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. During this 75-year journey, we have cultivated strengths and capital that will continue to be the source of our value creation well into the future by boldly transforming our business portfolio. To ensure that we can leverage these strengths and be an essential company a century from now, we will increase our areas of contribution further still.

Revenue

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

Market capitalization*

* Before adjustment for treasury stock

Our Cultivated Strengths P.20–23
Our Accumulated Capitals P.24–25

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

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

2020s
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 our first inverter to use SiC power semiconductors
- Commenced verification test for the widespread utilization of hydrogen

Four Ideals of the DENSO Creed

Established at the time of the Company's founding, the DENSO Creed sets forth a clear commitment to pursuing innovation in anticipation of changing times and to addressing social issues through quality products and services. This commitment is also the starting point of our sustainability management, which we are currently implementing.

Be trustworthy and responsible.
The trust that our predecessors worked earnestly to build over the years underpins the DENSO of today. We will therefore maintain this trust and seek to build it up further so that we can pass it on to the next generation. By doing so, we will meet the expectations of society and fulfill our responsibility to ensure DENSO's future.

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 to perform our duties with sincerity. The sincere and cooperative relationships we have with each other as employees will bring forth inspiration and help us build long-lasting relationships with our customers and business partners.

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

Provide quality products and services.
We will earnestly approach each issue facing this ever-changing society 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 Integrated Report 2024
DENSO's Value Creation Story

Tradition of Sustainability Management

The DENSO Creed calls on us to "provide quality products and services," expressing the essence of our approach to sustainability management, which focuses on benefiting society by utilizing businesses to pursue ambitious initiatives that address social issues. Today, our mission is to continue our legacy by putting into practice the commitment that our predecessors established when drafting the creed and by passing on this commitment to the next generation.

In advancing sustainability management, DENSO has incorporated future social issues into its Long-term Policy for 2030 and as an integral part of its material issues (Materiality), and the Company is addressing these social issues through business activities. Centered on our management philosophy of green and peace of mind, we are taking on the challenge of resolving complex social issues. By doing so, we will provide society with new value that inspires diverse stakeholders.

Establishment of the DENSO Heritage Center

In December 2021, we established the "Heritage Center" with the aim of enabling all employees to return to DENSO's origins, which are represented by the DENSO Creed and the principles of quality and safety, and to provide them with an opportunity to consider what unique aspect of DENSO that they themselves want to pass on to the next generation. At the DENSO Heritage Center, we have established permanent exhibits that introduce the Company's history since its founding and showcase events that have occurred pertaining to quality and safety. We also feature various special exhibits. In the two years since the Heritage Center's establishment, more than 7,500 DENSO employees from Japan and overseas have visited the location, using it as a foundation to implement sustainability management on an individual basis.

History of Innovation and Creation

Just as it did when DENSO was founded, the commitment set out in the DENSO Creed is our starting point to this day. Amid a rapidly changing external operating environment, we must boldly take on unprecedented challenges, such as promoting initiatives toward CASE* and realizing carbon neutrality. Taking the baton that was passed to us by our predecessors, who consistently took on the challenge of resolving the social issues of the times, we will steadily move forward toward our aim of bringing happiness to people and society as a whole.

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

1930s to 1950s: Taking on the challenge of resolving social issues using cutting-edge technologies from the time of our founding

External Environment	Postwar Reconstruction and Motorization
Social Needs	International Standards of Technology and Quality

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). In 1935, the executive director of Toyoda Automatic Loom Works, Kiichiro Toyoda, instructed Ryuichi Suzuki (who would later become a member of the Board at DENSO) to take on the challenge of producing electrical equipment in-house. However, developing such equipment proved challenging due to the unreliable quality of electrical equipment at the time. In fact, Mr. Toyoda stated to Mr. Suzuki that this task seemed to be far harder than he had imagined, and he asked Mr. Suzuki whether they should quit at that juncture. Mr. Suzuki pleaded to Mr. Toyoda to allow him to continue his efforts for one more month in order to realize in-house production. Sometime after doing so, the enthusiasm and persistence of Mr. Suzuki and the young engineers on his team led to the official adoption of electrical equipment in Toyoda vehicles.

Team in Charge of Electrical Equipment Development
At the time, a team of approximately 30 engineers and technicians devoted themselves to the in-house development of electrical equipment, often going without sleeping and eating.

1949: Birth of NIPPONDENSO

With the Japanese economy in an extremely difficult state due to the promotion of the Dodge Line by the General Headquarters of the Supreme Commander for the Allied Powers, 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, AICHIDENSO, or TOKAIDENSO, which are names of the local area where the company was founded.

1953: Start of Technical Cooperation with Robert Bosch GmbH

In the early 1950s, a technological gap clearly existed between NIPPONDENSO and Western companies. Consequently, we urgently needed to achieve world-class technologies and quality. At this juncture, we encountered German-based company Robert Bosch GmbH, which was an order of magnitude larger than us. Thanks to the mediation of Dr. Tokushichi Mishima, who was the inventor of MKM steel, and the determination of our management, we concluded a technical alliance with Robert Bosch. By learning from our new partner, we established the foundations of internationally competitive technologies and quality.

