

DENSO



CSR Report 2014

Aiming to be a trustworthy company in harmony with society



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Aiming to be a trustworthy company in harmony with society

To ensure people's happiness and welfare, facilitate the sustainable growth of society, preserve the planet and protect lives and prepare a bright future for generations to come, each of our employees 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.

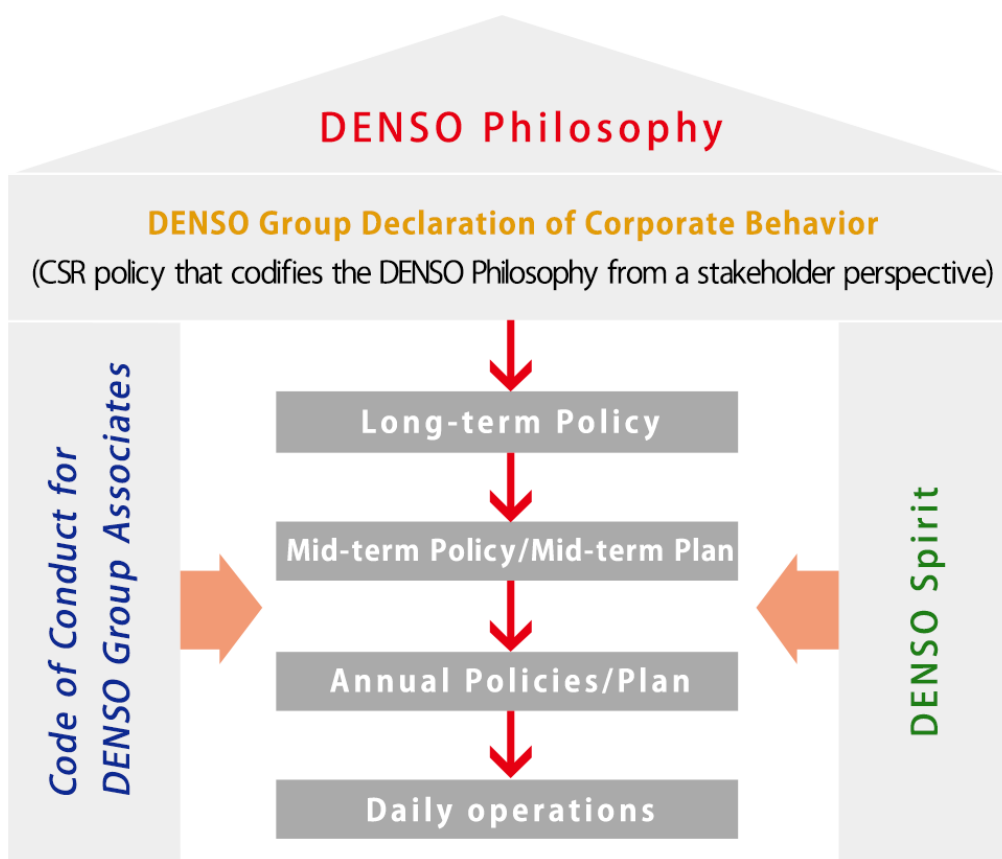
Text of declaration

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://globaldenso.chu-tgc.com/en/csr/csrpolicy/csrcharter/index.html)
<http://globaldenso.chu-tgc.com/en/csr/csrpolicy/csrcharter/index.html>



Mechanisms for implementing CSR management

In working to realize its philosophy, DENSO formulated the Long-term Policy, a management compass indicating the directions we will pursue over the next five to 10 years, and the Mid-term Policy/Mid-term Plan, which are strategies that give concrete shape to our objectives and activities for the next three-to-five-year period. We are linking these to the Annual Plan and the daily work of each employee.

Within these processes, there are two points that employees must be constantly aware of and put into practice. The first is the DENSO Spirit, a set of values to be shared by all DENSO employees, and the second is the *Code of Conduct for DENSO Group Associates*, a behavioral charter to earn the trust and meet the expectations of society.

Long-term Policy (DENSO Group Long-term Policy 2020)

The policy draws the image of an ideal society and expresses the roles we must fulfil and our path for change to realize such a society in 2020.

Slogan

As our mission, we will bring the convenience and joy of automobiles to people worldwide to ensure that automobiles continue to be appreciated by people around the world, while attaching utmost importance to "preserving the Earth's environment" and "security and safety."

- [DENSO Group Long-term Policy 2020](http://www.globaldenso.com/en/aboutdenso/vision/index.html)
<http://www.globaldenso.com/en/aboutdenso/vision/index.html>

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 employees

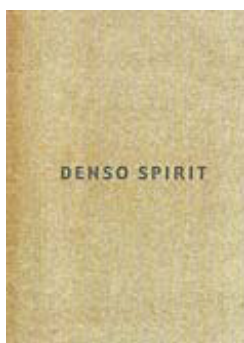
The Code of Conduct applies to all employees, including executives, temporary employees, non-regular employees, part-time and contract employees, and others engaged in an employment relationship with DENSO Corporation, its domestic consolidated companies and other companies of which DENSO Corporation 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://globaldenso.chu-tgc.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
<p>Providing surprises and impressions in a way that only DENSO can</p> <p>[Vision] Anticipating change [Creativity] Creating new values [Challenging] Overcoming difficulties</p>	<p>Providing quality and reliability beyond customer expectations</p> <p>[Quality First] Ensuring the best quality for our customers [On-site verification] Grasping the facts firmly [Kaizen] Striving to reach higher levels</p>	<p>Achieving the highest results by working as a team</p> <p>[Communication] Understanding one another completely [Teamwork] Doing your best as a team [Human Resource Development] Developing yourself and the next generation</p>

Aiming to personify the DENSO Spirit in each employee 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 employees 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 employee 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 employees 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 and failures 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 employees 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.

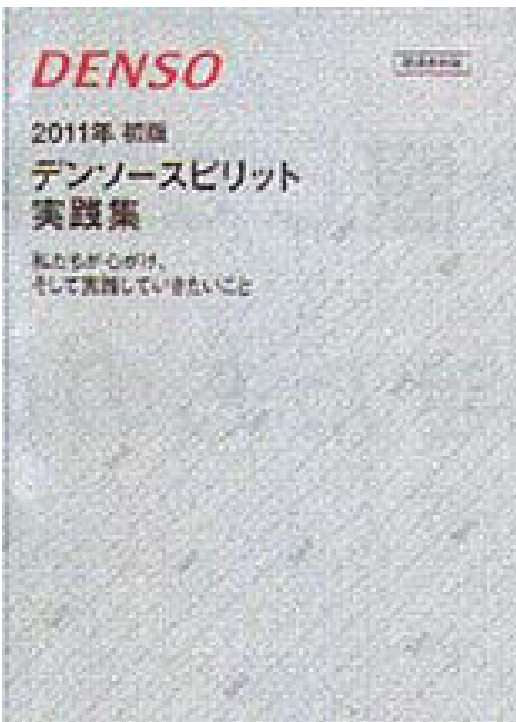
In 2010, we handed out to each employee a compilation of practices embodying the DENSO Spirit. Through continuous efforts such as these, many employees came to realize the connection between their own experiences and values and the DENSO Spirit, and incorporated it into their behavior.

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 (employee comment)

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

Business Overview

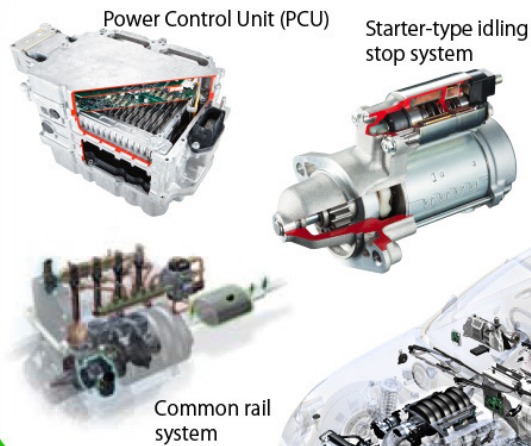
The DENSO Group aims to contribute to sustainable global motorization for an automotive society and contribute to the environment and security and safety for society.

The adverse impact of greenhouse gas emissions on the Earth's environment and the increase in tragic traffic accident fatalities are problems shared in common by the international community. As a member of the automotive industry, in particular, the DENSO Group regards its most important mission as minimizing the environmental impacts of automobiles and preventing the occurrence of tragic traffic accidents, and to fulfil this mission undertakes various initiatives focused on society as a whole. Additionally, the DENSO Group believes it can further enhance the joy and pleasure of owning an automobile and is thus continuing its efforts to widely offer the comfort and convenience of automobiles to people around the world.

Product overview

Environment

We are contributing to enhanced fuel efficiency and purification of exhaust gas for a wide variety of sources of power through such products as our PCU that controls electric voltage on hybrid vehicles and our common rail system, which serves as the core of clean diesel engines.



Security & Safety

We support preventive safety systems and crash safety systems with our unique technologies, beginning with millimeter-wave radar that is indispensable for adaptive cruise control and barrier and pedestrian detection and our displays that show information on the front windshield.



Comfort & Convenience

We support the advance of convenient and comfortable moving spaces through products that include air conditioners that use minimal power, car navigation systems connected to smart phones and ETC that contributes to smooth traffic flows.

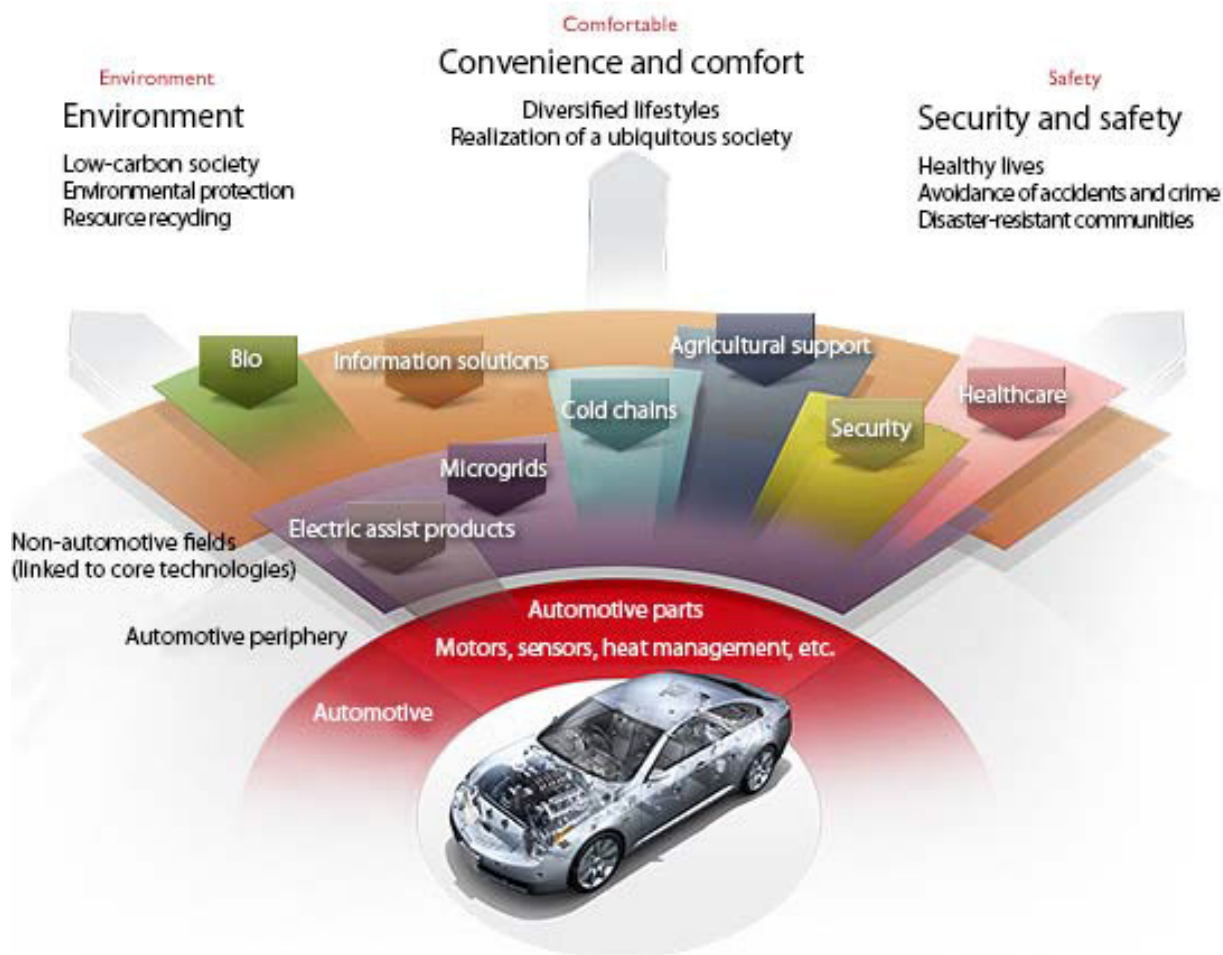


Making contributions in non-automotive fields

The DENSO Group has been developing a broad range of business areas, such as the lifestyle-related equipment and industrial equipment fields, utilizing technologies and know-how cultivated through the automotive business. In non-automotive fields, DENSO is actively collaborating with new business partners. We are aiming to contribute to a society in which people are satisfied with services befitting their lifestyles as needed and when needed. DENSO is currently promoting new businesses in the fields of microgrids, electric assist, security, healthcare, bio, agricultural support, cold chains and information solutions.

BUSINESS FIELD

Expanding new business fields based on automotive technologies



To access pages
in each field of new business >

<http://www.denso.co.jp/ja/aboutdenso/corporate/business/newbusiness/index.html>

Related Information

Product overview

http://www.globaldenso.com/en/investors/library/annual_report/2014/product/index.html

Automotive Products

<http://www.globaldenso.com/en/products/oem/index.html>

Products of non-automotive fields (in Japanese)

<http://www.denso.co.jp/ja/products/consumer/index.html>

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 2014 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 2014

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 that places value on caring for people and society

Growth of the world's population is expected to be accompanied by a worsening of energy and environmental problems and a sharp increase in traffic accident fatalities in emerging countries. Under such circumstances, the DENSO Group aspires to be a corporate group that continues to take on the challenge of directly addressing and solving these social issues.

Spurred by this aspiration, in April 2013 we announced the DENSO Group Long-term Policy 2020. Under this Long-term Policy, we aim to “preserve the Earth's environment” and “create a society that ensures security and safety.” Our firm commitment to implementing this policy with a strong sense of mission is encapsulated in the slogan “Protecting lives, Preserving the planet, and Preparing a bright future for generations to come.” In fiscal 2014, we promoted various activities under this policy.

Striving to preserve the earth's environment and create a society that ensures security and safety

In the “environment” field, DENSO focused even more closely on reducing CO₂ emissions and lowering fuel consumption. In line with these efforts, DENSO worked to develop high-performance, compact components for electric power trains in hybrid and electric vehicles and for improving fuel economy in gasoline and diesel engine vehicles. As prime examples of achievements in this field, for diesel engine vehicles we developed a common rail system with a maximum injection pressure of 2,500 bar that together with intelligent-Accuracy Refinement Technology (i-ART), which enables ultra-high-speed, ultra-high-precision automatic adjustment of fuel injection, enhances fuel efficiency and reduces environmentally hazardous substances.

In “security and safety,” we focused on prevention safety and collision safety technology development. These efforts are aimed at realizing “constant security” so drivers can operate their vehicles calmly and with a sense reassurance at all times and “safety in the event of the unexpected” for preventing accidents or minimizing damage in the event that an accident occurs.

As examples of our efforts in this sector, we are expanding the types of vehicles equipped with laser radars for compact vehicles that help drivers avoid collisions or reduce impacts in low-speed driving. Additionally, we commercialized our Driver Status Monitor that detects irregularities in the state of vehicle operation by drivers of large trucks and sightseeing buses and then provides drivers with warnings to assist with safe driving.

Applying technologies cultivated in vehicles toward new fields

DENSO has launched a diversity of products in new fields in line with efforts to create an environment-friendly society that ensures security and safety. These include systems that utilize electricity more efficiently by “linking vehicles with homes” as well as products in such fields as agricultural support, health and healthcare, and security.

Notable products and technologies in this field include an environmental control system that optimally controls greenhouse growing environments and thereby helps to stabilize growth and increase the yield of agricultural crops; crime prevention systems that use a laser sensor to detect people and objects across a wide area and perform automated tracking with a camera; simple testing equipment for sleep apnea syndrome; and surgery support robots. Each of these products integrates DENSO's advanced technologies and know-how nurtured through the development and production of components for vehicles.

DENSO will continue to take on the challenge of cultivating new businesses that utilize the technologies cultivated to the present to help solve a variety of problems facing society.

Continuously undertaking community-based social contribution activities

In fields outside our main business, we promoted various activities aimed at “creating an environment-friendly society that ensures security and safety.”

As examples of these activities, in fiscal 2014 the DENSO Group held DENSO Group Community Service Day in 29 countries and regions around the world. Under this project, DENSO, its employees and members of local communities joined together in promoting various social contribution activities, focusing mainly on the areas of “harmony with the environment, traffic safety and the development of people.”

In Japan, we continued to implement support measures for recovery after the Great East Japan Earthquake. These included collaborating with assistance organizations in supporting the employment of persons affected by the disaster as well as the lives and schooling of children who were orphaned. We also implemented fundraising drives and dispatched employees to participate in local volunteer activities in the disaster-stricken areas. Through these activities, we deepen interchanges with people in disaster regions. At the All-Japan Corporate Women's Ekiden (Relay Road Race) held in Miyagi Prefecture in December 2013, the DENSO Team was supported by enthusiastic cheering and earned its long-sought, first victory.

In the future, the approximately 140,000 employees in the DENSO Group will take to heart our aspiration of “Protecting lives, Preserving the planet, and Preparing a bright future for generations to come” and directly tackle a host of issues facing society while actively being involved in finding solutions.

As we strive to attain these objectives, I ask for your continued support and guidance.

August 2014
DENSO Corporation
President and CEO
Nobuaki Katoh

加藤宣明

Related Information

[DENSO Philosophy](http://www.globaldenso.com/en/aboutdenso/philosophy/index.html) <http://www.globaldenso.com/en/aboutdenso/philosophy/index.html>

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

DENSO CSR

Basic stance

In its corporate philosophy, the DENSO Group describes its mission as “contributing to a better world by creating value together with a vision for the future.” Cooperating, collaborating and sharing values with our many stakeholders are indispensable to realizing our mission 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. Since then, 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.

The DENSO Group Long-term Policy 2020, the DENSO Group’s long-term management policy formulated in 2013, declares that we will accelerate the implementation of CSR management in response to society’s rising expectations of the DENSO Group along with the expanding our business activities.

- [DENSO Group Long-term Policy 2020](http://www.globaldenso.com/en/aboutdenso/vision/index.html) <http://www.globaldenso.com/en/aboutdenso/vision/index.html>

Long-term activity plan—The DENSO Group Long-term Policy 2020 and CSR

In the near future, growth of the world’s population is expected to be accompanied by a worsening of energy and environmental problems and a sharp increase in traffic accident fatalities mainly in emerging countries. Within this business environment, in April 2013 the DENSO Group formulated the DENSO Group Long-term Policy 2020 and clarified the directions we will pursue to ensure we can continue contributing to society and realize sustainable growth.

Ideal status as DENSO Group

Within this Long-term Policy, the DENSO Group declares that “By 2020 we should initiate a cycle of good in society for earning the trust of all stakeholders and growing and developing together with them.” To engage with society, create new value and realize sustainable growth and development, the DENSO Group must share values and cooperation with numerous stakeholders.

The DENSO Group must also make unprecedented efforts to directly tackle a host of issues facing society while being actively involved in finding solutions. In striving to make this corporate transformation, each and every employee will reform their awareness and actions based on the DENSO Spirit.

Ideal status as DENSO Group

Create a cycle of good for being trusted by all stakeholders and growing and developing together with them.

Corporate culture

Expected changing points for employees



Priority fields

As a member of the automobile industry, DENSO conveys the appeal, fun and convenience of automobiles to people around the world. At the same time, DENSO faces the major issue of reducing the negative effects of automobiles, namely the adverse environmental impact of global greenhouse gas emissions and tragic fatal automobile accidents.

In working to solve these problems, the DENSO Group is promoting activities focused on “preserving the earth’s environment” and “security and safety” under the slogan of “Protecting lives, Preserving the planet and Preparing a bright future for generations to come.”

Aspired shape



Achieving a balance between growth and preserving the earth’s environment

Toward an automobile-based society

Focus meticulously on fuel economy and reduce amounts of energy consumption and thereby reduce CO₂ emissions even if the number of vehicles increases

- Realize ultra-low fuel consumption and low power costs
- Optimize traffic volume and eliminate traffic jams

For society as a whole

Contribute to a reduction in environmental impacts on society as a whole through energy conservation, creation and storage

- Optimally control and locally produce and consume energy
- Renewable energy and storage battery (storage cell)

Actions for realization



Creating a society that ensures security and safety and where people live in happiness

Toward an automobile-based society

Focus meticulously on eliminating traffic accidents to protect life around the world

- Provide everyday confidence and extraordinary safety
- Create a society with safe transportation

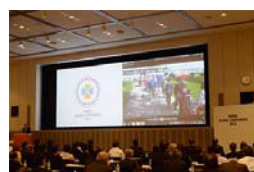
For society as a whole

Utilize core technologies to contribute to the creation of a secure and safe society in peripheral domains of automobiles

- Create accident-free and crime-free communities
- Ensure food security and safety

CSR activities with the participation employees for realizing the Long-term Policy Declaration of One DENSO Action

Approximately 500 DENSO Group employees from countries worldwide gathered at DENSO headquarters (Kariya City, Aichi Prefecture) for Global Conference 2014 held on May 21-22, 2014. In one of the conference sessions, participants shared case examples of CSR activities related to the “environment” and “security & safety” in each region. DENSO also declared (One DENSO Action) that through its business activities and the actions of individual employees, it will contribute to achieving “a balance between growth and preserving the earth’s environment” and “creating a society that ensures security and safety and where people live in happiness,” which is our aspired shape under the DENSO Group Long-term Policy 2020.



Global Conference 2014

In the future as well, the DENSO Group will work as one to promote its CSR activities.

Declaration of One DENSO Action

Goal

We aim to have a positive and good relationship with our community in “Environment” and “Security & Safety” and evoke consciousness toward CSR and build a sense of ONE DENSO among DENSO employees.

Activities Concept

Environment

Contribute to building a Green & Clean community

【To employees】

Hitozukuri of those

who can protect our nature

Security & Safety

Contribute to solving community problems in our communities

【To employees】

Hitozukuri of those

who can lead “Traffic safety”

Team “CSR”

Here we introduce the voices of persons in charge of CSR in various regions and countries.

North America

Sharing information on CSR activities enabled me to learn about CSR activities in other regions and this was very beneficial. Going forward, I'll continue to widen the ring of our “environment” and “security & safety” activities.
Robert Townsen [DIAM (U.S.A.)]



Europe



I can really identify with “creating a secure and safe society.” In the future as well, we'll actively engage in activities in the community under One DENSO.
John La Pierre [DNEU (Netherland)]

China

I was able to communicate with people from various fields and this was extremely helpful in my own work. I'll make efforts to further raise corporate value by promoting CSR activities in the future as well.
Qinfang Zhang [DMCF (China)]



Asia/Oceania



DENSO undertakes CSR activities not only in its own businesses, but also in communities as well as for helping solve problems facing each community. I believe these are excellent activities that are also a source of pride for employees.
Ornuma Chatjaroensombat [DIAT (Thailand)]

Japan

The recent discussions with persons in charge of CSR in each region gave me the strong impression that our minds have become one as we move toward the same direction in undertaking our CSR activities globally. In the future, we'll promote activities with even wider and deeper collaboration for “Green & Clean activities” and “Solving community problems in our communities.”

Team “CSR” Japan [DENSO Corporation (Japan)]



Promotion structure

In 2006, we established the CSR Promotion Meeting (secretariat: Corporate Planning Division), 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.

The domestic and overseas Group companies share the DENSO Group Declaration of Corporate Behavior (top managers of each company sign this Declaration) and plan and implement necessary activities under a promotion structure that gives consideration to the circumstances of each company or the issues facing companies in each region and country.

CSR framework



Promotion of activities designed to increase involvement and raise awareness



Clear guidelines must be established describing the necessary behavior for ensuring that each employee accepts the *Code of Conduct for DENSO Group Associates* and demonstrates desirable conduct.

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 antitrust law and conservation of biodiversity. DENSO employees use this to reconfirm expected behavior.



A CSR workshop targeting Group companies

With the aim of promoting employee CSR awareness and enlightenment, DENSO Corporation carries out various enlightenment activities that include employee education and information dissemination activities.

Principal enlightenment activities

Enlightenment activities	Date commenced	Overview
Educational programs by employment level	FY2006	<ul style="list-style-type: none"> Implement training for new employees and newly appointed managers
Workshops for CSR leaders	FY2011	<ul style="list-style-type: none"> Hold training workshops for CSR leaders at domestic Group companies and each department who serve as the core of efforts to promote CSR at workplaces.
Disseminate CSR information to employees.	FY2010	<ul style="list-style-type: none"> For DENSO Group employees, issue monthly publication of CSR News (English, Japanese) that includes information on CSR as well as a message from top management. (DENSO Corporation implements workplace discussions using this publication as a tool.)
Others	FY2010	<ul style="list-style-type: none"> As part of CSR awareness and enlightenment activities, we utilize DENSO's knowledge and technologies and plan and implement activities and events that enable employees to express their aspirations and spirit. <p>(Examples)</p> <ul style="list-style-type: none"> Green Curtain Contest featuring the participation of employees from each workplace Micro-hydro Power Generation Idea Contest utilizing DENSO alternators (an automobile-use generator) Employee monitors create the MIKAWAP, a community traffic safety information map.

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 employees of DENSO Corporation.

Looking at survey results for fiscal 2014, there were no significant changes overall from the previous fiscal year. Nevertheless, there was high interest in social issues. Among these, we learned there is noticeable interest in "environmental issues" such as global warming and energy issues. On the other hand, compared with the previous year, there was a decrease in employees responding that they are "implementing" environmental activities such as energy conservation.

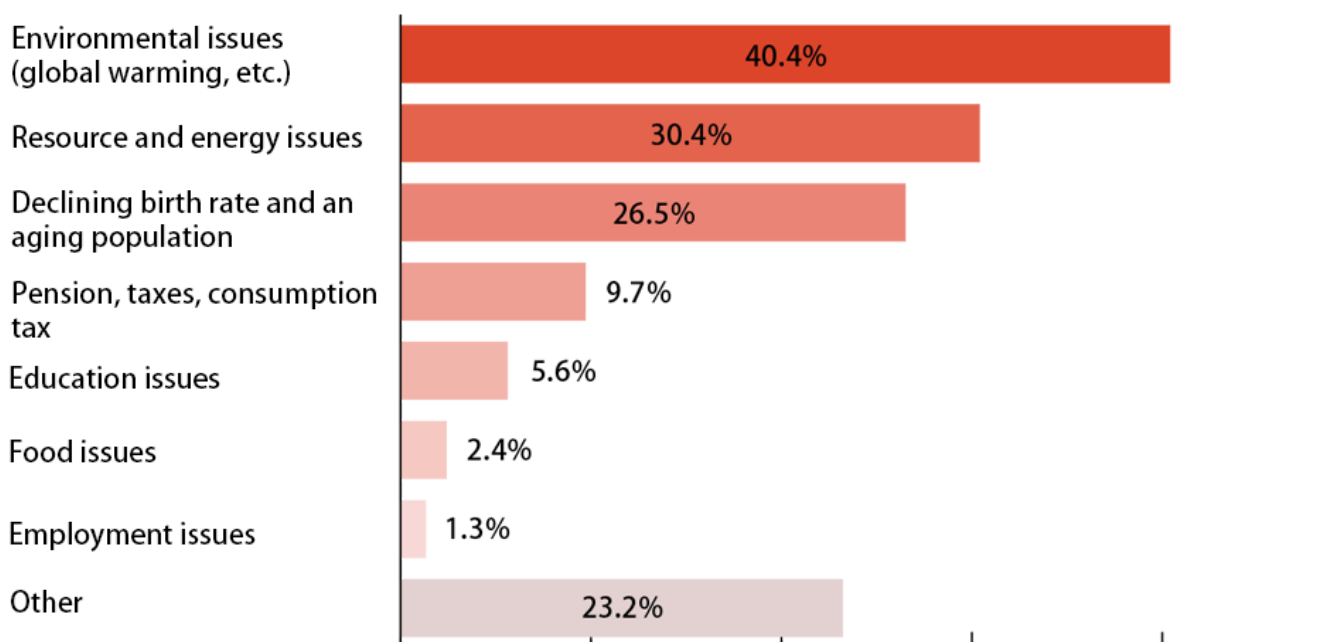
To ensure that each employee can "implement" environmental actions in the future, we will make improvements that will allow employees to actually feel the pleasure of environmental actions. Also, besides ascertaining the state of progress at DENSO Corporation through the CSR Survey and making needed improvements, we will establish a structure for sharing information about issues and the status of activities in each country and region from both a Group and a global perspective with the aim of utilizing our collective wisdom and strengths to raise the level of our CSR activities.

In fiscal 2014, we convened the Global CSR Liaison Meeting that gathered the persons in charge of CSR from five regions (Japan, North America, Europe, Asia/Oceania (Thailand), China). While sharing information about the state of activities in each region, participants exchanged opinions about One DENSO Action, which will be implemented globally in the future.

Results from CSR Survey (excerpt)

Item	Question content	FY 2012	FY 2013	FY 2014
Employee permeation	Pay attention to application of the code of conduct	80%	81%	82%
Environmental conservation	Work to reduce CO ₂ on the job	82%	82%	78%
Social perspective	Have an interest in social issues (new)	—	—	83%

Social issues of interest to employees (multiple responses)



Dialogue with society

To ensure that it does not engage in self-righteous activities biased toward its own logic and notions, DENSO Corporation emphasizes dialogue with stakeholders, and since 2003, has implemented various types of Stakeholder Dialogue activities in Japan. We consider the discussions as well as opinions and suggestions received at these dialogues to be society's expectations of the DENSO Group and try to reflect these in our activities.

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

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 sincerely hope that all of our business partners will support our concept and take due action.

* 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 on others, and protect personal information of customers and everyone else with which 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 business partners

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 business partners including suppliers, as good partners and aim for mutual growth based on mutual trust.

Responsibility to international and local communities

We will aim for harmonious growth with society by proactively working toward environmental protection and enhancement of security and safety throughout all areas of business activities.

- We will seek an optimal balance between society such as climate change, biodiversity, traffic safety 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 employees. We will work to permeate the Code to ensure that every employee 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>

Related Information

[DENSO Philosophy](http://www.globaldenso.com/en/aboutdenso/philosophy/index.html) <http://www.globaldenso.com/en/aboutdenso/philosophy/index.html>

Fiscal 2014 Results and Future Issues/Goals

CSR management

Fiscal 2014 Results and Future Issues/Goals CSR Management

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

Sustainability theme		Fiscal 2014 activity items	Fiscal 2014 results and remaining issues (●goals achieved, ▲outstanding issues)	Assessment*	Fiscal 2015 activity items
Corporate governance	Operation of internal control system encompassing Group companies	Thoroughly operate and firmly establish internal control system encompassing Group companies	● Continuous operation of internal control system	◎	Introduction of new officer system (includes selection of external directors)
Compliance	Raising awareness of compliance to the fullest in each employee	<ul style="list-style-type: none"> Expand and upgrade compliance programs at overseas bases Strengthen structure for compliance with antitrust laws in regions around the world 	<ul style="list-style-type: none"> Held compliance tests (from fiscal 2011, for people without a PC) Conducted interactive education at work sites for all employees [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 	○	<ul style="list-style-type: none"> Upgrade and expand compliance programs at overseas bases (continue) Strengthen programs for compliance with antitrust laws in regions around the world (continue)
Risk management	Strengthening the Group's ability to respond when crises occur	Strengthen countermeasures for disaster reduction assuming a major Tokai earthquake	● Implemented countermeasures for key infrastructure and measures for identifying high risk products and reducing risks	○	Successful completion of four-year plan for countermeasures for disaster reduction
	Building awareness of risk management among workplace leaders	Continue risk management training for newly appointed department managers	● 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 employees scheduled for assignment as managers at overseas bases	○	<ul style="list-style-type: none"> Continue risk management training for newly appointed department managers Revise Crisis Communication Manual
	Reinforcement of risk management system at Group companies	Enhance risk management system at Group companies	● Formulated a Business Continuity Plan (BCP) at domestic Group companies	○	Formulate a Business Continuity Plan (BCP) at overseas Group companies
Information security	Strengthening information security and raising employee awareness	<ul style="list-style-type: none"> Strengthen activities to improve security level at Group companies and domestic suppliers Further enhance awareness of confidentiality controls among DENSO Corporation employees 	<ul style="list-style-type: none"> ● Continuously promoted self-assessment and improvement activities based on the DENSO Group Information Security Guidelines targeting domestic and overseas Group companies ▲ Strengthened activities to improve security level at overseas and domestic suppliers 	○	<ul style="list-style-type: none"> Activities to improve security level at overseas and domestic suppliers (strengthen and continue) Review security inspection categories and subject companies in accordance with social trends

Report on Social Responsibility

Fiscal 2014 Results and Future Issues/Goals

Report on Social Responsibility

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

Sustainability theme	Fiscal 2014 activity items	Fiscal 2014 results and remaining issues (●goals achieved, ▲outstanding issues)	Assesment*	Fiscal 2015 activity items	
Responsibility to customers	Promotion of education, training and enlightenment activities throughout the Group	<ul style="list-style-type: none"> ●Redouble measures for improving quality awareness ●Continue promoting QC Circle activities 	<ul style="list-style-type: none"> ● Held exhibitions to show cases of quality improvement to Group companies and suppliers ● Exhibition for quality improvement activities (about 7,000 visitors) ● Vitalized QC Circle activities ● Won a Union of Japanese Scientists and Engineers Quality Control Circle Department Manager Award Gold Prize 	○	Continually hold exhibitions to show cases of quality improvement to Group companies and suppliers
	Dealing quickly with product defects	Continue to implement activities to improve recall rate of infrared heaters	▲ Continued activities to further improve recall rate	○	Continue to implement activities to improve recall rate of infrared heaters
	Enhancement of after-sales service structure	Expand number of stores, improve quality and assure business viability	<ul style="list-style-type: none"> ● Established DENSIO Diag-Stations in Japan ● Expanded number of stations from 28 (end of FY09) to 77 (end of FY14) in line with plan, and promoted cooperation in used cars dealerships and leasing, etc. ● Set up "FIT & GO" repair and maintenance company (overseas) 	○	Continue with point of contact for customer response (expanded outlets, raised service quality, 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 employees	Continuation of stable employment over the long term	Further improve retention rate by increasing appeal of workplace	<ul style="list-style-type: none"> ● Increased employment of non-regular employees in fiscal 2014 owing to the recovery of production volume due to economic recovery and correction of the strong yen ● Responded to a revision of Act on Stabilization of Employment of Elderly Persons (April 2013) and employed all relevant employees desiring employment except for those who were terminated or resigned as prescribed by employment regulations ● Strengthened activities for securing diverse human resources in our hiring activities with a view toward further global business development in the future 	○	Further improve retention rate by increasing appeal of workplace
	Maintenance of stable labor-management relations	Strengthen initiatives to prevent labor issues	● Held regular labor-management talks at DENSIO Corporation, shared information among domestic and overseas DENSIO Group companies and implemented workshops	○	<ul style="list-style-type: none"> ● Respond appropriately to a revision of laws ● Quickly identify labor risk in emerging country regions and establish a risk management structure
	Assurance of respect for human rights throughout organization	Continue enlightenment and education to prevent harassment	● Implemented education by employment level	○	Continue enlightenment and education to prevent harassment
	Promotion of human resource development	Enhance education measures for "producing human resources who can learn and think independently and continuously take on challenges"	<ul style="list-style-type: none"> ● Established learning environment ▲ Cultivated global human resources ▲ Upgraded measures for supporting the development of employees' careers 	○	Enhance education measures for "producing human resources who can learn and think independently and continuously take on challenges" (continue)
	Promotion of workforce diversity	<ul style="list-style-type: none"> ● Formulate overall image of measures that give consideration to the Long-term Policy and business needs for the promotion of female participation ● Independently consider the diverse ways of working and living of senior employees and consider a support system for realization ● Expand opportunities for persons with disabilities 	<ul style="list-style-type: none"> ● Completed formulation of implementation plan for promoting female participation ● Enhanced the deliberation meeting on the diverse ways of working and living of senior employees and formulated and publicized support measures for realization ● In the Abilympics, persons with disabilities who previously participated served as coaches for instructing their juniors 	○	<ul style="list-style-type: none"> ● Strengthen recruitment of female employees and deploy support for career development for promoting female participation ● Consider the diverse ways of working and living of senior employees and commence operation of a support system for realization ● Promote further recruitment and participation assuming a future increase in the legal employment rate
	Promotion of occupational safety	<ul style="list-style-type: none"> ● Expose major disaster risks at domestic and overseas Group companies and review risk reduction measures ● Carry out activities for raising "safety sensitivity" focused on teaching about and being aware of "danger" 	<ul style="list-style-type: none"> ● Through local cross inspections of domestic and overseas Group companies, determined major disaster risks and devised countermeasures and also identified weaknesses at each company (39 companies) ▲ Strengthened management of construction work by outside contractors at overseas Group companies ● Proactively implemented activities for raising safety sensitivity with reference to safety exhibitions and a compilation of case examples 	○	<ul style="list-style-type: none"> ● Strengthen major disaster risk countermeasures, completion abilities and monitoring of measures (particularly at domestic and overseas Group companies) ● Enhance and upgrade activities for raising "safety sensitivity"
Promotion of employees' health	<ul style="list-style-type: none"> ● Strengthen and expand mental health measures ● Enhance health-building activities ● Strengthen measures to quit smoking 	<ul style="list-style-type: none"> ● Conducted mental health training (held 13 times with 1,830 attendees) ● Implemented self-care education for new employees (3 times, 520 employees) ● Introduced <i>Kokoro no Kenko Shindan</i> mental health checkups (29,710 employees, held every year) ● Provided education and guidance on metabolic syndrome (2,030 employees, participation rate of 58.4%) ● Newly introduced "Think of Your Health Day" targeting 39 year olds (240 employees) ● Implemented health improvement monitoring (3,160 employees) ● Implemented activities for achieving challenge targets (male smoking rate of 34% or below) (2013 smoking rate for men: 35.3%) ● Supported for quitting smoking through outpatient smoking cessation treatment (245 employees ceased smoking/283 received treatment, smoking cessation rate of 87%) ● Formulated new basic policies and long-term activities plan for measures to quit smoking 	<ul style="list-style-type: none"> △ ○ ○ ○ △ ○ ○ 	Continue and enhance activities for promoting the health-building of employees based on three pillars (example: male smoking rate of 32% or below)	
Responsibility to shareholders and investors	Enhancement of corporate value and information disclosure	Continue proactive efforts for investor relation activities	<ul style="list-style-type: none"> ● For domestic institutional investors: Participated in Motor Show conference, held quarterly financial results briefings and provided individual interviews ● For overseas institutional investors: Attended conferences sponsored by securities companies, provided individual interviews ● For Individual Investors: Issued business reports and colorized and issued Notice of Shareholders' Meeting announcements 	●	Proactive efforts for investor relation activities (continue)
Responsibility to business partners	Practice of open, fair and transparent transactions	Clarify and thoroughly implement compliance conformity items	<ul style="list-style-type: none"> ● Established a consultation point of contact in the Procurement Group for thorough compliance with the Act Against Delay in Payment of Subcontract Proceeds, etc. ● Began a review of Supplier CSR Guidelines based on the formulation of DENSIO Group Policies and Approaches towards Conflict Minerals 	○	Create a revised version of Supplier CSR Guidelines and thoroughly deploy and publicize these at suppliers
	Practice of CSR activities throughout the supply chain		● Responded to consultations from Group companies concerning compliance	○	Share improvement case examples of outstanding suppliers as well as excellent examples with our suppliers
Responsibility to local and international communities	Promotion of activities unique to DENSIO	<ul style="list-style-type: none"> ● Implement youth development programs for each age bracket targeted at youth from elementary schools to junior high schools, high schools and technical colleges ● Enhance <i>Chobora</i> (small volunteer) activities ● Carry out CSR activities globally in the fields of "environment" and "security & safety" that are linked to the Long-term Policy 	<ul style="list-style-type: none"> ● Implemented according to plan ● Elementary schools: Held the DENSIO Science School for fifth-grade students ● Junior high schools: Implemented visiting lecture courses on a trial basis at science clubs (club activity) ● High schools: Supported the Kariya High School Super Science High School ● Technical colleges: Held the Micro-hydro Power Generation Idea Contest ▲ Enhanced each program (especially expanded and upgraded junior high school visiting lecture courses begun from this year) ● Main emphasis on implementation of the three items of Bellmark, pull-tabs and d plastic bottle caps (achieved target for Bellmark, but did not attain targets in other categories) ▲ Enhanced scope of campaigns ● Implemented survey of actual conditions and held opinion exchanges targeting regional headquarters in North America, Europe, Asia/Oceania and China 	<ul style="list-style-type: none"> ○ △ ○ 	<ul style="list-style-type: none"> ● Enhance youth development programs for each age bracket targeted at youth from elementary schools to junior high schools, high schools and technical colleges ● *Especially expand and upgrade program for junior high school students ● Enhance the scope of <i>Chobora</i> activities and strengthen efforts to encourage participation ● Encourage domestic and overseas Group companies to promote community activities in the fields of "environment" and "security & safety" in accordance with One DENSIO Action agreed upon at the Global Conference 2014 (May 22)

CSR Communication

Fiscal 2014 Results and Future Issues/Goals

CSR Communication

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

Sustainability theme	Fiscal 2014 activity items	Fiscal 2014 results and remaining issues (●goals achieved, ▲outstanding issues)	Assesment*	Fiscal 2015 activity items
Information disclosure for stakeholders and enhancement of mutual communication	<ul style="list-style-type: none"> ● Utilize communication tools with stakeholders ● Strengthen internal communication 	<ul style="list-style-type: none"> ● Publication of CSR Report (English and Japanese) ● Held company tours using a CSR picture book for students from elementary schools (about 500 students, 5 schools) ● Issued CSR News (English, Japanese) monthly ● CSR Survey: Maintained awareness of CSR practices internally (82%) ● Held dialogues (held twice for local communities and for persons in charge of CSR at companies) 	○	<ul style="list-style-type: none"> ● Plan and promote methods for more effective communications with stakeholders ● Strengthen internal communications (create CSR report employee dissemination tools)

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.

