

DENSO TEN

DENSO TEN Group

CSR REPORT 2019





"Sincerity is the way of Heaven."

The "Ten" in our company name "Denso-ten" means heavenly, in the sense of ultimate or supreme. The character that means "heaven" has been our trademark since the company was first known as Kawanishi Machine Works and then later as Kobe Industries. We have always followed the ideal that "Sincerity is the way of Heaven," as stated in the classic Confucian text "The Doctrine of the Mean."

Corporate Philosophy

We will work with the utmost sincerity to support our customers and contribute to society.

○ Focus, Highest Possible Quality

We always think first how to best serve our customers, to create products of the highest quality that exceed our customers' expectations.

○ Responsibility and Contributions to Society

Recognizing we are a part of society, we shall fulfill our social responsibilities and contribute to our society through our corporate activities.

○ Work Values

Each and everyone shall take pride in their work, and utilize their own abilities to realize a workplace where everyone shares in our achievements.



Behavior Declaration (CSR Policy)

We, DENSO TEN, shall contribute in building a better relationship between human and automobiles by providing our products and endeavor to become a corporation trusted by both regional and international society. In order to achieve this goal, we shall respect the ideal of "MAKOTO" ("sincerity" in Japanese) and put this "DENSO TEN Group Corporate Behavior Manifesto" into practice based on "DENSO TEN Corporate Philosophy".

□ Customers

Customer is number one, optimal product quality, and products/services that exceed expectations
Improve safety and product quality
Protect personal information

□ Employees

Respect for human rights
Prohibition of forced and child labor
Actualize job satisfaction
Fair labor conditions and safe work environment

□ Clients

Co-existence and co-prosperity
Fair and transparent business opportunities, and just relationships

□ Shareholders

Improve corporate value

□ Environment

Reduce environmental impact

□ Society

Proper information disclosure
Compliance with all international and local rules
Proper relationship with governmental authority
Handling of antisocial forces

□ Social contribution

Contribute to creating prosperous society and local communities

Web ▶ Behavior Declaration (CSR Policy)

Editorial policy

DENSO TEN Group annually publishes “CSR Report” in order to clearly disclose the efforts toward the realization of sustainable society and information about CSR and to communicate with our various stakeholders.

“CSR Report 【Digest version】” (this PDF) of 2019 edition has been prepared in accordance with our important issues of CSR and mainly summarizes our important efforts and topics in FY 2018 in a compact manner.

Furthermore, “CSR Report 【Detailed version】**” that comprehensively reports more detailed information is available on DENSO TEN’s Web site.

*Japanese Edition only

Reference guideline

Ministry of the Environment “Environmental Reporting Guidelines 2012”

Ministry of the Environment “Environmental Accounting Guidelines 2005”

ISO26000:2010 - Guidance on social responsibility -

Global Reporting Initiative (GRI) “The GRI Sustainability Reporting standards”

Reporting period

This CSR Report mainly covers activities of FY 2018 (the period from April 1, 2018 through March 31, 2019). However, some contents of other periods are also included.

Expected readers of this report

Expected readers of this report are stakeholders including customers, suppliers, employees, shareholders, local communities and governmental organization.

Reporting organizations

This report covers activities of the entire DENSO TEN Group and DENSO TEN Group’s affiliated companies. However, some data and cases included in this report cover only the specific range and sites.

Forecasts, expectations and plans related to the future

This report discloses not only past and current facts of DENSO TEN Group but also forecasts, expectations and plans related to the future. These forecasts, expectations and plans are assumptions and judgments based on the information available at the time of statement, and thus contain uncertainties.

Therefore, please note that there is a risk that future business activities and events occurring in the future may differ from the forecasts, expectations and plans stated in this report, and DENSO TEN Group is not responsible for such situations.

Contents

Corporate Philosophy	1
Behavior Declaration (CSR Policy)	
Editorial policy	2
Top message	3
Introduction of businesses	
VISION2022 : Business vision	5
Business summary	6
Feature : Contribution to society through business	7
CSR of DENSO TEN Group	10
Efforts for the field of important issues	
Consumer issues	12
Environment	14
Human rights / Labor practices	16
Fair operating practices	19
Organizational Governance	20
Contribution to society	21
Financial report	22
Corporate Profile / List of business offices	23
Third party comment / Response to third party comment	24

With “sincerity” as our foundation, we will maintain high aspirations and meet the challenge of solving social issues, while aiming for further growth.

DENSO TEN LIMITED
President & Representative Director

加藤之啓
Yukihiro Kato

Since its foundation, DENSO TEN has had as its mission to contribute to customers and society through business, with our corporate philosophy of “Sincerity is the Way of Heaven.” Being quick to capture the signs of changes in society, as a pioneer in the development of new technology, we have created new value and grown by sending world-first and industry-first products out into the world.

The automotive industry is in the midst of what has been described as a once-in-a-century transformation. At such a time, we can anticipate advances in technological innovation in areas such as connectedness, autonomous driving, electrification, and sharing services, as well as the expansion of alliances that go beyond the boundaries of the automotive industry in related areas such as MaaS (Mobility as a Service).

By steadily identifying these kinds of changes in the environment and increasing added value in cars, particularly in the cockpit, connectedness, and electrification domains, we will contribute to the realization of a free and comfortable mobility society and embark on the challenge of new developments of our own.

We have also engaged in activities that consider the impact on the environment and society. We believe we have a major role to play in the achievement of the Paris Agreement and the Sustainable Development Goals (United Nations SDGs). For example, we will meet society’s expectations by engaging in challenges such as the development of advanced control technologies to realize further reductions in fuel consumption and exhaust gases in engines and lower power consumption in electric vehicles, CO₂ reductions throughout the supply chain, work style reforms, including the introduction of flexible working hours tailored to individual circumstances, and the promotion of health and productivity management. In this way, we aim to be a company that is trusted by the international community and global regions. We will continue to maintain high aspirations and boldly meet the challenge of solving social issues, so we may contribute to the achievement of the SDGs. In doing so, we will aim for further growth.

