

DENSO

CSR Report 2012

Aiming to be a trustworthy company in harmony with society



Aiming to be a trustworthy company in harmony with society

To ensure people's happiness and welfare, facilitate the sustainable growth of society and create an advanced automotive society, each of our associates is striving to put into practice the principles embodied in the DENSO Philosophy and the DENSO Group Declaration of Corporate Behavior in order to meet the expectations and earn the trust of our stakeholders.

DENSO Philosophy

This basic philosophy expresses the reason for DENSO's existence, what our mission is and the policies we will implement to achieve this mission.

Mission

Contributing to a better world by creating value together with a vision for the future

Management Principles

1. Customer satisfaction through high-quality products and services
2. Global growth through anticipation of change
3. Environmental preservation and harmony with society
4. Corporate vitality and respect for individuality

Individual Spirit

1. To be creative in thought and steady in action
2. To be cooperative and pioneering
3. To be trustworthy by improving ourselves

DENSO Group Declaration of Corporate Behavior

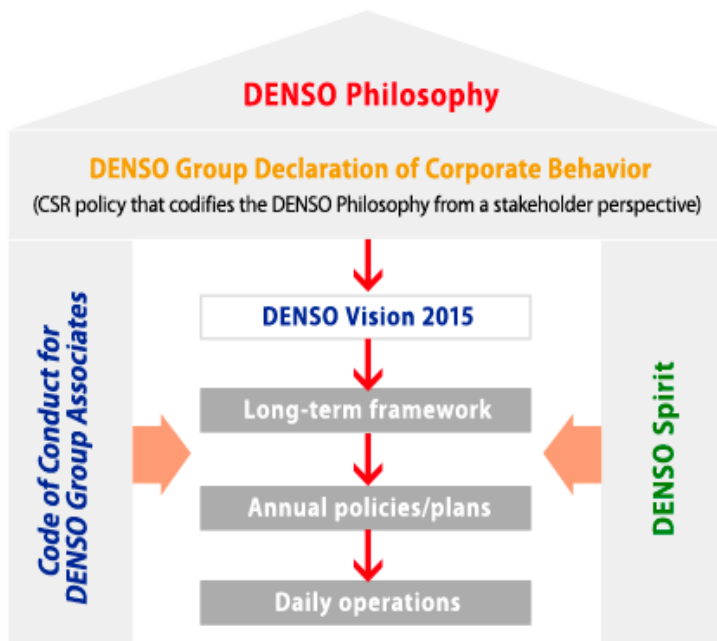
This CSR policy codifies the DENSO Philosophy and corporate behavior from the perspective of contributing to the sustainable development of society.

Text of declaration

We, DENSO Corporation and its Group companies*, will actively contribute toward the sustainable development of society through sincere business activities in each country and region. We hope that our suppliers will support this objective and reflect it in their business operations.

* Consolidated management companies, and companies in which DENSO is the primary shareholder

▶ [DENSO Group Declaration of Corporate Behavior \(all text\) http://www.globaldenso.com/en/csr/csrpolicy/csrcharter/index.html](http://www.globaldenso.com/en/csr/csrpolicy/csrcharter/index.html)



Mechanisms for implementing CSR management

DENSO formulated "DENSO Vision 2015," a long-term management policy aimed at 10 years into the future as well as a "long-term framework" that codifies objectives and strategies for around a five-year period in order to realize our philosophy. These objectives and strategies are reflected in annual policies and plans and linked to the daily operations of each associate. Within these processes, there are two points that personnel need to be constantly aware of and put into practice. The first is the DENSO Spirit, a set of values to be shared by all DENSO associates (see the following page) and the second is the Code of Conduct for DENSO Group Associates (see the following page), a behavioral charter to earn the trust and meet the expectations of society.

We express our desired stance through our business activities and clarify the direction of technological development, business operations and management so that we can realize the DENSO Philosophy.

Desired stance

“Consideration” and “Fulfillment” for the people of the world

We will contribute to the achievement of a future automotive society where there are fewer worries about environmental impacts and traffic accidents (Consideration) and people can enjoy driving and the convenience of their cars to the full (Fulfillment).

▶ [DENSO Vision 2015](http://www.globaldenso.com/en/aboutdenso/vision/) <http://www.globaldenso.com/en/aboutdenso/vision/>

Code of Conduct for DENSO Group Associates

The Code of Conduct for DENSO Group Associates provides guidelines expressing the attitude, behavior and desired stance expected of each stakeholder as members of the DENSO Group.



Contents

- I. Your conduct as a member of the DENSO Group
- II. Creating a vibrant workplace
- III. Earning trust and meeting the expectations of customers
- IV. Building win-win relationships with our suppliers
- V. Living up to the trust and expectations of our shareholders
- VI. Upholding the best interests of society

Appropriate revisions made as society changes and distributed to all associates

The Code of Conduct applies to all associates, including executives, temporary associates, non-regular associates, part-time and contract associates, and others engaged in an employment relationship with DENSO Corporation, its domestic consolidated companies and other companies of which DENSO is the largest shareholder. The content is revised at DENSO Corporation’s CSR Promotion Meeting as deemed necessary when changes in society occur. Since the first issue in 1998, revisions were made in 2009 and 2010.

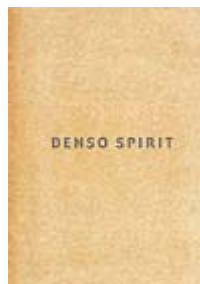
▶ [Code of Conduct for DENSO Group Associates](http://www.globaldenso.com/en/csr/csrpolicy/csrcharter/index.html) <http://www.globaldenso.com/en/csr/csrpolicy/csrcharter/index.html>

DENSO Spirit

The DENSO Spirit specifies the values and beliefs that should be shared throughout the Group so that we can grow and develop as a truly global corporation.

Driving force behind corporate growth: Foresight, Credibility, Collaboration

The DENSO Spirit clearly expresses our stance regarding the values of “Foresight, Credibility and Collaboration,” which continuously have been tacit values since the foundation of DENSO Corporation, and were formally written down in 2004. We are focusing on sharing these values on a global basis through translation into 17 languages so that they become the driving force behind activities in all fields.



DENSO Spirit

Foresight	Credibility	Collaboration
Providing surprises and impressions in a way that only DENSO can [Vision] Anticipating change [Creativity] Creating new values [Challenging] Overcoming difficulties	Providing quality and reliability beyond customer expectations [Quality First] Ensuring the best quality for our customers [On-site verification] Grasping the facts firmly [Kaizen] Striving to reach higher levels	Achieving the highest results by working as a team [Communication] Understanding one another completely [Teamwork] Doing your best as a team [Human Resource Development] Developing yourself and the next generation

Aiming to personify the DENSO Spirit in each associate worldwide

In 2003, as we expanded rapidly through dramatic overseas development, DENSO was faced with a sense of impending crisis. How could we effectively pass on our DNA inherent in production and work practices while the number of foreign associates was rising so sharply? Inadequately passing on our DNA could lessen the trust in the organization that had been established and built up over the years by our predecessors. DENSO Corporation formed a project team and formally wrote down the DENSO Spirit that each associate around the world can refer to and started taking steps to make sure this spirit was reflected in daily actions.

However, it is not easy for associates with different cultural and social backgrounds to understand the Japan-nurtured DENSO Spirit. As such, we chose to increase understanding while trying to learn from each other through conversations, sharing experiences and dialogue on an ongoing basis rather than the old-style top-down method of imposing action.

To begin with, we distributed a booklet incorporating examples of past successes as well as words of wisdom that have been passed down by past members of management concerning "Foresight," "Credibility" and "Collaboration." We also made a video with young associates taking central roles. Using this as a reference, we held continuous dialogues that included relaying experiences in the workplace in different countries and regions. We conducted a survey to ascertain the level of understanding of the DENSO Spirit and the extent to which it was being implemented and then made improvements and revisions as necessary to educational tools.

In 2010, we handed out to each associate a compilation of practices embodying the DENSO Spirit. Through continuous efforts such as these, many associates came to realize the connection between their own experiences and values and the DENSO Spirit, and incorporated it into their behavior.

DENSO Spirit



Quality First: Customers only buy one car, so it must be the best out of dozens (words of wisdom passed down)

Examples of the DENSO Spirit



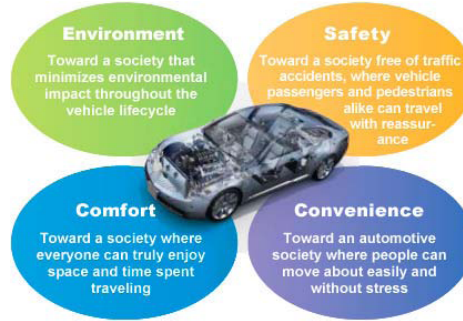
Genchi genbutsu (on-site verification): This process takes time, but it results in faster work (associate comment)

Kaizen (continuous improvement): Improvement comes from genuine dissatisfaction that may include difficulties or unfamiliarity in daily operations (associate comment)

Business Overview

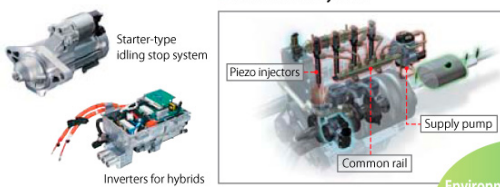
DENSO contributes to the realization of a sustainable automotive society in four product areas

Automobiles are a highly precise form of transportation that function through advanced systems and the close connection of around 30,000 components. The core technology making this a reality is electronic control technology. DENSO provides numerous parts and systems to the world's leading automakers as a top-level supplier helping to drive this technology. Overcoming challenges facing the automotive society such as traffic accidents and environmental pollution is a key theme for DENSO. This concept incorporates efforts related to the product areas of the environment, safety, comfort and convenience. Contributing to the realization of a sustainable automotive society through the development and provision of advanced products is viewed as a major social mission of DENSO.



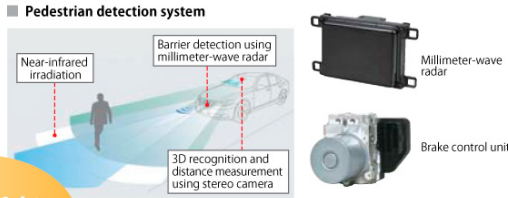
Contributing to enhanced fuel efficiency and purification of exhaust gas in eco-cars through motor technology and electronic control

The environmental performance of eco-cars is being improved through enhanced efficiency for a wide variety of sources of power that include gasoline, diesel, hybrid, electricity and bio-fuel, as well as the optimization of electronic control.



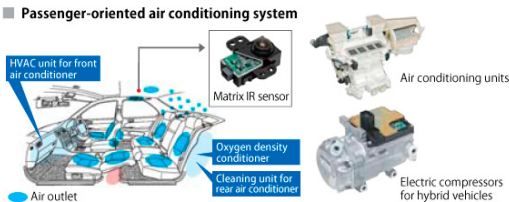
Helping avoid traffic accidents and reduce impact through unique sensor technology and electronic control

DENSO supports preventive safety systems and crash safety systems with adaptive cruise control, barrier and pedestrian detection and seatbelt control, etc., using millimeter-wave radar and brake systems.



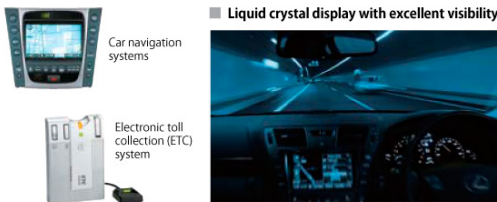
Providing air conditioners with exceptional energy-saving properties and ease of mounting for passenger cars, buses and trucks

DENSO aims to ensure a comfortable ride at all times, even in the toughest climates. We provide air conditioners that are easy to mount, use minimal power and that feature advanced cooling control and a compact design.



Alleviating congestion and contributing to smooth traffic flow with advanced information and communications technology

We are working to develop systems that enable efficient access to traffic-related information, alleviate congestion through ETC, improve the visibility of various meters and enhance traffic flow.



DENSO products that apply automotive technology contribute to advancements in residential and industrial sectors

Greatly reduces energy required for hot-water supply



EcoCute natural refrigerant heat pump water heater

Streamlining of circulation and distribution operations and management



Barcode handheld scanners

Contribution to automation and power saving in production



Industrial robots

Efficient cooling of base station equipment



Kerosene air conditioners

CSR Management

The DENSO Group promotes corporate behavior that displays DENSO's unique identity in accordance with the DENSO Philosophy.

President's Message

We invite visitors to our website to read the Message from the President.

DENSO CSR

We introduce the basic stance, promotion structure and long-term activity plan for the DENSO Group's corporate social responsibility (CSR).

DENSO Group Declaration of Corporate Behavior and *Code of Conduct for DENSO Group Associates*

We introduce the DENSO Group Declaration of Corporate Behavior and the *Code of Conduct for DENSO Group Associates*.

Fiscal 2012 Results and Future Issues/Goals

We introduce results and future issues/goals for CSR Management, the Report on Social Responsibility and CSR communication.

Corporate Governance

We introduce the basic policies, promotion structure, principal bodies and auditing functions of the DENSO Group's corporate governance structure.

Highlights and Lowlights of CSR Activities in Fiscal 2012

We introduce performance reports (highlights) as well as disclose negative information (lowlights) to raise the transparency of initiatives and improve CSR management.

Compliance

We introduce the basic stance, promotion structure, education/enlightenment, the internal whistle-blowing system and other aspects of compliance.

Risk Management

We introduce the basic stance, promotion structure and disaster risk response measures for the DENSO Group's risk management.

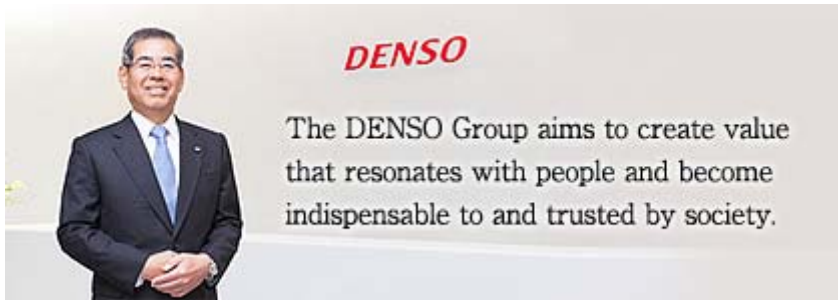
Information Security

We introduce initiatives for our promotion structure, audits and other areas based on the DENSO Group Basic Principles of Information Security.

DENSO Group Information Disclosure Policy

We introduce the DENSO Group Information Disclosure Policy.

President's Message



Aspiring to be a company indispensable to society

Although I have been involved in the automobile industry for over 40 years as a corporate businessperson, never before have I experienced a year such as 2011 that was filled with so many ordeals.

In the aftermath of the Great East Japan Earthquake that struck in March, the DENSO Group placed top priority on "supporting victims of the disaster" and worked in unison to promote recovery in the stricken areas. DENSO was also affected by the disaster, as buildings at several sales companies and DENSO Group companies in the Tohoku and Kanto regions were partially damaged. We also confirmed that around 600 plants operated by our suppliers were damaged. In response, we focused our utmost efforts on supporting the recovery of our suppliers and switching to alternate production. However, just six months after the earthquake, we faced yet another difficulty when extensive flooding caused increasingly severe damage in Thailand, a main hub in the Asian automobile industry. To deal with this situation, we took our best efforts to compensate for a parts shortage resulting from a disruption to the supply chain and began re-evaluating our risk management along with strengthening related structures to prepare for any major natural catastrophes.

Each time we surmount difficulties such as these, I am keenly reminded that the DENSO Group is supported by numerous stakeholders, and I reflect deeply on the importance of the words "company sustainability." The various events that unfolded in 2011 were also a catalyst for me, together with associates, to thoroughly discuss what we must do to ensure the DENSO Group remains indispensable to society and for us to re-examine the value of our existence.

Aiming to realize a society with no traffic accidents

I believe that our existential value as a company involved in the automobile industry is to "contribute to an advanced automotive society" through manufacturing (monozukuri). An advanced automotive society will enable people to enjoy the pleasure of moving freely through mobility with virtually no traffic accidents and environmental impacts.

The first key issue for realizing such a society will thus be to eliminate traffic accidents. At present, approximately 1.3 million persons worldwide lose their lives in traffic accidents every year. Creating a society with no traffic accidents is the fervent wish of everybody involved in the automobile industry.

Since commencing research on airbag sensors in the 1970s, DENSO has commercialized numerous system products that utilize sensing technologies such as laser radars and millimeter-wave radars as well as control technologies. This has contributed in many ways to improvements in preventive safety and collision safety. In recent years, we have undertaken joint research in preventing collisions at intersections by utilizing information communication technologies. We are also proceeding with the development of technologies that monitor a driver's physical condition and level of driving concentration and that provide any necessary warnings to the driver.

Based on these achievements, we will devote our utmost efforts to promoting the widespread use of our products and developing technologies that contribute to enhancing safety.

Striving for a society with less environmental impacts

The second key issue for the automobile industry is to reduce environmental impacts. It has been reported that CO₂ accounts for approximately 80% of all emissions of greenhouse gases, a principal cause of global warming. Upon hearing the International Energy Agency's announcement that CO₂ emissions in 2011 reached an all-time high of 31.6 billion tons, I was probably not the only person who keenly felt the heavy weight of responsibility for realizing a low-carbon society.

At present, automakers aim to develop automobiles with fewer environmental impacts and are thus moving quickly to improve gasoline, diesel engines and other internal combustion engines, promote the widespread use of idle-stop systems and make advances in hybrid cars and electric vehicles. DENSO supplies basic products for powertrains for all these vehicles that help to improve fuel efficiency, cleanse exhaust emissions and reduce noise.

DENSO developed and improved most of these products from the perspective of "energy management" that strives for energy efficiency not only for individual components and units but also for the entire vehicle. These products are also useful in reducing the burden on the engine and recovering and reusing kinetic energy.

Related Links

- DENSO Philosophy
<http://www.globaldenso.com/en/aboutdenso/philosophy/index.html>
- DENSO VISION 2015
<http://www.globaldenso.com/en/aboutdenso/vision/index.html>

Looking to the future, environmental regulations in each country are expected to become more strict. In fulfilling our mission as a main supplier that provides basic products and systems to each automaker, the DENSO Group will further strengthen its development of products that contribute to the environmental performance of a diverse range of powertrains.

On a different front, in 2011 DENSO and home builders jointly developed a home energy management system (HEMS)*, which applies the technologies cultivated by DENSO in automobiles for the efficient integrated control of energy in people's home living environments. As energy conservation becomes increasingly important worldwide, the development of systems that link technologies from automobiles and houses will likely serve as a major step for creating a sustainable society.

*This system performs coordinated control of household EcoCute systems, storage batteries and solar power generation systems with plug-in hybrid cars and electric vehicles for efficient power generation, recharging and energy usage.

Aspiring to be a company trusted by stakeholders

We aspire to contribute to the creation of a sustainable society through the development of advanced technologies and high-quality manufacturing (monozukuri). At the same time, we strive to be trusted by stakeholders as well as the communities where DENSO undertakes its business activities.

We are currently considering our long-term policy in the run-up to 2020 and are undertaking repeated discussions that also encompass Group associates overseas. Each and every Group associate aims to sincerely respond to the expectations of our customers, suppliers, shareholders and local communities and to be told by numerous stakeholders, "If it's DENSO, we have a sense of reassurance." Moreover, if all associates feel a strong sense of trust and take pride in working at DENSO, I am confident we can truly be a company that is indispensable to society.

In the future as well, we will aim to be a trustworthy company in harmony with society and move toward the realization of a society in which people and cars ideally coexist.

As we pursue these objectives, I ask for your continued support and guidance.

August 2012
DENSO Corporation
President and CEO
Nobuaki Katoh

加藤宣明

DENSO CSR

Basic stance

In our corporate philosophy, we describe our mission as "contributing to a better world by creating value together with a vision for the future." We adopted DENSO Vision 2015, a long-term management vision, in 2004 to guide our efforts in putting this philosophy into practice.

Cooperating, collaborating and sharing values with our many stakeholders are indispensable to achieving this vision based on corporate behavior that earns the trust and support of society. To ensure that all Group companies conducting business worldwide put this philosophy into practice, we adopted the DENSO Group Declaration of Corporate Behavior in April 2006, making clear our responsibility to stakeholders. We have placed corporate social responsibility (CSR) at the core of our management and are working to contribute to building a sustainable society through our business activities.

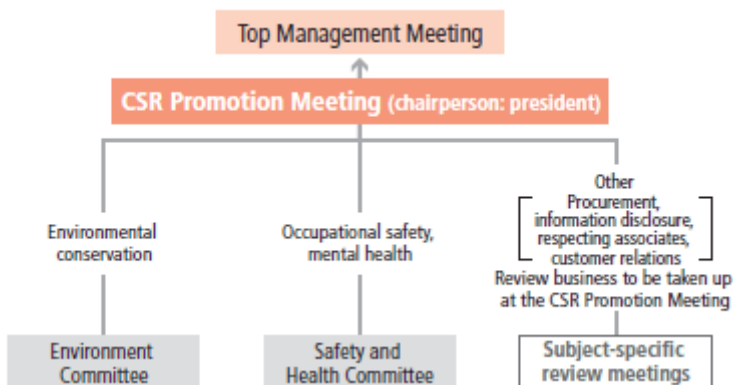
▶ [DENSO Vision 2015](http://www.globaldenso.com/en/aboutdenso/vision/) <http://www.globaldenso.com/en/aboutdenso/vision/>

Promotion structure

In 2006, we established the CSR Promotion Meeting (secretariat: CSR Promotion Center), which is chaired by the president and in which the basic policies behind CSR activities are discussed and examined. The meeting is held twice yearly to set the direction for and make decisions on CSR management and to confirm the progress of CSR-related activities.

To lead the way in promoting CSR at workplaces and Group companies, we select one CSR leader at each department and company in line with efforts to permeate and firmly establish CSR.

Promotion structure



* The Risk Management Meeting, Social Contribution Committee and Business Ethics and Compliance Committee were combined to form the CSR Promotion Meeting in 2009.

CSR framework



Related Links

- [DENSO Philosophy](http://www.globaldenso.com/en/aboutdenso/philosophy/index.html) <http://www.globaldenso.com/en/aboutdenso/philosophy/index.html>
- [Picture book entitled Building Happiness with DEN and SO \(in Japanese\)](http://www.denso.co.jp/ja/csr/report/index.html#ehon) <http://www.denso.co.jp/ja/csr/report/index.html#ehon>

Long-term activity plan

To steadily promote corporate behavior aimed at building a sustainable society, we have worked since 2006 to expand CSR activities that include the supply chain and ensure that individual Group associates are aware of and involved in those activities. The DENSO Group Declaration of Corporate Behavior was approved by the highest decision-making bodies of DENSO Group companies in Japan and overseas and promotion structures were established by the end of 2008. We made sure all secondary suppliers of DENSO Corporation and primary suppliers of DENSO Group companies in Japan and overseas were fully aware of and acting in accordance with the expected behavior outlined in the Declaration by fiscal 2011. In fiscal 2012, we analyzed the strengths and weaknesses of each company while providing support to ensure improvements in order to enhance the overall supply chain in an ongoing manner.

Additionally, as an initiative for fiscal 2012, through dialogue with experts, we considered "what the ideal shape of our CSR management should be in 2020," with focus on future changes in the environment. Going forward, the DENSO Group expects further business expansion in emerging countries and will therefore review and rebuild its risk management structures. Also, in fiscal 2013 we plan to review our medium-term key performance indicators (KPI) to ensure that we continue to accurately anticipate the needs of society and contribute to solutions for solving diverse issues.

▶ [Stakeholder dialogue \(in Japanese\)](http://www.denso.co.jp/ja/csr/stakeholder/) <http://www.denso.co.jp/ja/csr/stakeholder/>

Promotion of activities designed to increase involvement and raise awareness



CSR News (English version)



A CSR workshop targeting Group companies

The DENSO Group formulated a **Code of Conduct for DENSO Group Associates** for Japan, North America, Europe and China that takes into consideration the culture and history of each region. It is being used as a tool to examine one's own behavior at every opportunity.

In October 2010, DENSO distributed around 70,000 copies (including to domestic Group companies) of the revised version (Japanese) with added information about the Anti-trust Law and conservation of biodiversity. DENSO associates use this to reconfirm expected behavior.

In 2011, DENSO Corporation held CSR Workshops led by external instructors for CSR leaders, who serve as the core of CSR promotion at workplaces at each department and domestic Group company. We also promoted CSR enlightenment activities at training for newly hired associates and newly appointed managers.

We have been issuing the **CSR News** publication every month since fiscal 2011 (Japanese and English), which includes information on CSR in local surroundings as well as a message from top management. We are also implementing workplace discussions that utilize CSR News.

ISO 26000 analysis and review



Study sessions by external instructors



ISO 26000 comparison table

In November 2011, the International Organization for Standardization (ISO) issued the international standard ISO 26000 providing guidelines for social responsibility (SR) at organizations. Closely monitoring developments, DENSO Corporation reviewed whether the direction of its activities in the seven core subjects (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development) that form the backbone of ISO 26000 were appropriate or not.

In fiscal 2012, we invited external instructors and held ISO 26000 study sessions that featured the participation of 15 management staff from 8 CSR-related departments (General Administrative Dept., Human Resources Dept., others). At the study sessions, opinions were exchanged on how each department can link this guidance to improvements in CSR activities.

Regarding the 262 items relating to actions and expectations for the core subjects, while referring to the opinions of experts, CSR departments will also analyze issues deeply related to the DENSO Group and the level of response to the current situation and will identify issues on which we must place particular focus. In the future, we will utilize these identified issues as tools for reflecting improvements in CSR activities.

Review of progress

We have conducted a CSR Survey every year since 2006 to review and assess progress in the implementation of activities and understanding among associates of DENSO Corporation.

Regarding results for fiscal 2012, there were no categories that noticeably worsened and we confirmed that each associate maintains a high awareness of CSR.

However, based on results of interviews with and surveys of CSR leaders in each department, although awareness is improving, we confirmed several issues that are necessary for every individual to implement CSR activities on a day-to-day basis. In the future, we will channel our efforts toward fostering a corporate culture in which associates actively focus attention on social issues and regard CSR as their own personal matter and put CSR into practice. At overseas Group companies, we strive to share information on issues in other countries and recognize the need to create a system to support improvements in activities.

Results from CSR Survey (excerpt)

Item	Question content	FY 2009	FY 2010	FY 2011	FY 2012
Guidelines	Pay attention to application of the code of conduct	75%	68%	81%	80%
Spread of CSR in workplace	Increased interest in CSR in the workplace	57%	52%	76%	71%
Environmental conservation	Work to reduce CO ₂ on the job	80%	73%	83%	82%

DENSO Group Declaration of Corporate Behavior and Code of Conduct for DENSO Group Associates

Related Links

- DENSO Philosophy
<http://www.globaldenso.com/en/aboutdenso/philosophy/index.html>

DENSO's responsibility to key stakeholders

■ DENSO Group Declaration of Corporate Behavior

|| Text of declaration

We, DENSO Corporation and its Group companies*, will actively contribute toward the sustainable development of society through sincere business activities in each country and region.

We hope that our suppliers will support this objective and reflect it in their business operations.

* Consolidated management companies, and companies in which DENSO is the primary shareholder

- We will honor the culture and history of each country and region. We will strive trustworthily to operate with respect for people, and promote business activities to earn the trust of our stakeholders, under the leadership of our management of each company.
- We will comply with both the letter and the spirit of the law and promote ethical behavior. We will promote open and fair information disclosure and dialogue.
- We will anticipate changes and challenge in order to create new values. Also we will work to ensure the best quality by focusing upon on-site verification and implementing "Kaizen" (continuous improvement).
- We will work toward the development of our employees by encouraging communication and teamwork.

Responsibility to customers

For customers' trust and satisfaction, we will create "new values".

- Based on our "Customer First" policy, we will develop and provide fascinating, safe products and services of high quality with advanced technology to respond to customers' expectations.
- We will properly manage our intellectual property rights and strive not to infringe others, and protect personal information of customers and everyone else we are engaged in business.

Responsibility to employees

We will respect our employees and provide a work environment that encourages each individual's dynamic work.

- We will maintain and improve a safe and healthy working environment for all our employees.
- We will build and share a sense of "mutual trust and responsibility" with employees through sincere communication and dialogue.
- We will support fair work conditions and employment opportunities to encourage success within a diverse workforce. Also, we will honor human rights and will not tolerate any form of forced or child labor.

Responsibility to shareholders

We will strive to enhance corporate value and encourage dialogue with shareholders.

- We will strive to enhance corporate value while achieving stable and long-term growth.
- We will strive for transparency through timely and fair disclosure and dialogue regarding our operating and financial conditions.

Responsibility to suppliers

We will maintain open, fair and transparent dealings.

- Our doors will be open to the suppliers throughout the world as we pursue fairness in all business transactions.
- We will respect our suppliers as business partners, and aim for mutual growth based on mutual trust.

Responsibility to international and local communities

We will aim for harmonious growth with the environment by proactively working toward environment protection throughout all areas of business activities.

Responsibility to international and local communities

We will aim for harmonious growth with the environment by proactively working toward environment protection throughout all areas of business activities.

- We will seek an optimal balance between environment, such as climate change and biodiversity, and economy in the way we develop technologies, operate our facilities, and act as individual employees.

We will work toward philanthropic activities that contribute to the harmony and well-being of each regional society in which we conduct business operations.

- We will promote activities aimed at building a better future for each region, both independently and in partnership with community organizations.

We will comply with each country's competition laws and endeavor to maintain sound and fair business operations.

- We will strive to ensure free and fair competition and will not tolerate behavior that violates competition laws such as cartels.
- We will not tolerate collusion and bribery, and will maintain honest and fair relationships with government agencies and public authorities.

Code of Conduct for DENSO Group Associates



Each individual plays a main role in ensuring corporate behavior that earns the trust of all stakeholders and meets their expectations. With this in mind, we formulated the Code of Conduct for DENSO Group Associates, which codifies the DENSO Group Declaration of Corporate Behavior in terms of specific conduct of individual associates.

We will work to permeate the Code to ensure that every associate is continually aware of and acts in accordance with the roles they play in society.

- ▶ [Code of Conduct for DENSO Group Associates\(in Japanese\)](http://www.denso.co.jp/ja/csr/denso/csrcharter/files/shishin.pdf)
<http://www.denso.co.jp/ja/csr/denso/csrcharter/files/shishin.pdf> 

Fiscal 2012 Results and Future Issues/Goals

Basic stance

◎All targets attained ○Most targets attained △Challenges remain judging from results ×No progress

Sustainability theme		Fiscal 2012 activity items	Fiscal 2012 results and remaining issues (●goals achieved, ▲outstanding issues)	Overall assessment*
Corporate governance	Operation of internal control system including Group companies	•Thoroughly implement and firmly establish operation of internal control system including Group companies	● Proceeded with operation of internal control system	◎
Compliance	Raising awareness of compliance to the fullest in each associate	•Expand and upgrade compliance programs at overseas bases •Strengthen structure for compliance with antitrust laws in regions around the world	● Held compliance tests (from fiscal 2011, for people without a PC) ● Conducted interactive education at work sites for all associates [DENSO Corporation] ▲ Upgraded and expanded compliance programs at overseas bases ● Strengthened and thoroughly refocused on programs for compliance with antitrust laws in regions around the world	○
Risk management	Strengthening the Group's ability to respond when crises occur	•Develop and enhance a Business Continuity Plan (BCP)	● Formulated a Business Continuity Plan (BCP) that assumes the simultaneous occurrence of three earthquakes, the Tokai, Tonankai, and Nankai earthquakes	○
	Building awareness of risk management among workplace leaders	•Continue risk management training for newly appointed department managers •Spread awareness of provisions of Crisis Communication Manual and improve ability to put these into practice	● Systematically fostered an understanding of risk management and rules and the ability to put these into practice through training for newly appointed managerial-level personnel, plant managers and newly appointed department managers scheduled for overseas assignments	
	Reinforcement of risk management system at Group companies	•Enhance risk management system at Group companies	● Formulated earthquake disaster risk response guidelines for domestic Group companies, and response measures were prepared at each company ▲ Strengthened risk management structure from the perspective of global Group management	
Information security	Strengthening information security and raising associate awareness	•Strengthening activities for improving security level at Group companies and domestic suppliers •Further enhance awareness of confidentiality controls among DENSO Corporation associates	● Continuously promoted self-assessment and improvement activities based on the DENSO Group Information Security Standards targeting domestic and overseas Group companies ▲ Strengthen activities to improve security level at overseas and domestic suppliers	○
Responsibility to customers	Promotion of education, training and enlightenment activities throughout the Group	•Reduce measures for improving quality awareness •Continue promoting QC Circle activities	● Held exhibitions to show cases of quality improvement to Group companies and suppliers •Exhibition for quality improvement activities (11/12): 7,800 visitors ▲ Vitalized QC Circle activities •Conducted activities with around 6,750 teams worldwide (Japan 3,450, Overseas 3,300) •Won two Union of Japanese Scientists and Engineers Quality Control Circle Department Manager Award Gold Prizes (among these, one award for the Administrative, Sales and Service Department) ● Foster quality and human resource development at overseas sites	○
	Dealing quickly with product defects	•Continue to implement activities to improve recall rate of infrared heaters	▲ Continue activities to further improve recall rate	○
	Enhancement of after-sales service structure	•Expand number of stores, improve quality and assure business viability	● Expanded number of stores from 28 (end of FY09) to 61 (end of FY12) in line with plan, and promoted cooperation in used cars and leasing, etc.	◎
	Enhancement of customer service center for end users	•Continue with point of contact for customer response	● Maintained and continued swift response to customer inquiries	◎
Responsibility to associates	Continuation of stable employment over the long term	•Further improve retention rate by increasing appeal of workplace	● Continued to strive to protect employment amid a sharp deterioration (reduced overtime) in the economic environment ● Held workshops and meetings for personnel from domestic and overseas Group companies to strengthen responsiveness to labor issues ● Provided individual consultation on labor issues at domestic and overseas Group companies ▲ Respond to disputes and litigation at certain domestic and overseas Group companies in line with local laws ● Continued enlightenment and education to prevent harassment	○
	Maintenance of stable labor relations	•Strengthen initiatives to prevent labor issues		
	Assurance of respect for human rights throughout organization	•Continue enlightenment and education to prevent harassment		
	Promotion of human resource development	•Rebuild education system in line with a review of skill-based standards	● Set up training to enhance management capabilities of managers ● Restructured education for new recruits to ensure they have basic skills as members of society ▲ Validate research results	○
	Promotion of workforce diversity	•Expand program and mechanisms for promoting diversity and create a corporate culture conducive to diversity through a transformation in associates' awareness •Develop measures to support the utilization of older associates •Steadily raise employment ratio of persons with disabilities and strengthen support measures	● Introduced a reduced work hour system for child care for associates not covered by Flex Time ● Held diversity forums for women in general positions and their supervisors ● As measures for supporting the formation of a career plan for senior associates, introduced training and career counseling and implemented measures for strengthening workplace communication (expand scope of training coverage in fiscal 2013) ● Began sign language support system	◎
	Promotion of occupational safety	•Create workplace where safety initiatives are commonplace	● Held public drills to teach basic conduct for curtailing operational danger risks and promoted activities to permeate safety awareness and other measures, and the execution of basic conduct for safety by each individual has generally become firmly rooted.	○
Responsibility to share-holders and investors	Enhancement of corporate value and information disclosure	•Continue proactive efforts for investor relation activities	● Held quarterly financial results briefings and individual interviews [for domestic institutional investors] ● Participated in Motor Show conference and provided individual interviews ● Issued business report [for individual investors]	◎
Responsibility to suppliers	Practice of open, fair and transparent transactions	•Conduct improvement activities based on results of self-assessment at DENSO Corporation and domestic and overseas Group companies	● Conducted self-assessment at target companies and promoted improvement activities for weaknesses identified at each company ● Rebuilt and enhanced system for CSR activities with suppliers (set guidelines, strengthened diagnostic sheets and expanded scope of initiatives for secondary suppliers) ▲ Expand to primary and secondary suppliers of DENSO Corporation and to those primary and secondary suppliers from domestic Group companies	○
	Practice of CSR activities throughout the supply chain	•Conduct improvement activities based on self-diagnosis results for suppliers of DENSO Corporation and domestic Group companies		
Responsibility to local and international communities	Promotion of activities unique to DENSO	•Implement the DENSO YOUTH for EARTH Action (DYEA) program	● Conducted steadily in line with plans	○
		•Get internal consensus for the direction of improvements for the DYEA program and complete formulation in fiscal 2013	● Introduce a system to evaluate program and enhance information sharing for stakeholders inside the Company	
CSR communication		•Increase interest in the environment and community, and continue using DECO School to promote participation (integrated, internal)	● Held twice yearly (1,564 visitors); 84% of participants expressed satisfaction at the Kariya venue and 98% expressed satisfaction at the Nagoya venue	◎
		•Utilize communication tools with stakeholders •Strengthen internal communication	● Held company tours using a CSR picture book for students from elementary schools (about 900 students, 9 schools) ● Issued CSR News (English, Japanese) monthly to maintain awareness of CSR practices internally (80%) ● Held a dialogue with experts	

Environmental Report

▶ [Activity results http://www.globaldenso.com/en/csr/environment_report/management/plan/](http://www.globaldenso.com/en/csr/environment_report/management/plan/)

▶ [Entire report http://www.globaldenso.com/en/csr/environment_report/](http://www.globaldenso.com/en/csr/environment_report/)

Corporate Governance

Basic stance

DENSO believes that establishing a corporate governance system designed to strengthen Group competitiveness is the key to maintaining and improving long-term corporate performance in a quickly changing global marketplace. It is also essential to promoting CSR management that is essential for sustainable growth on an ongoing basis. We are working to strengthen our corporate governance in accordance with this belief.

Promotion structure

DENSO Corporation has adopted a corporate auditor system. In addition to statutory bodies such as the General Meeting of Shareholders, Board of Directors, Board of Corporate Auditors and Accounting Auditor, DENSO Corporation has developed various internal control mechanisms. In addition, we have adopted a managing officer system consisting of 29 managing officers to oversee business execution while ensuring a lean Board of Directors structure to facilitate expeditious decision-making and operational execution (term of directors: one year).

Roles and results of principal board meetings

Board of Directors:

The Board of Directors acts as the decision-making body for management policies and important operational issues. Decisions are made by the chairman based on the collective opinions of all Board members. Instructions deriving from decisions made concerning legal matters and important issues that relate to the entire Group are implemented through the Executive Meeting, and individual directors ensure that the necessary actions are taken in their areas of responsibility by issuing instructions to managing officers or department managers. Attendance by directors and auditors at the 16 Board of Directors meetings held in fiscal 2012 was 94% and 81%, respectively.

Top Management Meeting:

The Top Management Meeting is a deliberative body charged with discussing issues to be decided by the Board of Directors and other important issues that have a bearing on overall corporate management (corporate business plans, investment issues, important transaction formats and collaborative projects and other important management matters) and gives direction to corporate policy. Decisions are made by the chairperson after aggregating the opinions of all meeting members and results of the group's deliberations are reported to the Board of Directors for final decision-making. In fiscal 2012, the Top Management Meeting convened 45 times.

Compensation for executives, directors and auditors:

The monthly amount of compensation for executives shall be within the upper limit for the total amount of compensation (directors: 80 million yen; auditors: 7 million yen) prescribed by a resolution at the General Meeting of Shareholders. The monthly amount of compensation for each individual director is decided by a representative director who has received authorization from the Board of Directors and is in accordance with standards prescribed by the Company, while the amount of compensation for each individual auditor is decided through cooperative consultation among auditors. Bonuses are decided upon receiving authorization for total amounts to be paid to directors and auditors, respectively, through a resolution at the Ordinary General Meeting of Shareholders. The amount of the bonus for each director takes into consideration the level of individual contribution and is decided by a representative director who has received authorization from the Board of Directors, while the amount of the bonus for each auditor is decided through cooperative consultation among auditors.

Management oversight function

Two standing corporate auditors and three external auditors with dedicated staff are responsible for monitoring the execution of duties by directors as well as the business operations and financial conditions of DENSO Corporation and its domestic and overseas subsidiaries. Under the Company's audit system, corporate auditors, who implement legally mandated functions, are augmented by specialized internal audit departments in key Group companies in Japan and overseas, who conduct ongoing on-site audits not only of administration, business practices and legal compliance but also of the appropriateness of management and operational procedures.

In addition to attending important meetings such as Board of Directors and Top Management meetings, corporate auditors fulfill their management oversight function by auditing directors' business execution through information exchange with internal audit departments, departments related to internal controls and the Accounting Auditor.

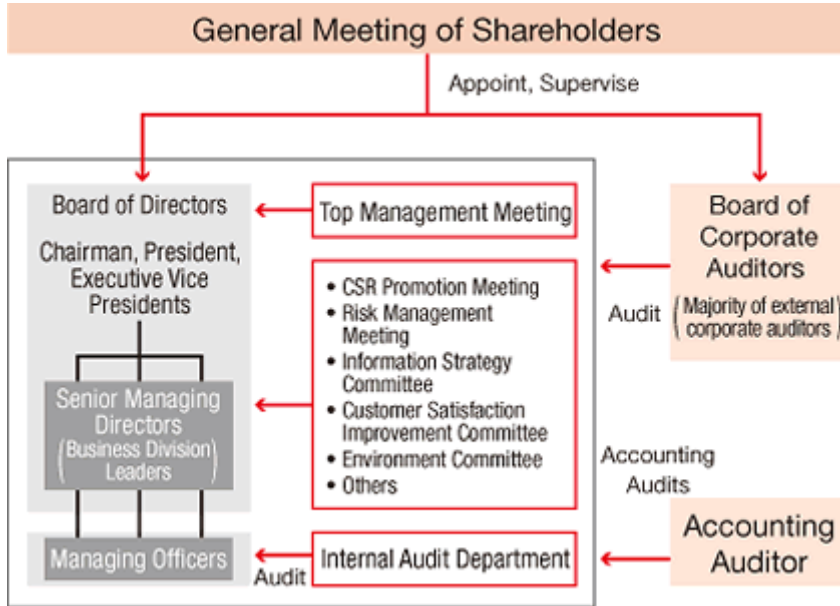
Related Links

- Executive Management
<http://www.globaldenso.com/en/aboutdenso/directors/index.html>

Developing and strengthening internal controls




Starting in fiscal 2009, in order to ensure the reliability of financial reporting, the Financial Instruments and Exchange Law requires an audit of the internal control reporting system (where companies assess the effectiveness of their internal controls pertaining to financial reporting and have those controls audited by an auditing firm). In fiscal 2009, an auditing firm gave our internal controls a fair assessment based on pertinent legal procedures, and we submitted a report on our internal controls to the Financial Services Agency, which determines whether the Group's internal controls are effective.

Corporate governance system



Highlights and Lowlights of CSR Activities in Fiscal 2012

In aiming to enhance the level of CSR management, DENSO believes in the importance of increasing management transparency by proactively disclosing negative information along with performance reports and making ongoing improvements after ascertaining new challenges. Since fiscal 2009, we have listed highlights and lowlights from an objective standpoint to increase visibility and report these to all stakeholders.

