

Fiscal 2019 Results and Issues

Sustainability Management

[Assessment] ○ All targets attained ◯ Most targets attained △ Challenges remain judging from results × No progress

Main Sustainability Themes	Mid-term Plan 2018	Mid-Term Plan 2018 Results and Remaining Issues (● Goal achieved ▲ Remaining issue)	Assessment	Mid-term Policy 2021 (Goals and Targets)	Major Items for Fiscal 2020	Fiscal 2020 Targets	
Corporate Governance	<ul style="list-style-type: none"> Operation of internal control system, including Group companies 	<ul style="list-style-type: none"> Establishment and operation of an optimal governance system that can maximize corporate value and improve management transparency and efficiency 	○	<ul style="list-style-type: none"> ● Made significant changes to outside director and outside auditor Audit & Supervisory Board membership and completed draft review of management of Board of Directors 	<ul style="list-style-type: none"> ● In progress 	<ul style="list-style-type: none"> Improve levels in terms of determining agenda for Board meetings, creating documents, providing information to outside directors, and methods for evaluating effectiveness of the Board Improve outside directors' understanding through factory tours and explanations of business 	<ul style="list-style-type: none"> Complete overall review of operations Complete benchmark survey of other companies
Compliance	<ul style="list-style-type: none"> Ensuring thorough awareness of compliance among all employees 	<ul style="list-style-type: none"> Establishment of a global compliance system Further strengthening of the structure for antitrust compliance in all regions of the world 	○	<ul style="list-style-type: none"> ● Implement effective compliance system to minimize risks related to Group management ● Optimize compliance activities in high priority, legal risk areas 	<ul style="list-style-type: none"> ● Strengthen compliance system specific to Group companies ● Revise corporate ethics reporting system ● Establish and steadily implement measures in compliance with antitrust laws relevant to the business of each business unit 	<ul style="list-style-type: none"> ● Build a compliance management system for Group companies ● Develop a new corporate ethics reporting system ● Implement measures to improve compliance (antitrust law education, audits, etc.) 	
Risk Management	<ul style="list-style-type: none"> Reinforcing crisis response capabilities Raising the risk management level of Group companies 	<ul style="list-style-type: none"> Raise the level of initial and post response, including by Group companies Education and dissemination that leads to increased understanding of risk management and the rules of workplace leaders (DENSO CORPORATION) Promotion of continuous Plan-Do-Check-Act (PDCA) activities (education and audit activities for Group companies and suppliers in Japan and overseas) 	○	<ul style="list-style-type: none"> ● Followed up with departments responsible for investigating initial and post-response measures for concerns over individual risk and their supervisory departments ● Provided a systematic understanding of risk management and rules through training of newly appointed department managers, in addition to conducting practical training ● Quantitatively evaluated management status and the importance of risk items in coordination with the department responsible for managing risk based on environmental changes; prepared for activities to tackle current problems on a Groupwide basis 	<ul style="list-style-type: none"> ● Restructure global risk management 	<ul style="list-style-type: none"> ● Improve initial and post-response measures at Group companies in collaboration with risk management departments 	<ul style="list-style-type: none"> ● Complete revision of prevention and follow-up measures for all risk items
Information Security	<ul style="list-style-type: none"> Strengthening information security and raising employee awareness 	<ul style="list-style-type: none"> Review of risk items in response to changes and PDCA promotion of preventive activities In-vehicle product development and assessment conducted in line with initial flow milestones Establish independent development processes in business units 	○	<ul style="list-style-type: none"> ● Introduced office admission control at all Company headquarters and implemented factory network measures ● Introduced similar measures for Group companies ● In-vehicle product development and assessment conducted in line with initial flow milestones ● Established connected service stratification and security collateral policy ● Apply above mechanisms to services and formulate security 	<ul style="list-style-type: none"> ① Information security for existing personal and corporate data ● Ensure strong Group governance and build defense system that covers entire Group, from buildings to factories ② Information security measures directly linked to businesses ● Utilize store management data and establish products and independent systems for business divisions ● Evolve and respond to information security, 	<ul style="list-style-type: none"> ● Improve employee awareness and promote security measures at Group companies ● Establish and promote autonomy within the in-vehicle product development process and pursue post-Tokyo Olympics measures ● Apply these mechanisms to out-car platforms that support connected services and formulate security rules and processes 	<ul style="list-style-type: none"> ● Introduce office entry management at Group companies and complete implementation of factory network security measures ● Establish security development process for business units ● Clarify mechanisms for out-car platforms, begin application for advanced services and formulate security rules and processes

