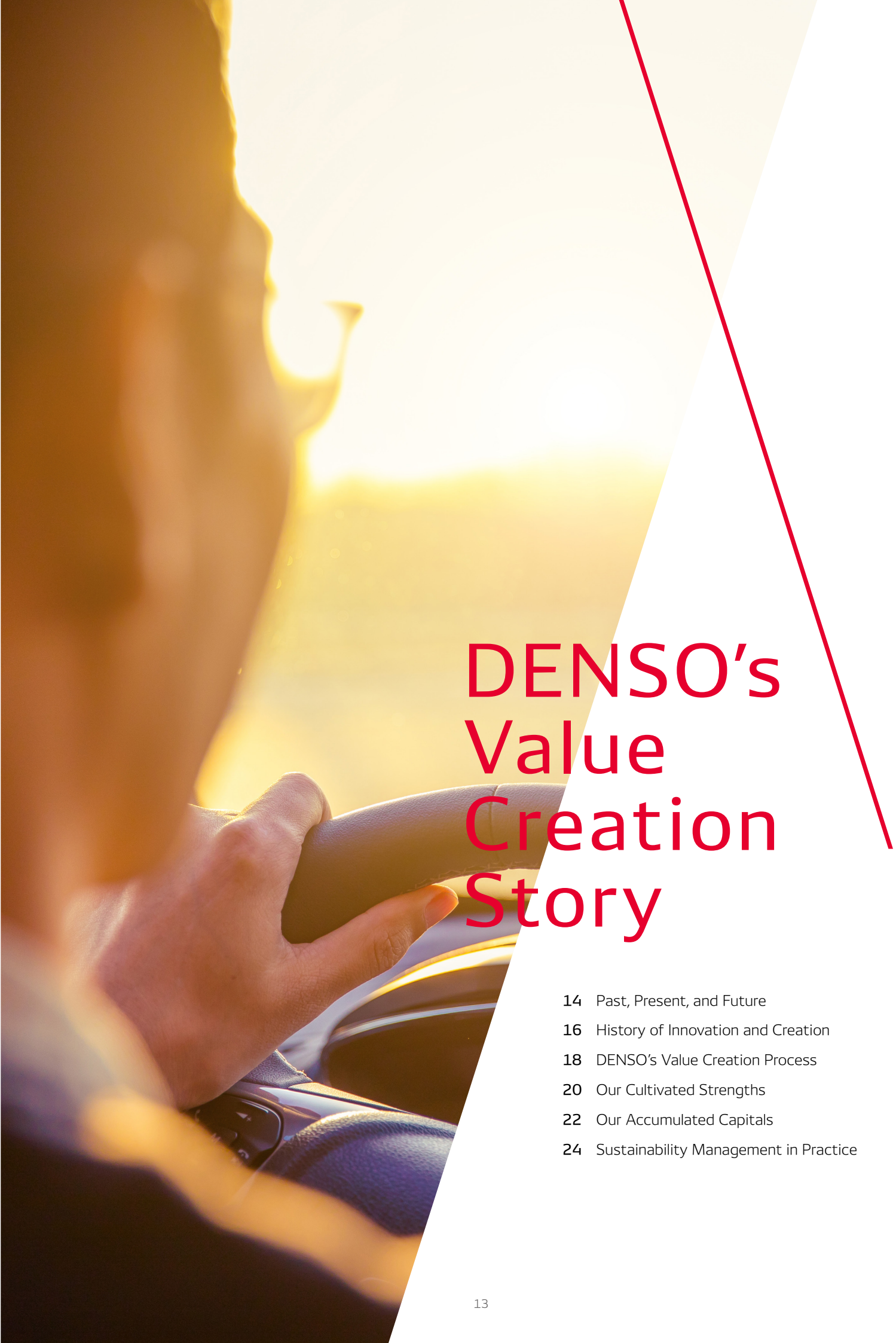


DENSO's Value Creation Story

Past, Present, and Future

DENSO's innovations start from a focus on the future and what makes people happy. Our mission is to resolve social issues from the perspective of sustainability. Based on this mission, we have continued to realize growth while leading changes in the mobility domain to increase our areas of contribution and repeatedly pursuing innovations and new creations. We have cultivated strengths and capital that will continue to be the source of our value creation well into the future by boldly transforming our business portfolio. To ensure that we can leverage these strengths and be an essential company a century from now, we will increase our areas of contribution further still.

Revenue

Fiscal 1951 to fiscal 1978 show non-consolidated revenue, while fiscal 1979 and thereafter show consolidated revenue. In addition, from fiscal 2014, the financial statements have been prepared based on International Financial Reporting Standards (IFRS). (Japanese accounting standards were employed up to and including fiscal 2013.)

Market capitalization*

* Adjusted for treasury stock

History of Creating Value to Address Social Issues and Ambitious Initiatives for the Coming Era

1950s
Postwar Reconstruction and Motorization

Taking on the challenge of resolving social issues using cutting-edge technologies from the time of our founding

- Developed the DENSO-GO electric vehicle
- Developed Japan's first car and bus air-conditioning systems

1960s and 1970s
Popularization of Private Cars and Emergence of Social Issues

Taking measures ahead of exhaust gas regulations and laying foundations for "peace of mind" products

- Developed exhaust gas-controlling products compliant with the world's strictest regulations
- Began development of semiconductors in anticipation of the coming era

1980s
Increasingly Severe Environmental and Safety Issues

Accelerating the commercialization of safety systems for preventing traffic accidents causing fatalities

