

Green Strategy

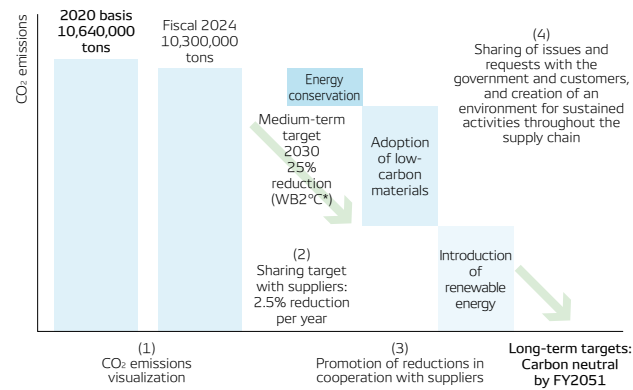
Striving toward Carbon Neutrality throughout the Value Chain

As the world accelerates decarbonization efforts, DENSO has been boldly tackling environmental issues through initiatives for environmentally friendly *Monozukuri*. Specifically, we have been developing mobility products with excellent fuel and energy-saving technologies, which have been areas of strength since our founding. In fiscal 2022, we declared that our goal was to achieve complete carbon neutrality in *Monozukuri* activities by fiscal 2036 and contribute to carbon neutrality across all of society. Since then, we have been increasing the pace of efforts to achieve carbon neutrality throughout the entire value chain. For details on this goal, please see “Efforts to Maximize the Value of ‘Green’ (TCFD)” on [P.64–67](#).

Scope 3: Upstream (Suppliers)

CO₂ emissions reduction target: 25% by FY2031 (versus FY2021), carbon neutral by FY2051

Road Map for Scope 3 Carbon Neutrality



Deepening Collaboration between DENSO and Suppliers

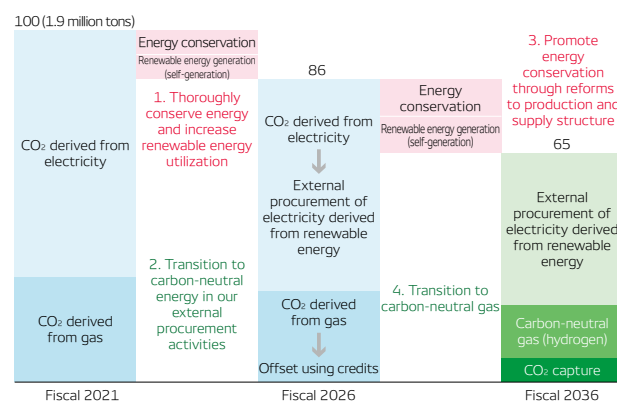
With the aim of realizing carbon neutrality, DENSO is working with its suppliers to visualize CO₂ emissions throughout its supply chain. Having shared specific CO₂ emissions reduction targets with 360 major suppliers, we are promoting various initiatives to attain these targets. For example, DENSO provides examples of how to promote energy conservation and technological assistance, procures renewable energy, and has switched to low-CO₂ materials. While proactively engaging with suppliers, DENSO helps them find solutions to these issues.

* The target of keeping the rise in temperature well below (WB) 2°C, which is a Scope 3 target under the 1.5°C standard

Scope 1 and 2: DENSO Plants

CO₂ emissions reduction target: Completely carbon-neutral *Monozukuri* by FY2036

Road Map for Scope 1 and 2 Carbon Neutrality



Realizing New *Monozukuri* through Unflagging Efforts and Innovative Technologies

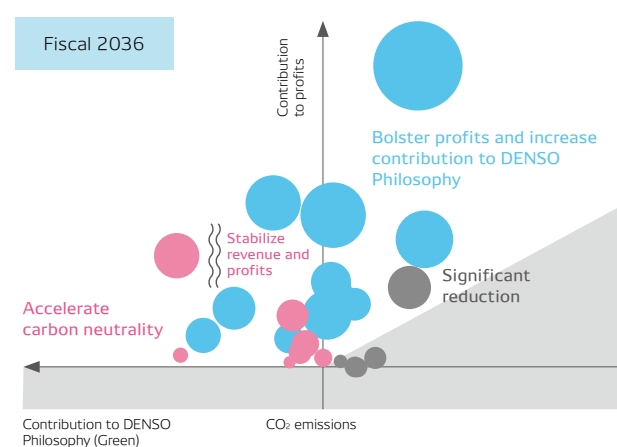
DENSO is thoroughly implementing energy-saving activities, which have always been one of its strengths, and securing and utilizing renewable energy sources, including the utilization of carbon credits. In addition, we are developing innovative energy-creating technologies by combining our many different types of manufacturing expertise. At model plants in Japan, we will verify and enhance the leading-edge technologies required for energy creation and then incorporate them into optimal energy creation activities tailored to the energy situations of respective regions.

Also, by introducing internal carbon pricing (ICP) into business feasibility assessments, which serve as an indicator for investment decisions, we are virtually converting CO₂ emissions into losses and reflecting them in these assessments. Consequently, ICP is accelerating our investments in energy-saving measures and renewable energy facilities.