MaaS: A service that uses ICT to connect all modes of transport seamlessly to provide one-stop transportation to one’s destination

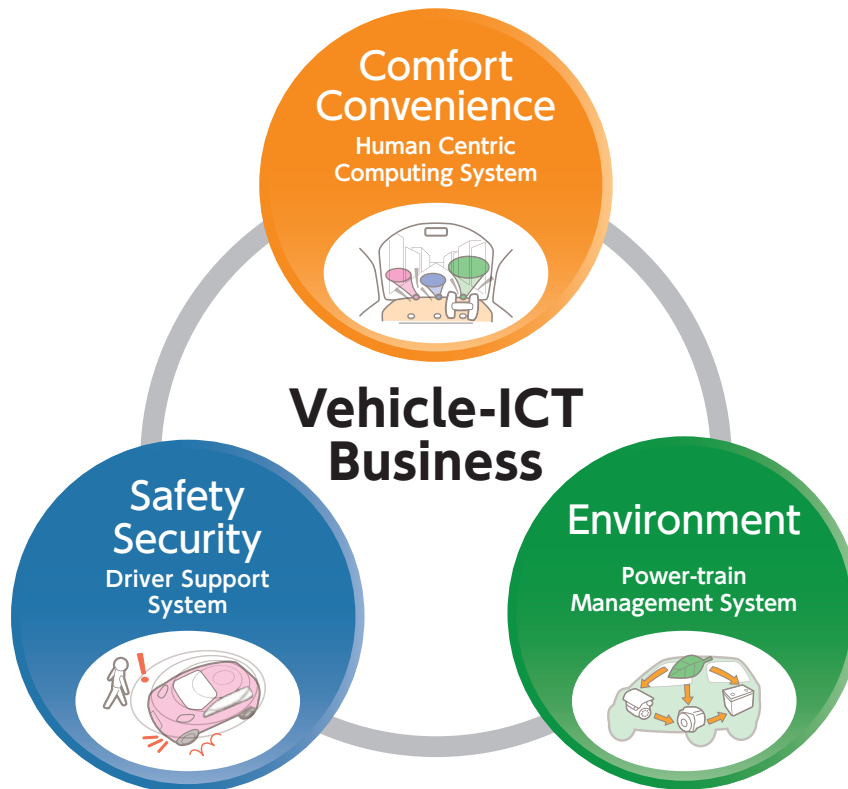


DENSO TEN Builds Bridges Between People, Vehicles, and Society.

Using such automotive technology coupled with information communications technology (ICT), we have created unique connective technologies that more closely bridge the gap between people and the vehicles they drive, as well as between society and the automobiles that play such an important role in society. Our role is to bring greater freedom comfort to the mobility society.

Enterprise vision

To contribute to creation of free and comfortable mobility society where people and vehicles, and community and vehicles are connected.



Comfort Convenience

Proposal of human-friendly information providing system



Safety Security

Infrastructure system to incorporate vehicles into network



Environment

Power-train management system to protect the earth

Business domains and products

ICT-enabled, seamless interoperable information transmission personally integrated with people's driving habits.

Comfort & Convenience



We have built a system that delivers information on traffic conditions, parking availability, and the weather at the driver's destination in real time. Our goal is to deliver information with optimal content delivered with optimal timing based on sensors that help ascertain how the driver is feeling, his or her state of health, and conditions on that day.

Car Navigation, Display Audio, CD Tuner



Sound system, Amplifier



Taxi Demand Prediction Service using AI



Cloud-Based Taxi Allocation system



One-of-a-kind sensing technologies and full-perimeter monitoring extend car safety and security throughout society.

Safety & Security



We make products that support safe driving from many angles by preventing accidents and minimizing damage if an accident does occur with the aim of establishing a support system for safe driving that links together cars, pedestrians, cities, and road information.

E-call system



Airbag ECU



Vehicle Security System



Cloud-Based Drive Recorder



We are aiding the global environment by helping to improve fuel efficiency, reduce CO₂ emissions, and optimize energy in vehicular travel.

Environment



We are actively developing systems for improving fuel efficiency and reducing exhaust emissions. As power sources become more advanced in various ways, our products that control power sources and make them more efficient are used to optimize energy use not only in cars and towns, but throughout society.

Hybrid ECU



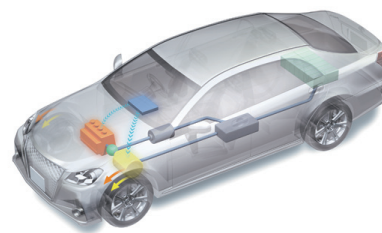
Electric Power Steering ECU



Engine Control ECU



Battery Control Unit



Feature : Contribution to society through business

The DENSO TEN Group creates products and services related to "safety and security," "comfort and convenience," and "the environment" to achieve a rich mobility society, and by doing so, not only solves social issues but also delivers new value.

Providing demand prediction services using AI for taxi operators



As an important mode of transport that meets the mobility needs of local communities, taxis are responsible for the door-to-door delivery of their people safely and reliably.

Due to the declining population and other factors, the number of people using taxis is on the decline. To keep their businesses sustainable, taxi companies need initiatives that will increase patronage efficiency. The problems of the advanced age of drivers and long working hours resulting from the shrinking working population have also become more serious.

Leveraging our high degree of technological capabilities as a vendor that is familiar with the needs of the taxi industry, as well as the expertise we have accumulated together with taxi operators, we will contribute to solving these challenges with various products and services.

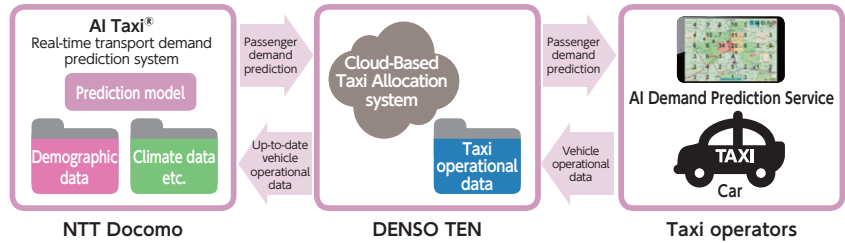
This feature describes the AI Demand Prediction Service, sales of which began in August 2018.

AI Demand Prediction Service

A service that enables the use of NTT Docomo's AI Taxi *1, which uses artificial intelligence to predict future taxi passenger demand from demographic data*2, climate data, taxi operational data, and other data, on DENSO TEN's cloud-based taxi dispatch system.

*1 AI Taxi is a registered trademark of NTT Docomo Inc.

*2 The demographic data used by this service is information about the number of people in groups divided by area and attributes. It contains no information whatsoever that could identify individual customers. Therefore, there is no possibility of a customer's movements being found out by others through this demographic data. The demographic data used by this service complies with the Guidelines for Mobile Space Statistics.



Easy-to-understand screen display

30-minute passenger demand is predicted in 10-minute increments for each square area with a side of 500 meters and is displayed on a map with colors and numbers.

- Intuitive user interface
- Convenient for cruising taxi operations. Area that can be accessed within 30 minutes is displayed as a default
- Combining demand-supply prediction results and real-time vacant vehicle location information for each operator makes it possible to provide more accurate demand information
- Future support for efficient operations by guiding taxis to points of high demand by combining with car navigation systems (route advice)

Demand prediction display

Displays predictions of number of taxis in each square area with a side of 500 meters using numbers and colors

Display mode

Accommodates portrait and landscape mode on tablets and smartphones

Switch display

- Select the screen display according to your preferences
- Display/hide points with prediction of highest probability of passenger pickups
- Display/hide predicted number of taxis needed
- Reload



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Display time for demand prediction

Display time of demand on screen

Display points with predicted highest pickup probability

- Display a marker at points with predicted highest probability of picking up passengers
- Display arrows to show direction of travel

Voice Voice of a developer



Unlike conventional systems that dispatch taxis efficiently in response to orders, the AI Demand Prediction Service supports cruising and taxi-stand operations. AI demand prediction functionality was installed in dispatch vehicle terminals (Car Navigation) in FY2018, but in future, by linking it with the navigation functions, we hope to provide guidance to the high-demand points.