Additionally, through a corporate officer system that divides and clarifies the roles between Members of the Board, who are responsible for management (decision-making and supervision), and Senior Executive Directors and Executive Directors, who are responsible for the execution of business operations, DENSO Corporation is streamlining the number of Members of the Board and is realizing speedy decision-making and business operations.

Under this system, depending on the circumstances, Members of the Board serve concurrently as Senior Executive Directors to directly link management with operational sites. DENSO Corporation sets the term of office for Members of the Board at one year with the aim of building a flexible management structure that responds to changes in the management environment and to further clarify management responsibilities during the business 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 Members of the Board. 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.

Results for meetings convened in fiscal 2014

Number of times convened	13 times
Attendance rate	Members of the Board: 96% Auditors: 98%

At the Ordinary General Meeting of Shareholders held in June 2014, two outside board members (including one non-Japanese) were selected. This underscores DENSO Corporation's efforts to reflect guidance and opinions from external objective standpoints in its management.

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 2014, the Top Management Meeting convened 39 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: 15 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.

Fiscal 2014

	Members of the Board (16 persons)	Auditors (5 persons)
Compensation, etc. (total amount) (including total bonuses)	989 million yen (416 million yen)	128 million yen (47 million yen)

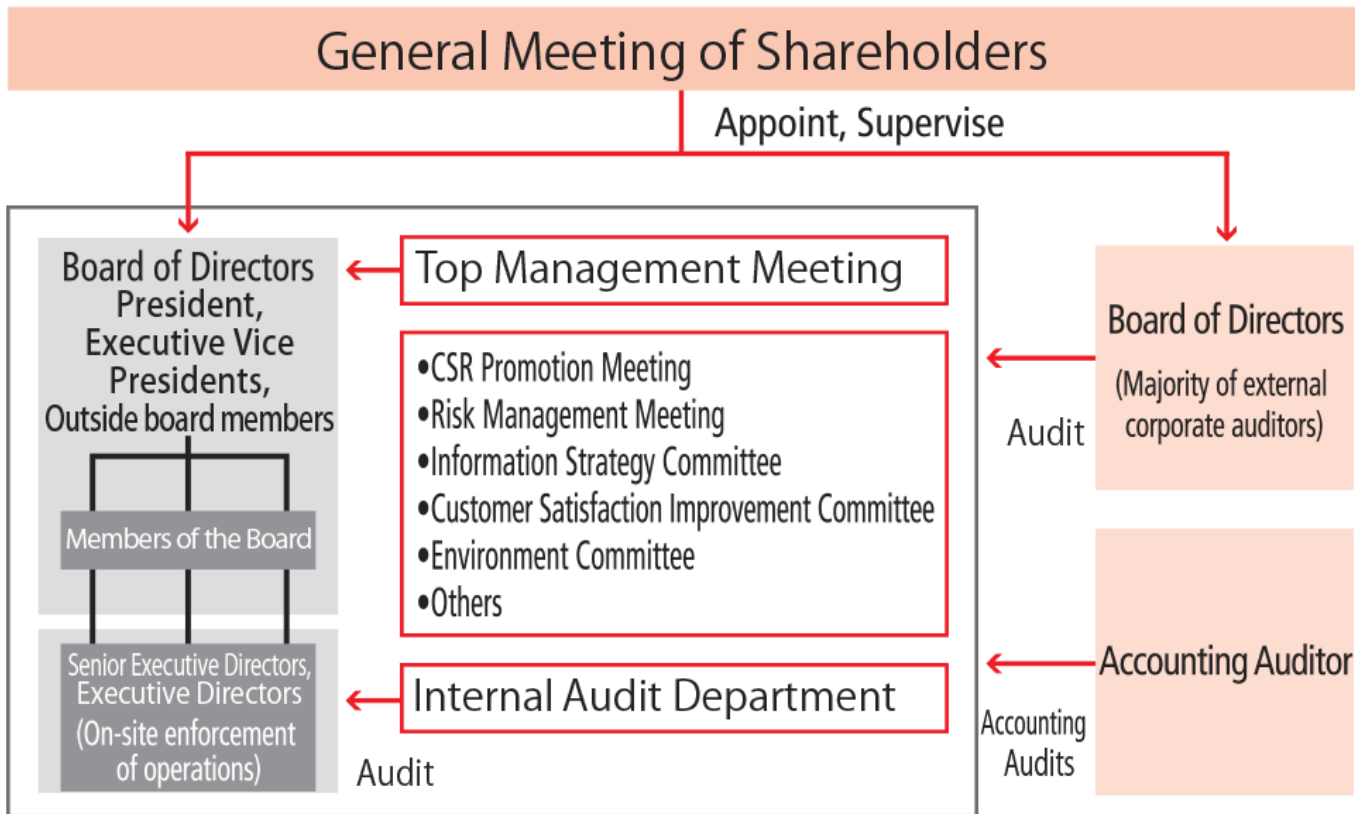
Management oversight function

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.

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.



Future initiatives







DENSO Corporation will continue to make efforts to build an optimal governance structure that considers changes in the business environment inside and outside of the company.

Related Information

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

Highlights and Lowlights of CSR Activities in Fiscal 2014

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	2013	Lowlights
<p>Development of new laser radar for compact vehicles that helps avoid collisions and reduces impact (May 2013)</p> <p>DENSO developed a new, first-ever laser radar for compact vehicles that helps avoid collisions and reduces impact when a collision occurs. With its main focus on low-speed driving such as city driving and traffic jams, DENSO simplified the laser beam generating mechanism to realize a compact and lower-cost laser radar. DENSO's laser radar will be used (as a sensor) in the collision avoidance support system on the Daihatsu Move, after which its use will be expanded to such models as the Daihatsu Mira es and Tanto.</p> 	April	<p>The Korea Fair Trade Commission's measures concerning transactions in certain automotive components (December 2013)</p> <p>The Korea Fair Trade Commission (the "KFTC") decided to issue an order to rectify illegal conduct, impose a surcharge and bring an accusation to certain automotive suppliers for violations of the Monopoly Regulation and Fair Trade Act in connection with sales of automotive windshield wiper systems and instrumental panel clusters. DENSO Corporation and its Korean subsidiaries were named as the suppliers involved in violation of the Monopoly Regulation and Fair Trade Act. However, the DENSO companies were exempted from all of the KFTC's orders as described above because they had completely eliminated the conduct that was suspected to be in violation before the commencement of the authority's investigation and because they applied to the KFTC for the leniency program, which was granted by the KFTC. DENSO will further strengthen its system for compliance with competition laws.</p>
	May	
<p>Development of new diesel common rail system with injection pressure up to 2,500 bar (June 2013)</p> <p>DENSO has developed a new diesel common rail (DCR) fuel injection system with the world's highest injection pressure of 2,500 bar*. Compared with the previous system with injection pressure of 2,000 bar, the new system increases fuel efficiency by up to 3%, reduces particulate matter (PM) by up to 50% and nitrogen oxides (NOx) by up to 8%, thereby helping to enhance fuel efficiency and reduce environmental impacts.</p> <p>This system features intelligent-Accuracy Refinement Technology (i-ART) that detects divergences (misalignments) in the fuel injection and makes automatic adjustments to ensure the correct timing of the injection. The DCR is installed in the new power trains in Volvo cars sold in Europe.</p> <p>*For diesel common rail fuel injection systems composing injector, fuel pump and common rail</p> 	June	
	July	
<p>DENSO wins gold medals in two categories at the 42nd WorldSkills Competition (July 2013)</p> <p>Two DENSO technicians won gold medals in two categories, namely the Plastic Die Engineering (technician representing Japan) and CNC Turning (technician representing Thailand) categories, at the 42nd WorldSkills Competition held in Leipzig, Germany. A total of 12 DENSO participants from Japan, Thailand and Indonesia competed in eight categories and a participant from DENSO (Thailand) won a gold medal for the third consecutive competition. DENSO has participated in the WorldSkills Competition since 1971 and to date DENSO employees have won 28 gold medals, 15 silver medals and 13 bronze medals.</p> 	August	
	September	
<p>DENSO joins the Road Safety Fund as a global supporter (September 2013)</p> <p>The Road Safety Fund was established by the World Health Organization (WHO) and FIA Foundation, a charity group, as the funding organization that promotes road safety activities under the auspices of the United Nations. Agreeing with the Fund's mission, DENSO concluded an agreement with the Fund to serve as a Global Supporter.</p> <p>DENSO will participate in various support programs such as furnishing aid for road safety activities undertaken by the Fund in various countries and regions, providing education on road safety knowledge and donating helmets to children.</p> 	October	
	November	
<p>Development of agricultural production support system that contributes to stabilizing growth and increasing the yield of agricultural products (October 2013)</p> <p>Utilizing technologies cultivated in control systems for production plants, DENSO has developed an agricultural production support system that optimally controls the growing environments (temperature, humidity, CO₂ concentration) inside greenhouses. This system promotes photosynthesis in agricultural products and is expected to stabilize the growth and increase the yield of agricultural products. Plans call for trial sales of this system to begin in October 2014, with full-fledged sales beginning in spring 2015.</p> 	December	
	2014	
<p>Development of Life Vision community communication system (March 2014)</p> <p>Life Vision is a community communication system (a digital community notice board) that uses the Internet and tablet devices to enable local governments and other entities to provide citizens with services such as the dissemination of various types of information and lifestyle support services. To solve issues facing communities resulting from declining birthrates and the aging of society as well as depopulation, it is necessary to vitalize communications between local governments and residents as well as among residents themselves. As a system that responds to these needs, we introduced this system in the town of Naoshima, Kagawa Prefecture, as well as provided this system for a disaster victim support project in Rikuzentakata City, Iwate Prefecture.</p> 	January	
	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 employees' fair and faithful conduct with the highest ethical standards.

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 employee. In training and workplace conferences, we utilize the Code for raising CSR awareness of employees (including domestic Group companies).

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.

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

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 employees 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 addition, regional headquarters employees 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.

Education and enlightenment

DENSO Corporation continuously implements various types of education and enlightenment activities aimed at raising the awareness of each employee. Some of these education and enlightenment activities are also used as employee education/enlightenment tools at companies within the DENSO Group in Japan.

Principal employee enlightenment activities

- Education by employment level <FY2003~>
- Education/enlightenment activities led by CSR leaders at each individual workplace (part-time and other employees) (including contract, temporary and other employees).
<FY2007~>
Example: Compliance education at each workplace in the form of case study based discussions that utilized original visual educational materials
- e-learning courses targeting employees with PCs. <FY2009~>
* We provide the same exam on paper to employees without PCs. <FY2011~>
- Others
We also promote enlightenment by means of publishing the Business Ethics Newsletter and providing information via the corporate intranet.

[Reference] Employee enlightenment activities results [DENSO Corporation]

	FY2012	FY2013	FY2014
Education by employment level (total employees for all employment levels)	approx. 2,500 participants	approx. 2,400 participants	approx. 1,800 participants
e-learning courses (total number of persons taking courses) * Includes persons taking paper tests	approx. 37,000 participants	approx. 38,000 participants	approx. 45,000 participants

Internal whistle-blowing system

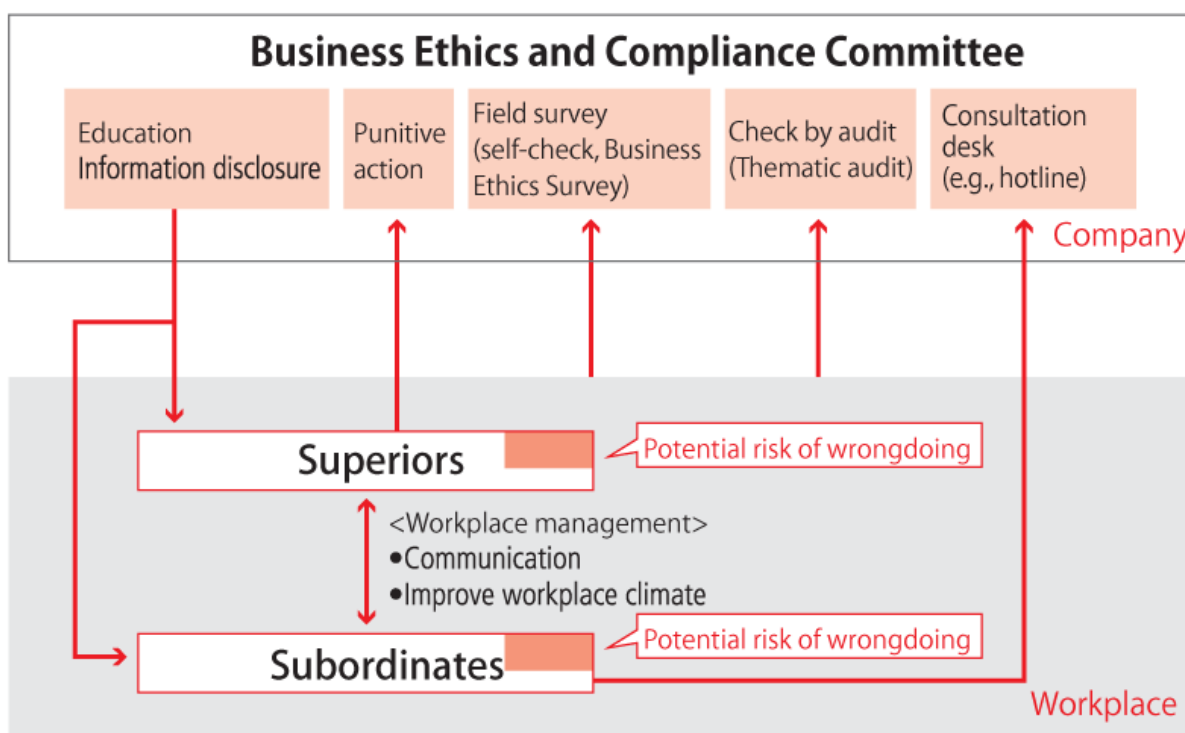
DENSO Corporation's internal whistle-blowing system (in the form of the Business Ethics Hotline), which allows anonymous reporting, is independent from the normal chain of command at the Company and is administered by outside attorneys and the Legal Department in accordance with Japan's Whistleblower Protection Act. This system can be used by all persons working at DENSO Corporation, including employees, temporary employees and employees from contract companies, and can now also be used by principal suppliers (300 companies).

In fiscal 2014, the hotline received 141 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

	FY2012	FY2013	FY2014
External hotline	58	58	32
Internal hotline	197	135	109
Total	255	193	141

Overall procedure for business ethics activities



Activity reviews and improvements

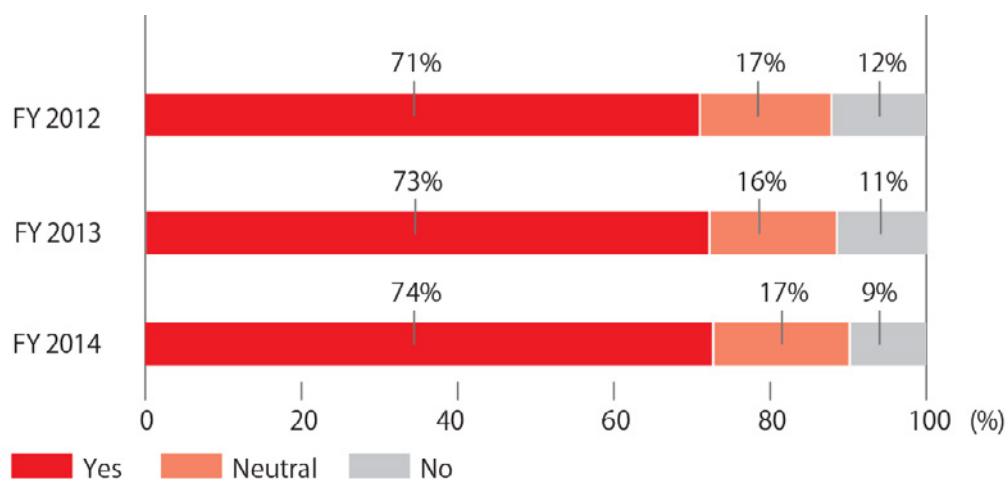
Since 2003, we have set aside each October as DENSO Group Business Ethics Month. We organize awareness-raising activities such as workplace discussions and conduct a CSR Survey to assess awareness of policies and latent risks. The number of respondents who thought that it was easy to consult with superiors 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 employees following compliance education, there were many opinions similar to the ones below. Therefore, in fiscal 2014 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 (integrated into CSR Survey in January 2011)



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.

Future initiatives

In the future, we will continue to upgrade and strengthen our structure for raising the compliance awareness of each and every employee. At the same time, we will promote cooperation with the Group to fortify and enhance programs as we work to raise the level of the compliance structure across the entire DENSO Group.

Related Information

[Code of Conduct for DENSO Group Associates \(in Japanese\)](#) 

<http://www.denso.co.jp/ja/csr/denso/csrcharter/files/shishin.pdf>

Risk Management

Basic stance

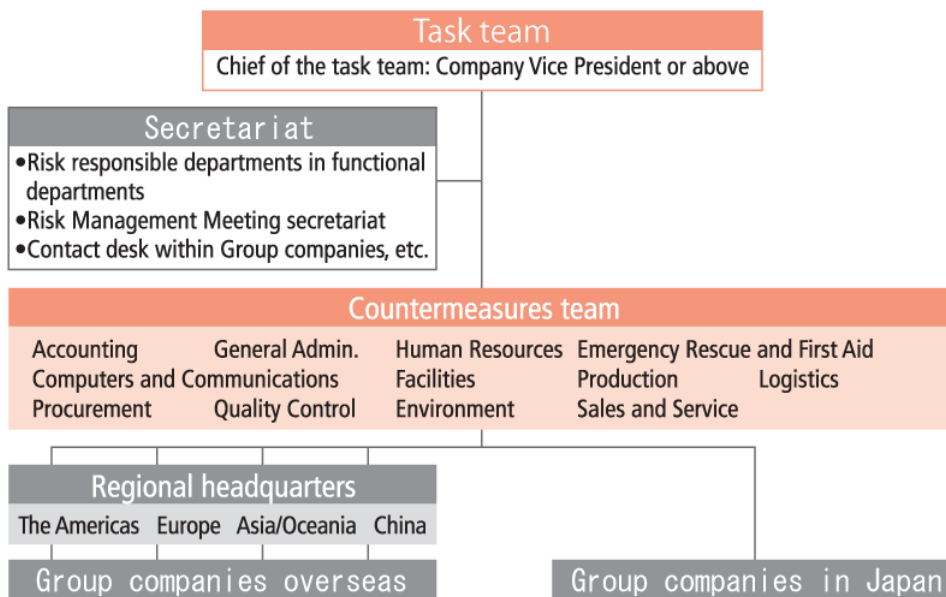
In keeping with the global expansion of business, the DENSO Group is striving to strengthen risk management as part of its internal control system to help minimize risk. Specifically, emergence of circumstances with the potential to cause damage to corporate management are classified as risks (situations 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 56 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.

At domestic and overseas companies subject to our managerial consolidation rules as well as Group companies in which DENSO Corporation is the largest shareholder, CSR leaders of each company work 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 an earthquake, a 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

To prevent the emergence of risk and minimize damage when risk emerges, it is crucial that employees be aware of risk on a routine basis and take appropriate action when risk emerges. DENSO Corporation implements various enlightenment activities to promote an understanding and raise awareness of risk by employees.

Specific permeation and enlightenment activities

Fiscal 2005-	Risk Management Handbook	Clarification of actions to be taken in the event of an earthquake, fire and traffic accident All employees are required to carry this on a daily basis.
Fiscal 2007-	Risk management training for management-level employees at DENSO Corporation	Conducted risk management training directed toward newly appointed department managers as well as factory managers and section managers of production department. (Number of persons taking training course in fiscal 2014: 54)
Fiscal 2009-	Risk Management education for top management at overseas subsidiaries	Provide risk management education for employees scheduled for transfer as president of local corporations in order to strengthen risk management at overseas sites. (Number of persons taking education course in fiscal 2014: 10)

Preparing for the risk of a major earthquake

In the Tokai region as well, there is a possibility that a major earthquake, including a major earthquake in Tokai and Tonankai will occur in the near future. In preparation for a major earthquake, DENSO Corporation and domestic Group companies are carrying out permeation and enlightenment activities for employees as well as their families.

Key initiatives (★Also being implemented at domestic Group companies)

Implementation of initial response (evacuation, fire extinguishing, rescue) drills ★	Annual implementation of initial response drills at each building at every plant (total of 81 locations)
Drills using the employee safety confirmation system ★	Introduced the employee safety confirmation system to accelerate the confirmation of employee safety in the event of a large-scale disaster. Implement drills twice per year for registering with the employee safety confirmation system assuming the occurrence of a disaster. From 2012, set up a message board where members of families can confirm each other's safety.
Implementation of disaster prevention awareness questionnaire	Each year we implement a questionnaire to confirm employee disaster prevention awareness and uncover any related issues as well as to provide enlightenment through the questionnaire. (Number of respondents in fiscal 2014: Approximately 1,000 persons)

Responding to increasing risk along with the development of our global business

We learned that along with the globalization of the supply chain, the impact of a risk occurring in one region, such as the 2011 Great East Japan Earthquake and flooding in Thailand, can spread to other regions and become a major risk. On this basis, from the perspective of Group global management we are stratifying our risk management items in the following manner and strengthening our risk responses.

(1) Major risks shared in common globally

- Items requiring response across the Group via company-wide cross-sectional functions because the impact of a risk occurring in one region spreads to all regions
- Uniform management globally led by DENSO headquarters

(2) Major risks specific to particular regions

Regional headquarters identify major risks within the region based on the frequency of occurrence and the level of impact on businesses continuity.

Activities toward the 2015 targets

Strengthening earthquake disaster risk response (formulate Business Continuity Plan)

Commence strengthening of earthquake disaster risk response measures (formulate Business Continuity Plan (BCP)* for the entire DENSO Group from the perspective of business continuity management. Ascertain areas subject to the BCP in the following manner and prepare an emergency situation manual and complete countermeasures for disaster reduction.

(1) Visualization of actions ranging from “initial actions to restoration” in the event of an emergency situation

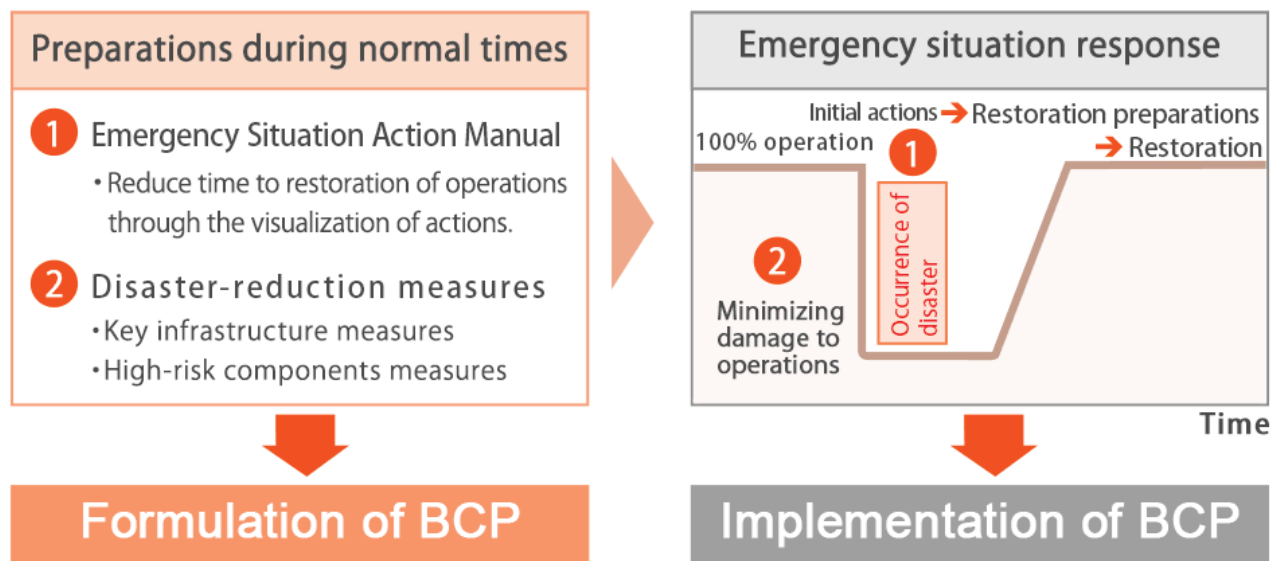
(2) Countermeasures for reducing disasters

(Devise countermeasures for key infrastructure and countermeasures for high-risk components in terms of procurement from the perspectives of substitutability and plant locations.)

* Business Continuity Plan (BCP)

A plan for restoring business operations within a target time frame and minimizing damage to business in the event that business is interrupted due to a major disaster such as an earthquake

BCP formulation and implementation



Fiscal 2013 activities

Strengthen responses to the Tokai Earthquake

	Initial action	Restoration preparations/ restoration of operations	Disaster reduction
Details of activities	<ul style="list-style-type: none"> Evacuation guidance Confirm safety of employees (and their families) Strengthen headquarters functions Community support 	<ul style="list-style-type: none"> Identify high-risk components, implement risk-reduction measures Identify crucial operations, devise measures for continuation 	<ul style="list-style-type: none"> Seismic strengthening of buildings and facilities Prevent explosions and fires as well as prevent the leakage of hazardous substances Information systems data backup
	Strengthen ability to execute Emergency Situation Action Manual		

Future initiatives

We will continue to upgrade risk management and promote enlightenment to prevent the emergence of risk and to minimize damage when risk emerges.

Of particular note, fiscal 2015 marks the final year of our four-year plan for countermeasures for disaster reduction and we will execute this plan to completion. At the same time, we will revise the Crisis Communication Manual and promote the formulation of Business Continuity Plans (BCPs) at overseas Group companies.

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 49 domestic Group companies and 64 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

(1) Initiatives of DENSO Corporation

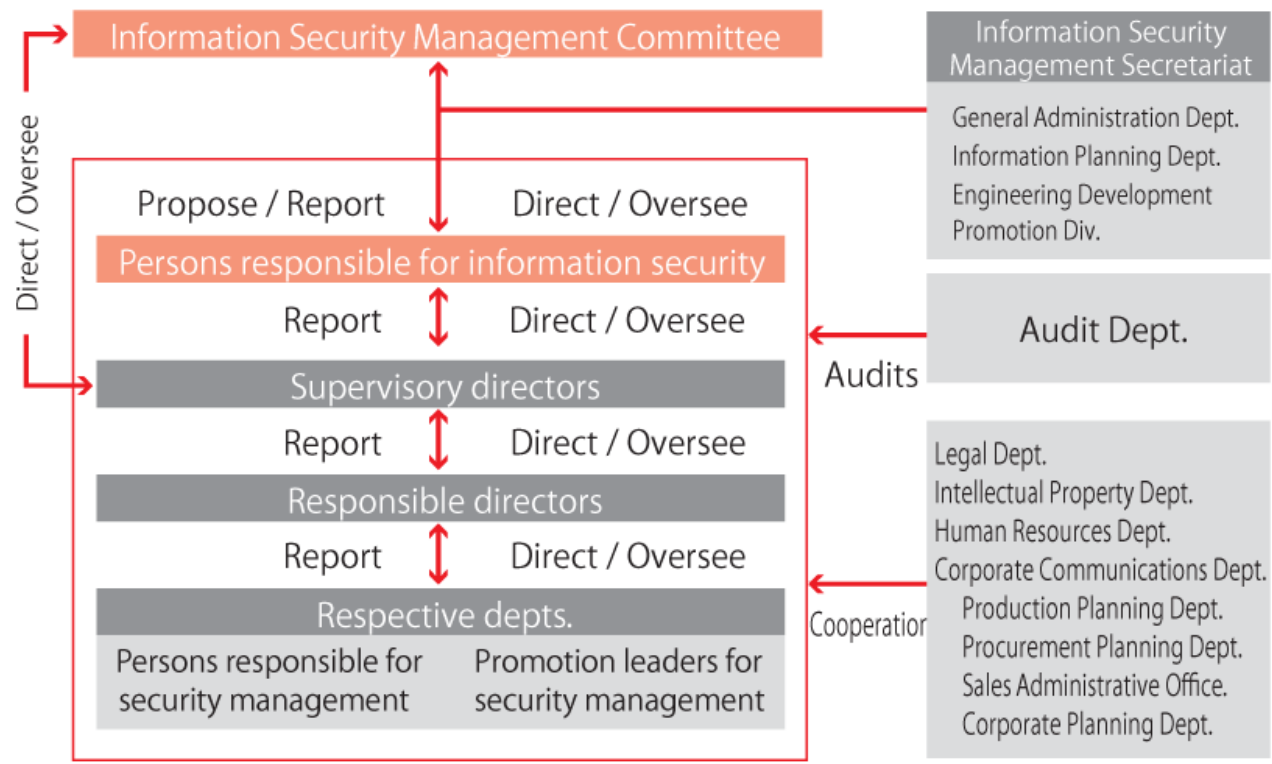
Under the Information Security Management Committee, DENSO Corporation established the Information Security Management Secretariat as a special organizational unit and assigned security management promotion officers and leaders to each Company department. To promote associated activities, we built a management structure based on international information management system standards (ISO/IEC 27001, etc.), and we are continuously working to enhance our approach through measures that include conducting annual security management audits and self-reviews within DENSO Corporation.

(2) Deployment in the domestic Group

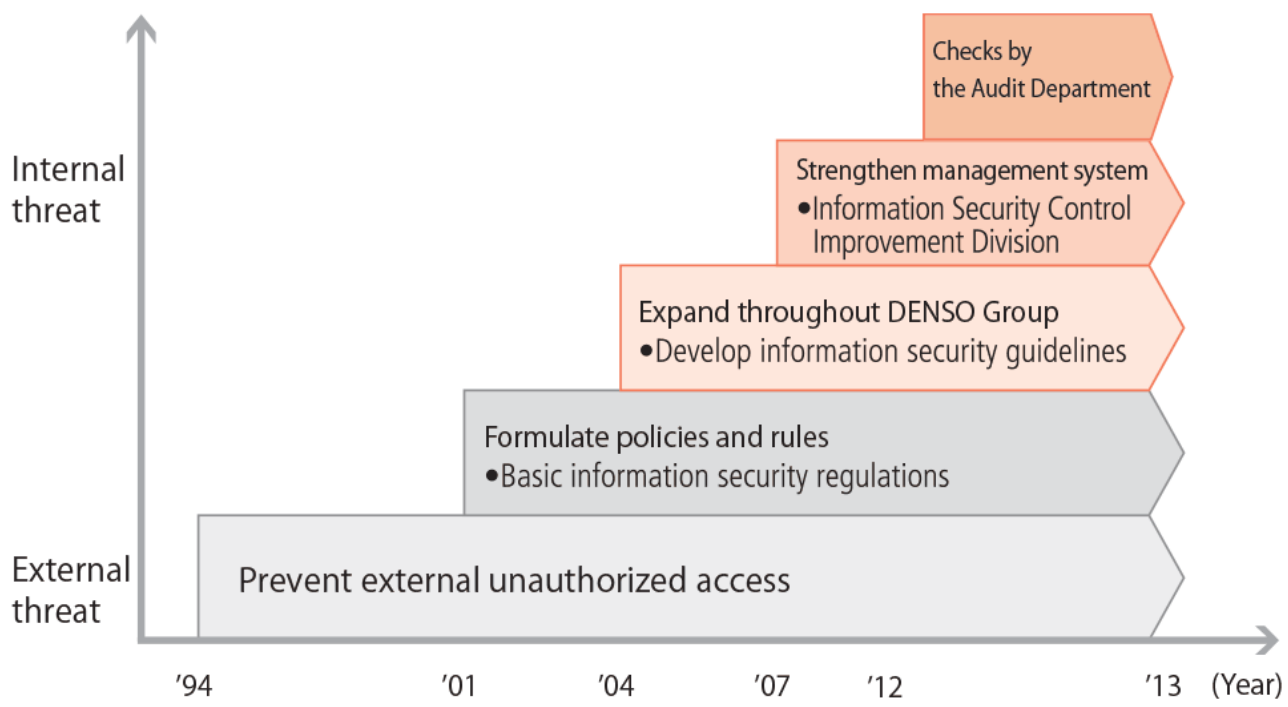
Moreover, for part of the domestic Group (hereafter: functional companies), we are introducing management systems equivalent to the system at DENSO Corporation as we implement annual monitoring surveys to ascertain actual conditions at these functional companies.

Also, we are expanding the scope of our shared guidelines to include domestic and overseas Group companies with the exception of these functional 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 possess.

Security control structure



Approach to information security initiatives



Specific initiatives

High management awareness on the part of individual employees is the foundation of information security. DENSO Corporation implements such security measures as 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. At the same time, it promotes various enlightenment activities for employees.

Every March we hold Security Management Month during which time we intensively implement enlightenment activities.

Initiatives	Implementation items
Employee education	Training for managers, new employees' training and training by employment level
Security Management Month	<ul style="list-style-type: none"> ▪ Security management education programs ▪ Inspections of computers and recordable media taken out of DENSO facilities ▪ Security management audits ▪ e-learning (from 2009) on information security for all employees with computers, etc

Activities in fiscal 2013 and future initiatives

DENSO Corporation held normal training for managers, new employees' training and training by employment level. Additionally, in March 2014 DENSO Corporation held training for all departmental security management officers, in which we requested that they redouble their efforts to adhere to the special measures and confirm that these measures are firmly established. Also, we commenced monitoring for information management of outside staff (temporary employees, employees from contract companies) and suppliers.