- Gradually realized the practical application of safety systems, including airbag sensing systems
- Commenced the mass production of vacuum sensors, which represented the world's first in-vehicle semiconductor sensor of the coming era

1990s and 2000s
Global Warming and Spread of Digital and Information Technologies

Contributing to eco-friendly lifestyles with core technologies

- Developed the QR Code®, which increases efficiency at manufacturing sites
- Developed the world's first electronic control-type common rail system
- Developed the world's first inverter with dual-side cooling

2010s
ICT Advancement and SDG Adoption

Entering into a once-in-a-century paradigm shift

- Developed first-generation model of Global Safety Package advanced safety system
- Began providing services in the agriculture and factory automation fields, moving beyond the framework of mobility

2020s and Beyond
Escalation of Social Issues

Aiming to provide new value in the domains of green and peace of mind

- Developed Global Safety Package 3, the third generation of our advanced safety system
- Developed an inverter using SiC power semiconductors
- Commenced verification test for the widespread utilization of hydrogen

Era of Rapid Change: DENSO's Challenge Begins

1935: Taking on the Challenge of Producing Electrical Equipment In-house

An automobile department was established within Toyoda Automatic Loom Works, Ltd. (currently Toyota Industries Corporation). At the time, Executive Director Kiichiro Toyoda instructed that electrical equipment be produced in-house. However, developing such electrical equipment proved challenging due to unreliable quality at the time. In fact, Mr. Toyoda stated that this task seemed to be far harder than he had imagined, and wondered whether they should abandon the idea of in-house production altogether. Young engineers pleaded with Mr. Toyoda to allow him to continue his efforts for one more month in order to realize in-house production. With enthusiasm and persistence, the young engineers were eventually able to obtain the official adoption of electrical equipment in vehicles.

1949: Birth of NIPPONDENSO

With the Japanese economy in an extremely difficult state after World War II, the electrical equipment department split off from Toyota Motor Co., Ltd., and was established as NIPPONDENSO CO., LTD. The Company's first president, Torao Hayashi, aimed to rapidly expand the Company not just in Japan but also overseas. For that reason, he expressed the Company's determination to become independent by choosing the name NIPPONDENSO ("Nippon" meaning Japan), rather than KARIYADENSO or AICHIDENSO, which are names of the local area where the Company was founded.

1953: Technical Alliance with Robert Bosch

In 1950, amid the "Dodge Recession," the Company announced a restructuring plan that included workforce reductions. Throughout the subsequent labor–management disputes, our values of cooperation between labor and management and total organizational commitment became more deeply rooted.

In 1953, to bridge the technology gap with Europe and the United States and swiftly achieve world-class technology and quality, the Company formed a technical alliance with Robert Bosch GmbH through the efforts of an intermediary who recognized the strong commitment of the management team. Robert Bosch was Europe's leading manufacturer of automotive electrical components at the time with a business scale of more than 10 times the size of the Company's operations. This partnership not only helped establish international standards in technology and quality but also laid the foundation for rigorous organizational and managerial discipline.

Carrying on with Tradition: Passing on the Spirit of Sustainability Management

The DENSO Creed, established in 1956, reflects the Company's commitment to sustainability management, honing its technologies through research and innovation ahead of its time, and tackling social challenges through its business activities. Today, it is DENSO's mission to carry on the aspirations of its predecessors, put them into practice, and refine them further as it passes the baton to the next generation. Guided by enduring values and aspirations, DENSO identifies the social issues it must address in each era as part of its long-term policies and material issues (Materiality), while also working to preserve and pass down its corporate culture.

In December 2021, we established DENSO Heritage Center for the purpose of encouraging every employee to personally reflect on the values of DENSO that they should pass on to the next generation. In the three and a half years since its establishment, more than 10,000 DENSO employees from Japan and around the world have visited the facility, deepening their understanding of the Company's enduring values, how these relate to their current roles and work, and the value they aim to create in the future.

In June 2025, we opened DENSO MUSEUM as a venue to share with the public our commitment to addressing social issues and the passion of the individuals behind that commitment. The museum showcases DENSO's journey, starting from its founding, the evolution of its technologies and products, key accomplishments related to quality and safety, and the bonds formed with colleagues both inside and outside the Company, while also presenting its future vision.

DENSO MUSEUM

For more information about DENSO MUSEUM, please see the following website (Japanese only).
https://www.denso.com/jp/ja/about-us/corporate-info/museum/

History of Innovation and Creation

Since its founding in 1935, DENSO has provided value to society through its business while growing together with society. From the Company's early days, when it achieved in-house production of automotive electrical components during the postwar economic recession, to the present, as it focuses on CASE* and is striving toward attaining carbon neutrality, DENSO has continually taken on the pressing challenges of each era. Even as the external environment undergoes rapid change, DENSO remains steadfast in carrying the baton passed down by its predecessors, continuing its journey of caring for the well-being of people and greater society.

Environment Safety

* CASE: Connected, autonomous, shared & service, and electric

1930s and 1950s

DENSO's pursuit of solving social issues began with the in-house production of automotive electrical components. (Start of DENSO's Pursuits P.14)

1960s and 1970s

Preparing to address social issues by cementing the foundations of global competitiveness and by advancing strategic initiatives for the age of electronics

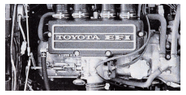
External Environment	Popularization of Private Cars during the Period of Rapid Economic Growth Together with the Emergence of Traffic Accidents, Air Pollution, and Numerous Other Social Problems
Social Needs	High-Mix, Variable-Volume Production Capabilities and Development of Environmental and Safety Technologies

Specific Initiatives

- Received the Deming Prize, the most prestigious award for quality control
- Established the IC Research Center in 1968 in anticipation of a shift to the electronic control of automotive components; began developing semiconductors; and manufactured the automotive industry's first semiconductors.

