

Materiality

We have determined material issues (Materiality) to be addressed in order to achieve our Long-term Policy for 2030 and are accelerating sustainability management. Among our social forecasts based on our awareness of the projected business environment of 2030 as well as the various social issues that are present today, including those highlighted in the SDGs, we have adopted the three themes of “green,” “peace of mind,” and “corporate foundation” as areas that have a high level of importance for realizing a sustainable society and areas in which we can make particularly significant contributions. By achieving these KPIs for each field through our business activities, we will strive to realize our Long-term Policy for 2030 and resolve social issues going forward.

Materiality KPIs

We establish KPIs for each material issue (Materiality), incorporate them into Company targets, and follow up on and discuss their status at the Sustainability Meeting (starting in fiscal 2026), the Management Deliberation Meeting, and the Board of Directors’ meeting. Furthermore, the level of achievement for some KPIs is evaluated as a calculation index for executive compensation. [□□ P.91–92](#)

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In fiscal 2019, DENSO selected important issues from among the various issues society faces within the three areas of “green,” “peace of mind,” and “inspiring” declared under DENSO’s Long-term Policy for 2030. In recent years, interest has increased in Materiality among companies as countries move to codify into rules the disclosure of not only financial impact but also non-financial information. In light of this trend, DENSO is currently updating its material issues (Materiality) to align with changes in social issues since 2018. Management will incorporate these updated material issues (Materiality) as underlying assumptions in the next Mid-term Policy and tackle them Companywide. (Process for Reviewing Materiality, [□□ P.30](#))

In order to advance initiatives across the entire DENSO Group, starting in fiscal 2025, DENSO expanded the scope to include women in management positions, Health Score, employee engagement, and human rights.

