DENSO

Crafting the Core

Integrated Report 2025

For the year ended March 31, 2025

Placing Sustainability Management at the Core of DENSO

In 1956, seven years after the Company's founding, DENSO formulated the DENSO Creed in order to preserve and pass on a mindset of pursuing new challenges to the next generation with a strong sense of determination. In 1994, we established the DENSO Philosophy to express the essence of the DENSO Creed in more contemporary terms. Furthermore, as we expanded our business globally and the number of employees around the world increased, we introduced the DENSO Spirit in 2004 to serve as an action guideline to ensure that our global employees share the same values and conviction.

The DENSO Creed and DENSO Philosophy center on contributing to society through our business activities. This concept has been continuously passed down and remains at the core of our sustainability management. It is also embraced by the roughly 160,000 DENSO Group employees across the globe.

Ideals of the DENSO Creed

Be trustworthy and responsible.

We will maintain the trust that our predecessors worked earnestly to build over the years and seek to build it up even further so that we can pass on this established trust to the next generation. Through these efforts, we will meet the expectations of society.

Be pioneering, innovative, and creative.

By consistently leading the times with our research and creativity and continuing to refine our technologies, we will swiftly create new value that truly benefits society, thereby paving a new way forward.

Cherish modesty, sincerity, and cooperation.

We work to refine not our appearance or job title but the essence of who we are as a part of DENSO, and we work in collaboration with our stakeholders to perform our duties with sincerity. In this way, we bring forth inspiration.

Provide quality products and services.

We will earnestly approach the ever-changing social issues of the day and continue to bring hope and happiness to all people while aiming to provide our customers and society with products and services of the very best quality.

DENSO Philosophy

Contributing to a better world by creating value together with a vision for the future

DENSO Spirit

A spirit of foresight, credibility and collaboration

Foresight	Credibility	Collaboration
Providing surprises and impressions in a way that only DENSO can	Providing quality and reliability beyond customer expectations	Achieving the highest results by working as a team
Vision	Quality First	Communication
Creativity	On-site Verification	Teamwork
Challenge	*Kaizen*, Continuous Improvement	Human Development

Publication of *DENSO Integrated Report 2025*

DENSO publishes an integrated report every year in order to foster a deeper understanding among investors and all of its stakeholders regarding the Company's initiatives toward sustainable corporate value enhancement.

With a focus on the values and conviction that have remained unchanged since the Company's founding, *DENSO Integrated Report 2025* introduces the strategies that underpin DENSO's corporate growth, measures to strengthen financial and non-financial capital, and the unique competitiveness generated from the interaction of these capitals. We hope that this report conveys to readers the fact that DENSO is a company that maintains a consistent set of beliefs, from the past to the present and into the future, and that continues to grow alongside society while creating new value.

Going forward, DENSO will continue its efforts to disclose accurate information to its stakeholders in a timely manner and actively engage in dialogue with them. We would like to ask for the candid opinions and requests of our stakeholders regarding this report so that it may serve as a more effective communication tool that facilitates the co-creation of corporate value and mutual understanding between stakeholders and DENSO.

Lastly, I would like to assure the readers that the creation process for this report was done in an appropriate fashion.

Yasushi Matsui
Executive Vice President
Representative Member of the Board
Chief Financial Officer

Editorial Policy

In addition to providing financial information, such as results and sales overviews as well as management strategy, *DENSO Integrated Report 2025* is edited as an integrated report that reports, in an easily understood manner, on what value DENSO is providing society and on the process of improving that corporate value. This we achieved by introducing, in an integrated manner, information of a non-financial nature on intangible assets, including on the environment, society and governance (ESG), that are seen as the foundation underpinning growth.

In compiling this report, references have been made to the Integrated Reporting Framework that is proposed by the International Financial Reporting Standards (IFRS) Foundation, the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, formulated by the Ministry of Economy, Trade and Industry, and the Governance Guidelines on Intellectual Capital and Intangible Assets, formulated by Japan's Cabinet Office. In addition, with regard to environmental and social reporting, detailed information is available in the "Sustainability" section of the Company's website.

Environment Social Governance
Guidance for Collaborative Value Creation

知財・無形資産 ガバナンスガイドライン

Scope of Report

Target Organization	DENSO CORPORATION and the DENSO Group (In this report, DENSO CORPORATION refers to DENSO on a non-consolidated basis.)
Reporting Period	This report covers the activities of the DENSO Group during fiscal 2025 (April 1, 2024 to March 31, 2025). Certain parts of this report include content on the Group's activities from April 2025 onward.
Target Audience	All stakeholders involved with the DENSO Group

Cautionary Note: Forward-Looking Statements

Of the content published in this report, what is not historical fact comprises future predictions based on expectations or plans for the future. As they include contributory factors, such as risks and uncertain elements, the possibility exists that actual achievements and results may differ materially from what is stated in this report.

Terminology Used in *DENSO Integrated Report 2025*

EV: Electric vehicle
BEV: Battery electric vehicle
HEV: Hybrid electric vehicle
PHEV: Plug-in hybrid electric vehicle
FCEV: Fuel-cell electric vehicle
CASE vehicles: Connected, autonomous, shared & service, and electric vehicles

About the Cover of *DENSO Integrated Report 2025*

The cover of this report uses DENSO original design element "D-Cross" as a slanted line to express the Company's direction into the future. "DENSO Red" signifies the passion of its employees in solving issues with innovative technologies, and "Crafting Blue" signifies its manufacturing capabilities in creating new value ahead of the times. The combination of these two colors is an expression of the new value being created along with society for a brighter future while delivering happiness to people.

Positioning of Integrated Report

Financial Information
DENSO Website
Investors
https://www.denso.com/global/en/about-us/investors/
Financial Results / Securities Report, etc.

Integrated Report (PDF)
https://www.denso.com/global/en/about-us/investors/annual-report/

Non-Financial Information
DENSO Website
Sustainability
https://www.denso.com/global/en/about-us/sustainability/
Initiatives toward Environmental Reporting / Initiatives toward Social Responsibility Reporting / Corporate Governance, etc.

DENSO Corporate Website
https://www.denso.com/global/en/

Overall Layout of *DENSO Integrated Report 2025*

This integrated report is edited based on the layout explained in the chart below.
This layout is used to better explain DENSO's value creation story.

DENSO Integrated Report 2025 is published with the aim of having the reader gain a deep understanding of DENSO's value creation process while creating a platform for dialogue. Throughout the entirety of this booklet, we have created a logical layout and story line that comprehensively communicates our value creation process while encompassing crucial elements that help the reader understand this process (management philosophy, strategy, governance, etc.) and while referencing the Guidance for Collaborative Value Creation. The chart below shows the logical layout of these crucial elements based on the story line we have created. In accordance with this layout and story line, we disclose extensive information in each section.

Values	Our universal way of thinking underpinning the DENSO Creed and DENSO Philosophy, which have remained unchanged since our founding
Value Creation Business Model	Our value creation process to ensure that we continue to grow, together with society
Sustainability and Growth Strategy	Our Materiality, Mid-term Policy for 2025, and strategies for green and peace of mind aimed at achieving our Long-term Policy for 2030
Results and Important Indicators for Results	Our accumulated capitals and business strategies, which form the foundation of growth and allow us to resolve social issues through our business activities, as well as the results of our value creation
Corporate Governance	Our governance framework that allows us to steadily execute strategies and enhance corporate value in a sustainable manner

Themes of *DENSO Integrated Report 2025*

DENSO Integrated Report 2025 clearly conveys a story about DENSO's approach to creating new value and solving constantly changing social issues, anchored in its philosophy that has supported DENSO's creation of value to date and will continue to do so in the future. The report features recent initiatives and progress toward achieving the targets of the Mid-term Policy for 2025, including business and capital strategies that underpin DENSO's overall strategies, as well as corporate governance, which underpins the Company's corporate activities, all within the context of its value creation story.

Additionally, the report has been designed to facilitate an understanding of how DENSO continues to grow alongside society through a cycle of delivering value propositions to society through its business activities. This includes an explanation of the relationship between financial and non-financial capital, our efforts to enhance each type of capital, and our unique competitive advantages created through the synergy of these capitals with our global workforce of approximately 160,000 employees and other stakeholders.

Utilization of Dialogue and Stakeholder Feedback

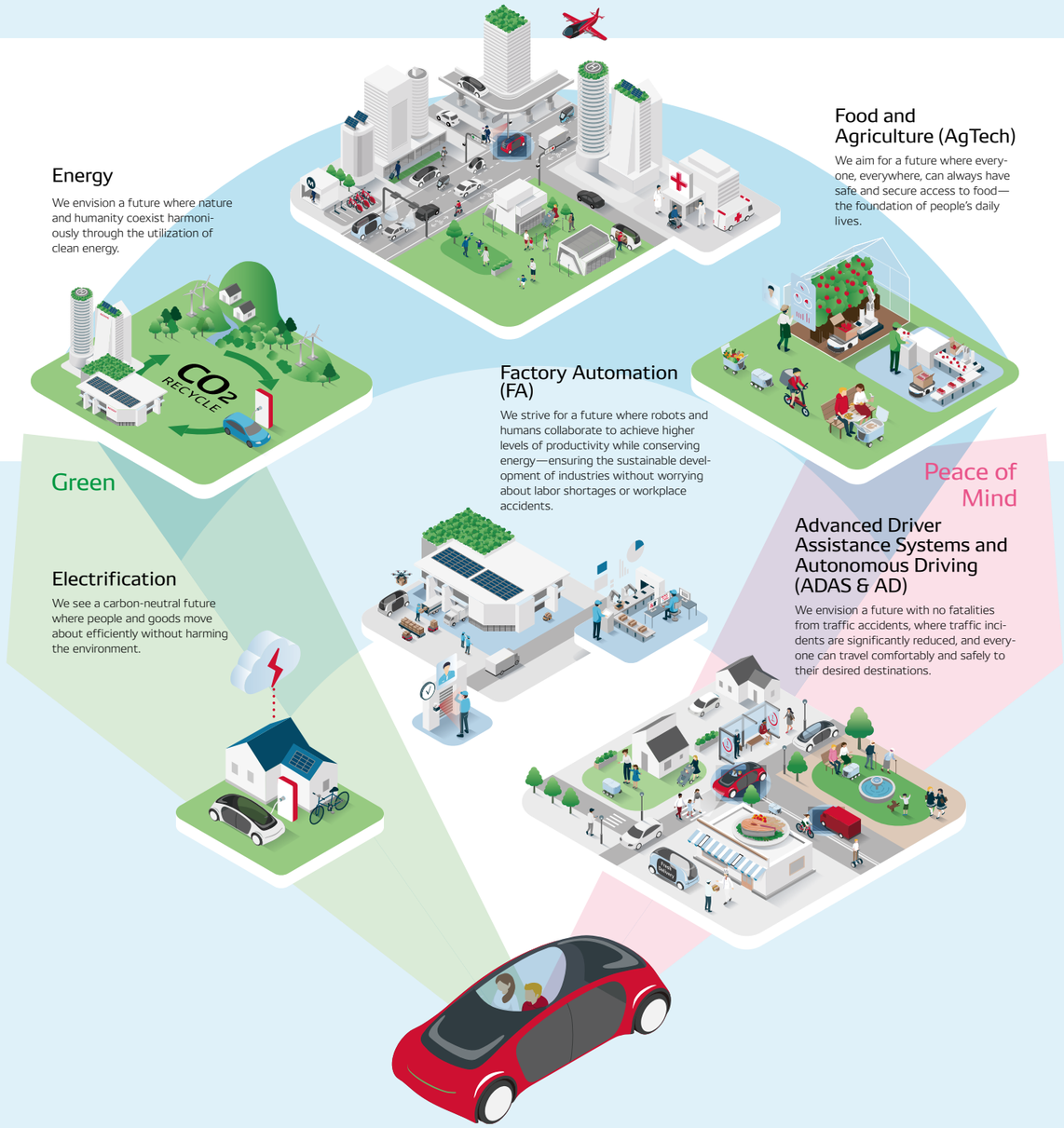
We actively engage in dialogue with our stakeholders, and the opinions we receive contribute to the sophistication of management and are reflected in our information disclosure efforts, leading to opportunities for further dialogue.

Also, we view our employees as important stakeholders and therefore are working to enhance each employee's awareness of corporate value by making full use of our integrated reports.

CONTENTS

DENSO's Vision for the Future

By leveraging our unwavering competitiveness in the "mobility domain" as a starting point, we create new value for society, while taking a broad view of society as a whole, through the implementation across various industries of our superior technologies and demonstrated quality gained through the development of products for automobiles.



Centered on our expertise in mobility,
we aim to extend the technologies we have developed to various industries and greater society,
creating a future filled with smiles and happiness.

Maximizing the Value of Green and Peace of Mind

With the aim of contributing to the happiness of people, DENSO has been working to maximize the value it provides through its business activities in the fields of "green" and "peace of mind." To that end, we have established medium- to long-term targets for products in these two fields to accelerate these initiatives and are taking specific actions in this direction.

Green

In the field of green, we aim to realize carbon neutrality within our *Monozukuri* activities in the not-too-distant future of fiscal 2036. To promote the widespread adoption of electrified vehicles that help reduce environmental impact, we are working to offer a broad range of solutions tailored to the diverse energy situations and infrastructure conditions of different countries and regions. Through these efforts, we aim to contribute to the realization of a carbon-neutral society.

Peace of Mind

With regard to peace of mind, we are working to popularize advanced driver assistance systems (ADAS) with the aim of eliminating traffic accident fatalities. To that end, in addition to enhancing the performance of safety technologies, we will offer a broad range of products tailored to the specific energy situations and infrastructure conditions of each market, from simple and affordable components to ADAS equipped with state-of-the-art technologies such as AI. Through these efforts, we will work to realize a society where everyone can enjoy the benefits of safe and secure mobility.

Striving for Business Growth Directly Linked to the Resolution of Social Issues

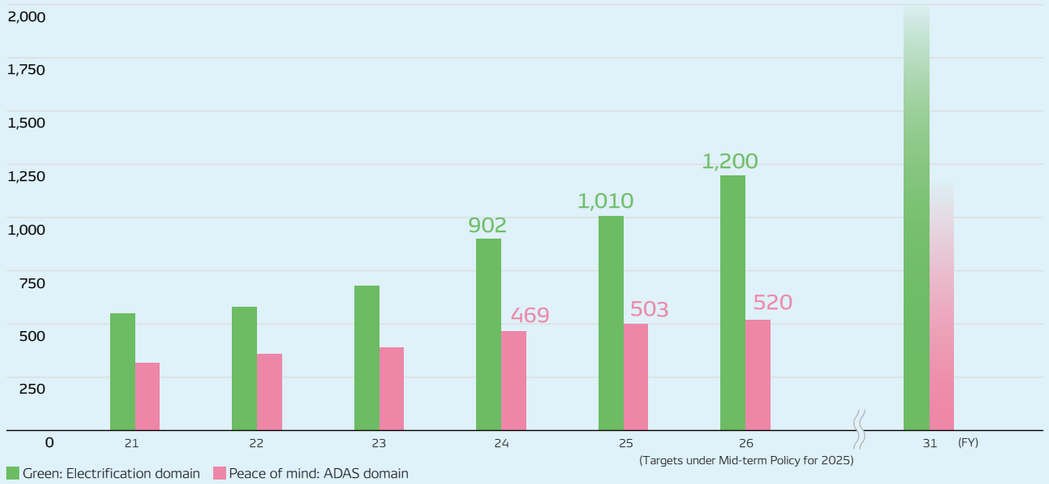
DENSO is striving to implement genuine sustainability management, ensuring that its efforts to resolve social issues do not conflict with business growth. To that end, we are promoting the widespread adoption of products that underpin our green and peace of mind principles and taking on the challenge of addressing social issues through our business activities.

In terms of green, we are working to expand sales of products in the electrification business, including inverters and motor generators that support the popularization of electrification. For peace of mind, we are striving to expand the number of vehicles equipped with advanced safety systems such as Global Safety Package 3 and HMI*-ECUs. Under the Mid-term Policy for 2025, we have set targets for overall revenue of ¥1.2 trillion and revenue in the peace of mind domain of ¥520.0 billion in 2025. To achieve these targets, we are advancing efforts to launch and expand sales of new technologies.

* Human Machine Interface

Results and Targets for Products in the Green and Peace of Mind Domains

(Billions of yen)



Enhancement of DENSO's Management Strategies

We have continued to evolve our management strategies based on the DENSO Philosophy and sustainability management, which helps us realize that philosophy, while taking into account the changes in the operating environment and the relevant risks and opportunities.

To continue to be a company that creates genuine value for society moving forward, we established the Long-term Policy for 2030, which lays out our vision for 2030. To that end, we will deliver social value and achieve corporate growth under our Mid-term Policy for 2025, which serves as a milestone toward achieving our vision for 2030, and through our Strategies for Green and Peace of Mind, which are medium- to long-term strategies for the furtherance of measures focused on the long-term policy's goal of maximizing the value of green and peace of mind.

Acquisition of the World's Share in Mobility Products

No. 2

DENSO is a global company that provides trusted systems and components to automakers around the world.

Total DENSO Group Companies (including DENSO CORPORATION)

188

DENSO has research, production, and sales offices in 35 countries and regions around the world, with a total of 188 Group companies.

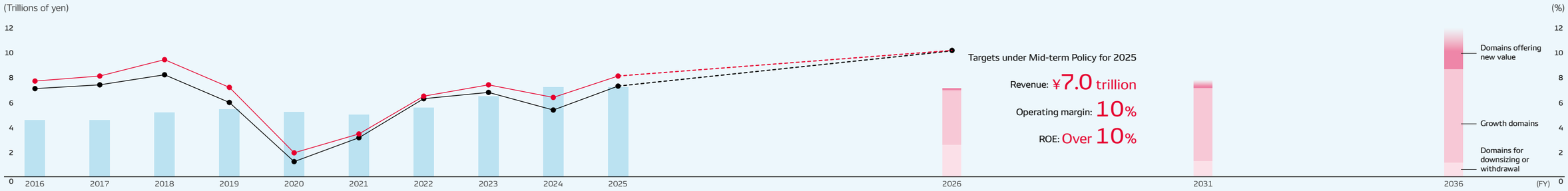
Market Capitalization (after adjustments for treasury stock)

Approx. ¥5.2 trillion

Since becoming a listed company in 1951, we have been working to enhance our corporate value while closely listening to the expectations of the market. By doing so, we have grown into one of Japan's leading companies in terms of market capitalization.

(As of March 31, 2025)

Trends and Targets for Revenue, Operating Margin, and ROE



Mid-term Policy for 2018
Increased development personnel and launched first active safety system

Mid-term Policy for 2021
Accelerated business portfolio transformation in accordance with the green and peace of mind principles

Reborn21
Human resource and technology development and reinforcement of financial foundation

Mid-term Policy for 2025 P.31–33
Path for achieving goals in fiscal 2026 that will help us realize the Long-term Policy for 2030

Aim to become an indispensable company for society through the provision of new value

Formulate new guidelines for achieving further growth

Strategies for Green and Peace of Mind P.34–35
Medium- to long-term strategies for further maximizing the value of green and peace of mind

- Realize a carbon-neutral society
- Become a leading company offering peace of mind to society

Long-term Policy for 2030

Slogan

Bringing hope for the future for our planet, society, and all people

Our Goal for 2030

A company that continuously generates value to enrich mobility that achieves sustainability, happiness, and peace of mind for everyone

Material Issues (Materiality) P.28–30 Important issues for achieving the Long-term Policy for 2030

Green | Peace of Mind | Corporate Foundation

Evolution of Financial Strategy Underpinning Sustainable Value Creation

In alignment with our Companywide policies and strategies, we will steadily and strategically evolve our financial strategy from the perspectives of improving ROIC and reducing capital costs.

Four Pillars of Financial Strategy		Update to Financial Strategy during Fiscal 2020–Fiscal 2022 Drafting of financial strategy based on four pillars and formulation and disclosure of relevant KPIs	Fiscal 2022–Fiscal 2024 Thorough Implementation of Management Focused on Capital Costs Improvement in ROE and ROIC through the steady promotion of financial strategy	Fiscal 2024 and Beyond Enhancement of Financial Management Advancement of individual strategies and maximization of corporate value
Improvement in ROIC	Reinforcement of profit structure	Introduction of hurdle rates in investment decision-making criteria	Promotion of business portfolio transformation focused on DENSO Philosophy, ROIC, and growth	Full-scale implementation of business disposals and business partnerships, including M&As
	Reduction of low-profit assets	Reduction of cash on hand and cross-shareholdings	Increased reduction of shares and optimization of inventories	Finalized reduction plan for cross-shareholdings, excluding holdings with strategic importance from a management perspective
Reduction of WACC*1	Improvement in capital structure	Introduction of DOE*2 and increased treasury stock acquisitions	Diversification of fundraising foundation through foreign bonds	Implementation of largest-ever treasury stock acquisition in fiscal 2025 (¥450.0 billion) Achievement of 3.5% DOE and ongoing improvement thereafter
	Dialogue with markets	Communication of strategies and targets through DENSO DIALOG DAY, corporate website, and integrated report, etc.	Enhancement of comprehensive communication of financial and non-financial information	Strengthening of efforts to appeal to individual investors and improvement of shareholder composition via public offerings Pursuit of dialogue with 2,180 institutional investors annually and reflection of market feedback in management policy

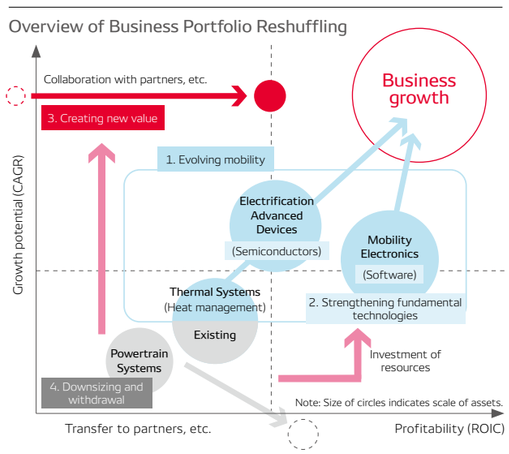
*1 WACC: Weighted average cost of capital *2 DOE: Dividend on equity

Reshuffling of Business Portfolio

Guided by the principles of green and peace of mind, we have been working to optimize our business portfolio on an ongoing basis with the aim of balancing and maximizing social value creation and business growth. To that end, we have been evaluating our businesses from both financial and non-financial perspectives—including alignment with the DENSO Philosophy, growth potential, and profitability (ROIC)—and positioning them accordingly. By doing so, we will accelerate growth in core businesses while strategically downsizing and withdrawing from mature ones. Additionally, we are further stepping up collaborations with business partners (M&As) and pursuing innovation in domains beyond mobility.

We are also pursuing the three growth drivers of "evolving mobility," "strengthening fundamental technologies," and "creating new value" and are working to sustainably create social value and achieve robust business growth in a more extensive and dynamic manner.

Overview of Business Portfolio Reshuffling



Message from the President & CEO

Creating the Future through the Strengths of Our People and Technologies, Guided by Social Issues

DENSO's Pursuits in an Era of Significant Change

Promoting Management Focused on Social Issues—Our Compass for Growth

In the past era of rapid economic growth, corporations pursued prosperity and prioritized quantitative expansion, achieving growth with economic results as their main objective. At that time, society as a whole was striving for material abundance, and the role of corporations generally centered on creating economic value.

However, we now live in an era of significant change. As the external environment undergoes dramatic changes, social issues that must be addressed from a global perspective are becoming increasingly more severe. These include climate change, resource constraints, geopolitical risks, and traffic safety. People's values are also changing, and there is growing interest toward fundamental questions such as how we ought to live and what we should value. In such an environment, people have a stronger desire to live more enriched lives through their personal life and career.

To achieve genuine growth in this era of change, I believe that corporations need to pursue business activities that aim to create social value. The creation of social value involves addressing social issues that constantly exist but change in nature in accordance with the times. As these social issues always exist, they represent a form of genuine demand that transcends time and region, and I believe that sincerely addressing these issues serves as a reliable compass for corporations in this era of change as well as a source for sustainable corporate growth.

Earlier in my career, when I was working on the front lines as an engineer, I had an unforgettable experience that helped to solidify this belief, that companies must commit to resolving issues for both the betterment of society and the growth of their company. In my early years at DENSO, I was involved in the development of a common rail system. At that time, emissions regulations in Europe were rapidly tightening, and we spent our days pushing the limits of engine control technology. Racing against time and with mounting pressure, our development efforts were on the verge of faltering. That was when the chief engineer of the automaker we were partnering with on this project said something to me that still resonates to this day: "I want to protect the global environment with world-first technologies. That is why I need your help!" Those words helped push us forward, uniting us as one unified development team, which then allowed us to overcome massive challenges.

When a company makes a commitment to address social issues, trust is built and becomes a driving force for creating the future. It also inspires a sense of pride and passion in each employee of the company, which in turn provides the company with long-lasting strengths. This realization I had after those words of support is what has shaped the very core of my management philosophy. Guided by this philosophy, I have determined that the purpose of DENSO's management is to resolve social issues and ensure the well-being and growth of people. This purpose represents our raison d'être and forms the foundation on which we can achieve sustainable growth moving forward.

Keeping this experience in mind, I will lead from the front in driving DENSO toward new pursuits and innovation, as we aim to continue to be a company that can ensure the well-being and growth of people by resolving social issues. Also, the efforts we have pursued based on our management purpose have achieved steady results to date from both a business and financial perspective. Next, I will talk about these results in more detail.

Taking a Genuine Step Forward—the Results of Our Business Growth and Financial Strategy

In fiscal 2025, sales in Asian markets were sluggish, and we saw suspensions in operations at some automakers in Japan. Amid these challenging external factors, we still made steady progress with structural reforms, allowing us to achieve robust growth.

Revenue increased 0.2% year on year, to ¥7,161.8 billion, while operating profit rose 36.4%, to ¥519.0 billion, both reaching record highs. Return on equity (ROE) increased 8.0%, and earnings per share (EPS) reached a record-high ¥145, representing strong average annual growth of 29% over the past five years.

These solid results were driven by the progress we made with our three growth drivers, which we have continued to focus on, and the advancement of our financial strategy.

1. Evolving mobility: The core mission of the mobility business

The first growth driver is evolving mobility. We have a clear understanding of the responsibilities we have as a core member of the mobility industry in the domains of green and peace of mind, which we have positioned as two pillars for maximizing the value we provide. Based on this understanding, we have been actively accelerating initiatives that will facilitate this goal.

For the green domain, we have established a full product lineup across various powertrain types, including not only for BEVs but also HEVs, PHEVs, and FCEVs, in order to respond to the diversifying powertrain needs across the globe, thereby establishing a framework for meeting the diverse needs of our customers. In the peace of mind domain, we have been actively proceeding with the development and popularization of advanced safety systems with a view to eliminating traffic accident fatalities.

As a result of these efforts, revenue in fiscal 2025 reached ¥1,010.0 billion in the green domain and ¥503.0 billion in the peace of mind domain, signaling the steady progress we have

Shinnosuke Hayashi
President & CEO,
Representative Member of the Board

made toward achieving the targets set under our Mid-term Policy for 2025, while contributing to society and delivering outstanding products that are chosen by customers.

2. Strengthening fundamental technologies: A core driver of electrification and intelligent technologies

The second growth driver is strengthening fundamental technologies. As vehicles become increasingly more intelligent, semiconductors and software have become fundamental technologies that influence the value of an automobile. Accordingly, we are proceeding with strategic investment in these technologies as a source of our competitiveness.

For semiconductors, we plan to invest a total of ¥500.0 billion over the period from fiscal 2024 to fiscal 2031, and investments are already underway. Through these investments, we have been steadily building a technological advantage in the mobility domain, including for power semiconductor and System on Chip (SoC) technologies. In the software domain, we aim to increase our software developers to 18,000 employees by fiscal 2031, 1.5 times the fiscal 2024 level, and are advancing recruitment and training initiatives to achieve this goal.

3. Creating new value: Expanding mobility across society

The third growth driver is creating new value. By applying the technologies and quality standards we have cultivated in the mobility domain, we have launched new full-scale initiatives to address social issues in areas such as energy, smart agriculture, and factory automation (FA). In fiscal 2025, we made progress in launching new businesses in each of these fields, and we will further accelerate business expansion going forward.

These three growth drivers will underpin our future growth. At the same time, they play a key role in our efforts to transition to a more profitable business portfolio with greater potential for growth, thereby enhancing the quality of our earnings foundation.

Making Progress with Our Financial Strategy—Achieving a Balance between Capital Efficiency and Market Confidence

In tandem with efforts to evolve our businesses, we are pushing forward with our financial strategy to enhance capital efficiency and realize stable growth.

To streamline our low-profit assets, we are striving to reduce cross-shareholdings on a continuous basis, decreasing the number of stocks held from 44 in 2019 to 13 as of the fiscal 2026 year-end. In fiscal 2025, proceeds from sales of cross-shareholdings reached ¥438.5 billion, which we are utilizing as capital for growth investments and shareholder returns. In terms of our capital structure, in fiscal 2025 we announced that we would acquire ¥450.0 billion over the course of the year, the largest-ever purchase in company history. In fiscal 2026, we intend to acquire ¥610.0 billion in treasury stock, again, the largest acquisition ever, with the aim of consistently achieving a total shareholder return (TSR) exceeding our medium- to long-term cost of capital, while curtailing capital increases. Furthermore, dividend on equity (DOE) reached 3.5% in fiscal 2025, up 0.2 percentage point year on year, increasing for the fourth consecutive year. In this way, we have been advancing both improvement in capital efficiency and strengthening of shareholder returns.

Our financial strategy is not limited simply to improvement in numerical values but rather serves as a vital means to demonstrate our ability to grow and further strengthen our trust-based relationships with capital markets. By enhancing both our business competitiveness and financial soundness, we will reinforce our foundation for future growth.

Unshakable Management Purpose and Commitment to Execution (Awareness of Issues)

Meanwhile, at the start of 2025, our share price fell below a price-to-book ratio (PBR) of 1x, and our TSR lagged behind the TOPIX. This reflected the reality that our value is not fully recognized by the market. Although we are aware that external factors, such as changes in the automotive industry and uncertainty in the EV market, played a role in determining our share price, we must take very seriously the current reality that our share price can fall below a PBR of 1x rather easily due to fluctuations in the external operating environment. Share prices are determined through evaluation of the market. While we cannot avoid short-term fluctuations in share price, we need to maintain our unshakable management purpose and deliver results through execution. To that end, we will strive to sincerely communicate the direction of DENSO's pursuits to capital markets to further strengthen our trust-based relationships with them.

Creating the Future through the Strengths of Our People and Technologies—Pursuing Our Growth Strategy and New Challenges

We have cultivated a proven track record to date, and we are now formulating a growth strategy with a view toward future growth.

Since our establishment, we have sought to resolve social issues through the strengths of our people and technologies, which represent the wellspring of our competitiveness. We remain committed to this approach today. In fiscal 2026, the final year of the Mid-term Policy for 2025, we will accelerate efforts toward the three aforementioned growth drivers with a view toward achieving the targets of the policy. At the same time, taking into account an analysis of the current issues we face, we will steadily proceed with the preparation of new strategies aimed at tackling future challenges based on a medium- to long-term perspective. While we plan on announcing our new strategies for future growth at a later date, I would now like to speak about my personal approach to future growth for DENSO.

In the next 10 years, our operating environment will continue undergoing massive changes. As society changes, we will be confronted with new issues to address. At the same time, the scope for tackling such issues, e.g., our future growth potential, will broaden. To respond to the constantly changing social issues and realize sustainable growth, we will strengthen the following initiatives.

First of all, in the mobility domain, we will accelerate the development of competitive products and systems. To that end, we will strive to advance mobility through electrification, intelligent systems, and integration with social systems. At the same time, we will strengthen fundamental technologies such as semiconductors, AI, and materials; expand our product lineup; and innovate our development processes in order to respond to the diverse needs of each region and each client. We are entering an era in which mobility is integrated with social infrastructure to deliver new value, and DENSO will evolve to play a central role in this setting.

Next, for non-mobility domains, we will seek to horizontally roll out the highly reliable technologies we have cultivated in the mobility domain in areas such as semiconductors, food and agriculture (AgTech), factory automation (FA), and energy, thereby creating new value and establishing new business pillars. In each of our non-mobility businesses, we will draw on our long-cultivated mobility technologies while promoting collaboration with like-minded business partners in areas that we cannot fully respond to on our own.

In an era of complexity and uncertainty, the power of our people will be our greatest asset. No matter how advanced our technologies are, it is people who incorporate these technologies into products and services, transform them into value, and create the future. For this reason, I believe it is essential to align our human resource strategy more closely with our management and business strategies, with a focus on ensuring people's well-being and happiness. It is also critically important to actively invest in human capital in order to enhance both the value of our people and the added value they create. We will therefore focus on strategically recruiting, developing, and deploying talent with the necessary expertise while striving to enhance employee engagement. By fostering an organizational culture where individual aspirations of our employees resonate with the vision of the Company as a whole, we will maximize the capabilities of our people and organization, which in turn will serve as the driving force for creating the future.

In consideration of significant changes in society, we will steadily build a foundation for sustainable future growth by further enhancing the strengths of our technologies and people. While working earnestly to meet the demands of the times, we will strive to create even greater social and economic value. Guided by this ambition, we are currently moving forward with the formulation of the next Mid-term Policy. Under the strategies we will announce in the near future, we will convey our approach through a specific growth story and signal to our investors a clear path for long-term growth.

Building Trust—Engaging in Dialogue with Markets

As I have outlined in this message, our pursuit of addressing social issues and realizing growth driven by the strengths of our technologies and people requires us to evolve to an even greater degree. The key to achieving success in this pursuit is building trust through dialogue.

To create greater social value by drawing on the potential of each employee to the greatest extent possible and fostering a culture of mutual inspiration, my first step will be to communicate my vision for management with our employees in an effort to build an organization in which the individual fulfillment and growth of employees align with the Company's strategic direction. However, no matter how strong our organization is, the grand objective of resolving social issues cannot be completed by one company alone. To that extent, we will seek to refine the strengths of our technologies and people through open and constructive dialogue with a diverse range of stakeholders, starting with customers, shareholders, and suppliers, so that we can work together with them to create value that is genuinely needed by society. Dialogue with investors, in particular, serves as a tremendous opportunity to demonstrate the appropriateness of our management decisions, as well as a chance for DENSO's leadership to adopt a broader perspective and make more effective decisions. We will therefore continue to enhance efforts to communicate our corporate strategies and their progress and outcomes while sincerely incorporating the feedback we receive from these dialogues.

The underlying principle in all the efforts I make as the head of DENSO is to shape the future of society and drive corporate growth by evolving technologies with the aim of ensuring people's well-being. Rather than basing our actions on temporary market evaluation, I am committed as the leader of DENSO to improving fundamental corporate value through dialogue.

Moving forward, we will continue to evolve DENSO's uniqueness and strengths that have been built up by our predecessors so that we can pass them on to the next generation. By doing so, I pledge that we will create the future together with our employees and continue to be a company that is truly trusted by society.

September 2025

Shinnosuke Hayashi

President & CEO,
Representative Member of the Board

Message from the Chief Quality Officer

Delivering Unchanging, Reliable Quality in Constantly Changing Times

Yasuhiko Yamazaki
Executive Vice President
Chief Quality Officer

Reviving "The DENSO of Quality"—Reflections on the Fuel Pump Recall Issue

Since its establishment, DENSO has adopted the company motto of "Quality and Safety First" and has passed down this management philosophy across generations. Despite these efforts, starting in 2020, a major recall involving our fuel pumps was reported by several automakers, which ended up becoming the largest quality-related issue in the Company's history. This issue caused a great deal of concern and inconvenience among our stakeholders. Meanwhile, thanks to the great support and cooperation of many of our business partners and other stakeholders, we were able to accomplish the delivery of replacement parts, and I would like to express my deepest gratitude to all parties involved.

In fiscal 2025, although there were no additional provisions related to this fuel pump recall, several other quality-related issues occurred. We understand that these issues have caused a great deal of concern and inconvenience among our customers, users, and other stakeholders and we take them very seriously. These issues have also significantly impacted our own financial performance. Accordingly, we are working to improve quality and to revive "The DENSO of Safety and Quality," as one of our highest priorities in management.

Addressing New Quality-related Challenges in a Changing Business Environment

With the shift toward electrification, rising needs for automated driving, and widespread adoption of software-defined vehicles (SDVs), the operating environment with respect to quality is undergoing significant changes. With more and more domains of automotive functions becoming dependent on software, it has become increasingly important to ensure quality across multiple functional domains. Furthermore, global competition is becoming more intense, and there is a growing need to shorten the period for product development to half the time that was previously allotted. Under these circumstances, we must make sure that we can develop products that offer our greatest competitive edge—quality—at an unprecedented speed. To address the constantly changing quality-related challenges, DENSO is accelerating the following initiatives.

Improve the quality of software: To create high-quality software, we have defined in detail the elemental technologies for software development and certify specialists in each relevant domain. At the earliest stage of development, we identify the required elemental technologies and assign certified specialists to each technology, who then review the designed deliverables. Through this process, we are working to enhance the quality of our software. DENSO has introduced SOMRIE®, which provides an objective certification of skills, and established a target to triple the number of experts in each domain of its technologies from 2023 to 2030, thereby accelerating the cultivation of software experts. At the same time, we will actively utilize AI in software development. By leveraging AI for up to 40% of the development process, we aim to eliminate human error.

Enhance the quality of in-vehicle electronic components: Our products contain hundreds to thousands of electronic components, each of which is required to meet high-level quality standards. To enhance our ability to detect defects at suppliers and within DENSO, we ask our suppliers to provide information on manufacturing methods and inspection processes while ensuring the necessary protection of confidential information and supplier know-how. This allows us to optimize inspections across the entire supply chain, from supplier to the Company, in an efficient and effective manner, thereby bolstering our full ability to detect defects.

Increase work quality and efficiency by utilizing AI: We will work to organize and standardize the complex flow of goods and information within our work processes. In addition, we will bring together assets such as the know-how that we have cultivated to date and lessons learned from past failures. Through the use of AI technologies, we will communicate the necessary information for ensuring quality in a timely and appropriate manner, based on our long-cultivated insights. In this way, we will further bolster the quality and speed of all work processes, from development to production. We are proceeding with development activities with the aim of introducing AI technologies in all work processes by fiscal 2028.

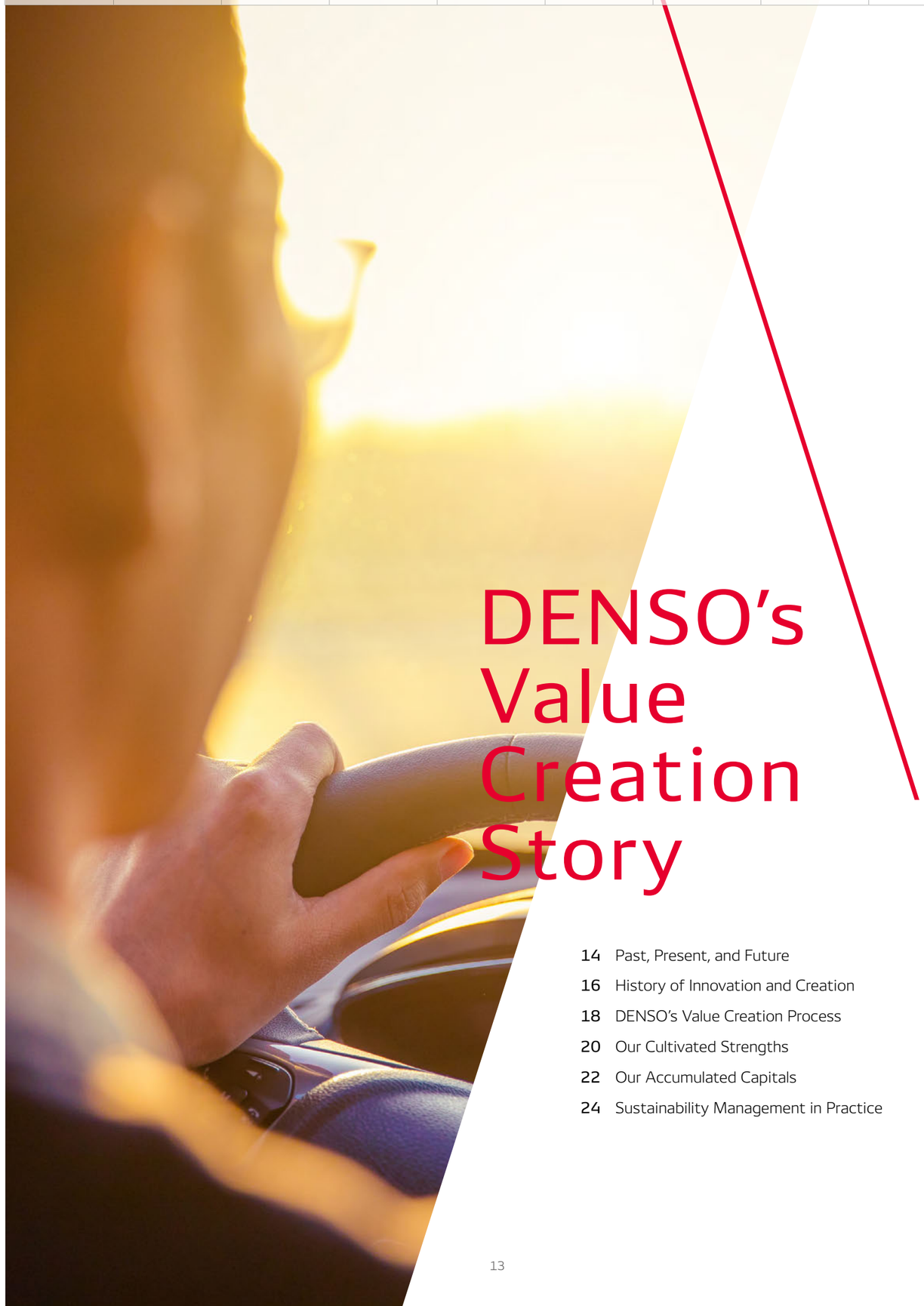
Fostering a Healthy Corporate Culture That Engenders a High Level of Compliance Awareness

Looking back on the overall automotive industry in 2024, multiple companies were found to be involved in certification fraud. At DENSO, we conduct awareness-raising activities for employees annually through training on certification-related regulations. In light of the certification fraud that occurred at other companies, we have also carried out a Companywide inspection and are rigorously enforcing compliance with laws and regulations. Additionally, as another measure to prevent any misconduct from occurring, we have set up a framework with nine checkpoints within the processes before mass production and shipment, including a check procedure by department that specializes in certification and regulatory affairs, which is independent from the development and testing divisions, and a double-check procedure by the quality assurance department, which is independent from the certification department.

In addition to such frameworks, we need to have in place a work culture that facilitates good communication and engenders a high level of compliance awareness if we are to prevent misconduct from occurring. To that end, we are constantly working to maintain a culture that embraces an honest exchange of opinions between supervisors and subordinates so that every employee understands the real issues and works to tackle them together.

Meeting the Expectations of Society through Quality Everyone Can Trust

"Be trustworthy and responsible"—these words, engraved in the DENSO Creed, remain an unwavering guiding principle for our commitment to quality, even as the business environment continues to undergo significant change. By anticipating change and practicing the right approach to our work, we promise to meet society's expectations to maintain a standard for quality that ensures our products can be used safely by anyone. We ask for your continued support as we pursue these endeavors moving forward.



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.