In fiscal 2013, there were no incidents or accidents involving the unauthorized disclosure of information. In the future, the information security circumstances surrounding DENSO are expected to change and we will continually review and strengthen our information management structure in response to the changing environment.

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 (<http://www.globaldenso.com/en/csr/vision/index.html>),” 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 DENSO 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 DENSO 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 DENSO 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 Employees

When employees 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 Business Partners

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, 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 voluntary basis and creating an organizational culture that encourages employee participation in society while focusing on the areas that DENSO has identified as priorities, namely, harmony with the environment, ensuring safety and security in local communities and *hitozukuri* (human resource development).

Responsibility to Customers

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 employee 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.

Promotion structure

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 newly established Technical Centers in India and Brazil in addition to the United States, Germany, Thailand and China for conducting evaluation tests and product development corresponding to regional characteristics, thereby reinforcing a structure capable of conducting global quality assessment.

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



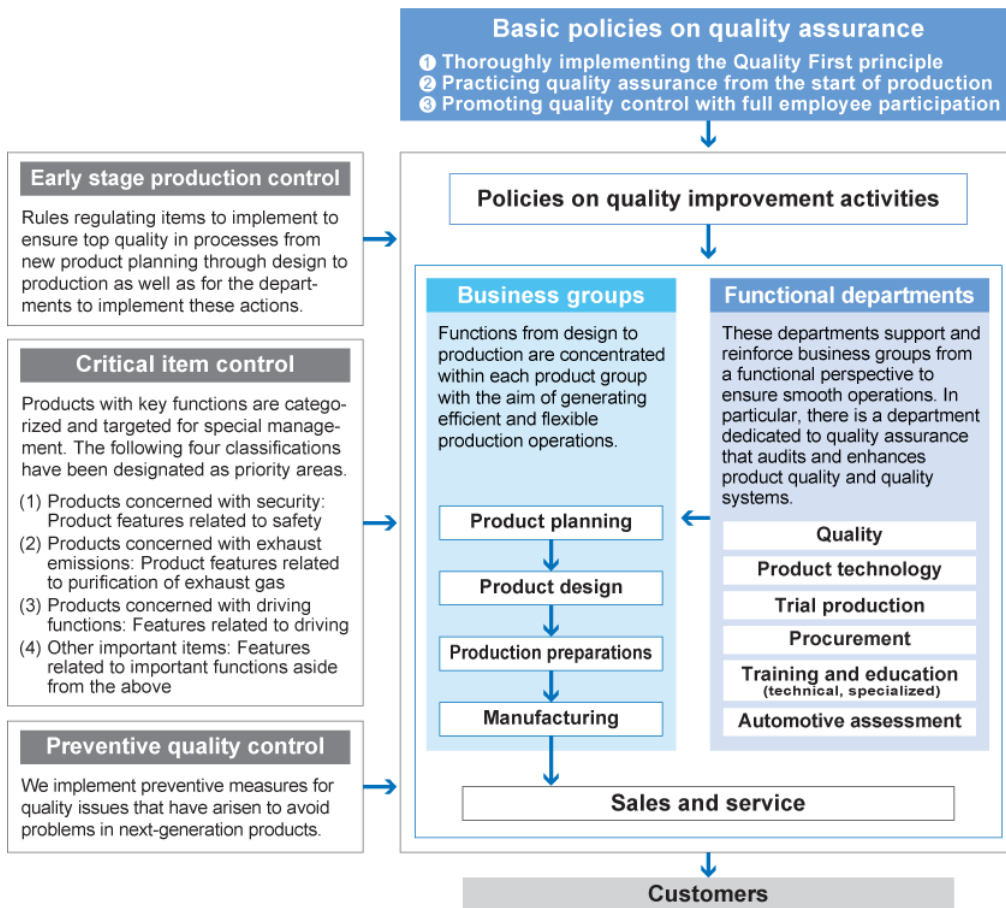
Quality control in environmental testing room



In-vehicle testing on DENSO's test course



Technical Center (India)



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. Additionally, we are currently promoting product development pursuant to ISO 26262 certification for functional safety, which was established in November 2011. 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.

In order to reduce road accidents as one of our missions as a company engaged in the automobile industry, we are also focusing on developing preventive safety systems to support the prevention of accidents. To realize this, we are promoting measures to ensure the safety of preventive safety systems by analyzing various traffic conditions such as road accidents and road environments around the world and repeating and assessing road accident scenes on our test course.

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



Detecting drowsiness through image recognition technology



Detecting pedestrians through image sensing technology

Education, training and awareness-raising activities

The Denso Group considers *hitozukuri* (human resource development) to be the foundation of our business and thus nurtures technical and skilled employees in a systematic and ongoing manner while also handing down DENSO-style *monozukuri* (manufacturing) through hands-on practical education and training.

Quality Control (QC) Circle activities have played an quality at manufacturing bases since they were launched in 1964. QC teams have been actively setting goals every year and striving to mutually raise awareness through Groupwide QC Circle Presentation Meetings and overseas regional friendship competitions.

Company-wide QC Circle Competition



Domestic Circle presentation



Overseas Circle presentation awards ceremony

Education, training and awareness-raising activities

Training activities	E-learning and satellite training for Group companies located in remote regions in Japan and overseas, including education by employment level, skill enhancement training by area of specialization and technical/skill tests.
Practical education Circle activities	<ul style="list-style-type: none"> ▪ Technology <i>Dojo</i> (DENSO headquarters), Manufacturing <i>Dojo</i> (manufacturing bases in and out of Japan) ▪ Qualitative Skill Competition, in which competitors utilize their five senses to detect defects ▪ Quality Circle (QC) activities (technical and skills related), Active Meeting (clerical related), etc.
Information sharing and mutual study	<ul style="list-style-type: none"> ▪ Quality Improvement Exhibition, to which subsidiaries and affiliates are invited, and the DENSO TQM Competition ▪ Past Trouble Exhibition Hall for learning lessons from examples of troubles in the past ▪ Company-wide QC Circle Competition participated in by domestic and overseas Group companies and suppliers, etc.

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.



Exterior view of 7FX



Exterior view of 10FA

Recall status of far infrared heaters (As of April 2014)

- ENSEKI 7FX, 12F, 12FD 43,325 units / Recovery rate: 42.0%
- ENSEKI 10FA, 10FC 80,146 units / Recovery rate: 31.8%
- ENSEKI DZR-08FR, 10FR 4,696 units / Recovery rate: 17.8%
- ENSEKI ND-08FR, 10FR 15 units / Recovery rate: 33.3%

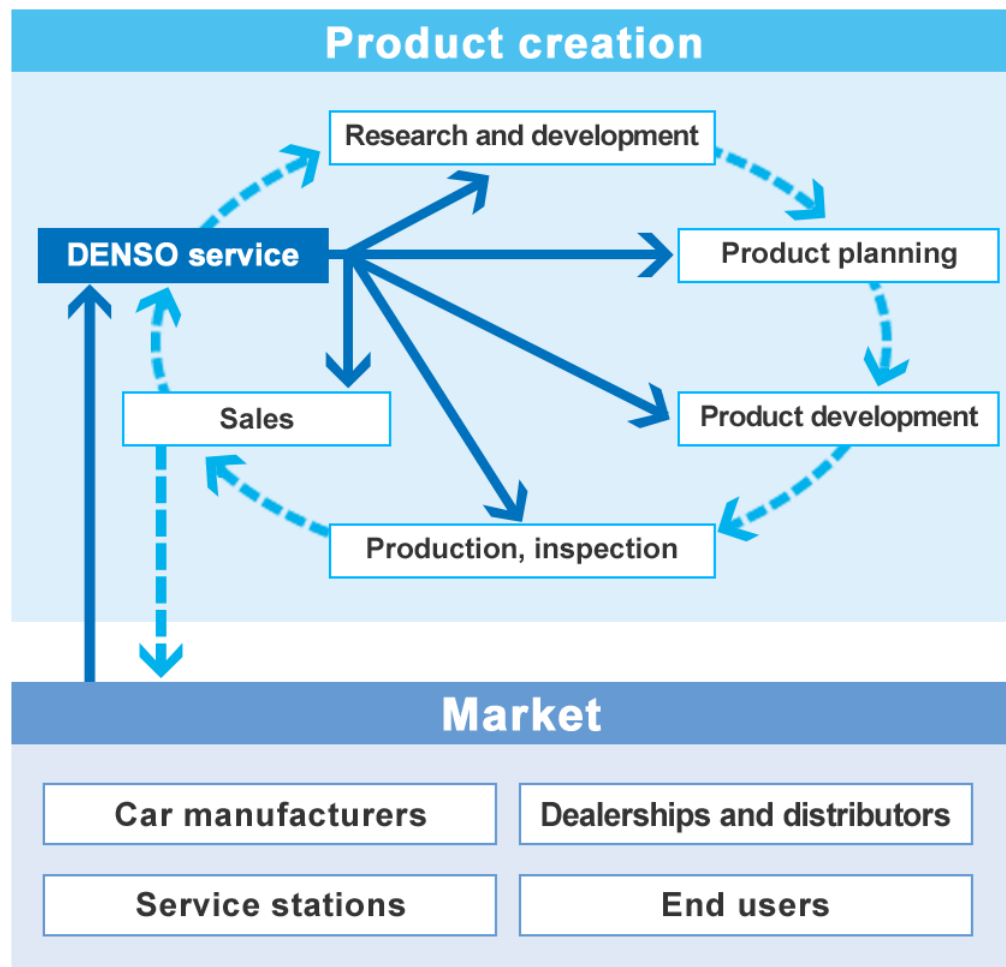
Enhancing after-sales service

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 three policies.

- (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
- (3) Bringing customer feedback to bear on product development and improvement efforts and minimizing customer inconvenience

DENSO service activities



---> Cycle from product creation to market -> Feedback of quality information and market needs

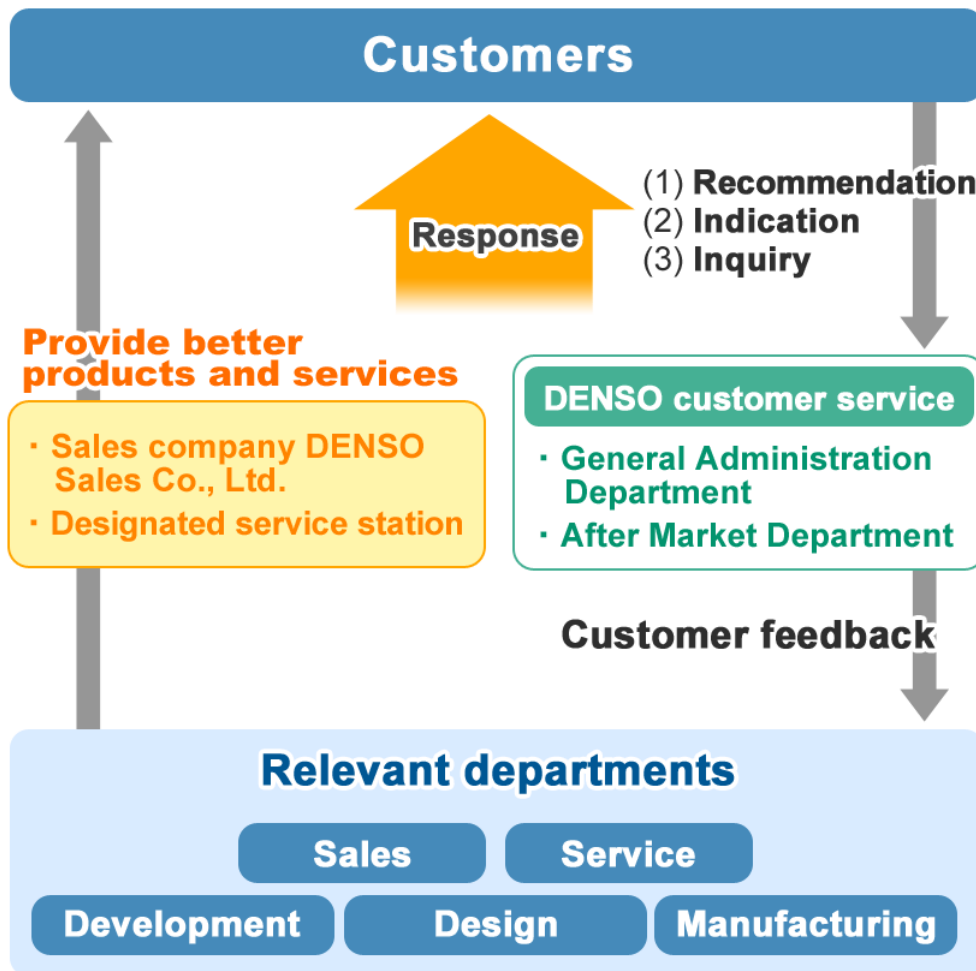
1. Collect quality-related information on DENSO products from the market and appropriately disseminate the information to the relevant departments to promote early product improvements.
2. Widely collect expectations and suggestions from customers for DENSO products in terms of marketability, pricing and serviceability and disseminate the information to the relevant departments to translate the feedback into better products.

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.

Detailed flow of customer service



Status of inquiries

The number of inquiries in fiscal 2014 declined overall despite a rise in inquiries for “Others” products. This was attributable to an increase in the number of newly launched commercially available products.

Inquiries and comments regarding DENSO products

Content	Fiscal 2012	Fiscal 2013	Fiscal 2014
ETC	39%	39%	38%
Spark plugs	19%	17%	18%
Car navigation system	5%	4%	4%
Environmental systems	1%	1%	0%
Communication devices	0%	0%	0%
Ionic air purifiers, Plasmacluster	11%	11%	8%
Others	22%	25%	29%
Total	100%	100%	100%
Number of inquiries	7,055	7,808	7,251

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.

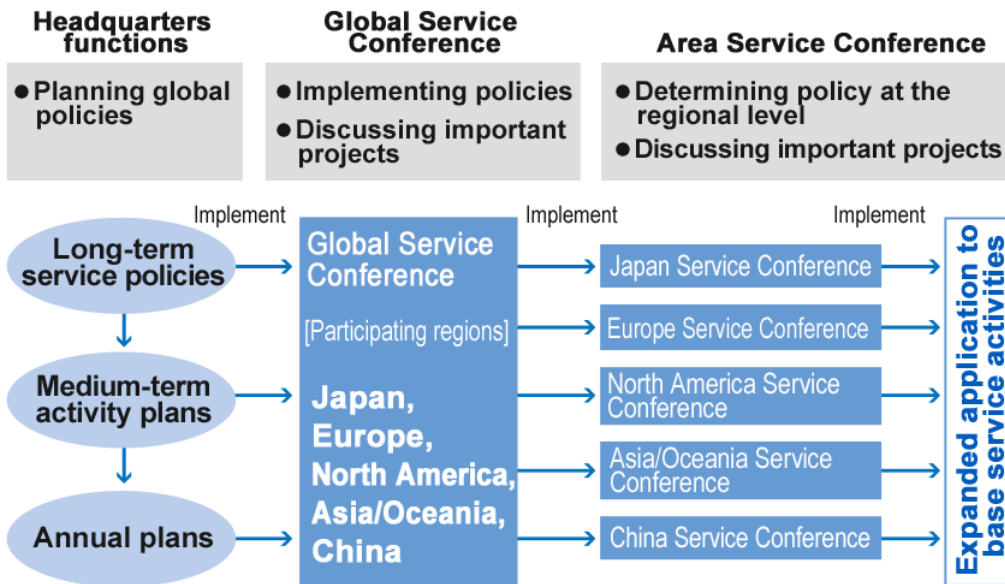
Global expansion of after-sales service

To ensure our customers receive seamless service, DENSO has established a service 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 739 service stations (designated service stations and dealerships) under DENSO Sales Co., Ltd.

Overseas, we have established core bases in Europe, North America, Asia/Oceania and China. Also, a total of 3,911 service stations are operated by 25 overseas sales companies.

Global service promotion structure



Number of sites established

Domestic	Overseas
739 <ul style="list-style-type: none"> ▪ Designated service stations: 147 ▪ Dealerships: 484 ▪ Others: 108 	3,911 (116 countries) <ul style="list-style-type: none"> ▪ Central distributors: 229 ▪ Service dealers: 3,682

Number of service stations by region

Region	Number of service stations			
	Fiscal 2012	Fiscal 2013	Fiscal 2014	
Japan	1,978	1,894	1,914	
The Americas	North America	1,188	1,214	1,227
	Latin America	397	441	512
Europe	1,395	1,482	1,428	
Asia/Oceania, Others	China	335	343	393
	Asia	1,321	1,350	1,380
	Oceania	382	382	388
	Middle East	74	78	78
	Africa	160	167	187
Total	7,230	7,351	7,507	



Thailand



China

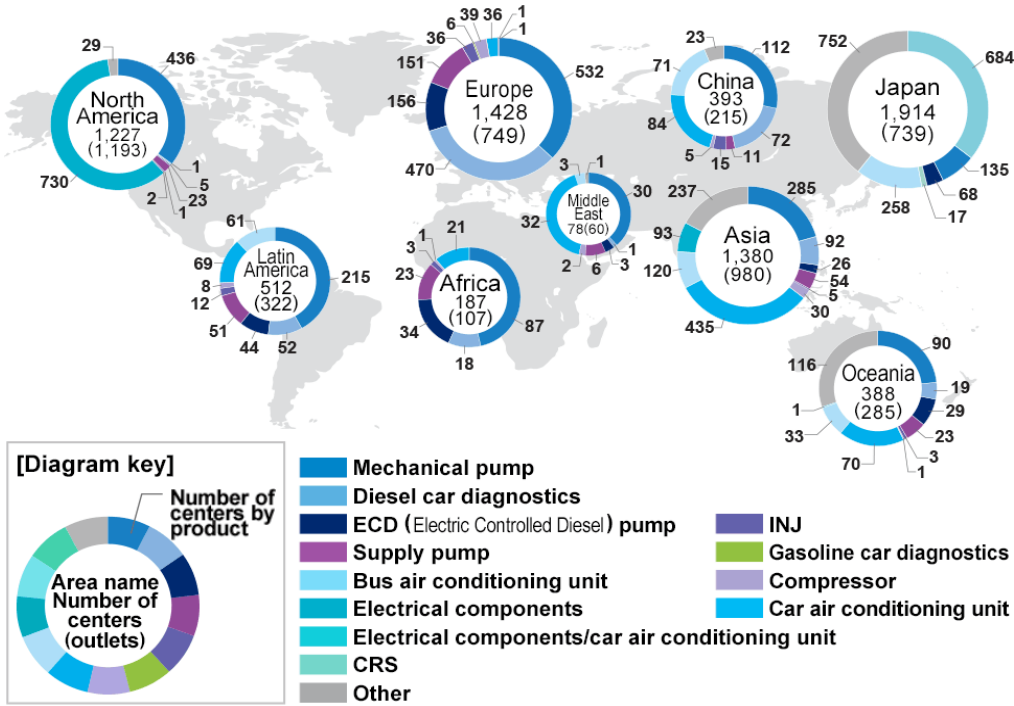


Brazil



Russia

DENSO's global service network (Numbers refer to results in fiscal 2014)



Strengthening of after-sales service

Every year, automobile technology is becoming increasingly sophisticated and complex. Amid this changing environment, we strive to develop a service network that always goes a step ahead of today's trends to ensure repairs are made quickly and properly while meeting customer needs and expectations.

(1) Diag-Stations

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 stations 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.



Number of sites established with Diag-Stations (Japan)

Fiscal 2013	Fiscal 2014	Fiscal 2015 (plan)
70 (expert staff: 110)	77 (expert staff: 149)	More than 90

(2) Opening PIT & GO stores (overseas)

Overseas, growing automobile demand in Asia, Africa and other emerging markets is generating greater needs for repair, maintenance and other after-sales services both for new and used vehicles. To quickly provide quality services and automotive components and subsequently improve customer satisfaction, we started opening stores under the brand name "PIT & GO".*

As of August 2014, we operate five stores in Cambodia, Myanmar, Indonesia and Thailand and plan to increase the number of PIT & GO stores in the Asian region to around 40 by 2015.

* Jointly operated with Toyota Tsusho Corporation and Aisin Seiki Co., Ltd.



(3) Other activities

DENSO Corporation works to reinforce its partnership with service stations and makes joint efforts to raise the overall level of after-sales service provided by the DENSO Group through various initiatives.

Major initiatives (in Japan)

Holding a General Meeting of DENSO Service Stations (1955–)	Share DENSO Corporation's service policies and present awards to excellent service stations. Number of service stations awarded in fiscal 2014 Most Excellent Awards (6 service stations) and Excellent Awards (12 service stations)
Servicing Skills Competition (1971–)	Targets servicing staff of DENSO service stations nationwide. Held for the purpose of improving fault diagnosis and repair skills, customer response capabilities and awareness required of DENSO servicing staff and for creating ties within the service network.
Certification of DENSO Eco Service Station (FY2002–)	Hold an environmental campaign every year to check the status of environmental conservation efforts and encourage improvement activities at all DENSO service stations. Service stations that satisfy all the 67 evaluation items are certified as DENSO Eco Service Stations. <Major evaluation items> Recovery and destruction of fluorocarbons, disposal of industrial waste, monitoring environmental pollutant releases and transfers, energy saving, raising employee awareness, and organization and cleanliness in the workplace

Future initiatives

With the aim of accurately meeting customers' expectations and earning their trust, the DENSO Group and DENSO service stations will continue to work as one team to create products and provide after-sales service that can satisfy customers.

Related Information

[Products and services information](http://www.globaldenso.com/en/products/index.html)

Responsibility to Employees

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 employee can fully exert his or her capabilities and lead a vibrant working life.

Human Resource Management Philosophy and promotion structure

This section presents the DENSO Group’s approach toward promoting its HR policy.

Long-term stable employment

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

Stable labor-management relations

DENSO is further deepening the bonds of mutual trust and mutual responsibility between each Group company and its employees by sharing throughout the Group the concept that the “development of the whole Group and improvements in employees’ 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 employees 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 employees can work energetically in an organizational culture that transcends individual attributes such as gender, age and nationality.

Initiatives to enhance employee satisfaction

DENSO Corporation assesses information such as employees’ motivation and workplace satisfaction. The results are shared with managers to encourage autonomous improvements in the workplace and used as reference for developing specific company-wide initiatives.

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 employees can work in safety as the best way to respect humanity and achieve high productivity.

Promoting employee health

The DENSO Group Declaration of Corporate Behavior includes a clear statement to enable all employees 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.

Human Resource Management Philosophy and promotion structure

Basic stance

Companies grow when employees enjoy a vibrant working life while exerting their capabilities to the fullest. This belief, which forms the foundation of our employee-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 employees in the form of management practices that value people, specifically:

- (1) *Hitozukuri*, or human resource development, increasing individual employees' motivation and providing opportunities for growth
- (2) Developing our organization by fostering an open, dynamic and unified workplace culture through promoting dialogue and full employee participation
- (3) Creating a positive environment providing a setting where employees 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 employees by creating a culture where all employees can contribute to DENSO's business goals to the best of their ability

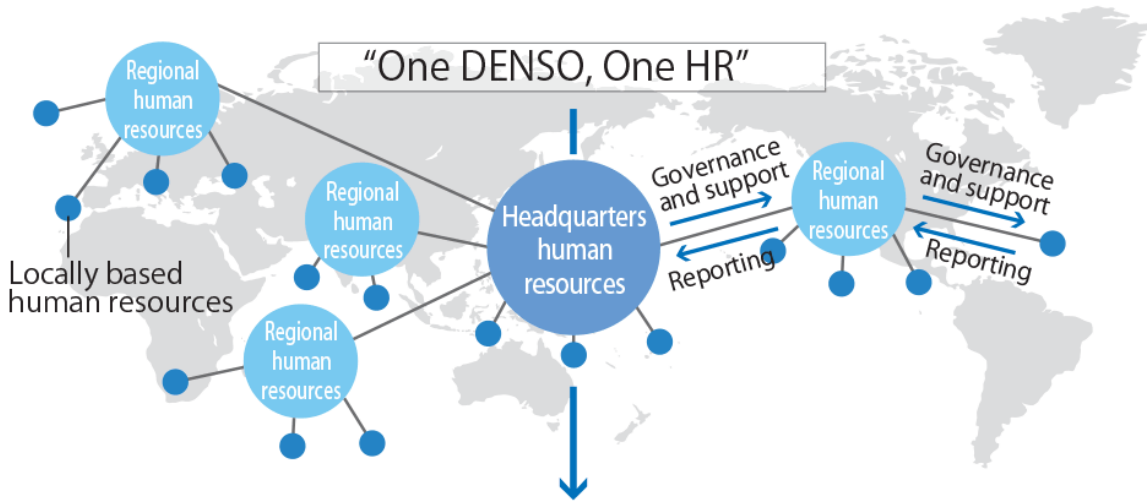
Policies

1. To create among employees a sense of both unity and individual motivation to actively participate in business activities
2. To recruit, assign, retain and develop employees 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 employees 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



Responsibility	Approach	Basic context	Design and application of specific systems
HQ HR Dept.		Core: Global standard	
Regional HR			Local adaptation
Locally based HR Dept.			

← Scope of responsibility of headquarters human resources

← Scope of implementation of responsible HRs

Building a shared foundation for global human resources together with regional and locally based human resources departments

(DENSO Human Resource Management Philosophy, DENSO Spirit, spreading awareness of the DENSO approach to work, promoting measures for developing and posting executive candidates, etc.)

Developing various regional and corporate systems based on local circumstances

(Technical qualification system, corporate officer system, wage system, various educational programs, recruitment measures, etc.)

Long-term stable employment

Basic stance

We believe that maintaining stable employment and valuing the development of our employees from a long-term perspective is of the utmost importance. Both DENSO and its employees 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

In Japan, while hiring a stable number of permanent employees in accordance with our long-term business plan, we increased the employment of non-regular employees in fiscal 2014 as production volume recovered owing to an economic upturn and the weaker yen.

Additionally, we revised our internal system two years ago in anticipating the revision to the Law for the Stability of Employment of the Aged (enacted in April 2013), in which all employees who wished to be re-employed were rehired except for those who were terminated or resigned as prescribed by employment regulations.

Number of employees by region

(unit: person)

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Japan	63,936	64,751	65,553
Asia/Oceania	31,316	34,779	39,133
North America	14,205	15,420	17,014
Europe	13,152	13,157	14,117
Others	3,427	4,169	4,025
Total	126,036	132,276	139,842

Composition of employees [DENSO Corporation]
Fiscal 2012

(unit: person)

			Male	Female
Full-time employment	Employees	General employees	19,218	4,523
		Managers	12,947	117*5
		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*4		84.4%	
Part-time employment	Employees		78	33

Composition of employees [DENSO Corporation]
Fiscal 2013

(unit: person)

			Male	Female
Full-time employment	Employees	General employees	18,717	4,549
		Managers	13,307	132*5
		Executive officers	16	0
	Average age		42.6	34.3
	Average service years		22.26	14.46
	Turnover rate*1		0.30%	2.14%
	Retention rate*2		97.5%	95.58%
	Union membership*3		100%	
	Paid vacation time*4		83.5%	
Part-time employment	Employees		96	36

Composition of employees [DENSO Corporation]
Fiscal 2014

(unit: person)

			Male	Female
Full-time employment	Employees	General employees	18,155	4,557
		Managers	13,520	156*5
		Executive officers	18	0
	Average age		42.9	35.0
	Average service years		22.47	15.00
	Turnover rate*1		0.28%	1.95%
	Retention rate*2		97.14%	96.84%
	Union membership*3		100%	
	Paid vacation time*4		81.0%	
Part-time employment	Employees	89	41	

*1 Turnover rate: Resignation due to personal reasons

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

*3 Union membership: Denominator used is general employees (Union members)

*4 Paid vacation time: Including temporary employees

*5 Permanent employees at the assistant manager level or above

Number of new recruits [DENSO Corporation]

(unit: person)

	Fiscal2012	Fiscal2013	Fiscal2014	April 1, 2014
Administrative staff	49 (Including 2*2)	55 (Including 1*2)	57 (Including 5*2)	50
Engineer	356 (Including 76*2)	350 (Including 70*2)	361 (Including 118*2)	258
Clerical worker	54	35	38	34
Technical and skilled worker*1	394 (Including 67*3)	394 (Including 83*3)	331 (Including 78*3)	241
Total	853	834	787	583

*1 Including students of the DENSO Technical College

*2 Mid-career employment workers

*3 Permanent employees who have shifted from temporary production employees

Future initiatives

Sustainable growth of the DENSO Group is essential in continuing to secure long-term stable employment. DENSO and its employees will continue to make concerted efforts to realize the growth and development of the DENSO Group.

Stable labor-management relations

Basic stance

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

DENSO has consistently worked to resolve issues through open communication and discussion with employees. 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 Group promotes a policy of dialogue between employees and management to resolve various issues. At DENSO Corporation, labor-management conferences are held regularly, working together on policies and issues. DENSO's financial and business situation is communicated at company-wide employees-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, a TV monitor installed in the employee cafeteria (D-channel) and other communication channels.



A dialogue between employees and management

Domestic and overseas Group efforts

DENSO Corporation shares its vision concerning human resources and labor management with its domestic and overseas Group companies through various council bodies and activities, such as those shown below. At the same time, DENSO promotes the implementation of initiatives to prevent labor issues and the sharing of relevant information.

[Domestic Group]

- Japan Regional Human Resources Conference
- Theme-based study sessions
- Labor compliance checks, others

[Overseas Group]

- Training sessions for the staff of local human resources departments
- Employee interviews/questionnaire surveys, others

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 DENSO has been requesting 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 employees in terms of job offers, employment or working conditions.

Education and enlightenment

DENSO Corporation's education programs by employment level (for new employees, newly appointed managers and contract employees) incorporate human rights educational content. The Company's focus on educating employees to prevent harassment is evident particularly in activities to strengthen awareness during Human Rights Week and Constitution Week in Japan. DENSO actively participates in external training courses with domestic Group companies. 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 employees.

Individuals taking a seminar on human rights [DENSO Corporation]

	Fiscal 2012	Fiscal 2013	Fiscal 2014
New employees	719 (100%)	693 (100%)	614 (100%)
Temporary employees shifted to full-time	67 (100%)	83 (100%)	79 (100%)

Promoting human resource development

Basic stance

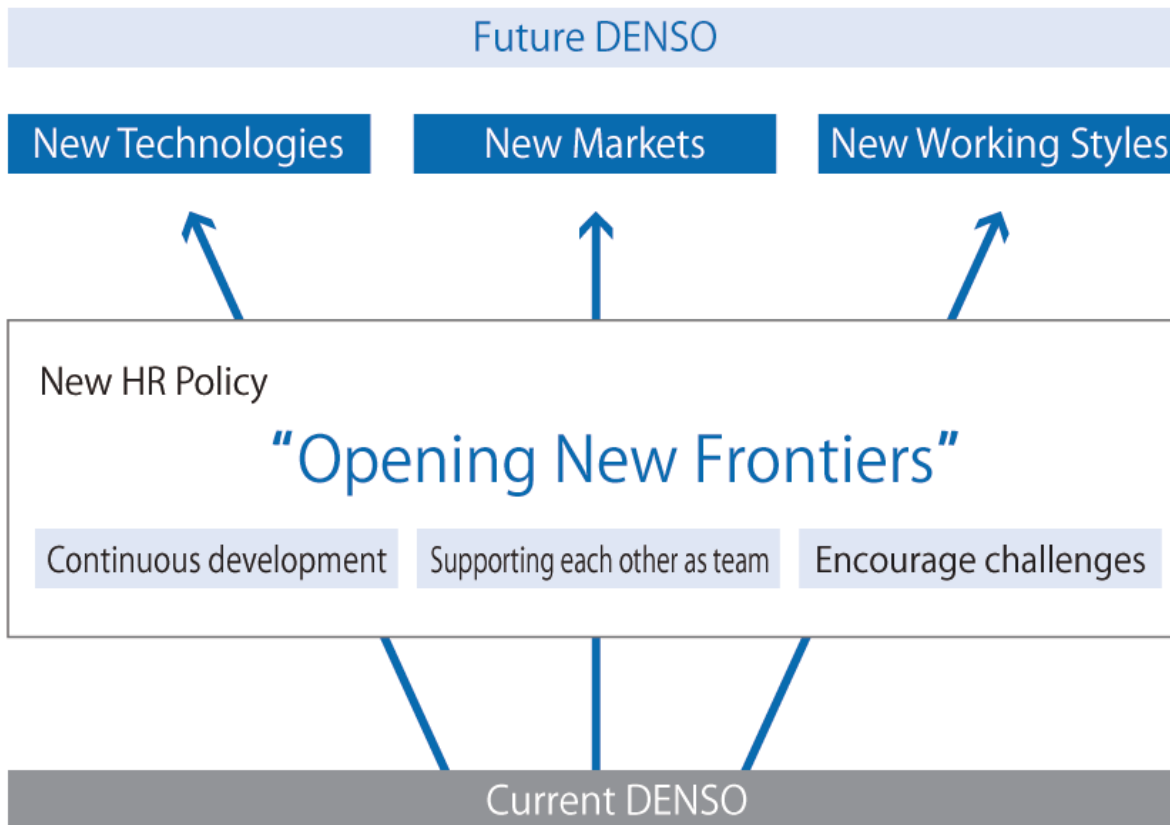
DENSO is working to provide a range of opportunities for skill development and to develop fair and impartial evaluation systems so that all Group employees worldwide, each of whom possesses a unique character, can share common values and take active roles while deriving a sense of growth and achievement 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 employees 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 standardized educational system and management processes for human resources used commonly throughout the Group

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, which signifies the values and beliefs to be shared throughout the DENSO Group, and developing a global, standardized education system and human resource management processes, which are to be used commonly throughout the Group.

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, we have built a structure for conducting evaluations using the same system in Japan for employees 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. We are also developing a global, standardized educational system and are gradually extending the scope of this system to include Group companies worldwide.

Proportion of local employees in overseas Group company management positions

Fiscal 2013 result	Fiscal 2014 result	Fiscal 2016 plan
30% (21 persons / 70 posts)	31% (22 persons / 71 posts)	33%

Enhancing career growth and training that respects autonomy

At the DENSO Group, employees 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 employees select goals that relate to "younger employees' development" to foster an organizational culture that emphasizes human resource development. To gain a broad range of practical experience, employees 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 employee agree.

Initiatives at DENSO Corporation

We have introduced a skill enhancement guide as development guidelines for improving individual expertise conducted in tandem with conventional career path interviews.

In companywide seminars (off-site job training (OFF-JT)), 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 employees at the DENSO Engineering and Technical Skills Training Center.

Number of applicants for company-wide seminars [DENSO Corporation]

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of company-wide seminar participants	71,000	76,000	79,800
Total hours	890,000	900,000	910,000
Annual average of seminar hours per employee	24	24	24

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

Number of overseas trainees dispatched from DENSO Corporation [DENSO Corporation]

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of overseas trainees dispatched	65	90	105

Main awards and certifications received

November 2012	Received the Minister's Award for "Companies Providing Career Support in 2012~Companies committed to human resources development~", which was established by the Ministry of Health, Labour and Welfare from 2012. (Award recipient company: DENSO Corporation)
November 2012	Received Fiscal 2012 Japan Vocational Ability Development Association Chairman's Award from Japan Vocational Ability Development Association. (Award recipient company: DENSO E&TS Training Center Corporation) Japan Vocational Ability Development Association Chairman's Award: The Japan Vocational Ability Development Association Chairman's Award by the Japan Vocational Ability Development Association is presented to companies, including business offices, that are recognized as a role model of other organizations by achieving significant performance in business related to vocational ability development, technical and skill tests and technical and skills development, and international cooperation relations.

Fostering the development of young technical and skilled employees

The DENSO Group believes that the development of highly capable technical and skilled employees 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 July 2013, DENSO technicians representing Japan and Thailand won gold medals in two categories at the 42nd WorldSkills International Competition held in Leipzig, Germany. With these awards, the number of medals totaled 28 gold medals, 15 silver medals and 13 bronze medals.



DENSO employee competing in the 42nd WorldSkills International Competition

- Comments of National Skills Competition participant (in Japanese)

<http://www.denso.co.jp/ja/news/newsreleases/2013/130708-01.html>

(External link: <http://www.denso.co.jp/ja/news/newsreleases/2013/130708-01.html>)

Certified professionals system

Based on the belief that human resources having highly technical expertise are a source of DENSO's competitive edge, we individually recognize personnel who have extremely high expertise and achievements and who are to become a model for young people as "certified professionals." Introducing such a system with a view toward evaluating expertise and achievements will in turn help us to raise employees' motivation and level of proficiency. Through this system, we aim to develop human resources who are capable of creating the path to the future for DENSO in the face of a significantly changing business environment.

System	Launch period	System overview
Certified professionals	Fiscal 2011	A system, in which personnel with extremely high expertise and achievements who are also capable of contributing to business expansion in the future and become a model for young people are designated as "certified professionals." Target: Technical related employees (engineer) who are assuming the position of section manager or higher, skill related employees (technician) [Note] Three persons were certified in fiscal 2014 (Total number of certified persons: 16 persons)

Comments of certified professionals (engineer) designated in fiscal 2014

High ideals may lead to failure. Our work often continues for 10 or 20 years before yielding a product. Over the course of these years, we may face challenges. No matter how hard these challenges are, there is always a way. We would like to pass on to young employees not just our skills but also the spirit to never fear failure and continue to take on challenges through to completion.



Hiroaki Tanaka



Naochika Nunogaki



Muneo Yorinaga

Shifting from temporary production employees to permanent employees

As a measure seeking to advance the careers of our diverse employees, in fiscal 2006 DENSO Corporation has established a system that allows temporary production employees to shift to permanent employees.

Shift from temporary production employees to permanent employees

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of temporary production employees who have shifted to permanent employees	67	83	79

Future initiatives

Under the belief that the growth of each employee forms the basis of corporate development, we will continue to build and upgrade our human resource system to enable every employee to work energetically while fully exerting his or her capabilities.

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 employees 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

In order to achieve sustained growth for our organization by enhancing the flexibility of addressing changes in the business environment, we consider it to be important that employees carry out their work by mutually respecting differences and exerting their individual capabilities to the fullest.

