

# Sustainable Finance Framework

2024/6 DENSO CORPORATION

DENSO is contributing to SDGs through corporate activities



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## **1. Introduction**

In July 2021, DENSO CORPORATION (“DENSO”) has launched its Green, Social and Sustainability Bond Framework to raise funds for projects with positive environmental impact and social benefits with the goal of promoting its Sustainability Management, the core elements of DENSO. This time, the Framework has been revised to Sustainable Finance Framework, which allows DENSO to raise funds by bonds and loans. The Framework has been verified by Moody’s Japan, an independent external consultant. In accordance with this Framework, DENSO may raise funds by Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans and/or Sustainability Loans.

### **1.1 Overview of the Company**

DENSO was established as Nippondenso Co., Ltd. In 1949, when it spun off from Toyota Motor Co., Ltd., as an automobile component manufacturer, and changed its name to DENSO CORPORATION in 1996.

As a global automobile component manufacturer that provides advanced automotive technology, systems and products, DENSO focuses on the automotive business and businesses that apply automotive technology, such as consumer products and industrial products. DENSO will continue to fulfill corporate social responsibility by innovating to be the first to offer new products and technologies to the world.

### **1.2 Sustainability Management**

DENSO’s entire business is based on the DENSO Philosophy, which guides all aspects of our corporate actions. The DENSO Philosophy aims to ensure that DENSO will continue to be a corporation that is trusted by people around the world, by defining the Mission, Management Principles and Individual Spirit of DENSO and establishing “Valuing nature and living harmoniously with society” as one of its management policies. Implementing the DENSO Philosophy to promote the sustainable development of society is what sustainability means to DENSO.

### **Long-term Policy 2030 and Mid-term Policy for 2025**

In 2017, DENSO formulated the DENSO Group Long-term Policy 2030, which defines business goals to achieve by 2030. DENSO strives to enrich society with new offerings that enhance mobility and promote sustainability, happiness and peace of mind for everyone, with its slogan “Bringing hope for the future for our planet, society and all people”. In addition, to provide a medium-term milestone on the way toward achievement of this policy, DENSO has established the Mid-term Policy for 2025. In parallel with the long-term policy, DENSO is moving forward with Strategies for “Green” and “Peace of Mind” as medium- to long-term strategies for the furtherance of measures focused on the long-term policy’s goal of maximizing the value of green and peace of mind.

DENSO Group Long-term Policy 2030

## Bringing hope for the future for our planet, society and all people

### Our Goal for 2030

A company that continuously generates value to enrich mobility that achieves sustainability, happiness and peace of mind for everyone



\*Please see “Integrated Report 2023” for the detail of “Mid-term Policy for 2025” and “Strategies for ‘Green’ and ‘Peace of Mind’”.

- “Mid-term Policy for 2025”:

[https://www.denso.com/global/en/-/media/global/about-us/investors/integrated-report\\_web/2023/pdf\\_en/39-41.pdf?rev=02d8078906844f1b8376b66b762e8c70#:~:text=Building%20on%20the%20managemen t%20foundations,for%20our%20planet%2C%20society%2C%20and](https://www.denso.com/global/en/-/media/global/about-us/investors/integrated-report_web/2023/pdf_en/39-41.pdf?rev=02d8078906844f1b8376b66b762e8c70#:~:text=Building%20on%20the%20managemen t%20foundations,for%20our%20planet%2C%20society%2C%20and)

- “Strategies for ‘Green’ and ‘Peace of Mind’”:

[https://www.denso.com/global/en/-/media/global/about-us/investors/integrated-report\\_web/2023/pdf\\_en/42-47.pdf?rev=e2607b5031194d919ca7d11112864b60#:~:text=We%20will%20establish%20technolog ies%20that,realize%20an%20energy%2Drecycling%20society.](https://www.denso.com/global/en/-/media/global/about-us/investors/integrated-report_web/2023/pdf_en/42-47.pdf?rev=e2607b5031194d919ca7d11112864b60#:~:text=We%20will%20establish%20technolog ies%20that,realize%20an%20energy%2Drecycling%20society.)

### Environmental Management

DENSO aims to contribute to “the creation of an advanced automotive society in order to balance the promotion of its businesses with the conservation of the global environment” as a group and promote consolidated environmental management within all of its business activities.

