

DENSO

Crafting the Core

Integrated Report 2022

For the year ended March 31, 2022



社 是

一、信用を尊び責任を重んず

一、虚飾を排し和衷協力誠実事に當る

一、研究と創造に努め常に時流に先んず

一、最善の品質とサービスを以て社会に奉仕す

The DENSO Creed
 Be trustworthy and responsible.
 Cherish modesty, sincerity, and cooperation.
 Be pioneering, innovative, and creative.
 Provide quality products and services.

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

The DENSO Spirit expresses values and beliefs shared by our employees around the world that have driven us to contribute to the automotive industry and society as a whole since our establishment in 1949.

Foresight

Providing surprises and impressions in a way that only DENSO can

Vision

Creativity

Challenge

Credibility

Providing quality and reliability beyond customer expectations

Quality First

On-site Verification

Kaizen,
 Continuous Improvement

Collaboration

Achieving the highest results by working as a team

Communication

Teamwork

Human Development

Publication of *DENSO Integrated Report 2022*



Yasushi Matsui
Chief Financial Officer
Member of the Board of Directors, Senior Executive Officer

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.

DENSO Integrated Report 2022 includes specific information on the strategies and initiatives DENSO is pursuing toward "green" and "peace of mind" with the aim of realizing its Long-term Policy for 2030 as well as the details of the new Mid-term Policy for 2025, formulated in fiscal 2023, and efforts to strengthen its non-financial capital, a topic that has garnered a great deal of attention in recent years. In addition, the report introduces the Company's financial strategies for continuing to create corporate value even under an uncertain business environment.

Going forward, DENSO will continue its efforts to disclose accurate information to its stakeholders in a timely manner and engage in dialogue with them. Lastly, I would like to assure the readers that the creation process for this report was done in an appropriate fashion.

Editorial Policy

In addition to providing financial information, such as results and sales overviews as well as management strategy, *DENSO Integrated Report 2022* 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.



DENSO creates long-term corporate value for all of its stakeholders, including shareholders and other investors, and would appreciate their understanding for the efforts the Company is making in aiming to realize a sustainable society.

In compiling this report, references have been made to the Integrated Reporting Framework that is proposed by the International Financial Reporting Standards (IFRS) Foundation, as well as the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, formulated by the Ministry of Economy, Trade and Industry. In addition, with regard to social reporting and the environment, please refer to the "Sustainability" section of the Company's website.

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 2022 (April 1, 2021 to March 31, 2022). Certain parts of this report include content on the Group's activities from April 2022 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 on 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 this report.

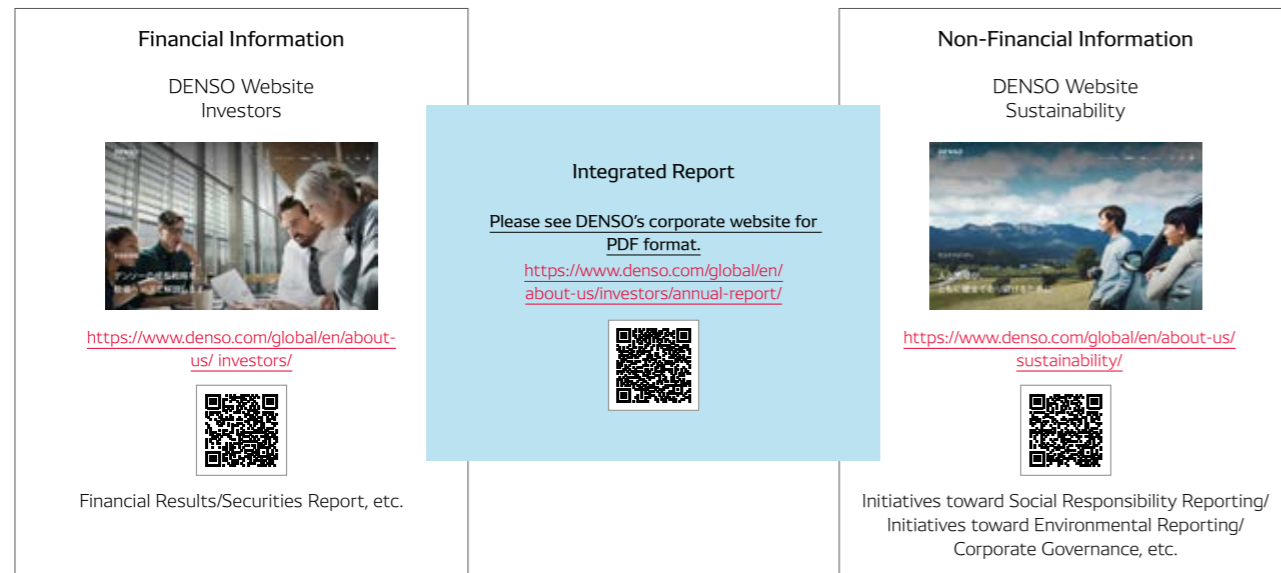
Terminology Used in *DENSO Integrated Report 2022* (Abbreviations for Various Types of Electrified Vehicles)

- BEV: Battery electric vehicle
- HEV: Hybrid electric vehicle
- PHEV: Plug-in hybrid electric vehicle
- FCEV: Fuel-cell electric vehicle

About the Cover of *DENSO Integrated Report 2022*

The cover of this report depicts the sense of team spirit we foster among our employees on the front lines of manufacturing and their growing ambition to achieve our various targets through their collective wisdom and strengths. It also expresses DENSO Culture, which involves efforts toward *Monozukuri* (manufacturing) through the use of D-cross, our original design element, and the provision of value to society.