Received the Deming Prize

Accumulated a large amount of knowledge on semiconductor and IC specifications by conducting thorough analysis


Electronic fuel injection system

Green Value and Peace of Mind Value Provided

- Achieved the practical application of electronic fuel injection systems ahead of regulations on exhaust gas. After doing so, we continued to develop products that respond to environmental regulations, one after the other.
- Participated in the Comprehensive Automobile Traffic Control System (CACS) project initiated by the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry). This project would later help us develop car navigation systems and connected driving products.

1980s

Commercializing environmental and safety products ahead of the times and strengthening software capabilities

External Environment	Globalization, Trade Friction, and Increasingly Severe Environmental and Safety Issues
Social Needs	Overseas Production and Higher-Performance Vehicles

Specific Initiatives

- Established manufacturing companies and technical centers overseas to realize regionally optimized product development, manufacture, and supply capabilities
- Helped address pollution, global warming, and other environmental issues by acting as a trailblazer in the creation of eco-friendly products
- Launched a project for the practical application of robots. Furthermore, the development of such technologies as barcode readers and RFID,* which we pursued in a similar manner as we did with robots, helped establish the foundation of our current factory automation (FA) business.

* RFID (radio frequency identification): A non-contact system that reads data from RF tags using electromagnetic waves


In-vehicle test in Europe

Green Value and Peace of Mind Value Provided

- Developed the world's first electronic control-type diesel pumps, which impressed the world with their ability to control exhaust gas, reduce fuel consumption, and realize high output
- Commenced the mass production of vacuum sensors, which represented the world's first in-vehicle semiconductor sensor. With this technology, we led the way ahead of other companies by equipping semiconductors with sensors and thereby adding value while contributing to improvements in fuel economy and reductions in environmental load.
- Gradually realized the practical application of safety systems, including antilock brake systems, airbag sensing systems, and forward collision warning systems, leveraging the research that we had been conducting since the 1960s
- Opened the Nukata Testing Center, a one million square meter test course comparable in scale to those of auto manufacturers. Through this center, we continued to advance our testing facilities on a daily basis to ensure product performance and quality that exceed customer expectations.


A natural environment test course that can replicate driving conditions at night or in the rain

1990s

Honing our expertise in the creation of comfortable, convenient vehicles and boldly taking on new fields

External Environment	Collapse of the Bubble Economy and Acceleration of International Debate on Global Warming
Social Needs	Compact, Fuel-Efficient Vehicles and Environmentally Friendly Lifestyles

Specific Initiatives

- Established the Fundamental Research Center (currently the Advanced Research and Innovation Center), which has created a large number of innovative technologies that have led to the development of world-first and world-best products
- Commenced Excellent Factory (EF) activities. We began to expand activities on a global basis to improve our factories, led by personnel on the front lines of production. These EF activities represent the origins of DENSO's activities focused on quality improvements.
- Utilized core technologies to develop products that contributed to eco-friendly lifestyles

Green Value and Peace of Mind Value Provided

- Focused on the development of car air-conditioning systems that use natural refrigerant to curb the destruction of the ozone layer caused by conventional refrigerant
- Developed the world's first electronic control-type common rail system. Pioneered the way with common rail systems that would later dominate the market
- Developed the world's first iridium spark plug using an iridium alloy center electrode, making for an ultra-fine electrode that also extends product lifespan
- Commercialized household heat pump water supply systems that contribute to energy savings

- Developed the QR Code® with large capacity and high-speed readability that is compatible with high-mix, low-volume production at plants

QR Code®

2000s

Utilizing electronics and software technologies to promote the introduction of electric vehicles and popularize safety products

External Environment	Spread of Digital and Information Technologies and Creation of International Frameworks and Regulations for Global Warming Prevention
Social Needs	Diversification of Powertrain Technologies and Introduction of Products for Hybrid Electric Vehicles (HEVs) and Other Electric Vehicles

Specific Initiatives

- Established DENSO Training Academy Thailand, our first overseas regional training center. This center helped us build a structure for educating engineers and technicians on a global basis.
- Formulated Eco Vision 2005 environmental management policy. Leveraged outstanding environmental technologies to accelerate the reduction of CO_2 emissions from business activities
- Marketed products for CASE vehicles to promote the introduction of electric vehicles and the popularization of safety products

Green Value and Peace of Mind Value Provided

- Developed the world's first inverter with dual-side cooling. DENSO's technological capabilities, which help meet the needs for high output and compact sizes, were acknowledged through the development of these inverters, leading to a rapid increase in their production volume.
- Developed the world's first plant-derived resin (castor oil tree) radiator tank, serving as an eco-friendly product that helps reduce CO_2 emissions throughout the product life cycle

- Developed "Night View," the world's first nighttime driving support system with a pedestrian detection function that uses near infrared rays
- Developed the world's first forward-looking radar sensor using millimeter waves. Able to operate even in rainy and foggy environments, these sensors helped enhance the safety of automobiles.