Specific Initiatives

- Beginning in the 1950s, we catered to the needs of customers, especially Toyota Motor Corporation. At the same time, we established and grew a business field centered on mechanical parts and realized the provision of products supported by internationally competitive technologies and quality.

Green Value and Peace of Mind Value Provided

- Developed and mass-produced the DENSO-GO electric vehicle in 1950, when it was difficult to obtain gasoline. Many of DENSO-GO's electronic components were designed and manufactured in-house, and approximately 50 of these vehicles were sold.
- Developed Japan's first car and bus air-conditioning systems. Although there was a concern that such systems would impede driving performance, these systems were able to overcome that notion and quickly grew in popularity due to their high level of convenience and comfort.

DENSO-GO

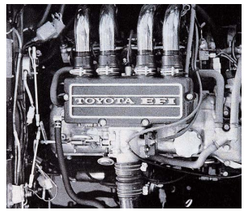
Green Peace of mind

1960s and 1970s

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



Electronic fuel injection system

Received the Deming Prize

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.

"Safe DENSO," the Origin of Our Accident Prevention Training

In 1969, an explosion accident occurred at the die-casting factory of the Anjo Plant in which six employees lost their lives, making it the biggest disaster at DENSO since its founding. In October of the same year in the wake of the incident, we created the new "Safe DENSO" slogan to redouble our resolve to ensure that another such accident would never happen again. Additionally, to ensure that we would never forget this accident and always remain aware of safety, we established September 8, the date the disaster occurred, as "Safety Day." We are also currently rolling out special safety training activities on a global basis.

1980s

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

DENSO (MALAYSIA) SDN. BHD. at the time of its establishment in 1980

In-vehicle test in Europe

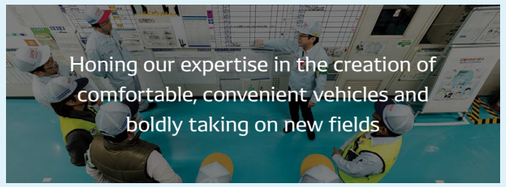
Green Value and Peace of Mind Value Provided

- 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.

- 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



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

Iridium spark plug

- 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

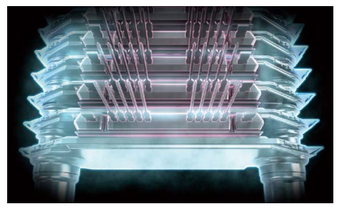
External Environment	Spread of Digital and Information Technologies and Creation of International Frameworks and Regulations for Global Warming Prevention
Social Needs	Diversification of Powertrain Technologies and Introduction of Products for Hybrid Electric Vehicles (HEVs) and Other Electric Vehicles

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.



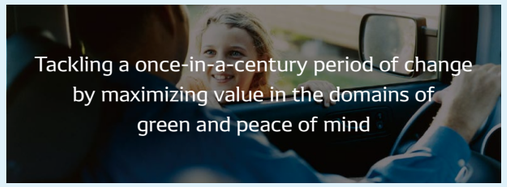
Structure for cooling both sides of the inverter

- 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.

Green Peace of mind

2010s to 2020s



External Environment	ICT Advancement and SDG Adoption, and Escalation of Social Issues
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

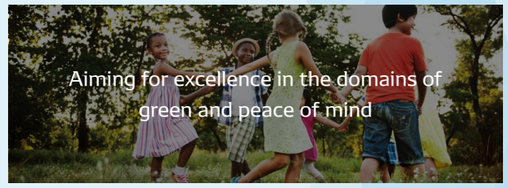
Green Value and Peace of Mind Value Provided

- 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 BEVs.

Inverter production site

- 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
- Developed Global Safety Package 3, which helps improve safety performance by recognizing the environment surrounding the vehicle

2030s and Beyond

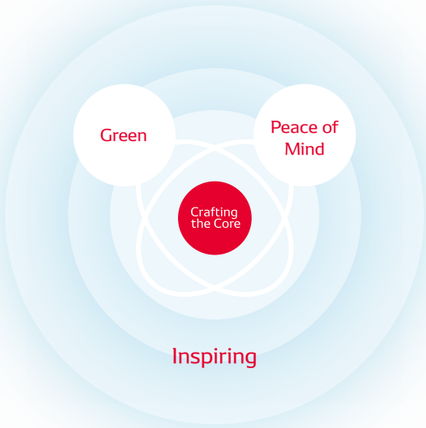


External Environment	Global Warming, Resource Shortages, and Escalation of Such Social Issues as an Aging Society
Social Needs	Recycling-Based Society Centered on Renewable Energy

Specific Initiatives

- Declared intention to realize 100% carbon-neutral *Monozukuri* and eliminate traffic accident fatalities by fiscal 2036. Worked to expand businesses and resolve social issues in line with management philosophy of green and peace of mind
- Commenced verification tests for the use of hydrogen, a form of clean energy that does not burden the environment, thereby accelerating efforts to realize a hydrogen-based society

Our Vision for the Future: Long-term Policy for 2030



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 capital 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.

