

Corporate Governance

Basic Stance

DENSO recognizes the establishment of corporate governance as a priority initiative for achieving sustainable long-term increases in corporate performance in a fast-changing global market. Based on its Basic Policies on Corporate Governance, DENSO has adopted a corporate auditor system under which it has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as statutory bodies. In addition to these legal functions, the Company has established various governance-related frameworks. At the same time, the Company shares information and conducts dialogues regarding its business conditions with its shareholders and other investors on an ongoing basis, thereby implementing sound, efficient, and transparent management.

Please see the following URL for Basic Policies on Corporate Governance.

<https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc-corporate-governance-policy-2023-en.pdf>



Efforts to Improve Corporate Governance

DENSO is working to evolve its corporate governance and enhance strategic discussions Companywide to realize sustainable increases in corporate value.

DENSO has implemented all of the principles of the Corporate Governance Code that was revised in June 2021. DENSO discloses in its Corporate Governance Report its sustainability initiatives and efforts to ensure diversity in core personnel.

Going forward, we will continue to implement sound, efficient, and transparent management including through the significant reduction of cross-shareholdings.

Evolution of Corporate Governance Structure

(Fiscal year)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Number of officers*	52	50	51	53	56	28	27	25	23	20	
Number of members of the Board	14	13	13	9	7	8	8	8	8	8	
Number of outside Board members	2	2	2	2	2	3	3	3	3	3 (37.5%)	
Number of female members of the Board						1	1	1	1	1 (12.5%)	
Number of Audit & Supervisory Board members	5	5	5	5	5	4	4	4	4	4	
Number of outside Audit & Supervisory Board members	3	3	3	3	3	2	2	2	2	2 (50.0%)	
Number of female Audit & Supervisory Board members						1	1	1	1	1 (25.0%)	
Basic Policies on Corporate Governance	Formulated in June 2015										
Separation of management and execution	June 2014 <ul style="list-style-type: none"> Separated and clarified the roles between members of the Board, who are responsible for management (decision-making and supervision), and senior executive directors (newly established position) and executive directors, who are responsible for the execution of business operations Appointed outside Board members 					April 2019 <ul style="list-style-type: none"> Changed title of "senior executive director" to "senior executive officer" Changed title of "executive director" to "executive officer" 		January 2021 <ul style="list-style-type: none"> Integrated the positions of executive officer, executive fellow, and senior director into the role of senior director 			
	June 2016 <ul style="list-style-type: none"> Established the Officer Nomination and Compensation Advisory Council, comprising independent outside Board members, as an ad-hoc committee that corresponds to the Nomination Committee and the Compensation Committee 			January 2020 <ul style="list-style-type: none"> Appointed independent outside Board member as the chair of the Officer Nomination and Compensation Advisory Council 		March 2021 <ul style="list-style-type: none"> Changed the name of the Officer Nomination and Compensation Advisory Council to the Executive Nomination and Remuneration Council, adopting a new structure under which independent outside Board members make up the majority and an independent outside Board member serves as chair 					
	April 2017 <ul style="list-style-type: none"> Reduced the number of appointed members of the Board Changed the timing of appointment of officers from the date of the General Meeting of Shareholders in June to April, which is the beginning of the fiscal year 					January 2021 <ul style="list-style-type: none"> Changed the appointment timing of senior executive officers and senior directors to January in conjunction with the changes to our Companywide organization and position structure 					

* Officers: Members of the Board, Audit & Supervisory Board members, the executive vice president, and senior executive officers

Corporate Governance System

Corporate Governance System and Principal Organizations

DENSO has adopted a corporate auditor system under which it has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as statutory bodies. Through an executive vice president and corporate officer system that separates and clarifies the roles between members of the Board, who are responsible for management (decision-making and supervision), and senior executive officers, who are responsible for the execution of business operations, DENSO CORPORATION is streamlining the number of members of the Board and is realizing swift decision-making and business operations.

Under this system, depending on the circumstances, members of the Board serve concurrently as executive vice president and senior executive officer to ensure that the Board maintains an overall balance of knowledge, experience, and ability. DENSO CORPORATION sets the term of office for members of the Board at one year, with the aim of building a flexible management structure that responds to changes in the management environment and further clarifying management responsibility during the business year.

Reason for Selecting Our Current Corporate Governance System

In addition to performing management decision-making that emphasizes *Genchi Genbutsu* (on-site verification), DENSO believes that it is important to build a system that can verify whether management decision-making has met shareholder expectations and whether there is a problem from the point of view of governance. To this end, we believe that the current system to supervise and audit the execution of business duties by the Board of Directors including outside Board members, as well as Audit & Supervisory Board members including outside Audit & Supervisory Board members, is most suitable.

Board of Directors

The Board of Directors resolves matters stipulated by laws and regulations, as well as matters of importance to the Company's decision-making. As much as possible, the Board delegates authority to those in charge of business execution. This approach simultaneously accelerates execution and enables the Board to spend more time deliberating on management policies and strategies.

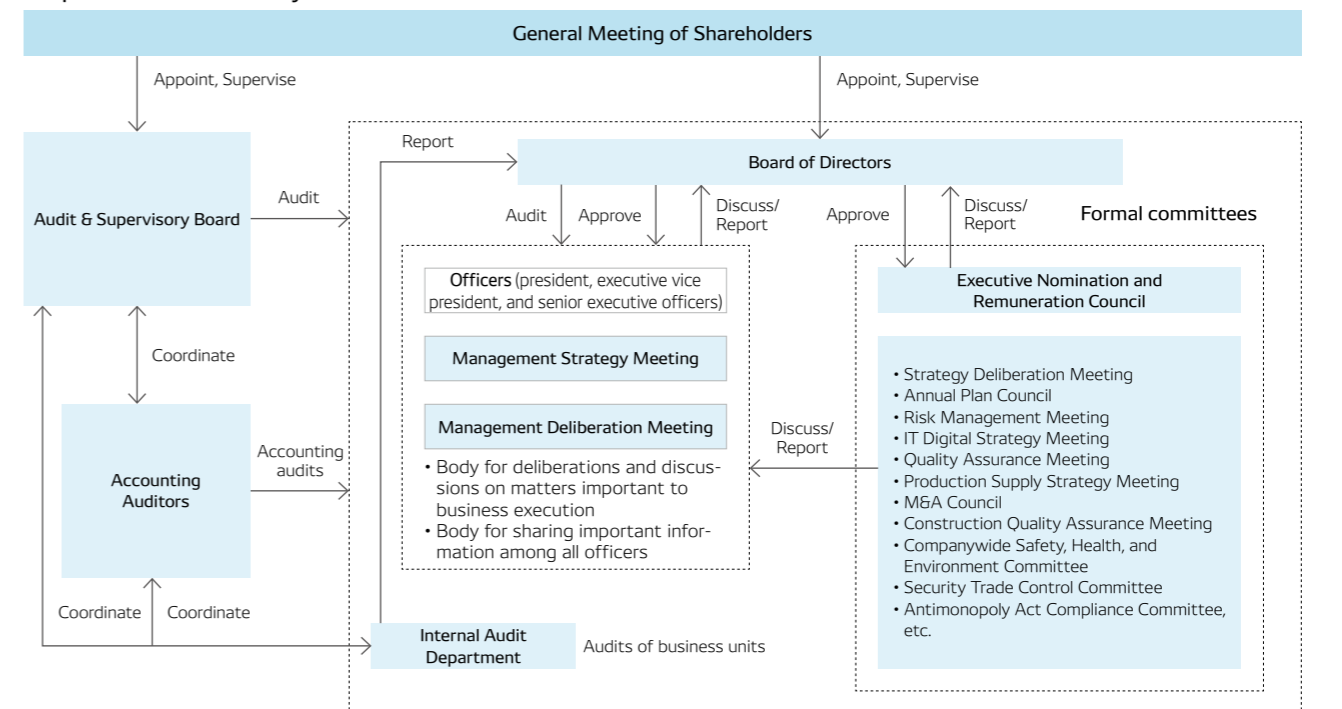
The Board of Directors meets once a month, in principle, and is composed of 12 members: eight members of the Board (including three outside Board members), two standing Audit & Supervisory Board members, and two outside Audit & Supervisory Board members. With respect to the independence of outside Board members and outside Audit & Supervisory Board members, the Company has selected a total of five independent officers (three outside Board members and two outside Audit & Supervisory Board members). These officers must fulfill the independence criteria stipulated by the financial instruments exchanges, and they are required to have a wealth of experience and specializations in such fields as corporate management, legal affairs, and accounting and to actively provide recommendations and opinions on management issues.

Resolutions must be approved by a majority of the members present at a Board of Directors' meeting, and the meeting itself must be attended by a majority of members of the Board. We have been enhancing our support structure for the outside officers to ensure the productive and efficient operation of the Board of Directors when making resolutions. Further, before a Board meeting is convened, detailed prior briefings are provided and opinions and approval are received from any members of the Board who are unable to attend on the day of the Board meeting.

Results of Board Meetings Held in Fiscal 2023

Number of meetings	13
Attendance rate	Members of the Board: 92% Audit & Supervisory Board members: 100%

Corporate Governance System



Specific Topics Discussed at Meetings of the Board of Directors

The main topics discussed and the number of reports submitted for discussion at meetings of the Board of Directors convened in fiscal 2023 are shown in the table below. In fiscal 2023, the Board received and discussed numerous reports on priority topics, namely, strategies over the medium to long term as well as measures in response to the tight situation for semiconductor-related supply and demand.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Board of Directors in Fiscal 2023

Classification	Reports Submitted for Discussion
Management strategy	10
Financial results and financing	8
Governance, risk management, and internal control	7
Human resources	3
Strategies and plans	2
Individual matters	6

Management Oversight Function of the Audit & Supervisory Board

Pursuant with internal regulations, the Internal Audit Department conducts internal audits on the legality, appropriateness, and efficiency of the Company's operations. Based on the issues identified by these audits, each department of the Company establishes and subsequently enhances operational control and management systems.

As well as attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board members convene meetings of the Audit & Supervisory Board once a month, in principle. The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are outside Audit & Supervisory Board members. In addition, one alternate outside Audit & Supervisory Board member is appointed to provide against eventualities whereby attendance of the legally required number of Audit & Supervisory Board members is not possible.