2010s and 2020s

Tackling a once-in-a-century period of change by maximizing value in the domains of green and peace of mind

External Environment	ICT Advancement and SDG Adoption
Social Needs	Conversion to CASE Vehicles / Contribution to the Resolution of Social Issues through Our Business

Specific Initiatives

- Established technical centers in seven regions across the globe. Through these centers, we have set up a structure to create competitive products that can promptly meet diversifying local needs.
- Established the Electrification Innovation Center (EIC), which promotes efforts to strengthen the development and production of products powered by electricity, and Global R&D Tokyo–Haneda, which conducts the development of automated driving and other technologies. By doing so, we have accelerated our R&D activities in the domains of green and peace of mind.
- Developed high-performance advanced safety systems and improved the safety performance of existing vehicles through the provision of retrofitted products

Green Value and Peace of Mind Value Provided

- Developed motor generators adopting a proprietary winding structure. These motor generators realize highly efficient, eco-friendly power generation and driving.
- Saw cumulative production of inverters, which are our mainstay product in the environment field, reach 20 million units worldwide in 2021
- Developed our first inverter to use silicon carbide (SiC) semiconductors. These inverters help improve the energy efficiency and extend the driving distance of battery electric vehicles (BEVs).

- Developed Profarm T-cube, an environmental control device for agricultural greenhouses, with the aim of supporting agriculture in Japan and avoiding future food crises
- Developed Global Safety Package, an advanced safety system using a monocular camera and millimeter-wave radar sensor. Third-generation Global Safety Package 3 helps improve safety performance by recognizing the environment surrounding the vehicle.

DENSO's Value Creation Process

Maximizing the Value of Green and Peace of Mind to Continue to Grow with Society

DENSO puts sustainability management into practice by taking the resolution of social issues as a starting point and then utilizing accumulated strengths and capitals to implement business activities and advance value creation processes. By having each employee respect and faithfully practice our management philosophy, which serves as a mindset for resolving social issues and pursuing new developments, we aim to enhance our corporate value while contributing to a sustainable society.

Relationship between DENSO's Strengths and Capital

Strengths P.20	Capitals P.40
Robust Business Foundation	Financial Capital P.41
Advanced R&D	Human Capital P.48
Three-pronged Solutions for Systems	Intellectual Capital P.53
Highly Efficient, High-Quality *Monozukuri*	Manufacturing Capital P.58
	Natural Capital P.61
	Social and Relationship Capital P.68

Reinforcement

External Environment

Awareness of Business Environment, Business Portfolio, and Value Creation

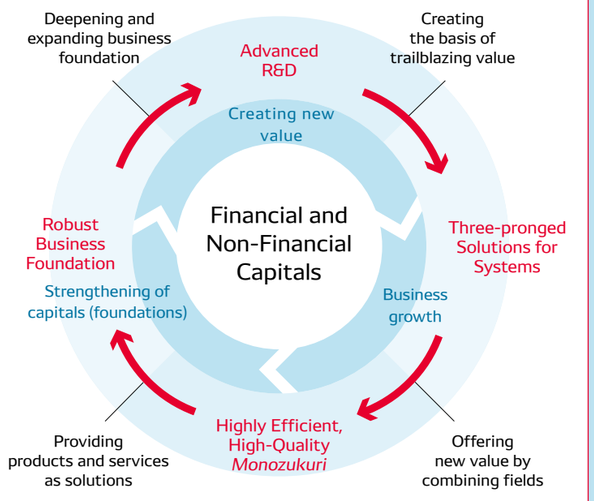
P.26–27, P.73

Social Needs and Social Issues

Foundation of Our Value Creation

- DENSO Philosophy
- DENSO Creed
- DENSO Spirit

Strengths



Our Cultivated Strengths P.20–21

Capital Strategies P.40–71

Materiality

Long-term Policy for 2030

Growth Strategy

Mid-term Policy for 2025

Serves as a path for completing targets by fiscal 2026 that will help us realize our Long-term Policy for 2030

Strategies Related to Green and Peace of Mind

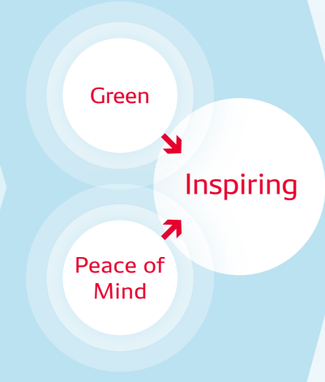
Medium- to long-term strategies aimed at promoting efforts toward maximizing the value of green and peace of mind

Seven Core Businesses

Growth Strategy P.25–39
Overview by Product P.72–82

DENSO's Vision

Maximizing the Value of Green and Peace of Mind to Be Inspiring



Focus Fields

Electrification, energy, FA, advanced safety/automated driving, food and agriculture

Realizing a Sustainable Society

Contributing to the SDGs through our corporate activities

The DENSO Creed, which embodies the spirit of our founding; the DENSO Philosophy, which clarifies the spirit of the DENSO Creed in accordance with social changes; and the DENSO Spirit, which serves as an action guideline for values that we share on a global basis, form the foundation of our value creation.

Foundations Underpinning Value Creation

Human Capital	Corporate Governance
P.48–52	P.83–101

Controlling Factors That Negatively Impact Our Value Creation

We are implementing measures to respond to risks that could negatively impact our value creation.

Efforts to Maximize the Value of "Green" (TCFD) P.64–67
Risk Management and Compliance P.98–101
Undertaking Initiatives toward Respecting Human Rights P.71

Our Cultivated Strengths

Since its founding, DENSO has cultivated various unique strengths. These strengths have been augmented and passed down as the DENSO Spirit, which is encapsulated in the actions of all DENSO employees around the world. These strengths have resonated with all employees and driven DENSO's growth over the years. Amid the constantly changing business environment, DENSO will remain committed to refining these strengths as the unshakable driving force behind value creation that is uniquely DENSO.