Tradition of Sustainability Management P.26–27

Primary Value Provided and Indicators for Such Value

Principal social value we offer and related indicators

Green

Carbon-neutral *Monozukuri*

2025: **Realize carbon-neutral plants through the utilization of carbon credits**

2035: **Realize carbon-neutral plants without the use of carbon credits**

Peace of Mind

Contribution to the elimination of traffic accident fatalities

Percentage of fatal accidents covered by DENSO safety products

2025: **56%**; 2035: **100%**

Principal financial value we offer and related indicators

Expansion of equity spread over the medium to long term

Fiscal 2026: ROE of **10% or higher**; operating margin of **10%**

Fiscal 2031: ROE and operating margin of **around 12%**

Cash generation through business portfolio reform

Sales in electrification field

Fiscal 2026: **¥1.2 trillion**; Fiscal 2031: **¥1.7 trillion**

Sales in advanced driver safety system field

Fiscal 2026: **¥520.0 billion**; Fiscal 2031: **¥1.0 trillion**

Scale of semiconductor business (fiscal 2036): **¥700.0 billion**

Scale of software business (fiscal 2036): **¥800.0 billion**

Sales in energy, FA, and food & agriculture (AgTech) fields (fiscal 2031): **¥300.0 billion**

Long-term, stable shareholder returns

DOE in fiscal 2026: **3.3% or higher**, flexible acquisition of treasury stock

Social needs and social issues

Foundation of Our Value Creation

- DENSO Creed
- DENSO Philosophy
- DENSO Spirit

Reinforcement

Capitals

- Financial Capital
- Human Capital
- Manufacturing Capital
- Intellectual Capital
- Natural Capital
- Social and Relationship Capital

Capital Strategies P.42–77

Our Cultivated Strengths P.20–23

External Environment

Awareness of Business Environment, Business Portfolio and Value Creation P.30–31, 78–79

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

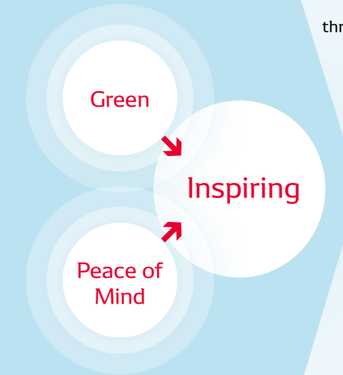
Medium- to long-term strategies aimed at promoting efforts toward maximizing the value of green and peace of mind

Seven Core Businesses

Growth Strategy, Overview by Product P.28–41, 78–95

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 P.52–56

Corporate Governance P.96–113

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.70–73
Risk Management and Compliance P.110–113
Undertaking Initiatives toward Respecting Human Rights P.76

Our Cultivated Strengths

Over its 75-year history, DENSO has cultivated various unique strengths. Since the founding of the Company, 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 Foundations

DENSO's business activities are supported by robust foundations built over many years, giving the Company an advantage that cannot be easily replicated. The driving force behind all our business activities is the expertise of our approximately 160,000 employees across the globe as well as our relationships with diverse stakeholders, including customers, suppliers, and business partners. By evolving and increasing such relationships and expertise, we will realize further growth.

Roots of Our Strengths

1949 Split from Toyota Motor Co., Ltd. and established NIPPONDENSO CO., LTD. as an independent company, with the aim of becoming a company active on a global scale, amid worsening economic conditions
1954 Established the Technical Training Center. This center fostered the principles of "*Monozukuri* is *Hitozukuri* (Our performance relies on our people)" and "Engineering and technique go hand in hand." These principles continue to be passed down within the Company.
1959 Deepened cooperation with suppliers by establishing the DENSO Cooperative Association (currently DENSO HISHOKAI), which currently accounts for annual procurement of ¥4.0 trillion from approximately 7,540 suppliers
1966 Opened a Chicago sales office and a Los Angeles branch office. Anticipated trade liberalization and other global trends through the establishment of this first overseas sales office
2020 Opened the Hirose Plant, which together with the Electrification Innovation Center, housed within the plant, established outstanding development and production capabilities and became the core of our electrification domain

The Key to Our Strengths

Human Capital
Human resources that support value creation
Number of employees worldwide: Approximately 160,000 (35 countries and regions)

Financial Capital
Solid financial capital structure
Ratio of equity attributable to owners of the parent company (fiscal 2024 year-end): 60.9%

Social and Relationship Capital
Robust supply structure
Suppliers (fiscal 2024): Approx. 7,540 across the globe

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. Throughout our history, we have continued to develop talent that will lead the future of DENSO. At the moment, our roughly 160,000 employees 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 course of 75 years engaging in 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. Underpinned by a robust financial foundation enabling us to tackle new pursuits, we are realizing unprecedented new value by combining the knowledge we have refined across the globe with the strengths of our diverse business partners.

Further Enhancing Our Strengths

Growing with Our Suppliers, Earning the Trust of Society, and Following the Path to the Stable Procurement of Semiconductors

At the start of the 2020s, people's consumption behavior began to change, triggered by the global spread of COVID-19. Demand for semiconductors also surged, resulting in a severe semiconductor shortage in the automotive industry. Amid these challenges, we began to see the stark contrast between the unique business practices of the automotive industry and those of other industries, including practices such as small-quantity, high-mix orders for products with long life cycles and short lead times with unpredictable order quantities.