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

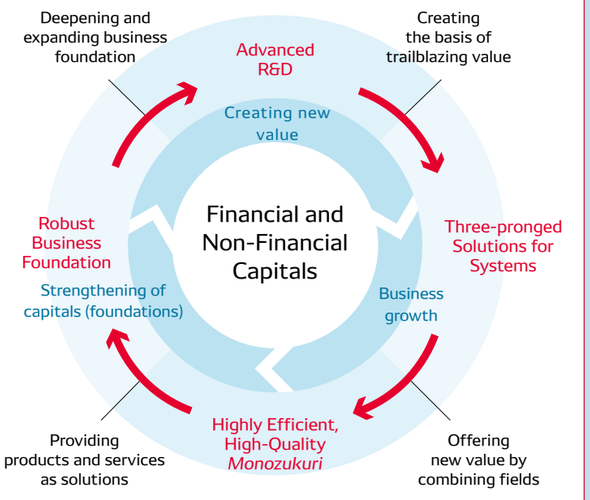
Reinforcement

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

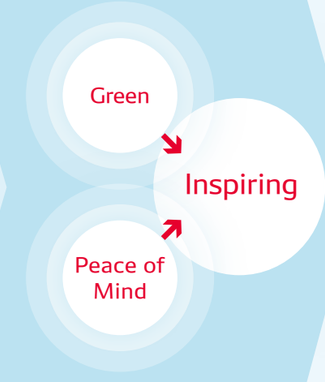
Mid-term Policy for 2025
Serves as a path for completing targets by fiscal 2026 that will help us realize our Long-term Policy for 2030

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

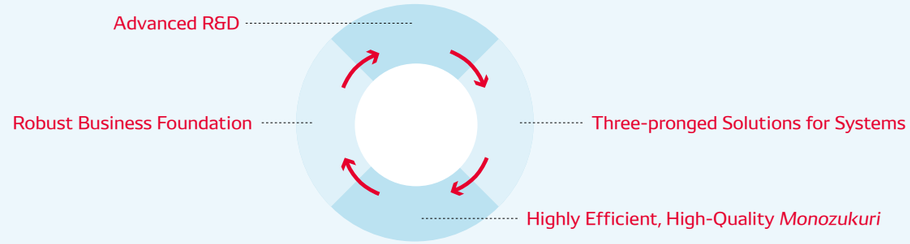
Controlling Factors That Negatively Impact Our Value Creation

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

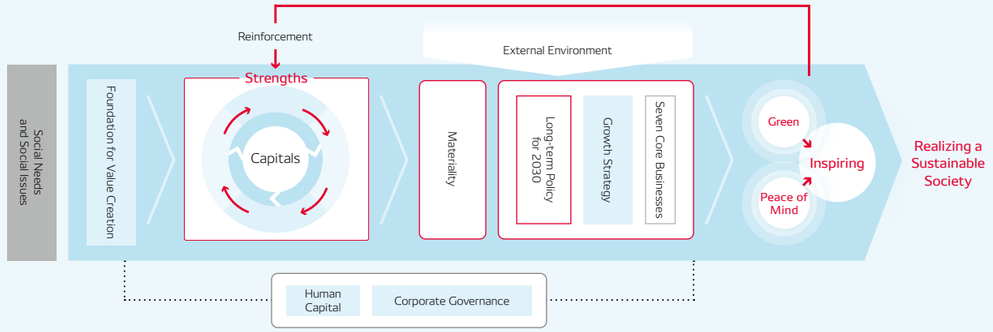
Intellectual Capital Ascertaining real needs	Social and Relationship Capital Collaboration with partners that exceeds the frameworks of organizations	Intellectual Capital Ability to realize concepts through the integration of hardware and software
No. 2 share of the global market for automotive components	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.



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
Financial Capital P.41–47	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)
Human Capital P.48–52	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		
Intellectual Capital P.53–57	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		
Manufacturing Capital P.58–60	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		
Natural Capital P.61–67	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		
Social and Relationship Capital P.68–71	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.

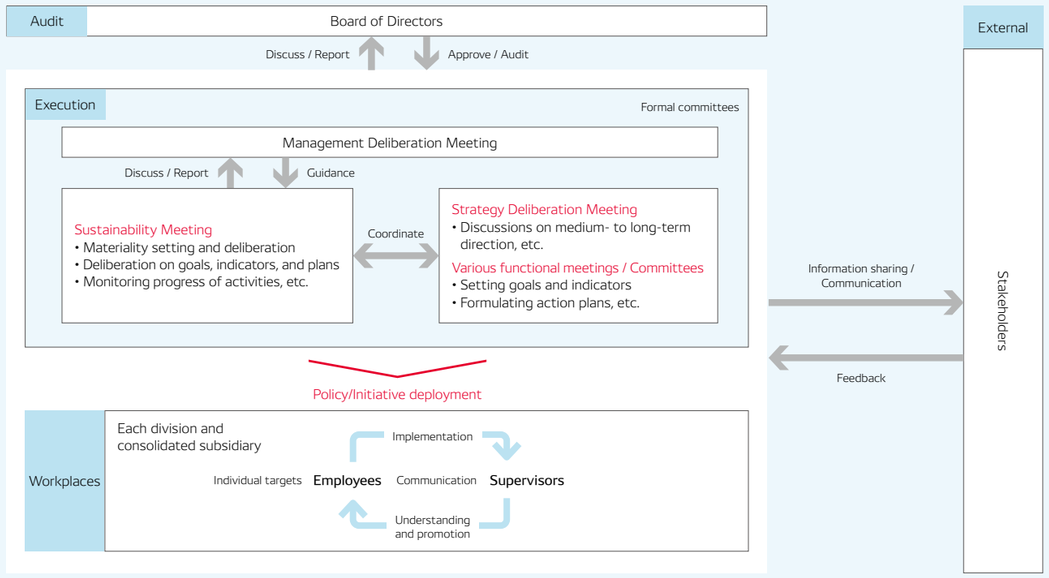
Promotion Structure for Sustainability Management

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

Growth Strategy

Awareness of Business Environment

Amid the ever-increasing global population, aging societies, and advancing urbanization, the progression of global warming and the increase in traffic accidents are becoming serious social issues. In addition, people's values are diversifying and these issues are becoming more complex as a result of the digitalization of society and the advancements in intelligent robotics, as well as rising geopolitical risks. In addressing these emerging social issues, as in realizing a recycling-oriented society and an optimal energy balance, easing traffic congestion, and achieving decarbonization, there is a growing need to implement new mobility solutions in coordination with social infrastructure, including the evolution of IoT and AI technologies, vehicle electrification, automated driving, and connected driving, while also extending and applying these technologies, which have been cultivated in the mobility domain, to domains other than mobility.

Going forward, we will continue to pursue the resolution of social issues while accurately assessing and responding to risks that may have an impact on society and our business activities, as well as opportunities related to these various developments in society.

Social Changes as of 2030 and Key Initiatives for DENSO

We are narrowing down our forecasts of future society, revising them through PEST (political, economic, social, and technological) analysis, using social changes as of 2030 as a key theme. In accordance with this theme, we have analyzed risks and opportunities and identified key initiatives for DENSO moving forward. We will work to gain an accurate understanding of the outlook for the CASE revolution and changes in the mobility society, and thoroughly examine whether or not these changes will have an impact on the key initiatives of DENSO.

Forecasts of Future Society

Politics

- Tightening supply–demand situation for energy across the globe and the shift from low carbon to carbon free
  - Need for international cooperation to mitigate climate change in light of the urgent need to address global warming ····· ①
  - Necessity of promoting renewable energy and hydrogen usage ····· ①
  - Restrictions on power generated from fossil fuels and internal combustion engines ····· ①
- Establishment and expansion of laws to control adverse impacts on the environment and human rights throughout the entire supply chain ····· ①②
- Intensifying division and confrontation due to differences in political structures (trade, technologies, human rights, etc.) ····· ④
- Rising geopolitical risks ····· ①②③④

Economy

- Stagnant economies in advanced countries, rise in prominence of Global South, and global multi-polarization ····· ②③④
- Rise in nationalism due to growing regional disparities ····· ③④
- Establishment of economic blocs advantageous to individual countries and ongoing regional optimization ····· ④
- Expansion of ESG investment and acceleration of rulemaking for ESG information disclosure ····· ①②

Society

- Threat to the sustainability of society due to an increase in population, with the global population exceeding 8.5 billion people ····· ①②③④
- Aging populations around the world, declining workforces, growth in life expectancies ····· ②③④
- Urbanization in emerging countries, urban regeneration due to the shift to smart and compact devices, and an increase in logistics volumes ····· ③④
- Consumption behavior becoming more ethical and experience-based with a shift to the sharing economy ····· ①②
- Progression in the transition to labor offered by AI and robotics, and changes in work ethic and available free time ····· ②

Technology

- Integration of digital and physical domains due to the proliferation of IoT-related technologies (communications and other devices) ····· ②
- Productivity enhancement and value chain integration through the use of big data ····· ①②③
- Transition to the use phase of AI and quantum computer utilization and the versatile implementation of AI in manufacturing, finance, and services ····· ②③
- Accelerating shift to non-contact technology and full automation in various industries ····· ①②

Keywords for Social Changes by 2030

1 Shift toward a carbon-free society and a circular economy
Changes in the powertrain mix (electric vehicles, internal combustion engine vehicles), energy savings, renewable energy, and resource recycling

2 Diversification of people's values and consumption behavior
Diversifying consumption behavior and value systems
Evolution of IT communications × Automobiles

3 Emergence of social issues
Aging populations, uneven distribution of population, and congestion

4 Structural changes and instability within the international community
Political conflicts and geopolitical risks
Growth of new emerging markets

Risks and Opportunities / Response Measures to Risks and Opportunities

1 Shift toward a carbon-free society and a circular economy

Risks
- Tightening and acceleration of environmental regulations on the automotive industry
- Introduction and expansion of environmental taxation by the governments in each country and region
- Increasing demand for the transition to carbon neutrality within the product production process

Opportunities
- Increasing needs for systems to respond to electrification and alternative fuels (e-fuel, hydrogen fuel, and biofuel)
- Heightened expectations for new technologies that contribute to carbon neutrality and resource recycling (generation and use of hydrogen, traceability, etc.)
- Growing demand for highly efficient production technologies that achieve solid energy-saving effects

Regarding the risk of climate change, we believe there will be greater opportunities for us to popularize our long-cultivated technologies for fuel efficiency, low exhaust gas, and electrification around the world. Also, particularly in Europe, expectations are increasing with respect to initiatives for the creation of a recycling-based society. Through flexible cooperation and co-creation with other companies, we aim to accelerate the development of technologies for reducing CO_2 emissions and realize the stable supply of such technologies on a global scale. At the same time, we will help reduce CO_2 emissions across society through the development of new technologies such as those that generate and use hydrogen and the traceability technologies needed for resource recycling. With a view to achieving a carbon-free society and a circular economy, we will also strive to reduce and curtail CO_2 emissions across our supply chain and promote resource recycling.

2 Diversification of people's values and consumption behavior

Risks
- Reduction in transportation as digital technologies proliferate and consumption patterns change
- Intensifying competition due to the increasing entry of IT companies able to address diversifying values

Opportunities
- Heightened awareness of "peace of mind," leading to the diversification of technologies related to peace of mind and expansion in value systems (safety awareness, pursuit of comfort, privacy, disaster alerts, etc.)
- Rising need for added value due to the accelerating shift to digital technologies and IT

By swiftly responding to diversifying needs such as automated driving and the provision of safe and comfortable vehicle interiors, we can increase the number of growth opportunities for DENSO. To respond to the risk of companies from other industries entering the automotive industry, we are collaborating with other companies both inside and outside the automotive industry to leverage our respective fields of expertise while also strengthening our unique technological and *Monozukuri* (manufacturing) capabilities. By doing so, we will invigorate our development activities in new domains with a sense of speed.

3 Emergence of social issues

Risks
- Delays in developing and commercializing technologies in response to increasingly complex and intricate material issues (Materiality)

Opportunities
- Expansion of businesses that contribute to the resolution of social issues (growing needs for automated driving, the prevention of traffic accidents, food safety, electrification to address labor shortages, etc.)

Alongside the proliferation of material goods, social issues such as aging societies, the depopulation of rural areas, overcrowding of urban areas, and traffic congestion have become more severe. To resolve these issues, we will accelerate the development of technologies that help prevent accidents and eliminate traffic congestion. By leveraging the know-how we have cultivated through our *Monozukuri* activities, including in-vehicle, automation, and IoT know-how, we will strive to constantly develop technologies and create businesses in the non-automotive domain that help keep people safe and work to expand these technologies and businesses across the globe.

4 Structural changes and instability within the international community

Risks
- Rising threats toward DENSO's business management (military strikes, cyberattacks, etc.)
- Revisions to business models (regulation response and supply chains) due to divisions between countries and regions

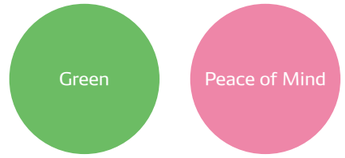
Opportunities
- Progressing expansion of new markets and business partnerships with the aim of resolving social and environmental issues

Against the backdrop of differences between political structures, the international community is becoming increasingly confrontational and factionalized in various fields, and we forecast that this will bring about dramatic change in our operating environment and increase business risks. To achieve stable business management under these circumstances, we are strengthening our governance and risk management systems so that we can respond flexibly to changes and risks.

Key Initiatives for DENSO

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

The rapid changes in society that will occur going forward, such as changing values and behavior, present a significant opportunity for a company such as DENSO, which has continued to refine technologies and gain experience in the mobility domain. With the aim of reducing our environmental burden and realizing a society without traffic accidents, we will actively promote the creation of a better mobility society with a view to achieving the goals of "lasting vitality for the environment" and "safe, comfortable, and flexible mobility for all people." Furthermore, we will leverage the technologies we have cultivated through semiconductors, software, other automotive products, systems development, and *Monozukuri* to offer peace of mind and safety not just in the mobility domain but to all people in society. By doing so, we will continue to create new value.



Reinforcing the Corporate Foundation That Underpins Our Value Creation

To flexibly resolve social issues, which are becoming more complex and diverse, and increase corporate value, we need to strengthen our risk management and other governance frameworks with the goal of revising our organizational management framework and minimizing the impacts of risk. It is also important that we cultivate human resources able to enhance corporate value. In these ways, we will support the creation of high-quality value at faster speeds by reinforcing our management foundation.

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

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)

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

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 Targets	Fiscal 2025 Results	Fiscal 2025 Overview of Initiatives	Fiscal 2026 Targets	Related SDGs
Green	Prevention of global warming ◎ Prevention of air pollution / Reduction of environmental burden ◎ Effective utilization of resources ◎ Conservation of water resources	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	
			• 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	
Peace of Mind	Reduction of traffic accidents ◎ Provision of flexible and comfortable movement ◎ Provision of safe and secure products ◎ Response to decrease in birthrate and aging population ◎	• 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	
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	
	Information security ◎	• 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%	
	Safe and healthy working environment		• 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.	
			• 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	Japan: 100% training participation rate Asia: Implement training programs for managers and new employees	
	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.							

◎ 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

Ensure comprehensiveness

Identification of Social Issues

We identified economic, environmental, and social issues while referring to the SDGs, the Global Risks Report produced by the World Economic Forum (Davos conference), sustainability disclosure frameworks and regulations, and evaluation items from ESG rating agencies. A total of 116 areas were selected for assessment.

Reflect DENSO's uniqueness

Identification of Key Strategies and Issues for DENSO

In light of the increasing complexity in the business environment, we listed initiatives that DENSO should pursue Companywide and areas where its crisis response capabilities should be enhanced. A total of 22 areas were added as candidates for assessment.

Evaluate

Quantitative Assessment

For the assessment areas, we screened out opportunities and risks for DENSO and established evaluation criteria from the perspectives of impact on society and importance to DENSO. The impact on society was scored by severity (scale, scope, recoverability) and likelihood of occurrence, while corporate importance was scored by monetary impact and likelihood of occurrence, in the formulation of proposed material issues (Materiality).

Confirm expectations from society

Dialogue with Internal and External Stakeholders

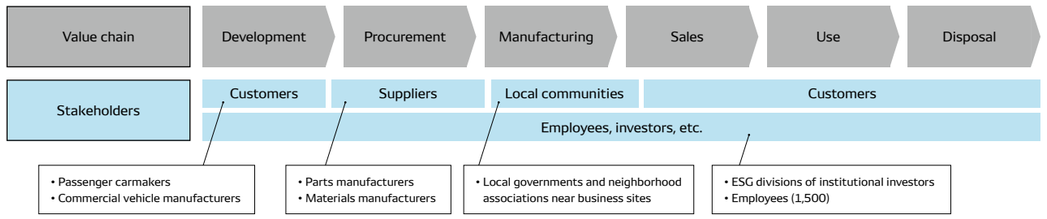
We engaged in dialogue with representatives of stakeholders across the value chain to gather opinions on the proposed material issues (Materiality) and their expectations of DENSO. As a result of these exchanges, we revised the quantitative assessment of three areas.

Finalize

Discussion and Approval at Management Level

The proposed material issues (Materiality), revised to reflect stakeholder feedback, were discussed and approved by the Management Deliberation Meeting and the Board of Directors.

Dialogue with Internal and External Stakeholders

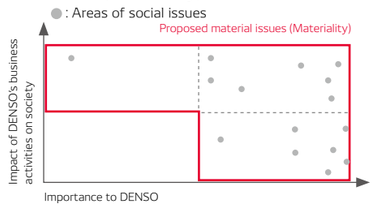


Comments from Stakeholders

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)



Targets and Results for Mid-term Policy for 2025

In fiscal 2023, we formulated the Mid-term Policy for 2025 with a view to giving concrete form to the Long-term Policy for 2030 slogan: Bringing hope for the future for our planet, society, and all people. Centered on the principles of green and peace of mind, we have outlined our vision for 2025 and determined priority issues for realizing this vision. As part of our green and peace of mind strategies, we have determined targets for maximizing the value we provide to society through our business activities under each of these priority issues. Members of the Company's management have set forth below the management policies we have in place for reaching these targets and the strategies to improve corporate value.

Vision for Our Green and Peace of Mind Strategies

Lead the World as a Carbon-Neutral Manufacturer While Contributing to the Advancement of Society

Green

	Fiscal 2025 Results	Targets for Mid-term Policy for 2025	Targets for Fiscal 2036
■ *Monozukuri*	Reduced CO_2 emissions from plants by 76% (compared with fiscal 2021)	Achieve carbon neutrality (including the use of credits)	Become completely carbon neutral without the use of credits
■ Mobility products / Energy use	Expanded global supply structure for electrification products Implemented verification test for promoting the widespread utilization of hydrogen	Expand sales of electrification products (inverters and battery ECUs) Lay the foundation for the market launch of an energy business	Achieve carbon neutrality through mobility products and energy utilization
■ Revenue in the green domain	Fiscal 2025 results: ¥1,010.0 billion	Target revenue for the Mid-term Policy for 2025: ¥1,200.0 billion	Targets for Fiscal 2036 Further expand profits through growth in the electrification business and non-mobility businesses

Become a Leading Company Offering Peace of Mind to Society

Peace of Mind

	Fiscal 2025 Results	Targets for Mid-term Policy for 2025	Targets for Fiscal 2036
■ Elimination of traffic accident fatalities	Expanded sales of ADAS products and promoted their widespread adoption	Launch new ADAS products in the market Expand accident scenario coverage to 56%	Provide unrivaled value in the peace of mind domain through collaboration between people, vehicles, and infrastructure Expand accident scenario coverage to 100%
■ Support for working people	Began accepting commercial orders for fully automated harvesting robot Artemy® in Europe	Establish commercialization strategy together with partner companies	Commence new businesses in the fields of energy, factory automation, and food and agriculture
■ Revenue in the peace of mind domain	Fiscal 2025 results: ¥503.0 billion	Target revenue for the Mid-term Policy for 2025: ¥520.0 billion	Targets for Fiscal 2036 Realize growth in the ADAS business through HMI collaboration Commercialize the value of providing peace of mind in non-mobility domains

Initiatives to Realize the Target Profile in Mid-term Policy for 2025

1. Realization of Sustainability Management

Establish a Solid, Unshakable Business Foundation

Financial Capital, Risk Management P.41–47, 98–99

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Safety and quality Establish a sound safety and quality foundation	• Established and entrenched rules and frameworks; reduced dependence on individual employees through the utilization of tools and digital technologies	• Further reduce quality-related risks, including by enhancing initial response measures • Respond to new quality-related issues resulting from the evolution of products, such as the expansion of SDVs
Risk management Enhance level of risk management initiatives	• Clarified rules for responding to emergencies • Introduced predictive management for all risk items	• Develop, expand, and instill new Groupwide risk management processes • Strengthen Companywide framework for economic security management
Earnings Establish a robust earnings structure by promoting reforms to our business portfolio	• Concentrated resources and expanded sales in focus fields (electrification and advanced safety products); proceeded with the disposal of internal combustion product businesses • Led the development of mechanisms, in collaboration with industry associations, to incorporate fluctuations in material and labor costs into pricing, setting in motion a positive cycle	• Achieve non-linear business growth through collaboration with partners in non-automotive domains • Establish schemes to reflect factors for cost fluctuations, such as tariffs, in prices

2. Bold Pursuit of Work Grounded in the DENSO Philosophy

Transform Workstyles through Digitalization with the Aim of Realizing World-First and World-Best Offerings

Intellectual Capital, Manufacturing Capital P.53–60

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Transformation of business processes	• Development of digital infrastructure: Introduced a digital device with Microsoft 365 account to each employee; began utilizing AI in day-to-day work processes, etc.	• Transform work processes based on the premise of digital technology and AI utilization
Transformation on the production front lines	• Promoted digitalization in production improvement processes • Announced plan to build a next-generation plant with 24-hour unmanned operation through automation (scheduled to begin operations in 2028)	• Entrench attractive workstyles geared toward the future of *Monozukuri*

3. Business Portfolio Transformation

Transform Business Structure by Achieving Growth and Promoting De-Emphasis and Discontinuation in Collaboration with the Industry and Our Business Partners

Capital Strategies, Overview by Product P.40–82

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Expansion of growth domains and de-emphasis and discontinuation of low-profit businesses	• Expanded sales channels and revenue of products in the electrification domain (revenue of ¥1,010.0 billion in fiscal 2025) • Expanded sales channels and revenue of products in the peace of mind domain (revenue of ¥503.0 billion in fiscal 2025) • Executed seven business disposals/sales in domains of de-emphasis and discontinuation (as of September 2025)	• Further evolve core technologies with a view toward future growth • Further expand and improve profit structure in focus fields

4. Realization of Carbon Neutrality

Lead the Industry in Becoming Carbon Neutral

Strategies for Green and Peace of Mind, Efforts to Maximize the Value of "Green" (TCFD) P.34–35, 64–67

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Driving force for carbon neutrality across the industry	• Forecast the achievement of carbon-neutral *Monozukuri* during 2025 (including the use of carbon credits) • Commenced introduction of low-CO_2 materials and renewable energy	• Formulate specific plans for achieving carbon neutrality without the use of carbon credits • Drive carbon neutrality across the entire supply chain

5. Creation of New Value

Achieve Business Growth through the Provision of Products and Solutions in New Fields

Materiality, Intellectual Capital P.28–30, 53–57

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Provision of products and solutions in non-mobility domains	• Launched agricultural business by turning company with advanced greenhouse technology into a subsidiary	• Further pursue the resolution of social issues leveraging mobility technologies • Achieve non-linear business growth through M&As

Green Peace of Mind New Businesses Corporate Foundation

Initiatives to Increase the Sophistication of Management at Group Companies

The DENSO Group comprises 188 Group companies in 35 countries and regions around the world. These Group companies work to increase the sophistication of their management by collaborating with each other while assessing and analyzing the DENSO Philosophy, the characteristics of their respective markets, and their strengths and weaknesses. By doing so, they strive to achieve the targets of our medium-term management plan and drive further growth.

Example in Japan: Visualizing the Future of Each Company Using Management Design Sheets

As the operating environment continues to undergo rapid changes, we carried out initiatives to outline our value creation pathways making use of the Management Design Sheet recommended by the Cabinet Office of Japan. These initiatives are aimed to help Group companies identify areas in which they can contribute in order to achieve sustainable growth.

From among the domestic Group companies pursuing business portfolio transformation, 33 promising employees from 10 volunteer companies participated, along with four advisors. Over a roughly six-month period starting from July 2024, these participants made use of the Management Design Sheet framework to review the long-cultivated strengths and future prospects of their respective companies, based on which they organized strategies. At monthly study sessions, participants shared their analyses and engaged in repeated discussions. At the final session, participants presented the results of their analyses to executives at the head office.

Through these initiatives, each company was able to clarify its position and strengths and accelerate examinations aimed at redefining its respective role. Not only did these initiatives help strengthen ties between participating companies to address shared issues, they also helped draw attention to gaps in the perspectives of participating members and management of Group companies through dialogues between these two parties. In these ways, the initiatives helped each company better recognize its challenges and align its management approach accordingly. The results of the analyses, the value creation stories created, and the issues identified will be reflected in our next Mid-term Policy, thereby serving as a foundation for further increasing the sophistication of our Groupwide management.

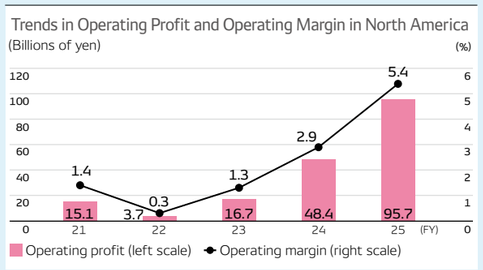
Example Overseas: Pursuing Structural Reform in North America through the One North America Initiative

To accelerate growth on a Groupwide basis, it is essential to not only ensure sound corporate governance but also enable our overseas locations to formulate and execute strategies interdependently, rather than operating directly under the lead of our headquarters in Japan.

DENSO has long promoted the independence of its overseas locations. However, following the outbreak of COVID-19 in the early 2020s, cross-border travel became severely restricted, and this resulted in our management becoming more locally driven out of sheer necessity. In fiscal 2022, Group companies in North America adopted the One North America (NA) initiative under which they accelerated regional efforts to revitalize local management, guided by the "Reborn21" plan.

Firstly, in order to rigorously ensure safety and quality governance, the regional Chief Monozukuri Officer (CMzO) visited all locations to assess conditions and promote measures for improvement. Next, to restore earning power, a detailed analysis of profitability was conducted at each local company. Based on the results of this analysis, we worked to consolidate and integrate offices while reassigning production items across countries and offices based on the characteristics of each office. By doing so, we bolstered profitability. Furthermore, we promoted the strategic exchange of personnel, including by appointing talent with proven experience and skills to management positions at the regional headquarters. In this way, we sought to cultivate leadership personnel with a deep understanding of local markets and enhance the quality of management by fully utilizing the capabilities of local talent.

Through these efforts, profitability in North America has been improving since fiscal 2022, and the region remains committed to pursuing even greater value creation.



Green Strategy

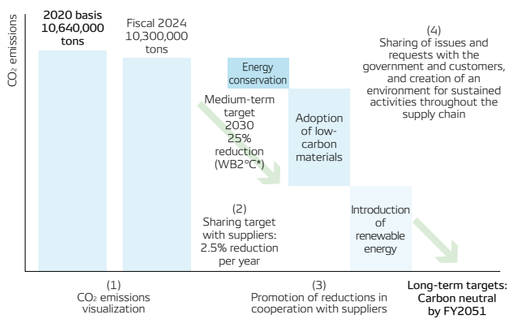
Striving toward Carbon Neutrality throughout the Value Chain

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)

CO_2 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

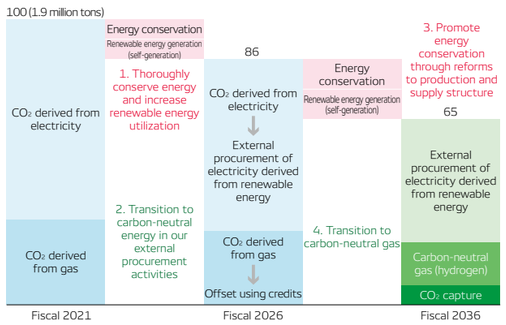
With the aim of realizing carbon neutrality, DENSO is working with its suppliers to visualize CO_2 emissions throughout its supply chain. Having shared specific CO_2 emissions reduction targets with 360 major suppliers, we are promoting various initiatives to attain these targets. For example, DENSO provides examples of how to promote energy conservation and technological assistance, procures renewable energy, and has switched to low-CO_2 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℃, which is a Scope 3 target under the 1.5℃ standard

Scope 1 and 2: DENSO Plants

CO_2 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

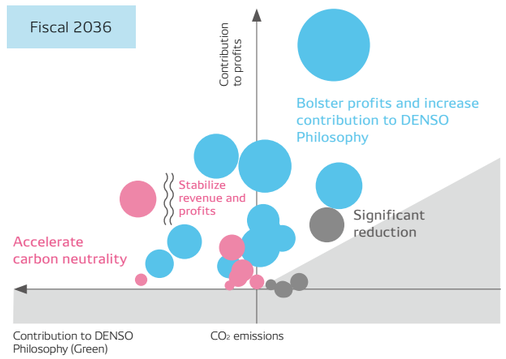
DENSO is thoroughly implementing energy-saving activities, which have always been one of its strengths, and securing and utilizing renewable energy sources, including the utilization of carbon credits. In addition, we are developing innovative energy-creating technologies by combining our many different 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 CO_2 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)

CO_2 emissions reduction target: 25% by FY2031 (versus FY2021)

Relationship between CO_2 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: CO_2 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

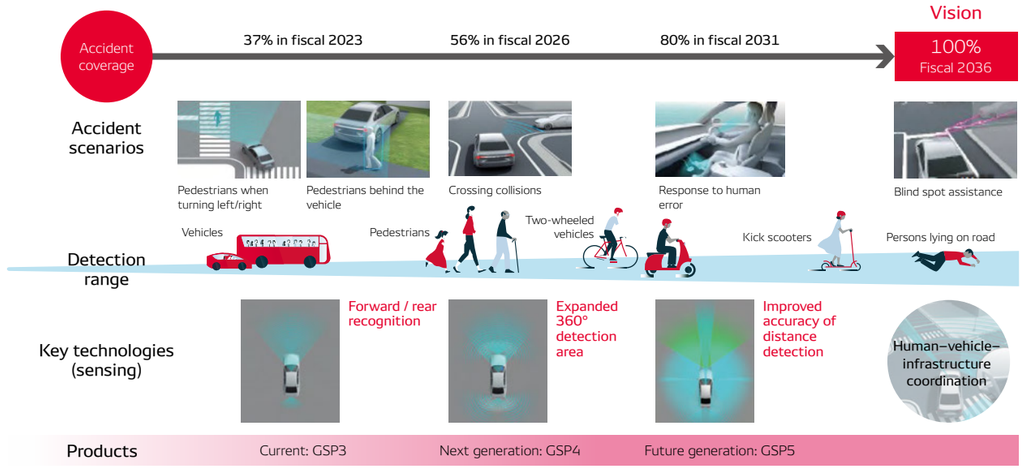
Peace of Mind Strategy

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

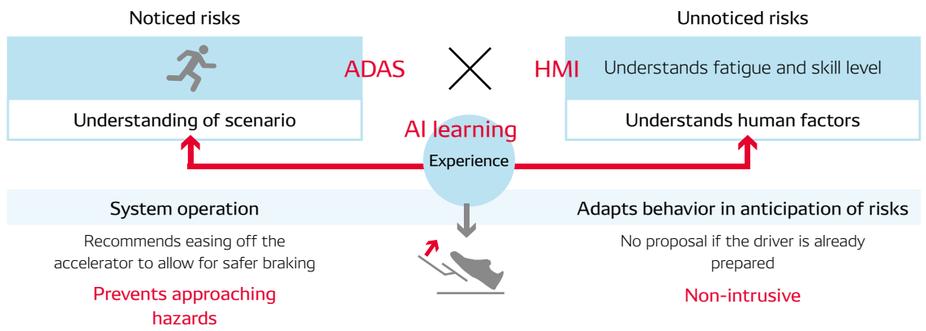


Providing Added Value with Greater Peace of Mind through an Approach Centered on Coordination between People, Vehicles, and Infrastructure

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



Technology Strategy

Message from the Chief Technology Officer

Tackling the Ever-Changing Social Issues and Striving for Sustainable Growth as We Continue to Pursue Challenges through Technology Management

Hirotsugu Takeuchi
Senior Executive Officer
Chief Technology Officer (CTO)

DENSO's technology is the source of its competitiveness. As stated in the DENSO Creed, "Be pioneering, innovative, and creative," it is my mission as CTO to develop and refine talent and an organization that relentlessly pursues knowledge to remain at the vanguard of technological development. By thoroughly assessing changes in the external operating environment, developing scenarios over a 10-year timeframe, and identifying pathways to technological leadership, I aim to enhance the effectiveness of Companywide strategies from a technology management perspective, including pursuing bold initiatives for a new era and nurturing talent that will lead the future.

As part of our medium- to long-term technology strategy, we have identified the following focus fields: "Electrification and Energy Management" and "Automation," as well as the foundational technologies supporting these areas, "Semiconductors" and "Software." These fields were identified based on the principles of green and peace of mind. Furthermore, we have determined medium- to long-term, cross-organizational research and development themes that span across various business, organizational, and technological domains. As CTO, I hold monthly meetings with members of each business group and the Technology Steering Committee through which we work to promptly identify issues and enhance the governance of our technology development.

To date, DENSO has allocated management resources to R&D equivalent to around 8% to 9% of its consolidated revenue, concentrating investment in these focus fields. While ascertaining the potential for business growth in each of these fields from a Groupwide perspective, we will allocate resources toward not only supporting development activities in the near term, but also realizing medium- to long-term business growth. In fiscal 2026, we plan to nearly double R&D investment in cross-organizational R&D themes compared with the previous fiscal year, thereby dramatically improving R&D efficiency and driving corporate growth from a medium- to long-term perspective.

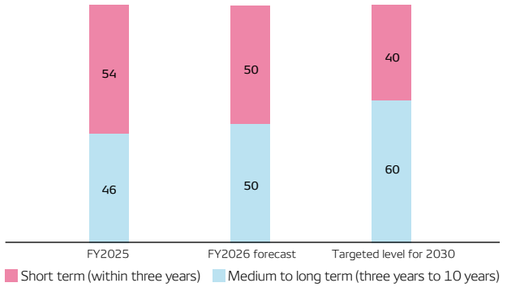
We are entering the era of software-defined vehicles (SDVs), where software development is becoming more large scale and complex. To further enhance our return on investment (ROI) and bolster our competitiveness, we are utilizing automation in the development process to prevent information inconsistencies and defects within each step of the development process and across organizations. We are also working to increase development efficiency via the use of AI throughout the development process, including for design verification, and testing. In these ways, we are drawing on our digital knowledge across the organization to achieve differentiation from competitors. Our efforts have received external recognition, with DENSO being selected for the first time as a "Digital Transformation Stock (DX Stock)" for 2025 by the Ministry of Economy, Trade and Industry (METI), the Tokyo Stock Exchange (TSE), and the Information-technology Promotion Agency (IPA). Through the integration of digital technologies with our long-cultivated advanced technologies, we will transform DENSO into a company that can provide society with even greater value.

	R&D Themes and Related Elemental Technologies	R&D Expenditure for Fiscal 2026 (Compared with Fiscal 2025)
Green	**Electrification:** Systems for charging while driving, FeNi magnet motors, and post-SiC inverters	Approx. 1.4 times greater
Green	**Energy management:** Perovskite solar cell electrodes (CNT multifunctional conductive films), highly efficient energy conversion, and in-car/out-car coordination technologies	Approx. 2.3 times greater
Green	**Carbon neutrality:** Hydrogen production, CO_2 capture, SOFC*1/SOEC*2 systems	Approx. 1.3 times greater
Green	Circular economy: Precision vehicle dismantling (Value Creation in Action P.38–39), sustainable materials (bio-resins, bio-fillers, etc.), and value-creating technologies	Approx. 1.5 times greater
Peace of Mind	**Automated mobility:** Data-driven development foundation, infrastructure coordination technologies, Human–machine collaboration technology and next-generation sensors	Approx. 3.1 times greater
Peace of Mind	**Automated *Monozukuri*:** Automation through robotics and additive digital molding	Approx. 1.1 times greater
Peace of Mind	**Information management:** Cloud network development, edge computing technologies, and data security/privacy protection	Approx. 1.2 times greater
Fundamental technologies	**Semiconductors:** High-speed deposition and manufacturing technology for SiC semiconductors, SoC devices/chiplet technologies, and post-SiC semiconductors	Approx. 4.1 times greater
Fundamental technologies	**Software (enhancement of development efficiency):** Technologies for automated software development using generative AI	Approx. 1.4 times greater
	Total for cross-organizational R&D themes	Approx. 2 times greater

Generate resources through innovations to digital transformation (DX) processes (design support, automation, standardization of products and components)

*1 Solid oxide fuel cell
*2 Solid oxide electrolysis cell

R&D Expenditure for Cross-Organizational R&D Themes and Ratio of Business Potential



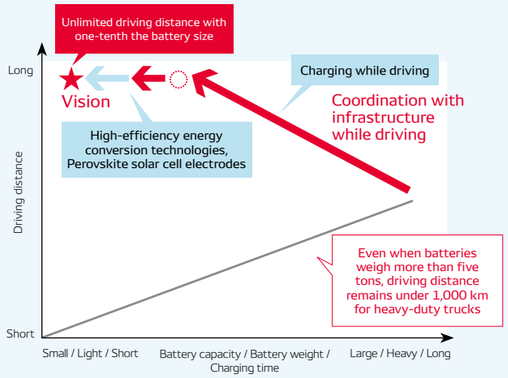
Technology Road Map

Partial Introduction of DENSO's Technological Development and Road Map Supporting Future Growth in Focus Fields

Green Electrification and Energy Management Domains

Main technologies: Systems for automatically charging BEV batteries while driving or stopped via power transmission devices embedded in the road. Viewed as a key technology by governments and industries for its potential to fundamentally address issues with BEV charging and driving distance
Competitiveness: Reduces battery capacity to one-tenth while extending driving distance to virtually unlimited levels, without relying solely on battery performance, by leveraging optimized cross-domain control technologies cultivated over many years of developing electrification products
Issues: Participation in large-scale projects for practical application and establishment of production systems that ensure quality for in-vehicle products
Road map: Completion of technological verification, development of vehicle-mounted components, and completion of demonstration on low-speed track test. Currently implemented verification test on public roads with the aim of realizing commercialization during fiscal 2029

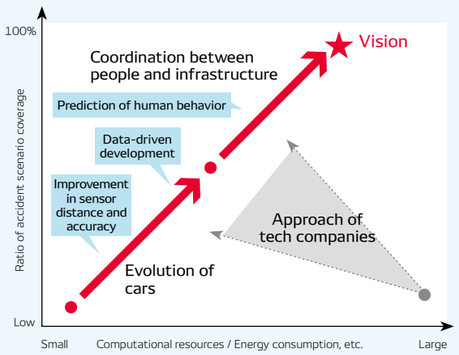
Changes in Battery Load and Driving Distance with Power Supplied While Driving



Peace of Mind ADAS Domain

Main technologies: Technologies that utilize AI to swiftly realize automated driving through data-driven development. Technologies that predict human behavior and encourage behavioral modification
Competitiveness: Realize safety of automated driving technologies, leveraging track record in the mass production of ADAS. Provide safe mobility to all people through coordination between people and infrastructure
Issues: Acceleration of development speed through collaboration with partner companies
Road map: Utilization of data-driven development to establish automated driving technologies that can be rolled out globally. Aim to realize comprehensive accident scenario coverage by 2035 through the integration of people, vehicles, and infrastructure

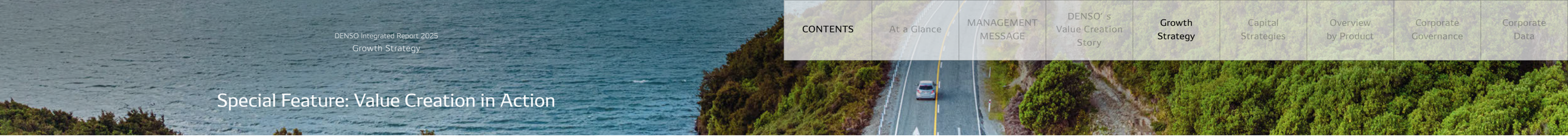
Change in Accident Scenario Coverage through Coordination between People, Vehicles, and Infrastructure



Fundamental Technologies Semiconductor and Software Domains

Semiconductors
Main technologies and competitiveness: Manufacturing of SiC semiconductors at over 10 times the speed of conventional manufacturing, using proprietary, innovative "gas-phase" power semiconductor manufacturing technology and delivers post-SiC semiconductor performance surpassing that of consumer-grade products. For SoC, realizes high-speed computation with low power consumption optimized for automotive applications through IP capable of supporting cutting-edge AI models
Issues: Collaboration with partners from the perspective of geopolitical risks, etc., and establishment of supply structure capable of responding to fluctuations in semiconductor demand

Software
Main technologies and competitiveness: Automotive software development with the latest AI technologies, thereby achieving significant cost reductions while handling increasingly complex, large-scale projects and maintaining quality necessary for in-vehicle products
Issues: Recruitment of roughly 6,000 software development personnel through continuous development and strengthening of recruitment activities (see "Human Capital" P.48–52).



Special Feature: Value Creation in Action

Paving the Way for a Circular Economy in Mobility through DENSO Technologies

With the intensifying environmental issues and restraints on resources occurring across the globe, DENSO recognizes that the transition to a circular economy has become a pressing global issue. In response to this, we are applying our long-cultivated robotics technologies to the vehicle dismantling process and, together with our partner companies, are building a value chain for the automotive industry integrating manufacturing and recycling. Through these efforts, we aim to realize horizontal car-to-car recycling, in which materials collected from dismantled vehicles are regenerated into raw materials and once again used in the production of new cars.

Automobiles can truly be considered as a treasure trove of resources, from the steel and aluminum used in the car body to the high-performance plastics utilized in the frame, among other scarce resources. For this reason, promoting a circular economy in the mobility domain has the potential to make a major impact on society. With that said, the complex structures of end-of-life vehicles (ELVs)* and the wide variety of materials contained therein have presented significant obstacles, and as a result, ELV recycling has been limited to downcycling, where materials are used in products with lower quality standards than the original product, and thermal recycling, in which materials are incinerated for heat. Progress toward realizing horizontal recycling has therefore been sluggish. Conventional methods of ELV recycling, which involve manual dismantling followed by vehicle shredding and material sorting, had inherent limitations in terms of material purity, and materials generated from this process could not meet the stringent quality requirements of automotive materials, which are crucial to people's safety. For example, nearly 70% of resins used in vehicles are incinerated through conventional methods, without being used, and only around 2% are reused as materials for new vehicles.

* ELVs: Vehicles that have reached the end of their service life and are dismantled after formal deregistration procedures

Assessing the Changes in the External Environment for Realizing a Circular Economy

Amid the obstacles facing ELV recycling, policy momentum toward a circular economy has been accelerating. In the European Union (EU), progress is being made with discussion on revising regulations for ELVs. In June 2025, the EU set mandatory targets for recycled plastic content in new vehicles, and discussions are ongoing regarding the further establishment of targets for materials such as steel and aluminum in the future. In Japan, similar initiatives toward a circular economy are also gaining traction, such as the establishment of the Ministerial Council on the Circular Economy by the Cabinet Secretariat and the Circular Partners initiative, which aims to realize a circular economy through industry–academia–government collaboration by the Ministry of Economy, Trade and Industry. As nationwide strategies such as these become more concrete, there has been growing interest in achieving vehicle resource recycling in the mobility domain.

To eliminate automotive resource waste and realize resource recycling, we are working to establish an automated precision dismantling system, which was previously considered to be too difficult to achieve. This process will make it possible to recover nearly 90% of a vehicle's weight as raw materials that can be utilized in the manufacture of a new vehicle. In this way, we are taking on the challenge of commercializing a car-to-car circular economy. Through these efforts, we aim to reduce CO_2 emissions by approximately 630 kg per ELV.

Accelerating the Recycling of Vehicles through an Automated Precision Dismantling System

The manual dismantling of ELVs is impractical due to their complex structure and the large amount of time required. Accordingly, mechanization is needed in this process. However, due to the diversity of vehicle models and the vast number of their components, up to 30,000 parts in a single vehicle, it has been extremely difficult to mechanize the seemingly infinite number of combinations involved in the dismantling process.

Our robotic expertise provides the key to resolving this issue. DENSO possesses the ability to develop advanced robotic systems that integrate precise motion control, AI-based recognition and decision-making, and sensor technologies. Drawing on this ability, we are applying our advanced techniques for turning precise tasks done by people into standardized know-how, which we have also been putting to use in our surgery support technologies. By extracting the know-how and decision-making processes of skilled workers during vehicle dismantling and converting them into data, we will translate this expertise into algorithms that robots can execute. In addition, through collaboration with partner companies, we are taking concrete action to realize vehicle recycling through three steps: 1) vehicle shredding and dismantling, 2) component disassembly, and 3) material separation.

1. Vehicle Shredding and Dismantling

Vehicle shredding is the first part of the process for recycling ELVs. In this stage, vehicles are cut at designated points to ensure that robots can perform repetitive tasks efficiently across a wide range of car models. In addition, by attaching standardized attachment jigs to the sections of the vehicles that have been cut off, we are able to realize highly efficient robot operations and achieve dramatic productivity improvements.

2. Component Disassembly

Each component of ELVs differs in shape and degree of wear. By recording the conditions of each component, accumulating this data as big data, and leveraging it in AI learning, we will build a dismantling system capable of accurately responding to component variations. We will also further enhance dismantling efficiency through the use of digital twin technology, which transmits dismantling data collected in the real world to a virtual environment for real-time simulation.

3. Material Separation

When disassembly via robots cannot achieve full material separation, we carry out additional processing. The separated materials are then carefully inspected by material type, tagged with traceability information, and shipped.

