

## Road Map for Our 2030 Vision

The DENSO Philosophy provides the foundation for drawing the outline of the Company's corporate policies, and sustainability management acts as the core mechanism for realizing these policies. In light of the aforementioned changes in the business environment and from the perspectives of both risks and opportunities, DENSO has formulated its Long-term Policy for 2030. In addition, to provide a medium-term milestone on the way toward achievement of this policy, we have established the Mid-term Policy for 2025. In parallel with the long-term policy, we are moving forward with Strategies for Green and Peace of Mind as 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.

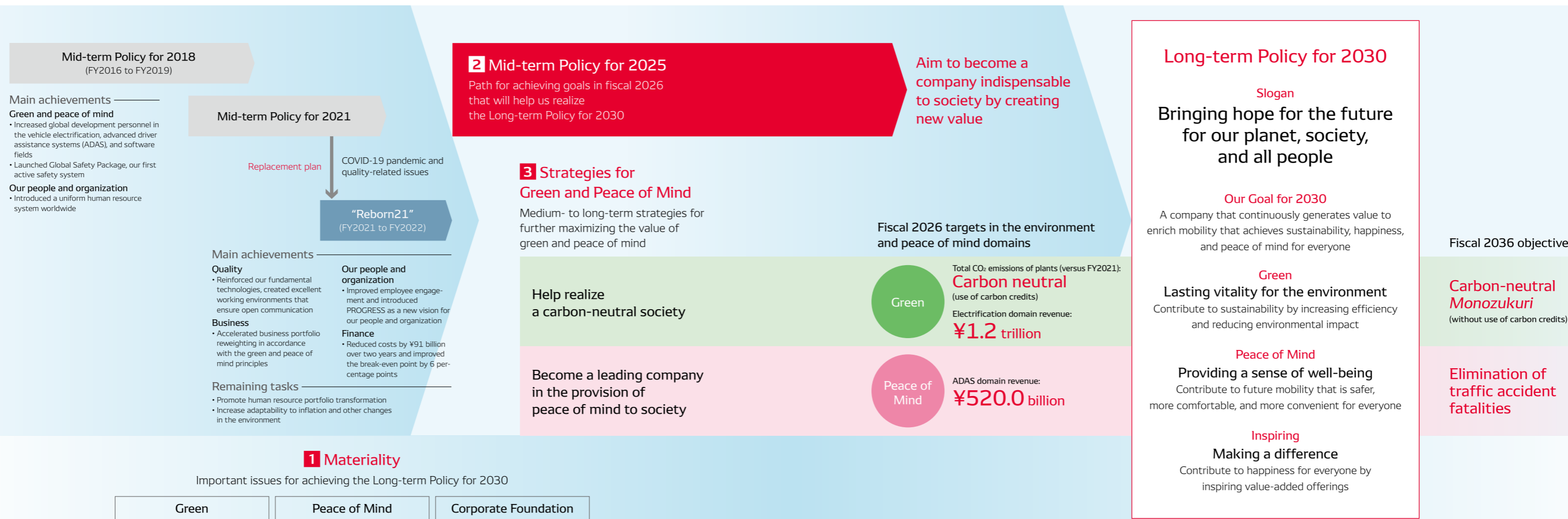
### Growth Indicators to Realize the Long-term Policy for 2030

To realize its Long-term Policy for 2030, DENSO is working to achieve business growth by realizing growth in a wide range of domains that go beyond the automobile, and by promoting management reforms, among other efforts. However, with the increased level of uncertainty regarding the outlook for the business environment, and, based on the fact that our highest priority issue recently has been to establish a structure that is resilient to changes in the business environment, we are now placing the most emphasis on profitability as an indicator for growth and aim to achieve ROE of 10% or higher and an operating margin of 10% by fiscal 2026.

2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024

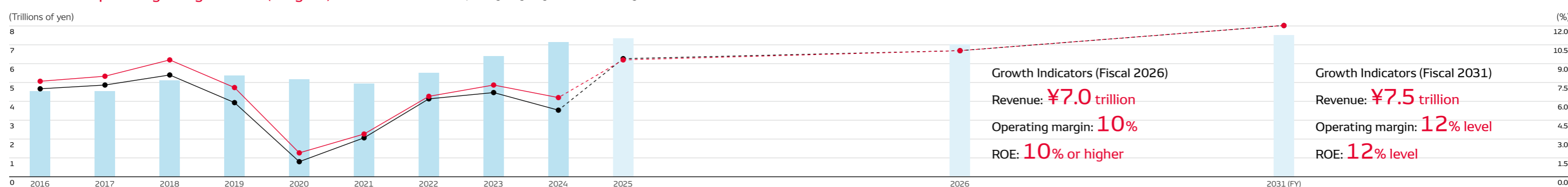
2025

2030



Awareness of the projected business environment of 2030 used to formulate the Long-term Policy for 2030

### Revenue / Operating Margin / ROE (Targets)



## 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 addition to the numerous issues in the mobility field, there are many issues that need to be overcome in order to realize a recycling-oriented society and an optimal energy balance, such as decarbonization and easing traffic congestion. In tandem with the technological evolution of the IoT and AI, advances are being made in implementing new mobility solutions, including vehicle electrification, automated driving, and connected driving, while these technologies also need to be extended and applied 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 social changes.