To address this contrast, DENSO is working to transform its procurement structure into one that truly appeals to suppliers. While closely sharing information with our customers, we will actively select and adopt recommended components based on the perspective of QCD.* By doing so, we aim to reduce the risk of discontinued production (end-of-life products) while also enhancing the ability of our suppliers to offer a sustainable supply. Also, while actively communicating long-term trends and sharing information with suppliers and customers, we will promote examinations for transitioning production in response to requests for the discontinuation of production by suppliers, as soon as there is any indication of such requests. In this way, we will help establish a sound business environment together with our suppliers. By working with our suppliers to build a supply structure that earns the trust of society, we will ensure a stable supply and bolster our competitiveness.

* QCD: Quality, Cost, and Delivery. QCD is an indicator used to evaluate production management in the manufacturing industry.

Advanced R&D

DENSO has contributed to the development of the mobility society by creating an array of competitive products that accurately cater to social needs. Amid diversifying values and increasingly complex social issues, we aim to extend the scope of our contribution with mobility as our starting point. To this end, we have defined priority fields in accordance with our green and peace of mind principles. Moreover, we are planning technologies and strengthening R&D capabilities with an eye on the future. We will continue creating new value through internal and external collaborative initiatives that transcend organizational boundaries and include global research institutions and universities.

Roots of Our Strengths

1953 Commenced a technical cooperation agreement with Robert Bosch GmbH. Under this agreement, we established a technological and production base with the aim of becoming a comprehensive manufacturer of automotive parts that can keep pace with global companies.
1985 Established Nippondenso America, Inc., with which we jointly created our first overseas technical center. Through this center, we built an optimized structure for the development, production, and supply of local products.
1991 Established the Fundamental Research Center (currently the Advanced Research and Innovation Center), which conducts R&D on future technologies that cover a wide range of fields
2014 Completed the establishment of 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.
2020 Established the Electrification Innovation Center (EIC), which strengthens our capabilities in the development and production of electric vehicle components. Accelerated R&D activities in the green and peace of mind domains
2022 Received IEEE Corporate Innovation Award in recognition of our development of the QR Code® and our contribution to its global popularization

The Key to Our Strengths

Intellectual Capital
Commitment to creation in anticipation of the changing times
Number of world-first products: Over 180
Number of new patent registrations in the automotive industry (fiscal 2024): Japan, 3; United States, 9

Human Capital
Global development structure
Number of global R&D bases: 13 in seven regions around the world

Financial Capital
World-leading R&D foundation
Fiscal 2024 R&D expenditure: ¥550.9 billion

We have established "contributing to a better world by creating value together with a vision for the future" as the DENSO Philosophy. By keenly ascertaining social changes, we have been engaging in product development with a commitment to world-firsts. We have created over 180 world-first products since our establishment, and to this day we remain committed to developing new technologies and products that address complex social issues.

In 1991, we established the Fundamental Research Center (currently the Advanced Research and Innovation Center), where we have pioneered advanced technologies in such fields as semiconductors, electronic materials, AI, and ergonomics that have helped us remain competitive today. In 2014, we completed the establishment of technical centers in seven regions across the globe, in addition to laboratories in Israel, Silicon Valley, and other epicenters of innovation. By doing so, we established a structure that enables us to promptly incorporate diversified regional needs into our development process to create and deliver competitive products to our customers. Through industry–government–academia partnerships and collaborations with business partners, we are creating innovative technologies that help resolve social issues.

To further sharpen our competitive edge into the future, we invested ¥550.9 billion in R&D expenditure in fiscal 2024. By promoting better efficiency through a 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.

Further Enhancing Our Strengths

Developing Quantum-Inspired Technology with World-Class Performance to Resolve Large-scale, Complex Social Issues

Quantum computers are garnering attention as a next-generation computing technology. However, more time is required for resolving issues related to the practical application of these computers on their own. For this reason, we have been focusing on harnessing the usefulness of quantum computers through a hybrid approach with conventional computers, and we are actively engaged in R&D activities to realize the practical application of their advanced technological capabilities. As part of these efforts, we developed DENSO Mk-D, a proprietary quantum-inspired technology created based on the frameworks of quantum technology. It was the development of DENSO Mk-D that first demonstrated globally that a real-world problem with as many as five million variables could be efficiently solved, surpassing the previously recognized one million-variable limits of quantum-inspired technology.

As such, there are high expectations that this technology can be applied to resolve social issues with substantial variables, such as optimizing logistics and easing traffic congestion. DENSO utilized the quantum-inspired technology DENSO Mk-D to optimize truck delivery schedules, using actual data from logistics centers for the basis of optimization calculations. The logistics process involves numerous constraints, such as the number of trucks used per day, delivery routes, driver rest times, loading times, and delivery time restrictions. At a speed of more than 500 times faster than conventional technologies, DENSO Mk-D calculated that the delivery schedule could be reduced from the usual 77 trucks per day to 58 trucks. This represents approximately a 25% reduction in the number of trucks. Looking ahead, we will continue to advance our R&D activities with a focus on applying our technologies to not only logistics but also a wide range of social issues that cannot be resolved via conventional mathematical optimization technologies.

