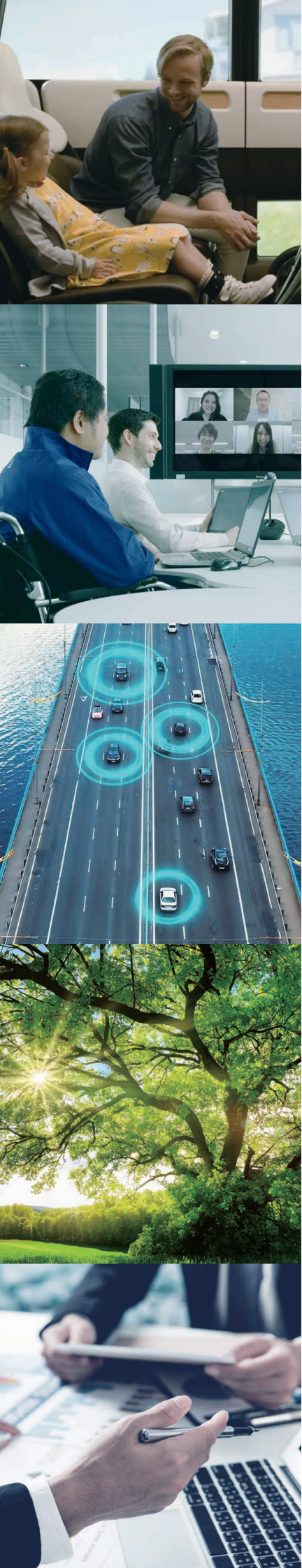




AISIN GROUP REPORT 2021



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Vision

Aisin's value creation

Growth strategies of Aisin

Foundation of our value creation initiatives

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About this Group Report

With immensely challenging conditions, including dramatic changes taking place in the automotive industry in recent years and COVID-19 still ravaging the world, Aisin has been carrying out two reforms in order to survive these difficult times: transformation of corporate structure in response to CASE and restructuring into a corporate entity with high profitability.

We also merged Aisin Seiki and Aisin AW to form AISIN CORPORATION in April 2021. With the establishment of the new Aisin, we established AISIN Group Corporate Principles and AISIN Group's Vision for 2030. AISIN Group Report 2021 details Aisin's visions, our strategies to achieve them and the directions that each of our companies will take to make AISIN Group

a corporate group that embodies the concept of Inspiring "Movement," Creating Tomorrow, the new corporate principle we have established.

In these Group Reports, we incorporate feedback from our shareholders, investors and other stakeholders, and work together with each organization of ours to disclose more comprehensive information and ensure greater transparency.

We will continue to value opportunities for dialog with you all and make sure that these Group Reports serve as good communication tools.

Kazuo Takemoto
Executive General Manager, Aisin-Group Corporate Planning Division

Editorial policy
AISIN Group Report (Integrated Report) is issued by Aisin to provide shareholders, investors and other stakeholders with an understanding of our initiatives to increase our corporate value in the medium to long term and to build a sustainable society. Our report for 2021 (fiscal year 2022) focuses on providing more important information on how we are increasing our corporate value, including our strategies and business activities to solve social issues and our ESG initiatives. Information on our environmental, social and governance (ESG) initiatives covers work that has a particularly significant impact on our corporate value from the perspective of priority issues. Other details can be found on the Sustainability page of our website.

Framework for disclosure of information



Note on future predictions
With the exception of facts about our history, the content of this Group Report is written according to future predictions and plans. Predictions are subject to factors such as risks and elements of uncertainty, and as such, actual outcomes and business performance may differ from the descriptions in this Group Report.

Period
Primarily fiscal year 2021 (April 1, 2020 to March 31, 2021). Some information is related to activities outside this period.

Scope
In principle, this report covers AISIN Group (AISIN CORPORATION and its consolidated subsidiaries). In cases where the scope of reporting differs, we indicate this using the following descriptors.

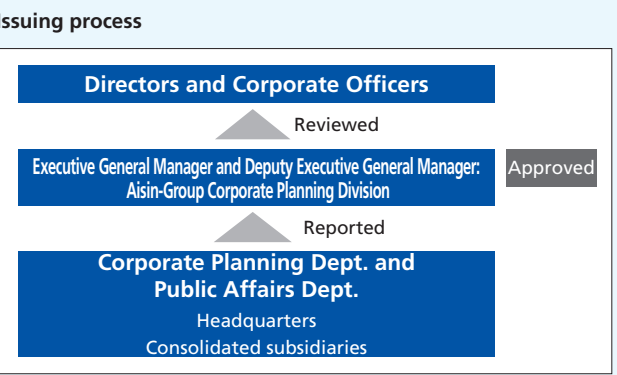
4 group companies
Aisin, Aisin Takaoka, Aisin Chemical, ADVICS

12 group companies
Aisin, Aisin Takaoka, Aisin Chemical, Aisin Keikinzoku, Aisin Development, Aisin Kiko, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, ADVICS, Shiroki Corporation, Art Metal Mfg.

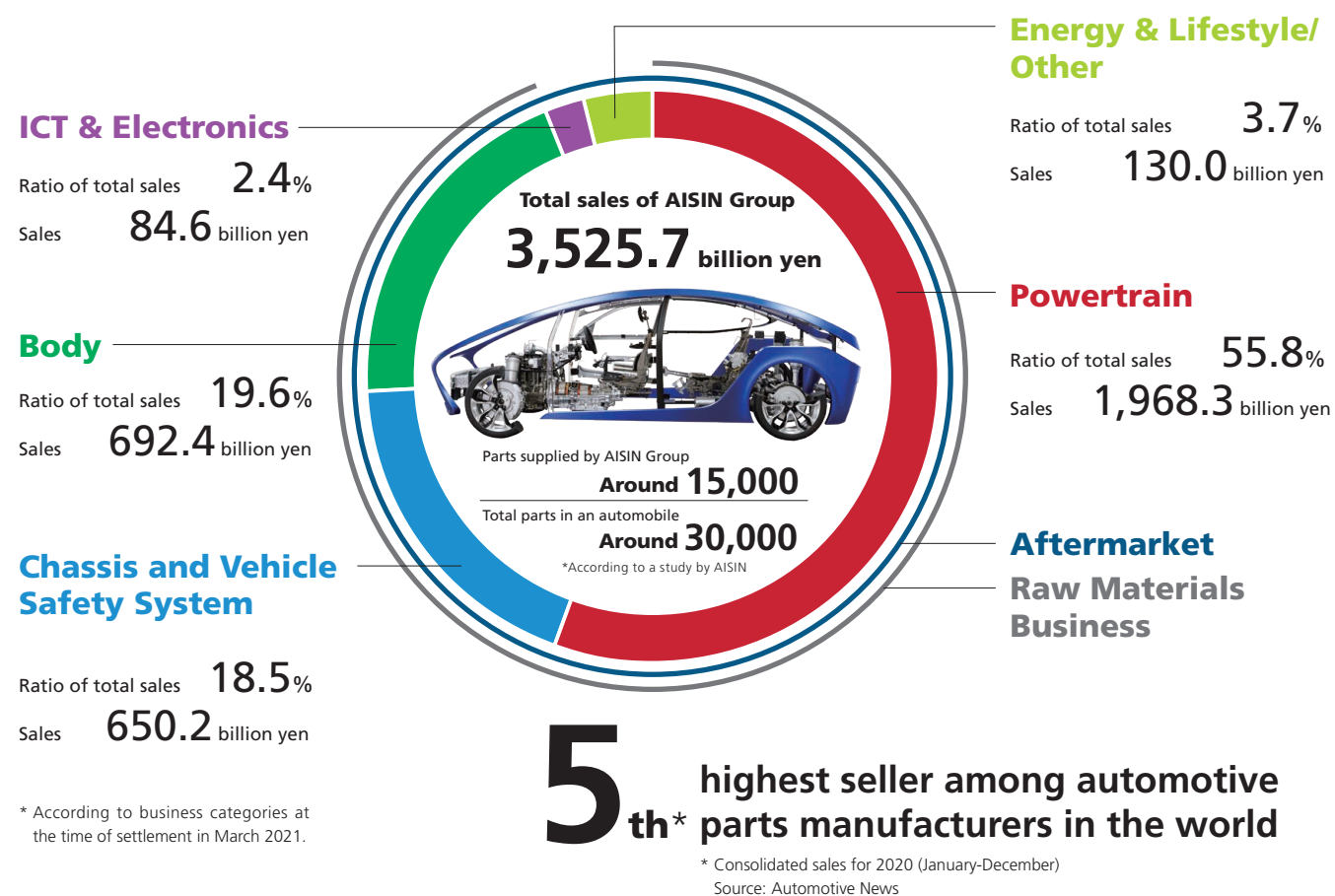
Reference guidelines
ISO26000 (Guidance on social responsibility) (ISO)
International Integrated Reporting Framework - International Integrated Reporting Council (IIRC)
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation - Ministry of Economy, Trade and Industry
Sustainability Accounting Standards Board (SASB)
GRI Standards 2016 - Global Sustainability Standards Board (GSSB)
Task Force on Climate-Related Financial Disclosures (TCFD)
Environmental Reporting Guidelines (2018 Version) - Ministry of the Environment

Fiscal year
April 1, 2020 - March 31, 2021
The scope of consolidation covers consolidated subsidiaries and equity-method affiliates.

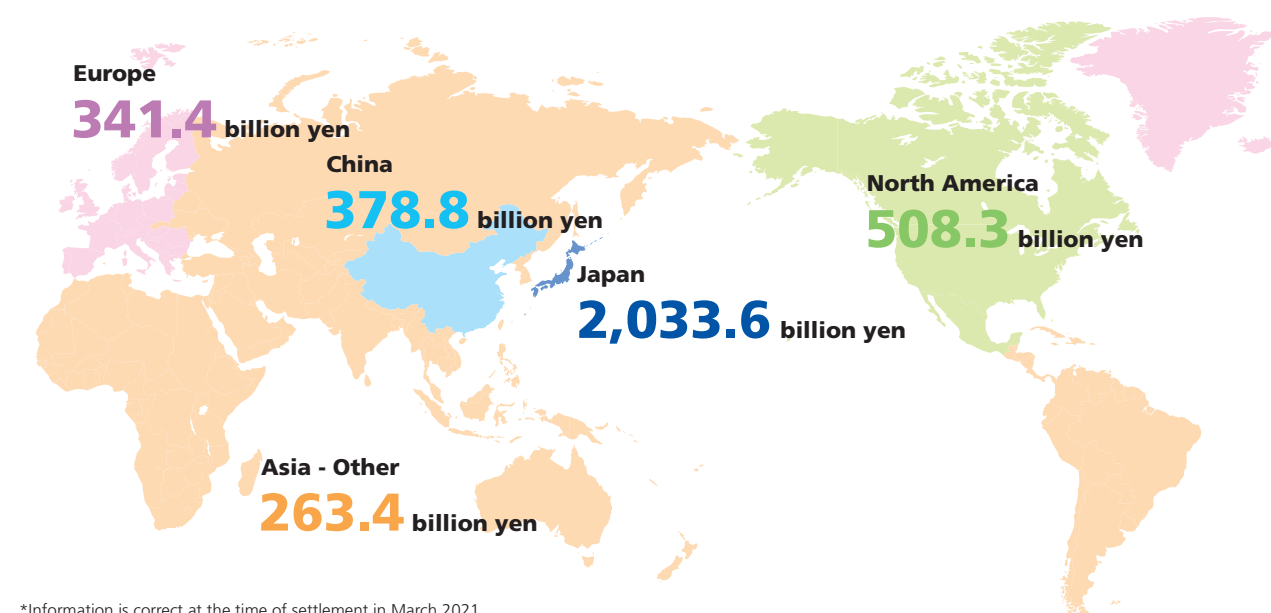
Issued
September 2021



Sales by business category

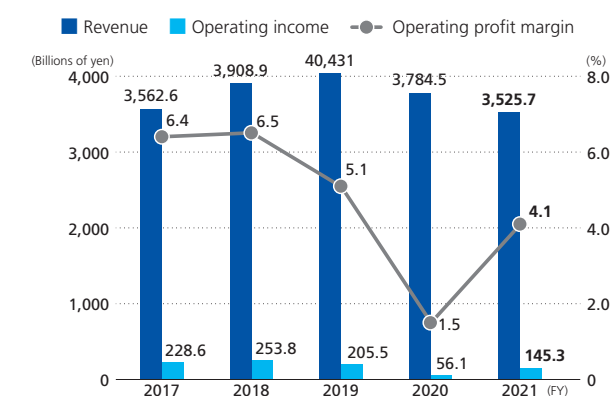


Revenue by region

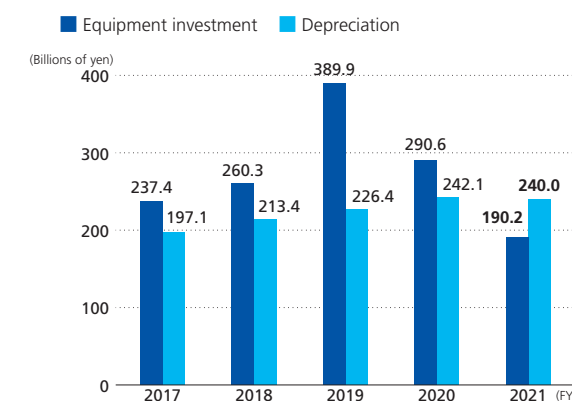


Financial highlights

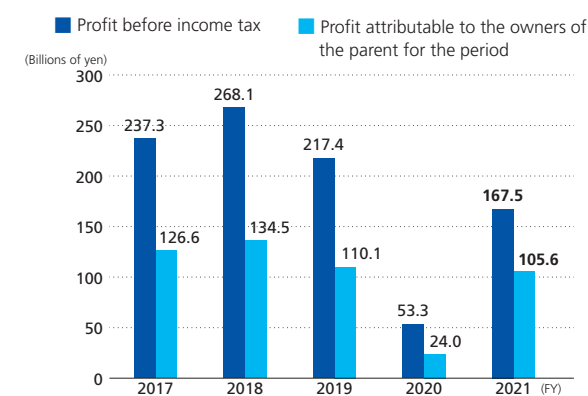
Revenue, operating profit and operating profit margin



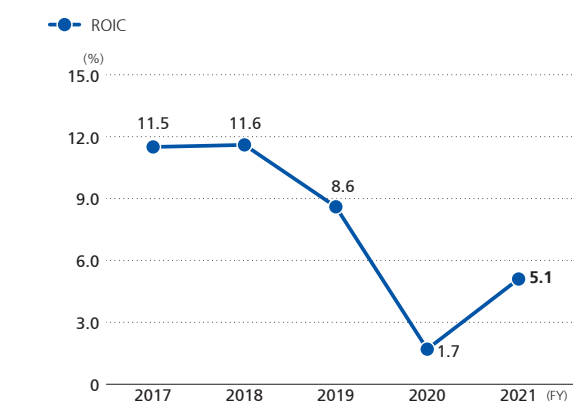
Equipment investment and depreciation



Profit before income tax and profit attributable to the owner of the parent company for the current period

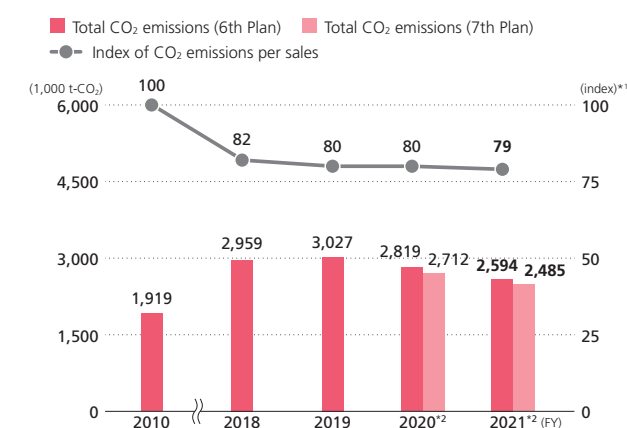


ROIC



* An indicator of how efficiently a company is generating profit from the capital invested in its business activities. (Operating profit after income tax ÷ (inventories + tangible fixed assets + intangible fixed assets))

Non-financial highlights

Total CO₂ emissions and index of CO₂ emissions per sales

*1 The index used for CO₂ emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Aisin Consolidated Environmental Action Plan.

*2 Figures for FY2020 and 2021 indicate the volume of CO₂ emissions calculated based on the coefficients in the Sixth and Seventh Aisin Consolidated Environmental Action Plan respectively (p.76).

Note: CO₂ emissions for FY2019-2021 were calculated for a different scope from the index used for CO₂ emissions per sales (p.76).





Job satisfaction index

	(Unit: index)				
	FY2017	FY2018	FY2019	FY2020	FY2021
Job satisfaction index (Aisin Seiki only)	3.4	3.5	3.4	3.5	3.5
Job satisfaction index (5 AISIN Group companies)	-	-	-	3.4	3.4

* This data was collected prior to FY2021. The company names and numbers of companies are correct at the time the data was collected.

Progress in value creation

Since Aisin Seiki was first established in 1965, Aisin has played a crucial role in the expansion of the automotive industry, meeting society's needs and solving social issues. The strengths we have built and the value we have created are connected to the value we provide according to our Corporate Principles (p.6). We will continue to place importance on new ideas that are not confined to conventional thinking as we work to create even more value with the aim of achieving a sustainable society.

-  Initiatives for a low-carbon/zero-carbon society
-  Initiatives for energy saving
-  Initiatives for reduction of traffic accidents
-  Improvement of comfort and user-friendliness

Exhaust gas regulations

We worked to develop the BEV and HEV system products that were becoming increasingly necessary as electrification gradually took place.

Energy saving and oil alternatives

We developed products using automotive part technology to contribute to solving environmental issues.



7.5 horse power gas heat pump air conditioner (1987)

Greater awareness of safe driving

We developed preventive safety system products to contribute to the prevention of traffic accidents.



Voice car navigation system (1992)

Improvement of comfort and user-friendliness

We worked to develop products that were even more comfortable and user-friendly.



Power sliding door (1999)

Energy production issues

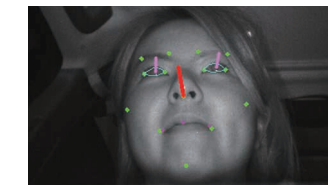
We accelerated our work to achieve an energy mix.



Fuel cell cogeneration systems for residential use (2012)

Collision-proof automotive technology

We accelerated our development of all kinds of technology to reduce traffic accidents.



Driver monitoring system (2006)

Full-scale global expansion and establishment of a business framework to achieve a sustainable society

Working together as a group to create further value and achieve a sustainable society

To our customers, inspiration and trust



Creating a sustainable society



To our colleagues, growth and happiness

1965

1975

1985

1995

2005

2015

Aisin Seiki established, business base and mass production framework built

Full-fledged overseas production, addressing environmental issues and developing safety technology to prevent traffic accidents

Expansion and independence of global business and initiatives to keep our society livable

Increase in traffic accidents

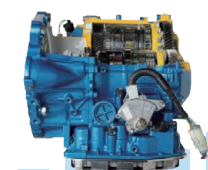
We strengthened our development of electronic system products to address the issue of rising numbers of traffic accidents.



Stirling engine (1983)

Pollution

We developed new products that dramatically improved fuel efficiency to address the issue of exhaust gas from automobiles.



Electronically controlled FF 4-speed automatic transmission (1983)

Vehicle safety

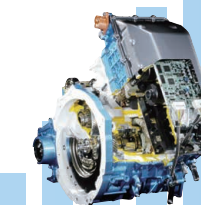
We expanded our range of safety function products to meet growing preventive safety needs.



Electric 4-wheel drive anti-lock brake system (1987)

Low fuel consumption and reduction of CO₂ emissions

We developed the world's first hybrid system in the automotive parts manufacturing industry to handle electrification.



World's first hybrid system in the automotive parts manufacturing industry (2004)

Development of new energy sources

We developed stationary fuel cells and conducted fundamental research on dye sensitized solar cells.



Dye sensitized solar cells (2005)

We identified priority issues for Aisin to focus on (p.22). We are working together as a group to create further value.

Revenue
3,525.7 billion yen

*As of settlement in March 2021

Value



Creating a sustainable society



To our colleagues, growth and happiness

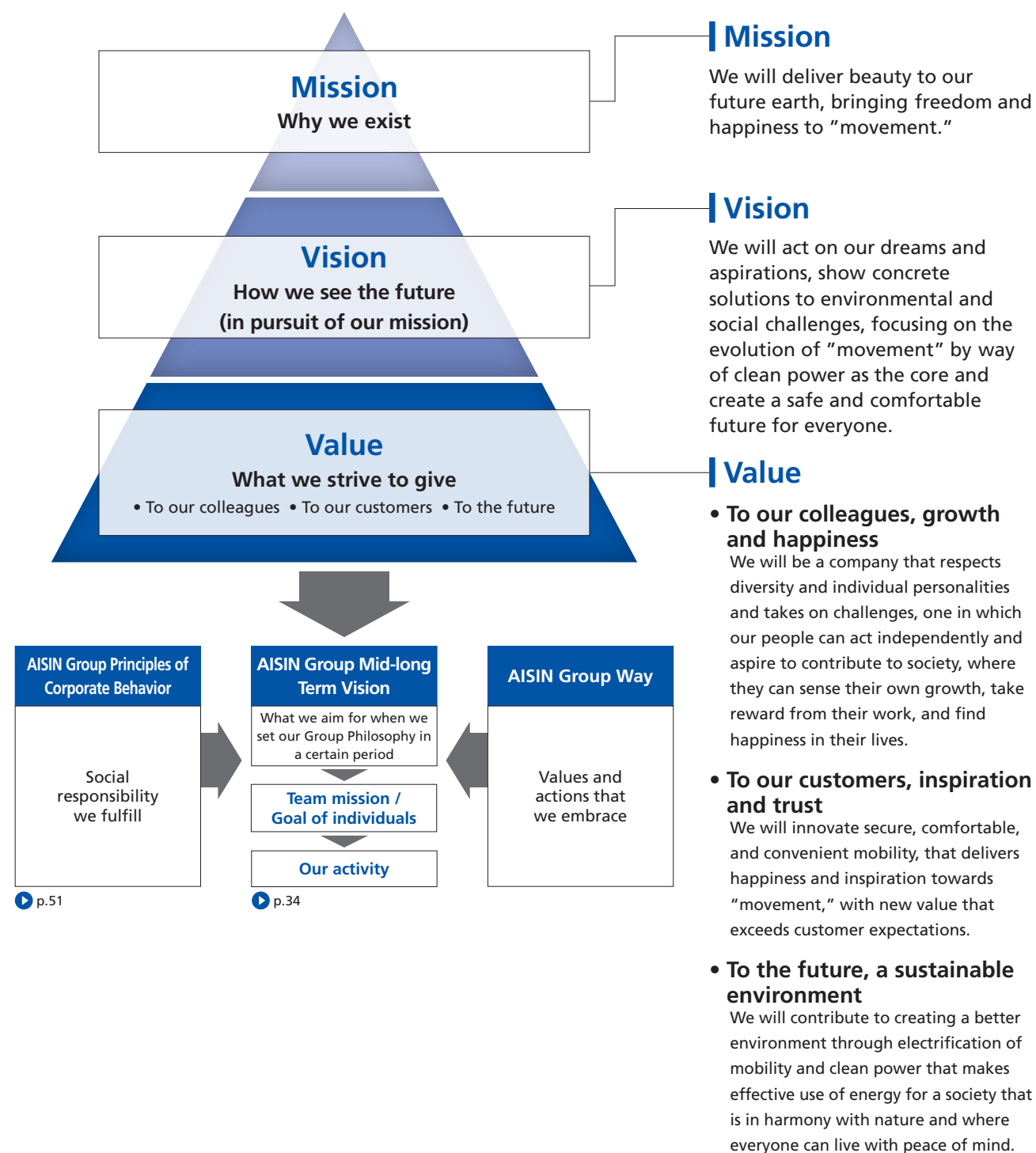
*Sales figures are for Aisin Seiki only from 1965 to 1991 and consolidated from 1992 onward.

AISIN Group Corporate Principles

AISIN Group Corporate Principles are a new set of Corporate Principles established after Aisin Seiki and Aisin AW were merged to form AISIN CORPORATION. They outline AISIN Group's significance and mission, and are the linchpin of our management. The aim of these principles is to continuously provide new value to our colleagues, our customers and the environment, and to build a sustainable society.