- Promoting Environmental Management: Reduce environmental impact in all business activities, not just products and production, pursue world-class eco-efficiency and high resource productivity, and create economic value through environmental conservation activities
- Eco Vision: Long-term commitment toward environmental management and setting policies for a long-term environmental plan for the group every 10 years<sup>1</sup>
- Environmental Action Plan: Specific actions to achieve Eco Vision

Under Mid-term Policy for 2025, DENSO aims to achieve carbon neutrality (zero CO<sub>2</sub> emissions) by 2035 as an environmentally-neutral manufacturer that conducts human activities in a way that does not affect the environment, and carry out the following initiatives as a concrete action plan.

1. Carbon neutral manufacturing

DENSO will reduce CO<sub>2</sub> emissions by utilizing renewable energy such as solar power and enhancing

<sup>1</sup> DENSO EcoVision 2025: <https://www.denso.com/global/en/about-us/sustainability/environment/ecovision/>

the efficiency of our manufacturing process. In addition, DENSO aims to realize complete carbon neutrality in our Monozukuri activities, without the use of carbon credits, by capturing the CO2 emitted in the production process and reusing it as energy.

2. Mobility products (electrification)

DENSO will help popularize HEVs, BEVs, FCEVs, and other electrified vehicles (xEVs) by advancing products powered by electricity. In addition, DENSO will apply the electrification technologies cultivated in the automotive industry to the field of air mobility in an effort to significantly reduce CO2 emissions in all facets of mobility.

3. Energy use

DENSO will establish technologies that store and reuse energy in a highly efficient manner, regardless of location or time, and work to popularize them. By doing so, DENSO will help realize an energy-recycling society.

### **Peace of Mind**

DENSO is stepping up its efforts in the fields of Factory Automation (FA) and Artificial Intelligence (AI). In addition to quality control activities that ensure the delivery of safe and secure products to customers, these fields contribute to the provision of products that realize open and convenient mobility, which in turn offers peace of mind in people's lives. DENSO aims to carry out the following initiatives as a concrete action plan.

- Preventing traffic accidents by further evolution and widespread adoption of Advanced Driver Assistance Systems (ADAS)
- Connecting with social infrastructure
- Improving efforts that decrease traffic accidents
- Reducing accidents involving pre-owned vehicles (promote retrofitting safety equipment to as many pre-owned vehicles as possible)

### **Inspiring (Corporate Foundation) and Compliance**

DENSO believes that earning the trust and understanding of society depends on DENSO Group's observance of all applicable national and local laws and all group employees' fair and faithful conduct with the highest ethical standards.

- Code of Conduct for DENSO Group Employees: Thoroughly enforce compliance by clearly indicating the standards of conduct for all employee. Overseas Group companies use a local version of the Code of Conduct in accordance with national and local laws and customs
- Establish a global structure for promoting compliance, while keeping its organizational structure sensitive to the characteristics of each region, introducing and administering a reporting system, and training employees
- Promoting Sustainability throughout the Supply Chain: Request that suppliers agree to our standard of corporate conduct as well as enter into a master agreement with us covering basic transaction

terms and implement sustainability such as assigning a contact person and clarifying their own sustainability policies

\*Please see our website for more information about DENSO Sustainability

URL: <https://www.denso.com/global/en/about-us/sustainability/>

### **1.3 DENSO Sustainable Finance**

Since our founding, DENSO has always had sustainability in mind as reflected in the DENSO Creed, as well as DENSO's basic management philosophies and long-term policies. Under the DENSO Group Long-term Policy 2030, DENSO will aim to contribute to a sustainable society by providing new value in the fields of environmental protection ("Green" initiatives) and safety ("Peace of Mind" initiatives). DENSO may raise funds by Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans and/or Sustainability Loans ("Sustainable Finance") for projects with positive environmental impact and social benefits.

This Framework is in line with the 2021 edition of Green Bond Principles (GBP), the 2023 edition of Social Bond Principles (SBP) and the 2021 edition of Sustainability Bond Guidelines (SBG) of International Capital Market Association (ICMA), as well as the 2023 edition of Green Loan Principle (GLP) and Social Loan Principle (SLP) of Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA).

