

Tradition of Sustainability Management

Since its founding, DENSO has taken on ambitious initiatives to address social issues through its businesses. In other words, we practice sustainability management and continuously provide society with new green value and peace of mind value. Our consistent approach to business is ingrained in the spirit of the DENSO Creed, which calls on us to “provide quality products and services.”

To continue in the spirit of our creed and keep practicing sustainability management even as times change, we have established the DENSO Group Sustainability Policy and incorporated social issues into the Long-term Policy for 2030 and as an integral part of our material issues (Materiality □ P.32–33). We are currently tackling these social issues through our business activities. This section provides an overview of our structure for promoting sustainability management implementation as well as specific related initiatives.



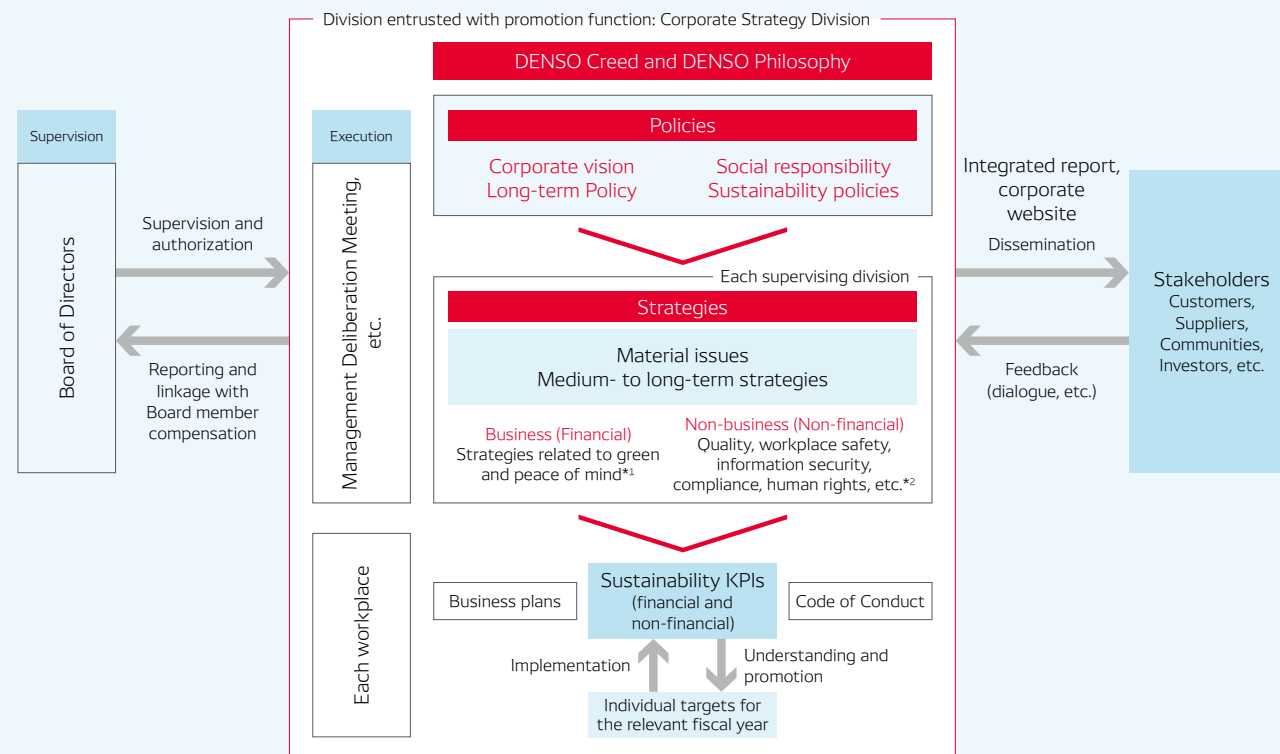
Promotion Structure for Sustainability Management

The executive vice president and representative member of the Board supervises the Corporate Strategy Division, which is responsible for promoting Companywide sustainability management. This division is involved in such efforts as drafting policies and action plans related to sustainability, providing follow-up support for the sustainability activities of each division, and engaging in internal and external communication.

Furthermore, matters such as the direction of sustainability management and the status of Companywide sustainability activities are reported to and deliberated on by the Company's formal committees (such as the Management Deliberation Meeting) and overseen by the Board of Directors. In addition, the divisions in charge of individual sustainability themes promote activities to address these themes in collaboration with relevant divisions and after deliberation on said themes by each expert committee.