AISIN Group Philosophy

Inspiring "Movement," Creating Tomorrow



Our approach to the establishment of AISIN Group Corporate Principles

With our business environment changing dramatically, our new Corporate Principles are a compass showing us the direction we need to take over the next 50 years. To reflect the thoughts of our employees in these principles, we held discussions with a working group comprising 120 employees of various ages in various roles, and our management deliberated further based on the employees' opinions before we established our Corporate Principles. It was also important to us that every employee of ours would understand and execute these principles correctly, so we carried out activities to communicate in detail with our employees.

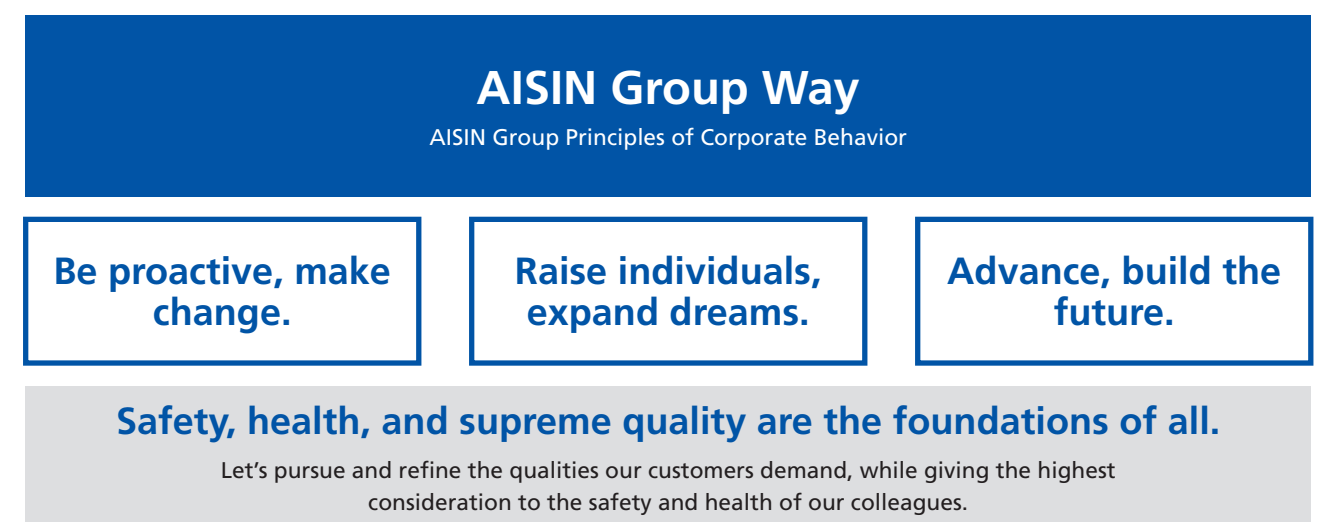
Aisin's mission

We decided that Aisin's mission in our new Corporate Principles would be "We will deliver beauty to our future earth, bringing freedom and happiness to 'movement'." We aim to greatly surpass our previous principles and methods for mobility, create all kinds of exciting mobility experiences and solve various issues faced by the planet through our products and services to create a happy and sustainable society for people.

To fulfill this mission, Aisin will pursue new value that will exceed customers' expectations and bring them joy and inspiration, while continuing to carry out activities for our ongoing coexistence with beautiful nature, such as environmentally friendly manufacturing.

AISIN Group Way

AISIN Group Way is a code of conduct for all employees working for Aisin, and expresses the values and stances that we consider to be important in order to fulfill our principles in our daily work. As we push forward to achieve the vision set out in our Corporate Principles, AISIN Group Way tells us the principles we should come back to when we encounter roadblocks and concerns.



Message from top management

Moritaka Yoshida
President



First, I would like to express my heartfelt sympathy to all of those who have fallen ill with COVID-19. I would also like to express my deepest gratitude to the healthcare workers who have battled with this virus in strenuous conditions, and those who have kept our society running.

It looks like the pandemic will continue for a while yet, but we are doing everything we can to overcome these difficulties, working together with local communities to implement thorough measures to stop the spread of COVID-19 and placing the highest priority on the safety and health of our employees as we work to continue our business activities.

The maiden voyage of the new Aisin

In recent years, the automotive industry has seen the biggest period of change in 100 years, with advances in electrification and CASE technology such as automated driving. These are dramatically changing the structure of the industry. These changes have also led to an influx of companies from other industries that are well versed in these new areas of technology, such as electric appliance and IT companies, creating more intense competition than ever before. Aisin needs to drastically change its business structure and shift from its existing products to new products that meet market needs, while refining core technologies.

To accomplish this, we have been reforming our corporate structure to handle CASE under the leadership of former president Kiyotaka Ise. We have also been reforming our corporate framework to become highly profitable to secure the management resources necessary for this structural reform and withstand the various changes taking place in our business environment.

To accelerate our shift to a business structure and portfolio that enable sustainable growth for the whole of AISIN Group, we have changed our course significantly from branch management to group management. As part of this initiative, we merged Aisin Seiki with its largest subsidiary, Aisin AW, to form AISIN CORPORATION in April 2021. In June 2021, I was appointed as the president of the new Aisin, and I braced myself for the challenges to come.

In 2021, the world around us is changing dramatically. Countries have further increased their CO₂ reduction targets with the aim of achieving carbon neutrality, and one measure being taken is increasingly stringent regulations for electrification of vehicles. With the pandemic worsening and the semiconductor shortage creating a supply risk, our business activities are being threatened from multiple sides, creating immensely challenging headwinds for the new Aisin's maiden voyage.

Our signposts and driving forces for sustainable growth

In order to survive these difficult changes, we must first change with them. We established AISIN Group Corporate Principles, AISIN Group Way and AISIN Group's Vision for 2030 to serve as signposts for the new direction we must take.

▶ p.6 AISIN Group Corporate Principles

▶ p.18 AISIN Group's Vision for 2030

AISIN Group Corporate Principles are the compass showing us the right direction for the next 50 years. They outline AISIN Group's significance and mission, and are the linchpin of our management. Our Corporate Principles are summed up with the phrase Inspiring "Movement," Creating Tomorrow. "Movement" here refers not only to movement in vehicles but to movement in all of its forms: the movement of people and freight, sharing and virtual movement. In all of these areas, we will provide new value that brings joy and inspiration, exceeding our customers' expectations.

AISIN Group Way defines the three actions we want employees in AISIN Group to take in their daily work in order to build the future: "Be proactive, make change," "Raise individuals, expand dreams" and "Advance, build the future."

It is a code of conduct to follow in our endeavors to make this

a company where our employees take initiative, embody "be proactive" and, in doing so, grow as people and contribute to society.

AISIN Group's Vision for 2030 defines the value we want to provide to our employees, to society and to our customers by 2030 (fiscal year 2031) in line with our Corporate Principles.

Our driving forces for achieving this vision are our wide range of mobility-related products—our "Driving," "Turning" and "Stopping" technology, our technology to improve comfort and user-friendliness and our products such as car navigation systems—and the core competence in the form of hydraulic and actuator systems that support this technology. These are Aisin's unique strengths. And the three bases are our outstanding and highly specialized technology development, our excellent manufacturing that covers a wide range of methods from raw material handling to assembly, and our cohesive strength as a group in a variety of areas of business.

With our signposts showing us the path we should take and the things we have built so far as our driving forces, we will take on new challenges one after another to become a company that embodies our principle of Inspiring "Movement," Creating Tomorrow.

Message from top management

A full model change of Aisin's business structure and culture as we look to the future

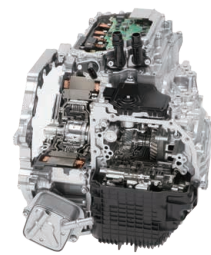
In fiscal year 2021, we reduced fixed costs by 95 billion yen by taking emergency profit measures and moving forward structural reforms. While some elements of this are temporary, this, along with future measures such as merging of our systems and operations, restructuring of relevant subsidiaries and active adoption of DX, will save us a total of around 90 billion yen on an ongoing basis. The capital created through our structural reforms will be actively invested in key fields to achieve further growth. Specifically, we will accelerate our initiatives for electrification and, ultimately, carbon neutrality.

We recognize that there are many issues that Aisin must solve in order to achieve carbon neutrality by 2050, as many of our businesses, including iron and aluminum casting, are major emitters of CO₂. To do this, we have set a target to reduce CO₂ emissions by 50% or more by fiscal year 2031 compared to fiscal year 2014, and are carrying out initiatives centering on "reduce" (energy saving technologies), "use" (use of renewable energies) and "create/collect" (technologies contributing to CO₂ reduction).

In the automotive business in particular, it is important to consider total CO₂ emissions, including both CO₂ emitted while driving and emissions from processes such as energy generation and delivery. Additionally, different countries and regions have different situations and measures related to energy, which has resulted in a variety of different needs and trends related to electric vehicles among automotive manufacturers and end users. Aisin's strength in the area of electric vehicles is that we offer a full range of products for HEVs, PHEVs, BEVs and FCEVs and provide drive units suited to a variety of customers and regions. We will also combine technology from throughout the group to develop systems that encompass powertrains and various other parts, such as brakes and body products, to achieve CO₂ reduction in every element of a vehicle.



eAxe



1-motor hybrid transmission

As we shift our thinking to view vehicles from the wider perspective of mobility as stated in our Corporate Principles and take on new challenges to address urgent issues such as carbon neutrality and electrification, it is essential to create a culture where everyone in AISIN Group approaches their work with a drive to create new value. It is people that make a company competitive, and Aisin will be stronger when every employee acts with a strong sense of urgency and professionalism and a passionate determination to change Aisin's future. To facilitate this, I have been holding dialog and round-table talks with our employees since the time I was first hired, listening carefully to their unfiltered feedback, supporting them in their challenges and drawing their attention to the future.

Additionally, in order to rapidly address the critical management issues that lie ahead, it is important that fast decisions are made by organizations with visible leaders and clearly defined tasks, that tasks are assigned quickly and that those to whom they are assigned become pros in those areas. To do this, in addition to establishing the Carbon Neutral Promotion Center and Advanced PT (Powertrain) Development Department in August 2021 as new organizations, we have appointed a chief officer for critical management issues (CxO) to enable swift action to be taken.

As the new president, I see it as my mission to use measures like these to get the new Aisin on the right trajectory as soon as possible and carry out a full redesign of Aisin's business structure and culture as we look to the future.



Aiming to be a sustainable company

Additionally, Aisin has worked on job satisfaction reforms with the aim of being a company where employees find growth opportunities, job satisfaction and happy lives. These initiatives seek to make the company truly competitive by creating a win-win relationship in which we provide employees with more job satisfaction and a more fulfilling life, and create new value for the company, resulting in a synergy where our employees and the company grow together.

With the ongoing challenges that the pandemic has presented since last year, we have taken strong measures to change the nature of our employees' jobs, such as digitalization, an extensive teleworking environment and new work systems, and have used a variety of strategies to create new value. This is further accelerated by DX. One of Aisin's DX initiatives has been the provision of DX training to employees in every department. In addition to realizing a shift in our personnel, I aim to improve the digital knowledge and skills of each employee, and want to parlay that into support for second careers.

These initiatives have received high acclaim and earned us prestigious honors such as certification under the Nadeshiko Brand system operated jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to recognize companies with excellent support for women in the workplace and the highest prize at the Platinum Career Awards held by

Mitsubishi Research Institute. Our ESG initiatives have also been well regarded by external ESG evaluation agencies, and we have been selected for ESG indexes both domestically and overseas, including the MSCI Japan Empowering Women Index (WIN), FTSE4Good Index Series and FTSE Blossom Japan Index.

We will continue to dedicate ourselves to initiatives in areas such as job satisfaction reform, diversity and health management to live up to this positive response and make the company even more competitive.

p.84 Striving to be a company where employees find growth opportunities, job satisfaction and happy lives



Satellite offices to enhance our teleworking environment

To all of our stakeholders

Aisin carries out activities to build a sustainable society through products and services that solve social issues, from the perspective of the SDGs.

In recent years, we have used the technology and know-how we have accumulated from the car navigation business to create new services such as Choisoko, our on-demand shared shuttle bus service that alleviates mobility issues in the regions and encourages people like senior citizens to get out more, and Michi-log, our road maintenance and management support service that uses data collected from vehicles during driving. In August 2020, we concluded a partnership agreement with Okazaki City in Aichi Prefecture, which includes these services. We will work together more closely with local governments on initiatives to solve social issues with the aim of vitalizing regions and providing peace of mind in people's lives through measures such as securing means of public transportation in areas with poor mobility and developing communities where it is easy to work and raise children.

In addition to the conventional joy of driving, Aisin is making people around the world smile by providing surprises, enjoyment and inspiration through all kinds of mobility experiences.

The joy and inspiration that mobility can hold is something Aisin must keep providing to society, and in order to do so, we not only need everyone in AISIN Group to take on new challenges; we need to work together with Toyota Group, other types of companies and research institutes at a greater speed than ever.

Sharing and discussing the state of Aisin's value creation and the status of our initiatives with our stakeholders is of great importance to me. With the whole of the group working together to achieve sustainable growth, you can expect a lot from the new Aisin.

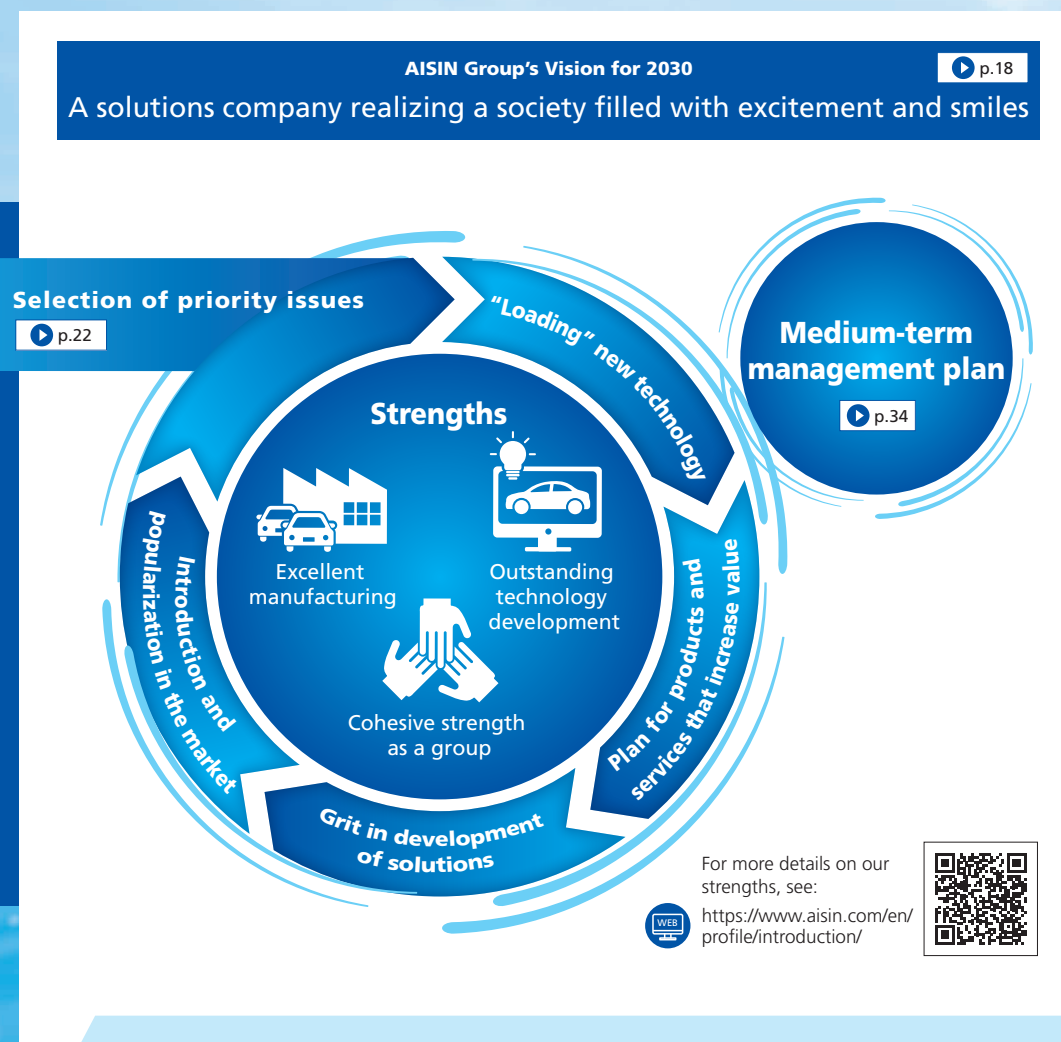
Value creation process

Aisin identifies priority issues to tackle social issues through our business practices, guided by our Corporate Principles. We draw on the strengths we have built to develop and supply a wide range of products and services in each area of our business. In doing so, we provide new value to society while meeting the expectations of our various stakeholders.

Business Model

AISIN Group Corporate Principles

Social Issues



Business Domains

[p.36](#)

Powertrain

Chassis and Vehicle Safety System

Body

CSS

Aftermarket

Energy Solutions

New Businesses

Raw Materials

Management Foundation [p.50](#)
Business Capital [p.14](#)

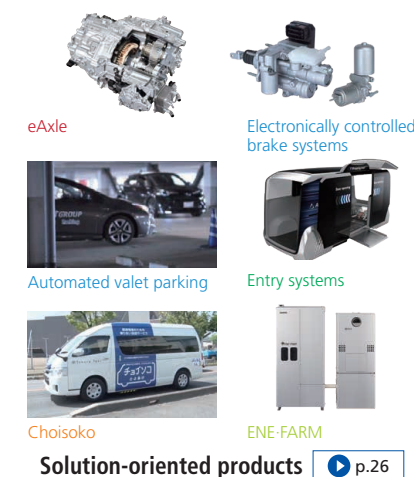
Output

[p.21](#)
Targets

[p.24](#)
Priority issues, KPIs and targets for fiscal year 2031

Contributions for Stakeholders

To our customers, inspiration and trust


Solution-oriented products [p.26](#)

- Safe, reliable and comfortable products and services that make movement a freeing, happy and enjoyable experience

Creating a sustainable society



Carbon neutrality

- Electrification of our full lineup
- Products and services in the energy field

- Environmentally friendly manufacturing
- Contribution to the electrification of mobility
- Reduction of CO₂ through our products and services

To our colleagues, growth and happiness



- Respect for the diversity of individuals
- Job satisfaction reform

- Personal growth and job satisfaction
- Fulfilling lives

Business capital

	Human capital	Intellectual capital	Production capital
Contribution to value creation for each form of capital	Contribution to the group's ongoing growth and value creation through the creation of workplaces where all employees, regardless of nationality, gender, disability status or other elements of their identity, can engage in satisfying work that is suited to their strengths and characteristics.	Creating innovation through a global development framework that enables us to incorporate the world's needs into our development as quickly as possible, an integrated evaluation framework to support this work and cutting-edge technology development through collaborations with a wide range of industries to avoid not-invented-here syndrome.	In addition to the excellent manufacturing practices we have built since we were first established, we are strengthening our production framework at a global level and adopting advanced technology such as IoT and AI to provide high-quality products worldwide.
Target	Implement personnel management that improves job satisfaction and creates new value by promoting diversity and autonomy Improvement of job satisfaction <ul style="list-style-type: none">Achieve higher survey results for job satisfactionReduce total working hours Promotion of diversity and inclusion <ul style="list-style-type: none">Improvement of ratio of female employees in managerial positionsCompliance with the legally stipulated ratio of employees with disabilitiesImprovement of ratio of local executives overseas Promotion of health management <ul style="list-style-type: none">Increase ratio of employees receiving stress checksIncrease ratio of employees undergoing mental health trainingIncrease ratio of nonsmoking employees Retaining employees in key areas <ul style="list-style-type: none">Retaining DX/AI personnelRetaining global personnel	Accelerating innovation to achieve the SDGs by FY2031 <ul style="list-style-type: none">Resource shift to CASE*1 and advanced technologyPromotion of innovation in mobility and energy to solve social issuesFocusing on strengthening of intellectual property activities to contribute to the creation of new businesses, along with activities to protect and guarantee intellectual property to ensure that existing businesses are competitive	Strengthening of quality assurance rooted in putting our customers first, based on the principle of "Quality First" in the AISIN Group Way. Manufacturing <ul style="list-style-type: none">Development of manufacturing technicians with the skills required for the new eraStrengthening of competitiveness of products through digital transformation (DX) Quality assurance <ul style="list-style-type: none">Strengthening of global, group governance (quality, compliance)Establishment of the quality assurance framework our service business needs in order to break into new areas of businessDevelopment of personnel who can create new value for the DX age
Main initiatives for FY2021	Improvement of job satisfaction <ul style="list-style-type: none">Implementation of job satisfaction reform (psychological safety, promotion of team-building based on relationship quality, establishment of satellite offices, implementation of DX, etc.)Introduction of flexible working practices (teleworking system, flex system with no core time, etc.) Promotion of diversity and inclusion <ul style="list-style-type: none">Initiatives for women in the workplace (Ikubosu Academy, introduction of management career mentor system, seminars for employees about to take maternity and childcare leave, seminars to support employees returning to work, etc.)LGBTQ training for management (e-learning)Strengthening of hiring of new graduates and midcareer candidates Promotion of health management <ul style="list-style-type: none">Enhancement of contact centersEnhancement of line-care (mental health support) training for all group companiesBan on smoking in the grounds (except for fully segregated areas at some sites) Retaining employees in key areas <ul style="list-style-type: none">Training of AI personnel (literacy training, practical training)Strengthening of hiring of AI personnelCollaborations and joint business with government and academic organizations and venture companies	Technology development initiatives <ul style="list-style-type: none">Digital development to improve product quality and shorten development timesStrengthening of AI technology development frameworkGlobal expansion of platform for open innovation Patent initiatives <ul style="list-style-type: none">Strategic patent applications in CASE fieldProvision of patent information analysis results to development department during the development or planning stageRevision of application standards to ensure the required quality for applicationsEmphasis on inventions related to advanced development in patent applicationsOptimization of resources through examination of sleeping patents; lean portfolios	Manufacturing <ul style="list-style-type: none">Digital factory initiatives<ul style="list-style-type: none">Building of flexible production lines using IoTEnsuring high quality through the use of AI and developing user-friendly inspection technology Quality assurance <ul style="list-style-type: none">Creation of an initial management framework in which operations are integrated to make the most of our strengths and guarantee advanced, safe functionsRevision of all production processes to set standards that can be met; rigorous compliance
Results for FY2021	Improvement of job satisfaction <ul style="list-style-type: none">Job satisfaction according to the results of employee awareness surveys: 3.5 points (out of 5)Total annual work hours per employee 1,930 hours (reduction of 131 hours YOY) Promotion of diversity and inclusion <ul style="list-style-type: none">Ratio of female employees in managerial positions: 3.3% (76 employees)Ratio of employees with disabilities: 2.37%Ratio of local employees in executive positions (head of department or higher) in overseas companies: 59.4%New hires: 466 employees Promotion of health management <ul style="list-style-type: none">Employees receiving stress checks: 91.6%Employees undergoing mental health training: 186 employeesNonsmoking employees: 71.8% Retaining employees in key areas <ul style="list-style-type: none">AI training: 1,200 entry-level employees; 60 mid-level employeesAI personnel career training: 22 people (reference: 14 in FY2019, 9 in FY2020)	Technology development initiatives <ul style="list-style-type: none">Establishment of Kyushu Development Center Hakata Laboratory as a new base for AI developmentIndustry-academia-government collaborations (Element.AI in Canada; The Indian Institute of Science; Toyota City Government, Aichi Prefecture; Okazaki City Government, Aichi Prefecture; etc.) Patent initiatives <ul style="list-style-type: none">Patent results<ul style="list-style-type: none">Domestic patents held: 7,208Overseas patents held: 7,163Domestic patent applications: 963 throughout yearOverseas patent applications: 788 throughout yearClarivate Analytics has selected us for the Derwent Top 100 Global Innovators*2 for seven years running.	Manufacturing <ul style="list-style-type: none">Achieved zero missed faults through AI-based detection technology Quality assurance <ul style="list-style-type: none">Improvement of market quality through rapid action and strengthening of design change managementGlobal, group-wide auditing of change management to redefine quality