Highlights	2011	Lowlights
<p>DENSO wins gold medals in two categories at WorldSkills International Competition (October 2011)</p> <p>DENSO Group associates from Japan and overseas participated in six categories at the 41st WorldSkills International Competition held in London and earned gold medals in the two categories of Manufacturing Team Challenge (Japan representative) and CNC Turning (Thai representative). Participants in both categories also received awards for the highest score in each respective country. In line with efforts to cultivate human resources, the DENSO Group has focused on initiatives enabling associates to acquire a high level of skills and on handing down these skills. The number of participants from overseas Group companies has also been steadily increasing.</p> 	April	
	May	
	June	
<p>DENSO earns Minister of Health, Labour and Welfare Volunteer Meritorious Persons Award (November 2011)</p> <p>In recognition of its long years of social contribution activities, in November 2011 DENSO Corporation earned the Minister of Health and Welfare Award in the "Fiscal 2011 Volunteer Meritorious Persons Festival, Meritorious Persons Commendation" (sponsor: Japan National Council of Social Welfare). This award is presented to persons and organizations taking the lead in implementing and supporting volunteer activities. DENSO earned this award based on the high acclaim for its wide-ranging activities that support the disadvantaged.</p>	July	
	August	
	September	
<p>Development of home energy management system (HEMS) and household storage battery (December 2011)</p> <p>DENSO Corporation has jointly developed a HEMS together with a Toyota Group housing company. While reliably monitoring and controlling home energy usage, this next-generation system can be connected to smart phones, solar cells, plug-in hybrid vehicles and electric vehicles to further enhance the convenience of its functions. At the same time, DENSO also jointly developed a household storage battery that connects to the HEMS and enables a leveling of electricity consumption and is beneficial in times of power blackouts.</p>  <p style="text-align: center;">HEMS touch panel</p>	October	
	November	
<p>New support measures for children orphaned in Great East Japan Earthquake and for the challenged (December 2011)</p> <p>As an additional earthquake disaster reconstruction support measure, over a 10-year period from fiscal 2012, every year DENSO will donate half of the accumulated amount in its Heartful Fund a special fund operated with donations from associates (contributions are deducted from salaries and bonuses of participating associates in units of 100 yen). In fiscal 2012, DENSO donated 6 million yen to support the education of children orphaned by the Great East Japan Earthquake. From fiscal 2013, DENSO will also donate an additional 2 million yen for facilities for persons with disabilities. We also started a new program under which 10 yen is deposited into the Heartful Fund whenever associates choose a item from the Heartful Menu at the associates' cafeteria. These funds are donated for educational support.</p>	December	
	2012	
<p>DENSO earns Energy Conservation Grand Prix (Energy Conservation Case Example Category) Minister of Economy, Trade and Industry Award (January 2012)</p> <p>DENSO earned the Minister of Economy, Trade and Industry Award, the top award, at the Fiscal 2011 Energy Conservation Grand Prix (Energy Conservation Case Example Category) (sponsor: The Energy Conservation Center, Japan). The award is presented to commend outstanding energy conservation activities and advanced energy conservation products. DENSO earned this award based on the high recognition of its Just-In-Time (JIT) energy activities, which have been promoted by the Manufacturing Department since fiscal 2011 with the aim of "using and supplying only the necessary amounts of electricity when needed."</p>  	January	<p>Conclusion of plea agreement with United States Department of Justice (January 2011)</p> <p>Following an on-site United States Department of Justice (DOJ) investigation of DENSO International America, Inc. (DIAM), a U.S.-based DENSO subsidiary, DENSO Corporation concluded a plea bargain agreement with the United States DOJ in January 2012. Under the agreement, DENSO will pay a fine of USD78 million (around 6.1 billion yen) based on charges that it violated antitrust laws in connection with sales of certain automobile components (certain body electric control units (body ECUs) and heater control panels) to one of its customers.</p> <p>After the on-site investigation, DENSO has recognized the seriousness of the matter and has adopted group-wide measures to reinforce compliance with antitrust laws, including strengthening its already stringent antitrust law compliance rules and offering even more thorough compliance training.</p>
	February	
	March	

Compliance

Basic stance

We believe that key actions to earn the trust and understanding of society pertain to the DENSO Group's observance of all applicable national and regional laws and all Group associates' fair and faithful conduct with the highest ethical standards. We see compliance as not only the observance of laws but also a responsibility to meet the expectations of stakeholders. In this sense, we consider it to be the cornerstone of all conduct.

Based on this recognition, in 2006 we adopted the **Code of Conduct for DENSO Group Associates**, which clearly indicates the standards of conduct for each and every associate. While developing the **Code of Conduct for DENSO Group Associates**, we consulted the United Nations Universal Declaration of Human Rights, United Nations Global Compact, OECD Guidelines for Multinational Enterprises and the Charter of Corporate Behavior formulated by Nippon Keidanren (Japan Business Federation). Since the Code was adopted, we confirm the Code in training and workplace activities and utilize it for raising CSR awareness of associates.

Overseas Group companies use a regional version of the **Code of Conduct for DENSO Group Associates** formulated by their regional headquarters in accordance with national and regional laws and customs.

Key items in the Code of Conduct for DENSO Group Associates

I. Your conduct as a member of the DENSO Group

- Recognizing your role in society / Integrity as the foundation of trust / Compliance with laws and ethical principles

II. Creating a vibrant workplace

- Understanding DENSO's philosophy and values and pursuing personal development / Respecting human rights, ensuring open communication and respecting the privacy of others / Maintaining mental and physical health and maintaining a healthy workplace / Maintaining order and ethics in the workplace / Maintaining a clear distinction between public and private matters

III. Earning trust and meeting the expectations of customers

- Remembering to express appreciation, providing ureshisa (consideration) and yasashisa (fulfillment), and providing timely and sincere solutions / Transactions based on free and fair competition

IV. Building win-win relationships with our suppliers

- Adherence to laws related to competition such as antitrust laws and subcontracting laws as well as the contract conditions of agreements with suppliers and affiliated service stores / Respecting intellectual property rights

V. Living up to the trust and expectations of our shareholders

- Managing corporate assets effectively and preventing risk / Practicing proper accounting / Managing inside information

VI. Upholding the best interests of society

- Pursuing eco-friendly practices / Serving as a member of your community / Taking a forceful stand against anti-social organizations and ensuring moderate relationships with governmental authorities / Serving as a member of the automotive industry

*Scope: The Code applies to all executives and associates (including contract associates, temporary associates, part-time associates and all other individuals engaged in an employment relationship with DENSO Corporation) at DENSO Corporation, domestic companies subject to our managerial consolidation rules and companies in which DENSO is the largest shareholder.

Promotion structure

In 1997, DENSO Corporation created a Business Ethics and Compliance Committee chaired by a director to provide oversight in that area (now integrated into the CSR Promotion Meeting). The committee works to develop frameworks in each country and region to contribute to law-abiding structures and pursue related activities. In 2003, DENSO Corporation established an internal whistle-blowing system in the form of the Business Ethics Hotline, which places associates in contact with outside attorneys and the Legal Department. In fiscal 2007, the Company appointed CSR leaders to spearhead initiatives in each workplace as part of its education and enlightenment activities. Domestic Group companies use promotion structures based on DENSO Corporation's system.

For overseas Group companies, regional headquarters develop organizational systems, introduce and operate reporting systems, and pursue enlightenment activities that take into consideration the characteristics of their country and region. In North America, Group companies are working to prevent unlawful conduct by assigning compliance officers to each operating base and administering a 24-hour helpline (reporting system) and audit system. Meanwhile in China, Europe, India and Australasia, we are setting up key activities for compliance that are appropriate to the unique circumstances of each country as well as operating suggestion boxes and hotline systems. The status of these activities is regularly reported to base managers and used in efforts to prevent recurrences and improve activities.

In addition, regional headquarters associates responsible for legal affairs in Japan, North America, Europe, China and Southeast Asia regularly share information and issues. The gatherings seek to ensure and maintain compliance by sharing information and issues.

Related Links

- Code of Conduct for DENSO Group Associates(in Japanese)
<http://www.denso.co.jp/ja/csr/denso/csrcharter/files/shishin.pdf>



Education and enlightenment

DENSO Corporation began providing compliance education by employment level in 2002 and introduced education and enlightenment activities led by CSR leaders by workplace in 2006 (including contract, temporary and other associates). In fiscal 2012, a total of 2,500 associates participated in educational programs by employment level.

In addition, with the aim of increasing awareness at the individual level, we have been holding a compliance exam within an e-learning course since fiscal 2009 targeting personnel with PCs. We started providing the same exam to personnel without a computer in fiscal 2011 (approximately 37,000 employees took the course in fiscal 2012).

In fiscal 2012, we continued to implement compliance training in the form of workplace discussions that target all Company associates. Also, we utilized our newly developed original visual educational materials and held case study-based discussions at each workplace.

Legal Department initiatives include raising associates' awareness by means of publishing the Business Ethics Newsletter and providing information on the corporate intranet.

Internal whistle-blowing system

DENSO Corporation's internal whistle-blowing system (in the form of the Business Ethics Hotline), which allows anonymous reporting, is independent from the normal chain of command at the Company and is administered by outside attorneys and the Legal Department in accordance with Japan's Whistleblower Protection Act. We passed out cards listing the hotline number and expanded the scope of the program in May 2006 to include principal suppliers (300 companies).

In fiscal 2012, the hotline received 255 reports and requests for advice in areas such as employment, labor, work environment, information management, business transactions and accounting, all of which were addressed after staff investigated the situation and confirmed the facts.

Number of consultation calls to hotline

	FY2008	FY2009	FY2010	FY2011	FY2012
External hotline	28	65	61	49	58
Internal hotline	86	123	107	120	197
Total	114	188	168	169	255

Overall procedure for business ethics activities



Activity reviews and improvements

Since 2003, we have set aside each October as DENSO Group Business Ethics Month. We organize awareness-raising activities such as workplace discussions and conduct a CSR Survey to assess awareness of policies and latent risks. The number of respondents who thought that it was easy to consult with superiors at work, indicating good communication in the workplace, was generally at the same level as in the previous fiscal year. This result enables us to confirm that efforts to enhance communication are firmly rooted.

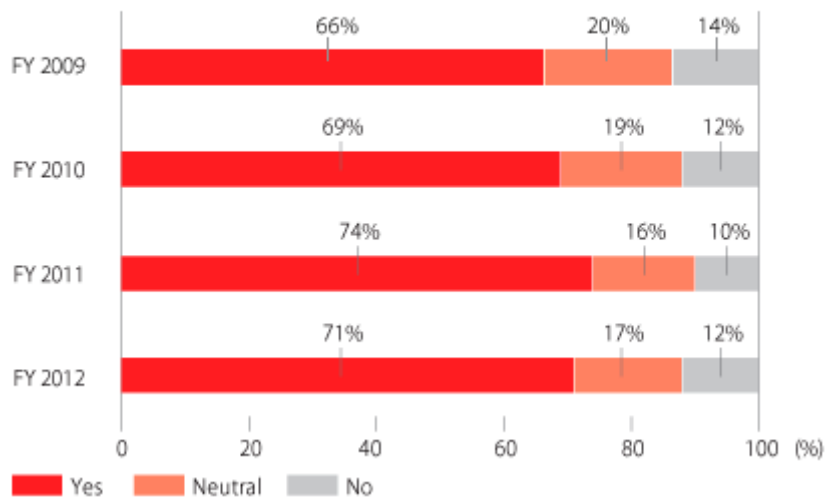
In a survey of all Company associates following compliance education, there were many opinions similar to the ones below. Therefore, in fiscal 2013 we will further improve and strengthen our education and enlightenment activities.

Training survey

- The education using images was easy to understand and there was also lively discussion.
- The education covered familiar real case examples and this allowed me to understand problems as though they were my own.
- I would like education such as this to be implemented on a regular basis.

Result of fiscal 2011 Business Ethics Survey

Q: Is it easy to consult with superiors at work?



Response to antitrust laws

After the onsite United States Department of Justice (DOJ) investigation of DENSO International America, Inc. (DIAM), a U.S.-based DENSO subsidiary, the DENSO Group has taken this matter seriously and launched the Antitrust Law Compliance Committee, chaired by the president, with the aim of thoroughly reinforcing its previous compliance with antitrust laws. Additionally, under the direction and supervision of the Committee, we will thoroughly reinforce compliance with antitrust laws across the entire DENSO Group with measures that include implementing even more stringent antitrust law compliance rules and strengthening compliance education. In the future as well, the DENSO Group will further strengthen its compliance with antitrust laws and make thoroughgoing efforts to prevent recurrences while working to restore trust.

Risk Management

Basic stance

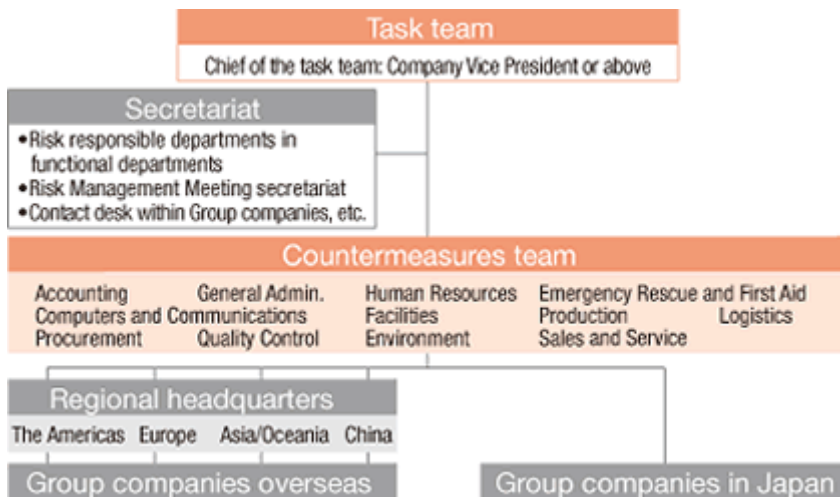
In keeping with the global expansion of business, the DENSO Group is striving to strengthen risk management as part of its internal control system to help minimize risk. Specifically, emergence of circumstances with the potential to cause damage to corporate management are classified as risks (situations in which risks have not yet been realized) and crises (emergency situations in which risks have already been realized). For the former, efforts focus on nipping risks in the bud before they have the chance to manifest themselves; for the latter, DENSO strives to make an initial response and response for restoring business operations in a prompt and appropriate manner.

Promotion structure

We selected 58 risk items with the potential to impact life, credit, business activities or property; and designated a responsible department for each. Activities for ongoing improvement in the risk management system and structure and permeation of risk management are now the domain of the CSR Promotion Meeting, while the Risk Management Meeting deals with initial response when a crisis or emergency situation arises. We also form specialized contingency organizations depending on the extent of the situation and degree of urgency, which facilitates agile response to minimize damage.

We integrated the traditional roles of the general risk manager into those of the CSR leader at domestic and overseas companies subject to our managerial consolidation rules as well as Group companies in which DENSO Corporation is the largest shareholder, and appointed risk managers for each risk item under that umbrella. We are constantly working to upgrade our risk management based on support from key functional departments and regional headquarters.

Crises countermeasures structure



We have established procedures for setting up a crisis countermeasures committee for earthquake, typhoon and heavy rainfall to ensure swift response when a crisis arises.

Established procedures

Earthquake	Typhoon	Heavy rainfall
In cases of an earthquake above level 5.0 on the Japanese scale in a city, town or village that DENSO has production facilities	In cases when the secretariat holds a meeting and recommends setting up a committee to a general manager if the typhoon looks set to strike land	In cases when the secretariat holds a meeting and recommends setting up a committee to a general manager after assuming the amount of rain will exceed 50mm an hour and a warning has been issued

Expanding activities to spread and raise awareness

Since the awareness and conduct of the managers who are our workplace leaders are essential in risk management and crisis response, in fiscal 2012 we also conducted risk management training directed toward department managers as well as factory managers, managers of production department sections and managers at domestic Group companies. The training was attended by 56 managers. In addition, we continued to provide risk management education for associates scheduled for transfer as president of local corporations in order to strengthen risk management at overseas sites. A total of 21 associates took the course.

We also sought to ensure proper responses to fires, traffic accidents and earthquakes by requiring that all associates carry the Risk Management Handbook (first version formulated in 2004) with them at all times. The content of the handbook has been revised and distributed to all associates to further stimulate awareness at the individual level.

Strengthening earthquake disaster risk response

Prompted by the Great East Japan Earthquake in 2011, from the perspective of business continuity management, we began strengthening the entire DENSO Group's earthquake disaster risk countermeasures based on the assumption of the simultaneous occurrence of three earthquakes, the Tokai, Tonankai, and Nankai earthquakes. In fiscal 2012, we focused on the following items as priority areas.

Preparations in both "soft" and "hardware" areas

Initial responses

Regarding our initial responses, we worked to raise effectiveness (ensure the safety of associates, raise headquarters functions) and enhance emergency equipment. We also began strengthening initiatives for drills and preparing manuals that will lead to improved disaster prevention awareness among associates.

Implementation items	Details
Ensure the safety of associates	1. Add functions to the safety confirmation system (confirm the safety of entire families)
	2. Start to use emergency earthquake early warning systems
	3. Install seismometers
	4. Install outdoor broadcast facilities
Raise headquarters functions	5. Upgrade and expand satellite telephones
	6. Strengthen functions of disaster response task force and take other measures
Enhance emergency equipment	7. Stockpile daily-use goods (daily-use goods and stockpile storage containers for stranded commuters)
	8. Disaster preparedness equipment and appliances (power generators, air jacks, other equipment)

Facilities, equipment and information systems fields

Under a three-year plan, we will implement the following measures with the aim of adding the most recent damage assumptions that encompass tsunamis and liquefaction to measures that previously stopped at earthquake-resistance for buildings and plants, as well as establish infrastructures and measures for the restoration of operations.

- Earthquake-resistance measures for buildings (based on hazard maps of municipal governments)
- Tsunami and liquefaction measures (based on hazard maps of municipal governments)
- Internal infrastructure backup structures (based on the assumption of an energy supply disruption)
- Internal supply and drainage line measures (based on the assumption of internal damage)

Moreover, we will review methods for firmly affixing production facilities and strengthen the earthquake resistance of these facilities. For major risk facilities, we will also organize project teams and strengthen measures to prevent explosions and fires as well as prevent the leakage of hazardous substances.

Preparedness in procurement, production and technology

We have stratified risk for each production plant of our suppliers according to the dual aspects of "degree of difficulty in substitute products" and "location risk," as we strive for the "visualization of latent risk." On this basis, in accordance with the results of risk stratification, we are taking initiatives that include changing to specifications that will enable product substitution, enhancing mutually supplementary production structures globally and urging suppliers to adopt dual production (undertaking production at two plants). In the future as well, we will clarify the diverse risks in our supply structure and set priorities in undertaking activities.

On the other hand, for our domestic Group companies, we formulated earthquake disaster risk response guidelines and held explanation meetings in October 2011. Going forward, at each company we will consider specific measures and plan to strengthen responses over the two-year period encompassing fiscal years 2013 and 2014.

In 2011, numerous companies and plants were inundated by record-setting flooding in Thailand and this caused disruptions to the auto parts supply chain. Although the DENSO Group's local plants escaped the flooding, many of its suppliers were exposed to the floods and were unable to carry out operations. Under such circumstances, DENSO Corporation collaborated with each Group company in working to ascertain information on damage and provide human and material support for quickly restoring operations.

Along with the globalization of the supply chain, the impact of major flooding in Thailand spread to other regions and is becoming a major risk. Therefore, we will review our risk countermeasures from the perspective of Group global management.

Information Security

Basic stance

We formulated the DENSO Group Basic Principles of Information Security in 2003 and have since worked to strengthen data protection and management. We have established the DENSO Group Information Security Standards, which define 142 areas of management based on the globally recognized ISMS*. The standards have been adopted by 56 domestic Group companies and 76 overseas Group bases. To protect information assets and facilitate prompt and proper operations, we also have developed a new policy in fiscal 2008 requiring that security measures take into account not only confidentiality but also integrity and availability (system robustness and resilience). We are currently working to develop such measures that meet this mandate.

*Information Security Management System

DENSO Group Basic Principles of Information Security (outline)

Vision

All DENSO Group companies must build and continuously improve a world-class information security system in order to provide suitable protection for the information assets that serve as a valuable management resource for each company and actively utilize those assets.

Company initiatives

DENSO Group companies must implement the following measures in order to fulfill the vision described above:

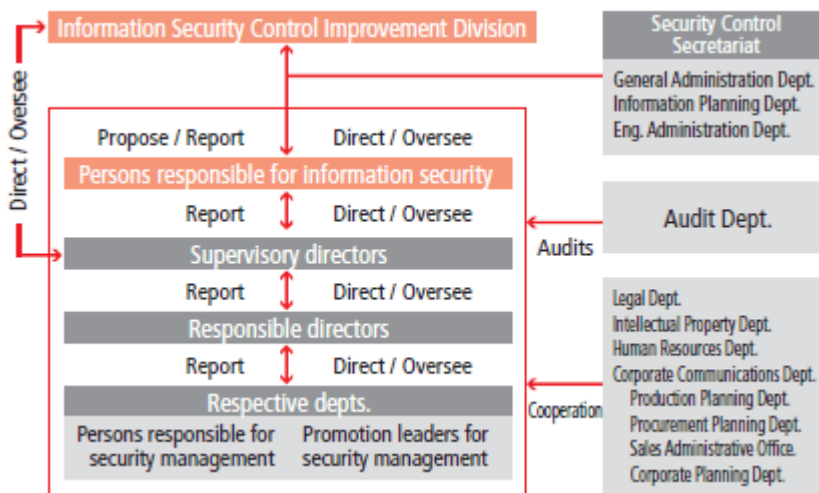
1. Assessment of the risks inherent in information assets (assessment of risk types and reduction levels)
2. Implementation of information security measures (development, documentation and dissemination of methods)
3. Building of a management system (shared responsibilities and roles of departments, establishment of audit section and separation of authority)
4. Explicit articulation of management processes (evaluation of risks, development of countermeasures, education, auditing, understanding exceptions and ongoing improvements)

Structures and audits

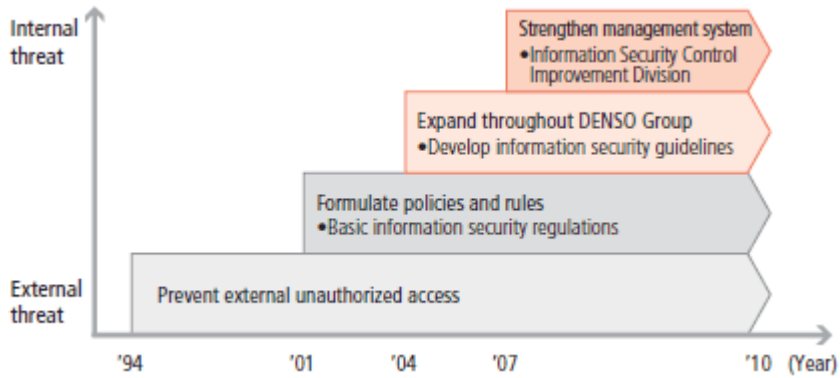
Under the Information Security Control Improvement Division, we established responsible persons for information security and the Security Control Secretariat as special organizational units, and we assigned security management promotion officers and leaders to each Company department. To promote associated activities, we built a management structure based on international information management system standards (ISO/IEC 27001, etc.), and we are continuously working to enhance our approach by conducting annual security management audits, self-reviews and a monitoring survey to assess circumstances at Group companies. We are also expanding the scope of our shared guidelines to include domestic and overseas Group companies and pursuing regular follow-up activities. We are reviewing our shared guidelines, in particular, so that we can make detailed evaluations according to the type of business, business formats and the information that we hold.

In addition, taking the awareness generated by the theft of a computer containing design drawing files by a DENSO technician in February 2007 as an opportunity to enhance security, we set March of every year as Security Management Month in order to carry out awareness-raising activities in a focused manner.

Security control structure



|| Approach to information security initiatives



Fiscal 2012 activities

DENSO Corporation continued to undertake a number of measures in fiscal 2012 that included restricting the removal of computers from DENSO facilities to units provided specifically for that purpose, tightening access to shared servers and placing restrictions on the use of recordable media.

During Security Management Month, we conducted security management education programs, inspections of computers and recordable media taken out of DENSO facilities and security management audits. Moreover, we also sought to augment our normal training for managers, new associates' training and training by associate level. We have been conducting e-learning on information security for all associates with computers since fiscal 2010. In addition, we held briefing sessions in February 2012 for all departmental security management officers, in which we requested that they redouble their efforts to adhere to the special measures and confirm the establishment of these measures.

Because high management awareness on the part of individual associates is the foundation of information security, we will continue to focus on enhancing information management skills among outside staff (temporary associates, contract workers) and suppliers, responding appropriately to incidents and accidents (clarification of punitive rules and regulations), promoting regular inventory of confidential information and expanding awareness-raising activities for associates. There were no incidents or accidents in fiscal 2012 involving the unauthorized disclosure of information.

DENSO Group Information Disclosure Policy

Philosophy of Corporate Information Disclosure

The DENSO Group (hereinafter referred to as “the Group”) states in the “DENSO Group Declaration of Corporate Behavior,” developed for the Group’s practice of Corporate Social Responsibility (CSR) activities, to promote open and fair information disclosure and dialogue.

Based on this declaration, the Group will disclose corporate information, such as management strategies and business activities, in a timely, fair and appropriate manner to ensure the transparency of its management, to help all stakeholders better understand the Group, and to establish and maintain trusted relationships.

In addition, we actively pursue communication with all stakeholders, and we will ensure that we accept the opinions regarding the Group and reflect them on our corporate activities.

Basic policies

The content, method and system of disclosure are defined based on the Group’s Philosophy of Corporate Information Disclosure.

Content of Disclosure

The Group promptly discloses information as required by relevant laws and regulations, including corporate and securities exchange laws.

The Group also actively discloses corporate information that is commercially, environmentally and socially important, that may influence stakeholders and that is helpful in raising understanding toward the Group.

Methods of Disclosure

Regarding information disclosure defined by stock market regulations, the Group discloses information through designated systems, distributes news releases and posts the information on the Group or company website in accordance with the regulations.

For information disclosure that does not apply to stock market regulations, the Group chooses the optimum methods, including news releases, disclosures at press conferences and presentation meetings, or publishing on the company website, to disclose corporate information in a timely, fair and appropriate manner.

System of Disclosure

The Group assigns executives who will be in charge of collecting, managing and disclosing corporate information, and individuals to execute these activities.

Report on Social Responsibility

Cooperation and working hand-in-hand with many stakeholders while sharing value are indispensable for realizing a sustainable society. By clarifying its social responsibilities under the DENSO Group Declaration of Corporate Behavior, the DENSO Group promotes initiatives that should be fulfilled according to respective stakeholders.

Responsibility to Customers

DENSO is committed to further advancing a Customer First principle in creating products and after-sales services in order to provide reliable, safe and high-quality products and services that will satisfy customers and earn their trust.

Responsibility to Associates

When associates are fulfilled professionally and personally, companies grow. Based on this belief, DENSO is promoting "hitozukuri, or human resource development, development of our organization and the creation of a positive environment."

Responsibility to Shareholders and Investors

DENSO is enhancing corporate value through stable long-term growth and improving the transparency of management through the timely and appropriate disclosure of business and financial information and dialogues.

Responsibility to Suppliers

Based on the principle of open, fair and transparent transactions, DENSO is committed to its open door policy, mutual growth that is based on mutual trust, promotion of green procurement and local procurement, and permeation of compliance with laws and regulations and confidentiality.

Responsibility to Global and Local Communities

To become a good corporate citizen, DENSO is promoting initiatives to enhance original programs pursued by the entire Group on a volunteer basis and creating an organizational culture conducive to participation in society while focusing on the areas of DENSO has identified as priorities-hitozukuri (human resource development) and harmony with the environment.

Responsibility to Customers

Related Links

- **DENSO Products**
<http://www.globaldenso.com/en/products/index.html>

Basic stance

Since its foundation, the DENSO Group has been dedicated to providing reliable, safe and high-quality services that will satisfy customers and earn their trust based on a commitment under the DENSO Group Declaration of Corporate Behavior. We have designated the thorough implementation of the Quality First principle, the practice of quality assurance from the beginning of production and the promotion of quality control with full associate participation as basic quality assurance policies, and we are committed to carrying out a Customer First principle in creating products.

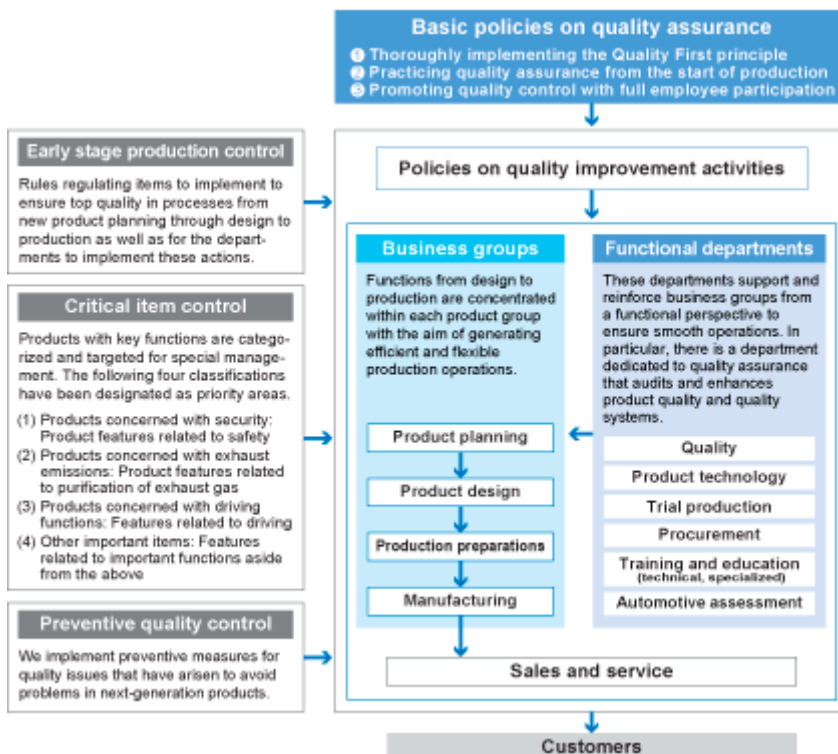
Additionally, based on information collected by sales and technology departments from customers, we are continuously making efforts to enhance customer satisfaction in terms of quality, cost and delivery. Furthermore, we are working to realize product design based on the concept of universal design developed from the perspective of the end user.

Promotion structure System to enhance quality

For the quality assurance process of new products, we are thoroughly carrying out early stage control. In terms of early stage control, the degree of product completion and product risks are visualized via a total of nine phases, with specialized departments including quality control and production technology also undertaking concerted initiatives in unison to strictly check quality. The design stage in particular benefits from a rigorous quality confirmation process. This includes not only the assurance of individual products but also a series of tests. In order to assure high reliability and durability in a vehicle system, we conduct in-vehicle testing under a range of conditions such as high-speed driving, rough roads, low temperatures and icing on our test course, as well as various tests in our environmental testing room. We have also established Technical Centers in respective countries, including the United States, Germany and China, and a plan is underway for newly establishing centers and expanding to seven regions worldwide, including Japan.

Additionally, the DENSO Group has completed the acquisition of ISO/TS16949 certification.

Quality assurance policies and systems



Improving customer satisfaction

Ensuring product safety

As a means of ensuring safety for our customers, design departments conduct safety evaluations and meticulously implement fail-safe* designs in response to problems, and engineering administration departments undertake procedures to clearly specify operational guidelines and departmental responsibilities to ensure full legal compliance from product planning to production and shipment. Moreover, the departments responsible are required to conduct safety evaluations based on internal regulations and to report confirmation results in accordance with legal regulations when launching new products. Additionally, we are currently promoting product development pursuant to ISO 26262 certification for functional safety, which was established in November 2011.

Furthermore, we conducted surveys to obtain opinions from internal users and dealers in order to appropriately identify the potential needs of customers and reflect these needs in products. Feedback on information that has been collected was provided to engineers to improve products from a customer standpoint.

* A design philosophy requiring products to be controlled in a safe manner in the event of an accident or erroneous operation

Education, training and awareness-raising activities

The DENSO Group considers hitozukuri (human resource development) to be the foundation of our business and thus conducts education on quality in a systematic and continuous manner, including education by employment level and area of specialization. Additionally, we are nurturing technical specialists through regular training at training facilities such as the DENSO Engineering and Technical Skills Training Center, which teaches DENSO-style monozukuri (manufacturing) in Aichi Prefecture; training centers at manufacturing bases in Japan and around the world; and our Training Academy in Thailand.

The Qualitative Skill Competition, in which competitors utilize their five senses to detect defects, and the Quality Improvement Exhibition, at which subsidiaries and affiliates are invited to share best practices, are both being held in Japan and overseas. Moreover, a permanent exhibition inside the Reliability Center at DENSO headquarters provides an opportunity for engineers to learn from past problems.

A Technology Dojo is established at DENSO headquarters for nurturing engineers who have the ability to oversee the overall system with a view toward expanding technological development domains, beginning with electric vehicles (EVs).

Quality Control (QC) Circle activities have played an essential role in the maintenance and improvement of quality at manufacturing bases since they were launched in 1964. As of the end of fiscal 2012, approximately 6,750 teams (3,450 Japanese, 3,300 overseas; including engineering and clerical departments)



Italy QC Circle Competition
(September 2011)

have been actively setting annual goals and striving to mutually raise awareness through Groupwide QC Circle Presentation Meetings and overseas regional friendship competitions.

Response to defects

In the event that a defect is discovered in a product, we promptly report the information to customers and relevant organizations through a variety of mediums and have put in place structures for recalling the product in question. We continue activities to recall and address infrared heaters, which from 2007 and 2011 were found to be at risk of causing a smoke or fire hazard, by promptly announcing this information publicly via newspaper advertisements and via our website, and setting up a dedicated toll-free phone number.

Recall status of far infrared heaters (As of May 2012)

- ENSEKI 7FX, 12F, 12FD 43,325 units / Recovery rate: 38.7%
- ENSEKI 10FA, 10FC 80,146 units / Recovery rate: 26.3%
- ENSEKI DZR-08FR, 10FR 4,696 units / Recovery rate: 7.2%
- ENSEKI ND-08FR, 10FR 15 units / Recovery rate: 20.0%

Enhancing after-sales service

Basic stance

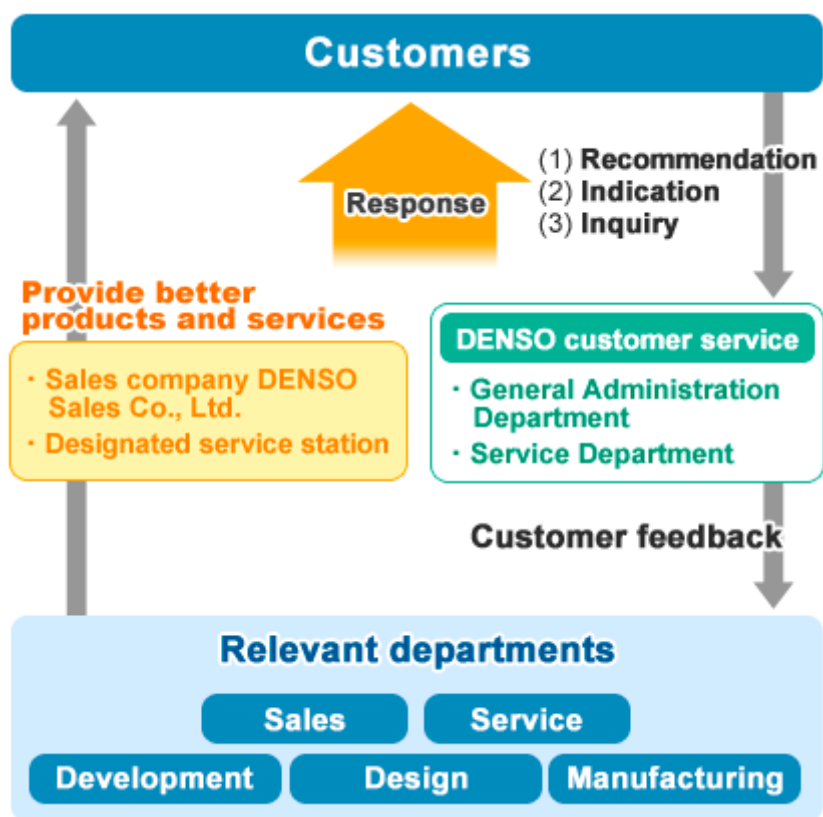
Since its founding, the DENSO Group has been committed to the policy that "products and services are integral." Based on this policy, DENSO not only pursues product quality but also offers global service based on a commitment to provide the best possible service from the customer's perspective by (1) offering products that satisfy customers and can be used safely and as intended, (2) ensuring products can be repaired precisely and promptly at a reasonable cost in the event that they fail and (3) bringing customer feedback to bear on product development and improvement efforts and minimizing customer inconvenience.

Customer (end users) service center

DENSO has established a customer service center in order to respond quickly and appropriately to comments and suggestions from customers. This information is fed back to the relevant departments as quickly as possible, while strictly adhering to secure management of personal information, and DENSO works to address customer concerns and improve our operations. For issues of quality and guarantee of OEM products (which are branded by our business partners) such as car air conditioners and engine components that are supplied to automakers, DENSO asks that automakers' dealers and service centers provide advice and response to inquiries.

From the second half of fiscal 2012, the number of inquiries regarding the replacement of the Electronic Toll Collection (ETC) system increased. This was attributable to a rise in the repurchase of vehicles resulting from the revival of subsidies in addition to the eco-car tax reduction program.

Detailed flow of customer service



Inquiries and comments regarding DENSO products

Content	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
ETC	51%	56%	38%	39%
Spark plugs	16%	13%	18%	19%
Car navigation system	8%	6%	5%	5%
Environmental systems	2%	2%	1%	1%
Environmental systems	2%	2%	2%	3%
Communication devices	1%	1%	1%	0%
Ionic air purifiers, Plasmacluster	1%	3%	11%	11%
Others	19%	17%	24%	22%
Total	100%	100%	100%	100%
Number of inquiries	10,684	11,495	7,210	7,055

Protection of customers' privacy

DENSO recognizes its obligation to protect the privacy of everyone who provides personal information and has set a privacy policy to ensure this occurs. General rules relate to the acquisition and intended use of personal information, restrictions on use, non-disclosure to third parties and other key matters in the strict management and handling of such data.

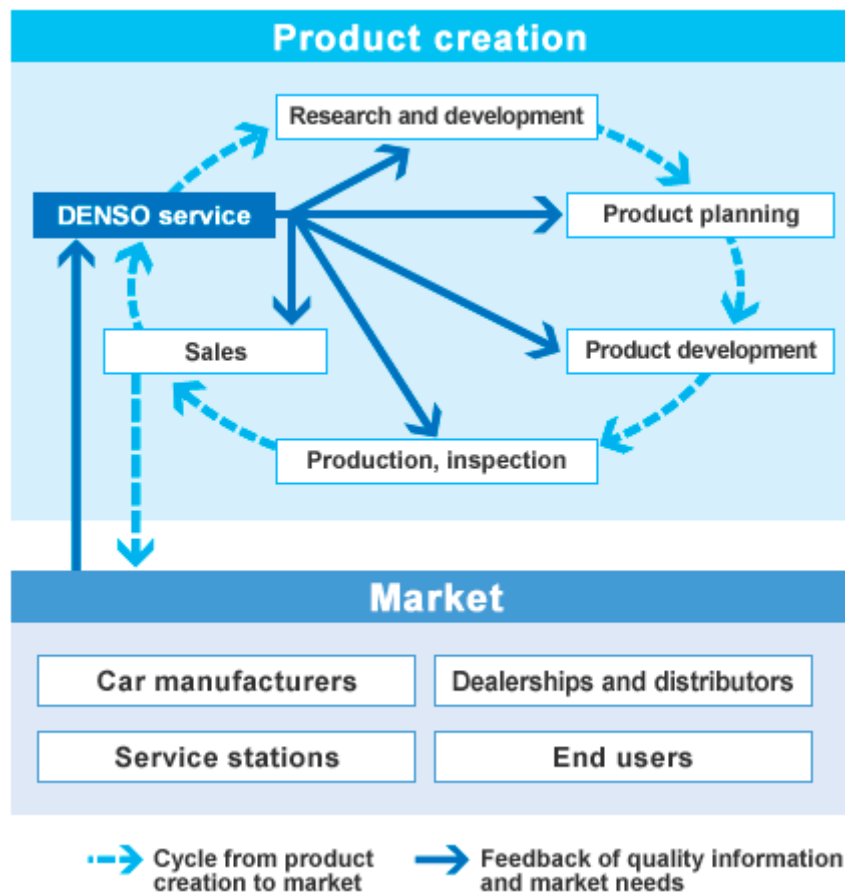
■ Strengthening of after-sales service

Vehicle safety, environmental friendliness and comfort are constantly advancing owing to the use of state-of-the-art electronic control technologies, which call for high-tech service and maintenance facilities that have more advanced diagnostic and repair technologies. In fiscal 2007, in cooperation with regional sales companies, DENSO sought to respond to this trend in a timely manner by launching DENSO Diag-Stations that provide the equipment, personnel and information necessary to promptly diagnose faults in vehicles equipped with advanced technology. These facilities are equipped with proprietary DENSO analytical equipment, such as fault diagnosis testers and data recorders, and possess expert staff who have received proprietary DENSO training and education and been certified via a DENSO internal examination.

As of the end of fiscal 2012, DENSO had established Diag-Stations at 61 sites in Japan (with 105 expert staff) and plans to open at least 70 new Diag-Stations by 2012.

From April 2012, we integrated nine domestic sales companies and established DENSO Sales Co., Ltd. in order to pursue business expansion in the automobile aftermarket business and non-automotive fields. With the integration of sales companies by region, we will further strengthen our customer response capabilities by providing a nationwide sales and service system while also maintaining our conventional regional-based system. Additionally, we will enhance our marketing functions with the aim of providing new products and services that address customer needs.

|| DENSO service activities



■ Global expansion of after-sales service

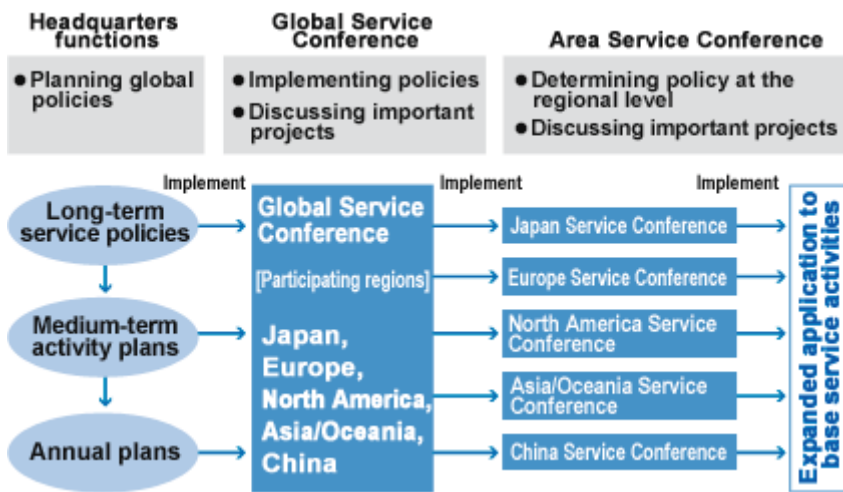
To ensure our customers receive seamless service, DENSO has established service and a network of sales companies in respective countries and regions worldwide. We continuously monitor and evaluate quality in the market. Additionally, DENSO quickly provides feedback, including needs and information, to the necessary departments so that market needs can be brought to bear on product development and improvement.

Our designated service station system, which was launched in Japan in 1954, today consists of a network of 827 service stations (designated service stations and dealerships) under DENSO Sales Co., Ltd.

Overseas, we have established core bases in Europe, North America and Asia/Oceania. Also, a total of 3,788 service stations operated by or in partnership with local dealers and distributors in 114 countries perform automotive component inspections and repairs, sell spare parts, recover CFC refrigerant in car air conditioning systems and provide other services.

We also hold regular Global Service Conferences and Area Service Conferences to improve our level of service on an ongoing basis by enabling service staff worldwide to share policies.