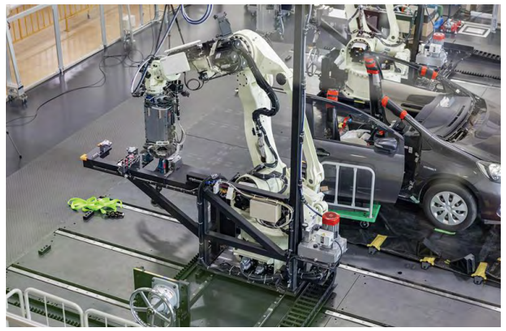
DENSO is striving to bolster its business foundation with the aim of automating key work processes by the end of fiscal 2028, while working to implement and promote the widespread adoption of its automated precision dismantling system.

Building a Sustainable Ecosystem through the Integration of Manufacturing and Recycling Industries

To realize a car-to-car circular economy centered on automated precision dismantling and achieve sustainable ecosystems, it is essential to establish a robust value chain through collaboration across the entire industry, including not only solutions providers such as DENSO but also renewable material manufacturers, material and component suppliers, and vehicle manufacturers.

To that end, DENSO established the BlueRebirth Council together with five other companies in June 2025 with the aim of discussing issues related to realizing an integrated manufacturing and recycling car-to-car value chain centered on automated precision dismantling (system design, example creation, maximization of synergies with other industries, advertising activities, and public consensus building) and resolving such issues through specific investigation activities, technological development, and verification efforts.

BlueRebirth is a collaborative research institution comprising dozens of major players in the Japanese mobility domain. In addition to integrating the manufacturing and recycling industries—two industries that have not sufficiently collaborated to date—BlueRebirth will tackle challenges faced by the entire automobile recycling industry, including promoting automation and digitalization and addressing worker shortages by improving workplace environments. Drawing on DENSO's automated precision dismantling system and data platforms, BlueRebirth aims to standardize dismantling processes that can respond to various ELVs and automate complex tasks. By doing so, BlueRebirth will realize an integrated manufacturing and recycling value chain.

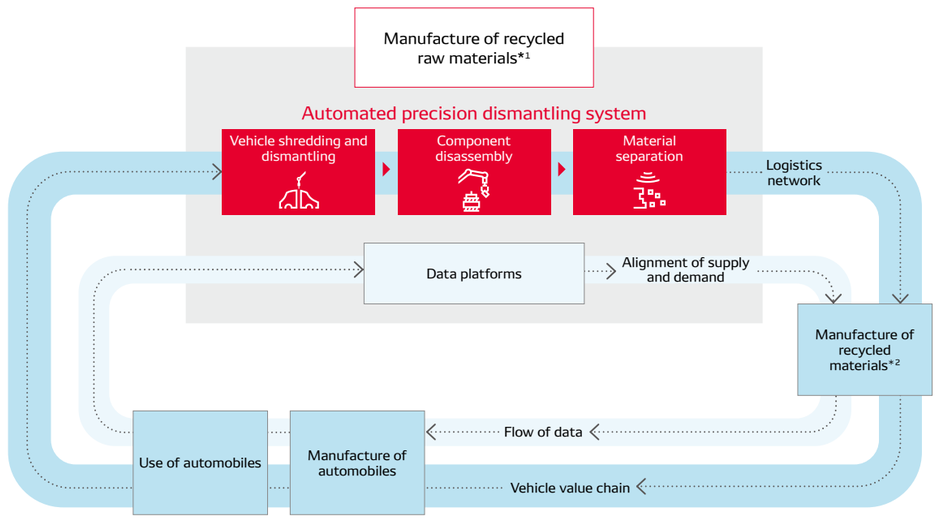


DENSO's robotics technologies underpinning automated precision dismantling system

While our endeavors have just begun, we are beginning to see a path toward the stable acquisition of high-quality recycled materials emerge through the realization of automated dismantling utilizing our accumulated dismantling know-how and robotic technologies. At the moment, we are working on prototyping new vehicles that make use of recycled materials recovered from the dismantling process, and this effort marks a significant first step toward realizing a car-to-car recycling society. Moving ahead, DENSO will fully leverage the strengths of its long-cultivated robotics, AI, and sensor technologies to take on the challenge of realizing a sustainable society together with a broad range of business partners.

For more information on BlueRebirth, please see the following website (Japanese only).
https://www.bluerebirth.jp/

Cycle of Vehicle Recycling



*1 The process of extracting recyclable materials from used vehicles
*2 The process of manufacturing new vehicle materials from each type of recycled material

Capital Strategies

Financial Capital

Message from the Chief Financial Officer

Steadily executing our financial strategy and building on achievements to sustainably enhance corporate value amid a changing business environment

Yasushi Matsui

Executive Vice President
Representative Member of the Board
Chief Financial Officer (CFO)

DENSO’s Key Financial KPIs (Fiscal 2025 Results → Fiscal 2026 Outlook)*1

Reinforce profit structure

- ROE: 8.0% → 10.7%
- Operating margin: 7.2% → 9.4%

Reduce low-profit assets

- Cash on hand compared with monthly turnover: 1.0 months → Maintain current level
- Cross-shareholdings: 13 stocks → Further reduction

Improve capital structure

- Equity ratio: 61.3% → 50% or higher
- DOE: 3.5% → Stable long-term improvement
- Share buybacks: ¥196.6 billion*2 → Approx. ¥610.0 billion

*1 As of the end of July 2025
*2 Of the ¥450.0 billion announced in October 2024, this amount was bought back in fiscal 2025. The remaining amount will be executed in fiscal 2026.

Overview of Fiscal 2025 Results: Steady Progress toward Medium-term Targets Despite Headwinds

Despite headwinds from sluggish sales in Asian markets and production cutbacks due to suspended operations at Japanese automakers, revenue in fiscal 2025 reached a record high of ¥7.1 trillion, driven by stronger sales in focus areas including electrification and safety & security products, a faster-than-expected return on R&D spending, and yen depreciation.

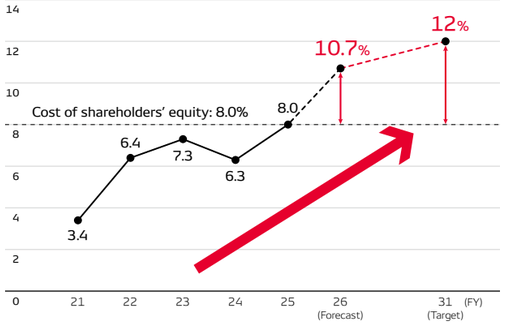
Operating profit also reached a record high of ¥519.0 billion, thanks to efficiency improvements and favorable foreign exchange rates, despite increased costs associated with capacity utilization losses, higher material prices, and investments in R&D and human capital.

In fiscal 2026, DENSO will continue to steadily invest in R&D and human resources to prepare for the future, as it did in fiscal 2025, while enhancing profitability through portfolio reshuffling and further streamlining efforts. Our goal is to achieve revenue of ¥7.2 trillion and operating profit of ¥675.0 billion, in line with the targets set forth in the Mid-term Policy for 2025.

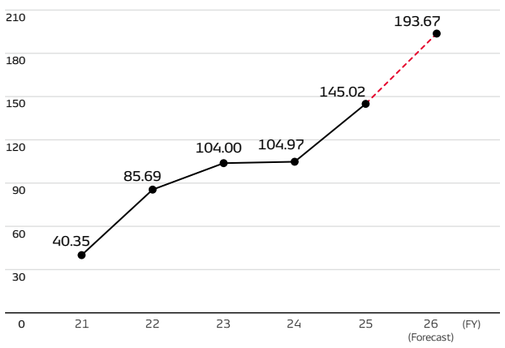
In fiscal 2026, DENSO faces possible costs of approximately ¥130.0 billion due to U.S. tariff policies.*3 We will work internally to minimize the impact, and for unavoidable costs, we will engage in considerate discussions with customers to reflect those costs in transaction prices and manage earnings accordingly. We will also monitor conditions at suppliers in terms of both costs and supply, and work in close cooperation with automakers, industry associations, and relevant government agencies to respond to changes in the business environment and help maintain and strengthen the industry’s competitiveness.

*3 Estimated impact as of the end of July 2025

ROE and Equity Spread



EPS



TSR (Cumulative / Annual Rate)

Investment period	1 year	3 years		5 years		10 years	
	Cumulative / Annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
DENSO	−33.8%	2.3%	0.7%	139.0%	19.0%	64.0%	5.1%
TOPIX	−1.5%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%
TOPIX (Transportation equipment)	−7.4%	30.3%	9.2%	120.9%	17.2%	63.9%	5.1%

Source: Market data (compiled by DENSO Corporation)

Return on equity (ROE) improved significantly from 6.3% in fiscal 2024 to 8.0% in fiscal 2025, driven by both a stronger earnings structure and improvements in the capital structure, centered on shareholder returns. In fiscal 2026, we aim for ROE of 10.7%, along with our targets for revenue and profit under the Mid-term Policy for 2025.

As a result of these efforts, earnings per share (EPS) also reached a record high of ¥145 in fiscal 2025. Over the past five years, EPS has grown at an average annual rate of 29%, and we will continue striving to improve it further without resting.

Recent Share Price Trends

Although DENSO's share price reached an all-time high on April 12, 2024, it has since softened. DENSO's total shareholder return (TSR)* over the past year has trailed behind that of the TOPIX, underscoring the need to further bolster our efforts to enhance corporate value.

Looking ahead, we will evolve our management approach to more aggressively pursue improvements in share price and price-to-book ratio (PBR). In addition to enhancing ROE through the steady execution of our financial strategy, management will remain highly conscious of the price-to-earnings ratio (PER) as a reflection of growth expectations. We will work to transform our business portfolio into one more resilient to share price volatility specific to the automotive sector, while communicating our growth strategy in a timely and effective manner.

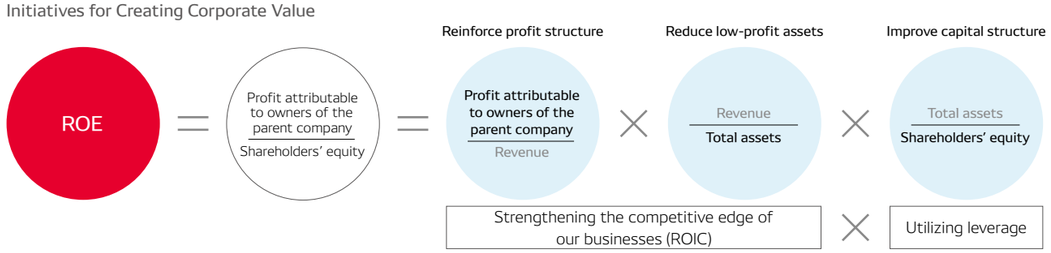
* TSR: Total shareholder return, the combined return from capital gains and dividends

Financial Strategy for Achieving the Mid-term Policy for 2025

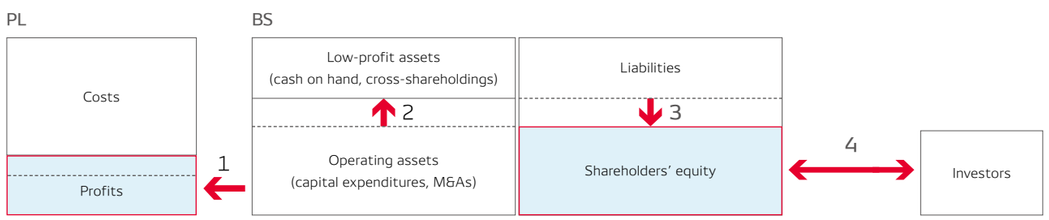
DENSO aims to enhance sustainable corporate value by "resolving social issues by maximizing the value of green and peace of mind to be inspiring" and "expanding genuine equity spread over the medium to long term." Under a management approach that is conscious of the cost of capital, management has designated ROE as its most important financial KPI. In the Mid-term Policy for 2025, we set our ROE target to over 10%, exceeding both our cost of shareholders' equity and the socially expected minimum level of 8%, as cited by the *Ito Report* and other publications, in pursuit of maximizing value creation. We will achieve this target by strongly advancing our financial strategy, which is built on four pillars: (1) reinforcing the profit structure, (2) reducing low-profit assets, (3) improving the capital structure, and (4) engaging in dialogue with markets.

The Mid-term Policy for 2025 also declares our commitment to creating social value by achieving carbon neutrality and eliminating traffic accident fatalities. The following sections explain our efforts to simultaneously address social issues and achieve sustainable business growth, structured around the four pillars of our financial strategy.

Initiatives for Creating Corporate Value



The Four Pillars of DENSO's Financial Strategy



1 Reinforce profit structure: Improve ROIC
2 Reduce low-profit assets: Reduce cash on hand and cross-shareholdings
3 Improve capital structure: Leverage loans, diversify fund procurement, renew policy for shareholder returns
4 Engage in dialogue with markets

1. Reinforce Profit Structure

(1) Creating Medium- to Long-term Corporate Value through ROIC-minded Management

DENSO's ROIC-minded management is not aimed solely at improving short-term financial indicators, but rather at enhancing corporate value over the medium to long term. Since fiscal 2022, we have actively utilized ROIC to steadily improve management decisions, such as enhancing profitability through portfolio realignment and optimizing resource allocation by business area, with a view to sustainable growth.

We believe that widespread understanding and practice of ROIC management, from executives to individual employees, will lead to further advancement of this mindset. To foster understanding and agreement among employees, we use the ROIC tree to visualize the relationship between ROIC as a management KPI and individual improvement activities. We also promote the entrenchment of an ROIC mindset through a multifaceted approach, including regular in-house training and the introduction of ROIC improvement case studies in our global internal newsletters. Furthermore, we incorporate ROIC into the performance-linked compensation framework for Board members and disclose it as one of our key KPI targets, thereby clarifying senior management's commitment.

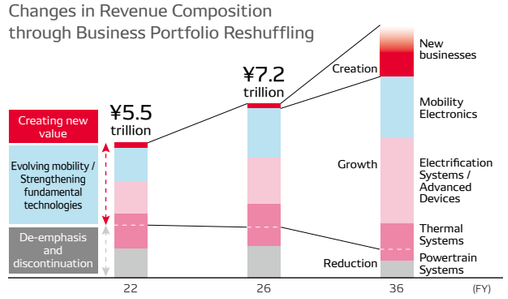
We will continue to entrench and advance ROIC-minded management to enhance capital efficiency and create sustainable corporate value.

(2) Addressing Social Challenges, Three Growth Drivers

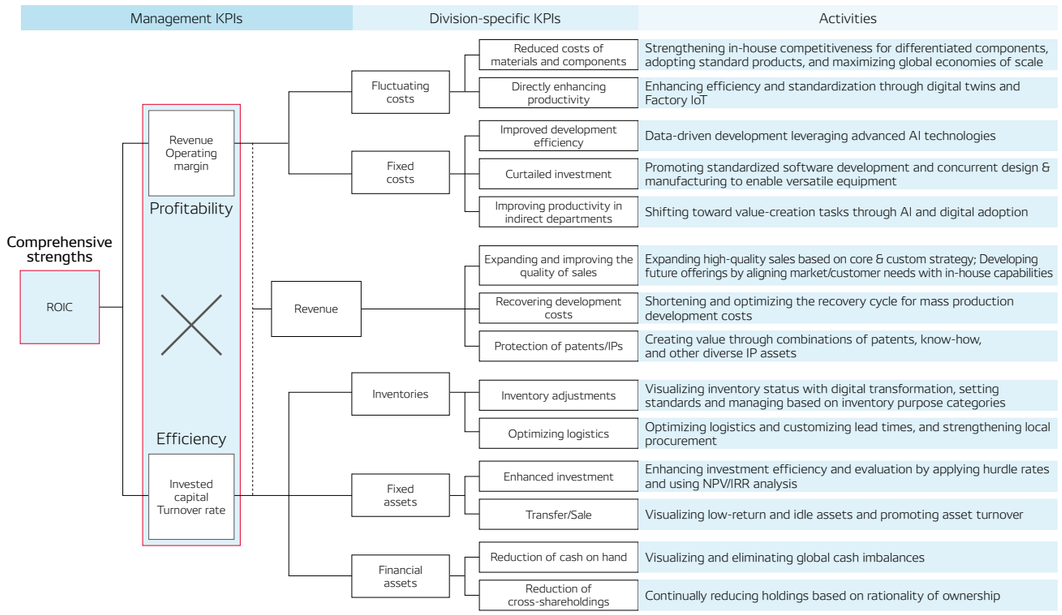
DENSO has achieved growth by creating social value through the principles of green and peace of mind and inspiring stakeholders while doing so. Today, the value expected of DENSO extends beyond the automotive domain to addressing broader social issues. In response to these changes, based on our corporate philosophy, we are eyeing the three growth drivers of evolving mobility, strengthening fundamental technologies, and creating new value, with the aim of achieving both sustainable social value creation and business growth. (See "Enhancement of DENSO's Management Strategies," P.6–7)

First, for evolving mobility, we position electrification and ADAS as our top priorities, aligning our philosophy of green and peace of mind with sustainable growth. In electrification, as automakers increasingly diversify beyond BEVs to include HEVs, PHEVs, and FCEVs, DENSO is promoting differentiation through a broad product lineup and its ability to flexibly make technology-driven proposals. In the area of ADAS, we aim to strengthen our competitiveness further by launching next-generation products and enhancing collaboration on human–machine interfaces (HMI) and infrastructure, thereby accelerating adoption, expanding use cases, and ultimately contributing to the goal of zero traffic fatalities.

Changes in Revenue Composition through Business Portfolio Reshuffling



ROIC Tree Showing the Relationship between Management KPIs and Individual Activities



Next, under strengthening fundamental technologies, we are focusing on both semiconductors and software, in response to advances in electrification and intelligence. In the semiconductor field, we are working to bridge the automotive and semiconductor industries, and advancing the development of power semiconductors and SoCs as a leading company in mobility semiconductors. In the software field, we are enhancing our development capabilities to support software-defined vehicles (SDVs) and strengthening partnerships with tech companies to increase vehicle value.

Furthermore, with creating new value, we are expanding beyond mobility into new fields such as energy, food and agriculture (AgTech), factory automation (FA), and solutions for a circular economy through the precision dismantling of vehicles and their recycling, thereby contributing to broader social issues beyond the mobility domain. To transform our business portfolio and achieve sustainable growth, it is essential to pursue partnerships, including M&As, rather than relying solely on in-house development. We have assembled cross-functional task forces for both mobility and non-mobility focus areas, and are advancing the formulation and execution of our partner strategy. The full acquisition of Axia Vegetable Seeds B.V. in the non-mobility domain in fiscal 2026 is one such successful example of these M&A initiatives. We are similarly exploring M&A opportunities in areas such as in-vehicle systems and semiconductors. In evaluating investments for future collaborations, we have introduced a rigorous decision-making process and evaluation criteria that assess the qualitative and quantitative suitability of M&A deals, aiming to maximize strategic relevance and returns while avoiding overvaluation.

(3) Business Model Transformation for Sustainable Growth

In parallel with transforming the business portfolio by focusing on the three growth drivers, DENSO is also advancing business model reforms to adapt to changes in the external environment and business landscape, with the goal of achieving sustainable growth.

First, in response to changes in external business conditions, such as inflation-driven increases in parts, materials and energy costs, in addition to wage hikes, we are building a framework to appropriately reflect cost fluctuations in transaction prices, with the aim of strengthening the competitiveness of the entire supply chain and realizing a circular economy. As a Tier 1 supplier, DENSO occupies a central position in the supply chain, engaging directly with a wide range of suppliers and automakers. We proactively and thoroughly assess supplier conditions, sincerely reflect those conditions in transaction pricing, and considerately communicate with customers to promote appropriate price adjustments. In addition, we share our initiatives through industry bodies, such as the Japan Auto Parts Industries Association, with efforts to contribute to fairer transactions and enhanced competitiveness across the industry.

In response to changes in business content, we provide technological and supply capabilities that enhance benefits for customers as a way of providing value, and by quantitatively demonstrating this value, we aim to earn appropriate recognition and strengthen competitiveness for both our customers and DENSO.

In the software domain, for example, there is a growing shift toward business models in which software, once embedded within ECUs, is now sold as a stand-alone product. To respond to this shift, we are promoting a value-based pricing approach in which software transaction prices are determined based on the value delivered to customers rather than development hours. Additionally, for custom software development, we are creating a system that clarifies deliverables and the value provided at each development milestone, enabling us to recover costs before final completion. This approach accelerates the investment cycle and supports further business growth. In the internal combustion engine business, de-emphasis and discontinuation activities are proceeding as planned, while also recognizing that the business may continue in importance longer than our initial expectations. Even with this uncertain outlook, we aim to fulfill our role in supporting automotive manufacturing while ensuring profitability, and are engaging in constructive dialogue with customers toward introducing a new pricing structure that enables price revisions in line with volume fluctuations.

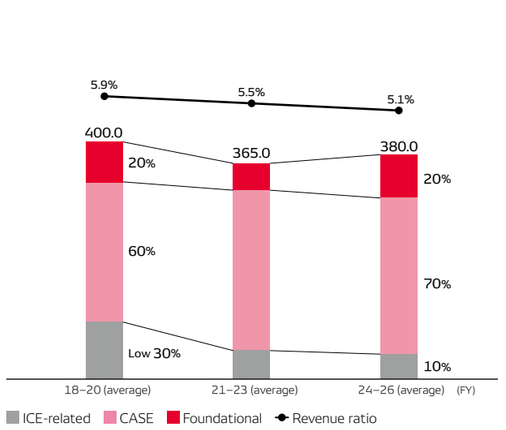
Results of Recent Collaborations (M&As) with Business Partners (as of September 2025)

	Strengthening Collaborations			Business Withdrawal (Transfer / Sale)*
Automotive domain	BluE Nexus Corporation†	Rapidus Corporation†	Fuel pump module
	Toyota Motor Corporation's Hirose Plant††	Quadric Inc.†	Type III alternator
	United Semiconductor Japan Co., Ltd.	Semiconductor Components Industries, LLC (onsemi)†	Spark plug
	Silicon Carbide LLC (a subsidiary of Coherent Corp.) †	Horizon Robotics	Exhaust sensor
	Fuji Electric Co., Ltd.	Qualcomm Technologies, Inc.	EGR cooler / SUS oil cooler
	Infineon Technologies AG†	KOITO MANUFACTURING CO., LTD.	Nippa Corporation
	ROHM Co., Ltd.†	Renesas Electronics Corporation†	
	J-QuAD DYNAMICS Inc.†	Japan Advanced Semiconductor Manufacturing, Inc.†	
	NTT DATA MSE Corporation†		
	Toshiba Information Systems (Japan) Corporation†		
	NTT DATA Japan Corporation		
Non-automotive domain	Certhon Group††	DELPHY GROEP BV	TD Mobile Corporation
	Axia Vegetable Seeds B.V.††		

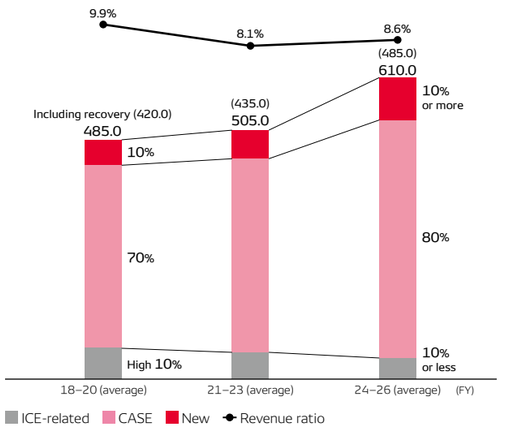
Electrification ADAS Semiconductors Software New businesses Internal combustion engines Other
† Shareholdings †† Full acquisitions and turning into subsidiaries through M&As
* Includes basic agreements on potential business transfers

Resource Allocation

Capital Expenditures (Billions of yen)



R&D Expenditure (Billions of yen)



(4) Optimizing Capital and R&D Investments with an Eye on the Future

The strategic and efficient allocation of resources is essential to achieving both sustainable growth and a solid earnings foundation. DENSO optimally allocates resources to capital investment and R&D to further enhance *Monozukuri* and its technological advantages.

In capital investment, we are expanding investments in electrification and semiconductors based on our business portfolio realignment strategy, while appropriately controlling investments related to internal combustion engines, ensuring disciplined allocation with capital efficiency in mind. We are also continuously working to strengthen the foundations of our manufacturing operations by improving safety and quality, as well as enhancing productivity through automation and digital technologies, in a bid to maintain and reinforce our robust production system.

In R&D, we plan to invest ¥660.0 billion in fiscal 2026, up approximately ¥40.0 billion from the previous fiscal year, to build a top-tier development structure in the industry. For our three strategic focus areas, green (e.g., electrification and carbon neutrality), peace of mind (e.g., ADAS), and fundamental technologies (e.g., semiconductors and software), we used backcasting to formulate a technology development road map that aligns long-term social needs with our technological seeds, outlining a path to developing the core technologies of the future. Building on this road map, our executive team, led by the CTO, reviews and flexibly updates our core projects and advanced development themes each year, based on the latest technology trends. This ensures the precise allocation of resources to breakthrough technologies that will drive future competitiveness, while introducing KPI management such as ROI to realize an R&D framework capable of delivering world-class technologies to support the next generation of DENSO. (See "Technology Strategy," P.36)

Furthermore, we are enhancing both competitiveness and profitability by improving development efficiency through the use of AI, clearly communicating our value proposition to customers, and accelerating the recovery cycle for mass production development costs.

2. Reduce Low-Profit Assets

To operate our assets more efficiently, we assess appropriate levels based on the nature of each asset and continue to reduce low-profit assets.

(1) Reducing Cash on Hand

We have worked to minimize funds required for day-to-day business operations (regular operating funds) and to resolve regional imbalances in liquidity through our Global Cash Management System (GCMS).

As a result of improved daily cash management, our cash on hand in fiscal 2025, including both regular operating funds and contingency reserves, was broadly in line with our fiscal 2026 target of one month of sales.* Going forward, we will continue to carefully assess capital deployment and utilize cash efficiently.

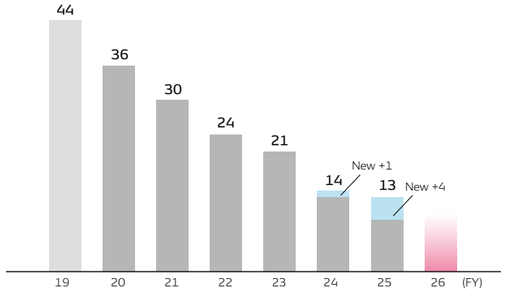
* Under the GCMS, funds appear on financial statements as deposits by the lending company and borrowings at the borrowing company, resulting in both being recorded as such, though they represent internal Group funds. The stated level of cash on hand excludes the effects of GCMS accounting and the amount related to the share buyback tender offer announced in June 2025.

(2) Reducing Cross-Shareholdings

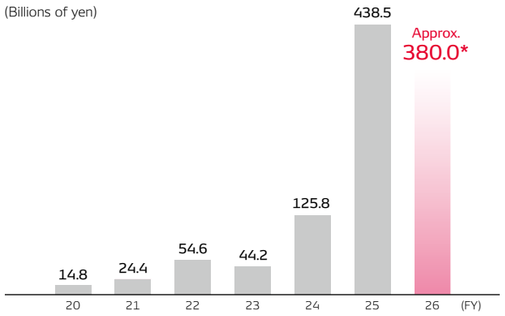
DENSO's basic policy is not to hold cross-shareholdings unless a clear rationale for holding them can be demonstrated, and it has been steadily reducing cross-shareholdings. Following the secondary offering of our shares in fiscal 2024, we accelerated reductions of shareholdings in the Toyota Group as well, resulting in a record-high disposal amount of ¥438.5 billion in fiscal 2025. The number of companies in which DENSO owns shares has also declined from 44 companies as of the end of March 2019 to 13 as of the end of March 2025.

In fiscal 2026, DENSO will maintain the same pace of reductions, and expects to generate over ¥380.0 billion in cash through the sale of shares in Renesas Electronics Corporation in May and Toyota Industries Corporation as announced in June. Once the sale of Toyota Industries Corporation shares is completed, DENSO will no longer hold any shares in auto parts manufacturers belonging to the Toyota Group. We will continue to accelerate reductions without exception, and reinvest the cash generated into strategic growth initiatives to enhance corporate value.

Number of Shares Held
(Stocks)



Sale Amount
(Billions of yen)



* Estimated amount to be sold during the fiscal year as of the end of June 2025

(3) Optimizing Inventories

We have broken down inventories into the three categories of temporary inventories, strategic inventories, and standard inventories, and track each accordingly. Temporary inventories refer to those held in response to logistics disruptions and other external factors. Strategic inventories are those held to hedge against natural disasters and various other risks. Standard inventories are those held for use in production activities under normal circumstances.

In fiscal 2025, by newly deploying inventory monitoring tools and accelerating our management cycles, we reduced standard inventories by the equivalent of 0.04 months of revenue compared to the previous fiscal year. We also worked to maintain appropriate levels of strategic inventories based on part types and regions to ensure a stable supply for our customers.

In fiscal 2026, while continuing to maintain optimal levels of strategic inventories, we aim to further reduce standard inventories by aligning global inventory standards on a part number basis.

3. Improve Capital Structure

We seek to reduce capital costs while maintaining a balance between safety and efficiency, and to diversify funding sources, utilize borrowings, and issue proactive shareholder returns in order to create corporate value. In these ways, we will improve our capital structure.

For fiscal 2026, we target an equity ratio of 50% or more. We believe that this is a level that will allow us to maintain a credit score that enables fundraising even during an economic crisis.

(1) Diversifying Funding Sources and Utilizing Borrowings

DENSO prepares for future investments in growth domains, new businesses, M&As, and business alliances, by diversifying funding sources through such means as utilizing bank loans, domestic corporate bonds, and foreign-denominated funds via overseas corporate bonds. Through such efforts, we are able to maintain a stable funding platform.

Going forward, we will seek to further improve capital efficiency by actively utilizing borrowings and bonds while maintaining a high degree of financial health.

Status of Long-term Credit Rating (As of July 28, 2025)

Rating company	Credit rating
Rating and Investment Information, Inc. (R&I)	AAA
S&P Global Ratings	A+
Moody's Investors Service, Inc.	A2

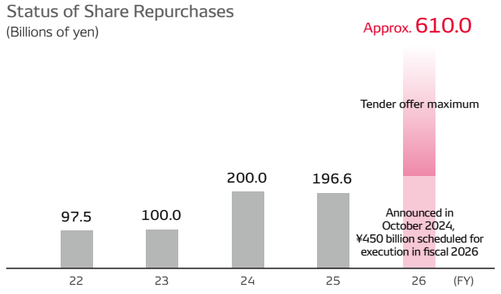
(2) Shareholder Return Policy

DENSO aims to realize and further enhance total shareholder return (TSR) that exceeds the cost of shareholders' equity steadily over the long term by increasing both dividends (income gain) and share price (capital gain).

The Company's dividend policy targets a continuous increase in dividend on equity (DOE: Dividends ÷ Shareholders' equity), starting from a base level of 3.0%. In fiscal 2025, DOE rose by 0.2 percentage point year on year, to 3.5%. Since fiscal 2022, when management established DOE as a financial target, the Company has raised it every year.

DENSO's basic policy on share buybacks is to conduct them flexibly based on comparisons with its targeted capital structure and theoretical share price. In fiscal 2025, in addition to this policy, management announced a ¥450.0 billion buyback of the Company's shares on the open market, the maximum amount feasible relative to liquidity, to remove any concerns about supply–demand imbalances stemming from the sale of DENSO's shares by existing shareholders, including financial institutions. The open market share buyback period lasts until October 2025. DENSO plans to acquire the approximately ¥250.0 billion remaining during fiscal 2026. In addition, given Toyota Industries Corporation's stated intention to sell its shareholdings in DENSO, and taking into account the impact of this on market supply–demand dynamics and economic rationale, the Company announced a tender offer for up to ¥357.8 billion of its shares. As a result, total share repurchases in fiscal 2026 look poised to reach a record high of approximately ¥610.0 billion.

Status of Share Repurchases
(Billions of yen)



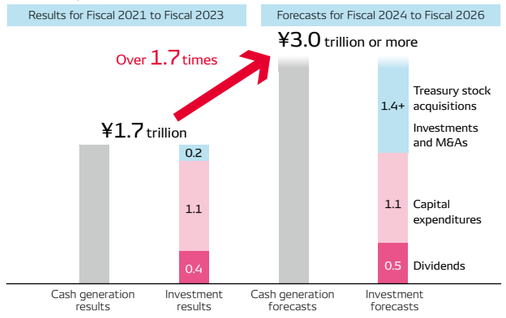
Through these initiatives to enhance stable, long-term shareholder returns, we aim to deliver a TSR that exceeds our cost of shareholders' equity while curbing capital accumulation and enhancing corporate value.

(3) Cash Allocation

DENSO has steadily reinforced its profit structure through ROIC-minded management. As a result, we have generated a total of ¥1.7 trillion in cash flows from operating activities over the three-year period from fiscal 2021 to fiscal 2023, even amid the COVID-19 pandemic and a worsening external operating environment that included semiconductor shortages. Over the next three-year period starting from fiscal 2024, we will aim to generate ¥3.0 trillion or more in cash through the further reshuffling of our business portfolio and the accelerated reduction of low-profit assets.

On the investment side, we apply hurdle rates to capital expenditures and quantitatively assess the economics of each project to ensure disciplined investment decisions. We are also considering growth investments, such as M&As and strategic alliances, in priority growth areas to accelerate the transformation of our business portfolio. For initiatives deemed essential to business growth and the realization of our corporate philosophy, we will flexibly execute such projects using debt financing to promote both business expansion and capital structure optimization.

Cash Allocation
(Trillions of yen)



We will also seek to strengthen stable, long-term shareholder returns through continuous increases in dividend levels and the proactive acquisition of treasury stock. We will comprehensively consider the scale of such acquisitions by taking into account our targeted capital structure and theoretical share price as well as the scale of potential growth investments. Through these initiatives, we will strive to maximize ROE and enhance corporate value on an ongoing basis.

4. Engage in Dialogue with Markets

DENSO is communicating information to investors and analysts in a timely and appropriate manner and advancing dialogue through efforts by corporate officers. Through these activities, we aim to reduce information gaps with capital markets and expand our equity spread by reducing the cost of shareholders' equity.

In fiscal 2025, we held approximately 300 meetings with a total of around 2,180 institutional investors in Japan and overseas, utilizing online meetings and other formats. We fed back the insights gained through these engagements to formal internal committees and incorporated them into various initiatives, including management policy decisions and reductions in cross-shareholdings. In keeping with the spirit of our founding, we have consistently pursued sustainability-oriented management that responds to the needs of the times. We are currently reviewing our material issues and developing new KPIs to guide future priority initiatives; and to further enhance the effectiveness of sustainability management, we established in fiscal 2026 the Sustainability Meeting as a formal decision-making body. As CFO and chair of the Sustainability Meeting, I will lead efforts to strengthen and implement true sustainability management by ensuring that resolving social issues and driving business growth are not viewed as trade-offs.

We believe that quantitatively linking investments in non-financial capital to financial value is essential for accurately assessing our medium- to long-term business growth potential and advancing sustainability management. We share this information in our Integrated Report and on our website from multiple perspectives. By effectively communicating our strengths and business strategies to a broad shareholder base and gaining the understanding of market participants, we will make management decisions that are more attuned to the expectations of society and focused on long-term growth.

Published in fiscal 2025, *DENSO Integrated Report 2024* received top honors with the Grand Prize at the Fourth NIKKEI Integrated Report Award; it was also selected for inclusion in the Excellent Integrated Reports and Most-improved Integrated Reports categories by the Government Pension Investment Fund (GPIF)'s asset managers entrusted with domestic equity investment. Additionally, we are working to enhance employee awareness of corporate value by actively utilizing our integrated report in-house.

Moving ahead, we will reflect the various opinions we receive through dialogue with markets in our efforts to enhance the quality of our management.

Human Capital

Message from the Chief Human Resources Officer

Enhancing the Ability of Our People and Organization to Turn Ideas into Reality to Resolve Social Issues While Ensuring the Well-Being and Growth of People

Yasuhiko Yamazaki
Executive Vice President
Chief Human Resources Officer (CHRO)

DENSO's Approach to Human Capital-focused Management

In 2024, DENSO celebrated its 75th anniversary. Since our founding in 1949, the conviction and relentless pursuit of our predecessors have been the driving force that has allowed us to overcome various challenges. As a result, we have created over 180 world-first technologies and products. In other words, by enhancing the ability of our people and organization to turn ideas into reality, we have helped resolve social issues by creating things that had not yet existed.

Today, in addition to changes in the operating environment, the role that humans play is undergoing significant change due to the widespread adoption of AI and other innovative technologies. As information becomes increasingly borderless and the competitive capabilities of companies become more evenly matched, the abilities of people and organizations to execute business strategies are becoming as important, if not more important, than the strategies themselves. In this era of dramatic change, I believe it is essential to align our human resource strategy more closely with our business and management strategies. I also believe we must actively invest in human capital so that we can enhance the value of both our people and the added value they create. This belief reflects the approach of "*Monozukuri* is *Hitozukuri* (Our performance relies on our people)," which DENSO has passed down since its founding, and serves as the core of our human capital management.

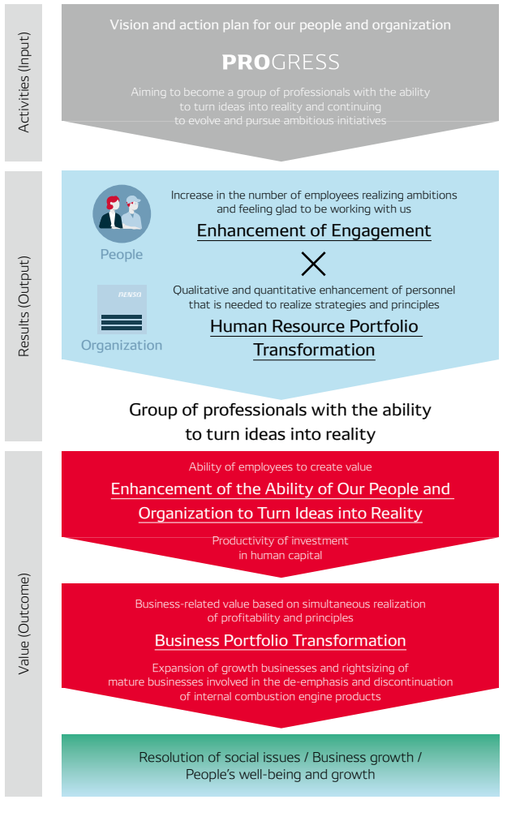
Outline of Efforts to Strengthen Human Capital

Regarding specific initiatives to strengthen human capital, the Company has worked proactively to reform its human resource policies and systems under "PROGRESS," its vision and action plan for its people and organization. From the perspective of our people, these reforms have aimed to increase the number of people who feel glad about working at DENSO (enhancement of employee engagement). From an organizational perspective, the reforms have sought to secure the quality and quantitative enhancement of personnel needed to realize business and management strategies (transformation of human resource portfolio). Over the past year, we took steps to further support the careers of employees and create work environments that facilitate good communication, among other efforts. As a result, we achieved our annual target for employee engagement in fiscal 2025 and made progress toward reaching the level of future targets. In terms of investment in human capital, we are making active efforts to address compensation-related issues as part of our investment to strengthen the capabilities of our people and organization in the future. For our human resource portfolio, we have been working toward the qualitative and quantitative enhancement of personnel needed to execute our business strategies. To that end, we have been clarifying important issues in each key business domain and promoting recruitment and development activities to fill the gap between our current capabilities and what is required for our business strategies.

As a result of these efforts to strengthen human capital, we began monitoring the productivity of investment in human capital* as an indicator to verify whether all employees, and we as an organization, are continuously providing value that contributes to the resolution of social issues as well as people's well-being and growth. In fiscal 2025, this indicator improved over the previous fiscal year, and moving forward, we will continue to promote human capital management in an effective and efficient manner.

* Productivity of investment in human capital: Added value (sales minus raw material and other costs) ÷ Investment in human capital

DENSO's Approach to Human Capital-focused Management (Value Creation Path)



Enhancement of Employee Engagement

High employee engagement toward work and the organization is the driving force behind our efforts to resolve social issues while ensuring the well-being and growth of people. Accordingly, we view the enhancement of employee engagement, including our workforce overseas, as an important global management issue.

Initiatives of DENSO CORPORATION

The overall positive response rate in DENSO CORPORATION's engagement survey has improved from 70% in fiscal 2022 to 76% in fiscal 2025. We are working to achieve a level of 80% by fiscal 2031. Since fiscal 2023, we have focused on engaging young employees, technicians, and female employees, as the engagement level of these groups have fallen below the company average. Through an analysis of data, we have identified

Targets Related to Value Creation Path

Investment in Human Capital (Input)

Increase in human capital investment from the previous fiscal year*1 FY2025: ¥35.0 billion (results) FY2026: ¥49.5 billion (forecast) *1 Includes suppliers

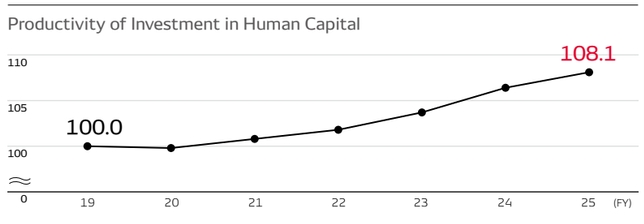
Results (Output): Targeted KPIs and Achievements

Situational Definition of Output Sought		Item	Result	Target
Enhancement of Engagement Increase in the number of employees realizing ambitions and feeling glad to be working with us		**Employee engagement indicator** (percentage of affirmative responses) (non-consolidated)	FY2024: 75% FY2025: 76%	FY2026: 78%
Human Resource Portfolio Transformation Qualitative and quantitative enhancement of personnel that is needed to realize strategies and principles	**Management Professionals** Globally competent management leaders who are systematically developed and deployed	**Number of management leader candidates**	FY2024: Approx. 400 employees FY2025: Approx. 400 employees	FY2026: 400 employees (improvement in talent diversity and likelihood of promotion)
		Ratio of non-Japanese employees promoted to leadership roles at overseas bases	FY2024: 31% FY2025: 32%	FY2031: 50%
	Specialists Development of personnel in each field who can innovate and create value	**Realization of human resource portfolio requirements** (non-consolidated)	Clarifying 40 domains and 535 areas of expertise needed for business portfolio transformation in order to visualize the expertise levels of each employee	Strengthening human resource portfolio in focus fields in FY2026
		Average level of expertise among all (out of 5 levels) (non-consolidated)	FY2024: 2.9 FY2025: 2.9	FY2026: 3.0
		Development of personnel with competence in digital transformation (ratio of personnel capable of advanced utilization of the latest digital tools) (non-consolidated)	FY2024: 35% FY2025: 41%	FY2026: 55%
	Diverse Professionals Diverse professionals whose individuality, values, and experience invigorate the Company	**Ratio of female managers**	FY2025 Japan: 2.2%; Europe: 9.1%; Asia: 29.4%; China: 33.4%	FY2026 Japan: 2.3%; Europe: 11%; Asia: 29%; China: 30% (or higher) Global: 8.4%

Value (Outcome)

Ability of our employees and organizations to turn ideas into reality*2
(Four-year moving average, indexed as FY2019 = 100)

*2 Calculated as: Added value (sales minus raw material and other costs) ÷ Investment in human capital, monitored using productivity of human capital investment



"real sense of growth" and "career realization" as key factors for enhancing engagement with each of these groups. Accordingly, we have implemented initiatives aimed at improving engagement, such as our three-year development program for young employees and career training for 10,000 of our technicians. As a result, our initiatives have been recognized externally for their originality and effectiveness, winning the Innovation Award at the Good Career Company Awards hosted by the Ministry of Health, Labour and Welfare in fiscal 2025.

GOOD CAREER COMPANY AWARD 2024
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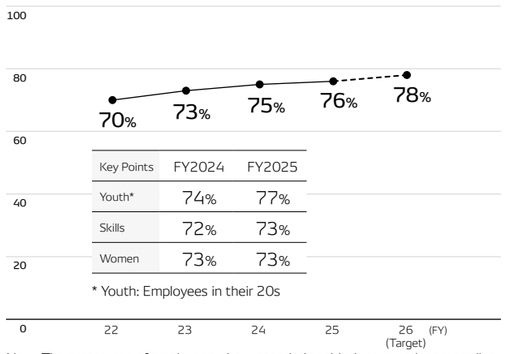
DENSO CORPORATION's Positive Response Ratio for Employee Engagement



Key Points	FY2024	FY2025
Youth*	74%	77%
Skills	72%	73%
Women	73%	73%

* Youth: Employees in their 20s

Note: The percentage of employees who responded positively to questions regarding job fulfillment and motivation (engagement toward work) and attachment to the Company and organization (engagement toward the organization)

Furthermore, as part of our efforts to strengthen the foundation for enhancing employee engagement, we are stepping up efforts to establish attractive compensation systems. Compensation has a direct link to employees' sense of fulfillment and their livelihood. For this reason, strengthening compensation is not a cost but rather a crucial investment for enhancing the capabilities of our people and organization for the future. In reviewing our compensation systems, we adopted a balanced approach giving consideration to various perspectives, including the perspective of employees, which focused on incorporating the impact of the rising cost of living and ensuring that individual effort and performance are properly rewarded; the perspective of society, which focuses on contributing to a virtuous economic cycle; and the perspective of management, which emphasizes the recruitment of personnel and the long-term stable growth of the Company. Based on these considerations, we have been addressing various compensation-related issues in a multifaceted manner, encompassing not only monetary compensation such as salary and bonuses but also non-monetary compensation such as the workplace environment and benefits.

