

# 1 Materiality

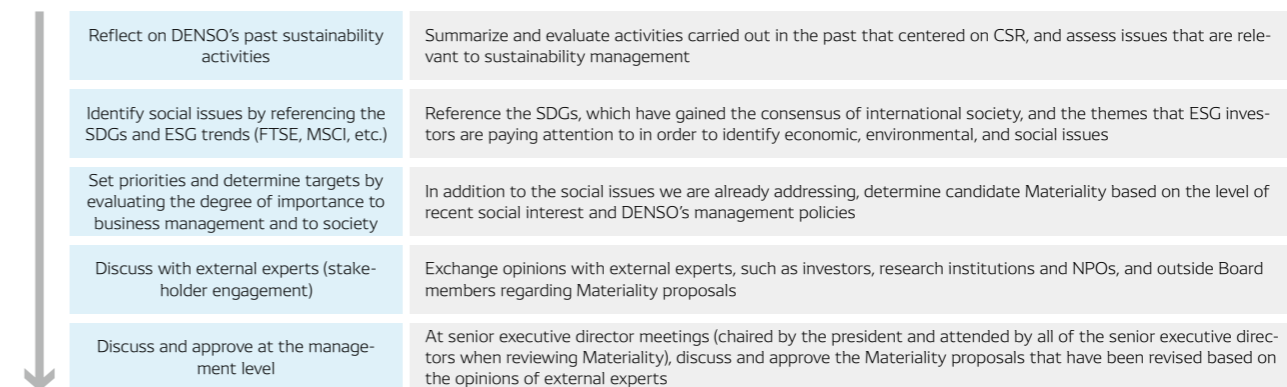
We have determined material issues (Materiality) to be addressed in order to achieve our Long-term Policy for 2030 and are accelerating sustainability management in an effort to resolve these issues. Among our social forecasts based on our awareness of the projected business environment of 2030 as well 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. Accordingly, we are sharing information on the material issues we have identified in each of these fields on a Companywide basis and have established a specific vision and KPIs (numerical indicators, or guides) related to each material issue we have identified. By achieving these KPIs through our business activities, we will strive to realize our Long-term Policy for 2030 and resolve social issues going forward.

## Materiality

DENSO has 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.

## 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 receiving 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 identified 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.104-106](#)