At DENSO Corporation, from January 2014 we have been strengthening 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 employees, senior employees, persons with disabilities and foreign employees.

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 employees at Group companies outside Japan.

- Diversity (DENSO Corporation) (External link, only in Japanese) http://www.denso.co.jp/ja/csr/sociality_report/employee_daiba/index.html

Encouraging diversity [DENSO Corporation]*1

		Fiscal 2012	Fiscal 2013	Fiscal 2014
Female employees		4,679	4,728	4,770
Senior employees (re-employed after retirement)		1,087	1,200	1,395
Challenged persons (Persons with disabilities)	DENSO Corporation*1	554 <2.06%>	551 <2.00%>	590 <2.09%>
	Domestic Group companies*2	307 <1.78%>	319 <1.76%>	347 <1.84%>
Foreign employees*3		96	136	185

*1 Total of DENSO Corporation and DENSO TAIYO Co., Ltd. The figures in < > represent employment ratios of persons with disabilities.

*2 Domestic Group companies. The figures in < > represent employment ratios of persons with disabilities.

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

Promoting female participation

DENSO Corporation is committed to strengthening the employment of women and promoting active roles for them in the organization while introducing measures from the two perspectives of career advancement and work/life balance. Going forward, we aim to achieve our target of having 100 women in managerial positions, which is three times the current amount, by 2020 through the systematic employment and nurturing of female employees.

Career development

DENSO conducts training for female employees and their supervisors to consider women's career paths and work styles. While deepening understanding toward women's careers through lectures presented by females who are actively involved on the frontline outside the company or interviewing female managers within the company, this training also contributes to creating a network internally by meeting and having candid discussions about individual career paths among women.

DENSO also established a counseling center to enable female employees to freely talk about their concerns and get advice and support on issues such as their career plan, childbirth and resuming work (consultation requests in fiscal 2014: 37).

Female employees having gone through the same experiences act as role models, consider matters together and give advice to those expressing concerns about how to achieve results when their time is divided between work and child rearing.

Work-life balance support

DENSO has a flexible system in place centered on childcare support. Employees 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.

A smooth return to work is also supported by organizing a network event for female employees returning to work from maternity leave to enable employees to get an idea of their work styles after resuming work while they are still on childcare leave.

Additionally, Tacchicchi House infant daycare centers, which are jointly operated by five Toyota Group companies, are not only open according to companies' business days but also early in the morning and late in the evening to provide various options to meet various work styles according to an individual's particular circumstances.

In fiscal 2015, we will launch a "mobile work*" system in an effort to provide greater flexibility to female employees in terms of the working place and hours after they resume their jobs. We will continue to actively support initiatives that expand opportunities for female employees.

*Mobile work: A work style that utilizes information and communication technology and is flexible in terms of the place and hours



A network event for female associates returning to work from maternity leave



Tacchicchi House infant daycare center

Principal policies for promoting female participation [DENSO Corporation]

Fiscal 2007~	<ul style="list-style-type: none"> Introduced a reduced work hour system for employees with childcare responsibilities Expanded re-employment system for retired employees accompanying spousal transfers Launched Women's Forum Expanded number of departments with female employees
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 employees 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 employees in clerical positions
Fiscal 2011~	<ul style="list-style-type: none"> Expanded childcare and nursing care support systems Established counseling center for female employees
Fiscal 2012~	<ul style="list-style-type: none"> Established 6th Tacchicchi House infant daycare center
Fiscal 2013~	<ul style="list-style-type: none"> Conducting career development training for female employees
Fiscal 2014	<ul style="list-style-type: none"> Established DP-Diversity Promotion Office and reinforced structure to promote female participation

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 employees fulfill both their work and childcare responsibilities.
November 2010	DENSO was certified as a Family-Friendly Company by Aichi Prefecture.



Number of female new recruits and managers [DENSO Corporation]

		Fiscal 2012	Fiscal 2013	Fiscal 2014	April 1, 2014
Recruitment	Administrative staff	16 (34%)	11 (20.4%)	13 (25.0%)	18 (36.0%)
	Engineer	5 (1.8%)	9 (3.2%)	16 (6.6%)	9 (3.5%)
	Technical and skilled worker*1	71 (31.7%)	61 (29.0%)	43 (27.7%)	32 (21.2%)
	Clerical worker	54	35	38	34
Number of managers	Above team leaders	117 (0.9%)	132 (1.0%)	156 (1.1%)	

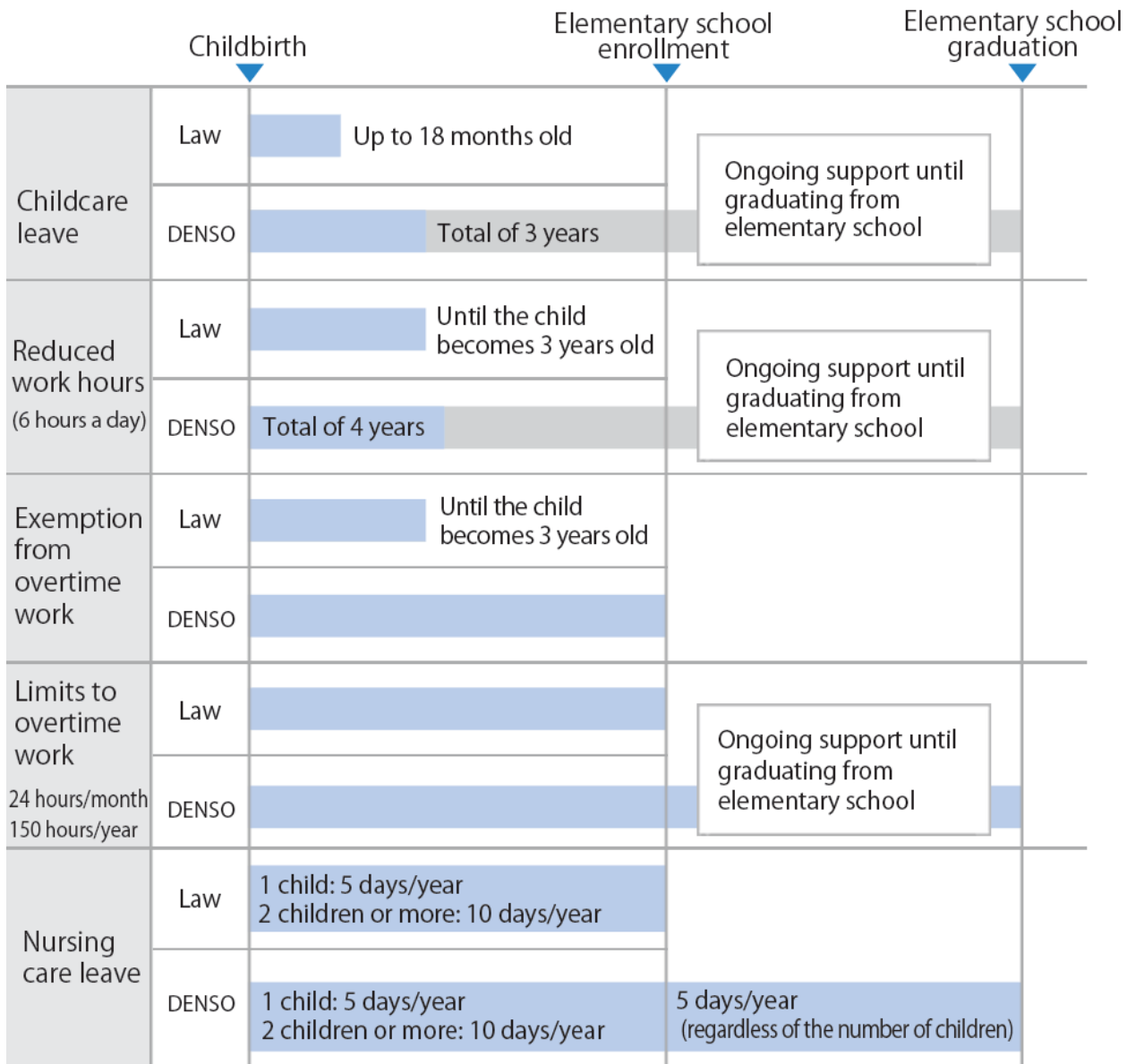
* Percentage figures are the ratio of female employees versus the overall employment number for respective job categories.

*1 Excluding DENSO Technical College

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

		Fiscal 2012	Fiscal 2013	Fiscal 2014
Childcare leave	Female	215	228	279
	Male	12	13	17
Nursing care leave	Female	5	3	3
	Male	3	4	9
Reduced work hours for childcare	Female	221	231	242
	Male	0	1	2

Childcare support



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 employees 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

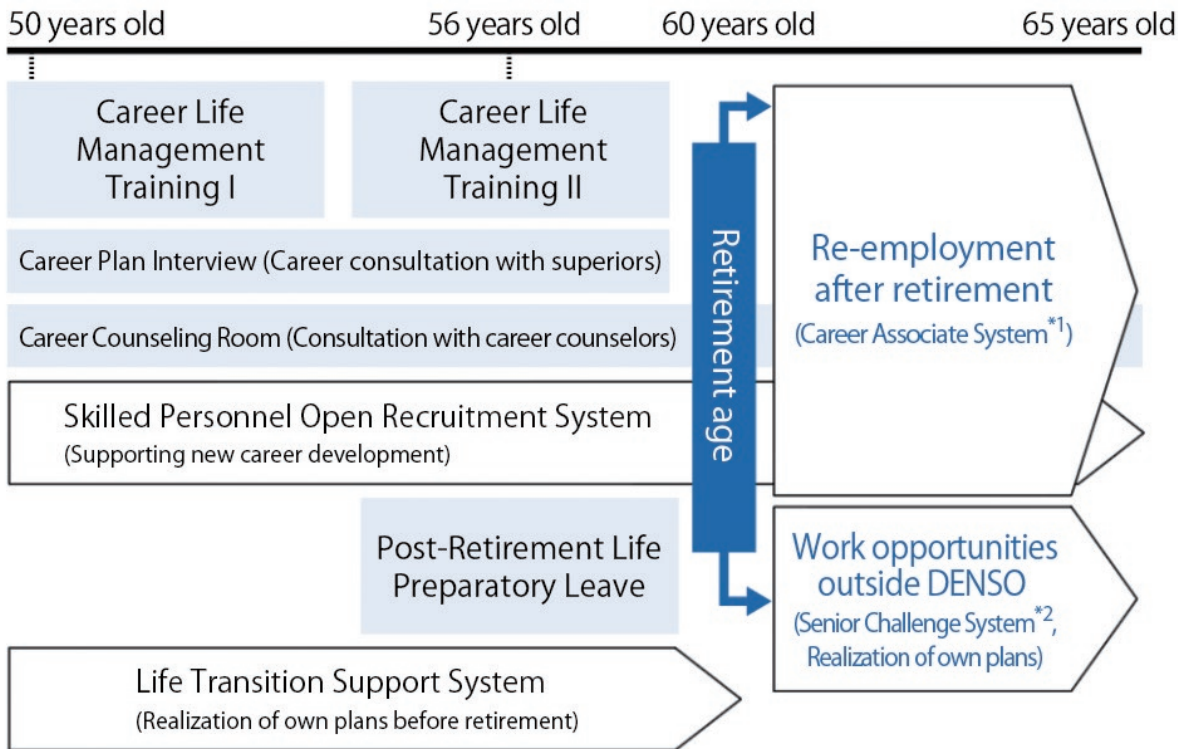
*No revision

Supporting participation by senior employees

DENSO Corporation is also promoting initiatives to enable our senior employees to continue to share their extensive experience and abilities along with supporting their desire to continue working.

Supporting career development and creating opportunities for taking active roles

We support employees' diverse life and work styles envisioned in their life plans and have implemented a system that allows senior employees to take active roles after retirement as well as measures to encourage them to take on challenges and boost their motivation.




*1 Career Associate System: Re-employment opportunities for all retired employees who are interested in continuing their career. Introduced short work hours and reduced working days in order to respond to various employment requests.

*2 Senior Challenge System: Provide work opportunities outside the Company to those with the desire to do so.

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 various support after hire.

Recent key initiatives [DENSO Corporation]

Year implemented	Initiatives
Fiscal 2011	<ul style="list-style-type: none"> Established a counseling center for employees with a hearing or intellectual disability Started conducting follow-up interviews with new employees with disabilities on a regular basis
Fiscal 2013	<ul style="list-style-type: none"> Introduced a sign language support system, in which employees who can use sign language help employees with a hearing disability Held a meeting at each plant with supervisors having persons with disabilities on their teams for exchanging opinions Released the <i>Shuwacchikun</i> video dictionary for learning sign language via the corporate intranet (comprising 2,000 words, including terms specifically used in-house)
Fiscal 2014	<ul style="list-style-type: none"> A person with a disability, who once competed in the National Abilympics, becoming a coach to guide his successors by creating an original development program <div data-bbox="279 1093 1388 1765" style="border: 1px solid gray; padding: 10px; margin-top: 10px;"> <p style="text-align: center;">Serving as a coach for the Abilympics team Yunobu Higashi (with a hearing disability), Ignition Manufacturing Division</p> <p>What I emphasized when coaching competitors was to promote communication with them by exchanging opinions from a competitor's standpoint. Just focusing on passing information makes them nervous, so I worked to improve their mental strength while providing technical guidance. I've also learned a lot through coaching. We were equally delighted with the results (one silver medal and one copper medal in the national competition), and I was really moved and glad to have served as their coach when they smiled and said, "Thank you."</p> <div style="text-align: right;">  <p>Coach giving instructions</p> </div> </div>

Supporting engagement by persons with disabilities within the workplace (production sites)

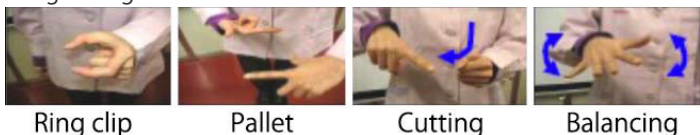
Besides companywide systems and schemes promoted by DENSO, original activities are also undertaken at each workplace to support active engagement by persons with disabilities.

All members learned sign language after an employee with a hearing disability was assigned to the workplace

After Mr. Taishi Yasumoto, who has a hearing disability, joined our team three years ago, all members study sign language and have started using it in daily business operations. We also made up original signs for words that are frequently used in operating manufacturing lines and created a workplace hazard map that is easy to understand for everyone on the team. This activity was started because we hoped to communicate better with the new team member, but it improved communication within the entire workplace. We now use sign language during after-lunch meetings and in daily operations.

I'm glad that I can now communicate more with other team members and handle a wider scope of work. I hope to meet the expectations of others by continuing to work hard and becoming a production machinery operator.

Original signs



Fuel Injection Manufacturing Division (Nishio Plant)



Taishi Yasumoto

Initiatives by special-purpose subsidiary DENSO TAIYO

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

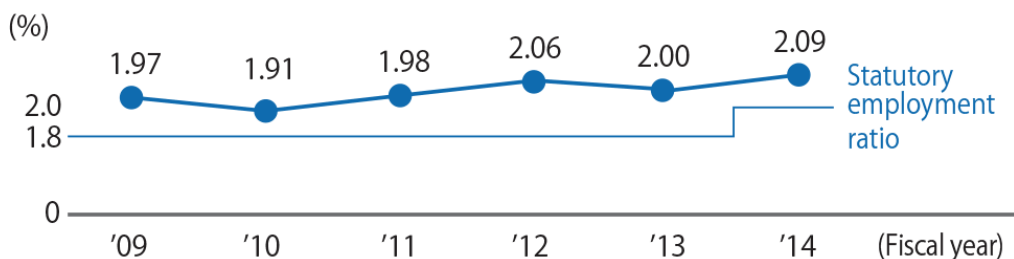
In fiscal 2014, the employment ratio for those with disabilities was 2.09 percent, or 590 people with a disability being employed as regular employees, including those at DENSO TAIYO Co., Ltd.

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



DENSO TAIYO

Employment ratio of persons with disabilities [DENSO Corporation]



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

Future initiatives

Initiatives for promoting diversity are essential in attaining sustainable growth of society as a whole as well as the DENSO Group. DENSO Corporation regards diversity as one of the companywide managerial issues and intends to enhance and augment related initiatives.

Efforts toward enhancing employee satisfaction

Holding of company-wide sports festival

DENSO Corporation has revived and held a company-wide sports festival in 2011 for the first time in 24 years as an overall company event for creating a sense of unity in the workplace. Representative teams, which won the regional preliminaries, competed to become the top winners in the company-wide final competition. In fiscal 2013, a total of approximately 14,000 people took part from the preliminary round to the finals. This event was held in fiscal 2014 at the end of October.



Company-wide sports festival

Employees awareness survey

At DENSO Corporation, we ascertain various aspects such as employees' motivation for work and their level of satisfaction in terms of supervisors and the workplace. Feedback is in turn provided to managers to encourage autonomous improvements at workplaces while also utilizing information to consider personnel affairs measures.

Specifically, a motivation survey is regularly conducted for all employees to examine improvements and obstructing factors of motivation by workplace. The survey conducted in 2009 has verified changes in employees' awareness based on the rapid environmental changes since the Lehman Shock.

Additionally, a simple workplace capability survey using IT is conducted once every six months. This survey consists of questions concerning approximately 30 items to enable managers to get a grasp of the work situations and ability of their subordinates, and in turn link this with job allocation, development and communication in the future. Feedback is provided by qualitatively evaluating the strengths and weaknesses of respective workplaces. Other measures include cross development of examples of management with a high workplace capability as well as individual support for departments with a lower workplace capability in an effort to enhance workplace capability throughout the Company.

Welfare program

Since 2007, DENSO Corporation has been employing a selection-based welfare program called the DENSO Cafeteria Plan to address a diverse range of welfare needs. Under this program, employees are allotted points in advance (including full-time temporary employees), in which they can receive benefits from the Company within the range of the allotted points for a wide variety of items selected from a set menu (including travel, dining and nursing care). In other areas, programs have also been set up to support the enhancement of employees' lives, including recreational facilities, apartments for single employees and other facilities, as well as an asset building assistance program and a Group insurance system.

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 employee 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 employees 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 employee 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 employees 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. As of fiscal 2014, 30 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 2014 activity results and future initiatives

During fiscal 2014, emphasis was placed on following through with measures to prevent serious accidents and promoting safe behavior with each individual taking the initiative. Accordingly, we worked to complete the implementation of measures to reduce risks of serious accidents that have been identified, reassess the risks of high-risk facilities and tasks and promote improvements, while encouraging efforts to enhance the level of safety sensitivity.

In fiscal 2015, we will focus on maintaining and improving measures to prevent serious accidents and developing human resources capable of protecting themselves and their colleagues. More specifically, we will continue our ongoing efforts to fully implement measures for reducing serious accident risks, reinforce management of these risks, and enhance and step up activities to improve safety sensitivity.

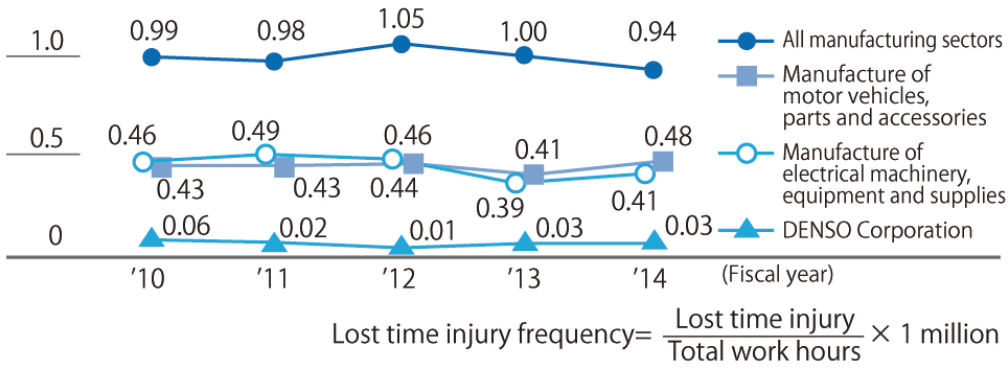
Control items and results

(Fiscal 2014)

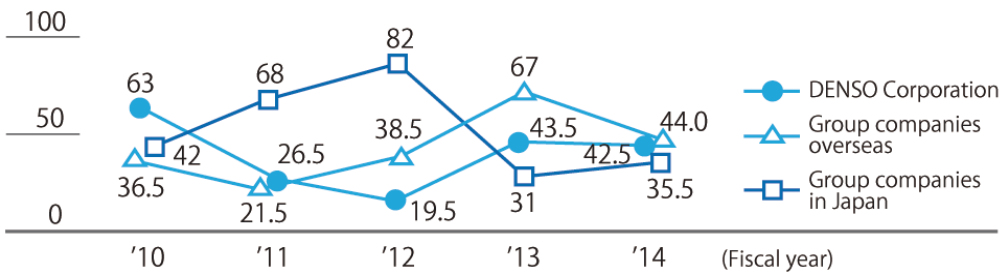
Control items	DENSO Corporation			Group companies in Japan			Group companies overseas		
	Target	Result	Assessment	Target	Result	Assessment	Target	Result	Assessment
Safety marks	60	42.5 (17)	○	60	44 (12)	○	84	35.5 (11)	○
Lost time injury frequency	0.05	0.04	○	0.06	0.06	○	0.10	0.01	○
[Consolidated DENSO Group companies] Target: 0.08 Result: 0.03 Assessment: ○									

○ achieved [X] not achieved

Work-related accident ratio (Lost time injury frequency)



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



Promoting employee health

Basic stance

The DENSO Group Declaration of Corporate Behavior includes a clear statement of our responsibility to enable all of our employees to work in a healthy and energetic manner, and we undertake activities in accordance with this statement. With particular emphasis on the three activity pillars of health-building initiatives, measures to quit smoking and mental health care, the Company's Health Care Promotion Division works closely with other departments to help employees maintain their physical and mental health.

Health-building initiatives of employees [DENSO Corporation]

		2011	2012	2013
Employees receiving medical checkups		100%	100%	100%
Attended mental health seminars	Management positions	1,110 (24 sessions)	520 (18 sessions)	680 (10 sessions)
	Non-managerial employees	590 (15 sessions)	490 (8 sessions)	1,670 (8 sessions)
Participants in <i>Kokoro no Kenko Shindan</i> mental health checkups		-	-	29,710
Participants in classes for preventing and improving metabolic syndrome		2,070	2,040	2,030
Participants in health improvement activities		2,410	2,770	3,160

Health-building initiatives

In an effort to prevent metabolic syndrome (a risk factor for obesity and high blood pressure), DENSO Corporation offers education for improving metabolic syndrome through better eating and exercise habits and undertakes health improvement activities to maintain and promote physical fitness for good health for employees across all job categories. In fiscal 2014, we rolled out "Think of Your Health Day," a new one-day health training program targeting employees reaching the age of 39.

In addition, DENSO Corporation, the DENSO Health Insurance Union and DENSO Well Corporation have set up the "Do! Healthy Living Promotion Committee." The committee plans and provides multi-faceted health promotion programs that are open to participation by employees' family members.

Think of Your Health Day

Launched a one-day health training program, comprising a health checkup, measurement of physical fitness, health guidance and health education, for employees reaching the age of 39 (240 employees).



Measurement of physical fitness



Measurement of body balance



Ideal radio exercise



Measurement of visceral fat



Health education

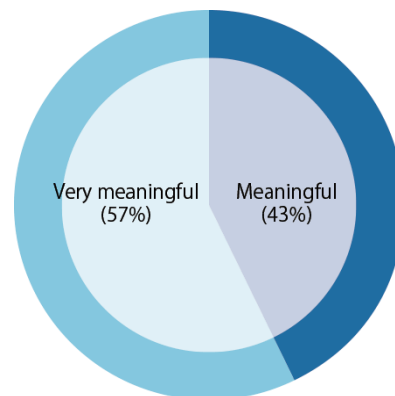
<Others>

- Dietary guidance, explaining medicine, health guidance (on checkup results) and setting goals after reaching the age 40

Comments from participant

- A full day to think of my health and fitness made me realize the need for promoting health in my 40s.
- It was a good opportunity to think about health, and I realized many things.

Questionnaire results



All participants found this program either very meaningful or meaningful.

Multifaceted health promotion programs

Program name	Description	Participants
Fitness Course	Aerobics, yoga, etc.	2,140
Walking activities	Various walking events	6,110
Class for building health	Program to improve lifestyle habits (6 months)	430



Class for developing physical strength



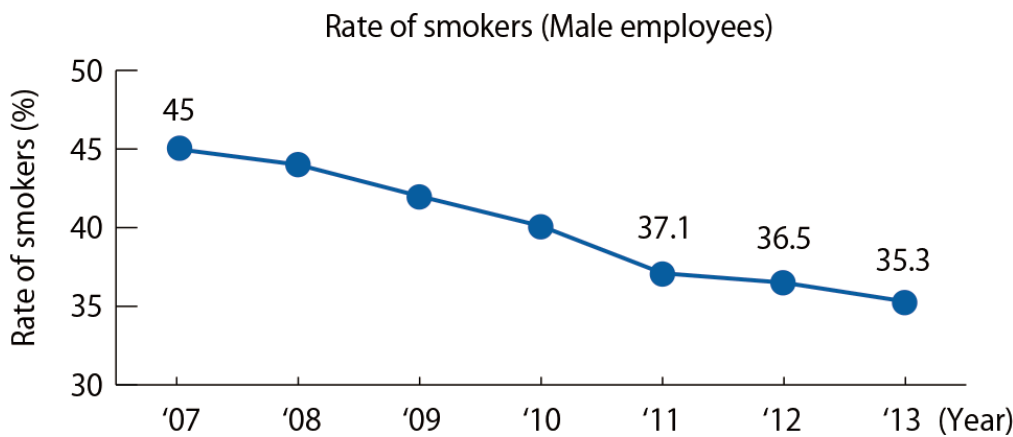
Walking event

Measures to quit smoking

At DENSO Corporation, 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 employees 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.

We will continue to make unified labor-management efforts to achieve this goal to ensure that employees will maintain their health and continue to work in an energetic manner.

Rate of smokers



Activities to help quit smoking



Stop smoking support lecture



DENSO non-smoking day

	Persons who quit smoking/Persons who sought consultation (Success ratio)
Stop smoking programs provided by hospitals	245/283 (87%)

Stop smoking goals

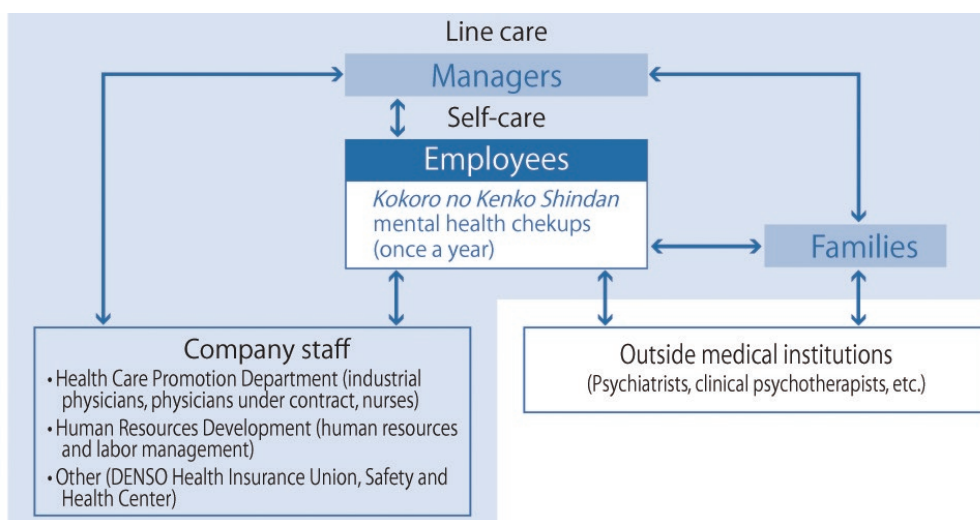
	2013	2014	2015	2020
Rate of smokers (Male employees)	34%	32%	30%	20% or below

Mental health care

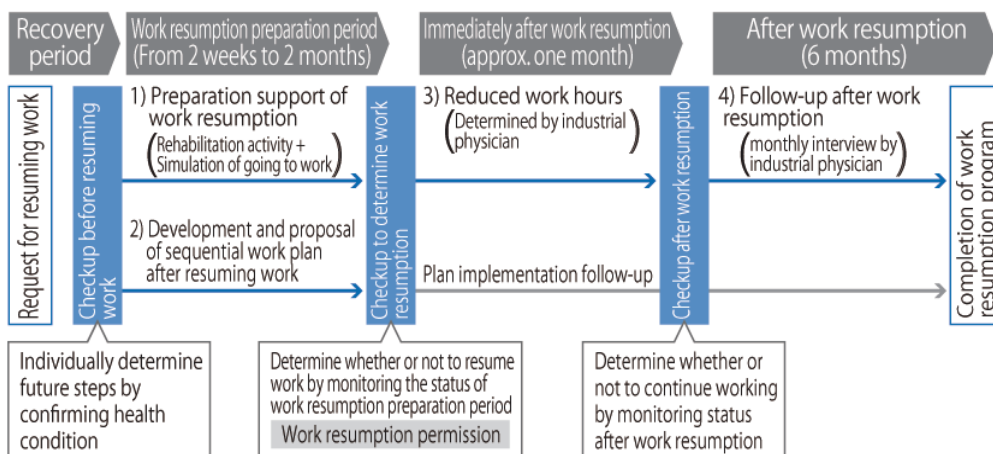
Consistent with the policy that good workplace communication is critical to the prevention of stress-induced physical and mental health problems, DENSO Corporation has worked to revitalize workplaces by promoting counseling systems and introducing measures designed to help improve communication. At the same time, full-time medical personnel operate counseling rooms at all plants in Japan, where their responsibilities include working closely with employees to helping recovering employees return to work. Additionally, each year, we are enhancing the support system for work resumption that was initially introduced in fiscal 2007 and making considerations so that employees can smoothly resume their work after taking leave.

Mental health checkups, which were launched in fiscal 2009, were completed for all employees in fiscal 2013. In fiscal 2014, we introduced a new *Kokoro no Kenko Shindan* mental health checkup, in which all employees undergo a check every year.

Mental healthcare framework



Mental healthcare support system for work resumption



Future activities

We will continue to promote *kaizen* (continuous improvement) and enhance and raise the level of activities and measures concerning the three activity pillars (health-building initiatives, measures to quit smoking and mental health care) in order to ensure that employees maintain their health and continue to work actively.

Responsibility to Shareholders and Investors

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.



General Meeting of Shareholders (June 2014)

Content of IR activities

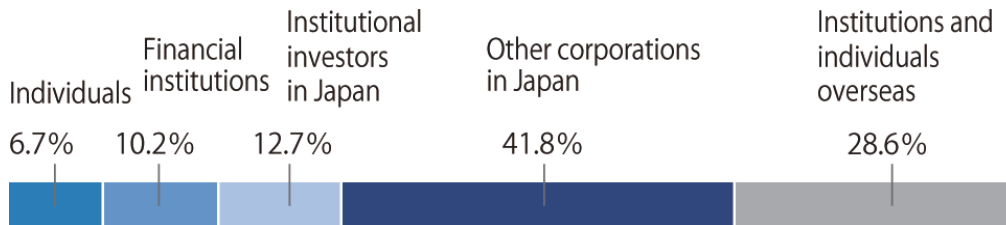
★symbol: Initiatives undertaken during fiscal 2014 in addition to regular IR activities

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 ▪ ★IR conferences at major motor shows, publication of annual report
Institutional investors overseas	<ul style="list-style-type: none"> ▪ “One-on-one meeting”/ individual interviews, telephone conferences, participation in conferences organized by securities companies ▪ IR conferences at major motor shows, 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, ★colorized Notice of Shareholder’s Meeting announcements

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.

In fiscal 2014, based on business performance and the operating environment to date, DENSO paid a year-end dividend of 105 yen per share, an increase of 41 yen per share versus the previous fiscal year. Going forward, DENSO will strive to realize a dividend payout ratio of 30%.



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 successive inclusion in the Ethibel Sustainability Index*2, an important European indicator, and in the Morningstar Socially Responsible Investment Index*3.

*1 SRI: Socially Responsible Investment

*2 Ethibel Sustainability Index (ESI): A Belgian non-profit organization (NPO), Forum ETHIBEL, evaluates the S&P Global 1,500 companies in terms of sustainability. About 200 companies are selected for inclusion in the ESI Excellence Global indices.

>> [ESI](#)

*3 Morningstar Socially Responsible Investment Index (MS-SRI)

>> <https://www.morningstar.co.jp/sri/about.htm> (in Japanese)

Future initiatives

We will continue to raise the level of our activities to enhance information disclosure with a focus on the disclosure of business and financial information and creating opportunities for dialogue, while taking into consideration the needs and expectations of our shareholders, investors and society.

Related Information

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

Responsibility to Business Partners

Initiatives with suppliers will be introduced among our business partners.

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

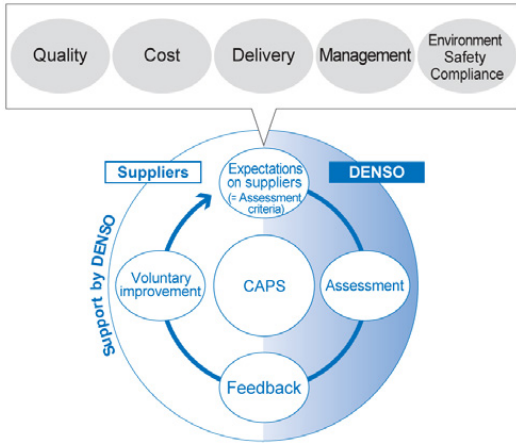
Promotion structure and assessment mechanisms

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.



General Meeting of Suppliers

CAPS mechanisms and operation



Promoting CSR throughout the supply chain

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 have been requesting following initiatives to all suppliers, including the suppliers of parts, raw materials and facilities.

1. Embrace the DENSO Group Declaration of Corporate Behavior
2. Assign a person to oversee CSR desks
3. Conclude a basic contract addressing issues such as compliance, protection of human rights, environmental conservation and occupational safety
4. Implement CSR procurement under the Supplier CSR Guidelines

Implementation of CSR procurement under the Supplier CSR Guidelines

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 and developed CSR-related tools, including the Supplier CSR Guidelines, which enable suppliers to efficiently promote CSR activities.

Every year, we monitor the implementation status of individual suppliers through their self-diagnostic sheets, share with them our diagnosis results to provide feedback on their strengths and weaknesses, and offer required support.

Additionally, suppliers are requested to expand these CSR-related tools to their suppliers (secondary suppliers for the DENSO Group).

Development tools for CSR procurement

Tools	Overview
CSR Guidelines	Clearly identify the rationale of DENSO Corporation's initiatives and 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.

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

Supplier CSR Guidelines (Japanese and English PDF)

* [Supplier CSR Guidelines \(Japanese PDF 4.0MB\)](#) 

* [Supplier CSR Guidelines \(English PDF 2.0MB\)](#) 

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 at 430 companies	Completed at 300 companies	Completed at 470 companies
	Collect and analyze diagnostic sheets and provide feedback	Provided feedback	Provided feedback	Under implementation
Inspection	Visit by DENSO personnel to conduct checks to verify	Appropriately being implemented		
Improvement	Holding study sessions (including lectures)	Appropriately being implemented		

* With regard to secondary suppliers, similar initiatives will be undertaken by primary suppliers on a voluntary basis.

The Action to issue of Conflict Minerals

The minerals that originate in the Democratic Republic of the Congo or adjoining countries are mined by a non-humanitarian act, and it is said that finance armed groups, and it is a big social problem in human rights as Conflict Mineral problem.

DENSO Corporation and its Group companies promote the procurement of materials with consideration of their impact on the environment and social problems such as human rights infringement and others previously.

And we recognize this issue is one of the significant social issues among supply chains.

We participated in the working groups of trade group including the automobile industry to investigate the usage of conflict

minerals with tracing back through our supply chains for a concrete action and tried for the establishment of the effective investigation method that considered a burden on suppliers effectively.

And we cooperated with joint explanatory meeting for suppliers of the industry sponsorship positively and made an effort for understanding activity.

In addition, we devise a policy for Conflict Minerals as the company and revise Supplier CSR Guidelines, and request suppliers for cooperation of Responsible in General Meeting of Suppliers. In cooperation with business partners in future, we will try to avoid procurement of materials with the concern.

DENSO Group Policies and Approaches toward Conflict Minerals

We, DENSO Corporation and its Group companies, promote the procurement of materials with consideration of their impact on the environment and social problems such as human rights infringement and others.

We recognize that the issue of conflict minerals, which originate in the Democratic Republic of the Congo or adjoining countries, is one of the significant social issues among supply chains.

We conduct inquiries about the usage of conflict minerals, and we will take appropriate steps to avoid procurement of materials that can cause social injustices or finance armed groups.

We also ask our suppliers to understand our policies and approaches and to promote responsible material procurement.

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.

Supplier awards

Awards were presented to excellent suppliers (award recipients: 35 companies) during the fiscal 2015 General Meeting of Suppliers held on May 19. Exhibition booths were also set up to introduce the award-winning details of respective companies as a means of sharing information.

We also presented our products and new businesses to our suppliers. Many connections were created through the General Meeting of Suppliers.

[Comments from supplier award recipient]

Hiroyoshi Ogawa, Vice President of Nichia Corporation

We are very honored to receive the award based on the overall evaluation results under DENSO CAPS in the year which coincides with a milestone in our management history. We intend to accelerate our technology development efforts further so that we will continue to contribute to the development of products that are safe and secure for customers and able to deliver greater customer experience.



Harry Kiskaddon, Vice President of Alcoa Inc.

We feel truly honored to receive the award and believe that it will lead to a long-lasting relationship between the two companies into the future. We also appreciate DENSO for giving Alcoa an opportunity to boost our motivation. Going forward, we hope to create new value both for DENSO and Alcoa.



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. To this end, we requested following initiatives to our suppliers.

- (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)
- (5) reduce CO₂ emissions associated with logistics, packing and packaging materials.