In the negotiations to raise wages in 2025, in order to respond to today's rapidly changing environment and to ensure thorough discussion of workplace issues and working conditions, we opened labor–management negotiations in November 2024, earlier than when we would normally convene, which would have been in February 2025. As a result, we deepened mutual understanding with labor and aligned our awareness of issues from an early stage, enabling us to respond to the requests from labor unions nearly one month earlier than the designated response deadline and grant the full amount of compensation that was requested of us, which was a record-high amount for the Company. In addition to salaries and bonuses, we introduced a new stock-based incentive program for general employees, which was previously limited to senior executive officers. Looking ahead, we will continue to address compensation-related issues in a comprehensive manner as we work to further strengthen our human capital.

Introduction of Stock-based Incentive Program to Encourage Employees to Take on Challenges and to Enhance Corporate Value over the Medium to Long Term

In May 2025, DENSO CORPORATION announced that it will introduce a stock-based incentive program for its general employees to encourage them to take on challenges, which in turn provides the driving force behind the Company's growth.

Applicable to all general employees of DENSO CORPORATION and re-employed retirees who meet the eligibility requirements, this incentive program grants employees common shares of DENSO with a five-year transfer restriction in accordance with their level of responsibility toward the Company's medium- to long-term performance. These shares are distributed through the DENSO CORPORATION Employee Shareholding Association.

The incentive system was previously only applicable to senior executive officers but has now been expanded to include nearly 47,000 DENSO employees who will underpin the future growth of DENSO. The system encourages employees to share value with the stakeholders to an even greater degree and to work toward enhancing corporate value, not only through short-term results but also from a medium- to long-term perspective. It also helps employees in building their personal wealth.

Initiatives to Enhance Employee Engagement Globally

We are stepping up efforts to strengthen employee engagement not only in Japan but also on a global basis. We view the enhancement of employee engagement across all regions of operation as an important management theme. To that end, we set specific targets for each region, take action to improve engagement, and monitor the progress we make with these efforts. In fiscal 2025, we held a meeting bringing together the CHRO, regional CEOs, and regional HR leaders to exchange opinions on the current state of employee engagement. We also held discussions on the significance of pursuing globally unified efforts to enhance engagement and examined specific methods for doing so. In fiscal 2026, we will hold working groups on a quarterly basis in an effort to steadily set in motion a PDCA cycle for enhancing engagement globally.

Human Resource Portfolio Transformation

To transform our business portfolio, which underpins sustainable corporate growth, we must work toward the qualitative and quantitative enhancement of personnel needed to execute our business strategies. To that end, we are striving to transform our human resource portfolio through the strategic recruitment, development, and deployment of human resources.

Qualitative and Quantitative Enhancement of Personnel

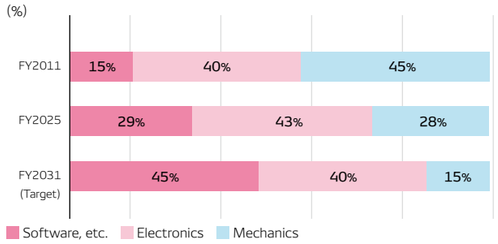
At DENSO CORPORATION, we are focusing on the qualitative and quantitative enhancement of personnel primarily in fields such as electrification, software, and semiconductors.

In fiscal 2023, we identified 40 business fields necessary for our business strategies (e.g., software and semiconductors) and appointed nearly 80 leaders responsible for cultivating talent in these domains. At the same time, we defined 535 categories of expertise needed for each identified domain. After doing so, roughly 15,000 administrative and technical employees commenced efforts to enhance their personal skills and design their careers based on these expertise categories. In fiscal 2024, we established committees centered on leaders appointed in each domain, under which we began collecting relevant expertise information. This information was then used to clarify qualitative and quantitative targets for the necessary personnel in each domain as well as to promote recruitment and cultivation initiatives by region to close the gaps between our targets and the current situation.

For example, in the software domain, around 220 engineers took on the challenge of transitioning from hardware to software roles between fiscal 2022 and fiscal 2025. Year by year, we are making progress with this kind of shift in our personnel. While realizing an optimized human resource portfolio in the fields of mechanics, electronics, and software with a view toward 2030, we will also take steps to develop system engineers who can design optimized functions across business domains from the perspectives of society and vehicles. These engineers will play a key role in the development of DENSO technologies.

We are also moving forward with efforts to bolster the ability of all employees to utilize IT and other digital technologies. In fiscal 2025, we launched a DX basics course and have been working to expand this course to Group companies since the start of fiscal 2026. Through this effort, around 6,500 employees, including those at Group companies, have begun voluntarily studying DX and implementing DX at the workplace level. In addition, 38 employees have begun pursuing new challenges through the Digital Cross-Border Challenge, an internal side-job program aimed at having employees apply their IT and other digital skills to resolve issues in other departments. The percentage of employees who can utilize advanced IT and digital tools has increased from 18% in fiscal 2023 to 41% in fiscal 2025, and we are accelerating efforts to further increase this percentage to reach our target of 55% by fiscal 2026. These initiatives have been recognized by external organizations, with DENSO being selected in 2024 as a DX Stock by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan. Furthermore, we have established an environment for making use of generative AI, and now more than 90% of administrative and technical employees have incorporated generative AI in their work.

Evolution of Development and Design Engineers' Portfolio at DENSO CORPORATION



We have established a framework for promoting these initiatives not only in Japan but also globally. As a first step, we have begun visualizing the necessary quality and quantity, i.e., number of development and design engineers specializing in technical fields on a global basis. Through these efforts, we are steadily advancing the transformation of our human capital portfolio with a view toward 2030.

Initiatives toward Diversity and Inclusion

DENSO believes that the wellspring of its innovation lies in an environment of co-creation where differing opinions and ideas are exchanged openly. To create such an environment, it is essential that our employees, with diverse personalities, recognize and respect each other's differences. To date, we have adopted diversity as a pillar of our *Hitozukuri* activities, encouraging the exchange and integration of diverse knowledge and ideas. By doing so, we have enhanced our ability to turn ideas into reality and achieve corporate growth. With regard to the empowerment of women, who are a minority within DENSO, we believe that having women participate in the decision-making process—at all layers and with equal footing as men—leads to perspectives and ideas that are less likely to emerge in male-dominated discussions. In turn, this has always enabled us to provide society with even greater value. Accordingly, we have set global targets and are promoting various empowerment initiatives under the leadership of the regional CEOs.


Production line in Asia adapted so that pregnant women can work while sitting down

Global Activities to Promote Diversity and Inclusion

Asia	Installation of adapted production line so that pregnant women can work comfortably while sitting down
China	Provision of nursing rooms for employees who are breastfeeding
North America	Hosting of events during Pride Month in consideration of the diverse individuality of employees
Europe	Establishment of D&I Working Team

In Japan, our efforts to promote women's empowerment have allowed us to increase the ratio of women hired, employed, and in management positions compared with 10 years ago.

However, we believe that dramatically increasing these numerical values will be difficult moving forward. This situation can be attributed to the low proportion of women in Japan's recruitment market for our targeted fields (such as mechanical and industrial engineering), making it unlikely that the ratio of women hired and employed will improve rapidly. Also, as relatively few women joined the Company before we began strengthening initiatives to promote women's participation about 15 years ago, today's management ranks still have a high percentage of men, and the shift in management demographics will thus take time. These challenges are shared across Japan's

	As of fiscal 2015	→	As of fiscal 2025
Ratio of women hired	Business fields: 36.0%		Business fields: 44.1%
	Engineering fields: 3.5%		Engineering fields: 10.4%
	Technical fields: 16.6%		Technical fields: 21.3%
Ratio of female employees	11.6%		16.4%
Number of women in management positions	40 (0.6%)		160 (2.1%)

manufacturing industry and are not something that can be resolved overnight. Nevertheless, we will continue to steadily move forward with efforts to ensure that every employee who joins DENSO can work without experiencing any gender-based barriers. As one example of such efforts, in fiscal 2025 we integrated the administrative career track program, which centered on assistant duties, with the general career track program, thereby eliminating gender-based barriers that existed in our human resource systems and general operations as well as in our corporate culture and mindset. The integration of these career track programs marked the first major change to our personnel systems since our founding. Before the integration, 99% of the roughly 1,800 employees in administrative-track positions were women, and these positions had limits on promotions and other advancement opportunities. Such limitations were abolished with this integration. As a result of focusing our efforts on expanding career-related training, we saw changes not only in productivity but also engagement within only a year since commencing these initiatives. Engagement among employees formerly on the administrative career track, which had been on average lower than that of general career track employees, improved to the point that the discrepancy disappeared (fiscal 2024: −3 points; fiscal 2025: 0 points). To ensure these changes in productivity and engagement become entrenched and further enhance employees' sense of fulfillment at work, we will continue to set in motion a PDCA cycle while also conducting surveys and one-on-one interviews with employees.

Key Future Issues—Passing on and Evolving Our Corporate Culture

Up to this point, I have explained specific initiatives aimed at enhancing the ability of our employees to turn ideas into reality, i.e., strengthening our people and the added value they create, from the perspective of enhancing employee engagement and transforming our business portfolio.

Looking ahead, as the working population continues to decline, we are entering an era in which people will choose a company based on whether they can gain a sense of fulfillment from their work and if they can realize their desired career. In other words, we are now in an era where people choose the company, rather than the other way around. The source of a company's competitiveness comes from the strength of its people, and we therefore must become a company that enables our employees to shine.

To remain a company with a competitive edge tailored to the times, it is crucial that we pass on and evolve the corporate culture that we have built through our efforts to date. In recognition of this issue, we held DENSO Culture Day 2024 in fiscal 2025, bringing together 500 global DENSO Group employees to share their thoughts on what parts of DENSO's culture ought to be passed on to the next generation and on what parts of the culture should change in the future. Going forward, on a global scale, we will focus on evolving our corporate culture while preserving the aspects of our culture that make DENSO unique. By doing so, we will ensure the well-being and growth of our people.

Holding DENSO Culture Day 2024, an event where we discussed how to pass on and evolve DENSO's culture

MESSAGE From an Employee

Realizing Further Growth through Frameworks That Help Motivated People Succeed

Rina Kondo

Mobility Electronics Business Planning Division

I entered DENSO in an administrative role, and now I am the leader of a human resource development project for our business groups. With the integration of career path programs in 2024, we increased the number of opportunities for our employees to take on challenges in a wide range of work. We also expanded employee potential by removing limitations on promotion. I am extremely pleased with these developments.

Based on my involvement with human resource development, I feel it is important to establish frameworks that help motivated people succeed. In the past, I felt that I was seen as being in a supporting role in my administrative position, even in situations where I needed to lead the way. Now, however, I can take on challenges without feeling hindered by any barriers that I myself may not have previously noticed.

Meanwhile, the number of skills that I need for my work has increased, and at times I have felt my own limitations. Nevertheless, I aim to realize further growth by drawing on the strengths I have cultivated over the years, such as my ability to thoroughly assess situations, relate to others, and resolve issues. During my time in the administrative position, my supervisors and colleagues always supported me and encouraged me to take on challenges by aiming higher. I hope to express my gratitude to all those who have supported me by contributing to improvements in the work environment so that the next generation can fully demonstrate their abilities.

Intellectual Capital

Message from the Officer in Charge of Intellectual Property

Creating New Value through Intellectual Property-focused Management

Hidehiro Yokoo

Senior Executive Officer

Characteristics of DENSO's Intellectual Capital

(Fiscal 2025 results)

R&D expenditure (ratio to revenue)
¥619.4 billion (8.6%)

Total patent applications (Japan and foreign countries)
Approx. 3,500

Total patents owned (Japan and foreign countries)
Approx. 37,500

Establishment of Intellectual Property Vision and Direction of Our Intellectual Property Activities

Recently, there have been rapid advancements in electrification and automated driving technologies, driven by the goal of achieving carbon neutrality and eliminating traffic accident fatalities. In particular, with the emergence of software-defined vehicles (SDVs), cars are evolving into a product that centers on software, and this has increased opportunities for collaboration with companies outside of the automotive industry, as well as competition. To achieve sustainable growth and enhance corporate value amid the technological innovations and changes occurring in the business environment, we must position intellectual capital—the source of our competitiveness and differentiation—as a vital management resource and utilize it more strategically than ever before.

Since our founding, we have worked to address environmental and social issues, such as fuel efficiency and emissions reduction, through the development of technologies centered on those related to internal combustion engines. The results of such technological development have built the patent portfolio that has supported the Company's growth. At the same time, as part of our intellectual property (IP) activities, we had been focusing on defensive-minded intellectual capital activities, making use of IP rights such as patents and trademarks to secure as legal right proprietary technologies that enable us to differentiate our products from those of our competitors.

Meanwhile, for technological development in fields such as electrification and automated driving, it is necessary to create added value by combining multiple IP assets, as systems are becoming larger in scale and more complex. In order to do that, in addition to using IP rights to protect our proprietary technologies, we must utilize IP as a management resource for co-creation with other companies through collaborative activities and efforts to promote standardization. In this way, we view IP from a broad perspective that includes not only IP rights, such as the patents we have frequently handled, but also software and know-how. Based on this perspective, it is necessary to engage in offensive-minded IP activities to contribute to business growth and to medium- to long-term corporate value enhancement.

For this reason, we adopted the goal of "realizing IP-focused management through offensive and defensive IP strategies" as our IP Vision. To realize IP-focused management, we will enhance the IP literacy of all employees and aim to naturally incorporate our IP utilization strategies in our business strategies. To incorporate this IP Vision into specific initiatives, we have organized our IP activities around three pillars: "strategy formulation," "governance," and "internal and external dialogue," and are strengthening them accordingly.

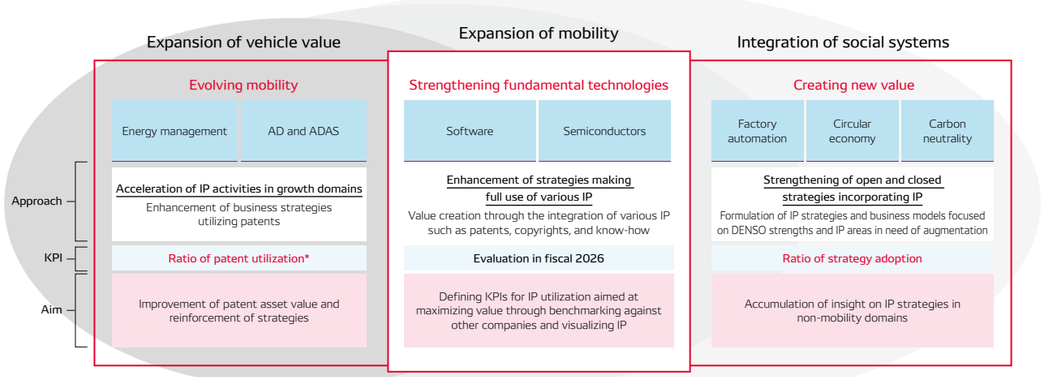
Targets for Realizing IP-focused Management

	FY2026	Future
Strategy formulation	Incorporation of IP utilization strategies in business strategies of focus fields	Reconstruction of IP portfolio on a Companywide level to maximize IP utilization
Governance	Introduction of KPI management Establishment of new IP Strategy Meeting	KPI management and optimization and stable operation of in-house meetings
Internal and external dialogue	Entrenchment of IP awareness across all layers in-house through dialogue	Strengthening of internal and external dialogue from the perspective of IP value

First Pillar: Strategy Formulation—Strengthening the Formulation of IP Strategies

For the direction of our technological development, we are focusing on evolving mobility, strengthening fundamental technologies, and creating new value, which serve as drivers for the Company's growth. By formulating and executing IP strategies in accordance with the business environment and technological characteristics of each of these fields, we aim to establish a sustainable competitive edge while taking on the challenge of new business creation.

Strengthening business strategies through IP strategies in accordance with the operating environment in each domain

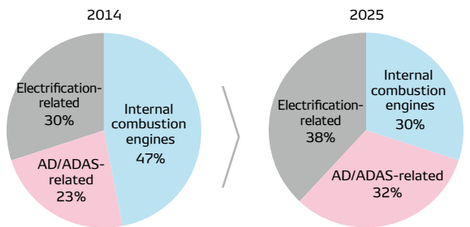


* Types of utilization: In-house and external implementation, licensing to other companies, contributions to orders received, sale, patent pools, patent openings, etc.

IP Strategies in Mobility Domains

DENSO boasts its greatest strengths in the mobility domain. To date, we have built a vast patent portfolio, centered on technologies related to internal combustion engines, which has helped us carve out a competitive edge through differentiated technologies, such as improved fuel efficiency and reduced emissions. This patent portfolio has also contributed to our stable business operations. As such technologies reach maturity, we are shifting our focus to growth domains such as electrification and automated driving. Accordingly, we have been transitioning our patent portfolio toward electrification-related areas such as vehicle energy management and motor technologies for drive components, as well as AD/ADAS-related technologies, including vehicle external sensing and accident prevention through infrastructure–human coordination.

Patent Portfolio in the Mobility Domain



For the utilization of IP in growth domains, we are building frameworks for the open rollout of IP to external parties, including through licensing, alliances, and patent pooling. By accumulating insight through these efforts, we are learning which types of IP can be readily utilized, and we believe that we can create higher quality IP by applying this knowledge in our IP creation activities.

Moreover, we have introduced a patent utilization rate, which measures the rate that patents contribute to business growth, as a new KPI in order to quantitatively evaluate the status of patent utilization. This KPI enables us to visualize the impact of investments in particularly important patents and promote the establishment of a patent portfolio that truly contributes to business growth. In this way, the introduction of this KPI has further strengthened the link between our IP and business strategies.

IP Strategies in Fundamental Technology Domains

Software

As the value of software increases due to the shift toward SDVs, we aim to create software that provides high value to the user on a continuous basis, thereby contributing to the evolution of automobiles and the future of the mobility society. In an SDV, software controls not only conventional vehicle systems, such as the engine, brakes, and steering, but also a variety of other functions such as infotainment, ADAS, automated driving, communications, security, and energy management. Our expertise in large-scale software design, built on comprehensive knowledge of the automobile, together with our ability to implement a wide range of software systems, represents the compilation of DENSO's intellectual property. By visualizing and maximizing this value, we will help advance the mobility society.

To that end, we are focusing on the diverse IP that comprises software and are developing frameworks for communicating our IP value to customers in an easy-to-understand manner. In tandem with the changes occurring in the business environment for SDVs, we are actively examining how best to demonstrate the value of IP to customers, including new methods for utilizing IP, while advancing our IP activities.

Semiconductors

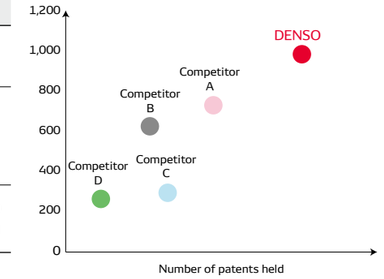
With automobiles becoming increasingly more electrified and intelligent, semiconductors have become a core technology that supports the mobility society. Also, the market for semiconductors is highly volatile, and product specifications and demand change rapidly. For this reason, we must formulate precise strategies that encompass everything including stable purchases by suppliers. To maintain and further strengthen our business competitiveness under such an environment, it is crucial that we implement an open-and-closed strategy under which we keep our core technologies closed internally and share non-core technologies openly with external partners. We execute business and IP strategies in the sensor, power semiconductor, and System on Chip (SoC) domains with the aim of achieving sustainable business growth and enhancing our market competitiveness.

Power Semiconductor Patents Underpinning DENSO's Competitiveness

	Power Semiconductors		
	Wafers (installation and crystal growth)	Epitaxial layers	Devices
Number of patents held	391	162	670
PAI* patented technologies with a global top-five ranking	Gas furnace structures RAF substrates Gas growth method	Etched drift layer	Trench MOSFET
Representative patents	Patent No. 5750363 Patent No. 5212455	Patent No. 5750363 Patent No. 5212455	Patent No. 4793390 Patent No. 5812029

* PAI (Patent Asset Index): A patent value score provided by the patent analysis tool PatentSight® from LexisNexis Intellectual Property Solutions

Patent Positioning in the Field of In-vehicle Inverters
(PAI scores)



Power Semiconductor Domain

In the power semiconductor domain, we have adopted a business strategy under which we work to strengthen the supply chain through innovation in our internal production activities and collaboration with partner companies, while adapting our SiC power semiconductors to meet the stringent conditions for in-vehicle installation. We possess a full lineup of IP internally, including everything from wafer manufacturing to power devices and the inverters that incorporate them, enabling us to build an optimized IP portfolio for in-vehicle semiconductors.

We also secure patents for our highly original technologies that offer technological value, which gives us a strong competitive edge over our competitors in terms of both patent quantity and quality (PAI) for wafers, epitaxial layers, and devices. In addition, we are examining growth strategies for sharing our IP with partner companies, including the know-how we possess in the field of manufacturing.

SoC Domain

The number of semiconductors required for one vehicle continues to grow. To process large volumes of data while improving fuel economy and electric energy efficiency and suppressing heat generated in SoCs, it is essential to develop high-performance semiconductors, particularly SoCs, with a focus on the future. Doing so provides a core driver for competitiveness.

To that extent, we position the in-house development of SoCs optimized for automotive applications at the center of our strategies and are accelerating development activities together with semiconductor vendors. By integrating key semiconductor functions into one single chip, SoCs enable downsizing, weight reduction, higher speed, and multifunctionality, all while contributing to greater cost and manufacturing efficiencies.

In our development activities, we will create and protect IP that helps us achieve differentiation in areas such as real-time performance and functional safety required for automotive applications, thereby enhancing added value in a sustainable manner. Also, with a view toward industry-wide growth and market expansion, we contribute to the global standardization of shared IP through participation in semiconductor consortiums and other organizations. Such technological standardization helps create ecosystems and expand markets, which in turn enhances the value of our own technologies.

IP Strategy in New Value Creation Domains

DENSO is working to create new value by drawing on its strengths in mechanics, electronics, automated technologies, software, and semiconductor technologies—which have been cultivated through its experience with in-vehicle product development.

In order to create new businesses, it is imperative that we carry out a comprehensive IP analysis (IP landscape) across all phases of the creation process, from business concept and planning to development, making use of patents and market information.

In the business concept phase, we make use of IP landscapes to identify existing players in the market, assess technologies that serve as strengths, and examine business feasibility. Furthermore, in the planning and development phase, IP landscapes are utilized to analyze challenges, strengths, and weaknesses of key competitors. IP landscapes are also used to create development strategies to secure a competitive edge over these competitors, including from the perspective of IP, and formulate IP strategies in accordance with these development strategies. In these ways, we roll out open-and-closed strategies leveraging our patents and know-how.

For example, in the closed domain for precision vehicle dismantling, where we are pursuing development with a view toward the circular economy, we utilize the technologies gained from developing a broad range of in-vehicle products as well as medical-related technologies, such as surgical support balance arms, that we have been involved in for some time. We also acquired patents related to our automated dismantling

Value Creation Path in Technology and Intellectual Property (Excerpt)

Input (technological development / IP investment) P.36–37 Technology Strategy		Technological strategy output (results)	Outcome (value provision)
Electrification	Systems for charging while driving	Electrification of mobility	Green: Realizing a sustainable global environment where people coexist with nature through a circular economy and carbon neutrality
Energy management	Highly efficient energy conversion	Optimized energy management	
Carbon neutrality	Hydrogen production / CO_2 recovery	Securing and reuse of resources, waste reduction	
Circular economy	Precision vehicle dismantling / Creation of sustainable resources		
Automated mobility	Next-generation sensor technology / Technology for infrastructure–human coordination	Advancement and widespread adoption of in-vehicle safety products	Peace of Mind: Providing safe and open mobility and creating an enriched society where everyone can live with peace of mind
Automated *Monozukuri*	Additive direct manufacturing / Robotics	Labor-saving and productivity improvements	
Information management	Edge computing / Data security	Safe and secure information management	
Semiconductors	SiC semiconductor manufacturing technology, SoC devices, and chiplet technology		
Software	Developmental automated technologies using generative AI		

technologies. By doing so, we are working to secure a significant competitive advantage. Meanwhile, in the open domain for vehicle dismantling, we collaborate with dismantling and recycling companies, as well as material manufacturers, to promote technological development and create value chains geared toward the widespread adoption of precision vehicle dismantling. P.38–39

In this manner, we aim to achieve both business expansion and new value creation while integrating the use of IP in our business strategies.

Furthermore, in new value creation domains, we have introduced the new KPI of strategy adoption rate, which represents the rate to which information from IP landscapes has been incorporated into the themes of our business strategies. With this new KPI, we believe we can hone the precision of our business strategies while incorporating IP strategies at the initial stages of business strategy formulation.

Establishment of IP Portfolio and Frameworks for Patent Data Disclosure

At DENSO, in addition to strengthening our strategy formulation for each individual business, it is important that we build an IP portfolio from a Companywide perspective based on value creation stories and technological development policies aimed at resolving social issues. By clarifying the causative connection (value creation path) between our IP activities, which generate important IP through our focus on technological development, and the value we deliver to society, and by examining our patent value score for each type of value we create, we can see steady growth in our patent evaluation score compared with 2014, with the score approximately doubling in the green domain and growing roughly 1.5 times in the peace of mind domain.

In the green domain, we boast a superior patent value score over major automakers and automotive component manufacturers. In the peace of mind domain (ADAS and automated driving), we also maintain an advantage over major automotive component manufacturers and possess a competitive score that is on par with major automakers. We possess a particularly strong advantage over major automakers when looking only at ADAS, which is entering the phase of widespread adoption.

Our patent evaluation scores reflect the direction of our technological development and the results of our IP investments, which are made possible through our technological development. Looking ahead, we will continue to leverage the strong competitiveness of our IP to achieve sustainable growth.

Leading indicators: Show future portfolio trends. We place emphasis on these indicators in domains such as new value creation that helps resolve social issues.
Current indicators: Show the strengths of our current portfolio. We place emphasis on these indicators in our growth domains, such as mobility, software, and semiconductors.
Lagging indicators: Show portfolio performance. We place emphasis on these indicators in the maturing domain, which consists of engine-related products that have supported our growth to date.

By providing information using these indicators, we enhance the level of interest in patents and promote IP strategies that make proactive use of data.

IP Performance Indicators (Examples)

IP investment Note: Some cases cannot be compared to other companies.	Financial	Investment amounts
	People	Number of engineers, etc.
Leading indicators (future trends)	Comparisons to other companies	Number of patent applications by country Number of inventors, etc.
	Internal assessments	Feasibility of implementing patents owned by DENSO or other companies, etc.
Current indicators (current strengths)	Comparisons to other companies	Number of patents owned by country Share of patents owned by technology domain, etc.
	Internal assessments	Implementation status of patents owned by DENSO or other companies, etc.
Lagging indicators (results)	Comparisons to other companies	Number of patent citations, etc.
	Internal assessments	Patent revenue, etc.

Second Pillar: Governance—Building a Governance Structure

With a view toward establishing a robust patent portfolio, we have been holding IP strategy meetings for each business to discuss patent strategies. To expand the scope of our discussion to include not only patents but also IP and to optimize strategies on a Companywide basis, we established the new IP Strategy Meeting through which we examine common IP themes across businesses, determine IP structure and budget, and discuss resource allocation. By doing so, we will further enhance the effectiveness of our IP strategies.

Also, as mentioned previously, we have adopted the unique KPIs of ratio of patent utilization and ratio of strategy adoption in order to steadily realize IP-focused management. By closely monitoring these KPIs, we can assess the progress status of our initiatives to incorporate IP strategies within our business strategies and foster a shared awareness among all relevant personnel. We will also aim to promote initiatives that bring together the entire Company by disclosing these KPIs at the IP Strategy Meeting and reviewing the processes for achieving our targets each fiscal year.

Third Pillar: Internal and External Dialogue—Strengthening Efforts to Promote Dialogue

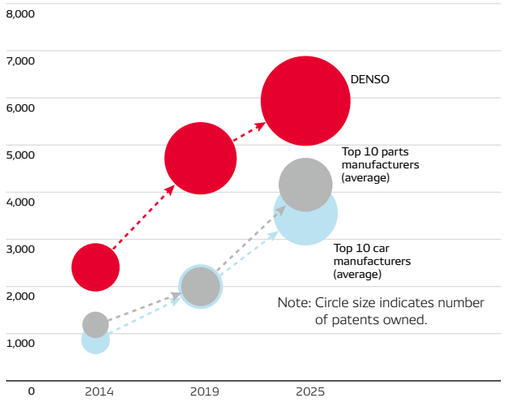
To realize IP-focused management, we aim to enhance IP literacy across the entire Company—not only among personnel engaged in the IP-related fields but also among executives, business strategy planners, sales staff who interact with automakers and suppliers, and members of our purchasing divisions. In this way, we seek to ensure that IP strategies are naturally embedded within our business strategies.

To boost the awareness of IP as one of the Company's key management resources, we are increasing the frequency of IP dialogues and strategic discussions that include the general managers of our business divisions. At the same time, we introduce our day-to-day IP strategy activities at internal technological exhibitions, providing knowledge and communicating information on IP. We are also strengthening our IP educational activities on a regular basis for all employees, starting from the time they join the Company, to ensure that they acquire basic IP knowledge.

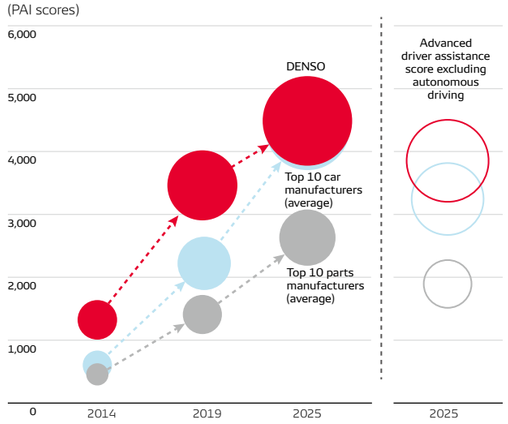
Furthermore, in addition to bolstering internal dialogue, we will place greater importance on constructive external dialogue with third parties, which provides us with indispensable insights from perspectives we are unable to see internally.

As technological innovation accelerates and significant changes occur in the operating environment, we position IP as a vital source of both value creation and competitiveness. To that end, we will promote IP-focused management aimed at strengthening offensive and defensive IP strategies, thereby working to realize sustainable growth and enhance our corporate value.

Green Domain: PAI Scores Related to Electric Vehicles



Peace of Mind Domain: PAI Scores Related to AD/ADAS



Source: Created by DENSO using LexisNexis PatentSight®

Manufacturing Capital

Message from the Chief Monozukuri Officer

Pursuing the Next Generation of Monozukuri by Combining Human Ingenuity, Technology, and Digital Innovation

Jiro Ebihara
Senior Executive Officer
Chief Monozukuri Officer (CMzO)

Characteristics of DENSO's Manufacturing Capital
(Fiscal 2025 results)

Capital expenditures:	Total CO_2 emissions (Utilization of carbon credits):	Global number of production bases:
¥371.1 billion	76% reduction (compared with fiscal 2021)	119 bases in 25 countries and regions

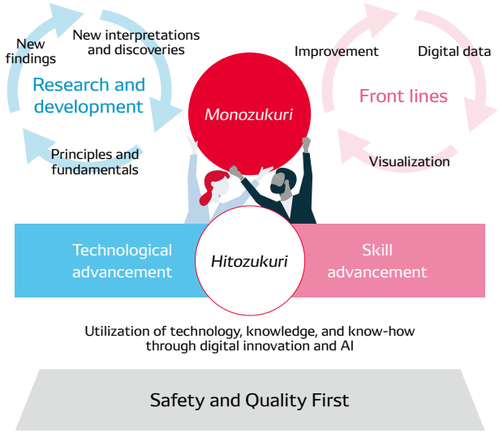
DENSO's strength lies in manufacturing foundations that the Company continuously evolves through production technology innovation and on-site improvements. We have accumulated an abundance of excellent manufacturing capital that includes a network of production bases throughout the world and organizations and employees with the expertise and skills needed to implement and realize initiatives from development to mass production. Drawing on this capital, we will build a global production and supply system that can both adapt to uncertain external conditions and keep pace with the operational changes accompanying the revolution resulting from the increased production of connected, autonomous, shared & service, and electric (CASE) vehicles. At the same time, we will pursue ambitious, new-era manufacturing initiatives that address such social issues as environmental regulations and population decline.

DENSO's Unwavering Commitment to *Monozukuri*

Since its establishment, DENSO has maintained the philosophy of creating things that do not yet exist in order to meet the needs of its customers. Guided by this philosophy, we have developed and created various materials, processing methods, and production lines, all through the use of our own technologies. To win out against intense competition, it is crucial that we innovate our *Monozukuri* activities by advancing individual technologies in materials, processing, assembly, and production systems; strengthening the skills that support the production front lines; and accelerating the utilization of data acquired from production processes through the use of digital and AI technologies. Innovation is driven by human ingenuity. We believe it is important that our people, who support *Monozukuri* activities, have a clear understanding of their role in creating new value and consistently engage in their work with a sense of purpose.

As the external operating environment continues to undergo significant changes across the world, we will continue to refine the *Monozukuri* values that we have cherished since our establishment. At the same time, by establishing links between our manufacturing strategy, business and management strategies, and human resource strategy, we will further reinforce our manufacturing capital.

DENSO's *Monozukuri* Values



Manufacturing Capital Strengths and Strategies

To continue to meet the expectations of its diverse stakeholders, DENSO must achieve sustainable business growth by responding to changes in the operating environment, expanding its business domains, and keeping pace with rapidly evolving technologies, all while working to resolve social issues that are becoming more complex and sophisticated. To that end, it is essential that we further strengthen the manufacturing capital that we have accumulated to date. Specifically, we will do so by combining our global production and supply capabilities, which are the result of a basic policy of manufacturing close to markets and customers; our resilient supply chains, which connect our suppliers, global production bases, and customers; and DENSO-style *Monozukuri*, which continuously creates value by using advanced technologies and production sites to realize appealing products.

With respect to our global production and supply capabilities, we will replace portfolio businesses in line with the progress of the CASE revolution while optimizing production and supply capabilities in each region by shifting to growth businesses and consolidating production globally and within regions. In conjunction with these efforts, DENSO will bolster business continuity capabilities through bridge production, the maintenance of high-risk inventories at appropriate levels, and other measures. These measures will ensure stable production even in volatile conditions, thereby minimizing costs. To bolster the resilience of supply chains, we will lead industry-wide efforts to promote fairer business practices across the automobile components sector while addressing supply–demand imbalances and shortages of semiconductors and electronic components. At the same time, we will tackle related challenges by streamlining our own logistics operations and engaging with the entire supply chain through digitalization and other innovations. In addition, we will work with our customers and suppliers to build a resilient supply chain, taking on the challenge of addressing social issues, such as a declining and aging workforce and, more recently, a shortage of truck drivers.

Meanwhile, for DENSO-style *Monozukuri*, we are accelerating initiatives aimed at strengthening concurrent engineering, which enables the simultaneous development of production technologies from the product planning stage, and promoting carbon neutrality and productivity improvement initiatives that are based on data analysis and product production line automation. At the same time, we are conducting strategic investments involving the incorporation of innovative technologies in the growth domain of CASE. Also, with our sights set on the period from 2030 to 2035, we will boost engineering and the development of production technologies in relation to the hydrogen business and other new business fields and the manufacturing circular economy (utilization of recycled materials) by employing original technologies and advanced skills developed for internal combustion engine products.

Global Production and Supply Capabilities

DENSO has built highly competitive production structures in five countries and regions: Japan, North America, Europe, Asia, and South America. At our production bases worldwide, we aim to achieve leading levels of quality, cost, and delivery in each region. As well as reweighting our business portfolio to accommodate the CASE revolution, we are currently building a production and supply system with a resilience to change and fluctuation that enables stable delivery of products to customers even in an environment where various geopolitical risks are emerging. For growth businesses, we aim to build a worldwide production system and raise production capacity. As part of these efforts, we will step up the manufacture of inverters—a key product for vehicle electrification—by seeking an early transition from internal combustion engine plants to electric vehicle component plants and by pursuing a plan to supplement existing production capabilities in Japan, North America, China, and Europe through the establishment of inverter production in India and countries within the ASEAN region.

Bolstering the Resilience of Supply Chains with a Focus on Addressing Social Issues

Recently, there has been an increase in disruptions to logistics activities due to factors such as climate change-driven natural disasters and pandemics. Under these circumstances, there is a growing need to bolster the resilience of supply chains that connect suppliers, global production sites, and customers to ensure sustainable growth, while working to address social issues such as driver and other logistics worker shortages brought about by population decline as well as the need to reduce CO_2 emissions resulting from the transport of materials and products.

As a key player in the logistics industry, DENSO is striving to realize attractive logistics environments where all employees involved in the supply chain, from truck drivers to cargo handlers, can work safely, securely, and with a sense of fulfillment. To that end, we are taking on the challenge of streamlining and digitalizing logistics operations in collaboration with both internal and external partners.

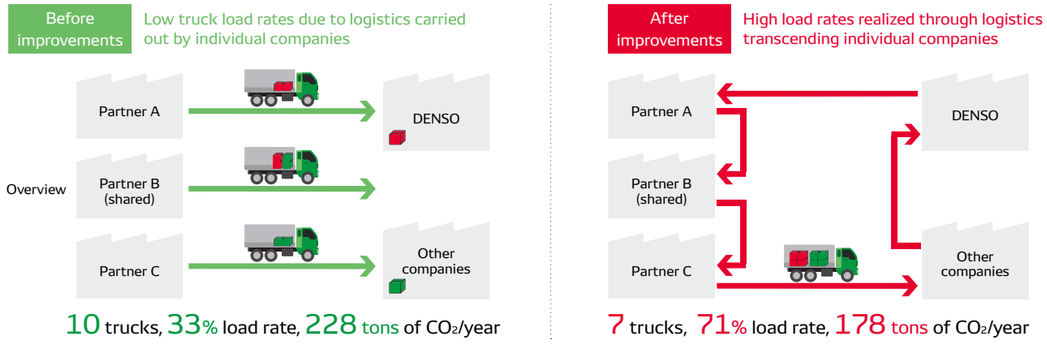
On the front lines of truck transport, we have introduced route-based rotation schedules for drivers to eliminate extended distance driving over long periods of time. In addition, we are proceeding with the introduction and trial verification of automated forklifts in order to simplify the work environment and eliminate non-driving-related tasks. We are developing automation technologies for work involving the handling of cargo to eliminate repetitive and physically demanding tasks.

We are striving to expand the reach of these initiatives across all of society and bolster the resilience of supply chains through logistics in such ways as promoting collaborative transportation with other Toyota Group companies on a trial basis as well as spearheading efforts to formulate guidelines for logistics efficiency as a key company in the Japan Auto Parts Industries Association and promoting their adoption among 446 member companies.

DENSO-style *Monozukuri*

DENSO aims to strike a balance between promoting extensive automation and creating attractive plants in order to resolve such issues as the declining workforce and the lack of young workers in manufacturing. To that end, we aim to establish attractive

Trial Verification of Collaborative Logistics with Other Companies



Monozukuri environments that maximize human potential. By freeing people from repetitive tasks on the front lines, we will enable them to focus on creative work—generating new ideas and engaging in tasks that only humans can do. At the same time, we will continue to pursue the Just-in-Time philosophy of producing only what is needed, when it is needed.

As part of these efforts, we are constructing the new Zenmyo Minami Plant, which will serve as a flagship for DENSO's next-generation plants. At the new plant, we are working to realize 24-hour unmanned operation to enhance responsiveness to fluctuations in demand and new workstyles that leverage digital technologies in order to maximize creative work and tasks that only humans can do. To accomplish these goals, we will automate simple tasks within logistics and inspection work that take up people's time while flexibly making use of small teams of workers when needed to conduct maintenance work such as repairs and equipment condition monitoring. By doing so, we will help workers balance creativity with efficiency while also making it possible to operate production lines freely and at any time of day, thereby enabling a new production system that is both highly competitive and able to respond flexibly to demand fluctuations.

In terms of workstyles, we will draw on globally connected data from plants that is constantly monitored and analyzed to facilitate environments where strategic decision-making and expert-led initiatives can be carried out swiftly and without geographical constraints. We have already begun to conduct these types of initiatives at existing plants, targeting specific production lines and tasks. In these ways, we are striving to realize more advanced DENSO-style *Monozukuri*.

Example of Value Creation

Pursuing the Next Generation of *Monozukuri* by Combining Digital and Physical Technologies

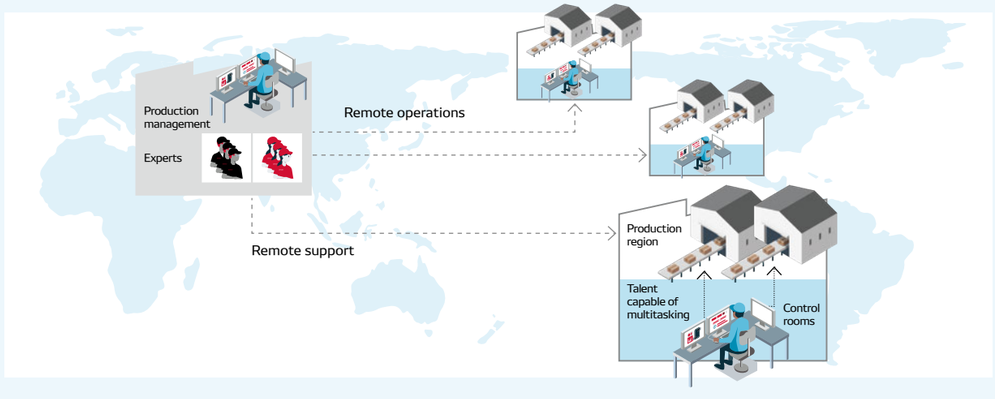
DENSO is utilizing "digital plants," which are plants with built-in virtual spaces, with the aim of realizing global production operations as if all plants were under one roof.

In frontline divisions, we are working to nurture multi-skilled personnel who can handle various tasks such as machine operation, transport, and maintenance. As we do so, we are making use of digital plants so that such personnel can pool together their expertise and swiftly test and implement their analysis and improvement ideas. By making it possible for employees to promptly reflect their ideas in their work, we can enhance their motivation and sense of growth. Furthermore, we aim to create new forms of job satisfaction and value by combining the craftsmanship of skilled workers with digital technologies.

For departments that are indirectly involved in production activities, such as the production technology and production management departments, we make use of our digital plants to run simulations and make optimizations before we introduce new equipment or make changes to processes. By doing so, we are able to maximize the effectiveness of changes while avoiding do-overs, thereby helping our employees enhance their level of expertise. Moreover, we are making it possible to conduct operations at multiple plants on a remote basis, which in turn expands the scope of our production activities and enables more diverse workstyles.

At the Anjo and Daian plants, we have established our first production control rooms that are able to assess the real-time conditions within plants using video and data. These rooms allow a single operator to quickly detect delays or monitor progress in production, identify bottlenecks in the process, and respond accordingly across multiple lines. Through these efforts, we are conducting trials for model production lines with the aim of halving the number of operators needed for overall plant operations. Furthermore, at the Zenmyo Plant, we have put in place an environment that enables discussion on maintenance operations in real time with overseas locations that produce the same products, making use of live video feeds to collaboratively identify issues and examine solutions. Looking ahead, we will work to expand these initiatives to other plants as we pursue sustainable improvements in productivity through mutual growth and support across our global operations.

Aiming for Production Operations That Utilize Digital Technologies



Natural Capital

Outline of Efforts to Strengthen Natural Capital

The conservation and preservation of natural capital is a vital issue directly linked to corporate management. DENSO's business activities rely on natural capital, including the use of water resources and mineral resources. Conversely, we can help minimize the negative impact of climate change on natural capital by applying our long-cultivated environmental technologies to develop and popularize innovative environmental products.

Based on our Eco Vision environmental management policy, we are enhancing the efficiency of natural capital use and reducing our environmental burden, thereby working to conserve the global environment and create economic value.

Characteristics of DENSO's Natural Capital

(Fiscal 2025 results)

Named to CDP's*1 A List for Climate Change and Water Security for three consecutive years (2022–2024)

Global CO_2 emissions:
490,000 t-CO_2e*2 (Scope 1 and 2)

Amount of renewable energy introduced (globally)
2,032GWh (Ratio of renewable energy introduction: 53.8%)

*1 A UK-based NGO established to evaluate and report on the environmental measures of companies and other entities at the request of institutional investors
*2 Results reflect credits. The scope includes domestic and overseas production sites (including Group manufacturing companies).