Materiality		Vision	KPIs		Fiscal 2025		Fiscal 2026	Related SDGs		
					Targets	Results	Overview of Initiatives	Targets		
Green	Prevention of global warming ②	Contribute to an eco-friendly and sustainable society by reducing environmental burden and realizing highly efficient mobility • Reduce our CO ₂ emissions from our factories to zero • Contribute to the electrification of automobiles and reduce our CO ₂ emissions to the greatest extent possible • Contribute to realizing a carbon-neutral society through technologies that use hydrogen as a clean energy • Reduce environmentally harmful substances, emissions, and waste to help permanently preserve the global environment	• CO ₂ emissions from plants (compared with fiscal 2021) (including carbon credit use)		75% reduction	76% reduction	• Introduced energy-saving technologies (Energy Conservation Grand Prize winner) • Expanded adoption of renewable energy	100% reduction		
	Prevention of air pollution / Reduction of environmental burden ②		• Popularization of products in the electrification domain (Electrification domain revenue)	¥988.0 billion	¥1.01 trillion	• Increased sales of electrification products, such as inverters, motor generators, and thermal management solutions • Commenced inverter production at DENSO FUKUSHIMA CORPORATION (global four-pole, eight-site structure)	¥1.2 trillion	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS		
	Effective utilization of resources ②									
	Conservation of water resources									
Peace of Mind	Reduction of traffic accidents ②	• Popularize safe products in order to eliminate fatalities due to traffic accidents • Address the need for ensuring a safe air environment and provide comfortable spaces • Support working people by offering technologies that help resolve the issues associated with a declining workforce • Provide high-quality safety products that satisfy and gain the trust of customers	• Popularization of safety products (ADAS domain revenue)		¥490.0 billion	¥503.0 billion	• Expanded sales of ADAS-related products, such as GSP3	¥520.0 billion	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	
	Provision of flexible and comfortable movement ②									
	Provision of safe and secure products ②									
	Response to decrease in birthrate and aging population ②									
Corporate Foundation	Compliance	• Ensure that each employee acts in a fair, honest, and ethical manner while complying with laws and regulations in each country and region	• Serious violations of laws (changed to serious compliance violations in fiscal 2026)*1		None	None	• Fostered greater awareness of compliance through messages from senior management, compliance testing, and small group meetings in the workplace	None	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	
	Information security ②	• Provide safe and reliable products to customers, protect information assets, and prepare for cybersecurity risks that the “connected society” faces	• Serious incidents		None	None	• Strictly enforced information confidentiality rules • Implemented security training, including emergency response • Deployed cutting-edge security technologies based on zero-trust architecture	None		
	Diversity and inclusion	• Promote the development of people, organizations, and the working environment to encourage our employees to maximize their abilities and work with enthusiasm and peace of mind • Respect the rights of all our stakeholders, including our employees and people throughout our supply chain, in our business activities • Pursue business activities that take into account environmental issues, human rights issues, and compliance together with our suppliers	• Number of non-Japanese employees promoted to leadership roles at overseas bases		32%	32%	• Provided training and appointed future leadership candidates • Implemented global selective training programs	35%		
			• Women in management positions (by region beginning in fiscal 2025)		Japan: 2.3% Asia: 29%, etc.	Japan: 2.2% Asia: 29.4%, etc.	• Introduced mentoring tailored to the characteristics of managerial candidates • Integrated administrative and career-track positions in Japan	Global: 8.4%		
	• Employee Health Score*2 (Japan); set as KPI in each region outside Japan in fiscal 2026			45%	48%	• Japan: Promoted internal awareness through individual notifications, Health Score explanation videos, and workplace-specific reporting tools • Overseas: Established KPIs based on region-specific issues	Japan: 49% Asia: Health Score (Asia version) 40%, etc.			
	Safe and healthy working environment		• Number of serious incidents		None	None	• Undertook reviews of effectiveness of preventive measures (verification and on-site confirmation) • Gathered and addressed concerns, shared best practices through safety communication and cross-functional confirmation activities*3	None		
			Workstyle reform / Job satisfaction enhancement	• Percentage of affirmative responses with respect to employee engagement by region (year-on-year change)		Japan: +2% Asia / China: +1%, etc.	Japan: +2% Asia: ±0% China: +2%, etc.	• Japan: Provided career development support (managers and subordinates) and organization development workshops led by internal and external trainers • Overseas: Introduced flexible workstyles not constrained by time or place, and reviewed evaluation and disparate compensation systems		Japan: +2% Asia / China: +1%, etc.
				Protection of human rights / Sustainable procurement	• Human rights training by region		Japan: 100% training participation rate Asia: Implement training programs for new employees, etc.	Japan: 100% Asia: Training programs fully implemented for new employees, etc.		• Implemented training and engaged in workplace discussions tailored to local issues Japan: Implemented harassment prevention measures
	Corporate governance	DENSO will support the above targets for Materiality and advance toward a more effective governance system as necessary				based on factors such as social trends, changes to the external environment, and DENSO's corporate culture.				

② Targets that can be achieved using our products and services

*1 Scope expanded to include not only laws and regulations but also social norms and corporate ethics
*2 Health Score: The percentage of individuals achieving BMI targets and at least six out of seven healthy behaviors
*3 Site inspections conducted by third parties, such as heads of other divisions

For more details on Materiality and KPIs, please see the following website.
<https://www.denso.com/global/en/about-us/sustainability/sdgs/>

