

With Our Employees

Aiming to be a Company in which Each One of the Employees can Grow and be Fulfilled

Corporations grow as their employees maximize their abilities and keep themselves active and vigorous. DENSO recognizes this concept as a corporate philosophy and Human Resources Management Philosophy, in which we emphasize the development and growth of our employees and value their contribution to DENSO's business.

Moreover, we are working to create a workplace for our employees around the world that is free from any discrimination, so we can enjoy and nurture cultural diversity.

Nurturing Human Resources and Career Support

Fostering a Climate of Enterprising Spirit

The Human Resources Management Philosophy of DENSO is 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 aims to the maximum of their ability.

In Japan, we offer selected educational programs of various courses presented by our organizational segment. They include a system to attend graduate school and MBA (Master of Business Administration) programs in an effort to deepen specialized knowledge and a high-level technical training program for engineers and technicians at the DENSO Engineering and Technical Skills Training Center. In addition, our overseas group affiliates have various educational programs offered locally.

DENSO Japan has a "Development Oriented Rotation System" which encourages employees to propose a vision of what they wish to achieve in the future to help them in setting their career plan. They check their progress toward results and other issues through periodic interviews with supervisors. In addition to that, we support employees through various systems, including a Posting System and a Free-agent Rotation System that allows employees to transfer to a desired department. We encourage employees to pursue the development of their abilities.

Use of major systems	(DENSO Japan)
Development-oriented rotation system	1,200 employees per year, from fiscal year 1998 through fiscal year 2005
Posting system	15 employees per year, from fiscal year 1998 through fiscal year 2005
Free-agent rotation system	10 employees per year, from fiscal year 1998 through fiscal year 2005

Promotion of Management Localization

As our business is rapidly expanding globally, localization of management is an important step in making sure that management is able to integrate with the local community and develop human resources. We have been developing and promoting local employees for management roles by offering a Middle Management Seminar for local managers and a Global Leadership Program for developing future leaders who will manage overseas group companies.

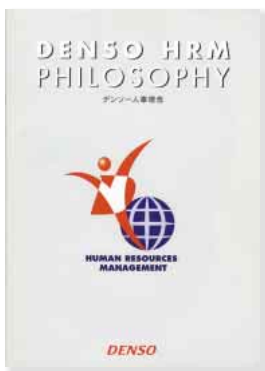
Creating a Worker-friendly Workplace

Review the Global Working Environment

We have been regularly performing Associate Relations Review (ARR) Activities, which entail reviews of the management of associate relations at overseas group companies. The human resources departments at our headquarters and overseas group companies work together to comprehensively assess the environment, safety and hygiene, compliance with labor regulations, and human resource policies. As part of this process, employees are interviewed directly regarding working conditions and employee welfare benefits. The results are analyzed and reflected in improvements of our HR systems and management.



Global HR Forums



DENSO HRM Philosophy

Human Resource Mission Statement

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 aims to the maximum of their ability.

Human Resource Philosophy

1. To create among employees a sense both of unity and of 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 human resources management policies and systems which are highly evaluated by both employees and society.

Area	Priority action items of CSR activity
Respecting employees	Promote activities that are suitable for the local area's culture and customs Japan <ul style="list-style-type: none"> Expand opportunity for female Expand opportunity for senior citizen Employment for foreigners Employment for the physically challenged

Our Global Human Resources Forum is held annually, to share human resources activities information from overseas group companies, and to discuss a variety of issues. In November 2005, 57 staff members from 38 companies located in 19 countries participated in this forum.

Enhance Support for Employees Rearing Children and Providing Care

A rapidly aging population and falling birth rates in Japan have raised various challenges, such as creating a workplace that allows employees with strong work ethics to work without undue worries, creating a healthy balance between WORK and LIFE.

To support employees rearing children and those providing nursing care, DENSO Japan has established an employment system including 'paid, half-day leave' and 'Yasuragi leave', a paid leave which can be carried over and is available in case of accident or the sickness of an associate, spouse, children or parents.

Childcare leave was granted for up to 18 months before, but since November 2006, we have drastically revised the system. We will soon introduce the new reduced-working-hour system for employees rearing children. Under this new system, employees can take a leave for up to 3 years before a child graduates from elementary school in several divided times (more than one month and on a monthly basis). The operational rule is as follows.

- Worksite adopting a flextime system: Childcare leave (total 2 years) + reduced-working-hour system (total 1 year)
- Worksite not adopting a flextime system: Childcare leave (total 3 years)

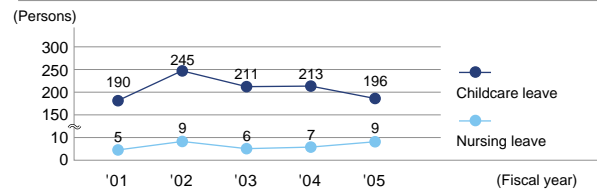
As one of our policies for promoting female workers' taking more active roles, DENSO Japan will introduce a re-employment system for those who leave a job due to

spouse's relocation in November 2006. This system offers female employees a chance to utilize their knowledge and experience they acquired working at DENSO and actively exercise their adaptable potentials.