Robust Business Foundation

Human Capital Human resources that support value creation	Social and Relationship Capital Robust supply structure	Financial Capital Solid financial capital structure
Number of employees worldwide: Approx. 160,000 (35 countries and regions)	Suppliers (fiscal 2025): Approx. 7,480 across the globe	Ratio of equity attributable to owners of the parent company (fiscal 2025 year-end): 61.3%

DENSO split from Toyota Motor Co., Ltd., and was established as an independent company amid worsening economic conditions. Since that time, our employees have been making achievements under challenging operating environments, passing on an unbreakable spirit for developing technologies and promoting *Monozukuri* activities that offer social value from one generation to the next. Since the Company's establishment in 1949, we have positioned people as our most important resource, and we have continued to develop talent that will lead the future of DENSO by putting into practice management that cares for people (Human Capital, P.48–52). At the moment, our roughly 160,000 employees in 35 countries and regions around the world are making tireless efforts to ascertain the needs and trends in each region in a timely and accurate manner and apply that knowledge to our R&D and *Monozukuri* activities.

Over the long history of our business activities, we have built strong trust-based relationships with a broad range of customers, pursued technologies that cater to customer needs, and deepened our insight together with our customers. We have also established a stable supply structure as a direct response to customer needs. Along with our approximately 7,480 suppliers around the world, we are building a supply network to deliver value in a timely manner when and where it is needed by customers, realizing *Monozukuri* as a coalescence of our collective intellect and wisdom (Social and Relationship Capital, P.68–71).

This robust business foundation is the source of DENSO's competitiveness that cannot easily be replicated overnight. Underpinned by a robust financial foundation enabling us to tackle new pursuits (Financial Capital, P.41–47), we are realizing unprecedented new value by reinforcing and expanding our foundation with the power of our human resources and relationships of trust built with stakeholders.

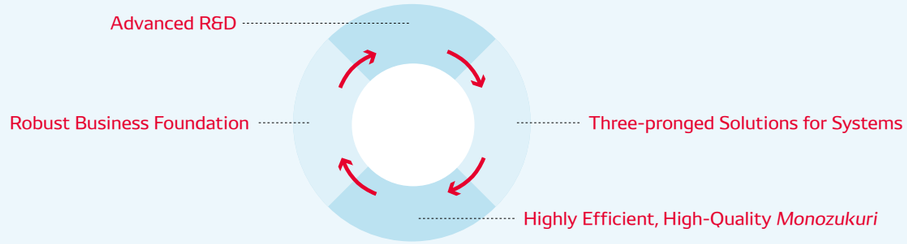
Highly Efficient, High-Quality *Monozukuri*

Manufacturing Capital Industry-leading *Monozukuri* foundation	Natural Capital Initiatives to achieve carbon-neutral *Monozukuri*	Human Capital Advanced *Monozukuri* personnel
Number of production bases: 119 plants in 25 countries and regions Capital expenditures (fiscal 2025): ¥371.1 billion	Ratio of renewable energy introduction globally (fiscal 2025): 53.8% Energy Conservation Grand Prize award: Received for 15 consecutive years	Cultivation of technical talent over the past 70 years

DENSO boasts micro-processing accurate to 1/1000mm and self-designed assembly lines that increase both production efficiency and quality. By combining Excellent Factory (EF) activities, a production site-led plant improvement initiative rooted in a *kaizen* (improvement) culture that has been ongoing since 1997, with Factory-IoT (F-IoT), a global network launched in 2019 connecting approximately 120 plants, DENSO aims to strengthen its *Monozukuri* foundation by analyzing various data from people, equipment, and facilities to detect and fix malfunctions early, and by codifying expert knowledge for global application. Targeting carbon neutrality in *Monozukuri* by 2035, DENSO is leading the industry in reducing environmental impact by enhancing productivity through data-driven energy-saving initiatives (Manufacturing Capital, P.58–60).

DENSO received the prestigious Deming Prize for quality control management in 1961 and has since taken pride in its commitment to high-quality manufacturing that underpins safety and peace of mind as part of the company motto "Safety and Quality First." Today, DENSO intends to take the lead in the quality of in-vehicle software in the era of software-defined vehicles (SDVs) (CQO Message, P.12).

DENSO's cutting-edge *Monozukuri* capabilities are underpinned by its advanced *Monozukuri* personnel. The DENSO Industrial School, a technical training school created based on the concept of "*Monozukuri* is *Hitozukuri* (Our performance relies on our people)" and dedicated to strengthen both our technologies and capabilities, celebrated its 70th anniversary in 2024. Throughout its history, the school has fostered students with exceptional skills that are globally recognized, including students that have won many gold medals at the WorldSkills Competition.



Advanced R&D

Intellectual Capital Commitment to creation in anticipation of the changing times	Human Capital Global development structure	Financial Capital World-leading R&D foundation
Number of world-first products: Over 180 Number of new patent registrations in the automotive industry (fiscal 2025): Japan, 4; United States, 8	Number of global R&D bases: 12 in seven regions around the world	Fiscal 2025 R&D expenditure: ¥619.4 billion

DENSO has remained acutely attuned to changes in society and has engaged in product development with a strong commitment to achieving world-first innovations. To date, DENSO has created over 180 world-first products, the likes of which did not exist in the world, and it continues to drive the development of new technologies and products that address complex social challenges. Since its founding, when there was a clear technological gap between Japan and the West, DENSO has remained relentless in its commitment to technology and product development. In 1985, DENSO established its first overseas technical center in the United States, followed by the establishment of its Advanced Research and Innovation Center in 1991, where it leads the development of cutting-edge technologies, including semiconductors, electronics, materials, AI, ergonomics, and quantum computing, that continue to be a source of its competitiveness today. By 2014, DENSO had established technical centers across all seven global regions and has continued to pursue innovation in technology hubs such as Israel and Silicon Valley. DENSO also actively engages in solving social issues through collaboration with industry, government, academia, and business partners. In 2020, DENSO established the Electrification Innovation Center (EIC) within its Anjo Plant to strengthen development and production for product electrification. By integrating processes from advanced and mass production development to reliability and durability testing of vehicles and systems, as well as the launch and stabilization of mass production lines, DENSO is accelerating R&D in the areas of the environment and safety.