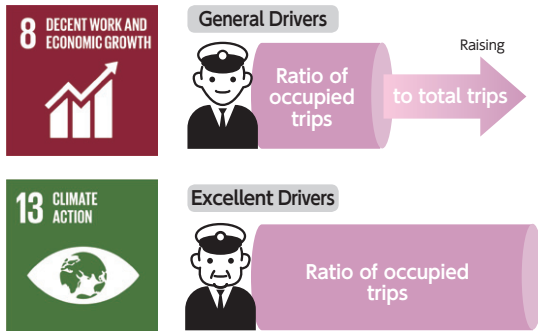
Cn) Engrg Div.2 Design Dept. Design Sect 1 **Kenichi Murakami**

Anticipated Benefits

① Supports cruising taxi

Improve operational efficiency by reducing empty cruise time

This will eliminate the variations in the ratio of occupied trips to total trips between drivers to raise the overall level. Also, because taxis' empty cruise distances will be shorter, wasteful energy consumption can be reduced, leading to reductions in CO₂ emissions



② Enhance convenience for patrons

Shorter waiting times

We have all felt the frustration of there not being a taxi in sight when you are in a hurry. This system will eliminate that irritation. It will provide smoother responses to extraordinary increases in passenger demand. This includes sudden, unexpected situations, such as public transport disruptions or sudden downpours, and after concerts or similar large events.



③ Efficient operations even in unfamiliar areas

Even if a taxi is driving in an unfamiliar area, the driver will be able to check what area they are more likely to pick up their next passenger.



④ Mitigation of driver shortages

Because new, inexperienced taxi drivers will be able to drive with peace of mind, the system will contribute to improve the rates of drivers being secured and retained, which are becoming an increasingly serious problem.



Leveraging our track record in the development of taxi radios, we will become as a bridge between society and taxis.

In its former incarnation as Kobe Industries, we commercialized taxi radios in 1954. For more than 60 years since then, we have continued to accumulate expertise and to evolve, with the development of an automated dispatch system in 1996, a digital dispatch system in 2003, and a cloud-based dispatch system in 2015.

The technologies and products that we have developed and delivered to date are very diverse, including collection of on-board data, radio communications, HMI*3 for conveying information properly to drivers, information systems that extract beneficial information from data. The services we provide and make use of these developments are equally diverse.

Going forward, anticipating a time when all cars will be connected to a network, we will become a bridge between people and taxis and between society and taxis, providing all people with a free and comfortable mobility experience.

*3 HMI (Human Machine Interface): Collective term for devices, software, etc., for exchanges of information between humans and machines.

1996 Automated dispatch system



2003 Digital dispatch system



CSR of DENSO TEN Group

Under the idea that “the spirit of “MAKOTO” is the source of our CSR activities and the CSR activities are our business activities themselves based on the corporate philosophy”, DENSO TEN Group aims to become a corporate group that is trusted by stakeholders through various activities.

Important issues of CSR

In 2016, we mapped the various social problems from the two perspectives of their degree of importance to stakeholders and their degree of importance to the company. Based on that process, we identified the key issues (materialities) that we should address as a priority, and have been pursuing activities that meet our stakeholders’ expectations and demands in a way that is typical of DENSO TEN.

Important issues of CSR of DENSO TEN Group



Promotion Structure

Since 2017, relevant members of the corporate department have met regularly as the Corporate CSR Committee, a forum for discussing directions for the Group’s integrated CSR activities.

In FY2018, the sphere of activity was expanded beyond the corporate department with the addition of members from the quality assurance, procurement, intellectual property, and services departments, and the name of the forum was changed to the CSR Committee.

To further strengthen our initiatives for solving social issues through business, we intend to add new members from each business division to the Committee in FY2019 and beyond.

Response to SDGs

The DENSO TEN Group aims to contribute through our business to the achievement of the Sustainable Development Goals (SDGs) adopted in the United Nations in 2015 with a goal year of 2030.

In FY2018, we continued the work we performed in FY2017 to link our CSR activities to the SDGs. We also extracted from the 169 targets of the SDGs those targets that were most relevant to DENSO TEN, for the purposes of reviewing our key CSR issues.

In FY2019, in addition to reviewing the key CSR issues and key performance indicators (KPIs) in light of the SDGs, we plan to make employees more conscious of CSR through various awareness-raising activities.



Main efforts in FY 2018 / Applicable SDGs

Important issues		Main efforts/achievements in FY 2018	Applicable SDGs
Consumer issues	Protection of customers' data	•Establish rules based on the "personal information protection policy" and thoroughly familiarize employees with the rules (ongoing)	
	Improvement of customer satisfaction	•Global operation of quality assurance framework based on "ISO 9001" and "IATF 16949" (ongoing) •All employees performed QC circle activity (small party activity / ongoing)	
Environment	Contribution to environment by our products	•Based on "DENSO TEN Group Eco Vision", we reviewed "8th Environmental Action Plan" •Authorized audio power amplifier as a super green product	
Human rights	Due diligence (Respect of human rights)	•Conduct educational programs related to human rights in the new employee training or level-specific training at the time of promotion (ongoing) •Held a lecture under the theme of "Things to Know About LGBT" for managers	
Labor practices	Personnel diversity (Diversity)	•performed the training about the importance of diversity for each classified staff, awareness survey and sending information through the intranet(ongoing) •To give young female employees opportunities to think about their future careers, we held roundtable discussions with more senior employees and forums offering the chance to interact with female managers with successful careers outside the company. (ongoing)	
	Work-life balance	•We introduced work schedules that allow for more flexible work styles to suit individual circumstances, such as changes to the core hours under the flex time system and work-from-home arrangements to allow employees to care for small children or elderly family members. ated "Balance of Work X Nursing care Handbook (Basic Knowledge Edition)" based on the increase in employees who need to balance work and nursing care, and held seminars for managers •We introduced online video content on the intranet to teach about nursing care (caring for elderly family members)	
	Enhancement of employee wellness	•DENSO TEN received its first certification in the Certified Health & Productivity Management Organization Recognition Program 2019 (Large Enterprise Category) - White 500.	
Fair operating practices	Fair and equitable transactions	•"Ten-ei-kai"-ei-kai cooperative association's theme-specific study group proposed a review of Disaster Emergency Guidelines.	
Effort other than major issues			
Organizational Governance		•TNPH obtained certification for its business continuity management systems.	
Contribution to society		•Strengthening support for paraports.	