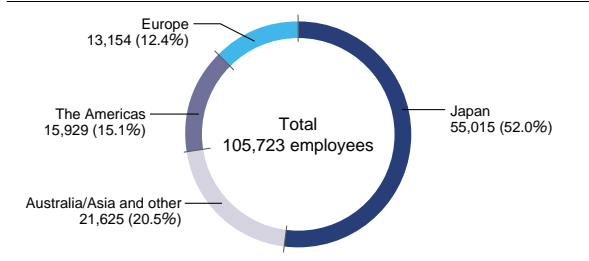
Associate Relations based on Mutual Trust

Our core philosophy of labor relations rests on the following beliefs: equal footing and mutual trust between the company and employees in regards to labor relations and the improvement of labor conditions through company growth. We developed this philosophy in response to the tumultuous labor disputes of the 1950s, soon after DENSO was founded. To deepen mutual understanding, we hold management employees meetings periodically at three levels: those attended by the company's executive management; those attended by the executive management of business groups and functional centers; and forums at the workplace level. We also hold labor relations forums for the workplace, six times each year. In particular, labor relations' forums for the workplace play an important role in increasing the awareness of management involvement among employees through discussions of issues that have emerged in the workplace.

Employees taking leave for childcare or care-giving (non-consolidated)



Employees by Region (as of the end of March 2006)



Number of employees and breakdown (as of March 2006)

Total employees	105,723 workers (consolidated) on an active-worker basis	
DENSO (non-consolidated)		
Males	30,227 (average age: 41.0 years)	
Female	3,231 (average age: 32.5 years)	
Fixed-term employees	5,020 (average number of each month)	
Average service years	20.0 years	
Turnover rate	0.68%	

HR systems for care-giving (DENSO Japan)

Maternity leave (6 weeks before and 8 weeks after delivery)
Childcare leave·Reduced working hour system (started from November 2006) (Total up to 3 years before a child graduate from elementary school)
Flextime system
Paid leave (17 to 20 days annually), Paid half-day leave
Relaxation leave (paid leave can be carried over, maximum 20 days)
Nursing leave (within 1 year)
Nursing leave for children (5 days)
Exemption from working late at night (due to childcare or nursing)
Family plan* *Home-based help for the aged and physically challenged, and subsidies for amenities, beds, medicalorderlies, and nursing
Employee benefit cafeteria plan (Employees can choose from a wide range of benefit programs)

Creating a Workplace that Values Human Rights, Open Doors, and Diversification

Respect of Human Rights

The Corporate Activity Declaration and the Code of Conduct, which are distributed to all employees, clearly state that it is prohibited to engage in any discrimination or harassment of human rights based on gender, age, nationality, disability, or illness. We are making these rules stick. Human rights education has been integrated into specific training approaches for each organizational level in Japan, including training for new entries and new managers. We also provide training and workshops overseas with regard to human rights. We verify fulfillment of our policies through regular companywide and voluntary reviews in Japan, and through company reviews overseas.

Creating a Workplace Free of Gender Bias that Provides Equal Opportunities for Both Men and Women

DENSO is actively increasing opportunities for motivated female workers to exercise their abilities, considering them as one of our strengths for global business operations. As a result of our intentional efforts, DENSO Japan has increased the number of female workers each year since 2003, especially in the areas of skilled staff, team leaders and above, and engineers.

Support of Job Satisfaction for Senior Workers

Employees who wish to continue using their experiences and skills at work after reaching retirement age are precious resources for our company. DENSO Japan has created a Senior Associate System for technical employees. Under this system, 43 employees (over the age of 60) were re-employed in fiscal 2005.

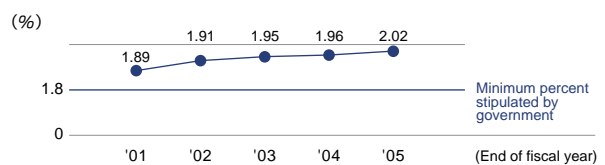
Moreover, in April 2006, we renewed the system as a 'Career Associate System', which is a re-employment system available to all employees, and newly set up a 'Senior Challenge System', which offers job opportunities outside the company in response to various job needs. As a result, 115 out of all the employees who reached retirement age in fiscal 2006 were re-employed, and 19 availed themselves of this Senior Challenge System.

Promotion of Employment of the Physically Challenged

At DENSO Japan, people who are physically challenged work actively in various worksites. (P15) In fiscal year 2005, our employment rate of people who are physically challenged was 2.02 percent, for a total of 410 employees. (These numbers are based on DENSO Japan only: 350 are at the manufacturing department and 60 are at the administration department.) All of these employees are full-time workers, and their average length of service at DENSO is 18.4 years.