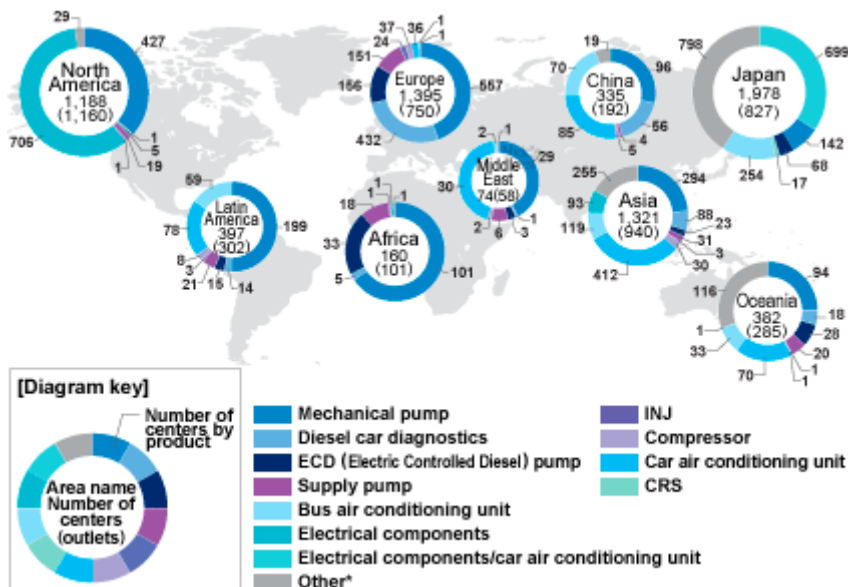
Global service promotion structure



Number of service stations by region

Region	Number of service stations				
	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	
Japan	699	1,789	1,958	1,978	
The Americas	North America	1,104	1,137	1,160	1,188
	Latin America	309	360	383	397
Europe	607	1,101	1,260	1,395	
Asia Oceania Others	China	164	292	326	335
	Asia	938	1,271	1,252	1,321
	Oceania	274	345	381	382
	Middle East	35	57	61	74
	Africa	96	141	148	160
Total	4,226	6,493	6,929	7,230	

DENSO's Global Service Network (Numbers refer to results in fiscal 2012)



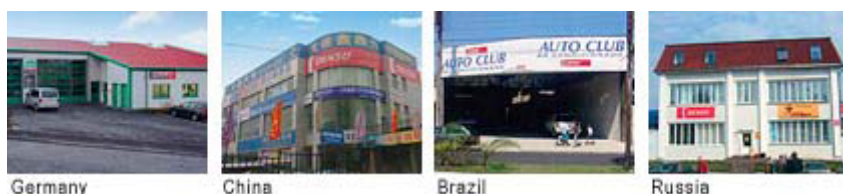
[Number of overseas service stations]

Central distributors: 167, Central distributor and service dealers: 54, Service dealers: 3,567 Total: 3,788 outlets in 114 countries

[Number of domestic service stations]

Designated service stations: 146, Dealerships: 504, Others: 177 Total: 827

* Other: Radiators, refrigeration equipment, INSPAC



Responsibility to Associates

DENSO has established the Human Resource Management Philosophy and is undertaking efforts with regard to “hitozukuri, (human resource development), developing our organization and creating a positive environment” so that each and every associate can fully exert his or her capabilities and lead a vibrant life.

Long-term stable employment

The DENSO Group places importance on stable employment and valuing the development of associates from a long-term perspective. Based on this fundamental policy, both DENSO and associates are mutually working together to ensure employment security.

Stable labor relations

DENSO is further deepening the bonds of mutual trust and mutual responsibility between each Group company and its associates by sharing throughout the Group the concept that the “development of the whole Group and improvements in associates' lives ultimately have the same goals.”

Total respect for human rights

In the DENSO Group Declaration of Corporate Behavior and the Code of Conduct for DENSO Group Associates, DENSO clearly prohibits discrimination and harassment based on race, gender, age, nationality, religion, disability, injury or illness, as well as child labor and forced labor.

Promoting human resource development

DENSO promotes skill development and is working to develop fair and impartial evaluation systems so that all Group associates worldwide, each of whom possesses a unique character, can take active roles while deriving a sense of growth and achievement in their work.

Encouraging diversity

DENSO is promoting various initiatives in order to become a truly global corporation where a diverse group of associates can work energetically in an organizational culture that transcends individual attributes such as gender, age and nationality.

Promoting safety and health

Since the Safety Philosophy was adopted in 1969, DENSO is continuously working to enhance measures that will promote a workplace where associates can work in safety as the best way to respect humanity and achieve high productivity.

Promoting associate health

The DENSO Group Declaration of Corporate Behavior includes a clear statement to enable all associates to work in a healthy and energetic manner. DENSO devotes considerable energy and resources to appropriate health management, giving due consideration to the laws, cultures and customs of the countries and regions in which it operates.

Long-term stable employment

Basic stance

When associates are fulfilled professionally and personally, companies grow. This belief, which forms the foundation of our associate-focused initiatives, is reflected in the DENSO Philosophy, the Human Resource Management Philosophy and the DENSO Group Declaration of Corporate Behavior. The Human Resource Management Philosophy provides a global expression of our human resources mission and policies in addition to defining our responsibility to our associates in the form of management practices that value people, specifically:

- (1) *hitozukuri*, or human resource development, increasing individual associates' motivation and providing opportunities for growth
- (2) developing our organization by fostering an open, dynamic and unified workplace culture through promoting dialogue and full associate participation
- (3) creating a positive environment providing a setting where associates can work with assurance in terms of their safety and health.

Human Resource Management Philosophy

Mission

To realize the growth and prosperity of both DENSO and its associates by creating a culture where all associates can contribute to DENSO's business goals to the best of their ability

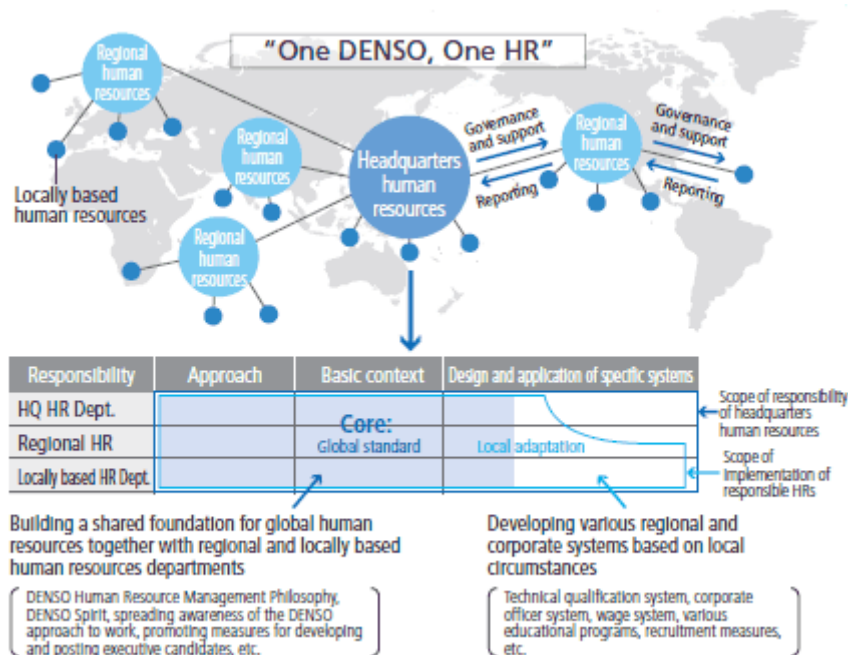
Policies

1. To create among associates a sense of both unity and individual motivation to actively participate in business activities
2. To recruit, assign, retain and develop associates who are creative and have the willingness and ability to contribute to continuous business growth
3. To establish and implement fair management policies and systems, which are highly evaluated by both associates and society

Promotion structure

We are developing a global promotion structure based on the slogan "One DENSO, One HR," and we continue to promote a variety of activities related to this concept.

Global human resource functions and promotion structures



Long-term stable employment

Basic stance

We believe that maintaining stable employment and valuing the development of our associates from a long-term perspective is of the utmost importance. Both DENSO and its associates work together to ensure employment security. DENSO Group companies comply with labor laws and regulations as well as the work practices of each country and region. The headquarters collects information of actions for stable employment from each Group company. DENSO Group companies also share this information regionally in accordance with laws and regulations in a timely manner.

Employment status

Many companies were adversely impacted by the Great East Japan Earthquake last year. DENSO was also forced to adjust production due to business site damage as well as interruptions in the procurement of raw materials and parts.

Amid such circumstances, the Company worked to maintain and ensure stable employment. Initiatives included creating jobs such as strengthening the production system, establishing substitute holidays and changing non-business days for the temporary suspension of operations and paid leave. Other efforts included employment adjustment subsidies at some Group companies.

We also postponed the process for hiring new graduates for two months that was initially planned for April.

Despite these challenges, we will continue to focus on the long-term perspective in regard to hiring new associates and developing our current associates.

Number of associates by region

(unit: person)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Japan	63,729	63,616	63,936
Asia and Oceania	27,919	29,985	31,316
North America	16,020*	13,124	14,205
Europe	13,144	13,034	13,152
Others	—	3,406	3,427
Total	120,812	123,165	126,036

* The figure for fiscal 2010 is from the Americas (including North, Central and South America).

Fiscal 2010

(unit: person)

			Male	Female
Full-time employment *4	Associates	General associates	20,109	4,366
		Managers	16,805	121
		Executive officers	16	0
	Average age		41.6	32.8
	Average service years		21.43	13.09
	Turnover rate*1		0.23%	2.14%
	Retention rate*2		100%	97.46%
	Union membership*3		100%	
	Paid vacation time*3		85.4%	
Part-time employment	Associates	67	30	

|| Fiscal 2011

(unit: person)

			Male	Female
Full-time employment *4	Associates	General associates	19,676	4,443
		Managers	17,071	137
		Executive officers	15	0
	Average age		41.9	33.2
	Average service years		21.71	13.54
	Turnover rate*1		0.28%	2.18%
	Retention rate*2		97.79%	95.61%
Union membership*3		100%		
Paid vacation time*3		81.4%		
Part-time employment	Associates	64	28	

|| Fiscal 2012

(unit: person)

			Male	Female
Full-time employment *4	Associates	General associates	19,218	4,523
		Managers	17,515	156
		Executive officers	16	0
	Average age		42.2	33.7
	Average service years		21.98	13.94
	Turnover rate*1		0.26%	1.87%
	Retention rate*2		98.23%	91.97%
	Union membership*3		100%	
Paid vacation time*3		84.4%		
Part-time employment	Associates	78	33	

*1 Resignation due to personal reasons

*2 Figures taken from turnover rate of associates in their third year since joining company
(Average retention rate of listed companies: 82%)

*3 Denominator used is general associates (Union members)

*4 Including temporary associates

Stable labor relations

Basic stance

DENSO has deepened the bonds of mutual trust and mutual responsibility between each Group company and its associates based on the recognition that we share the same goals, which are the development of the whole Group and delivering improvements in our associates' lives.

DENSO has consistently worked to resolve issues through open communication and discussion with associates. This approach was developed while overcoming the challenges of labor disputes shortly after the Company's founding in 1950, and today, is shared throughout the Group.

Open Communication

DENSO promotes a policy of dialogue between associates and management to resolve various issues. Labor-management conferences are held regularly in Japan, working together on policies and issues. DENSO's financial and business situation is communicated at company-wide associates-management dialogues to enhance awareness of participation as company members. We also hold dialogues among the Function Center, Product Group, Sales Group and each division. In addition, we share company information such as the business situation and latest news related to DENSO through president messages, daily after-lunch meetings held at each department and other communication channels.

Domestic and overseas Group efforts

DENSO has made a commitment to be a company known for its dedication to its associates, customers and community. We have established policies and practices that support this commitment. Our goal is to have a solid working relationship with every member of the DENSO team and to provide the best possible working environment for everyone to enjoy.

We have made a sincere commitment to open-door communication - where every associate has the opportunity to discuss issues directly with their manager or the organization. We firmly believe working together, on a person-to-person basis, is vital to maintaining a positive work environment.

DENSO uses communication audits, focus groups and other surveys to gather associate feedback and make any necessary changes or adjustment to ensure that we continue to maintain a positive work environment for all associates.

Total respect for human rights

Basic stance

In the DENSO Group Declaration of Corporate Behavior and the Code of Conduct for DENSO Group Associates, DENSO clearly prohibits discrimination and harassment based on race, gender, age, nationality, religion, disability, injury or illness, as well as child labor and forced labor. The United Nations Universal Declaration of Human Rights and other international standards were consulted in the development of these policies, and in fiscal 2008 DENSO asked suppliers to put them into practice as CSR Procurement Standards.

DENSO has also established a global policy concerning equal opportunity in employment, prohibiting all discrimination of applicants or associates in terms of job offers, employment or working conditions.

Education and enlightenment

DENSO Corporation's education programs by employment level (for new associates, newly appointed managers and contract associates) incorporate human rights educational content. The Company's focus on educating associates to prevent harassment is evident particularly in activities to strengthen awareness during Human Rights Week and Constitution Week in Japan. In addition to verifying the appropriate implementation of policies by means of a company-wide standardized self-review, the Company is working to prevent incidents by creating an internal whistle-blowing system (including domestic Group companies). Overseas Group companies are also involved in a variety of initiatives. In North America, DENSO companies have adopted internal policies prohibiting harassment, and they provide education on mutual respect and preventing sexual harassment as part of broader efforts to strengthen compliance and risk management from management levels to new associates.

Individuals taking a seminar on human rights [DENSO Corporation]

	Fiscal 2010	Fiscal 2011	Fiscal 2012
New associates	977 (100%)	799 (100%)	— *
Newly appointed managers	1,195 (100%)	781 (100%)	719 (100%)
Temporary associates shifted to full-time	229 (100%)	49 (100%)	67 (100%)

* The seminar was excluded from the program for newly appointed managers from fiscal 2012.

Promoting human resource development

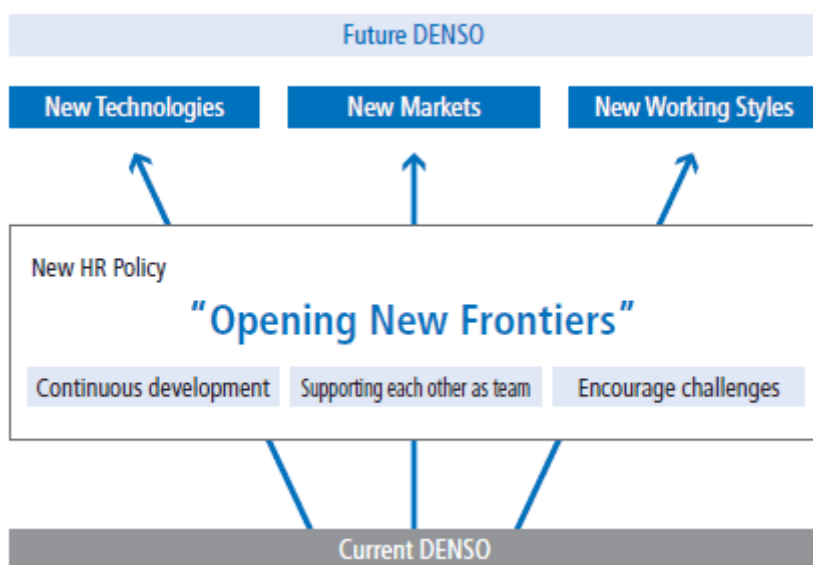
Basic stance

DENSO is working to provide a range of opportunities for skill development and to develop fair and impartial evaluation systems so that all Group associates worldwide, each of whom possesses a unique character, can share common values and take active roles while deriving a sense of growth and achievement in their work.

Introduction of new HR policy

DENSO has formulated and introduced its new HR policy in fiscal 2011 under the keywords "Opening New Frontiers" as a human resource development policy to support cultivating new domains of the automobile industry toward realizing sustainable corporate growth. With this policy, the Company aims to further promote the growth of individuals and teams by creating a corporate culture in which associates support each other as a team, thereby cultivating and establishing new technologies, new markets and new working styles. To this end, DENSO is promoting the development of structures and systems by placing an emphasis on the three key measures of "continuous development," "supporting each other as a team" and "encourage challenges."

Aspired image of new HR policy



Developing a global standardized educational system and management processes for human resources

As a truly global corporation with approximately half of the Group's workforce made up of local overseas staff, proactive programs to develop and promote local human resources are essential in our efforts to practice management that reflects local conditions in the countries and regions in which we conduct business. Consequently, critical to our efforts to develop local human resources is having trainees learn the DENSO approach and learn work habits, methods for resolving issues and management techniques. To accomplish these goals, we are augmenting activities to share the DENSO Spirit with initiatives to develop a global standardized educational system, and we are gradually extending the scope of this system to include Group companies worldwide.

In addition, we are striving to accelerate the promotion of local staff to management positions both by creating and deploying development programs for executive candidates and by working to share human resource management processes such as management by objective, evaluations, job rotation and promotions.

In fiscal 2011, in line with the introduction of a new HR system, we have built a structure for conducting evaluations using the same system in Japan for associates at the section manager level or above at overseas subsidiaries. In addition to global policies and measures like these, Group companies are implementing a variety of initiatives based on regional conditions. Group companies in North America, Europe and Asia/Oceania are developing and rolling out their human resource development programs for executive candidates of the future, while Group companies in locations such as China are focusing on core human resource development mainly for manufacturing departments.

Number of local associates in overseas Group company management positions

Fiscal 2010	Fiscal 2011	Fiscal 2012
154 (Total 455)	236 (Total 628)	255 (Total 708)

Enhancing career growth and training that respect autonomy

At the DENSO Group, associates set voluntary targets each year and participate in an evaluation process that emphasizes professional growth of their abilities and work processes through regular interviews with supervisors. Not only managers but also all associates select goals that relate to “younger associates’ development” to foster an organizational culture that emphasizes human resource development. To gain a broad range of practical experience, associates report on their career vision each year (both short and long term) and participate in a human resource Developmental Rotation System on which both the supervisor and associate agree.

In fiscal 2011, as part of our new HR policy, we have introduced a skill enhancement guide as development guidelines for improving individual expertise conducted in tandem with conventional career path interviews. In off-site job training (OFF-JT), based on our new HR policy introduced in fiscal 2011, we have worked to enhance our development measures by reviewing various aspects, including the improvement or elimination of training, in order to develop personnel who will learn and think independently and continuously take on challenges. We offer a range of advanced programs for technical and skilled associates at the DENSO Engineering and Technical Skills Training Center.

Number of applicants for major seminars and systems [DENSO Corporation]

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of seminar participants	85,000	72,000	71,000
Total hours	1,080,000	900,000	890,000
Annual average of seminar hours per associate	28	24	24

* Figures for fiscal 2011 were corrected due to errors found in certain areas.

Fostering the development of young technical and skilled associates

The DENSO Group believes that the development of highly capable technical and skilled associates who can develop and produce creative products is critical to corporate growth. To achieve this, in continuing the traditions of the Technical Training Center that opened in 1954, DENSO operates DENSO Technical College, which offers technical high school, technical college and junior college curriculums.

The College has produced many young graduates who have won medals at the WorldSkills International Competition, a tournament in which world-class technicians compete.

In October 2011, DENSO technicians representing Japan and Thailand won gold medals in two categories at the 41st WorldSkills International Competition held in London. With these awards, the number of medals since 1971 totaled 26 gold medals, 16 silver medals and 12 bronze medals.

Shifting from temporary production associates to permanent associates

As a measure seeking to advance the careers of our diverse associates, in fiscal 2006 DENSO Corporation has established a system that allows temporary production associates to shift to permanent associates. In fiscal 2012, 67 temporary production associates (49 temporary production associates in fiscal 2011) have shifted to permanent associates. In the fiscal year under review, the Company had a total of 3,350 temporary associates.

Encouraging diversity

Basic stance

DENSO believes that its most important challenge for ensuring continued growth as a truly global corporation lies in providing an environment where a diverse group of associates can work energetically in an organizational culture that transcends individual attributes such as gender, age and nationality. DENSO continues to strive to meet this challenge.

Overview of initiatives

At DENSO Corporation, we have established an organization exclusively for promoting diversity within the Human Resources Department to promote enhancements to our systems and change internal awareness of these issues. In this way, we are working to facilitate contributions by female associates, senior associates, persons with disabilities and foreign associates.

Furthermore, from the perspectives of promoting diversity and enhancing competitiveness throughout the Group, we are implementing policies designed to promote the development and promotion of local associates at Group companies outside Japan.

Encouraging diversity [DENSO Corporation]

		Fiscal 2010	Fiscal 2011	Fiscal 2012
Female associates		4,487	4,580	4,519
Senior associates (re-employed after retirement)		732	996	985
Challenged persons (Persons with disabilities)	DENSO Corporation*1	533	543	554
	Domestic Group companies	286	293	307
	Percentage versus overall associates*1	1.91%	1.98%	2.06%
Foreign associates*2		105	95	138

*1 Total of DENSO Corporation and DENSO TAIYO Co., Ltd.

*2 Total employed by DENSO Corporation and assigned from overseas Group companies

Promoting female participation

DENSO Corporation is committed to promoting work/life balance and has introduced a series of measures which focus on helping female associates successfully manage the balancing of family and career advancement.

To support a work-life balance, DENSO has introduced a flexible system of childcare support that supports various work styles. Associates can take childcare leave, up to a total of three years, and make use of a reduced work hour system for up to four years, which can be taken in separate increments until the child graduates from elementary school.

Additionally, five Toyota Group companies are jointly operating Tacchicchi House infant daycare centers as part of their childcare support initiatives. These centers are open according to companies' business days and various options are available to meet an individual's particular circumstances.

Complying for female associates requests, DENSO established a counseling center to enable female associates to freely talk about their concerns and to get advice and support on issues such as their career plan, childbirth and resuming work. Associates from the Human Resources Department and other experienced female associates provide face-to-face advice.

DENSO also held a diversity forum in February 2012 that focused on enhancing the career opportunities for women. Women working in a variety of positions at DENSO participated through lectures and interviews. Open discussions allowed participants to ask questions related to their individual career path. Approximately 100 female associates and their supervisors attended the forum.

Over the past year, the Company's number of female managers has increased to 214 from 23. We will continue to support initiatives that expand opportunities for female associates.



**Tacchicchi House
infant daycare center**



Diversity forum



Senior associate interview

Principal policies for promoting female participation [DENSO Corporation]

Fiscal 2007-	<ul style="list-style-type: none"> ■ Introduced a reduced work hour system for associates with childcare responsibilities ■ Expanded re-employment system for retired associates accompanying spousal transfers ■ Launched Women's Forum ■ Expanded number of departments with female associates
Fiscal 2008-	<ul style="list-style-type: none"> ■ Introduced diversity training for newly appointed managers ■ Operated Tacchicchi House infant daycare centers in 5 locations ■ Launched networking group for associates on childcare leave
Fiscal 2009-	<ul style="list-style-type: none"> ■ Held diversity forums
Fiscal 2010-	<ul style="list-style-type: none"> ■ Expanded measures to promote participation of female associates in clerical positions
Fiscal 2011-	<ul style="list-style-type: none"> ■ Expanded childcare and nursing care support systems ■ Established counseling center for female associates ■ Established 6th Tacchicchi House infant daycare center

Major awards and certifications

October 2008	DENSO won an award from the Aichi Labour Bureau in the category recognizing our efforts to promote gender equality, an area advocated by the Ministry of Health, Labour and Welfare.
June 2009	The Ministry of Health, Labour and Welfare recognized DENSO as a company that proactively seeks to help associates fulfill both their work and childcare responsibilities.

Number of female new recruits and managers [DENSO Corporation]

		Fiscal 2010	Fiscal 2011	Fiscal 2012
Recruitment	Administrative staff	18 (31.6%)	16 (34.0%)	11 (20.8%)
	Engineer	9 (3.2%)	5 (1.8%)	9 (3.2%)
	Technical and skilled worker	83 (31.0%)	71 (31.7%)	61 (29.0%)
	Clerical worker	54	54	35
Number of managers	Above team leaders	158 (0.9%)	191 (1.0%)	214 (1.2%)

Number of applicants of childcare and nursing care leave [DENSO Corporation]

		Fiscal 2010	Fiscal 2011	Fiscal 2012
Childcare leave	Female	215	231	215
	Male	8	13	12
Nursing care leave	Female	6	2	5
	Male	4	4	3
Reduced work hours for childcare	Female	68	127	221
	Male	1	2	0

Childcare support

		Childbirth	Elementary school enrollment	Elementary school graduation
Childcare leave	Law	Up to 18 months old	Ongoing support until graduating from elementary school	
	DENSO	Total of 3 years		
Reduced work hours (6 hours a day)	Law	Until the child becomes 3 years old	Ongoing support until graduating from elementary school	
	DENSO	Total of 4 years		
Exemption from overtime work	Law	Until the child becomes 4 years old		
	DENSO			
Limits to overtime work 24 hours/month 150 hours/year	Law		Ongoing support until graduating from elementary school	
	DENSO			
Nursing care leave	Law	1 child: 5 days/year 2 children or more: 10 days/year		
	DENSO	1 child: 5 days/year 2 children or more: 10 days/year	5 days/year (regardless of the number of children)	

Worktime adopting Flex Time
 Manufacturing departments
 All associates

Nursing care support

Nursing care leave*	Law	93 days
	Current	Total of one year
Short nursing care leave (up to 10 days)	Before revision	None
	Law	Special leave is granted for associates with family members requiring nursing care. Per one family member requiring nursing care: 5 days/year Per two family members requiring nursing care: 10 days/year
	Current	As per legal requirements

*No revision

Supporting participation by senior associates

DENSO Corporation is also promoting initiatives to enable our senior associates to continue to share their extensive experience and abilities along with supporting their desire to continue working. In fiscal 2012, we reviewed our existing career plan training, thereby providing an opportunity to enable senior associates to consider their lifestyle and work style from an early stage. DENSO introduced to make preparations for realizing the path they desire according to their individual plan.

The system is made up of three measures:

1. Career Life Management Training, which provides an opportunity to independently think about a future life plan and aspired image for taking active roles
2. Career Counseling Interview, which offers counseling with specialists of career planning
3. Career Discussion System, which involves continuous discussions with supervisors so that the associates can prepare to take active roles in the future according to their plan.

These measures will be integrated to further promote the active participation of senior associates.

Additionally, in July 2010, the Company introduced a system, whereby personnel with very high expertise and achievements who are capable of contributing to business expansion in the future are designated as "certified professionals." The aim of this system is to enhance associates' motivation and to strive to enhance their expertise by utilizing a system of evaluating associates' high level of expertise or performance in a tangible form. In fiscal 2012, three persons were certified as technical (engineer) and skill related (technician) associates at the level of section manager or above.

Furthermore, as a place for taking active roles after retirement, from 2006 the Company also introduced a Career Associate System that provides re-employment opportunities to all retired associates and a Senior Challenge System that provides work opportunities outside the Company. With regard to the Career Associate System, the Company implemented reduced work hour and workday programs from 2008 in response to various requests.

Encouraging employment of persons with disabilities

Since 1978, DENSO Corporation has actively worked to expand employment and occupational opportunities and educational and training programs for persons with disabilities. Human Resources at DENSO Corporation and at each plant provide ongoing support after hire.

In fiscal 2011, we established a counseling center for associates with mental or learning disabilities and conduct regular follow-up for new associates with disabilities. In fiscal 2013, we started a sign language support system in which associates who can communicate in sign language assist hearing-impaired associates.

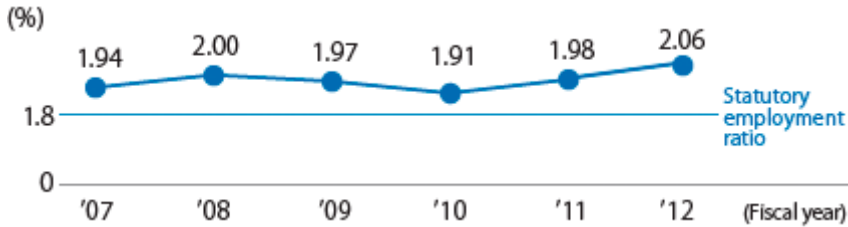
DENSO TAIYO Co., Ltd., our special-purpose subsidiary*, was established in 1984 and produces mainly vehicle instrument clusters. DENSO TAIYO is designed to be a barrier-free environment where associates with physical challenges can work independently.

In recognition of these initiatives, DENSO Corporation received the FY2011 President's Award for outstanding efforts by business sites employing people with disabilities by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (five companies, including DENSO Corporation, received this award in Aichi Prefecture). That same year, two physically challenged associates with the Company received the FY2011 President's Award for outstanding work.

DENSO's goal for 2015 is for an employment ratio of 2.1 percent for challenged persons. In fiscal year 2012, the employment ratio for those with disabilities was 2.06 percent or 554 people with a disability being employed as regular associates, including those at DENSO TAIYO Co., Ltd.

* Subsidiary established to promote the employment of persons with disabilities.

|| Employment ratio of persons with disabilities [DENSO Corporation]



Note: Including special-purpose subsidiary DENSO TAIYO Co., Ltd

Promoting safety and health

Safety Philosophy and promotion structure

In 1969, DENSO Corporation adopted fundamental principles of safety, health and environment based on the premise that creating safe and ideal working conditions is the best way to realize both human dignity and high productivity. At the same time, the Company established the DENSO Safety, Health and Environment Standards (DAS) and committees for each business group, workplace and Group company under the Safety and Health Committee (chairperson: vice president with oversight; vice chairperson: labor union representative). Managers, industrial physicians and the labor union are working together under this organizational structure to achieve continuous improvements in safety and health.

1. Fundamental principles of safety, health and environment

Human beings should never lose their life, health, or physical function due to work.

1. Thorough observation of policies “creating safe and ideal working conditions is the best way to realize both human dignity and high productivity.”
2. Pay attention to environmental protection and the preservation of ecological systems/resources in all business activities. Furthermore, live in harmony with local communities through environmental protection.
3. Each organization, managerial person, and associate in each workplace should participate in all such activities fully applying their creativeness and ideas.

2. Behavior Guidelines for Implementing the Basic Philosophy

1. Safety and health are fundamental for carrying out our business activities and each and every person will thoroughly take actions based on the “Safety First” policy.
2. We will comply with laws and regulations as well as corporate regulations and DAS.
3. We will steadily operate a safety, health and environmental management system and continuously promote initiatives to maintain and improve workplaces where associates can work in safety and undertake efforts toward environmental preservation.
4. In environmental preservation activities, we will promote technical development and plant management as well as ensure that the behavior of each and every associate will contribute to “building a plentiful, recycling-oriented society that will grow in harmony with the environment.”
5. In order to create a better future for communities, we will promote activities either independently or cooperatively with local communities that will gain empathy from society.
6. Based on “DENSO safety and quality first” as our motto, we will actively promote safety, health and environment activities in which all associates participate with the aim of realizing “zero accidents” through various measures such as kaizen (continuous improvement) activities that utilize the creativity and ingenuity of each and every person.

Occupational safety and health management

The DENSO Group practices the PDCA (Plan, Do, Check, Action) cycle based on domestic and international occupational safety and health management system (OSHMS) standards. The Company also holds Group Safety Meetings on a regular basis to review policies and progress on issues targeted for improvement. As of fiscal 2012, 28 overseas Group companies have been certified under the OHSAS 18001 standard as defined by the British Standards Institution.

DENSO's safety and health management system



Fiscal 2012 activity results

Based on the company policy of "Safety First," thoroughgoing initiatives were successively undertaken in fiscal 2012 with emphasis on "developing human resources and workplaces that are able to carry out safe 'ATARIMAE'(common sense) actions." Efforts entailed teaching basic safety behavior to reduce risk during work and the "prevention of serious accidents" by reviewing tasks that are high risk, which could lead to a serious accident.

In fiscal 2013, we will promote initiatives to identify serious accident risks and strengthen measures, including Group companies, based on our key policy of "Strengthening the PDCA cycle to prevent serious accidents through close cooperation on a global basis." At the same time, as a means of enhancing "Safety First" awareness, we will develop activities to improve safety awareness by taking a step further from "safe ATARIMAE (common sense) actions" toward realizing the "developing human resources with individual initiative who can undertake safe actions."

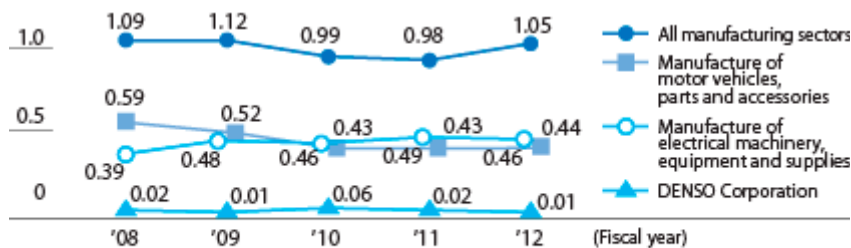
Control items and results

(Fiscal 2012)

Control items	DENSO Corporation			Group companies in Japan			Group companies overseas		
	Target	Result	Assess-ment	Target	Result	Assess-ment	Target	Result	Assess-ment
Safety marks	60	19.5 (8)	○	60	38.5 (12)	○	84	82 (13)	○
Lost time injury frequency	0.05	0.01	○	0.06	0.06	○	0.10	0.04	○
[Consolidated DENSO Group companies] Target: 0.08 Result: 0.03 Assessment: ○									

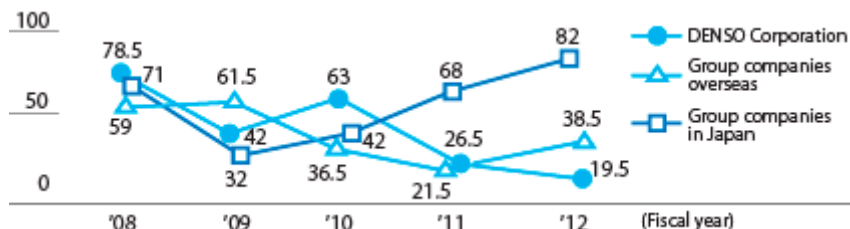
○ achieved [X] not achieved

Work-related accident ratio (Lost time injury frequency)



$$\text{Lost time injury frequency} = \frac{\text{Lost time Injury}}{\text{Total work hours}} \times 1 \text{ million}$$

Safety marks (Scoring depending on scale and type of accidents. Lower number is better.)



Promoting associate health

Basic stance

The DENSO Group Declaration of Corporate Behavior includes a clear statement of our responsibility to enable all of our associates to work in a healthy and energetic manner. DENSO devotes considerable energy and resources to appropriate health management, giving due consideration to the laws, cultures and customs of the countries and regions in which it operates. In Japan, where companies are expected to provide comprehensive care that facilitates the physical as well as the mental well-being of associates, the Company's health management staff work closely with other departments to help associates maintain their physical and mental health, including the prevention of lifestyle-related diseases, through a comprehensive system encompassing prevention and awareness-raising, consultation and early discovery, treatment and recovery.

Health-building initiatives of associates [DENSO Corporation]

	2009	2010	2011	
Associates receiving medical checkups	100%	100%	100%	
CSR survey (survey of mental fatigue)*	51%	47%	51%	
Attended mental health seminars	Management positions	1,440 (24 sessions)	1,806 (33 sessions)	1,110 (24 sessions)
	Non-managerial associates	700 (21 sessions)	343 (18 sessions)	590 (15 sessions)
Participants in classes for preventing and improving metabolic syndrome	1,419	1,082	2,089	
Participants in health improvement activities	4,653	2,515	2,413	

* Proportion of people who felt mentally fatigued related to work based on a CSR-related survey of 1,000 associates

Mental health

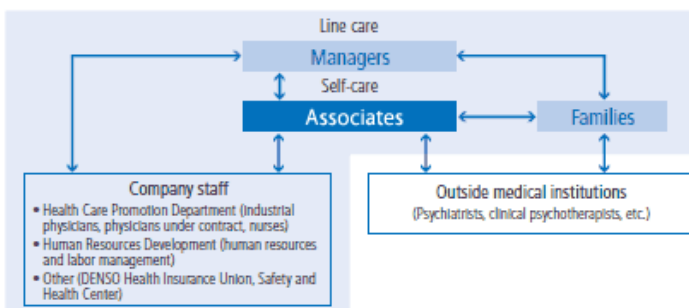
Consistent with the policy that good workplace communication is critical to the prevention of stress-induced physical and mental health problems, DENSO Corporation has worked to revitalize workplaces by promoting counseling systems and introducing measures designed to help improve communication. At the same time, full-time medical personnel operate counseling rooms at all plants in Japan, where their responsibilities include working closely with associates to helping recovering associates return to work.

In fiscal 2012, we provided mental health checkups through the Research and Development Institute for Mental Health, Japan Productivity Center, in which 15,500 associates took the examination and individuals and work sites received advice.

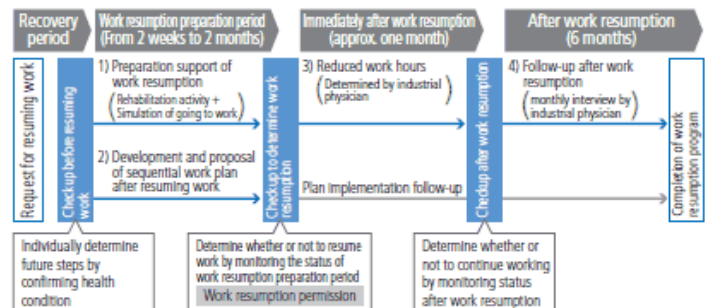
DENSO facilities in Europe and the United States have Associate Assistance Programs (EAPs) that use outside organizations to provide physical and mental healthcare support to associates. The Company continuously encourages associate mental health education and training via its intranet and other means at all associate levels.

Additionally, each year, we are enhancing the support system for work resumption that was initially introduced in fiscal 2007 and making considerations so that associates can smoothly resume their work after taking leave.

Mental healthcare framework



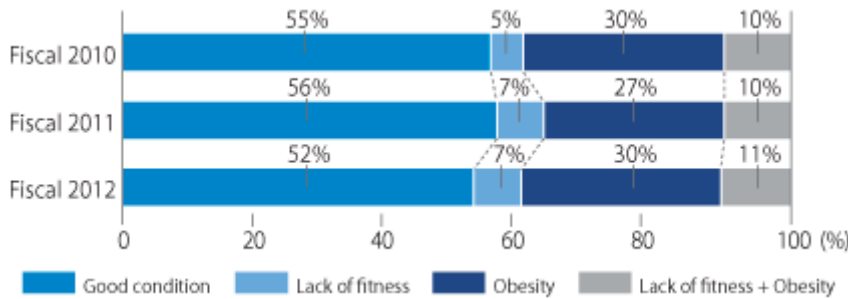
Mental healthcare support system for work resumption



Health improvement activities

In an effort to prevent the increasing prevalence of lifestyle-related diseases such as dyslipidemia, high blood pressure and diabetes, DENSO Corporation offers group classes and one-on-one instruction to help associates improve their eating habits and maintain a healthier lifestyle. The Company has expanded health improvement activities to include all job categories in an effort to lower the incidence of metabolic syndrome and visceral-fat-type obesity, and to maintain and improve physical fitness for good health.

Physical fitness and obesity [DENSO Corporation]



Multifaceted health promotion programs

DENSO Corporation, the DENSO Health Insurance Union and the DENSO Well Corporation hold of the "Do! Healthy Living Promotion Committee." The committee plans and provides multi-faceted health promotion programs that are open to participation by associates' family members. These programs address prevention of obesity and disease, exercise habits and other health issues.

Additionally, we are designating the first day of each month as a "non-smoking day," whereby we are actively calling for non-smoking via putting up posters or through making internal announcements.

In fiscal 2012 we launched a specific program of measures to help our associates quit smoking across the Company. Our approach works from the three directions of the smoking environment, the workplace and the individual to reduce the risk of health disorders and prevent passive smoking through unified labor-management efforts.



Non-smoking day poster



Class for developing physical strength

Principal programs [DENSO Corporation]

(Fiscal 2012)

Program name	Description	Participants
Fitness Course	Aerobics, yoga, etc.	1,777
Smile Walk	Self-directed walking using a pedometer	670
Class for building health	Program to improve lifestyle habits (6 months)	993
Support to stop smoking	Helping people to quit smoking via communications (3 months)	171

Responsibility to Shareholders and Investors

Related Links

- [DENSO Investors](http://www.globaldenso.com/en/investors/index.html)
<http://www.globaldenso.com/en/investors/index.html>

Basic stance

The DENSO Group Declaration of Corporate Behavior describes DENSO's responsibility to shareholders and investors to increase corporate value through stable long-term growth and improve the transparency of management through the timely and appropriate disclosure of business and financial information and dialogues. Based on this policy, in addition to disseminating corporate information such as management strategy and financial information with an emphasis on timeliness, fairness, accuracy and sustainability, the DENSO Group is developing investor relations (IR) activities to realize mutually beneficial communication through general shareholders meetings and via its corporate website.

Disclosure policy and IR activities

In order to ensure fairness and transparency in the disclosure of IR information, DENSO strives not only to observe all legal disclosure standards but also to publish information domestically and overseas without time lags by concurrently compiling Japanese and English versions of reports. DENSO also releases financial information quarterly via its website and holds briefings for institutional investors and financial analysts to promote investment opportunities. DENSO is working to further enhance information disclosure such as video streaming of the General Meeting of Shareholders held each June on its website and plant tours utilizing the occasions of general meetings.

Content of IR activities

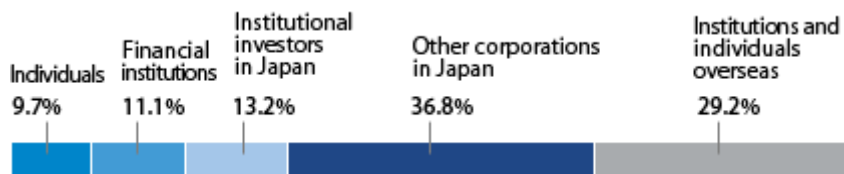
Target	IR activities
Institutional investors in Japan Financial analysts	<ul style="list-style-type: none"> ■ Quarterly financial results briefing, "One-on-one meeting"/ individual interviews, small meetings
Institutional investors overseas	<ul style="list-style-type: none"> ■ Individual interviews, telephone conferences, participation in conferences organized by securities companies ■ Publication of annual report
Individual investors and shareholders	<ul style="list-style-type: none"> ■ Plant tour (after General Meeting of Shareholders) ■ Publication of business reports

Dividend policies and shareholders status

Regarding dividend policies, DENSO is striving to increase dividends per share, giving due consideration to a comprehensive range of factors that include consolidated business performance and the dividend payout ratio. At the same time, DENSO is examining an appropriate benchmark for shareholder return by securing sufficient retained earnings to ensure minimally required business investment and development, while making efforts to reduce costs across the board amid business conditions that remain difficult.

Breakdown of shareholders

(As of March 31, 2012)



Evaluation by outside institutions

The DENSO Group is highly regarded by outside institutions when judged by the socially responsible investment (SRI*1) standard, a fact that is indicated by its inclusion in the Asia Pacific Index of the Dow Jones Sustainability Indexes*2 consecutively for the last 10 years and in the Ethibel Sustainability Index*3, an important European indicator.

*1 SRI: Socially Responsible Investing

*2 Dow Jones Sustainability Indexes (DJSI): Indexes selected by Dow Jones & Company, Inc. and SAM Group, a Swiss research company. Of approximately 2,500 major companies in 34 countries, the top 300 companies are selected.

*3 Ethibel Sustainability Index (ESI): A Belgian non-profit organization (NPO), Forum ETHIBEL, evaluates the S&P Global 1,500 companies in terms of sustainability. As of November 13, 2007, 338 companies, including DENSO Corporation, were selected for inclusion in the ESI Excellence Global index.