Report on Social Responsibility

Main Sustainability Themes	Mid-term Plan 2018	Mid-Term Plan 2018 Results and Remaining Issues (● Goal achieved ▲ Remaining issue)	Assessment	Mid-term Policy 2021 (Goals and Targets)	Major Items for Fiscal 2020	Fiscal 2020 Targets	
Responsibility to Customers	<ul style="list-style-type: none"> Promoting education, training, and enlightenment activities throughout the Group with a view to pursuing quality Enhancing after-sale service structure 	<ul style="list-style-type: none"> Structure preparation in anticipation of market trends (response to advances in technology) / Improvement of on-site capabilities and development of quality human resources Expand number of sites providing after-sale services (DIAG Stations: 100 locations; PIT&GO: gradual expansion, centered on emerging countries) Enhance customer service centers for end-users (100% understanding of inquiries from incoming calls) Quick response to product defects (from postings on Company website and receipt of toll-free calls) 	△	<ul style="list-style-type: none"> ● Establish S-S design on a Companywide basis (disseminate and establish throughout the Company) ● Improve manufacturing quality through activities to improve process reliability (decrease delivery defect rate by 50% compared with 2017) ● Create system to balance development speed and quality in out-car/social solutions areas (no issues with important quality characteristics) ● Develop human resources that can utilize AI and big data (systemize human resource) 	<ul style="list-style-type: none"> ● Disseminate S-S into business units ● Promote activities to improve process reliability ● Newly develop quality assurance rules in new business areas ● Develop human resources that can utilize AI and big data 	<ul style="list-style-type: none"> ● Applicable for 100% of new products ● Achievement of targets for reducing defective deliveries ● Formulation and implementation of quality assurance rules ● Training personnel for instruction, etc. (45 persons) 	
Responsibility to Employees	<ul style="list-style-type: none"> Assuring respect for human rights Promoting human resource development Promoting workforce diversity Promoting occupational safety Promoting employee health 	<ul style="list-style-type: none"> Enhancement of Groupwide human rights education Thorough review and reinforcement of important values Cultivation of human resources to provide stable support for regional and site-specific management/operations Promoting an active role for women, seniors, and persons with disabilities Continuously strengthen recruitment of female employees and promote hiring as managers based on career development support Seniors Awareness of maintaining the physical ability to work up to the age of 65 and carrying out examinations of diverse ways of working and living Persons with disabilities Promote recruitment and retention of a diverse group of persons with disabilities (intellectual, developmental, etc.) Develop systems to ensure that major incidents and explosions do not occur Improve and instill ability to avert a serious disaster (involving movable machine parts, heavy articles, etc.) Improve employee awareness and promote health management in the workplace to improve health (promotion of "health management") 	<ul style="list-style-type: none"> ● Developed human rights awareness training materials for Group companies ● Called for participation in external human rights workshops ● Cultivate instructors for human rights training at Group companies and incorporate into mandatory training ● Shared "examples of activities that embody the DENSO Spirit" at global events ● Created Company message featuring the keyword "sympathy" and developed president's message and vision video for each region Regional/site-specific management ● Introduced "Global Common Personnel Management System" targeting senior management personnel worldwide ● Promote systematic development of next-generation candidates for senior management Women ▲ Increase recruitment of female managerial-track employees (Ratio of new female employees in April 2018: administrative 41%, technology 14%) ● Created individual education plans and built networking system for women through exchange meetings ● Increased appointment of female managers Seniors ● Introduced skill-based career training ● Expanded active roles to Cabinet Office professionals, etc. ● Discard generalized reemployment system Persons with disabilities ● Achieved an employment rate of persons with disabilities of 2.22%, ahead of legally mandated 2.2% ● Recruited two persons with mental disabilities ● Introduced corporate version of UD/Talk to support communication for the hearing impaired Assessed maintenance level at facilities with high risk of explosions and fires and confirmed absence of problems (that defects have been corrected) ● Eliminate accidents caused by direct employee negligence by implementing "3S and first touch use on derricks (3S + D)" ● Ramp up and complete efforts to strengthen the structure of specific Group companies Promotion of health management and increased support for Group companies Discussed and formulated the Group's basic health management policy, which includes welfare bases ● Supported domestic Group companies for promoting health management ● Is comparable certified as "Excellent Health Management Corporation" (comparable with 8 companies in 2017) ● Support health management activities specific to the actual conditions of Group companies in Japan and overseas Promotion of healthy behavior ● Implemented visualization of trends and tendencies in lifestyle score* ● Realization added to personal notes, etc., to promote behavioral improvements Companywide average improvement (1% improvement from 2017) ▲ Improve Companywide lifestyle score* average (increase 2017 score by 10% or higher by 2022) * Lifestyle score: A unique indicator that scores individual lifestyle practices and health checkup data Promotion of workplace activities ● Enhanced health awareness and strengthened measures to promote workplace activities ● Held "Health Promotion Month" in January and introduced the "Health Care Points" workplace activity support system in cooperation with the DENSO Health Insurance Association ● Develop health-related content (videos, timely topics, internal health data aggregation) ● Workplace activity award given to two workplaces, development of positive case studies Strengthening anti-smoking