

Fiscal 2024 Results and Issues, and Future Initiatives

Corporate Governance

Assessment: ① All targets attained ② Most targets attained ③ Challenges remain judging from results & progress made

Sustainability Themes	Fiscal 2024 Plan			Assessment	Fiscal 2025 Initiatives
	Priority Measures and Targets	Fiscal 2024 Results and Remaining Issues (● Goals achieved ▲ Remaining issues)			
Corporate Governance	<ul style="list-style-type: none"> Operating internal control system, including at Group companies Systematically put strategic discussions on agenda for Board of Directors' meetings Cover topics such as business portfolio, investment in human resources, sustainability, capital cost-oriented management, semiconductor, etc. Delegate authority to consolidate the Board's agenda items Facilitate transition to discussion of strategies (execution → supervision) by revising decision-making standards Utilize opportunities outside of Board meetings to deepen discussion of strategies Discuss business models and business strategies in a constantly changing business environment at the Executive Workshop Strengthen understanding of business by continuing and enhancing on-site tours Establish on-site visits involving strategic discussions Create opportunities for communication with personnel other than members of the Board of Directors Arrange lunch meetings between senior executive officers and Board member presenting agenda items Deepen discussions by enhancing explanations of agenda items Examine online participation from local personnel during explanations of agenda items pertaining to overseas matters 	<ul style="list-style-type: none"> Systematically put strategic discussions on agenda for Board of Directors' meetings Strategically discussed topics such as business portfolio, capital cost-oriented management (cross-shareholder semiconductor), etc. Delegate authority to consolidate the Board's agenda items Delegated authority over the execution of capital investments and R&D investments by revising decision-making standards Utilize opportunities outside of Board meetings to deepen discussion of strategies Held discussions on human capital at the Executive Workshop Strengthened understanding of business by continuing and enhancing on-site tours Carried out on-site visits to not only domestic Group companies but also semiconductor business partner United Semiconductor Japan Create opportunities for communication with personnel other than members of the Board of Directors Improved communication between outside and internal members of the Board through lunch meetings between outside members, and the presentation of agenda items by Board members, senior executive officers, and executive officers Deepened discussions by enhancing explanations of agenda items Received explanations from local personnel during explanatory sessions on agenda items pertaining to overseas matters 	<ul style="list-style-type: none"> Systematically put strategic discussions on agenda for Board of Directors' meetings Companywide strategies (Mid-term Policy, sustainability), cross-disciplinary strategies and corporate foundation (human capital, technological development and DX, semiconductor and software strategies) Seek opinions beforehand and hold discussions through submissions to Board of Directors at exploratory stages Utilize opportunities outside of Board meetings to deepen discussion of strategies Share materials used at management meetings with outside members of the Board. Select agenda items of which Board members should be aware and share materials and minutes of Management Deliberation Meeting and Management Strategy Meeting Create materials that summarize important points of discussions at Board meetings. Clarify points that should be discussed at Board meetings and create materials that summarize detailed information about business execution (roll out and enforce guidelines for creating materials) 		
				<ul style="list-style-type: none"> Ensuring thorough awareness of compliance among all employees 	<ul style="list-style-type: none"> Changed internal rules following the introduction of the Toyota Group's internal reporting system and promoted PR activities regarding this change via company intranet Conducted investigation on the establishment and details of internal reporting systems in overseas regions, as well as operational status of such systems, including number of reports and consultations
Risk Management	<ul style="list-style-type: none"> Bolstering the level of risk management to enable immediate response to changes in the operating environment and put such management into practice 	<ul style="list-style-type: none"> Establish risk management structure for perpetually responding to changes in the external environment (Revamp risk management structure and strengthen risk prevention measures) Strengthen risk response measures on a Groupwide basis Bolster first response capabilities when risks occur 	<ul style="list-style-type: none"> ① Dramatically revised process for formulating risk mitigation measures Implemented a new risk management process on a trial basis at DNIJ shifting from a reactive approach to a preventive approach Clarified relationship between Companywide risks currently under management and visualized areas of the Company in need of enhancement after thoroughly reviewing the coverage status of current measures in each