

Fiscal 2018 Results and Issues

CSR Management

Global

◎ All targets attained ◯ Most targets attained △ Challenges remain judging from results × No progress

Main sustainability themes	Mid-term Plan 2018	Fiscal 2018 Key Activity Items	Fiscal 2018 Results and Remaining Issues (◎ Goal achieved ▲ Remaining issue)	Assessment
Corporate Governance	<ul style="list-style-type: none"> Operation of internal control system, including Group companies 	<ul style="list-style-type: none"> Construction and operation of an optimal governance system that can maximize corporate value and improve management transparency and efficiency Innovate strategic debate that tackles a broad range of topics Exchange opinions on current events and make the process of opinion exchange more open 	<ul style="list-style-type: none"> Held lively strategic debate related to investments. However, still room for improvement in terms of revising both the number and scope of topics, including for debate held at off-site meetings Increased the number of reports on current affairs from the inside directors at the close of Board meetings, active utilization of lunch meetings as a means of exchanging opinions, and an increase in engaging statements from directors at Board meetings due to the smaller number of Board members 	○
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 law compliance in all regions of the world 	<ul style="list-style-type: none"> Expanded compliance programs at overseas bases Strengthened structure to ensure compliance with antitrust laws in all regions of operation Strengthened structure for bribery prevention in all regions of operation Strengthened structure to ensure compliance with the Act on the Protection of Personal Information in all regions of operation 	○
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 foreign and domestic Group companies and suppliers) 	<ul style="list-style-type: none"> Improve initial and post-incident measures carried out by affiliated Group companies in collaboration with the department responsible for managing risk Continue risk management training for newly appointed department managers (DENSO CORPORATION) Visualization of degree of importance and countermeasure conditions for risk affecting Group business activities and promotion of PDCA preemptive measures (preventive and initial) 	○
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 prevention activities Establishment of global information security structure Steady launch of upfront security products and establishment of security measures on ECU production lines 	<ul style="list-style-type: none"> Establishing systems to ensure compliance with the Act on the Protection of Personal Information in all regions of operation 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 manager, in addition to conducting practical training (DENSO CORPORATION) 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 Completed the designation of individual activity promoters in all divisions and at all Group companies and regional headquarters Promoting more effective activities Made progress with upfront security products in line with plans, completed measures geared toward ECU production line for products to be shipped in fiscal 2019 Implementing security measures at factories other than our ECU factories 	○