Materiality	Vision	KPIs	Fiscal 2023		Fiscal 2024	Fiscal 2026	Related SDGs
			Targets	Results	Targets	Targets	
Green	Prevention of global warming ①	Contribute to an eco-friendly and sustainable society by reducing environmental burden and realizing highly efficient mobility	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions from plants (compared with fiscal 2021) (including carbon credit use)</li> <li>25% reduction</li> <li>26% reduction</li> <li>50% reduction</li> </ul>	<ul style="list-style-type: none"> <li>Popularization of products in the electrification domain</li> <li>Electrification domain revenue</li> <li>¥760.0 billion</li> <li>¥680.0 billion</li> <li>¥840.0 billion</li> <li>¥1 trillion</li> </ul>	<ul style="list-style-type: none"> <li>100% reduction (implementation of energy-saving measures and introduction of renewable energy for electricity, implementation of energy-saving measures for gas, and use of carbon credits to realize carbon neutrality)</li> </ul>		
	Prevention of air pollution / Reduction of environmental burden ①	<ul style="list-style-type: none"> <li>Reduce our CO<sub>2</sub> emissions from our factories to zero</li> <li>Contribute to the electrification of automobiles and reduce our CO<sub>2</sub> emissions to the greatest extent possible</li> <li>Contribute to realizing a carbon-neutral society through technologies that capture, store, and reuse CO<sub>2</sub></li> </ul>					
	Effective utilization of resources ①	<ul style="list-style-type: none"> <li>Reduce environmentally harmful substances, emissions, and waste to help permanently preserve the global environment</li> </ul>					
	Conservation of water resources						
Peace of Mind	Reduction of traffic accidents ①	<ul style="list-style-type: none"> <li>Popularize safe products in order to eliminate fatalities due to traffic accidents</li> <li>Address the need for ensuring a safe air environment and provide comfortable spaces</li> <li>Support working people by offering technologies that help resolve the issues associated with a declining workforce</li> <li>Provide high-quality safety products that satisfy and gain the trust of customers</li> </ul>	<ul style="list-style-type: none"> <li>Popularization of safety products</li> <li>ADAS domain revenue</li> <li>¥428.0 billion</li> <li>¥391.0 billion</li> <li>¥435.0 billion</li> <li>¥500.0 billion</li> </ul>				
	Provision of flexible and comfortable movement ①						
	Provision of safe and secure products ①						
Response to decrease in birthrate and aging population ①							
Corporate Foundation	Compliance	<ul style="list-style-type: none"> <li>Ensure that each employee acts in a fair, honest, and ethical manner while complying with laws and regulations in each country and region</li> </ul>	<ul style="list-style-type: none"> <li>Serious violations of laws</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Serious incidents</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Local employees promoted to leadership roles at overseas bases</li> <li>20 employees</li> <li>20 employees</li> <li>21 employees</li> <li>20 employees or more</li> </ul>		
	Information security ①	<ul style="list-style-type: none"> <li>Provide safe and reliable products to customers, protect information assets, and prepare for cybersecurity risks that the “connected society” faces</li> </ul>					
	Diversity and inclusion	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Number of women in management positions at DENSO CORPORATION</li> <li>145 in business fields and 145 in technical fields</li> <li>139 in business fields and 136 in technical fields</li> <li>160 in business fields and 146 in technical fields</li> <li>200 in business fields and 200 in technical fields</li> </ul>				
	Healthy and safe working environment	<ul style="list-style-type: none"> <li>Respect the rights of all our stakeholders, including our employees and people throughout our supply chain, in our business activities</li> <li>Pursue business activities that take into account environmental issues, human rights issues, and compliance together with our suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Employee Lifestyle Score*1 at DENSO CORPORATION</li> <li>77 points</li> <li>74.5 points</li> <li>77 points</li> <li>Over 77 points</li> </ul>				
	Workstyle reform / Job satisfaction enhancement		<ul style="list-style-type: none"> <li>Safety points*2 (Lower is better)</li> <li>Non-consolidated: 50.0 points</li> <li>Domestic Group: 36.0 points</li> <li>Overseas Group: 48.5 points</li> <li>Non-consolidated: 23.0 points</li> <li>Domestic Group: 46.0 points</li> <li>Overseas Group: 24.5 points</li> <li>Non-consolidated: 45.0 points</li> <li>Domestic Group: 31.5 points</li> <li>Overseas Group: 44.5 points</li> </ul>				
	Protection of human rights / Sustainable procurement		<ul style="list-style-type: none"> <li>Percentage of affirmative responses with respect to engagement (non-consolidated)</li> <li>72%</li> <li>73%</li> <li>74%</li> <li>78%</li> </ul>				
	Corporate governance	DENSO will support the above targets for Materiality and progress to a more effective governance system as	<ul style="list-style-type: none"> <li>Percentage of employees receiving human rights training (non-consolidated)</li> <li>100% (new hires and new managers)</li> <li>100% (new hires and new managers)</li> <li>100% (expansion to include production line managers and domestic Group companies)</li> <li>100%</li> </ul>				
			necessary based on factors such as social trends, changes to the external environment, and DENSO’s corporate culture.				

① Targets that can be achieved using our products and services

\*1 Employee Lifestyle Score: Original health management indicator that provides a score for the lifestyle habits of each individual employee using data obtained from health exams

\*2 Safety points: Scoring depending on scale and type of accident. The lower the number the better the score

Note: The main reasons for the non-achievement of fiscal 2023 KPI targets are as follows.

(1) Electrification domain and popularization of safety products: Low level of vehicle production due to a shortage of semiconductors and a lockdown in China (However, vehicle production increased year on year.)

(2) Safety points (domestic Group companies): Reliance on personnel to ensure safety is a factor. Priority activities to reassess and reduce risks of personnel-dependent work are currently underway.