Relationships between Natural Capital, Corporate Value, and Social Value (Value Creation Path)

Initiatives to Enhance Natural Capital

Curtailing/easing climate change
(Electrification, energy conservation, etc.)

Curtailing/eliminating environmental pollution
(Reducing substances that burden the environment, managing wastewater, etc.)

Preventing resource depletion and promoting resource recycling
(Zero emissions, reduction of water use, etc.)

Conserving biodiversity
(Greenification and ecosystem protection activities, etc.)

Corporate Value

Creating environmental businesses
Reducing costs of response to environmental risks
Reducing production costs
Increasing opportunities to establish eco-friendly brands

Creating new value
Increasing profits (Increasing output per input)
Reducing invested capital (Reducing input)
Reducing capital costs (Reducing risks)

Financial Value

Social Value

Realizing a global environment where people can live in coexistence with nature and with peace of mind

Climate Change Countermeasure: Zero CO_2 *Monozukuri*

DENSO is promoting the development of technologies for the production process and engaging in rigorous energy-saving activities with the participation of all employees. In addition, we have been proactively promoting energy-saving activities, including Just-in-Time (JIT) activities that aim for the utilization and supply of just the right amount of energy at the necessary time. Under Eco Vision 2025, we established the "energy half" target (reducing CO_2 emissions intensity by half compared with fiscal 2013) and have been promoting efforts to reach this target accordingly. In fiscal 2023, DENSO CORPORATION achieved this target, while Group companies achieved the target in fiscal 2024.

Going forward, we will continue to enhance energy-saving activities utilizing Factory-IoT (F-IoT) and other technologies, and, at the same time, we will purchase electricity and gas derived from economically rational renewable energy sources and introduce self-power generation (solar power). Through such efforts, we will aim to make our *Monozukuri* completely carbon neutral.

Prevention of Environmental Pollution

DENSO is working to reduce the use of environmentally hazardous substances in its products in accordance with a basic policy of minimizing the use of chemical substances throughout product life cycles and taking into consideration trends in relation to the European Union's End-of-Life Vehicles Directive*1 and REACH Regulation*2 as well as other laws and regulations in respective countries and regions. In addition, chemicals handled at our plants are classified into "prohibited," "targeted for reduction," and "controlled" categories, and all chemicals used in our products are subject to integrated management under a proprietary control system. Based on these systems, we continuously promote efforts to reduce the usage and emissions of chemicals. At the same time, we are advancing the development of alternative technologies.

*1 This directive came into force in October 2000 and, in principle, prohibits the use of certain chemicals in new vehicles sold from July 2003 onward.
*2 This comprehensive regulation on chemicals came into force on June 1, 2007.

Resource Depletion Prevention and Resource Recycling

With a view to achieving a recycling-based society, DENSO advances activities for the effective use of resources, which include reducing waste and emissions (zero emissions), recycling, and reducing water consumption. For example, we are reducing waste for main materials (metals and plastics) and subsidiary materials (fats, oils, and chemicals) by developing resource-saving processing methods and designing products that result in less waste. Also, we are taking measures to reduce water consumption through the introduction of JIT water management, which supplies the necessary amount of water to the necessary place. Further, DENSO has established a recycling network through cooperation among customers, DENSO service stations (centers), DENSO SOLUTION JAPAN CORPORATION, and DENSO REMANI CORPORATION. By utilizing this network, we operate a component rebuilding business that recovers, reconditions, and ships alternators and starters whose quality is assured through performance testing of the same stringency as that used for new products. As of fiscal 2021, we have achieved zero emissions at all global business sites.

Information Disclosure Based on the Taskforce on Nature-related Financial Disclosures

The loss of biodiversity ties in directly with the degradation of natural capital, which is essential for our corporate activities. Accordingly, we accurately assess the relationship between biodiversity and our business activities and enact measures, when necessary, if we are to enhance the stability of these activities. Starting in fiscal 2025, we have been utilizing the Taskforce on Nature-related Financial Disclosures (TNFD), an international framework for the disclosure of biodiversity-related information, to carry out a trial analysis of our impact and dependence on nature and identify relevant risks and opportunities.

Governance

Important items regarding our dependence and impact on nature and the relevant risks and opportunities are being deliberated on by the Companywide Safety, Health, and Environment Committee. This committee monitors and supervises the progress made toward qualitative and quantitative targets regarding our response to nature-related issues and evaluates business opportunities and risks. In this way, the committee will engage in decision-making based on comprehensive assessments.

Strategy

Centered on the Safety, Health & Environment Division, we conducted an analysis in collaboration with external experts. This analysis was carried out with a high level of objectivity, utilizing the LEAP approach*3 stipulated by the TNFD as well as analysis tools such as Aqueduct provided by the World Resources Institute and the Integrated Biodiversity Assessment Tool developed by the International Union for Conservation of Nature in collaboration with other organizations. The analysis focused on a long-term timeframe, around 20 years in the future.

*3 The LEAP approach is a recommended set of steps by the TNFD for TNFD-based information disclosures. It involves four steps: Locate (interface with nature), Evaluate (dependencies & impacts), Assess (material risks & opportunities), and Prepare (respond & report).

Direct Operations

We conducted an analysis of production sites and found that, among the countries and regions where we operate, Japan has the greatest exposure to biodiversity loss risks, making it the highest priority region. The following shows the results of our analysis of major sites by country, taking biodiversity loss risks into account.

Exposure of Global Production Sites to Biodiversity Loss Risks

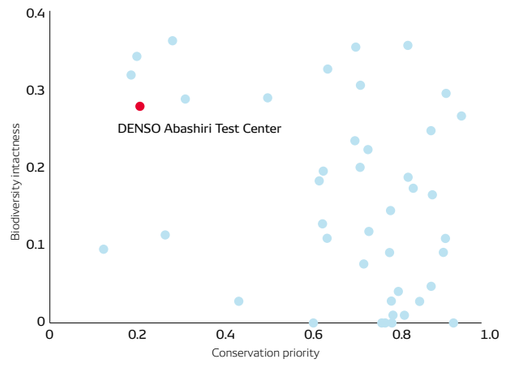
Representative countries and regions of operation	Japan	Mexico	Hungary	China	India
IUCN Red List	2,120	999	1,000	797	777
Protected Planet (PA)*4	134	12	55	0	0
Key Biodiversity Area (KBA)*5	11	2	9	4	6

*4 Areas designated for the protection of specific species and their habitats, registered in the World Database on Protected Areas operated by the UNEP World Conservation Monitoring Centre (UNEP-WCMC), a joint project of the United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature (IUCN)
*5 Areas identified and registered worldwide based on criteria established by the IUCN, where species at risk of extinction or species dependent on specific habitats live

Accordingly, for production sites in Japan, we used ThinkNature's*6 analysis tool, GBNAT (Global Biodiversity and Nature Assessment Tool), to focus on sites identified through data analysis as having high conservation priority, and among those, we decided to prioritize ecosystem monitoring and conservation at sites with high ecosystem intactness. Specifically, we are working toward registering the DENSO Abashiri Test Center, which has a large land area that contributes to ecosystem conservation and relatively high intactness, under the 30by30 OECM*7 initiative promoted by the United Nations. As a first step, we obtained certification as a Nature Symbiosis Site from Japan's Ministry of the Environment, during which we established monitoring methods that satisfy part of the certification standards. Looking ahead, we will apply this methodology to sites with high conservation priority.

*6 A company that is addressing the challenge of sustaining the benefits of biodiversity and natural capital by visualizing the value of nature through natural capital big data and AI
*7 30by30 OECM: A United Nations initiative to conserve over 30% of terrestrial and marine areas as healthy ecosystems by 2030

Biodiversity Analysis of Production Sites in Japan*8



*8 Conservation priority: A quantified value that comparatively evaluates the priority of each location in reducing species extinction risk. The higher the value, the higher the extinction risk and the greater the importance of ecosystem conservation
Biodiversity intactness: A quantified value measuring the degree of ecosystem modification due to land use. The higher the value, the more the ecosystem is preserved in its natural state (greater natural environment remaining)

TOPIC

DENSO Abashiri Test Center Certified as a Nature Symbiosis Site by the Ministry of the Environment and Registered in the International Database

The DENSO Abashiri Test Center was certified as a Nature Symbiosis Site by Japan's Ministry of the Environment and registered in the international database in August 2025, in recognition of its efforts to conserve rare species of flora and fauna such as the Paeonia obovata (Woodland Peony) and the black woodpecker, both listed on the Hokkaido Red List.

Value Chain

In the upstream of our value chain, we believe the risk of biodiversity loss is high, especially at our overseas suppliers of raw materials. Accordingly, we conducted an analysis and evaluation of mining sites for bauxite, which is a raw material for aluminum used in such representative products as inverters and HVAC systems.

Analysis and Evaluation of Risks and Opportunities Related to Mining Locations for Raw Material Bauxite

		Dependence / Impact on Nature	Details of Major Risks and Opportunities	Response Measures
Risks	Nature	Dependence	• Destruction of ecosystems due to resource mining or wastewater	• Support for efforts by mining operators to restore ecosystems
		Impact	• Movement of invasive species due to land and marine transport	• Establishment of measures to prevent movement of invasive species
	Physical	Dependence	• Suspension of operations due to mining accidents (landslides, etc.) (short term)	• Disaster relief support for mining operators • Diversification of alternative mines and suppliers
		Dependence	• Decrease of reserves (long term)	
	Transition	Dependence	• Rise in prices due to the international situation	• Examination of alternative materials • Diversification of alternative mines and suppliers
		Impact	• Decline in supply amounts / Suspended production due to tightening regulations on mining	
Opportunities		Dependence	• Technologies to reduce dependence on mineral resources	• Development of alternative aluminum products and alternative aluminum materials
		Impact	• Growing need for mining technology with low environmental burden	• Joint R&D on new mining technologies leveraging long-cultivated environmental technologies

Management of Risks and Impacts

The risks identified in the analysis and evaluation will be reported to the Companywide Safety, Health, and Environment Committee, which will discuss such matters as relevant response policies and action plans. For risks that were determined to be particularly important, the Risk Management Meeting will invest resources into measures to manage such key risks.

Measurement Indicators and Targets

With a view to contributing to a nature-positive*9 global society, we have incorporated "biodiversity" into our upcoming Eco Vision. Furthermore, from among the 23 global biodiversity targets for 2030 outlined by the United Nations, we have integrated three specific targets into our Environmental Action Plan—Target 3: Conserve and effectively manage at least 30% of protected areas and other effective area-based conservation measures by 2030; Target 11: Restore, maintain, and enhance nature's contributions to people; and Target 12: Secure green and blue spaces in urban areas. Moving forward, we will define specific indicators and continue advancing our Environmental Management System (EMS).

*9 Nature positive: The concept of stopping biodiversity loss and shifting toward a path for recovery

For details on DENSO's environmental initiatives, please see the following website.
https://www.denso.com/global/en/about-us/sustainability/environment/

Efforts to Maximize the Value of "Green" (TCFD)

Amid the pressing crisis of climate change, DENSO is exploring the ideal vision for a sustainable mobility society and is accelerating its sustainability management with a view to maximizing the value of "green," which is a target adopted under its Long-term Policy for 2030. In 2019, we pledged our support for the Task Force on Climate-related Financial Disclosures (TCFD). Since doing so, we have been carrying out a scenario analysis regarding the impact of climate change on our businesses and the opportunities and risks related to this impact. We have also been examining ways to reflect the results of this analysis in our business strategies. In this section, we introduce the status of the initiatives we are promoting in accordance with the TCFD.

Scenario Analysis of Business Opportunities and Risks

To understand the impact of climate change on our businesses and to identify climate-related opportunities and risks, we referenced the external scenarios of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) and used them as benchmarks for our scenario analysis. Also, while confirming the scenario analysis for the automotive industry, we compared and contrasted this analysis with our awareness of the business environment existing under the Company's medium- to long-term strategies to hypothesize comprehensive scenarios. Upon doing so, we were able to identify climate-related opportunities and risks by analyzing the differences between our medium- to long-term strategies and these scenarios.

Hypothesizing Scenarios

In terms of transition risk, we have defined the Sustainable Development Scenario (SDS) and the Net Zero Emissions by 2050 Scenario (NZE) of the IEA's World Energy Outlook as "ambitious" scenarios. For the scope of these scenarios, we quantified Group CO_2 emissions, the carbon tax, crude oil prices, the renewable energy rate, and the rate of new electric vehicle (xEV) introduction by 2040, and analyzed opportunities and risks based on the differences between these scenarios and Group strategies. Also, with regard to physical risks, we have defined the SSP5-8.5 and SSP2-4.5 scenarios of the Sixth Report of the IPCC as "stagnant" and "promotional" scenarios, respectively. We visualized aspects such as weather disasters, rising sea levels, deteriorating ecosystems, and water and food shortages in a qualitative manner and analyzed opportunities and risks based on the differences between these scenarios and Group strategies.

Analysis of Climate-related Opportunities and Risks

We performed an analysis on the differences between our awareness of the business environment, which forms the basis of our medium- to long-term strategies, and the circumstances under the scenarios above. Items expected to have an impact on our businesses of over ¥10.0 billion were identified as key items and categorized into opportunities and risks. In our business strategies and financial strategies, we will incorporate measures that address these opportunities and risks, thereby simultaneously tackling social issues and enhancing our corporate value. Major opportunities and risks identified through the aforementioned analysis are as follows.

Major Opportunities

Key items	Timeframe / Impact	Major potential financial impact	Financial impact (fiscal 2026)	Response measures	Response cost (fiscal 2025)
Development of new products and services through R&D and technological innovation	Medium-term / High	**Increase in revenue due to higher demand for xEVs** Rise in demand for inverters and thermal products related to electrification and for technologies such as heat pumps that improve the heat efficiency of xEVs	¥200.0 billion	• Accelerate the development of technologies related to electrification—including power-saving technologies and compact high-output technologies—as well as the development of heat management technologies • Promote the development of engine control systems and other technologies that respond to alternative fuel (e-fuel, hydrogen, etc.)	¥100.0billion
Diversification of business activities	Long-term / Medium	**Increase in revenue following higher demand for decarbonization technologies** Creation of business opportunities in such non-automotive fields as food and agriculture (AgTech), factory automation (FA), and hydrogen (SOEC*1 and SOFC*2) by applying environmental technologies fostered in the automotive field	AgTech, FA, and Energy Business ¥300.0 billion (FY2031)	• Create technologies such as AgTech that leverage sensor, control, and robot technologies and create energy utilization technologies, such as those that leverage exhaust gas purification and heat management technologies • Actively use business alliances	¥19.0 billion
Utilization of more effective production and logistics processes	Medium-term / Relatively high	**Reduced energy costs through the promotion of energy conservation at plants worldwide** If we promote enhanced energy efficiency and are able to achieve our target under Eco Vision 2025 of reducing CO_2 emissions intensity by half compared with fiscal 2013, we could achieve a CO_2 emissions reduction of approximately 1.65 million tons per year and reduce energy costs.	¥92.0 billion	Continue rigorous energy-saving activities; adopt low-carbon materials, equipment, and production processes; enhance production process efficiency through the introduction of Factory-IoT (F-IoT); and promote the development of energy-saving production technologies	¥10.0 billion

*1 SOEC: Solid oxide electrolysis cell *2 SOFC: Solid oxide fuel cell

Major Risks

Key items	Timeframe / Impact	Major potential financial impact	Financial impact (fiscal 2026)	Response measures	Response cost (fiscal 2025)
Transition risk New controls and regulations placed on our existing products and services	Long-term / Relatively high	**Decline in revenue against the backdrop of increasingly strict regulations on fuel efficiency and exhaust gas** We expect even tighter regulations on fuel efficiency as well as acceleration in the transition to xEVs, including HEVs (comprising 47% of all vehicles in 2030). Non-compliance with regulations resulting from an inability to adapt to changes could cause a decline in unit sales.	−¥300.0 billion	• Accelerate the development of energy-saving technologies for products powered by electricity with a view to extending driving distance • Accelerate development aimed at enhancing fuel efficiency of internal combustion engines in HEVs and other vehicles to respond to new regulations on fuel efficiency	¥80.0 billion
Physical risk Increased severity and occurrence of abnormal weather such as typhoons and floods	Long-term / Relatively high	**Decline in revenue due to suspended plant operations and supply chain disruptions** Revenue could decline due to damage to in-house plants or supply chain interruptions that result in a suspension of plant operations in Japan and greater Asia, where we conduct 65% of our overall production and where the possibility of abnormal weather occurring is high.	−¥120.0 billion	• Implement measures to mitigate the impact of disasters on buildings, etc., and strengthen risk management in the supply chain through such measures as ensuring multiple suppliers for components • Connect our plants across the globe by using IT and IoT and establish a global production structure that can immediately respond to changing production needs	¥4.7 billion
Transition risk Carbon pricing mechanism	Medium-term / High	**Decline in cost competitiveness due to the accelerated introduction of carbon pricing** Carbon costs could be added to all in-vehicle products due to the expansion and increasing strictness of international regulations, such as carbon taxes and emissions trading systems.	−¥12.0 billion	• Strategically and incrementally transition to renewable energy in manufacturing activities • Continue to promote activities to conserve energy and enhance energy efficiency in the production process	¥2.2 billion

Impact on Management Strategy

Based on the results of our analysis, we have come to understand the significant impact that climate change will have on our product development and production activities, particularly the trend toward carbon neutrality. Based on this understanding, we have set ourselves the ambitious target of becoming carbon neutral and have reflected this target in our management strategies.

Specifically, for our *Monozukuri* activities, we have set the target of realizing carbon-neutral electricity by fiscal 2026 (carbon credits to be used with respect to gas) and becoming completely carbon neutral, including gas, by fiscal 2036. We will continue to promote energy-saving activities, an area in which we excel as a company. At the same time, we will introduce electricity derived from high-quality renewable energy that is optimally economic and utilize carbon credits, among other initiatives. To accelerate investments toward these kinds of efforts to reduce CO_2 emissions, including energy conservation and renewable energy, we have introduced internal carbon pricing (ICP) within our investment decision-making approach.

For mobility products, we are working to reduce CO_2 emissions to the greatest extent possible by promoting the development of electrification technologies. Furthermore, we are working to achieve negative CO_2 emissions through technologies that create green energy using hydrogen. Through these efforts, we will aim to achieve carbon neutrality across all of society.

Moreover, to balance contributions to the environment with business growth, we are holding regular discussions on reshuffling our business portfolio based not only on profitability and growth potential but also on CO_2 emissions and the reduction of these emissions. We believe these initiatives help advance a resilient business strategy.

Impact on Financial Planning

Given the trend toward carbon neutrality, we must further accelerate the development of electrification technologies and transition to components compatible with such alternative fuels as hydrogen fuel and biofuel. Furthermore, in order to realize carbon-neutral *Monozukuri*, we need to allocate funds to procure electricity derived from renewable energy sources and purchase CO_2 offset certificates and carbon credits. To that end, in our financial planning, we have reflected an increase in R&D costs related to electrification and efforts to respond to alternative fuel needs. We have also reflected costs related to the introduction of renewable energy.

In addition, we have incorporated into our financial plans the costs related to measures to address the physical risks of climate change (reinforcing buildings and structures), taking into consideration when new buildings are built and the age of existing buildings.

Governance

DENSO has established the Companywide Safety, Health, and Environment Committee as the body responsible for advancing the environmental activities of the entire Group. It shares short-, medium-, and long-term environmental targets; reports on the issues and progress of activities related to the environment in general, including the results of scenario analysis; and issues instructions on measures to be taken. Chaired by an executive vice president, the committee convenes twice a year, with the Safety, Health & Environment Division acting as secretariat.

With regard to climate change—one of the DENSO Group's material issues—the targets, indicators, and action plans that have been discussed and proposed by the Companywide Safety, Health, and Environment Committee are deliberated by the Sustainability Meeting and Management Deliberation Meeting and then finally approved by the Board of Directors. Monitoring of the achievement of these targets is carried out by the Companywide Safety, Health, and Environment Committee, Sustainability Meeting, Management Deliberation Meeting, and Board of Directors.

Risk Management

In a volatile business environment, DENSO always strives to actively identify diversifying risks and conduct risk management from the perspectives of minimizing damage and ensuring business continuity. The Sustainability Meeting reviews materiality once a year, and the Companywide Safety, Health, and Environment Committee works with the Sustainability Meeting to review risks and opportunities related to climate change, clarifying the Company's response to each major issue.

Also, we have designated climate change risks (physical risks) as one of the major risks toward which the Risk Management Meeting should particularly invest resources and promote initiatives. Based on this designation, we are strengthening our response to these risks on a Groupwide basis from the perspective of overall risk management. (P.98–99)

For details on Eco Vision 2025, please see the following website.
https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/




Metrics and Targets

At DENSO, we clarified our metrics and targets in the Mid-term Policy and incorporated them into our corporate management objectives as one of the sustainability targets pertaining to our priority issues (Materiality). In addition to the Companywide Safety, Health, and Environment Committee mentioned earlier, progress is monitored by the Sustainability Meeting and reported to the Management Deliberation Meeting and the Board of Directors.

To ensure an effective approach across the entire DENSO Group, metrics and targets are calculated using the management control approach, which includes 100% of emissions from consolidated subsidiaries.

For the road map to achieve each metric and target, please refer to "Green Strategy" (P.34).

Climate Change-related Targets

(CO_2 Emissions Reduction) (Reference year: Fiscal 2021)

Component procurement Scope 3 (Upstream)	FY2031	Reduction of 25% (equivalent to well below 2℃*)
	FY2051	Carbon neutral
Monozukuri Scope 1 and 2	FY2026	Carbon neutral
	FY2036	Carbon neutral (without carbon credits)
Product use Scope 3 (Downstream)	FY2031	Reduction of 25% (equivalent to well below 2℃*)

* The target of keeping temperature increases well below 2℃, which is a Scope 3 target under the 1.5℃ standard

Scope 3 (Upstream) Reduction of CO_2 Emissions across the Supply Chain

Our Vision: Achieve Carbon Neutrality through Collaboration between DENSO and Suppliers

Since the challenges involved in achieving carbon neutrality differ by industry and supplier, we are advancing our initiatives through dialogue and mutual understanding with our suppliers.

Specifically, we have surveyed CO_2 emissions from approximately 300 major suppliers that together account for over 70% of our total procurement outlays, and asked them to work with us toward achieving our medium-term target for reducing CO_2 emissions by 25% by fiscal 2031 compared with fiscal 2021 levels (equivalent to a 2.5% reduction per year), and a long-term goal of achieving carbon neutrality by fiscal 2051. To support the energy-saving efforts of our suppliers, we have created a permanent showroom showcasing DENSO's energy-saving know-how and case studies, provided assistance with energy conservation diagnosis and the loaning out of energy monitoring equipment, and hosted tours of our carbon-neutral plants to share best practices in actual settings. Furthermore, we document the challenges and requests shared by suppliers through these activities, and present proposals to industry groups and other stakeholders with the aim of driving improvements in the operating environment for the entire supply chain.

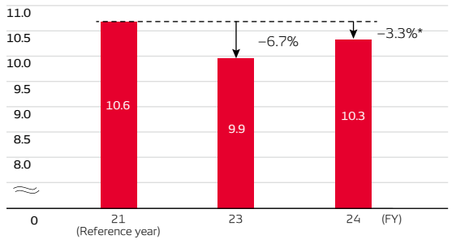
Carbon-neutral plant tours

Achievements to Date

Although energy-saving measures and the use of renewable energy at suppliers helped reduce emissions, an increase in order volumes from DENSO with its suppliers was also a factor affecting emissions. As a result, CO_2 emissions were reduced by 3.3% as of fiscal 2024, compared with fiscal 2021, falling short of the 7.5% reduction target.

To reach our reduction targets, we will increase support for suppliers and accelerate the adoption of low-CO_2 materials in products and the deployment of renewable energy across the supply chain from fiscal 2026 onward. We also plan to establish industry rules that allow for the CO_2 emissions reduction value of our products to be provided as added value to customers and society.

CO_2 Emissions (Results for fiscal 2025 are scheduled to be published on our website by the end of 2025.)
(Millions of tons)



* Although total CO_2 emissions increased in fiscal 2024, CO_2 emissions intensity (CO_2 emissions per unit of procurement) declined.

Scope 1 and 2 Carbon-Neutral *Monozukuri*

Achieve Complete Carbon Neutrality at Plants

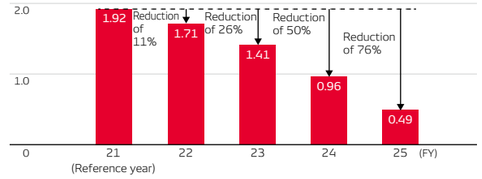
We aim to achieve carbon neutrality in *Monozukuri* by lowering CO_2 emissions through a reduction in energy consumption based on more-efficient manufacturing processes; by using such renewable energy sources as sunlight; and by reducing CO_2 emitted in production processes through the utilization of green hydrogen created through the use of renewable energy.

Achievements to Date

We have reduced CO_2 emissions by 76% compared with fiscal 2021, achieving our fiscal 2025 target, by thoroughly implementing energy-saving activities, which are one of our long-standing strengths; by introducing renewable energy; and by utilizing carbon credits.

As of fiscal 2025, we have achieved carbon neutrality at DENSO CORPORATION, all 11 manufacturing sites, Advanced Research and Innovation Center, DENSO FUKUSHIMA CORPORATION, DENSO HOKKAIDO CORPORATION, DENSO IWATE CORPORATION, DENSO KYUSHU CORPORATION, and all of our manufacturing companies in Europe (16 bases), China (13 bases), and Asia (10 bases), excluding their subsidiaries.

CO_2 Emissions
(Millions of t-CO_2e)



Notes: 1. The results figures reflect the use of carbon credits.
2. The targets are production bases in Japan and overseas (including the Group's manufacturing companies).
3. Fiscal 2021 results have been adjusted for the effect of the reduced production that accompanied the COVID-19 pandemic.

Scope 3 (Downstream) Carbon Neutrality for Electric Vehicle Components

Aim Contribute to the Electrification of Cars to Reduce CO_2 Emissions to the Greatest Extent Possible

We will help reduce CO_2 emissions from vehicle use by developing products and systems that support the popularization of HEVs, BEVs, FCEVs, and other xEVs.

In addition, we intend to contribute to reductions in CO_2 emissions by applying the electrification technologies honed in the automobile industry to aerospace mobility.

Reducing CO_2 Emissions from Energy Use

Aim Realize an Energy-recycling Society through the Development and Popularization of Technologies That Make Effective Use of Renewable Energy

We will establish technologies that use energy in a highly efficient manner, regardless of location or time, and work to popularize them on a global basis. By doing so, we will help realize an energy-recycling society.

For example, we have commenced verification tests for SOFCs, which create electricity from hydrogen, and SOECs, which produce hydrogen from electricity, by utilizing the heat management and material technologies that we have cultivated in the automotive field. Through these kinds of verification tests, we will pursue the efficiency of fully utilizing green hydrogen energy and the durability of being able to safely use energy systems over long periods of time. By doing so, we will take on the challenges of development aimed at balancing environmental sustainability and economic viability.

International Certification of Reduction Targets

We have established targets for the reduction of greenhouse gas emissions by fiscal 2031. These targets are based on scientific evidence and consistent with the goal of limiting the global average temperature increase to 1.5℃ above pre-industrial levels, which is set forth by the Paris Agreement. As a result, our targets have obtained Science Based Targets (SBT) certification from the internationally recognized Science Based Targets initiative (SBTi).*

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

* The SBTi is a joint initiative established by World Wide Fund for Nature, the CDP, the World Resources Institute, and the United Nations Global Compact. The SBTi formulates guidance that enables companies to set specific targets for the volumes and timeframes of greenhouse gas emissions reductions. SBT certification is granted to companies whose targets are recognized to be in conformity with scientific findings (Science Based Targets).

We will continue conducting extensive studies and analyze in even greater detail the quantitative financial effects of key items as well as the specific business opportunities and risks that accompany them. We will then reflect our findings in business strategies and action plans.

Social and Relationship Capital

Outline of Efforts to Strengthen Social and Relationship Capital

In an era of uncertainty, flexibly responding to social changes and stakeholder needs on our own is extremely challenging. We therefore believe that building good relationships with stakeholders and expanding our circle of associates is essential to enhancing corporate value.

Furthermore, to avoid self-satisfying activities that are biased by our own logic and preconceptions, we are deepening our understanding of stakeholder expectations and options through dialogue with stakeholders and reflecting that understanding in our corporate activities. By doing so, we aim to become a company that is deeply inspiring by realizing growth together with our stakeholders and society as a whole.

Initiatives to Enhance Corporate Value by Strengthening Relationships with Our Stakeholders (Value Creation Path)

Stakeholders	Relationships between Social and Relationship Capital, Corporate Value, and Each Other Type of Capital	Initiatives to Strengthen Relationships (Input)	
		Expectations of and Points of Concern for DENSO	Initiatives
Employees	To create new value through the collective wisdom and strengths of DENSO's employees worldwide and realize growth for the Company, enhancing employee engagement is essential. Mindful of this, we will develop a corporate culture that encourages employees to work with enthusiasm and realize their talents. As part of these efforts, the Company will reform workstyles and human resource systems and create employee-friendly work environments in which employees can work with peace of mind.	Employee fulfillment, workplaces that facilitate good communication, flexible workstyles, fair and appropriate personnel evaluation systems, active roles of diverse human resources, workplace environments that are safe, comfortable, and promote health, etc.	Employee awareness surveys, in-house publications and information dissemination via intranet, consultation centers (hotlines, general consultation office), social gatherings between labor and management, etc.
Customers Automobile manufacturers, automobile users, and customers in non-automotive fields such as agriculture and FA, etc.	In addition to expanding financial capital by encouraging adoption of the Company's products and services, robust relationships with customers help us build an optimized supply structure, accumulate technologies and know-how through transactions, and cultivate our employees. Through dialogue with customers, DENSO will deepen its understanding of what they need and expect from the Company, thereby enabling the creation of products and services that satisfy customers and earn their trust.	Provision of high-quality, high-performance products and services, products that address social issues, a stable product supply, a service network with a high level of customer satisfaction, etc.	Communication via day-to-day sales activities, new product exhibitions, joint R&D activities, establishment of new companies through joint investment, a customer consultation center, etc.
Business Partners Suppliers, service stations, and M&A business alliance partners, etc.	The competitiveness of our products and services is underpinned by the high technological capabilities and stable supply of our business partners. In addition, our efforts toward such matters as carbon neutrality and human rights due diligence require the understanding and cooperation of our business partners. Accordingly, we will strengthen our partnerships, provide products and services that are chosen by society, and engage in corporate conduct that helps us gain the support of society. By doing so, we will grow together with our business partners.	Business expansion, business alliances, cross-industry exchange, support for responding to sustainability needs (the environment, human rights, etc.), leadership in addressing industry issues, etc.	Day-to-day communication, Supplier Appreciation Meeting, sustainability self-assessments, participation in industry bodies, General Meeting of DENSO Service Stations, servicing skills competition, etc.
Local Communities Local community members, governments, NPOs and NGOs, people of the next generation, etc.	We must realize coexistence and co-prosperity with the regions of operation and gain acceptance as a good corporate citizen in these regions. Also, confronting regional issues creates opportunities to develop an awareness of the need to address social issues, which is an important facet of business activities. We will therefore identify the needs of local communities through dialogue. By solving issues in partnership with local communities, we will contribute to their development.	Local employment and procurement, regional promotion (sports, culture), support for the development of the next generation, traffic safety activities, regional environment conservation, etc.	Conferences with local community members and governments, plant tours, *Monozukuri* schools, social contribution programs in collaboration with local NPOs, agreements with local governments for regional revitalization, etc.
Shareholders and Investors	Financial capital to invest in such areas as facility enhancement, R&D activities, and human resource development is required in order to realize sustainable growth and enhance corporate value. For that reason, we understand that our shareholders and other investors are valuable supporters who provide us with advice on how to promote sound management. We therefore believe it is important to build solid trust-based relationships with them. By enhancing the transparency of our management through timely and appropriate information disclosure and dialogue, we will aim to enhance our corporate value.	Appropriate share price, implementation of dividends and other shareholder returns, timely and appropriate information disclosure and opportunities for dialogue, disclosure of non-financial information, etc.	General Meeting of Shareholders, DENSO DIALOG DAY, financial presentations, technology briefings, business strategy briefings, briefings for individual investors, integrated report, securities report, etc.

Characteristics of DENSO's Social and Relationship Capital

(Fiscal 2025 results)

- Number of suppliers: About 7,480 companies (global)
- Number of shareholders: About 224,000
- Number of customers using DENSO products: About 200 companies (global)
- DENSO service network (number of stores): About 3,400 stores (global)
- Operations in: 35 countries and regions
- Number of participants in company volunteer activities: About 105,000 people (global)
  Note: Includes employees, their family members, and general participants

Output

- Enhanced employee engagement
- Improved retention rate
- Decrease in turnover rate
- Increase in the number of improvements made by employees
- Decrease in work-related injuries and accidents, etc.

- Acquisition of product share on a global scale
- Increase in the number of customers
- Establishment of a mobilized global supply structure
- Acquisition of IP rights and creation of know-how, etc.

- High-quality, high-performance products
- Establishment of a stable supply chain
- Establishment of an after-sales service network with a high level of customer satisfaction
- Realization of responsible procurement
- Reduction in Scope 3 CO_2 emissions, etc.

- New business creation
- Enhanced level of recognition for the Company
- Improved employee engagement
- Acquisition of opportunities for participation in regional revitalization businesses, etc.

- Formation of appropriate share price
- Improvement in stable, long-term dividend level
- Extension of years over which shares are held (reduction of share price fluctuation risk)
- Improvement in investor evaluation (credit rating)
- Enhancement of management quality

Value Provided (Outcome)

- Improvement in productivity of investment in human capital
- Improvement in productivity and competitiveness
- Reduction in production costs
- Stable supply
- Investment / Transactions / Increase in employment opportunities
- Enhanced brand image

Social Value

- Achievement of a sustainable society in which people coexist with nature
- Achievement of a mobility society in which people can live with peace of mind
- Improvement in society and employee well-being
- Promotion of inclusiveness (DE&I)
- Implementation of ethical guidelines for establishing corporate conduct that serves as the foundation of trust-based relationships with society

Financial Value

- Creation of new value (sales increases)
- Improvement in profitability
- Reduction in invested capital
- Reduction in capital costs (risk reduction)

Supply Chain Management

Suppliers are essential business partners for DENSO. Guided by our basic policy of ensuring open and fair business practices and responsible procurement activities, we are promoting various activities to not only ensure a stable supply of products to customers but also to realize sustainable procurement and growth across the supply chain.

Solidifying Our Foundation for Ensuring a Stable Supply

To respond to more diverse and frequently occurring risks, such as recent natural disasters, cyberattacks, and export regulations on key minerals, and to ensure that we can continue our supply to customers, we are moving forward with a broad range of activities, together with our suppliers, with the aim of solidifying our foundation for a stable supply.

As part of our risk-prevention efforts, we will work to clearly define our supply chain on a global scale while seeking to bolster our disaster mitigation measures and fire-prevention structure. We will also conduct information security inspection activities to prevent production disruptions and confidential information leaks caused by cyberattacks.

In anticipation of risks, we standardize components, spread out production across multiple plants, and ensure that we have the necessary inventory to get production back online. In addition, we use systems to visualize supply chain information in order to understand in real time supply data in areas affected by disasters.

Activities to Maintain and Enhance Quality Guarantees with Suppliers

To continue to provide products that satisfy our customers, DENSO and its suppliers of parts and materials must promote efforts to maintain and improve quality control. As a core condition of basic transaction contracts, we ask suppliers to commit to maintaining and improving quality management. Moreover, DENSO engages in activities to increase awareness of quality among all suppliers by conducting inspections and quality audits while sharing and verifying information about customer quality requirements and the DENSO quality policy every year.

Initiatives to Strengthen Supply Chain Competitiveness

To promote mutual development and growth with suppliers, we are building stronger relationships of trust through open dialogue and ongoing communication. For issues that cannot be resolved by suppliers on their own, we provide the necessary guidance and support. For issues affecting the entire industry, we work with and make proposals to government bodies, industry groups, and customers while taking the initiative on finding solutions.

For example, DENSO has worked jointly with suppliers on value analysis and value engineering (VA/VE) activities, including product design and process modifications, to enhance the *Monozukuri* capabilities of the entire supply chain. Recently, we have engaged in thoughtful discussions with suppliers to ensure fair transactions in response to unavoidable cost increases, such as those related to tariffs, materials and labor, which have become challenges affecting the entire industry. We are also working to enhance the soundness and sustainability of the industry by promoting changes in business practices, including discussions with customers, government agencies, and industry associations on appropriate transaction pricing, thereby reinforcing the overall competitiveness of the supply chain.

In our carbon neutrality efforts, we support the energy-saving initiatives of our suppliers by addressing their concerns and requests through annual carbon neutrality briefings and permanent showrooms that demonstrate energy-saving methods (with a total of approximately 1,800 attendees since opening in October 2021). In addition, we offer advice to governments and industry groups, such as for subsidy programs and cost-passing guidelines, to improve the business environment across the entire supply chain.

Promoting Responsible Procurement Practices

DENSO has created the Supplier Sustainability Guidelines, which provide specific behavior standards for areas such as compliance, human rights, environmental protection, and workplace safety in the conduct of corporate activities. We ask all suppliers to promote initiatives in line with these guidelines. Based on these guidelines, we also request that suppliers periodically conduct self-assessments using our Self-Assessment Sheet and take corrective actions where needed.

In addition, DENSO procures raw materials based on its Responsible Mineral and Raw Material Procurement Policy and conducts an annual conflict minerals survey in cooperation with its suppliers. We have also introduced the Green Procurement Guidelines, which outline steps for managing and reducing environmentally hazardous substances and for building environmental management systems. We ask suppliers to ensure compliance with these guidelines in their procurement and management activities.

MESSAGE Supplier Perspective

Open Dialogue to Enhance Competitiveness

Yutaka Takagi
President, FUKUJU KOGYO Co., Ltd.

FUKUJU KOGYO Co., Ltd. actively engages in dialogue with DENSO through events such as the Supplier Appreciation Meeting, executive roundtables, and routine meetings with procurement staff. Although we were initially hesitant to speak up, DENSO encouraged us to speak openly, and I believe that has helped us build a more open and communicative relationship. Rising costs for raw materials and labor pose major challenges for management at suppliers like us, but DENSO took the initiative to reach out and respond promptly with cost assessments and price adjustments. DENSO has also been responsive, even before the COVID-19 pandemic, regarding issues such as maintaining rarely ordered service parts or molds, providing specific guidance and support. We intend to continue having frank discussions with DENSO and use those exchanges to strengthen our own competitiveness.

Undertaking Initiatives toward Respecting Human Rights

A workplace free of harassment and discrimination helps lower the risks of quality-related issues and work-related injuries. Further, conducting business activities with due consideration for human rights increases business opportunities, helps ensure stable supplies of products, and improves employee engagement.

Viewing respect for human rights as an important issue, DENSO has established it as a material issue and is advancing initiatives accordingly.

Promotion Structure

To clarify our approach and policies toward respecting human rights and in consideration of the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, and international norms, we have formulated the DENSO Group Human Rights Policy.

With the chief human resources officer (CHRO), who is a member of the Board of Directors, as a leader and the Human Resources Division as the leading organization with regard to human rights issues, we are promoting activities in collaboration with related divisions, including the Corporate Strategy, Purchasing, and Legal Affairs and Compliance divisions. In addition, we exchange information and engage in discussions with human rights experts, such as third-party organizations and external stakeholders, when appropriate, to gain a clear understanding of human rights and appropriately respond to international situations and legislative trends.

Promoting Employee Education and Enlightenment

DENSO promotes education and enlightenment activities for employees at each Group company with the aim of encouraging employees to act based on the DENSO Group Human Rights Policy.

Through education programs by grade and compliance tests that target all employees, including those at domestic Group companies, DENSO CORPORATION is engaging in education and enlightenment activities to deepen employee awareness and understanding of human rights.

Overseas Group companies also conduct awareness-raising activities based on important issues in their respective regions. For example, in North America our bases establish internal policies prohibiting harassment and conduct education on mutual respect and harassment prevention for all employees, from members of senior management to new hires.

Human Rights Due Diligence

We identify and evaluate human rights-related risks that can occur as a result of our business activities and promote human rights due diligence, which is aimed at implementing measures to prevent such risks and reduce their impact should they occur.

(1) Implementation of a Risk Assessment

With the cooperation of a third-party organization specializing in human rights, we have conducted a risk assessment to identify and evaluate potential human rights risks. As a result, four issues have been identified as potential human rights risks that are highly relevant to DENSO. These include the rights of non-Japanese workers in Japan and complicity in forced labor in the supply chain. Establishing an order of priority, we will review the situation regarding each human rights risk and, as necessary, implement impact assessments to promote preventive measures and mitigation efforts for these risks.

(2) Implementation of an Impact Assessment: Non-Japanese Workers in Japan (Non-Japanese Technical Interns and Skilled Workers)

Human rights issues facing non-Japanese workers in Japan are highly relevant, important human rights risks in the automotive supply chain. DENSO assesses the actual conditions at major domestic Group companies and suppliers through written surveys. At the same time, for these surveys the Company prioritizes companies that utilize non-Japanese workers. DENSO holds direct interviews with such non-Japanese workers.

As a result, the Company confirmed that, although some improvements are needed at the surveyed companies, there are no major issues that could lead to human rights violations. DENSO shares the outcomes of various measures to ensure that the human rights of non-Japanese workers are not negatively affected with other domestic Group companies and suppliers as an example of good practice.

Interview with foreign technical intern trainees

Grievance Mechanism

We have established an internal whistleblowing system that can be used by Group companies and suppliers. In the event an issue arises that impacts human rights or contributes to an impact on human rights, this system provides relief to the affected party.

In addition to steadily implementing human rights policies, we will improve human rights due diligence and grievance mechanisms in order to enhance the level of our human rights efforts.

For details on initiatives related to The DENSO Group's Procurement Policies and our respect for human rights, please visit the websites below.

The DENSO Group's Procurement Policies
https://www.denso.com/global/en/about-us/sustainability/society/procurement-policy/

Undertaking Initiatives toward Respecting Human Rights
https://www.denso.com/global/en/about-us/sustainability/society/humanrights/

Overview by Product

Business Portfolio and Value Creation

DENSO operates seven core businesses in a range of domains, with particular emphasis on the mobility domain. With respective businesses resonating together, the Company works to maximize value creation by growing alongside the industry and partners, while focusing on the de-emphasis and discontinuation of certain products. To continue creating new value that resonates over the long term, we will continue transforming our business structure to align with the times. Moreover, reweighting our business portfolio is a priority strategy. Even in a volatile operating environment, a reweighted business portfolio will allow us to market products and services that reflect demand and to continue to grow.

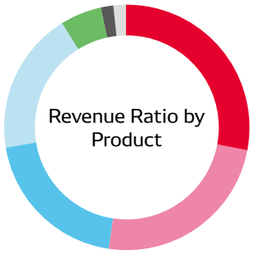
Business Composition

As a company trusted by automakers worldwide, DENSO supplies an extensive lineup of products and systems, mainly through its automotive businesses. We have five automotive businesses: the Electrification Systems Business, which is pivotal to the popularization of electric vehicles; the Powertrain Systems Business, developing and manufacturing powertrains for an array of different vehicles; the Thermal Systems Business, engaged in the manufacture of in-vehicle air-conditioning systems that account for the largest share of the global market; the Mobility Electronics Business, which aims to eliminate traffic accident fatalities through systems that realize advanced safety functions by incorporating high-performance sensors and radar; and the Advanced Devices Business, providing semiconductors and other devices that are essential for mobility-related development going forward. By promoting electric vehicle popularization, advanced safety, automated driving, and connected driving, these five automotive businesses are leading our progress toward the new mobility that society seeks. Our non-automotive businesses are leveraging technologies fostered in the automotive businesses to develop businesses in the fields of factory automation (FA) and food and agriculture (AgTech).

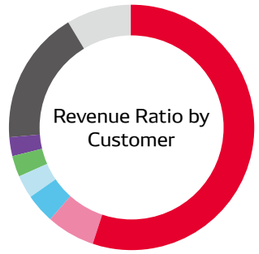
Relationship between Companywide Strategy and Business Strategies

Business strategies closely integrated with Companywide strategy are key to realizing the Mid-term Policy for 2025 and achieving green and peace of mind strategies. We are maximizing the value we provide to society by steadily reweighting our business portfolio based on a Companywide strategy—which also takes into consideration the advancement of the entire industry and entails ensuring growth through the de-emphasis and discontinuation of internal combustion engine products—and by accelerating the development and sales growth of green and peace of mind products. Further, we are enhancing efficiency through Companywide efforts to reduce fixed costs, reassign human resources, and promote dialogue that enhances engagement, quality, and workplace safety awareness.