Opportunities for dialogue with stakeholders

Stakeholder	Opportunities for dialogue / Tool	Stakeholder	Opportunities for dialogue / Tool
Customers	•Information exchange by visiting customers •Customer service liaison office (telephone/ e-mail) •User questionnaire postcards •Exhibitions (Motor Show/technology exhibition)	Shareholders	•Shareholders' meeting •Various briefing meetings •Business report/annual report
Employees	•Questionnaire to improve workplace capability •In-house newsletter on the intranet •Interviews with supervisors •Consultation counter (human rights/career/ mental health) •Regular labor-management council •Compliance line	Environment	•CSR Report •Environmental exchange meeting with neighboring companies •Display at environmental exhibitions •Participation in local environmental conservation activities
Suppliers	•Suppliers convention / production update briefing •"Ten-ei-kai", a supplier cooperation association (general assembly/each sub-committee) •Self-inspection survey (quality/environment/ CSR) •Compliance line	Society (Local communities)	•Regular dialogue meetings and information exchange meetings •Participation in and sponsorship of local events •Factory tours/events for invitation to factories •Participation in local disaster prevention/ welfare communities •Contribution activities to local communities

We always think first how to serve our customers.

We always think first how to serve our customers, to create products/services that exceed our customers' expectations by improving quality and safety.

Furthermore, we strictly manage personal information of customers after collecting them by legitimate means and clarifying the purpose of use.



Efforts made by our customer service representative

In order to respond to customer inquiries about aftermarket products, our customer service liaison office keeps in mind the philosophy "Responding to individual customers by keeping in close contact with them".

- We aim for easily accessible and high quality service.
- We assign the appropriate operator based on the type of inquiries if customers select the inquiry number after calling.
- We strive to listen to the voices of our customers, analyze their opinions and work on making improvements, as well as providing feeding those views back into the company.

Repairs

In Japan certified Service Shops (hereinafter referred to as SS) at 87 bases nationwide repair products and Field Support Centers (hereinafter referred to as FSC) at 3 sites nationwide help SS on a technical level, such as a failure diagnosis. The overseas customer service system consists of 10 bases of overseas subsidiaries, 13 bases of FSC and 13 bases of SS.

- We strive to maintain and improve the service level by conducting a certification examination related to service skills for staff in SS and centralized repair bases every year.
- We aim for "quick, reasonable and careful repair". Realize low repair cost by repairing parts in a minimum part unit.
- At our repair centers in Japan, North America, and Europe, we are proceeding with the introduction of a "high-function re-working system," which is able to accommodate BGA-ICs, and have provided each center with manuals that contain the repair procedures for newly added repairable circuit boards.

Voice Voice of an employee



Service Administration Sect. of the Service Dept. 1 provides system planning and operational support to ensure that responses to customer inquiries and repairs of product breakdowns are managed smoothly on a global basis.

Our section also produces the necessary repair manuals and, by establishing repairs for the minimum parts necessary, contributes to affordable repair services and the reduction of discarded parts and materials.

Our entire team will keep working as a united force to increase customer satisfaction.

QA) Service Div. Service Dept. 1 Service Administrative Sect **Taito Okamura**

Protection of personal information for customers

Recognizing that appropriate handling of the personal information which can identify a certain person such as customer's name, address and e-mail address is a social responsibility as a company, DENSO TEN Group has been committed to the protection of personal information, such as establishing rules based on the "personal information protection policy" and thoroughly familiarizing employees with the rules.

Since car navigation equipment includes personal information of customers, SS is also obligated to protect personal information by appointing a responsible person for information management.

Pursuit of quality and safety of products

In order to provide products trusted and satisfied by customers, we have developed a global quality assurance system based on the international standards for quality management system and implemented a cycle designed to improve product quality at domestic and overseas bases.

In terms of international quality management systems, we have obtained and operate under ISO 9001 certification, as well as IATF 16949, the standard for the automotive industry.

In such efforts, based on "DENSO TEN Group Products Safety Charter, we strive to ensure quality and safety of products at each step from the product planning step to the mass production step.

- We decide roles and cooperation responsibility of design, production and quality assurance to structure a system for ensuring quality by own process completion.

Raising quality consciousness and human resources development

With the aim of making all employees more conscious of quality and to raise the quality of their work, we hold quality exhibitions and seminars, and conduct QC Circle activities (small group activities) at individual workplaces.

Efforts in FY2018

- At a quality exhibition in November 2018, employees used panel exhibits to share with each other their approaches to customer criticism and complaints, evaluation outcomes, and prevention of recurrences of serious quality problems.

Voice Voice of an employee



Under the principles of human resources development, workplace invigoration, and contribution to the company, our employees are engaged in ongoing QC Circle activities. Cooperating with other members, they use quality control methodologies to solve problems and challenges in the workplace.

In the FY2018 activities, younger members were paired with veteran employees, with whom they would not ordinarily have much interaction. The combination of the younger members' fresh ways of thinking and the veterans' wisdom gave rise to good ideas. The result was not only the achievement of the activities' goals, but also a heightened sense of solidarity in the workplace.

We will continue to engage proactively in QC Circle activities and strive to make further improvements.

Oyama Plant (CI) Prod Div. Prod Dept. Production Sect 3 **Takeshi Shinoto** (photo right) **Takeshi Inoue** (photo left)

The beautiful earth is handed down to the next generation.

We are deeply aware of the necessity of environmental preservation on a global scale, and promote reduction of environmental loads in every area of business activities.



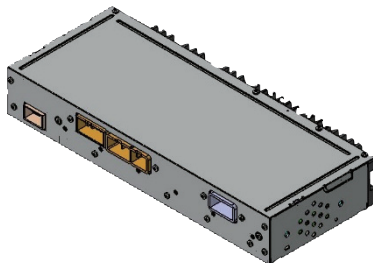
Green Products

Design department performs product environment assessment to prohibit the use of substances and materials which are regulated by law to reduce the environmental loads of products. Furthermore, we evaluate the lower power consumption, more compact and lower weight of product itself. The product which passed a certain criteria shall be defined as "green product", and we established in-house criteria to define a product having eco-friendly level leading industry compared to in-house product or outside company product among green products as "super green product" and proceed with eco-design products. Since FY2016, we have included products (Environmental contribution products) of which functions contribute to the reduction of burdens on the environment in in-house standards.

TOPICS

Audio power amplifier is certified as a Super Green Product

In audio power amplifier, simplification of the construction, downsizing of components, and other ideas resulted in a 31% reduction in size and a 41% reduction in weight compared to the previous model.



Volume : 1,704cm³
Mass : 1,700g

Volume : 1,179cm³ **31% reduction**
Mass : 1,010g **41% reduction**

Voice Voice of an employee



The heat dissipation performance of power amplifier is a factor that leads directly to sound quality, which is integral to the system.

Heat dissipation performance is determined by heat sinks, but the challenge was that, to secure that performance, the size and weight of the amp increased. In this development, we adjusted the shape of the heat sink and adopted an IC with low heat emission. This enabled us to achieve sound quality, downsizing, and weight reductions that exceeded our targets.

