

Fiscal 2022 Results and Issues, and Future Initiatives

Sustainability Themes		Fiscal 2022 Plan		Assessment	Fiscal 2023 Initiatives
Sustainability Themes		Priority Measures and Targets	Fiscal 2022 Results and Remaining Issues (● Goals achieved ▲ Remaining issues)	Assessment	Fiscal 2023 Initiatives
Corporate Governance	■ Operating internal control system, including at Group companies	1. Enhance discussion at meetings of the Board of Directors - Examine off-site meetings to deepen discussion on medium- to long-term strategies 2. Role and responsibilities of the Board of Directors - Carry out decisions on medium- to long-term policies 3. Provide support to external officers - Implement on-site verification that helps deepen understanding of DENSO's business - Enhance the provision of information	● Discussed the Mid-term Policy for 2025 at the Executive Workshop, which included outside Board members and outside Audit & Supervisory Board members → Determined the Mid-term Policy for 2025 at the Board of Directors ● Held events for exchanging opinions among inside members of the Board, outside Board members, and outside Audit & Supervisory Board members ● Accelerated decision-making by revising rules for business decisions ● Updated environment for holding online Board of Directors' meetings (installed individual cameras, etc.) ● Revised questions on the effectiveness evaluation survey to make it easier to identify issues (added questions about strategic discussions, medium- to long-term strategies, and dialogues with stakeholders) ● Restarted on-site tours and inspections (Anjo Electrification Innovation Center, domestic Group companies, DENSO Heritage Center) ● Distributed materials to provide additional information on monthly targets (materials used at meetings of the Management Deliberation Meeting)	○	1. Operations of the Board of Directors - Encourage the sharing of opinions 2. Support for outside Board members and outside Audit & Supervisory Board members - Disclose information about important matters in a timely manner - Enhance reporting, explanations, and discussions outside of Board of Directors' meetings - Support understanding of business with ongoing and improved on-site tours and inspections 3. Oversight by the Board of Directors - Systematically put strategic discussions on agenda for Board of Directors' meetings - Take advantage of opportunities outside Board of Directors' meetings to deepen strategic discussions 4. Dialogue with stakeholders - Report on dialogues with wide range of stakeholders, including customers, suppliers, investors, and local communities, and enhance discussions from multiple angles
	■ Ensuring thorough awareness of compliance among all employees	● Introduce corporate ethics reporting systems at DENSO CORPORATION and domestic Group companies to respond to the revised Whistleblower Protection Act ● Rebuild and reinforce the internal report structure in order to steadily acquire information on misconduct from a global perspective	● Proceeded with preparations to introduce the Business Ethics Hotline at DENSO CORPORATION and domestic Group companies in accordance with the revisions to Japan's Whistleblower Protection Act ● Introduced said hotline and implemented awareness-raising activities ● Transferred authority of the Business Ethics Hotline, which primarily handles work-related consultations on harassment and other issues, to the Human Resources Division ● Investigated the current status of whistleblowing systems at each RHQ ▲ Reestablished and strengthened whistleblowing systems to steadily ascertain fraudulent information from a global perspective	○	● Introduce business ethics reporting systems at DENSO CORPORATION and domestic Group companies to respond to the revised Whistleblower Protection Act and engage in awareness-raising activities pertaining to these systems ● Link and reorganize consultation centers (general consultation office, harassment hotline, etc.) aside from the Business Ethics Hotline ● Rebuild and reinforce the internal report structure in order to steadily acquire information on misconduct from a global perspective
Risk Management	■ Reinforcing crisis response capabilities	● Identify learnings from past response to major risks and establish framework for improving risk sensitivity among all employees	● Created process to confirm the emergency response review practices of each relevant division ▲ Established framework for steadily reviewing emergency response	○	● Enhance the "5 Step Risk Countermeasure Process" and steadily implement crisis management through a comprehensive third-party inspection of DENSO's risk countermeasure activities (structure and framework) ▲ The 5 Step Risk Countermeasure Process entails (1) prevention, (2) controlling signs of risk, (3) initial response, (4) recovery activities, and (5) reflection.
