, 2019)
Net sales	2,884,051	2,861,193
Cost of sales	2,669,925	2,599,871
Gross profit	214,126	261,322
Selling, general and administrative expenses	367,751	196,416
Operating income (loss)	(153,625)	64,906
Non-operating income	99,009	108,413
Interest and dividend income	83,099	96,454
Other non-operating income	15,910	11,959
Non-operating expenses	13,201	11,297
Interest expense	526	588
Foreign exchange losses	5,094	4,346
Loss on sales of non-current assets	1,686	2,269
Other non-operating expenses	5,895	4,094
Ordinary income (loss)	(67,817)	162,022
Extraordinary income	17,509	64,861
Gain on extinguishment of tie-in shares	—	64,760
Gain on sales of investment securities	11,862	—
Gain on sales of shares of subsidiaries and associates	5,350	—
Other	297	101
Extraordinary losses	79,399	18,406
Impairment loss on investment securities	79,289	16,939
Other	110	1,467
Income (loss) before income taxes	(129,707)	208,477
Income taxes—current	29,348	29,503
Income taxes—deferred	(74,555)	(15,876)
Net income (loss)	(84,500)	194,850

(TRANSLATION)
Audit Reports

<Certified Copy of the Audit Report of the Accounting Auditors pertaining to the Consolidated Financial Statements>

INDEPENDENT AUDITOR'S REPORT

May 11, 2020

To the Board of Directors of
DENSO CORPORATION:

Nagoya Office,
Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Makoto Nishimatsu

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasuhiko Goto

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Naoki Kondo

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019, of DENSO CORPORATION (the "Company") and consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2019, to March 31, 2020, and the related notes.

In our opinion, the above-mentioned consolidated financial statements, prepared with the omission of some disclosure items required under the International Financial Reporting Standards in accordance with the provisions of the latter part of the first paragraph of Article 120 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, prepared with the omission of a part of the disclosure required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with a going concern assumption. If it is necessary to disclose matters relating to the going concern assumption in accordance with the provisions of the latter part of the first paragraph of Article 120 of the Regulation on Corporate Accounting, which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, management is responsible to do so. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to express an opinion on these consolidated financial statements based on its audit from an independent standpoint in an audit report, by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements. We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the going concern assumption and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of the first paragraph of Article 120 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The

auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and the engagement partners do not have any interest in the Company or its consolidated subsidiaries, for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)
<Certified Copy of the Audit Report of the Accounting Auditors>

INDEPENDENT AUDITOR'S REPORT

May 11, 2020

To the Board of Directors of
DENSO CORPORATION:

Nagoya Office
Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Makoto Nishimatsu

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasuhiko Goto

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Naoki Kondo

Opinion

Pursuant to Item 1 of the second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules (the “Financial Statements, etc.”) of DENSO CORPORATION (the “Company”) for the 97th fiscal year from April 1, 2019, to March 31, 2020, and the related notes.

In our opinion, the above-mentioned Financial Statements, etc., present fairly, in all material respects, the financial position and results of operations of the Company for the period covered by the Financial Statements, etc. in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Financial Statements, etc.” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the Financial Statements, etc. in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. in accordance with a going concern assumption. If it is necessary to disclose matters relating to the going concern assumption in accordance with accounting principles generally accepted in Japan, management is responsible to do so.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements, etc.

The auditor's responsibility is to express an opinion on the Financial Statements, etc. based on its audit from an independent standpoint in an audit report, by obtaining reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement due to fraud or error. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the Financial Statements, etc. We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the Financial Statements, etc. on the going concern assumption and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the Financial Statements, etc. in the audit report, or if the notes to the Financial Statements, etc. pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the Financial Statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the Financial Statements, etc. are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the Financial Statements, etc. including related notes, and whether the Financial Statements, etc. fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and the engagement partners do not have any interest in the Company, for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

<Certified Copy of the Audit Report of the Audit & Supervisory Board>

AUDIT & SUPERVISORY BOARD MEMBERS' REPORT

Regarding the performance of duties by Members of the Board for the 97th Fiscal Term, which began April 1, 2019, and ended March 31, 2020, the Audit & Supervisory Board of DENSO CORPORATION (the "Company") hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit & Supervisory Board Members.

1. Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and the Substance Thereof

(1) The Audit & Supervisory Board determined auditing policies, auditing plans and other guidelines; received reports about the progress and results of audits from each Audit & Supervisory Board Member; received reports on the execution of their duties; and requested explanations, as required, from the Members of the Board and the Accounting Auditor.

(2) In compliance with the audit standards specified by the Audit & Supervisory Board and based on the auditing policies, assigned tasks and other guidelines above, each Audit & Supervisory Board Member has communicated with the Members of the Board and other relevant personnel of the internal audit department and others to collect necessary information and improve the auditing environment, and, at the same time, conducted his/her audit in the following manner.

1) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the Members of the Board and other relevant personnel; requested explanations therefrom, as required; examined important authorized documents and associated information; and studied the operations and financial position at the headquarters and principal offices. Moreover, the Audit & Supervisory Board Members have communicated and exchanged information with the Members of the Board, Audit & Supervisory Board Members and other relevant personnel of the subsidiaries and received reports on operations therefrom, as required.

2) Each Audit & Supervisory Board Member has supervised and verified the substance of the resolution adopted by the Board of Directors with regard to the improvement of the systems stipulated in Article 362, Paragraph 4, Item 6, of the Companies Act and in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act as the "Systems to Ensure Compliance of the Execution of Duties by Members of the Board with Laws, Regulations and the Articles of Incorporation" described in the Business Report, as well as the established and operational status of the in-house systems (internal control systems) that have been established pursuant to the resolution concerned.

3) Each Audit & Supervisory Board Member has supervised and verified whether the Accounting Auditor maintain independence and have done appropriate audits, and has received reports on the execution of their duties and requested explanations, as required, from the Accounting Auditor. The Audit & Supervisory Board was also notified by the Accounting Auditor of their appropriate development of arrangements enumerated in the items of Article 131 of the Ordinance on Company Accounting as constituting a "structure to ensure the proper execution of duties," and requested explanations, as required.

In the manner explained above, the Audit & Supervisory Board Members have examined the Business Report and supplementary schedules thereof; "financial statements," that is, the non-consolidated financial statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and supplementary schedules thereof; and the consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements), pertaining to the fiscal year ended March 31, 2020.

2. Audit Results

(1) Audit results regarding the Business Report and other documents audited

- i) In our opinion, the Business Report and the supplementary schedules thereof fairly represent the Company's conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- ii) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any Members of the Board with regard to the execution of their duties.
- iii) In our opinion, the substance of the resolution regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the content of description as well as the execution of duties by the Members of the Board, concerning the internal control systems.

As for the Antitrust Law-related incidents described in the Business Report, the Audit & Supervisory Board has confirmed that the Company and the respective Group companies are endeavoring to further comply with laws and regulations, including Antitrust Laws.

(2) Audit results regarding the financial statements

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 11, 2020

Audit & Supervisory Board of DENSO CORPORATION
Standing Audit & Supervisory Board Member
Atsuhiko Shimmura
Standing Audit & Supervisory Board Member
Motomi Niwa
Outside Audit & Supervisory Board Member
Yasuko Gotoh
Outside Audit & Supervisory Board Member
Haruo Kitamura

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Guide to Stock-Related Procedures

To shareholders who receive your dividends at the Japan Post Bank offices, etc., with a dividend receipt:

It is recommended that you choose one of the following options to ensure the safe and secure receipt of your dividends.

Account for Dividend Receipt	Method of Receiving Dividends
1) Securities transaction account	The dividends will be remitted into the shareholder's accounts at the respective securities companies in proportion to the number of his/her shares deposited therewith. (Share number pro-rata distribution)
2) Bank account (common to all stock names)	The dividends for all the stock names will be remitted into the account of only one bank. (Japan Post Bank Co., Ltd. cannot be designated.) (Registered account receipt)
3) Bank account (individually designated by stock name)	The dividends will be remitted by stock name into the accounts designated in advance. (Japan Post Bank Co., Ltd., can be designated.) (Individual stock name designation)

To shareholders who wish to open an NISA account:

To be eligible for the tax exemption regarding your dividends, you need to choose option 1) above (Share number pro-rata distribution).