measures ● Formulated a policy focused on preventing secondhand smoke. Completed removal of indoor smoking areas ● Promote anti-smoking measures based on the above policy 	<ul style="list-style-type: none"> △ ○ ○ ○ ○ 	<ul style="list-style-type: none"> ● Establish and implement voluntary human rights training at Group companies (15 domestic consolidated subsidiaries) Subject to separate examination (will be considered next year) Women ● Encourage promotion of women to managerial positions through continuous recruitment of female employees and career development support Seniors ● Introduce a personnel system for experienced workers that rewards responsibilities and achievements regardless of age ● Revitalize by expanding and rotating internal and external roles Persons with disabilities ● Increase employment rate to 2.3% ● Create a corporate culture that normalizes working with persons with disabilities Have no major accidents (DENSO Group) ● Reduce serious accidents in fiscal 2021 by half; 3 or lower in fiscal 2021, 4 or lower in fiscal 2020 (DNJP) Visions To be a company that can operate in a vibrant manner over the long term (Targets / KPIs) 1. Formulate a Group health management policy and action plan 2. Establish a basic policy for health management and expand policy to include domestic and overseas Group companies ● Complete action plan specific to each country and Group company and create support systems ● Establish an effective and efficient collaborative promotion system with health insurance associations 2. Promote measures for optimal health through use of data ● Recognize losses stemming from poor health, and promote and evaluate measures to minimize losses ● Plan and develop long-term anti-smoking policy ● Consider voluntary medical exams such as newly developed cancer screening tests, complete introduction of examinations ● Introduce risk-specific measures to combat metabolic syndrome 3. Improve methods to encourage a healthy lifestyle ● Improve Companywide lifestyle score average (8% increase from 2017) ● Establish workplace activities (100%) Strengthening measures to prevent major accidents, explosions, and fires (DNJP) (Review fire risks with team of experts, assess prevention measures versus major accidents and explosions) ● Ensure reliable practice of "3S + D" and "stop, call, and wait" methods ● Innovate ways to convey the Company's "safety tradition" 	<ul style="list-style-type: none"> ● Expand after-sale service locations ● Formulate new policies for maintenance network for advanced vehicles in addition to expanding number of DIAG Stations ● Restructure and promote PIT&GO system, including optimization of directly managed stores ● Establish store management data utilization methods and create store improvement cases ● Improve consultation center for end-users ● Establish a system for improvement-oriented activities that utilize proposals made through consulting services ● Prompt responses to product defects ● Continue ongoing activities to collect infrared heaters by publishing information on Company website and through toll-free 	<ul style="list-style-type: none"> ● Expand after-sale service locations ● Conclude agreement on policy for expanding DIAG Stations and advanced vehicle maintenance network ● Review PIT&GO expansion policies and plans by country (June 2019) ● Create examples of store improvements by utilizing store management data (Generate one proposal per store) ● Improve consultation center for end-users ● Implement 22 improvements based on calls received by the consultation desk ● Complete survey of domestic consolidated subsidiaries ● Complete training materials for Group companies ● Make instructor training and overall training mandatory at five Group companies (Denso Solution Japan Corporation, Denso Wave Inc., etc.) Review and reinforcement of values Ensure that various measures are implemented Regional/site-specific management Begin looking into common global measures based on current situation
Responsibility to Shareholders	<ul style="list-style-type: none"> Improving corporate value and enhancing information disclosure 	<ul style="list-style-type: none"> Improve the quality of investor relations (IR) activities Enhance information disclosure tailored to the needs of stakeholders 	○	<ul style="list-style-type: none"> ● Continue current activities 	<ul style="list-style-type: none"> ● Continue current activities 	<ul style="list-style-type: none"> ● Continue current activities 	
Responsibility to Business Partners	<ul style="list-style-type: none"> Implementing CSR activities throughout the supply chain 	<ul style="list-style-type: none"> Strengthen and expand supply chain management Conduct dialogues with suppliers based on the results of CSR self-assessments and expand on such engagement Implement CSR self-assessment of suppliers at domestic and overseas Group companies, 	○	<ul style="list-style-type: none"> ● Continue current activities 	<ul style="list-style-type: none"> ● Continue current activities 	<ul style="list-style-type: none"> ● Continue current activities 	
Responsibility to Global and Local Communities	<ul style="list-style-type: none"> Promoting activities unique to DENSO 	<ul style="list-style-type: none"> Expand traffic safety activities and "Green & Clean" (environmental) activities for communities in countries and regions in which DENSO operates 	○	<ul style="list-style-type: none"> 1. Global promotion of road safety activities for local communities and employees (undertaken by employees) ● Conducted traffic safety educational activities for local communities (undertaken by 60 companies overseas and 13 companies in Japan) ▲ Expand applicable Group companies while establishing and further accelerating activities 2. Green & Clean activities (environmental activities for local communities) ● Undertook Green & Clean activities at 137 companies in 	<ul style="list-style-type: none"> 1. Global promotion of traffic safety activities ● Expand global traffic safety activities ● Formulate DENSO Group road safety policy 2. Green & Clean activities ● Undertaken at 160 companies in Japan and overseas 	<ul style="list-style-type: none"> 1. Global promotion of traffic safety activities ● Establish Companywide in Japan and at 65 Group companies overseas ● Establish DENSO Group traffic safety policy, traffic accident policy ● Complete formulation and development of global KPIs 2. Introduce at 145 companies in Japan and overseas 	