Business Categories that meet the eligibility criteria under the above framework are likely to contribute to six of the Sustainable Development Goals (SDGs), established by the United Nations in September 2015. The net proceeds of the Sustainable Finance will be used to promote these six SDGs.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy

Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Goal 11: Make cities inclusive, safe, resilient and sustainable

Goal 12: Ensure sustainable consumption and production patterns

Goal 13: Take urgent action to combat climate change and its impacts

## 2. Sustainable Finance Framework

### 2.1 Use of Proceeds

An amount equivalent to the net proceeds of Sustainable Finance will be exclusively used to finance, in whole or in part, new or existing project that meet all of the eligibility criteria.

#### Eligibility criteria:

There are two categories for eligibility criteria. Businesses that meet all of these criteria in both categories are considered eligible businesses.

- Business Category Criteria
- Exclusion Criteria

#### Business Category Criteria:

An amount equivalent to the net proceeds of Sustainable Finance will be used for business activities related to any of DENSO's focus areas listed below.

Eligible Green Category refers to projects with positive environmental impact among business activities related to our focus areas, and Eligible Social Category refers to project with positive social impact. DENSO intends to raise funds by Sustainable Finance under the Framework.

1. Green Bonds and Green Loans: Proceeds will be exclusively used to finance projects that qualify as Eligible Green Projects as described below
2. Social Bonds and Social Loans: Proceeds will be exclusively used to finance projects that qualify as Eligible Social Projects as described below
3. Sustainability Bonds and Sustainability Loans: Proceeds will be exclusively used to finance projects that are the Eligible Green Projects and Social Projects as described below

Eligible Social Projects	Eligible Green Projects
Advanced Safety and Automated Driving	Electrification "Monozukuri (Manufacturing)"

#### Eligible Social Project. Advanced Safety and Automated Driving = "reliable"

#### Use of proceeds:

An amount equivalent to the net proceeds from Social Bonds/Loans and Sustainability Bonds/Loans will be exclusively used to finance, in whole or in part, new or existing Advanced Safety and Automated Driving businesses.

Eligible Social Project	Use of proceeds	Objectives of the project, target and benefit
<b>Advanced Safety and Automated Driving = "reliable"</b>	Finance, in whole or in part, new or existing Advanced Safety and Automated Driving business <ul style="list-style-type: none"> <li>• Scope of Business: Electronic systems, services, and platforms relating to mobility, including but not limited to millimeter wave radar, image sensors, driver status monitors, airbag systems, and other areas</li> <li>• Research and Development: Technologies to improve the performance of millimeter wave radar and image sensors (such as increasing Detection Range, widening Field of View, etc.), both of which are the core products of Advanced Safety and Automated Driving</li> <li>• Capital expenditure: CAPEX to expand the production of the core products described above</li> </ul>	Pursue the goal to create a safe mobility society without traffic accident Target <ul style="list-style-type: none"> <li>• All around in-vehicle sensors, strengthening map functions and V2X (vehicle technology to communicate with infrastructure or between vehicles) and DSM (Driver Status Monitor)</li> <li>• Achieve ADAS<sup>2</sup> Sales 520 billion yen by 2025</li> </ul>
<b>Target group</b>	Drivers (including passengers) and vulnerable road users (pedestrians, cyclists, motorcyclists and three-wheel vehicle users) and other vulnerable people.	

**Eligible Green Project i). Electrification (Battery Electric Vehicle (BEV), Fuel Cell Electric Vehicle (FCEV) and e-VTOL (air mobility)) = "Environment"**

An amount equivalent to the net proceeds from Green Bonds/Loans and Sustainability Bonds/Loans will be exclusively used to finance, in whole or in part, new or existing electrification businesses.

