

Procurement

Mutual improvement with suppliers

The AISIN Group provides its main suppliers with training support to improve their technical skills and strengthen their corporate framework. We have established an apprenticeship program in Japan where future management from our main suppliers work in the division of their choice, usually for two years. Through this program and other schemes, we accept employees from suppliers based on their needs. We also provide indirect support for an organization formed to enable our suppliers to learn from each other's best practices and help each other to improve. We offer advice through the organization on various activities for ensuring safety, preserving the environment, and improving productivity and quality. In fiscal year 2022, we carried out initiatives, such as mutual-study workshops on the prevention of occupational accidents and the reinforcement of cybersecurity, and organized a study session toward achieving carbon neutrality throughout the supply chain.

Affiliated groups and involvement in initiatives

A director of Aisin belongs to the organizational affairs committee of the Japan Auto Parts Industries Association (JAPIA), with the representative of the AISIN Group Purchasing Division assigned to work as a member of the Procurement & Production Subcommittee, which is placed under the committee. By belonging to this subcommittee, the AISIN Group is involved in establishing industrial policies designed to promote fair trade, such as the Guidelines

for Fair Trade in the Automotive Industry. We also collect information for ensuring compliance with conflict mineral regulations and carry out initiatives for ensuring responsible procurement of minerals in our supply chain.

AISIN Group's procurement framework

To strengthen our procurement functions, we have integrated the procurement functions of our domestic and overseas group companies and affiliated companies step by step. We have also established a single point of contact for suppliers toward further strengthening communication between our suppliers and us. While doing so, we have eliminated duplications between Aisin Seiki and Aisin AW to achieve more efficient operations and a faster decision-making process. In addition, as part of our procurement operation reform using DX, we have introduced PEGASUS as a tool for standardizing the Group's procurement operations. By standardizing the procurement frameworks in our operating regions throughout the world, we will

accelerate our global procurement activities.

We have newly established the Electronics Procurement Department to ensure stable, long-term supply of semiconductors and other products and reinforce communication with electronics suppliers. By doing so, we have strengthened our functions for establishing and implementing business strategies.

Employee training

To ensure that each employee involved in procurement activities conducts fair, good-faith procurement activities, the AISIN Group has formulated the AISIN Group Principles of Purchasing Behavior and Guidelines for Purchasing Practices, presenting specific actions to ensure compliance with various laws and regulations, such as prohibitions of bribery. We train all procurement employees so that they will obtain the necessary knowledge to implement the principles and guidelines, understand related laws and regulations, and learn about how to manage confidential information.

Procurement organizational chart

