

DENSO Group

Supplier CSR Guidelines

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DENSO CORPORATION

I. Introduction

Since our founding in 1949, DENSO CORPORATION and its group companies have striven to contribute to the sustainable development of society through sincere business activities in each country and region.

Toward achieving such contribution based on “DENSO Philosophy”, which declares what kind of company we would like to be, in April 2006 we established “DENSO Group Declaration of Corporate Behavior” as our CSR policy, summarizing our social responsibilities as a company in relationships with our stakeholders.

In the policy we expressed our hope that our suppliers will support the concepts of the policy and take due action, and to specify our expectation, we also issued “DENSO Group Supplier CSR Guidelines”.

Now, in response to the recently heightening expectations for CSR activities of global companies, particularly the demand that the entire supply chain prevent or correct human-rights/labor problems, we have decided to partially revise the Guidelines, with the aim of demonstrating more clearly to society the ideas we have promoted with our suppliers.

We hope that our suppliers will comply with the laws and the spirit of the laws, and take actions based on the purpose of the Guidelines. We also sincerely ask that you similarly communicate to your suppliers the purpose of the Guidelines and encourage appropriate actions.

July 2016

Shoji Tsuzuki
Senior Executive Director
Purchasing Group
DENSO CORPORATION

II. DENSO Philosophy and CSR Policy

DENSO Philosophy

Mission	Contributing to a better world by creating value together with a vision for the future.
Management Principles	<p>Customer satisfaction through quality products and services.</p> <p>Global growth through anticipation of change.</p> <p>Environmental preservation and harmony with society.</p> <p>Corporate vitality and respect for individuality.</p>
Individual Spirit	<p>To be creative in thought and steady in action.</p> <p>To be cooperative and pioneering.</p> <p>To be trustworthy by improving ourselves.</p>

CSR Policy

DENSO Group Declaration of Corporate Behavior

We, DENSO CORPORATION and its Group companies*, will actively contribute toward the sustainable development of society through sincere business activities in each country and region.

*** Consolidated management companies, and companies in which DENSO is the primary shareholder**
We sincerely hope that all of our business partners will support our concept and take due action.

- **We will honor the culture and history of each country and region. We will strive trustworthily to operate with respect for people, and promote business activities to earn the trust of our stakeholders, under the leadership of our management of each company.**
- **We will comply with both the letter and the spirit of the law and promote ethical behavior. We will promote open and fair information disclosure and dialogue.**
- **We will anticipate changes and challenge in order to create new values. Also we will work to ensure the best quality by focusing upon on-site verification and implementing “Kaizen” (continuous improvement).**
- **We will work toward the development of our employees by encouraging communication and teamwork.**

Responsibility to customers

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For customers' trust and satisfaction, we will create "new values".

- Based on our "Customer First" policy, we will develop and provide fascinating, safe products and services of high quality with advanced technology to respond to customers' expectations.
- We will properly manage our intellectual property rights and strive not to infringe others, and protect personal information of customers and everyone else we are engaged in business.

Responsibility to employees

We will respect our employees and provide a work environment that encourages each individual's dynamic work.

- We will maintain and improve a safe and healthy working environment for all our employees.
- We will build and share a sense of "mutual trust and responsibility" with employees through sincere communication and dialogue.
- We will support fair work conditions and employment opportunities to encourage success within a diverse workforce. Also, we will honor human rights and will not tolerate any form of forced or child labor.

Responsibility to shareholders

We will strive to enhance corporate value and encourage dialogue with shareholders.

- We will strive to enhance corporate value while achieving stable and long-term growth.
- We will strive for transparency through timely and fair disclosure and dialogue regarding our operating and financial conditions.

Responsibility to business partners

We will maintain open, fair and transparent dealings.

- Our doors will be open to the world as we pursue fairness in all business transactions.
- We will respect our business partners including suppliers as good partners, and aim for mutual growth based on mutual trust.

Responsibility to international and local communities

We will aim for harmonious growth with society by proactively working toward environment protection and enhancement of security and safety throughout all areas of business activities.

- We will seek an optimal balance between society, such as climate change, biodiversity, and traffic safety, and economy in the way we develop technologies, operate our facilities, and act as individual employees.

We will work toward philanthropic activities that contribute to the harmony and well-being of each regional society in which we conduct business operations.

- We will promote activities aimed at building a better future for each region, both independently and in partnership with community organizations.

We will comply with each country's competition laws and endeavor to maintain sound and fair business operations.

- We will ensure free and fair competition, avoiding involvement in any conduct, such as cartel behavior, which violates any applicable competition laws.
- We will not tolerate collusion and bribery, and will maintain honest and fair relationships with government agencies and public authorities.

III. DENSO Purchasing Policy

- 1. Open-door policy.**
- 2. Growing together based on mutual trust.**
- 3. Promoting "green procurement" to reduce the impact on the environment.**
- 4. Contribution to the local economy.**
- 5. Compliance with regulations and maintenance of confidence.**

IV. Supplier CSR Guidelines

1. Guidelines

(1) Safety and Quality of Products and Services

○ Provide products and services that respond to customer' needs

Develop and provide socially useful products* based on customer' needs.

* Socially useful products: Products that everyone can easily use regardless of age, gender, disability, and products with eco-friendly features, such as energy efficiency, resource sustainability, and environmental protection.

