

CORPORATE SOCIAL RESPONSIBILITY

Overview

As business becomes more global, companies like DENSO are being asked to play a greater role in making a positive impact on society and communities. To be a responsible corporate citizen, DENSO is implementing a range of programs and initiatives such as:

- Environmental Protection
- Contribution to Society
- Workforce Relations
- Compliance

CSR Disclosure

To give the public a better understanding of its environmental and social responsibility activities, DENSO shares information through environmental reports. Last year, we expanded coverage of social issues in the *DENSO Environmental & Social Report 2003*, with a particular focus on sustainability. In 2004, we took this a step further by publishing a report* that incorporates more information on economic and social aspects.

In the past year, we invited members of the general public to Environmental & Social Awareness Meetings to exchange opinions with DENSO representatives regarding environmental protection and CSR activities. These meetings provided an ideal forum for enhancing communication with stakeholders. The content of the

meetings, which centered on discussions related to information and issues raised in the *DENSO Environmental & Social Report*, are released to the wider public on the DENSO website.

Promoting Environmental Management

In June 2000, we announced DENSO EcoVision 2005, which details our plan to reduce the impact of our business activities on the environment. The document clearly outlines our commitment to four key policies:

- Promoting environmental management
- Encouraging environment-friendly product development and design
- Reducing our operational footprint on the environment
- Enhancing disclosure

Over the years, we have taken many steps to strengthen our environmental management framework. A significant move was made in 1992 with the establishment of the DENSO Environmental Committee, chaired by the president. The aim of this committee is to promote environmental management consistently across all of the Group's operations. Last year we created three subcommittees, each responsible for a specific area of environmental management: products, manufacturing and environmental

communication. This reorganization has created an environmental management framework that has clearer lines of accountability and is more closely tied to operational functions.

Reducing the Environmental Impact of Products and Manufacturing

As one of the world's leading automotive component suppliers, helping reduce the car's environmental footprint is one of our most important missions. Developing new and innovative automotive technologies is an integral part of this process.

One major achievement in this area during the year under review was the development of the world's first ejector cycle refrigeration system. This groundbreaking technology, which can be applied to truck refrigeration units, car air conditioners, and even home air conditioning systems, can cut power consumption by 50% and CO₂ emissions by 60% compared to conventional refrigeration systems—with obvious benefits for the environment.

We also are working to reduce the environmental impact of our manufacturing activities. Two main examples of how we are doing this are achieving zero emission operations, meaning that all waste is either

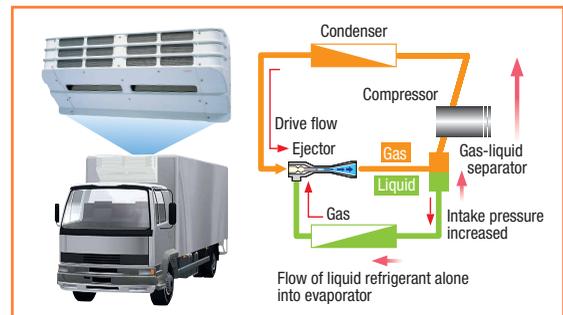


Environmental & Social Awareness Meeting



DENSO Environmental & Social Report 2004

* For those wishing to receive a printed copy of the DENSO Environmental & Social Report 2004, please visit our website at www.globaldenso.com or refer to the contact details on the inside back cover of this annual report.



Ejector Cycle Refrigeration System

reduced, recycled or reused to prevent the generation of landfill waste, and reducing emissions of CO₂. In 2003, DENSO Manufacturing Hungary Ltd., which makes supply pumps for diesel injection systems and other components, became our first overseas facility to achieve zero emission status. Later in the year, one DENSO facility in Taiwan and two in India did the same. In Japan, all 14 of DENSO Corporation's domestic plants achieved this status by September 2002, and all DENSO Group manufacturing subsidiaries by March 2004.

Our goal is to reduce CO₂ emissions by 10% by 2010, compared to the base year of 1990. Taking into account rising manufacturing output at DENSO, and compared to goals for industrialized nations established in the Kyoto Protocol, this is an ambitious target. Consequently, we are implementing a number of initiatives centered on manufacturing operations. These include installing cogeneration systems, researching energy saving manufacturing processes, and designing the so-called Perfect Energy Plant—facilities that reduce energy loss to an absolute minimum.



DENSO Taiyo Co., Ltd.

Giving Back to the Community

Guided by our corporate philosophy, we are striving to create a company in harmony with society by working closely with local stakeholders and gaining the trust of the global community. Giving back to the community is a key element of this philosophy. Here we focus on three areas:

Social Welfare for the Physically Challenged

- DENSO Taiyo Co., Ltd. (A certified social-welfare plant established in 1984)
- Wheelchairs and Friendship Center of Asia (An NPO established by DENSO in 1999)

Nurturing Youth

- Support for the Young Inventors' Club
- Support for activities that foster creativity
- Support for youth sports

Environmental Protection

- Eco-ranger 21 (An environmental education program)
- Joint initiatives with communities to protect natural environments



Wheelchairs and Friendship Center of Asia (WAFCA)

Winning Recognition for CSR Activities

Stakeholders are requiring companies to be more transparent and active in the community, a trend that is directly linked to growing interest in CSR activities in capital markets. Demand for more information on how companies perform in this area has led to the creation of Socially Responsible Investment (SRI) indexes. SRI indexes identify and highlight best CSR practices by listed companies in areas such as environmental sustainability, compliance with relevant laws and regulations, employees and the workplace, and community involvement. DENSO has been listed on one such index, the Dow Jones Sustainability Index (DJSI) World, for four consecutive years, and newly listed in the Ethibel Sustainability Index Global, attesting to the high standards of our CSR programs.



Dow Jones Sustainability Index (DJSI)