Eligible Green Project	Use of proceeds	Objectives of the project, target and benefit
<b>Electrification (Battery Electric Vehicle (BEV), Fuel Cell Electric Vehicle (FCEV) and e-VTOL (air mobility)) = "Environment"</b>	Finance, in whole or in part, new or existing electrification businesses, research and development and capital expenditure <ul style="list-style-type: none"> <li>• Research and Development: Technology development that contributes to improving performance such as energy efficiency and electric mileage of vehicle with Inverters, Motor Generators, Battery ECUs, etc., which are essential for driving system of electric vehicles</li> <li>• Capital expenditure: CAPEX to grow the production of those core products</li> </ul>	Contribute to electrification of vehicles <ul style="list-style-type: none"> <li>• Contribute to minimizing environmental impact of mobility by achieving sales of 1.2 trillion yen in electrification by 2025</li> </ul>

<sup>2</sup> ADAS: Advanced Driver Assistance Systems



**Eligible Green Project ii). “Monozukuri (Manufacturing)” = “Environment”**

An amount equivalent to the net proceeds from Green Bonds/Loans and Sustainability Bonds/Loans will be exclusively used to finance, in whole or in part, new projects in “Monozukuri (Manufacturing)”.

Eligible Green Project	Use of proceeds	Objectives of the project, target and benefit
<p><b>“Monozukuri” (Manufacturing) = “Environment”</b></p>	<p>Finance, in whole or in part, new projects in “Monozukuri (Manufacturing)”</p> <ul style="list-style-type: none"> <li>• Introduction of renewable energy such as solar power generation facilities</li> <li>• Expenditures related to the purchase of renewable energy power etc.(including expenditures of the purchase of renewable energy through PPA / Renewable Energy Certificate)</li> </ul>	<p>Carbon Neutrality in Manufacturing</p> <ul style="list-style-type: none"> <li>• Achieve carbon neutrality for electricity (use credits for gas) by 2025</li> <li>• Achieve full carbon neutrality for manufacturing by 2035</li> </ul>

**Exclusion Criteria**

An amount equivalent to the net proceeds of Sustainable Finance will not be used to finance projects that contribute to or support any of the following areas.

- Electrification projects that do not involve Battery Electric Vehicle (BEV), Fuel Cell Electric Vehicle (FCEV) or e-VTOL (air mobility)
- “Monozukuri (Manufacturing)” projects that do not involve renewable energy
- Spending and investment for expanding the production of products that are not expected to improve safety performance and vehicle safety
- Production or transaction relating to alcohol, gambling, tobacco, weapon, firearm, nuclear power, pornography or genetically modified food
- Production or transactions that involve forced labor and/ or child labor
- Businesses or activities that are deemed illegal under local laws or regulations, bribery, blackmail, conversion, or other conduct considered inappropriate

**2.2 Process for Project Evaluation and Selection**

**Process for Project Selection**

**Eligible Criteria**

i) Electrification and Advanced Safety and Automated Driving

In 2018, DENSO’s Board of Directors Meeting approved the DENSO Group Long-term Policy 2030, and the Electrification and Advanced Safety and Automated Driving were determined as two key focus areas (= eligible criteria).

ii) “Monozukuri (Manufacturing)”

In 2015, the Senior Executive Officers Meeting approved DENSO Eco Vision 2025, as an action plan toward

realizing sustainable regions and societies in 2050. Minimum CO2 “Monozukuri” is one of the actions (= eligible criteria) to achieve a 50% reduction in CO2 emission through the technology that solves global warming and energy and resource issues.

### **Meeting body for selecting Eligible Criteria**

DENSO has established internal rules to define how to organize and manage group wide meetings to determine research and development expenditure and capital expenditure of Eligible Projects.

### **Participants for selecting projects**

DENSO operates in a system that ensures the process of project evaluation and selection is accurate through the participation of the people with specialized knowledge and experience related to environment and safety technology, and multiple related departments such as Business Planning, Technology, Production, Quality, Sales, etc.

### **Risk Management for Environmental and Social Risks**

#### **Environmental Risk**

DENSO will also work to reduce the environmental impact of the manufacturing process for environmentally conscious electrification products. For example, Just-in-Time (JIT) Energy aims to achieve the target of Minimum CO2 “Monozukuri (manufacturing)” by optimizing energy supply and consumption. In addition, Just-in-Time (JIT) Water aims to minimize water consumption through a comprehensive management system covering areas from water supply to drainage. Both of these areas are included as a part of the 10 actions under EcoVision 2025, an action plan for realizing sustainable communities and societies by 2050.