Responsibility to Suppliers

Related Links

- Procurement information
<http://www.globaldenso.com/en/aboutdenso/activities/procurement/act/index.html>
- Procurement organizations and main procurement items
<http://www.globaldenso.com/en/aboutdenso/activities/procurement/item/index.html>

Basic stance

As a global corporation with operations in 35 countries and regions, DENSO procures components, materials and equipment worth 2,000 billion yen from some 5,000 suppliers each year (with a local procurement rate of 70%). DENSO has established five policies based on the principle of open, fair and transparent transactions in the DENSO Group Declaration of Corporate Behavior. Accordingly, DENSO has made an explicit commitment to an “open door policy” that provides opportunities for suppliers to participate in its business in a fair manner without regard to national origin, company size or previous transaction history; undertake efforts to realize mutual development by designating suppliers as equal business partners; and compliance with Japan’s Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and the laws and regulations of each country and region in which DENSO is active. All Group companies share basic policies, which are available on the Group website (in Japanese and English) along with a description of the procedures for becoming a supplier and related contact information.

Five policies of procurement

1. Open door policy
2. Mutual growth based on mutual trust
3. Promotion of green procurement in consideration of the environment
4. Promotion of local procurement aiming to be a “good corporate citizen”
5. Permeation of compliance with laws and regulations and confidentiality

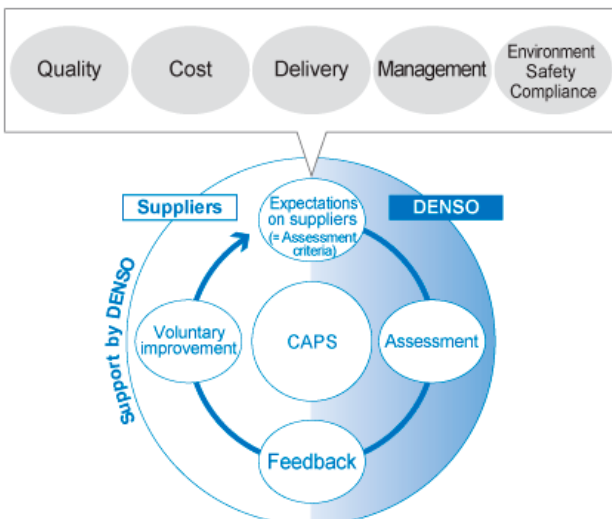
Promotion structure and assessment mechanisms

Each year, DENSO Corporation holds a General Meeting of Suppliers in which the Company explains its procurement policies to about 300 principal suppliers. The Company has also created the Constitution Assessment Program for Suppliers (CAPS)*, which defines assessment standards in the areas of quality, cost, delivery, management, the environment, safety and compliance in order to facilitate mutual growth in the midst of global competition. The program, which is operated by DENSO Corporation and its domestic Group production companies, seeks to strengthen partnerships by enhancing suppliers’ constitution, assisting in support activities and by recognizing outstanding supplier performance. Group production companies in the Americas, Europe, Asia/Oceania and China began implementing CAPS, and they are working to establish and extend the program while giving due consideration to unique national and regional characteristics.

In January 2009, we integrated procurement functions and established a Procurement Group to give shape to our “One Policy” and “One Voice” concepts for suppliers and vitalize mutual communication. We also conducted a partial review of work allocation in each department. The Procurement Department now handles the overall procurement functions of the organization (plans procurement measures and policies, supports suppliers, etc.) and the centralized purchasing of processing parts, raw materials and equipment, while respective purchasing departments are responsible for purchasing components specific to each of the other business groups. Additionally, organizational restructuring (including that of the business category-based purchasing system) was implemented within the Procurement Group. Accordingly, the Supplier Support Office (name changed to the Procurement Technology Office from January 2012) was newly established to handle overall control of support functions for suppliers, which were previously split between each business group, thereby strengthening our support framework.

* Constitution Assessment Program for Suppliers

CAPS mechanisms and operation



CSR procurement stance

Due to the extent of their influence on society, multinational corporations involved in businesses in the global market are expected to implement policies and measures for promoting corporate conduct that take into consideration responsibilities such as legal compliance, protection of human rights and labor, the environment and business ethics, both in their own operations and in those of their suppliers. We believe that DENSO's mission of aiming to be a trustworthy company in harmony with society specifically involves promoting CSR in procurement, an approach that practices social responsibility throughout the supply chain.

To this end, we requested all suppliers (about 1,400 companies), including the suppliers of parts, raw materials and facilities, to embrace the DENSO Group Declaration of Corporate Behavior and assign associates to oversee CSR desks. DENSO also incorporated new social responsibility provisions addressing issues such as compliance, protection of human rights, environmental conservation and occupational safety into a basic contract. By March 2008, DENSO had concluded that contract with all suppliers.

Development to date

During fiscal 2010, in addition to strengthening CSR activities together with its suppliers, DENSO Corporation consolidated and unified the details of requests from industry organizations and customers, as well as promoted the following initiatives to enable suppliers to efficiently promote CSR activities.

- Newly formulated Supplier CSR Guidelines, which provides details of DENSO initiatives and guidelines for suppliers to follow.
- Introduced its Commentary Handbook, which specifically explains "what to do and how" to carry out activities aimed at improvements.
- Provided self-diagnostic sheets (update of existing format in fiscal 2011) for visualizing individual companies' CSR activity levels and expanded and improved CSR-related tools.

Accordingly, the scope of activity was expanded from primary suppliers to secondary suppliers.

Details on these activities were disseminated by consecutively holding and developing a Briefing Session for Suppliers starting in April 2010. Accordingly, we have completed the development of CSR-related tools by March 2011 in Japan and overseas.

Overseas, development also has been completed from DENSO's respective overseas bases to primary suppliers in South Korea and South America in addition to North America, Europe, Asia and Oceania and China.

Additionally, feedback of DENSO Corporation's diagnosis results is consecutively provided to suppliers for comprehending strengths and weaknesses at each company, and the Company is also holding study sessions (including those concerning compliance, protection of intellectual properties and management of working hours) instructed by internal and external specialists in order to support improvement activities of suppliers. DENSO Corporation will work together with suppliers in order to advance on-going efforts toward establishing a cycle of self-diagnosis, review and improvements.

Supplier CSR Guidelines (Japanese and English PDF)

- ▶ [Supplier CSR Guidelines \(Japanese PDF 4.0MB\)](http://www.globaldenso.com/en/csr/sociality_report/suppliers/pdf/Supplier_CSR_guidelines(japanese).pdf) 
- ▶ [Supplier CSR Guidelines \(English PDF 2.0MB\)](http://www.globaldenso.com/en/csr/sociality_report/suppliers/pdf/Supplier_CSR_guidelines(English).pdf) 

Main content of Supplier CSR Guidelines

1. Safety and product quality
2. Human rights and labor
3. Environment
4. Compliance
5. Disclosure
6. Risk management
7. Social contribution
8. Development for all suppliers

Development tools for CSR procurement

Tools	Overview
CSR guidelines	Clearly identify items to be observed by suppliers.
Handbook	In order to adhere to guidelines, this handbook explains specifically what to do and how to take action with regard to priorities including compliance, human rights and labor.
Self-diagnostic sheets	Enables self-diagnosis regarding status of current priority initiatives.

Development status of CSR procurement and future plan

Aim	Implementation items	Japan		Overseas
		Primary suppliers of DENSO Corporation*	Primary suppliers of domestic Group companies	Primary suppliers of overseas Group companies
Publicity	Distribute CSR guidelines	Completed in April 2010	Completed in June 2010	Completed in March 2011
Visualize strengths and weaknesses	Self-diagnosis by distributing handbook and diagnostic sheets	Completed development at 430 companies	Completed development at 300 companies	Completed development at 300 companies
	Collect and analyze diagnostic sheets and provide feedback	Provided feedback	Provided feedback	Under implementation
Improvement	Holding study sessions (including lectures)	Appropriately being implemented		
Inspection	Visit by DENSO personnel to conduct checks to verify	Appropriately being implemented		

* With regard to secondary suppliers, initiatives will be developed via primary suppliers on a voluntary basis.

Interaction with suppliers and support activities

At DENSO, as part of measures to deepen exchange with suppliers, we are implementing the General Meeting of Suppliers and Business Trends Explanatory Meeting, which provide information about procurement policy and details of initiatives carried out by respective business divisions, meetings by business category and meetings by respective companies and incorporating these events into an annual plan.



General Meeting of Suppliers

Green Procurement Guidelines

In keeping with DENSO EcoVision 2015, DENSO has established the DENSO Group's Green Procurement Guidelines designed to reduce the use and emissions of environmentally hazardous substances on an ongoing basis. This effort consists of requesting that suppliers report on the chemical substances contained in their products, make thorough reports on CO₂ emissions from procurement to mass production and pursue the following priority initiatives: (1) establish an environmental management system, (2) manage and reduce environmentally hazardous substances, (3) reduce environmental loads during the production stage, (4) conduct lifecycle assessments (LCA) and (5) reduce CO₂ emissions associated with logistics, packing and packaging materials.

Ensuring procurement departments practice open, fair and transparent transactions

DENSO is working to promote CSR throughout the supply chain and to strengthen inspection and validation systems to ensure that procurement departments practice open, fair and transparent transactions. The Code of Conduct for DENSO Group Associates and Business Etiquette for Buyers, which outline our philosophy and standards of behavior, have been distributed to all associates involved with procurement. Employees have also been encouraging suppliers to use the Business Ethics Hotline (internal reporting system). DENSO developed a self-diagnosis tool for reviewing open, fair and transparent procurement operations by documenting and quantitatively evaluating (scoring) them and consecutively applied this tool to procurement departments at DENSO Corporation as well as domestic Group companies from fiscal 2008. Through such initiatives, DENSO is comprehensively promoting open, fair and transparent procurement activities on a global basis. In an effort to upgrade its approach, from fiscal 2009 DENSO is developing and introducing self-diagnosis tools that take into consideration regional conditions for overseas Group companies.

Responsibility to Global and Local Communities

Basic stance

To contribute to the sustainable development of society, the DENSO Group seeks to earn the trust and understanding of stakeholders as a good corporate citizen by actively promoting corporate citizenship activities that take advantage of the Group companies' various resources. In fiscal 2007, DENSO established the Basic Policy of Corporate Citizenship. All Group companies and associates have since focused their abilities on enhancing original programs pursued by the entire Group on a volunteer basis and creating an organizational culture conducive to participation in society while focusing on the areas DENSO has identified as priorities-hitozukuri (human resource development) and harmony with the environment.

Related Links

- News releases (Environmental and social contribution) #
- NPO Wheelchairs and Friendship Center of Asia (WAFCA) <http://www.wafca.jp/en/what-is-wafca>

Basic Policy of Corporate Citizenship (Key activities are excerpted below)

Priority areas

- Hitozukuri (human resource development)
 - Development of youth (education in scientific technologies and skills)
 - Welfare for persons with disabilities (support of the socially disadvantaged)
- Harmony with the environment
 - Preservation of the natural environment in communities
 - Preservation of the global environment

Corporate culture

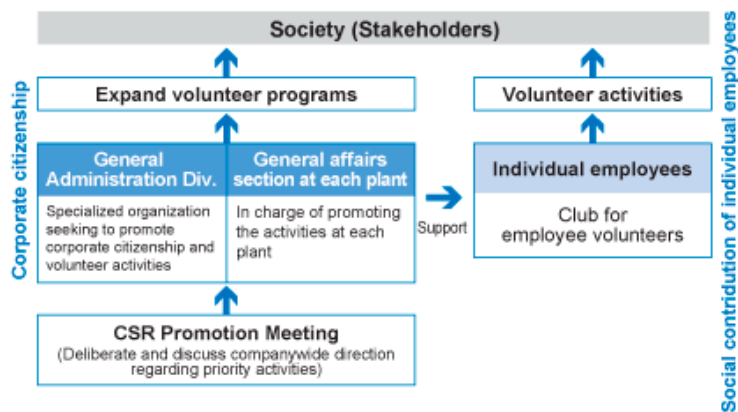
Creation of a culture in which every associate participates in respective activities

Promotion structure and review of activities

DENSO established a specialized organization within the General Administration Department in 1990, thereby developing Company policies and plans and promoting activities. With regard to priority activities, we are deliberating and examining implementation plans and performance evaluations at the CSR Promotion Meeting. The organization works in partnership with highly specialized non-profit organizations (NPOs) to promote forward-thinking and original activities that take advantage of the each other's strengths. Results of activities are publicized on the Company's website, in the Annual Report and via other channels. The Company is also working to enhance these activities by conducting a questionnaire for each program and applying the views and suggestions obtained to the following fiscal year's plan.

Additionally, in recognition of the Group's social contribution activities that have been collectively undertaken for many years, DENSO received The Minister of Health, Labour and Welfare Award at the Fiscal 2011 Volunteer Merit Awards hosted by the Japan National Council of Social Welfare in 2011.

Promotion structure



DENSO corporate citizenship activities

Category	Area		
	Hitozukuri(human resource development)		
Original programs	Harmony with the environment Preservation of the natural environment in communities Preservation of the global environment	Development of youth Welfare for persons with disabilities (self-reliance support)	
	Beautification activities near business sites	Support of the Young Invention Club	
	DENSO Green Project tree-planting and forest creation programs	DENSO School of Monozukuri(manufacturing) Support of the Wheelchairs and Friendship Center of Asia (WAFCA)	
		DENSO Science School (lecture on demand) Scholarships for students in technical programs (North America, China, Vietnam)	
		DENSO Eco-Ranger 21 environmental education	
		Micro-hydro natural energy contest	
		DENSO YOUTH for EARTH Action (DYEA)	
	Creating an organizational culture conducive to employee participation	DENSO Group Community Service Day	
		Community service points as employee social contribution activity participation points	
		Club for associate volunteers , DENSO Community Service Friend	
Special fund			
Matching Gift donation support program			
Awards recognizing volunteer activities			

Legend: Local programs (light blue), Global programs (dark blue)

Examples of cooperation with NPOs

Cooperative partner	Year commenced	Activity details
NPO Japan Relief Clothing Center	1995	Collect and donate associates' used clothing for overseas (twice/year)
NPO Pandora	2001	Internally sell confectioneries made by individuals with disabilities and also use for gifts
Sakura Works, municipal vocational aid center for the physically challenged, Toyoda city	2002	Use cookies made by respective facilities for company gifts
NPO E-elder	2002	Recover used PCs of respective Group companies and donate to regional NPOs
Sugina Sheltered Workshop for the intellectually disabled, Kariya city	2005	Outsource packaging of ballpoint pens for company gifts
Japan Environmental Education Forum (JEEF)	2008	Cooperatively run the experiential learning-type environmental education program "DENSO YOUTH for EARTH Action: New Earthlings Project"

Promoting distinctive activities unique to DENSO

Hitozukuri (human resource development)

Welfare for persons with disabilities

DENSO is working to make a barrier-free society a reality by enhancing support activities designed to encourage persons with disabilities to participate in society and live on their own, for instance, by supporting the Wheelchairs and Friendship Center of Asia (WAFCA), an NPO established by DENSO in 1999. In addition to wheelchair production support in Thailand and China, donations of wheelchairs throughout Asia and educational support for children with disabilities, WAFCA has been expanding its scope of activities annually through such initiatives as the "WAFCA Wheelchair Hospital" to repair wheelchairs in Japan. Under a program begun in fiscal 2003 to donate reconditioned computers to local NPOs, used computers from Group companies are collected, reconditioned by associates of DENSO TAIYO Co., Ltd. and used for transcribing printed materials into Braille or in computer classes. In fiscal 2012, the program donated 53 computers to 26 groups, bringing total donations to 1,023 computers and 715 groups.

Development of youth

Amid growing public awareness of the trend away from the sciences among children, DENSO continues pursuing activities designed to enable students to experience the interest and depth of science and technology as part of its mission as a monozukuri (manufacturing) company. Since 1997, DENSO associates have been supporting the Young Invention Club, an active program in the Mikawa region of Aichi Prefecture, by volunteering to teach crafts. Additionally, the DENSO Science School is being held from fiscal 2011. In fiscal 2012, 8 associates and retired associates of DENSO Corporation visited 16 elementary schools in Aichi Prefecture and conducted science experiment classes based on various themes, including "Electromagnets and Motors."

Overseas, DENSO North American Foundation, which was established in 2001 by DENSO International America, Inc. (DIAM) and other North American Group companies, provided USD560,000 (about 45 million yen) to 14 universities, including the California State University, as part of its support for research at universities. In China, DENSO donated a total of 720,000 yuan (about 9.1 million yen) in scholarships to 360 students at five universities, including Tianjin University; and in Vietnam, DENSO donated a total of USD6,000 (about 480,000 yen) to 23 students at the Hanoi University of Technology and a total of USD4,000 (about 320,000 yen) to 15 students at the Hanoi University of Science and Technology (fiscal 2012).

Additionally, DENSO has been implementing the "DENSO YOUTH for EARTH Action: New Earthlings Project," an international program aimed at nurturing young people who are actively engaged in developing a sustainable society, since fiscal 2009 in cooperation with Japan Environmental Education Forum. In fiscal 2012, local programs were newly established in six Asian countries for learning about environmental issues of respective countries. A total of 69 people took part in hands-on sessions and workshops conducted in cooperation with local NPOs. Among these participants, 19 people were selected to take part in a global program, in which participants formulated their own action plans while learning about regional issues and measures to resolve them. These action plans were introduced before associates of respective Group companies and outstanding examples that are selected will be implemented with the support of associates.

DENSO Science School



The DENSO Science School offers 90-minute sessions that enable fifth grade elementary school children to hear lectures and experience monozukuri (manufacturing). DENSO associates and retired associates attend as lecturers. During the Electromagnets and Motors session, children took part in various activities such as creating an electromagnet and carrying out an experiment.

DENSO YOUTH for EARTH Action: New Earthlings Project



The global program for fiscal 2012 was held in Indonesia. A total of 19 undergraduate and graduate students as well as working people from 6 ASEAN countries (Thailand, Indonesia, Malaysia, Philippines, Vietnam and Singapore) participated in studying initiatives conducted by an environmental non-governmental organization (NGO) and residents, who are engaged in activities to recover coral reefs and protect sea turtles at Kepulauan Seribu National Park. In Jakarta city, participants observed river recovery and waste reduction and recycling business implemented by DENSO's business partner, the Astra Group, while also learning about the fair trade initiatives being carried out by an NGO.

■ Harmony with the environment

Since 2001, DENSO Corporation has been pursuing initiatives dedicated to encouraging interest in the wonders and importance of the environment through DENSO Eco-Ranger 21, a hands-on environmental education program for elementary school students. In fiscal 2012, the Company joined with environmental experts and local residents to hold the program in six districts of Aichi and Mie prefectures. Some 181 children participated.

From fiscal 2012, DENSO began special sponsorship of the Micro-hydro Power Generation Idea Contest amid rising interest toward natural energy sources spurred by the Great East Japan Earthquake. Five teams from four technical colleges in the Chubu district currently participated in the first event that was held in Minami-cho, Gujo-shi, Gifu Prefecture. In addition to providing a DENSO magnet for use as a power generator, assistance was also provided in terms of production expenses and technical support from associates. Participating students conducted local research, planning and production over the course of a one-year period and generated power that was very much appreciated by everyone in the district.

|| DENSO Eco-Ranger 21




DENSO Eco-Ranger Inabe conducted research on living creatures in a stream located next to the Ugagawa River. Children learned tips such as how to find living creatures from the lecturer of the Inabe River Nature History Circle and discovered various aspects, including the riverbed settings and structure and differences in living creatures depending on water temperature.

|| Micro-hydro Power Generation Idea Contest



Students of Toyoma Technical School who participated in setting a micro-hydro power generator in the river. It was major task that involved various tasks such as adjusting the water amount using sandbags and installing the generator by building footholds.

▶ [Micro-Hydro Power Generation Idea Contest
http://mph-contest.org/2011/11/post-3.html](http://mph-contest.org/2011/11/post-3.html) (Japanese only) 

■ Support of associate volunteer activities

In 1994, DENSO Corporation established the Volunteer Support Center in the General Administration Department, and in 1998 the Company launched a club for associate volunteers. DENSO Corporation has been pursuing a variety of programs that combine the Company's and associates' involvement. For example, DENSO Corporation launched a special fund in 2005 under which multiples of 100 yen are deducted from the salaries and bonuses of participating associates and subsequently used for corporate citizenship activities along with other donations.

The Company also established the Most Compassionate Volunteer Award in fiscal 2011 in addition to the President Awards in recognition of associates who have achieved significant accomplishments in terms of social contribution. Five associates received the award in fiscal 2012. The proportion of associates engaged in volunteer activities in fiscal 2012 reached 36.5%.

Furthermore, in April 2012, DENSO Corporation revised its unique DECOPON Eco-Point System that was initially launched in 2006 to support voluntary environmental activities among associates and their families, and renewed this initiative as the Compassionate Point System. The current revision has significantly improved the ease of collecting points and convenience of use.

The DENSO Group also started the NPO Internship System in fiscal 2009 as a means of resolving societal issues utilizing individual professional experience in local social activities, and as a measure to support NPO activities while associates are in the service of the Company or after their retirement. This system enables veteran associates to find a new sense of achievement while also serving as a valuable opportunity for NPOs to acquire new forces.

|| Associate Volunteer Activity Awards - Examples of President Awards

Mr. Hattori has been teaching Japanese to people of various nationalities in Yokkaichi city for many years. Also serving as the representative of the corresponding organization of 17 Japanese volunteer organizations in Mie Prefecture, Mr. Hattori has made a significant contribution in terms of strengthening cooperation between the organizations and the development of subordinate younger volunteers.



Yasuo Hattori

Mr. Masuyama provides guidance regarding ways of living or discipline and norms as a person through instructing elementary school student hardball baseball teams for many years. He is making a significant contribution to the development of youth. Mr. Masuyama also carries out activities as the chairman of the Little League Tokai Federation (six prefectures), thereby significantly contributing to creating an environment in which many children can enjoy playing baseball.



Isao Masuyama

Breakdown of monetary donations via social contribution activities

Breakdown of activity expenses	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Welfare	212.67 (17%)	136.47 (14%)	160.39 (14.8%)	135.32 (15.1%)
Development of youth	250.20 (20%)	146.22 (15%)	214.18 (19.8%)	121.04 (13.5%)
Environment	75.06 (6%)	68.24 (7%)	177.26 (16.4%)	93.95 (10.5%)
Art and culture	187.65 (15%)	185.21 (19%)	60.43 (5.6%)	156.84 (17.5%)
Local communities and others*	525.42 (42%)	438.67 (45%)	470.50 (43.4%)	390.78 (43.5%)
Total	1,251	974.81	1,082.76	897.92

*Including 120 million yen contributed by the Company as relief money for the Great East Japan Earthquake

Breakdown of activities

Breakdown of activity expenses	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Compassionate Point users (previously DECOPON)	7,000	10,000	12,000	14,000
Compassionate Festival participants (incalunddin cgit ifzaemnislies) (previously DECO School)	3,050	1,990	2,035	1,564
Smile Yu Net membership	2,370	2,770	3,027	3,120
Special fund membership	4,750	5,378	5,763	6,297
Matching Gift applications	221	153	164	148
Volunteer activity award recipients /President Awards	2	4	4	2
Most Compassionate Volunteer Award	—	—	9	5
Associate participation rate	26%	30%	32.5%	36.5%

Support from special fund

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Donations to NPOs and others	28 cases	22 cases	21 cases	23 cases
Natural disaster relief money	2 cases	4 cases	4 cases	3 cases
Support to areas affected by the Great East Japan Earthquake	—	—	—	6 cases
Associate participation program aid (previously DECOPON aid)	3 organizations	8 organizations	8 organizations	8 organizations

Disaster-affected area support activities

The DENSO Group has been engaged in reconstruction assistance, including fundraising activities immediately after the occurrence of the Great East Japan Earthquake, sending volunteers and providing relief supplies. As part of ongoing recovery support measures, over the next 10 years starting from fiscal 2012, DENSO will contribute half of the reserve amount of its special fund for various purposes with a focus on the daily lives and schooling of children who became orphans as a result of the earthquake disaster and facilities for persons with disabilities. In fiscal 2012, DENSO donated a total of 8 million yen.

Additionally, in December 2011 we introduced the Heartful Menu as a system for realizing social contribution on a daily basis through lunch at the associate cafeteria. Under this system, 10 yen will be automatically donated to the special fund by purchasing Heartful Menu items and all proceeds will be donated to support orphans in the disaster-affected areas.

During a two-day period on August 8-9, 2011, players of DENSO women's softball team, which is recognized as powerful team in Japan, also held sports classes as part of the DENSO Junior Athlete Support Project in disaster-affected areas in Fukushima Prefecture. A total of 156 children and students participated in the interchange.

DENSO also donated relief money and provided physical aid as support measures in response to the major flooding in Thailand in October 2011.

For further details:

▶ [Special feature from CSR Report 2011 http://www.globaldenso.com/en/en/csr/report/2011/index.html](http://www.globaldenso.com/en/en/csr/report/2011/index.html)



Fundraising activities for donating wheelchairs/TFDA (China)



Santa Claus Festival/DNEU (Europe)



Christmas party for street children/PAC (Philippines)



Environmental camp for children/DNBR (Brazil)

Environmental Report

DENSO strives to develop automobiles that have minimal effect on the environment and that are essential to society.

Environmental Management

DENSO aims to be a corporate group that contributes to the "creation of an advanced automotive society" through the realization of cars that are kind to people and the Earth.

Prevention of Global Warming

We are promoting advanced "improvements of fuel efficiency and less power consumption" through control that links systems installed in vehicles such as engine management systems, car air conditioners and safety equipment.

Resource Recycling

We are pursuing high resource efficiency using Factor Delta environmental factors for products especially during the design stage, the first phase of the product lifecycle.

Control and Reduction of Environmentally Hazardous Substances

The DENSO Group is working to create products and strengthen controls in line with our basic policy to "minimize to the extent possible the use of harmful chemical substances throughout a product' s lifecycle."

Cooperation with Society

The DENSO Group pursues environmental action consisting of external collaboration that transcends business domains and the dissemination of information in the form of its Eco Friendly activities. Further, annual goals have been established in the fifth phase of the Environmental Action Plan 2012.

Environmental Management

The DENSO Group aims to be a corporate group that contributes to the "creation of an advanced automotive society" through the realization of cars that are kind to people and the Earth. As such, we must work to achieve world-class environmental efficiency and high resource productivity as we reduce the environmental impact of our operations. This applies not only to products and production but also to all aspects of our business activities. We are also promoting environmental management-an approach that creates economic value through environmental conservation activities.

In 2005, we formulated and announced DENSO EcoVision 2015. The objectives of EcoVision 2015 are based on reduction targets laid out by the Kyoto Protocol and associated groups. They also conform to the IPCC' s* goal of "beginning to reduce greenhouse gases by 2015 and halving them by 2050 compared with 2000 levels."

*Intergovernmental Panel on Climate Change

DENSO EcoVision

DENSO EcoVision

Management of environmental factors for products

Initiatives related to eco products toward minimizing the environmental impact of DENSO products.

Environmental management in production

DENSO Group initiatives directed toward reducing environmental loads in production activities.

Measures for ISO 14001

Results of and responses to environmental audits as well as other relevant matters concerning DENSO environmental conservation activities.

Environmental risk management

DENSO Group activities and other relevant matters concerning environmental risk.

Environmental education

DENSO Group environmental education activities.

Utilizing environmental accounting

DENSO environmental accounting results.

Environmental accounting guidelines

DENSO Group stance on environmental accounting.

Overview of environmental impact

DENSO' s status of material input and environmental impact of output in business activities.

Fifth phase of the Environmental Action Plan and Fiscal 2012 results

DENSO Group environmental plan and results for fiscal 2012

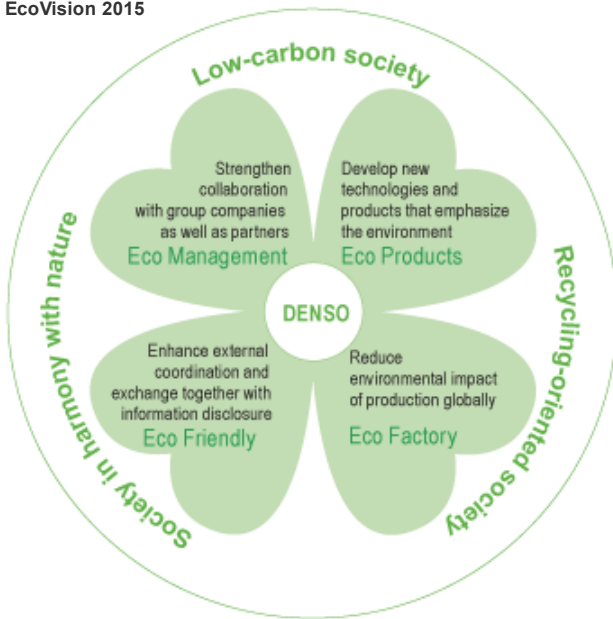
DENSO EcoVision

Basic stance

Under DENSO EcoVision 2015, we have established the goals of promoting the prevention of global warming, resources recycling (reducing the use of resources) and control and reduction of environmentally hazardous substances (pollution prevention) in a targeted manner throughout all business activities. We have also established a series of 2015 Long-term Environmental Goals and the fifth phase of Environmental Action Plan 2015 for this purpose. Group companies share these objectives, and we are implementing initiatives throughout the Group through an ongoing program of verification and review based on the PDCA cycle*.

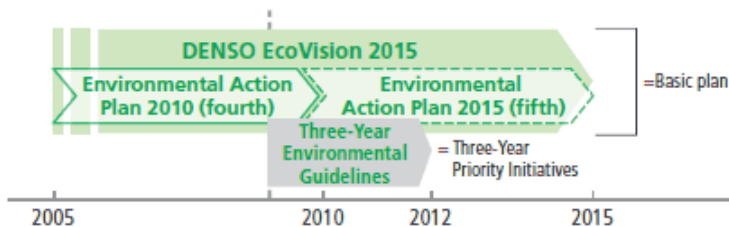
*A management technique consisting of repeated Plan, Do, Check and Action steps

DENSO EcoVision 2015



DENSO EcoVision 2015 Environmental Policies (Summary)

1. Eco Management: Strive to strengthen environmental management through DENSO Group collaboration from a global perspective.
2. Eco Products & Eco Factory: Pursue development, design and production activities that emphasize the environment from a holistic perspective at every stage of the product lifecycle from manufacture to market use and disposal.
3. Eco Friendly: Actively disseminate information and coordinate with outside entities in a way that transcends industry borders while working to communicate with all stakeholders.



Fifth phase of the Environmental Action Plan

In the fifth phase of the Environmental Action Plan, which covers the five-year period from fiscal 2012 to fiscal 2016, DENSO will strengthen initiatives based on the keywords "low carbon, recycling and coexistence," which includes bolstering environmental efforts and enhancing measures in emerging countries. Specific initiatives include further strengthening research and development into environmental technologies and products and reduction of environmental impact on a global scale. We will also broaden environmental activities in diverse areas to help realize the goals of the international community, which include halving greenhouse gases by 2050 compared with 2000 levels.

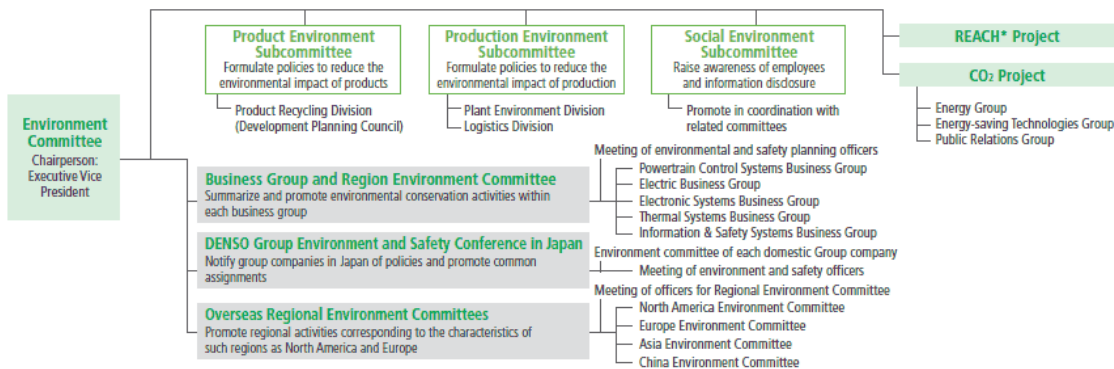
1. **Expanding environmental management (Eco management)**
 - (1) Promote consolidated environmental management
 - (2) Manage greenhouse gas reduction in all business fields
 - (3) Reinforce global chemical management
 - (4) Reinforce global environmental risk management
 - (5) Reinforce environmental preservation management at all production sites
 - (6) Reinforce environmental partnerships with business partners
2. **Development and design that takes into consideration performance improvement as well as the environment (Eco products)**
 - (7) Promote the development of new technology and products which contribute to industry-leading fuel consumption performance
 - (8) Promote the development of parts for clean energy vehicles
 - (9) Promote the development of new technology for diversified energy
 - (10) Promote measures against global warming related to vehicle air conditioning systems
 - (11) Promote the development of technology related to micro grids
 - (12) Promote the development of technology for the effective use and recycling of resources
 - (13) Reduce environmentally hazardous substances in products
 - (14) Establish an environmental assessment in the product design and development stages
 - (15) Activities to contribute to realizing a sustainable society, such as research and development of bio-fuels using algae
3. **Steady reduction of environmental impact in global production (Eco factory)**
 - (16) Reduce CO₂ emissions in production and logistics
 - (17) Reduce greenhouse gas in production
 - (18) Promote the effective usage of resources toward a recycle-oriented society
 - (19) Undertake efforts responding to regional needs
 - (20) Reduce environmentally hazardous substances in production
4. **Enhancement of external relationships and information transmission regarding environmental actions (Eco friendly)**
 - (21) Contribute to the creation of a sustainable society that is vibrant and full of hope
 - (22) Undertake efforts toward the conservation of biodiversity
 - (23) Enhance environmental education
 - (24) Transmit information proactively and enhance mutual communication and cooperation
 - (25) Contribute to the field of road traffic and develop awareness activities

Promotion structure

The DENSO Group established the Environment Committee in December 1992. Chaired by the director responsible for environmental management and attended by directors, managing officers, presidents of overseas regional headquarters and persons who are responsible for environmental management at Group companies, the committee meets twice a year to formulate policies, examine the state of progress in related activities and discuss specific issues and their solutions. From fiscal 2008, the committee launched the REACH* Project associated with chemical substances and the CO₂ Project to address global warming as a way to strengthen the Group's response to key issues and accelerate these initiatives.

*Registration, Evaluation, Authorisation and Restriction of Chemicals A law requiring the registration, evaluation and authorization of all chemical substances placed on the market in the European Union (EU) (in volumes of 1 ton per year or greater) by producers or importers

Promotion structure



Promoting consolidated environmental management

The DENSO Group shares environmental policies and guidelines with consolidated companies*, identifying common issues and expanding consolidated environmental management. Each consolidated company formulates five-year environmental plans. In fiscal 2012, the Company conducted an environmental compliance audit of 11 domestic and overseas Group manufacturing companies in order to minimize environmental risk. Diagnoses of 57 manufacturing companies were completed. Going forward, we will develop initiatives that focus on the following challenges.

(1) Reinforce understanding and responsiveness to new laws and legal revisions

(2) Be vigilant about implementing projects for improvement in consideration of current conditions

*Companies that were newly established in the current year or those in which DENSO management has only recently become involved are excluded from the scope of consolidated environmental management. Therefore, the number of consolidated companies for environmental management differs from the number applicable for financial reporting purposes.

Policies and guidelines shared within DENSO Group

- Share basic policies and action guidelines
- Formulate and expand action plans
- Acquire ISO 14001 certification
- Organize the Environment Committee
- A shared system for environmental information
- Environmental accounting

Seven items to make common efforts

1. Reduce waste materials
2. Reduce environmental waste materials from factories
3. Prevent global warming (reduce CO₂)
4. Establish an environmental management system (ISO 14001)
5. Implement preliminary environmental assessment for products
6. Expand green procurement
7. Streamline logistics

Status of efforts to build a consolidated environmental management system

The Ikeda Plant obtained ISO 14001 certification in 1996, followed by all core manufacturing sites worldwide by 2003. In October 2010, DENSO attained integrated certification upon combining the existing environmental management systems of 12 business sites in Japan with the aim to reinforce control and boost efficiency.

By fiscal 2012, 154 (62 domestic and 92 overseas subsidiaries) out of a total of 168 companies consisting of 62 domestic and 106 overseas subsidiaries had obtained ISO 14001 certification and implemented environmental management systems.

Going forward, we will strengthen environmental activities and environmental compliance company-wide based on an integrated environmental management system.

Building green partnerships

Under its Green Procurement Guidelines, the Group requests that suppliers deliver raw materials, components and products with low environmental impact that are manufactured at factories with advanced environmental conservation measures in place. In this way, DENSO is working to lower the environmental impact of its products throughout their lifecycle while facilitating the effective utilization of resources and energy by DENSO, as well as suppliers.

Management of environmental factors for products

Improving environmental friendliness and efficiency in product functions

In consideration of the environment, DENSO believes that an advanced automotive society firmly maintains a balance between caring for the environment and enjoying the full potential of the vehicle. To realize an advanced automotive society, DENSO seeks to enhance functions (safety, maneuverability, comfort, etc.) while working to reduce the environmental impact throughout a vehicle's life.

Specifically, we: (1) develop products that contribute to enhanced fuel efficiency in vehicles, such as hybrid systems, engine management systems and idling stop systems; and (2) develop telematics* products that contribute to enhanced fuel efficiency in harmony with social infrastructures, such as car navigation systems. All DENSO products aim to create new value that provides enhanced comfort and convenience for customers while minimizing greenhouse gas emissions, resource consumption and the risk of chemical substance pollution.

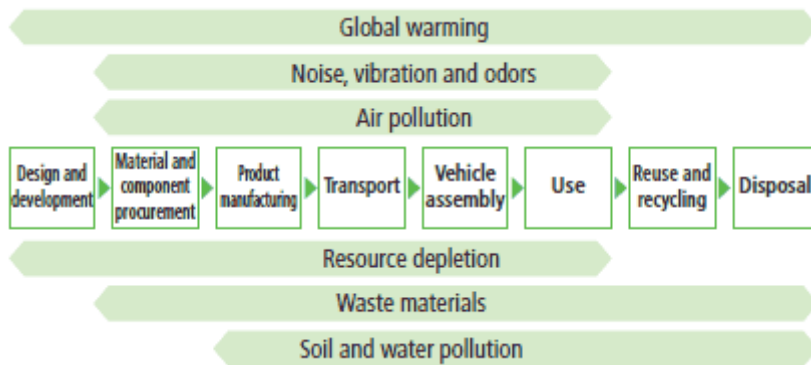
This rationale is based on the approach to environmental efficiency recommended at the 1992 Earth Summit.

*Telematics refers to the provision of information services in real time through the integration of telecommunication systems in cars and other forms of transportation. It is a compound word of telecommunications and informatics.

Product development techniques that anticipate the entire lifecycle

Since 1995, DENSO has employed a product environmental management system that evaluates the environmental impact of a product in advance during the planning and design stages in order to minimize this impact. We ascertain the balance between product value and environmental impact using Factor Delta environmental factors and set targets for each product (Plan step). We then conduct a lifecycle assessment (LCA) to determine environmental friendliness and impact at the design stage (Do step). The extent to which these targets are met is checked at a Quality Assurance Meeting, a milestone in the design process (Check step), and the results are reflected in the development of upcoming models (Action step).

Environmental impact during the automotive component lifecycle



Operation of Factor Delta

The multiplier at which environmental efficiency for evaluated products is increased relative to standard products is known as an "improvement factor." DENSO has collaborated with the Japan Auto Parts Industries Association from 2005 to 2008 to develop a reasonable method for calculating this factor for automotive components, and these efforts have been summarized in a series of Guidelines for Environmental Factors for Products. Based on Japan's Basic Environmental Law, these guidelines provide a means for calculating indices linked to product value in the form of positive factors and negative factors related to global warming, resource depletion and emissions of environmentally hazardous substances throughout the automotive part lifecycle.

We began using these evaluation indices in 2007 as Factor Delta environmental factors for products. We have begun applying them to successive areas of our operations as a means of promoting reductions in greenhouse gases, resource consumption and environmentally hazardous substances while improving functionality.

In fiscal 2012, we calculated 8 environmental factors (sum total 50) for new products and visualized the direction of improvements by clarifying the extent of progress. In the future, we aim to realize a verification system for eco-products (Green Products) that indicates improvement rates in an easy-to-understand manner.

Calculation of Factor Delta indices

Environmental efficiency = $\frac{\text{Product performance (positive elements)}}{\text{Environmental impact (negative elements)}}$


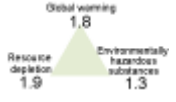

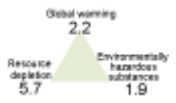

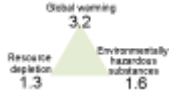

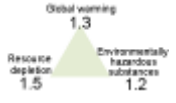

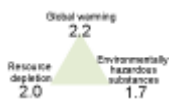
The degree of improvement over previous product generations is expressed as a factor.

'Factor Delta', environmental factors for products = $\frac{\text{Environmental efficiency of new products}}{\text{Environmental efficiency of previous product generations}}$

$\frac{\text{Environmental efficiency of new products}}{\text{Environmental efficiency of previous product generations}} = \frac{\text{New products Performance Impact}}{\text{Previous products Performance Impact}} = \frac{\text{New product performance}}{\text{Previous product performance}} \times \frac{\text{Product performance factor}}{\text{Environmental impact factor}} = \frac{\text{New product impact}}{\text{Previous product impact}}$

*Indices must be calculated in an objective manner so that they can be accepted by a majority of people. DENSO has based its method on the concept of factors proposed in the 1990s by researchers worldwide and the World Business Council for Sustainable Development (WBCSD). Indices are calculated in a positive way by calculating the environmental efficiency of the product or service in question and evaluating technological progress in a forward-looking manner by means of the improvement factor.

Enhancement of environmental performance by utilizing Factor Delta

Overview of key product and function	Enhancement of environmental performance	Value improvement and impact on environment	
		Value improvement	Impact on environment
Common rail fuel injection system for diesel engines 	 <p>Global warming: 1.8 Resource depletion: 1.9 Environmentally hazardous substances: 1.3</p>	Improved pressure resistance technology	Achieved compactness and weight reduction
Starter motor to start the engine when at an idle stop 	 <p>Global warming: 2.2 Resource depletion: 5.7 Environmentally hazardous substances: 1.9</p>	Can be operated as engine rotates (previously not possible). Increased durability (frequency of usage)	Improved fuel efficiency through idling stop
Gyro sensor for vehicle stability control 	 <p>Global warming: 3.2 Resource depletion: 1.3 Environmentally hazardous substances: 1.6</p>	Enhanced system performance by shifting from analog to digital output and increasing accuracy	Reduced production load by using the same materials for sensors and integrated circuits
Low-profile heat exchanger for in-vehicle air conditioners 	 <p>Global warming: 1.3 Resource depletion: 1.5 Environmentally hazardous substances: 1.2</p>	Made thinner (Improved freedom in design of engine room)	Made lighter and improved responsiveness to tighter environmental regulations
Passenger detection sensor for air bags 	 <p>Global warming: 2.2 Resource depletion: 2.0 Environmentally hazardous substances: 1.7</p>	Made lighter through electrostatic method	Significantly decreased number of parts compared with conventional models

Environmental management in production

Initiatives to reduce environmental load

Aiming to reduce environmental load in its factories, DENSO has worked to implement measures against global warming, reduce the loss of resources and decrease the use of chemical substances by means of various proprietary techniques. In particular, we believe in the importance of energy conservation and energy conversion as measures to counter global warming. Specifically, this means reducing fossil fuel consumption and promoting a shift to renewable energy sources over the long term. Based on this concept, the DENSO Group charges departments according to their energy consumption (direct-charge system) and implements a system of Just-In-Time (JIT) energy to supply only the required amount of energy when required. In addition, we created the Denso-Environmental Performance Communicator (D-EPC) that can swiftly tabulate environmental data from production sites worldwide and are using it as a management tool from the perspective of environmental governance.