At meetings of the Audit & Supervisory Board, resolutions on legally required matters are approved and exchanges of opinions are held with members of the Board, members of the senior management team, members of the Internal Audit Department, and Accounting Auditors regarding the Company's sustained growth and the medium- to long-term enhancement of corporate value. Also, the Audit & Supervisory Board fulfills its management oversight function through audits of the execution of duties by members of the Board and of the operations and financial position of the Group as a whole.

Overview of Deliberating Bodies on Business Execution

	Deliberating Bodies	
	Management Strategy Meeting	Management Deliberation Meeting
Chairperson	President	President
Composition	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members
Purpose	Hold strategic discussions from a medium- to long-term perspective, focused on businesses, functions, and regions	Deliberate on important items related to the Company's overall management, starting with the agenda items at meetings of the Board of Directors. In addition, sharing important information regarding business management and promptly utilizing such information to facilitate swift business execution
Number of meetings held in fiscal 2023	46	43

Results of Audit & Supervisory Board Meetings Held in Fiscal 2023

Number of meetings	14
Attendance rate	100%

Specific Topics Discussed at Meetings of the Audit & Supervisory Board

In fiscal 2023, Audit & Supervisory Board meetings included numerous discussions and reports on priority topics, namely, the appropriateness of the Company's management direction and stance and enhancement of organizational governance.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Audit & Supervisory Board in Fiscal 2023

Classification	Reports Submitted for Discussion
Accounting audit	10
Corporate management	10
Execution of duties by senior executive officers	10
Auditing policy and plan	5
Individual matters	9

Support Structure for Outside Officers

When holding Board meetings, we provide outside Board members and outside Audit & Supervisory Board members with explanations on important agenda items before the meetings with the aim of ensuring access to information between the inside and outside officers and maximizing the performance of our outside officers. In this way, we make concerted efforts to ensure the efficient operation of Board meetings. Furthermore, we conduct on-site visits to deepen outside officers' understanding of operations. In conjunction with these efforts, we enhance discussions on medium- to long-term strategies by including outside officers in the Executive Workshop.

In addition, we have established the Audit & Supervisory Board Office as an organization dedicated to supporting the Audit & Supervisory Board members in conducting their duties. The office reports the condition of audits at meetings of the Audit & Supervisory Board. We also hold meetings between the Audit & Supervisory Board members and the outside Board members to exchange opinions, in addition to regular meetings of the Independent Officer Meeting. Through these means, we



Visit to a manufacturing site by outside Board members

are striving to actively provide information to our outside officers as well as invigorate communication between them.

Structure for Business Execution

DENSO CORPORATION separates the functions of the Board of Directors, which conducts management oversight, and the executive directors, who handle business execution.

As bodies for deliberating important matters pertaining to business execution, the Company has established the Management Strategy Meeting and the Management Deliberation Meeting. These two bodies, together with the Board of Directors, are positioned as executive committees.

Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

DENSO has all members of the Board participate in a survey aimed at evaluating the operation of the Board of Directors, the agenda items discussed, the process for approving resolutions, and support for outside officers. With a view to obtaining the frank opinions of members of the Board regarding issues and areas requiring improvement, interviews with inside officers are held, and outside officers discuss these matters at the Independent Officer Meeting.

Issues and areas identified as requiring improvement are reported to the Board of Directors and incorporated into a plan-do-check-act (PDCA) cycle for planning and implementing improvement activities. This process helps enhance the effectiveness of the Board of Directors.

Review of Initiatives in Fiscal 2023

Thanks to the initiatives shown in the table below, the results of the survey, interviews, and discussions confirmed that in fiscal 2023 the Board of Directors was even more effective than in the previous fiscal year, improving in terms of eliminating the information gap between inside and outside officers and deepening discussions on strategies.

Fiscal 2022 Issues	Results of Fiscal 2023 Initiatives
Support for outside officers • Eliminate information gap with inside officers	• Disclosed information about important matters in a timely manner • Supported efforts to fully understand businesses by organizing visits to domestic Group companies
Oversight by the Board of Directors • Enhance ideas for improving corporate value • Deepen strategic discussions	• Put strategic discussions on agenda for Board of Directors' meetings • Established opportunities for discussions outside of Board meetings (Executive Workshop)
Dialogue with stakeholders • Increase discussion and reporting from the perspective of stakeholders	• Reported on the status of dialogue with stakeholders

Issues and Improvement Measures for Fiscal 2024

DENSO aims to improve the effectiveness of the Board of Directors by implementing improvement measures for the following issues in fiscal 2024.

Fiscal 2023 Issues	Fiscal 2024 Measures for Improvement
Discussion of strategies • Enhance discussion of strategies by individually deliberating on investments	• Submit strategy-related agenda items in a planned manner to the Board for discussion • Delegate authority to consolidate the Board's agenda items and facilitate transition to discussion of strategies • Utilize opportunities outside of Board meetings to deepen discussion of strategies
Support for outside officers • Increase opportunities for on-site visits	• Support efforts to fully understand businesses through more on-site visits related to discussion of strategies • Arrange opportunities for communication with employees and officers other than members of the Board
Operation of the Board of Directors • Have various personnel explain agenda items	• Deepen discussions by enhancing explanations of agenda items
Dialogue with stakeholders • Eliminate information gap between inside and outside officers	• Report comprehensively on dialogue with stakeholders

Schedule and Process for Analysis and Evaluation of the Effectiveness of the Board of Directors

Early March	Quantitative evaluation through a questionnaire survey of all members of the Board
Late March to April	Individual interviews (inside officers) and discussions at the Independent Officer Meeting (outside officers) based on the results of the survey
Early May	Reporting and discussion on the results of the Board effectiveness evaluation and improvement action plans at the Board meeting
Late May onward	Implementation of improvement activities to enhance effectiveness

Evaluation Items of the Survey for Evaluation of the Effectiveness of the Board of Directors

1. Composition and operation of the Board (composition of members, delegation of authority, and uninhibited and lively discussion)
2. Support for outside officers (prior briefing, provision of information, and exchange of opinions and interaction)
3. Oversight by the Board (management philosophy, medium- to long-term strategies, governance, important risks)
4. Dialogue with stakeholders (status of dialogue with stakeholders and discussion from the perspective of stakeholders)

Requirements for Members of the Board and Audit & Supervisory Board Members and Our Approach to Diversity

In appointing members of the Board and Audit & Supervisory Board members, the Company facilitates appropriate, timely decision-making by emphasizing diversity in terms of age, gender, and nationality and by seeking a balanced composition in terms of experience, ability, and specializations.

DENSO has set out 11 types of experience and specializations to ensure that the Company has the experience and specializations required to realize its Long-term Policy for 2030 and to underpin stable corporate management. The experience and specializations of the Board of Directors as a whole are disclosed in the form of a skill matrix.

Long-term Policy for 2030 Bringing hope for the future for our planet, society, and all people

Experience and Specializations Required to Realize DENSO's Long-term Policy for 2030

- Corporate management experience that enables anticipation of the future in uncertain and ambiguous times and the provision of recommendations on the course that the Company should pursue
- Environment/energy and software/digital experience and specializations that enable maximization of the value of "green" and "peace of mind" as well as social contributions, including initiatives focused on realizing carbon neutrality and eliminating traffic accident fatalities
- Marketing experience and specializations that enable correct understanding of market trends as well as social needs and expectations, which help in addressing not only mobility-related issues but a wide range of other social issues

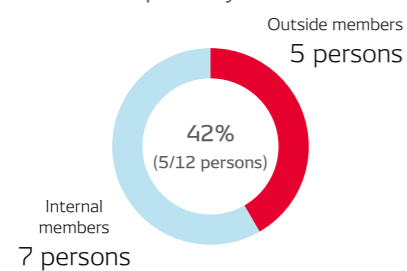
Experience and Specializations Required to Underpin Stable Corporate Management

- Governance, global, finance/accounting, human resources, technological development, production/quality, and sales/procurement experience and specializations that serve as foundations for DENSO's sustained growth, regardless of the era or environment

Skill Matrix [P.113](#)

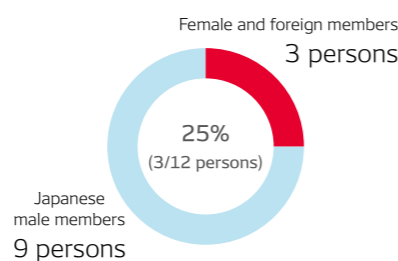
Diversity of the Board of Directors and the Audit & Supervisory Board

Ratio of Outside Members to the Board of Directors and the Audit & Supervisory Board

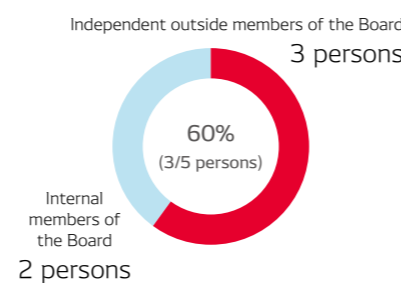


Note: Ratio of independent outside members to the Board of Directors: 38% (3/8 persons)

Diversity of the Board of Directors and the Audit & Supervisory Board



Composition of the Executive Nomination and Remuneration Council



Note: The Executive Nomination and Remuneration Council is chaired by an independent outside member of the Board

Procedures for the Appointment of Members of the Board and Audit & Supervisory Board Members

Procedures	1	• The president and relevant members of the Board listen to opinions based on various perspectives and select suitable candidates to serve as a member of the Board of Directors, comprehensively taking into account their background, personality, insight, and other factors. The Executive Nomination and Remuneration Council, which is chaired by an independent outside Board member and also has a majority of independent outside Board members serving as its members, then holds debate on these candidates and lists the candidates for selection for the current fiscal year.
	2	• Members of the Board are selected based on an informal resolution by the Board of Directors and deliberation at the General Meeting of Shareholders. • Audit & Supervisory Board members are selected based on an informal resolution by the Board of Directors and deliberation at the General Meeting of Shareholders, with the consent of the Audit & Supervisory Board.