#### **Social Risk**

Following the advancement of technologies such as automated driving and IoT, cyber security risks related to vehicles and production facilities have become a serious issue. To ensure vehicle safety with peace of mind, DENSO is developing technologies that protect in-vehicle products, such as Advanced Driver Assistance Systems and automated driving, from cyberattacks. DENSO is also moving forward with establishment of unique frameworks for steadily installing these technologies in vehicles. DENSO also aims to achieve a steady supply of products to its customers by securing its information assets and setting up security measures for its internal networks, production lines and other facilities.

DENSO also confirms that all the projects and assets are in compliance with local laws and regulations of the relevant country as well as DENSO’s internal policies and guidelines.

#### **Monitoring**

DENSO will continue to monitor the selection criteria of eligible projects and whether projects are consistent with applicable exclusion criteria until redemption of the bonds and loans, and confirm project

eligibility when allocating the proceeds. If there is an ESG-related issue or controversy relating to a business, DENSO will take appropriate action and reporting measures.

### **2.3 Management of Proceeds**

The Finance Department will manage the net proceeds of Sustainable Finance in our general account so that an amount equal to the net proceeds is used to eligible projects. The Finance Department will track and manage the capital expenditures and research and development expenses of eligible projects of relevant business divisions through an internal management system.

The Finance Department will preserve documents related to cash management in accordance with the rules regarding the scope and preservation of accounting documents.

The Finance Department will manage funds, including funds raised by Sustainable Finance, based on the internal regulations relating to document management.

The Finance Department will allocate the proceeds of Sustainable Finance within about two years from raising funds by Sustainable Finance. Funds that have not been allocated will be managed as cash or cash equivalents equal to the funds until the proceeds are fully allocated. In case a project is cancelled or postponed, proceeds will be reallocated within about two years to projects that are compliant with this framework.

### **2.4 Reporting**

DENSO commits to disclosing the following information annually about allocation of funds to projects meeting relevant eligible criteria and impacts of environmental effects and social benefits.

#### **Allocation Report**

DENSO commits to disclosing Allocation Report on an annual basis until the net proceeds of any Sustainable Finance are fully allocated to projects meeting relevant eligibility criteria.

DENSO will publish the following information about the projects meeting relevant eligibility criteria on its website and/or in its Integrated Report in the case of bond issuance and will disclose the same information at least to the lender in the case of loan financing, subject to data availability and confidentiality.

- Allocation of net proceeds to projects in the relevant eligible project categories (including the allocated amount and percentage of allocated proceeds)
- Highlight case studies of eligible projects to which proceeds have been allocated

The first Allocation Report will be available to investors within one year from raising funds by Sustainable Finance and annually thereafter until the proceeds have been fully allocated. If significant changes in funding position occur after the proceeds have been allocated, DENSO will disclose such changes in a timely manner.

The Executive Officer in charge of finance will provide confirmation that the proceeds have been fully allocated to eligible projects.

## Impact Report

DENSO commits to disclosing the following information related to eligible projects on its website and/or in its Integrated Report in the case of bond issuance and at least to the lender in the case of loan financing until the full allocation of the net proceeds of Sustainable Finance to eligible projects, subject to data availability and confidentiality.

Categories		Objective and benefits	Output/Impact indicators
<b>Social Projects</b>			
1	<b>Advanced Safety and Automated Driving</b>	Realizing Safe Mobility Society without Accidents <ul style="list-style-type: none"> <li>Develop products to cover all types of accidents</li> <li>Expand sales of core products and variation of retrofit products</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of sales increase in Advanced Safety and Automated Driving (year-on-year)</li> <li>Status of implementation of safety features and benefit necessary for Advanced Safety and Automated Driving</li> </ul>
<b>Green Project</b>			
1	<b>Electrification</b>	Contribute to the electrification sector by offering systems/products	<ul style="list-style-type: none"> <li>Percentage of sales increase in electrification (year-on-year)</li> </ul>
2	<b>“Monozukuri (Manufacturing)”</b>	<ul style="list-style-type: none"> <li>Introduce renewable energy</li> <li>Introduce green energy</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO2 emission in “Monozukuri (Manufacturing)”</li> </ul>

## 2.5 External Review

### Second Party Opinion

Moody’s Japan, an independent external consultant, has issued a second party opinion that this Sustainable Finance Framework is consistent with GBP 2021, SBP 2023, SBG 2021, GLP 2023, and SLP 2023.