To further sharpen our competitive edge into the future, we invested ¥619.4 billion, equivalent to 8.6% of revenue, in R&D expenditure in fiscal 2025. By promoting better efficiency through digital transformation, including the use of AI, we will continue to strengthen our R&D activities centered on the focus fields of green and peace of mind (Technology Strategy, P.36–37).

Three-pronged Solutions for Systems

Intellectual Capital Ascertaining real needs	Social and Relationship Capital Collaboration with partners that exceeds the frameworks of organizations	Intellectual Capital Ability to realize concepts through the integration of hardware and software
No. 2 share of the global market for automotive components	Number of alliances: Stakes in 93 companies (total since 2010)	Comprehensive component manufacturers: Seven core businesses

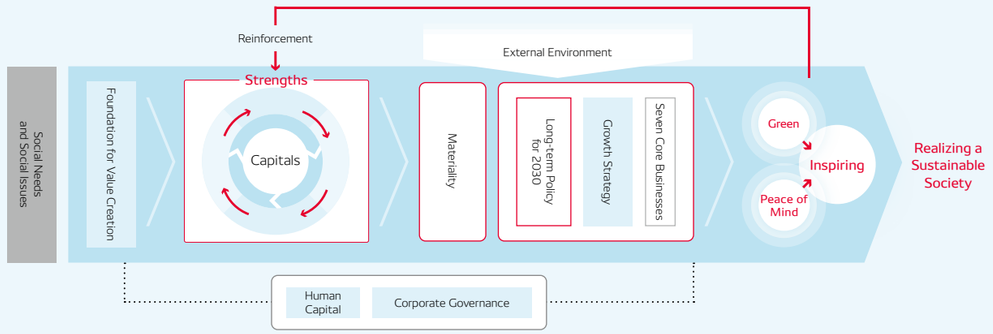
To accurately and promptly grasp the needs and future visions of customers and end-users, it is essential to propose optimal solutions from a vehicle-wide perspective. DENSO has been engaged not only in the mechanical domain since its founding but has also developed technologies in electronics and software for over 50 years. This has allowed the Company to develop a unique competitive edge as a comprehensive manufacturer, something difficult for companies operating in only one of these domains to replicate. Anticipating a future where automotive components would be electronically controlled, DENSO established the IC Research Center in 1968 and built an entirely in-house semiconductor production system. In 1995, DENSO became the first in the world to mass-produce an electronically controlled fuel injection system, taking the lead in proposing systems from an entire vehicle perspective. In 2007, DENSO began mass-producing a double-sided cooling inverter integrating its proprietary technologies. The unique system, which optimally combines mechanical, electronic, and software elements, was highly regarded in the market. By integrating its expertise from these domains, DENSO engages with customers from the early stages of vehicle development, at times working alongside them as part of the team to build cars together.

This unparalleled competitive strength is proving even more valuable today, as the role and importance of software in vehicles continue to grow, serving as a key differentiator from competitors. In 2021, DENSO launched a recurrent education program for software engineers to better meet the growing demand for software development. Moreover, by applying across a wide range of industries its advanced technologies and reliable quality cultivated through automotive development, DENSO is delivering genuine value to society.

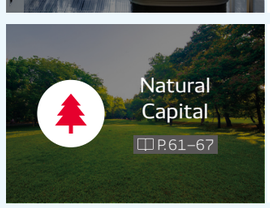
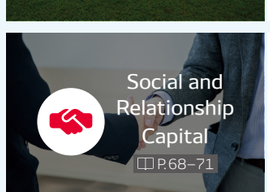
Our Accumulated Capitals

The capitals that we have accumulated throughout our history of growth as a company now support our business activities and provide us with a source for enhancing our corporate value in the future. To that end, we will reinforce our human, manufacturing, intellectual, natural, and social and relationship capitals, developing them into unique strengths, which in turn will help us grow our financial capital and drive growth moving forward. Through this cycle of strengthening our capitals, we will continue to achieve sustainable growth while offering genuine value aimed at realizing a sustainable society.

DENSO Integrated Report 2025
DENSO's Value Creation Story



Correspondence of Financial and Non-Financial Capitals to Business Growth and Social Issue Resolution