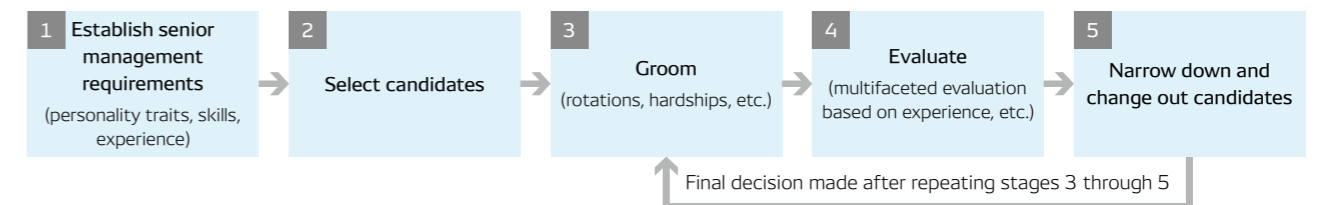
Senior Management Succession Plan

DENSO regards president & CEO succession planning as one of its most important management tasks. The Executive Nomination and Remuneration Council, of which a majority of the members and the chair are independent outside Board members, leads the search for the next president based on a highly objective and transparent process.

The Executive Nomination and Remuneration Council establishes requirements that reflect the type of senior management sought by DENSO. In searching for an optimal successor, the

council conducts ongoing discussions based on a diverse range of information concerning the candidates. Such information is obtained from parties inside and outside the Company and includes past achievements, employment histories, character evaluations, and assessments of suitability for management positions. In addition, for CxO positions and below, DENSO identifies candidates for the succession of key core management posts inside and outside Japan and grooms these candidates from medium- and long-term perspectives.

Succession Planning Process



Senior Management Requirements

Personality traits	<ul style="list-style-type: none"> • Integrity, strong sense of ethics • Impartiality, highly trustworthy, and popular • Positive attitude toward taking on new challenges • Strong sense of responsibility, courage • Physical and mental toughness
Skills	<ul style="list-style-type: none"> • Decisiveness to forge ahead with reforms, sound judgment • Leadership that builds global networks and mobilizes the organization as a team • Ability to anticipate change and build strategies that form a vision for the Company

Composition of the Executive Nomination and Remuneration Council

Chair	Shigeki Kushida	Independent Outside Board Member
Members	Koji Arima	Chairman & CEO, Representative Member of the Board
	Shinnosuke Hayashi	President & COO, Representative Member of the Board
	Yuko Mitsuya	Independent Outside Board Member
	Joseph P. Schmelzeis, Jr.	Independent Outside Board Member

Activities of the Executive Nomination and Remuneration Council

In fiscal 2023, president & CEO succession planning was the most important topic, and discussions were held throughout the year on the evaluation of presidential candidates as well as the timing and method of replacement. To conduct in-depth discussions with each member of the council and reflect objective and multifaceted opinions in decision-making, seven one-on-one discussions with outside Board members were held. In addition, the council formally held three general discussions at significant junctures, with all members attending each meeting. The main topics discussed by the council are as follows.

First meeting:	Fiscal 2022 performance evaluation and remuneration of individual officers, revision of officer remuneration system, and June 2022 officer personnel changes
Second meeting:	January 2023 officer personnel changes and president & CEO succession planning
Third meeting:	President & CEO succession planning, officer personnel changes attendant on the June 2023 General Meeting of Shareholders, and structure of the Executive Nomination and Remuneration Council

Outside Board Members and Outside Audit & Supervisory Board Members

Classification	Name	Main Activities and Duties Performed in Relation to Expected Roles
Outside Board Members	Shigeki Kushida	Shigeki Kushida attended 13 out of 13 meetings of the Board of Directors convened in fiscal 2023. At these meetings, he made statements and conducted supervision regarding the Company's overall business management based on his experience at the Bank of Japan and extensive knowledge of the global monetary economy. As the chair of the Executive Nomination and Remuneration Council, Mr. Kushida wrapped up deliberations on the revision of the officer system and on succession planning.
	Yuko Mitsuya	Yuko Mitsuya attended 13 out of 13 meetings of the Board of Directors convened in fiscal 2023. At these meetings, she made statements and conducted supervision regarding the Company's overall business management based on her wealth of experience in diverse fields, which includes many years of experience in the management of companies and institutions and experience as a director or a committee member of various sports associations.
	Joseph P. Schmelzeis, Jr.	After his appointment on June 21, 2022, Joseph P. Schmelzeis, Jr. attended 10 out of 10 meetings of the Board of Directors convened in fiscal 2023. At these meetings, he supervised the overall business management of the Company, drawing on his extensive experience in business management and strategic consulting as well as knowledge of geopolitics based on his experience as a senior advisor to the U.S. ambassador in Japan.
Outside Audit & Supervisory Board Members	Yasuko Gotoh	Yasuko Gotoh attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Board convened in fiscal 2023. At these meetings, she made statements on the Company's overall business management based on her wealth of experience and deep insight in relation to government agencies and the private sector.
	Haruo Kitamura	Haruo Kitamura attended 13 out of 13 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Board convened in fiscal 2023. At these meetings, he made statements on the Company's overall business management based on his professional view as a certified public accountant and as a management consultant.

Note: All five outside members are independent officers.

Criteria for Judging the Independence of Outside Board Members and Outside Audit & Supervisory Board Members

With respect to the independence of outside Board members and outside Audit & Supervisory Board members, assuming that they fulfill the independence criteria stipulated by the Financial Instruments and Exchange Act, they must possess a wealth of experience and knowledge in specialized areas such as

corporate management, law, accounting, and finance and are required to be able to proactively make proposals, suggestions, and give opinions about management issues. The Company declares that the five outside officers who meet the qualifications for independent member of the Board and Audit & Supervisory Board member are independent officers.

Executive Compensation

Basic Policy

- Achieve medium- to long-term enhancement of corporate value and management from the perspective of shareholders
- Incentivize eligible members of the Board to enhance business performance by linking the Company's performance with individual performance

Composition of Remuneration

The compensation system for members of the Board (excluding non-executive members of the Board and outside Board members) at DENSO consists of basic compensation as fixed compensation, as well as bonuses and share-based compensation as performance-linked compensation. An overview of each compensation system and the ratio of compensation by position for basic compensation amounts are as detailed in the table below. However, note that these ratios may vary depending on fluctuation in performance-linked compensation amounts, which are based on the achievement of corporate earnings for the fiscal year. Compensation for non-executive members of the Board and outside Board members consists of only basic compensation (fixed amount) from the standpoint of ensuring impartiality. Compensation for Audit & Supervisory Board members also comprises only basic compensation (fixed amount), in light of their roles and responsibilities as auditors in charge of compliance audits.

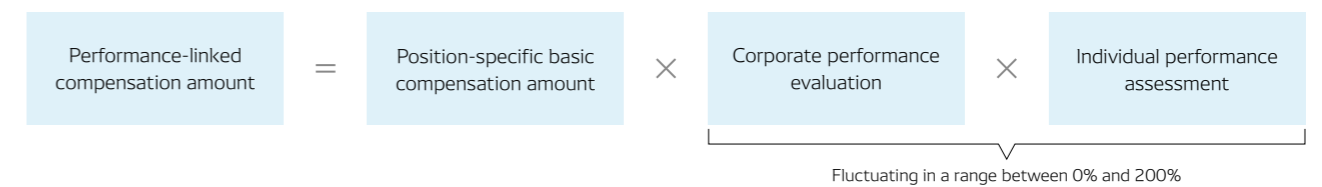
Type of Compensation	Overview	Ratio			
		Chairman, President	Executive Vice President	Members of the Board and Senior Executive Officers	
Fixed compensation	Basic compensation (fixed amount)	• Paid as monthly fixed compensation based on position	40%	45%	50%
Performance-linked compensation	Bonus (short-term incentive)	• Paid at a certain time each fiscal year after the conclusion of the General Meeting of Shareholders	30%	30%	30%
	Share-based compensation (medium- to long-term incentives)	• Payment amount calculated based on corporate earnings indicators (consolidated operating profit, ROIC, sustainability score) and individual performance evaluation results	30%	25%	20%

Compensation Levels

The level of compensation for members of the Board and Audit & Supervisory Board members is set at the median level for comparable companies while also referencing levels at major manufacturers of similar scale in similar sectors and business models as DENSO, based on board member compensation survey data compiled by external research institutions each year.

Method for Calculating Performance-Linked Compensation

To establish linkage with corporate performance and to incentivize members of the Board to enhance corporate performance and sustain growth, a performance-linked compensation amount is calculated by reflecting a corporate performance evaluation and an individual performance assessment—which is based on an evaluation of the business results and achievements of the individual and their medium- to long-term initiatives—in a position-specific basic compensation amount. Depending on corporate performance and individual performance, the performance-linked compensation amount fluctuates in a range that is between 0% and 200% of the basic compensation amount.



Corporate Performance Evaluation Indicators

Connected with corporate strategies that are aimed at enhancing DENSO's corporate value, corporate performance evaluation indicators comprise consolidated operating profit, ROIC, and sustainability score. The fiscal 2023 score weighting and evaluation method for each evaluation indicator are shown below. Further, targets for each fiscal year, the basis of these evaluations, are set each year based on medium- to long-term objectives.

Indicator	Score Weighting	Evaluation Method	Fiscal 2023 Results
Consolidated operating profit	70%	Evaluation based on degree of achievement of fiscal year targets	¥426.1 billion
ROIC	20%	Evaluation based on degree of achievement of fiscal year targets	6.1%
Sustainability score	10%	Evaluation based on overall achievement of fiscal year targets for addressing the following priority issues in the Company's sustainability management Priority issues: (1) Workplace safety, (2) quality, (3) total CO ₂ emissions, (4) information security, (5) employee engagement, (6) expansion of "green" and "peace of mind" products, (7) local personnel serving as heads of overseas bases, and (8) number of female managers	5 out of 8 issues addressed

Share-Based Compensation

Share-based compensation is paid in the form of restricted shares, and the restriction on transfer is removed when the officer retires, in principle. During the period of restriction on transfer, in the event of a violation of laws and regulations by the officer or for other reasons determined by the Company's Board of Directors, the Company shall acquire all allotted shares without providing compensation.

Method for Determining Compensation

DENSO has established the Executive Nomination and Remuneration Council, of which a majority of the members and the chair are independent outside Board members, in order to ensure impartiality, fairness, and transparency in Board member compensation.

The Board of Directors has passed a resolution on the total amount of compensation for fiscal 2023, which is within the scope of compensation established by a resolution of the General Meeting of Shareholders. The Board has also passed a resolution to entrust decisions on individual compensation amounts to the Executive Nomination and Remuneration Council. This council determines individual compensation based on consideration of the officer compensation system, corporate performance, the responsibilities and achievements of the member of the Board, and conformance with the Board-approved policy on determining compensation.