### 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

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

- |                      |  |
|----------------------|--|
| <b>Risks</b>         | <ul style="list-style-type: none"> <li>• Tightening and acceleration of environmental regulations on the automotive industry</li> <li>• Introduction and expansion of environmental taxation by the governments in each country and region</li> <li>• Increasing demand for the transition to carbon neutrality within the product production process</li> </ul>   |
| <b>Opportunities</b> | <ul style="list-style-type: none"> <li>• Increasing needs for systems to respond to electrification and alternative fuels (e-fuel, hydrogen fuel, and biofuel)</li> <li>• Heightened expectations for new technologies that contribute to carbon neutrality and resource recycling (generation and use of hydrogen, traceability, etc.)</li> <li>• Growing demand for highly efficient production technologies that achieve solid energy-saving effects</li> </ul> |

#### 2 Diversification of people's values and consumption behavior

- |                      |  |
|----------------------|--|
| <b>Risks</b>         | <ul style="list-style-type: none"> <li>• Reduction in transportation as digital technologies proliferate and consumption patterns change</li> <li>• Intensifying competition due to the increasing entry of IT companies able to address diversifying values</li> </ul>  |
| <b>Opportunities</b> | <ul style="list-style-type: none"> <li>• 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.)</li> <li>• Rising need for added value due to the accelerating shift to digital technologies and IT</li> </ul> |

#### 3 Emergence of social issues

- |                      |  |
|----------------------|--|
| <b>Risks</b>         | <ul style="list-style-type: none"> <li>• Delays in developing and commercializing technologies in response to increasingly complex and intricate material issues (Materiality)</li> </ul>  |
| <b>Opportunities</b> | <ul style="list-style-type: none"> <li>• 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.)</li> </ul> |

#### 4 Structural changes and instability within the international community

- |                      |   |
|----------------------|---|
| <b>Risks</b>         | <ul style="list-style-type: none"> <li>• Rising threats toward DENSO's business management (military strikes, cyberattacks, etc.)</li> <li>• Revisions to business models (regulation response and supply chains) due to divisions between countries and regions</li> </ul> |
| <b>Opportunities</b> | <ul style="list-style-type: none"> <li>• Progressing expansion of new markets and business partnerships with the aim of resolving social and environmental issues</li> </ul>  |

### Response Measures to Risks and Opportunities

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<sub>2</sub> emissions and realize the stable supply of such technologies on a global scale. At the same time, we will help reduce CO<sub>2</sub> 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<sub>2</sub> emissions across our supply chain and promote resource recycling.

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.

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.

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, system 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.



# 1 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, the concept of double materiality has come into focus, where not just the financial impact that issues have on corporations is considered but also the impact that corporations have on society (stakeholders). DENSO is currently updating its material issues (Materiality) to align with this concept of double materiality. Management intends to integrate these identified material issues into the next Mid-term Policy and tackle them Companywide.

## Process for Determining Materiality

In fiscal 2019, DENSO identified its material issues (Materiality) by evaluating the importance of issues to society as well as their importance to business management, by referring to opinions and advice from third parties, and by implementing an approval process at the senior management level. In light of changes in social conditions, in our strategies, and in other internal and external factors, we will check for changes in the importance of our Materiality as appropriate.



## Materiality KPIs

We establish KPIs for each of the selected material issues (Materiality), incorporate them into Company targets, and follow up on and discuss their status at 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.103-104](#)

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 2024		Fiscal 2025	Fiscal 2026	Related SDGs	
			Targets	Results	Targets	Targets		
Green	Prevention of global warming	Contribute to an eco-friendly and sustainable society by reducing environmental burden and realizing highly efficient mobility • Reduce our CO <sub>2</sub> emissions from our factories to zero • Contribute to the electrification of automobiles and reduce our CO <sub>2</sub> 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 <sub>2</sub> emissions from plants (compared with fiscal 2021) (including carbon credit use)	50% reduction	50% reduction	75% reduction	100% reduction	
	Prevention of air pollution / Reduction of environmental burden		• Popularization of products in the electrification domain Electrification domain revenue	¥840.0 billion	¥902.0 billion	¥988.0 billion	¥1.2 trillion	
	Effective utilization of resources		• Popularization of safety products ADAS domain revenue	¥435.0 billion	¥469.0 billion	¥490.0 billion	¥520.0 billion	
	Conservation of water resources			None	None	None	None	
Peace of Mind	Reduction of traffic accidents	• 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	• Serious violations of laws	None	None	None	None	
	Provision of flexible and comfortable movement		• Number of non-Japanese employees promoted to leadership roles at overseas bases*1	21 employees	23 employees (31%)	32%	35%	
	Provision of safe and secure products		• Women in management positions By region beginning in fiscal 2025	160 in business fields and 146 in technical fields	153 in business fields and 152 in technical fields	Example: Japan: 2.3%; Asia: 29%	Example: Japan: 2.4%; Asia: 30%	
Corporate Foundation	Response to decrease in birthrate and aging population	• 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	• Employee Lifestyle Score*2 Changed to Health Score*3 in fiscal 2025	77 points (non-consolidated)	74.7 points (non-consolidated)	45% (non-consolidated, domestic Group)	46% (non-consolidated, domestic Group)	
	Compliance		• Safety points*4 (Lower is better.) Change to number of serious accidents in fiscal 2025	None	None	None	None	
	Information security		• Percentage of affirmative responses with respect to engagement By region beginning in fiscal 2025	74% (non-consolidated)	75% (non-consolidated)	2% improvement (Asia, China: 1% improvement)	78% (non-consolidated) Note: Targets set for each region during fiscal 2025	
	Diversity and inclusion		• Human rights training By region beginning in fiscal 2025	Percentage of employees who received training: 100% (Japan)	Percentage of employees who received training: 100% (Japan)	Japan: 100% of employees received training Asia: Introduced training for new employees	Japan: 100% of employees received training Asia: Trained managers and new employees	
	Safe and healthy working environment		DENSO will support the above targets for Materiality and progress to a more effective governance system as necessary based on factors such as social trends, changes to the external environment, and DENSO's corporate culture.					
	Workstyle reform / Job satisfaction enhancement							
	Protection of human rights / Sustainable procurement							
Corporate governance								

© Targets that can be achieved using our products and services

\*1 Changed from number of employees to percentage of employees in fiscal 2025 out of consideration of possibility of changes in number of bases due to consolidation, etc.  
 \*2 Employee Lifestyle Score: Original health management indicator that provides a score for the healthy behavior of each individual employee using data obtained from health exams  
 \*3 Health Score: Percentage of employees who score 6 or better on BMI and seven health behaviors \*4 Safety points: Scoring depending on scale and type of accident

## 2 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. The Mid-term Policy for 2025 sets forth the goals and a road map for the activities we will focus on and the corporate profile we will achieve by 2025.