Positioning of Integrated Report

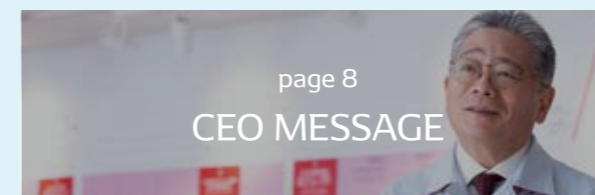


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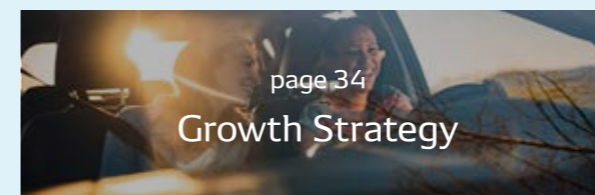
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PROLOGUE
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30 DENSO's Value Creation Process
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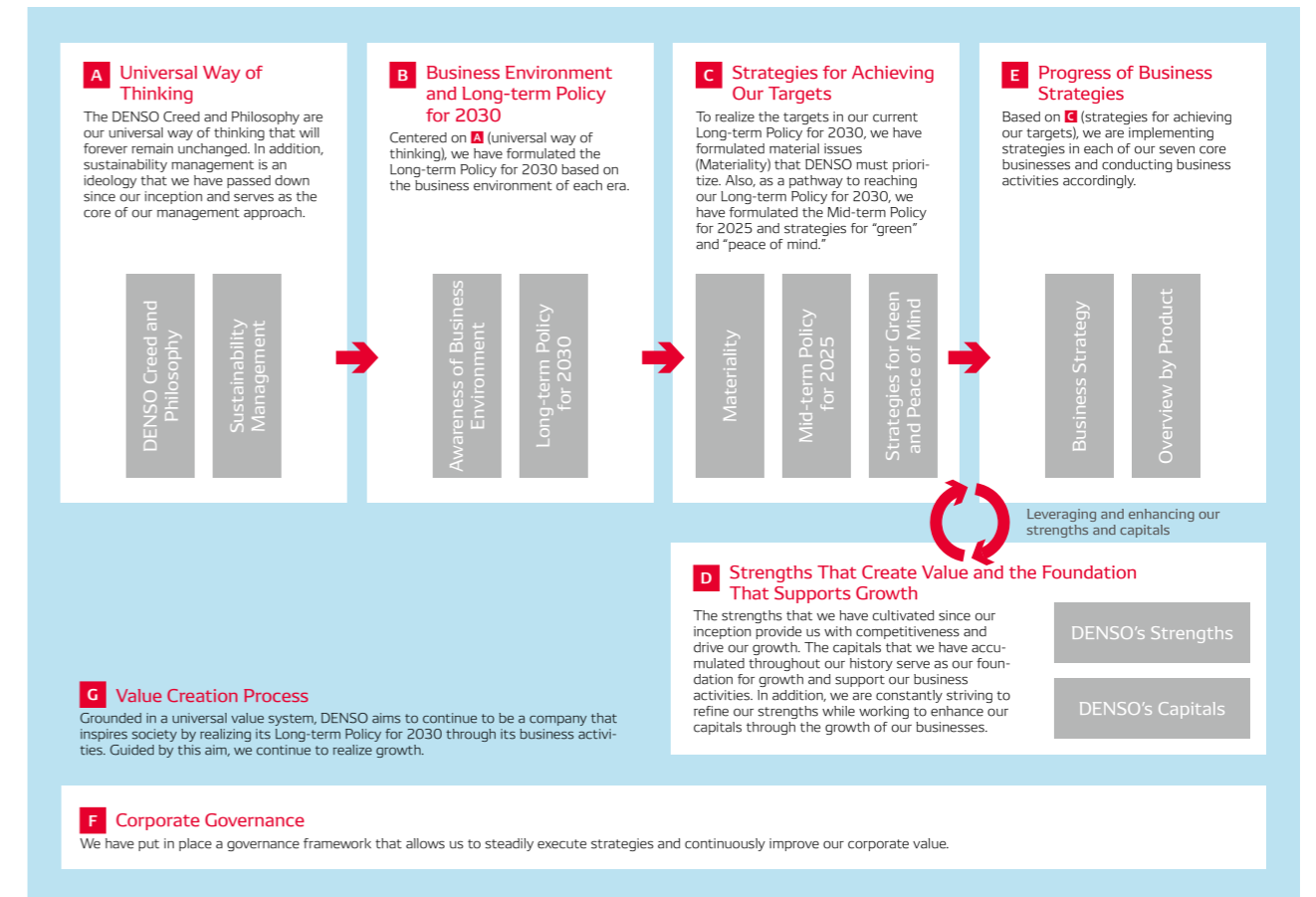
DENSO has pledged its support for the Task Force on Climate-related Financial Disclosures (TCFD). For *DENSO Integrated Report 2022*, we referenced the climate-related disclosure items recommended by the TCFD. The table below shows the correspondence between the TCFD recommended disclosure items within 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 73 to 76 for details.

