

Risk Management

Basic stance

We believe that the AISIN Group's risk management and business activities are the two wheels of a vehicle for corporate management. As we implement various management strategies, the risk of impacting business management due to sudden changes in the external environment is increasing. We will work to understand and control such risks that may hinder our growth, as well as to strengthen our capabilities to continue our businesses.

Policy

We will live up to the expectations of our stakeholders by preventing and mitigating various risks that may have a significant impact on our activities to achieve our objectives, and if such risks occur, by minimizing the impact on business management and guaranteeing our sustainability as a company.

Vision

Sophisticated risk management

The AISIN Group apologizes for the inconvenience and concern caused by the 1997 Kariya Plant fire. Taking this opportunity, we have introduced Enterprise Risk Management (ERM) and worked on Group-wide risk management to avoid repeating the same mistake. In recent years, risks surrounding business management have become increasingly complex and diverse, such as frequently occurring natural disasters caused by climate change, parts supply issues, and geopolitical risks. Against this backdrop, we aim to "make our risk management more sophisticated, which means a state where we are ready to respond to any kind of risks." To achieve this, we will preemptively manage risks that must be addressed as the Group by identifying signs of risks and appropriately analyzing and evaluating the significance of their impact, from the perspective of "risks to our business strategies" that may impede us from implementing these strategies and "operational risks" that may hinder smooth business operations.

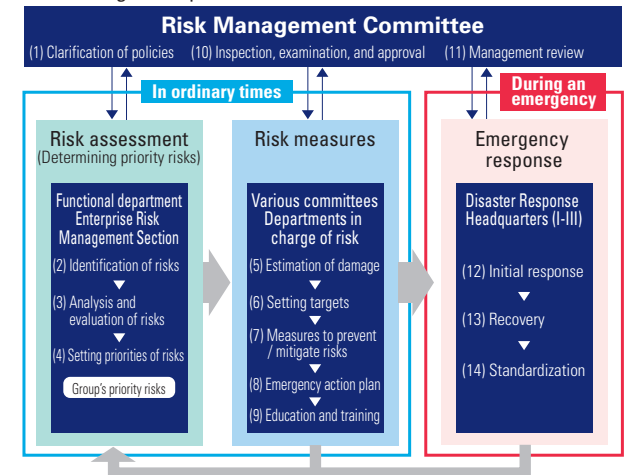
Implementation frameworks

As a framework to promote risk management, the Risk Management Committee is in place, which consists of the President, CxOs, Audit & Supervisory Board Members, Company Presidents, presidents of 11 Group companies, and others. Based on factors such as the status of occurrence of internal risks and external written reports, we set priority risks that the Group has to address, and work to ensure the prevention and mitigation of damage during ordinary times, and quick recovery and minimized damage in the event of an emergency. Furthermore, we evaluate the effectiveness of these countermeasures as well as improving and standardizing them to strengthen our ability to respond to risks by implementing a risk management cycle.

Risk management framework



Risk management process



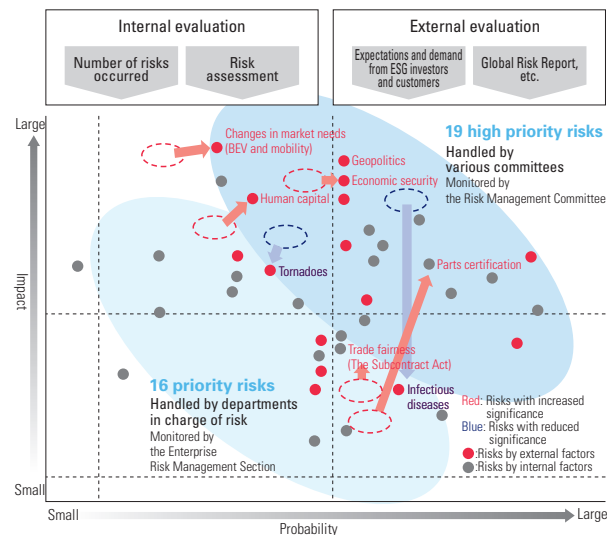
Risk Management

Risk assessment (determining priority risks)

The AISIN Group's risk assessment identifies risks anticipated from the professional perspective of internal functional departments and the geographical perspective of Group companies in Japan and overseas. Risks are assessed based on analysis results centered on the influence degree and probability, and the assessment also takes into account the extent to which these risks are mitigated or reduced by the risk measures that we have in place.

In addition to internal risk assessments, risks have also been evaluated from an external perspective since 2021. The Risk Management Committee identifies the high priority risks and priority risks, considering the risks that stakeholders including customers and investors emphasize and referring to risk assessments by specialized organizations, such as the Global Risk Report, which assesses global risks.

Key priority risks



Initiatives for the high priority risks

Economic security and export management

By establishing the Economic Security Committee, we have a system in place to address economic security risks that require advanced judgment mainly by the top management. In addition, rules for security and export control applicable to all Group companies both in Japan and overseas have been established and deployed. We educate our employees and raise their awareness to ensure these rules are observed globally.

Parts certification

As we take initiatives including the operation of legal certification systems, education and training, and standardization to ensure regulatory compliance, the laws and regulations of the respective countries are becoming stricter and more diverse, which makes it essential to build a corporate structure capable of adapting to such changes. We launched the Legal Certification Committee in January 2023 to strengthen our Group-wide efforts for regulatory compliance, and also collaborate with our overseas sites to ensure compliance with global laws and regulations.

Emergency response plans (BCP)

In preparation for emergencies, we have formulated an emergency response plan (BCP*) that defines protection of human life, community response, and business continuity as its basic policies.

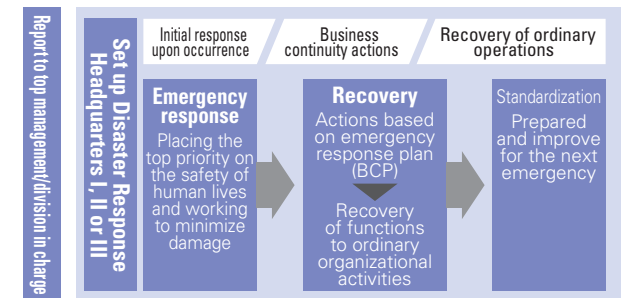
In the initial response when an emergency situation occurs, a "Risk Report" that promptly informs the top management and the departments in charge of risk is used as a trigger to set up a disaster response headquarters according to crisis level, and to minimize damage with the top priority given to protecting human lives and ensuring the safety of people. During recovery response, we will give priority to and restore the operations determined in advance as critical, based on the damage situation. Furthermore, if the damage is severe, we will continue our businesses by switching

to alternative operations or alternative production.

In preparation for emergencies such as those described above, the departments in charge of risk systematically implement risk control and mitigation measures in a planned manner and provide education and training in accordance with our emergency action plans. In the event of a large-scale earthquake that is expected to cause particularly great damage, the initial response at the time of occurrence holds the key to minimizing damage. Therefore, we regularly conduct "Disaster Response Headquarters Initial Response Drills" under the direction of the head of the response headquarters.

* BCP: Business Continuity Planning

Response procedure when an emergency occurs



Initial response drill at the Disaster Response Headquarters