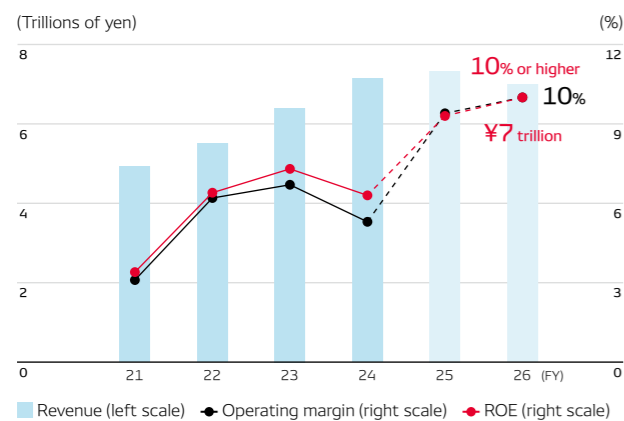
<b>Prerequisites for Realizing the Goals of the Mid-term Policy for 2025</b>	We aim to continue to be an organization of people who can think and act in an independent and self-reliant manner. Accordingly, we are prioritizing investment in human resources and strongly promoting <i>Hitozukuri</i> , which nurtures professionals with the ability to turn ideas into reality, and diversity and inclusion. Through such efforts, we are working to establish a vibrant organization that is able to flexibly adapt to change.
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### Aims

Green	Lead the industry by realizing a carbon-neutral manufacturing industry, thereby creating a sustainable society		<b>FY2036 target Carbon neutral</b> (Carbon neutral, including the use of carbon credits, by FY2026)  <b>FY2036 target Carbon neutral</b> (Total reductions from use of mobility products and energy. CO <sub>2</sub> emissions/recovered amount assessment calculated using DENSO's criteria)
		Monozukuri  Mobility products Energy use	
Peace of Mind	Safety	Realize a society without fatalities from traffic accidents	Eliminate fatalities from traffic accidents
	Comfort	Realize safe and secure air quality	FY2026 target Provide spaces with AQI* of less than 50
New Businesses	Create new value by providing solutions that resolve social issues		Expand business and resolve issues in the domains of mobility, industry, and society

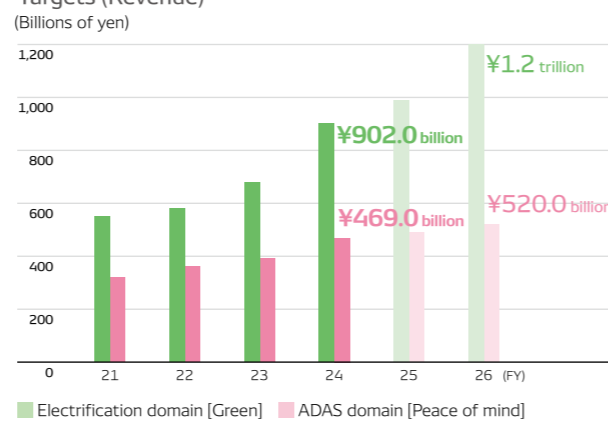
\* Air Quality Index (AQI): An index that determines air quality levels based on six atmospheric pollutants with the aim of curtailing harmful substances in the air

### Revenue / Operating Margin / ROE (Targets)



In fiscal 2024, revenue increased from the previous fiscal year due to higher sales of green and peace of mind products, yen depreciation, and brisk sales of automobiles now that semiconductor shortages have been alleviated. Operating profit declined year on year due to provisions for quality reserves, despite capacity utilization gains, foreign currency translation gains, and streamlining efforts. In fiscal 2025, DENSO aims for revenue of ¥7.3 trillion and operating profit of ¥692 billion, with growth driven by stronger sales of green and peace of mind products, streamlining initiatives, and better responsiveness to change. Note: For fiscal 2026, management assumes a foreign exchange rate of ¥125/\$.

### Proliferation of Green and Peace of Mind Products / Targets (Revenue)



In fiscal 2024, revenue increased as a result of stronger sales of products in the electrification business, including inverters and motor generators, in the electrification domain, as well as an increase in vehicle models equipped with HMI-ECUs and Global Safety Package 3 (GSP3), an advanced safety system, in the ADAS domain. In fiscal 2026, DENSO targets revenue of ¥1.2 trillion in the electrification domain and ¥520 billion in the ADAS domain, and is working to introduce and increase sales of new technologies.

### Five Pillars of Global Management, Initiatives to Realize the Target Profile in Mid-term Policy for 2025

Aiming to realize the Mid-term Policy for 2025, DENSO's global workforce of approximately 160,000 employees will focus their efforts on the following five pillars of global management.