In light of the current business environment and the progress of business strategies, DENSO annually reviews, deliberates, and revises short-, medium-, and long-term scenarios that envision leveraging the distinctive advantages and capital of each business to realize the Companywide strategy. The following pages focus on the progress of and accomplishments under the business strategies of each business, which are integrated with the Companywide Mid-term Policy for 2025.



Mobility Electronics	28.2%
Thermal Systems	24.1%
Powertrain Systems	20.1%
Electrification Systems	18.9%
Advanced Devices	5.4%
Non-automotive Businesses	1.7%
Other	1.6%



Toyota Group (Toyota Motor Corporation, Daihatsu Motor Co., Ltd., Hino Motors, Ltd.)	55.1%
Honda Motor Co., Ltd.	6.5%
SUBARU CORPORATION	3.8%
Stellantis N.V.	3.2%
Ford Motor Company	2.7%
Suzuki Motor Corporation	2.5%
Other car manufacturers	17.6%
Aftermarket and non-automotive businesses	8.6%

As of March 31, 2025

Contribution Fields and Mainstay Products

Since its establishment as a manufacturer of electrical equipment and radiators, DENSO has reflected changes in society by extending the Company's business domain to encompass lifestyle-related and industrial equipment through the application of technologies that were originally developed for automotive components. With a focus on various solutions that create value for society in the mobility field, DENSO is currently utilizing technologies accumulated in the automotive field to develop a range of businesses that will support the society of the future.

Value Creation in Our Businesses

In accordance with the Long-term Policy for 2030, our seven core businesses are pursuing innovations in leading-edge technologies to maximize the value of green and peace of mind. In addition, we will utilize honed technologies to address social issues and create new value.

	Segment	Revenue (Billions of yen)	Value Creation	Core Products That Contribute to Green and Peace of Mind (● Green ● Peace of mind)
Automotive Businesses	**Electrification Systems** Development and manufacturing of products primarily related to electric vehicle drive components and battery control power systems P. 76	1,042.1 / 1,241.6 / 1,354.4 23 24 25 (FY)	We contribute to the realization of a sustainable, carbon-neutral society and the provision of safe, secure, and convenient mobility by electrifying next-generation vehicles to meet diversifying mobility needs.	● **Inverters** Appropriately control power between the batteries and motors of BEVs and HEVs ● **Motor generators** Help improve fuel efficiency as the main power sources for HEVs during driving and as generators during braking ● **ESU (Electricity supply unit)** Integrates charging control, AC charger, and voltage regulation into a single unit ● **Battery ECU** Controls batteries safely and with high precision and helps improve fuel efficiency and extend driving distance
	Powertrain Systems Development and manufacturing of products primarily related to combustion, intake, exhaust, valve train, and starting systems for gasoline and diesel internal combustion engine vehicles P. 77	1,489.3 / 1,518.6 / 1,438.6 23 24 25 (FY)	It is our chief responsibility to continue delivering safe and secure products to customers who will continue to rely on internal combustion engine vehicles in certain regions for the foreseeable future. If a company continues operating in its current form, there is a risk that it may gradually lose significance, making it difficult to sustain services in the long term. We aim to avoid such outcomes by ensuring the competitiveness and long-term stable supply of internal combustion engine products, while also accelerating business development in growth areas.	● **Common rail systems and gasoline direct injectors** Realize stable combustion through optimally controlled fuel injection ● **Ignition coils and spark plugs** Enable ignition and efficient combustion in gasoline engines ● **Exhaust systems (including exhaust sensors)** Detect oxygen concentration and adjust the opening and closing of intake and exhaust valves, etc. ● **Starters and alternators** Start engines and control power generation and charging
	Thermal Systems Development and production of thermal systems, including air-conditioning products that create a comfortable in-vehicle environment and thermal management systems that address vehicle heat issues P. 78	1,585.6 / 1,730.8 / 1,728.5 23 24 25 (FY)	With our proprietary thermal management technologies, including the world's first heat pump for automobiles, we maximize the use of ambient heat and vehicle waste heat to enhance both energy efficiency and comfort during vehicle use, contributing to higher value for vehicles. We also make carbon-neutral *Monozukuri* a possibility through the use of recycled materials and innovations in production technologies.	● ● **HVAC** Our HVAC units, the world's smallest, improve forward visibility and enable a more spacious cabin ● ● **Thermal management systems** Utilize ambient heat and car exhaust heat for air-conditioning, extending driving distances ● **Inverter cooling systems** Proprietary double-sided cooling that enables high performance and downsizing of power semiconductors ● ● **Everycool®** Provides air-conditioning even when the engine is off, improving work environments for people
	Mobility Electronics Development and manufacturing of products that include advanced driver assistance systems and in-vehicle ECUs that electronically control vehicles to ensure safe and comfortable mobility for all P. 79	1,615.5 / 1,941.8 / 2,017.3 23 24 25 (FY)	By combining our strengths in ADAS, HMI, and infrastructure integration in the development of advanced technologies, we aim to achieve a society free of traffic accidents and realize carbon neutrality through optimal integrated control of vehicle systems and improved energy efficiency and conservation. The software embedded in our systems and products facilitates advances in vehicle intelligence and continuous evolution, contributing to meeting user needs and solving social issues.	● ● **Advanced driver assistance systems (ADAS)** Support safe driving by using image sensors and millimeter-wave radar to recognize the surrounding environment ● ● **Integrated HMI systems** Cross-domain control that integrates multiple domains to provide information to the driver ● **Powertrain control ECUs** Optimally control powertrains for gasoline vehicles, HEVs, and BEVs to improve fuel efficiency and electric mileage ● ● **Software** Embedded in various systems, ECUs, and sensors, our software ensures control execution and automotive-grade quality and safety
	Advanced Devices Development and production of various semiconductors and automotive sensors used in inverters and in-vehicle ECUs P. 80	361.6 / 424.0 / 388.8 * 23 24 25 (FY)	By integrating the Group's core technologies in semiconductors (the brain), sensing (the eyes), and actuation (the hands and feet), we are able to creatively develop innovative devices and systems that contribute to green and peace of mind, enabling solutions that bring our customers' "wouldn't it be nice if" ideas to life.	● **HEAT-PRO (Highly efficient thermal management valves for BEVs)** Improves energy use efficiency by precisely controlling the cooling water of electric vehicles ● **Electrical current sensors** Help improve vehicle performance by improving electric mileage, etc., through measurement of the electrical currents of batteries ● **Power semiconductors** Switch strong electrical currents and high voltages on and off in inverters ● ● **Application-specific integrated circuits (ASICs)** Integrate a wide variety of complex in-vehicle controls in a single semiconductor
Non-automotive Businesses	**Factory Automation** Solutions that enable the sustainable evolution of customers' *Monozukuri* through standardization and digital technologies P. 81	176.5 / 144.8 / 120.5 23 24 25* (FY) * The year-on-year decline in revenue was due to the transfer of the cell phone sales and agency business.	Through automation concepts and standardization/digital technologies leveraging our strengths across the entire engineering chain, we help improve quality, reduce costs, and shorten lead times to resolve challenges faced by customers dealing with inadequate production technology. By staying connected with customers even after mass production commences, we accelerate standardization using on-site data and our know-how, supporting the continuous evolution of their *Monozukuri* capabilities.	● **Automated production lines** Optimized automated production lines tailored to customer needs ● **Production and logistics solutions** Combine people, goods, and processes to streamline everything from delivery to shipment ● **Industrial robots (Articulated and collaborative)** Contribute to productivity and safety ● **QR solution services** Create new value reflecting society's needs and befitting the manufacturer responsible for the development of the QR Code®
	Food Value Chain Solutions that provide food safety and security by introducing industrial technologies to food production and distribution processes P. 82		We support safe and secure agricultural production with fewer workers by building optimal growing conditions through high-efficiency agricultural greenhouses and fully automated harvesting robots like Artemy®, which feature an integration of our environmental control, digital transformation, and automation technologies. In addition, we help ensure the safe and secure delivery of food from producers to consumers using mobile freezing and refrigeration units and QR Codes®, addressing global concerns such as the declining agricultural workforce and food shortages caused by climate change.	● ● **Greenhouses for medium-sized and large farms** Adapt to producers' needs ● ● **Fully automated harvesting robot Artemy®** Fully automates the process of cherry truss tomato harvesting ● **Cold chain (Compact mobile freezing and refrigeration units)** Enables temperature-controlled delivery that is safe and reassuring ● ● **QR traceability systems** Facilitate secure, centralized data management encompassing supply chains from producers through to consumers

* Amounts equivalent to revenue from semiconductors manufactured in-house for other DENSO businesses have been excluded.

Electrification Systems

We have downsized and improved the performance and fuel efficiency of major products that are essential in mobility solutions, in order to provide electrification systems that contribute to carbon neutrality.

Leveraging DENSO's broad business domains, we connect various systems and products within the vehicle to efficiently manage electrical and thermal energy, thereby improving fuel economy, extending driving distance, and shortening charging time for enhanced convenience.

Tsuneo Maebara Head of Business Group

Business Strengths	Opportunities	Risks
• Technological capabilities honed through vertical integration and a lineup of high-quality products that meet customer expectations • Ability to create systems that optimize energy management in the entire vehicle • A global five-pole production and supply system that meets regional needs around the world	• Growing global demand for electric powertrains suited to diversified forms of mobility as electrification trends take different tracks • Increasing demand for systems that optimally control power sources and thermal energy in response to needs for better electric mileage and autonomous driving	• Demand fluctuations and supply chain disruptions caused by geopolitical risks and government policy uncertainties in various countries • Intensifying competition as start-ups and companies from other industries enter the global electrification market at low cost

Business Strategy

Even as the trend toward electric vehicles becomes more complex, we aim to achieve a 30% share of the electrification domain by fiscal 2031 through the development of technologies ahead of our competitors, the establishment of supply capabilities that meet customer expectations, and the provision of quality that exceeds customer expectations. This is how we are contributing to the realization of a sustainable carbon-neutral society. We are further enhancing the competitiveness of our widely adopted products, such as inverters and motor generators, while advancing the development of technologies for power supply systems and energy management systems and continuing to expand our product lineup. Furthermore, we are extending our electrification technologies to support all types of electric mobility solutions beyond passenger vehicles—including two-wheelers; in-plant automated conveyance (telemotion) for factories and warehouses; compact mobility solutions; commercial, agricultural, and construction machinery; and air mobility—so that we can continue to lead the global electrification market.

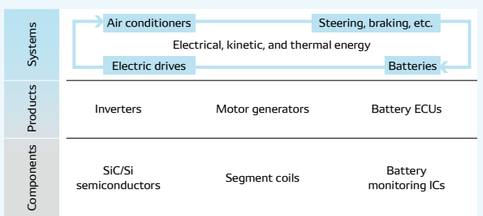
Progress on Mid-term Policy for 2025 and Outlook

In fiscal 2025, sales expanded for inverters and other electrification products, with revenue reaching approximately ¥1.4 trillion. This represented a 6.9% year-on-year increase on a volume basis, excluding foreign currency effects, driving overall growth.

System Creation Capabilities

To provide safe, secure, and highly convenient mobility solutions to customers, DENSO's core strategy is centered on vertical integration, spanning from semiconductors to inverters and complete systems, covering all layers in-house.

By sharing technical expertise across these layers, we have enhanced our competitiveness at each level and provided products and systems tailored to customer needs for more than 25 years. As demand grows for improved energy efficiency and autonomous driving, integrated energy management systems are becoming increasingly important in order to maximize the efficiency of electrical, thermal, and kinetic energy in the entire vehicle. We have long provided power source products that enable safe battery usage through battery condition monitoring, diagnostics, and control. Going forward, we will integrate these products to create more compact, higher-precision systems for managing battery energy. By combining these capabilities with our in-house thermal technologies, we will create unique system-level value that sets us apart from competitors.



Product Lineup and Technology Development

DENSO is one of a few suppliers capable of offering a broad range of electrification products for HEVs, PHEVs, and BEVs. In recent years, the competitive strength of our products has been demonstrated by the adoption of our new inverter for eAxle by multiple customers. Our inverters using SiC semiconductors contribute to both downsizing and improved energy efficiency. Even amid a temporary slowdown in the BEV market, we are able to consistently demonstrate strong overall competitiveness. In addition, our proprietary high-speed winding technology using flat conductors enables compact and high-efficiency motor generators, which are deployed in electrified vehicles worldwide. This technology was jointly recognized with Toyota Motor Corporation as a recipient of the One Step on Electro Technology award.* Going forward, we will continue to lead in the development of key electrification technologies and expand the adoption of a diverse range of products to help realize a carbon-neutral society.

* An award system by The Institute of Electrical Engineers of Japan that recognizes the most significant electrical technologies of the 20th century for their outstanding contributions to society

Global Five-Pole Production and Supply Network

To address regional needs around the world while hedging supply against risks, in 2024 we expanded production capacity in Europe (Hungary), China (Nansha, Guangzhou), and Japan (Fukushima), and commenced production of inverters. In preparation for future market expansion, we plan to develop business in India in 2026 and the ASEAN region (Thailand) in 2027, while also strengthening our production and supply capabilities in western Japan based on developments at customers.

Powertrain Systems

We aim to minimize impact on the global environmental while supporting fuel diversification and compliance with increasingly stringent regulations. By supplying high-quality systems and components, we offer solutions that balance the pleasure of driving a car with environmental performance.

Katsuhiko Sugito Head of Business Group

Business Strengths	Opportunities	Risks
• R&D and mass production capabilities for world-first products that have driven the evolution of powertrains • Highly reliable *Monozukuri* capabilities that support safe and secure driving of cars • Organizational capabilities for organic collaboration among experts in powertrains	• Diversification of powertrain options and different approaches to carbon neutrality by region and country (reassessment of HEVs/PHEVs) • Strengthening momentum behind the transformation of industry during this once-in-a-century transition	• Rapid paradigm shift toward BEVs driven by technological innovation • Importance of maintaining the supply chain and business continuity planning during a period of declining volumes

Business Strategy

The Powertrain Systems Business has helped the spread of mobility by pursuing the simultaneous realization of lower environmental impact and convenience. Through these efforts, we have acquired additional technologies and skills. Moreover, meeting the needs of markets and customers has honed the capabilities of our personnel and organization. We have a responsibility to utilize these technologies and skills and thereby continue contributing to the realization of a sustainable mobility society. Starting in fiscal 2026, with a view to helping achieve a sustainable future while ensuring that all our personnel can continue working with enthusiasm, pride, and vitality, we will continue efforts toward internal combustion engine products throughout supply chains and commercialize new energy businesses (hydrogen) in order to effectively address ongoing needs for internal combustion engines while taking note of the recent diversification of approaches to realizing a carbon-neutral society and the resulting variety of powertrain market needs.

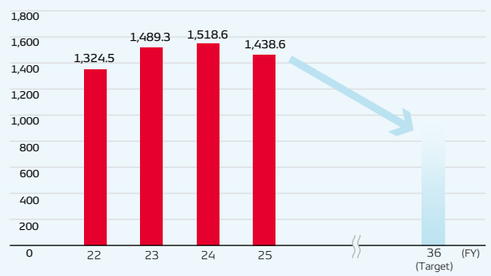
Progress on Mid-term Policy for 2025 and Outlook

Continuous Efforts for Internal Combustion Engines

Amid advances in mobility electrification, we have made progress on activities to ensure a continued stable supply of components for internal combustion engines. Recognizing the importance of taking action one step ahead of change, since fiscal 2022, we have held individual discussions and briefing sessions with 19 major OEMs and over 300 suppliers to share future expectations and DENSO's perspective. By working in step with stakeholders and taking early action to prepare for change, we have enhanced our responsiveness and are beginning to see progress and results, especially in activities with OEMs, such as specification integration and the phasing out of legacy products and molds. We will continue to build an environment that ensures the sustainable and reliable supply of competitive products for internal combustion engines.

Revenue of Internal Combustion Engine Products*

(Billions of yen) * Powertrain Systems Business Group overall



Meeting the Diversifying Needs of Customers

Achieving a carbon-neutral society increasingly requires addressing the diverse energy situations, infrastructure, and end-user needs of each country and region. We will continue honing our competitiveness while maintaining a reliable supply of safe and secure products, in response to the growing diversity of powertrain needs. In particular, to address diversification in powertrain mixes, we will focus on selected priority areas, such as products, in order to fully meet the expectations of ICE* customers while also shifting resources toward growth areas in parallel. Moreover, since supply chain resilience from a business continuity plan (BCP) perspective is a critical issue, we are expanding our initiatives beyond Tier 2 suppliers to also include Tier 3 suppliers, aiming to secure a reliable supply.

We will continue to respond flexibly and swiftly to changing conditions through the selective concentration of resources, optimizing our business portfolio to ensure the sustainability of business.

* ICE: Internal combustion engine

Creating New Value

Hydrogen is expected to play a vital role not only as a key energy source during the transition to an environmentally sustainable society but also in the creation of new industries. Leveraging our existing technologies, including systems development and ceramics, the Powertrain Systems Business Group is working with Toyota Motor to help build a hydrogen society while pursuing business growth in areas such as systems development, hydrogen combustion, and fuel cells.

Thermal Systems

As the company with the world's top market share in thermal products that deal with the increasing heat issues of vehicles, we see it as our responsibility to address an increasing number of thermal challenges in vehicles by applying our technologies in air-conditioning and cooling technologies to comprehensive thermal management systems for vehicles and expanding our area of contribution. By incorporating industry-leading energy-saving technologies into our thermal management products, we aim to move one step closer to carbon neutrality. At the same time, through early adoption of recycled resin and aluminum, we will lead the circular economy and pass on a sustainable global environment to the next generation.

Katsuhiko Takeuchi Head of Business Group

Business Strengths	Opportunities	Risks
• Over 2,500 environmental technology patents, world-first products, and products with number one shares of global markets • Internal co-creation that marshals technological strengths, along with customers and new partners around the world • A regionally rooted global supply chain supporting 56 bases worldwide	• Growing environmental awareness, sense of urgency, and demand driven by extreme weather events that have become the norm • Increasingly diverse and widespread thermal energy challenges in society and vehicles • Rapid growth and acceleration of EV adoption worldwide, driven by commercialization of next-generation batteries and technological advances	• Delays in vehicle electrification or refrigerant regulations due to legal revisions or shifts in market needs • Product development hindered by constraints on consumer choices and social tensions from widening disparities and policy shifts • Cost pressures and disruptions to fair competitive environments and supply chains due to geopolitical risks

Business Strategy

We will further refine the refrigerant, water, and air heat exchange technologies we have cultivated in automotive applications to continuously support our customers through improvements and advances in core products, thereby achieving sustainable operations. We will also expand from air-conditioning to full-vehicle thermal management, further accelerating efforts toward carbon neutrality and the circular economy, while expanding our business portfolio with products featuring enhanced environmental performance. In addition, we will take on the challenge of developing innovative technologies to "control" heat and create new value. By broadening the scope of our contributions from people and vehicles to society as a whole, we aim to provide concrete solutions to climate change.

Progress on Mid-term Policy for 2025 and Outlook

Business Transformation to Sustain the Industry

To ensure a stable supply during the transition to electric vehicles, we have worked with customers to standardize HVAC systems, reducing the number of variants by 40% compared to previous models. In March 2025, we commenced mass production on a new line that is resilient to fluctuations in volumes and models. DENSO will continue to consolidate and restructure its operations in collaboration with strategic partners that share its commitment to ensuring a stable supply. On the environmental front, we created an energy-saving joining process for the production of heat exchangers, which consumes vast amounts of electricity, and achieved our CO_2 emissions reduction targets three years ahead of schedule.

Creating Technologies to Enhance Environmental Performance

We have deployed heat pump technology to reduce the energy consumed for heating, a factor that reduces the driving distance of electric vehicles during the winter. In addition, we brought to market a thermal management system that significantly improves energy efficiency by solving performance degradation from frost buildup on heat pumps, with the world's first defrosting technology that utilizes waste heat while driving. We also commenced mass production of the world's first energy-conserving heating technology that safely warms vehicle occupants directly using radiant heat, rather than releasing warm air into the cabin or toward the seats.

Expanding Our Scope of Contribution through New Value Creation

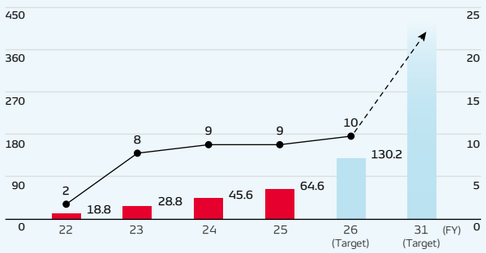
To realize carbon-neutral *Monozukuri*, in collaboration with Toyota Motor, DENSO launched the Fukushima Model, a local production for local consumption initiative for green hydrogen, enabling in-plant hydrogen production and utilization on our heat exchanger production line. In January 2025, we renamed the division as the Thermal Social Solutions Business Unit and strengthened our organization to address thermal challenges in society through AI and digital technologies.

Toward the Realization of Energy Neutrality

As electric vehicles become more widespread, it is necessary to both manage driving power and control the temperature of batteries and interior cabins using limited battery energy, making full-vehicle thermal management essential to avoid wasteful energy loss. We have already developed technology that reduces energy consumption in temperature control by 50% compared with the 2019 level. Along with academic and industrial partners, we are now accelerating the development of innovative energy conversion technologies to achieve "energy neutrality" by 2035, reducing vehicle thermal control energy to net zero in coordination with society. We aim not only to steadily expand product adoption but also to apply the technologies we have developed, including the use of recycled materials, to help solve a wider range of thermal issues in society.

Environmental Technology Products: Revenue and Number of Production Bases

(Billions of yen)



Mobility Electronics

We closely monitor the evolution of and changes in society, and accurately capture user needs amid advances in CASE, while strengthening our electronics technologies (ECUs, sensors, semiconductors) and software development capabilities. By continuously introducing products that provide new value for increasingly large-scale and software-defined mobility systems, we aim to achieve carbon neutrality and zero traffic accidents, contributing to the creation of a society where all people can access mobility conveniently and with peace of mind, enhancing the quality of mobility.

Hisashi Iida Head of Business Group

Business Strengths	Opportunities	Risks
• Broad technological expertise and implementation capabilities across all vehicle domains, enhancing efforts to create new user experiences • Provision of compelling products that combine reliability and advanced features cultivated through in-vehicle applications • Partnerships with global automakers, semiconductor manufacturers, and software vendors	• Progress in electrification and software-defined vehicles (SDVs) that is reshaping the future of mobility • Large-scale integrated systems that coordinate in-vehicle functions and enhance added value • Accelerated adoption of advanced technologies in vehicles to support intelligent vehicles	• Development of advanced technologies and faster development speed driven by emerging manufacturers • Increasing investment in technology development to keep pace with functional advances and growing complexity • Securing software developers in preparation for SDV evolution, where the value of software continues to grow

Business Strategy

With vehicle electrification and the transition to SDVs, electronic platforms are undergoing major renewal, and the mobility electronics market is polarizing into the traditional field of single-function electronic control units (ECUs) and the growth field of large-scale integrated ECUs. We view this transition as an opportunity, and by managing our portfolio based on our expertise in vehicle-wide electronics and software, we will strengthen our presence in the growth areas of advanced driver assistance systems (ADAS) and large-scale integrated ECUs. At the same time, we will enhance the added value of software and establish a business model that enables monetization, aiming for sustained business growth.

Progress on Mid-term Policy for 2025 and Outlook

Growth in Sales of ADAS

In fiscal 2025, we achieved record-high sales of ¥2.0 trillion, a 25% increase from fiscal 2023, the baseline year for the Mid-term Policy for 2025, driven by strong expansion of ADAS adoption. In the ADAS domain, sales reached ¥503.0 billion versus the medium-term target of ¥520.0 billion, and we are strengthening development efforts to achieve this goal. At the same time, to prevent excessive investment in development, we are reshaping our overall business portfolio and making disciplined investments.

Toward Carbon Neutrality

In fiscal 2025, DENSO began supplying next-generation energy-efficient products for BEVs, HEVs, and PHEVs, achieving 250% sales growth compared with fiscal 2021. We are building low-power vehicle systems with electronic platforms that optimally integrate and control the entire vehicle systems by developing ECUs that enhance the precision of electric power control to reduce energy consumption.

Toward Zero Traffic Accidents

With GSP3,* we improved sensing area, detection range, and accuracy, achieving the planned 37% coverage of fatal accident scenarios, and accelerating market penetration. Going forward, we will continue introducing next-generation systems that further enhance the safety performance of advanced driver assistance systems, aiming for 80% scenario coverage by fiscal 2031 and 100% by fiscal 2036.

* GSP3 (Global Safety Package 3): A system that assists drivers with millimeter-wave radar and image sensors. Development of next-generation systems is also underway for market commercialization.

Strengthening Development of Integrated ECUs

In ADAS, we aim to further grow the business by enhancing awareness of the vehicle's surroundings, acquiring autonomous driving technologies, and offering high added value through industry-first systems that interlink ADAS and HMI, enabling interaction between the vehicle and the driver with technologies that understand the driver and passengers. We are also reinforcing development of large-scale integrated ECUs that process and analyze vast amounts of vehicle data to fulfill user needs through control systems, enhancing our product features through integration technologies that leverage multifunctionality across all domains.

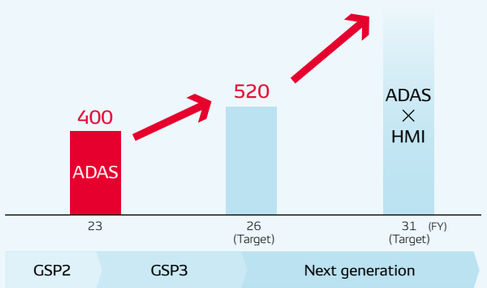
Accelerating Vehicle Intelligence

By 2030, we aim to expand our pool of software-related personnel by 1.5 times, to 18,000 employees, compared with fiscal 2024, focusing on project managers and software architects, in order to generate a diverse range of intellectual property that delivers new value. We will accelerate vehicle intelligence and establish a competitive edge through software.

Overview of Revenue Growth (Overall ADAS Domain)

(Billions of yen)

Setting of Fiscal 2031 Sales Target Centered on Japanese Customers



Advanced Devices

Beyond the mobility domain, in order to create and expand businesses that solve social and customer challenges, our organization has been restructured around the ability to contribute to society and customers, rather than a pure focus on technology. We are enhancing the value of systems through the integration of sensing and actuation while leveraging our strengths in vertical integration in semiconductors. While creating new devices and systems, we aim to win the trust of our customers with an all-points approach to quality, cost, and delivery (QCD) in the expanding electrification market.

Eiichi Kurokawa Head of Business Group

Business Strengths	Opportunities	Risks
• Creation of new value through sensing and actuation • Robust semiconductor supply base through in-house production, consignment production, and partnerships • Advanced production technologies and on-site expertise to handle changes in models and volumes in new product domains	• Moderate growth of the automotive market, particularly in emerging economies • Expansion in demand for diverse electric vehicle products (BEVs, HEVs/PHEVs) • Greater opportunities to propose solutions as systems become increasingly integrated and intelligent	• Entry of competitors from other industries and the rise of start-ups as BEVs and SDVs become more widespread • Price declines resulting from past overinvestment by semiconductor manufacturers • Shrinking business opportunities due to OEMs canceling BEV projects

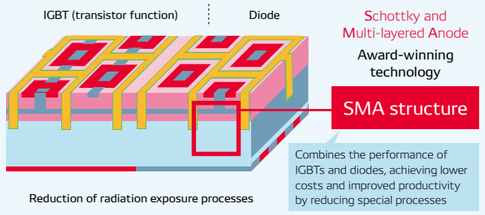
Business Strategy

With steady diversification in mobility, there has been a shift toward HEVs/PHEVs in the electrification domain, alongside accelerated system integration and intelligence in the ADAS domain. In such an environment, we recognize that the success of our business hinges on the swift rollout of products needed by customers and greater society. Looking ahead to 2030, the Advanced Devices Business Group has identified its key success drivers as "enhancing the value of systems," "collaborating with partners," and "promoting a product lineup," and is keen to strengthen competitiveness in semiconductors, sensing, and actuation.

Progress on Mid-term Policy for 2025 and Outlook

Recipient of the Okochi Memorial Prize

DENSO received the 71st Okochi Memorial Prize*1 (fiscal 2025) in recognition of its development and highly efficient production of compact, low-loss reverse-conducting IGBTs*2 for electric vehicles. This technology helps reduce costs and improve productivity in response to rapid progress in vehicle electrification, enabling IGBT production using 300mm wafers manufactured at United Semiconductor Japan Co., Ltd. (USJC), as well as the development of a broad supply chain and decentralized production at multiple sites.



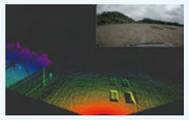
*1 An award presented for achievements that have significantly contributed to the advancement of industry and society, based on academic progress in the fields of production engineering, manufacturing technology, and production systems
*2 IGBTs: Insulated gate bipolar transistors

Integrated In-house Production Using Innovative Technologies and Methods

In response to growing demand for SiC semiconductors due to the shift to BEVs, DENSO is working to develop the world's most energy-efficient chips for its customers. To enhance added value, ensure stable supply, and strengthen competitiveness, we are making preparations for integrated in-house production, from wafers and epitaxial wafers to devices. On the manufacturing front, we are using the world's first gas method to reduce costs and downsize devices, contributing to better vehicle fuel efficiency through lower power loss. We aim to complete technical validation by fiscal 2025 and begin production in fiscal 2028.

In-house Development of High-Precision, High-Reliability 3D LiDAR

We are leveraging our core sensing technologies developed in the automotive field to address labor shortages by developing products that contribute to work automation. DENSO has developed a high-precision, high-reliability 3D LiDAR sensor that detects the three-dimensional shape of objects. It has been selected for autonomous driving systems used in mining vehicles to detect uneven road surfaces and obstacles undetectable by cameras to plot optimal driving routes, helping to reduce excessive working hours and improve safety and productivity. As a potential future application, we are also exploring whether this technology can be used to detect vehicles driving the wrong way on highways, a problem in society. We will continue to pursue broader adoption of this technology across various applications.



Point cloud data from DENSO's LiDAR system
(Top right: Camera image for reference)

Global Production Deployment and Optimization of In-house and Outsourced Manufacturing to Meet Market Needs and Enhance Cost Competitiveness

On the *Monozukuri* front, we are pursuing a supply framework that delivers greater value to customers in terms of quality, cost, and speed. We will also accelerate optimization of semiconductor operations, which have been concentrated in Japan, to include overseas sites. In addition to the Group, we will also consider and pursue alliances with other companies as strategic options to enhance our competitiveness.

Factory Automation (FA)

We provide solutions that enable reliable *Monozukuri*, contributing to the sustainable growth of the manufacturing industry as a whole. Through standardization and digital technologies, we are able to improve quality, lower costs, and shorten lead times, offering optimal solutions to customers facing on-site challenges caused by inadequate production technology. While supporting the continuous evolution of *Monozukuri* at customers, we also act as a line builder that innovates the art of *Monozukuri* itself across the entire industry, helping to enhance the competitiveness of the manufacturing industry as a whole.

Yasushi Mukai Executive Officer

Business Strengths	Opportunities	Risks
• *Monozukuri* expertise cultivated over 75 years across a wide range of fields • Expertise spanning the entire engineering chain, from conceptual design to maintenance • In-house production capabilities for equipment and robots, refined for optimized production across over 130 global sites	• Declining labor population and shortages of production technology personnel in terms of both quantity and quality • Rising demand for automation and utilization of standardization technologies and DX to flexibly handle product variety and volume • Increasing needs to enhance customer engineering capabilities and develop talent	• Low-cost competition from equipment manufacturers in emerging markets • Heavier capital investment amid rapidly changing and uncertain market conditions • Demand for significantly shorter lead times in production preparation due to the emergence of new EV manufacturers

Business Strategy

We provide optimal solutions for customers dealing with inadequate production technology, centered on our line-building services that cover everything from conceptual design to maintenance. In addition to upstream engineering services, such as conceptual design and specifications, we continue to engage with customers through production improvement services after mass production commences. This accelerates standardization of on-site data and know-how, informing the continuous evolution of *Monozukuri* at customers. We also collaborate with partners who share our vision to drive cross-industry *Monozukuri* innovation as a line builder, enhancing the overall competitiveness of the manufacturing industry through standardization and digital technologies that transcend individual customers and industries.

Progress on Mid-term Policy for 2025 and Outlook

Helping Customers in Manufacturing Sector with LA School and F-IoT Production Improvement

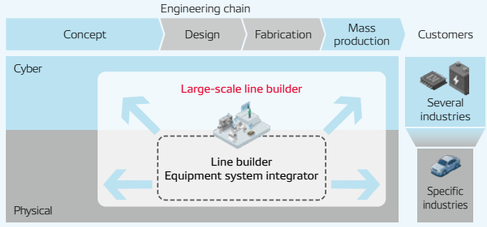
As part of our production technology training services that support the conceptual design of production lines, we operate the Lean Automation (LA) School, where we have shared our *Monozukuri* philosophy and know-how with over 130 companies and nearly 500 participants to date. By introducing our equipment and robots that embody this philosophy based on customer needs, we have achieved a 10% reduction in investment amounts and 50% labor savings through automation. In the maintenance stage after equipment is installed, we also provide services that visualize the production site using our F-IoT tools and deliver practical production improvements. As a result of these improvements, we have increased line operating rates and production volumes. With implementation across more than 200 lines at 30 companies, we are expanding our services globally, including in Thailand and Australia.

Digital classroom

Robot training

Dynamic and Rapid Business Expansion through Alliances

Going forward, we aim to expand our business, centered on comprehensive line-building solutions that encompass upstream engineering, downstream production improvement services, equipment development, and logistics systems. Leveraging the engineering expertise we have honed through diverse experience in *Monozukuri*, we will combine DENSO WAVE's integrated mechanical and electrical design capabilities, DENSO SI's logistics system development capabilities, and DENSO FA Yamagata's equipment-building capabilities to deliver solutions that allow customers to confidently continue *Monozukuri*. We will actively pursue alliances to build partnerships and dynamically and rapidly expand our business as a large-scale line builder that provides cross-industry solutions that transcend individual manufacturers and specific industries. By combining the comprehensive *Monozukuri* capabilities of the DENSO FA Group with new partners, we aim to enhance the value added by everyone involved in *Monozukuri* and help realize a society where people around the world have greater happiness in their lives.



Food Value Chain

Food is essential to people's lives. Together with our partners, we take a holistic view of the entire food value chain and provide solutions that ensure food safety and security to each region of the world, anytime, anywhere, and to anyone, forever. By combining technology with creative ideas, we aim to create new value and contribute to a society where everyone can live with peace of mind.

Yasushi Mukai Executive Officer

Business Strengths	Opportunities	Risks
• Horticultural greenhouse and automation technologies that enable stable cultivation amid labor shortages and climate change • Compact mobile refrigeration/freezing units utilizing thermal control technologies and downsizing/weight reduction technologies developed for automobiles • QR Code®, RFID, and digitalization technologies developed for manufacturing sites	• Concerns about food shortages stemming from worldwide decline in the farming population and unstable agricultural production due to climate change • Rising demand among consumers for food safety and security, and growing needs for streamlined food distribution	• Intensified competition and accelerated development driven by the rise of start-ups and industry consolidation in the horticultural sector • Competitive disadvantage if unable to deliver value-added solutions that integrate multiple products and services rather than offering stand-alone products

Business Strategy

By applying DENSO's industrial technologies to food cultivation and distribution, we aim to deliver solutions that ensure safe and secure access to food anytime, anywhere, and to anyone, forever.

Specifically, by industrializing farms through the integration of agricultural and industrial technologies, we will provide stable and planned food production solutions that flexibly respond to labor shortages, energy constraints, and climate change. Together with our partners, we will also globally roll out one-stop food distribution solutions that deliver high-quality food efficiently to consumers, thereby addressing food-related issues in society.

Progress on Mid-term Policy for 2025 and Outlook

Secure and Stable Food Production through Farm Industrialization

We are working with Certhon, a company in the Netherlands with state-of-the-art horticultural technology (which was turned into a wholly owned subsidiary in August 2023), to develop high-efficiency agricultural greenhouses by integrating our automation, environmental control, and DX technologies. Together, we will plan and develop reliable production solutions like these greenhouses.

To further stabilize agricultural production, we aim to provide farmers with comprehensive packaged solutions that include seeds and optimal cultivation methods. With this in mind, DENSO acquired Axia Vegetable Seeds B.V., a company in the Netherlands known for its high-yield and disease-resistant tomato varieties, and turned it into a wholly owned subsidiary in July 2025. We also signed a basic agreement in April 2025 with DELPHY GROEP BV, a leading cultivation consulting company in the Netherlands. We will continue to strengthen and accelerate collaboration with new partners, efficiently and rapidly building solutions while expanding our business globally.

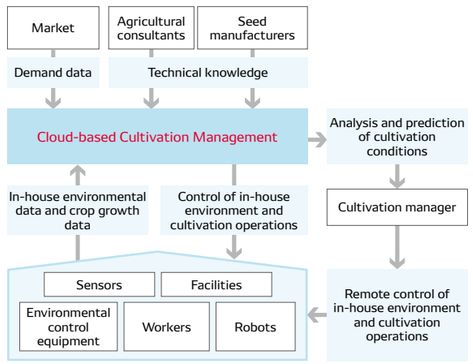
Increasing Work Efficiency by Visualizing Food Distribution Data, and Enhancing Brand Value

We contribute to the streamlining of food distribution and the assurance of food safety and security by visualizing food distribution information using the QR Code®. We are expanding the use of our food origin certification system, which ensures traceability from production to sales and has been applied to clams from Kumamoto Prefecture, to include glass eels (subject to the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants) and are conducting pilot programs in cooperation with the national government and industry organizations. We will continue to participate in national project planning phases to expand the initiative to other food resources.

TOPIC

Data-Driven Autonomous Cultivation System

DENSO is developing an autonomous cultivation system using environmental and crop growth data from greenhouses, applying technologies cultivated in the mobility field, such as sensing technologies. This system will use data on crops, climate, markets, and other factors to control operations as well as the environment inside the greenhouse itself. Doing so will enable even those lacking agricultural expertise to achieve stable and systematic agricultural production. Furthermore, in a virtual space utilizing the cloud, we aim to make remote cultivation a reality by integrating market demand data and accumulated greenhouse data on the environment and crop growth to conduct real-time analysis and forecasting, leveraging insights from agricultural consultants and seed manufacturers, making it possible to appropriately control the greenhouse environment and cultivation operations.



Corporate Governance

Corporate Governance

Basic Stance

DENSO recognizes the establishment of corporate governance as a priority initiative for achieving sustainable long-term increases in corporate value in a rapidly changing global market. Based on its Basic Policies on Corporate Governance, DENSO has adopted a corporate auditor system with statutory bodies. In addition to these legal functions, the Company has established various governance-related frameworks. At the same time, the Company shares information and conducts dialogues regarding its business conditions with its shareholders and other investors on an ongoing basis, thereby implementing sound, efficient, and transparent management.

For Basic Policies on Corporate Governance, please see the following website.
https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc-corporate-governance-policy-2025-en.pdf?rev=c002f315701a451488c73fc69fd7ff4c

Efforts to Improve Corporate Governance

DENSO is working to evolve its corporate governance and enhance strategic discussions Companywide to realize sustainable increases in corporate value.

DENSO has implemented all of the principles of the Corporate Governance Code that was revised in June 2021. DENSO discloses in its Corporate Governance Report its sustainability initiatives and efforts to ensure diversity in core personnel. Going forward, we will continue to implement sound, efficient, and transparent management including through the significant reduction of cross-shareholdings.

For Corporate Governance Report, please see the following website.
https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/management/management-doc-corporate-governance-2025-en.pdf?rev=b8dc01f5b2fa43579f647f39a5431841

Corporate Governance System

Corporate Governance System and Principal Organizations

DENSO has adopted a corporate auditor system under which it has established the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditors as statutory bodies. Through a president, executive vice presidents, and a corporate officer system that separates and clarifies the roles between members of the Board, who are responsible for management (decision-making and supervision), and senior executive officers, who are responsible for the execution of business operations, DENSO CORPORATION is streamlining the number of members of the Board and is realizing swift decision-making and business operations.

Under this system, depending on the circumstances, members of the Board serve concurrently as president, executive vice president, and senior executive officer to ensure that the Board maintains an overall balance of knowledge, experience, and ability. DENSO CORPORATION sets the term of office for members of the Board at one year, with the aim of building a flexible management structure that responds to changes in the management environment and further clarifying management responsibility during the business year.

Reason for Selecting Our Current Corporate Governance System

DENSO has been discussing and examining the optimal organizational structure to achieve highly effective corporate governance. By delegating authority from the Board of Directors as much as possible, we have been able to expedite decision-making. Additionally, the Audit & Supervisory Board, which maintains independence from the Board of Directors, has achieved high audit governance through strong collaboration with the Internal Audit Department. Therefore, at present, DENSO has adopted a company with audit and supervisory board structure.

To enhance corporate value, outside Board members with extensive insight into corporate management are appointed and are involved in decision-making and oversight based on their respective expertise. We have also established the Executive Nomination and Remuneration Council to ensure objectivity, fairness, and transparency in the nomination and remuneration of directors.

For effective auditing, DENSO has established a structure in which full-time Audit & Supervisory Board members with in-depth knowledge of company operations conduct audits and oversee management alongside highly experienced outside Audit & Supervisory Board members, with an emphasis on on-site audits.

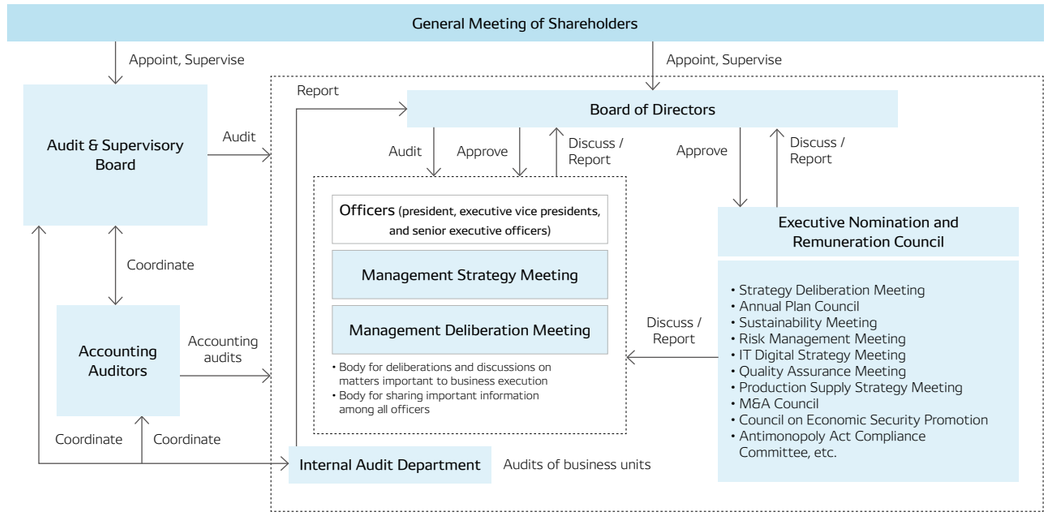
Board of Directors

The Board of Directors resolves matters stipulated by laws and regulations, as well as matters of importance to the Company's decision-making. As much as possible, the Board delegates authority to those in charge of business execution. This approach simultaneously accelerates execution and enables the Board to spend more time deliberating on management policies and strategies.

The Board of Directors meets once a month, in principle, and is composed of 12 members: five internal Board members, three outside Board members, two standing Audit & Supervisory Board members, and two outside Audit & Supervisory Board members. With respect to the independence of outside Board members and outside Audit & Supervisory Board members, the Company has selected a total of five independent officers (three outside Board members and two outside Audit & Supervisory Board members). These officers must fulfill the independence criteria stipulated by the financial instruments exchanges, and they are required to have a wealth of experience and specializations in such fields as corporate management, legal affairs, and accounting and to actively provide recommendations and opinions on management issues.

Resolutions must be approved by a majority of the members present at a Board of Directors' meeting, and the meeting itself must be attended by a majority of members of the Board. We have been enhancing our support structure for the outside officers to ensure the productive and efficient operation of the Board of Directors when making resolutions. Further, before a Board meeting is convened, materials are distributed beforehand and the agenda is explained in detail beforehand, and opinions and approval are received from any members of the Board who are unable to attend on the day of the Board meeting. In fiscal 2025, the Board of Directors convened 13 times, with 97% of members of the Board and 100% of Audit & Supervisory Board members attending.

Corporate Governance System



Discussions of the Board of Directors

The main topics discussed and the number of reports submitted for discussion at meetings of the Board of Directors convened in fiscal 2025 are shown in the table below. The Board received and discussed numerous reports on priority topics, namely, M&A and alliance strategies related to transforming the business portfolio to improve corporate value over the medium to long term, as well as semiconductor, software, and other strategies. Briefings and reporting at Board of Directors' meetings were streamlined thanks to the better preparation of pre-meeting materials, allowing for more than 70% of the total time to be spent on lively exchanges of opinion and discussions.