	■ Raising the risk management level of Group companies	● Introduce a Companywide process for risk management activity plans related to key risk items	● Identified key risk items involving business sites where there are always latent risks that could occur and introduced process for drafting countermeasures (risk assessment) ▲ Trench and further enhance global risk management activities in close collaboration with the RHQs	○	
Information Security	■ Strengthening information security and raising employee awareness	1. Strengthen information security for corporate (enterprise) data - Establish a robust Group governance foundation and build a defense structure that covers the entire Group, encompassing everything from buildings to factories 2. Strengthen information security for product (business) data - Establish life cycle management for in-vehicle products and independent systems for business divisions 3. Respond to trend toward digital transformation and CASE - Evolve and accommodate information security practices that will be powerful assets in connected social businesses	▲ Promoted the use of AI technologies to detect actions that differ from regular actions ▲ Promoted activities to enhance understanding related to meeting industry standards and guidelines as a means to strengthen the supply chain security of suppliers. Established a support structure for external collaborations ● Commented OT-SOC/UTM services at domestic and overseas Group companies ● Completed assessment and inspection of activities to ensure out-car product security and privacy. Completed the launch of Companywide educational programs for engineers/managers ● Completed evaluation of CS structure of applicable suppliers of vehicle-mounted products ▲ Acquired an important role in the Automotive Information Sharing and Analysis Center in North America/Japan and participated in decision-making ● Completed demand assessor cultivation in business units and at Group companies and completed the establishment of assessment structure ● Defined architecture that supports internal/external collaborations and completed the inclusion of such architecture into core services	○	1. Implement emergency response measures in light of two incidents that recently occurred and strengthen information security with a focus on fiscal 2026 - Prevent hacking: Thoroughly implement educational activities and training for employees. Carry out emergency inspections of servers - Minimize damage through early-stage detection 2. Establish policies aimed at realizing the following visions: - For the Company: Ensure that all employees at all locations constantly verify safety without relying on boundaries based on rigid deterrent measures that do not interfere with reasonable employee convenience - For products: Anticipate a wide range of threats and offer safety and peace of mind in the global market

Report on Social Responsibility

Sustainability Themes		Fiscal 2022 Plan		Assessment	Fiscal 2023 Initiatives
Sustainability Themes		Priority Measures and Targets	Fiscal 2022 Results and Remaining Issues (● Goals achieved ▲ Remaining issues)	Assessment	Fiscal 2023 Initiatives
Responsibility to Customers	■ Promoting education, training, and enlightenment activities throughout the Group with a view to pursuing quality	1. Solidify fundamental quality technologies (zero unresolved issues, cultivation of successors) 2. Cultivate human resources capable of utilizing AI and big data (systematic education)	● Collected ideas Companywide regarding current quality issues and future issues pertaining to fundamental quality-related technologies and are currently developing a total of 49 relevant themes in line with plans ● Cultivated a total of 1,271 personnel who can utilize AI technologies and big data ▲ Need for securing personnel who can manage AI utilization remains	○	1. Strengthen fundamental quality-related technologies in focus fields (ensure no issue goes unresolved, cultivate successors) 2. Install cameras to identify causes of manufacturing defects and prevent outflow of defective products (100% plan achievement rate) 3. Strengthen cultivation of AI translators who can coordinate AI utilization (100% plan achievement rate)
	■ Enhancing after-sale service structure	1. Maintain customer satisfaction score of 4.0 points for home installation Stabilize repair consultation center, including during busy times of the year Maintain 80% consultation response rate 2. Refrigrate services: Integrate D-FAMS, maintenance, and call center functions Establish service center operating on a 24-hour, 365-day-a-year basis Nagoya operations: Reduce cost of maintaining operational structure	(1) ● Attained a record-high comprehensive score of 4.7 (out of 5) points for HEMS, storage batteries (V2H), and EcoCute and Smart Airc (central air-conditioning systems) ▲ Maintaining a score of 4 points or higher will be an important issue ● In order to stabilize repair requests at minimum costs, smoothly transitioned to the automated operation of repair request center during nighttime hours, without customer complaints, by introducing a voice recording system where customers can record their request and then calling customers back the following day (2) ● Established a refrigerator service center in Minami Ward, Nagoya, in conjunction with the operation of D-FAMS. By centering consultations at this center, was able to realize separate functions of centralized operations and on-site work ▲ Shortened repair turnaround time for the 30,000 repairs conducted during the year	○	(1) Maintain CS score of 4.0 points for home installation (2) Shorten repair turnaround time for the 30,000 repairs conducted per year in our refrigerator service Consultations: Accelerate monitoring of components on a global basis with the aim of transforming Monozukuri based on an awareness of electrification, carbon neutrality, and circular economy