#### 1. Realization of Sustainability Management Establish a Solid, Unshakable Business Foundation

Financial Capital, Risk Management [P.42-49, 110-111](#)

	Initiatives	Achievements to Date and Strategy Going Forward	
Safety and Quality	Establish a sound safety and quality foundation that meets the expectations of society and earns the trust of our customers	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Expanded and instilled proper work framework by returning to the philosophy of total quality management and by strengthening management foundations</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Deepen and establish workplace culture of open communication</li> <li>Solidify safety and quality foundation for new growth domains, such as software and non-automotive fields</li> </ul>
Risk Management	Fulfill social responsibility by enhancing and implementing risk management initiatives so that we are able to immediately respond to changes in the external environment	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Clarified rules for responding to emergencies and completed introduction of predictive management for all risk items</li> <li>DENSO CORPORATION trials new processes for ideas to address risks</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Further strengthen and instill first response capability for emergencies</li> <li>Extend to and instill new processes at Group companies</li> </ul>
Earnings	Establish a robust earnings structure by promoting reforms to our business portfolio	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Accelerated reweighting toward a business portfolio that simultaneously realizes profitability and our fundamental principles through growth in priority fields, including growth in sales of electric vehicle components and advanced safety products, and by de-emphasizing and discontinuing internal combustion engine products, including the disposal of internal combustion product businesses</li> <li>Appropriately analyzed and reflected rising material costs in prices upon obtaining the agreement of customers and suppliers; currently collaborating with industry bodies to create rules aimed at structural reforms to hasten a positive cycle of price changes in order to bolster the competitiveness of the industry</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Continue to promote activities with a view to business disposal; at the same time, in growth businesses determine the five priority fields for alliances (vehicle electrification, ADAS, semiconductors, new businesses, and software) and then forge ahead on a Companywide cross-divisional basis</li> </ul>

#### 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

Manufacturing Capital, Intellectual Capital [P.57-67](#)

	Initiatives	Achievements to Date and Strategy Going Forward	
1	Swiftly provide our stakeholders with the best possible value and experiences by maximizing our performance through the Core & Customization Strategy and data utilization	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Conducted prior development with customers from the product concept stage; currently targeting customer needs to grow sales</li> <li>Decided on key strategies, frameworks, and systems for Companywide prior development</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Meet diversifying needs by reinforcing the product lineup through identification of DENSO's core technology fields and customized technology fields and strengthen sales expansion strategies by product</li> <li>Quickly establish prior development technologies and accelerate their adoption in business</li> <li>Advance sustainability management through data unification and global collaboration in core operations</li> </ul>
2	Pursue competitive reorganization of production structure, implement digital-twin technologies, and promote automation, thereby transforming the landscape of our plants around the globe	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>In light of business portfolio transformation, decided on production and supply strategy and a road map for next-generation plants</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Steadily execute production and supply strategy, and realize next-generation plants by starting to develop and implement systems</li> </ul>

#### 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.42-95](#)

	Initiatives	Achievements to Date and Strategy Going Forward	
1	Rebuild core businesses and transition business portfolio toward BEV products	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Made steady progress in growing sales to Japan-based and overseas customers—which was reflected in contributions to electrification domain revenue from inverters, thermal management products, and other products—by strengthening development and production capabilities (FY2024 result: ¥902.0 billion)</li> <li>Examined human resources needed to carry out strategy</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Realize further sales expansion in the vehicle electrification field and other growth fields; advance fundamental reform of the earnings structures by accelerating the de-emphasis and discontinuation of internal combustion engine products, including the disposal of businesses and production reorganization on a global scale</li> <li>Specify necessary human resources and accelerate identification and creation of resources</li> </ul>

● Green ● Peace of Mind ● New Businesses ● Corporate Foundation

### 3 Strategies for Green and Peace of Mind

Initiatives		Achievements to Date and Strategy Going Forward	
2	Accelerate efforts to de-emphasize and discontinue internal combustion engine technology and commercialize new energy businesses, thereby contributing to carbon neutrality	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Prepared scenarios for de-emphasizing and discontinuing internal combustion engine products in collaboration with customers and supply chain companies and disposed of seven businesses* (as of the end of September 2024)</li> <li>Began verification of green hydrogen production and in-plant hydrogen utilization at DENSO FUKUSHIMA CORPORATION; in 2024, started to manufacture radiators for delivery to customers using hydrogen produced on-site</li> <li>Including basic agreements on beginning consideration of business disposal</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Accelerate the de-emphasis and discontinuation from the perspective of the overall supply chain and strengthen industrial competitiveness, by globally reorganizing production and disposing of businesses</li> <li>In the new energy business, create models able to build packages from hydrogen production to usage and introduce packages based on plant scale; extend the scope of verification activities to include automobiles</li> </ul>
3	Promptly establish a structure for electrification that enables a flexible response to diversifying customers' needs and realize steady sales expansion and growth	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Unified teams from the Electrification Systems Business Group and the Powertrain Systems Business Group in order to increase systems development and sales activities based on customer priorities</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Increase our ability to meet diversifying customer needs by improving the competitiveness of various products and by offering systems solutions based on an extensive product lineup that includes thermal management systems</li> </ul>
4	Fully strengthen electronic and software technologies in an effort to contribute to the ideals of green and peace of mind and realize business growth	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Currently expanding ECU sales by utilizing our expertise in electronics technologies for all aspects of automobiles to focus on specific customer needs and co-create electronic platforms accordingly</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Accelerate business growth by further expanding sales and globally strengthening software development competitiveness</li> </ul>

#### 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.37-41, 70-73

Initiatives		Achievements to Date and Strategy Going Forward	
1	Transition to globally competitive, carbon-neutral plants through the utilization of innovative energy-saving technologies	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Achieved carbon neutrality at all production bases in Europe and nine manufacturing sites in Japan</li> <li>Set targets for achieving carbon neutrality, including credit use in fiscal 2026</li> <li>Obtained SBT certification under SBTi (Science Based Targets initiative), an international initiative that has set targets to reduce GHG emissions by fiscal 2031</li> <li>Began tests for green hydrogen production and utilization</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Create specific measures for decarbonization of gas in order to achieve carbon neutrality in fiscal 2036</li> <li>Accelerate support for realizing carbon neutrality in entire supply chain</li> </ul>
2	Realize stable long-term procurement of renewable energy at a low cost		
3	Develop energy businesses together with robust business partners		

