

SOCIAL RESPONSIBILITY: AN ENDURING COMMITMENT

- Real progress in reducing the environmental footprint of DENSO products and operations
- Ranked as one of Japan’s leading companies in corporate social responsibility (CSR)

DENSO ECOVISION 2005

As awareness of global environmental issues grows, corporations are being asked to play a greater role in addressing these problems. In June 2000, we announced DENSO EcoVision 2005, the cornerstone of our ongoing efforts to protect the environment. This vision outlines four key policies: promoting environmental management, encouraging environmentally friendly product development and design, reducing the impact of our operations on the environment, and enhancing disclosure. DENSO EcoVision 2005 underpins the real progress we have made so far in efforts to reduce our environmental footprint. In this section we look at just some of our recent initiatives.

ENVIRONMENTAL MANAGEMENT

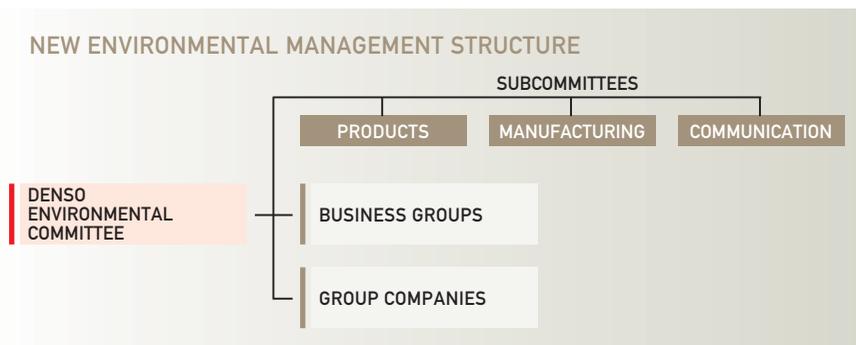
In December 1992, we established the DENSO Environmental Committee, chaired by the president, with the express aim of promoting environmental management across the entire compass of the Group’s operations. This committee is responsible for discussing and formulating

performance targets and measures for group-wide environmental activities, and assessing progress and results. In 2003, we reorganized the environmental management structure by concentrating responsibility for three areas—products, manufacturing, and communication—in individual subcommittees. Each subcommittee is chaired by a member of the board of directors, reflecting the importance we attach to these activities. In order to promote environmental management throughout the Group, we established a system in 2002 to share environmental information. This ensures that all areas of our operations are on the same page regarding environmental enhancements and regulations, and enables DENSO to more closely monitor and guide Group companies in their environmental activities.

ENVIRONMENTALLY FRIENDLY PRODUCT DEVELOPMENT AND DESIGN

DENSO has consistently developed products that take environmental issues into consideration. The past year was no exception with the development of the world’s first non-fluorocarbon car air conditioner that uses CO₂ as the refrigerant. This product, developed for Toyota’s fuel cell hybrid vehicle (FCHV), has a significantly reduced impact on the environment, thanks to its use of CO₂. The global warming coefficient of CO₂ is 1/1,300 that of the most common existing refrigerant, HFC-134a, making it an ideal candidate as the next-generation air conditioner refrigerant.

Our efforts to develop and design environmentally friendly products aren’t restricted to new components; we are also actively seeking ways of reducing the environmental impact of existing products. A perfect example is electric motors. DENSO produces a wide variety of automotive electric motors, with between 30 and 60 of these components used in a single vehicle. However, brushes in



electric motors can contain small quantities of lead, a substance with a potentially damaging impact on the environment. In March 2003, we reached an important milestone by completing the switch to lead-free brushes for all automotive electric motors manufactured by DENSO. Our motors now conform to new European legislation that prohibits the use of lead brush motors in new models sold after July 2003. DENSO became the first global automotive component supplier to conform to this new regulation.

REDUCING THE IMPACT OF DENSO OPERATIONS ON THE ENVIRONMENT

DENSO is working to reduce the environmental impact of manufacturing and distribution processes integral to the creation of its products. Key objectives include the elimination of landfill waste and the reduction of CO₂ emissions and other substances that can have a negative affect on the environment. Considerable progress has already been made in these areas. In November 2002, we achieved a long-sought-after goal

when all 14 of our operating sites in Japan succeeded in eliminating the generation of all landfill waste, including general waste. By recycling waste as a valuable resource instead of disposing of it, we are helping to protect the environment, and saving approximately ¥100 million per year in waste disposal expenses in the process.

In reducing emissions of CO₂, in terms of the ratio of CO₂ emissions to net sales, we have reduced total CO₂ emissions by 25% compared with 1990, the year we began our efforts in this area.

ENVIRONMENTAL DISCLOSURE

DENSO is committed to the active disclosure of environmental information to all its stakeholders. We believe that by providing more information to society as a whole, we can promote better understanding of our environmental initiatives. Publishing regular environmental reports*, holding dialogues with stakeholders, and offering plant tours, are just some of the ways we are working to foster understanding and improve communication with the community.

Our website is also an important window on the DENSO world, allowing anyone access to detailed information on our environmental activities.

INTERNATIONAL RECOGNITION FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

Growing interest by investors and markets in CSR has led to the creation of Socially Responsible Investment (SRI) indexes. SRI indexes identify and highlight best practice in CSR by listed companies in areas such as promoting environmental sustainability, upholding relevant laws and regulations, and community involvement. DENSO has been ranked as one of the leading companies in CSR by two influential SRI indexes: the Dow Jones Sustainability Index (DJSI) World and the FTSE4Good index, highlighting the international recognition we have earned for CSR.

ENVIRONMENTAL EDUCATION PROGRAM, 'ECO-RANGER 21'



ENVIRONMENTAL REPORT 2003



DJSI



* For people wishing to receive a hard copy of the DENSO Environmental Report, please visit our website at www.globaldenso.com or refer to the contact details on the inside back cover of this annual report.