Going forward, we plan to reduce the size and weight not only of the amplifier but of the entire system. We will, of course, still pay careful attention to sound quality!

CI) Acoustic Engineering Div. **Kunihiko Irie** (photo left) Engineering Sect 1 **Noboru Hidaka** (photo right)



TOPICS

Review of 8th Environmental Action Plan

Based on the DENSO TEN Group Eco Vision established in November 2017 and in light of changes in the DENSO Group's Environmental Action Plan and the circumstances surrounding DENSO TEN, we undertook a review of the Environmental Action Plan in July 2018.

The period of the plan was extended from the usual three years to five years (2016-2020) to bring it in line with the DENSO Group, and the base year was changed from FY2011 to FY2015, the year immediately preceding the start of efforts under the plan. This has made it easier to see how much improvement could be achieved during the current plan period compared to the actual results in the final year of the 7th Environmental Action Plan.

FY2018 Targets and Achievements

Sector	Initiative Target	Target	Result	Evaluation
Eco Products	For all newly developed products, reduce weight by an average of 9% compared to FY2015 by FY2020 -7.3% compared to FY2015	-7.3% compared to FY2015	-10.8% compared to FY2015	○
	Extend environmental contribution technology*1 initiatives to all engineering departments and make at least two proposals per business division by the end of FY2020	1 proposal per business division (total 3 proposals)	1 proposal per business division (total 3 proposals)	○
	Increase sales revenue from environmental contribution products*1 by 50% compared to FY2015 in FY2020	Up 5% compared to FY2015	Up 19% compared to FY2015	○
	Actively promote transition to global-scale restrictions on Substances of Concern	Lead: Extended to relevant departments Phthalic acid: Commenced coordination with customers	Lead: Extended to relevant departments Phthalic acid: Commenced coordination with customers	○
Eco Factory	Reduce greenhouse gas emissions (by output) by 9% compared to FY2015 by the end of FY2020	-2% compared to FY2015	-2.1% compared to FY2015	○
	Expand use of renewable energies*2	Completed installation simulation	Completed installation simulation	○
	Reduce generated waste (by output) by 6% compared to FY2015 by the end of FY2020	Up 4% compared to FY2015	-5.1% compared to FY2015	○
	Increase recycling rate to at least 98% by the end of FY2020	97% recycling rate	97% recycling rate	○
	Reduce water usage (by output) by 16% compared to FY2015 by the end of FY2020	-14% compared to FY2015	-15.1% compared to FY2015	○
Reduce greenhouse gas emissions in transport by revenue by at least 10% compared to FY2015 by the end of FY2020	-8.7% compared to FY2015	-8.8% compared to FY2015	○	
Eco Management	Thorough compliance through environmental risk reduction activities. No cases of infringements of environmental law or of environmental incidents	Number of infringements of environmental law or of environmental incidents	Number of infringements of environmental law or of environmental incidents	○

*1 Environmental contribution technologies and products : Technologies and products that are able to contribute to the reduction of energy consumption and greenhouse gas emissions

*2 Renewable energies : Forms of energy that always exist in the natural world, such as solar, wind, and water power. They are clean energies that emit virtually no carbon dioxide, which is the cause of global warming, during electricity generation or use of heat

We respect “Job satisfaction” of each person

We aim to build workplace where human rights of each employee are respected and he/she can work with proud and sense of challenge while he/she demonstrates his/her abilities. We also make efforts to maintain and improve a safe and healthy labor environment under providing fair working conditions for all employees.



Respect of human rights

DENSO TEN regards “respect of human rights” as Business Activity Directive. Also we regard “respect of human rights” as corporate behavior declaration (CSR policy) and describe the words “shall not engage discrimination based on factor of race, color, religion, faith, sex, social status, birth, disability, sexual orientation etc., and human-rights violation, forced labor, and child labor”

- We held the seminar about the human rights for new employee and each classified staff, and we work on the enlightenment of awareness for employees through putting a poster in every December, Human Rights Month.

Efforts in FY2018

- A lecture was held for management-level employees on the theme of “Things to Know About LGBT*” to give them a fresh opportunity to acquire accurate knowledge about gender diversity and to think about considerations in the workplace.

* Collective term for diverse sexual minorities, comprised of the first letters of the words Lesbian, Gay, Bisexual, and Transgender (people who identify as a gender that differs from that assigned to them at birth).

Acceptance of diversity

We think that all employees will accept and utilize diversity, which will lead to “development of individuals” and “strengthening of the competitiveness and growth of our company”. Led by Diversity Promotion Section, we strive to “develop a corporate culture” which respects diversity, “promote work-life balance”, and “support employees’ independence and success”.

Efforts in FY2018

- In addition to providing training on necessity and importance of diversity for each classified staff, we positively challenged the reform of the awareness of employees and the corporate culture such as awareness survey about diversity and sending information through the intranet and others.

Voice Voice of an employee



I hear the word “LGBT” on TV and other places these days, but I did not really see it as having anything to do with me. However, after listening to the lecture, I learned that there are LGBT people close to me, and that they experience stress on a daily basis due to the misinformation and preconceptions that exist in society.

Everyone has their own individual characteristics, and LGBT is one such characteristic. To realize a world in which each and every individual can be recognized for who they are, not just because they are LGBT, and to live the life they want to lead, I believe we first need to have knowledge.

CI) Business Planning Div. **Yoko Kume**



Promotion of work-life balance

In order for employees to be able to realize variety of working styles according to their lifestyles and life stages, and to balance their work and family life, DENSO TEN develops various measures. Specifically, we provide / strengthen various systems such as childcare leave and nursing care leave, and provide information and enhance awareness and enlightenment so as to promote the utilization of the systems.

As a result of such efforts, in May 2015, DENSO TEN received special certification, "Platinum Kurumin certification" based on "Act on Advancement of Measures to Support Raising Next-Generation Children" from Hyogo Labor Bureau.

- In order to ensure that employees who are raising children work at a rewarding level, we offer an interview system for employees to take a childcare leave of absence in 3 times, before leave of absence, before and after the reinstatement, and provide training opportunities.
- We hold our "company tour for children" to invite employees' children to see the office of their parents every year.



Platinum Kurumin

Efforts in FY2018

- Because nobody knows when they will face the situation themselves, we have introduced video contents on the intranet to enable people to learn easily about nursing care.
- In April 2019, we introduced a new working hours system that allows employees to adopt flexible work styles to suit their individual circumstances. It includes a work-from-home scheme for employees who need to care for small children or elderly family members, and the application of the flex time system for workers on shortened working hours.

Promotion of women's advancement

We strive to create a workplace where women can work comfortably, such as to continue to employ women, expand the types of jobs available, develop and improve various systems for balancing work and childcare, and develop a corporate culture to utilize the measures.