*1 CASE is an acronym for "connected," "autonomous," "shared/service" and "electric," indicating the core trends of the automotive industry.
*2 Clarivate Analytics analyzes intellectual property and patent trends based on its patent data and gives awards to companies and organizations that demonstrate the best performance in the world in research and development and intellectual property management.
*3 AISIN Global Environmental Standard

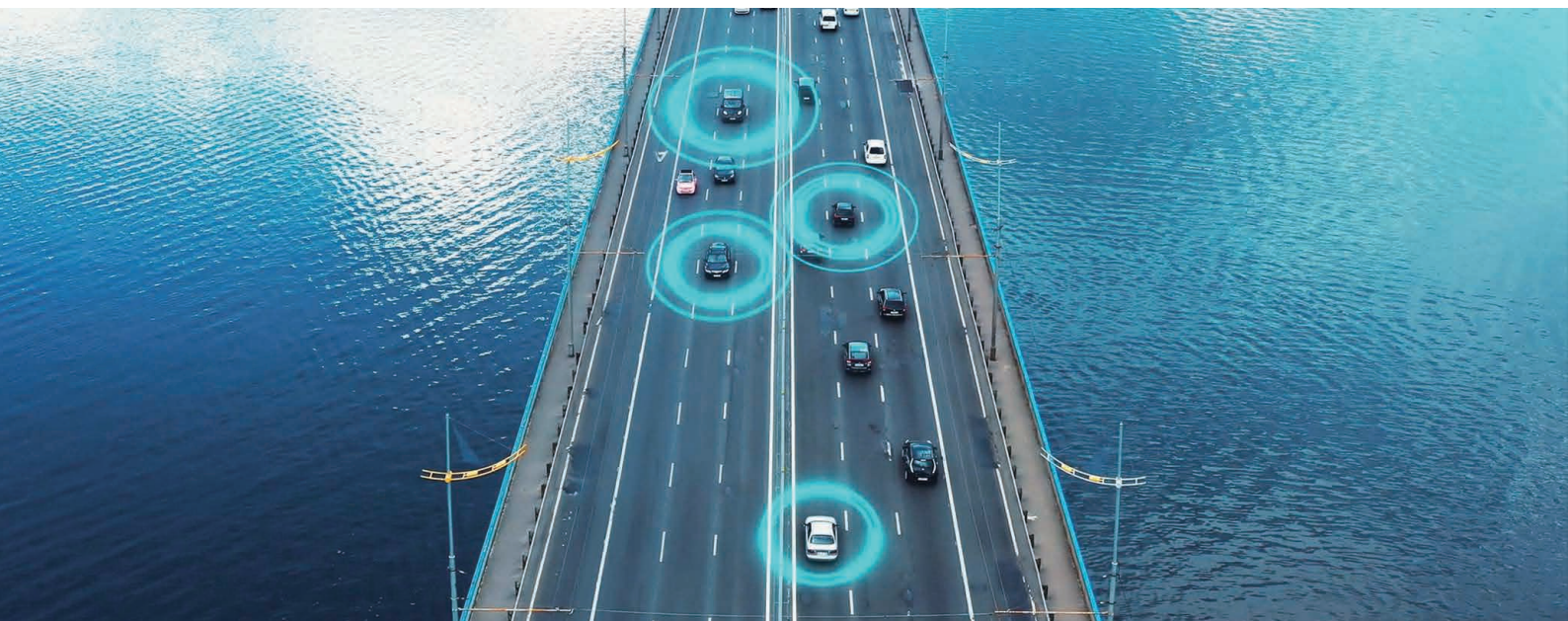
Social relations capital	Natural capital	Financial capital
We engage with all stakeholders, including customers, shareholders and investors, employees, local communities and suppliers, to maximize global business opportunities and reduce risk.	We are working to create value while adhering to an ethos of contributing to society and customers, a continuous process of improvement and respect for each and every person. Through business activities centering on monozukuri (manufacturing expertise in value-added products), we contribute to the creation of a sustainable society in which people will be able to coexist in harmony with the environment far into the future.	We are accelerating our work on reforming our corporate structure to handle CASE, reforming our corporate framework to become highly profitable with the aim of improving ROIC (return on invested capital) and establishing capital policies that balance financial safety with capital efficiency to achieve ongoing growth and boost our value as a company.
Strengthening of engagement with stakeholders All stakeholders <ul style="list-style-type: none">Feedback to management based on active disclosure and communication Employees <ul style="list-style-type: none">Maintaining and improving relationships between management and employeesImproving the results for job satisfaction in employee awareness surveysRespect for human rights through due diligence Suppliers <ul style="list-style-type: none">Establishment and deployment of sustainability guidelinesStrengthening of Green Procurement GuidelinesStrengthening of supplier audits Local communities <ul style="list-style-type: none">Promotion of social contribution activities	Acceleration of environmental activities to accomplish the Seventh Aisin Consolidated Environmental Action Plan Establishment of a zero-carbon society <ul style="list-style-type: none">Formulation of strategies and execution of activities to achieve carbon neutrality Establishment of a recycling-oriented society <ul style="list-style-type: none">Adoption of a circular economy and minimization of waste Establishment of a society in which people coexist with nature <ul style="list-style-type: none">Conservation of designated species to ensure that our factories coexist with nature; communication with communities about environmental matters	Building of foundations for sustainable growth and maximization of corporate value Improvement of ROIC (return on invested capital) <ul style="list-style-type: none">Reforming our corporate structure to handle CASEStrengthening our corporate framework Procurement of capital under favorable conditions <ul style="list-style-type: none">Maintaining capitalization ratio of around 25-30% Steady shareholder returns <ul style="list-style-type: none">Steady dividends with a payout ratio of around 30%
Customers <ul style="list-style-type: none">Exhibits at events around the world (CES2021, China International Import Expo)Improvement of activities in customer contact center Employees <ul style="list-style-type: none">Communication between employees and company (discussions and social events between employees and management)Implementation of job satisfaction reform (psychological safety, promotion of team building based on relationship quality, etc.)Personnel CSR surveys Suppliers <ul style="list-style-type: none">Supplier audits (documentation, visits, online meetings) Investors <ul style="list-style-type: none">IR meetings Local communities <ul style="list-style-type: none">Building of relationships with communities	Establishment of a low-carbon society <ul style="list-style-type: none">Promotion and expansion of product development for reduction of CO₂ emissionsOptimal global procurement of renewable energyEstablishment of organization to achieve carbon neutrality Establishment of a recycling-oriented society <ul style="list-style-type: none">Sharing of examples of waste value creation and reduction with the group Establishment of a society in which people coexist with nature <ul style="list-style-type: none">Creation of AGES*3 to prevent abnormal environmental conditionsImplemented activities for protection and breeding of endangered species in each region	Improvement of ROIC (return on invested capital) <ul style="list-style-type: none">Steady expansion of sales of electric drive unitsStrengthening of electronically controlled brake rangeCreation of full range of electric-assisted parking brakesReduction of costs through integration of operationsIntegration and elimination of duplicate functions and subsidiariesUse of DX Procurement of capital under favorable conditions <ul style="list-style-type: none">Ensuring ongoing liquidity through mobile, preventive financial measures Steady shareholder returns <ul style="list-style-type: none">Dividend of 120 yen for the year (dividends payout ratio 30.6%) based on general situation including dividends payout
Customers <ul style="list-style-type: none">Inquiries about our products and services: Around 4,000 Suppliers <ul style="list-style-type: none">Discussion and social events between employees and management (7 per year)Job satisfaction result in employee awareness survey: 3.5 points (out of 5)Employees who took the personnel CSR awareness survey: 100% (200 domestic and overseas group companies) Shareholders and institutional investors <ul style="list-style-type: none">Participants in General Meeting of Shareholders: 74Discussions with institutional investors and analysts: 215 Local communities <ul style="list-style-type: none">Cost of social contribution activities (LBG standard): ¥2,041 million	Establishment of a low-carbon society <ul style="list-style-type: none">CO₂ emissions per sales from production: 20.9% decrease (from FY2010)CO₂ emissions per sales from transportation: 16.3% decrease (from FY2010) Establishment of a recycling-oriented society <ul style="list-style-type: none">Waste products per sales: 36.1% decrease (from FY2010)Finished initiative to identify high-risk sites and set targets for reduction Establishment of a society in which people coexist with nature <ul style="list-style-type: none">VOC emissions per sales 49.1% decrease (from FY2010)	<ul style="list-style-type: none">Revenue: ¥3,525.7 billionOperating profit: ¥145.3 billionROE: 7.5%ROIC: 5.1%Capitalization ratio: 35.7% (30.7% when accounting for hybrid capitalization)



Growth strategies of Aisin

Aiming to be a corporate group that provides solutions to social issues and innovates secure and comfortable “movement” to fulfill our philosophy:
Inspiring “Movement,” Creating Tomorrow.

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Predictions of our business environment

The world is seeing a major period of change, with worsening social issues and the emergence of new values and technology. When we established AISIN Group's Vision for 2030, we made predictions about our business environment from the perspective of social issues and the state, risks and opportunities of the automotive industry, centering on politics, economics, society and technology, and applied those predictions to our business strategies.

	Politics	Economics	Society	Technology
Social Issues	<ul style="list-style-type: none"> Global discussion on the prevention of global warming Amid increasingly stringent fuel efficiency initiatives, some countries will ban vehicles running solely on fossil fuels from 2030 Automotive initiatives for carbon neutrality will expand from EVs to the adoption of renewable energy and material cycles 	<ul style="list-style-type: none"> Rapid expansion of middle class in emerging countries Expansion of shared consumption needs Increasing need for greater productivity 	<ul style="list-style-type: none"> Diversification of consumer needs Progression of urbanization and increase in traffic congestion and accidents Global aging New Normal as a result of infectious diseases such as COVID-19 	<ul style="list-style-type: none"> Sudden rise of new technology (IoT, AI, VR, etc.) and new materials Popularization of social media and the internet
State of the automotive industry	<p>Predicted increase in ratio of electric vehicles</p> <p>Analysis by AISIN</p> <p>Rapid shift to electrification</p>	<p>Predicted increase in number of vehicles involved in vehicle sharing</p> <p>Analysis by Deloitte Tohmatsu</p> <p>Increase in operation rate of vehicles</p>	<p>Predicted number of self-driving vehicles at each level</p> <p>Analysis by Deloitte Tohmatsu</p> <p>Increasing importance of sensor software</p>	<p>Predicted trend in onboard telematic control units</p> <p>See "2025 Every Car Connected" by GSMA</p> <p>Creation of new value using information</p>
Opportunities	<ul style="list-style-type: none"> Shift from gasoline-powered vehicles to EVs amid global shift to carbon neutrality Expansion of needs for lighter weights and recycling for environmental purposes Expansion of demand for dispersed power sources to reduce and level total electric energy and build more resilient networks for supply and demand of electricity 	<ul style="list-style-type: none"> Diversification of services (expansion of MaaS market) due to shift from ownership to sharing Parts supply for secondhand vehicles (stock), which are becoming assimilated worldwide Improvement of operation rate of cars through expansion of car sharing 	<ul style="list-style-type: none"> Increasing need to reduce and prevent incidents caused by human factor Introduction of driver monitoring system for safety assessments Increasing demand for reform as COVID-19 changes working practices and lifestyles 	<ul style="list-style-type: none"> Diversification of services (expansion of MaaS market) due to shift from ownership to sharing Expansion of CS business domain with innovations in communication technology such as 5G
Risks	<ul style="list-style-type: none"> Tightening of environmental regulations (fuel efficiency, exhaust gas, LCA) in each country and region Entry into the electric vehicle market by companies in other industries, which creates more competition on pricing Expansion of renewable energy and diversification of electric power trading market Outlook regarding the cost of hydrogen as an energy source is unclear 	<ul style="list-style-type: none"> Decrease in car sales due to expansion of sharing needs 	<ul style="list-style-type: none"> Decrease in movement due to new working practices and the New Normal 	<ul style="list-style-type: none"> Obsolescence of existing sales methods due to DX Entry by companies outside the automotive sector, such as IT

Confront social issues and accelerate initiatives for electrification and shifting to a growth market

AISIN Group’s Vision for 2030

AISIN Group’s Vision for 2030 outlines our long-term vision as we confront social issues and accelerate initiatives for electrification and shifting to a growth market. We provide solutions to social issues and innovate safe and comfortable “movement” according to our philosophy: Inspiring “Movement,” Creating Tomorrow.

AISIN Group’s Vision for 2030

Business-specific visions

Basic policy for functions

A solutions company realizing a society filled with excitement and smiles



Our Customers

To be a partner in solving social issues by providing “movement” solutions to all people.



Society

To be a sustainable corporate group by providing products and services with low environmental impact.



Our Colleagues

To be a company that promotes diversity and autonomy so that employees can find growth opportunities, job satisfaction and happy lives.

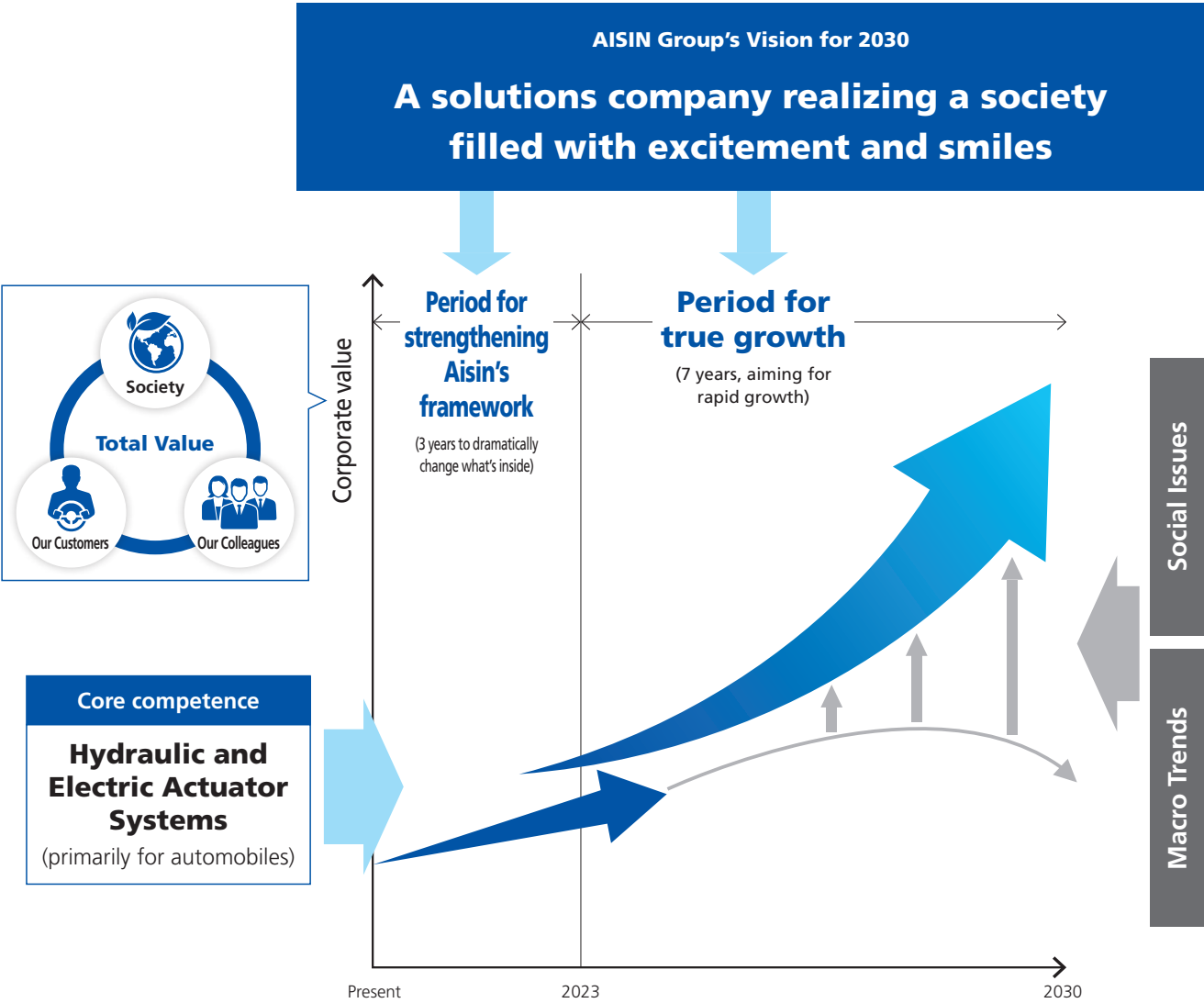
New challenges Refining our existing business

Powertrain	Chassis and Vehicle Safety System	Body	CSS	Aftermarket	Energy Solutions	New Businesses	Raw Materials
To lead the electrification of vehicles and contribute to the creation of a sustainable environment and society	Evolution of vehicle dynamics control and monitoring technology with the aim of achieving zero fatal traffic accidents	To provide safe and comfortable mobility for all people through opening/closing and entry systems	To use position information to solve social issues and create new value in mobility	To use our businesses to balance customers’ safety and peace of mind with effective use of resources	To shift to a solution-oriented business and contribute to building a zero-carbon society	To create new value, take on new markets, bring innovations to society and make people smile in their daily lives	To contribute to the creation of an environmentally friendly society through development and new ideas in the raw materials domain

Integration of group management	Digital transformation	Promotion of diversity (personnel and work styles)
To contribute to a sustainable environment and society and build frameworks to get the most out of the group’s collective strengths	To use digital technology to achieve more efficient operations and create new businesses	To create tomorrow by promoting diversity and creating new value

AISIN Group's growth trend for Vision 2030

Aisin has positioned the next 10 years as “A Decade of Self-Transformation,” and aims to become “a solutions company realizing a society filled with love and smiles.” With hydraulic and electric actuator systems as our core competency, we will shift our focus away from what would normally be done and be the first to pick up on changes such as social issues and macro trends. We will adjust our course to follow these winds of change, and in doing so, achieve true growth.



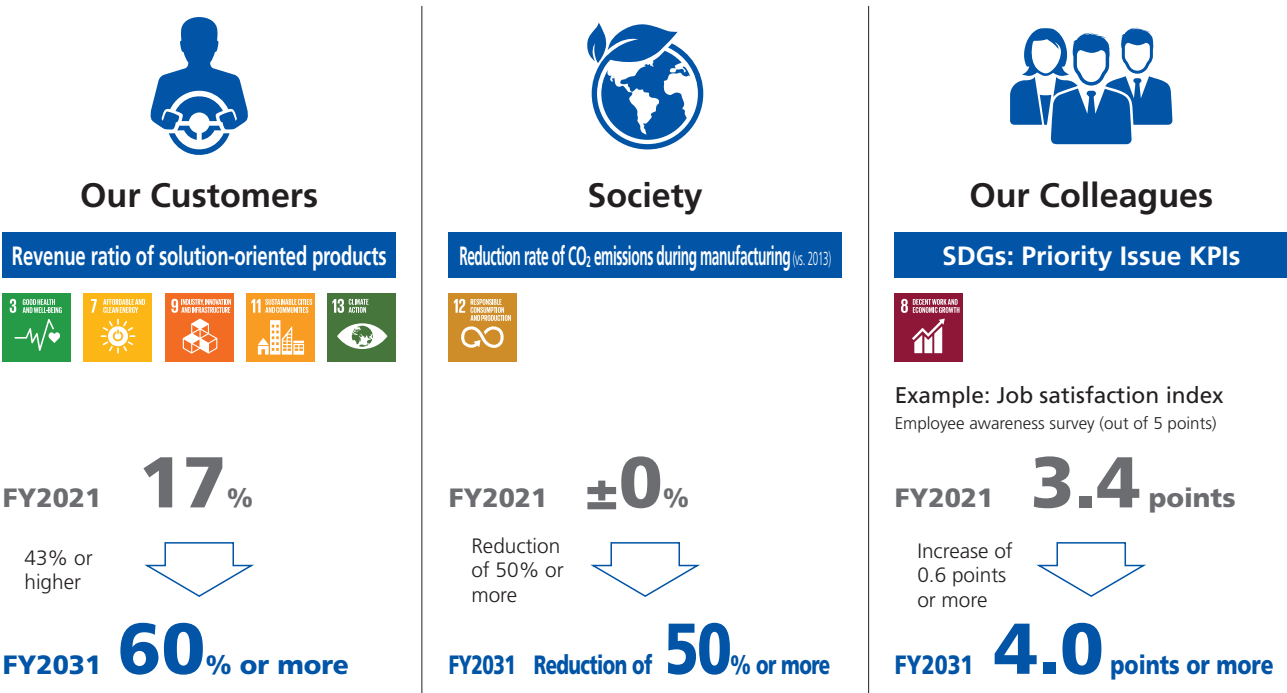
About **hydraulic actuator systems**

Systems that operate by controlling oil pressure. These include automatic transmission and CVT. Gears are changed automatically according to how the accelerator is operated, enabling smooth acceleration.

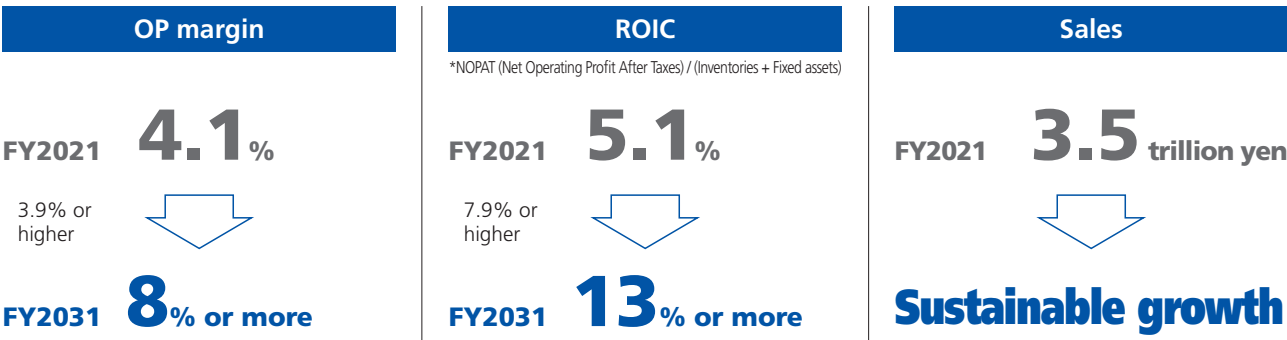
About **electric actuator systems**

Systems that operate by controlling a motor. These include eAxle, HEV transmission and power sliding doors, and enable operations such as acceleration and deceleration according to how the accelerator is operated and automatic opening and closing of doors.

Targets



Shifting to ROIC management that emphasizes investment efficiency in group management, DX, etc. as we accelerate investment to solve social issues and achieve growth and happiness for our colleagues. Changing the focus from quantity to quality



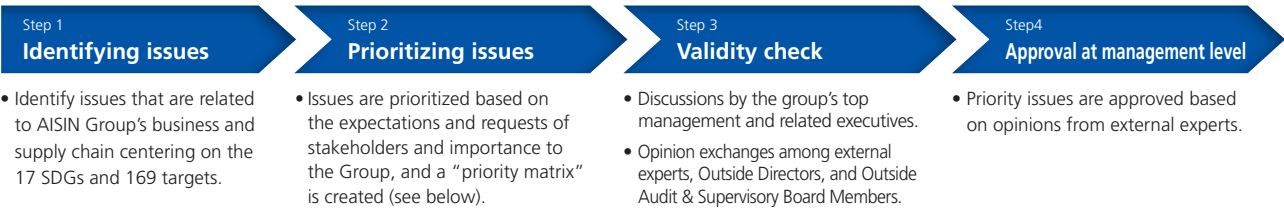
AISIN Group’s Vision for 2030

AISIN Group’s priority issues

Aisin creates safe, comfortable and convenient mobility, and provides new value that exceeds customers’ expectations. We are contributing to building a better environment through the electrification of mobility and clean power that makes effective use of energy to build a society where everyone can live with peace of mind. These values align closely with the UN’s Sustainable Development Goals (SDGs), and we believe that we can contribute to the accomplishment of the SDGs through our business activities, so we have selected seven priority issues to focus on as a group.