Compensation for Audit & Supervisory Board members is determined through a consensus of members and set within the total amount approved by resolution at the General Meeting of Shareholders.

Total Amount of Compensation by Board Member Classification, Total Amount of Each Type of Compensation, and Number of Eligible Board Members

Board member classification	Total amount of compensation (¥ million)	Total amount of each type of compensation (¥ million)			Number of eligible Board members
		Fixed compensation	Performance-linked compensation		
		Basic compensation	Bonus	Share-based compensation	
Members of the Board (Outside Board members)	501 (49)	267 (49)	132 (—)	102 / 12,400 shares (—)	9 (4)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	119 (26)	119 (26)	— (—)	— (—)	4 (2)
Total	620	386	132	102 / 12,400 shares	13

Notes: 1. The figures above include Member of the Board George Olcott, who retired as of the conclusion of the 99th Ordinary General Meeting of Shareholders held on June 21, 2022.
2. Performance-linked compensation is the amount based on a resolution adopted at the Board of Directors' meeting held on May 15, 2023.
3. For share-based compensation, the number of shares granted is calculated by dividing the amount of compensation approved by resolution of the Board of Directors' meeting held on May 15, 2023, by the closing price on the day before the adoption of this resolution.

Strategic Shareholdings

Basic Stance

DENSO actively reduces low-earning assets and has a basic policy of not owning strategic shareholdings unless ownership of them is deemed rational. Further, to maintain and improve corporate value over the long term, it is essential that we collaborate with outside parties, including promoting joint technological development with various other companies and maintaining and strengthening relationships with business partners. To that end, we hold the minimum number of strategic shareholdings necessary for our business strategies.

Verification of the Rationality and Appropriateness of Ownership

With the fiscal year-end as the date of record, the appropriateness of owning each issue is comprehensively analyzed in light of qualitative and quantitative criteria and is verified annually by the Board of Directors. If ownership is no longer deemed rational due to such factors as the ending of a joint development project, the Company proceeds with disposal after providing a full explanation to the investee company.

In fiscal 2023, given the results of verification conducted at a meeting of the Board of Directors convened in May 2022, the Company entirely disposed of three specified issues and partially disposed of four issues (disposal amount of ¥44.2 billion).

Criteria	Criteria Description
Qualitative criteria	Whether there is management significance in holding the issue, including in terms of promoting joint development and strengthening business collaboration
Quantitative criteria	Whether the return on holding the issue (dividends, increased share prices, relevant business profit, etc.) is greater than the Company's weighted average cost of capital

Standard for Exercising Voting Rights

DENSO believes that its investee companies should engage in management that emphasizes improving shareholder returns over the medium to long term, rather than pursuing shareholder returns only in the short term. Giving first and foremost priority to investee companies that contribute to our profits, we exercise voting rights in an effort to help investee companies realize sustained improvement in their corporate value.

We comprehensively consider the merits of each item under examination regarding the exercising of votes based on our established internal rules. When necessary, we hold dialogues with our investee companies regarding the content of our proposals.

Shares Held for Purposes Other Than Pure Investment (from securities filings)

	Number of stocks		Stocks for which the number of shares increased during the fiscal year under review	Stocks for which the number of shares decreased during the fiscal year under review
	Balance sheet amounts			
Unlisted shares	81 stocks	¥54,886 million (year-on-year change: +¥17,482 million)	3 stocks ¥18,028 million	1 stock ¥111 million
Shares other than unlisted shares	20 stocks	¥656,011 million (year-on-year change: -¥5,939 million)	—	7 stocks ¥44,235 million

Note: The increase in stocks for which the number of shares rose is due to the acquisition of shares necessary for business strategies toward realizing the Group's sustainable growth.

Relationship with Major Shareholders

As with other general transactions, the terms and conditions of individual transactions with major shareholders are determined through negotiations after the presentation of a suggested price that is based on due consideration of market value. If price revisions are significant, depending on the amount, deliberations are conducted and internal approval procedures are implemented in accordance with regulations on operational decisions.

Relationship with Toyota Motor Corporation

DENSO provides products and systems to Toyota Motor Corporation and many other types of manufacturers around the world. While analyzing the technological characteristics and local conditions in each region of the world and meeting exacting market requirements, the Company refines its leading-edge technologies and manufacturing capabilities and then utilizes them to realize enhanced products and systems for the next generation.

At the same time, the Company is strengthening collaboration with other Toyota Group companies to create synergies within the Toyota Group. By combining Toyota Motor's insights

with respect to mobility with Toyota Group companies' insights regarding products and systems, the Company will promote efficient and expedited R&D and manufacturing. The Company is advancing collaboration in a wide range of fields. Specific examples include the 2019 establishment of BluE Nexus Corporation as a joint venture with AISIN CORPORATION to develop and market drive modules for vehicle electrification and the Company's 2020 assumption of Toyota Motor's electronic components business and Hirose Plant.

In addition, one of the Company's members of the Board, Akio Toyoda, is a prominent leader in the automotive industry and a driving force behind the creation of a next-generation mobility society, serving as chairman of the Board of Directors (representative director) of Toyota Motor Corporation, one of our principal shareholders, and as chairman of the Japan Automobile Manufacturers Association, Inc. In 2019, he was appointed as a member of the Board so that he could provide the Company with a wide range of advice and recommendations on its business management as well as supervise overall business management from a broad perspective that encompasses the entire automotive industry.

Establishing and Strengthening Internal Controls

With the aim of fair and efficient business operations, the Company formulated the DENSO Basic Policies for Internal Control. We have stipulated basic policies for control, various rules, and systems in areas that form the basis of our management such as the Code of Conduct, management systems, risk management, and compliance. We make revisions and changes when necessary after undertaking regularly scheduled annual verifications of the status of implementation.

Please see the following URL for DENSO Basic Policies for Internal Control.
<https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc-internal-control-policy-2023-en.pdf>



Internal Reporting System

In accordance with the circumstances in each region of operation, the DENSO Group has set up internal reporting systems at its regional headquarters and each business site. These systems allow employees to report their concerns and receive consultation on matters related to legal and regulatory violations via email, telephone, written correspondence, or face-to-face interaction.

For example, at DENSO CORPORATION, we have established a Business Ethics Hotline in accordance with Japan's Whistleblower Protection Act that allows anonymous reporting; is independent from the normal chain of command; and is administered by outside attorneys and the Business Ethics Hotline Secretariat. This hotline can be used by all persons working at DENSO CORPORATION and domestic Group companies, including employees, temporary employees, and employees contracted from other companies, in addition to suppliers. In fiscal 2023, the hotline received 107 reports and consultations regarding matters such as employment, labor, work environment, information management, business transactions, and accounting, all of which were addressed appropriately after staff investigated the situation and confirmed the facts.

Number of reports and consultations received (Group companies)	Fiscal 2021	Fiscal 2022	Fiscal 2023
	74 (24)	103 (44)	107 (46)

Dialogue with the Outside Board Members

Surviving in a Changing Business Environment by Developing Management and Corporate Governance

Having formulated “Reborn21” and the Mid-term Policy for 2025, DENSO transitioned to a new management system in June 2023. We invited our three outside Board members, who were deeply involved in selecting the new president & COO, to discuss candidly the significance of the new management system as well as the progress made and the tasks that lie ahead regarding DENSO’s corporate governance and sustainability management.



Joseph P. Schmelzeis, Jr.

Outside Board Member

After serving in such positions as corporate director at SEGA SAMMY HOLDINGS INC. and senior advisor to the ambassador at the U.S. Embassy in Tokyo, Mr. Schmelzeis currently works as executive manager at Cedarfield Godo Kaisha. He was appointed as outside Board member of DENSO in 2022.

Shigeki Kushida

Outside Board Member

Mr. Kushida has been serving as an outside Board member at the Company since 2019. He also serves as president and representative executive officer at Japan Securities Finance Co., Ltd., and has experience working at the Bank of Japan.

Yuko Mitsuya

Outside Board Member

Ms. Mitsuya has been serving as an outside Board member at the Company since 2019. She also serves as representative director of SORA Corporation and has a long history in the sports world.

Balanced Responses to a Changing Environment and Medium- to Long-term Tasks

Kushida Although the past several years have seen the emergence of the COVID-19 pandemic and a range of other issues, DENSO’s business management has minimized their impact on businesses and governance. During this period, the Board of Directors has placed more emphasis on discussing medium- to long-term strategies such as CO₂ emissions reduction and vehicle electrification. This long-term approach is characteristic of the automotive industry, where model changes take several years to accomplish. I believe that the strategies set out in the Long-term Policy for 2030 and the Mid-term Policy for 2025 are appropriate overall.

Schmelzeis Supply disruptions accompanying the COVID-19 pandemic and recent geopolitical tensions have again highlighted the negative effects of dependence on specific countries and regions. DENSO’s investment strategy shows the senior management team’s awareness of the urgent need to ensure supply chain resilience.

Mitsuya The quality issues that coincided with the COVID-19 pandemic were a major event that put DENSO’s real worth to the test. In dealing with a situation that shook the foundations of business management, president & CEO at the time Koji Arima (currently chairman & CEO and representative member of the Board) showed superb leadership. As well as swiftly launching the DENSO Revolution Plan “Reborn21,” the senior management team demonstrated its commitment to reform through the leadership of the chief corporate revolution officer. In addition, a series of rigorous in-house discussions were held with the aim of creating a more open organization. The dramatically improved quality and risk management that resulted from these initiatives was the driving force behind subsequent Companywide efforts that overcame a global semiconductor shortage to achieve record profits in fiscal 2023.

DENSO is investing a significant amount of money in R&D in the connected, autonomous, shared & service, and electric (CASE) vehicles field. The difficulty here is that the funds for such R&D are being generated through the earnings from internal combustion engine products, a field that is projected to shrink. I feel that DENSO’s approach of steadily shifting to growth fields while being attentive to the feelings of employees engaged in shrinking businesses is extremely well-balanced.

Management That Values People

Kushida Among the many aspects of human capital-focused management, heightening employee engagement is one of the most important considerations. To increase the number of employees who take steps based on ownership of management issues and are sympathetic to the Company’s value creation approach, a willingness to actively convey management thinking to employees is essential. DENSO’s senior management team takes considerable pains to ensure that employees are kept fully informed, with “Reborn21” being a good example of such efforts.