Evolution of the Eco Factory

DENSO developed the Eco Factory concept in 2006, which clarifies the requirements of factories in order to realize a sustainable factory, and rolled it out across the Group. Based on these evaluation guidelines, we clearly assess the strengths and weaknesses of factories in all countries and regions and apply the results to the ongoing process of enhancement and improvement. We started this activity by designating the Daian Plant (Mie Prefecture), which was expanded in August 2007, and DENSO Electronics Corporation (DNEL), which started operations in April 2009, as model factories. We will continue to transform each plant around the world into an Eco Factory, identifying challenges at these two plants as part of the first real litmus test.

Eco Factory concept

(1) Legal compliance and minimization of environmental risk

- Confirmation of water quality before discharge
- Rainwater management system (oil-water separation tank, detection sensors)
- Regular monitoring and data management system (DECS)
- Voluntary wastewater standards (hazardous materials: 1/5 of legal limits, etc.)



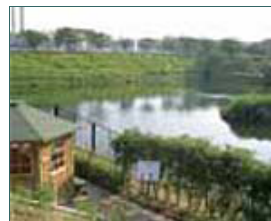
(2) Improvement of environmental performance

- Zero emissions
- EcoVision, 2010 targets
- 100% associate participation, helping associates to develop a strong environmental skill set
- Visualization of performance



(3) Coexistence with communities and nature

- Creation of wooded areas that will become "green assets" for communities
- Informal gatherings with community residents
- Environmental facilities that are open to the community



Basic approach



Assessment guidelines



II法-有害物質管理A:地下タンク

[ガイドライン適用範囲]
-法・有害物質を貯留している地下タンク設置工場 <有害物質・水質汚濁防止法(排水管理A)の違反種別参照)>

評価区分	評価項目	1 (基準値)	
		1	2
1 事前評価	1)地下タンク設置状況の確認 -設置年数、数、容量の確認 -事故防止の措置 -地下タンクの経年把握	-水質・土質の調査実施	
	2)排水管理A:工程排水・生活排水 [ガイドライン適用範囲] -全工工程排水がある工場 全選 -全適用 -生活排水のみは工場・浄化槽を設置し河川へ放流している工場は -月		
2 設備対策	1)地下タンクの構造 -設置されて30年以上経過している場合は		
	2)地下タンクの構造 -設置されて30年以上経過している場合は		
3 設備対策	1)地下タンクの構造 -設置されて30年以上経過している場合は		
	2)地下タンクの構造 -設置されて30年以上経過している場合は		

Initiatives by Group Companies Overseas

DENSO do Brasil Ltda. (DNBR) receives environmental award



Members of DNBR receive environmental award

DNBR (Brazil) received an environmental award from Mercedes-Benz do Brasil on December 6, 2011. The award was presented in recognition of DNBR's efforts to conserve energy, reduce water consumption and manage waste. DNBR will continue implementing environmental initiatives going forward.

DENSO (Guangzhou Nansha) Co., Ltd. (DMNS) receives eco-friendly company award

Eco-friendly company award



Award certificate



Awards ceremony

DMNS received an eco-friendly company award from China's Guangzhou Nansha District government on June 3, 2011. The award recognized the outstanding efforts of DMNS to comply with environmental laws, manage environmental pollutants and protect nature. Moving ahead, DMNS will continue to actively undertake environmental activities.

Achieved zero emissions



Declaration of zero emissions achievement



Environmental managers at DMNS

DENSO (Guangzhou Nansha) Co., Ltd. (DMNS) achieved its goal of zero emissions in May 2011. DMNS implemented activities aimed at attaining a 99% recycling rate that included eliminating disposable lunchboxes, reusing old work clothes as cleaning rags and strengthening rubbish separation. These initiatives helped the company achieve a 99% recycling rate in March 2011. Going forward, DMNS will strive to maintain zero emissions and improve related initiatives.

Environmental risk management

Response to environmental risk

We have established DENSO Safety, Health and Environmental Standards (DAS) that extend beyond the environmental regulations of the countries and regions in which we operate and apply them to environmental management both in Japan and overseas. We have identified environmental risks, which include environmental accidents, pollution and violations of applicable laws, based on the location and business scope of each of our plants. This information is used to prevent and minimize risk.

In particular, we emphasize risks such as wastewater and gas emissions in excess of voluntary criteria, leaks of oils and chemical substances, pollution of soil and groundwater, noise and bad odors, and compliance with laws and regulations related to waste disposal and recycling. At the same time, we have reformulated operating and management regulations for industrial specialty gases (specified high pressure gases and semiconductor gases), and chemical substances and chemicals, and are working to prevent accidents affecting associates and the region.

For complaints from surrounding areas, we strive to prevent any abnormalities, and in the event that an abnormality occurs, to minimize the impact and accurately disclose information. Further, we conduct annual emergency response drills in addition to maintaining daily inspection, monitoring and measurements.

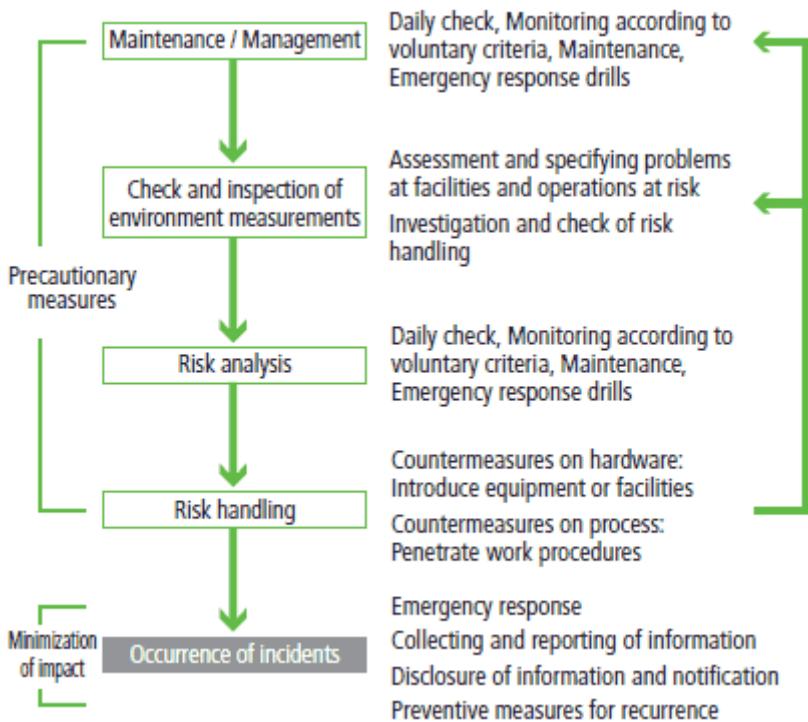


Audit of an overseas base, DMGZ (China)



An emergency response drill

Environmental risk management system



Fiscal 2012 activities

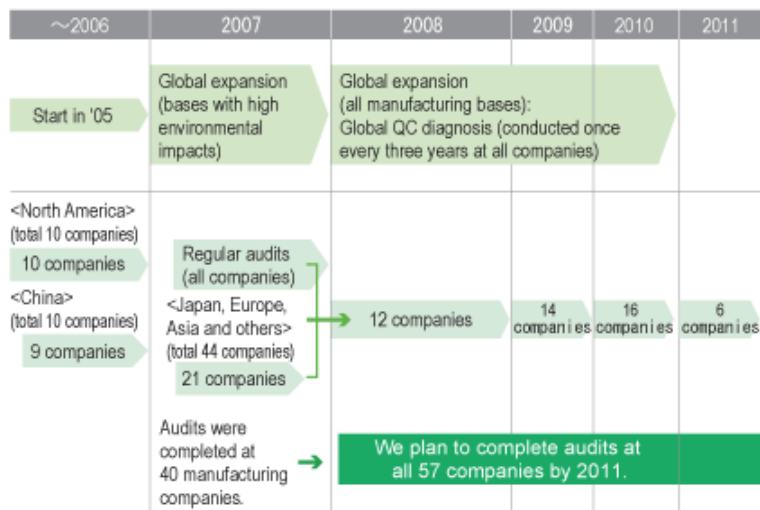
At the DENSO Group, we incorporate a Group Mutual Environmental Audit at group production companies into global QC diagnosis that includes environmental auditing and patrols as a means to comprehensively reduce risk. In fiscal 2012, we performed a Group Mutual Environmental Audit at 11 companies as the third step coupled with global QC diagnosis.

Corrective action has been completed in each case. DENSO did not incur any fines, penalties or environmental lawsuits in Japan or overseas.

Environmental incidents and complaints

Category	DENSO Corporation	Group companies in Japan	Group companies overseas
Legal violations	0	0	0
Fines, penalties, lawsuits	0	0	0
Incidents	0	0	0
Complaints	0	0	0

Expansion of Group mutual audits and improvement activities



ISO 14001 environmental auditing

As part of the environmental management system's PDCA cycle, we employ internal and external audits to inspect ongoing improvements of activities and the reliability of environmental data. We are working to increase the accuracy of inspections carried out under the internal audit system through self-audits with approximately 400 items, as well as a system of mutual audits by which plants can check one another's operations.

We also extract best practices when performing audits and post outstanding examples on the corporate intranet to improve such activities.

Environmental audit results [DENSO Corporation]

Target (12 business locations)	Number	
External audits	Nonconformity (minor)	0
	Observation	17
Internal audits	Improvement guidance issued	2
	Points noted for improvement	83
Internal auditors (in total)		36

Soil and groundwater purification and conservation

Aggressive action is required to prevent soil and groundwater contamination from the perspectives of corporate social responsibility and environmental risk management. DENSO Corporation has conducted surveys of all factories and business sites based on the history of hazardous substance use at each site since the 1980s. The Company compiled a Soil and Groundwater Pollution Prevention Manual in 1991 and eliminated use of chlorine-based organic solvents in the Group in 1995. The Company has also adopted a basic policy as well as risk management standards for soil and groundwater pollution. From fiscal 2005 to 2007, DENSO surveyed the history of land use at all business locations of global consolidated companies (including non-production bases).

This process revealed the presence of organic chlorine substances in excess of environmental limits at four sites in 1998, since which time DENSO has been implementing purification measures. In line with tighter controls, we commenced resurveys of volatile organic compounds (VOCs) and heavy metal contamination in fiscal 2002. We immediately started purification activities at sites that exceeded standard values. We have completed soil decontamination and are continuing to purify groundwater.

Measurement results and progress are being reported and explained through local government and community forums.

Measured value of trichloroethylene

Environmental standard level: 0.03 mg/l or less

Location	Groundwater concentration at site (mg/l)	Current status
Headquarters	Less than 0.002 up to 0.542	Purification in progress
Ikeda Plant	Less than 0.002 up to 0.799	Purification in progress
Anjo Plant	Less than 0.002 up to 0.201	Purification in progress
Nishio Plant	Less than 0.002 up to 1.214	Purification in progress

*The substances were detected only at the locations listed above.

Early treatment of PCB waste

The Stockholm Convention classified polychloride biphenyls (PCBs), a group of substances widely used in dielectrical oil and heating media, as persistent organic pollutants, introducing restrictions on the manufacture, use and disposal of stored stocks and mandating reductions in emissions. Japan introduced storage and reporting requirements the same year with the enactment of the Law for the Promotion of Environmentally Sound Destruction of PCB Waste. DENSO Corporation had been storing the substances in accordance with relevant laws since 1974 but began disposing of them at a specialized disposal company for high-voltage capacitors in 2006. This process had been completed for 125 of a total of 129 units by fiscal 2009. We are working to quickly dispose of PCB waste from the remaining units in collaboration with the specialized disposal company.

Future initiatives

We have made adequate progress in environmental risk management assuming a major earthquake in Tokai, Tonankai or Nankai near Aichi, Mie and Shizuoka prefectures, where the key sites of DENSO and our Group companies are concentrated. However, preparations were inadequate for the massive tsunami and liquefaction that occurred with the Great East Japan Earthquake. Going forward, we will work to further strengthen our environmental risk management system assuming diverse risks.

Environmental education

Fostering environment-conscious personnel

To promote environmental management with full associate participation, it is essential for individual associates to have a strong awareness as global citizens and to serve as environmental specialists. Based on this idea, the DENSO Group provides environmental training by employment level and job classification, environmental technology basic training for associates responsible for product development and specialized training to develop internal environmental auditors. In order to encourage immediate and effective action, a basic tenet of the curriculum is to expand on-site verification activities, which involves visiting departments at DENSO Corporation that have achieved outstanding results in realizing environmental improvements.

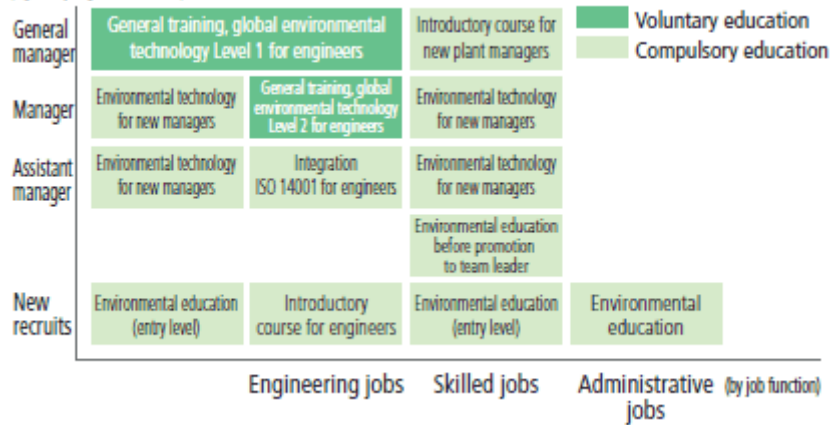
Furthermore, to expand environmental improvement activities to the home and different regions, we held events for associates' families and local communities in June. These events provided the opportunity to explain in simple terms environmental issues on a global scale as well as those affecting us at a more local level.

Environmental education [DENSO Corporation]

Employment level	Total participants
New recruits, part-time associates	1,459
Mid-level skilled workers	2,178
Assistant managers, team leaders	1,126
Managers (engineering)	118
Managerial level (e.g., managers, general managers, plant managers)	402
Eco-Tours, etc.	23
Total seminar hours: 6,404 Total participants: 5,306	

Environmental education system

(by employment level)



Utilizing environmental accounting

Related Information

- Environmental accounting guidelines
http://www.globaldenso.com/en/csr/environment_report/management/guideline/index.html

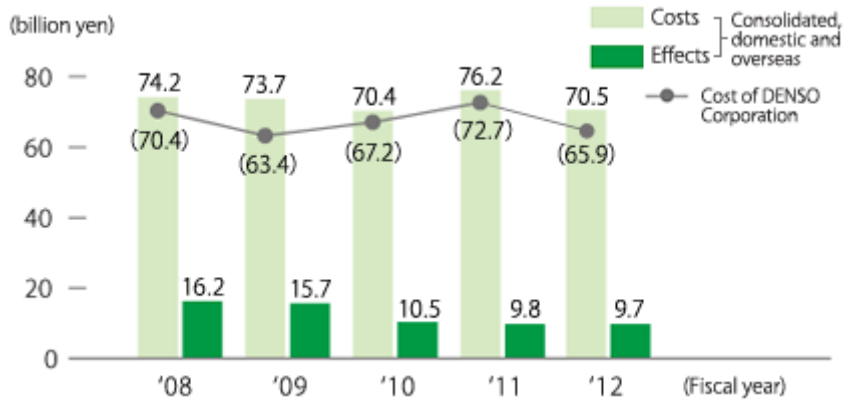
Utilizing environmental accounting

At DENSO Corporation, since 1999 we have employed environmental accounting based on guidelines developed by the Japanese Ministry of the Environment. Subsequently, we have practiced corporate environmental accounting to assess the status of environmental management and disclose relevant information. We have also utilized segment environmental accounting to verify whether targets are being met. This is useful in formulating environmental action plans and deciding on environmental measures. In pursuing higher quality environmental management, it is necessary to translate a reduction in environmental loads into profit generation. Going forward, DENSO will duly consider methods for making effective use of environmental accounting.

Fiscal 2012 results

Product development costs (including personnel costs) related to environmental preservation for fiscal 2012 decreased by approximately 6 billion yen compared with the previous fiscal year.

Environmental accounting (Environmental conservation costs and value of environmental effects)



Environmental accounting guidelines

DENSO's Concept of Environmental Accounting

1. Targets:

<Basic activities>

1. Establish a system to assure the appropriate accuracy and consistency of data for compiling business management indices
2. Compile and follow up effectively and efficiently focusing on the data of Environmental preservation
3. Begin compiling data wherever possible

2. Purposes:

Internal	<ol style="list-style-type: none"> 1. Reduce environmental impact 2. Effective environmental investment and cost reductions 	<ul style="list-style-type: none"> -Evaluate economic impact of Environmental preservation and improve the quality of business decisions - Develop cost-consciousness and promote cost reduction activities -Heighten associates' motivation for the promotion of Environmental preservation
External	<ol style="list-style-type: none"> 1. Improve transparency with full disclosure policies 	<ul style="list-style-type: none"> -Disclose the economic efficiencies of Environmental preservation to stakeholders by publishing information

3. Activity policies:

1. Calculate data using the guidelines of the Environmental Accounting Guidebook published by the Japanese Environment Agency (presently, the Environment Ministry)
2. Give first priority to utilization in business management; environment conservation costs to be disclosed externally include capital investment and expenses (personnel costs, operating costs, etc.)
3. Results include the real, actual effects; other effects such as estimates will be interpolated from data derived after definitive calculations
The Effect Index indicates expenditure amounts and quantities. 'Real effects' refers to gross revenue, not the net balance after deducting related costs.

4. Effects:

1. Reduction of current costs (cost reductions due to activities)
2. Reduction of future costs (avoiding environmental risks)
3. Effects of Eco-Fund; SRI (Socially Responsible Investment)
4. Contribution to product revenues (eco-friendly products)
5. Corporate image improvement (improvement of how we are evaluated by society)
6. Comparison with other corporations using standardized data

Basics of Environmental Accounting Calculations

1. Basic principles:

1. Include environmental and other business balances for which we attempted to reduce the environmental impact
2. Include the range of activities that mainly aim to reduce environmental impact
3. Compile all amounts of capital investment in the fiscal year of implementation
4. Effects are limited to calculations based on specific verification

Application of Calculation Methods of Conservation Costs

-Calculate for the current fiscal year

-Facilities are accounted for as a lump-sum cost in the fiscal year placed in service, and depreciation costs are not included

2. Basic Concepts for Application of Calculation Methods of Preservation Costs

-Production or non-production facilities that contribute to pollution prevention or environmental preservation in business activities

1. Resource saving or energy saving equipment
2. Ancillary devices for pollution prevention
3. Production equipment of eco-friendly products (estimate the extent of contributions individually, and allocate costs on a pro-rata basis)
4. Research facilities of eco-friendly products (estimate the extent of contributions individually, and allocate costs on a pro-rata basis)
5. All production equipment (estimate the extent of contributions individually, and allocate costs on a pro-rata basis)

-Environmental preservation costs generated in every division of development and design, manufacturing, and logistics control

1. Development and design divisions of eco-friendly products
2. Expenses and personnel cost of environmental preservation
3. Expenses and personnel cost related to Environment Committee and management systems
4. Research expenses of eco-friendly products
5. All design divisions for products (estimate the extent of contributions individually, and allocate costs on a pro-rata basis)

3. Basic Concepts of Application of Calculation Methods of the Effects

Verify the relevant effect corresponding to environmental preservation costs and calculate both effects and costs in terms of monetary amounts and quantities

-Real effects

'Real effects' refers to gross revenue, not the net balance after deducting related costs.

1. Operating revenues
2. Cost reductions and savings

-Estimated effects

'Estimated effects' includes only objective and specific items of the following:

1. Benefit contribution (added value contribution, awareness-raising contribution, and advertising)
2. Accident risk aversion (renovation avoidance, regulations)

Overview of environmental impact

Material input and environmental impact of output in business activities

We quantitatively assess input and output of materials and energy, and utilize the resulting information to pursue comprehensive and efficient activities for reducing the environmental impact of our operations.

INPUT

Resource and energy input

■ Energy	31,058,305GJ (-8%)
■ Electricity	2,094,723MWh (-1%)
■ Heavy fuel oil (A)	2,549kl (-24%)
■ Kerosene	3,635kl (+13%)
■ Light fuel oil	184kl (-)
■ Propane	6,570t (+25%)
■ City gas	1,772,380,000m ³ (-7%)
■ Natural gas	45,817,000m ³ (-)
■ LNG	8,117t (±0%)

■ Chemical substances	2,342t (-)
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■ Water	11,716,487t (+5%)
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● Raw materials	540,000t (-7%)
● Metals	470,000t (-7%)
● Non-metallic materials	70,000t (-4%)

■ Office supplies (Copier paper)	633t (-13%)
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● Transportation fuel	1,835t (±0%)
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● Packing materials	20,000t (-7%)
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OUTPUT

Output of substances with environmental impact

■ Greenhouse gases	1,330,000t-CO ₂ (-3%)
■ CO ₂	1,300,000t-CO ₂ (-3%)
■ 5 gases*	28,000t-CO ₂ (+12%)

*Greenhouse gases other than CO₂

● Release to atmosphere	485t (+1%)
● SOx	26t (-)
● NOx	427t (+7%)
● Fly Ash	32t (+14%)

■ Chemical substances	195t (-22%)
■ Toluene/Xylene	64t (-23%)
● Others	131t (-21%)

■ Release to water systems	
■ Waste water	9,680,000m ³ (+8%)
■ Biochemical oxygen demand (BOD)	38t (-)
■ Chemical oxygen demand (COD)	128t (±0%)
■ Nitrogen	75t (-3%)
■ Phosphorus	4t (-10%)

■ Waste materials	180,000t (+5%)
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● CO ₂ emissions	35,000t-CO ₂ (-)
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Legend ● DENSO Corporation and Group companies in Japan ■ DENSO Corporation and Group companies in Japan and overseas

Year-on-year change shown in parentheses

*Year-on-year changes are recalculated and shown because the number of Group companies has changed.

*Year-on-year changes are not included for items marked with (—) since boundaries differ due to revision to laws or equipment.

Fifth phase of the Environmental Action Plan and Fiscal 2012 results

Fiscal 2012 results

To achieve the goals laid out in DENSO EcoVision 2015, we developed the fifth phase of the Environmental Action Plan (from fiscal 2012 to fiscal 2016), and all 165 Group companies worked to achieve the plan's goals.

In fiscal 2012, amid an increase in production volume, we promoted the development of environmentally friendly products and boosted efficiency in production and logistics. As a result, we achieved targets in all 25 areas. We also achieved all action objectives focused on "strengthening development of products that contribute to the environment," "ascertaining and reducing CO₂ emissions in all corporate behavior," "steadily reducing the Group's consolidated environmental impact" and "strengthening consolidated environmental management," as set down in the fifth phase of the Environmental Action Plan.

Fifth phase of the Environmental Action Plan and Fiscal 2012 results

Principal initiatives	Fifth phase of Environmental Action Plan (Fiscal 2012 – Fiscal 2016)		Fiscal 2012 results	Assessment	Fiscal 2013 targets	
	Fiscal 2016 targets	Fiscal 2012 plan				
Providing environmentally friendly products	Development of environmentally friendly products	Develop and manufacture products with technology to reduce CO ₂ emissions from cars (enhance average fuel consumption)	Cooperate with automakers to develop new technologies and products that conform to regulations in each country or region on fuel consumption and exhaust gas as well as to DENSO's voluntary targets	Established energy management for hybrid cars and developed technology for and commercialized power control components that contribute to greater fuel economy	○	Cooperate with automakers to develop new technologies and products that conform to regulations on fuel consumption and exhaust gas in each country and region as well as to DENSO's voluntary targets
	Reduction and elimination of chemical substances	Promote switch to specified brominated flame retardant and do not use phthalic esters in new products	Manage and reduce environmentally hazardous substances emitted from products designated by new regulations in each country or region	Evaluated applicability of replacement products to shift to lead-free Cooperated with each industry and analyzed impact of pre-regulatory materials	○	Obtain information on regulations early on and promote analysis of impact Advance steady shift to controlled substances
	Use of environmental assessments at the design and development stages	Establish and expand standard LCA method at Japan Auto Parts Industries Association led by DENSO	Make steady progress in enhancing product performance and reducing environmental impact during product lifecycle by introducing environmental factors for products	Set targets using environmental indices and conducted assessments in design and development of new products	○	Establish and expand standard LCA method at Japan Auto Parts Industries Association led by DENSO
Preventing global warming	Reduction of energy-source CO ₂ emissions	Consolidated: Basic unit: 96 or less compared with 2010 levels Non-consolidated: Emissions: 93 or less compared with 1990 levels Basic unit: 40 or less compared with 1990 levels	Expand Just-In-Time (JIT) energy activities aimed at renewing production technologies and halving energy consumption	Consolidated: Basic unit: 96 compared with 2010 levels Non-consolidated: Basic unit: 38 vs target of 40 or less compared with 1990 levels Emission: 86 vs target of 93 or less compared with 1990 levels	○	Innovate production technology and expand Just-In-Time (JIT) energy activities (air and air conditioning JIT, idling stop) as well as experimentation to realize energy saving
	Reduction of emissions of the five targeted greenhouse gases	Emissions: 50 or less compared with 2003 levels	Reduce the five targeted gases by replacing, recovering and removing gases for semiconductor manufacturing, etc.	Replaced gases for semiconductor manufacturing and improved processing controls	○	Emissions: 50 or less compared with 2003 levels
	Reduction of CO ₂ emissions associated with product logistics	Consolidated: Basic unit: 99 or less compared with 2010 levels Non-consolidated: Basic unit: 99 or less compared with 2010 levels	Reduce globally through transport improvements and eco-driving	Improved load factor through better packing style and reduced number of deliveries through pre-packaged deliveries Non-consolidated: Basic unit: 96 compared with 2010 levels	○	Reduce globally through transportation improvements and eco-driving Adjust number of deliveries in line with load amount and produce near the customer, etc.
Managing environmentally hazardous substances	Reduction of emissions of Pollutant Release and Transfer Register (PRTR) substances to atmosphere and water	Overseas: Reduce top-level emissions in each country Domestic: Emissions: 67 or less compared with 2000 levels Non-consolidated: Emissions: 50 or less compared with 2000 levels (Including VOC and PRTR substances)	Reduce emissions by optimizing usage, recovery and reuse, and substituting with alternative materials, etc.	Reduced emissions by optimizing usage, recovery and reuse and substituting alternative materials Overseas: Basic unit: 97 or less compared with 2010 levels Domestic: Emissions: 67 or less compared with 2000 levels Non-consolidated: Emissions: 60 or less compared with 2000 levels	○	Reduce emissions by optimizing usage, recovery and reuse, and substituting with alternative materials, etc. Non-consolidated: Emissions: 50% reduction compared with 2003 levels
	Reduction of Volatile Organic Compound (VOC) emissions					
Using resources effectively	Reduction of emissions (Reduction of waste)	Overseas: Promote waste zero emissions Emissions: Assess by 2012 Domestic: Emission basic unit: 98.5 or less than 2010 levels Non-consolidated: Emission basic unit: 98.5 or less than 2010 levels	Promote waste reduction on a global scale aimed at minimizing resource loss	Basic unit: 1.5% reduction compared with last year Overseas: Create system Domestic: Basic unit: 98.5 or less compared with 2011 levels Non-consolidated: Basic unit: 98.5 or less compared with 2011 levels	○	Promote waste reduction on a global scale aimed at minimizing resource loss and continue to achieve zero waste at landfill
	Reduction of water consumption	Overseas: Implement initiatives in each country or region with high need	Designate initiatives for each country or region with high need and set individual targets	Designate initiatives for each country or region with high need and set individual targets Reduce usage and aim for a basic unit of 229 (m ³ /100 million)	○	Reduce water usage to a world-leading level based on need in each country or region, etc.
	Reduction of packing material usage in logistics	Consolidated: Basic unit: 99 or less compared with 2010 levels Non-consolidated: Basic unit: 99 or less compared with 2010 levels	Reduce packaging material purchase volume by simplifying packing and expanding use of returnable containers, etc.	Standardize packaging material and switch to returnable containers Non-consolidated: Basic unit: 98 compared with 2010 levels	○	Reduce packaging material purchase volume by simplifying packing and expanding use of returnable containers, etc. Continue with activities to improve filling rate and expand use of returnable containers, etc.

[○] Goal achieved

▶ [Details of fifth phase of Environmental Action Plan 2015 \(in Japanese\)](#)

http://www.denso.co.jp/ja/csr/environment_report/management/plan/files/eco_vision2015.pdf 

Prevention of Global Warming

DENSO promotes activities to prevent global warming through technological development and commercialization processes as well as production activities, associates' behavior and other initiatives.

Contributing to CO₂ emission reductions in products

Concepts and activities for reducing CO₂ emissions in DENSO products.

Contributing to the reduction of CO₂ emissions in production activities

Concepts and activities for reducing CO₂ emissions in DENSO Group production activities.

Fiscal 2012 activities

DENSO activity results for fiscal 2012.

Priority initiatives

Priority initiatives, including in-house power generation deploying co-generation and Just-In-Time energy activities.

Reducing CO₂ emissions through the Eco Factory Plan

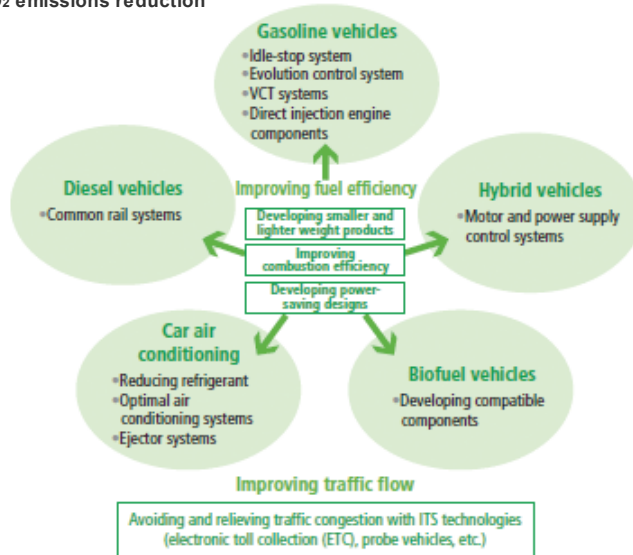
Reduction of CO₂ emissions through the Eco Factory Plan and initiatives to reduce CO₂ emissions in service, logistics and associate behavior.

Contributing to CO₂ emission reductions in products

Basic stance

Since product use represents the stage with the highest CO₂ emissions in the automobile lifecycle, to help prevent global warming in terms of automotive parts it is important to increase fuel efficiency through lightweight designs and high combustion efficiency. In DENSO-related product areas, we are promoting advanced "improvements of fuel efficiency and less power consumption" through control that links systems installed in vehicles, such as engine management systems, car air conditioners and safety equipment.

Management of CO₂ emissions reduction

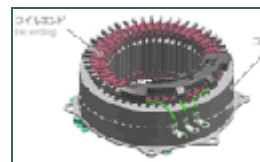


Fiscal 2012 activities

Based on the theme of contributing to the prevention of global warming, DENSO is progressing with technology development and commercialization, with a focus on "electrification, fuel economy improvements and CO₂ reductions."

Electrification

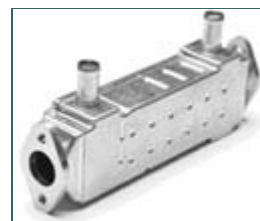
Technology promoting electric power is indispensable in conforming to strict fuel efficiency and exhaust regulations. Of the three core elemental technologies for hybrid and electric vehicles (battery, inverter, motor), DENSO has succeeded with the practical application of an electric motor following on from an electric inverter. DENSO's proprietary miniaturization technology for motors was used for the motor employed in the Toyota Aqua.



Motor starter for compact hybrid car

Improving fuel efficiency and reducing CO₂

The use of an exhaust gas recirculation (EGR) system is effective in improving fuel efficiency and EGR coolers can potentially increase fuel efficiency by approximately 2-3%. EGR coolers decrease the temperature of hot exhaust gases, which also increase the density of the exhaust gas. This helps increase the performance of EGR systems, which reduce engine loss and prevent engine knocking. In January 2012, DENSO developed a small, high-performance EGR cooler for gasoline engines that is 30% smaller than other ones currently available on the market, making it much easier to package in the engine bay. This EGR cooler is installed in Toyota's Camry and Aqua. DENSO expects this product to be added to various vehicles as a solution to meet tighter regulations in respective countries.

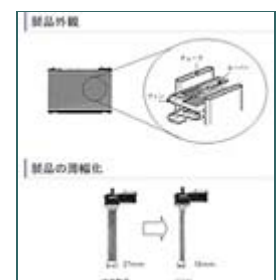


Small EGR cooler for gasoline engines

With conventional idle-stop systems, it was necessary to stop the car before turning off the engine. Conversely, new systems cut fuel supply as the car decelerates, which further improves fuel efficiency. In September 2011, DENSO developed the Tandem Solenoid (TS) Starter, a world-first mechanism, as a starter for this new system. This allows for a smoother engine feel at startup even on steep slopes despite cutting fuel supply.



Tandem Solenoid (TS) Starter



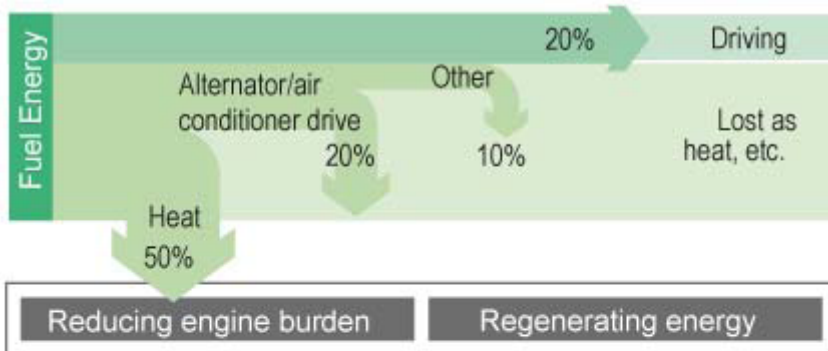
New Global Standard Radiator (GSR) significantly improves environmental performance.

The radiator, located at the front of the engine compartment of a vehicle, is a heat exchanger that cools the engine cooling water. In January 2012, DENSO developed a new Global Standard Radiator (GSR) that employs a plant-derived resin developed in-house, making it 10% more efficient in terms of heat radiation and 40% smaller and lighter than previous models. The radiator is being used in the Toyota Lexus GS.

▣ Toward vehicles that use energy wisely? Energy management

One current issue concerning vehicles is finding ways to reduce fuel consumption and cut CO₂ emissions. In reality, only about 20% of fuel can actually be used as energy for driving a vehicle, while the remaining portion functions as essential elements for the generator and air conditioner, with a large portion lost as heat. To reduce this energy loss, DENSO is working to raise the efficiency of internal combustion through diesel-related products and gasoline direct injection, developing an idle-stop system, and focusing on hybrid products as part of efforts to reduce fuel consumption. At the same time, we are progressing with "energy management" for efficiently utilizing the energy in fuel.

This approach represents our idea for improving environmental performance by linking technologies in a wide range of business groups such as power train control systems, thermal systems, electric systems, electronic systems and information and safety systems to raise energy efficiency of the entire vehicle. These efforts are based on the twin pillars of "reducing the engine burden" through efficient power generation and realizing power-saving devices and energy control, as well as promoting "regenerative use" that entails recovery and reuse of heat energy emitted by vehicles and kinetic energy lost during deceleration.



Approximately 20% of fuel used in vehicles is utilized as energy for driving, while the remaining 20% is mainly discarded as heat.

This diagram shows various automotive components and their integration for energy management. On the left, a box titled 'Energy management' lists:

- Regeneration during deceleration
- Navigation coordination
- Cooling storage
- Heat storage
- Infrastructure coordination driving support

 The central part features a car engine with a green box indicating '20% improvement in fuel efficiency'. Surrounding the engine are icons for: Heat storage device, High-pressure injector, Car navigation, SC alternator, Idle stop starter, Electric power steering, and Power source management ECU.

Aim for an approximately 20% increase in the fuel efficiency of gasoline vehicles by linking and integrating multiple systems.

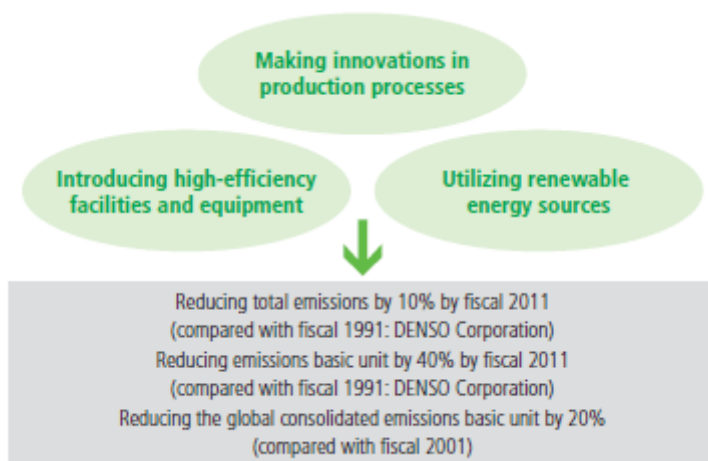
Contributing to the reduction of CO₂ emissions in production activities

Basic stance

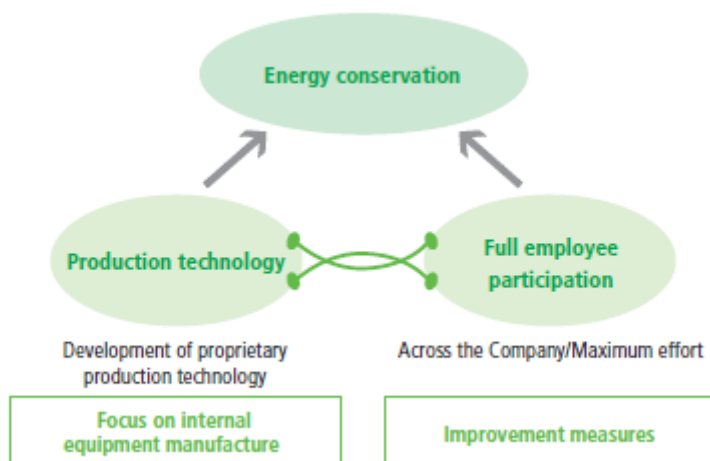
Of the greenhouse gases emitted as a result of the DENSO Group's production activities, 82% is accounted for by CO₂ associated with energy consumption. For that reason, the reduction of greenhouse gas emissions throughout the supply chain has been positioned as a priority issue in the Eco Factory concept and we are promoting Group-wide energy conservation activities. The following two points are features of our energy-saving activities.

- (1) Promote energy conservation in equipment through development of proprietary production technology
- (2) Devise ways for all associates to save energy with equipment and share these ideas across the Company

Initiatives for reducing CO₂ emissions in production processes



DENSO's energy-saving activity flow



Promotion structures

In 2008, we created the CO₂ Project Office under the aegis of the Environment Committee and under the direct control of an executive officer in order to prioritize energy conservation among our environmental challenges. This office formulates the long-term CO₂ reduction plan and manages CO₂ related matters inside the Company and at Group companies, as well as decides on overall management of the energy conservation budget and investment conditions, and provides guidance on developing technologies to conserve energy in production processes and equipment. Three groups have been placed under the office to promote various activities.

Three groups

- Energy Group (redouble efforts to improve energy conservation Company-wide, including at factories and experimental and office related divisions)
- Energy-saving Technologies Group (develop proprietary energy-saving equipment) Public
- Relations Group (publicly promote effectiveness of energy-saving technology, systems and co-generation)

Fiscal 2012 activities

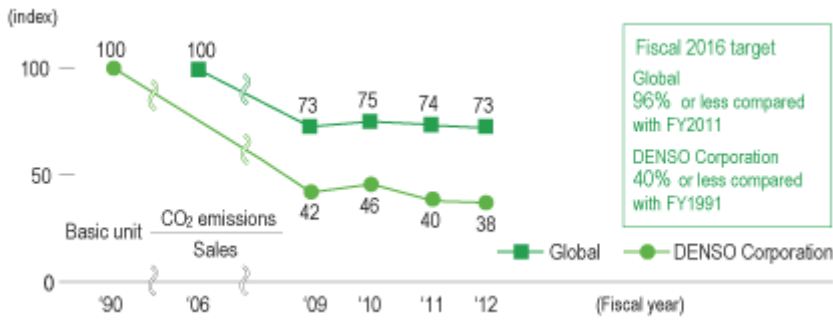
Fiscal 2012 activities

CO₂ emissions

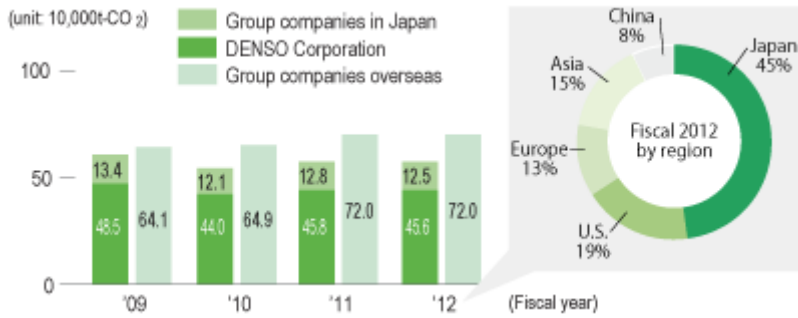
We have established targets that call for a reduction in DENSO Corporation's average CO₂ emissions by 7% (from fiscal 2009 to 2013) as well as a reduction of 60% in the basic unit compared with fiscal 1991 levels by fiscal 2011; and a reduction in global consolidated production emissions basic unit encompassing all domestic and overseas Group companies by 4% compared with fiscal 2011 levels by fiscal 2011. Additionally, the Japan Auto Parts Industries Association, of which DENSO is a member, has put forth the voluntary target of reducing average CO₂ emissions by 7% compared with fiscal 1991 levels from 2008 to 2012.

DENSO Corporation has formulated an energy reduction plan for each business location and company aimed at achieving these goals based primarily on innovating production processes, introducing highly efficient equipment and utilizing natural energy. The plan is examined and revised each year and initiatives are subsequently implemented. As a result, CO₂ emissions and the basic unit for DENSO Corporation were 86 and 38, respectively, in fiscal 2012 (compared with fiscal 1991), and the basic unit was reduced by 1% on a global basis (compared with fiscal 2011).