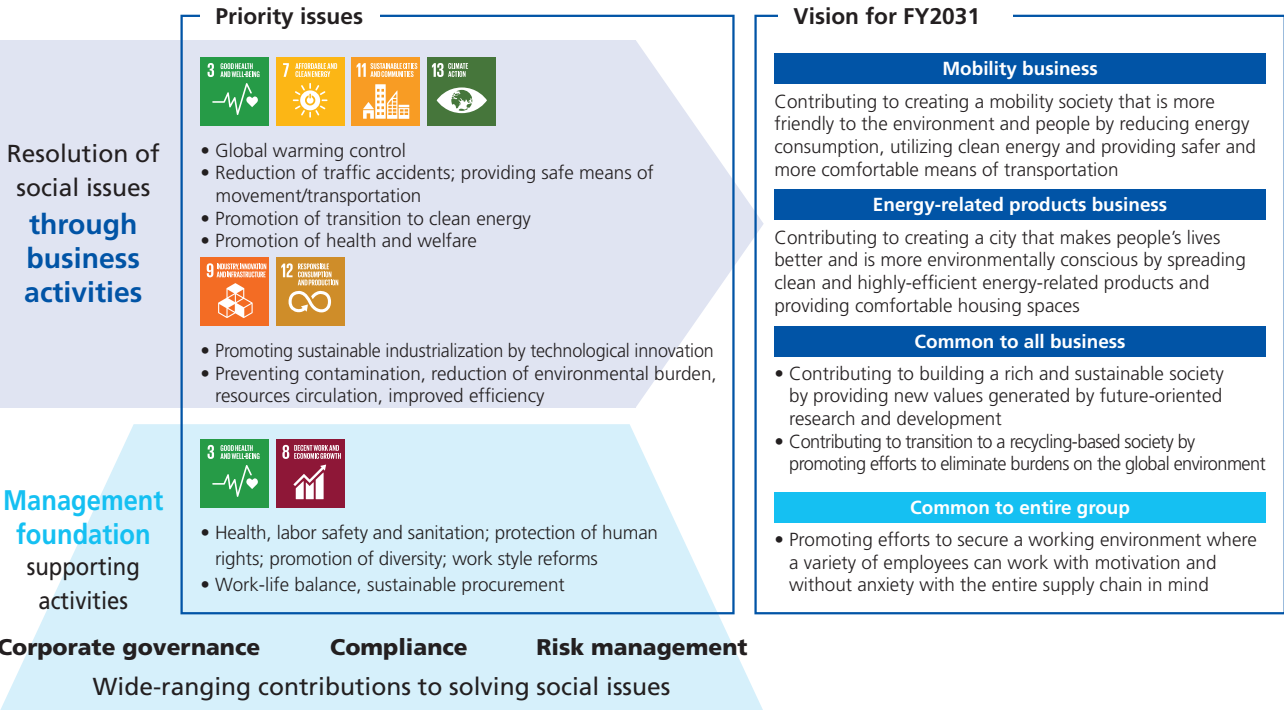
Through initiatives like these, we want to provide even more advanced value to society and contribute to the accomplishment of the SDGs through our business.

Process for selection of priority issues



Sustainability vision

- Through our businesses, we aim to accumulate technology and manufacturing capabilities to contribute to solving social issues and build a sustainable society.
- We will define a pathway to achieving our climate goal of carbon neutrality by 2050, which will consist of electrification of mobility and clean power that makes effective use of energy.



Priority issues, KPIs and targets for fiscal year 2031

KPI (key performance indicators) and targets for fiscal year 2031 have been set for priority issues approved by the Board of Directors. These have been incorporated into specific activity plans and initiatives are being promoted and improved.

Calculation method

$$\text{Ratio of sales from electric products} = \frac{\text{Sales of electrification products}}{\text{Total sales of related division (Powertrain, Chassis and Vehicle Safety System)}}$$

$$\text{ADAS}^{*1} + \text{ratio of sales from automated driving products} = \frac{\text{Sales ratio of ADAS + autonomous driving products}}{\text{Total sales of related division (Chassis and Vehicle Safety System)}}$$

*1 Advanced Driver-Assistance Systems

	Priority issues	Vision for FY2031		KPIs	FY2021 Targets	FY2021 Results	FY2022 Targets	FY2031 Targets
Resolution of social issues through business activities	<ul style="list-style-type: none"> Global warming control Reduction of traffic accidents Providing safe means of movement/transportation	Automotive parts business <ul style="list-style-type: none"> Contribution to creating a mobility society that is more friendly to the environment and people by reducing energy consumption, utilizing clean energy and providing safer and more comfortable means of transportation 	To expand products toward substantially zero GHG emissions in 2050 ▶ p.28 Creating a sustainable society	Sales ratio of electrification products that contribute to reducing CO ₂ emissions	14%	12%	14%	50% or greater
			To expand safety goods toward the realization of a zero road casualty society ▶ p.38 Chassis and Vehicle Safety System Company	Sales ratio of autonomous products that contribute to safe travel	40%	39%	40%	50% or greater
				Contribution to CO ₂ reduction by energy-related products (sales)	665,000 t-CO ₂ per year *Revised figures	659,000 t-CO ₂ per year	685,000 t-CO ₂ per year	2,300 t-CO ₂ per year
	<ul style="list-style-type: none"> Promotion of transition to clean energy Promotion of health and welfare 	Lifestyle and energy-related products business <ul style="list-style-type: none"> Contribution to creating a city that makes people's lives better and is more environmentally conscious by spreading clean and highly-efficient energy-related products and providing comfortable housing spaces 	To promote energy-related development toward a carbon-free recycling society ▶ p.46 Energy Solutions Company	No. of new products and services contributing to health and welfare that are adopted by society	6	6	8	20
			To create products and services toward the realization of a more convenient and safer society ▶ p.42 CSS Company	R&D expense to revenue ratio	5.2%	5.4%	4.8%	6.0%
	<ul style="list-style-type: none"> Promotion of sustainable industrialization by technological innovation Reduction of CO₂ emissions Prevention of contamination Reduction of substances of concern Resources circulation Enhancement of resource efficiency 	Common to all business <ul style="list-style-type: none"> Contribution to building a rich and sustainable society by providing new values generated by future-oriented research and development Contribution to transition to a recycling-based society by promoting efforts to eliminate burdens on the global environment 	To expand R&D and tie-ups toward the promotion of a sustainable society ▶ p.26 R&D Budget and equipment investment orientation for the shift to solution-oriented products	Ratio of development cost for CASE and cutting-edge technologies	46%	52%	57%	70%
			To reduce CO ₂ from manufacturing to use and disposal of products for a low-carbon society ▶ p.28 Creating a sustainable society ▶ p.74 Environment	Life cycle CO ₂ emissions reduction rate	Build framework and make preparations for assessment of results	Set up work group who completed the framework	Assess global results for Scope 3, create rules and set reduction targets	Reduction of 25% or greater Compared to FY2014 (for each major product)
				Production CO ₂ emissions reduction rate (total)	–	Reduction of 10.4% or greater (2.485 million t-CO ₂ per year) ^{*2}	Reduction of 6.75% or greater (2.585 million t-CO ₂ per year)	Reduction of 50% or greater Compared to FY2014 (2.772 million t-CO ₂ per year) ^{*3}
				No. of serious accidents	0	0	0	0
				Rate of disabling injuries occurring	0.05	0.08	0.05	0.05
				Ratio of female employees in managerial positions ^{*4}	3.2% (Aisin Seiki only)	3.3% (Aisin Seiki only)	2.5% (Aisin only)	6.0% (4 group companies)
Management foundation supporting activities	<ul style="list-style-type: none"> Labor safety and sanitation Health Protection of human rights Promotion of diversification Work style reforms Work-life balance Compliance Sustainable procurement 	Common to entire group <ul style="list-style-type: none"> Contribution efforts to secure a working environment where a variety of employees can work with motivation and without anxiety with the entire supply chain in mind 	To eradicate major disasters and accidents that require time off from work through thorough recurrence prevention ▶ p.90 Labor Safety and Sanitation Management	Job satisfaction at 4 group companies (from the results of employee satisfaction surveys) ^{*4}	3.7 points	3.4 points	3.5 points	4.0 points
			To realize a more comfortable and rewarding working environment for each of a diverse range of employees ▶ p.85 Promoting job satisfaction reform ▶ p.86 Promotion of diversity and inclusion	No. of serious violations of laws and ordinances	0	0	0	0
			To maintain high compliance awareness and to eradicate serious law violations by establishing a global group legal and compliance system ▶ p.71 Compliance	Compliance rate of Guidelines by formulating and developing group-wide global Guidelines for suppliers	<ul style="list-style-type: none"> Establishment of guidelines Deployment to main domestic suppliers 	<ul style="list-style-type: none"> Completed guidelines Rolled out at major domestic suppliers 	Confirmation of compliance with guidelines	100%
			To realize coexistence as a good business partner in mutual prosperity and mutual development ▶ p.100 Procurement					

*2 CO₂ emissions calculated using the coefficient in the Seventh Aisin Consolidated Environmental Action Plan.

*3 Figures were revised based on calculations using the coefficient in the Seventh Aisin Consolidated Environmental Action Plan.

*4 We plan to expand these to more companies in future.

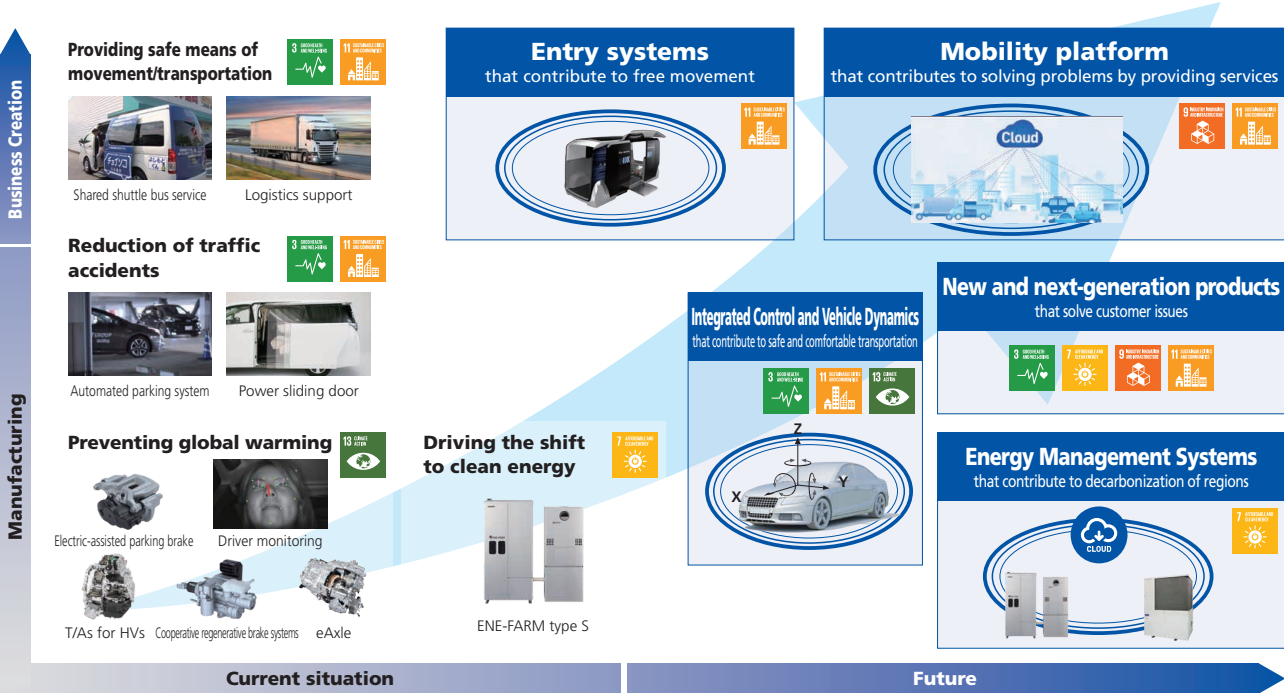
To our customers, inspiration and trust



Reforming our business composition to provide solution-oriented products

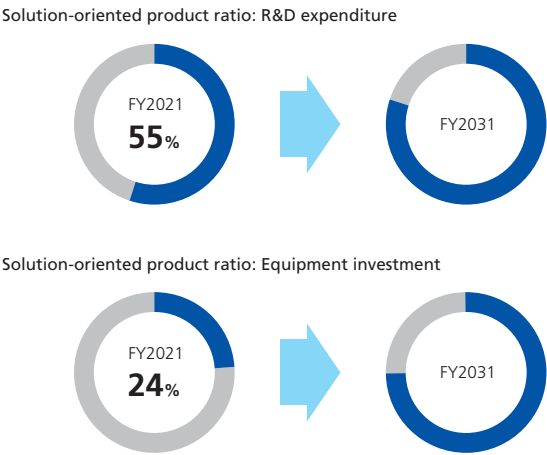
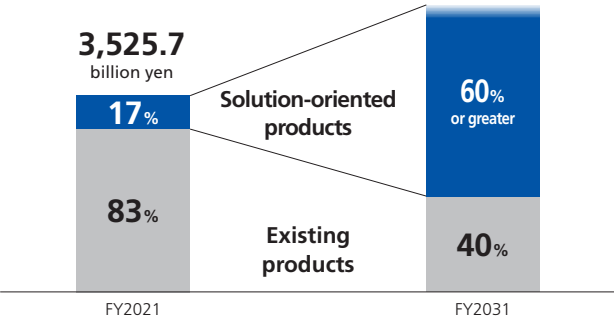
Aisin is expanding each business’s range of solution-oriented products that contribute to solving social issues, with the aim of being a solutions company realizing a society filled with excitement and smiles. Our definition of “solution-oriented products” includes CASE products, products like ENE-FARM that promote a shift to clean energy, entry systems that will lead to MaaS services later, and combinations of these. At present, this work centers on manufacturing of items such as electric drive units that contribute to the prevention of global warming, brake products that contribute to the reduction of traffic accidents and household fuel cells that use clean energy. As we look to 2030, we are actively working on business creation too, with features such as entry systems that contribute to free movement and Integrated Control and Vehicle Dynamics that contribute to safe and comfortable transportation. We are also working on mobility platforms centering on the high-precision position information technology that we have accumulated through our navigation system development and new and next-generation products that will solve issues in areas where we have not done business before.

Roadmap for expansion of solution-oriented products



R&D Budget and equipment investment orientation for the shift to solution-oriented products

Aisin aims to raise the proportion of solution-oriented products in its revenue from 17% in fiscal year 2021 to over 60% in 2030. The decade to come will be a transformative one. We will shift to solution-oriented products in both our R&D budget and equipment investments while operating efficiently.



Composition ratio of solution-oriented products in each business territory

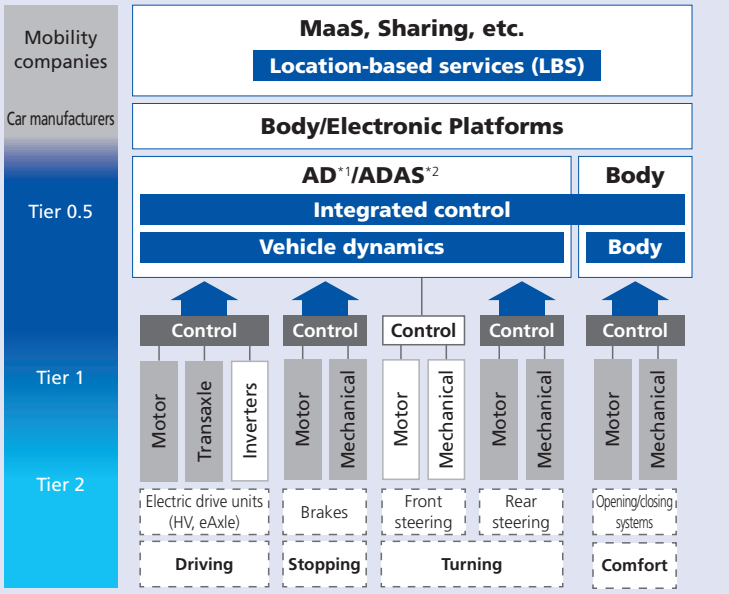
By working to expand our range of solution-oriented products, we are dramatically changing the composition of our business in each business territory.

Domain	Solutions we provide	Composition ratio of solution-oriented products	Priority issues to contribute to SDGs
Powertrain	Integrated Control and Vehicle Dynamics that contribute to safe and comfortable transportation Electrification products (HEV, PHEV, BEV)	FY2021 9% → FY2031 60%	9 RESPONSIBLE CONSUMPTION AND PRODUCTION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Chassis and Vehicle Safety System * Chassis and Vehicle Safety System Company + Brake business	Integrated Control and Vehicle Dynamics that contribute to safe and comfortable transportation Electronically controlled brakes, electric-assisted parking brakes, automated parking, etc.	FY2021 39% → FY2031 60%	3 GOOD HEALTH AND WELL-BEING, 9 RESPONSIBLE CONSUMPTION AND PRODUCTION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Body	Entry systems that contribute to free movement (power sliding door systems, etc.)	FY2021 30% → FY2031 60%	3 GOOD HEALTH AND WELL-BEING, 9 RESPONSIBLE CONSUMPTION AND PRODUCTION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
CSS	Mobility platform that contributes to solving problems by providing services	FY2021 → FY2031 100%	3 GOOD HEALTH AND WELL-BEING, 9 RESPONSIBLE CONSUMPTION AND PRODUCTION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Energy Solutions	Energy Management Systems that contribute to decarbonization of regions	FY2021 72% → FY2031 90%	7 AFFORDABLE AND CLEAN ENERGY, 9 RESPONSIBLE CONSUMPTION AND PRODUCTION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Key points to be strengthened in the automotive domain

In addition to “Driving,” “Stopping” and “Turning” technology, Aisin has many actuators and actuator control technologies related to comfort. We will create integrated control for these that will contribute to mobility that provides comfort and peace of mind for all people. We will also create content by adding the high-precision position information we accumulated in our navigation development to the vehicle behavior and image data collected from our existing devices, and build platforms that can provide a variety of services.

*1 Autonomous driving
*2 Advanced Driver-Assistance Systems



Creating a sustainable society



Initiatives to achieve carbon neutrality

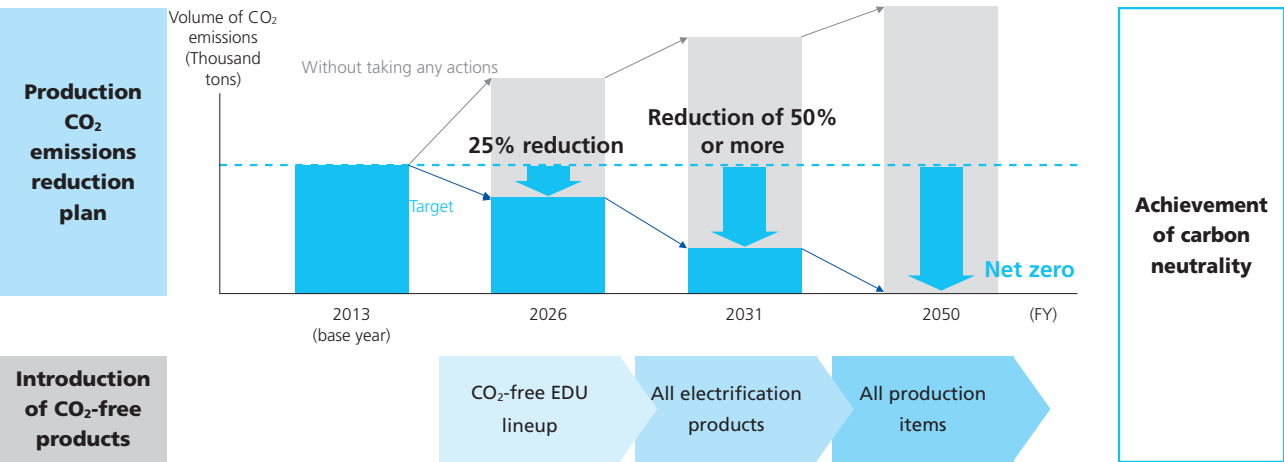
Calls for carbon neutrality from society are rapidly increasing. Aisin has set a target to become carbon neutral by 2050 (fiscal year 2051) and quickly achieve our corporate principle of “delivering beauty to our future earth.” We have set a goal for fiscal year 2031 as a milestone, and have established specific figures to achieve on the production and product sides. To accomplish this, we have established a Carbon Neutral Promotion Center managed directly by our president, which centralizes all activities related to carbon neutrality. The center is taking the lead in strong measures, including drafting group-wide carbon neutrality strategies and introducing and procuring renewable energy; gathering and executing themes for reduction of CO₂ from production; and developing and commercializing technology through collaborations with external parties.

Axes of carbon neutrality activities		Priority issues and targets for FY2031	
Production axis	Carbon neutrality strategy (reduction of CO ₂)	 	CO ₂ from production: reduction of 50% or greater (compared to FY2014)
Products axis	Electrification strategy		Ratio of electrification: 50% or greater (Powertrain, Chassis and Vehicle Safety System)

Production axis Reducing CO₂ emissions from production

To reduce CO₂ emissions by 50% or more by fiscal year 2031, we are carrying out initiatives centering on “reduce” (energy saving technologies), “use” (use of renewable energies), and “create/collect” (technologies contributing to CO₂ reduction). To give a specific example, we have saved large quantities of energy by adopting output control for the variable burners used in our heat treatment processes and aluminum melting and holding furnaces. We are also trying new technology for processes such as pre-heating and heating that uses energy sources such as electricity and hydrogen. We will expand initiatives like this in future with the aim of achieving carbon neutrality by 2050.

Roadmap to net zero production CO₂ emissions

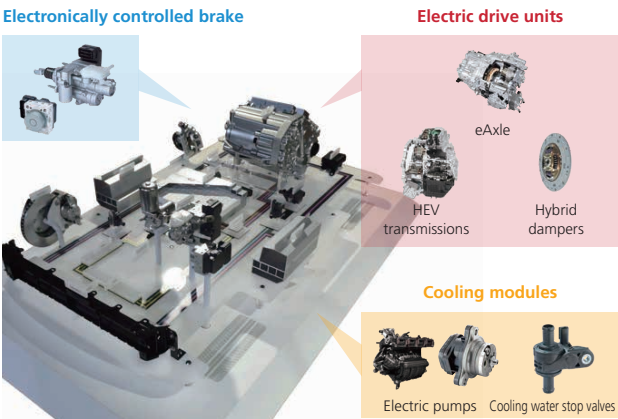


Products axis Striving to electrify our full lineup

Aisin is the only automotive parts manufacturer that provides drive units for all types of vehicles, including gasoline vehicles, HEVs, PHEVs, BEVs and FCEVs. We make the most of this strength to accurately meet the needs of various regions and customers.

In addition to electric drive units, we propose systems that will improve the fuel efficiency of vehicles as a whole and reduce CO₂ emissions, including cooling modules operated by equipment such as electric pumps and cooperative regenerative control using electronically controlled brakes.

- p.36 Powertrain Company
- p.48 Brake Business



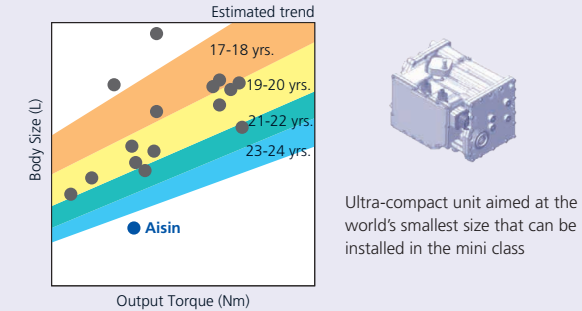
Expansion of eAxle electric drive module

In the market for medium cars, where a large proportion of products are made in-house by car manufacturers, our strategy for eAxle is to ensure that there is plenty of demand from major customers. In the compact car and high output/high efficiency markets, where a larger proportion of manufacturing is outsourced, we will expand sales by making use of the automatic transmission (AT) technology we have accumulated for compact cars and technology that combines motors and gears.

How to market compact cars

- Development of a unit for mini and A-segment cars by utilizing the miniaturization technology cultivated in AT
- Making use of our AT know-how to create compact technology on three axes (used in Toyota C-pod automatic cars)
 - Development of compact units for the A-segment market in Japan and other Asian countries. Striving to develop even smaller technology in future, with the aim of creating the world's smallest unit.

