

## CORPORATE GOVERNANCE REPORT

Last updated: June 20, 2023  
**AISIN CORPORATION**

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<https://www.aisin.com/en/>

The status of corporate governance of AISIN CORPORATION is as set out below.

### **I. Basic concepts of corporate governance, capital structure, corporate attributes, and other basic information**

#### **1. Basic stance**

We build strong relationships with all of our stakeholders and achieves steady long-term growth and expansion to maximize our value based on the Group's management philosophy.

In order to accomplish this, we believe that it is important to conduct our business activities in a fair and transparent way in order to be a trusted corporate citizen in the international community. We strive to enhance corporate governance based on the following five points of our basic policy.

- (1) AISIN Group respects the rights of shareholders, ensures shareholder equality and endeavors to create a suitable environment for ensuring the appropriate exercise and protection of rights.
- (2) AISIN Group endeavors to cooperate with other stakeholders aside from shareholders (i.e., customers, suppliers, employees and members of local communities), with sincerity and integrity, based on common sense and social values.
- (3) AISIN Group discloses information appropriately in accordance with applicable laws, and endeavors to proactively communicate information other than that disclosed in accordance with such laws, and to ensure transparency in its activities.
- (4) In order to ensure transparency, fairness and agility in its decision making, AISIN Group endeavors to ensure appropriate execution of the roles and responsibilities of its Board of Directors.
- (5) AISIN Group endeavors to hold constructive dialogues with its shareholders, based on a shared directionality for stable long-term growth.

#### **[Reasons for non-compliance with the principles of the Corporate Governance Code]**

The Company complies with the principles of the Corporate Governance Code.

#### **[Disclosure based on the principles of the Corporate Governance Code] [Updated]**

##### **[Principle 1-4. Cross-shareholdings]**

##### **(1) Policy on cross-shareholdings**

From the perspective of improving capital efficiency, reducing assets, and improving governance, our policy is not to engage in cross-shareholdings as a general rule unless such shareholding is deemed essential for improving corporate value.

In order to survive the current state of fierce competition and continue sustainable growth, we recognize the need to promote joint technology development and business alliances through shareholdings.

On the other hand, we examine the significance of shareholdings from the perspective of whether we can maintain business relationships without shareholdings while maintaining a policy of cross-shareholding only when such shareholdings are deemed essential for improving corporate value.

(2) Verifying whether to hold shares

The significance of cross-shareholdings from the perspective of whether we can maintain and expand business relationships without the cross-shareholdings is verified, and the details, actual reductions, and policy for future reductions are verified at the Board of Directors meeting each fiscal year. Stocks deemed essential holdings are carefully examined and verified in light of the benefits and risks of the holdings based on the cost of capital.

(3) The Company's basic policy on exercise of voting rights

1) Basic concepts on exercise of voting rights

The Company does not uniformly determine to approve or disapprove exercise of voting rights based on standardized, short-term criteria, but rather formulates decisions from the perspective of whether or not medium- and long-term corporate value and shareholder returns are maintained and enhanced while fully respecting the management policies and strategies of such investee companies.

2) Process of exercising voting rights

When exercising voting rights, the Company confirms each proposal by paying attention to whether investee companies are managed in a way that emphasizes the development of such company and the interests of shareholders, and ensuring they are not engaging in anti-social activities. Where necessary, after conducting required scrutiny of each entity, a determination is made of whether to approve or disapprove the proposal while taking into consideration the results of dialogue with such company.

(4) Response policy in the event that a cross-holding shareholder indicates the intent to sell

If a company that owns shares of the Company indicates intent to sell its shareholdings, the Company will not prevent such a sale.

[Principle 1-7. Related party transactions]

Based on the Companies Act and related laws, the Company stipulates in the Rules of the Board of Directors that officers of the Company may not engage in transactions involving conflicts of interest without the approval of the Board of Directors, and that transaction results are disclosed in a timely and appropriate manner based on relevant laws and regulations. The Board of Directors also confirms the details of highly important transactions with major shareholders. The terms of transactions with major shareholders are determined through price negotiations each fiscal year with presentation of a desired price that takes into account market price and the total cost.

[Supplementary principle 2-4 (i) Ensuring diversity in the promotion to core human resources]

Based on the Company's management philosophy of "What We Strive to Give," we have chosen "promoting diversity" as a priority issue (materiality issue) for sustainability. Based on this concept, the promotion of core human resources including the appointment of managers is carried out by fair and impartial evaluation of individual abilities utilizing human resources with diverse backgrounds including women, non-Japanese, and mid-career hires.

Top management of the four core companies will also participate in conferences to promote personnel measures, including the promotion of diversity by establishing strategies for medium-term personnel issues and human capital while promoting activities and following up on related KPI.

Our approach to each area is as follows. For details, including results and targets, please refer to our website on Social Initiatives: (<https://www.aisin.com/en/sustainability/>).

<Women>

In terms of promoting the active participation of women, we have set targets for the employee awareness survey's job satisfaction index, hiring ratios and numbers of female executives, and ratio of female managers. We also promote activities to support careers and work-life balance in order to support the desire of each and every woman to work and succeed as an individual.

<Non-Japanese>

In order to contribute to regional sustainable development through local management, we strive to promote local employees to executive positions at our overseas subsidiaries.

<Mid-Career Hires>

We have been evaluating individual abilities of mid-career hires fairly and justly and promoting individuals regardless of their type of employment.

As a result, the ratio of mid-career hires to managers is the same as that of new graduates. Going forward, we will continue to promote the recruitment of talented personnel, regardless of whether they are new graduates or mid-career hires.

<Policies for human resources development and internal environment development>

The Company strives for ultimate new value creation by fostering win-win relationships with each individual and striving to be an entity where each and every employee can utilize their individual capabilities in their work and achieve self-growth, self-actualization, job satisfaction and happiness in life.

The Company also believes that we can realize “co-creation and challenge of diverse human resources” through “professionalization of individuals” and “management that makes the most of individuality.”

[Principle 2-6. Exercising the functions of corporate pension asset owners]

The Company appoints and assigns human resources who fully understand the purpose and process of pension management in order to achieve the function as a pension fund asset owner. In order to complement and improve expertise, we have also entered into investment consultant agreements with suitable external experts.

As an initiative to prevent conflicts of interest, we have established an independent Pension Asset Management Advisory Committee to monitor asset management. We also require asset managers to formulate standards for the exercise of voting rights and disclose the results of voting.

[Principle 3-1. Enhancement of information disclosure]

(1) Management strategy and management planning

1) Management philosophy

The AISIN Group management philosophy is Inspiring “Movement,” Creating Tomorrow. In addition to contributing to the evolution of real mobility, we also provide people around the world with all kinds of “moving” experiences that “move the heart” and bring excitement in the form of surprise and fun. By creating new value through environmentally friendly business activities, we connect sustainable societies of happy people living in a clean and beautiful earth.

2) Vision

The Aisin Group Vision 2030 establishes a long-term vision to address social issues and accelerate the “response to electrification” and the “shift to growth areas.” We provide solutions to social issues and realize safe, secure, and comfortable mobility for the purpose of Inspiring “Movement,” Creating Tomorrow.

<Group growth trajectory>

With hydraulic and electric actuator systems as our core competence, we will achieve true growth by anticipating social issues and trends of change and by changing ourselves.

<Business structure reform>

We will expand solution-focused products within each business sector. Solution-focused products are a combination of CASE products, products such as ENE-FARM that promote the transition to clean energy, and entry systems that will lead to MaaS in the future.