Another important factor related to employee engagement is enhancement of workplace environments. In this regard, even though the COVID-19 pandemic has been contained, DENSO is continuing to promote telecommuting and various other workstyles. We believe that, over time, such initiatives will enable the realization of human capital-focused management.

Schmelzeis The expertise of personnel is the key to portfolio transformation. Fully aware of this, the executive side is advancing appropriate measures, which include reskilling engineers and stepping up mid-career hiring.

In new business fields, DENSO is likely to face fierce competition from global IT giants. The advantages they lack but which DENSO enjoys are a legacy of continuous support for safe, reliable mobility as well as the trust and reputation that have been established over many years not only in the Toyota Group but with various other automakers and industries in Japan and overseas. I believe these strengths provide the foundations for collaboration with external parties and cannot be easily replicated by other companies.

Mitsuya As well as the details of numerical trends, discussions on human resources are the most important focus at Board meetings. In our roles as outside Board members, we are actively encouraging transformation of the Company’s business portfolio. Meanwhile, the executive side is de-emphasizing and discontinuing internal combustion engine products in a way that maximizes the value that the shrinking businesses create for society as a whole going forward. The executive side is providing in-depth explanations to employees and customers affected by the downsizing of existing businesses. Such efforts are a testament to the senior management team’s attitude, which has contributed to high levels of loyalty and compliance awareness among DENSO employees.

Schmelzeis From an American perspective, DENSO’s efforts to take into consideration the impact on customers when transforming its business portfolio is slightly surprising. Nonetheless, I am sure the Company’s attitude has been instrumental in sustaining the DENSO brand.



New Leadership for Change under “Team Hayashi”

Kushida In June 2023, Koji Arima, who served as president for eight years, assumed the position of chairman & CEO, while Shinnosuke Hayashi became president & COO. In preparation for this change of presidents, we established a succession plan more than three years ago and selected the next president based on a series of deliberations at the Executive Nomination and Remuneration Council. The council’s five members included then-president & CEO Koji Arima and three outside Board members, who constituted a majority. As chair, I focused on ensuring that the most suitable person for the position of president was selected based on fair criteria and an appropriate process.

Specifically, we conducted an evaluation based on the attributes required of the senior management team’s leader, which comprised the five personality traits of integrity, reliability, resilience, accountability, and positivity and the three skills of decisiveness, strategy formulation capabilities, and leadership. Then, we interviewed candidates and discussed our impressions of them with reference to in-house opinions. As a result, we decided to appoint Shinnosuke Hayashi as the new leader.

The strengths of the new president include his expertise with respect to software and digital technologies. I look forward to seeing him combine this competence with his knowledge of in-house hardware and mechanical parts to build a new corporate profile for DENSO. As he has both firm convictions and the ability to unite and mobilize the organization, I think the appointment was excellent.

Mitsuya The establishment of the succession plan resulted from the strong desire of the former president, Koji Arima, to foster his own successor. The selection process could hardly have been more methodical and procedurally correct.

The new appointments have formed “Team Hayashi,” which is led by the new president, Shinnosuke Hayashi, and supported by the chairman, Koji Arima, and the executive vice president, Yasushi Matsui. When a huge company like DENSO seeks business transformation on a global scale, appointing a leader who has insight into the growth fields that are the focus of such transformation and enabling everyone to support him makes sense. Through the

selection process, I have come to know many of DENSO’s talented personnel and furthered my understanding of the Company.

Schmelzeis I have very high expectations of the new senior management team. First of all, the new president has a wealth of experience in developing automotive software and is someone who can take the next step forward with confidence. Moreover, he has adequate support.

In particular, the retention of Koji Arima through his appointment as chairman is a big plus for the Company’s business management. In the course of a long career, he has become thoroughly conversant with each business field and acquired a wealth of overseas experience. Moreover, he has well established relationships with the senior management teams of automakers and holds a key industry position as chairman of the Japan Auto Parts Industries Association. He will be able to pass on lessons learned to the new president by sharing with him the successes and failures of decisions made during his eight-year tenure as president.

In addition, Yasushi Matsui, who is the chief financial officer as well as the executive vice president, combines an aptitude for figures with an understanding of how to achieve a balance among businesses that maximizes profits. These attributes make him ideally suited to managing and transforming DENSO’s business portfolio. By working together, these three individuals are sure to form a powerful team.

Mitsuya The new president is approachable and has the magnanimity to accept whatever is said to him. With the addition of supplementary explanations from financial expert Yasushi Matsui, I think discussions at meetings of the Board of Directors have become more readily understandable and lively.

Kushida The new president is able both to take on board feedback from junior employees and see things on a large scale and from a broad perspective. This ability probably stems from his inherent openness and people skills as well as his experience in integrating multiple business divisions to align them with electronics technologies. I also think the relationships between the three members of the new senior management team are ideal.

Toward More Effective Operation of Board Meetings

Kushida As it aims to separate management and execution, DENSO’s governance policy is consistent with the spirit of Japan’s Corporate Governance Code. Although DENSO has a Company with an Audit & Supervisory Board institutional design, the Company’s establishment of the Executive Nomination and Remuneration Council and other governance measures has reached a level that makes DENSO comparable to a Company with a Nominating Committee institutional design. Another step forward is the clear separation of roles that has been achieved by appointing a chairman who chairs the Board of Directors and a president who leads the executive side. That said, I think we

need further innovations to narrow down the number of agenda items discussed at Board meetings.

Given the volatility of the current environment, we would like to devote more time to discussions on big-picture strategies that focus on the business portfolio and overall market trends, but doing so can be challenging because the agenda items that a Board resolution can approve are stipulated by the Companies Act of Japan. At present, time tends to be taken up with approving resolutions on small individual agenda items. On the other hand, when formulating major medium- to long-term strategies, bottom-up discussions tend to be held within the Company first, resulting in drafts that are close to completion. This approach may be due to an open corporate culture. However, I think the Board should begin discussions at an earlier stage, communicate overall strategy to divisions, and then receive feedback from them.

Schmelzeis I have only been participating in the meetings of DENSO’s Board for a year. Looking back over the past year, while the scope of individual agenda items has certainly varied, I feel that we have been able to have discussions about overall strategies. Our discussions have been unreserved and very lively. By maintaining an external viewpoint and calling attention to issues as appropriate, we help the Board function well and fulfill our roles as outside Board members. Under the new senior management team, such positive features of Board meetings are likely to become even more pronounced.

Personally, I hope that we can involve overseas personnel in discussions to a greater extent. Feedback from frontline operations will invigorate Board discussions and further heighten employee morale.

Mitsuya The Board’s consistently in-depth follow-ups with respect to past investments deserve praise.

However, with a view to better operation of Board meetings, I would like to see more effective utilization of prior briefings. Using up the limited time available for Board meetings with explanations of the complicated backgrounds of individual agenda items is a waste of time. Devising ways to separate prior briefings from Board meetings would enable broader-based discussions at the Board meetings.

Toward Integration of Financial and Non-Financial Goals

Kushida In May 2022, following resolutions approved by the Executive Nomination and Remuneration Council and the Board of Directors, we fundamentally reformed the officer compensation system. The reform has two main features. The first is an increase in performance-linked compensation as a percentage of total compensation from 40% to 50% for general officers and to 60% for the president. The second feature is an increase in the key performance indicators (KPIs) used to calculate performance-linked compensation. In addition to the existing consolidated operating profit KPI, we have included return on invested capital (ROIC) and sustainability score as KPIs. These additions reflect the senior management team’s greater focus



on capital efficiency and environmental, social, and governance (ESG) factors.

Sustainability score is arrived at by evaluating the achievement of workplace safety and quality, environmental tasks, employee engagement, and diversity and inclusion. Currently, sustainability score accounts for 10% of performance-linked compensation, but we envision an increase in this percentage.

Mitsuya Only pursuing financial efficiency can lead to sacrifices in relation to safety and other matters. In this regard, however, the chief financial officer, Yasushi Matsui, is fully aware of the importance of non-financial matters, which is reassuring. I believe that the concept of integrated value creation is highly compatible with DENSO’s management style as it emphasizes people. Accordingly, we have established a sustainability score KPI that is consistent with our belief in the importance of integrated value creation.

Schmelzeis While linking the KPIs to officer compensation is important, business management must also be premised on the numerical analysis and visualization of issues. For example, the concept of carbon pricing entails managing CO₂ emissions as if they were financial receipts and expenditures. Analysis of the Company’s current situation through a large-scale survey of diversity and employee engagement would provide the starting point for a range of initiatives.

Kushida The idea that corporate management which is focused on environmental and social issues will positively impact financial indicators in the long term may, at the moment, be just that—an idea. Nevertheless, the fact that many people are taking action based on such a belief is significant and provides a good opportunity to think about services and businesses from a long-term perspective. In fact, other countries are achieving concrete results through ESG initiatives, particularly in the field of diversity.

DENSO’s introduction of KPIs that link non-financial and financial performance is likely to grow in significance, as such linkage is an area where Japanese companies are notably lagging behind. I hope the new KPIs continue to be adjusted as needed and carefully developed by DENSO.