department ② Visualized and responded to issues in promoting risk management at Group companies Centralized risk management information for Group companies through the establishment of a risk management website ③ Strengthened risk mitigation measures at Group companies Formulated emergency initial response manual and promoted awareness of the manual at Group companies in Japan and overseas Conducted training to improve risk sensitivity at domestic and overseas Group companies 	<ul style="list-style-type: none"> Enhance Groupwide ERM system through Groupwide rollout of new risk management process and steadily implement this new process at Group companies Address risks identified as needing a strong response through a comprehensive overview of Groupwide risks Strengthen preparedness for large-scale natural disasters (collaborate with General Administration Division) Create workplaces that facilitate good communication (thoroughly reinforce compliance) (collaborate with General Administration and Human Resources Divisions) Continuously strengthen response capabilities in the event of risk occurrence 	
Information Security	<ul style="list-style-type: none"> Strengthening information security and raising employee awareness 	<ul style="list-style-type: none"> Realize zero trust security model by establishing structure for swift detection, response, and recovery, in addition to robust defensive measures Thoroughly implement cyberattack mitigation measures, centered on data protection, and establish operational structure for normal times and times of emergency that includes identifying each role and promoting educational activities and drills Strengthen quarantine and monitoring functions for shadow IT and internal irregularities with a view toward realizing zero trust security model Establish policies aimed at realizing the following visions <ul style="list-style-type: none"> For the Company: Ensure that all employees at all locations constantly verify safety, without relying on boundaries, based on deterrent measures that are thorough but do not interfere with reasonable employee convenience (introduce data protection, strengthen monitoring of cloud/internal irregularities) For products: Anticipate a wide range of threats and offer safety and peace of mind in the global market (steadily incorporate security features to accommodate changes in vehicle architecture, apply product privacy policies to domestic Group companies, acquire international certifications for vehicle cybersecurity, develop and expand application of operational support tools in the out-car domain) 	<ul style="list-style-type: none"> ① Established global security system Revised roles and structures for GHQ and RHQ with a view toward strengthening governance Standardized rules of managing confidential information, established register for managing confidential information, and completed digital labeling for such information Established management for IT configuration management and visualized global cybersecurity ② Bolstered cloud security, worked to suppress and prevent internal fraud, standardized product security, and fostered security personnel Conducted awareness-raising activities by promoting monitoring and creating security-related materials Introduced security measures at plants and commenced stable operation of such measures Published product security milestone procedures and vulnerability assessment guidelines and completed creation of industry-shared standard for software bill of materials (SBOM) Acquired ISO certification for automotive cybersecurity Cultivated supervisors for the out-car domain 	<ul style="list-style-type: none"> Promote ongoing security education and awareness-raising activities Foster proactive security talent that can implement the necessary security measures in each workplace on their own initiative Strengthen cloud security Centrally monitor usage status and remove shadow IT and high-risk services in order to use cloud services securely Enhance security measures in the supply chain Raise level of security at suppliers, acquire security certifications, and promote ongoing improvements to security measures, thereby ensuring steady production and supply Strengthen emergency response capabilities Conduct drills in anticipation of a cybersecurity attack so that an appropriate initial response can be carried out in the event of a malware infection among employees 	

Report on Social Responsibility

Assessment: ① All targets attained ② Most targets attained ③ Challenges remain judging from results & progress made

Sustainability Themes	Fiscal 2024 Plan			Assessment	Fiscal 2025 Initiatives
	Priority Measures and Targets	Fiscal 2024 Results and Remaining Issues (● Goals achieved ▲ Remaining issues)			