<Priority issue (materiality)>

The values of the Group’s management philosophy are highly compatible with the United Nations’ Sustainable Development Goals (SDGs). We choose priority issues to address that we believe contributes to the achievement of these goals through our business activities.

3) Management plan

In order to realize our long-term vision, we discuss appropriate allocation of management resources such as human capital, intellectual property, R&D expenses, and strategy formulation pertaining to our business portfolio at the Medium-term Task Review Meeting, and incorporate these into our medium-term management plan. Each fiscal year, the Board of Directors and Executive Committee supervise and confirm the achievement status of management policies and profit plans based on the medium-term management plan. For details, please see the AISIN GROUP REPORT.

([https://www.aisin.com/jp/sustainability/report/pdf/aisin\\_ar2022\\_a3.pdf](https://www.aisin.com/jp/sustainability/report/pdf/aisin_ar2022_a3.pdf)) (in Japanese)

(2) Basic concepts and basic policies concerning corporate governance

Please refer to “Basic concepts” in Section I-1 of this report.

(3) Policies and procedures for determining executive compensation

Please refer to Section II-1 [Director compensation] “Disclosure of Policy for Determining Compensation Amount or Calculation Method” in this report.

(4) Policies and procedures for appointment and dismissal (nomination) of officers

In order to achieve sustainable growth and medium- to long-term enhancement in corporate value, the Board of Directors of the Company comprehensively consider appropriate, prompt and fair decision-making and appropriate management supervision to decide on the appointment and dismissal of Directors in order to better optimize and achieve a balance of knowledge, experience and skills.

The procedure for nomination and appointment/dismissal entails the selection of candidates as Directors and Audit & Supervisory Board Members after examination and deliberation by the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and whose majority are Independent Outside Directors, after which they are presented to the Board of Directors. Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution of the Board of Directors.

After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on unofficial resolution of the Board of Directors.

The Board of Directors makes resolutions with full credence to the decisions of the Executive Nomination & Compensation Committee.

(5) Reasons for appointment of officers

The reasons for the appointment of individual officers are described in the Notice of Convocation of the General Meeting of Shareholders on the Company's website.

[Supplementary principle 3-1 (iii) Disclosing initiatives on sustainability]

Based on the Group's management philosophy of Inspiring "Movement," Creating Tomorrow, the Group provides concrete solutions to environmental and social issues through our products and services, and strives to create a sustainable society full of smiles. This philosophy is the essence of sustainability and is the backbone of our management strategy.

Formulated during management integration in April 2021, the Aisin Group Vision 2030 articulates our aim to be a "solution-based company that strives to achieve a society full of excitement and smiles" while providing value to stakeholders as set forth in the management philosophy.

In order to contribute to the resolution of social issues as a member of society, we have narrowed down materiality (priority issue) based on management issues and importance, and have set SDGs 2030 targets and KPIs as concrete solutions to incorporate them into our activities. In order to realize our long-term vision, we discuss appropriate allocation of management resources such as human capital, intellectual property, R&D expenses, and strategy formulation pertaining to our business portfolio at the Medium-term Task Review Meeting, and incorporate these into our medium-term management plan. Each fiscal year, the Board of Directors and Executive Committee supervise and confirm the achievement status of management policies and profit plans based on the medium-term management plan.

We recognize that responding to climate change is the most important issue to be addressed by the Group as our business portfolio is centered on the internal combustion engine. Since endorsing the TCFD in November 2019, we have conducted scenario analysis in line with the framework by identifying risks and opportunities of 4°C scenarios and scenarios below 2°C. Activities as concrete solutions are linked to SDGs 2030 goals and KPI as we continue scenario analysis to grasp the financial impact of changes in the external environment.

For more information, see the Company's Sustainability webpage at (<https://www.aisin.com/en/sustainability/>).

[Supplementary principle 4-1 (i) Overview of the scope of delegation by the Board of Directors to management team]

In addition to those matters stipulated by laws and regulations or the Articles of Incorporation, the Board of Directors supervises business execution while also making decisions on important matters related to management, such as management policies, management and business strategies, business plans, investment plans, and establishment of and investment in subsidiaries.

Matters to be resolved by the Board of Directors are stipulated in the Rules of the Board of Directors, and decision-making for other business execution is delegated to Executive Officers to expedite decision-making. The delegation details are clearly stipulated in the Regulations of the Administrative Authority and Regulations of Approval, and the Board of Directors, as the supervisory body for business execution, receives reports on the status of execution of delegated matters.

[Principle 4-9. Qualifications and standards for independent judgments by Independent Outside Directors]  
When selecting candidates for Independent Outside Directors, the Company values quality and extensive experience by considering candidates with a high degree of expertise who can honestly and constructively advise and supervise the management of the Company and who also meet the requirements for Outside Directors stipulated by the Companies Act and the requirements for independence stipulated by financial instruments exchanges.

[Supplementary principle 4-10 (i) Nomination and compensation committee]  
Independence and objectivity in the nomination and compensation of Directors and executive officers is enhanced by submission to the Board of Directors after examination and deliberation at the Executive Nomination & Compensation Committee, which has a majority of Independent Outside Directors and is chaired by an Independent Outside Director, after which they are presented to the Board of Directors. The nomination of candidates for Directors and executive officers and succession planning for the Company involves the appointment/dismissal of the most suitable members both inside and outside the company each year in accordance with our vision and management policy. In order to ensure optimal placement, opinions and advice from Independent Outside Directors are considered based on the perspective of promoting diversity. The opinions and advice of Independent Outside Directors are taken into account to ensure that appropriate compensation is paid.

[Supplementary principle 4-11 (i) Philosophy of the entire Board of Directors]  
The Board of Directors of the Company strives to ensure accurate, prompt, and fair decision-making and appropriate management oversight in order to achieve sustainable growth and medium- to long-term enhancement in corporate value. In order to achieve this, the Board of Directors of the Company appoints multiple Outside Directors who possess a high level of expertise, both inside and outside our industry. With group management in mind, we comprehensively consider various measures, such as appointing Directors who have extensive experience and wide-ranging knowledge in domestic and overseas subsidiaries while striving to ensure that the diversity of the Board of Directors and their overall balance of knowledge, experience and skills are optimal for the Company.

In order to facilitate prompt decision-making, the Articles of Incorporation stipulate a maximum of 15 Directors. Currently eight Directors have been appointed. The skills of each Director are compiled in a list and disclosed in the Aisin Group Report and the Corporate Governance page of the Company's website (<https://www.aisin.com/en/>).

As for director management experience at other companies, one Outside Director has experience and insight as a business executive, and two Independent Outside Directors have management supervisory experience and insight in companies in other industries.

One female Director and two female Audit & Supervisory Board Members have been appointed as we strive to ensure diversity by ensuring that one-fourth of our Directors and Audit & Supervisory Board Members are women.

[Supplementary principle 4-11 (ii) Directors and Audit & Supervisory Board Members concurrently serving at other companies]

In light of their own fiduciary responsibilities, we strive to limit the Company's Directors and Audit & Supervisory Board Members who concurrently serve as officers of other listed companies to a reasonable extent. The Company also discloses the status of important concurrent posts of each Director and Audit & Supervisory Board Member in the Notice of Convocation of the Annual General Meeting of Shareholders each year.

[Supplementary principle 4-11 (iii) Analysis and evaluation of the effectiveness of the Board of Directors]  
In order to improve the effectiveness of the Board of Directors, analysis and evaluation of the effectiveness are conducted each year. The effectiveness evaluation for FY2022 and an overview of the results are as follows.