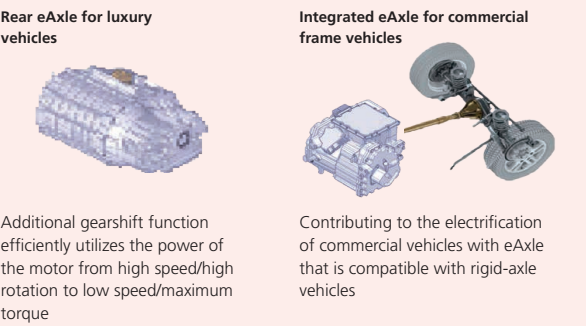
Development of the world's smallest units



High output/high efficiency market

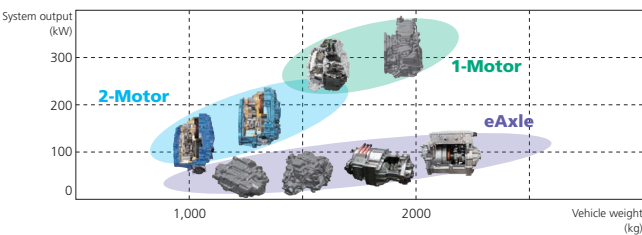
- Developing and expanding sales of high-efficiency, high-performance units for SUVs and commercial vehicles
- Addition of gearshift function to motors to develop units that efficiently utilize the power of the motor from high speed/high rotation to low speed/maximum torque
 - Development of products to integrate eAxle in rigid axles for commercial frame vehicles to enable conversion to EV with minimal design changes needed by car manufacturers

Development of high-output/high efficiency units



Expansion of hybrid transmission

With vehicles increasingly being electrified, we predict that the HEV market will expand along with BEVs in the near future. We are steadily working to develop products for these markets based on the results, technology and know-how related to unit production that we have accumulated so far. In the SUV market, where particularly significant growth is expected, we will actively expand our sales of 1-Motor HEV Transmissions, which have beneficial fuel consumption and torque performance.



To our colleagues, growth and happiness



Digital management capital that improves job satisfaction and creates new value

AISIN Group is implementing personnel management that improves job satisfaction and creates new value by promoting diversity and autonomy, with the aim of being a company where employees find growth opportunities, job satisfaction and happy lives.

(▶ p.84 Striving to be a company where employees find growth opportunities, job satisfaction and happy lives)

The principles of DX are essential as we work to improve job satisfaction, create new value and accelerate our adaptation to handle CASE, centering on the electrification that our survival depends on. We are hiring and training personnel who will be able to build digital management platforms and carry out strong measures to reform our work processes and solve social issues.

Aisin's DX

We have created new businesses such as location-based services (LBS) using a mobility service platform that stores and analyzes big data collected from vehicles. We are also making use of our Cyber Physical Information Factory platform, which uses data collected from plants and offices to carry out processes such as data-driven management and preparing 3D Virtual products for production to improve the efficiency of our operations. These two elements are the axes of our DX work.

(▶ p.42 Location-based services (LBS))

(▶ p.35 Strengthening our management foundation with DX)

Image of our digital management



DX involving all employees

With the biggest period of change in 100 years taking place, DX is essential for Aisin's survival. It will apply not only to the specific areas of design and production but to all operations throughout the company, and as such, all employees need to be involved in implementing it. To strongly promote DX, Aisin established the DX Strategy Center, which brings together DX implementers in our IT management division and the divisions for each operation and function, in April 2021.

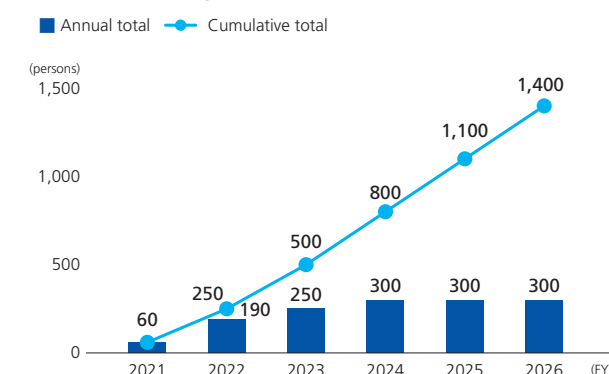
Training of DX personnel

To promote DX that involves all personnel, we have built a training framework that will enable all employees, regardless of their experience and position in the company, to master digital technology. We have introduced classroom-based literacy education and hands-on training and are developing our employees' ability to think for themselves and make improvements using digital technology so that they can create new businesses, products and services and take a leading role in operational reform. We will also promote collaborations with outside parties to strengthen our training for the promoters and business designers who will implement our DX.

In preparation for our hiring and training of personnel who will work with the AI technology that will be central to our DX work, we have set up bases in Tokyo, Aichi and Fukuoka to create a framework that will enable personnel to make use of their expertise and get satisfaction from their work.

The aim of our AI personnel training is for around 1,400 employees to be able to use AI by 2025. We are also investing over 200 million yen each year in AI training.

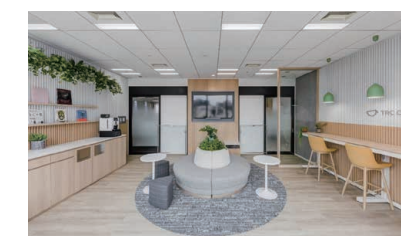
AI personnel training plan



Daiba Development Center
(in DiverCity Tokyo Office Tower)



Kyushu Development Center Hakata Laboratory
(in Kyukan Jotenjidori Building)



Tokyo Research Center
(in Akihabara Dai Building)

Collaborations with external resources

In order to quickly ascertain social changes and needs and create new businesses, we are actively creating collaborations and partnerships with startup businesses and government and academic institutions.

In a partnership with an urban development startup, we have combined prediction of occupant status of currently operating transport with analysis of mobility data such as MaaS data to develop a system in which users on transportation can see places to visit and interact with people in the area. We are currently working with universities on joint projects such as the development of a system to analyze images from onboard cameras and a method for automatically estimating parameters. At the same time, we are providing actual data acquired from plants to students who analyze the machine learning that is taking place. In doing so, we are contributing to the development of future engineers.

Financial strategies to accomplish our vision

Promoting reforms to create a highly profitable corporate framework and a shift to ROIC

Shintaro Ito
Executive Vice President, Director



Introduction

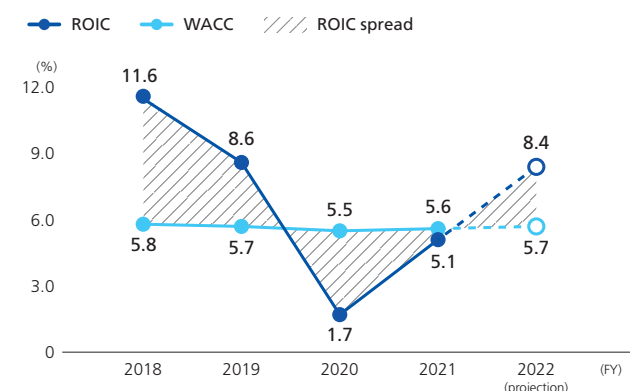
In order to survive the automotive industry's major period of change, we are working toward a highly profitable corporate framework while maintaining the safety of our finances to support financial growth in Aisin. I will make use of my experience in top management at overseas companies to implement ROIC management with a strong focus on efficient investment, along with strong initiatives to contribute to a sustainable society.

Looking back on fiscal year 2021

In fiscal year 2021, the COVID-19 pandemic caused major economic stagnation around the world. In the automotive industry, the previous period's extremely difficult conditions continued, and while recovery was seen from the second quarter onward, results fell below last year's in all of our major markets except China (North America, Europe, etc.).

To handle these conditions, we carried out structural reform and emergency profit measures, built a framework to survive the major changes the automotive industry is experiencing and strengthened our competitive edge.

Changes in ROIC*/ WACC (weighted average cost of capital)



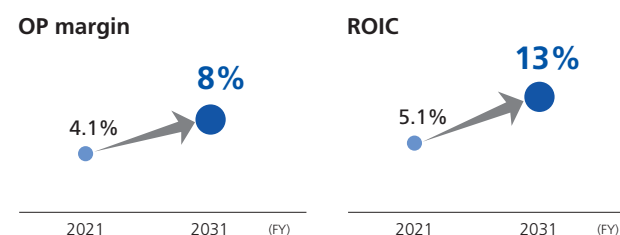
*An indicator of how efficiently a company is generating profit from the capital invested in its business activities. (Operating profit after income tax ÷ (inventories + tangible fixed assets + intangible fixed assets))

Medium- to long-term policies

The medium-term management plan we announced in fiscal year 2020 included a target for an operating profit margin of 7% by fiscal year 2024, and to achieve this, we carried out two reforms: reforming our corporate structure to handle CASE and reforming our corporate framework to become highly profitable.

AISIN Group's Vision for 2030 aims to raise the proportion of its solution-oriented products, products that contribute to solving social issues, from 17% in fiscal year 2021 to over 60% in 2030. This will be a decade for changing what's inside. To accomplish this shift to solution-oriented products in our development budget and investments while operating efficiently, we will promote a shift to ROIC management, with a focus on efficient investing in our group management and areas such as DX.

As an index of profitability, we have set targets of an 8% operating profit margin on sales and 13% ROIC by fiscal year 2031.



Strengthening our corporate framework

$$\text{ROE} = \left[\frac{\text{Profit for the period}}{\text{Stock capital}} \right] = \left[\frac{\text{Profit for the period}}{\text{Sales}} \right] \times \left[\frac{\text{Sales}}{\text{Invested capital}} \right] \times \left[\frac{\text{Invested capital}}{\text{Stock capital}} \right]$$

2 reforms	Capital policy
Reforming our corporate structure to handle CASE <ul style="list-style-type: none"> Steady expansion of sales of electric drive units Strengthening of electronically controlled brake range Creation of full range of electric-assisted parking brakes Reforming our corporate framework to become highly profitable <ul style="list-style-type: none"> Reduction of costs through integration of operations Integration and elimination of duplicate functions and subsidiaries Use of DX 	WACC control and capitalization ratio of around 25-30%

Improve ROIC (return on invested capital) **Procure capital under favorable conditions**

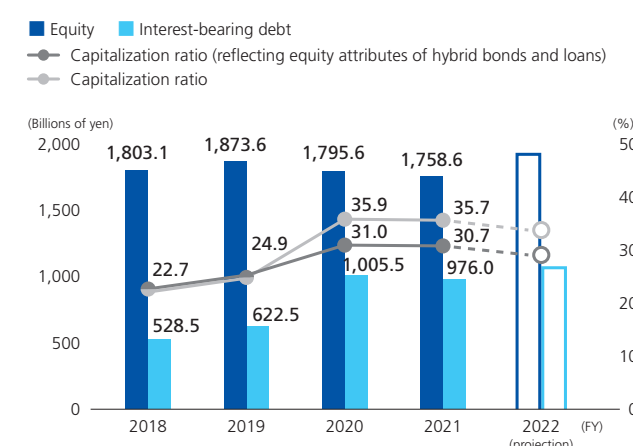
Basic capital policy

Our core capital policy is to balance safe finances and efficient use of capital so that we can improve the value of our company while still being able to procure capital at a low cost at any time.

Specifically, we use capitalization ratio* as an index. We believe that this ratio should be around 25-30% to achieve the ideal capital composition.

*An indicator of interest-bearing debt and capital (net assets).
(Interest-bearing debt / (interest-bearing debt + total equity))

Changes in Capitalization Ratio



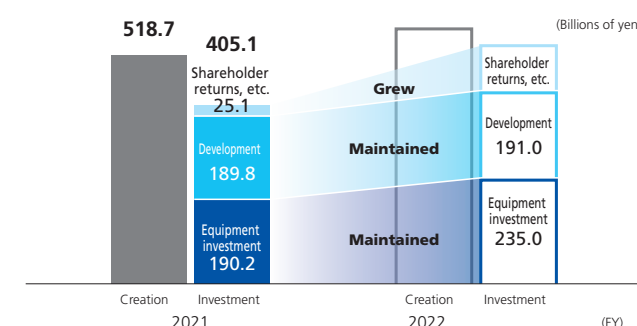
Financing

Thus far, our cap rate increased as a result of financing for our merger (fiscal year 2020) and financing to mitigate COVID-19 risks (fiscal year 2021), but in future we will improve our cap rate by curtailing interest-bearing debt.

Policy for use of free cash flow

To achieve AISIN Group's Vision for 2030, we will focus on efficient investment in group management and areas such as DX to intensively invest in growth areas and provide ongoing shareholder returns.

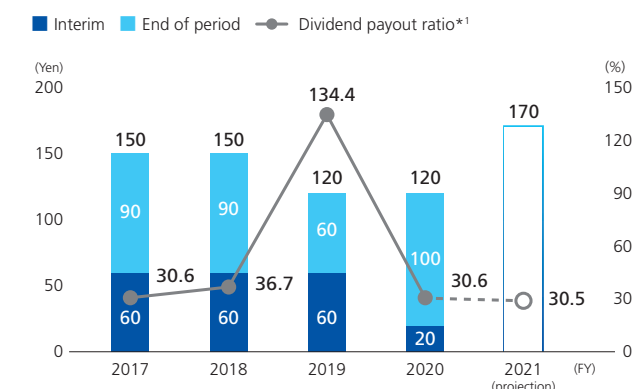
Our merger in fiscal year 2021 resulted in an acquisition of stock that increased our profit for the period by around 25 billion yen, which in turn increased our total shareholder returns.



Shareholder returns

In terms of our returns to shareholders, we aim to achieve steady dividends with a dividend payout ratio of around 30%. We will continue to keep our capitalization ratio and future investment trends at the forefront of our minds, and are considering share buy-back.

Changes in dividends



	FY2018	FY2019	FY2020	FY2021
Profit for the period (billion yen)	134.5	110.1	24.0	105.6
Total dividends (billion yen)	40.7	40.4	32.3	32.3
Repurchase of treasury stock (billion yen)	59.4	0	0	0
Total return ratio (%)	74.5	36.7	134.4	30.6

*1 Dividends per share ÷ basic profit for the period per share

*2 (Cash dividends paid + repurchase of treasury stock) ÷ profit for the period

Afterword

With no end to the pandemic in sight and the future looking uncertain, competition in the automotive industry is becoming more intense than ever, but we will hold firm to our basic policies for management strategies and capital policy, and see our initiatives through.

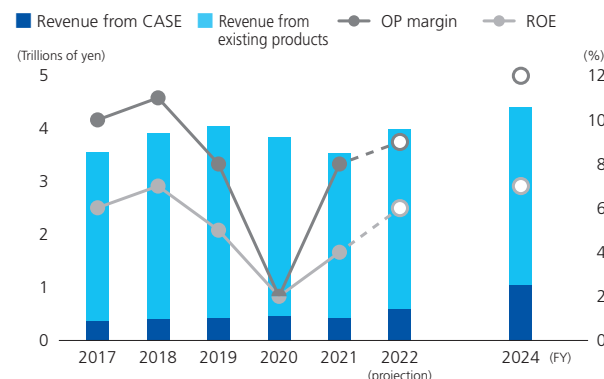
We will use the new Aisin as a starting point for our new concept of Inspiring "Movement," Creating Tomorrow, all the while hoping that an end to COVID-19 will come soon.

* The details on this page, other than information pertaining to past or present facts, are projections at the time of publishing of this report.

Medium-term management plan

Progress of medium-term management plan (2023)

The medium-term management plan we announced in fiscal year 2020 included a target for an operating profit margin of 7% by fiscal year 2024. While the loss of sales caused by COVID-19 means that our sales for fiscal year 2024 will be lower than planned, we plan to achieve the operating profit margin we have planned through a variety of efforts to improve efficiency. To achieve our medium-term management plan, we are carrying out two reforms: transformation of corporate structure in response to CASE and restructuring into a corporate entity with high profitability.



Reform 1 Transformation of corporate structure in response to CASE

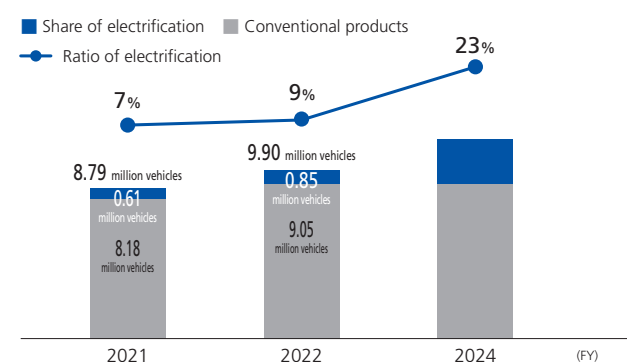
For powertrain units, we will steadfastly meet demand for conventional products until fiscal year 2024, while also steadily expanding our sales of electrification products in preparation for the rapid expansion of the electrification market that is expected from fiscal year 2024 onward. We expect that electrification products will account for 23% of our powertrain products in fiscal year 2024.

For brakes, we will leverage our strong results in the HEV market and strengthen the product lineup to expand sales of our electronically controlled brake systems. We will meet what

is expected to be a sharp increase in demand in the expanding market for electric parking brakes with a full lineup. Confirmed orders, including from Chinese customers, are expected to increase in fiscal year 2024. We expect a significant increase in sales from 545.3 billion yen in fiscal year 2021, primarily in electronically controlled brakes and electric-assisted parking brakes.

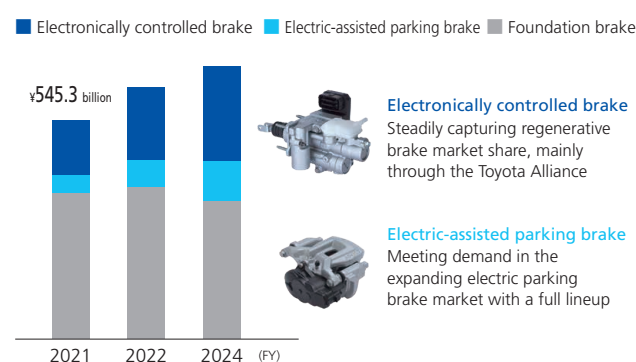
In fiscal year 2021, we increased the ratio of CASE-related products in our development budget from less than 30% in fiscal year 2019 to over 50%.

Powertrain unit sales forecast



* The number of vehicles includes AT, CVT, HEV, PHEV and BEV.

Brake product sales forecast



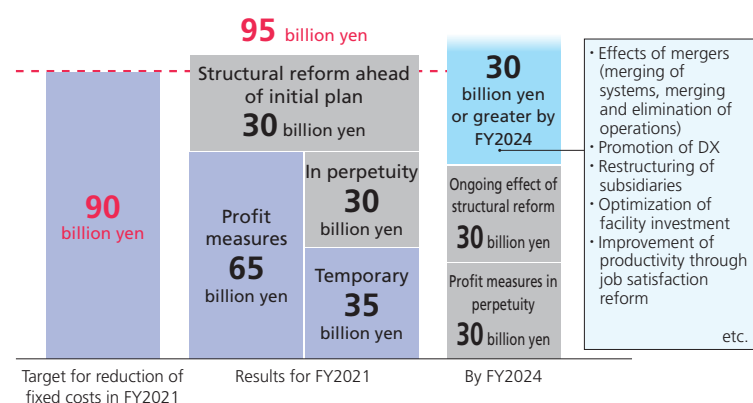
Electronically controlled brake
Steadily capturing regenerative brake market share, mainly through the Toyota Alliance

Electric-assisted parking brake
Meeting demand in the expanding electric parking brake market with a full lineup

Reform 2 Reforming our corporate framework to become highly profitable

With the pandemic showing no signs of abating and economic and social situations remaining uncertain, AISIN Group has turned a crisis into an opportunity, moving forward our measures to cut fixed costs in order to carry out our structural reform.

Specifically, we carried out measures such as reduction of costs through integration of operations, integration and elimination of duplicate functions and subsidiaries and the use of DX, reducing fixed costs by 95 billion yen in fiscal year 2021. In future, we plan to derive at least 30 billion yen from the effects of our structural reform and mergers.



Effects of mergers (merging of systems, merging and elimination of operations)
Promotion of DX
Restructuring of subsidiaries
Optimization of facility investment
Improvement of productivity through job satisfaction reform
etc.

TOPICS

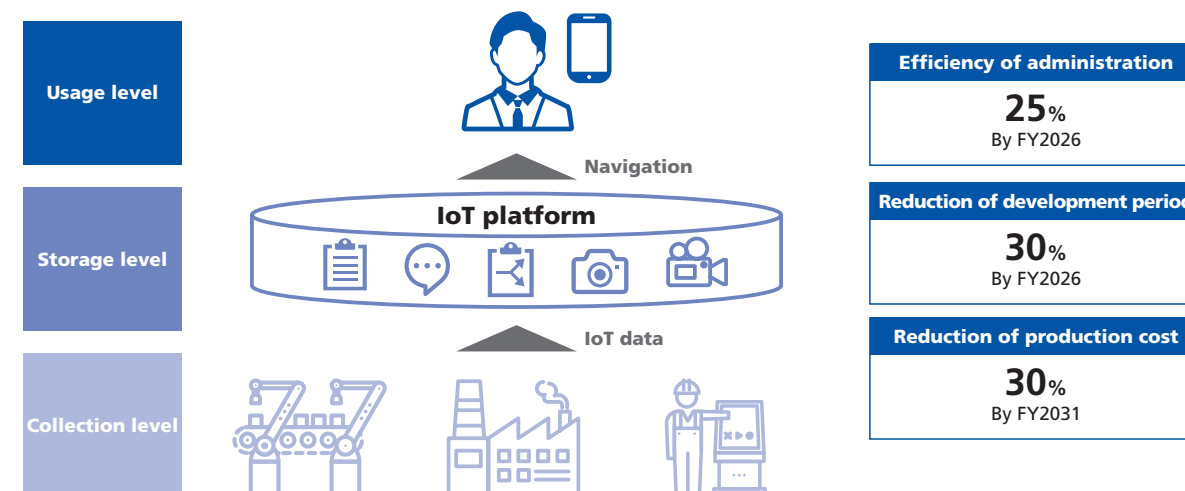
Strengthening our management foundation with DX

We are carrying out measures to strengthen our management foundation based on our "Cyber Physical Information Factory Concept," in which data collected from plants and offices is analyzed and simulated in cyberspace and the results are used as feedback to improve sites.

Design and production preparation is handled through the use of a centrally managed platform for results of processes such as 3D modeling and activity logs with information such as reviews and issues that are generated during the development process. This enables more advanced project management in various ways—in addition to making the maximum use of our knowledge from group sites around the world, we detect issues

in projects early and take measures quickly, such as allocating resources. At present, we are combining this platform with various systems through our API to make use of it in all areas of our business, including production, sales, procurement, accounting and human resources.

In production, we have rolled out a Group Leader Navigation System at each of our plants. Data acquired from the equipment is used as a basis for displaying the next work instructions on workers' tablets and sending push notifications about errors to our business chat tool, with text or a video of the error. In addition to improving quality and productivity, this improves our employees' experience.



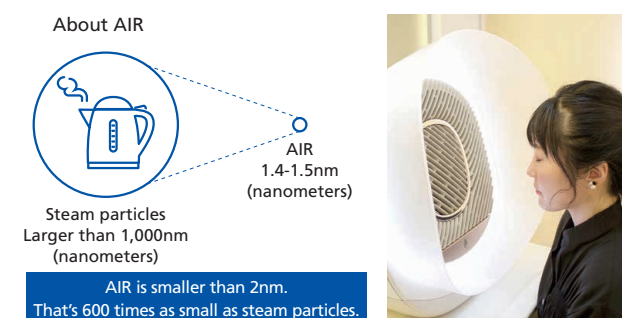
Development of new technology

Aisin has developed technology to convert water molecules in air to fine water particles (called AIR, with the "AI" pronounced like the "AI" in "Aisin"), which are then released.

This technology was created by combining humidity control technology accumulated in our research for living spaces with cartridges used to process exhaust gas in vehicles such as cars and motorcycles, and converts water molecules in the air to the smallest water particles possible. Research* has found that once converted, the water molecules are smaller than the openings through which water enters the skin, so they are able to penetrate the skin and keep it moisturized for long periods of time.

In future, we will make use of the properties of AIR to provide products and services that help to moisturize the skin and improve its barrier function, as well as exploring new possibilities for AIR.