Responsibility to Customers	<ul style="list-style-type: none"> Promoting education, training, and enlightenment activities throughout the Group with a view to pursuing quality Accelerate the establishment of fundamental quality-related technologies in focus fields (carbon neutrality/circular economy, electrification, new businesses) (ensure no issues go unresolved) Strengthen structure for improving product quality (eliminate delivery defects caused by human error through the utilization of cameras) Expand the applicable personnel for Data Science DOJO training and analyze the results to improve problem-solving capabilities (100% plan achievement rate) Study the history of DENSO's commitment to quality and hold training sessions at the DENSO Heritage Center to encourage employees to reflect on their behavior (100% plan achievement rate) 	<ul style="list-style-type: none"> Promoted resolution of complex issues with the involvement of senior management (completed response to five issues) Ascertained 102 needs for our business divisions, reflected these needs into 15 Companywide themes, and developed a total of 23 initiatives based on these themes in line with plans Conducted explanations of "Monitoring Camera Pro" activities in 33 to 35 departments, actively promoting the introduction of these cameras in each manufacturing department Completed practical training of 36 individuals at the in-house DOJO and seven at the Toyota DOJO. Reviewed 200 case studies and papers from both internal and external sources, categorized relevant business scenarios into 12 patterns, formulated methodologies, and completed a Companywide rollout Promoted awareness-raising activities by holding tours of the DENSO Heritage Center so that employees could study the history of DENSO's commitment to quality and reflect on their behavior (256 employees) 	<ul style="list-style-type: none"> Accelerate the establishment fundamental quality-related technologies in focus fields such as CN/CE, electrification, new businesses (pursue resolution to all quality-related issues) Examine potential of services in the product development upstream, promote preventive measures against function hazards caused by electronic components, and strengthen practical application of software update functions, thereby minimizing inconvenience to customers (current results fall below designated target) Enhance flexibility of initial flow management to enable faster development periods and an appropriate response to non-mobility domains (100% plan achievement rate) Expand training at DENSO Heritage Center so that employees can study the history of DENSO's commitment to quality and reflect on their behavior (100% plan achievement rate) 		
				<ul style="list-style-type: none"> Enhancing after-sale service structure 	<ul style="list-style-type: none"> Updated survey collection page (Forms) and commenced the collection of direct comments from clients (October 2023) Completed the formulation of Long-term Policy for 2035. Pursued measures to visualize policy to enhance the understanding of relevant personnel (illustrated future vision) Formulate more-specific medium-term plans for 2030 and begin rolling them out. Hold global conferences
Responsibility to Employees	<ul style="list-style-type: none"> Assuring respect for human rights Implement human rights due diligence in accordance with UN Guiding Principles on Business and Human Rights Policy Entrench human rights policy (Group companies and suppliers) Introduce items pertaining to human rights for conditions of new transactions Investigate actual situation pertaining to non-Japanese technical interns 	<ul style="list-style-type: none"> Held online briefings and distributed videos of such briefings to 300 suppliers, thereby facilitating an understanding of the DENSO Group Human Rights Policy Added human rights-related items to conditions for new transactions, which serve as the entry point with suppliers Completed survey of three companies with non-Japanese technical interns. Confirmed that there were no human rights infringements or other issues. Shared examples of successful initiatives within the Group 	<ul style="list-style-type: none"> Implement human rights due diligence in accordance with UN Guiding Principles on Business and Human Rights Management and expand conditions for new transactions Respond to revisions to non-Japanese technical intern system 		
				<ul style="list-style-type: none"> Promoting human resource development 	<ul style="list-style-type: none"> Next-generation leaders <ul style="list-style-type: none"> Increased and improved diversity of young leader candidates and promoted swift and focused development Management Introduced 360-degree feedback program for roughly 3,000 personnel in management positions Promote individual growth based on feedback results <ul style="list-style-type: none"> Junior employees Determined three-year development curriculum and established PDCA cycle for development initiatives. At the same time, implemented and verified a model workplace that examines what kind of experience helps lead to growth All employees Achieved a 20% increase in the availability of e-learning content for in-house self-study; increased study time by utilizing external services