	DENSO Integrated Report 2022	DENSO's Corporate Website
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	
	P75: Efforts to Maximize the Value of "Green">Governance P100: Corporate Governance>Corporate Governance System	Who we are>Sustainability>Sustainability Management>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/management/ 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	b) Describe management's role in assessing and managing climate-related risks and opportunities	
	P75: Efforts to Maximize the Value of "Green">Governance P100: Corporate Governance>Corporate Governance System	Who we are>Sustainability>Sustainability Management>Promotion Structure: https://www.denso.com/global/en/about-us/sustainability/management/ 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/
Risk Management	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	
	P38-39: Awareness of Business Environment P40-41: Materiality P73-74: Efforts to Maximize the Value of "Green">Scenario Analysis of Business Risks and Opportunities	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) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
Metrics and Targets	P36-37: Vision and Road Map for 2030 P38-39: Awareness of Business Environment P40-41: Materiality P42-47: Results of the Long-term Plan for 2025 and Mid-term Policy for 2021, Results of DENSO Revolution Plan "Reborn21" P48-49: Mid-term Policy for 2025 P50, 52-53, 54: Strategies for Green and Peace of Mind P58-64: Message from the Chief Financial Officer P73-75: Efforts to Maximize the Value of "Green">Scenario Analysis of Business Risks and Opportunities, 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°C or lower scenario	
Risk Management	P73-75: Efforts to Maximize the Value of "Green">Scenario Analysis of Business Risks and Opportunities, Impact on Management Strategy, Impact on Financial Planning	
	a) Describe the organization's processes for identifying and assessing climate-related risks	
Risk Management	P40-41: Materiality P75: Efforts to Maximize the Value of "Green">Risk Management P114-115: Risk Management	Who we are>Sustainability>Sustainability Management>Materiality: https://www.denso.com/global/en/about-us/sustainability/management/ Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management (Eco-Management)>Promoting Consolidated Environmental Management, Environmental Risk 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	
Risk Management	P40-41: Materiality P75: Efforts to Maximize the Value of "Green">Risk Management P114-115: Risk Management	Who we are>Sustainability>Sustainability Management>Materiality: https://www.denso.com/global/en/about-us/sustainability/management/ Who we are>Sustainability>Commitment to the Environment>EcoVision>Environmental Management (Eco-Management)>Promoting Consolidated Environmental Management, Environmental Risk 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	
Risk Management	P75: Efforts to Maximize the Value of "Green">Risk Management P114-115: Risk Management	Who we are>Sustainability>Governance>Risk Management: https://www.denso.com/global/en/about-us/sustainability/governance/risk/
	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	
Metrics and Targets	P41: Materiality>Materiality KPIs P50: Strategies for Green and Peace of Mind P76: Efforts to Maximize the Value of "Green">Indicators 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	
Metrics and Targets	P119: Non-Financial Highlights>CO ₂ Emissions (Global, Scope 1 + Scope 2 Emissions) P120-121: 10-Year Data>Non-Financial Data>CO ₂ emissions (global)	Who we are>Sustainability>Commitment to the Environment>Data compilation (Environmental report): https://www.denso.com/global/en/about-us/sustainability/library/environment-data/
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	
Metrics and Targets	P41: Materiality>Materiality KPIs P50: Strategies for Green and Peace of Mind P76: Efforts to Maximize the Value of "Green">Indicators and Targets P120-121: 10-Year Data>Non-Financial Data>CO ₂ emissions (global)	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/

Overall Layout of DENSO Integrated Report 2022

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.

The aim of *DENSO Integrated Report 2022* is to have the reader gain a deep understanding of DENSO's value creation process while promoting an opportunity for dialogue. Throughout the entirety of this booklet, we have created a story line that comprehensively communicates our value creation process while encompassing crucial elements that help the reader understand this process (management philosophy, business model, strategy, governance, etc.). The chart below shows the logical layout of these crucial elements based on the story line we have created. Additionally, we have created an index of keywords affiliated with each element so that readers can easily access the information they wish to know.



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