Three-pronged Solutions for Systems

DENSO has always optimized its business portfolio ahead of the times to provide society with valuable products and services that meet customer needs. For example, we expanded from our founding business in the mechanical parts field to foray into the electronics and software fields. While expanding, we enhanced our capabilities in each field and, as a result, we are now able to go beyond the manufacture of stand-alone components to offer optimal whole-system solutions that combine mechanical parts, electronics, and software. These system solution capabilities provide us with a competitive edge unique to a comprehensive manufacturer such as DENSO, as they could not be acquired easily by a company working solely in one specific business domain.

Roots of Our Strengths

1968 Created the IC Research Center to establish a structure for the production of semiconductors completely in-house in anticipation of the shift to the electronic control of automotive parts in the future

1995 Became the first in the world to mass-produce an electronic fuel injection system (common rail system), a precursor to current system solutions, which are aligned with overall vehicle specifications as a matter of course

2007 Mass-produced an inverter with dual-side cooling. Combined our proprietary technologies from the mechanical parts, electronics, and software fields to develop a differentiated system, which was highly acclaimed by the market

2008 Launched the DENSO Project Companywide initiative. Adapted to stricter environmental regulations by enhancing the ability to provide optimal vehicle solutions that straddle technology fields

2021 Began recurrent education program for software engineers. Met the growing need for software development and supported employees in transfer to growth fields

The Key to Our Strengths

Intellectual Capital
Ascertaining real needs

No. 2 share of the global market for automotive components

Social and Relationship Capital
Collaboration with partners that exceeds the frameworks of organizations

Number of alliances:
Stakes in more than 90 companies
(total since 2010)

Intellectual Capital
Ability to realize concepts through the integration of hardware and software

Comprehensive components manufacturer:
Seven core businesses

In addition to the mechanical parts field, in which we have been engaged since our earliest days, we have been involved in the electronics and software fields for more than half a century. DENSO has contributed to the development of mobility by combining its technologies in the fields of mechanical parts, electronics, and software to create next-generation inverters and advanced safety systems. Combining our expertise in each business domain, we are able to gain a timely and accurate understanding of the needs and future outlook of our customers as well as end-users. This in turn allows us to engage in planning and offer proposals from the early stage of vehicle development. In certain cases, we collaborate directly with customers to create vehicles together.

Our professional personnel in the fields of mechanics, electronics, and software work to gain expertise on advanced technologies around the world through partnerships that transcend organizational boundaries to include research institutions and universities and incorporate such expertise into our products. Our personnel also rigorously conduct product evaluation and testing under actual vehicle use conditions, considering factors such as temperature and how the vehicle is used. We handle a wide range of components and have a deep understanding of the requirements needed for vehicle development. For this reason, we are able to develop technologies and products that, when installed in vehicles, truly meet the needs of users—a strength that other companies active in only one domain cannot offer.

We will draw on this one-of-a-kind competitive edge as a means to realize genuine added value for mobility in an era where the role and importance of software in vehicles is increasing. By doing so, we will achieve further differentiation from other companies.

Further Enhancing Our Strengths

Accelerating R&D for In-Vehicle Applications of High-Performance Digital Semiconductors, Together with Business Partners

Approximately 1,000 semiconductors are used per vehicle. Among these are high-performance digital semiconductors (SoCs: System on a Chip), which are required for autonomous driving technology. These semiconductors require advanced technologies in order to achieve their advanced processing capabilities.

In December 2023, DENSO CORPORATION and MIRISE Technologies Corporation, a Group company that conducts R&D on in-vehicle semiconductors, established Advanced SoC Research for Automotive (ASRA), together with auto manufacturers and semiconductor-related companies. Through ASRA, we are promoting R&D on automotive SoCs that make use of technology enabling different types of semiconductors, known as chiplets, to be combined freely in a similar manner as LEGO® blocks. With this effort, we aim to achieve the practical application of such advanced technology while also pursuing the high level of safety and reliability needed for automobiles. By promoting industry–government–academia collaboration both inside and outside Japan and accumulating technological capabilities and experience in the automotive, electronic components, and semiconductor fields, together with business partners, we will further enhance our competitiveness as a world-leading R&D organization.

Highly Efficient, High-Quality *Monozukuri*

Since its inception, DENSO has consistently emphasized the creation and utilization of in-house technologies. We design and manufacture equipment, production lines, materials, and processing methods. This emphasis on in-house *Monozukuri* (manufacturing) has enabled us to provide society with products that give concrete form to the leading-edge technologies conceived by our R&D team. Having our own production technologies has also allowed us to develop high-speed, efficient production lines and compact facilities as well as streamline distribution and inspection. By digitalizing know-how and utilizing it as explicit knowledge, we are adding even more competitiveness and value to our products.

Roots of Our Strengths

1961 Received the Deming Prize, the most prestigious award for quality control. Winning this prize laid the foundations for the "Quality First" approach and corporate culture that we still adopt to this day.

1972 Established our first overseas production company. Since then, we have accelerated the establishment of additional overseas production companies and conducted production activities that meet the needs of each region.

1979 Received the Okochi Memorial Production Prize. This prize was received in recognition of our highly accurate, high-quality *Monozukuri* that was realized through our comprehensive in-house manufacturing of production lines and equipment.

1984 Launched a project for the practical application of robots. Furthermore, the development of such technologies as barcode readers and RFID,*1 which we pursued in a similar manner as robots, helped establish the foundation of our current factory automation (FA) business.