*Source: Naoki Nishimura, Shinsuke Inoue, Keiko Yokoyama, Satoshi Iwase. Effect of spraying of fine water particles on facial skin moisture and viscoelasticity in adult women. Skin Research & Technology. 25, 294-298, 2019:



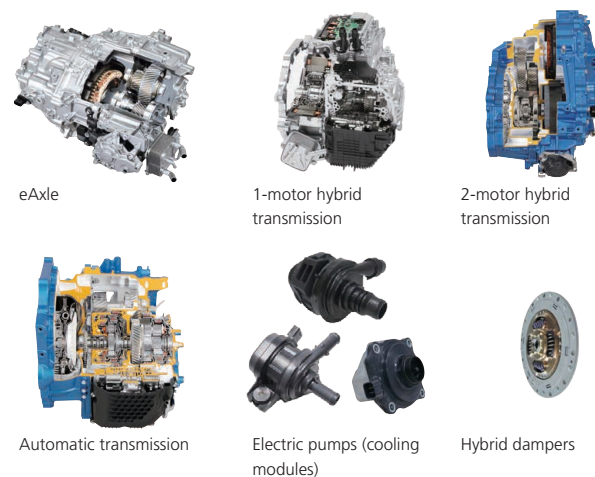
Powertrain Company

Yoshihisa Yamamoto

CESO
President: Powertrain Company

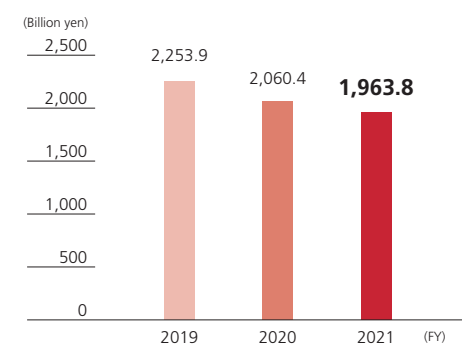
Overview of business and main products

Our Powertrain Company supplies electric drive units such as hybrid transmissions and eAxe and other products such as parts peripheral to engines. These parts are designed to improve fuel efficiency and reduce CO₂ in automobiles.



Results for FY2021

Sales results



Looking back on the year

Revenue decreased due to the loss of automobile sales caused by COVID-19. However, there was a rapid recovery in demand in the Chinese market, which minimized the decrease and enabled us to turn a profit. eAxe was adopted in the LEXUS UX300e and the MIRAI FCEV in addition to its earlier adoption in the IZOA and Toyota C-HR.

Future plans

- Enter the market for the next generation of electric products in all directions (1-motor hybrid transmission, 2-motor hybrid transmission, eAxe) and increase the proportion of our units for electric vehicles.
- Aim to get the eAxe into products by manufacturers in various countries and regions (Europe, China, etc.) in addition to Japanese manufacturers.

Strengths

- Wealth of assets (products, facilities, people, know-how) accumulated in our AT development
- Trading with a large number of AT customers who trust our quality
- Record of development support that extends to vehicles themselves, and ability to solve issues in this development
- Wide range of product groups that contain both units and actuators (AT, CVT, HEV, PHEV, BEV, cooling modules, hybrid dampers, shift-by-wires)
- Proposing integrated electromechanical modules (HEV systems, cooling modules, shift-by-wires)

Opportunities and risks

- Shift from gasoline-powered vehicles to EVs amid global shift to carbon neutrality
- Tightening of environmental regulations (fuel efficiency, exhaust gas, LCA) in each country and region
- Entry into the electric vehicle market by companies in other industries, which creates more competition on pricing

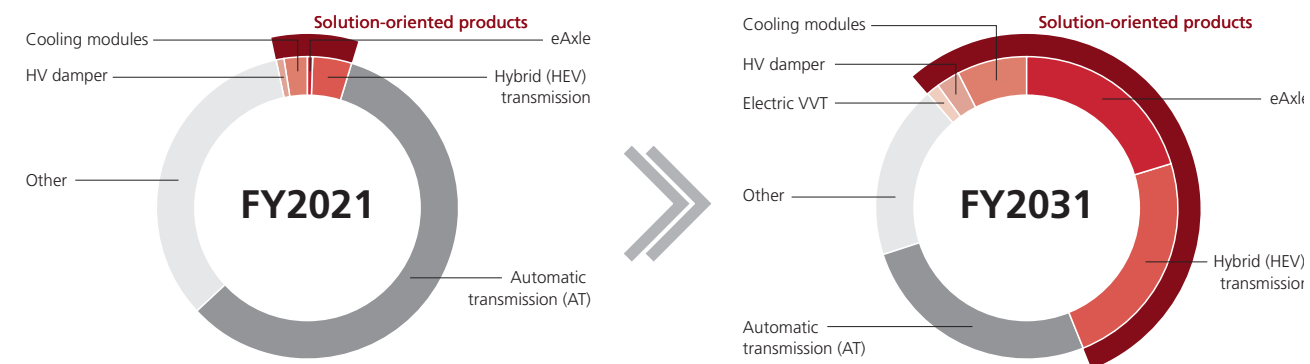
Powertrain Company Vision for 2030

To lead the electrification of vehicles and contribute to the creation of a sustainable environment and society

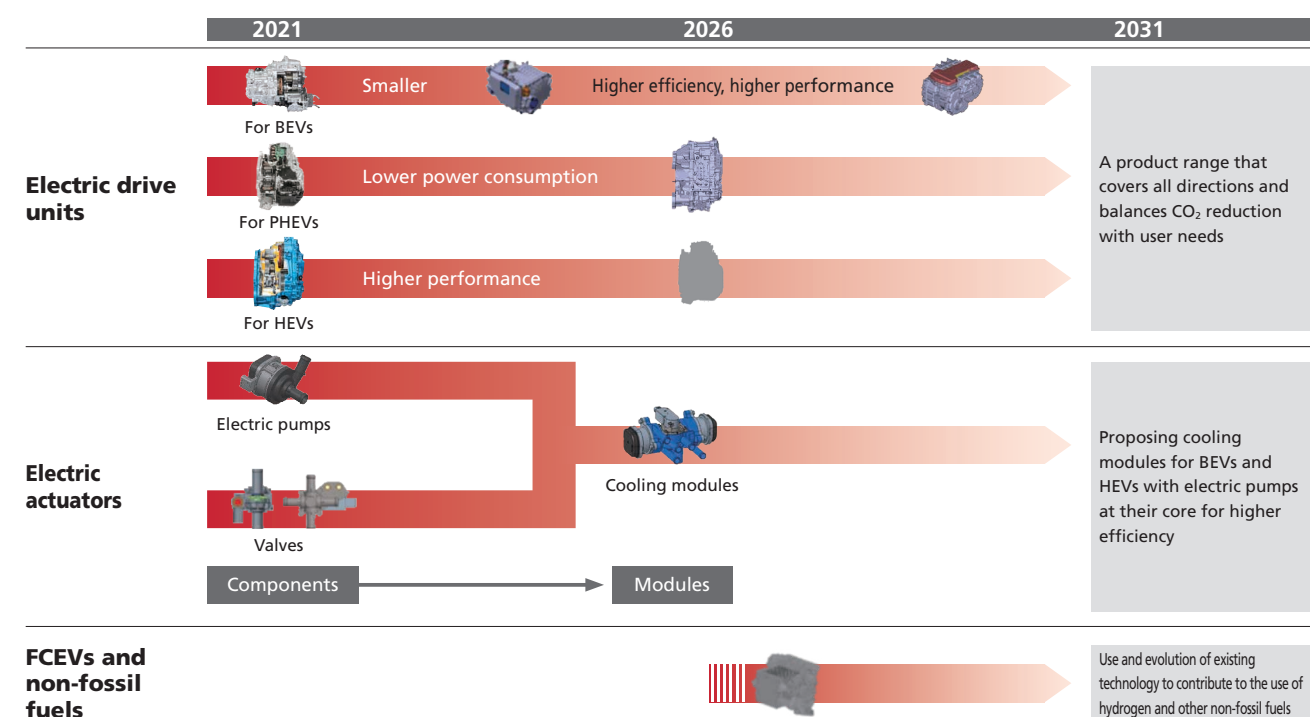
- Drive a major shift in business by providing electric products that many customers will use
- Continue to improve our products' appeal and make their presence known by creating new electrification technology and creating and incorporating new electrification technology

Portfolio aims

- Create a range of electric products that covers all directions and meets the needs of a wide range of customers.
- Provide electric components such as cooling modules that offer solutions to issues in electric vehicles, and accelerate expansion of sales of these components overseas.
- Strengthen the competitive edge of our main AT products to secure demand so that we can maintain our current unit numbers while accelerating electrification.



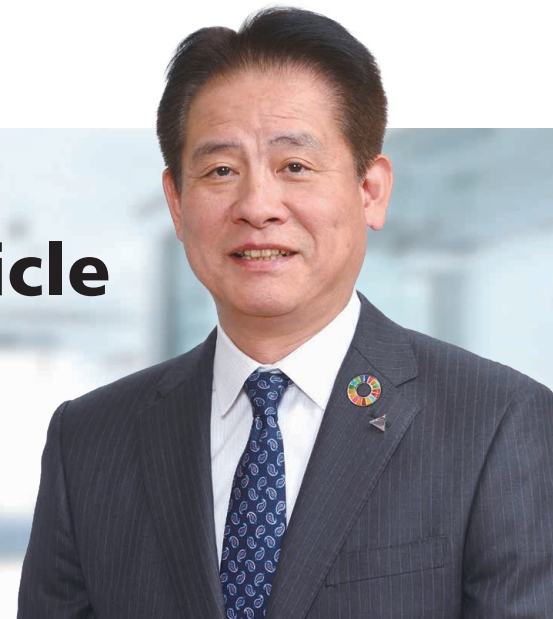
Road map for FY2031



Chassis and Vehicle Safety System Company

Morito Oshita

President, Chassis and Vehicle Safety System Company

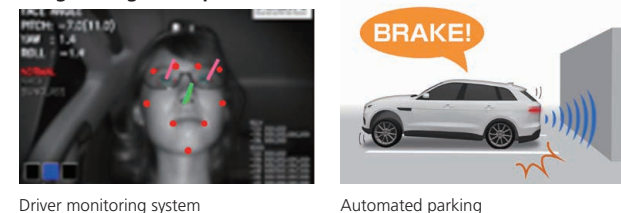


Overview of business and main products

Controlled suspension products



Image recognition products



Electric products, chassis products



Strengths

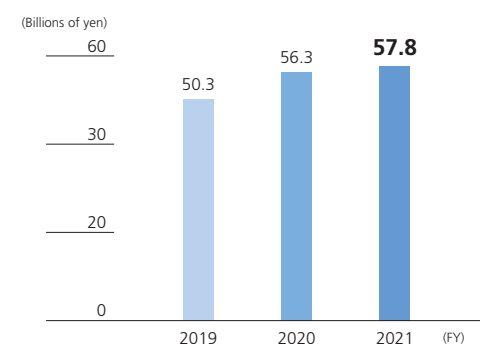
- Vehicle control technology such as controlled suspension, automatic emergency braking (AEB) and automated parking
- Image recognition technology using artificial intelligence (AI)

Opportunities and risks

- Increasing social need for prevention of accidents caused by human error
- Rapid increase of electrification ratio in various countries due to tighter regulations for carbon neutrality
- Introduction of driver monitoring for safety assessments

Results for FY2021

Sales results



Looking back on the year

While revenue was impacted by the loss of automobile sales caused by COVID-19, we maintained our revenue due to developments such as an expansion in the adoption of our electric columns and the release of driver monitoring systems.

Future plans

We aim to increase revenue through the release of new CASE products (AEB/automated parking).

Chassis and Vehicle Safety System Company Vision for 2030

Evolution of vehicle dynamics control and monitoring technology with the aim of achieving zero fatal traffic accidents

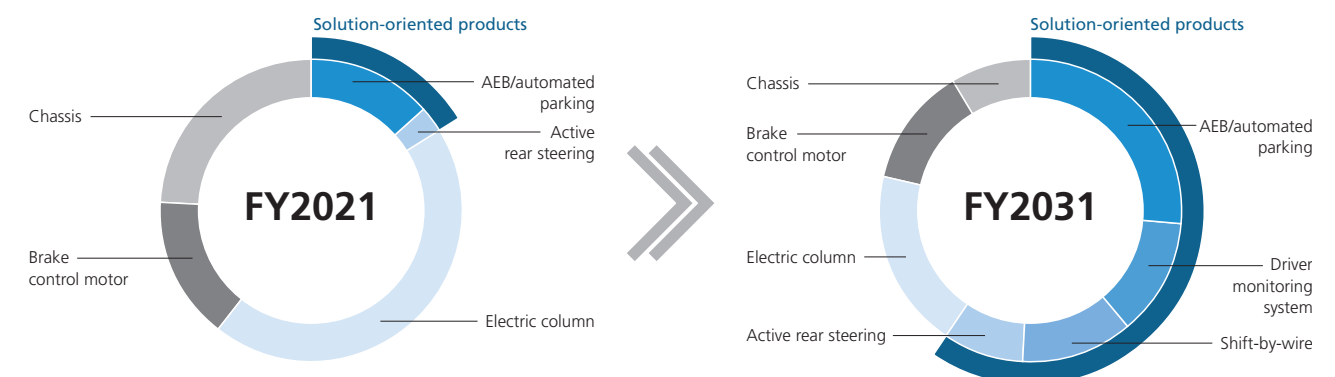
- Evolution of integrated vehicle control technology for total control of driving, turning and stopping
- Strengthening of competitive edge in monitoring systems to support automated driving and advanced driver-assistance systems (AEB parking, driver monitoring systems)

Priority issues to contribute to SDGs

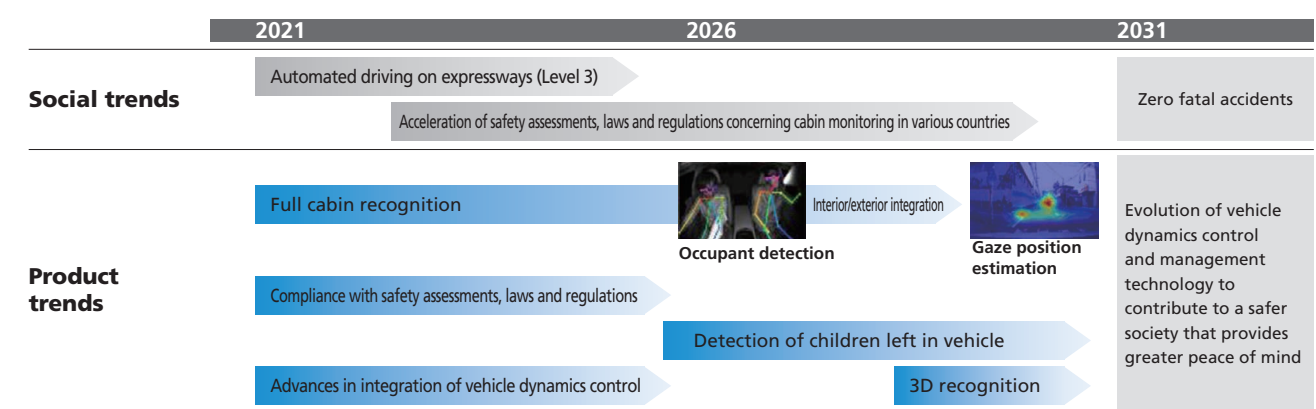


Portfolio aims

- 1 Ascertain increase in need for automated driving and expand shift-by-wires that are essential for automated parking.
- 2 Use tightening of safety assessments as an opportunity to develop driver monitoring systems and expand our sales of these systems.
- 3 Enhance AEB range to comply with laws and regulations and meet needs in countries around the world.



Road map for FY2031



Body Company

Kazuto Koyama
President: Body Company



Overview of business and main products

To meet users' diversifying needs, we provide system products in which functionality is complemented by excellent designs, light weight and greater comfort, convenience and safety.



Power back door system



Sunroof



Power sliding door system

Strengths

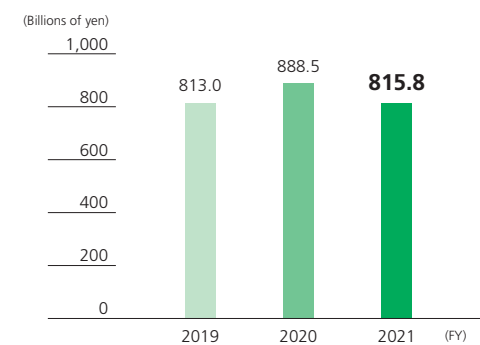
- Opening and closing systems and sensing technology that provide new value
- The collective strengths of our group companies enable us to meet a wide range of needs, from machine parts and tooling to system products
- Fast global development support/production in optimal locations (development: 3 sites in Japan, China and the USA, production: 44 sites)

Opportunities and risks

- Diversification of value and services in the area of mobility (expansion of MaaS market) due to shift from ownership to sharing
- Expansion of products for electric vehicles
- Increase in needs for lighter weights and recycling
- Intensifying competition due to entry of companies from other industries into the market

Results for FY2021

Sales results



Looking back on the year

Revenue decreased due to stagnation of the automotive market caused by COVID-19. However, there was a rapid recovery in demand in the Chinese market, which minimized the decrease in sales. As a result of this and efforts to improve profits and reduce fixed costs, we were able to turn a profit.

Future plans

We expect to see an increase in sales as a result of growing demand in the Chinese market and recovery in demand in the North American market. We also plan to enter the markets for new products to further increase our sales.

Body Company Vision for 2030

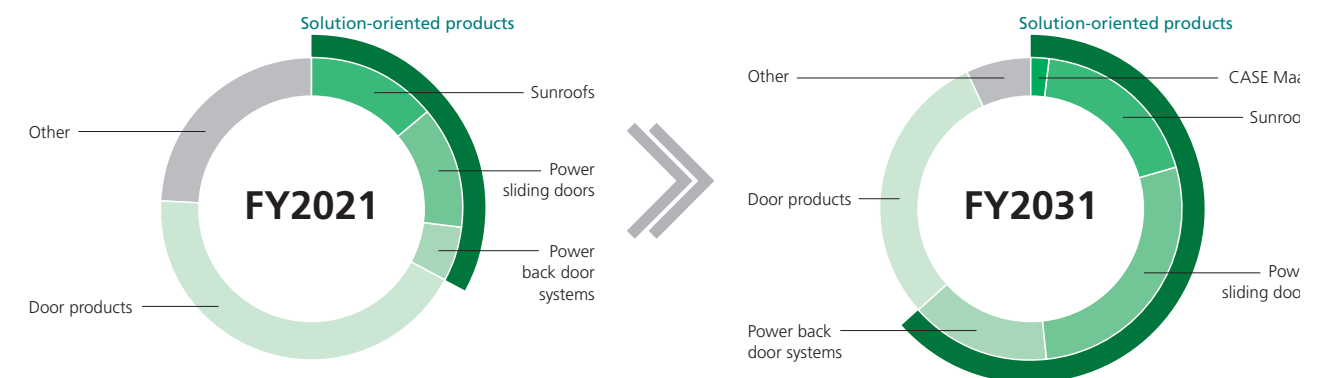
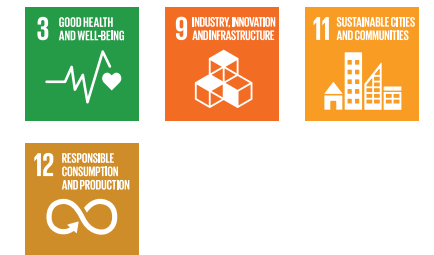
To provide safe and comfortable mobility for all people through opening/closing and entry systems

- Focusing management resources on electrification of openings so that they move in a way that is comfortable for users
- Development of products that can continuously evolve with software and hardware updates post-sale

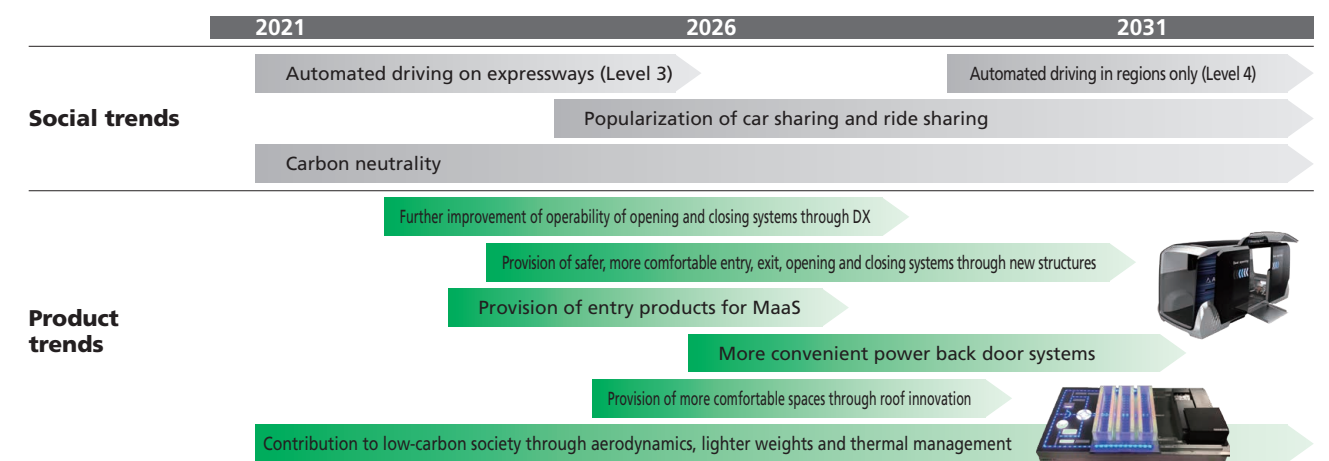
Portfolio aims

- 1 Expand our global share by further strengthening the competitive edge of our system products.
- 2 Aim to break into new CASE and MaaS product markets by proposing safe, comfortable entry/exit systems and comfortable new spaces.
- 3 Build a new business model by providing exciting experiences through software-first development.

Priority issues to contribute to SDGs



Road map for FY2031

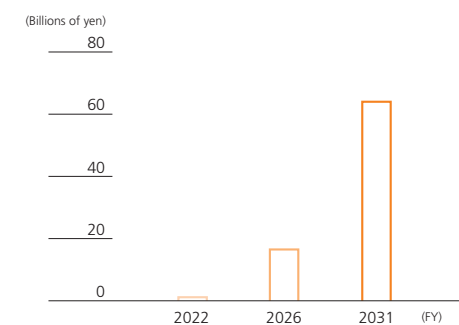




Vision

- To use the navigation and position information technology we have accumulated over many years to achieve a paradigm shift in our business from its current form centering on development and sale of some of the world's top car navigation systems to a business that provides a wide range of solutions to social issues.
- Through the promotion of advanced position information technology and DX, we will build new businesses that solve social issues, inspire "movement" and create tomorrow.

Expected revenue in MaaS



Steps to revenue generation

- Establish a mobility services platform based on our highly accurate location technology.
- Collect a range of product data and vehicle information on a platform and analyze this by combining it with other relevant data, such as map data, to develop previously unknown experiences.
- Use platforms and content to provide various services that will solve issues in society.

We have set a target to make each service into a business by fiscal year 2026, and will expand those businesses by fiscal year 2031.

CSS Company Vision for 2030

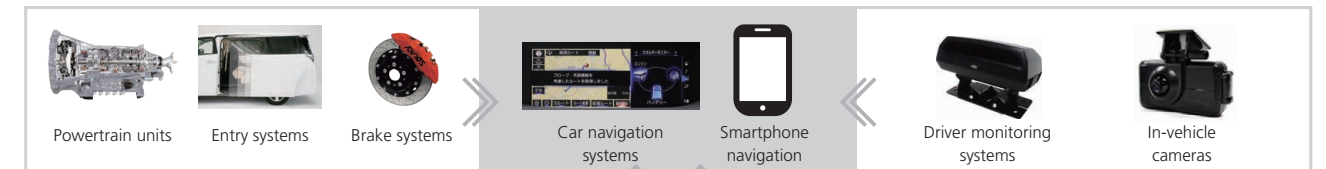
To use position information to solve social issues and create new value in mobility

- Work together with various partners to propose new services that make life easier for the elderly and those raising children
- Provide new distribution services through optimal matching with navigation technology

Priority issues to contribute to SDGs



CSS Company initiatives



Addition of position information to the data of products and vehicles



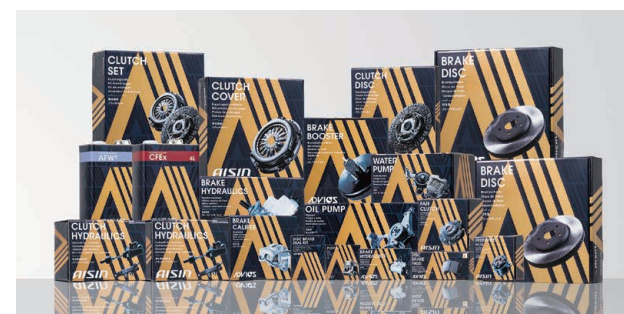
Aftermarket Company

Shinro Umemura
President: Aftermarket Company



Overview of business and main products

We make use of our strengths as a general parts manufacturer to supply a wide range of automotive repair parts and oil and chemical products for maintenance in markets around the world.