<Recipients>

All eight Directors and all four Audit & Supervisory Board Members

<Evaluation method>

- 1) Interviews with recipients (Independent Outside Directors and Audit & Supervisory Board Members conduct group interviews at the Independent Officers Meeting)
- 2) Based on the analysis results, the Board of Directors discusses issues and measures for future improvement

<Evaluated items>

Scale composition and operation of the Board of Directors, support systems for outside officers, composition and operation of deliberative committees regarding personnel affairs and compensation for officers, improvement status of issues identified in the previous fiscal year's evaluation, etc.

<Summary of results>

It was confirmed that the effectiveness of the Board of Directors as a whole has improved with focus on the operation of the Board of Directors and the quality and content of deliberations. Evaluations indicated overall improvement in the challenges identified in the previous fiscal year's evaluation, namely, "further enhancement of exchange of opinions on management strategy matters," "enhancement of on-site opportunities," and "enhancement of horizontal communication among outside officers."

On the other hand, we have identified "secure more time for strategic and broader discussions," "understand the business and identify issues through expansion of on-site opportunities," "strengthen relationships and share awareness through dialogue and exchange between Outside Directors," and "understand the business and identify issues through dialogue and exchange between Outside Directors and executives" as continuous improvement items.

We strive to maintain and improve the effectiveness of the Board of Directors based on the action plan for FY2023 that was formulated based on these issues.

[Supplementary principle 4-14 (ii) Training policy for Directors and Audit & Supervisory Board Members]

The Company appoints people, including outsiders, who can fulfill the roles and responsibilities expected of Directors and Audit & Supervisory Board Members. Based on this, we strive to promote an understanding of roles and responsibilities, including legal knowledge, that managers should acquire as executives newly appointed through internal promotion. When Outside Directors and Outside Audit & Supervisory Board Members assume office, they are provided with opportunities to explain the details of the Company's business and to visit major sites in order to deepen their understanding of the status of the Company.

Each year, activities are conducted to better understand the Company's business and functions through explanations and discussions on the Company's business strategy, business environment, and business risks inside and outside the Board of Directors, as well as through on-site inspections. Opportunities are also provided for information exchange and mutual study in order to update knowledge after taking office.

[Principle 5-1. Policy concerning constructive dialogue with shareholders]

In order to promote constructive dialogue with shareholders and investors, we strive to gain their understanding by formulating a vision with a goals of the Company's sustainable growth and enhancement of corporate value over the medium to long term and to clarify the Company's management policy in easy-to-understand terms.

- (1) Under the supervision of the CAO, we are actively working to realize constructive and comprehensive dialogue with shareholders and investors through various initiatives including financial results briefings.
- (2) In order to promote constructive dialogue with shareholders and investors, a dedicated IR organization has been established within the Corporate Strategy Division in an effort to enhance the provision and disclosure of management strategies and financial information in cooperation with relevant internal departments.
- (3) As means of dialogue in addition to individual meetings, quarterly results briefings for analysts and investors are being held, as well as timely briefings on medium- to long-term management strategies and businesses. We also hold factory tours for institutional investors. For individual investors, we utilize securities company conferences to hold company briefings and also provide information through our website.
- (4) Opinions obtained through dialogue with shareholders and investors are reported to the Board of Directors and utilized in the management of the Company via feed back to the management team and related departments.



- (5) Regulations and internal rules for officers regarding the management of insider information are formulated and managed. The period before the announcement of financial results is a silent period during which dialogue and interviews with shareholders and investors are restricted. When insider information occurs within the Company, the relevant parties sign the insider information registration management ledger to ensure thorough management of the insider information.

The Company's disclosure policy is posted on our website (<https://www.aisin.com/en/investors/disclosure/>) under Shareholder and Investor Information.

\* CAO = Chief Administrative Officer

[Measures to ensure management is fully aware of capital costs and stock prices]

The Aisin Group Vision 2030 sets goals of increasing the ratio of solution-type products that contribute to solving social issues from 17% in FY2020 to 60% or more in FY2030. In order to shift both development costs and investment toward solution-type products while promoting efficiency, a shift to ROIC management is being implemented that emphasizes investment efficiency in group management and DX. The Board of Directors holds ongoing discussions on how to enhance corporate value. Details of growth strategy, current analysis of capital costs, and financial capital strategy are disclosed in the Integrated Report.

For more information, refer to the Company website

([https://aisin.com/en/sustainability/report/pdf/aisin\\_ar2022\\_en\\_a3.pdf](https://aisin.com/en/sustainability/report/pdf/aisin_ar2022_en_a3.pdf)).

[Disclosure of the implementation status of dialogue with shareholders]

By actively engaging in dialogue with shareholders and investors, the Company has gained and put into practice valuable insights that will enhance corporate value. The status of dialogue between shareholders/investors and management team in the most recent fiscal year is as follows.

- (1) Major responses of dialogue with shareholders and investors

Please refer to [Principle 5-1] 1 and 2.

- (2) Overview of dialogue with shareholders and investors

Domestic and overseas institutional investors, major shareholders, analysts, ESG rating agencies, individual investors, etc.

- (3) Items of interest for shareholders and investors

Business strategy (electrification), human capital (enhanced employee engagement) and governance (formation of voluntary committees, reduction of cross-shareholdings)

- (4) Dialogue that gained insight from shareholders and investors

Dialogue with shareholders and investors is constructive. For instance, in response of comments to expectations of connecting with human capital through activities such as interviews with employees and town meetings, management is utilizing opportunities for on-site audits to improve morale by conveying the expectations of top management, while also engaging in activities for "Creating workplace that provides opportunity" which is a key initiative of Aisin's human capital strategy. These initiatives promote mutual understanding between top management and the work site through dialogue, including sharing the status of efforts at the work site, which results in improved productivity.

\* Feedback to the management team and the Board of Directors on the opinions and concerns of shareholders and investors gained through dialogue is currently underway, and will be disclosed in the Integrated Report scheduled to be issued in the second half of this year. At that time the details of any items that have been incorporated based on feedback will also be disclosed.

## 2. Capital structure

Foreign shareholder ratio	At least 10% but less than 20%
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### [Main shareholders] [Updated]

Name	Number of shares held (shares)	Ratio (%)
Toyota Motor Corporation	66,863,157	24.80
The Master Trust Bank of Japan, Ltd. (trust account)	26,682,700	9.89
Toyota Industries Corporation	20,711,309	7.68
DENSO Corporation	12,964,922	4.81
Custody Bank of Japan, Ltd. (trust account)	10,980,600	4.07
Aisin employee stock ownership	7,134,956	2.64
TOYOTA FUDOSAN CO., LTD.	6,344,791	2.35
Nippon Life Insurance Company	6,300,090	2.33
Kochi Shinkin Bank	5,225,000	1.93
National Mutual Insurance Federation of Agricultural Cooperatives	3,439,800	1.27

Controlling shareholders (excluding parent company)	_____
Parent company	None

Supplementary explanation [Updated]

- The status of major shareholders is current as of March 31, 2023.