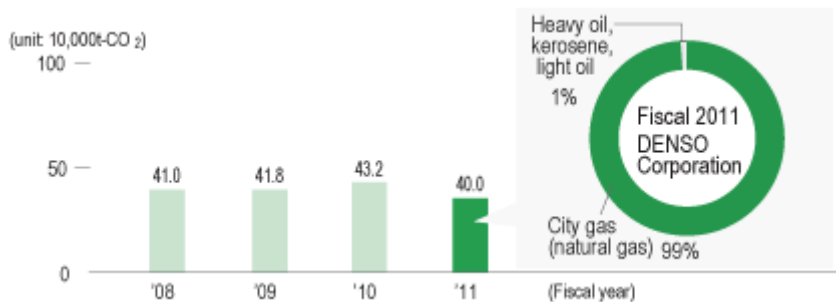
CO₂ emissions basic unit of the DENSO Group



CO₂ emissions of the DENSO Group

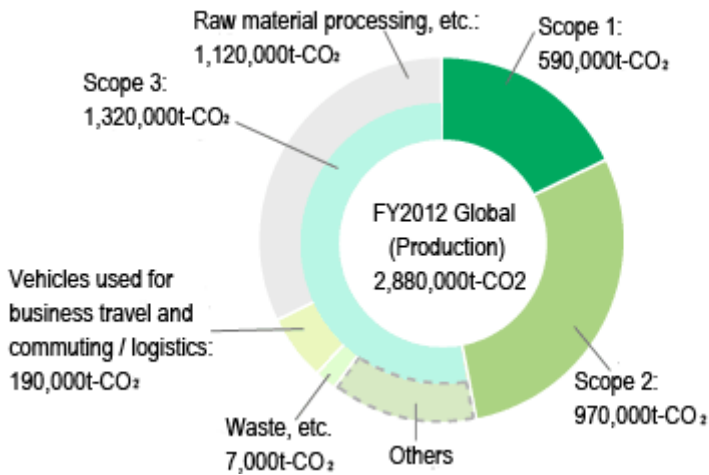


CO₂ Reduction (Scope 1)



|| Proportion of total CO₂ emissions throughout value chain

The proportions expressed in the graph are based on the international guideline "GHG Protocol Scope 3 Standard" related to the calculation and reporting of CO₂ emissions throughout the value chain.



*Of the "scopes" (scope of emissions) for greenhouse gases: (a) Scope 1 emissions are direct GHG emissions from the entity such as gasoline or the combustion of heavy oil; (b) Scope 2 emissions are indirect GHG emissions resulting from the generation of electricity; and (c) Scope 3 emissions include indirect GHG emissions from related activities undertaken outside of the entity such as raw material procurement, production, disposal, logistics and sales. Figures for scope 1 and scope 2 are accumulative figures that include business sites in non-production fields.

|| Basic rationale on the calculation of total greenhouse gas emissions at DENSO

At DENSO, all greenhouse gases defined in the Kyoto Protocol are cumulatively calculated, specifically, CO₂, five gases (energy-related greenhouse gases) and PFC, HFC, SF₆, N₂O and CH₄ (non-energy-related greenhouse gases). The emission coefficient set by region is the conversion factor for CO₂ at DENSO. In Japan, the Company uses the conversion factors shown in the table below. Outside Japan, DENSO uses the factors publicly announced in each global region. Please note that in this report the reduction effect of CO₂ by co-generation is converted by the average of conversion factors for different types of thermal power generation. The effect of co-generation is included in the CO₂ emissions of the Company. As for the emissions of the five gases, from fiscal 2007, the Company began using the instructions of the Law Concerning the Promotion of the Measures to Cope with Global Warming enacted and enforced in Japan.

|| Conversion factors for CO₂ used in the calculation of CO₂ emissions

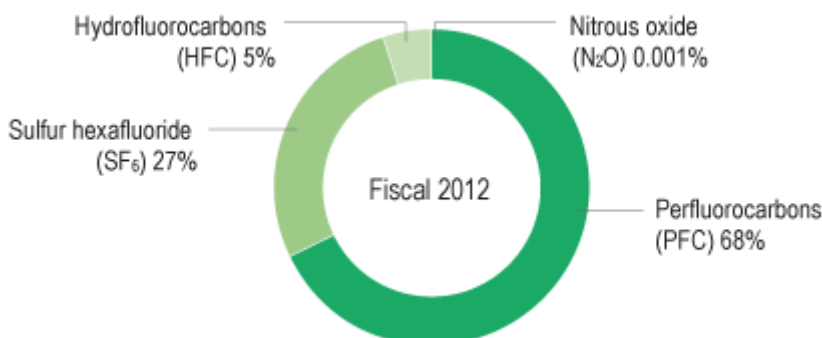
Electricity	0.2966kg-CO ₂ /kWh
Heavy fuel oil (A)	2.7093kg-CO ₂ /L
Kerosene	2.4907kg-CO ₂ /L
Propane	3.0404kg-CO ₂ /kg
City gas	2.2702kg-CO ₂ /m ³

*Reference of conversion factor for CO₂: Japan Auto Parts Industries Association

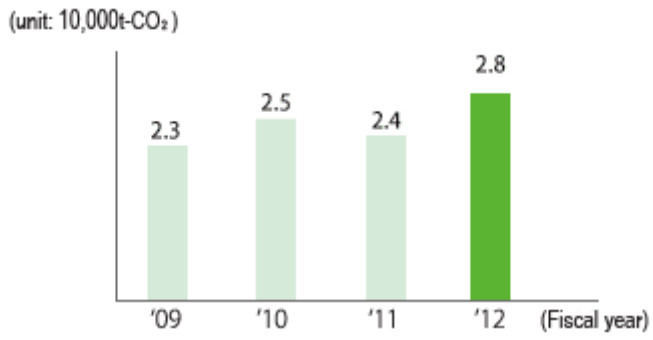
|| Reducing greenhouse gases other than CO₂

We are following a five-year plan with the target of reducing emissions of these gases by 50% compared with fiscal 2004 levels by fiscal 2013. From fiscal 2009, we installed scrubbers to reduce emissions of PVC gases used in semiconductor manufacturing processes and have been promoting alternatives to these gases, and in fiscal 2012 we reduced emissions by 28,700t-CO₂ and thus attained the target of our EcoVision.

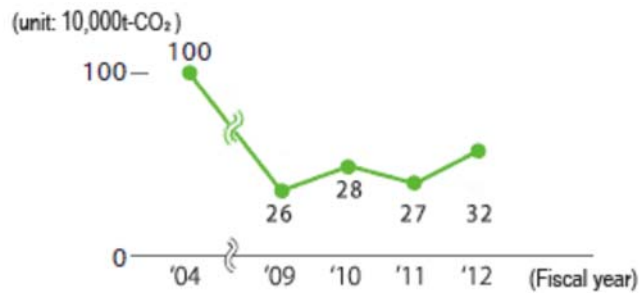
|| Breakdown of greenhouse gas emissions (excluding energy-source CO₂) [DENSO Corporation]



|| Total CO₂ emissions of five gases



|| Emissions factor for five gases



Priority initiatives

Energy conservation activities

Based on a belief in the importance of minimizing energy loss close to zero, we are undertaking concerted efforts to reduce electricity use, which accounts for 60% of the DENSO Group's energy consumption. The basis of these efforts is to identify latent issues by visualizing the energy consumption of individual production lines and by scoring progress in activities, as well as to comprehensively undertake improvement measures.

The Energy Savings Processes Research Group (currently, the Energy-saving Technologies Group) was organized in 2001. This Group is working on 27 different areas of development aimed at reducing CO₂ over the long term. Also, since 2003, we have been working to thoroughly eliminate waste in all equipment and processes (transport, operation, inventory) and make other necessary improvements. We reduced CO₂ by approximately 40% on 104 production lines in Japan by 2010 compared with 2003.

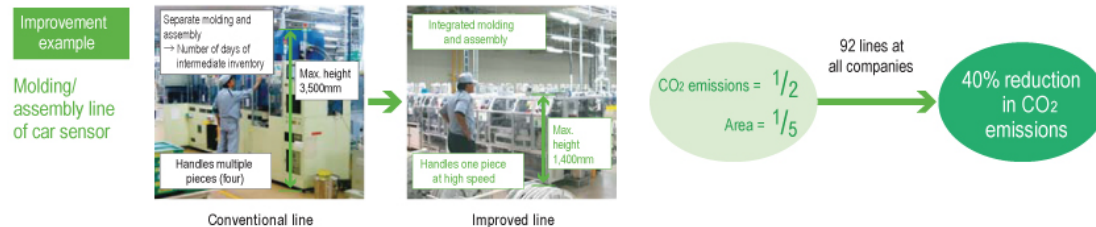
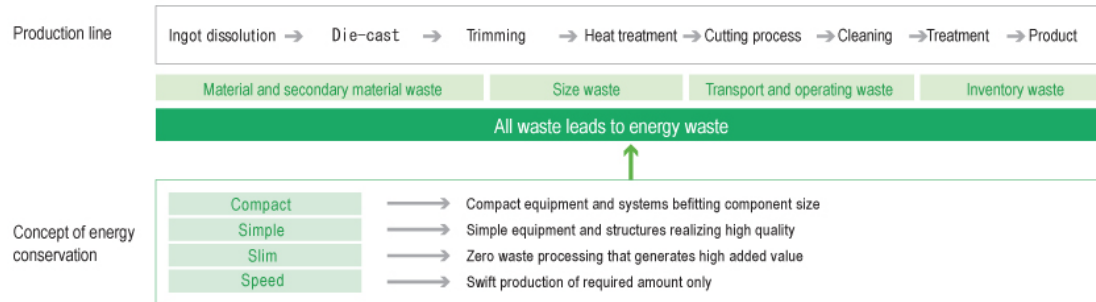
Domestic and overseas Group companies have expanded improvement activities with a focus on diagnosing the status of energy conservation. In particular, we have sought to strengthen Perfect Energy Factory (PEF) activities as all associates strive to make improvements and visualize energy consumption. We are cross developing and putting into practice 115 improvement methods in three languages (Japanese, English and Chinese).

Measures to reduce CO₂ emissions

Procedures	<ul style="list-style-type: none"> •Announce concept of DENSO Eco Factory •Expand Global PEF in Japan and overseas 	
*Reduction measures	PEF activities ~Completely redouble efforts to conserve energy by all employees~ JIT energy related activities ~Use energy only in the amount required when required~	<ul style="list-style-type: none"> •Expand energy-saving air blowers throughout the Group •Expand JIT air related activities and JIT air conditioner related activities •Check and repair compressed air leaks •Idling stop
	Development of energy-saving technologies for processing	<ul style="list-style-type: none"> •Thoroughly implement turning equipment off between operating times •Educate all employees on saving energy
		<ul style="list-style-type: none"> •Miniaturize equipment for machining and heating •Introduce machining machines for dry processing •Circulate waste heat and cold energy

*Related URLs for reduction measures

Approach to improvements to equipment and processes



Introducing high-efficiency facilities

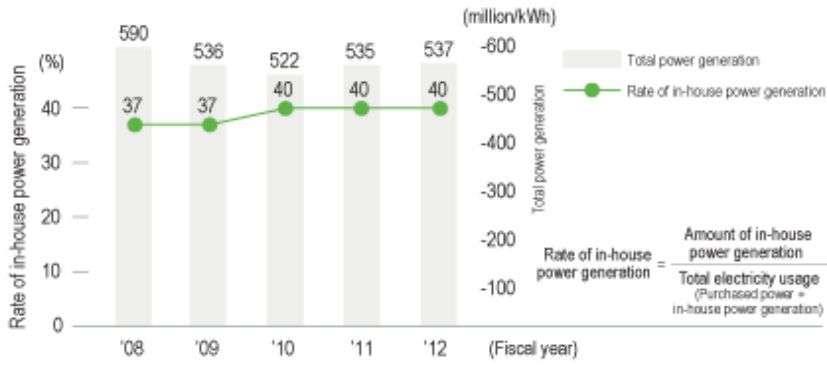
We have actively introduced co-generation facilities at domestic factories given an extremely effective means of promoting energy savings due to their ability to generate electricity using natural gas, a fuel that generates less CO₂ emissions, and utilize waste heat.

Currently, our in-house power generation ratio is 40% (total power generation of 537,000MWh). We expect an annual reduction of 150,000t-CO₂ through our 15 co-generation facilities. Co-generation facilities are effective as dispersed power systems even during a power outage so we will continue to strive to operate them as efficiently as possible.



Co-generation facilities at Daian Plant

Co-generation facilities at Daian Plant [DENSO Corporation]



Saving energy with Just-In-Time system

DENSO is working to establish a system for the utilization and supply of just the right amount of energy at the necessary time based on the idea that "energy for production is not fixed infrastructure but another component to be controlled." This is known as Just-In-Time (JIT) energy activities. In fiscal 2010, the Manufacturing Department, Production Engineering Department, Machinery and Tools Department, Facilities Department and DENSO Facilities Corporation came up with this concept together aimed at creating an energy conservation system impervious to changes in production volume. We are optimizing both JIT supply that provides energy and JIT production that uses energy.

JIT supply

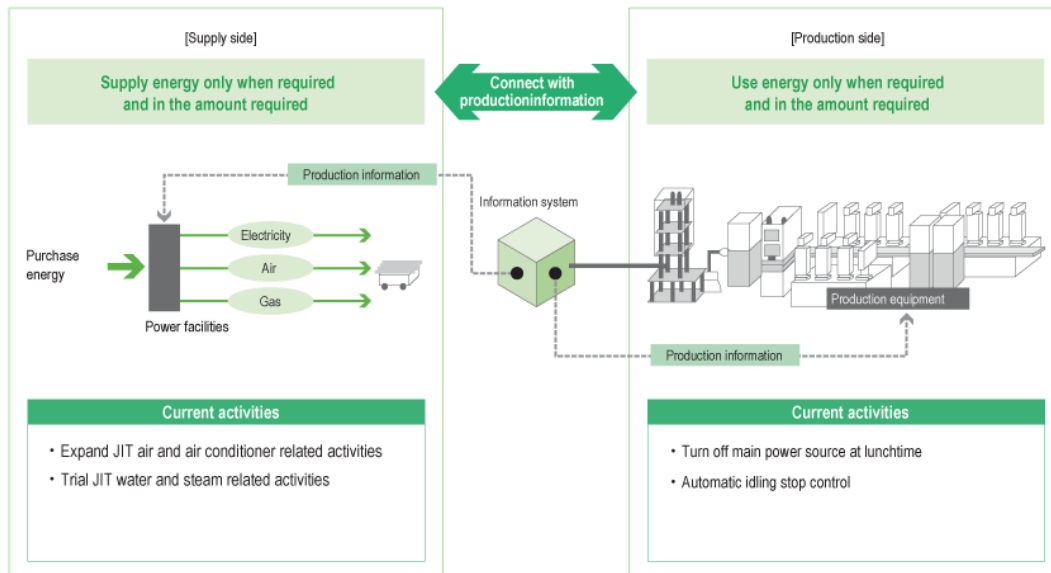
The Energy Supply Division is working to optimize the supply of compressed air to each process by using an "energy signboard" that displays information on orders for compressed air sent from the Manufacturing Department. A PC screen displays equipment and times not requiring supply, enabling personnel to estimate the amount of consumption in a single day and arrange the best combination of air compressors for optimal supply efficiency. By doing so, we reduced the amount of power consumed by compressors by around 9% for the year.

JIT production

Since fiscal 2009, we have been conducting a campaign to switch off equipment on production lines during break times, which has resulted in around a 4% reduction in energy consumption on model lines. In fiscal 2010, we shifted to automatic idling stops on the equipment to save further energy when products are not on the line. This feature has become standard on our production lines.

Concept of JIT energy

Point of focus: Energy for production is not infrastructure, but a component



Received Economy, Trade and Industry Minister's Award at Energy Conservation Grand Awards for fiscal 2012

DENSO Corporation won the Economy, Trade and Industry Minister's Award, the top prize at the Energy Conservation Grand Awards (Successful Case of Energy Conservation Category) for fiscal 2012. The awards, sponsored by The Energy Conservation Center, Japan, recognize advanced energy-saving products based on outstanding activities or technological development aimed at conserving energy by a company or local municipality.

The DENSO Group has positioned energy conservation as one of its priority challenges and in fiscal 2008 established the CO2 Project Office, which promotes energy-saving activities among all associates. As part of these efforts, we started introducing JIT energy related activities in 2010 with the aim of using and supplying only the amount of energy required when required. This award recognizes these activities.



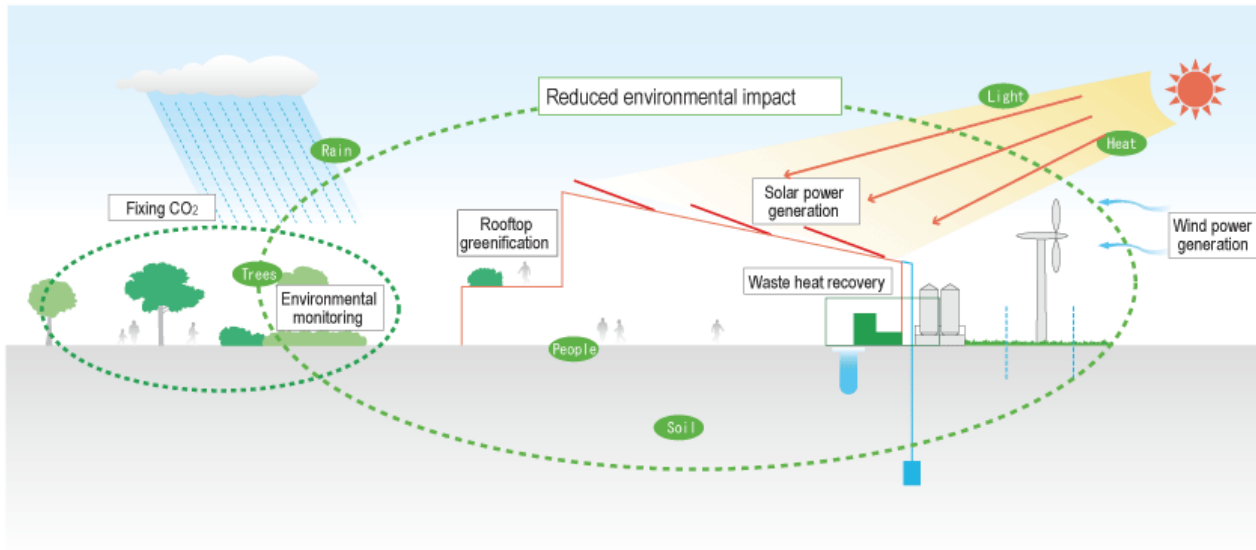
Awards ceremony (February 2012)



CO₂ emissions through the Eco Factory Plan

Because we consider the reduction of CO₂ emissions to be one of the most important tasks in transforming all of our production plants into Eco Factories, we have established model factories and developed plans to construct new facilities and renovate existing facilities. For example, the plant expansion at the Daian Plant (Mie Prefecture) includes using baking furnace waste heat, electrifying air compressors by drive motor, disclosing our progress in meeting energy-saving goals and introducing solar- and wind-powered electric vehicles. We stepped up efforts in fiscal 2009 by turning off air conditioning systems during breaks to ensure the emission factor does not deteriorate even when production volume changes and by conducting patrols. Elsewhere, we are deploying an energy-saving system designed to take advantage of local characteristics by using stored snow to cool the facility during summer at DENSO Electronics Corporation (Hokkaido), where we started producing electronic components in April 2009.

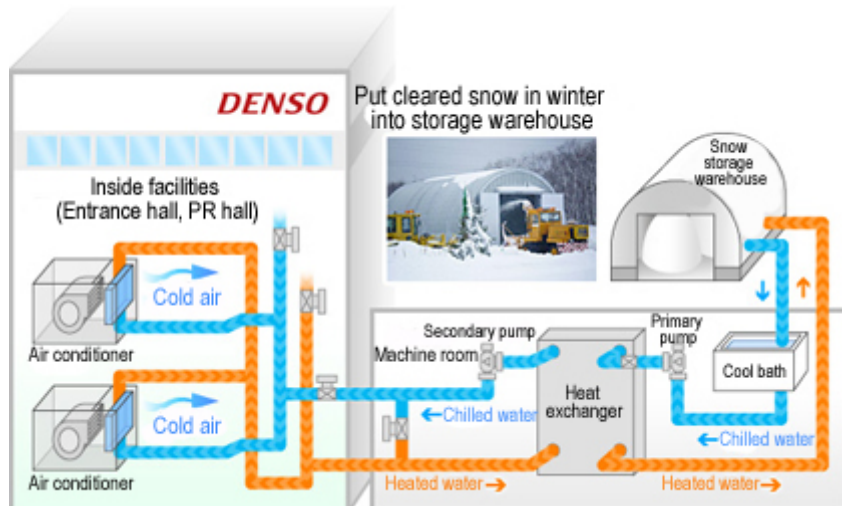
|| Contribution of Eco Factories to reduce CO₂ emissions



|| Example of natural energy utilization (DENSO Electronics Corporation)

Installed a system using snow to cool facilities, a DENSO Group first, by taking advantage of local characteristics in Chitose, Hokkaido

Snow storage warehouse	Steel construction Floor area: 161.5m ² Height: 7m (center part) Stockpile: 327t (674m ³)
Usage period	June~September (550~580hour/year)
Energy-saving effects	1,390L/year(Crude oil equivalent) (3.68t-CO ₂ /year based on CO ₂ conversion)



Promoting associate "Eco Life" activities

DENSO works to raise awareness of associates about how they can practice an "Eco Life" and to provide a foundation for doing so based on a belief that environmentally responsible conduct on the part of its approximately 120,000 associates can make a significant contribution to the prevention of global warming. The fifth phase of the Environmental Action Plan sets forth the following priority initiatives to serve as guidelines in these efforts: (1) expansion of the use of clean energy vehicles and low-pollution emitting cars in the Company's fleet, (2) further improvement and promotion of commuting programs like Park & Ride, (3) awareness-raising to promote widespread adoption of eco-driving practices and (4) promotion of tree-planting activities around factories. In Japan, in addition to launching a shuttle bus service in the vicinity of DENSO Corporation's headquarters in November 2006 (Park & Ride) and promoting tree-planting activities, environmental activities have been linked to the DECOPON Eco-Point System in which associates are actively encouraged to participate.

Percentage of clean energy vehicles and low-pollution emitting cars comprising the Company's fleet [DENSO Corporation]



Reducing CO₂ emissions at dealerships and service stores

Dealerships and service stores that repair DENSO products and sell reconditioned (rebuilt) and environmentally friendly products are also actively working to reduce the amount of electricity used in their offices and repair shops under the DENSO Corporation-approved Eco Service Station program.

To further promote these efforts, we are raising awareness of Group-wide initiatives by visualizing and quantitatively realizing CO₂ reductions in repair and mounting as well as product sales from fiscal 2009.

CO₂ reductions from the Eco Station program

Target		CO ₂ reductions (calculated based on information from DENSO and the Ministry of Land, Infrastructure, Transport and Tourism, etc.)			
Rebuilt products	Alternators/ starters	Difference between new and reconditioned products	8.2kg-CO ₂ per vehicle	Volume 295,000	3,550t-CO ₂ reduction
	Injection pumps		22kg-CO ₂ per vehicle	25,000	
	Compressors		8.3kg-CO ₂ per vehicle	70,000	
Eco Product sales	Digital tachometers	Annual comparative reduction	231kg-CO ₂ per vehicle	10,000	3,795t-CO ₂ reduction
	ETC equipment		11kg-CO ₂ per vehicle	135,000	

Reducing CO₂ emissions from logistics activities

DENSO Corporation ships approximately 21,000m³ of products each day to domestic and overseas destinations by truck, railway and ship. We consign distribution operations to DENSO Logitem Corporation, a subsidiary, and work together to promote CO₂ reductions at specified shippers in order to fulfill our social responsibility.

Specifically, we are helping promote a composite program that includes the following measures;

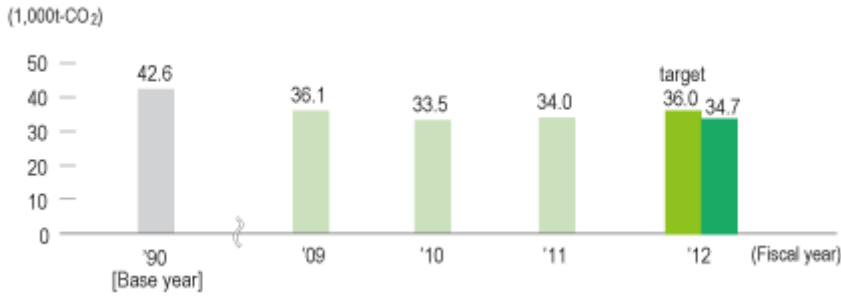
- (1) Improve loading ratios
- (2) Promote modal shift (to rail or ship transport to Tohoku Region)
- (3) Practice energy-saving shipping by means of optimal routes
- (4) Ship directly to suppliers
- (5) Increase efficiency in logistics between intermediary warehouses
- (6) Support the introduction of Eco-Tours
- (7) Introduce tools to enhance fuel efficiency.

In fiscal 2012, it again proved difficult to implement efficient transportation due to a significant decline in production as a result of the Great East Japan Earthquake that struck in March 2011. We worked to improve efficiency by adjusting the number of truck deliveries as production was restored in the second half and used shortened delivery distances whenever possible through operation by DENSO Higashi Nihon Corporation. As a result, we achieved our target for the fiscal year even though total emissions increased compared with the previous year to 34,700t-CO₂.

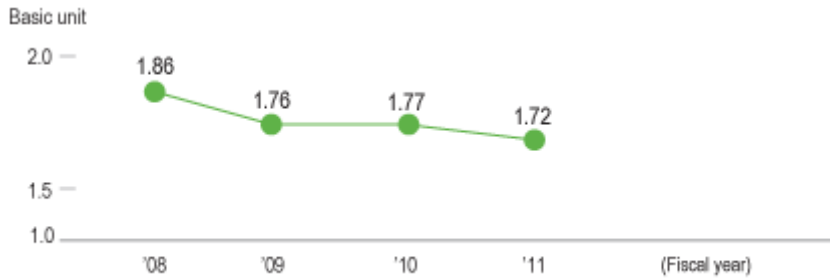
|| DENSO logistics



|| CO2 emissions from logistics [DENSO Corporation]



|| Amount of CO2 emissions in logistics / Physical production and sales (Unit: \100 million)



Resource Recycling

Related Information

- DENSO REMANI(Japanese)
<http://www.densoremani.co.jp/ja/index.html>

Effective use of resources by products

Basic stance

In an effort to effectively utilize resources, the DENSO Group set the following measures as priority initiatives in the fifth phase of the Environmental Action Plan. Specifically, we are pursuing high resource efficiency using Factor Delta environmental factors for products especially during the design stage, the first phase of the product lifecycle.

- (1) Reduce material use through smaller and more lightweight designs (product development stage)
- (2) Rebuild and recondition products (product usage stage)
- (3) Develop materials that break down easily or are easy to recycle and calculate the recyclable ratio (product development stage)
- (4) Strive to recycle resources throughout the product lifecycle

Reducing employed materials used in the development phase

DENSO Corporation is working to reduce employed materials used by making products smaller and lighter. For example, a DENSO starter weighing 1.9kg (for compact cars~1.2-liter class gasoline vehicles), which is 40% lighter than conventional models, is being employed in the MR Wagon launched by Suzuki Motor Corporation in fiscal 2012. DENSO developed a pinion shift mechanism that separates the clutch and pinion in the drive section so that only the pinion needs to engage with the ring gear, which resulted in the world's lightest starter for vehicles.



Conventional starter



Newly developed starter

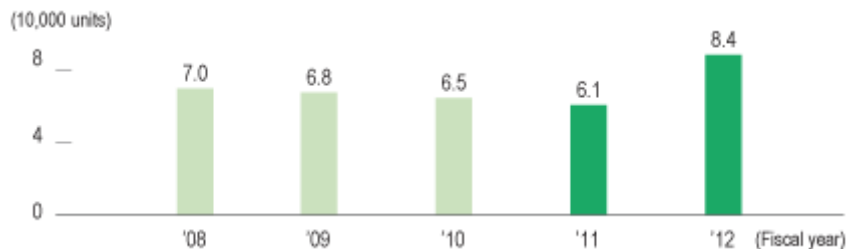
DENSO also has a starter that is about 30% lighter than existing ones for vehicle engines of 1.2liters to 2.5liters. DENSO plans to produce 5 million units a year of both models for emerging markets, where demand for compact cars has risen sharply. Going forward, DENSO will continue to promote the effective use of resources by seeking to make other products smaller and more lightweight as well.

Increasing resource recycling via parts rebuilding business by the Group

In creating collection and recycling systems for used products, the DENSO Group believes in the importance of ensuring effectiveness and efficiency.

At the same time, DENSO is working to expand its parts rebuilding business by practicing recycling with the following priorities in order to minimize environmental impact: product reconditioning (rebuilding) > parts reuse > material recycling. Many alternators (electric generators) and starters taken from used automobiles can be restored to an adequate level of functionality if consumables such as brushes and bearings are replaced and serviced. DENSO REMANI Corporation (Anjo City, Aichi, Japan) recovers, reconditions and ships such parts, assuring their quality via rigorous performance inspections comparable to that used for new products. Group companies are increasing the distribution of reconditioned products by setting up similar parts rebuilding businesses in Europe, the United States and China.

Product reconditioning volumes at DENSO REMANI



Effective use of resources in production

Basic stance

For the DENSO Group, "promoting the effective use of resources aimed at creating a recycling-oriented society" has been set as a priority task for maximizing resource productivity. By doing so, we seek to realize zero emissions (zero waste at landfill).

We have established the target at DENSO Corporation of cutting the disposal amount basic unit by 42% and at domestic manufacturing companies by 25% compared with fiscal 2004 levels by fiscal 2013, along with creating a system to promote reduction activities at overseas manufacturing companies. Further, we are working to reduce waste and the disposal amount of main materials (metals and plastics) and subsidiary materials (fats, oil and chemicals) by developing processing methods that take resource conservation into account and designing products that generate less waste.

Zero emissions of waste and emissions reduction

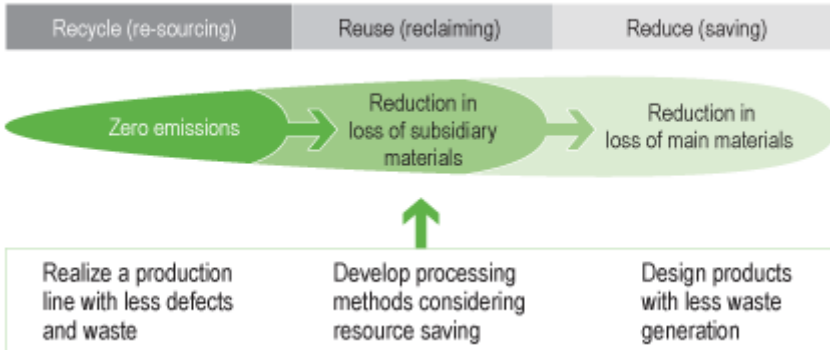
A total of 20 domestic Group companies have joined DENSO Corporation in achieving and continuing to practice zero emissions since fiscal 2004, and in fiscal 2012, 23 out of 44 principal facilities have achieved and continue to practice zero emissions. We also have established an auditing system for domestic waste treatment operators as a means to ensure the most appropriate disposal.

In an effort to reduce waste generation, we focused on increasing the yield ratio by curbing metal and plastic material waste through the reuse of runner* residual materials, extending the useful life of processing oil and minimizing waste treatment chemicals. Regarding emission results, the basic unit was 4.71, which surpassed our target of 4.93 or below.

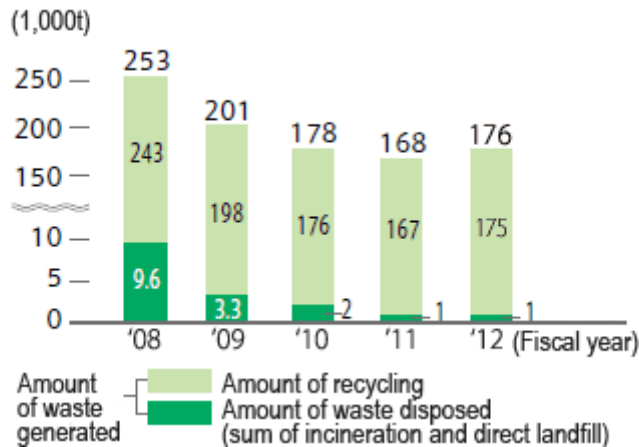
*Path for plastic and metal material from molding machine nozzle to mold that shapes the product

Positioning of zero emissions and activities for reducing waste and emissions

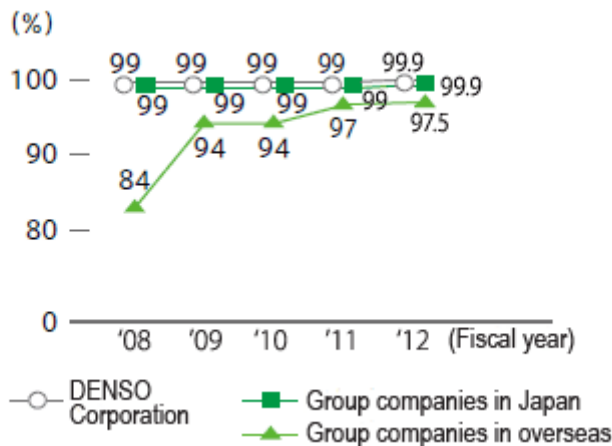
Reduce waste materials with the three Rs



Recycling and waste processing amounts



Recycling rates

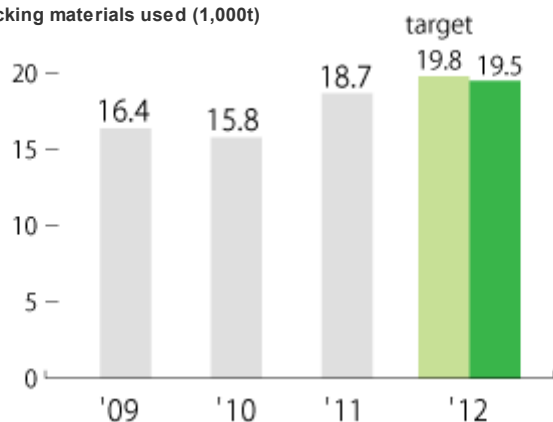


Reducing packing material usage in distribution

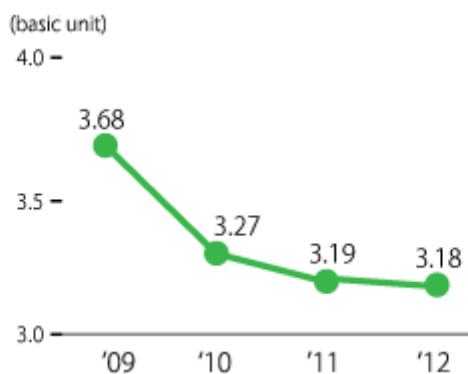
We are promoting the use of more simple and returnable packing materials in accordance with the 3R (reduce, reuse, recycle). Specific efforts to simplify packing materials include the use of less cushioning, which was made more compact and lighter in accordance with the structure of each product, and using more lightweight packing materials. Wide-ranging efforts also include promoting a switch from cardboard to plastic returnable containers and from cardboard pallets to plastic sheets, as well as reusable packing in transportation between factories. We are continuing to implement these initiatives.

In fiscal 2012, we improved the result for basic unit marginally and achieved our fiscal year target for material usage with a total of 19,500t.

Amount of packing materials used (1,000t)



Material usage (t) / Physical production and sales (Unit: ¥100 million)



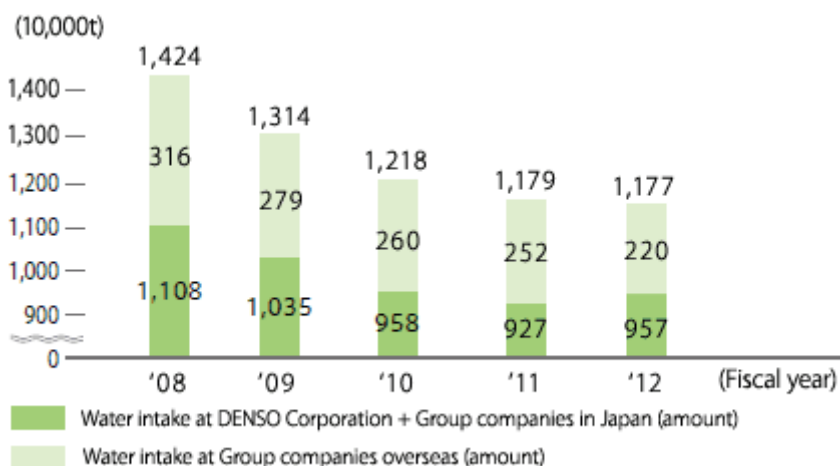
Reducing water consumption

The DENSO Group has formulated a policy aimed at effective utilization of water resources and minimizing water consumption as part of the Environmental Action Plan and identified intake sources with the most impact. We have set regional guidelines and targets for the reduction of water consumption.

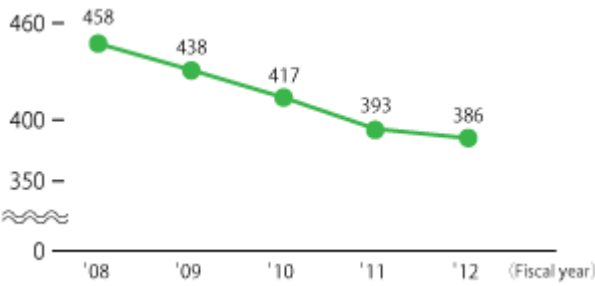
Besides striving to conserve and recycle water, we have set voluntary standards for the quality of discharge water that are stricter than legal requirements and carefully manage the quality and temperature of water during discharge.

Water consumption in fiscal 2012 amounted to 11.77 million tons, a 2% increase compared with the previous fiscal year. This was achieved through such means as utilizing a closed system for cleaning with alkali ion water for degreasing at DENSO, utilizing rainwater for daily-use water at DMUK (UK), using rainwater for watering greenery at DNHA and DNIN (India), and treating sewage water to enable use for watering greenery and various other non-drinking applications at DMGZ (China).

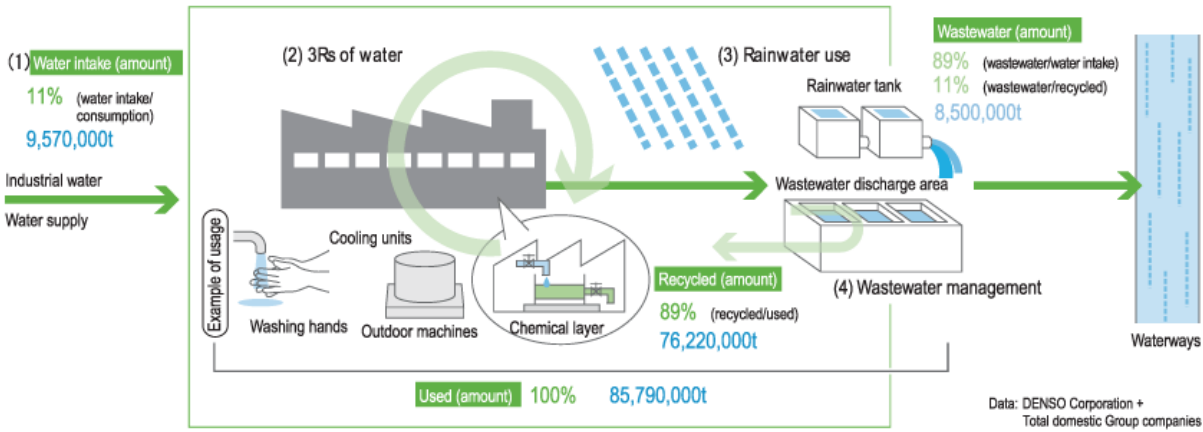
Water consumption



Water consumption(basic unit) DENSO Corporation + Group companies in Japan



Key initiatives



1. Reduce intake amount

A large quantity of water is used to clean components and for cooling in the production process. As such, we have set reduction targets for the amount of water intake for industrial purposes at each factory and are working to effectively reuse and recycle water through various techniques.

2. Enhance the 3Rs of water

We aim to enhance the 3Rs of water when selecting equipment to use. This means minimizing water consumption (Reduce), using spent water again (Reuse) and treating and re-circulating water (Recycle).

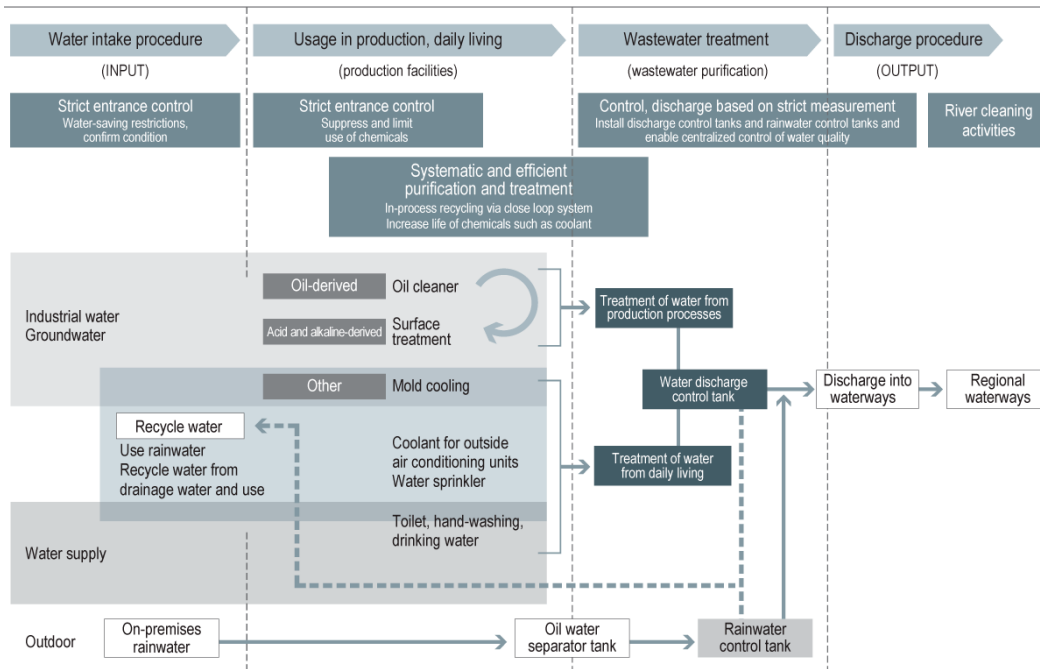
3. Effectively use rainwater

Rainwater is collected and stored in tanks at production sites in Japan, where rainfall is high, as well as overseas. This water is then used for watering greenbelts and as coolant for air conditioning units.

4. Manage wastewater and reduce risk through a closed loop system

DENSO has set voluntary standards for wastewater treatment processes that are even stricter than legal requirements as a means to enhance quality management for wastewater. We are promoting a closed loop system through systematic processing at the concentrated level, reuse and high-quality management. Sewage water from factories is treated and processed using anaerobic microorganisms. This helps cut sludge to one-third and required power consumption to one-half compared with aerobic microorganisms. Also, the methane gas generated is effectively utilized as fuel.