Strengths

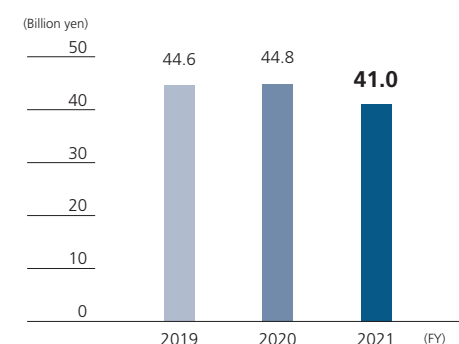
- Provision of a wide range of products and services that only a general part manufacturer can offer
- Provision of products that balance quality and cost according to local needs
- A global sales framework that works closely with local communities
- Effective use of resources through our rebuilt businesses

Opportunities and risks

- Parts supply for secondhand vehicles (stock), which are increasing worldwide
- Improvement of operation rate of cars through expansion of car sharing
- Change of product mix as a result of electrification
- Changes in sales methods as a result of DX

Results for FY2021

Sales results



Looking back on the year

Revenue decreased due to factors such as the market downturn caused by COVID-19 and the increase in customer stock. We worked to launch new products such as maintenance parts, increase online sales in the Chinese market and carry out new branding activities with group companies.

Future plans

To prepare to become “a department store of automotive parts,” we will further strengthen our product ranges and strengthen our sales frameworks. We will also explore business in new areas and industries in line with market changes.

Aftermarket Company Vision for 2030

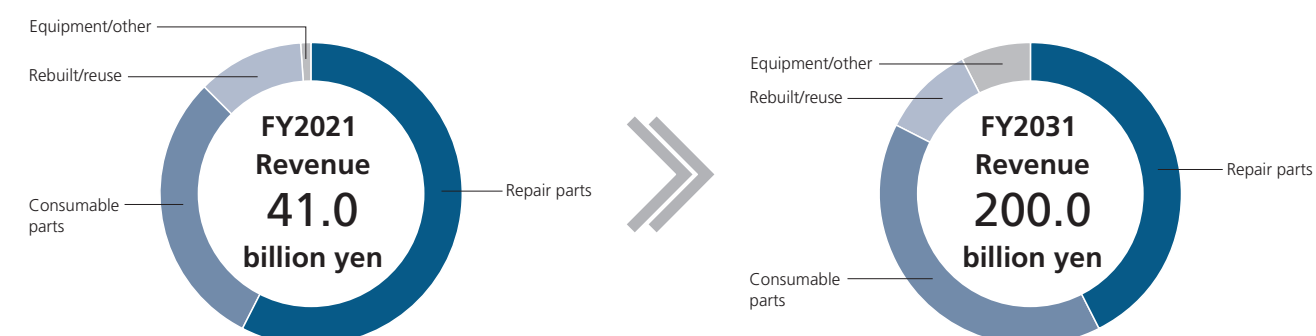
To use our businesses to balance customers' safety and peace of mind with effective use of resources

- Strengthening of brand power through the provision of a wide range of products and services suited to the characteristics of regions around the world
- Enriching people's driving experiences in this new era through business plans for sharing and electrification

Portfolio aims

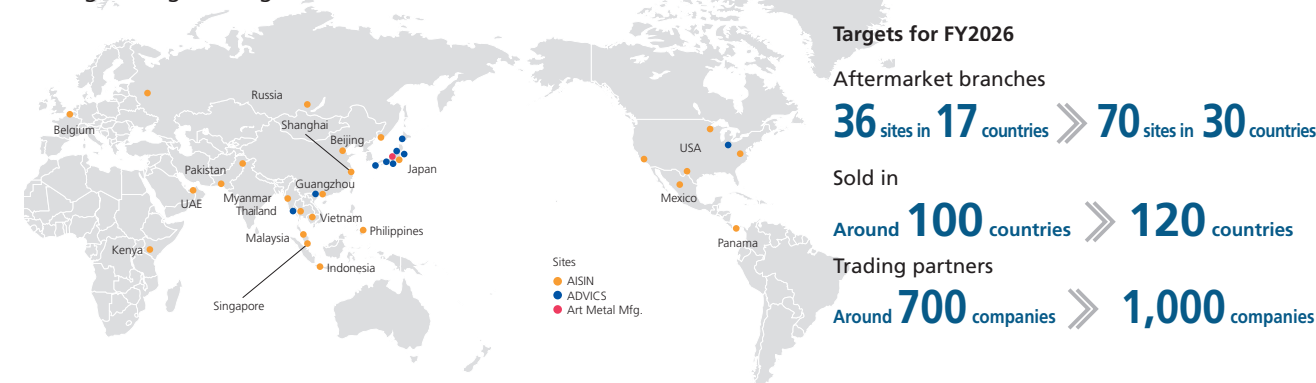
- 1 Expand our product range, which currently consists of repair parts (clutches, water pumps, etc.), to include consumable parts (filters, wipers, etc.) and equipment and become “a department store of automotive parts” as a one-stop shop to meet the needs of customers around the world.
- 2 Strengthen our value chain initiatives for old vehicles.
- 3 Shift the focus of our business from hard to soft elements.
- 4 Adapt to new needs and changes in our environments and markets (SDGs, CASE, etc.)

Priority issues to contribute to SDGs



Road map for FY2031

Strengthening of our global sales framework



Energy Solutions Company

Koji Aoki

President, Energy Solutions Company

Overview of business and main products

We contribute to environmental conservation and improving quality of life in communities by providing products such as clean and highly efficient energy-related products and clean, comfortable shower toilets.



Fuel cell cogeneration systems for residential use (ENE-FARM)



Gas engine cogeneration systems for residential use (COREMO)



Gas heat pump air-conditioners for industrial use (GHP)



Shower-toilet seats

Strengths

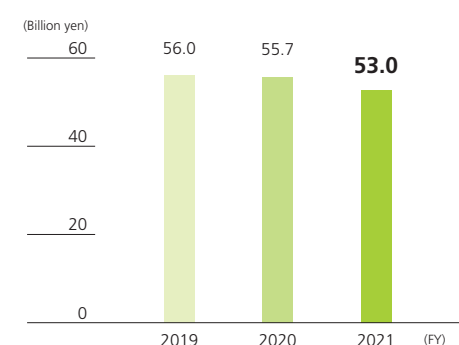
- System control technology that balances efficient energy conversion with durability
- Device operation information platform that leads to resilience and ability to adapt to system power supplies
- 40 years of knowledge and value chains for energy and shower toilet technology
- Production frameworks in Japan and China to achieve suitable costs and quality for shower-toilet seats

Opportunities and risks

- Expansion of demand for dispersed power sources to reduce and standardize total electric energy and build more resilient networks for supply of electricity
- Increasing demand for reform as COVID-19 changes working practices and lifestyles
- Social changes with the aim of achieving carbon neutrality
 - Expansion of renewable energy and diversification of electric power trading market
 - Carbon neutrality through methanation, etc.; expansion of hydrogen use
 - Arrival of carbon pricing

Results for FY2021

Sales results



Looking back on the year

We experienced a downturn compared to the previous fiscal year due to our choice to leave the bed and sewing machine businesses and the impact of COVID-19. However, we were able to mitigate COVID-19's impact on our revenue by releasing a new model of ENE-FARM.

Future plans

While revenue is expected to be lower than the previous fiscal year due to the impact of restrictions on investment in GHP equipment, we are aiming to increase operating income by scrapping and building to strengthen our framework.

Energy Solutions Company Vision for 2030

To shift to a solution-oriented business and contribute to building a zero-carbon society

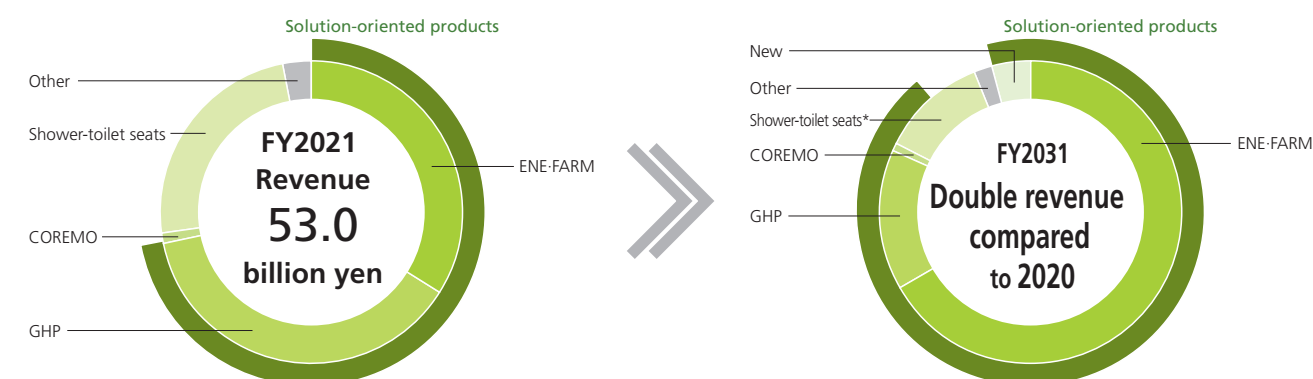
- Contribute to the building of social systems through greater decentralization of power supplies with a view to energy diversification
- With disasters becoming larger, contribute to creating more resilient communities by using energy management for electricity, heat and air conditioning

Priority issues to contribute to SDGs



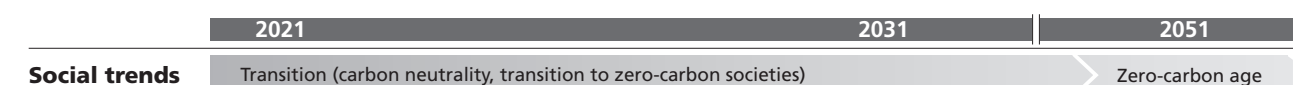
Portfolio aims

- 1 ENE-FARM: Evolve this product to make it smaller, more efficient and compatible with a wider range of fuels to drive market expansion and make this a flagship business.
- 2 GHP and shower-toilet seats: Strengthen the competitive edge of these products by making use of our technology to thoroughly improve efficiency. In doing so, we will secure demand for overhauls from the market, enabling us to maintain our industry share and the scale of our business.
- 3 New areas: Create new products and services in line with measures aiming for carbon neutrality, such as changes of fuel to hydrogen, biomass, etc.; electric power interchanging and carbon pricing.



*Contribute to energy management by making IoT a standard feature in medium to high price ranges

Road map for FY2031 (cogeneration systems)



Handling of existing infrastructure



Lower costs, smaller sizes, lighter weights

Superhigh efficiency, greater resilience

Handling of new infrastructure



Adaptation to biogas, pure hydrogen and hydrogen mixing

Expansion of services provided to contribute to electric power interchanging, resilience and carbon pricing

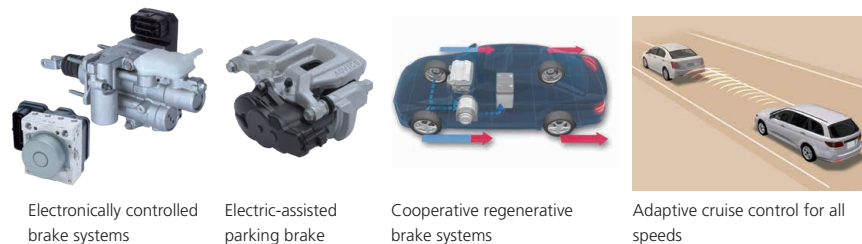
Brake Business



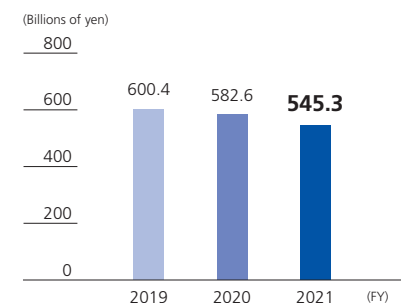
ADVICS

As one of the world's top brake system suppliers, ADVICS provides a global supply of technology that contributes to CASE, such as electric products and automated driving, in order to shift to a carbon-neutral society.

Main products



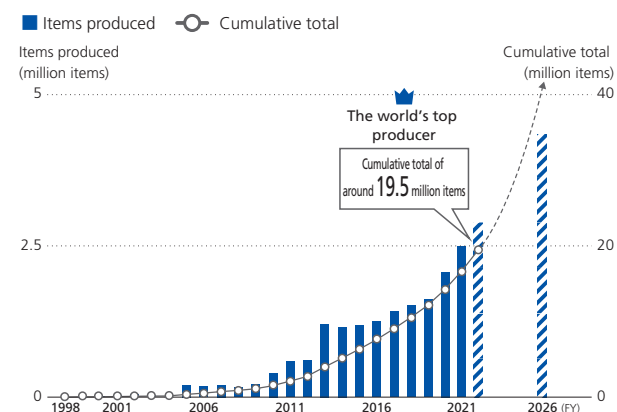
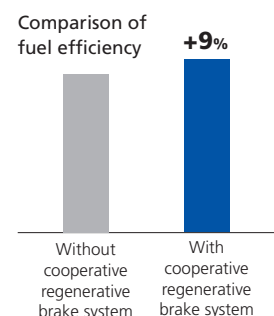
Revenue



Initiatives for carbon neutrality

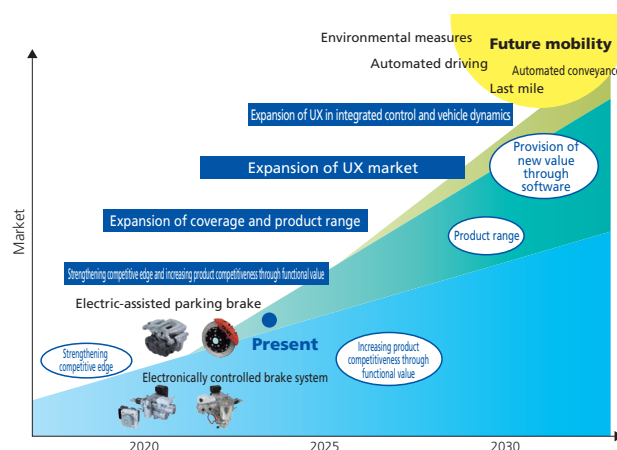
Electronically controlled brake systems

These brake systems are installed in electric vehicles such as HEVs and BEVs, enabling energy to be recovered while still enabling smooth handling of the brakes. This improves fuel efficiency and is environmentally friendly. First used in HEVs in 1997, the systems use our proprietary technology for independent control of brake pressure on the front and rear wheels, enabling more energy to be collected. Production is expected to increase dramatically in future as electric vehicles become more widely used. We are working to develop systems that enable even greater fuel efficiency and vehicle stability.



CASE initiatives

In addition to expanding and strengthening the competitive edge of product ranges that are necessary for vehicle electrification and automated driving, such as electronically controlled brake systems and electric-assisted parking brakes, we will provide new value with software tailored to a wide range of customers' needs to expand our exciting UX (user experience) and contribute to the building of a new mobility society.



Raw Materials Business



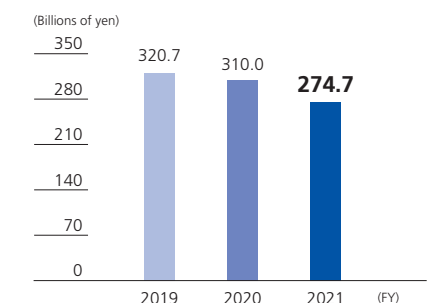
Aisin Takaoka

As a world-leading manufacturer of raw materials, AISIN Takaoka develops and produces automotive parts centering on cast iron and plastic processed goods, along with machine tools, molds and acoustic products.

Main products



Revenue



Initiatives for carbon neutrality

We plan to use CO₂-free electricity at our new site in China Aisin Takaoka Lioho (Wafangdian) Industries Co., Ltd., which is scheduled to begin production from October 2022.



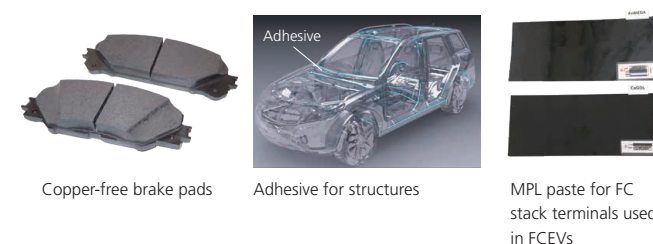
Image of completed site



Aisin Chemical

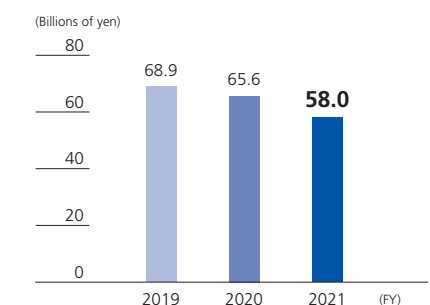
AISIN Group's only specialist manufacturer of chemical products, Aisin Chemical develops and produces materials such as chemicals, friction materials and resin parts for automobiles.

Main products



MPL (microporous layer) paste enables more efficient diffusion of hydrogen and oxygen in fuel cells and efficient draining of water that is generated. This helps to improve the performance of fuel cells and enables smaller, lighter fuel cells to be made.

Revenue



Initiatives for carbon neutrality

In addition to contributing to electrification and lighter weights by using our new products centering on the decentralization, hardening and adhesion technology we have accumulated through our chemical business, we will develop products providing environmental solutions, such as CO₂ reduction and odor removal and neutralization, and work to expand our sales with products related to carbon neutrality and environmental improvement.



Sustainability activities and Principles of Corporate Behavior

Contributing to the creation of sustainable societies

Sustainability activities are at the heart of Aisin’s management philosophy, and are the foundation of initiatives for continuous future growth. To put this principle into action, we have established AISIN Group Principles of Corporate Behavior to contribute to the future of the planet and maintain and develop sound relations with our stakeholders. Various sustainability activities are being carried out according to this charter.

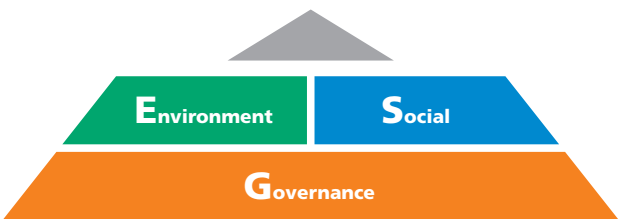
Sustainability activities in our overseas group companies reflect both the AISIN Group Principles of Corporate Behavior and the laws and business customs in each country and region.

Employee training to promote sustainability activities

Aisin recognizes that in order to implement sustainability activities, it is vital that each employee takes the initiative to get involved. Based on this, we have broken down our initiatives to raise awareness about our sustainability activities into three steps—1) making people aware of the issues, 2) giving them a full understanding of the issues and 3) making them personally invested in solving the issues—in order to implement activities that will improve sustainability among our employees.

Employees being promoted also receive CSR training (e-learning) based on AISIN Group Principles of Corporate Behavior and our action guidelines. The curriculum covers 14 elements of ESG, providing training for a wide range of sustainability activities.

- Accomplishment of AISIN Group’s Vision for 2030
- Resolution of social issues through our business



AISIN Group Principles of Corporate Behavior

Rooted in our belief in Inspiring “Movement,” Creating Tomorrow, Aisin strives to actively contribute to ongoing social and environmental development through our business activities in each country and region in which we operate. To this end, in accordance with the following nine principles, irrespective of the location, we respect human rights, abide by the letter and spirit of all applicable laws, rules and regulations, and act in a sincere and socially responsible manner.



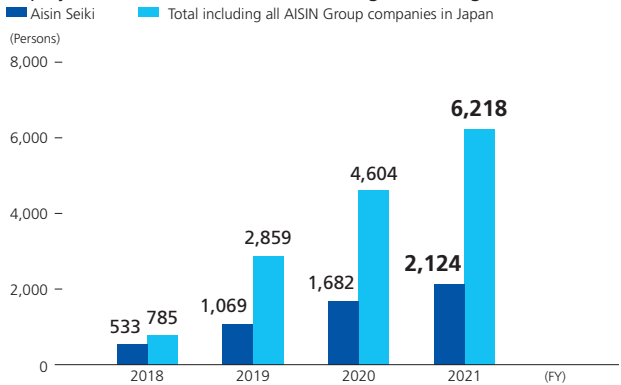
A card distributed to all employees, containing information on AISIN Group Principles of Corporate Behavior

1. Safety, Quality and Contribution to Creating a Sustainable Society
2. Compliance
3. Disclosure and Communication
4. Respect for Human Rights
5. Promotion of Diversified Work Styles and Upgrading the Work Environment
6. Environment
7. Social engagement and contribution to development
8. Thorough Crisis Management
9. Company Leadership

Initiatives to raise awareness within AISIN Group

Making people aware of the issues	<ul style="list-style-type: none"> • Dissemination of information on the company website and intranet
Giving them a full understanding of the issues	<ul style="list-style-type: none"> • Basic training for staff • Issuing awareness-raising posters for factories • Level-specific training and workshops
Making them personally invested in solving the issues	<ul style="list-style-type: none"> • HR communication tools to show employees how the SDGs are relevant to their work • Employee awareness surveys to confirm that employees understand the principles and are putting them into practice

Employees who have received CSR training (e-learning)



Curriculum

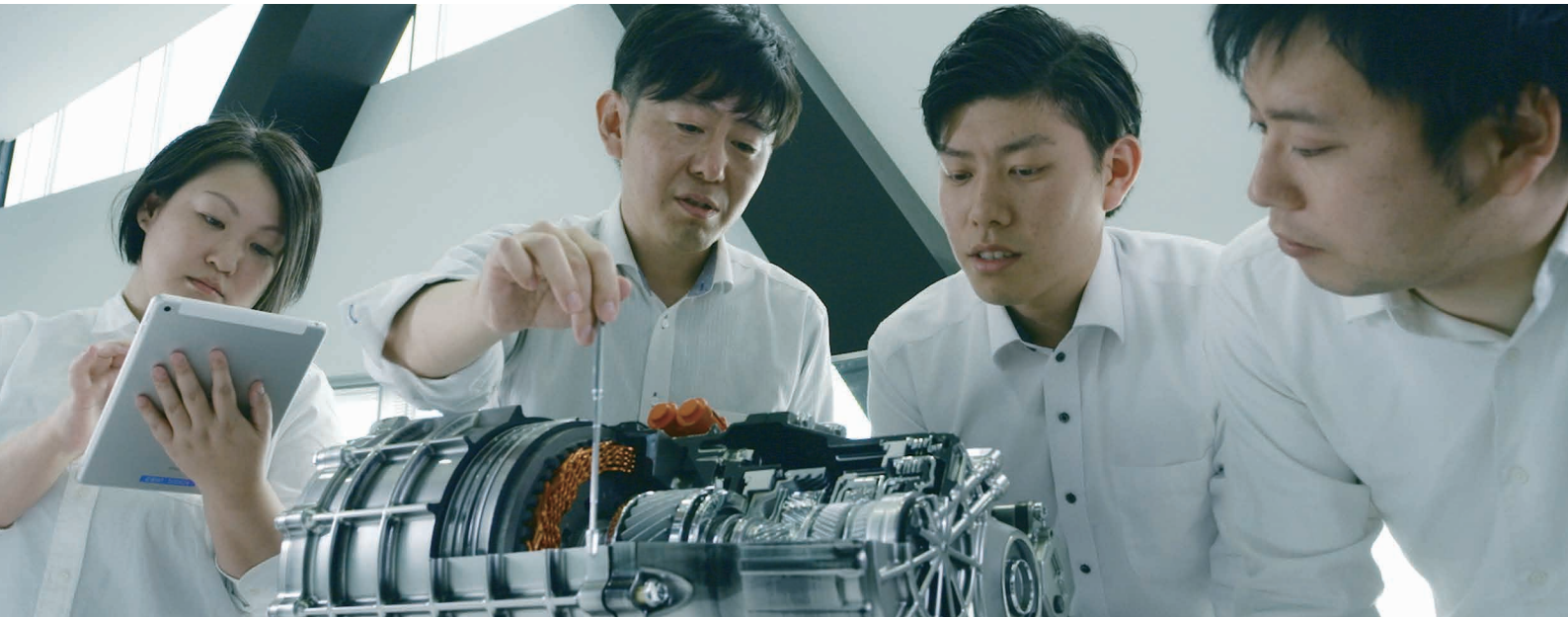
- | | |
|-------------------------|------------------------------|
| 1. Risk management | 8. Labor management |
| 2. Compliance | 9. Quality |
| 3. Information security | 10. Environment |
| 4. Fire prevention | 11. Respect for Human Rights |
| 5. Disaster prevention | 12. Social contribution |
| 6. Safety | 13. Crime prevention |
| 7. Taxation | 14. Traffic safety |

Foundation of our value creation initiatives

We are strengthening the foundation of our value creation initiatives from an ESG perspective to continuously carry out sustainable business activities that will solve social issues.