To shareholders who hold the Company's shares less than one unit (less than 100)

The share unit of the Company is 100, and the shares less than one unit cannot be sold or purchased in the market. However, the following procedures are available.

	Description of the System
Sale system	According to this program, the shares less than one share unit can be sold to the Company at the market price.
Additional purchase system	According to this program, the shares that would constitute one share unit (100) together with the shares less than one share unit that he/she holds can be purchased from the Company at the market price.

Fiscal year	From April 1 to March 31 of the next calendar year
Ordinary general meeting of shareholders	June
Fixed day on which shareholders for dividend payment are confirmed	March 31 If interim dividends are distributed, September 30
Share unit number	100 shares
Stock code	6902
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Account management institution handling special accounts	Mitsubishi UFJ Trust and Banking Corporation

Guide to “My Number System” regarding shares

The My Number, which has been noticed from the jurisdictional municipality to each shareholder, has become a requirement in the tax-related procedures for shares. Accordingly, shareholders of the Company need to notify securities companies with which they have transactions, etc., of their “My Number.”

Inquiries about shares

- The contact for the designation (change) of dividend reception method, the demand for sale/additional purchase, an address change and other share-related procedures depend on the category of the account in which you have shares.

Account category for the shares you hold	Contact
Securities transaction account	Securities company with which you have opened an account
Special account (shareholders who do not hold the Company’s shares, through securities companies)	Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation Contact: 1, Nikkocho 1-chome, Fuchu, Tokyo 0120-232-711 (Toll free in Japan) Mailing Address: Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation P.O. Box #29, Shin-Tokyo Post Office (Japan Post), Tokyo 137-8081

Guide to the Company’s Web site and IR e-mail delivery service

To introduce DENSO’s initiatives to our shareholders and investors, we are active in information disclosure through the Web site below.

DENSO Site “INVESTORS”

www.denso.com/jp/ja/investors/

If you register your e-mail address with our IR e-mail delivery service, Investor News e-mails will be sent from the Company.

Page for registration: <https://www.denso.com/jp/ja/investors/ir-mail/>



QR Code 25th Anniversary

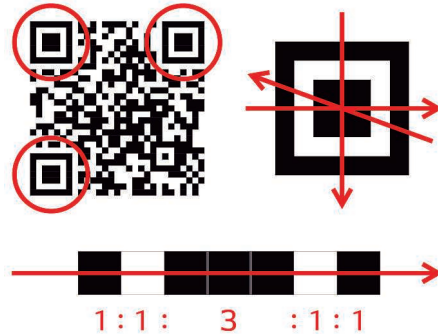
QR Code 25th anniversary website
<https://www.denso-wave.com/qr2019/en/>



QR Code developed by DENSO continues to evolve!

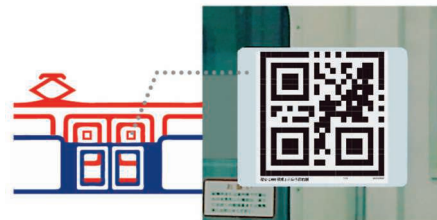
Finder pattern for fast reading

The squares at three corners of a QR code constitute a finder pattern for quickly distinguishing the QR code from the surroundings. The finder pattern is characterized by the 1:1:3:1:1 ratio of the widths of the black and white areas in it. In order to find a unique simple pattern for position detection, the development team investigated texts, symbols, shapes and figures on printed matter from around the world and selected the 1:1:3:1:1 ratio of black and white areas because its incidence in printed matter was the rarest. Adoption of the finder pattern made it possible to instantly find and read the QR code.



tQR for automatic platform door control

A new QR code, tQR™, was adopted for platform door control at Toei Subway stations. Whereas conventional QR codes can be read accurately even if they are 30% deficient, tQR can be read even in the event of 50% deficiency, making it suitable for a poor environment caused by raindrops and reflection. tQR was also introduced at the Sannomiya Station of Kobe Municipal Subway last year. As tQR gains recognition as a system that helps ensure safety in society, its diffusion is getting underway.