1997 Commenced Excellent Factory (EF) activities. Through plant improvement led by frontline production personnel, globally developed a *kaizen* (improvement) culture, which is the source of our ambitious improvement activities

2019 Began operating Factory-IoT (F-IoT), which networks plants worldwide to enable the accumulation, analysis, and utilization of various data. Took advantage of digital technologies to accelerate long-standing improvement activities

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

The Key to Our Strengths

Manufacturing Capital
Industry-leading *Monozukuri* foundation

Number of plants with F-IoT: Approx. 130
Amount of capital expenditures
(fiscal 2024): ¥394.6 billion

Natural Capital
Initiatives to achieve carbon-neutral *Monozukuri*

Ratio of renewable energy use globally
(fiscal 2024): 36.8%
Energy conservation grand prize award:
Received for 14 consecutive years

Human Capital
Advanced *Monozukuri* personnel

Cultivation of technical talent
over the past 70 years

DENSO boasts micro-processing accurate to 1/1000mm and assembly lines that increase both production efficiency and quality. Our research on leading-edge production, elemental, processing, and measurement technologies as well as our development of production lines and systems that incorporate these technologies underpin products with world-leading performance and quality. Furthermore, we have connected our roughly 130 plants across the globe to a network allowing us to analyze a broad range of data obtained from personnel and equipment on the production front lines. In this way, we have greatly enhanced our competitiveness. By promptly detecting and addressing signs of equipment malfunctions, establishing the know-how of our talented personnel at each individual production site as explicit knowledge for global use, and bolstering productivity through data-driven energy conservation activities, we are working to further enhance our *Monozukuri* foundation. With the aim of achieving carbon-neutral *Monozukuri* by 2035, we are leading the industry with efforts to reduce environmental burden not just within the Group but across the entire supply chain.

Our cutting-edge *Monozukuri* activities are underpinned by our 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 gold medals at the WorldSkills Competition.

Further Enhancing Our Strengths

Supporting a Circular Economy in the Automotive Industry and Taking on the Challenge of Expanding Recycled Material Use across the Industry

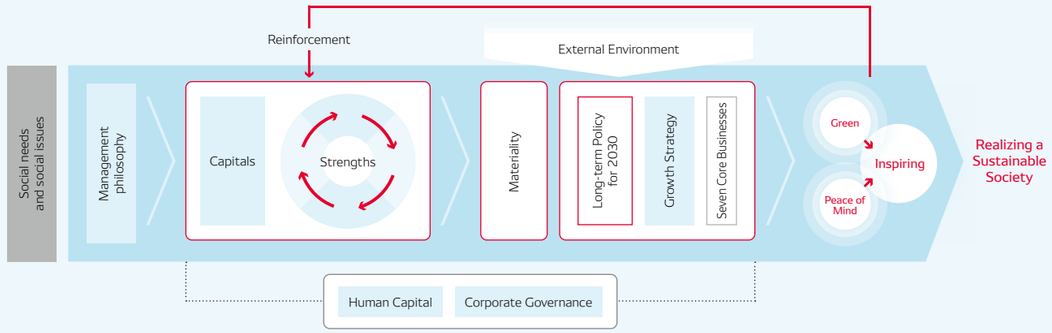
To realize a sustainable society, it is necessary to transition to a circular economy across various industries. In the automotive industry, promoting the expanded use of recycled materials has become a pressing issue. However, with the current method for processing end-of-life vehicles, which involves first crushing them and then sorting and extracting recyclable materials, it is difficult to obtain recycled materials with a high level of purity. Moreover, there has not been sufficient collaboration between companies that manufacture automobiles through processed resources and companies that collect, resell, and reprocess end-of-life vehicles, and this has kept the average rate of closed-loop recycling*2 in the automotive industry relatively low. This also has contributed to the lack of progress with efforts to utilize recycled materials as materials for automotive components.

To remedy this situation, DENSO sought out partners across various industries, including dismantling service providers for end-of-life vehicles, material manufacturers, automotive components manufacturers, and universities and research institutions, and jointly commenced a technological verification test in March 2024 for an automated precision dismantling process, a groundbreaking method that enables extraction of highly pure recycled materials from end-of-life vehicles. This verification test has been chosen as an industry–government–academia collaborative project that aims to expand the use of recycled materials in automobiles, and is supported by Japan's Ministry of the Environment. Through the verification test, we will take a new step forward in realizing a circular economy in the automotive industry.

*2 Closed-loop recycling: A recycling process in which materials from a used product are used to create the same kind of product