#### 5. Creation of New Value ●

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

Materiality, Intellectual Capital □□ P.32-33, 60-67

Initiatives		Achievements to Date and Strategy Going Forward	
1	Promote the development and practical application of cutting-edge technologies that underpin the digital-twin society	<b>Achievements to Date</b>	<ul style="list-style-type: none"> <li>Declared growth target (20% of revenue by fiscal 2036) for new domains</li> <li>Turned Certhon, a company in the Netherlands with advanced technology in greenhouse horticulture, into a subsidiary; global provision of greenhouse horticulture solutions that combine DENSO's automation, environmental control, and DX technologies</li> </ul>
		<b>Strategy Going Forward</b>	<ul style="list-style-type: none"> <li>Fine-tune and accelerate implementation of business models in new domains, organizational structures, and growth strategies with partners</li> </ul>
2	Create new value by further refining and combining our technologies while establishing growth scenarios based on popularizing our technologies throughout society		
3	Establish efficient and flexible workstyles that cater to new business models and establish non-financial KPIs		

● Green ● Peace of Mind ● New Businesses ● Corporate Foundation

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 green and peace of mind products to accelerate these initiatives, and are taking specific actions in this direction. In fiscal 2024, DENSO DIALOG DAY 2023 was held as a forum to have more in-depth dialogues with stakeholders, with management announcing details about the aims of the new management system to maximize green and peace of mind value, its strategy to enhance corporate value, and strategies to strengthen core technologies and deliver new added value.



#### Aiming to Become Carbon Neutral by Fiscal 2036

We aim to realize carbon neutrality within our *Monozukuri* activities in the not-too-distant future of fiscal 2036 by further promoting the environmental efforts in which we have engaged thus far. To make this ambition a reality, we are pursuing efforts in the three fields of "Monozukuri (manufacturing)," "mobility products," and "energy use," while making use of the Green Innovation Fund\* and other frameworks.

\* Green Innovation Fund: An initiative offered by the New Energy and Industrial Technology Development Organization (NEDO) to provide ongoing support to companies committed to achieving ambitious goals related to achieving carbon neutrality through the research, development, demonstration, and practical application of their technologies over the long term within the priority areas for which action plans have been established under the Green Growth Strategy

Major Achievements in Fiscal 2024		Targets
<b>Monozukuri (Manufacturing)</b>	Reduction of 50% in total CO <sub>2</sub> emissions from plants (compared with fiscal 2021)	Realize complete carbon neutrality in our <i>Monozukuri</i> activities (fiscal 2036)
<b>Mobility Products</b>	Invested in Silicon Carbide LLC, a company that produces SiC wafers Electrification-related sales of ¥902.0 billion (133% of the previous fiscal year's level)	Electrification domain revenue: ¥1.2 trillion (fiscal 2026)
<b>Energy Use</b>	Accelerated verification testing of SOEC*1 and SOFC*2 to encourage use of hydrogen, with aim of market launch after fiscal 2025	Revenue from commercialization of renewable energy: ¥300.0 billion (fiscal 2036)

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



#### Aiming to Become a Leading Company That Provides Peace of Mind to Society

For a company like DENSO, which aims to contribute to the happiness of people, part of our mission is to provide peace of mind to society by resolving social issues through our business activities. This section introduces the three pillars of DENSO's contributions through which we aim to become a leading company that provides peace of mind to society.

Major Achievements in Fiscal 2024		Targets
<b>Elimination of Traffic Accident Fatalities</b>	Set targets for launching next-generation advanced safety system products ADAS domain revenue: ¥469.0 billion (120% of the previous fiscal year's level)	ADAS domain revenue: ¥520.0 billion (fiscal 2026)
<b>Creation of Comfortable Spaces</b>	Developed water temperature control system, a world-first technology	Globally spread automotive general-purpose products that create comfortable spaces (fiscal 2026)
<b>Support for Working People</b>	[Hydrogen] Created commercialization policy for new business ventures [Agriculture] Turned Certhon into a subsidiary and accelerated business expansion	Energy / Factory Automation (FA) / Food and Agriculture (AgTech) Three-domain revenue: ¥300.0 billion (fiscal 2031)

## Green Strategy

### Monozukuri (Manufacturing)

#### Aim: Realize complete carbon neutrality in our Monozukuri activities

We will reduce CO<sub>2</sub> emissions by encouraging the use of renewable energy such as solar power and enhancing the efficiency of our manufacturing process. In addition, we aim to realize complete carbon neutrality in our Monozukuri activities, by reducing CO<sub>2</sub> emissions from the production process through the use of green hydrogen generated from renewable energy.

Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>At our plants, rigorously engage in energy-saving activities and promote the use of renewable energy by promoting in-house power generation through reforms to our production and supply structure</li> <li>Seek to achieve carbon neutrality in fiscal 2026 by offsetting the CO<sub>2</sub> emitted from electricity-derived energy through the procurement of renewable energy and offsetting the CO<sub>2</sub> emitted from gas-derived energy through the use of carbon credits</li> <li>Realize carbon neutrality at our plants by fiscal 2036 and work to expand carbon neutrality throughout the supply chain</li> </ul>	<p><b>Recognition of initiatives to conserve energy and improve plant environments with receipt of energy conservation award for 14th consecutive year</b></p> <p>At plants that require heat countermeasures, DENSO has improved work environments at its plants without making large-scale investments to improve comfort while conserving energy. These initiatives were recognized with an energy conservation award.</p>

### Mobility Products

#### Aim: Contribute to the electrification of cars to reduce CO<sub>2</sub> emissions to the greatest extent possible

We will help popularize HEVs, BEVs, FCEVs, and other electric vehicles (xEVs) by advancing products powered by electricity. In addition, we will apply the electrification technologies cultivated in the automotive industry to the field of air mobility in an effort to significantly reduce CO<sub>2</sub> emissions through various kinds of electrically powered mobility.

Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>Centered on driving systems, such as inverters, and thermal systems, promote farsighted technological development in all facets of mobility, from HEVs, BEVs, and FCEVs through to eVTOL (electric vertical take-off and landing) aircraft, thereby realizing energy management that connects cars and other forms of mobility with society</li> <li>Apply electrification technologies to the new field of air mobility. At the same time, utilize the high-output, high-efficiency, and ultra-lightweight technologies acquired through this effort in the manufacture of automobiles</li> </ul>	<p><b>Investment in U.S. company to ensure reliable long-term procurement of SiC wafers</b></p> <p>DENSO invested in Silicon Carbide LLC, a subsidiary of the U.S.-based Coherent Corp., to ensure a long-term supply of SiC wafers, a key device that helps reduce electricity loss in BEV systems while making them smaller and lighter.</p>

### 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 store and reuse energy in an efficient manner, regardless of location or time, and work to popularize them around the world. By doing so, we will help realize an energy-recycling society.

Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>Develop and commercialize batteries that store fluctuating or excess renewable electricity, hydrogen manufacturing technologies, and fuel conversion technologies. Make full use of renewable energy and further contribute to its expanded introduction</li> </ul>	<p><b>Start of order taking for next-generation models of charging equipment that enable electricity stored in BEVs and PHEVs to be used inside homes</b></p> <p>We have started to accept orders for BEV and PHEV two-way electricity supply systems that are smaller, lighter, and easier to use with connections to home energy management systems (HEMS).</p> <p><b>Entry into hydrogen business with goal of solving energy problems</b></p> <p>In fiscal 2024, we launched verification testing of SOEC, which creates hydrogen from electricity, and SOFC, which generates electricity from hydrogen, at our Nishio and Hirose plants as part of our entry into the hydrogen business, using the heat management and materials technologies accumulated in the automotive business. At DENSO FUKUSHIMA CORPORATION, we are taking actions to use hydrogen produced within its plant in the manufacturing process for products delivered to actual customers.</p>

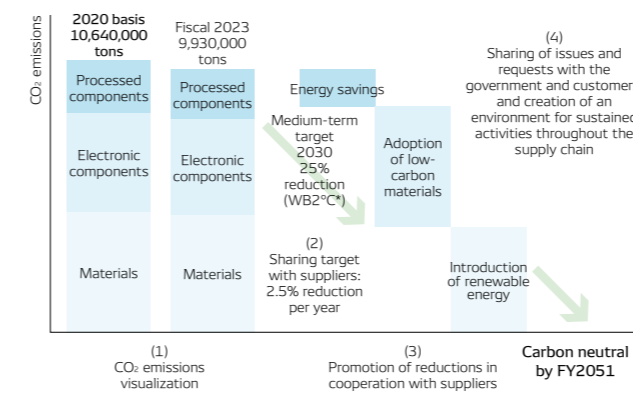
### Toward Carbon Neutrality throughout the Value Chain

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. 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.70-73](#).

#### Scope 3: Upstream (Suppliers)

CO<sub>2</sub> 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

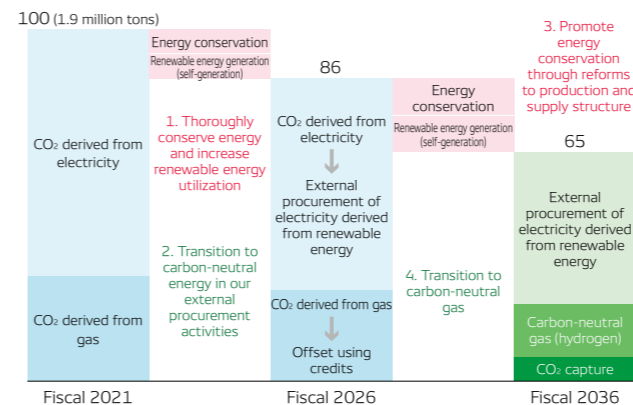
With the aim of realizing carbon neutrality, DENSO is working with its suppliers to visualize CO<sub>2</sub> emissions throughout its supply chain. Having shared specific CO<sub>2</sub> emissions reduction targets with 360 major suppliers, we are promoting various initiatives to attain these targets. For example, DENSO provides examples of how to promote energy conservation and technological assistance, procures renewable energy, and has switched to low-CO<sub>2</sub> materials. While proactively engaging with suppliers, DENSO helps them find solutions to these issues.

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

#### Scope 1 and 2: DENSO Plants

CO<sub>2</sub> emissions reduction target: Completely carbon-neutral Monozukuri by FY2036

##### Road Map for Scope 1 and 2 Carbon Neutrality



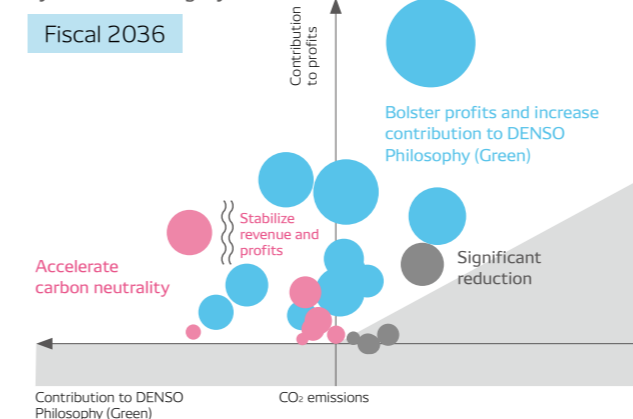
#### Realizing New Monozukuri through Unflinching Efforts and Innovative Technologies

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 into business feasibility assessments, which serve as an indicator for investment decisions, we are virtually converting CO<sub>2</sub> emissions into losses and reflecting them in these assessments. Consequently, internal carbon pricing is accelerating our investments in energy-saving measures and renewable energy facilities. Further, we achieved carbon neutrality at the Anjo, Nishio, and Hirose plants, DENSO FUKUSHIMA CORPORATION, and all DENSO plants in Europe by fiscal 2023. Moreover, carbon neutrality was achieved by fiscal 2024 at the Takatana, Daian, Kota, Zenmyo, and Kosai plants.