- We are conducting training for female employees with the aims of the change in mindset that is needed to demonstrate leadership and of building networks in the company. We are also providing training for the supervisors of those female employees.
- As an opportunity to think about future career of young woman, we hold a discussion meeting with senior employees, and hold forums which interacts with woman managers who are working well outside company.
- In July 2016, we obtained the "Eruboshi" company certification by the Minister of Health, Labor and Welfare based on the evaluation result of efforts for promotion of women's advancement.



Eruboshi

Voice Voice of an employee



I use the telecommuting scheme introduced as part of work style reform. Until now, when I needed to participate in my children's school events held on a weekday, or to take them to the doctor, because I have a long commute, a half-day off would not be enough and I would have to take a whole day's paid leave. However, by taking advantage of the telecommuting scheme, I am able to work from home, so I can look after minor errands without having to use up my paid leave.

AE) Ele Basis Eng. PF Software Eng Sect2 **Takuya Hibino**



Mental and physical health support

Under recognition of “health management of employee is a base of management”, we enhance health awareness of each employee and support voluntary health promotion including mental and physical health. Since FY2014, we have shifted the focus of our assistance policies from check-ups and treatment to activities for the prevention of physical and mental illness. In FY2018, we developed the foundations for a PDCA cycle to support health promotion among all employees, and we deployed activities that place emphasis on the communication of health information and the provision of opportunities.

Efforts in FY2018

- We performed health enlightenment seminars for young people up to age of 30 (new employee, age of 27 and 30) as a measure to prevent diseases in future.
- In terms of mental health initiatives, we conducted stress checks and follow-ups for employees experiencing high stress, mental health management training, and management of employees on work restrictions.
- Company doctors also traveled around our overseas offices and conducted health education on site for overseas employees.

TOPICS

Expansion of options for flexible work styles to suit each individual

In April 2019, we introduced a new working hours system, in which, with their department head’s approval, employees can change their core hours under the flex time system or work-from-home to care for small children or elderly family members. With the introduction of this new system, for example, if an employee has to attend to something involving care for children or elderly family members that only takes a short time, they can still work without having to take leave.

Renovation of headquarters cafeteria and gymnasium to increase employee satisfaction

The DENSO TEN Group undertook major renovations of the headquarters cafeteria and gymnasium in FY2018 as part of its initiatives to increase employee satisfaction throughout the entire group.

Lunchtime crowding in the cafeteria has been eased with the introduction of three sessions, and the menu offerings have been updated to offer better nutritional balance. With the renovations, the interiors and equipment are visually bright and easier to keep clean. The cafeteria has become a pleasant, relaxing space for meals and meetings.

Various barrier-free facilities, such as ramps and multifunction toilets, have been installed in the gymnasium.



Healthy menu offerings with an abundance of vegetables

Promotion of health and productivity management

DENSO TEN positioned FY2018 as the first year of health and productivity management and has been rolling out initiatives for employees to be proactive in promoting their own health.

In FY2018, we conducted Health Challenge Courses, in which employees chose from 16 courses for improvement of lifestyle habits and continued the course for three months. We also held health-related exhibitions to present the key points of health and productivity management and lifestyle improvement. In recognition of these activities, in February 2019, we were certified in the Certified Health & Productivity Management Organization Recognition Program 2019 (Large Enterprise Category) - White 500, a program operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

We maintain fair relationships with suppliers.

We provide open and equitable transaction opportunity toward suppliers, comply with all laws and contracts, and maintain fair relationships. And under a long-term perspective, we work on materializing the partnerships for co-existence and co-prosperity with suppliers based on mutual trust.



Procurement Basic Policy

Our Guidelines for Corporate Conduct include declarations of “equitable, fair, and transparent corporate activities” and “fair trading.” In our Declaration of Corporate Conduct (CSR Policy), we have stated clearly our intention to respect our suppliers and other business partners and to strive to realize mutual harmony and benefit based on mutual trust from long-term perspectives. To this end, we have declared “open, equitable, and fair trading,” “mutual harmony and benefit with suppliers,” and “promotion of CSR” as our basic procurement policies.

Open, equitable, and fair trading

We seek proposals from suppliers in an open manner and select them on equal terms.

Members of the procurement department are given training on relevant laws and regulations, and the procurement skills and abilities of purchasing officers are checked once a year. We also make our compliance line available to our suppliers.

Mutual harmony and benefit with suppliers

With the aim of mutual harmony and benefit based on mutual trust with our suppliers, to strengthen our collaboration with our suppliers, we share production information with them at briefings on production trends. In the cooperative association, Ten-ei-kai, whose members are our 95 suppliers and DENSO TEN, we hold exchanges with member companies through theme-specific study groups and other activities.

Promotion of CSR

To encourage our suppliers to also promote CSR, we ask them to conduct awareness-raising, surveys, and inspections in various parts of their business.

We also hold Supplier Conventions for our major suppliers, where we communicate DENSO TEN’s business policies, as well as policies related to CSR, such as compliance and chemical management.

We also disclose the most recent version of our Green Procurement Guideline on website and ask suppliers to conduct their own procurement in compliance with those guidelines.

TOPICS

Review of Disaster Emergency Guidelines by themed study group in the Ten-ei-kai cooperative association

The Ten-ei-kai has multiple active study groups that pursue “key issues” on specific themes that are common to the member companies and DENSO TEN. One such group worked on the theme of a review of our natural disaster emergency guidelines in FY2018. Specifically, the group identified issues such as methods of confirming the situation and communicating with relevant parties during torrential rainfall events and made proposals for improving those methods. The outcomes of this activity were announced in the Theme-specific Study Group Activities Report along with reports from other study groups, and the proposals were reflected in revisions to the Guidelines.

We declare social responsibilities while treasuring “MAKOTO(Sincerity)”.

Under the leadership of top management, we will establish the system which declares social responsibilities, and develop organizational culture which is suitable for a company trusted by international society and local communities.

Aim to be a Company Trusted by Society and Local Communities

We established “DENSO TEN Group corporate behavior guidelines” defining appropriate behaviors of employees and we formulated “DENSO TEN Group corporate behavior declaration (CSR policy)” which declares our responsibilities for stakeholders and an ideal image of DENSO TEN Group regarding CSR.

We strive to build even better relationship with stakeholders and realize our philosophy to contribute to customers and society, centering on “MAKOTO”, by operating these guidelines and declaration.

Compliance

DENSO TEN Group strives to promote group-wide compliance activities, establishing in-house rules, training programs, and monitoring systems, while clarifying laws and regulations related to business activities.

Efforts in FY2018

- With various compliance issues involving the Japanese manufacturing industry coming to light, we held panel exhibitions about compliance and engineers’ ethics at quality exhibitions to foster greater awareness among employees.

Business Continuity Management

In addition to our business continuity plan, we have established disaster plans, predominantly in the Kobe headquarters district, in preparation for a Nankai Trough mega-quake. We have also set up systems to assist with recovery, including a Central Disaster Response Headquarters that will decide policies and measures when a disaster strikes, and we are striving to strengthen our business continuity management.