## 3. Corporate attributes

Listed stock market and market section	Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
Fiscal year-end	March
Industry type	Transportation equipment
Number of group employees at the end of the previous fiscal year	1,000 or more
Consolidated sales in the previous fiscal year	1 trillion yen or more
Number of consolidated subsidiaries at the end of the previous fiscal year	100 to 299

## 4. Guidance on measures to protect minority shareholders when conducting transactions with controlling shareholders

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[Translation]

**5. Other special circumstances that may have significant impact on corporate governance**

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## II. Business management organization and other corporate governance structures related to business decisions, execution, and supervision

### 1. Matters pertaining to organ structure and organization management, etc.

Organizational form	A company with Audit & Supervisory Board
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#### [Directors]

Number of Directors pursuant to the Articles of Incorporation	15
Tenures of Directors pursuant to the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	8
Appointment status of Outside Directors	Appointed
Number of Outside Directors	4
Number of Outside Directors designated as Independent Directors	3

#### Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Michiyo Hamada	Academic professional											
Seiichi Shin	Academic professional											
Koji Kobayashi	From another company											
Tsuguhiko Hoshino	From another company											

\* Item selection concerning relationship with the Company

\* Marked “○” if recently or currently applicable to the person in question and marked “△” if previously applicable

\* Marked “●” if recently or currently applicable to a relative in question and marked “▲” if previously applicable

- Business executive of a listed company or its subsidiary
- Business executive or non-executive director of a listed company’s parent
- Business executive of a listed company’s affiliate or subsidiary
- Person whose main transaction counterparty is a listed company or a business executive thereof
- Main transaction counterparty of a listed company or a business executive thereof
- Consultant, accounting expert, or legal expert deriving from a listed company large financial gains or other property (other than officers’ compensation)
- Major shareholder of a listed company (if that shareholder is a corporation, a business executive thereof)
- Business executive (only the person in question) of a transaction counterparty of a listed company (other than items d, e, and f)
- Business executive of an entity in a relationship of mutual employment as outside officers (only the person in question)
- Business executive of a recipient of a donation from a listed company (only the person in question)
- Other

## Relationship with the Company (2) [Updated]

Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Michiyo Hamada	○	—	Ms. Michiyo Hamada has an extensive career including Professor at School of Law, Nagoya University, Commissioner of the Japan Fair Trade Commission, Outside Officer of other companies, etc., and has a high degree of expertise concerning the Companies Act and the Antimonopoly Act accumulated throughout her career. She is expected to make use of her expertise and broad experience concerning corporate governance to provide supervision of Company operations from a legal standpoint and independent position, as well as advice and opinions related to corporate governance. As an independent officer, she maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.
Seiichi Shin	○	—	Mr. Seiichi Shin has held positions including Professor at Faculty of Informatics and Engineering, University of Electro-Communications. He is expected to make use of his high level of expertise centered on measurement engineering and control engineering and his wide-ranging insight developed over his career to provide supervision from an independent standpoint, as well as a wide range of advice and opinions, centered on technology development at the Company. As an independent officer, he maintains a neutral and fair stance, and it is determined that there are no risk of conflicts of interest with general shareholders.
Koji Kobayashi		—	Mr. Koji Kobayashi is expected to make use of his extensive experience and wide-ranging expertise over many years at Toyota Motor Corporation and other companies in the automobile industry in order to provide advice and opinions from a broad perspective to the management of the Company.

Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Tsuguhiko Hoshino	○	—	Mr. Tsuguhiko Hoshino has served as the Director General of Taxation Bureau, Ministry of Finance and Commissioner of the National Tax Agency and also worked at a Japanese embassy abroad. Through his professional experience, he has gained advanced expertise in finance, monetary policy, legal affairs and compliance. He is expected to provide supervision and broad advice and opinions from an independent standpoint regarding the overall execution of business of the Company utilizing his extensive experience and broad insight gained from his supervisory experience as an Outside Director of a company in another business sector. As an independent officer, he maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.

**[Voluntary Committees]**

Presence or absence of a voluntary committee equivalent to a nomination committee or compensation committee	Yes
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Voluntary committee establishment status, committee composition, chairperson attributes [Updated]

	Voluntary committee equivalent to nomination committee	Voluntary committee equivalent to compensation committee
Name of committee	Executive Nomination & Compensation Committee	Executive Nomination & Compensation Committee
All committee members (persons)	5	5
Full-time committee members (persons)	0	0
Inside directors (persons)	2	2
Outside directors (persons)	3	3
Outside experts (persons)	0	0
Other (persons)	0	0
Committee chairperson	Outside Director	Outside Director

## Supplementary explanation [Updated]

As described in II-2 of this report, “Matters related to functions of business execution, audit and supervision, personnel nomination, determination of compensation, etc. (outline of the current corporate governance structure),” objectivity and transparency are guaranteed by examination and deliberation of nominations and compensation for Directors and executive officers by the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and has a majority of Independent Outside Directors. In principle, the Executive Nomination & Compensation Committee meets five times a year.

The Executive Nomination & Compensation Committee considers and formulates basic policies regarding the executive system and structure in accordance with the Company’s vision and management policies regarding nomination of officers, and deliberates on proposals for the appointment and dismissal of Directors and Audit & Supervisory Board Members based on the basic policies. The procedures for nomination and appointment/dismissal involves selection of candidates as Director/Audit & Supervisory Board Member and submission to the Board of Directors after examination and deliberation by the Executive Nomination & Compensation Committee. Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution by the Board of Directors. After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on the unofficial resolution of the Board of Directors. The amount of officer compensation for each individual Director is determined based on review of the compensation system and the decision policy for individual Director by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

**[Audit and Supervisory Board Member]**

Establishment of an Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members pursuant to the Articles of Incorporation	7
Number of Audit & Supervisory Board Members	4

## Cooperation of Audit &amp; Supervisory Board Members, Accounting Auditor, and internal audit department

Audit & Supervisory Board Members receive regular reports from the external accounting auditor on the outline of the audit plan, the progress of the quarterly review, and the implementation status of the annual audit, and also mutually cooperate with external accounting auditors by confirming audit results of subsidiaries and attending audits and conducting interviews.

The Audit & Supervisory Board Members, the Internal Audit Department which is the internal audit department, and the external accounting auditors also work closely together and exchange information as needed.

Appointment status of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Outside Audit & Supervisory Board Members designated as Independent Directors	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Junko Ueda	Academic professional													
Katsuhiro Kashiwagi	Certified Public Accountant													

\* Item selection concerning relationship with the Company

\* Marked “○” if recently or currently applicable to the person in question and marked “△” if previously applicable

\* Marked “●” if recently or currently applicable to a relative in question and marked “▲” if previously applicable

- Business executive of a listed company or its subsidiary
- Non-executive director or accounting advisor of a listed company or its subsidiary
- Business executive or non-executive director of a listed company’s parent
- Audit & Supervisory Board Member of the listed company’s parent
- Business executive of a listed company’s affiliate or subsidiary
- Person whose main transaction counterparty is a listed company or a business executive thereof
- Main transaction counterparty of a listed company or a business executive thereof
- Consultant, accounting expert, or legal expert deriving from a listed company large financial gains or other property (other than officers’ compensation)
- Major shareholder of a listed company (if that shareholder is a corporation, a business executive thereof)
- Business executive (only the person in question) of a transaction counterparty of a listed company (other than items f, g, and h)
- Business executive of an entity in a relationship of mutual employment as outside officers (only the person in question)
- Business executive of a recipient of a donation from a listed company (only the person in question)
- Other



Relationship with the Company (2) [Updated]

Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Junko Ueda	○	—	Ms. Junko Ueda will be able to utilize her academic perspective as a professor at the Graduate School of Law at Aichi University and her knowledge of corporate management in auditing after serving as an outside corporate auditor for other companies for more than 10 years. As an independent officer, she maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.
Katsuhiro Kashiwagi	○	—	In addition to a high level of expertise in finance and accounting as a certified public accountant, Mr. Katsuhiro Kashiwagi will be able to make use of his many years of experience as a representative partner and partner of an audit firm, as well as his broad knowledge of corporate management. As an independent officer, he maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.