### Compliance Review

Within one year from raising funds by Sustainable Finance, Moody’s Japan, an independent external consultant, will review whether the eligible projects are in compliance with this Framework. This review will be conducted annually until the full allocation of the net proceeds of Sustainable Finance to eligible projects.

## Appendix : Sample Impact Report (Advanced Safety and Automated Driving)

<Achieved Safety Feature and benefit necessary for Advanced Safety and Automated Driving>

DENSO's Targeted Safety Feature and Benefit achieved ("✓" means already achieved)

Safety Technology System	DENSO's Targeting Safety Feature and Benefit	Types of Accidents	Target to be achieved by Sep 2026	Achieved as of [mmm 2021]
Autonomous Emergency Braking	Car-to-Car	Rear-end Collision	✓	✓
		Reversing	✓	✓
		Intersection (Left Turn across path Opposite Direction, Straight Crossing Path)	✓	
		Head-on Collision	✓	
		Lane Change (Blind Spot Assitance)	✓	✓
	Car-to-Pedestrian	Rear-end Collision/Crossing	✓	✓
		Intersection (Crossing after turning)	✓	
		Reversing	✓	
	Car-to-Bicycle	Rear-end Collision/Crossing	✓	✓
		Intersection (Crossing after turning)	✓	
		Reversing	✓	
	Car-to-Motorcycle	Rear-end Collision	✓	
		Reversing	✓	
		Intersection (Left Turn across path Opposite Direction, Straight Crossing Path)	✓	
		Head-on Collision	✓	
Lane Change (Blind Spot Assitance)		✓	✓	
Clash Avoidance (Low speed)	Vehicle/Obstacles/etc	Pedal error	✓	✓
Driver Assistance/Automated Driving (Highway)	Vehicle/Lane		✓	✓
	Road Curvature		✓	
Driver Assistance/Automated Driving (General Road)	Vehicle/Lane/Pedestrian		✓	
	Virtual Lane Guidance (Map utilization)		✓	
	Traffic Signal		✓	
	Road Sign (Speed Limit etc.)		✓	✓
Parking Assist System	Parking Assist		✓	✓
Driver Monitoring	Face direction / Drowsiness		✓	

\* This chart on safety features pertain to automobiles; DENSO is contributing to equipping vehicles with these safety features.

## Disclaimer

The information and opinions contained in this Sustainable Finance Framework of DENSO CORPORATION (the "Framework") are provided as of the date of the Framework and are subject to change without notice. None of DENSO CORPORATION or any of its affiliates assume any responsibility or obligation to update or revise statements contained in the Framework, regardless of whether any statements are affected by the results of new information, future events or otherwise. The Framework represents current DENSO CORPORATION policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. The Framework is intended to provide non-exhaustive, general information. The Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by DENSO CORPORATION and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by DENSO CORPORATION as to the fairness, accuracy, reasonableness or completeness of such information. The Framework may contain statements about future events and expectations that are forward-looking in nature. None of the future projections, expectations, estimates, prospects or other forward-looking information in this document should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans or Sustainability Loans that may be issued or entered into under the Framework to fulfill the environmental, social or sustainability criteria required by prospective investors or lenders. Each potential bond investor or lender should determine for itself the relevance of the information contained or referred to in the Framework or the relevant documentation for such Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans or Sustainability Loans regarding the use of proceeds, and its purchase of Green Bonds, Social Bonds or Sustainability Bonds or lending with respect to Green Loans, Social Loans or Sustainability Loans should be based upon such investigation as it deems necessary. DENSO CORPORATION has set out its intended policy and actions in the Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans or Sustainability Loans. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such Green Bonds, Social Bonds, Sustainability Bonds, Green Loans, Social Loans or Sustainability Loans if DENSO CORPORATION fails to adhere to the Framework, whether by failing to fund or complete eligible projects under the Framework or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities that meet one or more of the exclusionary criteria specified in the Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors or lenders with reports on uses of proceeds and environmental or social impacts as anticipated by the Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the eligible projects as described in the Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available eligible projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible projects. Each environmentally

or socially focused potential investor or lender should be aware that eligible projects may not deliver the environmental, social or sustainability benefits anticipated, and may result in adverse impacts.