Ensuring procurement departments practice open, fair and transparent transactions

DENSO Corporation 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 employees involved with procurement. Employees have also been encouraging suppliers to use the Business Ethics Hotline (internal reporting system).

Additionally, in April 2012, we distributed compliance cards, which clarify items to be observed in conducting business, to suppliers and procurement departments internally. By sharing such information, we aim to thoroughly review and reinforce compliance both internally and externally.

Future initiatives

With the aim of establishing the plan-do-check-act (PDCA) cycle comprising self-diagnosis, review and improvement under the Supplier CSR Guidelines, we will continue to work with our suppliers to constantly raise the level of CSR activities and simultaneously seek to strengthen our partnerships.

Related Information

[Procurement information](http://www.globaldenso.com/en/investors/index.html) <http://www.globaldenso.com/en/investors/index.html>

[Procurement organizations and main procurement items](http://www.globaldenso.com/en/aboutdenso/activities/procurement/item/index.html)
<http://www.globaldenso.com/en/aboutdenso/activities/procurement/item/index.html>

Responsibility to Global and Local Communities

Basic stance

- The DENSO Group seeks coexistence and growth in harmony with society and strives to enhance its social contribution activities in each region.
- Through the actions of each and every employee, the DENSO Group proactively undertakes social contribution activities to earn the trust and understanding of various stakeholders, including local communities, as a good corporate citizen.

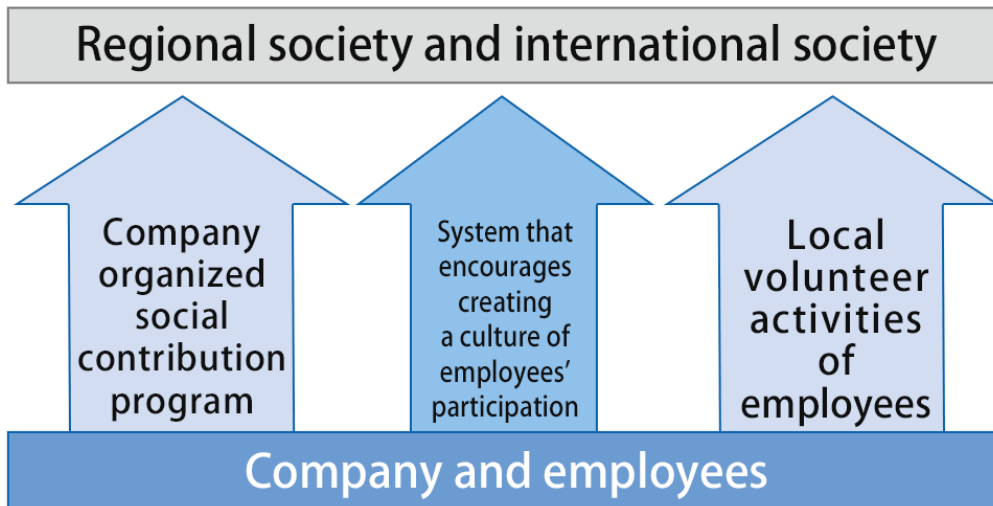
Priority Areas of Corporate Citizenship

The DENSO Group aims to become a company admired by the regions in which we operate through the following key areas of social contribution activities that will lead to solving issues of local communities.

1. Harmony with the environment
2. Ensuring security and safety in local communities
3. *Hitozukuri* (human resource development)

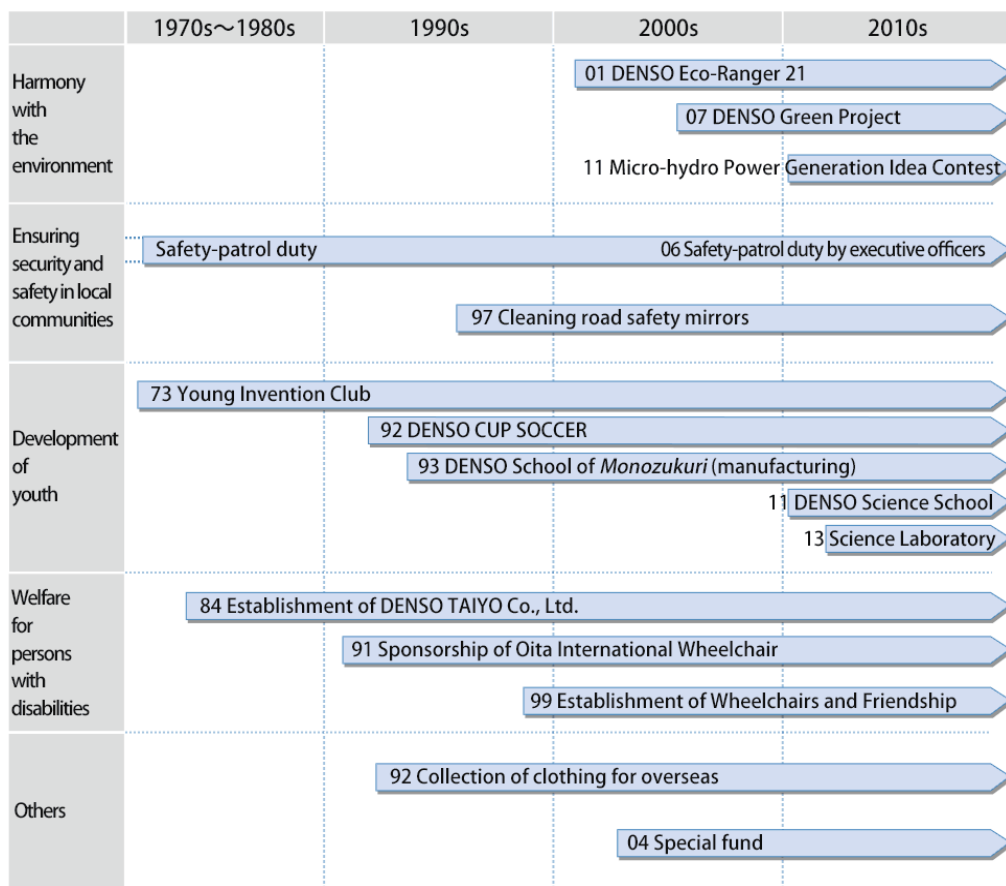
Composition image of DENSO social contribution activities

- We will strive to be a company earning trust and empathy from regional society by promoting social contribution activities unique to DENSO.
- We will support the bonds of our employees and regional society through supporting the local volunteer activities of employees.



History of DENSO Group social contribution activities

The DENSO Group has promoted various social contribution activities by placing importance on a sense of gratitude toward regional society. Over the course of time, we have promoted initiatives to support the growth of children while also supporting persons with disabilities in striving to realize social contribution that is unique to DENSO.



Promoting distinctive activities unique to DENSO

Harmony with the environment

In the area of social contribution, the DENSO Group has also been promoting environmental activities in collaboration with local communities. Protecting the Earth's environment in which we live is the mission of a good corporate citizen. DENSO will continue to facilitate various environmental programs that serve as an opportunity for each and every employee to reacknowledge environmental aspects of local communities.

DENSO Eco-Ranger 21



DENSO Eco-Ranger 21 is an environmental education program launched in 2001. Various experts are invited each time to provide children with opportunities to directly experience and think about the actual physical environment so as to enable children to understand the importance of environmental preservation. A total of 2,700 children have taken part in this program as of 2013.

Micro-hydro Power Generation Idea Contest



The Micro-hydro Power Generation Idea Contest is the newest program initiated in 2011 with the aim of realizing harmony with the environment and the development of youth. Nine specialized technical colleges in the Tokai and Hokuriku regions compete by applying their ideas of micro-hydro power generation, which directly takes in water from water channels. This program allows students of respective schools studying electricity, machinery and construction to collaborate beyond the framework of academic coursework.

After supporting the Micro-hydro Power Generation Idea Contest



Yoshihiro Yamashita, Engineering
Research and Development Center

In fiscal 2014, the General Administration Division, the administrative office of the contest, and technical support members took on a challenging task of revising the evaluation criteria and generator specifications. At the end of the contest, a member of one team shed tears of joy upon receiving an award, which they could not win the previous year. That student's comment, stating that they were able to win the award this year because they remained committed to their belief, left a strong impression on us. The dedicated efforts of participants are very moving.

Ensuring safety and security in local communities

The DENSO Group accompanies its continuing work in advancing automotive safety through R&D and manufacturing with a broad portfolio of traffic-safety initiatives.

(1) Turning employees into a behavioral model of traffic safety

Spearheading those initiatives is the Company's Traffic Safety Association. Established in 1970, that group plans and conducts employee-participation activities aimed at raising awareness of traffic-safety issues and at implementing measures for preventing accidents.

Some Group companies in and outside Japan also conduct various activities including education, enlightenment and safety-patrol duty.

Major Initiatives [DENSO Corporation]

★: Newly started in fiscal 2014

Awareness raising	Workplace small-group meetings	Employee gatherings for reviewing traffic-safety information and traffic-accident news circulated by the Company's traffic-safety secretariat
	Evaluation of commuting routes	Safety evaluations of employees' commuting routes by the employees' supervisors in reference to maps of accident near-misses; safer-routing suggestions and safe-driving tips by the supervisors
	Recurrence prevention	Employee participation in exploring the underlying causes of colleagues' traffic accidents and in developing countermeasures for preventing the recurrence of such accidents
	Participation in periodic traffic-safety campaigns	Companywide broadcasts of traffic-safety messages from senior executives, circulation of accident documentation in departments of employees who have been involved in serious traffic accidents, and safety messages on vending machine cups and on desktop computer start-up screens
	Cautionary warnings for suspected safety violations in company vehicles	Warnings and guidance for employee drivers based on drive-recorder evidence of unsafe or illegal driving
	Alcohol Check when departing for a business trip★	Requirement for drivers to measure their breath alcohol content before departing for a business trip
Safety patrols	Safety-patrol duty three days a month	Street-side safety-patrol duty at principal worksites on the 10th, 20th, and 30th day of each month
	Executive participation in safety-patrol duty	Participation by senior executives in summer and year-end street-side safety-patrol duty at principal worksites

Education	Behind-the-wheel training for new employees	Driving-school training for all new employees that includes experiencing eyes-off-the-road driving and sudden braking and receiving overall evaluations of driving competence
	Safety workshops for managers	Workshops conducted by third-party trainers to teach middle-level managers and team leaders about their role in promoting traffic safety
	Driver safety training for individuals who have caused personal-injury accidents	Recurrence-prevention training based on drive recorder data for individuals who have caused personal-injury traffic accidents and for their supervisors

Unique, workplace-led traffic-safety activity [DENSO Corporation]

[Example] Bicycle riding contest (Prototype Manufacturing Division)

In the Prototype Manufacturing Division, a safety team of 17 members engages in a range of safety activities, one example of which is a bicycle riding contest. Since many members are bicycle commuters, the team organizes a riding contest to improve bicycle traffic safety by providing education on riding techniques and good manners in a fun way. The event is held every year in collaboration with local police and the Prefectural Traffic Safety Association.



Masahiro Komeda, Tadao Nishijima, Prototype Manufacturing Division

(2) Activities to contribute to traffic safety in local communities

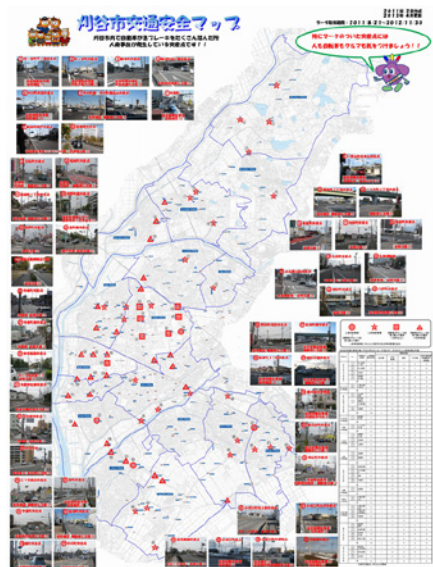
DENSO Corporation undertakes various activities to contribute to traffic safety in local communities. Some Group companies in Japan and overseas also promote traffic-safety activities tailored to the culture and environment in each country or region.

Major activity example

Producing local traffic-safety map

DENSO Corporation works with the local police of its hometown in Kariya City, Aichi Prefecture, to produce a traffic-safety map. The map highlights locations within the city where the event data recorders in company-owned vehicles indicate a high frequency of sudden braking and which coincide with accident locations in police records. DENSO distributes this Kariya Traffic-Safety Map to elementary and junior high schools through the police and municipal authorities.

Kariya Traffic-Safety Map



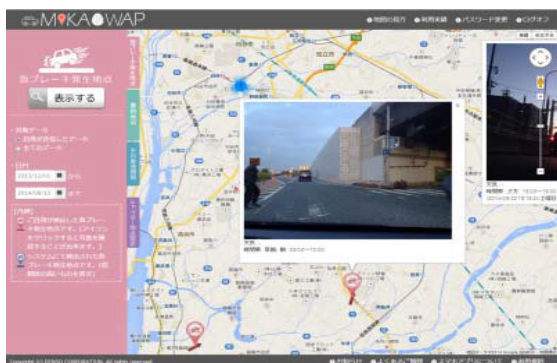
Moreover, in 2013, we conducted an initiative to produce another traffic-safety map by utilizing data of automobile commuters collected by employees' private vehicles. The concept was to "drive more for our town's greater safety and security." Employees installed MIKAWAP, an event data recorder application developed by DENSO Corporation, into their smartphones. These smartphones were put in their vehicles to collect traffic hazard data, including records of sudden braking, to be used to create a local traffic-safety map.

As a first step, the initiative was conducted for three months voluntarily by about 120 employees working at the headquarters. Their driving data identified 20 locations mainly in Aichi Prefecture that are prone to sudden braking. We received favorable feedback from the participants, and they viewed this initiative as a good opportunity to raise awareness of safety in the local community or to consider how they drive, improving both the local community's safety level and employees' safety consciousness.

We plan to extend the scope of this initiative to other locations.

MIKAWAP website

Users can view their driving skills evaluation results on this web page.



MIKAWAP received an incentive award in the MCPC award 2014 program*.



*Award program sponsored by the Mobile Computing Promotion Consortium (MCPC) in Japan. MCPC has 166 members, including NTT DOCOMO, INC., SoftBank Corp., KDDI CORPORATION and DENSO Corporation.

Drive more and contribute to safety and security!



Hiroki Ukai (left), Takashi Uefuji (right)
Information and Communication
Technology Platform R&D Division

We rolled out this initiative as part of our CSR activities in November 2013. It was conducted on a trial basis for three months with the participation of 200 employees commuting to the headquarters by car. We accumulated driving data corresponding to 200,000 km in our server, and the results of analysis on the data were also provided to Kariya City. In fiscal 2015, we will extend the scope of this initiative to the district around the Nishio Plant. We can contribute to greater safety and security of local community members just by putting our smartphones in in-vehicle cradles and launching the application.

Examples of Group companies' initiatives

Group companies have also been conducting activities to contribute to traffic safety in their respective local communities. These activities include traffic-safety lectures at schools, distribution of light reflectors to elementary school students, donation of helmets and street-side traffic-safety patrols.

Charity drive for orphans of traffic accidents [Asmo Co., Ltd.]



Traffic-safety patrol [DENSO (Guangzhou Nansha) Co., Ltd. (DMNS)]



Handing out light reflectors to elementary school students [DENSO Manufacturing Hungary Ltd. (DMHU, Hungary)]



★Group companies in Japan (functional companies) extend the scope of their activities beyond traffic safety and strive to contribute to the safety and security of people in their respective local communities by leveraging distinctive characteristics of their business lines.

Anticrime and disaster prevention patrols [DENSO Unity Service Corporation]

Since 2005, the Security Business Department has been conducting anticrime and safety patrols around elementary schools located near the headquarters and each plant of DENSO Corporation as a means of keeping children safe and secure when they commute to school.



From left, Yasuhiko Matsuzaki, Naohito Hirai, Yoshihisa Hayashi, Hiroyuki Yoneyama



When we patrol the area, children as well as their parents and other elderly people say hello to us. This activity makes us more closely connected with the local community.

We will continue to make various, proactive anticrime and disaster prevention efforts to ensure safety and security not just for employees of DENSO Corporation and domestic Group companies but also for local community members.

(3) Contributing to road safety across the world

DENSO Corporation concluded an agreement with the Road Safety Fund* and became one of its global supporters in September 2013. DENSO has since joined a range of support programs, such as financing the Fund's road safety activities in various countries and regions, mainly in emerging countries, road safety enlightenment activities and donating helmets to children.

*Road Safety Fund

An international fundraising organization established by the World Health Organization (WHO) and FIA Foundation to support road safety activities of the United Nations. The FIA Foundation is a charity established by the Federation Internationale de l'Automobile in the United Kingdom.



Hitozukuri (human resource development)

Development of youth

The DENSO Group has promoted the development of youth early on from the initial stage of its foundation.

In company business, a training center for technicians was established five years following the Company's establishment in 1954. In addition, we actively support the development of youth through various initiatives such as the DENSO Science School that are tailored to respective age groups ranging from children in elementary school to university students.

DENSO Science School



From 2011, a team of lecturers comprising DENSO's technical-related employees and retired employees started visiting neighborhood elementary schools to provide experiment-based science lessons on electromagnets and motors for fifth graders.

DENSO CUP SOCCER



Since 1992, we have been supporting the national competition of university soccer teams, which serve as a pool of future national team candidates, and the Japan/Korea Universities regularly scheduled match. Recently, many players who had competed in this national competition have become members of the Japanese national team.

Welfare for persons with disabilities

There are many barriers obstructing the actions of persons with disabilities that able-bodied persons are not conscious of as they go about living their daily life. The DENSO Group's concept of welfare for persons with disabilities is focused on supporting their self-reliance rather than taking care of them. Accordingly, the DENSO Group has been actively supporting welfare facilities in local communities. One example of such efforts is the Wheelchairs and Friendship Center of Asia (WAFCA), an authorized non-profit organization (NPO) we established in 1999.

Wheelchairs and Friendship Center of Asia (WAFCA)



In Asian countries, there are many children who are unable to attend school because they cannot purchase wheelchairs. To improve the situation even in some small way, DENSO Corporation has established an NPO, Wheelchairs and Friendship Center of Asia (WAFCA), as a commemorative project of its 50th anniversary of foundation in 1999 and has since conducted wheelchair donation activities centering on Thailand.

Events held at local welfare facilities



Wishing to see smiles on the faces of children in local welfare facilities for persons with disabilities, employee volunteers take the lead in helping these facilities organize various events, such as a rice cake making festival, from the planning stage to the actual running of events.

Energetic children in wheelchairs are the reward of my job



Rie Minagawa
Wheelchairs and Friendship Center
of Asia (WAFCA)

We do not just donate wheelchairs. We aim for more individual, meticulous support by providing wheelchairs matched to the size and degree of disability of each child. We also solicit funds to provide scholarships to these children with disabilities (in units of 20,000 yen) and have already received donations from more than 200 people in fiscal 2014. Watching children in donated wheelchairs and seeing their joy for being able to attend school are the greatest reward of my job.

Support of employee volunteer activities

The core members of a club for employee volunteers, which was formed in 1998, set up another volunteer group in 2012 called DENSU Group Heartful Friends. Members of the group pick up action themes and are engaged in a variety of social contribution activities accordingly.

A special fund, which was established in 2004, is a program under which multiples of 100 Japanese yen are deducted and set aside from the monthly salaries of registered employees and used to contribute to various social contribution activities. Donations are made twice a year to welfare organizations or environmental conservation organizations based on employees' recommendations. Donations to organizations affected by the Great East Japan Earthquake also started from 2011.

Under the compensation point system, which started in 2006, points are granted from the Company according to volunteer activities, in which accumulated points can be exchanged for various products. Although exchange was initially limited to eco products only, products were expanded to products of vocational aid centers in 2010. Products supporting East Japan were also added to the scope in 2011.

The circle of social contribution is expanding with a unique system in which more points are added by conducting a volunteer activity once and earning more points by exchanging points for products.

Activities of the Heartful Friends



Growing sweet potatoes with local community people



Giving a hand to a sports day event at a nursing home

Breakdown of monetary donations via social contribution activities

(Millions of Yen)

Breakdown of activity expenses	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Welfare	160.39 (14.8%)	135.32 (15.1%)	132.43 (11.3%)	140.05 (12.3%)
Development of youth	214.18 (19.8%)	121.04 (13.5%)	123.57 (10.5%)	101.55 (8.9%)
Environment	177.26 (16.4%)	93.95 (10.5%)	91.20 (7.7%)	64.86 (5.7%)
Art and culture	60.43 (5.6%)	156.84 (17.5%)	158.93 (13.5%)	141.60 (12.5%)
Local communities and others	470.50 (43.4%)*	390.78 (43.5%)	670.28 (57%)	687.62 (60.6%)
Total	1,082.76	897.92	1,176.41	1,135.68

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

Breakdown of activities

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Compassionate Point users	12,000	14,000	18,000	18,200
Compassionate Festival participants (including families and citizens)	2,035	1,564	2,574	2,940
Smile Yu Net membership	3,027	3,120	3,283	3,282
Special fund membership	5,763	6,297	6,912	7,433

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Matching Gift applications	164	148	139	146
Volunteer activity award recipients /President Awards	4	2	4	_*
Most Compassionate Volunteer Award	9	5	6	

*Suspended due to a revision to the scheme

Support from special fund

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Donations to NPOs and others	21 cases 7.7 million yen	23 cases 11.3 million yen	27 cases 8.43 million yen	33 cases 12.5 million yen
Natural disaster relief money	4 cases 1.9 million yen	3 cases 0.6 million yen	1 case 0.3 million yen	2 cases 0.4 million yen
Support to areas affected by the Great East Japan Earthquake	—	6 cases 8 million yen	11 cases 8.71 million yen	13 cases 19.7 million yen
Employee participation program aid (previously DECOPON aid)	8 organizations 0.8 million yen	8 organizations 0.8 million yen	4 organizations 0.4 million yen	4 organizations 0.4 million yen

Ongoing 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 2012, DENSO will contribute half of the reserve amount of its special fund for various purposes with a focus on support for organizations in the disaster-affected areas and the daily lives and schooling of children who became orphans as a result of the earthquake disaster.

Additionally, in December 2011 we introduced the Heartful Menu as a system for realizing social contribution on a daily basis through lunch at the employee cafeteria. Under this system, 10 Japanese 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.



Vehicle donated through the special fund



Bulletin board donated through the bellmark project

Even though it is difficult for them to visit the disaster-affected areas, employee volunteers have found a way to help reconstruction initiatives remotely from Aichi Prefecture. The members of the DENSO Group Heartful Friends (lunch-time volunteer group) took the lead in organizing a project to collect bellmark coupons to purchase and donate school equipment to elementary schools in the Tohoku region. Following a large clock for the school yard in 2012, the group donated a bulletin board to an elementary school in Ishinomaki City, Miyagi Prefecture.

Employees' ongoing efforts to support the reconstruction of the Tohoku region - DENSO Group hula dancers

As a means to provide support for the reconstruction of the Tohoku region from Aichi Prefecture, female employee volunteers formed the DENSO Group hula dancers. Their activities aim to disseminate information on the current status of the Tohoku region to the widest possible audience and call for support, no matter how small, through hula dancing. They wish to help the reconstruction of Fukushima and at the same time provide as much support as possible to the hula dancers of the Spa Resort Hawaiians, a resort facility in Iwaki City, Fukushima Prefecture, who are disaster victims themselves and have kept dancing for the hope of recovery.



DENSO Group hula dancers

DENSO Group Community Service Day

DENSO Group companies in each country and region around the world take a proactive stance toward social contribution activities aimed at resolving social issues endemic to each area.

- DENSO Group Community Service Day (External link)
http://www.globaldenso.com/community_service_day/



Tending an iris garden (DENSO Logitem Corporation)



Neighborhood cleanup activity (Shimizu Industry Co., Ltd.)



Food aid activity (DPAM, U.S.A.)



Volunteer activity at a kindergarten (DMHU, Hungary)



Planting mangrove trees (DENSO Group in Thailand)



Donating wheelchairs (DENSO Group in China)

Related Information

[Wheelchairs and Friendship Center of Asia \(WAFCA\)](http://wafca.jp/english/) <http://wafca.jp/english/>

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.

Environmental Management

DENSO's aspired image

The DENSO Group aims to be a corporate group that contributes to the "creation of an advanced automotive society" in order to maintain and ensure harmony with the Earth's environment. 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 Group environmental conservation activities

Environmental risk management

DENSO Group activities and other relevant matters concerning environmental risk

Environmental education

DENSO Group environmental education activities

Environmental accounting

DENSO environmental accounting results

Environmental accounting guidelines

DENSO Group stance on environmental accounting

Overview of environmental impact

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

Fifth phase of the Environmental Action Plan and Fiscal 2014 results

DENSO Group environmental plan and results for fiscal 2014

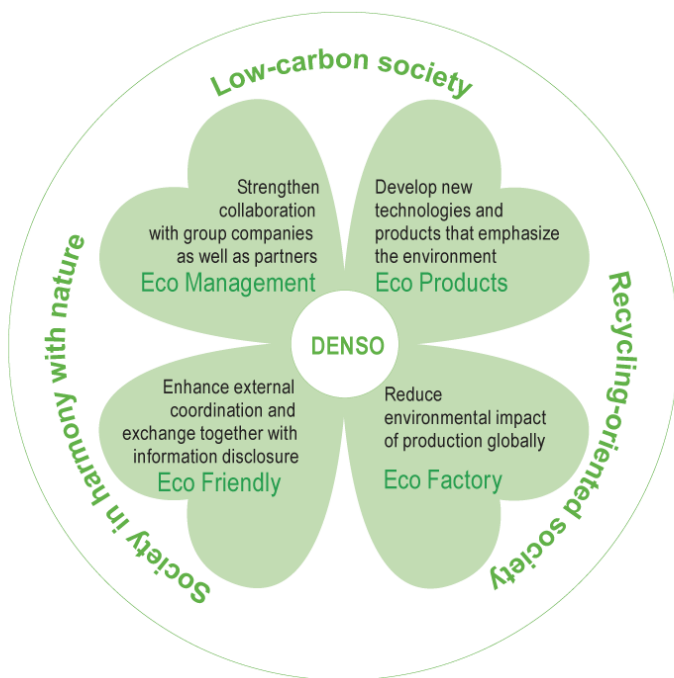
DENSO EcoVision

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*.

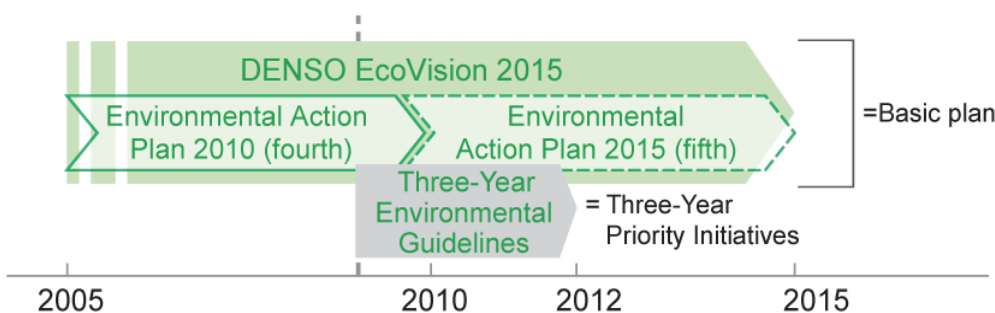
*A management technique consisting of repeated Plan, Do, Check and Action steps

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.

Fifth phase of Environmental Action Plan 2015 (Summary)

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 Senior Managing 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. These projects were completed in fiscal 2013 and discontinued. We are revamping the framework from fiscal 2014 and accelerating promotion under the structure outlined below.

In addition, the Environment Committee has convened at DENSO plants during the interim period (September) since fiscal 2013 to conduct on-site environmental reviews. The committee chair, group heads, center managers and executives take the lead in observing the site and its equipment and working to promote and vitalize environmental activities through dialogue.

*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

Environment Committee (held at Nishio Plant in September 2013)



Awards ceremony for employees who have contributed to the environment



Rainwater management system

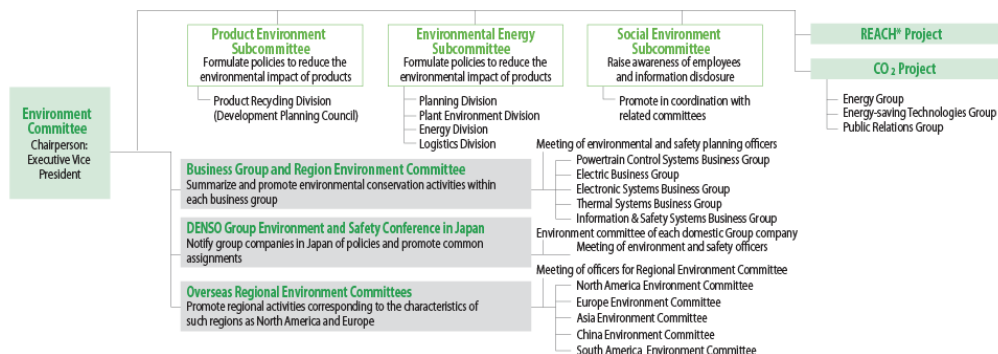


Sludge reduction activities



Battery regeneration

Promotion structure



Promoting consolidated environmental management

The DENSO Group shares environmental policies and guidelines with consolidated companies*1, identifying common issues and expanding consolidated environmental management. Each consolidated company formulates five-year environmental plans. In fiscal 2013, we conducted an environmental compliance audit aimed at minimizing environmental risk in light of stricter regulations in China.

All eight domestic Group companies and 26 of 28 overseas Group companies (all 11 companies in China, five of seven companies in North America, all four companies in Europe and all six companies in Asia/Oceania) were subject to the audit, which involved directives on 27 areas for improvement for each company relative to internal auditing standards*2 on DENSO's compliance control. All improvements have been completed.

[Priority issues]

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

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

*1 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.

*2 Internal auditing standards

DENSO formulated the Compliance Risk of the DENSO Group DECO Factory (DENSO Eco Factory) Guideline and is making evaluative judgments by comparing safety allowance corresponding to the content of laws and regulations and other relative matters with items set as a means of realizing the top level as an environmentally advanced company.

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 2014, 160 (64 domestic and 96 overseas subsidiaries) out of a total of 173 companies consisting of 64 domestic and 109 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 Corporation 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 such as safety, maneuverability, comfort and other aspects while working to reduce the environmental impact throughout a vehicle's life.

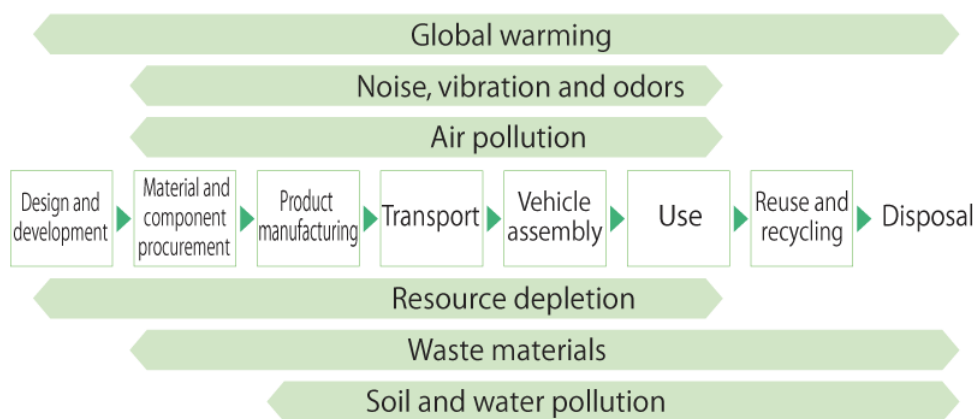
Specifically, we: (1) develop products that contribute to enhanced fuel efficiency in vehicles, such as hybrid systems, engine management systems and idling stop systems; and (2) develop telematics* products that contribute to enhanced fuel efficiency in harmony with social infrastructures, such as car 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 Corporation 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.

In fiscal 2013, in conjunction with the Japan Auto Parts Industries Association (JAPIA), we formulated JAPIA LCI calculation guidelines and developed a calculation tool to enable more efficient calculation of environmental impacts during the production phase in the extremely complex supply chain for the automotive parts industry. Using this in combination with the above indices provides clearer evaluations.

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 2014, we calculated two environmental factors (sum total 68) 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.


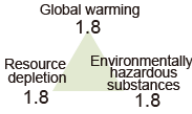

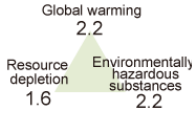

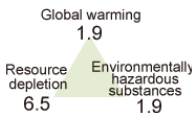
Calculation of Factor Delta indices

$$\begin{aligned}
 &\text{Environmental efficiency} = \frac{\text{Product performance (positive elements)}}{\text{Environmental impact (negative elements)}} \\
 &\downarrow \text{The degree of improvement over previous product generations is expressed as a factor.} \\
 &\text{'Factor Delta', environmental factors for products} = \frac{\text{Environmental efficiency of new products}}{\text{Environmental efficiency of previous product generations}} \\
 &= \frac{\frac{\text{New products Performance}}{\text{New product performance}}}{\frac{\text{Previous products Performance}}{\text{New product impact}}} = \frac{\text{Product performance factor}}{\text{Environmental impact factor}}
 \end{aligned}$$

*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	Factor Delta (Enhancement of environmental performance)	Principal value improvement	Principal impact on environment
Diesel common rail system with the highest injection pressure (2,500 bar) 	Fuel pump Global warming 1.4 Resource depletion 2.2 Environmentally hazardous substances 1.4	By improving the structure of the injector, fuel pump and common rail (accumulation chamber), DENSO reduced the amount of fuel sent back to the fuel tank by about 90% compared with the previous system. This significantly decreases the workload of the fuel pump while enhancing the injection pressure keeping previous pump shape.	Improvement of fuel efficiency and purified exhaust gas
	Common rail Global warming 1.7 Resource depletion 1.5 Environmentally hazardous substances 1.3		
	Injector Global warming 3.2 Resource depletion 1.4 Environmentally hazardous substances 2.1		

Overview of key product and function	Factor Delta (Enhancement of environmental performance)	Principal value improvement	Principal impact on environment
<p>EGR* valve unit for diesel engines</p> 		<p>DENSO realized a large-volume EGR corresponding to exhaust gas regulations by integrating the air intake throttle valve and EGR valve and using a cam-link mechanism. Efforts are being made to develop variations that can meet different engine requirements such as engine displacement and output volume.</p>	<p>Reduction in size (one-half the volume) and weight-saving through integration of air intake throttle valve and EGR valve</p>
<p>Lithium-ion battery pack for vehicles</p> 		<p>Integrating the battery cell, battery management unit and power supply control switch enables more regenerative power than conventional systems that only use lead-acid batteries.</p>	<p>Reduction in size and weight-saving through use of a naturally air-cooled mechanism</p>
<p>Lithium-ion storage battery for residential use</p> 		<p>This battery enables connection with solar power generation during a blackout, which was not possible with a lead-acid storage battery.</p>	<ul style="list-style-type: none"> ▪ Eliminates the use of lead in batteries. ▪ Reduces size by one-half and weight by one-quarter compared with a lead-acid storage battery owing to the use of a lithium-ion storage battery and optimal design of the storage battery structure.

*EGR : Exhaust gas recirculation

This technology refers to the extraction of a portion of an engine’s exhaust gas following combustion that is then led back into the intake air for recirculation, which contributes to the purification of exhaust emissions in vehicle engines.

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 Hokkaido Corporation, 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% employee participation, helping employees 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. パフォーマンス編

項目	評価項目	レベル (評価基準)					対応工場
		1	2	3	4	5	
環境負荷削減	CO2削減率	90%以下	80%以下	70%以下	60%以下	50%以下	○
	エネルギー削減率	90%以下	80%以下	70%以下	60%以下	50%以下	○
環境負荷削減	水資源削減率	90%以下	80%以下	70%以下	60%以下	50%以下	○
	廃棄物削減率	90%以下	80%以下	70%以下	60%以下	50%以下	○
環境負荷削減	有害廃棄物削減率	90%以下	80%以下	70%以下	60%以下	50%以下	○
	環境負荷削減	90%以下	80%以下	70%以下	60%以下	50%以下	○

III. 共生編

項目	評価項目	レベル (評価基準)			対応工場
		3	4	5	
環境共生	環境共生	社内緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	○
	環境共生	社内緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	○
環境共生	環境共生	社内緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	○
	環境共生	社内緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	工場緑化活動 - 社内活動 -	○

Initiatives by Group Companies Overseas

SDM (Thailand) secures first place for Eco Symbiosis Contest



(From left) Vice President Hiroaki Ishiguro, Jamroen P, Supawan AM, IEAT Chairman and others

On September 30, 2013, Thailand-based Siam DENSO Manufacturing Co., Ltd. (SDM) was awarded first place in the Eco Symbiosis Contest organized by IEAT*. The award was in recognition of excellence in environmental coexistence and mutual understanding between the plant in the industrial estate and the local community through the creation of the DENSO Eco Park under the DENSO Green Project conducted by a team comprising SDM and Siam KYOSAN DENSO Co., Ltd. (SKD). The Eco Symbiosis Contest was held by IEAT for the first time this year and seeks to support the conservation of the region's ecology in order to ensure environmental compatibility and mutual trust among industries, communities and the region.

*IEAT: Industrial Estate Authority of Thailand

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 employees 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.