Capitals	Input	Initiatives to Strengthen Capitals	Business Growth: Creation of New Value	Business Growth: Profit Growth	Business Growth: Reduction in Capital Costs	Output (Targets)	Outcome
	Fiscal 2025 Total assets: **¥8,125 billion** Revenue: **¥7,161.8 billion** Operating profit: **¥519.0 billion**	• Reinforce profit structure • Reduce low-profit assets • Improve capital structure • Engage in dialogue with markets	• Bold investment in new and growing fields through well-focused investment • Development of next-generation technologies through swift R&D, including collaboration with partners • Commercialization of and earnings expansion in non-automotive fields (energy, FA, and food & agriculture [AgTech])	• Improvement in ROIC through business portfolio reweighting • Growth in profits based on realization of growth in the CASE vehicle field • Curbing of fixed costs through disciplined investment management	• Improvement of capital structure through utilization of borrowings and augmentation of shareholder returns • Improvement of asset efficiency based on reduction of cross-share-holdings and reduction of cash on hand • Reduction in cost of shareholders' equity through stepped-up investor relations activities	**Financial (Mid-term Policy for 2025 Targets)** • ROE: **Over 10%** Operating margin: **10%** Revenue: **¥7.0 trillion** (fiscal 2026) • Revenue in the electrification domain: **¥1.2 trillion** Revenue in the ADAS domain: **¥520.0 billion** (fiscal 2026) • Scale of semiconductor business: **¥700.0 billion** Scale of software business: **¥800.0 billion** (fiscal 2036) • Revenue from energy, FA, and AgTech domains: **¥300.0 billion** (fiscal 2031) **Non-Financial** • Provision of value of green and peace of mind CO_2 emissions from *Monozukuri* activities: **Carbon neutral** (fiscal 2036) Percentage of fatal accident scenarios covered by DENSO safety products: **100%** (fiscal 2036) • Organization that draws on diversity and encourages new challenges and growth Employee engagement: Ratio of positive responses (non-consolidated): **78%** (fiscal 2026) Percentage of women in management positions: Global: **8.4%**; Japan: **2.3%**; Europe: **11%**; Asia: **29%**; China: **Over 30%** (fiscal 2026) • Trust of society Serious compliance violations: **Zero** Serious information security incidents: **Zero**	**Realizing a sustainable global environment where people coexist with nature** • Society with no environmental burden (Response to climate change / Prevention of global environmental pollution) • Effective use of limited resources (Recycling of resources / Conservation of water resources) **Realizing a mobility society where people live with peace of mind** • Elimination of traffic accident fatalities • Reduction of traffic accidents **Improving social well-being** • Safe and open mobility • Improvement of labor productivity in industries • Secure and stable food production • Establishment of a sustainable supply chain **Improving employee well-being** • Workplaces with no work-related accidents • Promotion of diverse human resources • Development of personnel who can lead new value creation **Cultivating corporate behavior that lays the foundation for trust-based relationships with society** • Honest corporate behavior (Compliance) • Establishment of information security • Responsible procurement activities (Protection of human rights)
	Global workforce: **Approx. 160,000 employees** Year-on-year increase in human capital investment: Fiscal 2025: **¥35.0 billion** Fiscal 2026: **¥49.5 billion (Plan)**	• Improve employee engagement (support initiatives for employee career realization and creation of open workplaces) • Transform talent portfolio (acquisition, development, and optimal placement of personnel)	• Spurring of innovation through the synergy of diverse perspectives, values, and experiences	• Increase in profits through deployment of personnel to growth fields • Optimal resource utilization through deployment of personnel to the most suitable in-house positions • Increased efficiency and profits through the development of personnel who can utilize advanced IT digital tools	• Increase in highly productive personnel through the utilization of evaluation and compensation systems based on roles and performance • Enhanced productivity due to improved employee engagement		
	Fiscal 2025 R&D expenditure: **¥619.4 billion** Patents owned (Japan and overseas): **Approx. 37,500** Fiscal 2024–Fiscal 2031 Software development personnel: **More than 6,000**	• Reinforce recruiting and development of software engineers • Create of intangible value through software development • Augment semiconductor development and enhance efficiency of software development • Accelerate advanced research • Promote exchange through collaboration with business partners and industry–government–academia collaboration	• Creation world-best and world-first products through leading-edge technology research • Spurring of innovation through the exchange of insights on advanced and fundamental technologies in the fields of academia and science	• Acquisition of competitive advantages for CASE vehicles and semiconductors through investment in and deployment of personnel to growth fields • Improvement in the efficiency of software development through automation, etc.	• Establishment and maintenance of competitive advantages through an increase in the creation of patents that can be utilized by other companies • Optimization of IP policy, governance, and resources from a Companywide perspective • Reinforcement of information security		
	Fiscal 2025 Capital expenditures: **¥371.1 billion** Global number of production bases: **119 plants in 25 countries and regions**	• Establish global production and supply capabilities • Realize DENSO-style digital-twin plants • Achieve circular economy in the *Monozukuri* industry • Transform logistics (optimization of entire supply chain, automation) • Develop *Monozukuri* personnel	• Realization of a circular economy through energy recycling systems and resource reuse • Development of *Monozukuri* personnel who can create innovative value	• Pursuit of sales growth and profits through global production and supply capabilities • High quality and production efficiency that are enabled by digital-twin plants • Productivity improvement based on data analysis • Cost reduction through disciplined investment decisions • Contribution to energy and resource savings	• Reduction of supply risk through the building of a resilient supply network • Stable manufacturing through optimization of the entire supply chain • Realization of safe *Monozukuri* worksites free of accidents and disasters		
	Planned investment in efforts to reduce CO_2 emissions: **¥100.0 billion** (Fiscal 2023–Fiscal 2026)	• Thoroughly engage in energy-saving activities in all facets of our operations • Introduce renewable energy based on economic rationality • Utilize natural capital efficiently through recycling, among other measures • Minimize environmental impact based on the reduction of waste and emissions	• Creation of innovative energy-saving technologies, such as hydrogen production and utilization, through the application of automotive technologies	• *Monozukuri* that is both carbon neutral and profitable • Development and popularization of electric vehicle components in response to increasingly stringent environmental regulations	• Environmental impact reduction activities that lower the cost of countermeasures for future physical risks related to the environment • Reduction of resource depletion risks through the effective use of resources		
	Fiscal 2025 Suppliers: **Approx. 7,480** Dialogues with investors and analysts: **Approx. 2,180** Total since fiscal 2011 Number of business alliances: **93 companies**	• Enhance dialogue with all stakeholders • Build an unshakable corporate foundation	• Creation of new value through collaboration with business partners	• Offering of products and solutions that inspire customers and greater society • Achievement of supply stability through reinforcement of relationships with suppliers	• Elimination of information asymmetry with shareholders and investors through the provision of timely, appropriate information • Promotion of sustainable procurement (human rights, environment, etc.) across the entire supply chain • Thorough adherence to laws and regulations and maintenance of appropriate competitive environment		