Promoting workplace diversity	<ul style="list-style-type: none"> Women Initiatives geared toward achieving targets for empowering female employees (recruitment, work-life balance, promotion) Enhance recruitment of women in technical positions: Expand broad candidate groups by strengthening PR activities and prevent incidence of refusals by prospective employees through exchanges with senior employees Childcare leave for male employees: Foster environment where it is easy to take leave through awareness-raising activities and encouragement from employees in managerial positions Appointment of female managers in technical positions: Discover and expand number of role models and enhance awareness between employees and their supervisor with a view toward promotion to team leader Appointment of female managers in business positions: Enhance awareness between employees and their supervisor with a view toward promotion to team leader; hold individual interviews with employees and propose resolutions to their issues Seniors Formulate medium- to long-term policies and plans with a focus on the further progression of the aging society Promote prompt career awareness-raising activities for employees in their 50s Persons with disabilities Implement recruitment plans for persons with disabilities Expand scope of duties for persons with disabilities Bolster Groupwide efforts to recruit persons with disabilities and help them acclimate to their positions 	<ul style="list-style-type: none"> Women Enhance recruitment of women in technical positions: Unable to achieve target of 15% (falling short at 10%) Childcare leave for male employees: Achieved acquisition ratio of 53.5% (up 13 points over the previous fiscal year) owing to revisions to payment manual Appointment of female managers in technical positions: Introduced examples of senior employees achieving work-life balance, placed promotional posters in workplaces, and fostered an awareness of women's empowerment via such means as the company intranet Appointment of female managers in business positions: Held individual interviews with 130 male employees via their supervisors, offered career consultation, introduced role model employees, and offered mentoring courses, thereby providing support initiatives in accordance with the individual issues facing each employee 	<ul style="list-style-type: none"> Women Initiatives geared toward achieving targets for empowering female employees (recruitment, work-life balance, promotion) Enhance recruitment of women in technical positions: Expand broad candidate groups by strengthening PR activities and prevent incidence of refusals by prospective employees through exchanges with senior employees Provide support for work-life balance: Expand options for workstyles that enable employees to play active roles while providing childcare and nursing care and enhance support by the Company Strengthen development aimed at the appointment of female managers: For technical positions, discover issues through awareness surveys and individual interviews of team leader candidates and their supervisors. For business positions, reform awareness of female employees and their supervisors and hold individual interviews to offer proposals to resolve individual issues 		
				<ul style="list-style-type: none"> Seniors Formulate medium- to long-term policies and plans with a focus on the further progression of the aging society Promote prompt career awareness-raising activities for employees in their 50s Persons with disabilities Implement recruitment plans for persons with disabilities Expand scope of duties for persons with disabilities Bolster Groupwide efforts to recruit persons with disabilities and help them acclimate to their positions 	<ul style="list-style-type: none"> Completed awareness-raising campaign for employees aged 45 and older on corporate website under the theme "Design Your Life from 60," highlighting options for workstyles after turning 60 and explaining the reemployment system after retirement Engaged in recruitment activities based on recruitment plans for persons with disabilities Commenced new work related to the circular economy Shared examples across the DENSO Group of successful efforts to recruit persons with disabilities. Offered individual support to companies in need of reinforcement
Promoting occupational safety	<ul style="list-style-type: none"> Have no major accidents, explosions, or fires (DENSO Group) Have number of serious accidents in fiscal 2026 (less than 2 at DNIJR 4 at domestic Group companies, and 5 at overseas Group companies) 	<ul style="list-style-type: none"> Prevent explosions, fires, and major accidents (DENSO Group) Achieved goal thanks to zero major disasters, explosions, or fires across the entire DENSO Group Have the number of Grade-1 accidents by fiscal 2026 (DNIJR: 2 or less; domestic Group companies: 4 or less; overseas Group companies: 5 or less) DNIJR: 7; domestic Group companies: 3; overseas Group companies: 5. Achieved target for fiscal 2026 ahead of schedule at domestic and overseas Group companies With 7 accidents occurring in fiscal 2024 at DNIJR, continue efforts to achieve fiscal 2026 target of 2 or less 	<ul style="list-style-type: none"> Prevent explosions, fires, and major accidents (DENSO Group) Have the number of Grade-1 accidents by fiscal 2026 (DNIJR: 2 or less; domestic Group companies: 4 or less; overseas Group companies: 5 or less) DNIJR: 7; domestic Group companies: 3; overseas Group companies: 5. Achieved target for fiscal 2026 ahead of schedule at domestic and overseas Group companies With 7 accidents occurring in fiscal 2024 at DNIJR, continue efforts to achieve fiscal 2026 target of 2 or less 		