Also, to promote and entrench a culture of sustainability and disseminate related information, each DENSO CORPORATION division, domestic Group company, and overseas regional headquarters appoints one sustainability leader, who is tasked with ensuring the penetration of a culture of sustainability throughout workplaces.

Promotion Structure and Division for DENSO's Sustainability Management



*1 Strategies deliberated on by the Management Strategy Meeting and the Management Deliberation Meeting (Corporate Governance, P.99)
*2 With committees in charge of these themes, such as the Quality Assurance Meeting and the Companywide Safety, Health, and Environment Committee serving as the secretariat, initiatives to address these themes are deliberated on by the Company's formal committees.



Please see this URL to view the DENSO Group Sustainability Policy.
<https://www.denso.com/global/en/-/media/global/about-us/sustainability/management/management-doc-sustainability-policy-en.pdf>



TOPIC

The DENSO Group is further accelerating the implementation of sustainability management by advancing the following initiatives.

Evolving Sustainability Management (Initiatives from a Companywide Perspective)

Ongoing: Establishing sustainability KPIs and following up on them as company goals; incorporating sustainability KPI achievement levels into evaluation indicators for officer remuneration □ P.103–104

New: We are currently examining updates to the material issues we established in fiscal 2019 based on the concept of double materiality.* In our evaluation process, we have been soliciting the opinions of internal and external stakeholders, including customers, suppliers, investors, experts, employees, and members of the Board to assess our level of impact on society and the kinds of expectations that stakeholders have of DENSO.

* Materiality chosen to not only evaluate how social issues impact a company's business but also how a company's business impacts society.

Promoting the Understanding of Each Employee

Group companies and regional headquarters educate and communicate information to employees in effective ways that reflect the culture of their respective region or company so that each individual can communicate in their own words how they will contribute to the sustainability of society through their work.

Case 1: My Efforts toward the SDGs—Contributions You Can Make on Your Own

At the Kota Plant, we have been working to promote employee understanding of sustainability management at a workplace level through efforts such as the Outstanding People Caravan, an event where department heads, plant managers, and sustainability leaders come together to share examples of personal actions toward the SDGs. Over 350 members of the plant's semiconductor manufacturing division have participated in this event, recording their goals regarding how they would like to contribute to the sustainability of society through their own work and actions under the theme “My Efforts toward the SDGs.” These goals are displayed throughout the plant. In this way, the Outstanding People Caravan provides opportunities for employees to not only reflect on their own actions but also make new realizations by learning the declarations of their colleagues in the workplace.



Case 2: Promoting Understanding of Carbon Neutrality in China

To promote an understanding of carbon neutrality in China, reflecting the level of interest in carbon neutrality around the world, we offer educational activities and tests via e-learning platforms. In addition to global policies and strategies, we share regional Chinese policies with employees so that they can more closely relate to the concept of carbon neutrality and engage in relevant activities. We also introduce specific examples of production companies in China that are engaged in such activities. For example, at Tianjin DENSO Electronics Co., Ltd., a Chinese production company, we have rolled out an initiative using a smartphone app with the aim of encouraging all employees to participate in and have fun with activities related to the SDGs and carbon neutrality on an ongoing basis. Over 90% of employees have accessed this app. The app not only features examples of how to better conserve energy but also enables employees to post their own examples of the initiatives in which they are engaging. To date, there have been over 350 posts by employees, demonstrating the motivation of employees to take action.



Case 3: Promoting an Understanding of Sustainability Management Utilizing the Integrated Report

Leveraging our integrated report, we are promoting efforts to deepen employee understanding of our sustainability management. For employees reading an integrated report for the first time, we have created a reading guide that summarizes the key points of such a report. We also post the report on our company intranet, hold reading sessions among employees interested in the report, and conduct visiting lectures for departments that request them. In these ways, we have promoted activities to deepen employee understanding of our corporate strategies and sustainability management through the use of the integrated report.

Employees who have participated in such activities have provided a good deal of positive feedback, including comments such as “I was able to gain an understanding of how my daily work relates to corporate strategies and social contribution, which has boosted my motivation,” and “I want to use the integrated report to communicate a general overview of DENSO to our business partners and new employees.”