DENSO's water resource management system



|| Main water systems impacted by water intake

Region	Main water system	
Japan (DENSO Corporation and domestic Group companies)	Kiso River water system (Aichi Prefecture)	
	Yahagi River water system (Aichi Prefecture)	
	Tenryu River / Toyo River water system (Aichi/Shizuoka Prefecture)	
	Chikuma River / Azusa River water system (Nagano Prefecture)	
	Onga River water system (Fukuoka Prefecture)	
	Tone River water system (Ibaraki/Saitama Prefecture)	
	Shikotsu Lake (Hokkaido)	
	Takahashi River water system (Okayama Prefecture)	
	Inabe / Suzuka River water system (Mie Prefecture)	
	Abashiri River water system (Hokkaido)	
Overseas Group companies	The Americas	Rouge River (USA)
		Kalamazoo River (USA)
		Hiwassee River (USA)
		Tennessee River (USA)
		Ohio River (USA)
		Mississippi River (USA)
		Detroit River (USA)
		Colorado River (USA)
		Sacramento River (USA)
		Bravo River (Mexico)
		Pesquería River (Mexico)
		Speed River (Canada)
		Grand River (Canada)
	Europe	Trent River (UK)
Humber River (UK)		
Gaja River (Hungary)		
Danube River (Hungary)		
Asia	Hindon River (India)	
	Yamuna River (India)	
	Bangpakong River (Thailand)	
	Chaophraya River (Thailand)	
China	Yangtze River	
	Balhae Sea	
	Dong Jiang River	
	Dagu River	
	Pearl River	
	Lao Tong Yang Canal	

Control and Reduction of Environmentally Hazardous Substances

Controlling and reducing harmful chemical substances in products

Basic stance

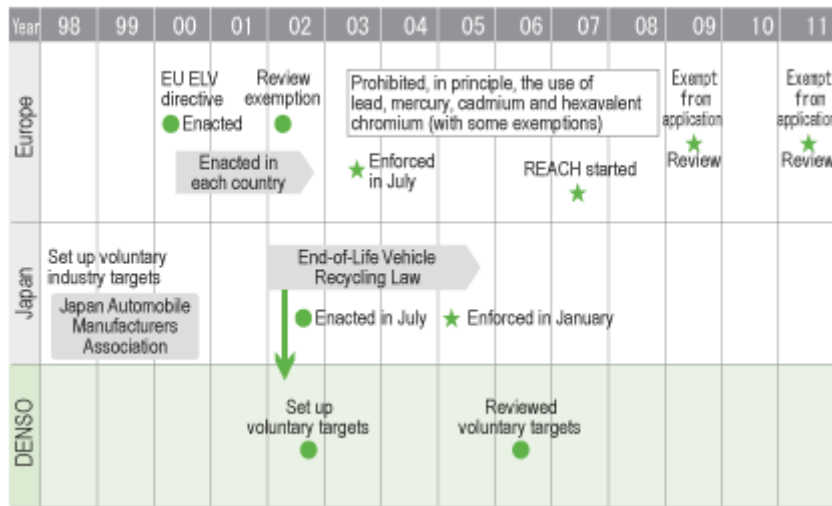
The DENSO Group seeks to strengthen production and management systems in line with a basic policy to reduce the use of harmful chemical substances throughout a product's lifecycle to the greatest extent possible.

In particular, we have taken advantage of the implementation of the European Union ELV directive*1 in 2000 to move forward with efforts to eliminate use of the four targeted substances of lead, mercury, cadmium and hexavalent chromium by 2008 (excluding exemptions*2) and meet the requirements of the REACH Regulation for chemical substances in force in Europe.

*1 ELV (End-of-Life Vehicles) directive: A series of regulations concerning used automobiles that entered into force in the European Union in October 2000. In principle, the regulations will be phased in to prohibit the use of harmful chemical substances in vehicle materials and components put on the market after July 2003.

*2 Cases in which substitute materials or methods capable of securing the same performance are not available and are therefore exempted

Response of DENSO and industry to laws and regulations



Fiscal 2012 results

Eliminating the use of lead

Along with revisions to the EU ELV directive and Annex II in mid-2009, as a measure for stronger responses to lead regulations, there was also a move to institute an implementation deadline for lead in high-melting point solder, glass, ceramics and metal alloys (iron and steel, aluminum, copper), which up to now have been exempted from application indefinitely. To steadily respond to such developments, the DENSO Group plans to conduct assessments of the appropriateness of alternative items.

Responding to REACH Regulation

Regarding substances and mixtures that are handled by production facilities and Group companies in the EU, the DENSO Group has verified the pre-registration of items at each company in the supply chain providing us with materials. The next step is for each company in the supply chain to actually register these items, which began in 2009. We are also utilizing an internal system (MACAS*1) and making responses concerning the communication of information about SVHC*2 in products and components.

We identified the impact of these substances on automobile parts from an early stage before they become SVHC with the cooperation of the Japan Auto Parts Industries Association and Japan Automobile Manufacturers Association in response to an increase in SVHC subject to the REACH Regulation from 2011. In this way we are promoting activities that enable a timely response.

DENSO has promoted information exchanges with related industries in cooperation with the Japan Automobile Manufacturers Association through the Japan Auto Parts Industries Association and intends to continue promoting a steady response in the future.

*1 Material Chemical Assessment System (MACAS): DENSO's internal system for monitoring data on materials and elements that make up products and components

*2 Substances of Very High Concern: A candidate list of around 1,500 substances such as endocrine-disrupting agents

Controlling and reducing chemical substances during production

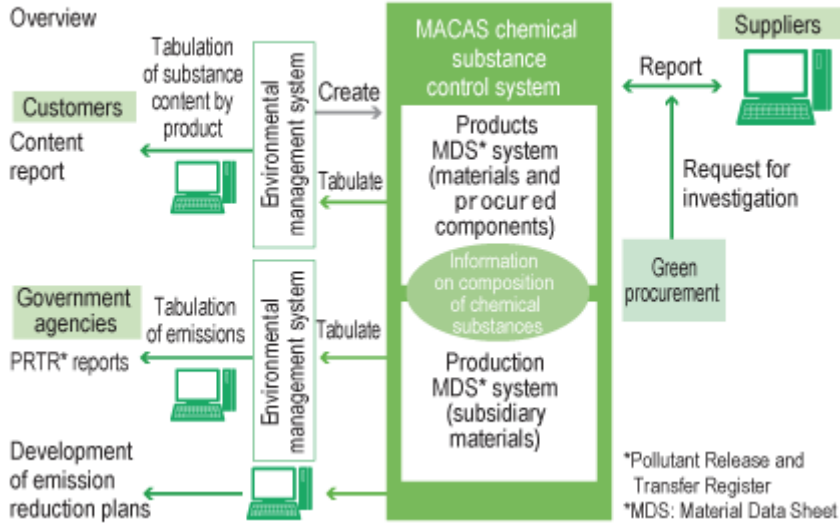
Basic stance

We classify chemical substances used at factories into "prohibited," "targeted for reduction" and "controlled" categories. Since fiscal 2002 we have sought to implement unified control of all chemical substances used in product materials, procured components and production processes by means of MACAS, a proprietary chemical substance control system. Also, we continue to develop alternative technologies and reduce usage and emissions of chemical substances on an ongoing basis. In terms of a management system, we have applied a weighting to each substance depending on the health risk, environmental impact, consumption and amount of emission, and are focusing on the reduction of substances with significant environmental impact.

We have established uniform group-wide standards aimed at preventing previous environmental risk, and are working to prevent the spread and outflow of harmful substances to the external environment and disclose information on chemical substances. Efforts are being concentrated on enhancing communication related to chemical substances and environmental matters directed toward local communities.

Chemical substance control system

MACAS: Material Chemical Assessment System



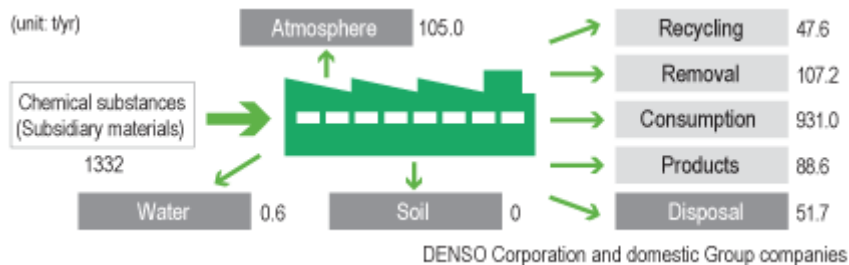
Fiscal 2012 results

Responding to Pollutant Release and Transfer Register (PRTR)

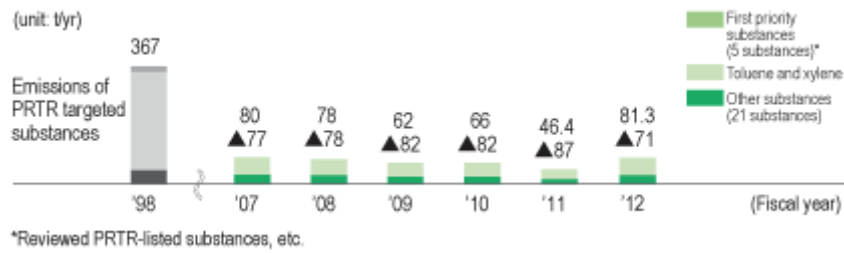
DENSO achieved its target of a 75% reduction in PRTR-listed substances by 2010. In addition, we tabulated past targets under our Eco Vision up until fiscal 2011 and presented the trends. From fiscal 2012, we shifted to the new fifth phase of our EcoVision, where we have reviewed emission factor and designated chemical substances and are making calculations using data with modified and improved tabulation parameters.

In fiscal 2012, we made progress in introducing water-soluble paint for use on the exteriors of power distribution components and further reduced emissions of PRTR-listed substances.

Emissions of PRTR targeted substances



Reduction of PRTR targeted substances [DENSO Corporation]

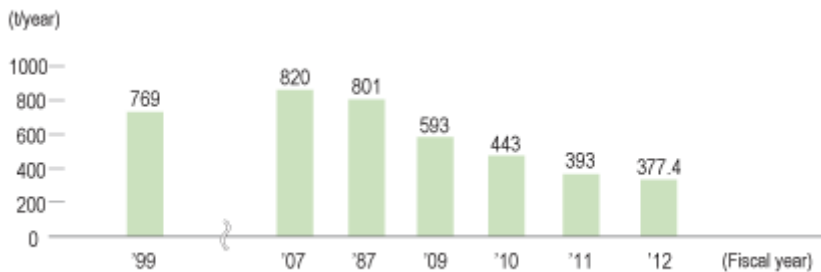


Reducing VOCs

Regarding emissions of volatile organic compounds (VOCs), DENSO has set the goals to promote initiatives for emissions to be reduced by 40% compared with fiscal 2004 levels by fiscal 2013 at DENSO Corporation and for overseas Group companies to implement top-tier measures for their country or region.

In fiscal 2012, we reduced emissions by 50% (compared with fiscal 2001 levels) by sealing up equipment, enhancing processes and management of emissions, collecting and reusing products, and shifting to water-based paint in addition to using traditional VOC collection and removal equipment. Currently, we are promoting redoubled efforts for improvement by switching to low VOC agents for cleaning solutions and flux solvents and by eliminating and consolidating production lines.

VOC emissions



Reduction of ozone depleting substances

International regulations regarding chlorofluorocarbons (CFCs) were introduced pursuant to the Montreal Protocol in July 1989 in light of their recognition as substances that deplete the ozone layer in the stratosphere. The production of CFCs was prohibited at the end of 1995, leading to a steady reduction in consumption.

The DENSO Group established the Special Committee in Response to Restrictions on CFCs in 1988 prior to the issuance of the international regulations, and conducted activities to reduce CFCs used in the cleaning of electronic components and the processing of machine components at factories as well as in refrigerants for car air conditioning systems. As a result, we completed the switch to HFC-134a, a fluorocarbon alternative for use in refrigerants for car air conditioners, by the end of 1995 and totally eliminated CFCs in manufacturing processes by August 1995.

We stipulate substances for which we prohibit the purchase and use of, including ozone-depleting substances, in the "DENSO Group Green Procurement Guideline" and have requested members throughout the supply chain not to use such substances.

DENSO actively engages in governmental projects and contributes to actions to combat CFCs in Japan as a leading manufacturer of car air conditioning systems in the industry.

Cooperation with Society

DENSO is also committed to environmental activities through information dissemination and external coordination in addition to reducing environmental loads in business activities.

Environmental communication

Eco-friendly environmental actions conducted by the DENSO Group through information dissemination and external coordination.

Biodiversity initiatives

DENSO Group initiatives to maintain and preserve ecosystems.

Environmental communication

Basic stance

The DENSO Group pursues environmental action consisting of external collaboration that transcends business domains and the release of information in the form of its Eco Friendly activities. Further, annual goals have been established in the fifth phase of the Environmental Action Plan. Priority initiatives are as follows.

- (1) Promote associate "Eco Life" activities (prevention of global warming)
- (2) Actively transmit information and enhance interactive communication with stakeholders
- (3) Enhance environmental education
- (4) Enhance environmental and social contributions
- (5) Foster external alliances toward the realization of a sustainable society (coordination with related organizations, activities devoted to protecting biodiversity, etc.)

Information dissemination and external coordination

Disclosure of CSR information

Since publishing our first environmental report in 1999, we have been progressively enhancing our disclosure of CSR-related information. We also recommend that overseas Group companies disseminate information, and DMHU (Hungary, since 2001), DNBA (Spain, since 2005) and DMUK (the United Kingdom, since 2006) now publish CSR reports on an ongoing basis.

Exhibiting at Eco Products

The DENSO Group has been an active participant in environmental exhibits, which it considers to be an opportunity for promoting a greater understanding of its environmental initiatives and encouraging exchanges with a variety of people. In Japan, DENSO exhibited environmentally friendly products and technologies and held a number of hands-on events at the Eco Products 2011 exhibit in Tokyo in December 2011. DENSO also introduced advanced environmental technologies at motor shows held in Frankfurt, Detroit, Beijing, Tokyo and other cities worldwide.



Eco Products 2011



Detroit Motor Show

Events held during Environment Month

DENSO holds numerous events during Environment Month in June that help raise environmental awareness among associates, their families and local residents at the headquarters and surrounding areas.

DECO School



Making eco crafts (A hall at one of our suppliers)



Environmentally friendly products (DENSO Gallery)



Environmental class

Promoting coordination with related organizations

DENSO Corporation has been participating in the World Business Council for Sustainable Development as a representative of the automotive components industry since 2000. Executives from approximately 150 companies from 30 countries participate in this organization, which has the goal of reconciling the demands of environmental conservation, social justice and economic growth. Since 2000, DENSO has also been a charter member of the Environmental Partnership Organizing Club (EPOC), a private organization of 260 major companies from the Chubu region.

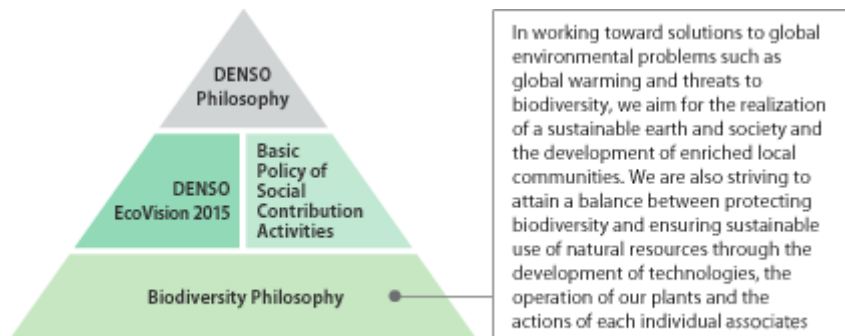
As a leading company behind working groups investigating matters related to the creation of a low carbon society, we have been examining and widely promoting advanced initiatives that address environmentally responsible design and energy conservation through these groups. From fiscal 2013, we will strive to promote coordination as a leading company behind working groups investigating the creation of a recycling-oriented society.

Biodiversity initiatives

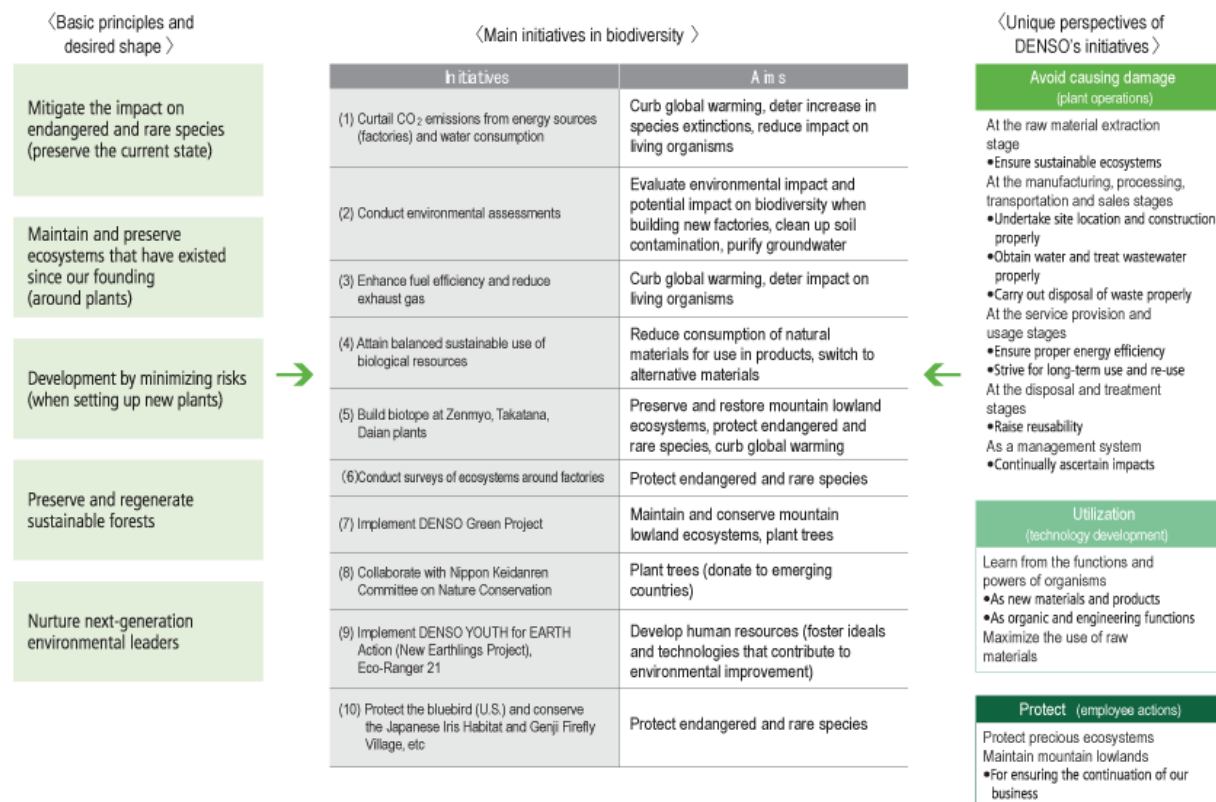
Basic stance

We not only seek to reduce the environmental impact in our business activities but also to maintain, preserve and restore ecosystems to their original state in each region to the greatest extent possible. We view this as a global corporate mission and therefore have incorporated the policy for biodiversity into the DENSO EcoVision 2015. We will continue to implement projects to achieve this goal in collaboration with environmental non-profit organizations (NPOs) and local communities under the guidelines of the Declaration of Biodiversity issued by Nippon Keidanren.

Positioning of biodiversity at DENSO



*Deliberation giving consideration to Convention on Biological Diversity



Initiatives in our main business operations

DENSO is focusing on developing alternative fuels and raw materials that utilize biological resources that carefully take biodiversity into account in order to minimize environmental destruction from resource extraction. These initiatives include the commercialization of a plant-derived plastic radiator tank and expanding research on bio-fuels that utilize photosynthesis of micro-algae.

In procuring raw materials for products, DENSO promotes purchases from metals and chemicals manufacturers that work to coexist with and protect organisms and nature and strives to give priority to using recycled materials, including aluminum die-cast materials, rather than using virgin materials.

Protecting locally endemic biodiversity and rare animal and plant life

Our factories worldwide implement activities befitting regional characteristics to protect locally endemic biodiversity and rare animal and plant life that include monitoring, surveying and establishing bird sanctuaries.

1. Eco Garden (DMUK: UK)

DENSO Manufacturing UK Ltd. (DMUK) opened an Eco Garden in September 2011.

The Eco Garden provides a space for local people to engage in environmental activities. Students can put the birds' nests they made there. It is also a place where associates can come and relax and have contact with a variety of wild animals.

DMUK takes every opportunity to introduce the Eco Garden, for example, by hosting a BESST* biodiversity event for other local businesses.

DMUK will continue with environmental activities such as this going forward.

* Business Environmental Support Scheme for Telford)



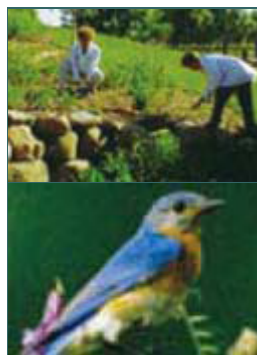
Cooperating with local schools



Volunteers from DMUK helping to build the Eco Garden

2. Wild Flower Garden (DMMI: Michigan, United States)

DMMI established a Wildlife Conservation Committee in 1998. The Company continues to carry out activities with regard to conserving rare plants species at an on-site Wild Flower Garden (approximately 400m² area) and building nest boxes to support breeding of bluebirds in the Muscicapidae family.



Wild flower garden and blue bird (DMMI)

3. Restoration of ecosystems via a biotope (Japan)

When *Pseudorasbora pumila* subsp., an endangered species of freshwater fish, was discovered in 1998, the Zenmyo Plant took the opportunity to build a biotope (approximately 3,000m² area) and is now creating a mountain lowland ecosystem for spot-billed ducks.

In addition, efforts are being made to breed killifish and bring back the local takanata butterfly at a biotope (1,500m² area) at the Takatana Plant that was built with the cooperation of local elementary school students in 2004.

At the Daian Plant, *Phragmites japonica* Steud, which is grown on an artificial floating island, cleanses pond water as we work to create a hospitable environment for fish.

4. Activities to protect loggerhead turtles (Toyohashi Plant, Aichi Prefecture)

DENSO Corporation's Toyohashi Plant (Toyohashi City, Aichi Prefecture) has teamed up with the NPO Omotegama Network since 2007 in an effort to protect the environment along the Omotegama coast, an egg-laying area for loggerhead turtles, an endangered species. As part of the DENSO Eco-Ranger experimental environmental program for elementary school students and through coastal cleanup activities by local residents and DENSO associates, we built a barrier (sediment enclosure) to keep the area clean and protect the egg-laying site.

These activities received an award from the Chairman of Keidanren Committee on Nature Conservation in the 2nd Animal Habitat Protection Contest (Fiscal 2012) sponsored by the contest's executive committee, which recognizes activities to protect biodiversity by companies.



Creating a sediment enclosure to assist with turtle egg laying



There are concerns that loggerhead turtles will become extinct.

Principal rare species that have been confirmed to inhabit areas near DENSO sites in Japan

Site	Site area	Species	Category
Zenmyo Plant (Nishio, Aichi Prefecture)	320,000m ²	<i>Pseudorasbora pumila</i> subsp. (freshwater fish)	EN: Endangered (as designated by Ministry of the Environment)
Daian Plant (Inabe, Mie Prefecture)	855,000m ²	<i>Tanakia limbata</i> (freshwater fish)	VU: Vulnerable* (as designated by Mie Prefecture and others)
Abashiri Test Center (Abashiri, Hokkaido)	5,480,000m ²	<i>Hynobius retardatus</i> (amphibian)	LP: Locally threatened population N: Noteworthy (as designated by Hokkaido)
		<i>Paeonia obovata</i> Maxim (seed plant)	VU: Endangered species (as designated by Ministry of the Environment)

*Species considered to be moving toward extinction

The DENSO Green Project

The DENSO Group has been working with local communities to promote the DENSO Green Project since 2006 with the goal of restoring and preserving ecosystems inhabited by a variety of plant and animal life, and creating greenery that is familiar to the people of local communities. The initiative has two components: tree-planting activities in the vicinity of the sites where products are manufactured; and tree-planting activities along the expressways where products are used. Associates, their families and members of NPOs and local residents are working together to thin, prune and plant trees.

Up to March 2012, these activities had been carried out a total of 24 times. Approximately 3,800 volunteers, including local residents as well as associates of DENSO Corporation and Group companies and their families, have participated and around 8,000 saplings have been planted. From fiscal 2011, we introduced "Green Partner," an associate leader system, to encourage the creation of forests by associates.

Further, we have been aiming to surround our factories and offices with greenery since fiscal 2011 and are expanding our "green oasis creation" program to the headquarters and manufacturing sites in order to make premises greener through hands-on associate participation.



Example at the headquarters
Seedlings that associates have nurtured at the office are replanted on the company premises in a recycling-oriented system of greening.



Example in Anjo
Making a seedling nursery and planting cherry blossom trees together with local residents

Fiscal 2012 activities (Aichi Prefecture)

Location	Scale	Details
Kariya Highway Oasis (November 27)	120 participants Planted 220 trees	Planted <i>spiraea thunbergii</i> deciduous shrubs Cut grass and provided environment-related education in the forest
Zenmyo Plant (October 15)	110 participants Planted 500 trees	Planted <i>deutzia crenata</i> double-flowered cultivar on embankments
Anjo Plant (November 20)	600 participants Planted 350 trees	Planted cherry blossom trees and made a seedling nursery
Nishio Plant (March 17)	410 participants Planted 3,050 trees	Planted cherry blossom trees along the prefectural highway Planted Japanese maples, etc., on embankments

CSR Chronology

History of social activities

- 1954 ■ Established a training center for technicians (predecessor of DENSO Technical College)
- 1956 ■ Established guiding precepts of DENSO
- 1961 ■ Awarded Deming Prize
- 1963 ■ Initially participated in the WorldSkills International Competition (International Professional Training Competition)
- 1964 ■ Developed system of a labor relations forum for workplaces
■ Introduced QC Circle activities
- 1977 ■ Won first gold medal at the WorldSkills International Competition
- 1978 ■ Began regular employment of persons with hearing impairments
- 1980 ■ Introduced QC Circle activities at overseas business locations
- 1984 ■ Established DENSO TAIYO Co., Ltd., a welfare factory for persons with disabilities
■ Began sponsorship for Operation Raleigh (youth development) (up to 1988)
- 1986 ■ Established Technology Education Center
- 1987 ■ Established DENSO Technical College
- 1990 ■ Established Social Contribution Committee
■ Introduced a flextime system
- 1991 ■ Established a basic code of conduct for corporate activities
- 1992 ■ Began special sponsorship of DENSO CUP SOCCER (youth development)
■ Began sponsorship of Oita International Wheelchair Marathon
- 1994 ■ Established DENSO Philosophy
■ Reorganized Quality Assurance Council to form the Consumer Satisfaction (CS) Improvement Committee
■ Established Volunteer Support Center
- 1997 ■ Established DENSO Vision 2005
■ Acquired QS 9000/ISO 9001 certification at all automotive-related divisions of DENSO
■ Began supporting Young Invention Club
■ Established Corporate Ethics Committee
■ Formulated basic policies for social contribution
- 1998 ■ Established Code of Conduct
■ Launched ACTIVE 21 human resource system reforms
■ Established corporate ethics consultation section
■ Launched a club for associate volunteers
- 1999 ■ Established Wheelchairs and Friendship Center for Asia (WAFCA), a non-profit organization
■ Started the introduction of a compliance program for all U.S. Group companies
- 2001 ■ Established DENSO North America Foundation
■ Launched DENSO Eco-Ranger 21 and Product Engineering Festival
■ Established DENSO Human Resources Philosophy
- 2002 ■ Formulated "DENSO Way"
■ Revised Code of Conduct
■ Established Corporate Social Responsibility (CSR) working group
- 2003 ■ Established Risk Management Conference
■ Established internal reporting system
■ Launched NPO Support Network Program
- 2004 ■ Established DENSO Vision 2015
■ Adopted a managing officer system
■ Founded DENSO Group Community Service Day
■ Participated for the first time in Abilympics (competition for skilled technicians with disabilities) and won gold medals
■ Newly established volunteer activity awards and a special fund



Recognition of exceptional quality control – Deming Application Prize (1961)



Operation Raleigh for youth development (1980s)



Volunteer activity repairing damaged houses of the socially disadvantaged (DIAM, U.S.A.)



Sponsorship of the Oita International Wheelchair Marathon

- 2005
 - Established CSR Promotion Center
 - Participated in World Exposition of the 21st century, EXPO 2005 AICHI, JAPAN
 - Won the WorldSkills International Competition for the seven consecutive year (Polymechanics category)
 - Launched a system that allows temporary workers to shift to permanent employment
 - Established DENSO Training Academy (Thailand)
 - Introduced associate safety confirmation system at the time of a disaster



DENSO Training Academy (Thailand)

- 2006
 - Established DENSO Group Business Ethics Hotline
 - Announced DENSO Group Declaration of Corporate Behavior and formulated Code of Conduct for DENSO Group Associates
 - Held first Global Dialogue in Thailand
 - Started operation of DENSO's original eco-point system "DECOPON"



Tacchicchi House infant daycare center

- 2007
 - Established Diversity Group within Human Resources Department
 - Started operation of Tacchicchi House infant daycare centers together with Toyota Group companies
 - WAFCA commenced production of wheelchairs in Beijing

- 2008
 - Began DENSO YOUTH for EARTH Action, a youth development global program
 - Completed the conclusion of a basic contract with primary suppliers that incorporated CSR promotion
 - Production of meters for automobiles at DENSO TAIYO Co., Ltd. exceeded 20 million units
 - Held 2nd Global Dialogue in Europe (Hungary)



Global youth development program

- 2009
 - Achieved associate participation rate of 26% in DENSO volunteer activity promotion system, including the club for associate volunteers (achieved target of 25%)
 - The Ministry of Health, Labour and Welfare recognized DENSO as a company that proactively seeks to help associates fulfill both their work and childcare responsibilities

- 2010
 - Introduced new HR policy and developed a globally shared training system and human resources management process
 - Expanded target of CRS procurement to secondary suppliers
 - Supported people affected by the major flood disaster in Pakistan through international cooperation
 - Held 3rd Global Dialogue in China



Global youth development program

- 2011
 - DENSO Group collectively focused on Great East Japan Earthquake recovery support activities (including relief money, supplies, volunteer activities, housing and employment)
 - Began sponsorship of the Micro-hydro Power Generation Idea Contest
 - Donated relief money to people affected by major flooding in Thailand
 - Received Minister of Health, Labour and Welfare Award for volunteer activities



Associates carrying out recovery work at disaster-affected areas of the Great East Japan Earthquake

CSR Chronology

History of environmental activities

- 1950
 - Developed electric car
- 1970
 - Established Automobile Part Research Center
 - Established Safety, Health and Pollution Department and formulated DENSO Safety, Health and Environmental Standards (DAS)
- 1971
 - Renamed Safety, Health and Pollution Department to Safety, Health and Environment Department
 - Established Management Resources Application Council (to promote waste reduction and energy efficiency)
- 1975
 - Developed electronic controlled fuel injection system (cleaner exhaust emissions and improved fuel efficiency)
 - Developed Wide U DENSO spark plug (cleaner exhaust emissions)
- 1977
 - Developed O₂ sensor (cleaner exhaust emissions)
- 1979
 - Established Energy Committee
- 1980
 - Developed monolithic carrier (cleaner exhaust emissions)
- 1982
 - Established system for the prior toxicity evaluation of materials to be used for the first time
 - Developed diesel distribution-type fuel injection system (cleaner exhaust emissions and improved fuel efficiency)
- 1985
 - Developed anti-lock braking system (safety)
- 1988
 - Established Special Committee in Response to Restrictions on CFCs
- 1989
 - Developed airbag sensing system (safety)
- 1991
 - Established Recycling Committee
 - Installed cogeneration facilities (Nishio Plant)
- 1992
 - Established Environment Committee
- 1993
 - Formulated DENSO Environmental Charter and Initiatives Action Plan
- 1995
 - Halted use of ozone-depleting substances (excluding chlorofluorocarbons (CFC) substitute)
 - Commercialized world's first electronically controlled common rail system
 - Developed electronic control unit (ECU) for vehicle stability control (VSC) system
 - Received Global Environmental Award
- 1996
 - Formulated Second Environmental Action Plan
 - Began procedure for acquisition of ISO 14001 certification
- 1998
 - Completed acquisition of ISO 14001 certification at all business locations in Japan
- 1999
 - Issued first Environmental Report
- 2000
 - Initially achieved zero emissions (Anjo Plant and Kitakyushu Plant)
 - Formulated DENSO Group Green Procurement Guidelines
 - Formulated DENSO EcoVision 2005
 - Established environmental committees for each of DENSO's overseas regions
- 2001
 - Developed Eco-Cute, the world's first natural refrigerant (CO₂) heat pump hot water system (protection of ozone layer and energy efficiency)
 - Established DENSO Group environmental accounting guidelines
 - Introduced Eco Indicator environmental index
- 2002
 - Achieved zero emissions at all 14 facilities in Japan
 - Held first Environmental Forum
 - Developed world's first CFC-free car air conditioner (protection of ozone layer)
- 2003
 - Completed acquisition of ISO 14001 certification at 67 Group companies
 - Jointly launched EcoStage, a simpler environmental management system (EMS)
 - Achieved zero emissions at 18 domestic group companies
 - Developed pre-crash safety system (millimeter-wave radar) (safety)



"DENSO" electric car (1950)



Exhaust gas analysis in 1970s



Troubleshooting training at wastewater treatment plant (1990s)



DENSO Environment Committee

- 2004
 - DENSO Manufacturing Hungary Ltd. (DMHU) received EU Environmental Award
 - Jointly developed world's first discharge head lamp that does not use mercury
 - DENSO Taiwan Corporation (DNTW) received Corporate Environmental Protection Award in China
 - Commenced wind power generation via alternator produced in-house
 - Developed new fuel-efficient bus cooling system
 - Energy-saving ejector cycle received "21st Century Invention and Innovation Encouragement Award"
 - Developed the world's first lead-free piezoelectric ceramic material
 - Received Minister of Economy, Trade and Industry Award in Fiscal 2004 National Competition of Excellent Examples of Energy Conservation for developing blower technology for compressed air



DMHU (Hungary) won the European Commission's Business Award for the Environment

- 2005
 - Developed electric air-conditioning system for hybrid vehicles
 - Developed world's smallest and lightest alternator
 - Announced DENSO EcoVision 2015



World's smallest and lightest alternator

- 2006
 - Ejector cycle received the Climate Conservation Award in 2006 (United States)
 - Developed world's first electric variable cam timing (VCT)
 - Started DENSO Green Project activities
 - Launched joint project for development of bio-fuel from algae as raw material



Research of developing bio-fuel using micro-algae

- 2007
 - Started operation of Factor Delta environmental factors for products
 - Developed and commercialized power element (exclusive parts for hybrid vehicles) through world's first double-sided cooling layer structure
 - Developed external power supply idle-stop air-conditioning equipment
 - CO₂ reduction measures of DENSO (Malaysia) SDN. BHD. recognized as United Nations clean development mechanism (CDM)

- 2008
 - Established CO₂ Special Project in Environment Committee
 - Developed palm-sized compact engine ECU
 - Developed ultra-compact car air conditioning unit for compact cars
 - Developed new model idle-stop starter

- 2009
 - Developed 2,000-bar piezo common rail system
 - Began Just-In-Time (JIT) energy activities
 - Developed car air-conditioning system equipped with ejector
 - Commercialized radiator tank made from plant-based resin



Radiator tank made from plant-based resin

- 2010
 - Received Ministry of Economy, Trade and Industry Minister's Award of Energy Conservation Grand Prize (Organization Category)
 - CO₂ heat pump won the Imperial Invention Award in the National Invention Award
 - Developed electric cooler for hybrid buses
 - Introduced new Environmental Action Plan 2015 (fifth)
 - Developed resource- and energy-saving heat exchanger for India market



Eco-Cute, natural refrigerant (CO₂) heat pump hot water system

- 2011
 - Developed world's lightest starter for 4WD vehicles (reduced weight by 40%)
 - Constructed facilities showing viability of Home Energy Management System (HEMS) for using natural energy
 - Started to create a green oasis with the aim of surrounding plants and offices with greenery



Jointly developed a home energy management system (HEMS) for the efficient integrated control of home energy

- 2012
 - Received Ministry of Economic, Trade and Industry Minister's Award of Energy Conservation Grand Prize in recognition of Just-In-Time (JIT) energy activities
 - Developed compact, high-performance Exhaust Gas Recirculation (EGR) cooler for gasoline engines
 - Developed new model radiator that became smaller and lighter in weight by 40% compared with conventional products

Origins of CSR : Customers

DENSO Quality First

The words of Sakichi Toyoda, the founder of Toyota, that "true value cannot be questioned by the world unless products are thoroughly tested" continue to be handed down and have become the basis of developing safe and comfortable cars for people engaged in the automobile industry.

DENSO's first president Torao Hayashi always stressed to associates the fundamental mindset: "Our work has a direct bearing on people's lives. If a car has an accident, the lives of people are endangered. It is our responsibility to engineer parts that we can guarantee as having an absolute level of quality."

These concepts led DENSO to enhance its technology through cooperation with Robert Bosch GmbH (Germany) and receive the Deming Prize in recognition of establishing Total Quality Management (TQM), which involves organizational control of product quality. This became the foundation for DENSO's advanced quality assurance system through which the Company became recognized as being synonymous with quality.



Production Technology Section in 1950s

Origins of CSR : Associates

Monozukuri (manufacturing) is hitozukuri (human resource development)

Fostering high-caliber technicians requires high-caliber mentors, the right environment and plenty of time. Establishing this inside a corporate environment requires a system in which the act of improving technology and skills is a rewarding experience.

Soon after its foundation, DENSO established a training school for technicians (predecessor to the DENSO Technical College) in 1954 by designating human resource development as a critical investment for the future. Since that time, the Company has continuously achieved many technical innovations that were considered impossible through promoting various initiatives such as participating in the WorldSkills International Competition, a world-class skills competition; original product development; and developing core technologies and manufacturing in-house.



Training school for technicians (around 1955)

Today as well, each and every associate is imbued with the genes of "DENSO-style *monozukuri* (manufacturing)" based on the idea of "*hitozukuri* (human resource development)" sets the precedent for *monozukuri*."

DENSO Safety First

DENSO has been focusing on safety and health management based on its Safety Philosophy that promotes a workplace where associates can work in safety as the best way to respect humanity and achieve high productivity. In September 1969, however, an explosion accident occurred at the die-casting factory of the Anjo Plant in which six associates were casualties. DENSO immediately set up a task force to focus its entire efforts on the rescue of and provision of medical treatment to injured persons, responding to the families of affected personnel, identifying the cause and restoring the facilities.



Scene at a workplace in 1969

Additionally, DENSO established "DENSO Safety First" as a slogan in October 1969 by imbuing our determination to never cause such accidents. At the same time, the Company established the DENSO Safety, Health and Environment Standards (DAS) the following year based on inspections and measures that were concurrently carried out throughout the workplace.

Thereafter, DAS was improved by adding measures to be taken in case of a disaster and safety aspects when introducing new technologies. Today, DAS is designated as the foundation for supporting "occupational safety, health management and environmental preservation."

Origins of CSR : Shareholders and Investors

Enhancement of corporate value

In 1949, at the time it was spun off from Toyota Motor Co., Ltd. (currently, Toyota Motor Corporation) and established as Nippondenso Co., Ltd. (currently, DENSO Corporation; capital: 15 million yen), DENSO incurred a payback obligation of 140 million yen as debt payable from Toyota Motor Co., Ltd., which was attributable to the cumulative losses recorded by the electrical components and radiator departments. Additionally, with the economic downturn caused by fiscal austerity, the Company's situation was extremely harsh from the beginning in terms of financing.

The circumstances changed when the Korean War began in 1950. Large amounts of supplies ordered from the United States to Japan created a special procurement boom.

As a result, DENSO's business performance expanded significantly and its cumulative losses were eliminated. At the same time, the Company's repeated capital increases led to its listing on the Tokyo Stock Exchange in 1953.

Nonetheless, the Company's top management kept in mind the hardships that they faced at the time of establishment, whereby steady and sound management was promoted to the extent that the Company was recognized as "DENSO Shinkin Bank" and focused on modernizing production facilities and technology development while strengthening its financial foundation. Even today, as it grew and became a global company, under the DENSO Group Declaration of Corporate Behavior, DENSO states its responsibility to stakeholders and investors to increase corporate value through stable long-term growth and improve the transparency of management through the timely and appropriate disclosure of business and financial information and dialogues.



Main office building of Nippondenso at the time of foundation

Origins of CSR : Suppliers

Mutual development based on mutual trust

Groups by type of business named the "Cutting association" and "Press association" were established among suppliers in 1955 and have since continuously promoted measures for mass production, high quality and low cost, and shorter delivery times. In 1959, the two associations were integrated and formed the DENSO Cooperative association (subsequently named "DENSO HISHO-KAI" association). DENSO also spared no effort in providing support for member companies, including lending funds for modernizing facilities, workshops for improving production management and skills and technical education. Underpinned by the spirit of "mutual development" to grow together while sharing hardships, these initiatives ultimately became a driving force that supported motorization in Japan.

Even today, amid the circumstances in which DENSO grew and became a global company and expanded its procurement activities throughout the world, the Company's concept toward realizing mutual development by designating suppliers as equal partners remains resolute. Along with its "Open Door Policy" that provides opportunities for suppliers to participate in its business in a fair manner, this has become the foundation that supports DENSO's procurement activities.



Award presented for outstanding improvement proposals of suppliers (1987)

Origins of CSR : Global and Local Communities

As a global corporate citizen

Sponsorship of Operation Raleigh in 1984 is representative incident in terms of DENSO social contribution activities. Launched in commemoration of the achievements of English adventurer Sir Walter Raleigh, Operation Raleigh is an international program for young people in the world to conduct ecosystem surveys and volunteer activities while sailing around the world on ships over a three-month period.

As a global company recognizing its social responsibility, a total of 110 Japanese young people have participated in this event over a five-year period and broadened their knowledge. Subsequently, by developing its original activities through the establishment of the Social Contribution Committee, DENSO has focused its efforts on the development of youth, who will be taking active roles in the next generation, and such traditions have been handed down via various initiatives such as the youth development global program "DENSO YOUTH for EARTH Action: New Earthlings Project."



Young people who participated in Operation Raleigh

Aiming to realize a barrier-free society

Since 1978, when DENSO began regular employment of persons with hearing impairments and was promoting the improvement of the workplace environment, there was a movement to attract the social welfare corporation Japan Sun Industries(Oita Prefecture) in Aichi Prefecture. Upon receiving a request for cooperation in this initiative, DENSO empathized with the concept of providing a place to work for persons with disabilities and opening the path to society. In 1984, DENSO TAIYO Co., Ltd. was established in Gamagori City, Aichi Prefecture, through joint investment. The company is engaged in the production of meters for light motor vehicles on consignment.

Getting all associates according to the different degrees of disability to work together to realize the stable production of high quality products is not easily achieved. Conversely, these associates are eager to acquire skills that even amaze instructors from DENSO. Additionally, with their creativity in devising fixing tools and facilities to compensate for their disabilities, they have managed to put the production on track in a short period of time.



Enhancing work efficiency using auxiliary equipment according to the level of disability (Work scene in 1998)

In this way, DENSO TAIYO became the top company for light motor vehicle instrument clusters and achieved cumulative production of 20 million units in 2008.

These associates' efforts have been a catalyst to accelerate initiatives toward realizing a barrier-free society and have led to the promotion of various initiatives, including the establishment of the Wheelchairs and Friendship Center for Asia (WAFCA) in 1999 and Oita International Wheel Chair Marathon support.

Origins of CSR : Environment

Starting point of eco cars

In 1950 when there was an ongoing severe lack of gasoline, DENSO made collective efforts in promoting the development of the "DENSO" electric car amid a lack of supplies and stringent cash flow. Everything was made in-house except for the battery and chassis. A 6-seat car with a maximum speed of 43 km/h and capable of running 195 km per a single battery charge was truly distinctive at a time in which charcoal-powered cars were the mainstream in Tokyo during the post-war period.



"DENSO" electric car

Soon after its release, however, production was discontinued after producing 50 electric cars as a result of receiving orders for a large amount of parts due to military procurement for the Korean War, relief due to the import of gasoline and a rise in lead prices, all of which occurred around the same time. A challenging spirit and technologies accumulated through the development of an electric car were subsequently utilized for the development of a battery-powered lift truck. Moreover, these aspects have been handed down in developing and manufacturing core parts for recent electric cars and hybrid cars and successfully utilized as DENSO eco products (environment-conscious products).