#### Scope 3: Downstream (Product Use)

CO<sub>2</sub> emissions reduction target: 25% by FY2031 (versus FY2021)

##### Relationship between CO<sub>2</sub> 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<sub>2</sub> 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 pumps, 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

### Elimination of Traffic Accident Fatalities

**Aim:** Popularize safety products through efforts focused on “depth” and “width,” thereby realizing free and safe mobility

With the aim of eliminating traffic accident fatalities, we are promoting efforts under a two-pronged approach focused on “depth,” which involves reaching the cutting edge of technology, and “width,” which involves realizing the widespread adoption of safety products in a large number of cars. For “depth,” we are further evolving our safety products and working to have them adopted in a greater number of advanced mobility fields. For “width,” we are promoting the further popularization of our safety products by working to realize attractively priced safety products and enhance our lineup of retrofitted products.


Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>Respond to various accident scenarios and strive to prevent accidents through not only 360-degree sensing but also in-vehicle sensing and vehicle–infrastructure linkages</li> <li>Fully leverage AI technologies to predict “unseeable danger” and inform the driver about it, thereby ensuring the driver avoids hazardous situations</li> <li>In tandem with the evaluation of ADAS, expand lineup of retrofitted products that can be applied to already-sold vehicles in an effort to provide a lineup of products priced for various situations, vehicle types, and needs</li> </ul>	<p><b>Launch of collaboration with Koito Manufacturing Co., Ltd. on development of safety improvement systems for nighttime driving</b></p> <p>We have begun to collaborate on the development of systems that improve visual recognition of objects during nighttime driving and other situations using image sensors integrated into vehicle headlamps.</p>

Overview by Product (Mobility Electronics) □ P.88–89

### Creation of Comfortable Spaces

**Aim:** Enhance relevant technologies for creating peaceful, comfortable spaces

Following the progression of automated driving, there has been a growing need for providing cars not simply as a means of transportation but also as a “private space that enables mobility.” To that end, DENSO seeks to create even more relaxing spaces by evolving the environment within vehicles.

Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>Innovate purification and sensing technologies to eliminate viruses and visualize toxic substances, thereby realizing safe and secure air quality</li> <li>Refine technologies to create and expand comfortable interiors in passenger vehicles and public transportation vehicles</li> </ul>	<p><b>Announcement of Everycool cooler for idling trucks that offers effective cooling while lowering environmental burden</b></p> <p>We have announced a cooling system for idling trucks that balances the efficient use of energy with reductions in environmental burden by cutting fuel consumption, while improving the working conditions of drivers during hot summers.</p> 

### Support for Working People

**Aim:** Draw on the technologies we have cultivated in the mobility domain to establish a society where working people are supported and their potential is nurtured