Sustainability Management in Practice

The DENSO Creed, which calls on us to "provide quality products and services," is a reflection of sustainability management at DENSO, where its business activities aim to solve social issues and contribute to the well-being of people. Today, it is DENSO's mission to pass along the aspirations of its predecessors embedded in its creed when passing the baton to the next generation.

To continue in the spirit of our creed and keep practicing sustainability management even as times change, at DENSO, we have established the DENSO Group Sustainability Policy and selected our material issues for inclusion in our management strategy (Materiality, P.28–30). We are currently tackling these social issues through our business activities. This section provides an overview of our structure for promoting sustainability management implementation.

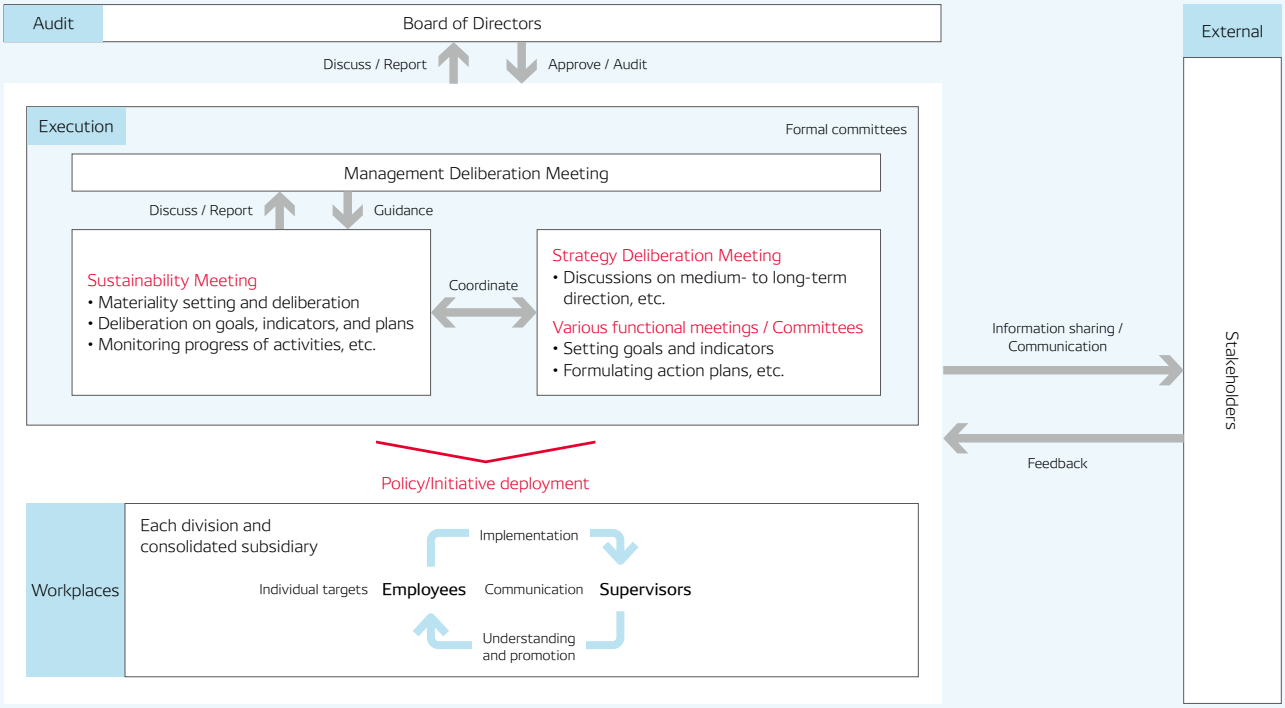
Promotion Structure for Sustainability Management

With the executive in charge of the Corporate Strategy Center serving as overall leader, the Corporate Strategy Division oversees Companywide sustainability management functions. We have established the Sustainability Meeting as a forum for Companywide discussion on the direction of sustainability management for the DENSO Group. The Sustainability Meeting is responsible for advancing sustainability management by identifying opportunities and risks, deliberating on proposed Materiality, and monitoring and adjusting activities. The matters discussed are then submitted to the Board of Directors.

To foster awareness among employees, who are key players in advancing sustainability management, DENSO incorporates into annual individual goals a process that visualizes how each employee's work is connected to addressing social issues.

Also, to promote understanding and entrench a culture of sustainability as well as to 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 all workplaces.

Sustainability Structure



To view the DENSO Group Sustainability Policy, please see the following website.
https://www.denso.com/global/en/-/media/global/about-us/sustainability/management/management-doc-sustainability-policy-en.pdf

Overview of the Sustainability Meeting

Chairperson	Executive Vice President	**Purpose**	• Setting and deliberation on Materiality proposals • Progress follow-up • Sharing trends related to social issues, etc.
Composition	Each Materiality promotion officer (executive level) Note: Heads of business groups and regions also attend when coordination across businesses or regions is required.	**Meeting frequency**	Twice a year