Efforts in FY2018

- TNPH obtained ISO 22301 certification, the international standard for business continuity management, in May 2018, the first company in the DENSO TEN Group to do so.

Information Security

In response to the risk of information leakage and others, we strive to strengthen information security by establishing various rules, performing audits, and trainings by e-learning for all employees.

- We established the relevant regulations based on ISMS* international standard (ISO / IEC27001 etc.).

We build and operate information management system and perform self-check and audit in whole company.

* ISMS: Information Security Management System

Efforts in FY2018

- We have established a PSIRT* framework as a contact point for responses to product security incidents and have pursued collaborations between that framework and relevant engineering and quality assurance departments.

*PSIRT (Product Security Incident Response Team) : Incident response team for company products and systems

Toward building richer society / local communities

We would like to contribute to building richer society / local communities through corporate activities under self-awareness of “we are a member of society”.

Efforts in FY2018

- As well as continuing our efforts to create opportunities for employees to participate in volunteer activities, we have also started to enhance our support for parasports.
- As for the environmental contribution activities, we have achieved our goal, which is the achieving “1 or more goals in one site”, for “Social contribution activities that employees work together on society” and “Activities that solve the social and environmental issues, such as biodiversity etc.”



Members of the company table tennis club assisted as instructors in a social table tennis event held by the Hyogo Prefecture Disabled Athletes Multi-Support Project.



Company staff supported a craft class for local elementary school children.



The company sponsored a range of musical events, including national university big band and jazz competitions.



DENSO TEN PHILIPPINES (TNPH) conducted a tree-planting activity for the protection of the mangrove forests.

Voice Voice of an employee



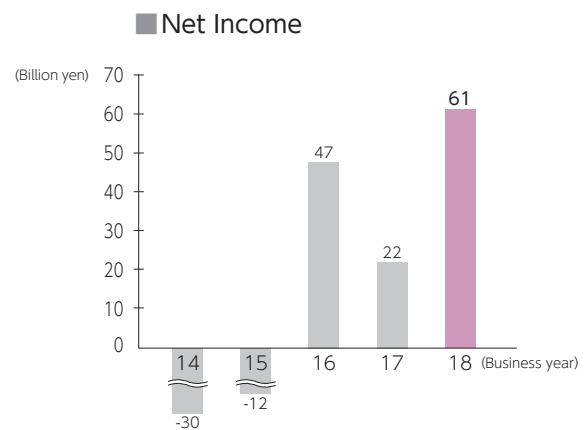
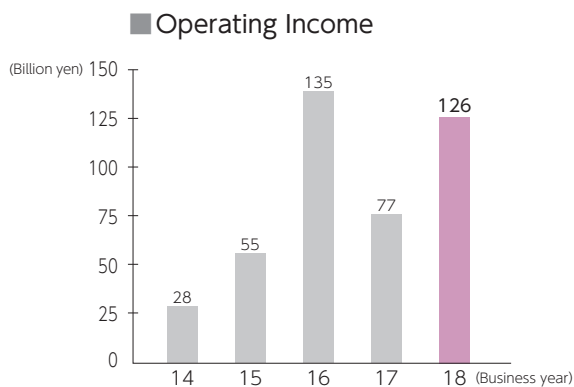
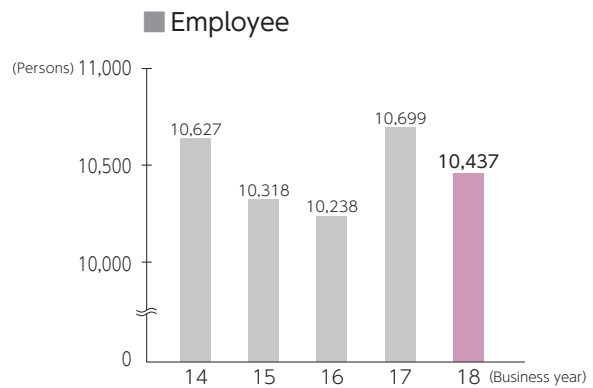
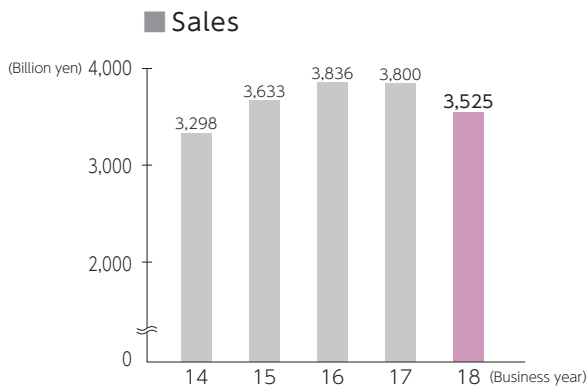
Participation in Social Table Tennis Event

Participating in the Hyogo Prefecture Disabled Athletes Multi-Support Project made us happy that we were able to be of benefit to the athletes in some small way. Being able to play table tennis with people we would not usually have the chance to meet was also an invaluable experience.

I hope to actively engage in community service activities going forward.

AE) Quality Assurance Div. Development Environment Sect **Koji Fukuoka**

Financial report (consolidated)



* The amounts shown are rounded down to the unit for presentation.
 * The figures contained in this report are based on the management accounting standards of the DENSO TEN Group and have not been audited under the Companies Act.

Outline of balance sheet

Our business performance for the period under review was a decline in consolidated revenue to ¥352.5 billion (7.2% year-on-year decline). Factors contributing to this result include model changes for OEM products such as car navigation systems and audio systems and the decline in sales of vehicles fitted with our products. In terms of profit and loss, although the decline in revenue had some impact on gross profit, thanks to cost-cutting activities and the elimination of costs caused by the previous year's changes to the capital structure, operating profit increased by 63.5% year-on-year to ¥12.56 billion and net current profit increased by 175.3% to ¥6.05 billion.

In projections for business performance next fiscal year, while we anticipate a fall in revenue due to the model changes for OEM products and other factors, we project that active investment in development for the future will result in consolidated revenue of ¥336.7 billion, operating profit of ¥4.31 billion, and net current profit of ¥1.49 billion.

In our business domains, we anticipate expansion of technical innovation and moves toward collaborations that extend beyond the automotive industry. In such an environment, the DENSO TEN Group will steadily take on the changes in the market, such as connectedness, electrification, and sharing services, and the expansion of the market, and embark on the challenges of new developments.

■ Corporate Profile

Company name	DENSO TEN LIMITED
Head office address	2-28,Gosho-dori 1-chome,Hyogo-ku,Kobe 652-8510,Japan
Phone	+81-78-671-5081
Established	October 25, 1972
Capital	¥5,300 million
Shareholders	DENSO CORPORATION, TOYOTA MOTOR CORPORATION, FUJITSU LIMITED
Business Description	Vehicle-ICT : Multi-angle vision, Millimeter wave radar,E-call system, Drive Recorder etc. Car Infotainment: Car Navigation, Display Audio, CD Tuner, Sound system etc. Automotive Electronics : Hybrid ECU, EPS ECU, EFI ECU, Airbag ECU etc.
Chairman and Representative Director	Satoshi Iwata
President and Representative Director	Yukihiro Kato

■ List of business offices Sales/Production/Research & Development/Logistics and others Web ▶ List of business offices

The Bases with an asterisk (*) are not included in the scope of this report

■ Japan * DENSO TEN and DENSO TEN Manufacturing merged in April 2019.