[Independent officers]

Number of independent officers	5
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Other matters concerning independent officers

All outside officers who meet the qualifications for independent officers are designated as independent officers.

[Incentives]

Implementation status of incentives for Directors	Introduction of performance-based remuneration system
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Supplementary explanation concerning relevant items

Compensation of Directors is as described in “[Director compensation] Disclosure of Policy for Determining Compensation Amount or Calculation Method.”

Stock option awardees	
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Supplementary explanation concerning relevant items

**[Director compensation]**

Disclosure status (compensation of individual Director)	Individual compensation is partially disclosed
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Supplementary explanation concerning relevant items

Individuals whose total consolidated compensation is 100 million yen or more are disclosed individually in the Annual Securities Report. The Annual Securities Report is also posted on the Company's website for public inspection.

Availability of policy for determining compensation amount or the calculation method [Updated]	Available
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Disclosure of Policy for Determining Compensation Amount or Calculation Method

The Company formulates resolutions through the Board of Directors on policy for determining the compensation of individual Directors.

(Basic concepts of officer compensation)

The Company's executive compensation system is designed based on the following concepts.

- 1) Compensation that become an incentive to make efforts to achieve the management philosophy and management policy of the Group.
- 2) Reflects the job responsibilities and achievements of each officer.
- 3) A compensation system that reflects the business environment of the Group and short-term and medium- to long-term business results while enhancing corporate value and motivating management from the perspective of shareholders.

(Compensation structure and payment targets)

Compensation for the Company's Directors consists of fixed monthly compensation, performance-linked bonuses, and stock-based compensation based on roles in business execution. The ratios of compensation for Directors (excluding Outside Directors) are set at approximately 50% as monthly compensation (fixed compensation), 35% as bonus (performance-linked compensation) and 15% as stock compensation (performance-linked compensation). Depending on profit, compensation may differ from the above. Outside Directors, regardless of their position, receive only monthly compensation as their roles are supervising and advising management from an independent standpoint. Hence, they do not receive bonuses or stock compensation.

(Policy by type of compensation)

Monthly compensation for Directors reflects job responsibilities, experience, and trends in other companies. Monthly compensation is paid on a regular basis each month during the term of office. Bonuses are determined based on the amount of consolidated operating income as an achievement of business execution in each fiscal year, and are determined after comprehensively considering dividends, employee bonus levels, trends at other companies, past payment performance, etc. The amount paid to each individual is determined based on the Company's business performance for each fiscal year and execution of duties by each officer. Bonuses are paid once a year after the Annual General Meeting of Shareholders each fiscal year.

Stock compensation is provided in the form of restricted stock compensation as an incentive to promote further sharing of value with shareholders and to sustainably enhance corporate value. The amount of stock compensation for eligible Directors is determined based on the Company's business performance, job responsibilities, achievements, etc. Stock compensation is paid once a year after the Annual General Meeting of Shareholders each fiscal year.

(Compensation levels)

In order to verify objectivity and validity, levels of total compensation of Directors by position are decided every year by referring to similar standards in the manufacturing industry, type of industry, business type of companies similar in size to the Company via officer compensation survey conducted by an external research organization.

(Matters concerning compensation resolutions)

By resolution at the 96th Ordinary General Meeting of Shareholders held on June 18, 2019, Directors' compensation was set at up to 600 million yen per year for monthly remuneration and bonuses (including up to 75 million yen per year for Outside Directors), and up to 100 million yen per year for stock compensation.

(Method of determining compensation)

In order to ensure objectivity and transparency in determining amount and structure of compensation for Directors, the Company has established the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and has a majority of Independent Outside Directors.

The Board of Directors has determined the policy for deciding individual Director compensation and the total amount of compensation for the current fiscal year, and has resolved to entrust the determination of individual compensation amounts to the Executive Nomination & Compensation Committee.

The Executive Nomination & Compensation Committee determines the amount of officer compensation for each individual Director based on review of the compensation system and the decision policy for individual Directors by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

(Policy and method of determining compensation for Audit & Supervisory Board Members)

Compensation for the Company's Audit & Supervisory Board Members is limited to monthly compensation as their role is auditing business execution. Bonuses and stock compensation are not paid. Monthly compensation reflects job responsibilities and trends at other companies. Monthly compensation is paid on a regular basis each month during the term of office.

At the 87th Ordinary General Meeting of Shareholders held on June 23, 2010, it was resolved that monthly compensation for Audit & Supervisory Board Members should not exceed 15 million yen. The amount of monthly compensation for each Audit & Supervisory Board Member shall be determined through discussion among the Audit & Supervisory Board Members within the scope of compensation determined by resolution of the General Meeting of Shareholders.

(Other important matters concerning compensation)

In the event of a sudden deterioration in performance or damage to corporate value, compensation may be temporarily reduced or not paid.

**[Support systems for Outside Directors (Outside Audit & Supervisory Board Members)]**

The Company believes that it is important for our management to have Outside Directors and Outside Audit & Supervisory Board Members effectively fulfill their roles and responsibilities from an independent and objective standpoint and that necessary information be provided for discussion by the Board of Directors and the Audit & Supervisory Board. For Outside Directors, dedicated staff members are selected within the Corporate Planning Department to provide advance explanations of agenda items to be submitted to the Board of Directors and to provide information on the content of important meetings. The Audit & Supervisory Board Office provides advance explanations of proposals to be submitted to the Board of Directors and information on the details of important meetings to the Outside Audit & Supervisory Board Members. Based on requests from Outside Directors and Audit & Supervisory Board Members, additional information is also obtained by attending important meetings, interviewing Directors and departments, and visiting and inspecting domestic and overseas subsidiaries.

**[Status of those who have retired from the post of Representative Director, President, etc.]**

Names of consultants and advisors who are former representative directors and presidents

Name	Title/ Position	Content of duties	Working Situation/Conditions (full-time/part-time, with or without compensation, etc.)	Retirement date of president	Term of office
Kanshiro Toyoda	SODAN YAKU	Sharing of proprietary knowledge based on Aisin's history and long-term trends in the automobile industry	Full-time /with compensation	2022/6/17	1 year
Kiyotaka Ise	Senior Executive Advisor	Activities in external organizations and advice on technological development of the Company and the Group	Full-time /with compensation	2022/6/17	1 year

Names of advisors and senior executive advisors who are former  
representative directors and presidents

2

Other matters

- Appointment of SODANYAKU and Senior Executive Advisor of the Company is deliberated by the Executive Nomination & Compensation Committee and approved by the Board of Directors.
- The Company's SODANYAKU will communicate history and course of events when consulted by officers of the Company or Group companies. Senior Executive Advisors of the Company also utilize their experience and personal connections during their tenure as officers to engage in various activities at various external organizations and also provide advice on the Company's business.
- The Company's SODANYAKU and Senior Executive Advisor do not have the authority to participate in the Company's management decision-making.

**2. Matters related to functions of business execution, audit and supervision, personnel nomination, determination of compensation, etc. (outline of the current corporate governance structure)**

**[Updated]**

**(1) Corporate governance structure**

The Company has adopted an Audit & Supervisory Board Member structure that strengthens the supervisory function of the Board of Directors and improves the efficiency of business execution through the executive officer structure. The Board of Directors has established an executive structure comprised of at least one third Independent Outside Directors. Independence and objectivity in the nomination and compensation of Directors and executive officers is enhanced by submission to the Board of Directors after examination and deliberation at the Executive Nomination & Compensation Committee, which has a majority of Independent Outside Directors and is chaired by an Independent Outside Director.