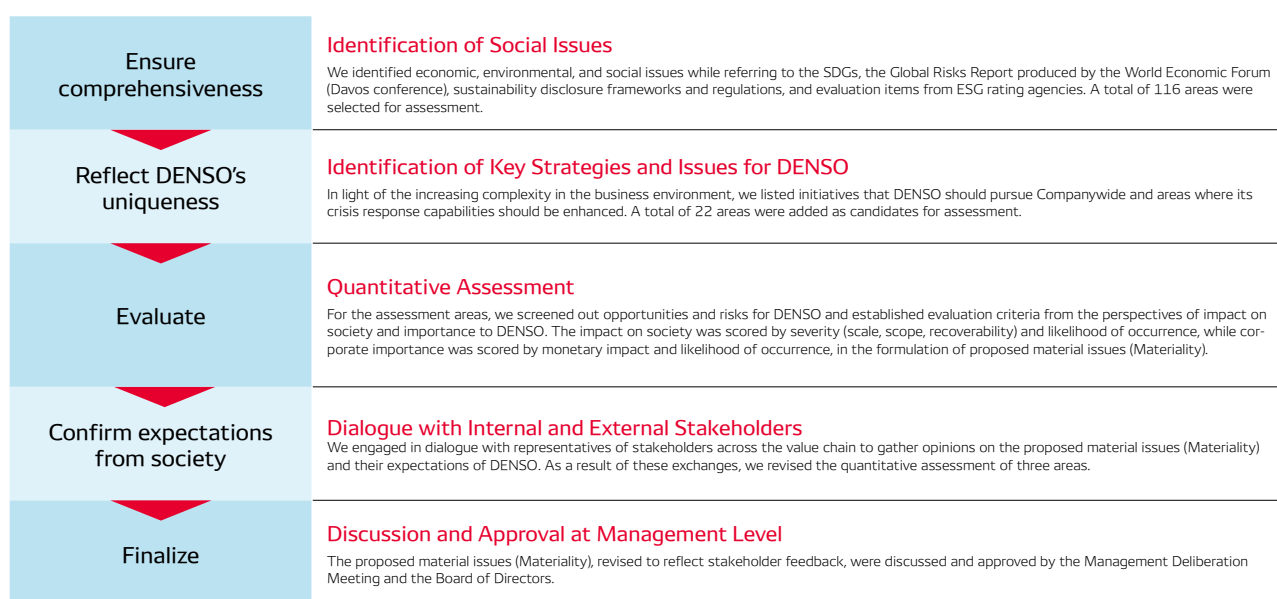


Review of Materiality

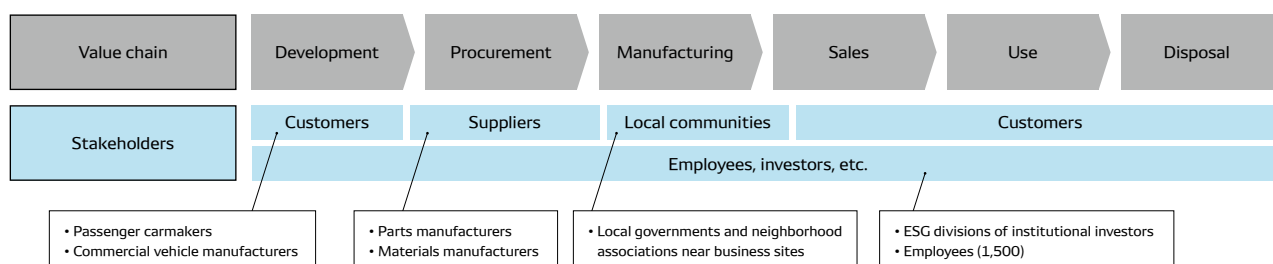
Taking into account changes in social issues and the business environment, DENSO updated the material issues (Materiality) it last identified in 2018. After comprehensively identifying social issues of high concern and disclosing them to stakeholders and the greater international community, we evaluated opportunities and risks from the perspectives of both the impact of DENSO's business activities on society and their importance to DENSO, and conducted a quantitative assessment with the time horizon in mind. In considering the proposed material issues, we reflected on the views and expectations expressed by key stakeholders representing the value chain, including customers, business partners, investors, employees, and local communities, before finalizing these material issues. Subsequently, following further deliberation by management, the issues were approved by the Board of Directors. We are now setting targets with these material issues as the basis for the next medium-term management plan, while formulating action plans for each division and region.

Going forward, we will review our Materiality annually in light of changes in the sustainability landscape, and twice a year at the Sustainability Meeting, we will monitor the progress toward achieving each material issue.

Process for Reviewing Materiality



Dialogue with Internal and External Stakeholders



Comments from Stakeholders

Customers: The importance of respecting human rights throughout the supply chain is increasing, and it is also becoming a business risk. In light of its plan to request suppliers to step up their initiatives, we would also like DENSO to raise the priority of this issue and take action to minimize the risks.

Institutional investors: The areas that DENSO selected are agreeable. Going forward, we would like DENSO to clearly communicate how Materiality contributes to enhancing corporate value, along with clarification of its medium- to long-term targets.

Formulation of Proposed Material Issues (Materiality)

