

**DENSO believes that Corporate Social Responsibility (CSR) initiatives enhance the overall corporate value of the DENSO Group, and it is continually working to meet the expectations and wishes of all stakeholders in this area. The Company has created organizational structures to support a wide range of activities in such areas as environmental protection, social contribution, human resource development, information disclosure and compliance.**

## CSR Organization

In January 2005, DENSO established the CSR Promotion Center in its Global Headquarters as the core unit responsible for coordinating group-level CSR activities. Under the new organization, DENSO will work toward global integration of a wide range of activities formerly handled at the company and division levels by developing and implementing basic policies, goals and plans interlinking the CSR activities of the entire DENSO Group.

## Protecting the Environment

In June 2000, DENSO announced DENSO EcoVision 2005 as its basic policy and strategy for environment-related activities. Efforts under EcoVision focus on three key areas: promoting environmental management, encouraging environment-friendly product development and design, and achieving clean factories.

## Promoting Environmental Management

The DENSO Environmental Committee, which is chaired by the President, was established in 1992 to consider Group-level policies, targets and measures relating to environmental protection. There are three subcommittees, each chaired by a director, with responsibility for environmental activities in relation to products, production and environmental communication. These subcommittees formulate action strategies based on specialist perspectives in their particular areas. They also promote specific initiatives, such as measures to reduce environmental impact. In the year under review, the Product Environmental Subcommittee strengthened systems designed to prevent the use of regulated environmental load substances in products.

## Environment-friendly Product Development

Contribution to the development of environment-friendly vehicles is an important mission for DENSO, which is continually developing new technology to reduce the environmental load of motor vehicles. In the year under review, DENSO developed a bus air-conditioning system that uses 30 percent less power than earlier products. This was achieved by using a variable-capacity compressor to minimize power requirements. The Japan Machinery Federation (JMF) selected this air-conditioning system as the winner of the 25th annual JMF Chairman's Award for Energy-Conserving Machinery. DENSO also received an award from the United States Environmental Protection Agency (EPA) in recognition of the climate protection benefits of an electrically driven air-conditioning system for hybrid electric vehicles, which was launched in 2003.



Bus air-conditioning system with a variable-capacity compressor



Receiving a European Business Award for the Environment in recognition

### Achieving Clean Factories

DENSO is working to achieve zero emission status and to reduce the impact of the environment, including CO<sub>2</sub> emissions, at its factories. Zero emission status has been achieved at all 18 DENSO Group manufacturing companies in Japan, as well as at five overseas companies. To reduce CO<sub>2</sub> emissions, DENSO is installing cogeneration facilities and conducting research relating to energy-saving process technology. DENSO is also developing the "Perfect Energy Factory" with the smallest possible energy loss.

In the year under review, DENSO Manufacturing Hungary Ltd. (DMHU) received a European Business Award for the Environment ("Management Section") from the European Commission. The award recognizes the excellence of the DMHU EcoVision program. This environmental program has produced wide-ranging benefits, and DMHU was the first company in Hungary to achieve zero-emission status.

At the Zenmyo Plant in Japan, DENSO has installed a small wind-power generator to provide electric power for external lighting at the plant. This generator is equipped with a car alternator manufactured by DENSO.

### Social Contribution

DENSO has pledged itself to exist in harmony with society throughout the world and enhance its international reputation by giving back to the community. It is actively involved in social contribution initiatives in three prioritized areas: social welfare for the physically challenged, nurturing youth and environmental protection.

Welfare for the physically challenged has been a particular priority for DENSO. In Japan, employment for the physically challenged is provided by DENSO Taiyo Co., Ltd., which was established in 1984 to manufacture automotive components. Overseas, DENSO established the Wheelchairs and Friendship Center of Asia (WAFCA), a non-profit organization that manufactures and distributes wheelchairs in Thailand. Plans for the expansion of this initiative to other Asian countries are currently under consideration.

To provide better support for voluntary activities by employees in the three prioritized areas, DENSO established the Volunteer Support Center in 1994, and the DENSO Heartful Club in 1998. In the year under review, DENSO introduced the "DENSO Group Heartful Day" to encourage increased global coordination of activities among individual Group companies. DENSO has established the Heartful Fund as a link between employees and voluntary organizations. We also introduced a corporate award system to raise employee awareness. In recognition of these initiatives, DENSO received the fourth Chunichi Welfare Volunteer Award (Chunichi Shimbun Community Service Administration).



Wind-power generator for external lighting at the Zenmyo Plant in Japan



DENSO employee competing at the 2004 Abilympics

### Employment and Human Resource Development

DENSO aims to foster human resource systems and a corporate culture in which employees with diverse values can realize and expand their potential and achieve growth and prosperity. The company actively employs and promotes a wide variety of people, including non-Japanese, the physically challenged and women. The success of these policies was reflected in the performance of three DENSO employees in the 2004 Abilympics in Japan, a competition for skilled technicians with disabilities. All three employees won gold medals, an achievement that has significantly enhanced the social confidence of the individuals concerned and all disabled DENSO employees.



Gathering feedback from public stakeholders at an Environmental & Social Awareness Meeting

### Disclosure and Communication

To increase public understanding of these activities and other aspects of CSR initiatives by the DENSO Group, DENSO publishes detailed information in the Environmental & Social Report. Since 2003, DENSO has also held Environmental & Social Awareness Meetings to provide opportunities for stakeholders to tour corporate facilities and exchange views on the aspects of DENSO's environmental and social activities. Feedback from participants in these meetings is reflected in future initiatives.

### Included in International Sustainability Indexes

DENSO's efforts in these areas are reflected in the Dow Jones Sustainability Indexes (DJSI), a share index system for socially responsible investment, for five consecutive years. The index is based on comprehensive assessments of companies from financial, environmental and social perspectives. Since June 2004, DENSO has also been included in the Ethibel Sustainability Index (ESI). DENSO will use this recognition as building blocks for further expansion of its contribution to social and corporate sustainability through its CSR activities.



DENSO's social responsibility commitment is recognized by its inclusion in international sustainability indexes.