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	Inputs	Initiatives to Strengthen Capitals	Business Growth: Creation of New Value	Business Growth: Profit Growth	Business Growth: Reduction in Capital Cost
Financial Capital P.42–49	Fiscal 2024 Total assets: **¥9,093.4 billion** Revenue: **¥7,144.7 billion** Operating profit: **¥380.6 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 • Promotion of 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 asset efficiency based on reduction of cross-shareholdings and reduction of cash on hand	• Improvement of capital structure through utilization of borrowings and augmentation of shareholder returns • Reduction in cost of shareholders' equity through stepped-up investor relations activities
Human Capital P.52–56	Fiscal 2024 Total number of global employees: **Approx. 160,000** Year-on-year increase in human capital investment: Fiscal 2024: **¥29.0 billion** Fiscal 2025: **¥35.0 billion (forecast)**	• Initiatives to improve employee engagement (support for employee career realization and creation of open workplaces) • Transformation of talent portfolio (acquisition, development, and optimal placement of personnel)	• Realization of a circular economy through energy recycling systems and resource reuse	• 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
Manufacturing Capital P.57–59	Fiscal 2024 Capital expenditures: **¥394.6 billion** Global number of production bases: **127 bases in 25 countries**	• Establishment of global production and supply capabilities • Realization of DENSO-style digital-twin plants • Achievement of circular economy in the *Monozukuri* industry • Transformation of logistics (optimization of entire supply chain, automation) • Development of *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
Intellectual Capital P.60–67	Fiscal 2024 R&D expenditure: **¥550.9 billion** Number of patents held (Japan and overseas): **Approx. 39,000** Fiscal 2024–Fiscal 2031 Software development personnel: **Increase of 6,000 personnel**	• Reinforced recruiting and development of software engineers • Creation of intangible value through software development • Augmentation of semiconductor development and enhanced efficiency of software development • Acceleration of advanced research • Promotion of exchange through collaboration with business partners and industry–government–academia collaboration	• Creation of 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
Natural Capital P.68–73	Fiscal 2023–Fiscal 2026 Planned investment in efforts to reduce CO_2 emissions: **¥100.0 billion**	• Thorough energy-saving activities in all facets of our operations • Introduction of renewable energy based on economic rationality • Efficient utilization of natural capital through recycling, among other measures • Minimization of 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.74–77	Fiscal 2024 Suppliers: **Approx. 7,540** Dialogues with investors and analysts: **Approx. 1,750** Total since fiscal 2011 Number of business alliances: **90**	• Enhancement of dialogue with all stakeholders • Building of 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 and reduction of production costs through risk management	• 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

Output (Targets)	Outcome / Related SDGs
Financial ROE: **12% level** Operating margin: **12% level** Revenue: **¥7,500.0 billion** (fiscal 2031) DOE: **3.3% or higher**, stable improvement over the long term Revenue in the electrification domain: **¥1,700.0 billion** Revenue in the ADAS domain: **¥1,000.0 billion** (fiscal 2031) Scale of semiconductor business: **¥700.0 billion** Scale of software business: **¥800.0 billion** (fiscal 2036) Revenue in the energy, FA, and food & agriculture (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) Number of women in management positions (non-consolidated) Business fields: **200** Technical fields: **200** (fiscal 2026) Trust of society Compliance: Serious violations of laws and regulations: **0** Information security: Serious incidents: **0**	**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** • Provision of open and comfortable mobility • Improvement of labor productivity in industries • Secure and stable food supply • Establishment of a sustainable supply chain **Improving employee well-being** • Creation of workplaces with no work-related accidents • Promotion of diversity, equity, and inclusion • Cultivation 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)

Tradition of Sustainability Management

Since its founding, DENSO has taken on ambitious initiatives to address social issues through its businesses. In other words, we practice sustainability management and continuously provide society with new green value and peace of mind value. Our consistent approach to business is ingrained in the spirit of the DENSO Creed, which calls on us to "provide quality products and services."

To continue in the spirit of our creed and keep practicing sustainability management even as times change, we have established the DENSO Group Sustainability Policy and incorporated social issues into the Long-term Policy for 2030 and as an integral part of our material issues (Materiality P.32–33). We are currently tackling these social issues through our business activities. This section provides an overview of our structure for promoting sustainability management implementation as well as specific related initiatives.

Social Issue Resolution (Sustainable society creation) × **Business Activities** (Corporate growth) = **DENSO Sustainability Management**

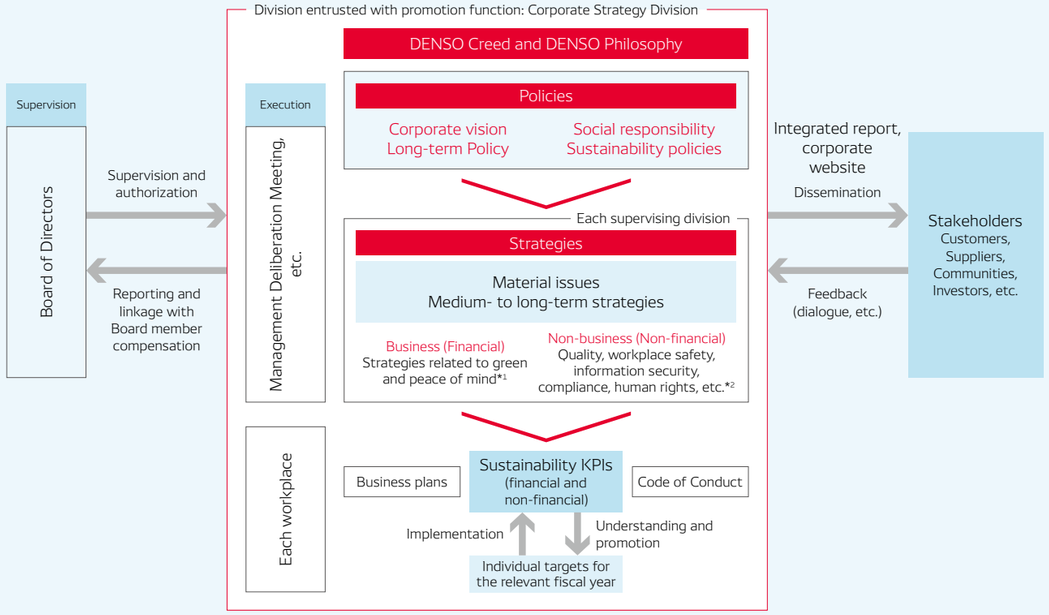
Promotion Structure for Sustainability Management