Report on Social Responsibility

Global

DENSO

Main sustainability themes	Mid-term Plan 2018	Fiscal 2018 Key Activity Items	Fiscal 2018 Results and Remaining Issues (◎ Goal achieved ▲ Remaining issue)	Assessment
Responsibility to Customers	<ul style="list-style-type: none"> Promoting quality-related education, training, and enlightenment activities throughout the Group Enhancing after-sales service structure 	<ul style="list-style-type: none"> Design quality improvement: Promotion of a stress-strength design Product quality improvement: Reduction of embarrassing defects Safeguarding of advanced safety system quality 	<ul style="list-style-type: none"> Secured stress-strength margin at a "maru toku A" designation for 198 items of concern in 82 products (covering 70% of products). In addition, items in which complex vibration analysis and other technologies are applied then to products. Furthermore, eliminated issues due to lack of stress-strength margin Promoting stress-strength model in upstream development Reduced the number of embarrassing defects from 46 in the previous year to 36 through improvements to appearance tests. Also, made 81 improvements to B-level defects, thereby reaching our target (25% decrease compared with the previous year) Strengthening product quality foundation through activities to improve the reliability of various processes Established a method for examining unnecessary actions within our pre-crash systems, transferred authority to business units in line with plans, and completed introduction of evaluation measures for NCAP (nighttime driving, bicycles) and automated driving systems scheduled to be launched in the future Establishing a vehicle evaluation system in the domains of automated 	○
Responsibility to Employees	<ul style="list-style-type: none"> Assuring respect for human rights Promoting human resource development regional Promoting workforce diversity Promoting occupational safety Promoting employees' health 	<ul style="list-style-type: none"> Continuous expansion and enhancement of human rights awareness activities Implementation and promotion of Long-term Policy 2030 (internal branding) Strengthening of management capabilities and thorough improvement of role awareness Continuous strengthening of recruitment of female employees and support the development of their careers Strengthening of matching in a way that is tailored to each place of participation Realize recruitment and retention policies to support the activities of a diverse group of persons with disabilities Continuous diagnosis of major disaster prevention measures and improvement of response to major disaster risk at domestic and overseas Group companies (promote measures to reduce accidents involving factory lift workers) Strengthen the implementation of "3S and first touch use on derricks (3S + D)" disaster prevention through preventive guidance via personnel in charge of addressing abnormalities, managerial authorization, visualization, and activities to raise awareness Prevent disasters based on actual conditions at specific companies Establishment of long-term policies and medium-term plans related to health management Implementation of activities that support health management at Group companies Introduction of health management indicators (lifestyle score) Enhancement of measures to discourage employees from smoking Promotion of efforts to prevent cancer (enhancement of examination programs) Promotion of health-related activities in the workplace (establishment of structure to promote and support such activities) Revision and improved efficiency of management structure for health examination and diagnosis procedures 	<ul style="list-style-type: none"> Introduced training materials to raise human rights awareness at Group companies Encouraged participation in human rights conferences outside of the Company Created a corporate message that uses "Inspiring" as its key word and successfully transmitted this message to all regions of operation (video message from the president and video on the Long-term Policy) Completed rollout of standardized programs for improving Groupwide management capabilities in all regions of operation Strengthened extensive recruitment of women (women comprised 41% of clerical work and 14% of technical and skilled work out of all new recruits in April 2018) Prepared development plans and created a network for interaction between female employees Strengthened recruitment of women managers Strengthened matching that is tailored to each place of participation Expanded and strengthened approach toward special support education schools in an effort to strengthen recruitment for production-related positions Strengthening approach toward establishing practical and skilled positions (for university and high school graduates) Implemented training to enhance understanding of persons with intellectual disabilities (covering all positions) Examined the maintenance status of fire prevention measures at facilities that use ignitable gas, etc. (197 facilities) Strengthened measures to prevent accidents related to falling from high places on a Groupwide basis Eliminating accidents caused directly by employee negligence through the steady implementation of "3S and first touch use on derricks (3S + D)" disaster prevention Accelerating and completing efforts to strengthen the foundation at certain Group companies Completed the formation of Long-term Plan 2025 and Medium-term Plan 2021 in collaboration with health insurance associations Developing and supporting policies of domestic and overseas Group companies Held informational meetings for Group companies (participating companies: 38) and conducted support activities toward inclusion in the Health and Productivity Stock Selection (selected companies: 8) Expanding Group companies that implement health and productivity management Introduced lifestyle score, a unique health management indicator that serves as a company goal. Also, set goal of reaching a score of 77 by 2022 Strengthening and expanding health and productivity management initiatives aimed at reaching targets Conducted patrol activities together with health and labor associations to strictly enforce smoking bans during working hours, carried out activities at our offices to raise awareness on the benefits of quitting smoking, and continued to realize an annual increase in non-smoking employees of roughly 2% Promoting efforts to raise the percentage of non-smoking employees (69.8% in 2017) and strengthening measures to prevent secondhand smoke Improved the rate of employees receiving breast and cervical cancer examinations (8% increase compared with 2017) by increasing opportunities for examinations in-house Improving rate of employees receiving voluntary cancer examinations (stomach cancer examinations, etc.) (10% decrease compared with 2016) Formulated annual health plans and commenced health-related activities in each office centered on "health leaders" in each division. Provided and 	○
Responsibility to Shareholders	<ul style="list-style-type: none"> Improving corporate value and enhancing information disclosure 	<ul style="list-style-type: none"> Continuation of proactive efforts in IR activities Enhancement of integrated report content Strengthening of IR activities to attract individual investors Enhancement of financial information disclosure 	<ul style="list-style-type: none"> Expanded and enhanced content of dialogue with stakeholders using the integrated report Commenced transmission of "news e-mails" and implemented mandatory meetings for individual investors Released online transmission of financial results and meetings and disclosed content of Q&A sessions 	○
Responsibility to Business Partners	<ul style="list-style-type: none"> Implementing CSR activities throughout the supply chain 	<ul style="list-style-type: none"> Implementation of CSR dialogue with suppliers 	<ul style="list-style-type: none"> Promoted regular dialogue on a continuous basis with suppliers that have a deep relationship with DENSO HISHIKAI Association, holding dialogues with six companies in 2017 	○
Responsibility to Global and Local Communities	<ul style="list-style-type: none"> Promoting activities unique to DENSO 	<ul style="list-style-type: none"> Traffic Safety Activities Expansion of traffic safety education in locations around the world Green & Clean (environmental) activities Groupwide implementation of Green & Clean activities 	<ul style="list-style-type: none"> Implemented community-based traffic safety education at 55 Group companies in 19 countries around the world Expanding and promoting hands-on learning activities Green & Clean (environmental) activities Realized global participation of over 80% (82.7%) Promoting these activities at second-tier subsidiaries 	○

CSR Communication

Global

Main sustainability themes	Mid-term Plan 2018	Fiscal 2018 Key Activity Items	Fiscal 2018 Results and Remaining Issues (◎ Goal achieved ▲ Remaining issue)	Assessment
CSR 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 dialogues to promote understanding/empathy from stakeholders Expand information from performance reports, from medium-term and long-term perspective Clarify overall picture and relevance between financial and non-financial information by integrating annual and CSR reports Raise employees' awareness of and interest in society 	<ul style="list-style-type: none"> Further improvement of integrated report content Revision of CSR website structure and design Continuous implementation of stakeholder dialogue Published integrated Report 2018 Carried out significant revision to structure and design of CSR website (improving overall usability for visitors) Carried out dialogue with individual investors using the integrated report Strengthening the transmission of information with an awareness of ESG evaluation 	○