

# Natural Capital

## Outline of Efforts to Strengthen Natural Capital

DENSO's business activities have a close relationship with natural capital, including through the utilization of industrial water and the use of mineral resources as raw materials for its products. Maintaining and preserving natural capital is extremely important for DENSO. In particular, we believe we can help minimize the negative impact of the globally shared issue of climate change on natural capital and strengthen our corporate value by applying our long-cultivated environmental technologies to develop and popularize innovative environmental products.

Based on our Eco Vision 2025 environmental management policy, we assess natural capital from the perspectives of both risks and opportunities. We are pursuing environmentally neutral activities from a variety of angles, including enhancing the efficiency of natural capital use and reducing our environmental burden, thereby working to conserve the global environment and create economic value.

## Climate Change Countermeasure—Zero CO<sub>2</sub> Monozukuri

DENSO is promoting the development of technologies for the production process and engaging in rigorous energy-saving activities with the participation of all employees. In addition, we are proactively promoting energy-saving activities to reduce CO<sub>2</sub> emissions, including Just-in-Time (JIT) activities that aim for the utilization and supply of just the right amount of energy at the necessary time. Under Eco Vision 2025, we aim to achieve the "energy half" target (reducing CO<sub>2</sub> emissions per unit by half compared with fiscal 2013). As of fiscal 2023, DENSO CORPORATION has achieved this target three years ahead of schedule, while Group companies are also expected to achieve the target ahead of schedule. (Fiscal 2023 results: DENSO CORPORATION, 50 [reduction of 50%]; domestic and overseas Group companies, 51 [reduction of 49%])

Going forward, we will continue to enhance energy-saving activities utilizing F-IoT and other technologies, and, at the same time, we will purchase electricity and gas derived from economically rational renewable energy sources, introduce self-power generation via solar panels, and gradually introduce at other plants our energy recycling systems currently undergoing verification tests. Through such efforts, we will aim to make our *Monozukuri* completely carbon neutral.

## Prevention of Environmental Pollution

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

\*1 This directive came into force on October 21, 2000 and, in principle, prohibits the use of certain chemicals in new vehicles sold from July 2003 onward.

\*2 This comprehensive regulation on chemicals came into force on June 1, 2007.

## Characteristics of DENSO's Natural Capital (Fiscal 2023 results)

CO<sub>2</sub> emissions (global)  
**1.41 million t-CO<sub>2</sub>e (Scope 1 and 2)**

Renewable energy usage amounts (global)  
**607,892 MWh (Renewable energy percentage: 22.8%)**

Notes: 1. The results figures reflect the use of carbon credits.  
2. The targets are production bases in Japan and overseas (including the Group's manufacturing companies).

## Resource Depletion Prevention and Resource Recycling

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

## Biodiversity

Ecosystems are integral to natural capital, which is essential for our businesses. For this reason, we view the conservation of ecosystems as an issue directly related to corporate management. DENSO is conserving ecosystems through initiatives to address climate change, prevent environmental pollution, prevent resource depletion, and promote resource recycling. DENSO is also advancing external initiatives aimed at realizing both biodiversity conservation and business activities. In areas near our business bases, we bring together employees, their families, NPOs, and local communities to participate in initiatives focused on conservation and restoration of local ecosystems and protection of rare species.

### Iriomote Island yuriCargo Project\*—Using DENSO's Technology to Protect a Rare Species

In cooperation with the Iriomote Wildlife Conservation Center of the Ministry of the Environment, DENSO is conducting a project tasked with protecting an endangered rare species of Iriomote wildcat by eliminating its fatalities caused by vehicle traffic. The project is using the yuriCargo smartphone app, which has been provided by DENSO, to raise driving safety awareness among drivers on Iriomote Island in Okinawa Prefecture. The app encourages the island's drivers to drive safely and observe the speed limit by scoring their driving.

\* Period of project: May 17, 2023 to March 31, 2024