

Third Party Opinion on DENSO CSR Report 2009



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<http://blog.canpan.info/iihoe/>
(in Japanese)

As of fiscal 2007, DENSO had drawn up and practiced a group-wide corporate social responsibility (CSR) promotion plan that quantitatively set a wide range of targets encompassing the social aspect. DENSO had also established a PDCA (Plan, Do, Check, Action) management cycle to manage the progress of the plan, thereby clarifying new issues. All of these were at the level of a global model for other companies. In fiscal 2009, DENSO made further progress in initiatives and realized new achievements amid a rapid deterioration in the global economy.

DENSO is preeminent globally for the way it incorporates its CSR promotion system into daily management at workplaces and clearly assesses progress and issues. The most notable characteristic of DENSO initiatives lies in the fact that they include the development of a roadmap with clear targets in terms of key performance indicators (KPI) to be achieved by 2010 in each of nine priority and fundamental areas in order to implement the DENSO Group Declaration of Corporate Behavior in good faith. Further, these long-range initiatives are being steadily implemented by means of the PDCA cycle. I give extremely high marks to the Company as a global-leading model for its continuing practice of holding DENSO CSR Forums on a wide range of CSR topics and requiring attendance by all executives and senior management, including the president, and for steadily expanding these topics to Group companies worldwide and suppliers of Group companies in addition to the headquarters.

Behind these initiatives is an organizational culture that encourages a bottom-up approach to initiatives and follows through on decisions. I give especially high marks to the Company's efforts to reduce CO₂ emissions in fiscal 2009, including progress towards optimal operations to respond to production fluctuations through a Just-In-Time system to save energy, and total reexamination of energy conservation through special winter initiatives, such as stopping equipment on holidays, reducing air leaks, conducting thorough diagnosis of Perfect Energy Factories (PEF), reviewing air conditioner settings, reducing steam pressure and conducting patrols to ensure energy conservation in the office starting with the executive floor at the headquarters. These initiatives resulted in a reduction in electricity expenses, which equates as CO₂ reductions, of several hundred million yen for the year. This culture and corporate climate fosters new challenges such as the introduction of a snow air conditioning system at a newly established factory in Hokkaido and the development of a new common rail system. Other companies can use these cases as good reference points.

DENSO Corporation also actively pursues external alliances. I give high marks to the Company's development of a self-diagnosis sheet for CSR such as safety, health and environmental initiatives in order to encourage suppliers' initiatives; its opening of five infant daycare centers in partnership with four Toyota Group companies; its expansion of the Green Highways program, Japan's first tree-planting along expressways, in conjunction with Central Nippon Expressway Company Limited; the participation of Brazilian female students of Japanese descent in the DENSO Summer School of Product Engineering; and the participation of more than 7,000 executives and employees in the DECOPON Eco-Point System, a unique program planned and operated in conjunction with non-profit organizations (NPOs).

One area where I would like to see continuous improvement is acceleration of the development of a foundation for fostering diverse management personnel. DENSO should further encourage the interaction of candidates for senior management among overseas Group companies. Also, it should proceed with multilingual notifications and public relations information which the global headquarters and regional headquarters disseminate. The availability of materials for more employees worldwide to understand DENSO's initiatives, philosophies and values in their native tongue can be expected to encourage not only human resource development but also more wide-ranging dialogue with stakeholders.

Additionally, in the not-too-distant future companies will be increasingly required to support nursing care of families caused by such factors as the tendency to marry later and a declining birthrate in Japan amid the rapid aging of society. I strongly recommend promoting an approach that encourages leave from work and acquisition of short-time regular employees ahead of other companies.

* These comments were written with reference to the contents of this report and hearings with DENSO employees responsible for the environment, procurement, human resources, safety and health, health promotion and corporate citizenship.

Editor's comments

DENSO has incorporated a section entitled "Engagement with Stakeholders" as a special feature in the *CSR Report 2009*. To help realize a sustainable society, it is indispensable to cooperate and collaborate with all stakeholders. At DENSO, we believe that engagement activities that go one step beyond information disclosure and dialogue will lead to a deepening of CSR activities, and we are therefore practicing and will continue to value these kinds of activities in our daily operations.

From this fiscal year, we shifted from a printed publication to web format for the CSR Report. The Internet and a picture book entitled *Building Happiness with DEN and SO** that introduces DENSO's CSR activities in an easy-to-understand format are being used as effective tools to communicate with all stakeholders and provide us with opinions and direction from a wide audience.

We have been asking Mr. Hideto Kawakita to provide a third party opinion since the *Environmental and Social Report* was issued in 2003, making this the seventh year. Also, through direct discussion with managers in core departments, we received comments and suggestions on new challenges that DENSO needs to tackle from a long-term perspective. We will work to enhance DENSO's CSR activities based on these opinions.

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