Sustainability Communication

Main Sustainability Themes	Mid-term Plan 2018	Mid-Term Plan 2018 Results and Remaining Issues (● Goal achieved ▲ Remaining issue)	Assessment	Mid-term Policy 2021 (Goals and Targets)	Major Items for Fiscal 2020	Fiscal 2020 Targets
Sustainability Communication	<ul style="list-style-type: none"> Disclosing information to stakeholders and enhancing mutual communication 	<ul style="list-style-type: none"> Promote information disclosure and dialogue to foster understanding and support from stakeholders Expand information from performance reports from a medium- and long-term perspective Clarify overall picture and relevance between financial and non-financial information by integrating annual and CSR reports Raise employee awareness of and interest in society through reports, CSR news releases, etc. 	○	<ul style="list-style-type: none"> ● Issue integrated reports incorporating medium- to long-term strategies and ESG information ● Disseminated internal and external information on SDGs (news releases, company newsletters, posters, etc.) ● Increased ESG-related dialogue opportunities (with emphasis on investors) ▲ Promote further sustainability activities ▲ Revise disclosure information in scope and quality ▲ Increase speed of site updates 	<ul style="list-style-type: none"> ● Promote further measures to encourage sustainability among employees (current focus on internal measures) ● Dissemination of sustainability-related information based on social expectations and demand (ongoing) 	<ul style="list-style-type: none"> ● A clear understanding of sustainability