				<ul style="list-style-type: none"> Set target values that positively impact each workplace and individual Set details and target values for the next KPI (health score) (Out of the 8 items, including BMI and healthy behaviors, achievement rate of 6 or more items set to 60% by 2025) Apply health score at all domestic Group companies from fiscal 2025. Support for disseminating information and promoting improvement activities Foster a sense of health responsibility among all employees <ul style="list-style-type: none"> Created opportunities to provide information to encourage dialogue on health nine times during the year (ratio of monthly dialogue: 35%; ratio of one more dialogue during the year: 65%) Analyzed health issues and provided support for workplaces in need. Held health management lectures for general managers Strengthen workplace/individual approach with aim of achieving target health score 	<ul style="list-style-type: none"> Raise level of initiatives guided by new KPI (health score) Achievement ratio of 6 or more items: 48% (increase of 1 point) Provide support for raising level of initiatives for new KPI at Group companies
Promoting employee health	<ul style="list-style-type: none"> Set target values that positively impact each workplace and individual Establish shared Groupwide KPIs for the next period and make them well-known Foster a sense of health responsibility among all employees Provide data by workplace and make dialogue engagement in the office commonplace Identify and support workplaces needing improvement based on data 	<ul style="list-style-type: none"> Set target values that positively impact each workplace and individual Set details and target values for the next KPI (health score) (Out of the 8 items, including BMI and healthy behaviors, achievement rate of 6 or more items set to 60% by 2025) Apply health score at all domestic Group companies from fiscal 2025. Support for disseminating information and promoting improvement activities Foster a sense of health responsibility among all employees <ul style="list-style-type: none"> Created opportunities to provide information to encourage dialogue on health nine times during the year (ratio of monthly dialogue: 35%; ratio of one more dialogue during the year: 65%) Analyzed health issues and provided support for workplaces in need. Held health management lectures for general managers Strengthen workplace/individual approach with aim of achieving target health score 	<ul style="list-style-type: none"> Promote measures to prevent lifestyle diseases Percentage of employees needing specialized health guidance: 21.7% (down 2.9 points compared with fiscal 2022) Gradually introduced specialized health guidance for employees in their 30s needing such guidance, two months prior to health examinations (80% of employees lost weight, 40% improved to a level no longer needing guidance) Spread awareness of specialized health consultations and follow-up care, with 95.2% of employees receiving such consultation during December health examination (97.9% in fiscal 2023) Further reduce number of employees receiving specialized health guidance (increase number of employees no longer needing guidance and decrease number of new employees needing such guidance)/curtail number of other high-risk employees and those who stop treatment Promote measures to address mental health issues <ul style="list-style-type: none"> Broadcast self-care videos in July and November (approx. 30,000 viewers in July and 35,000 viewers in November) Promoted a system for collaboration between human resources departments at plants, workplace personnel, and staff at medical clinics. Provided information to raise awareness of consultation office and encourage prompt consultation Strengthen efforts to form connections with individuals/workplaces with the aim of reducing employee on-leave 		
				<ul style="list-style-type: none"> Promote measures to prevent lifestyle diseases Percentage of employees needing specialized health guidance: 22% or less Rate of employees who received such guidance receiving examinations from medical institutions: 95% or more 	<ul style="list-style-type: none"> Promote measures to prevent lifestyle diseases Percentage of employees needing specialized health guidance: 21.7% (down 2.9 points compared with fiscal 2022) Gradually introduced specialized health guidance for employees in their 30s needing such guidance, two months prior to health examinations (80% of employees lost weight, 40% improved to a level no longer needing guidance) Spread awareness of specialized health consultations and follow-up care, with 95.2% of employees receiving such consultation during December health examination (97.9% in fiscal 2023) Further reduce number of employees receiving specialized health guidance (increase number of employees no longer needing guidance and decrease number of new employees needing such guidance)/curtail number of other high-risk employees and those who stop treatment Promote measures to address mental health issues <ul style="list-style-type: none"> Broadcast self-care videos in July and November (approx. 30,000 viewers in July and 35,000 viewers in November) Promoted a system for collaboration between human resources departments at plants, workplace personnel, and staff at medical clinics. Provided information to raise awareness of consultation office and encourage prompt consultation Strengthen efforts to form connections with individuals/workplaces with the aim of reducing employee on-leave