In addition to making timely and accurate management decisions based on business characteristics and on-site conditions, the Company believes that it is important to build a structure that continuously confirms that management decisions meet expectations and are supported by various stakeholders. Based on this philosophy, the Company believes that the current system of supervising and auditing the execution of business by the Board of Directors, which includes Outside Directors, and the Audit & Supervisory Board, which includes Outside Audit & Supervisory Board Members, is the most appropriate.

**1) Board of Directors**

The Board of Directors is chaired by President and CEO Moritaka Yoshida and consists of eight Directors, including four Outside Directors. In principle, meetings are held once a month. In addition to those matters stipulated by laws and regulations, the Board of Directors supervises execution of business operations while also making decisions on important matters related to management of the Company and the Group, such as management policies, business strategies, business plans, investment plans, and establishment of and investment in subsidiaries.

**2) Audit & Supervisory Board**

The Audit & Supervisory Board is chaired by full-time Audit & Supervisory Board Member Makoto Mitsuya and consists of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. In principle, meetings are held once a month.

Based on the audit policy and audit plan formulated by the Audit & Supervisory Board, Audit & Supervisory Board Members audit the execution of duties by directors, the legality of business execution of the Company and its subsidiaries, and the reliability of financial reports through attendance of important meetings such as those of the Board of Directors and interviews conducted with Directors and departments. In addition to the establishment of Audit & Supervisory Board Office under the direct control of the Audit & Supervisory Board Members and assignment of dedicated staff to assist the Audit & Supervisory Board Members in their duties, initiatives are underway to strengthen audit functions through cooperation with Accounting Auditors and internal audit department.

**3) Executive Nomination & Compensation Committee**

The Executive Nomination & Compensation Committee is chaired by an Independent Outside Director and is composed of a majority of Independent Outside Directors. In principle, it meets five times a year.

The nomination and compensation of Directors and executive officers are examined and deliberated by the Executive Nomination & Compensation Committee and submitted to the Board of Directors to ensure objectivity and transparency. The Executive Nomination & Compensation Committee considers and formulates basic policies regarding the executive system and structure in accordance with the Company's vision and management policies regarding nomination of officers, and deliberates on proposals for the appointment and dismissal of Directors and Audit & Supervisory Board Members based on the basic policies. The procedures for nomination and appointment/dismissal involves selection of candidates as Director/Audit & Supervisory Board Member and submission to the Board of Directors after examination and deliberation by the Executive Nomination & Compensation Committee.

Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution by the Board of Directors.

After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on the unofficial resolution of the Board of Directors. The amount of officer compensation for each individual Director is determined based on review of the compensation system and the decision policy for individual Director by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

4) Other

In terms of business execution, Executive Management Committee has been established that handles the most important matters in the group as well as an executive meeting that confirms the progress and direction of business promotion status such as profit and loss, etc. In principle these meet at least once a month. In addition to Directors, executive officers and others also participate in these meetings to enhance deliberations on important issues.

Within the Sustainability Conference, the priority issues (materiality) approved by the Board of Directors are addressed in order to expand profit opportunities and reduce risks. In addition to promoting and improving initiatives, KPIs and targets for fiscal 2030 have been established on the two axes of “solving social issues through business activities” and “management foundations that support our activities,” which are incorporated into concrete action plans.

We strive to examine and monitor important issues from various perspectives and promote compliance based on the policies discussed at the Sustainability Conference, the Business Ethics Committee and the Risk Management Committee, which meet at least once a year. These meetings are attended by Directors, Audit & Supervisory Board Members, and executive officers, as well as the presidents, officers in charge, and audit & supervisory board members of major group companies.

(2) Accounting audit structure

The Company is audited by Pricewaterhouse Coopers Aarata LLC. Duties are performed by certified public accountants Mami Kato, Eiichi Yamanaka, and Masahide Kobayashi. They are assisted in their accounting and auditing duties by 11 certified public accountants, 11 individuals who have passed the CPA exam, and 14 others.

(3) Limited Liability Agreement

The Company has entered into agreements with all Outside Directors and Outside Audit & Supervisory Board Members that limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### **3. Reasons for choosing the current corporate governance structure [Updated]**

Please refer to “1. Corporate governance structure” in Section II-2 of this report.



### III. State of implementation of measures concerning shareholders and other stakeholders

#### 1. Status of efforts at activating General Meetings of Shareholders and facilitating voting rights exercise

	Supplementary explanation
Early dispatch of convocation notices of General Meetings of Shareholders	FY2023 release date: May 26
Off-peak scheduling of General Meetings of Shareholders	FY2023 implementation: June 16
Exercise of voting rights by electromagnetic method	Voting rights can be exercised via the Internet.
Participation on the electronic voting platform and other initiatives to improve the environment for institutional investors to exercise their voting rights	We participate in the electronic voting platform for institutional investors operated by Industrial Communications Japan.
Provision of English convocation (outline) notices	Upon creation, a condensed English notice of convocation is provided on the Tokyo Stock Exchange website, including listed company details (basic information) about the Company.

#### 2. IR related activities [Updated]

	Supplementary explanation	Availability of explanations from the representative
Disclosure policy creation and publication	A disclosure policy has been created and published on our website. Japanese: <a href="https://www.aisin.com/jp/investors/disclosure/">https://www.aisin.com/jp/investors/disclosure/</a> English: <a href="https://www.aisin.com/en/investors/disclosure/">https://www.aisin.com/en/investors/disclosure/</a>	
Regular briefing sessions for individual investors	Briefings are held for individual investors. For 2022, briefing sessions were held via web conference. In addition to expanding information disclosure through our website, we continue to implement various online measures in an appropriate and effective manner.	No
Regular briefing sessions for analysts and professional investors	Company briefings for analysts and investors are held after the announcement of financial results (four times a year). Individual interview is available at any time. In addition to face-to-face meetings, appropriate and effective methods for each dialogue opportunity, such as remote meetings over the phone and the web, are also utilized.	Yes

	Supplementary explanation	Availability of explanations from the representative
Regular briefing sessions for international investors	In addition to participating in conferences hosted by securities companies, remote meetings with overseas investors are regularly held to actively engage in dialogue. Individual interview is available at any time. In addition to face-to-face meetings, appropriate and effective methods for each dialogue opportunity, such as remote meetings over the phone and the web, are also utilized.	No
Posting of IR materials on the Company website	Japanese: <a href="https://www.aisin.com/jp/investors/">https://www.aisin.com/jp/investors/</a> English: <a href="https://www.aisin.com/en/investors/">https://www.aisin.com/en/investors/</a>	
IR department (officer)	A dedicated IR organization has been established within the Corporate Strategy Division in an effort to enhance the provision and disclosure of management strategies and financial information in cooperation with relevant internal departments.	

### 3. Status of efforts at the integration of stakeholder viewpoints

	Supplementary explanation
Regulations on the integration of stakeholder viewpoints based on internal regulations, etc.	As a corporate citizen, the Company has established the Aisin Group Principles of Corporate Behavior as the basis of our management to proactively fulfill our social responsibilities.
Implementation of environmental protection activities, CSR activities, etc.	The Company is developing social contribution activities in cooperation with a wide range of stakeholders, with “nature and environmental protection,” “youth development” and “town development” as the three pillars of our social contribution activities. Through these activities, we are actively working on the “Sustainable Development Goals (SDGs),” which are goals shared by the international community for 2030. Our main activities are introduced in the Aisin Group Report and on our website ( <a href="https://www.aisin.com/en/sustainability/">https://www.aisin.com/en/sustainability/</a> ).
Formulation of policies concerning the provision of information to stakeholders	The Aisin Group Principles of Corporate Behavior stipulate the following regarding information disclosure: “We make available to the public our corporate information in a user-friendly and fair manner, and actively and positively communicate with our stakeholders in order to establish and develop healthy relationships.”