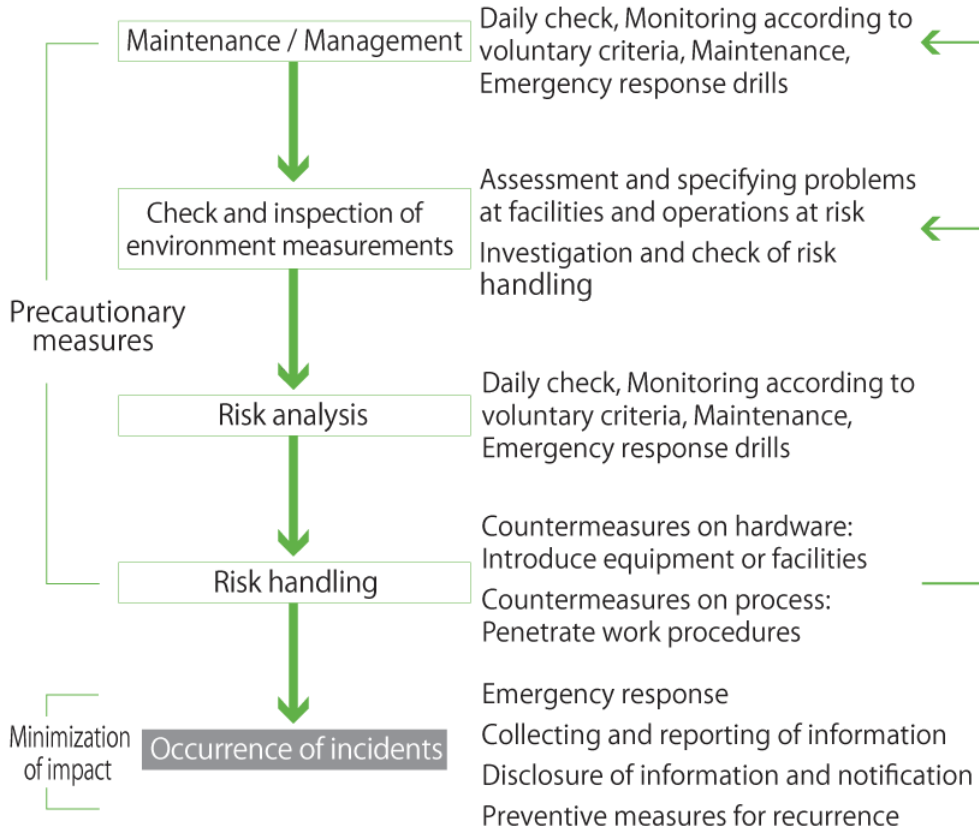


Audit of an overseas base, PAC (Philippines)



An emergency response drill

Environmental risk management system



Fiscal 2014 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 2014, we performed a Group Mutual Environmental Audit at 21 companies as the third step coupled with global QC diagnosis.

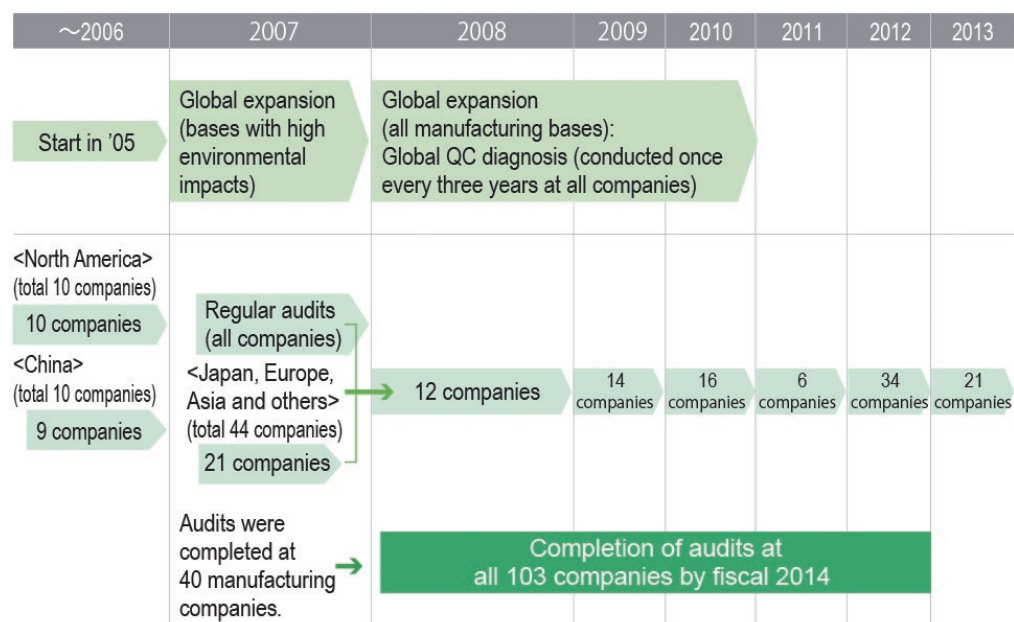
Corrective action has been completed in each case. DENSO did not incur any fines, penalties or environmental lawsuits in Japan or overseas.

Environmental incidents and complaints

(cases)

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.

ISO 14001 environmental audit results [DENSO Corporation]

Target (12 business locations)		Number
External audits	Nonconformity (minor)	0
	Observation	15
Internal audits	Improvement guidance issued	4
	Points noted for improvement	52
Internal auditors (in total)		81

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.

*VOC: Volatile organic compounds, which refer primarily to toluene, xylene and ethyl acetate included in coating material, printing ink, adhesives, cleaning agents, gasoline and thinner, etc.

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 0.984	Purification in progress
Ikeda Plant	Less than 0.002 up to 0.910	Purification in progress
Anjo Plant	Less than 0.002 up to 0.187	Purification in progress
Nishio Plant	Less than 0.002 up to 1.180	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 145 of a total of 154 units by fiscal 2014. 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 employee participation, it is essential for individual employees 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 employees 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 employees' 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.

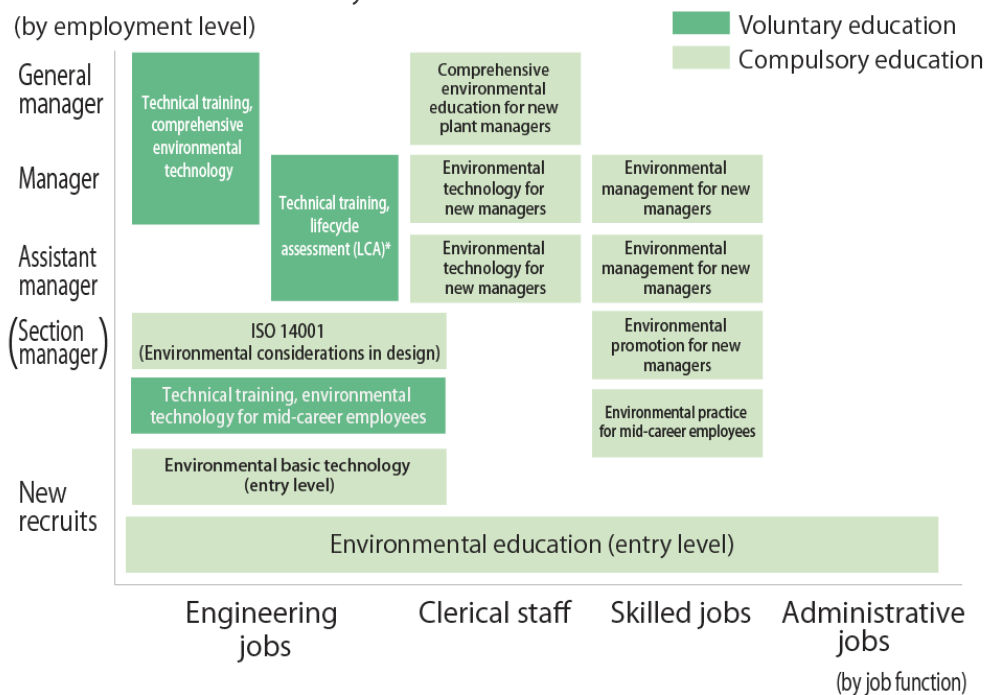
Participants of environmental education [DENSO Corporation]

Employment level	Total participants
New recruits*	1,005
Mid-level skilled workers	1,684
Assistant managers, team leaders	1,225
Managers (engineering)	64
Managerial level (e.g., managers, general managers, plant managers)	341
Total seminar hours: 5,900 Total participants: 4,319	

*Includes temporary employees who were shifted to permanent employees

Environmental education system

(by employment level)



*LCA: Lifecycle assessment, which refers to a method of assessing the environmental impact of products and structures. It involves the analysis and evaluation of environmental burden generated in all processes from the procurement of raw materials and the processing and manufacture of components and materials to dismantling and disposal.

Environmental accounting

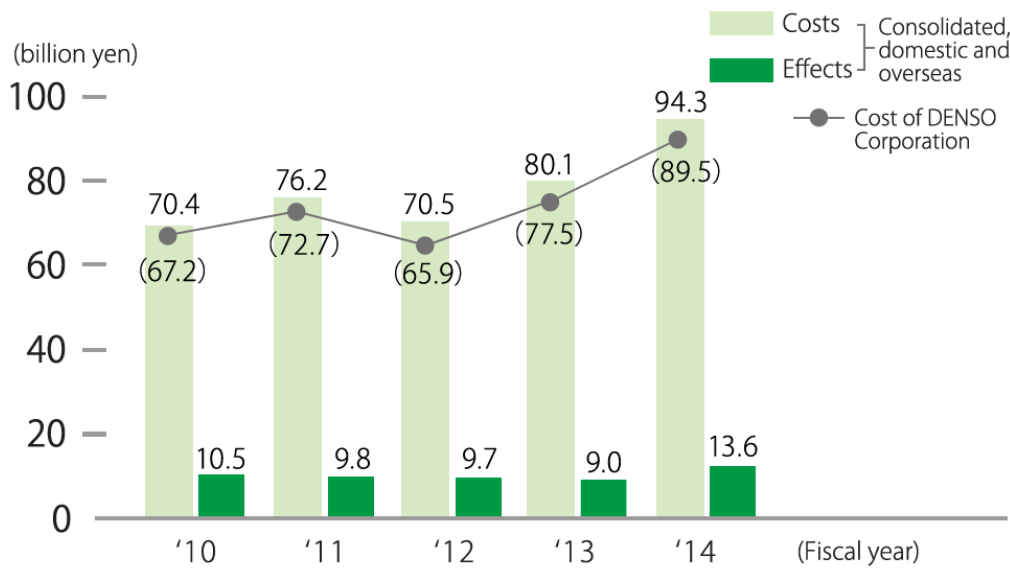
Utilization of environmental accounting

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 2014 results

Product development costs (including personnel costs) related to environmental preservation for fiscal 2014 increased by approximately 14.1 billion yen compared with the previous fiscal year, resulting in a year-on-year increase of approximately 4.6 billion yen in sales of valuable resources.

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



Related Information

[Environmental accounting guidelines](#)

http://www.globaldenso.com/en/csr/environment_report/management/guideline/index.html

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 employees' motivation for the promotion of environmental preservation
External	<p>Improve transparency with full disclosure policies</p>	<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

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)

Related Information

[Environmental accounting of fiscal 2014](#)

http://www.globaldenso.com/en/csr/environment_report/global_warming/activity_performance/index.html

Overview of environmental impact

Material input and environmental impact of output in business activities

DENSO Group quantitatively assesses input and output of materials and energy, and utilizes the resulting information to pursue comprehensive and efficient activities for reducing the environmental impact of our operations.

INPUT

Resource and energy input

■ Energy	32,896,288GJ (-4%)
■ Electricity	2,310,556MWh (+1%)
■ Heavy fuel oil (A)	3,332kl (+26%)
■ Kerosene	1,751kl (-2%)
■ Light fuel oil	887kl (-24%)
■ Propane	5,899t (+12%)
■ City gas	168,183,000m ³ (-9%)
■ Natural gas	87,744,000m ³ (+4%)
■ LNG	9,172t (-11%)

■ Chemical substances	1,584t (-1%)
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■ Water	14,086,013t (-)
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● Raw materials	640,000t (+5%)
● Metals	560,000t (+5%)
● Non-metallic materials	80,000t (+3%)

■ Office supplies (Copier paper)	733t (+13%)
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● Transportation fuel	2,408t (-5%)
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● Packing materials	24,000t (0%)
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OUTPUT

Output of substances with environmental impact

■ Greenhouse gases	1,470,000t-CO ₂ (+5%)
■ CO ₂	1,400,000t-CO ₂ (+5%)
■ 5 gases*	70,000t-CO ₂ (-)

*Greenhouse gases other than CO₂

● Release to atmosphere	454t (-2%)
● SO _x	17t (-)
● NO _x	404t (-5%)
● Fly Ash	32t (-2%)

■ Chemical substances	250t (+20%)
■ Toluene/Xylene	95t (+31%)
● Others	156t (+6%)

■ Release to water systems	
■ Waste water	10,435,052m ³ (0%)
■ Biochemical oxygen demand (BOD)	58t (+18%)
■ Chemical oxygen demand (COD)	100t (-9%)
■ Nitrogen	107t (-)
■ Phosphorus	4t (-)

■ Waste materials	200,000t (+13%)
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● CO ₂ emissions	32,000t-CO ₂ (-1%)
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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 2014 results

Fiscal 2014 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 2014, 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 2014 results

Principal initiatives	Fifth phase of Environmental Action Plan (Fiscal 2012 – Fiscal 2016)		Fiscal 2014 results	Assessment	Fiscal 2015 targets	
	Fiscal 2016 targets	Fiscal 2014 plan				
Providing environmentally friendly products	Development of environmentally friendly products	Develop and manufacture products with technology to reduce CO2 emissions from cars (enhance average fuel consumption)	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	<ul style="list-style-type: none"> Established energy management for hybrid cars that contribute to greater fuel economy Developed technology for power control components and commercialized motor generators and battery packs, etc., for hybrid cars 	○	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 phthalate esters in new products	Obtain information on regulations early on through public relations activities and promote analysis of impact Advance steady shift to controlled substances	<ul style="list-style-type: none"> Completed establishment of system for pre-registration, etc., under REACH regulation Promoted shift from phthalate plasticizer 	○	<ul style="list-style-type: none"> Obtain information on regulations early on through public relations activities 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 Lifecycle assessment (LCA) method at Japan Auto Parts Industries Association led by DENSO	Establish and expand standard LCA method at Japan Auto Parts Industries Association led by DENSO	Set targets using product environment index 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 CO2 emissions	Consolidated: Basic unit: 93 or less compared with 2010 levels Non-consolidated: Basic unit: 35 or less compared with 1990 levels	Innovate production technology, expand Just-In-Time (JIT) energy and develop energy saving technology Non-consolidated: Basic unit: 35 or less compared with 1990 levels	Consolidated: Basic unit: 83 compared with 2010 levels Non-consolidated: Basic unit: 35 compared with 1990 levels	○	Innovate production technology, expand JIT energy and develop energy saving technology Non-consolidated: Basic unit: 35 or less compared with 1990 levels
	Reduction of emissions of the five targeted greenhouse gases	Emissions: 50 or less compared with 2003 levels	Reduce by substituting gases for semiconductor manufacturing Non-consolidated: Emissions: 50 or less compared with 2003 levels	Emissions: 48 compared with 2003 levels	○	Reduce by substituting gases for semiconductor manufacturing Non-consolidated: Emissions: 50 or less compared with 2003 levels
	Reduction of CO2 emissions associated with product logistics	Consolidated: Basic unit: 99 or less compared with 2010 levels Non-consolidated: Basic unit: 91 or less compared with 2006 levels	Reduce CO2 globally through transportation improvements and eco-driving Adjust number of deliveries in line with load amount and produce near the customer, etc. Non-consolidated: Basic unit: 84 or less compared with 2006 levels	Non-consolidated: Basic unit: 84 compared with 2006 levels	○	Reduce CO2 globally through transportation improvements and eco-driving Adjust number of deliveries in line with load amount and produce near the customer, etc. Non-consolidated: Basic unit: 84 or less compared with 2006 levels
Meraging environmentally hazardous substances	Reduction of emissions of Pollutant Release and Transfer Register (PRTR) substances to atmosphere and water	Domestic: Emissions: 65 or less compared with 2000 levels Non-consolidated: Emissions: 60 or less compared with 2000 levels Overseas: Basic unit: 85 or less compared with 2010 levels	Reduce emissions by optimizing usage, collection and reuse, and substituting with alternative materials, etc. Domestic: Emissions: 65 or less compared with 2000 levels Non-consolidated: Emissions: 60 or less compared with 2000 levels Overseas: Basic unit: 91 or less compared with 2010 levels	Reduced emissions by optimizing usage, recovery and reuse, and substituting alternative materials Domestic: Emissions: 53 compared with 2000 levels Non-consolidated: Emissions: 52 compared with 2000 levels Overseas: Basic unit: 91 compared with 2010 levels	○	Reduce emissions by optimizing usage, collection and reuse, and substituting with alternative materials, etc. Domestic: Emissions: 65 or less compared with 2000 levels Non-consolidated: Emissions: 60 or less compared with 2000 levels Overseas: Basic unit: 91 or less compared with 2010 levels
	Reduction of Volatile Organic Compound (VOC) emissions	(Including VOC and PRTR substances)				
Using resources effectively	Reduction of emissions (Reduction of waste)	Emissions: Domestic: Basic unit: 73 or less compared with 2003 levels Non-consolidated: Basic unit: 56 or less compared with 2003 levels Overseas: Basic unit: 91 or less compared with 2012 levels Waste: Overseas: Basically promote zero emissions	<ul style="list-style-type: none"> Promote waste reduction on a global scale aimed at minimizing resource loss Continue to achieve zero waste at landfill Emissions: Domestic: Basic unit: 74 or less compared with 2003 levels Non-consolidated: Basic unit: 57 or less compared with 2003 levels Overseas: Basic unit: 97 or less compared with 2012 levels	Emissions: Domestic: Basic unit: 64 compared with 2003 levels Non-consolidated: Basic unit: 57 compared with 2003 levels Waste: Overseas: Basically promote zero emissions	○	<ul style="list-style-type: none"> Promote waste reduction on a global scale aimed at minimizing resource loss Continue to achieve zero waste at landfill Emissions: Domestic: Basic unit: 74 or less compared with 2003 levels Non-consolidated: Basic unit: 57 or less compared with 2003 levels Overseas: Basic unit: 97 or less compared with 2012 levels
	Reduction of water consumption	Overseas: Implement initiatives in each country or region with high need Overseas: Basic unit: 90 or less compared with 2010 levels	Reduce water usage to a world-leading level based on needs in each country or region, etc. Overseas: Basic unit: 94 or less compared with 2010 levels	<ul style="list-style-type: none"> Designate initiatives for each country or region with high need and set individual targets Promote reducing water usage Overseas: Basic unit: 94 compared with 2010 levels	○	Reduce water usage to a world-leading level based on needs in each country or region, etc. Overseas: Basic unit: 94 or less compared with 2010 levels
	Reduction of packing material usage in logistics	Consolidated: Basic unit: 99 or less compared with 2010 levels Non-consolidated: Basic unit: 91 or less compared with 2006 levels	<ul style="list-style-type: none"> 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. Non-consolidated: Basic unit: 92 or less compared with 2006 levels	Standardize packaging material and switch to returnable containers Non-consolidated: Basic unit: 92 compared with 2006 levels	○	<ul style="list-style-type: none"> 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. Non-consolidated: Basic unit: 92 or less compared with 2006 levels

[○] Goal achieved

Prevention of Global Warming

DENSO promotes activities to prevent global warming through technological development and commercialization processes as well as production activities, employees' 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 2014 activities

DENSO activity results for fiscal 2014

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

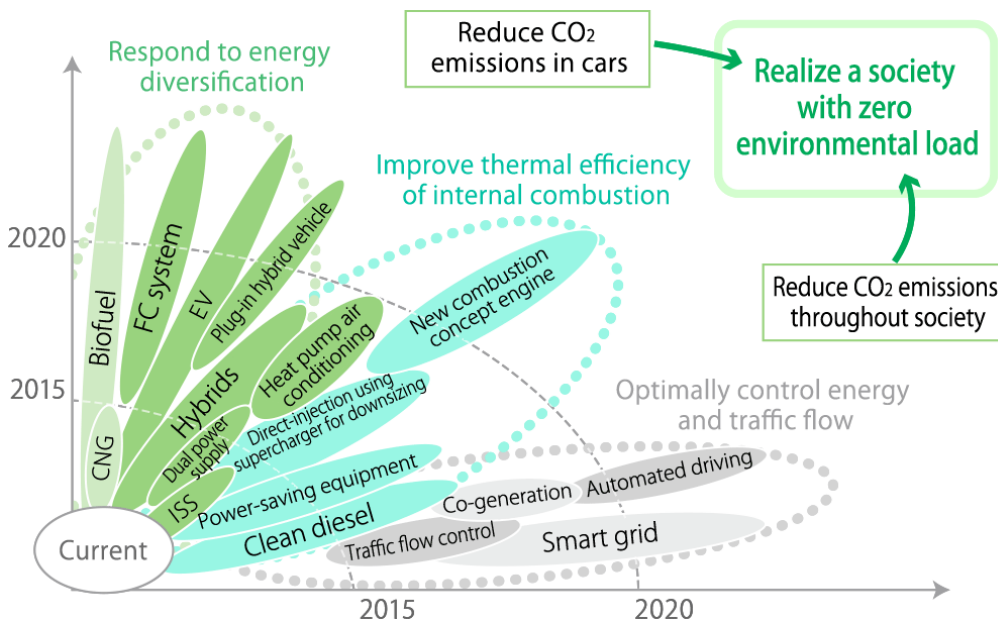
Reduction of CO₂ emissions through the Eco Factory Plan and initiatives to reduce CO₂ emissions in service, logistics and employee behavior

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.

In addition to improving fuel efficiency and reducing power consumption, which minimizes energy loss, we are implementing energy management activities for the efficient use of energy pertaining to the recovery and reuse of heat energy emitted from cars and kinetic energy lost when decelerating.



*FC: Fuel cell, CNG: Compressed natural gas, EV: Electric vehicle, PHV: Plug-in hybrid vehicle, ISS: Idling stop system

Fiscal 2014 activities

Based on the theme of contributing to the prevention of global warming, the DENSO Group is progressing with technology development and commercialization, with a focus on "electrification, fuel economy improvements and CO2 reductions." In addition, efforts are being made to develop technology to purify exhaust emissions toward the realization of a society with zero environmental burden.

Common rail system with injection pressure of 2,500 bar contributes to improved fuel efficiency and cleaner exhaust emissions

DENSO has developed a common rail system, which features an electrically controlled fuel injection system for diesel engines that realizes a maximum fuel injection pressure of 2,500 bar. Compared with the previous 2,000 bar model, the new system can help increase fuel efficiency by up to 3% while also reducing particulate matter (PM) by up to 50% and nitrogen oxides (NOx) by up to 8%, which are harmful substances contained in exhaust gas, due to an improved component design structure and enhanced fuel injection pressure.



Newly developed common rail system
(From left) Fuel pump, injector and common rail

EGR valve unit that integrates air intake throttle valve and EGR valve contributes to cleaner exhaust emissions

DENSO has developed an EGR valve unit, a core component of exhaust gas recirculation (EGR) systems, which contributes to cleaner exhaust emissions in diesel engines. The new unit is the first in the world to integrate an air intake throttle valve and an EGR valve and is half the size of conventional models. Cost reductions have been realized as a result of reducing the number of required components.



Electric refrigerator system using a hybrid unit

DENSO Corporation and Hino Motors, Ltd. have jointly developed the world's first electric refrigerator system for heavy-duty trucks using a hybrid unit.

Heavy-duty refrigerated trucks typically require an auxiliary engine or need to use their main engine power to operate the compressor of the refrigerator. However, the newly developed electric refrigerator system effectively uses energy generated while driving or regenerated energy from the hybrid unit to operate the refrigerator's compressor. This substantially reduces the amount of fuel normally used to drive the engine to operate the compressor, thus significantly reducing CO₂ emissions as well.



Hino Profia with electric refrigerator system

Related Information

[DENSO received the Technology Contribution Award from the Society of Automotive Engineers of Japan — Contribution to the development and commercialization of a common rail system for diesel engines.](http://www.globaldenso.com/en/newsreleases/130626-01.html)
<http://www.globaldenso.com/en/newsreleases/130626-01.html>

[News release](http://www.globaldenso.com/en/newsreleases/140218-01.html) <http://www.globaldenso.com/en/newsreleases/140218-01.html>

[News release](http://www.globaldenso.com/en/newsreleases/140129-01.html) <http://www.globaldenso.com/en/newsreleases/140129-01.html>

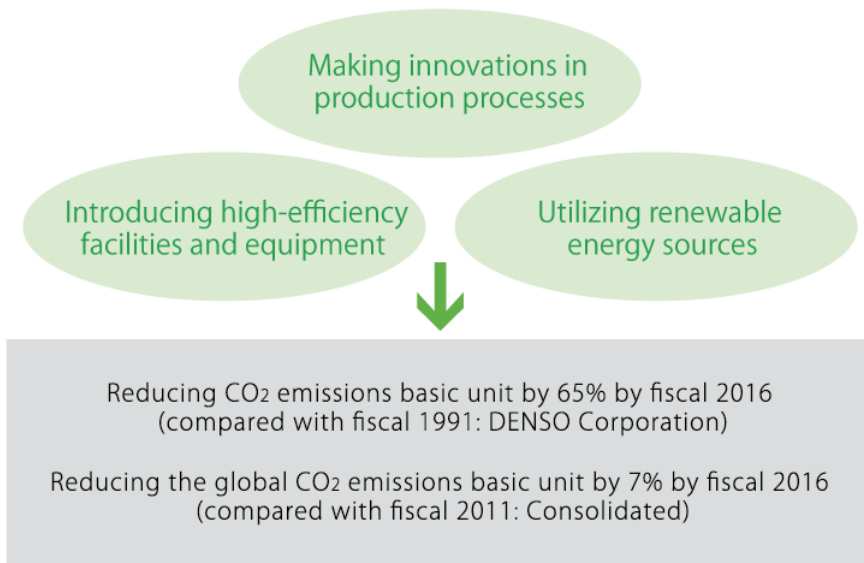
Contributing to the reduction of CO2 emissions in production activities

Basic stance

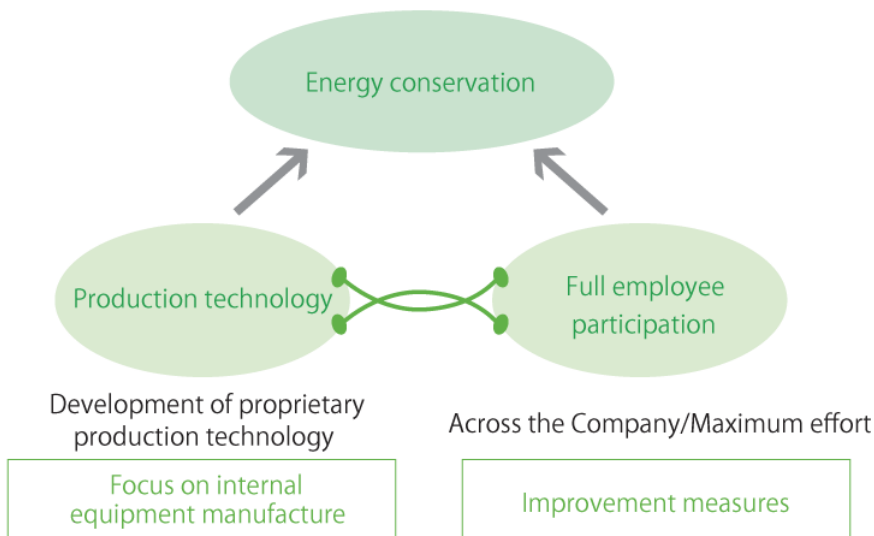
Of the greenhouse gases emitted as a result of the DENSO Group's production activities, 82% is accounted for by CO2 associated with energy consumption. For that reason, the reduction of greenhouse gas emissions throughout the supply chain has been positioned as a priority issue in the Eco Factory concept 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 employees 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



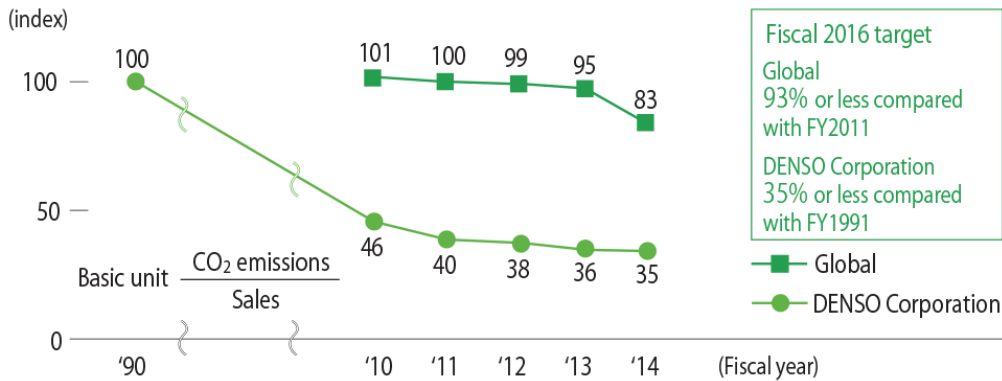
Fiscal 2014 activities

CO2 emissions

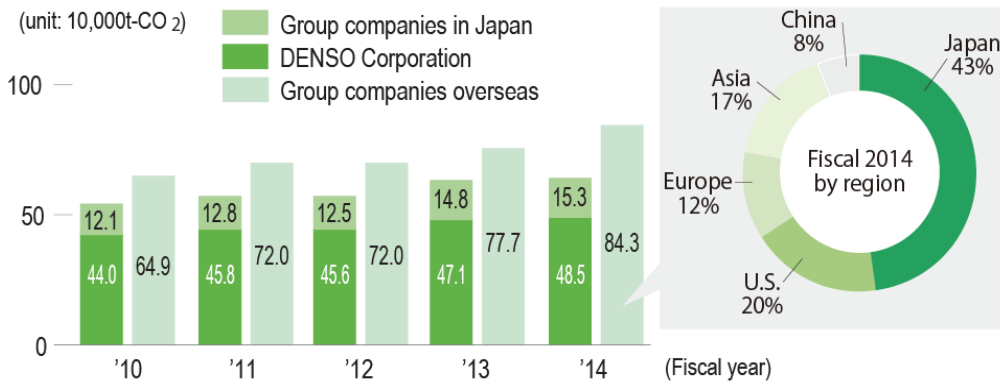
We have established targets that call for a reduction in DENSO Corporation's CO2 emissions basic unit by 65% compared with fiscal 1991 levels and a reduction in global consolidated production emissions basic unit encompassing all domestic and overseas Group companies by 7% compared with fiscal 2011 levels by fiscal 2016.

The DENSO Group 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 was examined and revised each year and initiatives have been subsequently implemented. As a result, in fiscal 2014 we achieved our targets for CO2 emissions basic unit for DENSO Corporation with a result of 35 with a reduction of 3% versus the previous year (a reduction of 65% compared with fiscal 1991), and 83 with a reduction of 12% compared with the previous year (a reduction of 17% compared with fiscal 2011) on a global basis. We will continue with these activities going forward.

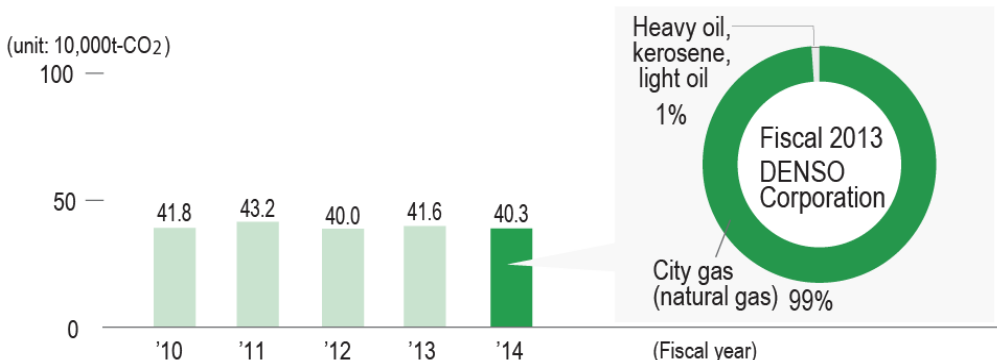
CO2 emissions basic unit of the DENSO Group



CO2 emissions of the DENSO Group

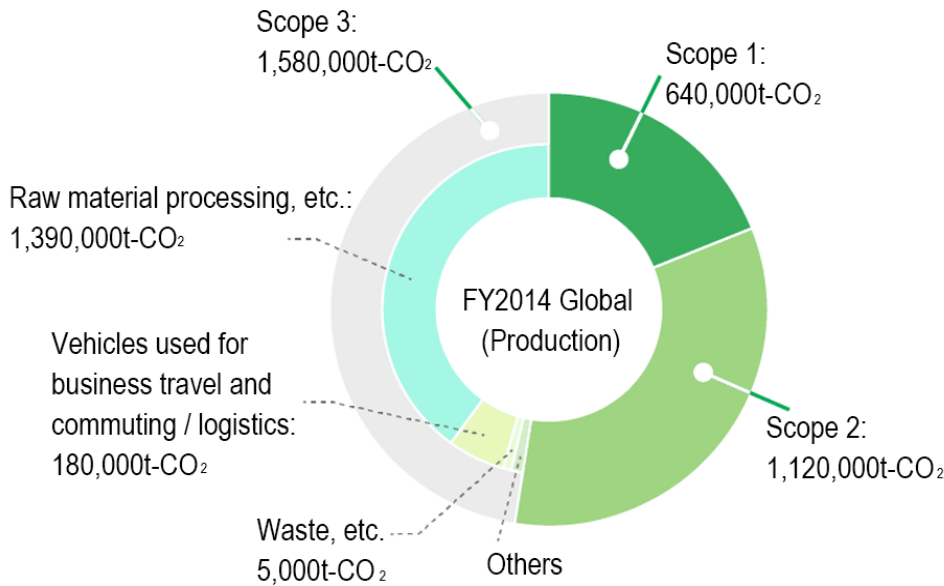


CO2 Reduction (Scope 1)



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

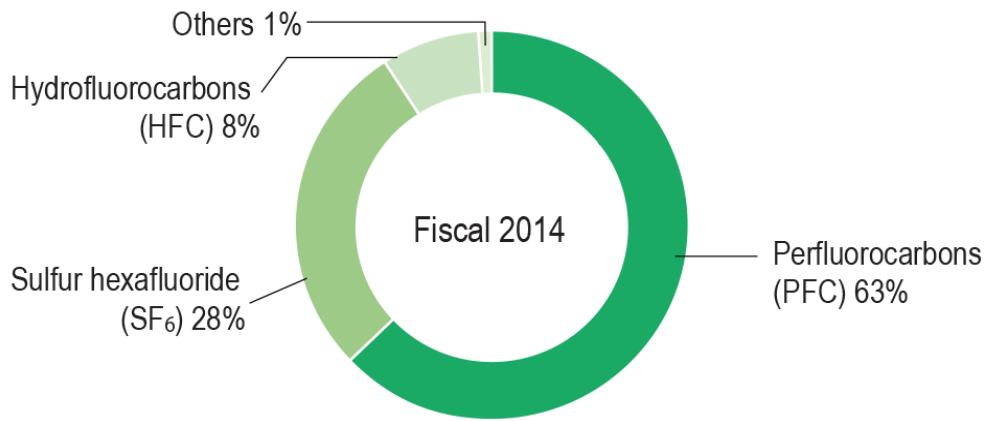
*Reference of conversion factor for CO₂: Japan Auto Parts Industries Association

Reducing greenhouse gases other than CO₂

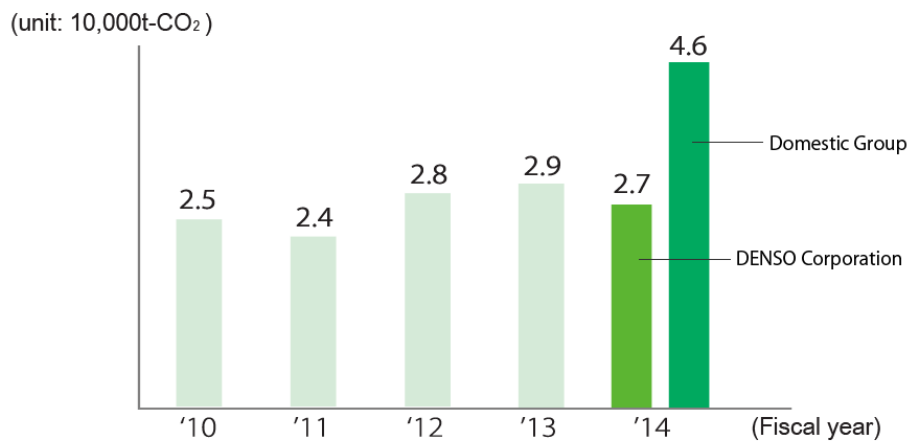
We formulated a plan to reduce emissions of these gases by 50% by fiscal 2016 through the installation of detoxifying equipment in new production lines and improving the capacity utilization rate of lines with detoxifying equipment.

We improved the recovery rate for experimental refrigerant used in air-conditioning experiments, and in fiscal 2014 we reduced emissions by 27,436t-CO₂ and thus attained the target of DENSO EcoVision.

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



Total CO₂ emissions of five gases



*DENSO Iwate Corporation added in fiscal 2014

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 to the extent possible. 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 37 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 (CS3 (Compact, Slim, Simple, Speed) activities). This has produced a variety of results, such as a 50% reduction in CO₂ emissions, and we are currently rolling out improved initiatives as "1/n activities."

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 employees strive to make improvements and visualize energy consumption. We are cross developing and putting into practice 115 improvement methods.

Measures to reduce CO₂ emissions

Procedures		<ul style="list-style-type: none"> •Announce concept of DENSO Eco Factory 	
*Reduction measures	Development of energy-saving technologies for processing	<ul style="list-style-type: none"> •Miniaturize equipment for machining and heating (1/n) •Increase speed and reduce low-temperature calcification time, etc. •Promote development of 37 themes 	
	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 air leaks 	<ul style="list-style-type: none"> •All 115 cases such as strengthening heat insulation •JIT supply (air, air conditioning, steam, water) •JIT production (idling stop, etc.)

Development of air-blowing device with exceptional energy conservation and productivity through Perfect Energy Factory (PEF) activities

The System Control Components Manufacturing Division has boosted energy conservation awareness among employees through creative means to stimulate motivation that includes providing the opportunity to experience pleasure and a sense of challenge and achievement by taking part in activities.

In fiscal 2014, we were awarded the Energy Conservation Center of Japan (ECCJ) Chairman's Prize for the development of a new air-blowing device that all employees in the division worked on. Going forward, we will establish a culture that encourages all employees to strive to conserve energy and aim to create a workplace that is number one in energy conservation.