Responsibility to Shareholders and Other Investors	<ul style="list-style-type: none"> Improving corporate value and enhancing information disclosure 	<ul style="list-style-type: none"> Announced Companywide strategies and strategies for electrification, ADAS, semiconductors, software, and new value creation at DENSO DIALOG DAY, announced semiconductor strategy at IJC Achieved Gold Award for integrated report and sought to introduce report via DENSO Connect and in-house displays, at roundtable discussions with business divisions (electrification), and as part of materials for training in order to facilitate an in-house awareness of report Acquired FTSE score of 3.9 points (MSCI rating dropped from A to BBB) 	<ul style="list-style-type: none"> Strategic Communication with Institutional Investors Demonstrate feasibility at briefings for individual business strategies Systematically disclose information via integrated report Establish Stable Stock Acquisition by Individual Investors Retain individual investors who have been allocated shares for sale Ensure that current shareholders continue to hold shares 		
Responsibility to Business Partners	<ul style="list-style-type: none"> Implementing CSR activities throughout the supply chain 	<ul style="list-style-type: none"> Deepen sustainability activities for human rights and labor, etc., within the supply chain <ul style="list-style-type: none"> Introduce cobalt to conflict minerals investigation Establish response to sustainability risks as a condition for new transactions Strengthen awareness of human rights among suppliers (hold briefings, etc.) 	<ul style="list-style-type: none"> Conflict minerals investigation: Identified components containing a certain amount of cobalt (impurities) and palladium and requested an investigation from the relevant suppliers Carry out investigation of mica and examine measures for smelters subject to OFAC regulations Establish conditions for new transactions: Implemented sustainability assessment at the time of commencing new transactions Strengthen awareness of human rights: Held briefings with major suppliers (200 companies) in December 2023 	<ul style="list-style-type: none"> Examine the Expansion of Conflict Minerals Investigation Conduct mica investigation Identify smelters subject to OFAC regulations and formulate measures to respond accordingly 	
Responsibility to Global and Local Communities	<ul style="list-style-type: none"> Promoting activities unique to DENSO 	<ul style="list-style-type: none"> Globally promote traffic safety activities Promote DENSO Group HEARTFUL Day (DENSO Group Community Service Day) 	<ul style="list-style-type: none"> Promote traffic safety activities: Carried out activities at 142 companies in Japan and overseas Social contribution events such as the DENSO Group HEARTFUL Day (DENSO Group Community Service Day): Held activities at 85 companies in Japan and overseas 	<ul style="list-style-type: none"> Globally promote traffic safety activities Promote the DENSO Group HEARTFUL Day (DENSO Group Community Service Day) 	

Sustainability Communication

Assessment: ① All targets attained ② Most targets attained ③ Challenges remain judging from results & progress made

Sustainability Themes	Fiscal 2024 Plan			Assessment	Fiscal 2025 Initiatives
	Priority Measures and Targets	Fiscal 2024 Results and Remaining Issues (● Goals achieved ▲ Remaining issues)			
Enhancing information disclosure and mutual communication with stakeholders	<ul style="list-style-type: none"> Enhance level of sustainability KPIs Expand scope of application of KPIs, currently for DENSO CORPORATION only Promote employee understanding Promote understanding that is reflected in work (ongoing) Strengthen awareness-raising activities within the supply chain and among employees of procurement divisions Steadily respond to requests for new sustainability information disclosure, such as Corporate Sustainability Reporting Directive (CSRD) 	<ul style="list-style-type: none"> Examined the expansion of the scope of application of KPIs, currently for DENSO CORPORATION only, including those for the number of female managers, employee lifestyle score, employee engagement, and attendance rate among other items and decrease number of new employees requiring such guidance Completed relevant initiatives based on the progress and issues in each region Promote employee understanding Continued to establish connections between individual goals and the SDGs and implemented the practice of placing SDGs on an employee ID card Employees' level of understanding of the connection between their work and the SDGs, despite being at over 70%, declined by around 2% year on year Strengthen awareness-raising activities regarding material issues, slated to be revised in fiscal 2025 Held briefings for major suppliers on sustainability, human rights, and bribery in collaboration with the Procurement Division Held kickoff meetings with relevant divisions with a focus on the application of the Corporate Sustainability Reporting Directive (CSRD) at our European offices from fiscal 2024. Commenced 	<ul style="list-style-type: none"> Establish new material issues and bolster collaboration with management Review materiality in light of the CSRD (complete in first half of 2024) Formulate KPIs and key goal indicators (KGIs) of new materiality and build promotion structure Strengthen employee awareness to further promote sustainability management Entrench awareness of new materiality Respond to sustainability disclosure directives (CSRD and Sustainability Standards Board of Japan) Align policies, targets, indicators, action plans, etc. Establish system for collection of required data points 		