SQRC® stores biometric information for facial authentication

We have developed SQRC, a type of QR code designed to store biometric information for facial recognition. Using a camera and a scanner, highly secure identity verification is easy just by checking the face of an individual against the corresponding SQRC code. SQRC is expected to be introduced for such applications as ATM transactions at banks and self-check-in at hotels.



TAKATANA Factory Tour

The TAKATANA Factory Tour is DENSO's first factory tour open to the general public. The tour route is inside the DENSO Takatana Plant in Anjo, Aichi Prefecture. The tour concept is derived from our passion to provide people with a close-up opportunity to observe and learn about the history of automotive components and Japan's latest *monozukuri*.

Presented along the factory tour route are the manufacturing processes for meters, whose primary function is to indicate driving speed, the number of engine rotations and other data for drivers. The tour provides an animation showing images of a future car society, a gigantic meter mockup, an area where visitors can experience the latest safety technology, and other exhibits. TAKATANA Factory Tour gives the best opportunity to enjoy learning *monozukuri* to all generations.

NEW

“Wastewater Purification Facility Route” launched

Visitors can take a plant tour to look around the Takatana Plant's facility for purifying industrial wastewater and non-industrial wastewater. Tour guides present an overview of the facility and perform an experiment to illustrate in simple terms how wastewater is purified. Visitors get a comprehensive view of the facility as they stroll around it. This route is designed mainly for children in the higher grades of elementary school. They enjoy the learning experience while deepening their environmental awareness.

*This route is designed for a group of 21 visitors or more.

Heritage

Introducing DENSO's history, from its establishment until today.

1950

1949

Nippon Electrical Equipments Co., Ltd, which later changed its name to NIPPONDENSO CO., LTD., established, as a spin-off from Toyota Motor Co., Ltd.



1953

Started technical cooperation with Robert Bosch GmbH of Germany.



1956

Established the DENSO Creed on which DENSO is founded.



1960

1961

Received the Deming Prize, one of the most prestigious awards for quality control.



1965

Started operations at Ikeda Plant (in Aichi Prefecture) and Hiroshima Plant.

1966

Established a sales office in Chicago and branch offices in Los Angeles, USA.



1968

Established the IC Research Center.



1970

1971

Established NIPPONDENSO OF LOS ANGELES, INC., our first overseas sales company.



1971

Received a PM (Productive Maintenance) Award for an Excellent Plant from the Plant Maintenance Committee of the Japan Management Association (currently, Japan Institute of Plant Maintenance).

1972

Established NIPPONDENSO (AUSTRALIA) PTY. LTD., and NIPPONDENSO THAILAND CO., LTD.

1977

Received our first WorldSkills Competition gold medal.



1980

1984

Opened Nukata Testing Center.



1984

Established DENSO Taiyo Co., Ltd., which employs people with disabilities.

1985

DENSO's in-house skill test became the first business skill test approved based on the business skill test approval program of the Ministry of Labor (currently, Ministry of Health, Labour and Welfare).

1985

Established Nippondenso America, Inc. (currently, DENSO INTERNATIONAL AMERICA, INC.) in a suburb of Detroit, with our first technical center overseas.



1986

Established the Technical Training Center.

1990

2000

2010

2020

1991
Opened DENSO Research Laboratories.



1994
Adopted the DENSO Philosophy and created a new corporate song.

1994
Developed QR code technology.



1996
Adopted our new corporate name, DENSO CORPORATION.

1997
All automotive-related divisions obtained the certifications of the QS9000/ISO9001 international standards for quality management systems.

2001
Opened DENSO ABASHIRI TEST CENTER CORPORATION.



2004
Established the DENSO Spirit.

2005
Established DENSO Training Academy Thailand, our first overseas regional training center.



2006
Announced the DENSO Group Declaration of Corporate Behavior

2017
Established "Crafting the Core" as our Brand Slogan.

2017
Created the DENSO Group Long-term Policy 2030.

2019
Established BluE Nexus Corporation, a joint venture with Aishin Seiki Co., Ltd.



2019
Established J-QuAD DYNAMICS, Inc., a joint venture with Aisin Seiki Co., Ltd., ADVICS Co., Ltd. and JTEKT Corporation.