(From left) Toshiharu Ota, Tetsuo Imosako, Naomi Ikeda (System Control Components Manufacturing Division)



The new air-blowing device that received the award both conserves energy and enhances productivity.

Irohakan (Energy conservation information center)

A base has been set up for disseminating information on energy conservation that includes successful cases of energy savings and interactive exhibits.

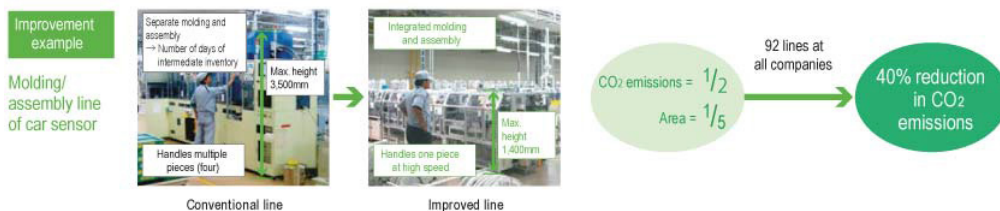


Energy conservation improvement contest

Proposals for improving energy conservation are collected and outstanding works are selected via a ballot among department staff. Proposals that can be implemented immediately are done so without delay.



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 34% (total power generation of 507,000MWh). We expect an annual reduction of 140,000t-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

Saving energy with Just-In-Time system

DENSO Group 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.

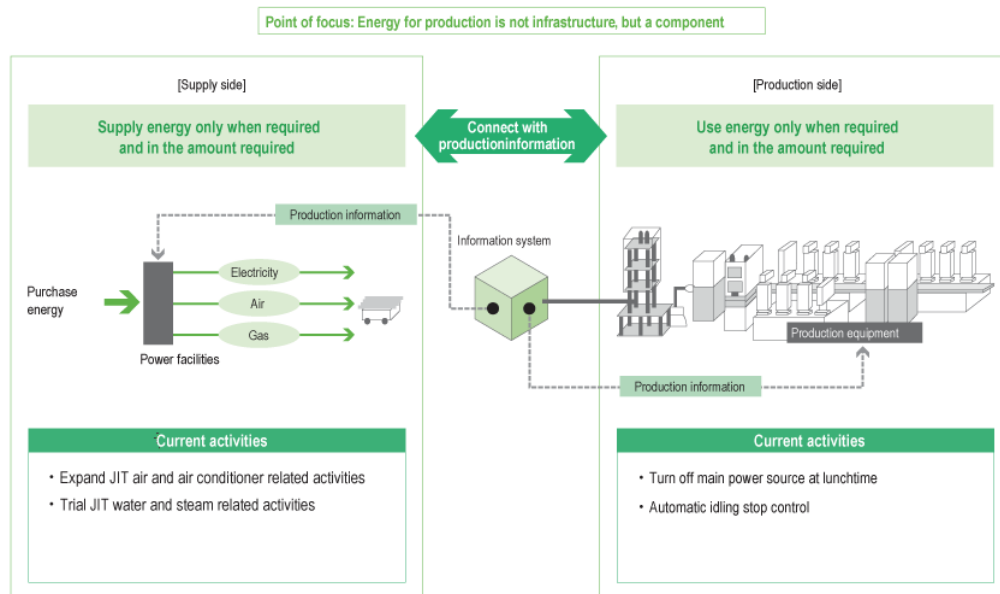
JIT supply

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. JIT supply is being expanded across the organization using JIT activities for compressed air as the model with the aim of shifting to JIT for air conditioning, steam, water and all forms of energy supply.

JIT production

On production lines during break times, 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



Proud of our involvement in spreading and innovating JIT

Just-In-Time (JIT) activities are currently a pillar of the DENSO Group's energy strategy. It proved to be a tough job when we commenced JIT activities for compressed air for the first time at the Anjo Plant primarily because we had to convince the Production Division, walk around the facility on multiple occasions during non-operating days and prepare technical drawings with which we were not familiar. Nonetheless, we made opportunities for the exchange of opinions with the Production Division (energy use side) and take pride in the fact that we were able to create a user-friendly system as a result.

Our aim is to expand this JIT activity to the Group and make sure it is put to good use at DENSO factories around the world. We will push ahead with the activity using the collective knowledge and collaborative spirit of the entire DENSO organization.



Employees who work on JIT supply at the Anjo Plant (From left, Fumio Akahori (Facility Division), Yoshihiro Ishigami, Nobuharu Kumagaya, Takashi Goto (DENSO Facilities Corporation))

Received Energy Conservation Grand Awards for three consecutive years from fiscal 2012 to fiscal 2014

DENSO Corporation won the Chairman's Award at the Energy Conservation Grand Awards (Successful Case of Energy Conservation Category) for fiscal 2014. 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. This was the third consecutive year to receive the award following fiscal 2012 and fiscal 2013.

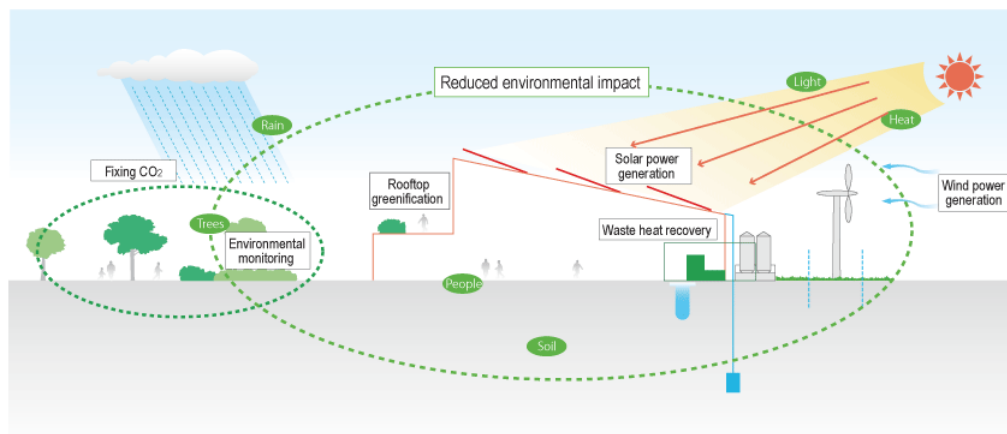
The award was bestowed in recognition of achieving a 60% reduction in energy and maintaining a high energy conservation ratio through highly effective cleaning and drying procedures that make use of spiral circulation by the Powertrain Machinery and Tools Department.



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 Hokkaido Corporation, where we started producing electronic components in April 2009.

Contribution of Eco Factories to reduce CO2 emissions



Example of natural energy utilization

(1) NEXT-EV (Daian Plant in Mie Prefecture)

Energy (electricity) generated through solar panels on the roof is used to charge compact electric vehicles to enable them to move around the expansive premises (approx. 860,000m²). Remaining electricity is supplied to the plant and dining hall to ensure usage without any waste.



Yuichi Furuichi
Driving Assist &
Safety Production
Division

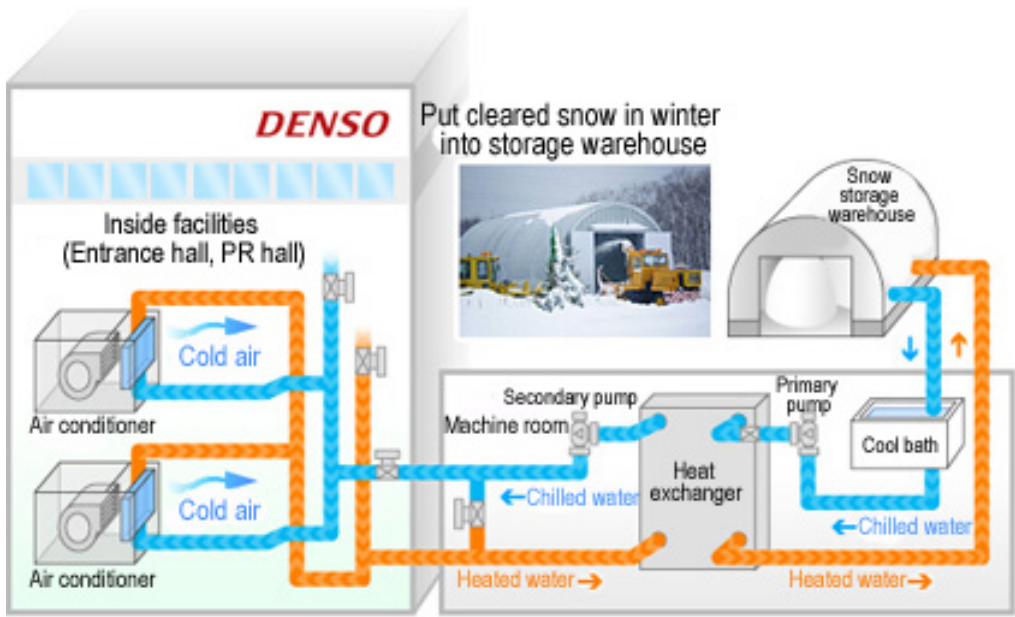
Environmental awareness increased with the introduction of NEXT-EV

I actively encouraged introduction of NEXT-EV and it has been well received at multiple locations. Setting up NEXT-EV has served to enhance environmental awareness and enables us to further promote activities to conserve energy and resources. As a result, we have been achieving our target for CO2 emissions every year.

(2) System using snow to cool facilities (DENSO Hokkaido 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)



(3) Unique natural energy utilization at each plant

Natural energy (wind power, hydraulic power) is being used in creative power-generating equipment at each plant. The equipment is made using DENSO products and technology (alternator, etc.) and exploits the *monozukuri* (manufacturing) capabilities that employees have built up at work.

Agui Plant (wind power)

A wind power generator installed on the roof of the building makes use of the strong wind that blows in Agui.

Anjo Plant (wind power)

This plant uses wind emitted from its exhaust ventilation system and cleaning equipment.

Kota Plant (hydraulic power)

This plant utilizes the power generated from wastewater flowing from a high to low place.

Promoting employee “Eco Life” activities

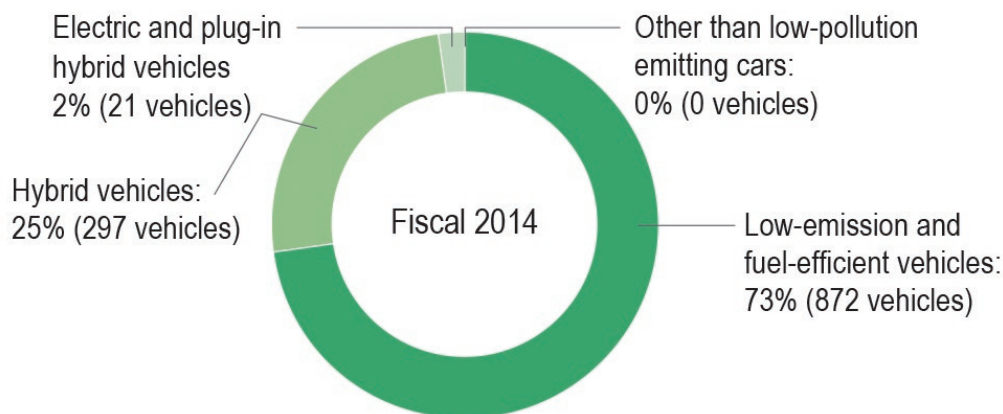
DENSO Corporation works to raise awareness of employees about how they can practice an “Eco Life” and to provide a foundation for doing so based on a belief that environmentally responsible conduct on the part of its approximately 130,000 employees can make a significant contribution to the prevention of global warming.

The fifth phase of the Environmental Action Plan sets forth the following four priority initiatives to serve as guidelines in these efforts. In Japan, for example, in addition to operating a shuttle bus service between DENSO Corporation’s headquarters and DENSO’s corporate housing in Obu and promoting tree-planting activities, environmental activities have been linked to the eco-point system in which employees are actively encouraged to participate.

Priority initiatives

- (1) Expand the use of clean energy vehicles and low-pollution emitting cars in the Company’s fleet
- (2) Maintain and promote use of public transport through the dispatch of a shuttle bus to and from the nearest station
- (3) Raise awareness to promote widespread adoption of eco-driving practices
- (4) Promote greening activities around factories

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 Service 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	3,521t-CO ₂ reduction	8.2kg-CO ₂ per vehicle	Volume 290,000
	Injection pumps			22kg-CO ₂ per vehicle	24,000
	Compressors			8.3kg-CO ₂ per vehicle	74,000
Eco Product sales	Digital tachometers	Annual comparative reduction	4,873t-CO ₂ reduction	231kg-CO ₂ per vehicle	13,000
	ETC equipment			11kg-CO ₂ per vehicle	170,000

Reducing CO2 emissions from logistics activities

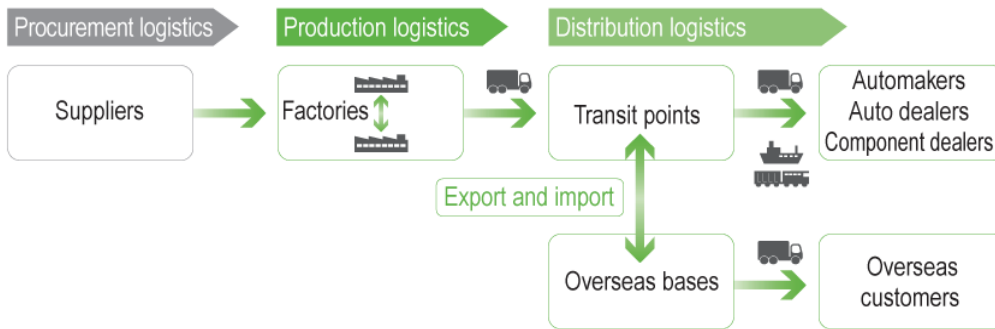
DENSO Corporation ships approximately 20,000m³ of products each day to domestic and overseas destinations by truck, railway and ship. We consign distribution operations to DENSO Logitem Corporation, a subsidiary, and work together to promote CO₂ reductions at specified shippers in order to fulfill our 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.

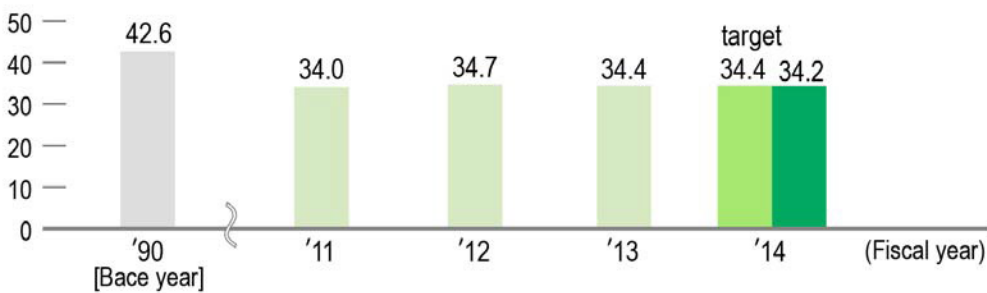
In fiscal 2014, production recovered strongly from the decline caused by the Great East Japan Earthquake that struck in 2011, and we were able to improve efficiency by adjusting the number of truck deliveries. In addition, we added certain functions to logistics sites operated by DENSO East Japan Corporation that started in October 2011 and shortened delivery distances. As a result, overall emissions were reduced by 34,200t-CO₂ compared with the previous year and we achieved our target for the fiscal year.

DENSO logistics



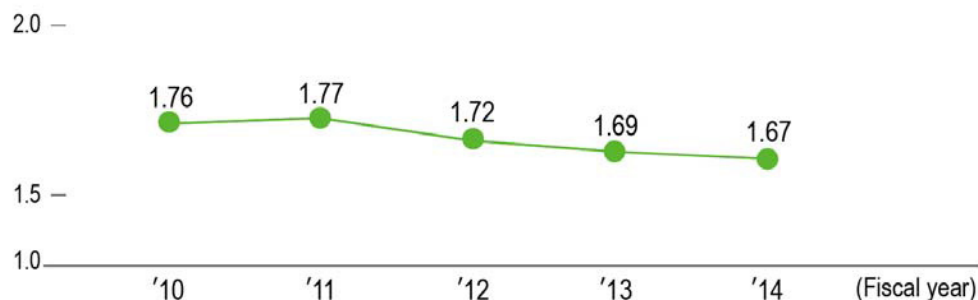
CO₂ emissions from logistics [DENSO Corporation]

(1,000t-CO₂)



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

Basic unit



Resource Recycling

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.

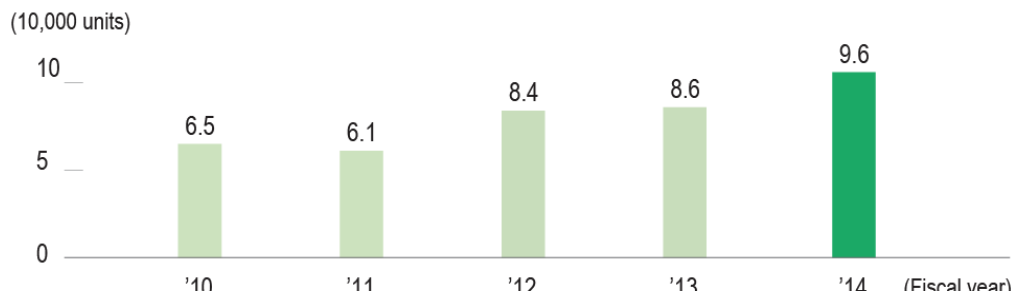
- (1) Reduce material use through smaller and more lightweight designs (product development stage)
- (2) Rebuild and recondition products (product usage stage)
- (3) Develop materials that break down easily or are easy to recycle and calculate the recyclable ratio (product development stage)
- (4) Strive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

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 worked 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, and thereby achieved the targets.

Fiscal 2014 results

Zero emissions of waste and emissions reduction

DENSO Corporation and 23 domestic Group companies achieved zero emissions at all sites in fiscal 2004. A total of 25 out of 45

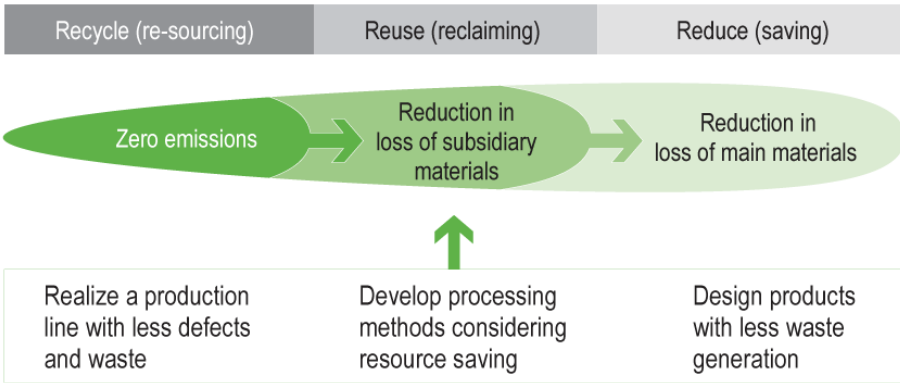
principal facilities overseas achieved zero emissions in fiscal 2014. We also have established an auditing system for domestic waste treatment operators as a means to ensure the most appropriate disposal.

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 2.97, which surpassed our target of 3.00 or below.

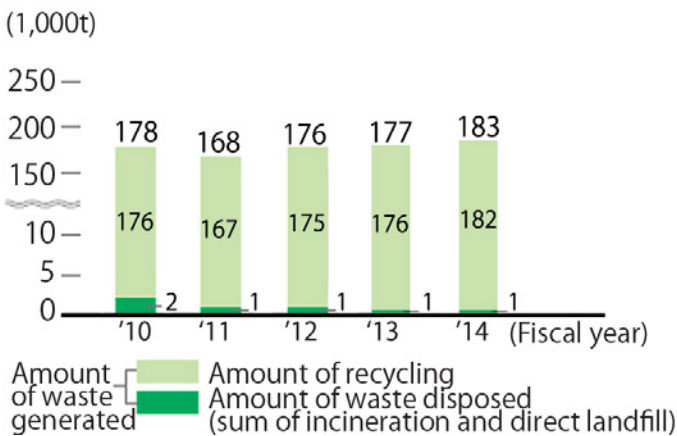
*Path for plastic and metal material from molding machine nozzle to mold that shapes the product

Positioning of zero emissions and activities for reducing waste and emissions

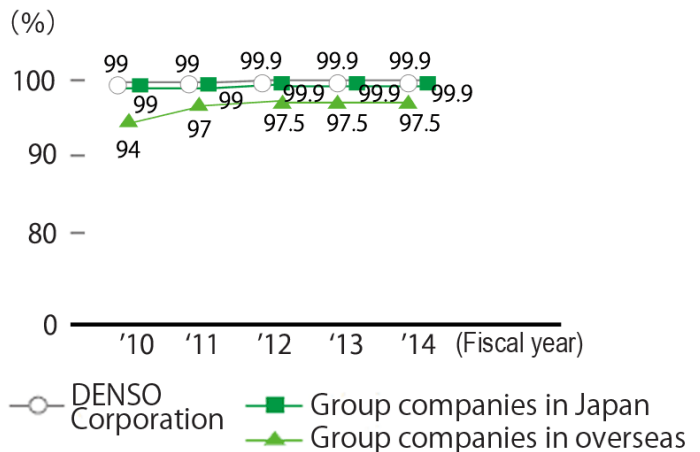
Reduce waste materials with the three Rs



Recycling and waste processing amounts

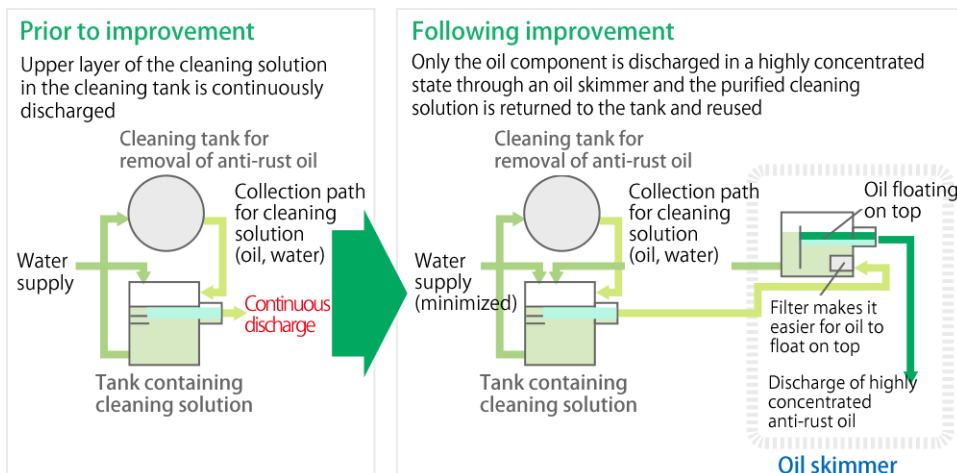


Recycling rates



Case of effective resource utilization: Extended life of cleaning solution by installing an oil skimmer

Products requiring a high level of cleanliness are washed thoroughly to remove anti-rust oil, which is applied to products that are supplied prior to assembly. Previously, the upper layer of liquid in the cleaning tank was continuously removed as waste oil to avoid sludge building up or sticking to the tank in line with an increase (decrease) in the amount of oil contained within. By introducing a device to recover the oil floating on top of the water in the tank, we are now able to discharge just the oil component in a highly concentrated state. This has helped to extend the life of the cleaning solution and eliminate the need to constantly drain the liquid, thus significantly reducing the amount of waste oil.

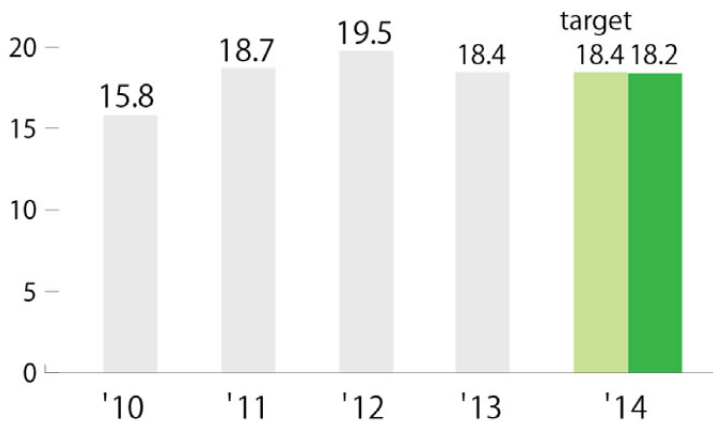


Reducing packing material usage in distribution

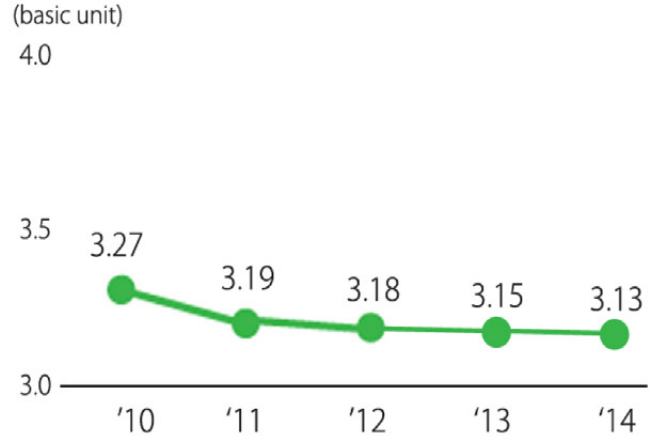
DENSO corporation is promoting the use of more simple and returnable packing materials in accordance with the 3Rs (reduce, reuse, recycle). Specific efforts to simplify packing materials include the use of less cushioning, which was made more compact and lighter in accordance with the structure of each 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 2014, we reduced material usage by 18,200t and achieved our fiscal year target for the basic unit.

Amount of packing materials used (1,000t)



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



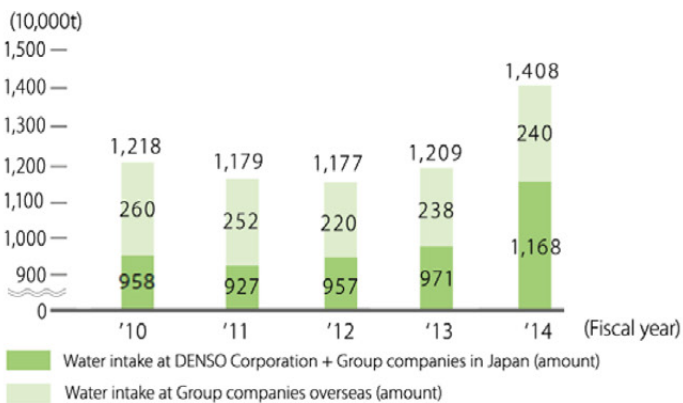
Reducing water consumption

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.

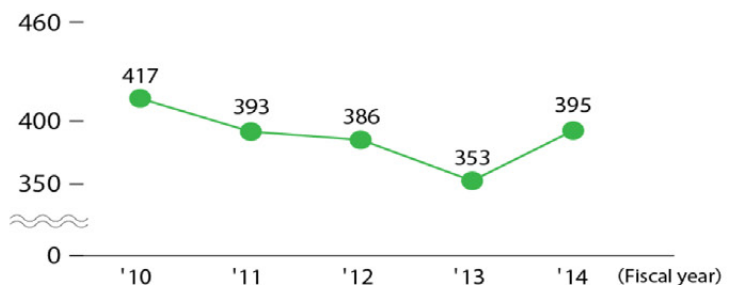
Besides striving to conserve and recycle water, we have set voluntary standards for the quality of discharge water that are stricter than legal requirements and carefully manage the quality and temperature of water during discharge.

Water consumption in fiscal 2014 increased by 16% year-on-year to 14,080,000 tons as a result of adding in figures for semiconductor manufacturer DENSO Iwate Corporation to the domestic Group. There is no change in water consumption upon excluding DENSO Iwate Corporation.

Water consumption

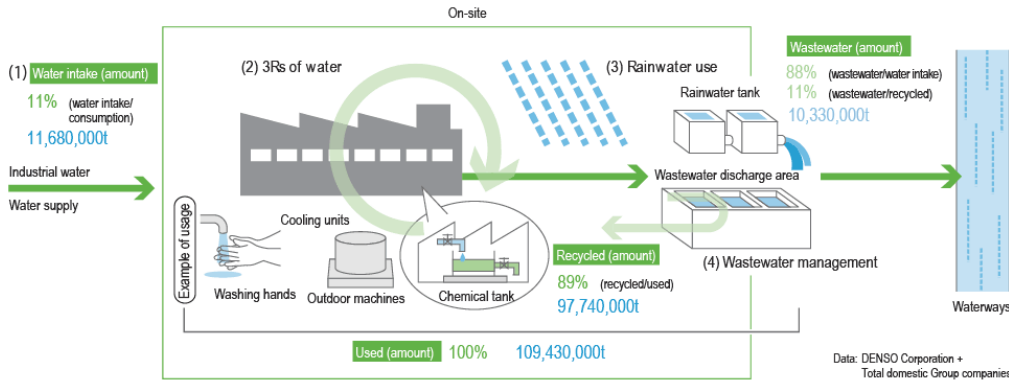


Water consumption (basic unit)
DENSO Corporation + Group companies in Japan



*DENSO Iwate Corporation added in fiscal 2014

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).

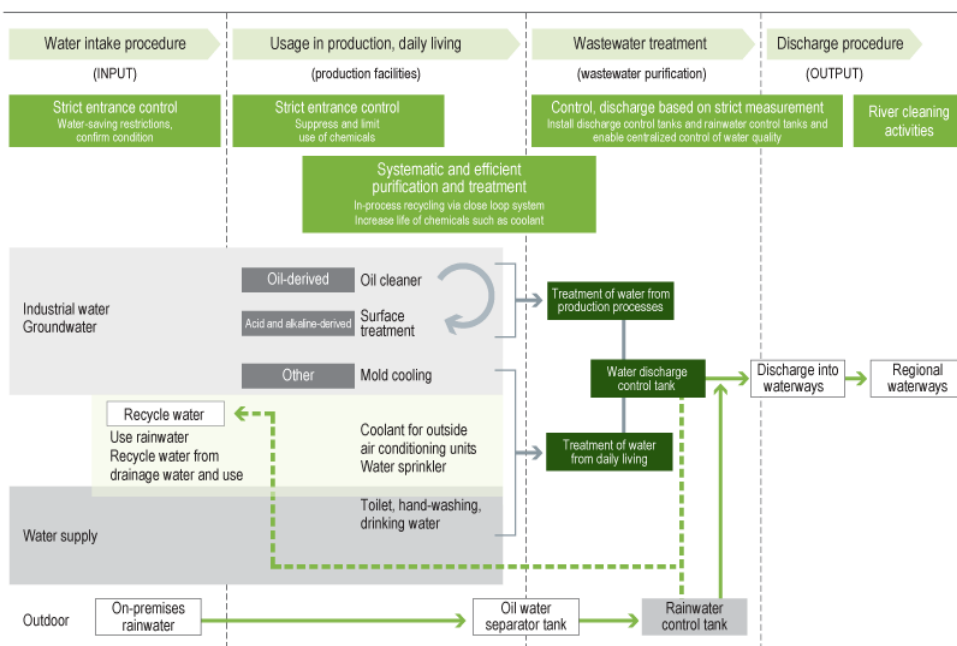
3. Effectively use rainwater

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 Corporation'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)	
	Inaba / 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)
		Pesqueria 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)	
	Bang Pakong River (Thailand)	
	Chao Phraya River (Thailand)	
China	Yangtze River	
	Balhae Sea	
	Dong Jiang River	
	Dagu River	
	Pearl River	
	Lao Tong Yang Canal	

Related Information

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

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.

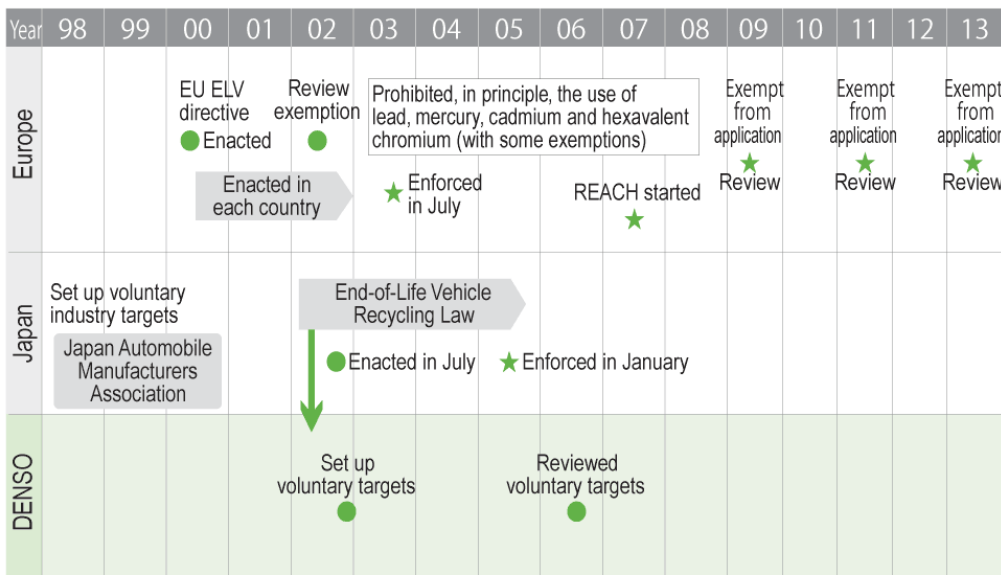
In particular, we have taken advantage of the implementation of the European Union ELV directive*1 in 2000 to move forward with efforts to eliminate use of the four targeted substances of lead, mercury, cadmium and hexavalent chromium by 2008 (excluding exemptions*2) and meet the requirements of the REACH Regulation*3 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

*3 REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals

Response of DENSO and industry to laws and regulations



Fiscal 2014 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 is also a move to regulate lead and other items in high-melting point solder, glass, ceramics and alloys (aluminum and 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 are designated 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

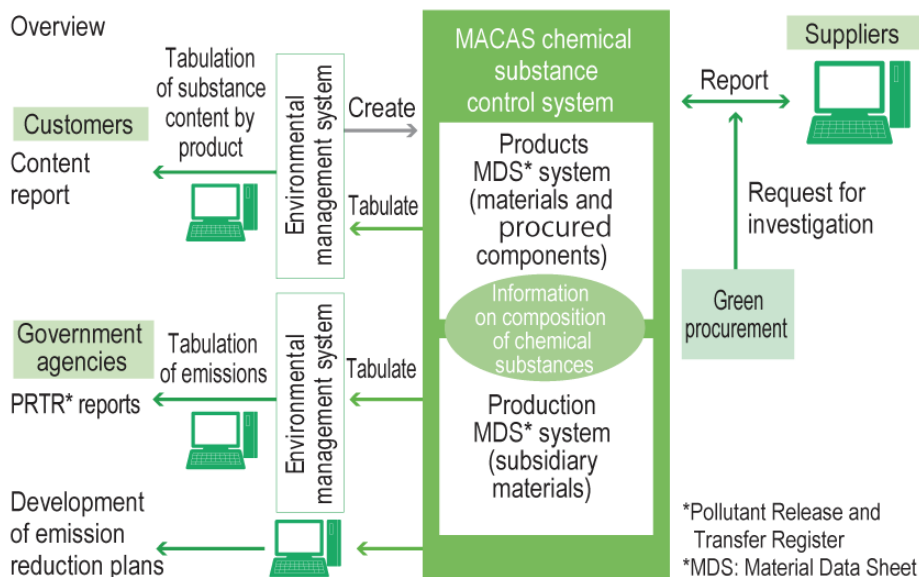
We classify chemical substances used at factories into "prohibited," "targeted for reduction" and "controlled" categories. Since fiscal 2002 we have sought to implement unified control of all chemical substances used in product materials, procured components and production processes by means of MACAS, 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

Overview



Fiscal 2014 results

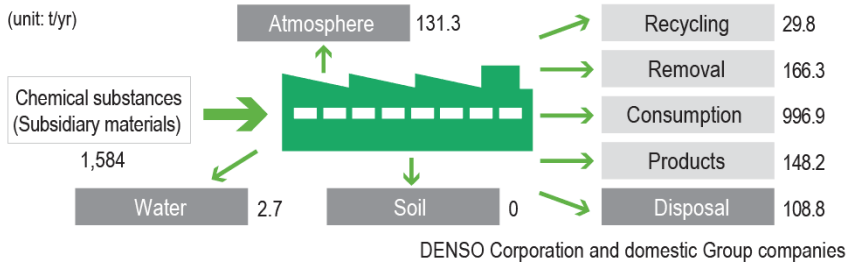
Responding to Pollutant Release and Transfer Register (PRTR)

DENSO achieved its target of a 75% reduction in PRTR*-listed substances by 2010.

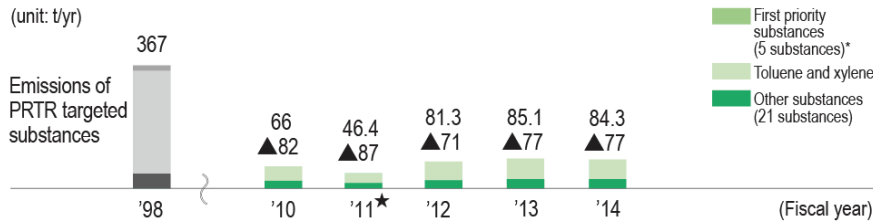
In addition, we tabulated past targets under our Eco Vision up until fiscal 2011 and presented the trends. From fiscal 2012, we shifted to the new fifth phase of the Environmental Action Plan, where we have reviewed emission factor and designated chemical substances and are making calculations using data with modified and improved tabulation parameters.