Main Topics Discussed by the Board of Directors in Fiscal 2025, Number of Topics, and Time Allocation

Category	Number of Topics	Time Allocation	Main Topics
Management and business strategies	13	46%	M&A and alliance strategies for business portfolio transformation, semiconductor strategy, software strategy, hydrogen business strategy, competitor strategy analysis, human capital strategy aligned with technology strategy, and China regional strategy
Financial results and finance	11	24%	Resolutions on financial results and dividends, share buybacks, cross-shareholding reductions and policies, and updates and initiatives on financial strategy
Governance and risk management	8	10%	Evaluation of effectiveness of Board of Directors, development and operation of internal control systems, and risk management activity reports
Human resources	5	6%	Executive appointments, executive compensation, organizational restructuring, and labor–management councils
Production and procurement	3	6%	Strengthening supply chain resilience in light of economic security, production restructuring, and logistics reform
Policies and plans	2	4%	Materiality policy, fiscal year plans, and corporate targets
Individually reported items	2	4%	Progress and outcome reports on previously approved matters

Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

In early March of each year, DENSO has all members of the Board participate in a survey of the effectiveness of the Board of Directors. With a view to obtaining the frank opinions of members of the Board regarding issues and areas requiring improvement, interviews with inside officers are held, and outside officers discuss these matters at the Independent Officer Meeting, based on the outcome of the quantitative assessment in the survey.

Issues and areas identified as requiring improvement and improvement action plans are reported to and discussed by the Board of Directors, followed by improvement activities that are implemented beginning in late May. Each year, a plan–do–check–act (PDCA) cycle is implemented to enhance the effectiveness of the Board of Directors.

Evaluation Items of the Survey for Evaluation of the Effectiveness of the Board of Directors

1. Composition and operation of the Board (composition of members, delegation of authority, and uninhibited and lively discussion)
2. Support for outside officers (prior briefing, provision of information, and exchange of opinions and interaction)
3. Oversight by the Board (management philosophy, medium- to long-term strategies, governance, important risks)
4. Dialogue with stakeholders

Initiatives to Improve Effectiveness of the Board of Directors

Thanks to the initiatives shown in the table below, the results of the survey, interviews, and discussions confirmed that in fiscal 2025 the Board of Directors was even more effective than in the previous fiscal year, improving in terms of business portfolio reforms, discussions of strategy, and reporting of dialogues with stakeholders.

Results of Fiscal 2025 Initiatives to Address Issues Identified in Fiscal 2024

Discussions of strategy	• Augmented discussions of medium- to long-term issues through the systematic submission of strategic topics to the Board of Directors Semiconductor strategy, software strategy, and electrification and power supply business strategy Cross-functional strategies and corporate platforms (human capital and technology development) • Utilized forums outside the Board of Directors to deepen strategic discussions Focused discussions on the Mid-term Policy for 2030 at Executive Workshops
Information gap between inside and outside officers	• Shared management meeting materials with outside officers Shared key information and minutes from the Management Deliberation Meeting and Management Strategy Meeting with Board members
Improvement of Board meeting materials	• Efficient discussions with materials prepared to focus on discussion points for the Board Clarified discussion points for the Board and prepared streamlined materials by limiting detailed information on business execution matters, in line with the Board materials preparation guidelines

DENSO aims to improve the effectiveness of the Board of Directors by planning and implementing the following improvement measures in fiscal 2026 to address lingering issues identified in fiscal 2025.

Fiscal 2026 Improvement Action Plan to Address Issues Identified in Fiscal 2025

Composition of the Board of Directors	• Initiatives to ensure a majority of outside officers and to increase the ratio of female directors In collaboration with the Executive Nomination and Remuneration Council, systematically identify and build a pool of candidates for outside officer and female director positions
Further enhancement of strategic discussions	• Continue the systematic submission of strategic topics to the Board to deepen discussions Discussions of medium- to long-term strategy aimed at enhancing corporate value Comprehensive and multifaceted strategy discussions (by product line, region, etc.) Discussions on sustainability
Engagement with stakeholders	• Examine creating opportunities for dialogue between outside officers and stakeholders Assess stakeholder expectations, including from the perspective of minority shareholder protection, to determine the need for engagement and select appropriate dialogue topics

Audit & Supervisory Board

Management Oversight Function of the Audit & Supervisory Board

As well as attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board members convene meetings of the Audit & Supervisory Board once a month, in principle. The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are outside Audit & Supervisory Board members. In addition, one alternate outside Audit & Supervisory Board member is appointed to provide against eventualities whereby attendance of the legally required number of Audit & Supervisory Board members is not possible.

At meetings of the Audit & Supervisory Board, resolutions on legally required matters are approved and exchanges of opinions are held with members of the Board, members of the senior management team, members of the Internal Audit Department, and Accounting Auditors regarding the Company's sustained growth and the medium- to long-term enhancement of corporate value. Also, the Audit & Supervisory Board fulfills its management oversight function through audits of the execution of duties by members of the Board and of the operations and financial position of the Group as a whole. The Audit & Supervisory Board met 14 times in fiscal 2025, with a 100% attendance rate by its members.

Pursuant with internal regulations, the Internal Audit Department conducts internal audits on the legality, appropriateness, and efficiency of the Company's operations. Based on the issues identified by these audits, each department of the Company establishes and subsequently enhances operational control and management systems.

Specific Topics Discussed at Meetings of the Audit & Supervisory Board

In fiscal 2025, Audit & Supervisory Board meetings included numerous discussions and reports on priority topics, namely, enhancement of organizational internal controls, and preparation and human resource development aimed at realizing its philosophy.

Main Topics Discussed and Number of Reports Submitted for Discussion at Meetings of the Audit & Supervisory Board in Fiscal 2025

Classification	Reports Submitted for Discussion
Accounting audit	6
Corporate management	11
Audit activity report	13
Execution of duties by senior executive officers	8
Auditing policy and plan	4
Individual matters	8

Structure for Business Execution

DENSO CORPORATION separates the functions of the Board of Directors, which conducts management oversight, and the executive directors, who handle business execution.

As bodies for deliberating important matters pertaining to business execution, the Company has established the Management Strategy Meeting and the Management Deliberation Meeting. These two bodies, three when including the Board of Directors, are positioned as executive committees.

Overview of Deliberating Bodies on Business Execution

	Deliberating Bodies	
	Management Strategy Meeting	Management Deliberation Meeting
Chairperson	President	President
Composition	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members	President, executive vice president, the heads of each business group and functional department, general managers, and standing Audit & Supervisory Board members
Purpose	Hold strategic discussions from a medium- to long-term perspective, focused on businesses, functions, and regions	Deliberate on important items related to the Company's overall management, starting with the agenda items at meetings of the Board of Directors. In addition, sharing important information regarding business management and promptly utilizing such information to facilitate swift business execution
Number of meetings held in fiscal 2025	16	36

Composition of the Board of Directors and Audit & Supervisory Board

Approach to Requirements and Diversity

The composition of the members of the Board and the Audit & Supervisory Board is decided with due consideration paid to the balance of diversity (including nationality and gender), experience, capabilities, and specialization to ensure precise and prompt decision-making.

For Board member candidates, DENSO nominates individuals who are well-versed in managing the Company's various businesses and effective at addressing urgent issues, and who can contribute to the formulation of management strategies aimed at enhancing corporate value over the medium to long term, as well as the accurate and effective supervision of management.

Similarly, for Audit & Supervisory Board member candidates, DENSO nominates individuals with knowledge in business management, finance, accounting, and legal affairs, who can contribute to the appropriate auditing of management.

Experience and Expertise (Skill Matrix)

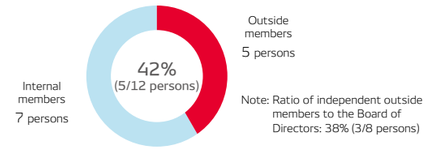
The skills (experience and specializations) required of members of the Board of Directors are decided while considering whether such skills are helpful in attaining objectives, such as medium- to long-term business strategies, policies, and targets. More specifically, DENSO has set out 11 types of experience and specializations to ensure that the Company has the experience and specializations required to realize its Long-term Policy for 2030 and to underpin stable corporate management. The experience and specializations of the Board of Directors as a whole are disclosed in the form of a skill matrix. We intend to revise these requirements to reflect future changes in business strategy and the business environment.

Approach to Selection of Experience and Specializations

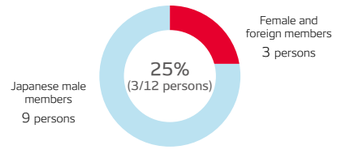
Experience and specializations required to realize DENSO's Long-term Policy for 2030	• Corporate management experience that enables anticipation of the future in uncertain and ambiguous times and the provision of recommendations on the course that the Company should pursue • Software / digital and environment / energy experience and specializations that enable maximization of the value of "green" and "peace of mind" as well as social contributions, including initiatives focused on realizing carbon neutrality and eliminating traffic accident fatalities • Marketing experience and specializations that enable correct understanding of market trends as well as social needs and expectations, which help in addressing not only mobility-related issues but a wide range of other social issues
Experience and specializations required to underpin stable corporate management	• Governance, global, finance / accounting, human resources, technological development, production / quality, and sales / procurement experience and specializations that serve as foundations for DENSO's sustained growth, regardless of the era or environment

Composition of the Board of Directors and Audit & Supervisory Board

Ratio of Outside Members to the Board of Directors and the Audit & Supervisory Board



Diversity of the Board of Directors and the Audit & Supervisory Board



Experience and Specializations (Skill Matrix) of Members of the Board and Audit & Supervisory Board Members

The areas of specialization that the Company expects each member to demonstrate (up to a maximum of five areas) are as shown below.

Note: This does not represent all the areas of experience and specialization of each person.

Name	Tenure	Attendance at Board of Directors' meetings in fiscal 2025	Meeting participation (◎ = Chair)			Experience and specializations required to realize DENSO's Long-term Policy for 2030				Experience and specializations required to underpin stable corporate management								Reason for appointment	Important posts concurrently held at other corporations (As of the end of June 2025)
			Board of Directors	Audit & Supervisory Board	Executive Nomination and Remuneration Council	Corporate management	Software / Digital	Environment / Energy	Marketing	Governance	Global	Finance / Accounting	Human resources		Technological development	Production / Quality	Sales / Procurement		
 Chairman of the Board of Directors Koji Arima	10 years	13/13	◎		○	■				■	■				■	■		Koji Arima has extensive management experience as representative member of the Board, president and chairman (current position), which includes oversight of management as the chairman of the Board and involvement in the formulation and execution of the Company's medium- to long-term policies and strategies. He has been engaged in activities to support Japan's manufacturing industry across companies in various public roles. In addition, his experience as chairman of the Japan Auto Parts Industries Association, a position he held until May 2024, affords a top-down perspective of the entire industry. He was appointed with the expectation that he will promote further improvement in the Company's governance.	Outside Audit & Supervisory Board member of KDDI Corporation Outside Audit & Supervisory Board member of AGC Inc.
 President & CEO, Representative Member of the Board Shinnosuke Hayashi	2 years	13/13	○		○	■	■	■	■						■			After joining the Company, Shinnosuke Hayashi was engaged in the electronics business, served as chief software officer (CSwO), and was an executive in charge of a business. He was appointed representative member of the Board and president (current position) in June 2023. He has been practicing "management that values people," such as by promoting the creation of a corporate culture that enables the Company's diverse people to use their abilities to their fullest, with the aim of constantly creating new value and staying one step ahead of the times. With his strong insight as a manager, he is expected to demonstrate exceptional leadership that draws out the best of the Company's diverse employees and lead the creation of new value.	
 Executive Vice President, Representative Member of the Board CRO, CCO, CFO Yasushi Matsui	4 years	13/13	○			■					■	■					■	After joining the Company, Yasushi Matsui was engaged in the thermal systems business and the electrification business. He was in charge of the purchasing department from June 2014 and currently serves as CRO, CCO, and CFO. He is expected to lead corporate and financial strategies and advance growth strategies by utilizing his broad perspective and foresight gained through his wide-ranging experience in functional and operating departments and at an overseas site.	Audit & Supervisory Board Member, BluE Nexus Corporation Outside Audit & Supervisory Board Member, JTEKT Corporation
 Executive Vice President, Representative Member of the Board CIO, CQO, CHRO Yasuhiko Yamazaki	1 year	10/10*1	○			■		■					■		■	■		After joining the Company, Yasuhiko Yamazaki served as president of the Company's Spanish subsidiary and was in charge of production promotion departments before being placed in charge of the thermal systems business in January 2021. He currently serves as CIO, CQO, CHRO, and is in charge of the General Administration & Human Resources Center. He is expected to promote the enhancement of technological development capabilities to realize a future mobility society and human resource development to support such efforts by utilizing his profound knowledge in technology and manufacturing.	Outside Director of Toyota Boshoku Corporation
 Member of the Board Akio Toyoda	6 years	10/13	○			■	■	■	■						■			Akio Toyoda is an unchallenged industry leader representing the automotive industry who currently serves as chairman of the Board of Directors, Toyota Motor Corporation, and served as chairman of Japan Automobile Manufacturers Association, Inc., and is driving creation of a next-generation mobility society. He is expected to provide a wide range of advice and guidance regarding the Company's management and oversee its management from a broader perspective, taking a wide view of the overall automotive industry.	Chairman of the Board of Directors, Toyota Motor Corporation Director, HAMANAKODENSO CO., LTD.
 Member of the Board Outside Board Member / Independent Officer Shigeki Kushida	6 years	13/13	○		◎	■				■		■						Shigeki Kushida has the experience of having led diverse activities toward the development and stability of the Japanese economy at Japan's central bank, which plays a core function in the Japanese economy, by filling the posts of director-general and executive director of Bank of Japan. He has contributed to enhancing transparency and objectivity in the areas of officer nomination and remuneration, which is the essence of governance, as the chair of the Executive Nomination and Remuneration Council since January 2020. He is expected to contribute to the supervision of the Company's overall management, utilizing his broad expertise in the global monetary economy.	Representative Executive Officer & President, Japan Securities Finance Co., Ltd.
 Member of the Board Outside Board Member / Independent Officer Yuko Mitsuya	6 years	13/13	○		○	■				■			■					Yuko Mitsuya has abundant experience and knowledge in many fields, having long been in management at several corporations and associations, filling the posts of officer and committee member at several sports associations including vice president of the Japanese Olympic Committee (current position) and being engaged in education and human resource development at a university, among others. She is expected to contribute to the supervision of the Company's overall management, utilizing her abundant expertise in corporate management and human resource development.	Representative Director, PIT Co., Ltd. Outside Director, Japan Airlines Co., Ltd. President, Japan Basketball Association Vice President, Japanese Olympic Committee
 Member of the Board Outside Board Member / Independent Officer Joseph P. Schmelzeis, Jr.	3 years	13/13	○		○	■				■	■							Joseph P. Schmelzeis, Jr. has a wealth of experience in management, particularly in the service industry, including at SEGA CORPORATION, as well as in venture business start-ups and strategic consulting. He has striven to strengthen the U.S.–Japan alliance as senior advisor to the ambassador at the U.S. Embassy in Tokyo since 2018. He is expected to contribute to the supervision of the Company's overall management, utilizing mainly his abundant business experience as well as profound global knowledge and knowledge of risk management related to geopolitics.	Representative Director, JPS International, Inc.; Executive Manager, Cedarfield Godo Kaisha Outside Director, Central Japan Railway Company; Outside Director, Hitachi Construction Machinery Co., Ltd.
 Standing Audit & Supervisory Board Member Motomi Niwa	7 years	13/13	○	◎						■	■		■					After joining the Company, Motomi Niwa worked in the purchasing, business planning, and human resources departments. He served as the vice president of a subsidiary of the Company in the United States from August 2014. He has been supporting thorough compliance and high-quality corporate governance systems of the DENSO Group based on his broad expertise in both functional and operating departments as well as his experience in the management of an overseas subsidiary. He is expected to improve the audit support and guidance provided to the Board of Directors and CxOs.	Audit & Supervisory Board member, ADVICS CO., LTD.
 Standing Audit & Supervisory Board Member Katsunori Hayashi	—*2	—*2	○	○						■			■				■	After joining the Company, Katsunori Hayashi has worked in human resources, secretarial, and sales departments. He served as general manager of the planning department in the operating division from January 2011, and he has served as general manager of the secretarial department since April 2018. He has wide-ranging experience in functional and operating departments, and has extensive and deep knowledge of corporate governance in general, including his leadership of governance reforms focusing on the areas of nomination and remuneration as general manager of the secretarial department. He is expected to reflect this experience and knowledge in the Company's audits for the improvement of high-quality corporate governance systems of the Group.	
 Auditor Outside Audit & Supervisory Board Member / Independent Officer Yasuko Gotoh	6 years	13/13	○	○						■		■						After joining the Company, Yasuko Gotoh has extensive experience in public administration, including roles as vice governor of Yamagata Prefecture, head of the New York Office of the Japan National Tourism Organization, and managing director of Kyushu Railway Company. In addition, she has considerable expertise in auditing, having served as an Audit & Supervisory Committee Member at Kyushu Railway Company and as an External Audit Committee Member at Shiseido Company, Ltd. (current position), where she has gained financial, accounting, and compliance knowledge through her auditing activities. Her broad experience and insights in public administration and corporate management are expected to be valuable in reflecting these perspectives in the Company's audits.	Outside Director, Shiseido Company, Ltd. Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc.
 Auditor Outside Audit & Supervisory Board Member / Independent Officer Haruo Kitamura	6 years	13/13	○	○						■		■						Haruo Kitamura has had a rich career and possesses deep expertise as a certified public accountant, along with extensive experience in corporate management and auditing. He has served as an outside auditor at ROHM Co., Ltd., an outside director for MonotaRO Co., Ltd., and both an outside director and outside corporate auditor at Yamaha Corporation. His high level of knowledge in finance and accounting, combined with his extensive experience in corporate management, is expected to greatly contribute to the Company's auditing processes.	Owner, Kitamura Certified Public Accountant Office Outside Member of Audit & Supervisory Board, LeTech Corporation

*1 Number of times since appointment as representative member of the Board in June 2024 *2 Appointed Audit & Supervisory Board member in June 2025

Note: CEO (Chief Executive Officer) CRO (Chief Risk Officer) CCO (Chief Compliance Officer) CFO (Chief Financial Officer) CIO (Chief Innovation Officer CQO (Chief Quality Officer) CHRO (Chief Human Resources Officer)

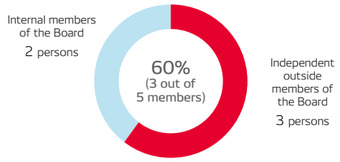
Executive Nomination and Remuneration Council

DENSO has established the Executive Nomination and Remuneration Council to increase fairness and transparency from an impartial standpoint when making important decisions regarding the nomination and remuneration of executives. The council is chaired by an independent outside Board member, with independent outside Board members constituting the majority of its members.

Composition of the Executive Nomination and Remuneration Council

Chair	Shigeki Kushida	Independent Outside Board Member
Members	Koji Arima	Chairman of the Board of Directors
	Shinnosuke Hayashi	President & CEO, Representative Member of the Board
	Yuko Mitsuya	Independent Outside Board Member
	Joseph P. Schmelzeis, Jr.	Independent Outside Board Member

Composition of the Executive Nomination and Remuneration Council



Note: The council's chairperson is an independent outside member of the Board.

Nomination Process for Directors and Audit & Supervisory Board Members

Process	1	• The president and relevant officers take the lead in gathering opinions from various sources and comprehensively assess candidates based on performance, character, and insight to identify those best suited for the role. The Executive Nomination and Remuneration Council then deliberates and drafts the nomination proposal for the fiscal year.
	2	• Directors are appointed following a resolution by the Board of Directors and subsequent approval at the General Meeting of Shareholders. • Audit & Supervisory Board members are appointed based on a resolution by the Board of Directors, subject to consent by the Audit & Supervisory Board, and approved at the General Meeting of Shareholders.

Activities of the Executive Nomination and Remuneration Council

The Executive Nomination and Remuneration Council convened a total of four times in fiscal 2025 with 100% attendance by its members. The main topics of deliberation were as follows:

Nomination	• Senior management succession plan • Outside officer succession plans • January 2025 executive system • June 2025 executive system
Remuneration	• Compensation levels by position and duties • Performance evaluation based on corporate earnings indicators • Evaluation of individual performance • Determination of individual compensation • Reforms to executive remuneration system

Senior Management Succession Plan

DENSO regards president & CEO succession planning as one of its most important management tasks. The Executive Nomination and Remuneration Council leads the search for the next president based on a highly objective and transparent process.

The Executive Nomination and Remuneration Council establishes requirements that reflect the type of senior management sought by DENSO. In searching for an optimal successor, the council conducts ongoing discussions based on a diverse range of information concerning the candidates. Such information is obtained from parties inside and outside the Company and includes past achievements, employment histories, and assessments of suitability for management positions. In addition, for CxO positions and below, DENSO identifies candidates for the succession of key core management posts inside and outside Japan and grooms these candidates from medium- and long-term perspectives.

Succession Planning Process

1. **Establish senior management requirements** (personality traits, skills, experience)
2. **Select candidates**
3. **Groom** (rotations, hardships, etc.)
4. **Evaluate** (multifaceted evaluation based on experience, etc.)
5. **Narrow down and change out candidates**

Final decision made after repeating stages 3 through 5

Senior Management Requirements

Personality traits	• Integrity, strong sense of ethics • Impartiality, highly trustworthy, and popular • Positive attitude toward taking on new challenges	• Strong sense of responsibility, courage • Physical and mental toughness
Skills	• Decisiveness to forge ahead with reforms, sound judgment • Leadership that builds global networks and mobilizes the organization as a team • Ability to anticipate change and build strategies that form a vision for the Company	

Executive Compensation

Basic Policy

- Achieve medium- to long-term enhancement of corporate value and management from the perspective of shareholders
- Incentivize eligible members of the Board to enhance business performance by linking the Company's performance with individual performance

Composition of Remuneration

The compensation system for members of the Board (excluding non-executive members of the Board and outside Board members) at DENSO consists of basic compensation as fixed compensation, as well as bonuses and share-based compensation as performance-linked compensation. An overview of each compensation system and the ratio of compensation by position for basic compensation amounts are as detailed in the table below. However, note that these ratios may vary depending on fluctuation in performance-linked compensation amounts, which are based on the achievement of corporate earnings for the fiscal year. Compensation for non-executive members of the Board and outside Board members consists of only basic compensation (fixed amount) from the standpoint of ensuring impartiality. Compensation for Audit & Supervisory Board members also comprises only basic compensation (fixed amount), in light of their roles and responsibilities as auditors in charge of compliance audits.

Compensation Levels

The level of compensation for members of the Board and Audit & Supervisory Board members is set at competitive levels for comparable companies while also referencing levels at major manufacturers of similar scale in similar sectors and with similar business models as DENSO, based on board member compensation survey data compiled by external research institutions each year.

Type of Compensation		Overview	Ratio		
			Chairman	President	Executive Vice President
Fixed compensation	Basic compensation (fixed amount)	• Paid as monthly fixed compensation based on position	25%	25%	30%
Performance-linked compensation	Bonus (short-term incentive)	• Paid at a certain time each fiscal year after the conclusion of the General Meeting of Shareholders • Payment amount calculated based on corporate earnings indicators (consolidated operating profit, ROIC, sustainability score) and individual performance evaluation results	25%	25%	30%
	Share-based compensation (medium- to long-term incentives)		50%	50%	40%

Method for Calculating Performance-linked Compensation

To establish linkage with corporate performance and to incentivize members of the Board to enhance corporate performance and sustain growth, a performance-linked compensation amount is calculated by reflecting a corporate performance evaluation and an individual performance assessment—which is based on an evaluation of the business results and achievements of the individual and their medium- to long-term initiatives—in a position-specific basic compensation amount. Depending on corporate performance and individual performance, the performance-linked compensation amount fluctuates in a range that is between 0% and 200% of the basic compensation amount.

Performance-linked compensation amount = Position-specific basic compensation amount × Corporate performance evaluation × Individual performance assessment

Fluctuating in a range between 0% and 200%

Corporate Performance Evaluation Indicators

Connected with corporate strategies that are aimed at enhancing DENSO's corporate value, corporate performance evaluation indicators comprise consolidated operating profit, ROIC, and sustainability score. The score weighting and evaluation method for each evaluation indicator are shown below. Further, targets for each fiscal year, the basis of these evaluations, are set each year based on medium- to long-term objectives.

Indicator	Score Weighting	Evaluation Method
Consolidated operating profit	60%	Evaluation based on degree of achievement of fiscal year targets while considering impact of external factors like foreign exchange rates
ROIC	20%	Evaluation based on degree of achievement of fiscal year targets
Sustainability score	20%	Evaluation based on overall achievement of fiscal year targets for addressing the following priority issues in the Company's sustainability management: (1) total CO_2 emissions, (2) expansion of "green" and "peace of mind" products, (3) employee engagement, (4) ratio of non-Japanese personnel serving as heads of overseas bases, and (5) ratio of female managers

Share-based Compensation
Share-based compensation is paid in the form of restricted shares, and the restriction on transfer is removed when the officer retires, in principle. During the period of restriction on transfer, in the event of a violation of laws and regulations by the officer or for other reasons determined by the Board of Directors, the Company shall acquire all allotted shares without providing compensation (the so-called "malice clause").

Method for Determining Compensation
The Board of Directors has passed a resolution on the total amount of compensation for fiscal 2024, which is within the scope of compensation established by a resolution of the General Meeting of Shareholders. The Board has also passed a resolution to entrust decisions on individual compensation amounts to the Executive Nomination and Remuneration Council. This council determines individual compensation based on consideration of the officer compensation system, corporate performance, the responsibilities and achievements of the member of the Board, and conformance with the Board-approved policy on determining compensation.

Compensation for Audit & Supervisory Board members is determined through a consensus of members and set within the total amount approved by resolution at the General Meeting of Shareholders.

Total Amount of Compensation by Board Member Classification, Total Amount of Each Type of Compensation, and Number of Eligible Board Members

Board member classification	Total amount of compensation (¥ million)	Total amount of each type of compensation (¥ million)			Number of eligible Board members
		Fixed compensation	Performance-linked compensation		
		Basic compensation	Bonus	Share-based compensation	
Members of the Board	932	287	275	370/192,300 shares	9
(Outside Board members)	(58)	(58)	(–)	(–)	(3)
Audit & Supervisory Board members	137	137	–	–	4
(Outside Audit & Supervisory Board members)	(31)	(31)	(–)	(–)	(2)
Total	1,069	424	275	370/192,300 shares	13

Notes: 1. The figures above include Member of the Board Kenichiro Ito, who retired as of the conclusion of the 101st Ordinary General Meeting of Shareholders held on June 20, 2024.
2. Performance-linked compensation is the amount based on a resolution adopted at the Board of Directors' meeting held on May 19, 2025. Below are the indicators used to calculate performance-linked compensation in fiscal 2025. Consolidated operating profit: ¥519.0 billion; ROIC: 7.1%; sustainability score: 3/5 achievement
3. For share-based compensation, the number of shares granted is calculated by dividing the amount of compensation approved by resolution of the Board of Directors' meeting held on May 19, 2025, by the closing price on the day before the adoption of this resolution.

Total Amount of Consolidated Compensation for Each Board Member

Name (Board member classification)	Total amount of compensation (¥ million)	Total amount of each type of consolidated compensation (¥ million)		
		Fixed compensation	Performance-linked compensation	
		Basic compensation	Bonus	Share-based compensation
Koji Arima (Chairman of the Board)	254	63	74	117
Shinnosuke Hayashi (Representative Member of the Board)	325	70	106	149
Yasushi Matsui (Representative Member of the Board)	158	45	54	59
Yasuhiko Yamazaki (Representative Member of the Board)	118	33	41	44

Notes: 1. Only shows individuals who received at least ¥100 million in total consolidated compensation
2. Representative Member of the Board Yasuhiko Yamazaki, who assumed his position at the conclusion of the 101st Annual General Meeting of Shareholders held on June 20, 2024, is to receive compensation for nine months.

Relationships with Major Shareholders: Ensuring Shareholder Rights and Impartiality, Strengthening Governance
DENSO respects the rights of all shareholders and seeks to ensure the fair return of profits and impartiality while also giving due consideration to ensuring that minority shareholders are able to exercise their rights. As with other general transactions, the terms and conditions of individual transactions with major shareholders are determined through negotiations after the presentation of a suggested price that is based on due consideration of market value. If price revisions are significant, depending on the amount, deliberations are conducted and internal approval procedures are implemented in accordance with regulations on operational decisions.

Relationship with Toyota Motor Corporation
DENSO provides products and systems to many types of manufacturers around the world. While analyzing the technological characteristics and local conditions in each region of the world and meeting exacting market requirements, the Company refines its leading-edge technologies and manufacturing capabilities and then utilizes them to realize enhanced products and systems for the next generation.

At the same time, to create synergies within the Toyota Group, DENSO is promoting efficient and expedited R&D and manufacturing by combining Toyota Motor's insights with respect to mobility with its own insights and knowledge of automotive products and systems. Specific examples include the Company's 2020 assumption of Toyota Motor's electronic component business and the Hirose Plant, the Company's then-CTO being appointed Executive Vice President of Software Development in October 2023, and a wide range of other collaborations.

In addition, Member of the Board Akio Toyoda is a prominent leader in the automotive industry and a driving force behind the creation of a next-generation mobility society, serving as chairman of the Board of Directors (representative director) of Toyota Motor Corporation, one of our principal shareholders. In 2019, he was appointed as a member of the Board so that he could provide DENSO with a wide range of advice and recommendations on its business management as well as oversee business management from a broad perspective that encompasses the entire automotive industry.

In this way, we maintain relationships with our business partners without relying on capital relationships, strengthening business competitiveness by leveraging the unique advantages of belonging to the Toyota Group. In fiscal 2024, DENSO accelerated reductions of cross-shareholdings, including shareholdings in Toyota Group companies. DENSO will continue to reduce cross-shareholdings without reserve. (Financial Capital, P.41–47)

Establishing and Strengthening Internal Controls
With the aim of fair and efficient business operations, the Company formulated the DENSO Basic Policies for Internal Control. We have stipulated basic policies for control, various rules, and systems in areas that form the basis of our management such as the Code of Conduct, management systems, risk management, and compliance. We make revisions and changes when necessary after undertaking regularly scheduled annual verifications of the status of implementation. (Risk Management, P.98–99; Compliance, P.100–101)

For DENSO Basic Policies for Internal Control, please see the following website.
https://www.denso.com/jp/ja/-/media/global/about-us/sustainability/governance/management/management-doc-internal-control-policy-2023-en.pdf

Dialogue

with the Outside Board Members

Striving to Realize Management That Anticipates Change and Maximizes Value Creation

Under a difficult operating environment in fiscal 2025, including changes in the supply chain due to rising geopolitical risks and stagnation in vehicle production, DENSO was nevertheless able to achieve record-high revenue and operating profit. In this section, DENSO's three independent outside Board members hold an objective discussion on how sustainable DENSO's growth will be moving forward and how adverse external factors in the industry impact DENSO's value creation.

Yuko Mitsuya
Outside Board Member

Ms. Yuko Mitsuya has held key positions in the sports industry and currently serves as representative director of PIT Co., Ltd. She has been serving as an outside Board member of DENSO since 2019.

Shigeki Kushida
Outside Board Member

Mr. Shigeki Kushida has filled the post of director-general and executive director of Bank of Japan and currently serves as representative executive officer & president of Japan Securities Finance Co., Ltd. He has been serving as an outside Board member of DENSO since 2019.

Joseph P. Schmelzeis, Jr.
Outside Board Member

Mr. Joseph P. Schmelzeis, Jr. has served as a director at SEGA CORPORATION and a senior advisor to the ambassador at the U.S. Embassy in Tokyo. He currently is an executive manager at Cedarfield Godo Kaisha. He has been serving as an outside Board member of DENSO since 2022.

Maintaining the Direction for Business Portfolio Transformation

Schmelzeis Amid the ripple effects occurring from the Trump administration's tariff policies, DENSO has taken appropriate measures to the greatest extent it can as one corporate entity. In anticipation of various future scenarios, the Company is also engaging with its customers and suppliers to build a structure enabling an agile response to such scenarios across the supply chain. For matters that are difficult to address by one company alone, DENSO is advancing collaboration with government and industrial organizations. Overall, DENSO's response to the challenging operating environment has exceeded my expectations. While maintaining the strategic direction of its business portfolio reshuffling, I believe the Company's management is demonstrating appropriate leadership, including by adjusting the pace of investment in accordance with the discrepancies that have occurred between DENSO's previous assumptions, such as the global acceleration of the shift to electrification, and the current situation, where the pace has actually slowed down.

Mitsuya The Company has a firm awareness of the factors it can and cannot control and is making the utmost effort to minimize the negative impacts of these factors on the supply chain. Without overreacting to pessimistic information or, conversely, placing too high of expectations on policy changes or the progress of negotiations between nations, DENSO has maintained a stable approach while always looking one step ahead and taking into consideration the global trends of today.

Kushida The United States has reversed its stance on such policies as CO_2 emissions reductions and the promotion of electric vehicles. In Europe as well, we have seen some change on a corporate level also diverging from placing the highest priority on environmental issues. It remains uncertain whether these global trends will fully revert to their previous course once the Trump administration comes to a close. In the end, we are dealing with the issue of international cost burden, and we must always be aware of the fact that short-term adjustments will be needed. DENSO fully understands this reality. Based on its sense of responsibility to the automotive supply chain and its pride as a leading Tier 1 company, I believe DENSO, on the whole, is responding appropriately to the current state of affairs.

Mitsuya DENSO has made sufficient adjustments to respond to changes in the external operating environment, including restructuring its organization and applying knowledge and technologies horizontally across the Group. At the same time, the Company's overarching strategy of expanding the possibilities of automotive manufacturing using its own technologies will remain unchanged moving forward. DENSO is also pursuing interesting ideas through its investments in the agricultural sector, which currently faces various challenges in scaling up farming and enhancing productivity.

Evolving *Monozukuri* and Human Resource Strategies

Kushida DENSO has positioned semiconductors and software as focused fields and is stepping up initiatives in these fields accordingly. This decision has been driven by ongoing trends in advancing vehicle technology and providing greater added value. Although car prices have been increasing in recent years, consumers are becoming more concerned with whether these higher prices are justified and whether they receive greater value commensurate with these higher prices. I personally believe that vehicles do in fact deliver greater value that justifies their higher price. Moreover, the source of that value is shifting from mechanical functions to core components such as semiconductors and software, areas in which DENSO excels. Even though DENSO is a B2B auto component manufacturer, we cannot compete on manufacturing efficiency alone in the current era. We absolutely must consider the kind of value we aim to deliver to consumers and society at large. I therefore would like to see DENSO work to recruit and develop the kind of talent that can lead the way with value creation through proactive and flexible thinking.

Schmelzeis I also believe that human resources hold the key to DENSO's sustainable growth. To secure talent capable of leading *Monozukuri* activities as they shift from the domain of hardware to software, DENSO should be proactive in the promotion of its human resource strategy and seek to achieve differentiation through collaboration with external organizations.

Mitsuya The Company will need to be innovative with its recruitment methods if it aims to secure outstanding digital talent. I believe that the shift from regulation-driven *Monozukuri* to market-driven *Monozukuri* led by President Hayashi is an extremely important move, and I aim to support its success moving forward.

Kushida In terms of securing outstanding talent, it was great to see DENSO implement solid pay raises in fiscal 2026. These pay raises were less a response to recent inflation and more a reflection of DENSO's clear focus on enhancing employee engagement and investing in human capital.

Schmelzeis DENSO's approach represents a clear departure from the conventional manufacturing mindset of simply curtailing labor costs. It also demonstrates a sound management approach aimed at value co-creation with all stakeholders, from employees to external business partners.

Mitsuya One particularly noteworthy development was the announcement of a stock-based incentive system for general employees, which will be introduced at DENSO CORPORATION during fiscal 2026. This system brings together employees and management under the shared goal of enhancing corporate value and ensures that employees also reap the benefits of the Company's growth. It is a highly commendable effort by a leading company in the Japanese automotive industry.

Evaluating the Effectiveness of the Board of Directors and Enhancing Corporate Value

Mitsuya In 2024, the chairman of the Board, Koji Arima, stepped down from his concurrent role as CEO, thereby further separating the roles of management supervision and business execution. Since then, discussions at Board meetings have become further invigorated. As chairman, Mr. Arima is able to organize key discussion points at Board meetings, and through his exchanges with President Hayashi, head of business execution, their shared knowledge has been extremely valuable in helping us understand the background of issues being discussed. This in turn has enabled deeper, more substantive discussion. All of the investment projects proposed at Board meetings have met DENSO's clear criteria for investment decision-making. However, there have been cases where an investment project was rejected because we, as independent outside Board members, opposed the project after carefully assessing the associated risks.

Schmelzeis Each outside Board member is given plenty of time to speak at Board meetings, and if the response to our questions from the executive side lacks concrete detail, Chairman Arima strictly presses them on the matter. Compared with other companies, DENSO maintains a healthy and robust level of discussion at Board meetings.

Kushida The ultimate purpose of efforts to enhance governance is to achieve sustainable growth for a company and enhance its corporate value. The question is, are the governance reforms being pursued by corporations today actually achieving that purpose? Recent actions by regulatory authorities seem to stem from frustration over the lack of progress with these reforms, prompting them to issue more far-reaching guidance. Both the requests for the disclosure of sustainability information by the Financial Services Agency and the Guidelines for Corporate Takeovers by the Ministry of Economy, Trade and Industry focus squarely on the substance of management. In this sense, these regulatory authorities are shifting their focus from the formal structures of governance to the essence of management itself. Reforms by DENSO should also reflect this shift. The Company has been working on a continuous basis to improve the effectiveness of the Board of Directors, and I believe it has made a great deal of progress in establishing a framework for sound decision-making. On the other hand, DENSO's market capitalization has largely been flat. We need to consider what further steps are necessary to ensure that the progress of governance reforms is appropriately reflected in the Company's share price.

Schmelzeis Over the past year or two, our discussions at Board meetings have become more focused on substantive management strategies. In terms of performance, DENSO has achieved record highs in revenue and various profit metrics, and its approach to disclosing growth indicators aimed at further enhancing corporate value is commendable. If the Company is able to achieve its targets for these indicators, an important remaining challenge will likely be how it communicates this success to capital markets.

Mitsuya In light of the challenging operating environment of the automotive industry, there is no denying that DENSO will often be evaluated as being simply a part of this industry, given its relationship with automakers. For this reason, it is crucial that DENSO actively promotes its philosophy, uniqueness, and growth potential, so that it can achieve differentiation.

Enhancing Governance as a Public Institution within Society

Schmelzeis In 2023, the DENSO Group unveiled its policy to reduce cross-shareholdings, primarily those held within the Toyota Group, and has steadily made progress in that regard. Since then, the Company has continued to maintain good relationships with Toyota Motor Corporation and other Group companies, steadily pursuing initiatives such as joint development. As new technologies developed through joint development will ultimately belong to DENSO, the Company stands to gain significantly from these collaborations.

Mitsuya Toyota Motor Corporation has extremely strict standards for quality. The question is how DENSO can meet these standards and make proposals that go beyond expectations. DENSO and Toyota have a partnership on equal footing, one in which they both strive to build better automobiles by challenging and inspiring each other. In 2020, the production of electronic components at Toyota's Hirose Plant was consolidated within DENSO, and the plant has since become an R&D hub bringing together and passing on the insight of both companies. This plant is a representative example of the nature of DENSO's partnership with Toyota.

Kushida I view cross-shareholdings as simply a byproduct of building a business relationship. DENSO has been and still is an irreplaceable member of the Toyota Group, while Toyota is DENSO's largest customer and most important business partner. I do not believe that DENSO's policy to reduce cross-shareholdings will have any adverse effect on this relationship. Listed companies are public institutions within society, and it is only natural that they should meet appropriate governance standards and achieve profitability and capital efficiency. The era in which cross-shareholdings served as a safety net in the event a company failed to make these achievements is now coming to an end.

Establishing Connections between Materiality and Growth Strategies

Mitsuya The next Mid-term Policy will establish connections with the Company's material issues (Materiality). As DENSO updates its Materiality, we have been holding discussions to ensure that the opinions of various stakeholders are reflected.

Kushida These discussions have been highly productive. Materiality ought to have strong connections with a company's long-term corporate value. Focusing exclusively on social issues in isolation can reduce Materiality discussions to a formality. What matters is establishing a growth strategy focused on long-term value creation and then managing and disclosing its progress appropriately. Doing so should gain the favor of capital markets.

Schmelzeis If a company keeps adding more and more numerical targets and comes to view achieving them as its ultimate mission without considering how they relate to its Materiality, the company will not be able to engage in sound management. I believe that Materiality should serve as a reference point to ensure that DENSO stays aligned with its priorities and to assess the soundness of its management.

Mitsuya Yes, if we become overly obsessed with the details and bind ourselves by KPI figures, we would lose sight of the bigger picture. We must never forget our stance on long-term value creation.

Ensuring Safety and Security, and Utilizing AI

Mitsuya AI utilization and information security are topics that are often brought up at Board meetings. AI has already proven very effective in standardizing output and making it more efficient, but there is still great potential to utilize AI from the perspective of originality and competitive differentiation. To that extent, we are currently exploring more effective machine and deep learning methods and examining where to position AI within our overall operations.

Schmelzeis In addition to back-office operations, DENSO should consider commercializing AI and introducing it in its front-office operations, provided that security conditions are met. Particularly, in competing with other companies, DENSO should draw on its strengths in offering safety, security, comfort, and convenience. At the moment, the Company has commenced efforts toward product development that combines rule-based AI, which operates with a high level of accuracy based on predetermined conditions, and data-driven AI, which is capable of handling complex and unpredictable issues through machine learning. Looking ahead, DENSO should aim to fully leverage these technologies at a secure level to pursue the provision of safety and security, which are strengths of the Company that are needed in the market.

Continuing to Compete and Succeed

Kushida DENSO has built its success on leveraging its technological capabilities to win out over intense international competition. Rather than being content with its current strong performance, DENSO must continue to carry out the efforts needed to maintain its competitive edge in R&D and communicate these efforts both internally and externally. In addition, it is important to convey to a broad range of stakeholders the kind of value DENSO aims to provide society in an easy-to-understand manner.

Schmelzeis There are likely very few companies that engage in successful management under the current operating environment, which is complex and constantly changing. The reasons for DENSO's success have been the value it creates in terms of reducing environmental burden and offering safety and security. By clearly explaining the details of this value creation, DENSO should be able to improve its external evaluation.

Mitsuya DENSO has always been a company that has created unprecedented products and services that have helped shape the future. When speaking with personnel in our business divisions, they have mentioned how they are genuinely excited about proposing various solutions to address real-world challenges. Rather than simply producing an order received, DENSO seeks to create technologies and solutions that do not yet exist, and we ought to communicate this innovative nature of DENSO to both internal and external audiences.

Also, moving forward, there will be more instances where swift decision-making is needed by the Board of Directors. As outside members of the Board, we will continue to hone our skills so that we can help DENSO confidently make bold and accurate decisions.

Schmelzeis DENSO must continue to compete and succeed with a greater sense of speed.

Kushida It will be important to link Companywide efforts for greater speed with DENSO's corporate culture of passionately pursuing innovation. If something does not yet exist in this world, DENSO has the ability to create it from scratch. This innovative approach will continue to underpin DENSO's corporate value enhancement moving forward.

Risk Management

Basic Stance

To minimize the impact of constantly diversifying risks, DENSO is working to strengthen its risk management structure as a part of internal controls. Specifically, we have divided matters that have the potential to damage our businesses into "risks," which refer to circumstances where such matters have yet to manifest, and "crises," which refer to states of emergency where such matters have manifested. Based on these classifications, we are focusing our efforts on implementing preventive measures, which stop risks before they occur, and swift and accurate initial-response and recovery measures, which are deployed in the event a crisis occurs, while taking steps to minimize and mitigate crises when they emerge.

Promotion Framework

DENSO has established the Risk Management Meeting, chaired by the chief risk officer (CRO) responsible for overseeing risk management across the Group, to promote initiatives that include reviewing progress in improving the Group's risk management systems and frameworks, and deliberating and providing direction on priority activities in light of internal and external environments and trends.