The executive vice president and representative member of the Board supervises the Corporate Strategy Division, which is responsible for promoting Companywide sustainability management. This division is involved in such efforts as drafting policies and action plans related to sustainability, providing follow-up support for the sustainability activities of each division, and engaging in internal and external communication.

Furthermore, matters such as the direction of sustainability management and the status of Companywide sustainability activities are reported to and deliberated on by the Company's formal committees (such as the Management Deliberation Meeting) and overseen by the Board of Directors. In addition, the divisions in charge of individual sustainability themes promote activities to address these themes in collaboration with relevant divisions and after deliberation on said themes by each expert committee.

Also, to promote and entrench a culture of sustainability and 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 workplaces.

Promotion Structure and Division for DENSO's Sustainability Management



*1 Strategies deliberated on by the Management Strategy Meeting and the Management Deliberation Meeting (Corporate Governance, P.99)
*2 With committees in charge of these themes, such as the Quality Assurance Meeting and the Companywide Safety, Health, and Environment Committee serving as the secretariat, initiatives to address these themes are deliberated on by the Company's formal committees.

Please see this URL to view the DENSO Group Sustainability Policy.
https://www.denso.com/global/en/-/media/global/about-us/sustainability/management/management-doc-sustainability-policy-en.pdf

TOPIC

The DENSO Group is further accelerating the implementation of sustainability management by advancing the following initiatives.

Evolving Sustainability Management (Initiatives from a Companywide Perspective)

Ongoing: Establishing sustainability KPIs and following up on them as company goals; incorporating sustainability KPI achievement levels into evaluation indicators for officer remuneration P.103–104

New: We are currently examining updates to the material issues we established in fiscal 2019 based on the concept of double materiality.* In our evaluation process, we have been soliciting the opinions of internal and external stakeholders, including customers, suppliers, investors, experts, employees, and members of the Board to assess our level of impact on society and the kinds of expectations that stakeholders have of DENSO.

* Materiality chosen to not only evaluate how social issues impact a company's business but also how a company's business impacts society.

Promoting the Understanding of Each Employee

Group companies and regional headquarters educate and communicate information to employees in effective ways that reflect the culture of their respective region or company so that each individual can communicate in their own words how they will contribute to the sustainability of society through their work.

Case 1: My Efforts toward the SDGs—Contributions You Can Make on Your Own

At the Kota Plant, we have been working to promote employee understanding of sustainability management at a workplace level through efforts such as the Outstanding People Caravan, an event where department heads, plant managers, and sustainability leaders come together to share examples of personal actions toward the SDGs. Over 350 members of the plant's semiconductor manufacturing division have participated in this event, recording their goals regarding how they would like to contribute to the sustainability of society through their own work and actions under the theme "My Efforts toward the SDGs." These goals are displayed throughout the plant. In this way, the Outstanding People Caravan provides opportunities for employees to not only reflect on their own actions but also make new realizations by learning the declarations of their colleagues in the workplace.

Case 2: Promoting Understanding of Carbon Neutrality in China

To promote an understanding of carbon neutrality in China, reflecting the level of interest in carbon neutrality around the world, we offer educational activities and tests via e-learning platforms. In addition to global policies and strategies, we share regional Chinese policies with employees so that they can more closely relate to the concept of carbon neutrality and engage in relevant activities. We also introduce specific examples of production companies in China that are engaged in such activities. For example, at Tianjin DENSO Electronics Co., Ltd., a Chinese production company, we have rolled out an initiative using a smartphone app with the aim of encouraging all employees to participate in and have fun with activities related to the SDGs and carbon neutrality on an ongoing basis. Over 90% of employees have accessed this app. The app not only features examples of how to better conserve energy but also enables employees to post their own examples of the initiatives in which they are engaging. To date, there have been over 350 posts by employees, demonstrating the motivation of employees to take action.

Case 3: Promoting an Understanding of Sustainability Management Utilizing the Integrated Report

Leveraging our integrated report, we are promoting efforts to deepen employee understanding of our sustainability management. For employees reading an integrated report for the first time, we have created a reading guide that summarizes the key points of such a report. We also post the report on our company intranet, hold reading sessions among employees interested in the report, and conduct visiting lectures for departments that request them. In these ways, we have promoted activities to deepen employee understanding of our corporate strategies and sustainability management through the use of the integrated report.

Employees who have participated in such activities have provided a good deal of positive feedback, including comments such as "I was able to gain an understanding of how my daily work relates to corporate strategies and social contribution, which has boosted my motivation," and "I want to use the integrated report to communicate a general overview of DENSO to our business partners and new employees."