Responsibility to Employees	■ Assuring respect for human rights	● Formulate DENSO Group Human Rights Policy ● Instill an awareness of respect for human rights among employees (formulate guidelines, conduct training, etc.)	● Formulated the DENSO Group Human Rights Policy in October 2021 ● Revamped training for new employees and new members of management as well as harassment education	○	● Implement human rights due diligence in accordance with UN Guiding Principles on Business and Human Rights 1. Identify potential human rights issues (risk assessment) 2. Evaluate the severity of identified human rights issues (impact assessment)
	■ Promoting human resource development	1. Cultivation of future leaders (including employees at overseas bases) 2. Management - Strengthen management skills with the aim of enabling supervisors to bring together their diverse pool of employees 3. Junior employees - Accelerate the early development of junior employees 4. All employees ● Promote self-directed career development (individual) ● Support the acquisition of specialized skills in growth fields (individual) ● Promote the creation of healthy working environments that facilitate good communication (organization)	1. Cultivation of next-generation leaders (including employees at overseas bases) ● Held the Human Resource Development Conference, where global leaders discussed the fostering of growth through challenging assignments and the status of plans to do so 2. Management ● Implemented training for managerial personnel on how to engage in effective communication with subordinates 3. Junior Employees ● Updated the trainee system in which junior employees can take on challenges at overseas bases or other companies in different industries 4. All employees ● Implemented age-specific career design training (new employees, junior employees, mid-career employees, and middle-aged employees) ● Implemented recurrent training programs for employees to acquire software skills ● Revamped indicators of workplace capabilities and strengthened dialogue between labor and management with a view to creating workplaces that facilitate good communication	○	1. Next-generation leaders - Foster growth through challenging assignments 2. Management - Implement programs for enhancing subordinate support skills (feedback and coaching) - Introduce multi-angle feedback program for identifying new growth potential 3. Junior employees - Strengthen fundamental skills of junior employees in their first three years through on-the-job/off-the-job training and self-study/group-study opportunities 4. All employees - Provide support for self-study
Promoting workforce diversity	■ Promoting workforce diversity	1. Women - Advance initiatives for accomplishing targets for empowering female employees (recruitment, work-life balance, promotion) - Strengthen recruitment efforts - Cultivate corporate culture encouraging acquisition of childcare leave by male employees - Enhance training programs for promoting female employees to management positions 2. Seniors - Revise policies for rehiring of employees in instructor position or lower after mandatory retirement - Establish policies for addressing obligation for organizations to endeavor to provide employment up until age 70 3. Persons with disabilities - Review conceptual medium- to long-term employment plan for persons with disabilities - Expand range of duties that can be performed by people with disabilities in order to increase hiring of such individuals - Explore frameworks for supporting recruitment and retention of persons with disabilities on a Groupwide basis	1. Women ▲ Unable to reach targeted values despite strengthening the recruitment of female engineers, forming broad candidate groups, and reducing incidence of refusal by prospective employees ● Childcare leave for male employees: Conducted relevant seminars for employees in managerial positions and raised awareness among these employees on the importance of encouraging male employees to take childcare leave ● Appointment of female managers in technical positions: Carried out role model roundtable discussions and raised career awareness ● Appointment of female managers in business positions: Held lectures for female employees on a global scale and fostered a sense of unity within business activities 2. Seniors ● Determined policy for establishing multiple reemployment courses after retirement in professional roles aside from those in which employees previously served ▲ Respond to obligations to endeavor to provide employment up until age 70: Employ every willing employee until the age of 65 under the post-retirement reemployment system. Currently examining response between labor and management to ensure that employees over 65 can play an extensive and active role both inside and outside the Company. 