Members of the Board and Audit & Supervisory Board Members

(As of June 20, 2023)

Members of the Board



Chairman & CEO, Representative Member of the Board
Koji Arima
(Date of birth: February 23, 1958)
1981 Joined DENSO CORPORATION
2008 Executive Director, DENSO CORPORATION
2014 Senior Executive Director, DENSO CORPORATION
2015 President & CEO, Representative Member of the Board, DENSO CORPORATION
2023 Chairman & CEO, Representative Member of the Board, DENSO CORPORATION (current position)



President & COO, Representative Member of the Board
Shinnosuke Hayashi
(Date of birth: January 15, 1964)
1986 Joined DENSO CORPORATION
2015 Executive Director, DENSO CORPORATION
2021 Senior Executive Officer, DENSO CORPORATION
2023 President & COO, Representative Member of the Board, DENSO CORPORATION (current position)



Executive Vice President, Representative Member of the Board
Yasushi Matsui
(Date of birth: July 3, 1964)
1987 Joined DENSO CORPORATION
2014 Executive Director, DENSO CORPORATION
2019 Senior Executive Officer, DENSO CORPORATION
2021 Member of the Board and Senior Executive Officer, DENSO CORPORATION
2023 Executive Vice President, Representative Member of the Board, DENSO CORPORATION (current position)



Member of the Board, Senior Executive Officer
Kenichiro Ito
(Date of birth: October 1, 1962)
1985 Joined DENSO CORPORATION
2012 Executive Director, DENSO CORPORATION
2019 Senior Executive Officer, DENSO CORPORATION
2021 Member of the Board, Senior Executive Officer, DENSO CORPORATION (current position)



Member of the Board
Akio Toyoda
(Date of birth: May 3, 1956)
1984 Joined Toyota Motor Corporation
2000 Member of the Board of Directors, Toyota Motor Corporation
2002 Managing Director, Toyota Motor Corporation
2003 Senior Managing Director, Toyota Motor Corporation
2005 Executive Vice President, Toyota Motor Corporation
2005 Outside Member of the Audit & Supervisory Board, Koyo Seiko Co., Ltd. (currently JTEKT CORPORATION)

2006 Outside Audit & Supervisory Board Member, TOYOTA BOSHOKU CORPORATION
2009 President, Toyota Motor Corporation
2018 Chairman, Japan Automobile Manufacturers Association, Inc. (current position)
2019 Member of the Board, DENSO CORPORATION (current position)
2023 Chairman of the Board of Directors (Representative Director), Toyota Motor Corporation (current position)



Outside Board Member Independent Officer
Shigeki Kushida
(Date of birth: June 8, 1958)
1981 Joined Bank of Japan
2004 Branch Manager, Kochi Branch, Bank of Japan
2009 Director-General, Personnel and Corporate Affairs Department, Bank of Japan
2010 Director-General, Planning Department, Bank of Japan
2011 Branch Manager, Nagoya Branch, Bank of Japan
2013 Executive Director, Bank of Japan
Entrusted Branch Manager, Nagoya Branch and Osaka Branch, Bank of Japan

2017 Senior Advisor, American Family Life Assurance Company (currently Aflac Life Insurance Japan Ltd.)
2019 Director, Representative Executive Officer & President, Japan Securities Finance Co., Ltd. (current position)
2019 Outside Board Member, DENSO CORPORATION (current position)



Outside Board Member Independent Officer
Yuko Mitsuya
(Date of birth: July 29, 1958)
1981 Joined Hitachi, Ltd.
2010 Representative Director, PSY-fa Co., Ltd.
2014 Outside Audit & Supervisory Board Member, ASICS Corporation
2015 Outside Director, Fujita Kanko Inc.
2015 Outside Director, Paloma Co., Ltd.
2016 President, Japan Basketball Association (current position)
2018 Representative Director, SORA Corporation
2018 Outside Director, The Fukui Bank, Ltd. (current position)

2019 Outside Director and Audit and Supervisory Committee Member, JXTG Holdings, Inc. (currently ENEOS Holdings, Inc.) (current position)
2019 Outside Board Member, DENSO CORPORATION (current position)
2021 Vice President, Japanese Olympic Committee (current position)
2023 Outside Director, Japan Airlines Co., Ltd. (current position)



Outside Board Member Independent Officer
Joseph P. Schmelzeis, Jr.
(Date of birth: November 2, 1962)
1984 Joined Bain & Company
1988 Vice President, American Express International
1998 Chief Operating Officer, Fontworks International
1999 Interim CEO, Crimson Ventures
2001 Representative Director, JPS International, Inc. (current position)
2011 Corporate Director, Division Manager, SEGA CORPORATION
2015 Senior Advisor, SEGA SAMMY HOLDINGS INC.
2018 Senior Advisor to the Ambassador, U.S. Embassy in Tokyo

2021 Executive Manager, Cedarfield Godo Kaisha (current position)
2022 Outside Board Member, DENSO CORPORATION (current position)
2023 Outside Director, Central Japan Railway Company (current position)
2023 Outside Director, Hitachi Construction Machinery Co., Ltd. (current position)

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member
Shingo Kuwamura
(Date of birth: August 16, 1959)
1982 Joined DENSO CORPORATION
2009 Executive Director, DENSO CORPORATION
2017 Senior Executive Director, DENSO CORPORATION
2019 Senior Executive Officer, DENSO CORPORATION
2021 Standing Audit & Supervisory Board Member, DENSO CORPORATION (current position)



Standing Audit & Supervisory Board Member
Motomi Niwa
(Date of birth: November 3, 1962)
1985 Joined DENSO CORPORATION
2007 Head of Function Products Planning Division (currently Powertrain Systems Business Planning Department, Powertrain Components Business Unit), DENSO CORPORATION
2013 Director, Human Resources Division, DENSO CORPORATION
2014 Vice President, DENSO Manufacturing Athens Tennessee, Inc.
2018 Standing Audit & Supervisory Board Member, DENSO CORPORATION (current position)



Outside Audit & Supervisory Board Member Independent Officer
Yasuko Gotoh
(Date of birth: February 19, 1958)
1980 Joined the Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism [MLIT])
2004 Head, New York Office, Japan National Tourism Organization
2005 Vice Governor, Yamagata Prefecture
2008 Director, Regional Transport Bureau of Hokuriku and Shinsetsu Regions, MLIT
2013 President, Policy Research Institute for Land, Infrastructure, Transport and Tourism, MLIT
2015 Managing Director, Deputy General Manager of Railway Operations Headquarters and General Manager of Tourism Business Headquarters, Kyushu Railway Company

2017 Managing Director in charge of Finance Department, Kyushu Railway Company
2018 Director (Audit & Supervisory Committee Member), Kyushu Railway Company
2019 External Audit & Supervisory Committee Member, Shiseido Company, Limited (current position)
2019 Outside Audit & Supervisory Board Member, DENSO CORPORATION (current position)
2023 Outside Corporate Auditor, Mitsui Chemicals, Inc. (current position)



Outside Audit & Supervisory Board Member Independent Officer
Haruo Kitamura
(Date of birth: August 21, 1958)
1983 Joined Arthur Andersen Konin Kaikeishi Kyodo Jimusho (currently KPMG AZSA LLC)
1987 Registered as a Certified Public Accountant
2002 Chief, Kitamura Certified Public Accountant Office (current position)
2004 Outside Auditor, ROHM Co., Ltd.
2005 Outside Director, Sumisho Grainger Co., Ltd. (currently MonotaRO Co., Ltd.)
2006 Supervisory Director, MID REIT, Inc. (currently Japan Metropolitan Fund Investment Corporation)

2009 Outside Corporate Auditor, Yamaha Corporation
2010 Outside Director, Yamaha Corporation
2015 Part-time Corporate Auditor, ASMO Co., Ltd. (currently DENSO CORPORATION)
2015 Outside Corporate Auditor, LEGAL CORPORATION (currently LeTech CORPORATION) (current position)
2019 Outside Audit & Supervisory Board Member, DENSO CORPORATION (current position)

Experience and Specializations (Skill Matrix) of Members of the Board and Audit & Supervisory Board Members
DENSO has defined 11 areas of experience and specialization necessary to realize its Long-term Policy for 2030 and sustain stable corporate management. The areas of specialization that the Company expects each member to demonstrate (up to a maximum of five areas) are as shown below.*

Note: This does not represent all the areas of experience and specialization of each person.

Name	Corporate management	Software / Digital	Marketing	Environment / Energy	Governance	Global	Finance / Accounting	Human resources	Technological development	Production / Quality	Sales / Procurement	Meeting participation (◎ = Chair)		
												Board of Directors	Audit & Supervisory Board	Executive Nomination and Remuneration Council
Koji Arima												◎		○
Shinnosuke Hayashi												○		○
Yasushi Matsui												○		
Kenichiro Ito												○		
Akio Toyoda												○		
Shigeki Kushida												○		◎
Yuko Mitsuya												○		○
Joseph P. Schmelzeis, Jr.												○		○
Shingo Kuwamura												○	◎	
Motomi Niwa												○	○	
Yasuko Gotoh												○	○	
Haruo Kitamura												○	○	

* As of June 2023

Risk Management



Basic Stance

To minimize the impact of constantly diversifying risks, DENSO is working to strengthen its risk management structure as a part of internal controls. Specifically, we have divided matters that have the potential to damage our businesses into “risks,” which refer to circumstances where such matters have yet to manifest, and “crises,” which refer to states of emergency where such matters have manifested. Based on these classifications, we are focusing our efforts on implementing preventive measures, which stop risks before they occur, and swift and accurate initial-response and recovery measures, which minimize damage in the event a crisis occurs.

Recently, DENSO has been facing a variety of risks the likes of which it had previously never experienced. Since 2019, we have been dealing with the fallout from the quality-related issue, which has impacted the trust our customers place in us and has shaken our management foundation. Additionally, risks stemming from the external environment, such as the COVID-19 pandemic, tight supply-demand for production materials, and cyberattacks, have had a major impact on our business activities.

In light of these circumstances, we have once again recognized risk management as an important management issue. Going forward, we will pursue dramatic reforms to our risk management structure in order to strengthen our response capabilities.

Promotion Structure

DENSO has established the Risk Management Meeting, chaired by the chief risk officer (CRO), who is responsible for Groupwide risk management. The Risk Management Meeting is a Groupwide organization that confirms improvements to the Company's risk management structure and framework and discusses and promotes the direction of important risk management activities based on the conditions and trends both inside and outside the Company. We have also appointed risk officers and risk managers responsible for risk management in each business unit and at each regional headquarters and domestic and overseas Group company. In these ways, we are taking steps to strengthen measures to prevent damage to our businesses during normal times and measures to minimize damage during times of emergency.

In addition, we have created the Emergency First Response Manual in order to respond promptly and accurately in the event of a crisis. This manual clarifies such matters as the

criteria for determining the level of urgency for a crisis, reporting standards, reporting routes, and basic policy for internal and external responses. Furthermore, depending on the severity and level of urgency of the situation, we assemble special countermeasure organizations through which the functional departments lead the way with measures to enact an agile response geared toward minimizing damage.