Scope 3: Downstream (Product Use)

CO₂ emissions reduction target: 25% by FY2031 (versus FY2021)

Relationship between CO₂ Emissions and Profits by Product Category



Accelerating Business Portfolio Transformation

When analyzing business strategies, to accelerate business portfolio reforms, the Strategy Deliberation Meeting discusses the positioning of and strategies for each product category based on three decision-making criteria: CO₂ emissions, profitability, and growth potential. As a result of this approach, we are promoting (1) the rightsizing and withdrawing of internal combustion engine (ICE) products, (2) a shift of resources to battery electric vehicles (BEVs) and other areas of the vehicle electrification field, and (3) a changeover to new businesses, such as those that utilize renewable energy. Thanks to these activities, the growth of revenue from our inverters, heat management systems, and other products in the vehicle electrification field is outpacing market growth. By fiscal 2026, we aim to double revenue from this field compared with that of fiscal 2022, to ¥1.2 trillion.

Note: Size of circles indicates scale of revenue.

- New businesses
- Growth businesses (CASE)
- Maturing businesses (ICE-related)
- Domains that produce a deficit when factoring in carbon price

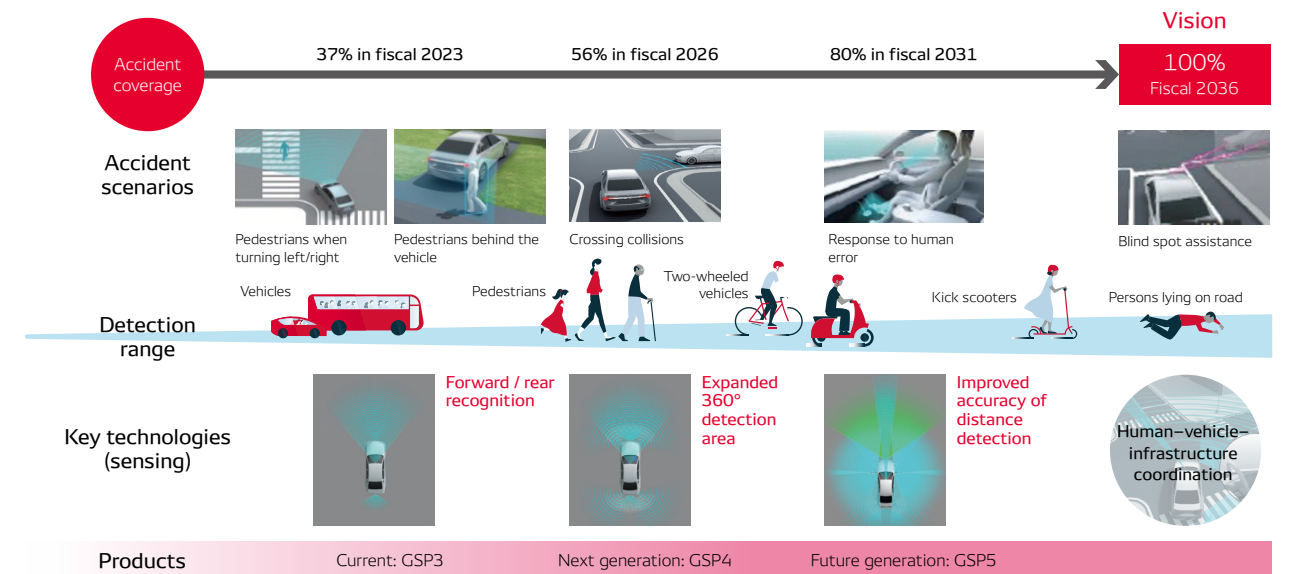
Peace of Mind Strategy

Approach to Peace of Mind Strategy

DENSO aims for the elimination of traffic accident fatalities through a two-pronged approach involving the development of cutting-edge technologies that further evolve its safety products and the rollout of attractively priced safety products.

By integrating the expertise in product evaluation and design gained from our long track record in the mass production of safety products, which ensures that products operate without defects and with advanced, data-driven development technologies, we deliver safety performance that users around the world can rely on with peace of mind.

Sensing Technologies That Realize Improved Value



Providing Added Value with Greater Peace of Mind through an Approach Centered on Coordination between People, Vehicles, and Infrastructure

In addition to products and technologies in the advanced driver assistance systems (ADAS) domain, DENSO offers products and technologies in the human-machine interface (HMI) domain, such as driver and passenger monitoring systems. By forming linkages between control technologies in the ADAS and HMI domains, we are able to deliver integrated ADAS-HMI systems that promote coordination between people, vehicles, and infrastructure based on an understanding of not only the environments surrounding vehicles but also the people (driver and passengers) inside the vehicle. This kind of advanced system is made possible through our extensive expertise in both the ADAS and HMI domains.

By having AI study the passenger data detected and accumulated via HMI systems, our integrated systems are able to understand the state of the status of drivers, including their skill level and level of fatigue. Furthermore, by linking this information with information gained from data on the environment surrounding the vehicle captured by the ADAS system, our integrated systems can anticipate risks that the driver may not even notice. Moreover, these systems encourage behavior modification that helps drivers avoid dangers while providing them with assistance in an unobtrusive manner—an industry-first approach tailored to the driver. In these ways, our integrated ADAS-HMI systems help us realize our goal of eliminating fatalities from traffic accidents.

Estimations of Risks Based on Experience