3. Persons with disabilities ▲ Commenced the review of conceptual medium- to long-term employment plan for persons with disabilities ● Achieved rate of employment of persons with disabilities compliant with legally mandated level of 2.3% ● Expanded duties of persons with disabilities with a view toward greater recruitment. Determined the expansion of cleaning duties at Takatana Plant ▲ Provided support at DENSO Group companies; collected examples from other companies that will be applied at the Company going forward	○	1. Women - Initiatives geared toward achieving targets for empowering female employees (recruitment, work-life balance, promotions) - Enhance recruitment of women in technical positions: Expand candidate groups by strengthening information dissemination (utilize owned and earned media) - Increase rate of male employees taking childcare leave: Provide encouragement from employees in managerial positions, raise awareness through lectures and other venues - Strengthen cultivation activities aimed at promotion to managerial positions Technical: Discover role models and enhance career awareness among individual female employees Business: Introduce a mentorship system 2. Persons with disabilities ● Formulate details of policy for establishing multiple reemployment courses after retirement in professional roles aside from those in which employees previously served - Enhance initiatives aimed at realizing active and diverse roles for all employees, regardless of age (particularly in technical positions where there are a large number of applicable employees), including revising the required retirement age for corporate officers and managers and introducing work-sharing systems 3. Persons with disabilities - Review conceptual medium- to long-term employment plan for persons with disabilities and draft and commence said plan in a highly effective manner - Expand duties of persons with disabilities with a view toward greater recruitment: Search for new types of office support work in-house - Strengthen recruitment of persons with disabilities on a Groupwide basis and enhance support for making such recruitment common practice
	■ Promoting occupational safety	● Conduct on-site safety inspections by upper management (implemented every month) and promote improvements through strengthened communication ● Strengthen measures to prevent serious accidents, "Grade 1 accidents," and fires and explosions - Through detailed instruction provided to all employees, prevent accidents involving employees getting parts of their bodies stuck in parts of malfunctioning equipment - Strengthening disaster prevention measures for high-risk equipment (Complemented initiatives for planned projects) - Reform the way we communicate the concept of "inheriting a culture of safety"	▲ Despite reducing accidents involving employees getting parts of bodies stuck in equipment at DNJP did not reduce the number of such accidents at domestic Group companies (Achieved target for preventing Grade 1 accidents at DNJP and overseas Group companies, unable to achieve target at domestic Group companies due to occurrence of one incident that set us over the targeted number) ▲ Occurrence of one fire incident at a domestic Group company	△	● Have no major accidents, explosions, or fires (DENSO Group) ● Have number of serious accidents in fiscal 2026 (less than 2 at DNJP 4 at domestic Group companies, and 5 at overseas Group companies)
Promoting employee health	■ Promoting employee health	1. Strengthen Groupwide health and productivity management activities - Develop and implement activity plans for overseas regions with Group companies - Formulate shared health indicators and activity policies for domestic Group companies 2. Promote autonomous health improvement and reform corporate culture - Enhance measures and support matched to individuals (based on characteristics such as gender, age, etc.) - Support workplace activities matched to environment changes (COVID-19 pandemic, etc.) (Achieve 100% implementation rate for workplace activities) - Complete formulation and implementation of long-term policies for preventing secondhand smoke - Improve Companywide lifestyle score average (increase of 10% or more from 2017) 3. Strengthen health promotion functions - Enhance metabolic syndrome training programs and increase program completion rate (achieve rate of more than 80%)	1. Strengthen Groupwide health and productivity management activities ● Deployed an overview (initiatives to be implemented and their details, etc.) and subsequently commenced specific activities at all RHQs ● Received certification under Certified Health & Productivity Management Organization Recognition Program at 39 companies (an increase of 2 from 2020) through support efforts at domestic Group companies ● Formulated and prepared the roll out of activity plan for the upcoming period (fiscal 2023-fiscal 2025) 2. Promote autonomous health improvement and reform corporate culture ● Held five seminars, etc., during the year on health issues pertaining to women ● Analyzed health data on employees working from home (lower back pain was common) 3. Provided details of improvement plans via DKS, YouTube, and other easily accessible venues ● Confirmed improvement of in-house status of secondhand smoke thanks to the Companywide ban on cigarettes ▲ Fiscal 2022 lifestyle score target: 76.0 → Results: 74.0 (+1.5 year on year) Enhanced measures for improving lifestyle score 3. Strengthen health promotion functions ● Rate of employees receiving health lectures: 81%	○	1. Formulate and clarify a solid medium- to long-term employee health scenario (vision for 2025) ● Clarify output and targeted outcome of each initiative, formulate resource plan 2. Examine and roll out measures for fostering a sense of health responsibility among all employees ● Disclose health-related data by department 3. Promote measures to prevent lifestyle diseases (prevention, early detection, treatment) - Rate of employees receiving specialized health guidance: 100%; completing guidance program: 80% 4. Promote measures to address mental health issues (prevention, early detection, treatment) - Foster an environment and culture of promptly detecting signs of illness - Create frameworks for preventing long-term leave due to mental illness in collaboration with each workplace 5. Provide Groupwide health support - Offers support measures for lifestyle diseases and mental health (introduce examples of successful initiatives, etc.) - Recommend application to Health and Productivity Management Organization Recognition Program