○ Provide proper information on products and services

Provide customers with proper information on their products and services.

○ Ensure the safety of products and services

Produce and provide products and services that comply with the safety laws and regulations in each country and region.

○ Ensure the quality of products and services

Establish and operate the company-wide quality management system.

(2) Human Rights/Labor

○ Non-Discrimination

Do not discriminate on the basis of personal characteristics, as protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, and gender, etc.

* Job applicant, hiring, promotion, compensation, dismissal and/or retirement, job assignment, and discipline, etc

○ Respect and Dignity — Harassment

Do not tolerate any form of harassment in the workplace based upon personal characteristics, as protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, and gender, etc.

○ Prohibition of child labor

Do not use child labor.

The minimum age for employment shall be determined by local applicable laws and regulations.

○ Prohibition of forced labor

Do not use forced labor.

Ensure that all work is voluntary and that employees are free to terminate their employment.

○ Wages

Pay wages in compliance with local applicable laws and regulations, including those relating to minimum wages, overtime hours, deductions, piece work rates, and other elements of compensation.

○ Working hours

Comply with local applicable laws and regulations governing employee' working hours, including overtime work, holidays, annual paid days off, and others.

○ Communicate and consult with employees

Sincerely communicate and consult with employees or their representatives.

○ Safe and healthy working environment

Place the highest priority on safety/health programs and policies at the workplace, so that each employee is able to work without undue concerns, and strive to prevent accidents and injuries from occurring at the workplace.

○ Personnel training

Train employees to help them develop their careers and abilities.

(3) Environment

○ Environmental management

For the promotion of environmental conservation activities, in addition to complying with applicable laws and regulations, establish the company-wide management system and improve it continuously.

○ Reduce greenhouse gas emissions

For the prevention of global warming, strive to manage and reduce greenhouse gas emissions from the business activities, and use energy effectively.

○ Prevent air, water, soil, and other environmental contamination

For the prevention of air, water, soil, and other environmental contamination, in addition to complying with applicable laws and regulations, monitor output continuously and reduce pollutants.

○ Save resources and reduce waste

In addition to complying with applicable laws and regulations for proper disposal, recycle and use resources effectively to reduce waste.

○ Control chemical substances

Carefully control chemical substances that may cause environmental contamination.

Do not provide products containing chemical substances that are prohibited by applicable laws and regulations.

In addition to prohibiting illegal chemical substances in the manufacturing process, monitor emissions and make reports to regulatory agencies as required by applicable laws and regulations.

(4) Legal compliance

○ Compliance with laws

Comply with the applicable laws and regulations of each country and region.

Establish and implement policies, structures, and mechanisms for ensuring and verifying legal compliance, including a code of conduct, a confidential compliance hotline, and related education.

○ Compliance with competition laws

Do not engage in illegal acts regarding the competition laws and regulations of each country and region, including private monopolies, unreasonable restraint of trade (cartels, collusive bidding, etc.), or unfair trade practices.

○ Anti-corruption measures

Comply with applicable laws and regulations concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.

Do not engage in giving or receiving presents, entertainment, or money with customers, suppliers, and other business partners with the intention to acquire or maintain unjust interest or wrongful preferential treatment.

○ Management and protection of confidential information

Obtain personal and confidential information concerning employees, customers, suppliers, and other business partners only by legitimate means. Manage and protect such information in a secure manner, and use the information only within the scope allowed.

○ Export controls

Comply with laws and regulations concerning export controls, thoroughly implement such controls, and establish management confirming whether products, technology, or other exports are subject to regulations.

Prepare and provide documentation of such confirmation.

○ Protection of intellectual property

Continually monitor and protect all intellectual property of the company against any infringement by others. Do not infringe upon the intellectual property of others, illegally use such intellectual property, or make illegal copies of software or publications.

(5) Disclosure of Information to Stakeholders

○ Disclosure of information to stakeholders

Strive to disclose to stakeholders information that is pertinent to them, including financial condition, operating performance, environmental conservation, and corporate citizenship, in a timely and fair manner, and build and maintain positive relationships with stakeholders through open and fair communication.

(6) Risk Management

○ Establish and implement a risk management system

Establish and implement a company-wide system to assess and control the potential risks associated with business activities.

○ Establish a Business Continuity Plan

Set up a Business Continuity Plan (BCP) to enable quick recovery of business activities after a disaster or accident.

(7) Responsible Material Procurement

- Promote the procurement of materials with consideration of their impact on the environment and social problems such as human rights infringement and others.

And take appropriate steps to avoid procurement of materials that can cause social problems (such as conflicts minerals*), or other human rights injustices.

*Minerals originating from the Democratic Republic of the Congo and neighboring countries that have directly or indirectly contributed to the financing of armed groups.

(8) Corporate Citizenship

○ Contribute to local communities

Strive to promote corporate citizenship activities aimed at building a better future for each local community in which business activities are operated.

(9) Develop and deploy Policies and Guidelines for Suppliers

- Strive to deepen and expand CSR initiatives with suppliers by developing and deploying individual CSR policies and guidelines incorporating the guidelines outlined above.
- Promote the above activities in consideration of the whole supply chain and conduct the necessary countermeasures for follow-up and improvement of suppliers.