#### IV. Matters concerning internal control systems, etc.

##### 1. Basic concepts and maintenance status on internal control systems [Updated]

- (1) Structures to ensure that the execution of duties by the Group's directors conforms to laws and regulations and the Articles of Incorporation  
[Basic policy 1]
  - 1) We will establish structures to promote legal and fair corporate activities based on the Group's common corporate philosophy and corporate behavior charter.
  - 2) Important management matters are comprehensively deliberated at the Executive Management Committee and resolved by the Board of Directors.
  - 3) The Business Ethics Committee deliberates and decides on policies and structures for compliance with laws and corporate ethics.
  - 4) Directors shall strive to lead by example in realizing the spirit of the Group's Principles of Corporate Behavior and to raise awareness of compliance throughout the Group.

[Summary of operating status]

  - 1) In order to improve the objectivity and transparency of management decision-making, the number of internal and Outside Directors will remain the same from June 2022.  
In order to ensure a compliance level above a certain level throughout the Group, the legal functions of each group company are consolidated at the Aisin head office to plan and promote group-wide compliance activities.
  - 2) Important matters related to the Company's management issues and policies are appropriately submitted to the Executive Management Committee and other major meeting bodies, and decisions are made by the Board of Directors after full consideration.
  - 3) The direction of activities related to ESG strategies is discussed and decided at the Sustainability Conference with the goal of winning the trust of stakeholders and contributing to the sustainable development of society. In response to the policy development, the Business Ethics Committee decides policy and structures for the Group.
  - 4) The Aisin Group Principles of Corporate Behavior stipulate that executives take the initiative and set an example, as well as conduct training on compliance and sustainability.  
Executives themselves also communicate the importance of compliance within the company and strive to raise the awareness of employees.
- (2) Structures to ensure that the execution of duties by the Group's employees conforms to laws and regulations and the Articles of Incorporation  
[Basic policy 2]
  - 1) Thoroughly enforce compliance among employees by distributing guides on corporate ethics, legal education, rank-based education, etc.
  - 2) We strive to quickly grasp information and resolve issues and questions related to compliance through the Business Ethics Consultation Desk.
  - 3) On-site audits by internal audit functions and the appropriateness of operations are conducted.

[Summary of operating status]

  - 1) Based on the Aisin Group Principles of Corporate Behavior, compliance awareness activities are carried out along with education in line with the Group's common action guidelines.  
Furthermore, the Company has declared that it aims to become "a company that promotes diversity and autonomy so that employees can find growth opportunities, job satisfaction and happy lives" and is promoting various measures for job satisfaction reform, diversity, and health management.
  - 2) We have established points of contact for compliance-related reporting and consultation, including points of contact within each Group company, a point of contact for direct consultation with the legal affairs department at Aisin Headquarters, an external point of contact for the Group shared by lawyers, and the Aisin Global Hotline for overseas affiliates and external stakeholders.  
Through these multiple points of contact, we strive to detect and correct misconduct at an early stage by receiving a wide range of consultations, including anonymously, from stakeholders such as all executives, employees, retirees and their families, and business partners in Japan and overseas. Reports and consultations related to compliance are centralized in the legal affairs department of Aisin Headquarters, and in responding to them, we take thorough consideration of human rights by protecting privacy and preventing disadvantage to those who consult.

- 3) October of each year is designated as Aisin's Business Ethics Campaign Month, and one of its activities is to confirm compliance awareness and the degree of familiarity with the ethics consultation desk among executives and all employees of domestic and overseas Group companies.  
The internal audit department also conducts systematic internal audits in accordance with risks within the Company and domestic and overseas Group companies.
- (3) System for storing and managing information related to the execution of duties by the Group's directors  
[Basic policy 3]  
Information related to the execution of duties by Directors shall be appropriately stored and managed by each department in charge in accordance with relevant laws and regulations.  
[Summary of operating status]  
1) Information such as minutes of meetings of the Board of Directors, report materials and minutes of company-wide meetings is properly stored in accordance with relevant laws and regulations.  
2) An information security promotion department has been established for the Group, and initiatives are underway to establish common "information security regulations" in Japan and overseas, as we strive to strengthen information security on a group and global basis by deploying company-wide unified security countermeasure systems.
- (4) Regulations and other framework related to managing risks of loss of the Group  
[Basic policy 4]  
An appropriate risk management structure will be established by formulating a promotion system for various risks related to quality, safety, compliance, information management, environment, fire and natural disasters, and by formulating basic rules and response plans.  
[Summary of operating status]  
1) We are working on risk countermeasures throughout the Group in the selection of priority risks by the Risk Management Committee and by adding new economic security based on the Global Risk Report. One example is establishment of the Economic Security Committee to develop and supervise the entire group, and to decide on policies to deal with important matters.
- (5) Framework to ensure the effective performance of duties by Directors of the Group  
[Basic policy 5]  
Based on the group management policy, policies at each stage of the organization will be implemented and consistent policy management will be conducted.  
By also grasping the business activity plans and results of each group company and disseminating information from meetings and functional departments, we will unify the information of the Group and ensure the efficiency of each company's operations.  
[Summary of operating status]  
1) The Group Management Policy is deployed to domestic and overseas group companies and the status of execution is confirmed through incorporation into the policies of each in-house company, headquarters, and subsidiary.  
2) In addition to removing areas of responsibility of the vice president and transferring authority to the president, general manager, and center manager, the Board of Directors also reports and monitors all matters submitted to the Executive Management Committee.
- (6) Matters concerning the effectiveness of instructions to employees who assist the duties of Audit & Supervisory Board Members and their independence from Directors  
[Basic policy 6]  
1) A dedicated department shall be established to assist the duties of the Audit & Supervisory Board Members, and an employee shall be appointed.  
2) The prior consent of the Audit & Supervisory Board Members shall be obtained with respect to the appointment of employees who assist the duties of the Audit & Supervisory Board Members.  
[Summary of operating status]  
1) Audit & Supervisory Board Office has been established that is independent from oversight and orders of the directors, and has dedicated staff to appropriately support Audit & Supervisory Board Members.  
2) Personnel appointments for full-time staff in the Audit & Supervisory Board Office are made by consent of the Audit & Supervisory Board Members.

(7) Structure for Directors and employees of the Group to report to Audit & Supervisory Board Members

[Basic policy 7]

- 1) In addition to timely and appropriate reporting to the Audit & Supervisory Board Members regarding the execution of main business operations, directors shall immediately report to the Audit & Supervisory Board Members when discovering facts that may cause significant damage to the Group.
- 2) Directors and employees shall report on business on a regular basis and from time to time in response to requests from Audit & Supervisory Board Members.
- 3) The person who made the above report will be dealt with appropriately so that they will not be treated unfairly because they made the report.

[Summary of operating status]

- 1) Directors and executive officers regularly report to Audit & Supervisory Board Members on the progress of major business operations.  
Any facts that may cause significant damage to the Group shall be appropriately reported upon discovery.
- 2) Directors, executive officers, and employees regularly report on the status of business execution and the status of consultations with the whistleblowing hotline.  
Directors, executive officers, and employees of the Company and its group companies also report to Audit & Supervisory Board Members on a regular basis and as requested.
- 3) Comprehensive whistleblower protection rules have been established for domestic and overseas group companies which clearly state that whistleblowers will not be treated unfavorably.