Environmental management and Eco Factory

With the construction of production plants in Japan and overseas in the 1960s, DENSO stated that the fundamental principles underpinning its business operations were "observing the environmental standards of respective regions" and "giving due consideration to local communities." Accordingly, the Company started reviewing all of its plants prior to the enactment of the Basic Law for Environmental Pollution and the Water Pollution Control Law in Japan. In 1972, aspects pertaining to environmental preservation were incorporated into the DENSO Safety, Health and Environment Standards (DAS), thereby improving the foundation of environmental management by establishing internal standards that are more stringent than laws and regulations in terms of facilities and management.



Production scene in the early 1970s when DENSO began full-fledged initiatives for environmental preservation

In the 1980s, environmental issues expanded from regional pollution measures to global-scale issues. Accordingly, DENSO focused on initiatives, including water quality and the prevention of soil contamination and air pollution as well as protection of the ozone layer through abolishing the use of chlorofluorocarbons (CFC) at all plants. In the 1990s, the prevention of global warming became a major issue, whereby our plants have undertaken collective efforts to reduce CO₂ emissions. All initiatives, including the visualization of energy consumption by facilities, a direct-charge system in which the departments are charged according to their energy consumption, diagnostics and improvements conducted by a special energy saving team, the development of energy-saving facilities via in-house technology and the participation of all associates in these efforts, signify the implementation of environmental management as prescribed by the DENSO Philosophy (established in 1994). These initiatives were also our first step toward realizing Eco Factories befitting being "an environmental top runner."

Editorial Policy of CSR Information

Related Links

- Corporate Profile
<http://www.globaldenso.com/en/aboutdenso/>

Selection of content (degree of importance/completeness)

- In addition to the guidelines listed below, a questionnaire on socially responsible investment (SRI) and opinions and recommendations solicited during dialogues with stakeholders played a role in the selection of the report's content.
- Our basic stance outlined in each section remains unchanged from fiscal 2009.

Scope of the report

Companies and business locations covered:

DENSO Group refers to DENSO Corporation and its domestic and overseas Group companies (comprising 188 consolidated companies), except certain sections where notes indicate that a more narrow scope applies.

Period covered:

This report focuses on activities carried out in fiscal 2012 (April 1, 2011 to March 31, 2012), but also includes some information about past and recent activities to help readers develop a more complete understanding of the content.

Guidelines used as reference

- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 3rd edition (G3)
- Japanese Ministry of the Environment Environmental Reporting Guidelines 2007
 - * Comparative tables for this report and the GRI Guidelines are available on our CSR Report site.
 - * [Scope of the Report] and [Guidelines used as reference] are the same as fiscal 2009.
- Please refer to our Annual Reports and financial statements in the "[Investors](#)" section of our website for details of our economic report.

Ease of understanding (clarity, comparability)

- This report has been designed primarily for an audience with a high degree of interest in CSR.
- For the purpose of comparability, data is provided on a year-by-year basis.
- There were no changes with a significant impact on comparability in fiscal 2012
- Denso's unique terms and technical terms used for particular fields are explained in the "[Glossary](#)".

Credibility

- In a section introducing "[CSR Highlights & Lowlights](#)", DENSO lists negative as well as positive information concerning CSR in fiscal 2012.
- DENSO has not included a third-party assurance on our CSR activities and data since there is still no established procedure or global standard for such assessment. However, we continue to receive the opinions of third parties and other experts via dialogue to increase the transparency and credibility of our CSR activities.

Issued by: Nobuaki Katoh, President and CEO

Editor: Kenichiro Ito, Managing Officer

Issue date: November 2012 (scheduled issue of the next report: November 2013;
previous report: November 2011)

For inquiries regarding this report, please contact:

CSR Promotion Center, Corporate Planning Department

Tel. +81-566-25-6543

Fax. +81-566-25-4505

* Contact via E-mail is available on our website listed below.

www.globaldenso.com

Financial Report

Related Links

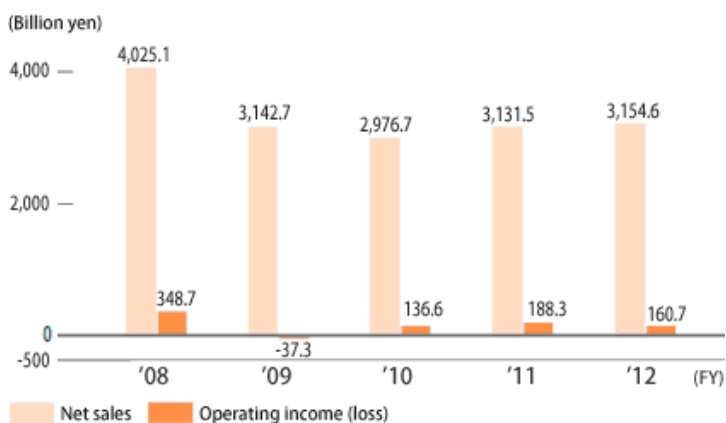
- For more detailed economic information
<http://www.globaldenso.com/en/investors/>

(As of March 31, 2011)

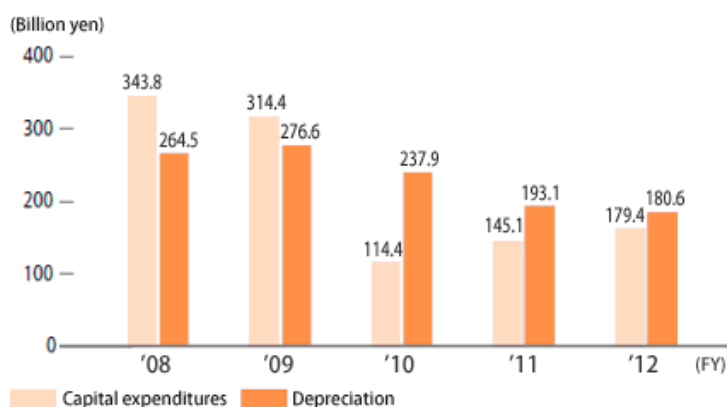
Capital	187.4 billion yen
Associates	126,036 (Consolidated, +2.3% yoy)
Consolidated subsidiaries	188 companies (Japan 68, The Americas 28, Europe 35, Asia/Oceania 51, Other areas 6)
Affiliates under equity method	31 companies (Japan 13, The Americas 4, Europe 2, Asia/Oceania 10, Other areas 2)
Net sales	3,154.6 billion yen (Consolidated, +0.7% yoy)
Ordinary income	180.8 billion yen (Consolidated, -12.7% yoy)
Capital expenditures	179.4 billion yen (+23.6% yoy)
Research and development expenditures	298.4 billion yen (+2.9% yoy)
Cost of sales	2,719.9 billion yen (+2.2% yoy)
Overseas sales ratio	48.0% (-5.1% yoy)
Corporate tax paid	48.1 billion yen (+1.1% yoy)
Internal reserves*	51.4 billion yen (-55% yoy)

* Net income for the current year, excluding dividends

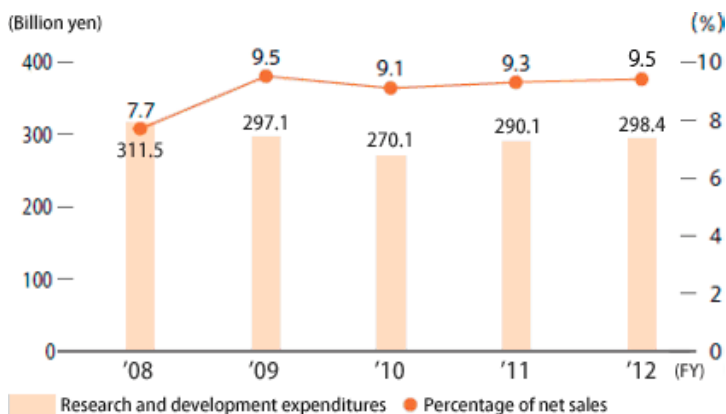
Net sales / Operating income (loss)



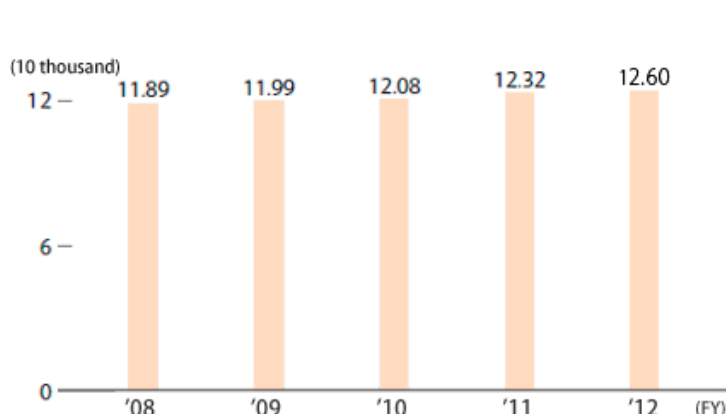
Capital expenditures / Depreciation



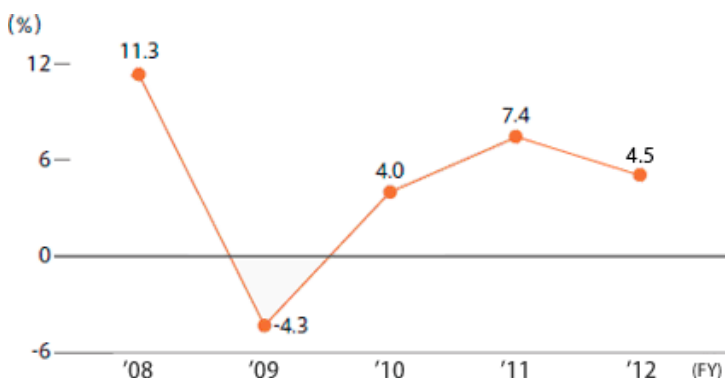
Research and development expenditures



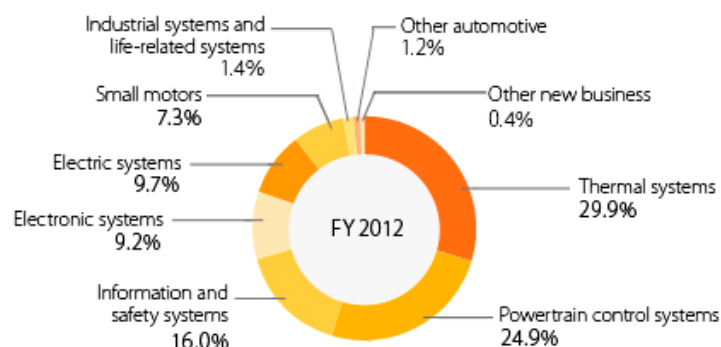
Associates



Return on equity (ROE)



Sales by business segment



Group Companies / External Recognition for Social and Environmental Activities

Group Companies Overseas (As of June 2012)
DENSO Corporation or regional headquarters' investing companies

Country/region	Abbreviation	Company name
U.S.A.	DIAM	DENSO INTERNATIONAL AMERICA, INC.
	DSCA	DENSO SALES CALIFORNIA, INC.
	DMMI	DENSO MANUFACTURING MICHIGAN, INC.
	AIMS	AMERICAN INDUSTRIAL MANUFACTURING SERVICES, INC.
	DMTN	DENSO MANUFACTURING TENNESSEE, INC.
	DMAT	DENSO MANUFACTURING ATHENS TENNESSEE, INC.
	MACI	MICHIGAN AUTOMOTIVE COMPRESSOR, INC.
	TBDN	TBDN TENNESSEE COMPANY
	DWAM	DENSO WIRELESS SYSTEMS AMERICA, INC.
	DMAR	DENSO MANUFACTURING ARKANSAS, INC.
	TACG	TD AUTOMOTIVE COMPRESSOR GEORGIA, LLC
Canada	DRAM	DENSO REINSURANCE AMERICA, INC.
	DMCN	DENSO MANUFACTURING CANADA, INC.
Mexico	DSCN	DENSO SALES CANADA, INC.
	DNMX	DENSO MEXICO S.A. DE C.V.
Brazil	DNBR	DENSO DO BRASIL LTDA.
	DNAZ	DENSO INDUSTRIAL DA AMAZONIA LTDA.
	DMBR	DENSO MAQUINAS ROTANTES do BRASIL LTDA.
	DTBR	DENSO SISTEMAS TERMICOS do BRASIL LTDA.
Argentina	DNAR	DENSO MANUFACTURING ARGENTINA S.A.
Netherlands	DIEU	DENSO INTERNATIONAL EUROPE B.V.
	DNEU	DENSO EUROPE B.V.
	DFHO	DENSO FINANCE HOLLAND B.V.
United Kingdom	DIUK	DENSO INTERNATIONAL UK LTD.
	DSUK	DENSO SALES UK LTD.
	DNMN	DENSO MARSTON LTD.
	DMUK	DENSO MANUFACTURING UK LTD.
Germany	DNDE	DENSO AUTOMOTIVE Deutschland GmbH
	TDDK	TD Deutsche Klimakompressor GmbH
Spain	DNBA	DENSO BARCELONA S.A.
	DTSP	DENSO SISTEMAS TERMICOS ESPANA S.A.
Italy	DSIT	DENSO SALES ITALIA S.R.L.
	DNTS	DENSO THERMAL SYSTEMS S.p.A.
	DMIT	DENSO MANUFACTURING ITALIA S.p.A.
	CTR	CTR S.R.L.
France	DSFR	DENSO SALES FRANCES A.R.L.
Hungary	DMHU	DENSO MANUFACTURING HUNGARY LTD.
Sweden	DSSE	DENSO SALES SWEDEN AB
Poland	DTPO	DENSO THERMAL SYSTEMS POLSKA Sp.zo.o.
	TBMECA	TBMECA Poland Sp.zo.o.
Belgium	DSBE	DENSO SALES BELGIUM N.V.
Portugal	J.DEUS	JOAO DE DEUS & FILHOS S.A.
Czech Republic	DMCZ	DENSO MANUFACTURING CZECH S.r.o.
Turkey	DNTR	DENSO OTOMOTIV PARCALARI SANAYI ANONIM SIRKET
Russia	DSRU	DENSO SALES RUS L.L.C.
South Africa	SMITHS	Smiths Manufacturing (Pty) Limited
Morocco	DTMO	DENSO THERMAL SYSTEMS MOROCCO S.A.R.L.

* Partnerships refer to legal associations in Japan whereby multiple businesses (partners) invest money and provide services for commercial gain based on work contracts. The partnership itself is not a corporate entity and tax payments on profits are handled by the partners.

Country/region	Abbreviation	Company name
Australia	DIAU	DENSO INTERNATIONAL AUSTRALIA PTY. LTD.
	DNAU	DENSO AUTOMOTIVE SYSTEMS AUSTRALIA PTY. LTD.
Singapore	DIAS	DENSO INTERNATIONAL ASIA PTE. LTD.
Thailand	DIAT	DENSO INTERNATIONAL ASIA CO., LTD.
	DNTH	DENSO (THAILAND) CO., LTD.
	DTTH	DENSO TOOL & DIE (THAILAND) CO., LTD.
	SDM	SIAM DENSO MANUFACTURING CO., LTD.
	TBFST	TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD.
	DSTH	DENSO SALES (THAILAND) CO., LTD.
Indonesia	DNIA	PT. DENSO INDONESIA
	DSIA	PT. DENSO SALES INDONESIA
	TACI	PT. TD AUTOMOTIVE COMPRESSOR INDONESIA
Republic of Korea	DNPE	DENSO PS ELECTRONICS CORPORATION
	DSKR	DENSO SALES KOREA CORPORATION
	DNPS	DENSO PS CORPORATION
Malaysia	DNMY	DENSO (MALAYSIA) SDN. BHD.
India	DIIN	DENSO INTERNATIONAL INDIA PVT. LTD.
	DNIN	DENSO INDIA LTD.
	DNHA	DENSO HARYANA PVT. LTD.
	DNKI	DENSO KIRLOSAR INDUSTRIES PVT. LTD.
	DTPU	DENSO THERMAL SYSTEMS PUNE PVT. LTD.
	DSEC	DENSO SUBROS THERMAL ENGINEERING CENTRE INDIA LIMITED
Taiwan	DNTW	DENSO TAIWAN CORP.
	CRYOMAX	CRYOMAX COOLING SYSTEM CORP.
China	DICH	DENSO (CHINA) INVESTMENT CO., LTD.
	YSD	YANTAI SHOUGANG DENSO CO., LTD.
	TDS	TIANJIN DENSO ENGINE ELECTRICAL PRODUCTS CO., LTD.
	GCDN	GONGCHENG DENSO (CHONGQING) CO., LTD.
	TDE	TIANJIN DENSO ELECTRONICS CO., LTD.
	TDA	TIANJIN DENSO AIR-CONDITIONER CO., LTD.
	DNSS	DENSO SOFTWARE SHANGHAI CO., LIMITED
	DMGZ	GUANGZHOU DENSO CO., LTD.
	SDFI	SHANGHAI DENSO FUEL INJECTION CO., LTD.
	TFDA	TIANJIN FAWER DENSO AIR-CONDITIONER CO., LTD.
	TTB	TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.
	DMNS	DENSO (GUANGZHOU NANSHA) CO., LTD.
	JWCH	J-WORKS PARTS SALES (TIANJIN) CO., LTD.
	DMTT	DENSO (TIANJIN) THERMAL PRODUCTS CO., LTD.
	DHMW	WUXI DENSO HANSHIN AUTOMOTIVE PRODUCTS CO., LTD.
	TBFC	TOYOTA BOSHOKU FOSHAN CO., LTD.
	DMTI	DENSO TIANJIN ITS CO., LTD.
	TACK	TD Automotive Compressor Kunshan, Co., Ltd.
	TPE	TIANJIN POON SUNG ELECTRONICS CO., LTD.
	DMCF	DENSO (CHANGZHOU) FUEL INJECTION SYSTEM CO., LTD.
DMYJ	YANGZHOU JIEXIN DENSO AIR-CONDITIONER CO., LTD.	
The Philippines	PAC	PHILIPPINE AUTO COMPONENTS, INC.
Saudi Arabia	DNJM	DENSO ABDUL LATIF JAMEEL CO., LTD.
Vietnam	DMVN	DENSO MANUFACTURING VIETNAM CO., LTD.
UAE	DSMN	DENSO SALES MIDDLE EAST & NORTH AFRICA FZE

In addition to the companies listed above, there are six subsidiaries of J.DEUS COMPANY.

Domestic Group Companies (As of June 2012)

Consolidated subsidiaries (63 companies)

Company name	Company name
ASMO CO., LTD.	DENSO UNITY SERVICE CORPORATION
DENSO WAVE INC.	IPICS CORPORATION
HAMANAKODENSO CO., LTD.	DENSO EMC ENGINEERING SERVICE CORPORATION
DAISHINSEKI CO., LTD.	DENSO IT SOLUTIONS CORPORATION
KYOSANDENKI CO., LTD.	DENSO IT LABORATORY, INC.
DENSOTRIM CO., LTD.	DENSO CREATE INC.
DENSO PREAS CORPORATION	DENSO COMMUNICATIONS CORPORATION
DENSO POWERTRAIN TECHNOLOGIES CORPORATION	DENSO TECHNO CO., LTD.
DENSO KATSUYAMA CO., LTD.	NIIPPON SOKEN, INC.
NIIPPA CORPORATION	DENSO ABASHIRI TEST CENTER CORPORATION
DENSO REMANI CORPORATION	DENSO MTEC CORPORATION
ANDEN CO., LTD.	DENSO FACILITIES CORPORATION
DENSO ELECTRONICS CORPORATION	DENSO LOGITEM CORPORATION
GAC CORPORATION	NIIPPON WIPER BLADE CO., LTD.
DENSO MANUFACTURING KITAKYUSHU CO., LTD.	ASAHI MANUFACTURING CO., LTD.
DENSO EAST JAPAN CORPORATION	APINES INC.
SANKYO RADIATOR CO., LTD.	SUAB CO., LTD.
SHIMIZU INDUSTRY CO., LTD.	MIYAZAKI ASMO CO., LTD.
DENSO AIRS SYSTEMS CO., LTD.	MARCON DENSO CO., LTD.
DENSO KIKO CO., LTD.	HAMADEN P & S CO., LTD.
JECO CO., LTD.	KYOSAN SERVICE CORPORATION
TECHIMA CORPORATION	KYOSAN TECS CO., LTD.
MOBILE MEDIANET INC.	OTARI GAC CO., LTD.
3D Incorporated	GAC HUMAN CO., LTD.
DENSO TAIYO CO., LTD.	SYSTEX JAPAN INC.
DENSO SALES CO., LTD.	MAULTECH CORPORATION
DENSO SERVICE OKINAWA CO., LTD.	DENSO AIR SYSTEMS TOYOSHINA CO., LTD.
DENSO FINANCE & ACCOUNTING CENTER CO., LTD.	DENSO AIR SYSTEMS YASAKA CO., LTD.
DENSO SEBI CO., LTD.	DENSO ELECS CO., LTD.
DENSO WELL CORPORATION	DENSO SI CORPORATION
DENSO E & TS TRAINING CENTER CORPORATION	DENSO SERVICE NISHISAITAMA CO., LTD.
DENSO YUSEN TRAVEL CORPORATION	

Affiliates under the equity method (11 companies)

Company name	Company name
SHINSEI INDUSTRIAL CO., LTD.	ADVICS CO., LTD.
Sohwa Corporation	TD MOBILE KANSAI CORPORATION
ITO SEIKO CO., LTD.	TOUCHCARE CO., LTD.
G. S. ELECTECH, INC.	UNEX CORPORATION
TSUDA INDUSTRIES CO., LTD.	TOMEI BRAZING CO., LTD.
ADVANCED DRIVER INFORMATION TECHNOLOGY CORPORATION	

External Recognition for Social and Environmental Activities

Title	Conducted by	2011	2010	2009	2008
Best 200 in CSR	Toyo Keizai Inc.	6th of 300	8th of 200	5th of 200	8th of 200
Environmental Management Ranking	Nikkei Inc.	10th of 449 (manufacturing)	8th of 475 (manufacturing)	12th of 480 (manufacturing)	6th of 510 (manufacturing)
Dow Jones Sustainability Indexes (DJSI)	Dow Jones & Company (U.S.A.), SAM Group Holding AG (Switzerland)	12 years in a row	11 years in a row	10 years in a row	Consecutively
Ethibel Sustainability Index	Forum ETHIBEL (Belgium)	8 years in a row	7 years in a row	6 years in a row	Consecutively
Morningstar Socially Responsible Investment Index	Center for Public Resources Development, Morningstar Japan K.K. (Japan)	9 years in a row	8 years in a row	7 years in a row	Consecutively

Glossary

B

|| Basic unit

The basic unit indicates the amount of energy, CO₂ or emissions required in the sale of a product or per unit of production over the course of a year in order to objectively determine production efficiency and environmental burden.

|| Biodiversity

Biodiversity generally refers to the variety of life in a particular habitat, including differences in form and mode of living. Based on the idea that all living creatures mutually impact each other and maintaining a balance, it is important to protect biodiversity in ecosystems, species and DNA. The Convention on Biological Diversity was concluded at the Earth Summit in 1992 amid concerns over the impending extinction of various species.

|| Bio-fuel

This refers to alcohol fuel and synthetic gas that uses energy derived from biomass. Since it absorbs CO₂ from the atmosphere as the plants (raw materials) grow, biomass is recognized as not adding to the amount of CO₂ even after combustion unlike fossil fuels such as oil, coal and natural gas.

|| Business continuity management

Business continuity management (BCM), otherwise known as business continuity planning (BCP), is one method of risk management. It refers to a set of activities to be done during ordinary times as well as responses and measures in an emergency that aim to minimize damage to business assets when an emergency strikes such as a natural disaster, major accident or terrorist attack and to ensure that core businesses continue operating or are restored to operating status as swiftly as possible.

C

|| Clean energy vehicles

In Japan, clean energy vehicles apply to hybrid vehicles and vehicles that run on compressed natural gas (CNG), diesel-alternative liquefied petroleum gas (LPG) and electricity. The number of these vehicles has been increasing due to their ability to reduce CO₂ emissions and purify exhaust gas.

|| Club for associate volunteers

This club was inaugurated in 1998 as an associate volunteer group. It is independently run by volunteer associates with a structural organization within each production site that plans and runs volunteer events.

|| Co-generation

This is a system to extract multiple forms of energy (electricity, heat, etc.) from a single fuel source and supply both heat and power. DENSO generates electricity using turbines and engines that run on city gas and produces steam from the heat generated in the process to use in engines as well as for cooling and heating. Energy efficiency is high at 70-80% while CO₂ emissions can be reduced by 20-30%.

|| Compassionate Point System

Points are given for environmental actions taken by associates and their families. Points accumulated can be exchanged for eco-products or used for donations for environmental protection activities undertaken by local groups. The "Expo Eco-Money Project" at the "Exposition of Global Harmony" in 2005 was used as the model for DENSO to introduce its own similar initiative in December 2006. The name changed from DECOPON to the "Compassionate Point System" in 2012.

|| Compliance

This refers to the adherence to laws, regulations and corporate ethics that form the basis of CSR activities and CSR management. Compliance leaders are the driving force behind permeating understanding and boosting awareness of compliance in the workplace. DENSO first assigned one compliance leader per work site that also doubles as a CSR leader in fiscal 2007. The same system has since been expanded to DENSO Group companies. A compliance officer fulfills the same role at sites in North America.

|| Compressed air

This refers to high-pressure air that has been compressed with a large compressor in order to provide power to remove water and foreign matter from products. Low-pressure air is derived from a blower (such as an electric fan).

|| Corporate governance

This refers to the system by which a company's management is monitored and controlled, including disciplinary action. Learning the lesson from cases of corporate misconduct, the United States introduced a series of controls in the 1990s. The need for monitoring and auditing corporate management in the same manner subsequently was deemed necessary in Japan. The Organisation for Economic Co-operation and Development (OECD) formulated the Principles of Corporate Governance in 1999 (revised in 2004) that have become an international indicator for building internal controls.

|| CSR leaders

CSR leaders promote awareness of CSR in the workplace. One leader is assigned to each division and also at domestic and overseas DENSO Group companies.

|| CSR surveys

DENSO has conducted surveys since 2006 to examine the degree of awareness and understanding of CSR among associates. DENSO selects around 1,000 associates at random to take part.

D

|| DENSO Eco-Ranger 21

This is a hands-on environmental education program that started in 2001 for elementary and junior high school students, the leaders of the next generation, in response to calls from the local community. Environmental and local experts are invited to lecture on different topics and DENSO associates take part in the operation of the program as volunteers.

|| DENSO EcoVision 2015

This medium- to long-term guideline formulated in 2005 expresses the environmental focus of DENSO Group management. It sets a commitment and environmental policy (eco-management, eco-product, eco-factory, eco-friendly) within its framework.

|| DENSO Safety, Health and Environment Standards (DAS)

These are internal standards stipulating items that associates must adhere to in terms of safety and health and environmental preservation. In addition to compliance with DAS, personnel are also obligated to work to prevent accidents, promote well-being, create a comfortable work environment and protect the social environment, as stated in associate labor regulations.

|| DENSO TAIYO Co., Ltd.

A special subsidiary established in 1984 together with Japan Sun Industries, a social welfare corporation, in order to support the participation in society and independence of persons with disabilities. The company, which is entirely barrier-free, mainly produces combination meters for automobiles.

|| DENSO Technical College

This is an internal junior college authorized by the Ministry of Health, Labour and Welfare that is run by DENSO Corporation. Although it was started in 1987, its roots stretch back to a training center for technicians that was set up in 1954 just after the Company's establishment. While being treated as a full member of society (allowance, bonus, benefits package, etc.), members learn from the standpoint of trainees.

|| DENSO Vision 2015

This refers to DENSO's long-term management policy formulated in 2004. The vision expresses DENSO's direction as a global corporation in 2015 in order to achieve its fundamental philosophy. It includes three strategies (technological development, business operations, management and human resources) and six key challenges.

|| Dojo (Training area)

This refers to a training facility used mainly for skills training that is set up within DENSO production sites and factories. Here, experts in specific fields provide education about the environment, maintenance, quality control, design and technology and other matters.

E

|| Eco-Diagnosis

This refers to an environmental audit conducted at DENSO. It has a broader scope than general audits since it also involves training, information sharing and expansion to other departments together with the audit.

|| Endangered species

This refers to species of animals and plants on the verge of extinction due to dwindling numbers. Causes include sudden environmental changes, introduced organisms and overexploitation. The International Union for Conservation of Nature and Natural Resources has released a "Red List" of species at the critical level while the Ministry of the Environment and prefectural and city governments have compiled a "Red Data Book" to sound a warning in Japan.

|| Environmental accounting

This is implemented to efficiently promote environmental improvements and environmental management upon quantitatively assessing the costs and benefits of environmental preservation activities at a company. It also provides important information and data for a company to fulfill its accountability to stakeholders. Methods of calculation and the public release of such information are made pursuant to the Environmental Accounting Guidelines issued by the Ministry of the Environment.

F

|| Fair trade

Fair trade is a global trading movement that began to alleviate the north-south economic gap based on an awareness of the problem of growing inequality and poverty for people in developing countries that are economically and socially vulnerable. The aim is to provide better trading conditions to marginalized producers and workers based on dialogue, transparency and respect to ensure sustainable development.

|| Five gases

The five gases refer to those greenhouse gases aside from CO₂ to be reduced under the Kyoto Protocol, namely methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

G

|| GRI

Global Reporting Initiative: An international organization established in 1997 to formulate and proliferate international guidelines on sustainability reporting by businesses and groups.

H

|| "Heartful" Fund System

DENSO collects donations from associates by deducting units of 100 yen from the monthly salaries or bonuses of participating executives and associates. The funds are donated to non-profit organizations and volunteer groups for use in their activities or as disaster relief money. It was established in 2004.

|| HEMS

Home Energy Management System: Supports the management of energy in the home. Energy-consuming devices in the home are connected via a network, making it possible to monitor, remotely operate and automatically control the operating status of the devices as well as energy consumption.

I

|| Idle-stop system

This system automatically shuts down and restarts the engine when a car is stopped at the traffic light, for example, without the need for any special operation, in order to reduce fuel consumption and emissions.

|| Information Security Management System (ISMS)

An ISMS is a comprehensive mechanism for the appropriate management of information and protection of confidentiality by an organization such as a company. The governing principle behind an ISMS is that an organization should design, implement, operate and revise a coherent set of basic policies for the handling of information and to make continuous improvements in order to manage risks. There are also ISO international standards.

|| IR

Investor Relations: Corporate activities that provide the required information on investment decisions on a regular basis and in a fair manner to shareholders and investors. Businesses deepen mutual understanding and create relationships of trust with investors by exchanging ideas through IR activities. This enables a fair evaluation of the company to be made in the capital market.

|| ISO/TS 16949

This is a technical specification that adds particular requirements for the automobile industry to ISO 9001, an international standard for quality management systems.

|| ITS

Intelligent Transport Systems: This refers to systems that send and receive information among people, roads and cars to resolve issues such as traffic accidents, congestion and environmental problems.

J

|| Just-In-Time (JIT) energy

This concept aims to reduce energy consumption by supplying just the right amount of energy at the necessary time. The term can be likened to the Just-In-Time (JIT) system used in the Toyota Production System. DENSO has introduced the JIT system to enhance efficiency of electrical and other energy in logistics, manufacturing and production with good results.

L

|| Low-carbon society

Carbon dioxide (CO₂) accounts for a large proportion of the greenhouse gases that cause global warming. This movement seeks to create a society where CO₂ emissions are low. The ultimate aim is for a carbon neutral society in which greenhouse gas emissions fall within an amount that can be absorbed by nature. To achieve this it is necessary to minimize CO₂ emissions by improving resource productivity through the promotion of energy conservation, low-carbon energy and 3R in all areas, including industrial and lifestyle spheres.

M

|| Major accident

This refers to a fatal accident in occupational safety and health activities.

|| Modal shift

This refers to a shift to modes of transport that have less impact on the environment. In general, it means switching from high-frequency shipments by truck to bulk shipments by rail or ship in order to reduce energy consumption (CO₂ emissions), nitrogen oxide emissions and traffic congestion.

N

|| NPO and NGO

Non-profit organization and non-governmental organization: Both NPOs and NGOs are run by ordinary citizens and work independently to resolve social issues without seeking profit.

O

|| OECD Guidelines for Multinational Enterprises

This refers to guidelines on responsible social conduct for multinational enterprises operating in Organisation for Economic Co-operation and Development (OECD) member countries and supporting countries. Although the guidelines are legally non-binding, they are emphasized as international guidelines related to corporate ethics in such areas as human rights, employment and labor-management relations, the environment, corruption prevention, consumer protection and information disclosure.

|| OHSAS 18001 (Occupational safety and health)

OHSAS 18001 is an international standard for occupational health and safety management systems (OHSMS) issued in 1999 that is based on the BS8800 standard developed by the British Standards Institution. Certifying bodies and model local government bodies from around 30 countries came together to formulate the standard. OHSAS 18001 promotes occupational health and safety related activities through the PDCA (Plan, Do, Check, Action) cycle in which policies and plans are made, implemented, evaluated and improved upon.

P

|| Perfect Energy Factories (PEF) activities

These activities aim to come close to zero in terms of energy loss in each stage of factory operations while also raising production efficiency. Minimizing energy consumption, making it more visible, full associate participation and initiatives aimed at making improvements are the driving forces behind PEF.

|| Picture book entitled *Building Happiness with DEN and SO*

This brochure in picture book format (issued in fiscal 2010) outlines in an easy-to-understand manner DENSO's CSR activities in the fields of *monozukuri* (manufacturing), environmental preservation, respect for associates and social contribution. It is possible to obtain it from the CSR Library.

|| Plug-in Hybrid Vehicle (PHV)

This refers to a hybrid car in which the battery can be directly recharged by connecting a plug to an external power source. The features of a PHV are similar to an electric vehicle while retaining the long-distance cruising function of gasoline-engine cars.

Q

|| QC Circle activities

These activities aim to improve quality control and are conducted by small groups. In particular, teams are formed at the production workplace level, with ideas put forward on a range of topics from processing to work environment in order to make continuous improvements. These activities have been highly regarded globally as being the driving force behind the high quality of Japan's products.

R

|| Regenerative braking system

This is an energy recovery system that converts the vehicle's kinetic energy into electric energy as it decelerates via a generator and stores it in a secondary battery for later use. By recharging the battery using electricity generated during deceleration it is possible to inhibit the amount of energy discharged under certain driving conditions such as idling, acceleration and cruising, thereby lightening the engine burden and enhancing fuel economy (CO₂ reduction).

|| Reliability Center

This is a research and development facility established in a corner of the DENSO headquarters in 2006. Research is conducted at the facility based on evaluation tests and advanced analysis under extreme weather conditions and rough roads that have been artificially produced. The aims of the research are to evaluate and enhance the reliability of products.

|| Risk Management Handbook

Each associate carries this handbook on a daily basis to deepen understanding of various risks and to ensure appropriate response after encountering risk. It includes initial response measures to risks that could occur at anytime such as fires, earthquakes and traffic accidents.

S

|| Safety confirmation system for associates and their families

Taskforce members and workplace managers can determine and confirm the safety of associates who have registered with this system through PC or mobile phone when a large earthquake strikes.

|| Safety marks (Occupational safety and health)

This is an independent index assessing potential accidents in the workplace. Grades are given depending on the scale and type of accident. Each accident is assessed in terms of the impact on operations, equipment and management, with scores assigned accordingly. The aim is to prevent accidents before they occur.

|| Service stations

Since the inauguration of the Assigned Service Station System in Japan in 1954, around 700 assigned service stations and specified agents contracted with DENSO conduct inspections and repairs of DENSO products, sell replacement parts and recover Freon refrigerant from car air conditioners. Overseas, more than 3,000 service stations run by or linked to local sales stores and agents perform the same tasks.

|| Stakeholder dialogue

Stakeholders are persons or groups that in some way exert influence on a company's activities either directly or indirectly. In addition to customers (end users, buyers, distributors, service stores, etc.), shareholders, investors, associates, suppliers, government, non-profit organizations, non-governmental organizations and ordinary citizens, the majority of companies also include the Earth itself as an important stakeholder in environmental management. Dialogue is a way to build strong relationships with stakeholders and directly exchange ideas. Briefing sessions and questionnaires are also used to gather opinions.

T

|| 3R

This catchphrase is used to refer to the appropriate treatment of waste with an order of priority of Reduce, Reuse and Recycle. The concept is key to creating a recycling-oriented society.

|| Training Academy

This training facility was established in Thailand in 2005 mainly for skills training. "*Monozukuri* (manufacturing) is *hitozukuri* (human resource development)" was adopted as the motto for the facility, which focuses on teaching local trainees in diverse areas from practical training such as in production, maintenance, safety and technology to management (academic) and education on discipline.

U

|| United Nations Global Compact

An international framework initiated by the United Nations that encourages businesses worldwide to work toward the realization of a sustainable society. Businesses that have pledged participation support and implement 10 principles in the four areas of human rights, labor, the environment and anti-corruption. It was established in 2000.

|| Universal Declaration of Human Rights

This was a universal declaration related to human rights that was adopted by the United Nations General Assembly in 1948. It is based on the principle of respecting fundamental human rights and stipulates the right to freedom as well as economic and social rights, among others. It aims to ensure that all people of the world enjoy these rights.

V

|| Value chain

A value chain is a chain of activities for a company such as procurement, development, production, sales and service in which value and cost are added at each stage. The concept assumes that "ultimate value" will be provided to the customer through this chain of activities.

|| Visualization

This refers to when information, data, challenges or degree of progress, among others, are objectively quantified using indices or scoring to enable more easily comprehensible presentation. DENSO promotes such "visualization" at every stage of the PDCA (Plan, Do, Check, Action) cycle of environmental initiatives while also working to continuously raise the level by applying techniques to improve operations from technological and administrative perspectives.

W

|| WAFCA

Wheelchairs and Friendship Center of Asia: A wheelchair exchange center in Asia.

|| Workplace capability

This is an indicator that aims to improve management in offices and sections. A questionnaire is filled out mainly by personnel in administrative and technical departments once every six months regarding supervisors and workplace environments. The results are fed back to office and section managers and improvements made.

WorldSkills International Competition

This competition is for skilled professionals up to the age of 22 to compete on skills in around 40 different professions, from machine processing to furniture, landscaping, beauty and confectionaries. Participants are selected via national tournaments held every two years with the aims of promoting job training, spreading goodwill and encouraging interchange. Based on similar principles, the International Abilympics is held for skilled professionals with disabilities. DENSO first took part in the WorldSkills International Competition in 1963 and won its first gold medal in 1977.

Y

Young Invention Club

This club was established in 1974 with the aim of fostering dreams in science and technology and developing young persons full of creativity. Since starting to support the club in 1997, DENSO has provided creative learning through manufacturing with associates acting as volunteer instructors to elementary students from respective clubs in Kariya, Nishio and Anjo cities (Aichi Prefecture) and Inabe City (Mie Prefecture).

Z

Zero emissions

This is a concept advocated by the United Nations University in 1994, in which the aim is to reduce the level of emissions throughout society to zero by making use of industrial waste as other industrial material. Based on a narrower definition, it also means to realize zero waste at landfill and zero incinerated waste, to which DENSO also adheres.

Third Party Opinion on DENSO CSR Report 2012

Third Party Opinion on DENSO CSR Report 2012

DENSO sets quantitative targets for a wide range of items for the entire Group based on its long-term action plan for corporate social responsibility (CSR) formulated in fiscal 2007. DENSO establishes and deploys a PDCA (Plan, Do, Check, Act) management cycle in Japan and overseas to clearly manage the progress of the plan and identify new issues. Although that is a very commendable initiative in itself, DENSO also distributes guidelines and a handbook to create foundations for CSR management and completes self-evaluations using a diagnostic sheet at 117 consolidated subsidiaries and 1,030 primary suppliers for the Group worldwide. These solidly serve as a global model for other companies around the world.

In order to incorporate CSR promotion into the management of workplaces that are at the cutting edge of CSR on a daily basis, it is necessary to set qualitative targets for a wide range of social and environmental items and clearly grasp the progress and issues. By realizing this, DENSO has become globally outstanding in terms of continuously generating new initiatives from development and production workplaces. Underpinning these efforts is an organizational culture that encourages a bottom-up approach and follow-through on decisions, which in itself is a source of DENSO's sustainable growth that other companies should learn from.

DENSO initiatives to conserve energy provide an apt example. These efforts have continued to evolve and grow into the Perfect Energy Factory (PEF) initiative, Just-In-Time (JIT) energy activities and Enekanban which optimizes deployment and operations by predicting the use of compressors in advance. Full associate participation in these efforts coupled with the in-house development of production technology has resulted in a reduction in electricity costs and CO₂ emissions. Facilities operation departments play a key role in these endeavors, which have been expanded to include testing departments as well. This has demonstrated that energy saving is something to be practiced both mentally and physically by each associate in all departments rather than depending on technological development or the introduction of equipment from outside the Company. Naturally, DENSO has been highly praised for these efforts, which have been recognized with various accolades such as the Economy, Trade and Industry Minister's Award at the Energy Conservation Grand Awards (Successful Case of Energy Conservation Category).

Steady evolution in social contribution activities also deserves special mention. Over 30% of executives and associates, equivalent to 14,000 people, participate in the DECOPON Eco-Point System, which was launched in 2006 and has been expanded into the "Compassionate Point System." I also give high marks for the Micro-hydro Power Generation Idea Contest for technical school students in the Chubu region, which makes the best of the characteristics of DENSO's business. Going forward, as I have pointed out previously, I hope DENSO will build a foundation that will contribute to nurturing monozukuri (manufacturing) human resources by taking into consideration human diversity in respective regions around the world. Such initiatives include proactively holding sessions of the DENSO School of Product Engineering for foreign students living in the Tokai region, many of whom come from South American and Asian countries.

As for infrastructure development aimed at fostering various management personnel, DENSO also sets globally shared personnel evaluation criteria. While local associates now occupy nearly 40% of the key positions at overseas Group companies and the employment ratio of persons with disabilities exceeds 2%, the number of associates who use childcare and nursing care leave and reduced work hour systems is still only 1% of DENSO Corporation associates. I would like to see further development of an environment in which associates can continue working while supporting their families. At the same time, I also expect DENSO to further promote interaction with upper level management candidates and the use of multilingual notifications and public relations information so that more associates working in different parts of the world can understand the Company's philosophies, values and initiatives in their native tongue.

* These comments were written with reference to the contents of this report and discussions with DENSO associates responsible for the environment, facilities operation, procurement, human resources, health promotion, safety and health, and corporate citizenship.

Hideto Kawakita

CEO, International Institute for Human, Organization, and the Earth (IIHOE)

Founded in 1994 for "Democratic and Balanced Development for All the Lives on Earth," IIHOE has served as a management consultant for NPOs and social entrepreneurs while supporting CSR engagement of major Japanese companies.

<http://blog.canpan.info/iihoe/> (in Japanese) 



川北 啓人

Editor's comments

We have been asking Mr. Hideto Kawakita to provide a third party opinion since the *Environmental and Social Report* was issued in 2003, making this the tenth year. In this year's report, we decided to take a look back at the history of our CSR activities from the perspective of an organizational culture that encourages a bottom-up approach and follow-through on decisions, which are DENSO's strengths. Our history has been built up over the years by all those that have come before us. In order to keep pace with the shift to a new society, however, it is necessary to make a dynamic transformation that leverages the values that we have held dear since our earliest days as well as our strengths. For that purpose, we must continue to improve our CSR activities based on ongoing dialogue with stakeholders in order to ensure win-win relationships. We hope that this CSR Report will play a part in achieving this goal and we intend to make ongoing innovations in order to make this a reality. We look forward to receiving open and honest opinions on our CSR Report and CSR activities from stakeholders.

CSR Promotion Center, Corporate Planning Department, DENSO Corporation