Ascertaining Risks and Clarifying Response

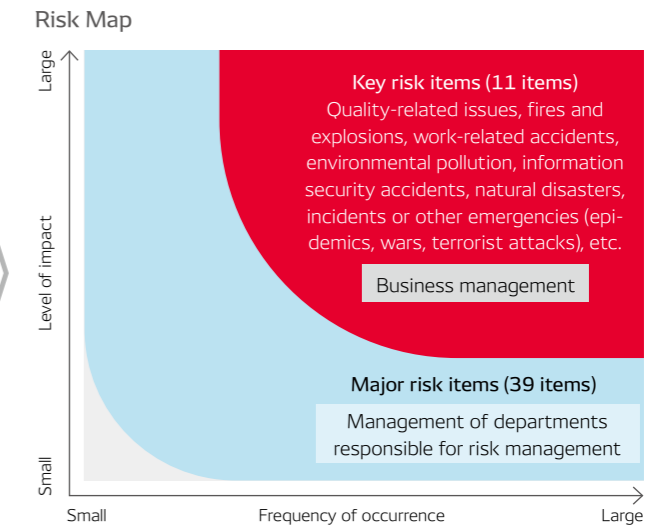
DENSO makes efforts to actively ascertain the risks it faces and manage these risks from the perspectives of damage mitigation and business continuity. Every year, risk assessment activities are carried out by each functional division, business unit, regional headquarters, and domestic and overseas Group company.

The Company has identified potential risks related to life, the environment, credit, property, and business activities based on the surrounding business environment and established major risk items from the perspectives of frequency of occurrence and level of impact. The Company designates responsible functional departments for each risk item and clarifies the reason for occurrence, preventive measures, initial response, and recovery efforts for these items, thereby working to enhance its risk resiliency.

In particular, DENSO is identifying risks toward which it invests resources to promote countermeasures as “key risk items.” The Company has also established activity plans and targets toward further enhancing its crisis management, and the progress made toward these plans and targets is reported to the Risk Management Meeting. At the same time, DENSO has established quantitative KPIs for Companywide targets pertaining to each risk item, and the status of risk management activities is also confirmed by the Board of Directors. Furthermore, DENSO implements inspections of this risk management process through internal audits and audits performed by external organizations.

Additionally, for fiscal 2024 the Company has determined 39 major risk items and, among these, 11 key risk items. DENSO revises these major risk and key risk items appropriately, giving consideration to the issues currently facing society as well as the frequency of risks occurring at DENSO and the level of impact they have on the Company. Assuming risks could well materialize, DENSO is strengthening its ability to address risks in order to minimize their impact on management by taking thorough measures to protect the systems, personnel, and governance fronts.

Factors	Risk Item
Internal factors (accidents and mistakes)	Environmental pollution, work-related accidents, fires and explosions, quality-related issues, information security-related accidents, personnel- and work-related incidents, traffic accidents, etc.
Internal factors (legal violations)	Violation of the Antimonopoly Act, tax evasion, inappropriate employee dispatch or use of contract work, violation of product laws and regulations, violation of anti-bribery laws, etc.
External factors (natural disasters)	Earthquakes, typhoons, concentrated heavy rains, lightning strikes, etc.
External factors (political and social)	Product liability litigation, fluctuating exchange rates, human rights-related issues, supplier-related issues, incidents or other emergencies (infectious diseases, wars, terrorist attacks, etc.)



Examples of Response to Key Risks

Response to Quality-related risks

Realizing Quality That Meets Customer Expectations
In 2019, a quality-related issue occurred that was unprecedented in scale. In response to this, we have been working to rebuild our foundation for quality management to ensure that no such issue occurs again. We have also been making Companywide efforts to enhance our knowledge and awareness and reform our organizational culture to bolster our commitment to quality. As a result of these efforts, both quality defects detected when our products are in the hands of our customers and when our products have launched on the market have been on a downward trend, and we have also been receiving quality-related awards from customers. In fiscal 2024, we have established the basic policy of meeting customer expectations by anticipating changes and adopting an appropriate approach to our work. Guided by this policy, we are accelerating a broad range of efforts to respond to the quality-related issues we are currently facing. These efforts include ensuring the quality of software, which is rapidly being introduced at a greater scale, reducing design and manufacturing processes dependent on people through the introduction of AI and the promotion of automation, striving to realize carbon neutrality and a circular economy with a focus on the future, establishing fundamental quality-related technologies that support advanced driver assistance systems (ADAS), and establishing quality evaluation criteria. Through a bold, aggressive approach and high ethical awareness, we will strive to increase quality to greater levels than ever before and continue to meet the needs of our customers.

Adhering to Quality Compliance

DENSO has been making efforts to prevent the occurrence of a quality-related incident such as improper certification and inspection. In the design stage, rather than leaving the process for acquiring legal certification up to departments responsible for design, we implement independent checks by departments responsible for Companywide verification and outsource certification-related testing to an external third-party certification organization. In this way, we ensure high levels of reliability and transparency in the certification process. In our manufacturing divisions, during the final process for delivering products to customers, we carry out a functional inspection of quality via employees on the production front lines. We also have a department specializing in quality evaluation take samples of products to double-check their quality.

Furthermore, in our original “initial flow management” process, which covers everything from development through to mass

production, personnel responsible for decision-making for each distinct phase of the process ensure that we do not move into the next phase of the process if the decision or assumption made is limited to one particular person. Moreover, in accordance with our Total Quality Management principle, which serves as a universal value system for all DENSO Group employees, we ask that all employees adopt a customer-first approach and participate in bold reforms and continuous improvement activities in our frontline operations. By doing so, we are striving to establish a sound workplace that facilitates good communication.

Adhering to Open, Fair, and Transparent Transactions

Preventing the Abuse of a Superior Bargaining Position Based on the Antimonopoly Act
In December 2022, the Japan Fair Trade Commission (JFTC) announced that DENSO was a company engaging in behavior that falls under the category of “leaving transaction prices unchanged without explicitly discussing the need of suppliers to reflect increases in labor, raw material, energy, and other costs in their transaction prices at the price negotiation stage.”* based on the JFTC's Emergency Survey relating to the Abuse of a Superior Bargaining Position Based on the Antimonopoly Act.

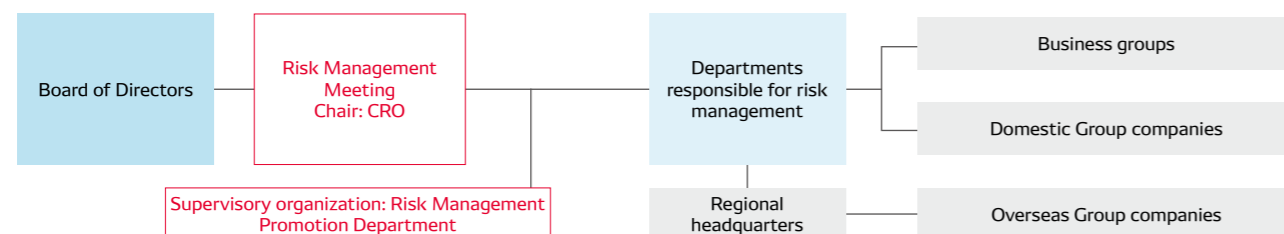
Although we have continued to engage in close communication with our suppliers, we will further enhance this communication going forward so that we can explicitly discuss the need of suppliers to reflect increases in labor, raw material, energy, and other costs in their transaction prices at the price negotiation stage. At the same time, we will rigorously adhere to laws and regulations as we seek to ensure the sustainable development of both the Company and our suppliers based on mutual trust.

* This announcement does not mean that the Company was in violation of the Antimonopoly Act nor the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

Promoting Communication with Suppliers

To ensure the mutual growth of DENSO and its suppliers, we create opportunities for dialogue and hold the Supplier Appreciation Meeting and other events, thereby working to facilitate mutual communication. At such events, we receive new technological proposals from suppliers and listen to their concerns and requests, while communicating information on such matters as our procurement policies, carbon neutrality-related efforts, and business trends. By doing

Risk Management Structure



so, we aim to achieve future growth together with our suppliers.

For DENSO, suppliers are a partner with whom we strive to achieve growth and foster trust through open dialogue and ongoing communication. In addition to spreading knowledge on and rigorously enforcing appropriate transactions both internally and externally, we are working to create environments that make it easy for suppliers to voice their concerns with us and are making efforts to alleviate said concerns.



Adhering to Laws and Regulations and Implementing Open, Fair, and Transparent Transactions

At DENSO, our procurement divisions distribute the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every employee, to all members of the Group in order to entrench the principle of open, fair, and transparent transactions. At the same time, we distribute the Business Etiquette for Buyers, which lays out standards of behavior that should be adhered to within procurement activities, to all employees involved in procurement, thereby working to further increase awareness.

Moreover, we encourage suppliers to utilize our Internal Reporting System. We also ensure strict compliance in a variety of ways, including distributing the DENSO Compliance Declaration, which clarifies items to be observed in conducting business, to suppliers and procurement departments.

Looking ahead, we will seek to strengthen our partnerships with suppliers so that we can procure components, materials, equipment and services that excel in terms of quality, technology, cost, delivery, environmental and safety performance, and compliance. By doing so, we aim to continue to offer products and services that satisfy our customers while also realizing mutual growth with our suppliers. To that end, we will step up our efforts to establish a positive economic cycle that encompasses all stakeholders, from customers to suppliers.

Response to Information Security

Addressing Increasingly Sophisticated Cyberattacks and Preparing for Digitalization

At DENSO, Group companies in North America and Europe confirmed that they were subject to cyberattacks which gained illicit access to their IT systems in fiscal 2022. Determined to prevent such incidents from ever occurring again, we are sparing no effort to prevent a recurrence by 1) re-training and drilling each and every employee about basic operations in order to change their awareness of cybersecurity; 2) strengthening global systems for detecting threats and monitoring systems by deploying the latest technologies, including AI; and 3) bolstering security and steadily implementing routine inspections of key servers and equipment, making full use of IT technologies such as hacking detection tools.

Along with advances in self-driving cars and IoT, addressing cyber risks in cars and production facilities has become an extremely important issue. To that extent, we are developing technologies that protect in-vehicle products, such as advanced driver support and automated driving systems, from cyberattacks to ensure that people can drive cars safely and with peace of mind. We are also establishing a unique framework for ensuring that such technologies are steadily installed in vehicles. Furthermore, we are reinforcing security measures toward plant networks, production lines, and other facilities.

Additionally, we are advancing digitalization throughout the Company, and this will increase the quality and speed of work by allowing information to be delivered to and utilized by employees the instant they need it. To ensure we do not infringe upon the rights and interests of the information provider, we are working to forecast risks from a broad range of perspectives, including contract conditions and adherence to laws and regulations, formulate relevant rules, and establish a structure to appropriately manage and operate these assets.