	■ Improving corporate value and enhancing information disclosure	● Strengthen efforts to appeal to stakeholders ● Enhance efforts to communicate the opinions of investors to management and other relevant personnel	● Held dialog days and technological briefings ● Integrated report: Received the Silver Award at the WICI Japan Integrated Reporting Award 2021 (Award for Excellence) ● Chosen as first place among the Honored Companies in the Auto Parts section of the 2021 All-Japan Executive Team, which is announced by the U.S. financial information magazine Institutional Investor ● Received first place in the 2021 Awards for Excellence in Corporate Disclosure in the Automobiles/Parts/Tires division ● Revised activities for reporting investor feedback internally ▲ Strengthened the collection of information internally	○	● Plan and carry out communication events and tools for stakeholders ● Enhance efforts to communicate the opinions of investors to management and other relevant personnel
Responsibility to Business Partners	■ Implementing CSR activities throughout the supply chain	Ramp up human rights due diligence activities across the supply chain - Incorporate human rights policies into Supplier Sustainability Guidelines - Introduce cobalt into list of conflict minerals for which responsible mineral surveys are conducted	● Finished incorporating our Human Rights Policy within the Supplier Sustainability Guidelines ● Finished collecting information on the expanded range of applicable minerals, including cobalt, under our Responsible Minerals Investigation Policy (Plan to implement investigation during 2022)	○	Gain more detailed understanding of human rights within the supply chain ● Investigate the status of and conduct due diligence regarding workers from overseas and non-Japanese technical interns - Conduct supplier-based and local due diligence, an issue gaining the attention of stakeholders (Scheduled implementation at DENSO HISHOKAI and in Thailand) - Expand conflict minerals investigation to include cobalt and mica (conduct investigation if mica becomes applicable)
Responsibility to Global and Local Communities	■ Promoting activities unique to DENSO	- Globally promote traffic safety activities - Promote DENSO Group HEARTFUL Day (DENSO Group Community Service Day) Note 1: Conventional Green & Clean activities are now included in DENSO Group HEARTFUL Day (DENSO Group Community Service Day) Note 2: Activities to be advanced while taking steps to prevent the spread of COVID-19	● Traffic safety activities: Carry out initiatives at 80 companies in Japan and overseas ● DENSO Group HEARTFUL Day (DENSO Group Community Service Day): Carry out initiatives at 20 companies in Japan and overseas	○	- Globally promote traffic safety activities - Promote DENSO Group HEARTFUL Day (DENSO Group Community Service Day) Note: Activities to be advanced while taking steps to prevent the spread of COVID-19

Sustainability Communication

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Sustainability Communication	■ Enhancing information disclosure and mutual communication with stakeholders	1. Realize strategies and establish a management structure aimed at achieving the Long-term Policy - Create scenarios for achieving carbon neutrality (CN) - Formulate sustainability KPIs and establish a structure to monitor progress 2. Promote employee understanding - Facilitate an understanding that helps employees implement sustainability in their work - Strengthen awareness-raising activities particularly in manufacturing divisions 3. Engage in external communication - Communicate and solicit support for strategies related to the environment and peace of mind and also for sustainability management - Promote information disclosure in collaboration with relevant divisions	1. Realize strategies and establish a management structure aimed at achieving the Long-term Policy ● Complete the formulation of plans for energy-saving activities, renewable energy introduction, and carbon credit utilization with a view toward realizing CN Monozukuri ● Complete the establishment of sustainability KPIs that respond to sustainability management-related materiality and commence follow-up procedures starting from fiscal 2023 2. Promote employee understanding ● Form connections between individual goals for the fiscal year and the Sustainable Development Goals (SDGs). Continue to implement initiative where employees put SDGs sticker on their ID badge Attain 5% increase in level of employee understanding 3. Engage in external communication ● Hold dialog day, communicate information on Green and Peace of Mind Strategy in integrated report ▲ Respond to disclosure needs related to ESG evaluating institutions, etc., through the promotion of information disclosure	○	1. Realize strategies and establish a management structure aimed at achieving the Long-term Policy Incorporated sustainability KPIs into Companywide targets and established follow-up structure via upper management. Also, incorporated the achievement of sustainability KPIs as an item for calculating director remuneration in an effort to secure effectiveness 2. Promote employee understanding Promoted understanding of the connection between the individual work of employees and sustainability (ongoing) 3. Engage in external communication Strengthened efforts to facilitate understanding particularly within manufacturing divisions (ongoing) Responded to information disclosure demands in each country and disclosure needs related to ESG evaluating institutions, etc., through the promotion of information disclosure