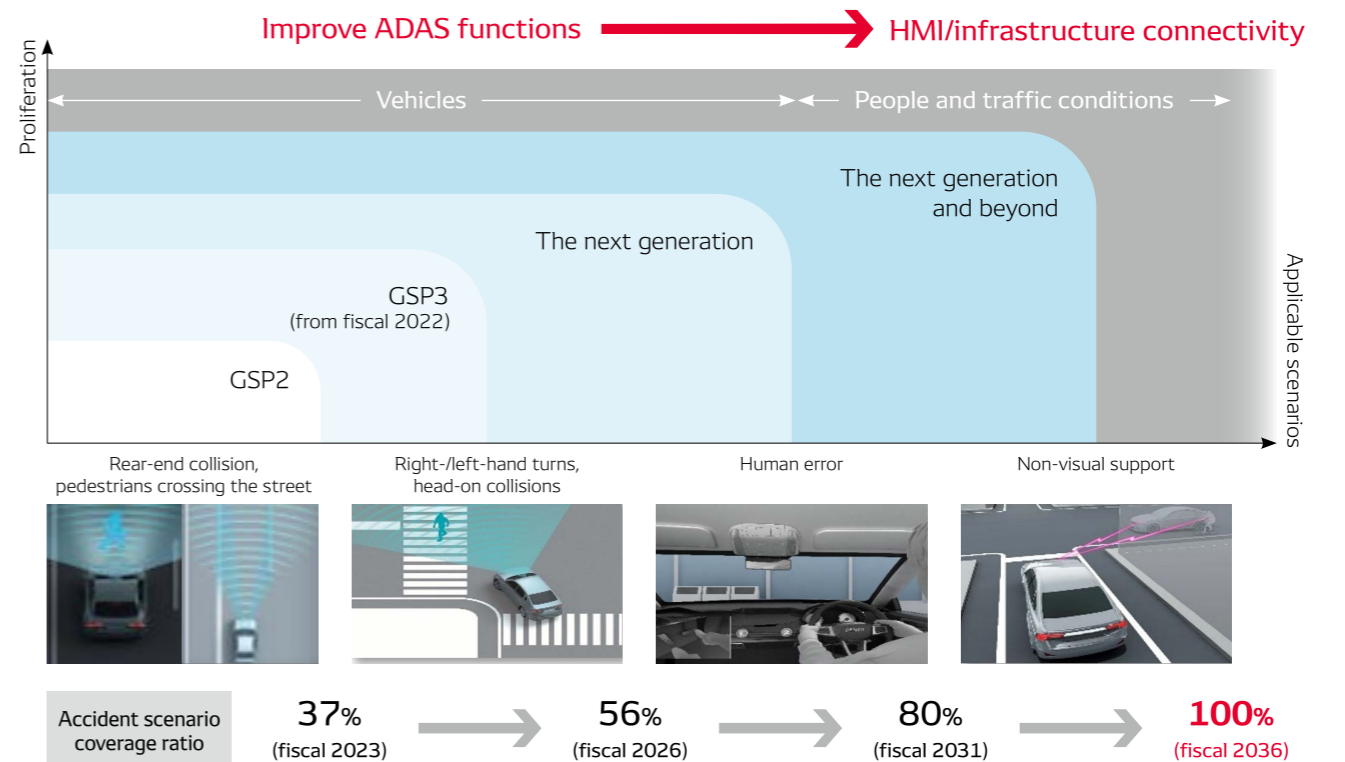
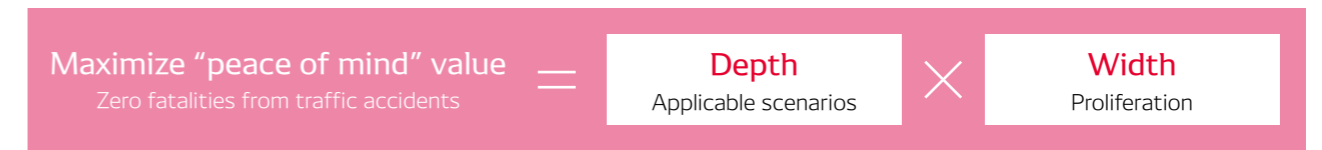
One major social issue is the significant decline in the workforce in most industries. To address this issue, DENSO will draw on the technologies it has cultivated in the mobility domain, such as automation technologies and ICT, to realize a society where all people are supported and can take on new challenges to create new value with peace of mind.

Specific Initiatives	Success Stories
<ul style="list-style-type: none"> <li>For factory automation (FA), combine core technologies such as robots and sensors with automation technology and improvement know-how in order to provide systems and products catered to the front lines</li> <li>In the plant logistics field, provide ultra-high-quality comprehensive solutions that cover everything from framework improvement through to the rationalization of entire factories</li> <li>In the food and agriculture (AgTech) field, contribute to the stable and secure supply of food by resolving issues throughout the food value chain</li> </ul>	<ul style="list-style-type: none"> <li><b>Helping to address the shortage of truck drivers and reduce CO<sub>2</sub> emissions</b></li> <li><b>Demonstration testing of trunk relay transportation service</b></li> </ul> <p>Working together with logistics providers, DENSO has commenced demonstration tests of a trunk relay transportation service as an effective means of helping to reduce environmental load and eliminate overtime hours and labor shortages in the logistics industry.</p>

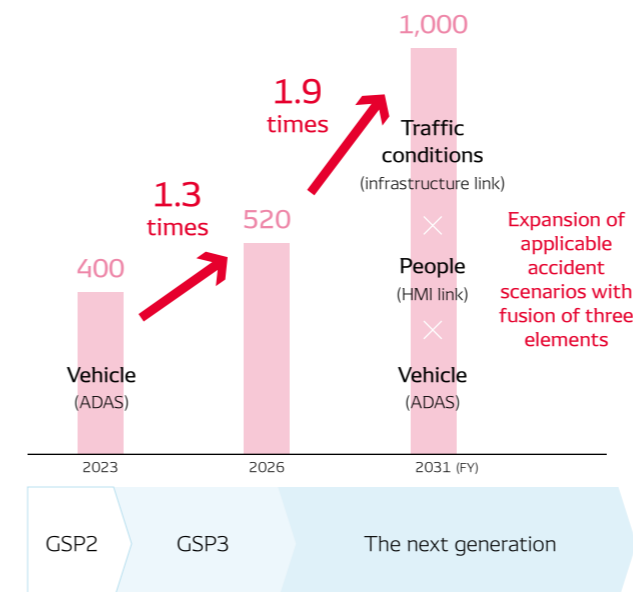
Overview by Product (Factory Automation, Social Solutions, and Food Value Chain) □ P.92–93

### Maximizing “Peace of Mind” Value and Realizing Sustainable Growth

Approach to realizing these goals



Revenue Growth Forecast  
(Billions of yen)



**DENSO's Proprietary Technology for Achieving Zero Traffic Fatalities**

Providing “peace of mind” value requires not only improving ADAS functionality but also refining advanced technologies, such as HMI and infrastructure integration. One such advanced technology that uses this systems integration technology is the people-oriented ADAS. This is a driver assistance system that monitors what people are doing by managing coordination between the ADAS domain, which recognizes the vehicle’s surroundings using advanced sensing technologies, and the HMI domain, which monitors the driver’s condition and driving characteristics from inside the vehicle. A system like this is only possible because of DENSO’s experience and strengths in both ADAS and HMI domains.

The core technology enabling this next-generation system is high-performance sensing technology. The imaging radar that leverages this technology provides highly accurate 3D sensing, allowing for the precise measurement of vertical angulation and contours, and general environmental awareness that were previously unattainable. This improves the ability to judge road conditions, predict human behavior, and enhance the system’s coverage of potential accident scenarios. This technology requires expertise in integrating hardware and software, and DENSO’s proprietary patented technology allows for miniaturization and high levels of performance that competitors cannot match.