

With Our Suppliers

Growing Together Through an Open-door Policy

Based on fair, equal and transparent processes, we aim to expand and grow with our global business partners. DENSO places the utmost emphasis on providing opportunities to enter into contracts with domestic and overseas suppliers of any nationality or company size, regardless of the actual results expected from transactions in our procurement activities. Under this open-door policy, our criteria for evaluating suppliers, procedures for commencing business transactions, contact persons in charge of procurement and so forth are published on our company web site (both in English and Japanese) and are accessible from anywhere in the world.

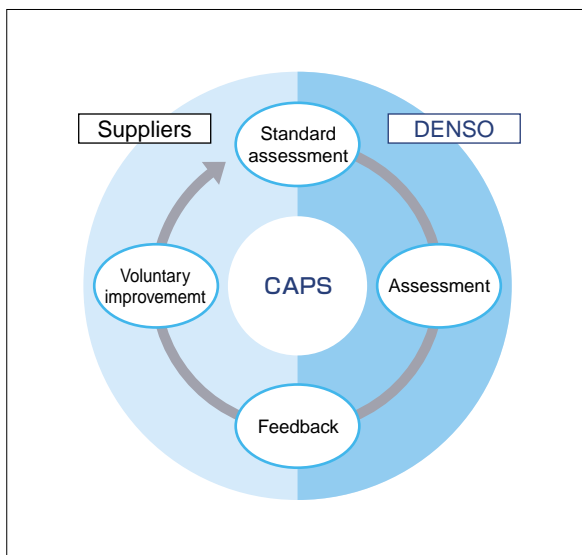
Basic principles for procurement

- 1 Open-door policy
- 2 Growing together based on mutual trust
- 3 Promoting green procurement
- 4 Contributions to the local economy
- 5 Compliance with regulations and maintenance of confidence

Global Development of Evaluation Standards and Supporting Activities

It is indispensable that we continue to win better results in quality, cost and the timeliness of deliveries in procurement when we and suppliers mutually strive to grow and expand amid harsh global competition. To achieve that, DENSO conducts a Supplier Assessment (CAPS^{※1}) under our appraisal standards that reflect a fair

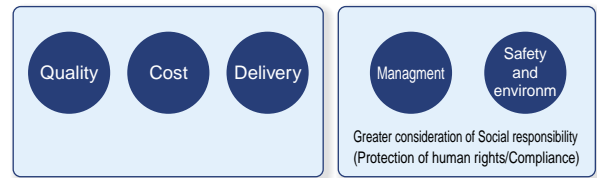
Improving assessment activity by CAPS



and equal evaluation of our results in placing orders. In fiscal 2005, focusing attention on activities for the enhancement of quality and manufacturing, we established a suppliers quality assurance system based on a quality assurance manual, and made sure that all major suppliers obtained ISO 9001^{※2} certification. Moreover, we have been extending our appraisal system based on CAPS to four major regions in the world (the U.S., European countries, Australasian regions and China). In fiscal 2006, we plan to set up a caravan group that provides advice about quality improvement and technological instructions to support suppliers' activities.

- ※1 Constitution Assessment Program for Suppliers
- ※2 Quality management system set by International Standardization Organization

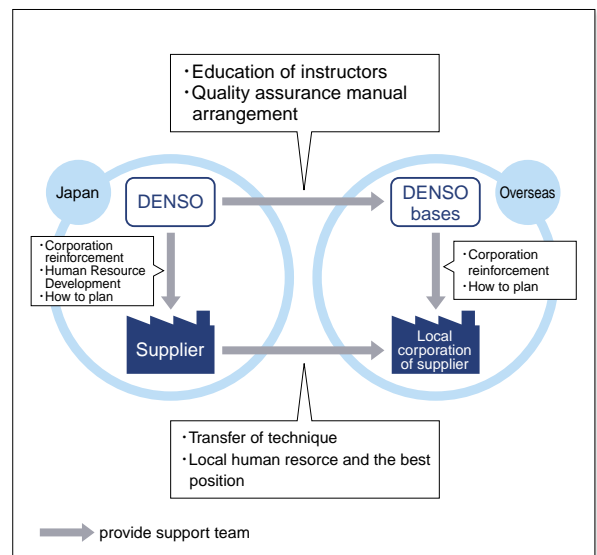
Supplier Assessment (CAPS)



Promoting CSR Activities Throughout the Entire Supply Chain

DENSO has strengthened partnerships with suppliers by holding a Suppliers Convention every year, in which we explain our procurement policy and select and honor the excellent supplier of that year.

Global relationship with suppliers



Area	Priority action items of CSR activity
Free, fair, and transparent transactions	Establishing a common group system for supplier evaluation ・Conducting and maintaining a Constitution Assessment Program for Suppliers (CAPS) ・Establish an evaluation system

URL Procurement activities
<http://www.denso.co.jp/PURCHA-e/index.html>

At the 2006 General Meeting held in May, we explained our CSR policy based on our DENSO Group Declaration of Corporate Behavior and called on suppliers to ensure the respect of human rights, compliance, environmental protection and occupational safety to strengthen CSR efforts throughout all supply chains. In fiscal 2006, we will incorporate the commitment to CSR compliance into a basic transaction agreement with suppliers and CAPS appraisal standards. Moreover, we started to make a Business Ethics and Compliance Hotline available to suppliers in May 2006. (P22)



Explanation of procurement policies, requests of CSR enforcement and the Awards ceremony for excellence at the General Meeting of Suppliers (May 2006)



Promoting Green Procurement

In November 2005, DENSO Group companies announced DENSO EcoVision 2015 (P39), a new policy for the realization of a sustainable society, and all made a pledge to reduce to an unprecedented degree the environmental impact in our business operations. As we need to procure environmentally friendly components and materials to promote that policy, we ask suppliers for their cooperation in green procurement. We hold a briefing for the management of environmentally hazardous substances for major suppliers every year, and we post the contents of that briefing on our website. In fiscal 2006, we re-examined our Green Procurement Guideline and requested from suppliers data analyses and improved control processes for chemical substances, reports on CO₂ emissions caused by producing components and materials (LCA*), and greater environmental consciousness in the distribution process. (P50)

※Life Cycle Assessment



DENSO's procurement activities

COLUMN

Suppliers' Voluntary Activities for Improving Company Competence

At the "DENSO HISHO-KAI", which major suppliers (84 companies) voluntarily implement, the suppliers carry out research activities and training at session meetings on various topics such as management, quality, manufacturing, globalization, safety and health environments. DENSO offers cooperation in these activities as an adviser by sending a specialist, offering information, advice and proposals, supporting skills competitions and so on.



A study tour to overseas factory by global study group



Skill competitions by suppliers