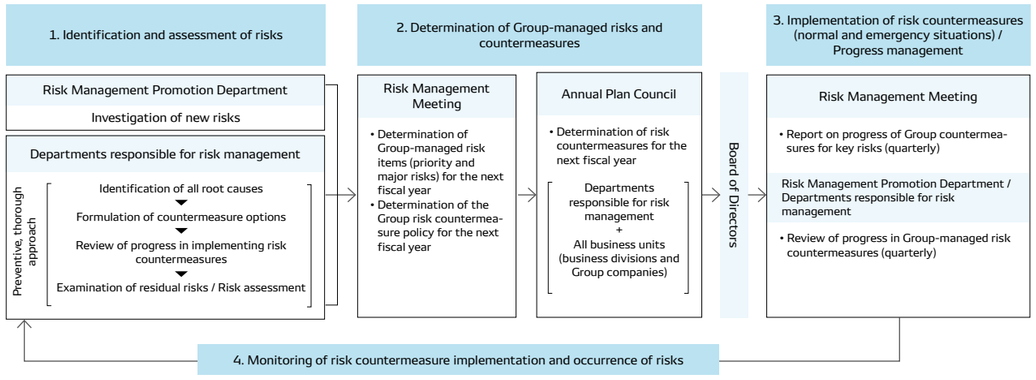
Ascertaining Risks and Clarifying Response

DENSO makes efforts to actively ascertain the risks it faces and manage these risks from the perspectives of prevention and damage mitigation. Every year, risk assessments are carried out by each functional division, business unit, overseas regional headquarters, and Group company.

The Company has identified risks that could potentially damage its operating capabilities, credibility, assets, and production activities, as well as the environment, based on the surrounding business environment. The Company designates responsible departments to examine the reasons for the occurrence of such risks and for the expansion of damages after occurrence, thereby clarifying preventive measures, initial response, and recovery efforts for these risks. Based on the implementation status of response and other measures, the Company has also assessed the scale of remaining risk factors for each risk based on the perspectives of level of impact and frequency of occurrence. In particular, DENSO is identifying risks for which remaining risk factors are significant and toward which it invests resources to promote countermeasures as "key risk items." Also, with regard to its response measures for key risk items, DENSO has established quantitative KPIs for Companywide targets, and the status of initiatives based on these KPIs is also confirmed by the Board of Directors.

For fiscal 2026, the Company has determined 37 major risk items and, among these, six key risk items. DENSO will continue to revise these major risk and key risk items appropriately based on the results of risk assessments.

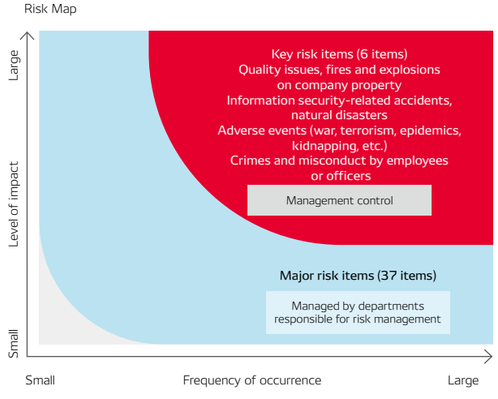
Risk Management Process



Major Risk Items and Key Risk Items

Factors	Risk Items
Internal factors (accidents and mistakes)	Environmental pollution, work-related accidents, fires and explosions, quality-related issues, information security-related accidents, personnel- and work-related incidents, traffic accidents, etc.
Internal factors (legal violations)	Violation of the Antimonopoly Act, inappropriate employee dispatch or use of contract work, violation of product laws and regulations, violation of anti-bribery laws, etc.
External factors (natural disasters)	Earthquakes, typhoons, concentrated heavy rains, lightning strikes, etc.
External factors (political and social)	Product liability litigation, supplier-related issues, incidents or other emergencies (infectious diseases, wars, terrorist attacks, etc.)

Risk Map



Status of Responses to Key Risks

Major Risk Items	Risk Details	Responses
Quality issues	Quality issues that could lead to large-scale recalls may result in loss of trust from end-users and customers, potentially causing significant costs and a decline in sales.	We incorporate safety designs, such as fail-safe mechanisms to prevent serious failures, design products with repairability in mind to minimize damage in the event of a defect, utilize big data, such as vehicle operating conditions at the time of failure, for early resolution, and promote efficiency in data analysis through AI technology.
Information security-related accidents	Advancements in autonomous driving and IoT have increased the threat of cyberattacks on vehicles, production facilities, and other systems. In the event of a cyberattack far exceeding expectations, there is a risk of adverse impacts on the functions of automotive products, production stoppages, and leaks of confidential information, potentially resulting in loss of competitiveness and damage to reputation. Furthermore, the proliferation of AI is increasing risks, such as confusion caused by false or misleading information, legal violations, infringement of rights, and information leaks.	Please refer to "Strengthening Our Information Security Framework" below.
Natural disasters	Global warming is raising concerns over the increased frequency and severity of natural disasters, such as floods and heavy rain. In Japan in particular, many business sites are located in areas designated for promoting countermeasures against a potential Nankai Trough earthquake. In the event of a natural disaster, delays or errors in the initial response could endanger employees' lives and halt production and delivery activities.	We are engaged in disaster mitigation measures, such as formulating business continuity plans (BCPs) and emergency action manuals. We also aim to strengthen our response capabilities by repeatedly conducting various training and awareness activities to further enhance each employee's awareness of disaster preparedness.
Fires and explosions on company property	In the event of a fire or explosion at a plant, delays or errors in the initial response could endanger employees' lives and halt production and delivery activities. Such incidents could also cause damage to the local communities near the plant.	We conduct regular inspections and maintenance of equipment to minimize negative impacts on business operations. We also aim to strengthen response capabilities by improving disaster awareness among employees through repeated training and awareness activities so that all employees can take appropriate initial action in the event of an emergency.
Adverse events (war, terrorism, epidemics, kidnapping, etc.)	The weighting of overseas markets in DENSO's production and sales activities has been increasing year by year. Overseas business operations inherently involve risks, such as war, terrorism, epidemics, and kidnapping, and if any such incident occurs, the lives of employees and their families could be endangered. Such incidents are also likely to hinder the normal conduct of business activities.	We strive to gather timely information from internal and external sources, quickly share risk information with relevant parties, enhance alerts for employees on overseas business trips, and strengthen pre-departure training for overseas assignments to raise employees' risk awareness. We have introduced a common self-assessment protocol to confirm preparedness during normal times at all Group companies, aiming to enhance the Group's overall crisis management framework.
Crimes and misconduct by employees or officers	If an employee or officer commits a crime or an act of misconduct, it may be reported by the media or disseminated through social media and other channels, potentially causing the Company to lose credibility. In some cases, the Company may also become a party to lawsuits and other legal proceedings.	We have formulated and shared a Code of Conduct for employees, and continuously deliver messages from the CRO and CCO, as well as provide various training and awareness activities for officers and employees. We also undertake monitoring efforts to detect early signs of issues. At the same time, we have established an internal reporting system to capture problematic behavior and other concerns.

Strengthening Our Information Security Framework

With the advancement of autonomous driving and IoT, addressing cyber risks involving vehicles, production facilities, and other assets has become a major challenge. To ensure vehicles can be used safely and securely, we are developing and reliably integrating technologies to protect in-vehicle products, such as advanced driver assistance systems and autonomous driving systems, from cyberattacks, while establishing internal rules and processes in compliance with laws and regulations in each country, and training core personnel responsible for product security. For plant and supply chain security, we are implementing multi-layered defenses using the latest IT technologies, helping suppliers improve their security standards, and building a framework to ensure uninterrupted production and supply. In addition, to objectively evaluate and validate these activities, we are working to obtain international security certifications, such as Trusted Information Security Assessment Exchange (TISAX), which is administered by the German Association of the Automotive Industry (VDA), and the automotive cybersecurity standard ISO/SAE 21434.

Furthermore, the proliferation of generative AI is increasing the scope of risks, such as confusion caused by false or misleading information, legal violations, infringement of rights, and information leaks. While leveraging AI to improve operational efficiency, DENSO is also working to reduce risks by building frameworks for security reviews and monitoring when using cloud services or AI. We have also formulated guidelines for the use of generative AI and are providing training to employees to improve their literacy in information security, including AI-related risks.

For more information on Risk Management, please see the following website.
https://www.denso.com/global/en/about-us/sustainability/governance/risk/

Compliance

Basic Stance

We believe that key actions to earn the trust and understanding of society pertain to the DENSO Group's observance of all applicable national and regional laws and all employees' fair and faithful conduct that embodies the highest ethical standards. Based on this recognition, we adopted the Code of Conduct for DENSO Group Associates, which clearly indicates the standards of conduct for each and every employee. We utilize the Code of Conduct for raising employees' awareness of compliance at DENSO CORPORATION and all domestic Group companies. Overseas Group companies use a regional version of the Code of Conduct for DENSO Group Associates, formulated by their regional headquarters.

Promotion Structure

DENSO created the Risk Management Meeting, chaired by the chief risk officer (CRO) and chief compliance officer (CCO), to deliberate and discuss objectives and action plans for thorough compliance. We have also installed committee structures, such as the Compliance Committee, and appointed compliance promotion officers, positioning such compliance leaders at the regional headquarters of each region of our collective global base. In doing so, we are building global systems that promote compliance, while at the same time promoting the development of organizational structures that take differing regional characteristics into consideration, pursuing enlightenment activities. Representatives from legal departments of each region (Japan, North America, South America, Europe, China, Southeast Asia, India, and Korea) meet regularly to establish and maintain compliance by sharing information and issues.

Specific Initiatives

Educational and Enlightenment Activities

DENSO undertakes various educational and enlightenment activities for employees on an ongoing basis with the aim of enhancing their overall awareness of compliance matters. In Japan, we carry out enlightenment activities related to compliance, including position-based training, various compliance training, and the Business Ethics Month (every October). We also roll out similar activities for employees in each region of operations, centered on our regional headquarters.

Internal Reporting System

DENSO has set up internal reporting systems at regional headquarters and sites tailored to local circumstances, enabling employees to report or consult on work-related legal violations via email, telephone, written documents, or in-person meetings. DENSO CORPORATION has established the Business Ethics Hotline in accordance with Japan's Whistleblower Protection Act, operating it independently from normal chains of command and enabling anonymous reporting. To ensure employees can use the system with confidence, we have established internal rules for operating the Business Ethics Hotline, stipulating confidentiality obligations regarding whistleblower information and prohibiting disadvantageous treatment due to reporting or consultation, and have thoroughly communicated these rules internally. In fiscal 2025, the Business Ethics Hotline received 130 reports and consultations, which were properly investigated, fact-checked, and addressed.

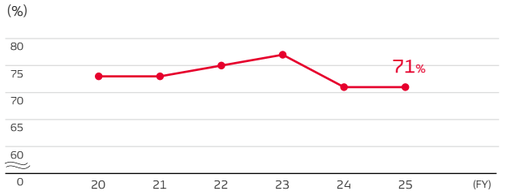
Number of Consultations via the Business Ethics Hotline
[DENSO CORPORATION and 55 domestic Group companies]

Fiscal year	2023	2024	2025
Number of reports and consultations (of which Group companies)	107 cases (46)	125 cases (57)	130 cases (71)

Inspection and Improvement of Activities

DENSO conducts activities to inspect the status of compliance penetration and identify any issues, and if problems are found, they are reported to senior management and improvement measures are taken, such as implementing recurrence prevention measures. In addition, internal audits are conducted annually by the Internal Audit Department or the responsible division, and the results of these audits are used to inform improvements.

Sustainability Survey (DENSO CORPORATION)
Question: Do you put into action the Code of Conduct for DENSO Group Associates? (Percentage of employees who answered "Yes")



Although we have continued to conduct awareness activities for employees, there has been little change in the rate at which the Code of Conduct is put into practice. Going forward, we will work to improve both the quality and quantity of practice by sharing concrete case studies relevant to the workplace and conducting interactive training sessions.

Response to Antitrust Laws

In February 2010, the U.S.-based subsidiary DENSO International America was investigated by the U.S. Department of Justice. Taking this investigation with the utmost seriousness, we have established the Antitrust Laws Compliance Committee to further reinforce our efforts to adhere to antitrust laws. Under the guidance and supervision of this committee, which is chaired by the CCO, we have endeavored to ensure strict compliance with the antitrust laws across the entire DENSO Group. We will continue efforts for further reinforcing adherence to regulations laid out under antitrust laws, strengthening education about relevant rules, and conducting more precise audits regarding legal compliance.

Prevention of Corruption

(1) Compliance with Anti-Bribery Laws

DENSO has established the Anti-Bribery Compliance Committee, chaired by the CCO, and promotes anti-bribery compliance activities under the committee's direction and supervision.

The Company has established the Global Anti-Bribery Policy as its basic policy for preventing bribery. Under this policy, DENSO has established internal regulations on a global basis, operates anti-bribery systems, and promotes anti-bribery awareness activities and education for employees. We also inform suppliers of our Supplier Sustainability Guidelines, which include anti-bribery measures, and conduct self-inspections to prevent acts of bribery by our suppliers.

(2) Preventing Insider Trading

To ensure fairness and soundness in the securities market and to secure the confidence of shareholders and investors, DENSO has established the Internal Information Committee, which is chaired by the executive vice president, and the Internal Information Review Committee, which manages the practical affairs of the former committee, both dedicated bodies to ensure the prevention of insider trading.

Additionally, in an effort to instill an awareness of insider trading prevention among its employees, the Company has established internal rules and bylaws regarding internal information management, has set standards of conduct for officers and employees regarding trading of the Company's shares and other securities, and clearly prohibits insider trading, as formally stated in its employee conduct guidelines. The Company also implements compliance training on a regular basis.

Adherence to Fair, Transparent, and Open Transactions

DENSO is working on a Groupwide basis to ensure appropriate transactions and adherence to laws and regulations. To that end, the Company has been engaging in close communication with each of its suppliers to better understand cost fluctuations and the issues that suppliers face. Amid the soaring costs of various goods, including not only unavoidable increases in raw material and energy costs, but also rises in wage levels, we have been working to set appropriate prices within the supply chain, seeking to set in motion a virtuous cycle across the industry and the domestic economy.

Moreover, we encourage suppliers to utilize our Internal Reporting System. We also distribute the DENSO Compliance Declaration, which clarifies items to be observed in conducting business, to suppliers and internal procurement departments. Additionally, we offer anonymous surveys to suppliers on fair transactions and carefully reflect on the unfiltered feedback that we receive. In these ways, we are working to ensure strict compliance and make improvements to better meet supplier needs.

Initiatives to Prevent Harassment

As corporations seek to promote diversity, the forms of harassment are also becoming more varied. In light of these circumstances, we are strengthening our initiatives to prevent harassment based on a zero-tolerance policy against harassment.

In fiscal 2025, a small group meeting on harassment was held at each workplace every month from October, using video materials, to promote complete understanding of harassment and to prevent harassment. In addition, all employees are surveyed on their awareness of harassment, and managers and supervisors are given the opportunity to self-assess their risk of harassment to ascertain changes in employee awareness and to help in the formulation of harassment prevention measures.

Response to Tax Compliance

DENSO believes that paying its fair share of taxes is a part of being socially responsible. The CFO, executive vice president, and representative member of the Board has been designated as the person in charge of tax governance. The Company has built, maintains, and improves a tax compliance structure, and engages in tax planning while addressing tax-related risks when they materialize.

In addition, DENSO has established the DENSO Group Global Tax Policy. We believe that properly paying taxes in accordance with the rules and regulations in each country is one of the most fundamental and important responsibilities of a corporation. Accordingly, under this policy, we engage in activities to enhance tax compliance on a Groupwide basis, such as providing training for employees and abiding by rules for cross-border transactions.

Fiscal 2025 Taxes by Region (Billions of yen)

Region	Tax Amount
Japan	84.2
North America	32.8
Europe	4.6
Asia	42.6
Other regions	4.4
Total	168.6

Moving forward, we will continue to expand and enhance frameworks for raising employee awareness of compliance. We aim to level up the compliance structure of the entire DENSO Group.

For more information, please see the "Sustainability" section of the following website.
Compliance:
https://www.denso.com/global/en/about-us/sustainability/governance/compliance/

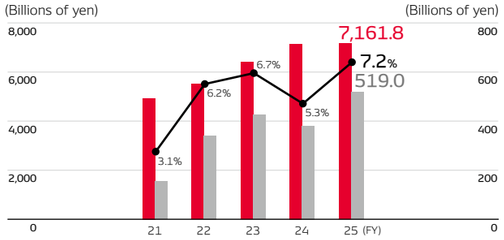
For information on tax compliance, please see the "Tax Governance" section of the following website.
https://www.denso.com/global/en/about-us/sustainability/governance/tax-policy/

Facts & Figures

Financial Highlights

Profitability and Growth Potential

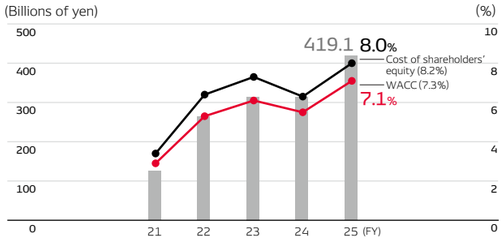
Revenue / Operating Profit / Operating Margin



In fiscal 2025, revenue reached a record high, increasing year on year with a boost from yen depreciation, despite a decline in automobile production caused by weak sales in Asia and suspended operations at Japanese automakers. Operating profit also hit a record high, rising year on year thanks to streamlining efforts and foreign exchange gains, which offset lower production volumes and higher material costs.

Profitability

Profit Attributable to Owners of the Parent Company / ROE / ROIC

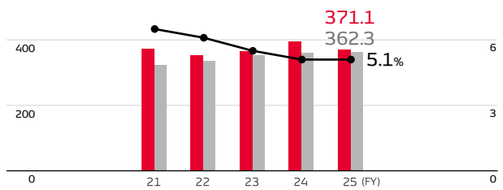


DENSO promotes ROIC-minded management, which includes reshuffling its business portfolio and pursuing structural reforms in each region of operation. In fiscal 2025, ROE came to 8.0%, below the cost of capital, due in part to the impact of a one-time provision for quality measures.

Note: ROIC = Profit attributable to owners of the parent company ÷ Invested capital (Invested capital is calculated by taking the average of the results figure at the end of the previous fiscal year and that at the end of the current fiscal year.)
Invested capital = Equity attributable to owners of the parent company + Interest-bearing debt

Future Investments

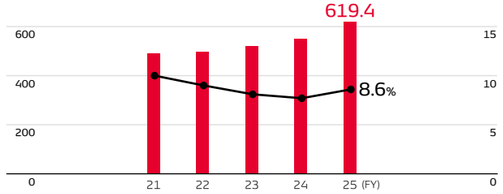
Capital Expenditures / Depreciation / Ratio of Depreciation to Revenue



DENSO has been strengthening investment in the priority areas of electrification, advanced safety products, and semiconductors, while conducting disciplined investment assessments and reallocating resources from mature businesses to establish a robust production framework. With a target of keeping capital investment within the scope of depreciation, the Company intends to continue reducing the ratio of depreciation to revenue.

Future Investments

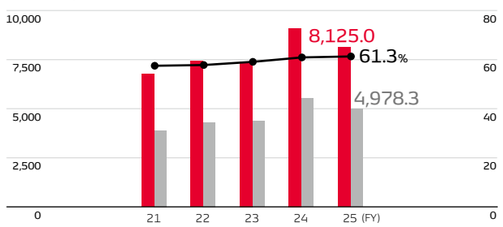
R&D Expenditure / Ratio of R&D Expenditure to Revenue



We continuously reinforce our development structure, investing more in focus fields such as electrification, next-generation advanced safety technologies, and semiconductors. Meanwhile, the ratio of R&D expenditure to revenue has stayed at around 9%, reflecting our efforts to accelerate automation and greater efficiency in development activities, including through AI.

Financial Security and Leverage

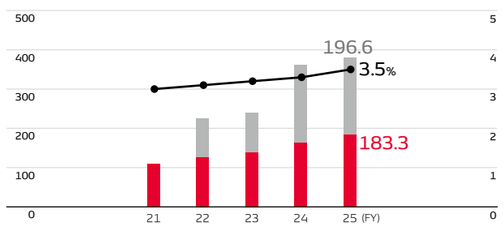
Total Assets / Equity Attributable to Owners of the Parent Company / Ratio of Equity Attributable to Owners of the Parent Company to Total Assets



DENSO has been reducing low-return assets by cutting inventories and selling cross-shareholdings. While maintaining strong financial soundness, the Company will actively utilize borrowings and corporate bonds in order to improve capital efficiency.

Shareholder Returns

Total Dividend Amount / Amount of Treasury Stock Acquired / DOE

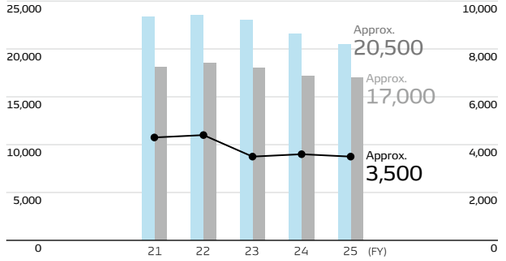


Guided by our basic policy of realizing stable increases in dividend levels over the long term, we have improved dividend on equity (DOE) for four consecutive years, raising it by 0.5 percentage point, to 3.5%, compared with fiscal 2021. In fiscal 2025, DENSO announced a ¥450 billion share buyback on the open market, its largest ever, based on its policy of taking a flexible approach to buybacks.

For more financial information, please see the following website.
https://contents.xj-storage.jp/xcontents/AS04353/108b120e/215a/4cc3/96f2/e9b33b5b6c58/20250702171010388s.pdf

Non-Financial Highlights

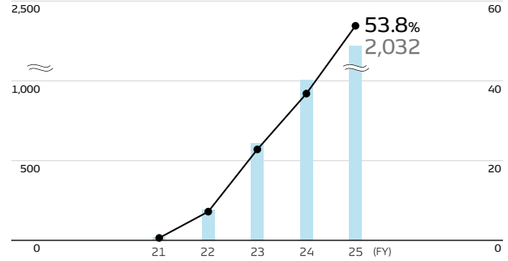
Number of Patents Held and Patent Applications Filed in Japan and Overseas



Intellectual properties (IPs) provide the source of the Company's competitiveness. To that end, the Company seeks to create, acquire, and effectively utilize IPs through proactive research and development activities. The number of new patent registrations in the automotive industry in fiscal 2025 was four in Japan and eight in the United States.

Note: The number of patent applications filed shows the total number of filings in Japan and overseas. This figure includes patents filed during DENSO's fiscal year. The number of patent applications filed in Japan includes withdrawn items for priority claim based on Japanese patent applications and divisional applications. The number of patent applications filed overseas includes continuing and divisional applications.

Amount/Ratio of Renewable Energy Introduced (Global)



As of fiscal 2025, the head office and all production sites of DENSO CORPORATION in Japan (11 sites), Advanced Research and Innovation Center, DENSO FUKUSHIMA CORPORATION, DENSO HOKKAIDO CORPORATION, DENSO IWATE CORPORATION, and DENSO KYUSHU CORPORATION, and all overseas production companies (excluding subsidiaries of subsidiaries) in Europe (16 bases), China (13 bases), and Asia (10 bases) had completed the introduction of renewable energy and achieved carbon neutrality.

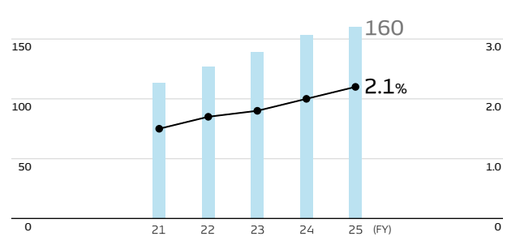
CO_2 Emissions Intensity* (Scope 1 and 2 / Global Group Companies)

Fiscal 2013 indexed to 100 as the reference year's emissions

Under DENSO Eco Vision 2025, we set and have been working toward the fiscal 2026 target of "energy half," which aims to halve CO_2 emissions intensity compared with fiscal 2013. Through the development of innovative technologies for production processes, energy-saving activities like Just-in-Time (JIT) energy management, and the adoption of renewable energy, we achieved this target ahead of schedule in fiscal 2024, two years earlier than planned.

* Emissions intensity = CO_2 emissions ÷ Value added

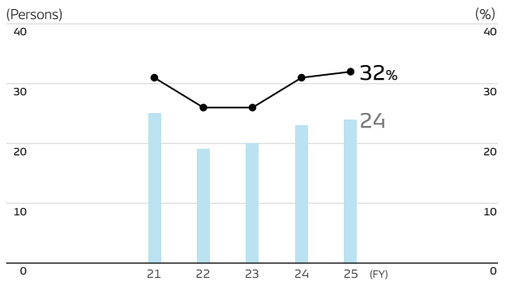
Number and Ratio of Female Employees in Management Positions (Non-Consolidated, Business Fields)*



As part of efforts to empower women, we promote integrated career development, establishing indicators at each phase for recruitment, the balance between work and life events, and training and promotion after navigating them. We also conduct tailor-made activities, such as mentoring and training in accordance with the personal qualities of each management position candidate. In addition, in fiscal 2025 we integrated the general-duties course, 99% of the participants of which are women, with the career track course and removed any upper limitations on the promotion of employees in administrative positions.

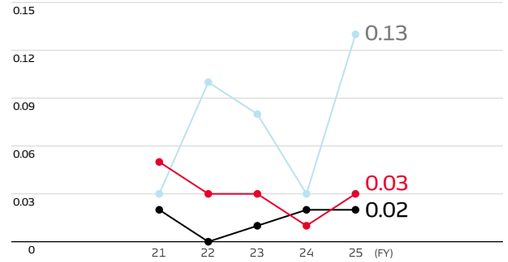
* Includes employees seconded from DENSO to other companies but not employees who have been seconded from other companies to DENSO

Number and Ratio of Non-Japanese Employees Appointed as Heads of Overseas Bases



We are focused on training and appointing future leader candidates to foster an organizational culture where diverse talent can thrive in the right roles. In overseas regions, we are enhancing training opportunities, such as selective global training programs, to achieve a 50% ratio of non-Japanese heads of overseas bases by fiscal 2031.

Lost-Time Frequency Rate*



In fiscal 2025, we aimed to design equipment that does not impose stress or urgency on operators and incorporated initiatives to reduce minor equipment stoppages into our activity plans. However, accidents caused by inadequate equipment safeguards occurred at domestic Group companies, resulting in a deterioration of the lost-time frequency rate. Based on these lessons, we are prioritizing the completion of safety countermeasures for equipment as a key initiative.

* Lost-time frequency rate: Number of fatalities and injuries due to work-related accidents per million total working hours. It indicates the frequency of incidents (lost-time frequency rate for entire manufacturing industry in Japan in 2024: 1.30).

10-Year Data

Billions of yen

			IFRS									
		(FY)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial Data	Revenue	Total	4,524.5	4,527.1	5,108.3	5,362.8	5,153.5	4,936.7	5,515.5	6,401.3	7,144.7	**7,161.8**
	By Region	Japan	1,801.5	1,871.8	2,140.7	2,284.2	2,313.0	2,280.7	2,375.7	2,509.6	2,885.7	**2,918.6**
		North America	1,081.1	1,050.5	1,122.8	1,182.0	1,145.2	999.9	1,143.9	1,486.7	1,745.4	**1,847.9**
		Europe	568.2	550.2	620.2	609.4	548.3	482.3	506.2	624.3	709.7	**646.6**
		Asia	1,014.7	989.5	1,146.0	1,215.1	1,086.9	1,134.1	1,414.3	1,680.9	1,689.8	**1,629.9**
		Others	59.0	65.1	78.5	72.0	60.0	39.8	75.4	99.8	114.1	**118.9**
	By Customer	Car manufacturers	4,048.2	4,061.8	4,521.4	4,762.3	4,558.7	4,347.0	4,875.1	5,681.0	6,489.1	**6,542.8**
		Toyota Group	2,047.5	2,075.0	2,300.6	2,484.7	2,456.9	2,499.1	2,837.6	3,224.2	3,720.3	**3,946.6**
		Ratio of revenue from Toyota Group transactions to total revenue	45.3%	45.8%	45.0%	46.3%	47.7%	50.6%	51.4%	50.4%	52.1%	**55.1%**
		Aftermarket and non-automotive	476.3	465.3	586.9	600.5	594.8	589.7	640.4	720.3	655.6	**619.0**
	Operating Profit		315.7	330.6	412.7	316.2	61.1	155.1	341.2	426.1	380.6	**519.0**
	Operating Margin		7.0%	7.3%	8.1%	5.9%	1.2%	3.1%	6.2%	6.7%	5.3%	**7.2%**
	Profit Attributable to Owners of the Parent Company		244.3	257.6	320.6	254.5	68.1	125.1	263.9	314.6	312.8	**419.1**
	Return on Equity (ROE)		7.6%	8.0%	9.3%	7.1%	1.9%	3.4%	6.4%	7.3%	6.3%	**8.0%**
	Capital Expenditures		334.1	337.4	347.2	416.8	436.5	374.3	353.9	366.8	394.6	**371.1**
	Depreciation		236.8	241.1	268.6	287.3	302.1	323.0	335.4	353.3	361.7	**362.3**
	Ratio of Depreciation to Revenue		5.2%	5.3%	5.3%	5.4%	5.9%	6.5%	6.1%	5.5%	5.1%	**5.1%**
	R&D Expenditure		399.3	409.2	447.4	497.4	507.8	492.0	497.6	521.6	550.9	**619.4**
	Ratio of R&D Expenditure to Revenue		8.8%	9.0%	8.8%	9.3%	9.9%	10.0%	9.0%	8.1%	7.7%	**8.6%**
	Total Dividend Amount		95.3	94.6	101.4	108.9	108.5	108.5	126.5	139.0	162.2	**183.3**
	Amount of Treasury Stock Acquired		27.7	30.0	26.5	28.4	0	0	97.5	100.0	200.0	**196.6**
	Earnings per Share (EPS) (yen)*1		76.80	81.58	102.61	81.62	21.97	40.35	85.69	104.00	104.97	**145.02**
	DOE		3.0%	2.9%	2.9%	3.0%	3.1%	3.0%	3.1%	3.2%	3.3%	**3.5%**
	Cash Dividends per Share (yen)*1		30.00	30.00	32.50	35.00	35.00	35.00	41.25	46.25	55.00	**64.00**
	Dividend Payout Ratio		39.1%	36.8%	31.7%	42.9%	159.3%	86.7%	48.1%	44.5%	52.4%	**44.1%**
	Total Return Ratio		50.4%	48.4%	39.9%	54.0%	159.3%	86.7%	84.9%	76.0%	115.8%	**90.7%**
	Stock Price (yen)*1		1,131.00	1,224.25	1,455.00	1,079.25	872.75	1,836.75	1,965.00	1,860.75	2,883.00	**1,844.00**
	Market Capitalization*2		3,586.59	3,848.32	4,537.99	3,345.13	2,705.07	5,692.95	5,999.76	5,573.48	8,391.74	**5,195.13**
	Dividend Yield		2.7%	2.5%	2.2%	3.2%	4.0%	1.9%	2.1%	2.5%	2.3%	**2.8%**
	Price Earnings Ratio (PER) (times)		14.7	15.0	14.2	13.2	39.7	45.5	22.9	17.9	27.5	**12.7**
	Price-to-Book Ratio (PBR) (times)*3		1.4	1.1	1.3	1.1	1.0	1.1	1.5	1.3	1.4	**1.2**
	Net Cash Provided by Operating Activities (A)		552.9	467.8	558.0	533.5	595.3	437.2	395.6	602.7	961.8	**758.7**
	Net Cash Provided by (Used in) Investing Activities (B)		(544.8)	(108.0)	(529.1)	(514.7)	(447.4)	(395.9)	(301.6)	(363.7)	(459.5)	**121.9**
	Free Cash Flow (A+B)		8.0	359.7	28.9	18.8	147.9	41.3	94.1	239.0	502.3	**880.6**
	Net Cash Provided by (Used in) Financing Activities		(104.7)	(240.5)	(40.3)	(92.2)	(240.9)	238.7	(159.5)	(400.1)	(496.7)	**(677.4)**
	Cash and Cash Equivalents at End of Year		672.5	793.6	783.3	711.6	597.8	897.4	867.8	733.9	789.4	**986.5**
	Cash on Hand		876.7	858.4	918.3	880.8	711.6	911.7	876.1	757.6	825.9	**1,011.6**
	Interest-Bearing Debt		476.6	350.3	473.9	550.2	465.4	854.2	991.4	889.3	850.7	**699.4**
	Equity Attributable to Owners of the Parent Company		3,123.6	3,312.7	3,598.3	3,595.7	3,397.1	3,891.0	4,299.4	4,376.9	5,535.0	**4,978.3**
	Total Assets		5,042.9	5,150.8	5,764.4	5,792.4	5,651.8	6,767.7	7,432.3	7,408.7	9,093.4	**8,125.0**
	Ratio of Equity Attributable to Owners of the Parent Company to Total Assets		61.9%	64.3%	62.4%	62.1%	60.1%	57.5%	57.8%	59.1%	60.9%	**61.3%**
Non-Financial Data	Number of Employees		151,775	154,493	168,813	171,992	170,932	168,391	167,950	164,572	162,029	**158,056**
	Local		85,464	86,892	94,209	95,222	93,343	89,124	88,345	85,268	85,094	**81,594**
	Non-Consolidated		38,489	38,914	39,315	45,304	45,280	46,272	45,152	44,758	43,980	**43,781**
	Ratio of Female Employees (Non-Consolidated)		12.3%	12.7%	13.1%	13.9%	14.2%	14.6%	15.1%	15.5%	15.9%	**16.3%**
	Number of Female Employees in Management Positions (Non-Consolidated, Business Fields)		46	53	61	86	103	113	127	139	153	**160**
	Ratio of Female Employees in Management Positions (Non-Consolidated, Business Fields)		0.7%	0.8%	0.9%	1.1%	1.3%	1.5%	1.7%	1.8%	2.0%	**2.1%**
	Number of Non-Japanese Employees Appointed as Heads of Overseas Bases		25	25	26	26	25	25	19	20	23	**24**
	Ratio of Non-Japanese Employees Appointed as Heads of Overseas Bases		34%	32%	28%	31%	30%	31%	26%	26%	31%	**32%**
	CO_2 Emissions (Global/Scope 1 and Scope 2) (10,000 t-CO_2e)*4		159.1	164.5	173.1	190.7	188.4	199.1	193.8	178.3	146.0	**108.0**
	Amount of Renewable Energy Introduced (Global) (MWh)		—	—	—	—	—	16,258	192,167	607,892	1,005,096	**2,031,532**
Exchange Rate (During FY)	USD (yen)		120	108	111	111	109	106	112	136	145	**153**
	EUR (yen)		133	119	130	128	121	124	131	141	157	**164**
	Chinese yuan (yen)		19	16	17	17	16	16	18	20	20	**21**

*1 The Company executed a 1:4 stock split on common stock, effective October 1, 2023. Figures have been adjusted to reflect the 1:4 split.
*2 Adjusted for treasury stock
*3 PBR is calculated using the following method: Average share price during term ÷ Equity attributable to owners of the parent company per share
*4 CO_2 emissions from fiscal 2021 onward have been calculated based on the Basic Guidelines on Accounting for Total Greenhouse Gas Emissions. These emissions do not include the use of carbon credits.

Company Overview and Stock Information

(As of March 31, 2025)

Company Profile

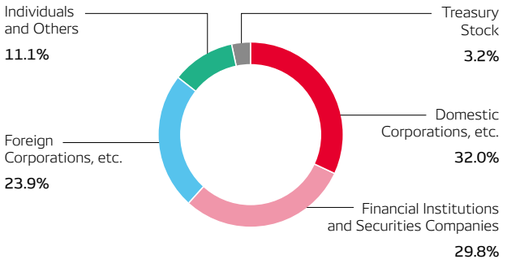
Company Name	DENSO CORPORATION
Founding	December 16, 1949
Capital	¥187.5 billion
Head Office	1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Employees	Consolidated basis: 158,056 Non-consolidated basis: 43,781
Consolidated Subsidiaries	187 (Japan 54, North America 22, Europe 36, Asia 70, Others 5)
Companies Accounted for by the Equity Method	37 (Japan 17, North America 3, Europe 3, Asia 12, Others 2)
Fiscal Year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Share Trading Unit	100 shares
Number of Shares Issued	2,817,420,871 shares (excluding DENSO CORPORATION owning 93,558,820 shares of treasury stock)
Number of Shareholders	224,011
Securities Identification Code	6902
Stock Exchange Listings	Tokyo, Nagoya

Principal Shareholders (Top 10 Principal Shareholders)

Name of shareholder	Number of shares held (thousands)	Voting share (%)
Toyota Motor Corporation	598,927	21.25
The Master Trust Bank of Japan, Ltd. (Trust account)	372,158	13.20
Toyota Industries Corporation	157,706	5.59
Custody Bank of Japan, Ltd. (Trust account)	140,933	5.00
TOYOTA FUDOSAN CO., LTD.	133,235	4.72
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	86,654	3.07
DENSO Employees' Shareholding Association	50,007	1.77
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	37,313	1.32
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	36,555	1.29
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	35,503	1.26

Notes:
1. The Company holds 93,559 thousand shares of treasury stock but is excluded from the list of major shareholders above.
2. "Voting share" is calculated after excluding 93,559 thousand shares of treasury stock.
3. "Investment in the Company" by Toyota Industries Corporation is stated after excluding the Company's 27,192 thousand shares (ratio of voting rights: 0.96%), which are contributed as a trust asset for employees' retirement benefits by Toyota Industries Corporation. (These shares are registered in the name of "Custody Bank of Japan, Ltd. [Trust Account of Toyota Industries Corporation Employees' Retirement Benefits for the Re-trust by Sumitomo Mitsui Trust Bank, Limited]," and Toyota Industries Corporation reserves the right of instruction in exercising the shares' voting rights.)

Breakdown of Shareholders



ESG- and IR-related External Evaluation

DENSO's ESG and digitalization activities have been well received by external institutions, including through consistent selection for inclusion in indices in Japan and overseas, in recognition of its initiatives to date, such as for environmental management, human rights and workers' rights, supply chain labor standards, gender diversity, health and productivity management, AI utilization, and DX. Moreover, the Company's *Integrated Report 2024* received the highest recognition with the overall Grand Prize at the Fourth NIKKEI Integrated Report Award, and was included in the Excellent Integrated Reports and Most-improved Integrated Reports categories by the Government Pension Investment Fund (GPIF)'s asset managers entrusted with domestic equity investment.

FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index
2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
2025 Sompo Sustainability Index
S&P/JPX Carbon Efficient Index
DX Stocks 2025 Digital Transformation
CDP A List 2024
NIKKEI Integrated Report Award

Notes:
1. FTSE Russell (the trading name of International Limited and Frank Company) confirms that DENSO CORPORATION has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
2. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that DENSO CORPORATION has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria and has satisfied the requirements to become a constituent of this index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
3. THE INCLUSION OF DENSO CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF DENSO CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.
4. Evaluations listed are those received as of September 30, 2025.

For details on outside evaluations and awards, please see the following website.
https://www.denso.com/global/en/about-us/sustainability/library/evaluation/

Independent Third-Party Verification of Environmental Performance Data

To enhance the reliability of its environmental performance data on greenhouse gas emissions, energy consumption, and other matters, DENSO has received independent third-party verification from SGS Japan Inc. We will continuously improve our environmental performance data by extending the scope of verification activities.

For details, please see the following website.
https://www.denso.com/global/en/about-us/sustainability/environment/verification/

TCFD Index

DENSO has pledged its support for the Task Force on Climate-related Financial Disclosures (TCFD). For *DENSO Integrated Report 2025*, we referenced the climate-related disclosure items recommended by the TCFD. The table below shows the correspondence between the TCFD recommended disclosure items within this report and the ones on our corporate website. Furthermore, this integrated report includes sections that disclose opportunities and risks based on scenario analysis and summarize DENSO's initiatives in accordance with the TCFD recommendations. Please see pages P.64–67 for details.

	DENSO Integrated Report 2025	DENSO's Corporate Website
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	
	P.65: Efforts to Maximize the Value of "Green" (TCFD)>Governance P.85: Corporate Governance>Corporate Governance System	Who we are>Sustainability>Sustainability Management>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/management/#c Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management Eco-Management)>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/eco-management/ Who we are>Sustainability>Governance>Corporate Governance>Corporate Governance System and Principal Organizations: https://www.denso.com/global/en/about-us/sustainability/governance/management/
	b) Describe management's role in assessing and managing climate-related risks and opportunities	
	P.65: Efforts to Maximize the Value of "Green" (TCFD)>Governance P.85: Corporate Governance>Corporate Governance System	Who we are>Sustainability>Sustainability Management>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/management/#c Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management Eco-Management)>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/eco-management/ Who we are>Sustainability>Governance>Corporate Governance>Corporate Governance System and Principal Organizations: https://www.denso.com/global/en/about-us/sustainability/governance/management/
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	
	P.26–27: Awareness of Business Environment P.28–30: Materiality P.64: Efforts to Maximize the Value of "Green" (TCFD)>Scenario Analysis of Business Opportunities and Risks	Who we are>Sustainability>Commitment to the Environment>EcoVision: https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/ Who we are>Sustainability>Commitment to the Environment>Environmental Action Plan: https://www.denso.com/global/en/about-us/sustainability/environment/action-plan/ Who we are>Sustainability>Sustainability Management>Materiality: https://www.denso.com/global/en/about-us/sustainability/management/#b
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
	P.6–7: Enhancement of DENSO's Management Strategies P.26–27: Awareness of Business Environment P.28–30: Materiality P.31–32: Targets and Results for Mid-term Policy for 2025 P.34: Green Strategy P.41–47: Financial Capital / Message from the Chief Financial Officer P.64–65: Efforts to Maximize the Value of "Green" (TCFD)>Scenario Analysis of Business Opportunities and Risks, Impact on Management Strategy, Impact on Financial Planning	Who we are>Sustainability>Commitment to the Environment>EcoVision: https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/ Who we are>Sustainability>Commitment to the Environment>Environmental Action Plan: https://www.denso.com/global/en/about-us/sustainability/environment/action-plan/
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2℃ or lower scenario	
	P.64–65: Efforts to Maximize the Value of "Green" (TCFD)>Scenario Analysis of Business Opportunities and Risks, Impact on Management Strategy, Impact on Financial Planning	
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	
	P.28–30: Materiality P.65: Efforts to Maximize the Value of "Green" (TCFD)>Risk Management P.98–99: Risk Management	Who we are>Sustainability>Sustainability Management>Materiality: https://www.denso.com/global/en/about-us/sustainability/management/#b Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management (Eco-Management) https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/eco-management/ Who we are>Sustainability>Governance>Risk Management>Ascertaining Risks and Clarifying Response: https://www.denso.com/global/en/about-us/sustainability/governance/risk/
	b) Describe the organization's processes for managing climate-related risks	
	P.28–30: Materiality P.65: Efforts to Maximize the Value of "Green" (TCFD)>Risk Management P.98–99: Risk Management	Who we are>Sustainability>Sustainability Management>Materiality: https://www.denso.com/global/en/about-us/sustainability/management/#b Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management (Eco-Management) https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/eco-management/ Who we are>Sustainability>Governance>Risk Management>Ascertaining Risks and Clarifying Response: https://www.denso.com/global/en/about-us/sustainability/governance/risk/
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
	P.65: Efforts to Maximize the Value of "Green" (TCFD)>Risk Management P.98–99: Risk Management	Who we are>Sustainability>Governance>Risk Management: https://www.denso.com/global/en/about-us/sustainability/governance/risk/
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	
	P.28–29: Materiality>Materiality KPIs P.31: Targets and Results for Mid-term Policy for 2025>Vision for Our Green and Peace of Mind Strategies P.34: Green Strategy P.66–67: Efforts to Maximize the Value of "Green" (TCFD)>Metrics and Targets	Who we are>Sustainability>Commitment to the Environment>EcoVision: https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
	P.67: Efforts to Maximize the Value of "Green" (TCFD)>Metrics and Targets>Scope 1 and 2 Carbon-Neutral *Monozukuri* P.104–105: 10-Year Data>Non-Financial Data>CO_2 Emissions (Global/Scope 1 and Scope 2)	Who we are>Sustainability>Commitment to the Environment>Data compilation (Environmental report)>Action 2: https://www.denso.com/global/en/about-us/sustainability/library/environment-data/#a
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	
	P.28–29: Materiality>Materiality KPIs P.31: Targets and Results for Mid-term Policy for 2025>Vision for Our Green and Peace of Mind Strategies P.34: Green Strategy P.66–67: Efforts to Maximize the Value of "Green" (TCFD)>Metrics and Targets P.104–105: 10-Year Data>Non-Financial Data>CO_2 Emissions (Global/Scope 1 and Scope 2)	Who we are>Sustainability>Commitment to the Environment>Environmental Action Plan>Positioning of the Seventh Phase of the Environmental Action Plan: https://www.denso.com/global/en/about-us/sustainability/environment/action-plan/ Who we are>Sustainability>Commitment to the Environment>Data compilation (Environmental report)>Action 2: https://www.denso.com/global/en/about-us/sustainability/library/environment-data/#a

DENSO CORPORATION
1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Phone: +81-566-25-5511 (Information Center)
www.denso.com/global/en/