(8) Other structures to ensure that Audit & Supervisory Board Members' audits of the Group are conducted effectively

[Basic policy 8]

- 1) In order to enhance the effectiveness of audits by Audit & Supervisory Board Members, Directors actively cooperate with Audit & Supervisory Board Members in auditing activities by attending important meetings, viewing important documents, conducting on-site audits of factories and subsidiaries, and holding meetings with Accounting Auditors.
- 2) The internal audit function works closely with the Audit & Supervisory Board Members and shares information on audit results.
- 3) The Company shall bear the expenses necessary for the execution of duties by the Audit & Supervisory Board Members.

[Summary of operating status]

- 1) We cooperate with audit activities including attendance at the Executive Management Committee and other important meetings, the establishment of structures that allow viewing of important documents, on-site audits of factories and subsidiaries, and meetings with Accounting Auditors. We also cooperate with the audit activities of the audit & supervisory board members of major domestic group companies.
- 2) To strengthen cooperation, we also exchange information regularly and as needed with internal audit department, internal control department, Accounting Auditors, and audit & supervisory board members of major domestic group companies.  
Through the Group Auditors Liaison Committee, we are also strengthening cooperation with the Group Auditors to improve effectiveness of audits.
- 3) Expenses required for the execution of duties by the Audit & Supervisory Board Members as well as unexpected expenses required to secure the annual budget in accordance with the audit plan are paid by the Company.

## **2. Basic concepts and implementation status for eliminating antisocial forces**

Our basic concepts to eliminating anti-social forces is as follows, which has been established as part of the “Aisin Group Principles of Corporate Behavior” and disseminated to all employees, including officers.

### **(1) Basic concepts**

- 1) While maintaining a strong awareness of legal compliance, we strive to establish a code of conduct as good citizens with good social sense from executives to each and every employee.
- 2) It is the ethical mission of a company to take a firm stance against anti-social forces and organizations, and we are acutely aware that it is an indispensable condition for the sound development of corporate activities. We strongly discourage any relationship with such influences and groups.
- 3) In order to prevent employees from forming or fostering personal relationships with anti-social forces and organizations, the entire company shall not have any relationship with such forces or organizations.

### **(2) Implementation status for elimination of anti-social forces**

The Company has established a response control department (general affairs department) to eliminate anti-social forces.

Through our participation in the Aichi Prefectural Citizens Conference to Eliminate Violence and the Aichi Prefecture Corporate Defense Council, we call attention to anti-social forces by collecting information and compiling it in the Unfair Demand Manual.

We are ensuring that our officers and employees are fully versed through reports at the Business Ethics Committee, regular training for managers to prevent unreasonable demands, new employee training, and unreasonable demands training as part of promotion training.



## V. Other matters

### 1. Adoption of takeover defense measures

Adoption of takeover defense measure	None
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Supplementary explanation concerning relevant items
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### 2. Other matters concerning the corporate governance structure, etc. [Updated]

(Overview of Timely Disclosure System)

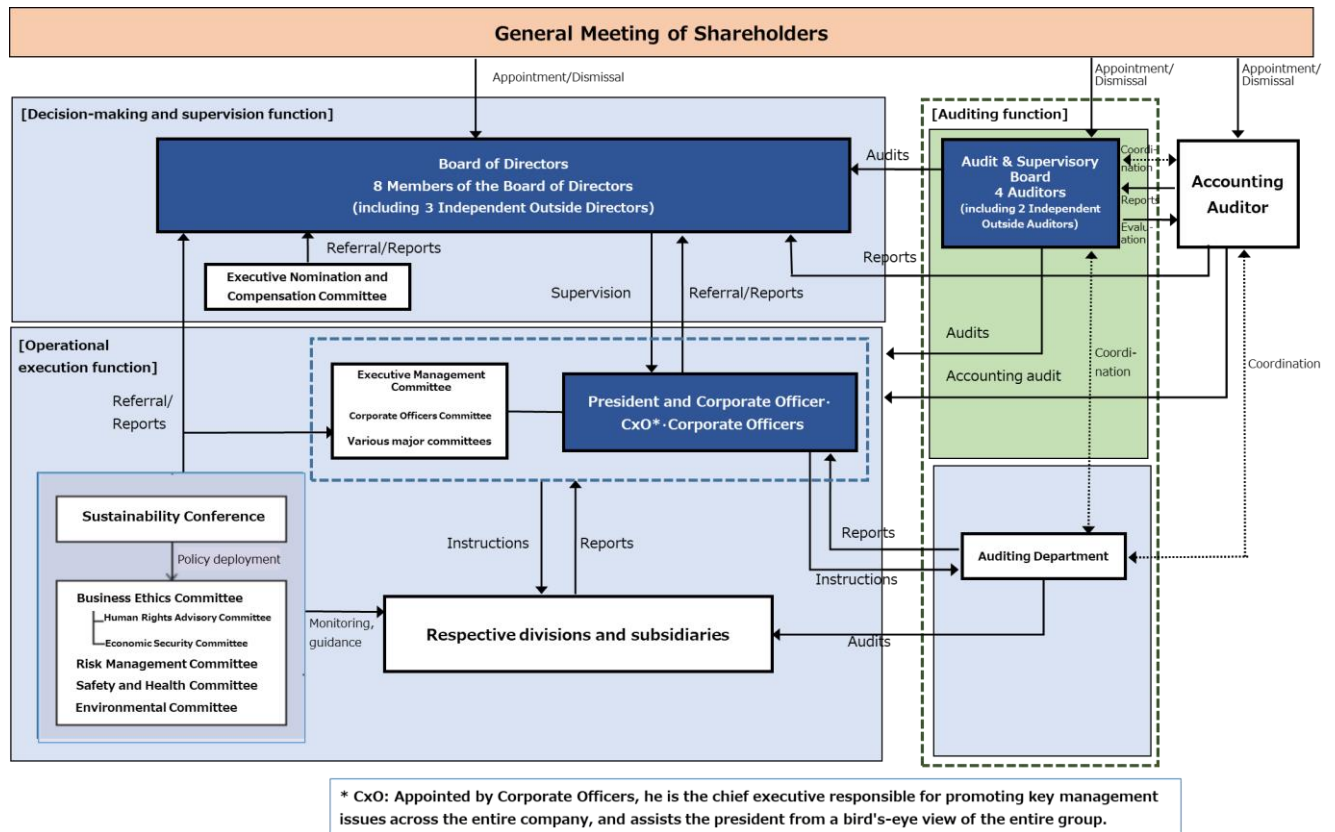
The internal system for the timely disclosure of company information of our company is as follows.

[Basic concepts]

As described in I-1 of this report, one of our basic policies for corporate governance is “(3) AISIN Group discloses information appropriately in accordance with applicable laws, and endeavors to proactively communicate information other than that disclosed in accordance with such laws, and to ensure transparency in its activities.”

[Company structure and procedures]

- 1) In accordance with internal regulations, the Company has established internal systems related to timely disclosure and procedures for management and timely disclosure of important internal information, including those of subsidiaries.
- 2) Based on internal regulations, the person in charge of managing important internal information (hereafter referred to as the information management general manager) is the officer in charge of the general planning department. The general planning department assists the information management general manager in managing and utilizing the information.
- 3) Proposals by each meeting body and important information generated by the Company and its subsidiaries are immediately reported to the information management general manager, who receives the report and convenes a decision council (general planning, public relations, accounting, department manager in charge of legal affairs and secretarial affairs) to determine the importance of the information and the need for timely disclosure.
- 4) Information subject to timely disclosure will be reported to the representative director and measures will be taken for timely disclosure.



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