Response to Tight Supply–Demand Conditions for Semiconductors

Promoting Initiatives to Ensure a Stable Supply That Underpins Automobile Production

Semiconductors are used in a broad range of products, and given their importance, the procurement of semiconductors is crucial to the stable production of automobiles. The tight supply–demand situation for semiconductors continues across the globe. In light of this, the automobile industry has been significantly impacted by the stagnation in semiconductor supply. Guided by our mission of delivering outstanding products and services to customers under any circumstances, we are moving forward with various efforts to secure a stable supply of semiconductors.

As part of these efforts, we are working to strengthen trust-based relationships and collaboration with suppliers so that we can build a stable supply foundation. As we formulate medium- to long-term production plans in an environment where market trends are changing significantly, we are actively communicating information to suppliers on such matters as future product and technology trends and production plans. We are also entering into medium- to long-term semiconductor procurement contracts and placing semiconductor orders on an annual basis. In these ways, we are striving to build a foundation for the steady supply of components.

Collaborating with Our Suppliers to Prevent Supply Risks

Since fiscal 2022, we have been rolling out fire prevention and inspection activities to prevent fires at the factories of our suppliers. We have also been engaging in information security inspection activities to ensure that a cyberattack does not lead to production disruptions or confidential information leaks. We visit the factories of our suppliers in person to work together with them to improve their fire prevention and information security structures. By doing so, we are promoting risk-prevention activities across the entire supply chain.

As part of our efforts to anticipate the occurrence of risks such as natural disasters, we are working to promote standardization of components, enhance alternative production methods, and secure risk inventories. To ensure our ability to promote backup production across the entire supply chain in the event a risk occurs, we are striving to standardize components throughout the supply chain and secure alternative production methods such as setting up production at multiple plants. In addition to revising design plans to make it easier for suppliers to produce components, we will prepare production lines at numerous plants, working in close collaboration with our suppliers.

In our initiatives toward risk inventories, since the Great East Japan Earthquake, we have been maintaining risk inventories at a certain level for each component to prepare for the risk of an earthquake or other natural disaster. In the event that our suppliers are hit by a natural disaster, we make sure to have a certain risk inventory level on hand until production resumes, thereby putting in place a structure for the continuous supply of components to customers.

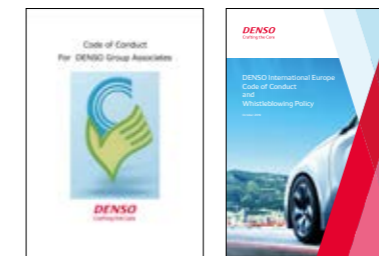
With the progression of CASE, DENSO's need for semiconductors continues to rise. In response to this, we will continue to pursue and strengthen efforts to establish a foundation for the stable supply of semiconductors across the supply chain.

Compliance



Basic Stance

We believe that key actions to earn the trust and understanding of society pertain to the DENSO Group's observance of all applicable national and regional laws and all Group employees' fair and faithful conduct that embodies the highest ethical standards. Based on this recognition, in 2006 we adopted the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every employee. In training and at workplace conferences, we utilize the Code of Conduct for raising employees' awareness of compliance, which includes all domestic Group companies. Overseas Group companies use a regional version of the Code of Conduct for DENSO Group Associates, formulated by their regional headquarters in accordance with national and regional laws and customs.



Promotion Structure

In 1997, DENSO created the Business Ethics and Compliance Committee chaired by a member of the Board to provide oversight in that area (currently the Risk Management Meeting). We have also installed committee structures, such as the Compliance Committee, and appointed compliance promotion officers, and have positioned such compliance leaders at the regional headquarters of each region of our collective global base. In doing so, we are building global systems that promote compliance, while at the same time promoting the development of organizational structures that take differing regional characteristics into consideration, introducing and operating reporting systems, and pursuing enlightenment activities.

Specific Initiatives

Educational and Enlightenment Activities

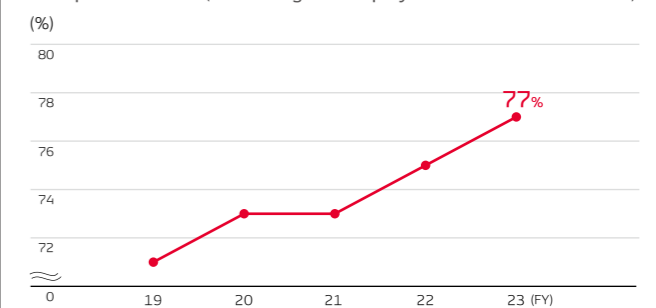
DENSO undertakes various educational and enlightenment activities for employees on an ongoing basis with the aim of enhancing their overall awareness of compliance matters.

In Japan, we carry out educational and enlightenment activities related to compliance, including position-based training, various compliance training, and the "Business Ethics Month" (every October). We also roll out similar activities for employees in each region of operations, centered on our regional headquarters.

Inspection and Improvement of Activities

DENSO conducts inspections to ascertain whether its compliance activities have sufficiently taken hold and to look for any potential compliance issues. If an issue is discovered, reports are made to senior management when necessary, and steps are taken to prevent a recurrence of the issue. For example, DENSO CORPORATION holds a sustainability survey every year in order to gain an understanding on the extent to which compliance-related measures have taken hold and on potential compliance risks.

Sustainability Survey (DENSO CORPORATION)
Question: Do you put into action the Code of Conduct for DENSO Group Associates? (Percentage of employees who answered "Yes")



Response to Antitrust Laws

In February 2010, the U.S.-based subsidiary DENSO International America was investigated by the U.S. Department of Justice. Since then, we have established the Antitrust Laws Compliance Committee to further reinforce our efforts to adhere to antitrust laws. Under the guidance and supervision of this committee, which is chaired by the chief compliance officer (CCO), we have endeavored to reinstitute strict compliance with the antitrust laws across the entire DENSO Group. These efforts have included further reinforcing adherence to regulations laid out under antitrust laws, strengthening education about relevant rules, and conducting more precise audits regarding legal compliance.

Moving forward, we will seek to prevent the recurrence of such an incident while working to regain trust by further strengthening our structure for complying with antitrust laws.

Preventing Corruption

Corruption is not only a hindrance to legitimate business activities but also a source of concern due to its connection with the funding of antisocial forces such as terrorist and criminal organizations. As a result, many countries around the world are strengthening their regulations against acts of corruption, including the United Kingdom's Bribery Act (UKBA) and the United States' Foreign Corrupt Practices Act (FCPA).

In accordance with the DENSO Group Sustainability Policy, DENSO is committed to conducting sound and fair business activities with high ethical standards. DENSO rigorously practices compliance with anti-corruption laws and regulations in all regions and countries in which it conducts business activities to ensure that it does not provide benefits or advantages through illegal or improper means such as bribery or illegal political contributions/donations; through threats, extortion, or embezzlement; or by engaging in money laundering, illegal international money transfers, or the funding of antisocial forces. The main examples of these kinds of efforts are as follows.

1. Response to Laws Pertaining to Bribery Prevention

In order to respond promptly to rapid changes in its businesses and in the environment, DENSO has established the Anti-Bribery Compliance Committee, which is chaired by the CCO. The Company is promoting anti-bribery compliance activities under the direction and supervision of the committee, in anticipation of an increase in opportunities to collaborate with public authorities and officials in various countries and regions.

The Company has established the Global Anti-Bribery Policy as its basic policy for preventing bribery. Under this policy, DENSO has introduced internal regulations on a global basis, operates anti-bribery systems, and promotes anti-bribery awareness activities and education for employees.

We also inform suppliers of our Supplier Sustainability Guidelines, which include anti-bribery measures, and encourage them to conduct self-inspections to prevent any and all acts of bribery.

2. Preventing Insider Trading

To ensure fairness and soundness in the securities market and to secure the confidence of shareholders and investors, DENSO has established the Internal Information Committee, which is chaired by the executive vice president, and the Internal Information Review Committee, which manages the practical affairs of the former committee, both dedicated bodies to ensure the prevention of insider trading.

Additionally, in an effort to instill an awareness of insider trading prevention among its employees, the Company has established internal rules and bylaws regarding internal information management, has set standards of conduct for officers and employees regarding trading of the Company's shares and other securities, and clearly prohibits insider trading, as formally stated in its employee conduct guidelines. The Company also implements compliance training on a regular basis.

3. Promoting Proper Accounting and Record Keeping

DENSO has established and maintains Company rules and procedures for the handling of expenses, inventory, and other matters, and ensures that all employees are aware of said rules and procedures by sharing relevant information via the Company intranet and providing accounting compliance education along with other measures. The aim of such measures is to ensure that transactions that could lead to accounting irregularities, such as off-balance-sheet transactions, fictitious transactions or other unsound transactions, or transactions that could be mistaken as such, are not conducted, and that proper accounting procedures are performed in accordance with International Financial Reporting Standards and the laws and accounting standards of each country in which the Company operates.

Moreover, the Company creates and maintains accounting records, such as forms and account ledgers, that, in reasonable detail, accurately and fairly reflect all transactions and dispositions of assets.

Response to Tax Compliance


DENSO believes that paying its fair share of taxes is a part of being socially responsible. The CFO and Member of the Board has been designated as the person in charge of tax governance. The Company has built, maintains, and improves a tax compliance structure, and engages in tax planning while addressing tax-related risks when they materialize.

In addition, DENSO has established the DENSO Group Global Tax Policy. We believe that properly paying taxes in accordance with the rules and regulations in each country is one of the most fundamental and important responsibilities of a corporation. Accordingly, under this policy, we engage in activities to enhance tax compliance on a Groupwide basis, such as providing training for employees, abiding by rules for cross-border transactions, promoting appropriate accounting processes, and creating and maintaining accounting records such as forms and account ledgers.

Fiscal 2023 Taxes by Region (Billions of yen)

Region	Tax Amount
Japan	55.29
North America	3.11
Europe	3.08
Asia/Oceania	39.35
Other regions	5.99
Total	106.83

Moving forward, we will continue to expand and enhance frameworks for raising employee awareness of compliance. At the same time, we will revamp and improve training programs through Groupwide collaboration with a view toward bolstering the compliance structure of the entire DENSO Group.

 Please see the "Sustainability Information" section of our corporate website for more information.
Compliance:
<https://www.denso.com/global/en/about-us/sustainability/governance/compliance/>



 Please see the "Tax Governance" section of our corporate website for information on tax compliance.
<https://www.denso.com/global/en/about-us/sustainability/governance/tax-policy>