Furthermore, 61 physically challenged employees are working at DENSO TAIYO Co., Ltd., which is a special subsidiary that produces instrument clusters used in light-motor vehicles. (P16)

Percentage of Physically Challenged Employees FY2005 (non-consolidated)



Creating a Safe and Worker-friendly Workplace

Supporting Production Engineering through Safety and Health Management

Based on a safety philosophy that a safe and worker-friendly workplace is the best policy for balancing human respect and high productivity, we created the basic rules of DENSO Safety and Health Standards (DAS). The management of targets through safety inspections, evaluations and follow-up through periodic safety appraisals and so forth is conducted to develop safety and health management system for our entire group companies.

Strengthening Risk Management that Prevents Accidents

Throughout fiscal year 2005, the entire group worked together to review and strengthen risk management, and sustained no significant accidents and no fire accidents at

Area	Priority action items of CSR activity
Occupational safety	Deployment and Decision for safety improvements plans for the group • Specification and evaluation of risks to prevent serious accident • Operation and maintenance of safety standards • Continuous implementation of safety and environmental diagnosis

Area	Priority action items of CSR activity
Mental Health	Promote mental health activities that are suitable for the local situations • Prevention·Education (prevention of overwork, education classified by levels) • Early detection·consultation (mental health counseling system; develop system, enhance interviews) • Cure·rehabilitation (guidance for suitable medical treatment, return-to-work) • Employment for the physically challenged

four manufacturing facilities. But in our domestic group company, a serious accident occurred with a worker trapped in a machine. The Central Safety and Health Committee immediately studied the cause of this accident and provided instructions about equipment improvement. As a result, we attained our targeted percentage of lost work time due to injuries, but didn't meet our target of safety points[※].

In fiscal 2006, we focus our attention on enhancing risk management to achieve no serious accidents and strengthening global safety activities for thorough safety management.

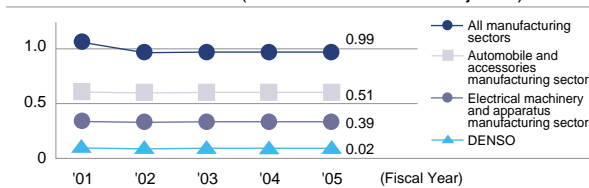
※Denso original safety management system which shown as points on a scale, by type and degree of injury for each accident.

Sites with Records of No Accidents in Japan

Work site	Sector	Record time	Recorded date
Kota Plant	Electrical machinery and apparatus manufacturing sector	134,292,804 [※]	05.7.11
Toyohashi Plant	Automotive partly finished goods and accessories manufacturing sector	33,483,318	05.12.31
Daian Plant	Electrical machinery and apparatus manufacturing for power generation, electric transmission, and power distribution sector	39,012,929	89.12.11
Agui Plant	Metal machine manufacturing sector	21,250,636	01.5.6

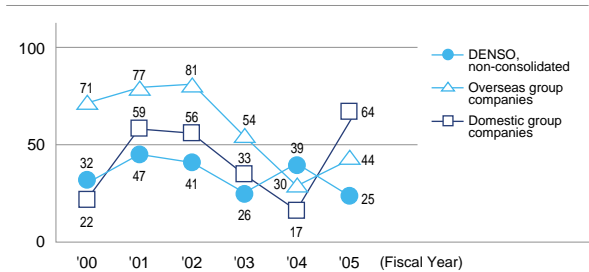
※Updated as the longest 'no accident' record in Japan.

Work-Related Accidents (rate of lost work time injuries)



$$\text{Rate of lost work time injuries} = \frac{\text{Number of accidents that require leave}}{\text{Total work hours}} \times 1 \text{ million}$$

Safety points



Control items and results in FY 2005

Control items	DENSO (non-consolidated)			Domestic group companies			Overseas group companies		
	Goal	Result	Evaluation	Goal	Result	Evaluation	Goal	Result	Evaluation
Safety points	60	25	○	60	63.5	×	96	43.5	○
Rate of lost work time injuries	0.05	0.02	○	0.07	0.02	○	0.15	0.08	○
	[Consolidated] Goal: 0.10 Result: 0.04 Evaluation: ○								
Serious accidents and fires	0	0	○	0	1	×	0	0	○
Work-related illnesses	0	0	○	0	0	○			
Health check-up participation percentage	100	100	○						

Mental and Physical Health

Our health management staff and industrial physicians are working together to improve our employees' mental and physical health. For preventing adult diseases, such as hyperlipidemia, high blood pressure, and diabetes, health education has been implemented suggesting diet modifications and making exercise a part of everyday life.

For mental health care, DENSO is enhancing its mental health counseling system and providing mental health training for managers to become aware of pressures and stress, and respond while problems are still in their early stages. In fiscal 2006, we strengthen the health management system by requiring employees who work beyond the regular hours of work to take not only a regular medical examination, but also an additional checkup.



Health promotion and fitness activities

Lifestyle improvement education

Employees' fitness

(DENSO Japan)

Consultation rate for an annual medical check-up	100%
Lifestyle improvement education participants	1,400
Health promotion activities participants	5,340
Mental health training participants	2,515