2020
Toyota transferred the electronic components production business at its Hirose Plant to DENSO.

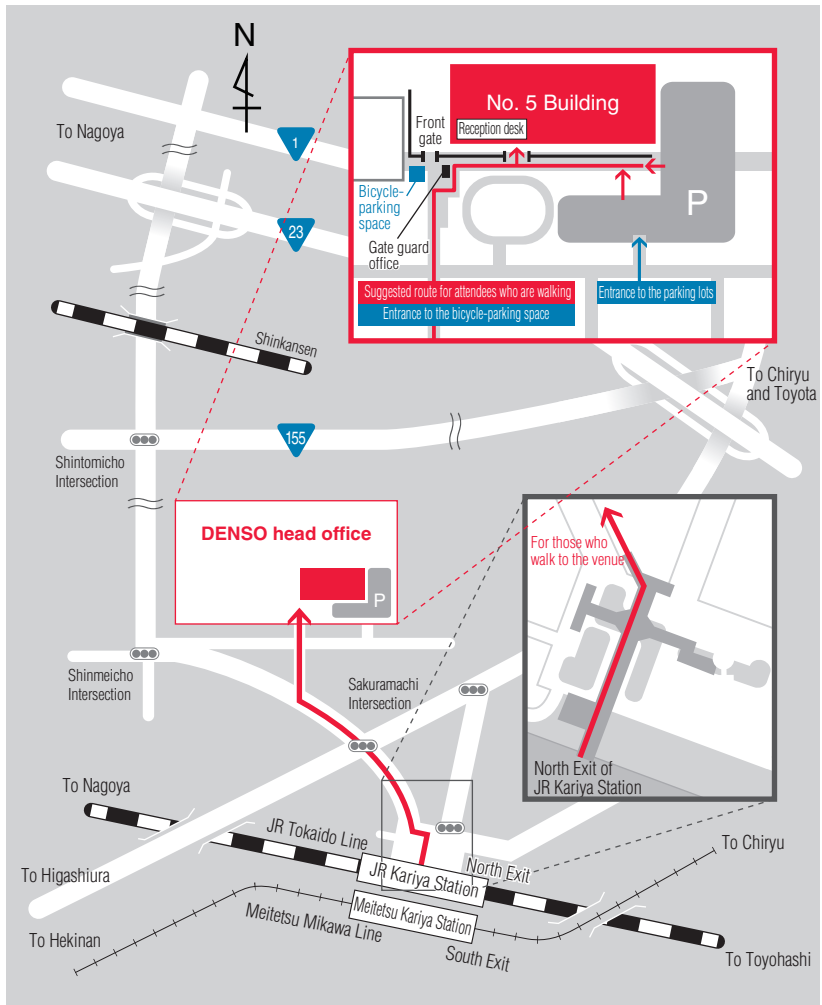
2020
Established MIRISE Technologies, a joint venture to conduct research and advanced development of next-generation in-vehicle semiconductors.



2020
Opened a new facility at a former site of Haneda Airport to develop prototypes and conduct verification tests for automated driving technologies.

2020
Opened the Electrification Innovation Center at DENSO's Anjo Plant.

Access to the Venue of the General Meeting of Shareholders



Place

Head Office,
DENSO CORPORATION
(Event Hall of No. 5 Building)
1-1, Showa-cho, Kariya, Aichi



Traffic guide

In order to prevent the spread of COVID-19, we will not provide a courtesy bus service between Kariya Station and the venue of the General Meeting of Shareholders this year.

■ If you use a car, a two-wheeler or a bicycle:

Please park your car in the parking lots located at the south and east sides of the No. 5 Building, and your two-wheeler or bicycle in the bicycle parking space at the front gate.

* Please note that the number of parking lots available is limited.

■ If you come on foot:

Seven (7) minute walk from the North Exit of JR Kariya Station

DENSO CORPORATION