DENSO TEN LIMITED

DENSO TEN TECHNOSEPTA LIMITED

DENSO TEN STAFF LIMITED

DENSO TEN TECHNOLOGY LIMITED

■ Overseas offices

Asia, Oceania

Australia DENSO TEN AUSTRALIA PTY. LTD.Philippines DENSO TEN PHILIPPINES CORPORATION
DENSO TEN SOLUTIONS PHILIPPINES, CORPORATIONThailand DENSO TEN (THAILAND) Limited

Singapore DENSO TEN SINGAPORE Private Limited

I n d i a DENSO TEN MINDA INDIA Private Limited
MINDA D-TEN INDIA Private Limited*Indonesia PT. DENSO TEN MANUFACTURING INDONESIA
PT. DENSO TEN AVE INDONESIA*K o r e a DENSO TEN KOREA LimitedC h i n a DENSO TEN (CHINA) Limited.
DENSO TEN ELECTRONICS (WUXI) Limited.
DENSO TEN PRECISION ELECTRONICS (TIANJIN) Limited*
DENSO TEN TRADING (TIANJIN) Limited.
DENSO TEN RESEARCH AND DEVELOPMENT (TIANJIN) Limited.

Europe

S p a i n FUJITSU TEN ESPAÑA, S. A.Germany DENSO TEN EUROPE GmbH

Americas

United States DENSO TEN AMERICA Limited
DENSO TEN TECHNOSEPTA USA, Limited*M e x i c o DENSO TEN de MEXICO, S.A. de C.V.B r a z i l DENSO TEN DO BRASIL LTDA.

After reading the CSR Report 2019



Chika Saka

Assistant to the President / Professor of School of Business Administration / Doctor of Commercial Science at Kwansai Gakuin University.
Currently, a member of Science Council of Japan, a member of Osaka Prefecture Environmental Council Committee, a director of Accounting and Economic Association of Japan, a director of the Japan Corporate Social Accounting and Reporting Association

Overall

This year's CSR Report includes details about achievements based on the Environmental Initiatives Plan that was newly revised in 2018 and on DENSO TEN's response to the SDGs. The term of this new plan has been extended from three years to five years, and it has been made consistent with the 2025 targets of DENSO TEN's Eco Vision (established in 2017). The achievements of FY2018 confirm that the targets in all areas have been achieved at a global level. The feature article at the beginning of the report shows how the AI Demand Prediction Service is helping to solve social issues such as reducing energy consumption, raising productivity, and improving working styles. It gives a sense of the breadth of DENSO TEN's CSR activities. Continuing on from last year, DENSO TEN has carefully disclosed its new and ongoing initiatives for each key CSR issue, providing a report that has relevance, clarity, and comparability.

Efforts for field of important issues

The Consumer Issues section details DENSO TEN's company-wide, ongoing efforts, bringing together quality improvement, product safety, and human resources development.

The Environment section indicates the company's steady progress in its Environmental Initiatives Plan. Readers will be able to see how the benefits of obtaining global integrated certification under ISO 14001:2015 in 2017 are becoming apparent. When viewed together with the list of DENSO TEN's achievements in chronological order, it is evident that the company has been able to achieve ongoing reductions in its environmental footprint. The disclosure of various detailed environmental data, including the environmental mass balance (input and output data for all Group activities), reductions in greenhouse gas emissions across the supply chain, environmental accounting, and site data, has increased the coverage of the Report and its comparability with past years.

The Human Rights / Labor Practices section includes a description of DENSO TEN's ample initiatives in this area covering nine pages (detailed version), as well as information about new initiatives, such as support for employees to balance work and caring for elderly family members, and for flexible working styles. In particular, DENSO TEN has positioned FY2018 as its "Year One of Health and Productivity Management," launching wellness enhancement activities targeting all employees. Already, the company has received certification in the Certified Health & Productivity Management Organization Recognition Program - White 500 in February 2019. The short time frame of this outcome is an indication of how serious the company is in its approaches to this issue.

In Fair Operating Practices, in response to the flood damage caused by torrential rain events of recent years, DENSO TEN undertook a review of its Disaster Emergency Guidelines.

This section also includes details of FY2018 achievements such as DENSO TEN's receipt of ISO 22301 certification, which is the international standard for business continuity management, and the development of a framework for a helpdesk for responses to product security incidents.

Toward the future

In FY2019, DENSO TEN will apparently conduct reviews of its key CSR issues and key performance indicators (KPIs), identify priority issues throughout the business, and set up new promotion frameworks with the addition of the individual business divisions. With these sincere, steady efforts as a foundation, I look forward to DENSO TEN success in bringing its CSR activities into the mainstream and the improvement of the quality of those activities by strengthening its solutions to social issues through business and further clarifying its paths and progress. I am sure the company will be able to respond in detailed ways to the SDGs, using its financial KPIs and environmental and social KPIs as connectors. Its approaches to health and productivity management are also advanced and unique, and I believe they will lead to the enhancement of corporate value in the long term. I hope that DENSO TEN's efforts will spread to other companies as a model company in health and productivity management. As we enter a once-in-a-century period of transformation in the automotive industry, DENSO TEN's desire to transform itself in light of its awareness of the state of companies and employee working styles will, I anticipate, lead to productivity reform, which is a challenge for the Japanese economy.

Response to third party comment



後藤 俊樹

Toshiki Goto
DENSO TEN LIMITED, Executive Officer

This is the fourth year that we have asked Professor Saka to comment on our CSR Report.

We have taken her valuable opinions on board in the enhancement of our CSR activities. I would like to take this opportunity to express our heartfelt appreciation once more for her comments.

This year, she has highly commended the ongoing reductions in our environmental footprint based on our Environmental Initiatives Plan, and our efforts in working style reform, including

the introduction of a flexible working hours system tailored to individual circumstances.

In the area of health and productivity management in particular, everyone from top management down is engaged in this area with the conviction that we cannot do our jobs well if we are not healthy. We will be further encouraged by Professor Saka's high praise and push even further forward with these initiatives.

We are currently pursuing a review of our key CSR issues and KPIs, with the aim of accelerating our activities for the solution of social issues through business, based on the SDGs. We may be in the midst of a once-in-a-century transformation of the automotive industry, but even so, we will treasure our spirit of "sincerity," engage seriously in the solution of social issues as a good corporate citizen, and contribute to the realization of a sustainable society.

We would be delighted to receive any honest opinions and comments about our activities and this Report.