*PRTR: Pollutant Release and Transfer Register

Emissions of PRTR targeted substances



Reduction of PRTR targeted substances [DENSO Corporation]



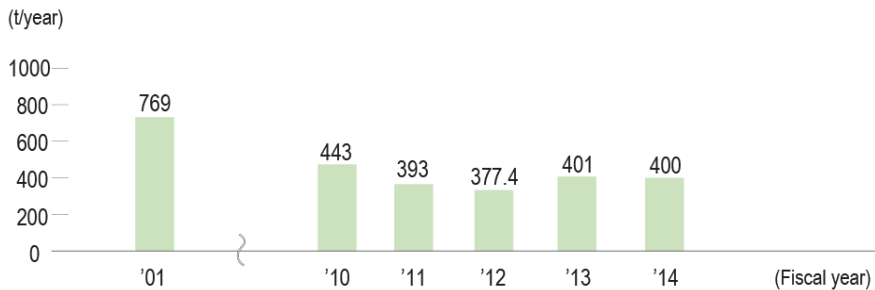
*Reviewed PRTR-listed substances, etc.

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 2014 at DENSO Corporation and for overseas Group companies to implement top-tier measures for their country or region.

In fiscal 2014, we reduced emissions by 48% (compared with fiscal 2001 level) by adding traditional VOC collection and removal equipment. Currently, we are promoting redoubled efforts for improvement 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 employee "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 2013 exhibit in Tokyo in December 2013. DENSO also introduced advanced environmental technologies at motor shows held in Tokyo, Detroit, Beijing and other cities worldwide, and ITS World Congress in Vienna.



Eco Products 2013



Tokyo Motor Show

Events held during Environment Month

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

Sought entries for "My Eco 2020" environmental slogan

DENSO asked employees to send in "My Eco 2020" slogans with the aim of enhancing environmental awareness in each person. Participants put into words their feelings and actions expressing their desire to conserve the environment.

A total of 6,520 slogans were sent in (3,360 from DENSO Group companies and 3,160 from DENSO Corporation). A green pot for nurturing greenery was presented to 1,000 employees selected as prizewinners. The following six entries were awarded the grand prize.

- What a waste! Everyone's favorite expression in a family looking to conserve the environment (DENSO Corporation/employee's family)
- A letter of thanks to everyone from the Earth for your energy conservation efforts (DENSO East Japan Corporation)
- Thoughtful product development with an eco connection (DENSO Corporation)
- Make the seeds of eco activities grow for the future of the Earth (DENSO Facilities Corporation/employee's family)
- Let's foster compassion in harmony with nature (DENSO Corporation/employee's family)
- The world will be destroyed if everyone thinks enough is being done! (Daishinseiki Co., Ltd.)



Greening desktops in the office workplace

Raising environmental awareness with gift products for the winners

Environmental events held globally

From fiscal 2013, we held various environmental events globally as we support the development of people with high environmental awareness.



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.



World Business Council for Sustainable Development

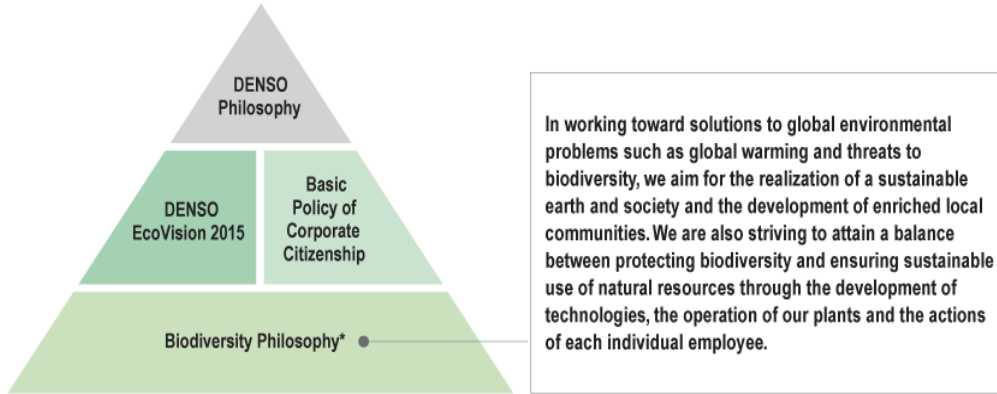


Biodiversity initiatives

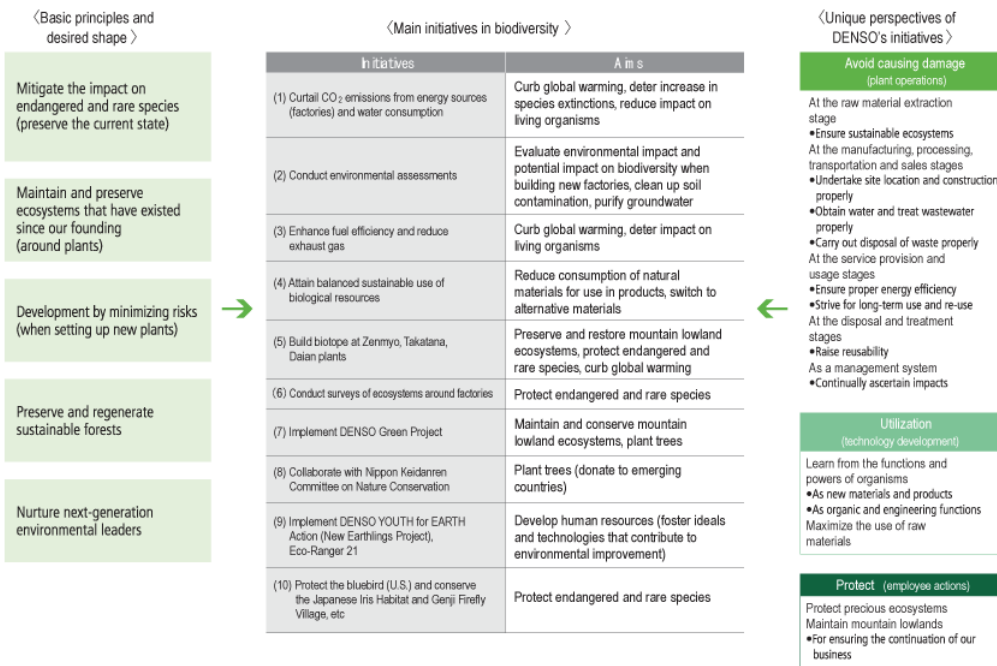
Basic stance

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



Fiscal 2014 activities

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 employees 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)



Local students set up birdhouses



Sapling planting

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



Wild Flower Garden

Bluebird chick

Garden maintenance

Flowers blooming in a garden

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.

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 Omoteshama Network since 2007 in an effort to protect the environment along the Omoteshama 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 employees, we built a barrier (sediment enclosure) to keep the area clean and protect the egg-laying site.

Comments from participants

The following are some of the comments made by employees from the Corporate Planning Division who participated in the event with members from the work site.



- It was really fulfilling to spend time for living creatures. It's a small thing, but I'm glad we were able to do something to protect the ecosystem.
- It felt good to learn something and have fun at the same time. It was a great experience for the children.
- There was a high degree of teamwork between everyone to make the habitat clean for the sea turtles.

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 Maxim</i> (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. Employees, their families and members of NPOs and local residents are working together to thin, prune and plant trees.

Up to March 2014, these activities had been carried out a total of 33 times. Approximately 5,100 volunteers, including local residents as well as employees of DENSO Corporation and Group companies and their families, have participated and around 12,200 saplings have been planted. From fiscal 2011, we introduced "Green Partner," an employee leader system, to encourage the creation of forests by employees.

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 employee participation.

We held the DENSO Green Curtain Contest in 2012. Through this initiative, the Zenmyo Plant, one of the participating teams, won the most outstanding award (Business Site category) in the Fiscal 2012 Aichi Green Curtain Contest implemented by Aichi Prefecture.



Example at a domestic Group company DENSO Green Curtain Contest Raising environmental awareness among employees by nurturing greenery



Example of Nishio Plant Planting of Japanese *hydrangea macrophylla* *The name of the hydrangea in the photo is "Sumida fireworks."



Example at Nukata Plant Forest conservation activity to impart knowledge about the functions and importance of the forest in a fun way

Fiscal 2014 activities (Aichi Prefecture)

Location	Scale	Details
Kariya Highway Oasis (November 23)	90 participants Planted 215 trees	<ul style="list-style-type: none"> Planted Cut grass
Zenmyo Plant (November 2)	130 participants Planted 500 trees	<ul style="list-style-type: none"> Planted <i>deutzia crenata</i> double-flowered cultivar on embankments
Nishio Plant (March 16)	170 participants Planted 1,500 trees	<ul style="list-style-type: none"> Planted Japanese <i>hydrangea macrophylla</i> on embankments

Comments from participants

The children wore big smiles and the adults were extremely satisfied. It would be great if we could realize an automobile society that coexists in harmony with nature through the activities of people who love nature and the region.



Ichiro Miyaji,
Hamanako-
denso Co., Ltd.

Even though it was a rather basic activity, I felt like I was able to deepen my bond with the local community. I hope to keep the environment foremost in mind as I go about my work in the future as well.



Masayoshi
Maekawa,
Corporate
Planning Division

While learning about the environment was wonderful, I also really enjoyed spending time with the children participating.



Volunteer staff,
Yusuke
Yamamoto,
Electronic
Systems Testing
& Evaluation



Volunteer staff,
participants from Aichi
Shukutoku University

The activity brought a smile to the face of everyone participating. I would love to take part again next time as well.

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
 - Formulated basic policies for social contribution
 - Began supporting Young Invention Club
 - Established Corporate Ethics Committee
- 1998 - Established Code of Conduct
 - Launched ACTIVE 21 human resource system reforms
 - Established corporate ethics consultation section
 - Launched a club for employee 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

CSR Chronology

History of social activities

- 2005
 - Established CSR Promotion Center
 - Participated in World Exposition of the 21st century, EXPO 2005 AICHI, JAPAN
 - Won the WorldSkills International Competition for the seventh consecutive year (Polymechanics category)
 - Launched a system that allows temporary workers to shift to permanent employment
 - Established DENSO Training Academy (Thailand)
 - Introduced employee safety confirmation system at the time of a disaster
- 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"
- 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)
- 2009
 - Achieved employee participation rate of 26% in DENSO volunteer activity promotion system, including the club for employee volunteers (achieved target of 25%)
 - The Ministry of Health, Labour and Welfare recognized DENSO as a company that proactively seeks to help employees fulfill both their work and childcare responsibilities
- 2010
 - Introduced new HR policy and developed a globally shared training system and human resource 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
- 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
 - Decided to provide support over a 10-year period for the schooling of children orphaned by the Great East Japan Earthquake and for facilities for persons with disabilities
- 2012
 - Strengthened structure for compliance with antitrust laws in respective regions of the world
 - Formulated a Business Continuity Plan (BCP) that assumes the simultaneous occurrence of three earthquakes, the Tokai, Tonankai and Nankai earthquakes
 - Held first DENSO Group Compassionate Festival
 - Received the Ministry of Health, Labour and Welfare's "Companies Providing Career Support Award"
- 2013
 - Formulated and announced DENSO Group Long-term Policy 2020
 - Concluded an agreement as a global supporter of the worldwide Road Safety Fund
 - Developed Life Vision, a community communication system



DENSO Training Academy (Thailand)



Tacchicchi House infant daycare center



Global youth development program



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



DENSO Group Compassionate Festival



Shared the Long-term Policy at the Global Conference

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)
- 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



"DENSO" electric car (1950)



Exhaust gas analysis in 1970s



Troubleshooting training at wastewater treatment plant (1990s)



DENSO Environment Committee



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

CSR Chronology

History of environmental activities

- 2005
 - Developed electric air-conditioning system for hybrid vehicles
 - Developed world's smallest and lightest alternator
 - Announced DENSO EcoVision 2015
- 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
- 2007
 - Launched joint project for development of bio-fuel from algae as raw material
 - 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
- 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
- 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
- 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
 - Developed a battery pack system that contributes to improved fuel efficiency of idling stop systems
 - Developed a mutual electric power supply system for electric vehicles (EVs) that connects with HEMS
 - Developed car air conditioning system that allows air control around the driver's seat only
- 2013
 - Won the Medal for New Technology (Japan Society of Mechanical Engineers) and the Technology Contribution Award (Society of Automotive Engineers of Japan) for developing and promoting the spread of clean diesel engines
 - Developed a common rail system with maximum injection pressure of 2,500 bar
 - Developed an agricultural production support system



World's smallest and lightest alternator



Research of developing bio-fuel using micro-algae



Radiator tank made from plant-based resin



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



Jointly developed a HEMS for the efficient integrated control of home energy



Won the Economy, Trade and Industry Minister's Award, the top prize at the Energy Conservation Grand Awards (Successful Case of Energy Conservation Category)



Commercialized i-ART (intelligent-Accuracy Refinement Technology), a basic control component for common rail systems

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 employees 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: Employees

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 employee 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 employees 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 employees 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.

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."



Scene at a workplace in 1969

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.



Main office building of Nippondenso at the time of foundation

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.

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.



Award presented for outstanding improvement proposals of suppliers (1987)

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.

Origins of CSR: Global and Local Communities

As a global corporate citizen

Sponsorship of Operation Raleigh in 1984 is a 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 Corporation has focused its efforts on the development of youth, who will be taking active roles in the next generation.



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 employees 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 employees 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.

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

These employees' 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.



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

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.

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).



"DENSO" electric car

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.

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 employees 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."



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

Editorial Policy of CSR Information

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 in order to provide valuable information for understanding each activity.

Scope of the report

Companies and business locations covered:

DENSO Group refers to DENSO Corporation and its domestic and overseas Group companies (comprising 185 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 2014 (April 1, 2013 to March 31, 2014), 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)
- Japan's Ministry of the Environment *Environmental Reporting Guidelines* (2012 Version)
 - * Comparative tables for this report and the GRI Guidelines are available on our CSR Report site.
- 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 2014
- 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 2014.
- 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 outside an evaluation of our CSR and the opinions of experts via dialogue to increase the transparency and credibility of our CSR activities.

Issued by: Nobuaki Katoh, President and CEO

Editor: Kenichiro Ito, Executive Director

Issue date: November 2014 (scheduled issue of the next report: November 2015; previous report: November 2013)

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

www.globaldenso.com

Related Links

[Corporate Profile](http://www.globaldenso.com/en/aboutdenso/) <http://www.globaldenso.com/en/aboutdenso/>

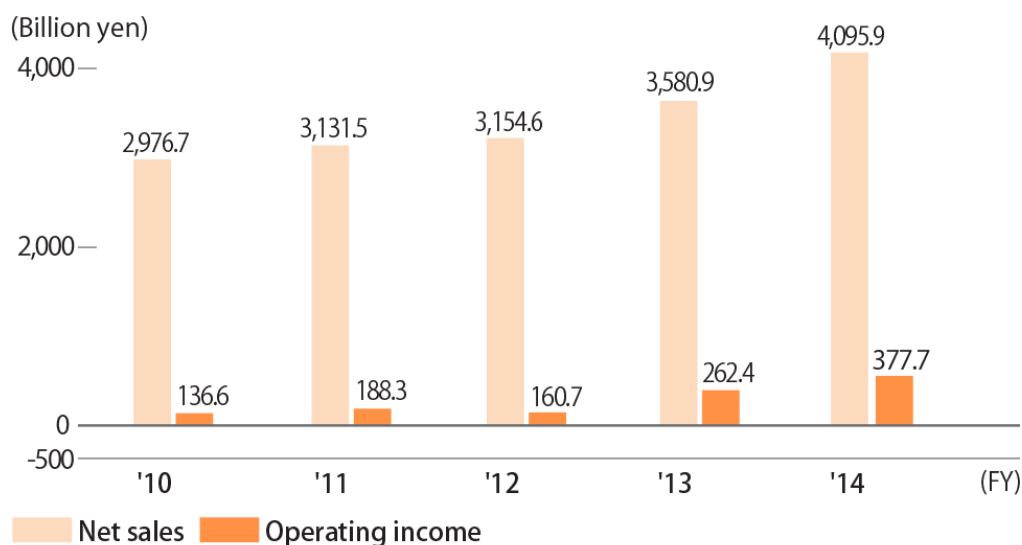
Financial Report

(As of March 31, 2014)

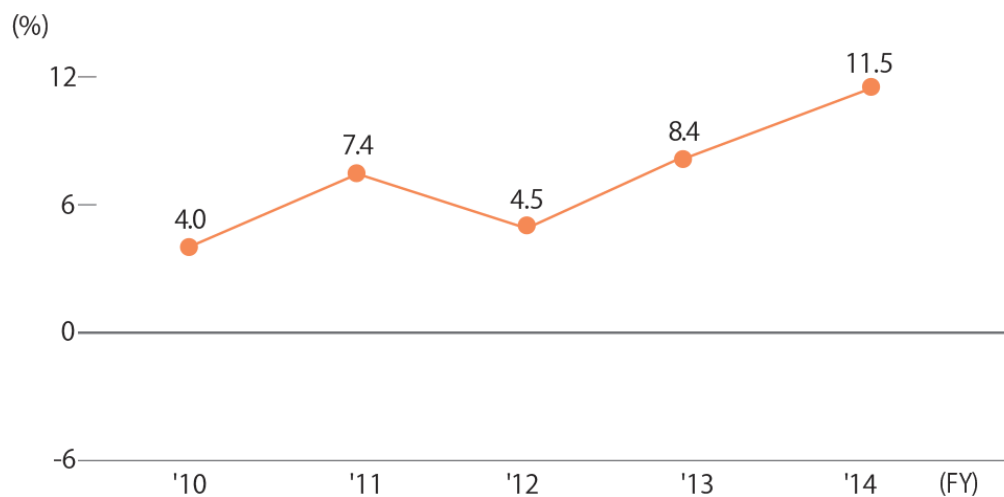
Capital	187.4 billion yen
Employees	139,842 (Consolidated, +5.7% yoy)
Consolidated subsidiaries	185 companies (Japan 62, The Americas 26, Europe 35, Asia/Oceania 56, South America/Other areas 6)
Affiliates under equity method	33 companies (Japan 13, The Americas 4, Europe 3, Asia/Oceania 11, South America/Other areas 2)
Net sales	4,095.9 billion yen (Consolidated, +14.4% yoy)
Ordinary income	419.6 billion yen (Consolidated, +41.7% yoy)
Capital expenditures	324.1 billion yen (+40.5% yoy)
Research and development expenditures	368.7 billion yen (+9.9% yoy)
Cost of sales	3,341.8 billion yen (+11.1% yoy)
Overseas sales ratio	46.2% (-3.3% yoy)
Corporate tax paid	109.8 billion yen (+106.5% yoy)
Internal reserves*	220.5 billion yen (+56.0% yoy)

* Net income for the current year, excluding dividends

Net sales / Operating income

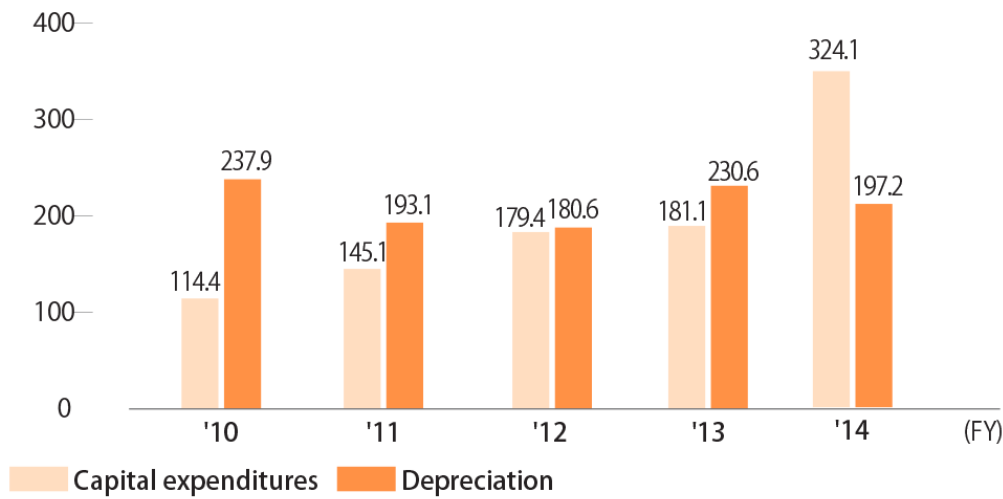


Return on equity (ROE)

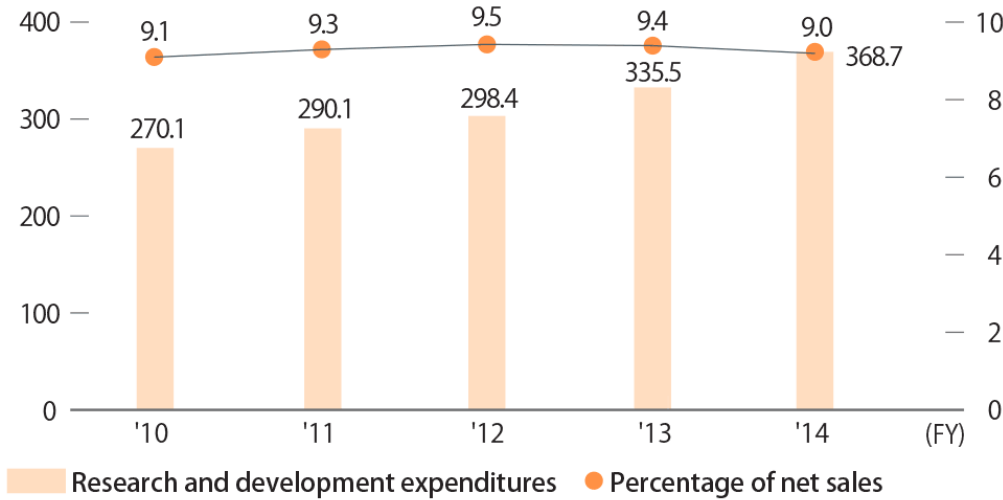


Capital expenditures / Depreciation

(Billion yen)

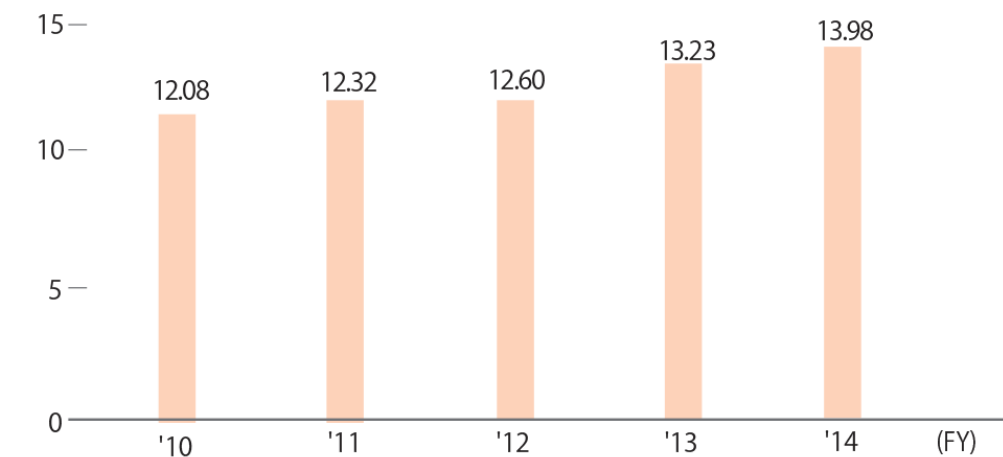


Research and development expenditures

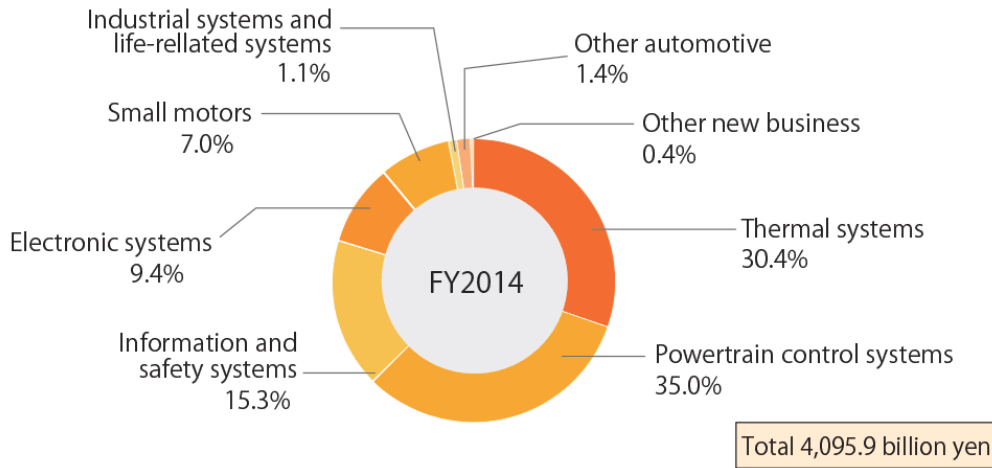


Employees

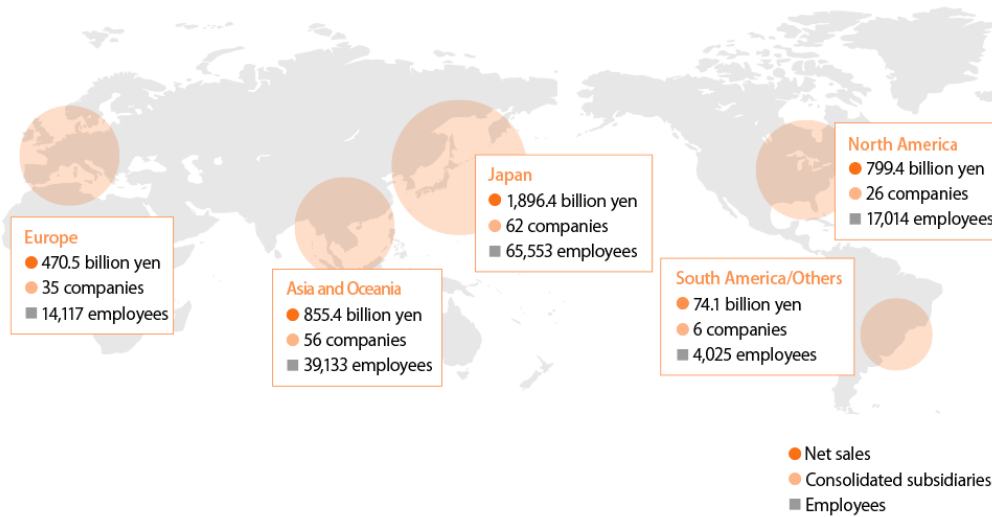
(10 thousand)



Sales by business segment



DENSO Group current status by region



Related Links

For more detailed economic information

<http://www.globaldenso.com/en/investors/>

DENSO Group companies worldwide

<http://www.globaldenso.com/en/aboutdenso/globalnetwork/groupcompanies/index.html>

Outside Evaluation of Our CSR

Third Party Opinion

DENSO sets quantitative targets for a wide range of items based on the DENSO Group Declaration of Corporate Behavior formulated in fiscal 2007, and almost 10 years have passed since establishing a management cycle in Japan and overseas to clearly manage the progress of the plan and continue with initiatives to resolve issues on a daily basis. Although these serve as standards that should be global benchmarks, DENSO also releases guidelines to create foundations for corporate social responsibility (CSR) management on its website, distributes leaflets regarding compliance with these guidelines for 300 primary suppliers and completes self-evaluations using a diagnostic sheet to provide feedback. I once again commend the fact that CSR is incorporated onsite into everyday management both throughout the Group and at primary suppliers. I would like to see an award system put in place to share the best practices of suppliers going forward.

In order to incorporate CSR into management on a daily basis at sites that generate a wide range of products, it is necessary to set quantitative targets for essential items no matter how broad the range and clearly grasp the progress and issues (so-called visualization). By realizing this, DENSO has become globally outstanding in terms of continuously generating new initiatives from development and production workplaces and from the perspective of an organizational culture that encourages a bottom-up approach and follow-through on decisions, which underpins these efforts. This is a source of DENSO's sustainable growth.

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, water, steam and air conditioning activities and *Enekanban*, which optimizes deployment and operations by predicting the use of compressors in advance. Full employee participation in these efforts coupled with the in-house development of production technology has resulted in a continued reduction of more than 3% in basic units since 2009 as it seeks to "Achieving a balance between growth and preserving the earth's environment" under its newly formulated Long-term Policy 2020. A major factor making these policies possible and that elicits these results is that facilities operation departments play a key role in these endeavors. This has demonstrated that energy saving continues to be practiced both mentally and physically by each employee in all departments rather than depending on technological development or the introduction of equipment from outside the Company. Moreover, I also give high marks to DENSO's efforts to improve service overseas by promoting "designs that enable disassembly at 50,000 yen or less when making repairs" despite demands for raising the speed of assembly and reducing costs in order to enhance customer satisfaction.

Steady evolution in social contribution activities also deserves special mention. Over 40% of executives and employees, equivalent to 18,000 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. At the same time, I have continued expectations that such programs will also be implemented at overseas bases, including those in Southeast Asia.

Additionally, 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. I commend efforts to expand the Wheelchairs and Friendship Center of Asia (WAFCA) into Indonesia and hope to see increased support for sports involving persons with disabilities following the decision to host the Olympics and Paralympics in Tokyo in 2020.

As for infrastructure development aimed at fostering various management personnel, DENSO also sets globally shared personnel evaluation criteria. Local employees now hold nearly 30% of president positions of overseas Group companies, the employment ratio of persons with disabilities exceeds 2% and comprehensive efforts are being made to promote health among employees. Nonetheless, the number of employees who use childcare and nursing care leave and reduced work hour systems is still only slightly more than 1% of DENSO Corporation employees and there is still a gap in years of continuous service between females and males.

I would like to see further development of an environment in which employees 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 employees working in different parts of the world can understand the Company's philosophies, values and initiatives in their native tongue.

Under our new Long-term Policy presented in spring of last year, DENSO stated that its primary themes were "Preserve the Planet" and "Security & Safety." Since the Company has made steady progress and results in reducing environmentally hazardous substances, I would like to see the same kind of progress and achievements made in the security and safety domain as well.

*These comments were written with reference to the contents of this report and discussions with DENSO employees 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,"
II HOE 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 秀人

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 12th year. On this occasion we received valuable feedback on our social contribution activities and diversity and have taken careful note of expectations toward the DENSO Group in this regard. We will use this feedback as an important reference in our activities going forward.

DENSO has announced its commitment to "Preserve the Planet" and "Safety & Security" as our missions for the next 10 years under the DENSO Group Long-term Policy 2020 issued in April 2013. Fiscal 2014 was a year in which we made concrete reviews of our direction and activities in both of these areas. As part of this process, we received valuable opinions and recommendations from stakeholders, including outside experts, corporate CSR managers and local citizens, and reconfirmed the weight of expectations on DENSO and our responsibilities. Moreover, repeated dialogue with DENSO Group employees around the world has uncovered perspectives and issues that did not emerge during discussions based on Japan. This dialogue has proven to be extremely lively and beneficial.

In January 2013, the positioning of the CSR Promotion Center as an organization was changed and it took a new step forward functioning as the Corporate Strategy Planning Center. As the name suggests, we aim to further strengthen awareness of CSR as a management strategy and accelerate activities with this in mind.

On this note, I can truly feel the determination to further raise the level of our CSR activities while deepening our collaboration and dialogue with stakeholders more than ever before. In the future as well, we would like to further advance our CSR report to ensure this becomes a driving force for enhancing our CSR activities.

We look forward to receiving open and honest opinions on our CSR Report and CSR activities from stakeholders.

Corporate Strategy Planning Center, Corporate Planning Division, DENSO Corporation

External Recognition

Title	Conducted by	FY2014	FY2013	FY2012	FY2011	FY2010
Best 200 in CSR	Toyo Keizai Inc.	11th of 300	8th of 300	6th of 300	8th of 200	5th of 200
Environmental Management Ranking	Nikkei Inc.	13th of 429 (manufacturing)	3rd of 438 (manufacturing)	10th of 449 (manufacturing)	8th of 475 (manufacturing)	12th of 480 (manufacturing)
Dow Jones Sustainability Indexes (DJSI)	Dow Jones & Company (U.S.A.), SAM Group Holding AG (Switzerland)	—	13 years in a row	12 years in a row	11 years in a row	Consecutively
Ethibel Sustainability Index	Forum ETHIBEL (Belgium)	9 years in a row	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)	11 years in a row	10 years in a row	9 years in a row	8 years in a row	Consecutively

Glossary

A

Abilympics

This global competition showcases the skills of persons with disabilities. The term was coined as a combination of Abilities and Olympics.

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 diesel vehicle

These diesel vehicles comply with exhaust emission regulations (Post New Long-term Emission Regulations) enacted in 2010 in Japan and realize less emissions of atmospheric contaminants such as particulate matter (PM) and nitrogen oxides (NO_x).

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 employee volunteers

This club was inaugurated in 1998 as an employee volunteer group. It is independently run by volunteer employees 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 Corporation 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%.

Cold chain

This refers to an unbroken cold chain for fresh and frozen food from production to consumption by maintaining low temperature, cold storage and freezing conditions. It is used for managing set temperatures for pharmaceuticals and electronic components, among other products.

Common rail system

This is a system for diesel engines in which fuel is subjected to high pressure through a supply pump and stored in the common rail (accumulator) before an appropriate amount is injected from the injector into each cylinder at the best timing through ECU control.

Compassionate Point System

Points are given for environmental actions taken by employees 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 Corporation 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 Corporation 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 employees. DENSO Corporation selects around 1,000 employees 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 Group employees 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 Group DECO Factory

The DENSO Group has formulated its "Eco Factory Concept" as the desired stance for its eco factories. This aim is to realize harmony between *monozukuri* (manufacturing) and environmental protection through the introduction of unique indices that lead to continuous improvements.

DENSO Group Heartful Day

Group companies in countries and regions around the world have established a day for volunteering as Heartful Day and carry out activities with the participation of employees focused on community contributions based on the slogan "Turn Compassion into Action." DENSO Heartful Day was established in 2004 on the occasion of DENSO Corporation's 55th anniversary.

DENSO Safety, Health and Environment Standards (DAS)

These are internal standards stipulating items that employees 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 employee 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 the DENSO Group. It has a broader scope than general audits since it also involves training, information sharing and expansion to other departments together with the audit.

EGR

Exhaust Gas Recirculation: DENSO has developed an exhaust gas recirculation EGR valve unit in which a portion of exhaust gas is re-combusted and recirculated back to the engine cylinders to reduce harmful components

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.

Environmental compliance

This means complying with environmental laws and adhering to environment-related social agreements such as environmental treaties and environmental systems. Environmental compliance also aims not just to observe laws and agreements but also to adhere to the spirit underlying these laws and agreements.

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 employees by deducting units of 100 yen from the monthly salaries or bonuses of participating executives and employees. 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.

Hiyari (near-miss) Map

This map compiles and indicates areas of traffic hazards in our daily lives, such as those where "we almost collided with cars or people." Because the maps are created based on an abundance of information, these maps enable people to discover locations that are dangerous and are useful in preventing traffic accidents.

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.

L

LCA

LCA stands for lifecycle assessment. This is a method for assessing the environmental impacts throughout the entire lifecycle of a product or service, from the extraction of raw materials to manufacture, assembly, distribution, usage and disposal of components. It is stipulated as the international standard ISO 14040/JISQ 14040.

M

Major accident

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

Microgrid

A microgrid is a small-scale energy network with an energy supply source and consumption facilities. The energy supply source involves a dispersed power system (solar power, wind power, biomass power generation, co-generation, etc.) and the entire network is managed and operated using information and communications technology with almost total independence from the power of large-scale power-generating facilities.

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

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 Corporation's CSR activities in the fields of *monozukuri* (manufacturing), environmental preservation, respect for employees and social contribution.

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.

Powertrain

A collective term for components that deliver power to the wheels. Powertrain components include engines, clutches, transmissions, propeller shafts, differential gears, drive shafts (axle) and others.

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).

Regional Headquarters

Multinational companies divide their operations into several regions (Europe, the Americas, Asia and others) and formulate and execute strategies for each individual region, and regional headquarters (RHQ) thus control, coordinate and support local subsidiaries.

Reliability Center

This is a research and development facility established at the DENSO Corporation 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 Response Handbook

Each employee 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 employees and their families

Taskforce members and workplace managers can determine and confirm the safety of employees and their families who have registered with this system through a 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 Corporation 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.

Smart grid

Smart grids utilize IT for monitoring the state of power generation and power usage and optimally maintain a balance between electricity supply and demand. There are hopes that these grids can be utilized as systems for efficiently using unstable types of natural energy such as solar and wind power.

Smile Yu Net

This website contains information on volunteering and is operated by nine Toyota Group companies for the purpose of promoting the volunteer activities of employees.

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, employees, 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.

Subcontract Act

This stands for Act Against Delay in Payment, etc. to Subcontractors and is a special law under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. The act was formulated in 1956 to ensure fair transactions with subcontractors and to protect the interest of subcontractors. The act was revised in 2003 and applied in April 2004.

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.

3Rs of water

DENSO makes efforts to ensure the effective use of water resources by Reducing the amount of water consumed to the extent possible, Reusing water that has been used before and Recycling water through processing.

Trainee

For the purpose of developing global human resources, employees are dispatched as "trainees" and training is carried out through practical work experience amid diverse values and different business customs to raise capabilities for smoothly executing business operations.

Trichlorethylene

This is one type of organochlorine solvent along with tetrachloroethylene. This clear and colorless fluid is volatile, non-combustible and very insoluble in water. It is outstanding for degreasing metals, machinery and other items. On the other hand, it is a causative substance of contamination of groundwater and its discharge is regulated by the Water Quality Pollution Control Act and Air Pollution Control Act.

U

Ubiquitous society

Computers and networks have become increasingly pervasive in our lives, and a ubiquitous society is one in which anyone can enjoy an array of services anywhere, anytime without being consciously aware of the existence of computers. Ubiquitous means "found everywhere" and "existing far and wide."

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 Group 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

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.

World Cafe

This is a method for discussions based on the idea that knowledge and wisdom are not born inside a functional conference room but are instead created in spaces such as a cafe where people can engage in open discussions and freely build networks.

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 Abilitylympics is held for skilled professionals with disabilities. DENSO Corporation 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 Corporation has provided creative learning through manufacturing with employees 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 Group also adheres.