Sustainability activities and Principles of Corporate Behavior ...	51	Society	84
Engagement with stakeholders	52	Striving to be a company where employees find growth opportunities, job satisfaction and happy lives	84
Corporate governance	54	Promoting job satisfaction reform	85
Directors and Audit & Supervisory Board Members	57	Promotion of diversity and inclusion	86
Messages from Outside Directors	60	Personnel training to facilitate human resources management	88
Remuneration of executives	62	Health and safety initiatives	89
Executives	64	Quality	97
Equity	66	Respect for human rights	98
Risk management	67	Procurement	100
Compliance	71	Social contribution activities	102
Environment	74		

*This data was collected prior to fiscal year 2021. The company names and numbers of companies are correct at the time the data was collected.



Engagement with stakeholders

Engagement with stakeholders is one of our corporate principles. We endeavor to strengthen our engagement with all of our stakeholders, placing great importance on dialog with stakeholders such as customers, shareholders and investors, employees, local communities and suppliers. We look at the constant changes in the needs of society and our customers as opportunities to create new value, and actively work to create value that suits each new era.

We are also working to achieve sustainable growth and increase our corporate value through initiatives that solve social issues through our business operations. We will continue to carry out initiatives with the aim of remaining a company that acts in good faith in the spirit of our corporate principles and earns our stakeholders' trust.

Our customers

- **Customer contact center** As needed
Handling of feedback submitted by phone or email form
- **Provision of information in Group Reports and on the company website** As needed
Dissemination of information on the company and its business activities.
Creation of FAQ, etc.

Improvement of CS activities

Employees

- **Regular meetings between employees and management and round-table conferences** Several times per year
Discussions, negotiations, exchanges of opinion and mutual understanding between employees and management
- **Various surveys about employees' awareness** Several times per year
Surveys for employees about workplace culture, company life, etc.
- **Provision of information on company intranet and in group newsletters** As needed
Dissemination and sharing of company information

Strengthening of relationship between management and employees through mutual trust; reforms and improvements of workplace culture

Development through mutual trust and cooperation between employees and management

We regularly create venues for discussions about employees' concerns and issues to foster mutual trust and cooperation between the company and its employees so that both can grow together. We value feedback based on the diverse values of our employees as we strive to create good working conditions and fulfilling environments for our employees.



Capital market (equity shareholders and institutional investors)

- **General Meeting of Shareholders** Once per year
Business reports, consolidated financial statements, other financial statements, reports on audit results and discussion and decision-making about finances
- **Financial Results Briefing** Four times per year
Press conferences and teleconferences about financial summaries
- **Individual visits and inquiries** As needed
Explanations and exchanges of opinion with institutional and individual investors about the company's financial situation, businesses and products
- **Provision of information in Group Reports and on the company website** As needed
Dissemination of information on the company and its business activities. Creation of FAQ, etc.

Initiatives to improve quality of management and increase corporate value in the medium to long term

We actively engage in IR activities, making use of various opportunities to strengthen communication with our shareholders and investors, such as presentations for investors and one-on-one dialog. Business strategies, financial information and other relevant information is disclosed in a timely manner, and we are always striving to disclose more information. We receive valuable feedback through constructive dialog with our shareholders and investors, which we pass on to our management and relevant departments as appropriate and apply to initiatives to achieve sustainable growth and improvement of our corporate value in the medium and long term.

Our ESG initiatives within the group are well regarded by external ESG evaluation agencies, and have been selected for ESG indexes both domestically and overseas.



FTSE4Good



FTSE Blossom Japan



2020 Somo Sustainability Index

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Local communities

- **Regional round-table conferences** Several times per year
Introduction and discussion of initiatives
- **Invitation to company events and participation in regional events** As needed
Interaction with local residents
- **Involvement in projects on the public and private side** As needed
Joint proof-of-concept experiments, etc.
- **Communication and involvement in joint activities with NGOs, NPOs and regional organizations** As needed
Social contribution activities and volunteer activities in various regions

Contribution to sustainable development of communities; awareness and resolution of social issues

Trading partners

- **General suppliers' meeting, various meetings with affiliate companies, training, events** As needed
Sharing of procurement policies, mutual improvement, strengthening of partnerships
- **Provision of information in Group Reports and on the company website** As needed
Dissemination of information on the company and its business activities. Creation of FAQ, etc.

Building of relationships for coexistence and mutual prosperity based on mutual trust

Corporate governance

Basic stance on corporate governance


Aisin builds strong relationships with all of its stakeholders and achieves steady long-term growth and expansion to maximize our value as a company. 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 carry out corporate governance according to our Basic Policy on Corporate Governance. We are also endeavoring to achieve sustainable growth and increase our value as a company in the medium to long term through ongoing effectiveness reviews and enhancements of our corporate governance based on factors such as changes in our business environment.

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 dialogs with its shareholders, based on a shared directionality for stable long-term growth.

Handling of Corporate Governance Code

Aisin enforces every general principle of its Corporate Governance Code. Details are provided in the Corporate Governance Report we submit to the Tokyo Stock Exchange. The Japanese version of our Corporate Governance Report is provided at the website below.



https://www.aisin.com/jp/sustainability/governance/corporate_governance/pdf/corporate_governance_report_2021.pdf

Reform of corporate governance structure

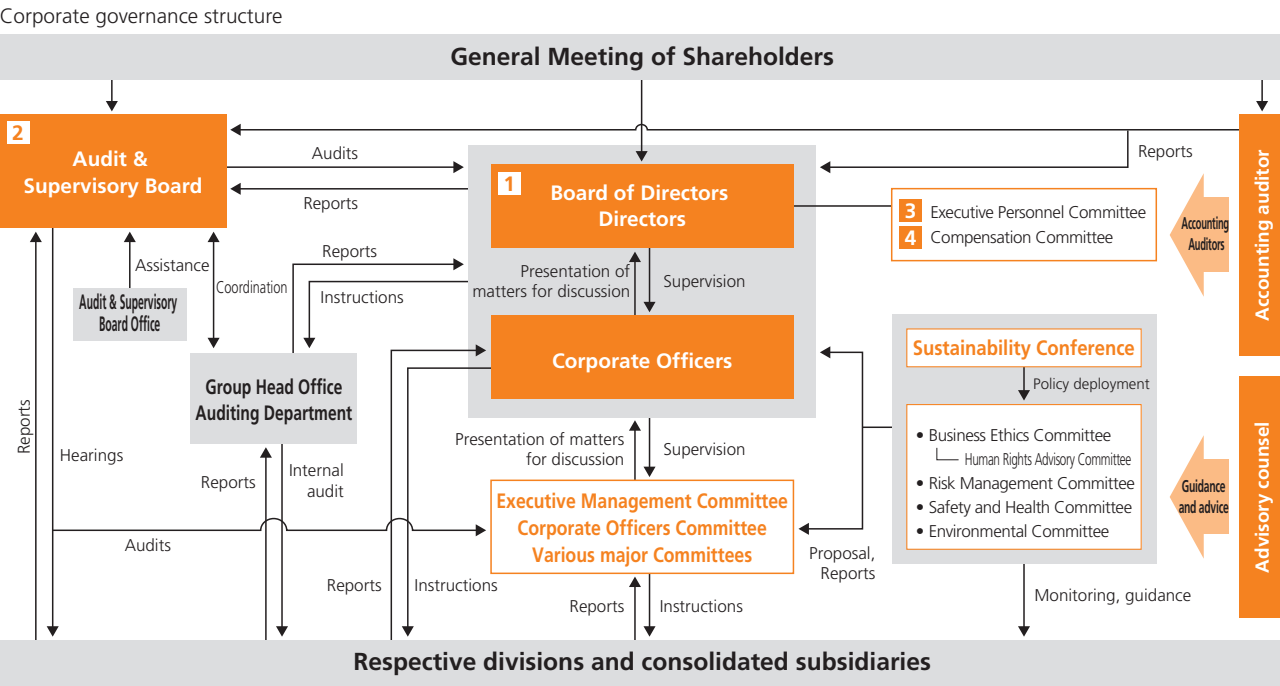
(FY)

	2015	2016	2017	2018	2019	2020	2021	2022
Number of Executives (persons)	51	53	50	51	50	32	29	31
Number of Directors (persons)	13	14	13	14	14	9	9	9
Outside Directors (persons)	2	2	3	3	3	3	3	4
Women (persons)			1	1	1	1	1	1
Number of Auditors (persons)	5	5	5	5	5	5	5	4
Outside Auditors (persons)	3	3	3	3	3	3	3	2
Women (persons)								2
Basic policy of corporate governance	June 2015 Established							
Separation of management and execution	June 2005 • Appointed Corporate Officers to slim down the Board of Directors and thereby speed up decision-making, as well as strengthening and speeding up the execution of operations.							
	April 2012 • To enable agile changes to our frameworks, the time for appointing Corporate Officers was changed to April, when our business year starts.							
	June 2014 • Outside Directors were appointed							
	January 2016 • Executives Personnel Committee established							
	March 2016 • Compensation Committee established							
Improvement of effectiveness	June 2019 • Number of appointed directors reduced							
	April 2020 • Appointed a new president and Corporate Officer to enable more flexible changes to the system when an officer is transferred.							
	March 2015 • Round-table conferences between Outside Directors/Auditors and our top management/auditors • Interviews are held with Outside Directors and Auditors to ask about the effectiveness of the Board of Directors. (For details on our evaluation at the end of fiscal year 2021, our issues and how we plan to resolve them and our future initiatives, see "Effectiveness evaluation of Board of Directors" on p.59.)							
	June 2019 • Directors' compensation amended: 1. Total range revised; 2. Remuneration in the form of stock options introduced							

Corporate governance structure

Aisin uses an audit and supervisory board system to strengthen the management and supervision of the Board of Directors and enable more efficient management by our Corporate Officers system. To enable more accurate, faster and fairer decision making, we established a framework from June 2019 in which at least one third of our directors are independent outside directors. To enable more independent, objective

decision-making about appointing and compensating directors and Corporate Officers, decisions of this nature are reviewed and discussed by the Executive Personnel Committee and Compensation Committee, with independent outside directors accounting for the majority of members, before being raised at the Board of Directors meeting.



1 Board of Directors

The Board of Directors is responsible for overseeing the execution of business operations and passing resolutions on important management matters of Aisin and AISIN Group.

Number of meetings: 15 per year

3 Executive Personnel Committee

This committee reviews and establishes basic policies regarding our director system and framework. The appointment and dismissal of directors and auditors is proposed and discussed at Board of Directors meetings according to our basic policies.

Number of meetings: 3 per year

2 Audit & Supervisory Board

Together with monitoring the execution of duties by directors, Audit & Supervisory Board members conduct hearings of the state of affairs in respective business divisions to verify that management and the execution of business operations are being carried out properly.

Number of meetings: 14 per year

4 Compensation Committee

This committee reviews and establishes basic policies regarding our remuneration system and decisions. Proposals for the remuneration system, payment standards for each role and the amounts for each individual are also discussed according to our basic policies.

Number of meetings: 4 per year

*The number of meetings is for fiscal year 2021.

Corporate governance

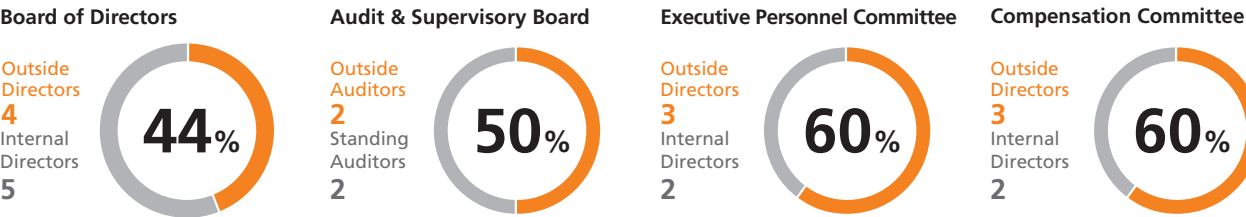
Members of our Board of Directors, Audit & Supervisory Board, Executives Personnel Committee and Compensation Committee

◎ Chair ○ Members

		Board of Directors	Audit & Supervisory Board	Executives Personnel Committee	Compensation Committee
Directors	Chairman Kanshiro Toyoda	◎			
	Vice Chairman Kiyotaka Ise	○			
	President Moritaka Yoshida	○		◎	◎
	Director Kenji Suzuki	○			
	Director Shintaro Ito	○		○	○
	Director Tsunekazu Haraguchi	○		○	○
	Director Michiyo Hamada	○		○	○
	Director Seiichi Shin	○		○	○
	Director Koji Kobayashi	○			
Audit & Supervisory Board Members	Standing Auditor Makoto Mitsuya	○	◎		
	Standing Auditor Kiyomi Kato	○	○		
	Outside Auditor Hikaru Takasu	○	○		
	Outside Auditor Junko Ueda	○	○		

Outside Independent director Female

Ratio of outside directors



Main reports and proposals at Board of Directors meetings (July 2020 - June 2021)

	Proposals	Reports	Total	Ratio
Business strategies, sustainability and governance	15	4	19	23%
Settlement, dividends and other financial matters	13	2	15	18%
Internal control, risk management and compliance	1	2	3	4%
HR, appointment and remuneration	27	1	28	35%
Individual matters	2	14	16	20%
Total	58	23	81	100%

Directors and Audit & Supervisory Board Members

Initiatives for a more active Board of Directors

We believe that it is important that every member of our Board of Directors brings their own knowledge and experience to their management activities, and we endeavor to facilitate active discussion between our directors, including Outside Directors.

Separation of supervision and execution

- Slimmed down management framework
- Diverse balance of knowledge, experience and skills

Sufficient time for discussion

- Review of standards for discussions by Board of Directors
- Prior explanation of proposed topics for discussion, etc. for Outside Directors

- Creation of annual schedule for Board of Directors meetings

Sharing of information and strengthening of framework for collaboration

- Sharing of details of decisions at important meetings such as management meetings
- Holding opinion exchange meetings, round-table conferences, training, etc.
- Observation of domestic and overseas subsidiaries, etc. by Outside Directors

Audit & Supervisory Board Members

Our four Audit & Supervisory Board Members (two Standing Auditors and two Outside Auditors) audit the work of our directors and the operations of Aisin and its subsidiaries to verify legal compliance and the reliability of our financial reports.

Audits are conducted based on auditing policies and audit plans established at Audit & Supervisory Board Meetings and take the form of attendance at Board of Directors’ meetings and other critical meetings, interviews with directors and departments, and visits to domestic and overseas subsidiaries.

When appointing auditors, we make sure that half are women to provide more diverse perspectives.

Our Audit & Supervisory Board discusses the status of establishment and operation of internal governance systems, the appropriateness of accounting auditors’ auditing methods and results, and topics to be raised at the Annual General Meeting of Shareholders.

They also communicate and exchange information with our internal auditing department and accounting auditors when necessary.

Sharing of information with outside executives

Aisin believes that the management of our business depends on Outside Directors and Outside Audit & Supervisory Board Members carrying out their roles and duties effectively from an independent, objective standpoint. Outside Directors attend monthly round-table conferences with top management and Outside Audit & Supervisory Board Members in an initiative to facilitate meaningful discussion at venues such as our Board of Directors meetings.

To promote understanding among Outside Directors and Outside Audit & Supervisory Board Members about the businesses and functions of our company, we endeavor to facilitate exchanges of information and boost awareness through venues such as observations of plants, test courses and relevant companies and discussions with the relevant executives and managers in each company, headquarters and division.

We have also appointed specific staff in our Corporate Planning Dept. and Audit & Supervisory Board Office to facilitate communication and coordination with Outside Directors and Outside Audit & Supervisory Board Members and ensure that the information required by outside directors and auditors is provided accurately.

Corporate governance

Policies and procedures on the appointment and dismissal of Directors and Audit & Supervisory Board Members

When appointing and dismissing members of our Board of Directors, we seek the optimum balance of knowledge, experience and skills to ensure the suitable, swift and fair decision-making that is needed to achieve sustainable growth and increase our value as a company in the medium and long term. We take a comprehensive approach, including appointing multiple Outside Directors with advanced expertise inside and outside the industry. We focus on group management, and appoint members of domestic and overseas subsidiaries who bring a wealth of experience and a wide range of insights.

Nomination, appointment and dismissal is reviewed and discussed by our Executive Personnel Committee, in which the majority of members are independent Outside Directors, to select candidates for Director and Audit & Supervisory Board Member positions. Decisions for directors are made on discussion at the General Meeting of Shareholders based on internal decisions made by the Board of Directors. Decisions for Audit & Supervisory Board Members are made on discussion at the General Meeting of Shareholders based on internal decisions made by the Board of Directors and agreed upon by our Audit & Supervisory Board Members.

Specialties and experience of Directors and Audit & Supervisory Board Members

		Company management	Industry knowledge	Technology development	Production technology and manufacturing	DX	Sales and procurement	Finance and accounts	Legal affairs and CSRs	Overseas experience
Chairman	Kanshiro Toyoda	○	○	○	○					
Vice Chairman	Kiyotaka Ise	○	○	○						○
President	Moritaka Yoshida	○	○	○						○
Director	Kenji Suzuki	○	○	○		○	○			
Director	Shintaro Ito	○	○					○	○	○
Director	Tsunekazu Haraguchi	○						○		
Director	Michiyo Hamada								○	○
Director	Seiichi Shin			○	○	○				
Director	Koji Kobayashi	○	○				○	○	○	
Standing Auditor	Makoto Mitsuya	○	○					○	○	○
Standing Auditor	Kiyomi Kato		○					○	○	
Outside Auditor	Hikaru Takasu							○		
Outside Auditor	Junko Ueda								○	○

Effectiveness evaluation of Board of Directors

Our Board of Directors includes multiple Outside Directors to guarantee that functions performed by the Board of Directors, such as decision-making and the running of meetings, are executed effectively. Interviews are held with all Outside Directors and Outside Audit & Supervisory Board Members to ask about the effectiveness of the Board of Directors as a whole and improvements are made based on their answers.

Evaluation and issues for fiscal year 2021

In our interviews at the end of fiscal year 2021, our Outside Directors expressed that the overall effectiveness of our Board of Directors had improved. Positive points included the fact that meetings provided a venue for discussion of the most critical topics, the fact that active exchanges of opinion were taking place and the fact that there was a sufficient support framework. Areas for improvement included enhancement of on-site observations, although the reason why it had not been possible to have enough face-to-face discussions and site visits was because meetings were held remotely due to COVID-19.

Improvements and future initiatives

Areas for improvement included expansion of venues for face-to-face discussion, ongoing setting of on-site observations and further enhancement of exchanges of opinion about points such as strategies and risks, governance and critical issues that need to be resolved after the management merger. These will be improved on as the COVID-19 situation improves.

Criteria and characteristics of independent Outside Directors

All independent Outside Directors appointed by Aisin are expected to fulfill the following duties and obligations.

1. Supervise management by providing warnings and advice about risks from a standpoint independent from management in important decision-making settings such as meetings of the Board of Directors.
2. Apply specialized knowledge, wide-ranging experience and other assets gained from previous roles to their management at Aisin.
3. Preside over conflicts of interest between the company and parties such as its management or controlling shareholders
4. Appropriately represent outside views at meetings of the Board of Directors. When selecting candidates for Outside Director positions, we focus on specialized expertise and a wide range of experience that will enable the candidate to provide frank and constructive advice about our management, in addition to the requirements for independence set by the Companies Act and the Tokyo Stock Exchange.

Corporate governance

Messages from Outside Directors



I have seen steady progress in AISIN Group's governance frameworks

I became an Outside Director in June 2014 after working in roles such as president of the Finance Bureau of the Ministry of Finance and president of the Planning and Coordination Bureau of the Financial Services Agency and gaining management experience at the National Life Finance Corporation and AEON Financial Service.

In the seven years since I assumed this role, there have been major changes in corporate governance of Japanese companies. The revision of the Corporate Governance Code in June 2021 has required stronger measures to be taken in areas such as supervisory functions, the functions of the Board of Directors and our diversity. In addition to establishing the Executives Personnel Committee and Compensation Committee in 2016 and slimming down the executive framework in 2019, reforms such as increasing Outside Directors to 1/3 of the total directors have been made.

I think the work of strengthening governance frameworks never ends, but gradual progress is being made in the company's frameworks.

It is important to build frameworks for group synergy

Generally, in the case of a large corporate group like this, there is the benefit of group companies being able to compete with each other and grow together, but the group may not function well when trying to work together toward one goal. Additionally, thorough attention needs to be paid to governance and compliance in the group companies. Sometimes scandals and foul play in companies are the result of governance of subsidiaries not being thorough enough. Additionally, subsidiaries with good results carry out their own management, and if the parent company tries to tell them the direction they should take, they may agree with the general principle but be unwilling to change their own practices, and it may not be possible to get them to cooperate.

In the past, Aisin has practiced branch management, where management judgments are left to each company, but in order to survive "the biggest period of change in 100 years," the group's management are taking the reins and carrying out structural reform so that the whole of the group is moving in the same direction.

Specifically, AISIN Group as a whole is taking measures to revise business strategies, improve revenue and strengthen its structures in the face of dramatic changes in our business environment, such as the temporary stalling of the Chinese economy in recent years and the impact of COVID-19 on the global economy. The group has also moved forward its merger of Aisin Seiki and Aisin AW in order to survive the next 50 years as a corporate group. I am pleased with how smoothly this merger has proceeded.

While Aisin has introduced a Company System to clarify responsibilities and is collaborating more closely with group companies, I think that it will be important to build frameworks that will enable greater synergies in future.

I will do my utmost to help AISIN Group achieve its vision for 2030 from an objective standpoint

The new Aisin has a new corporate principle—Inspiring "Movement," Creating Tomorrow—and has established AISIN Group's Vision for 2030 as a solutions company that solves social issues. Thus far, I have watched Aisin make big changes like these to handle the changes in its external environment.

My role in future will be to help AISIN Group be confident in the direction it is taking as it carries out reform according to its new vision. If I feel that something is a little wrong, I will give my frank opinion. I want to make use of my past experience to give advice in a wide range of areas, such as group management and management plans, from an objective standpoint as an outside director, and do my utmost to help AISIN Group achieve its vision.



I am pleased with AISIN Group's governance frameworks and structural reform

For many years, I have given people a specialist education in corporate law as a university professor, and served in roles such as a member of national and local government committees and the Japan Fair Trade Commission. I became an outside auditor of what was then Aisin Seiki in June 2004. I left for a while after being appointed as a member of the Japan Fair Trade Commission, but returned to my role as an Outside Director here in June 2016.

I studied corporate governance reform in Europe and North America when I was a university professor, and was involved in discussions about the amendment of the Companies Act in Japan. Based on that experience, I feel that AISIN Group has been among the fastest to respond to the amendments in the legal system, and has constantly acted preemptively to strengthen its governance frameworks.

Aisin's structural reform is progressing steadily as a result of fast, bold decision-making by the management. The group has made daring moves to restructure its business to handle the rapid changes taking place in its business environment, including withdrawing from unprofitable areas of business and restructuring its subsidiaries, and I am very pleased with this scrap-and-build reform.

I have high hopes for AISIN Group as it strives to improve its corporate value by solving social issues

With the automotive industry experiencing "the biggest period of change in 100 years," decarbonization and the rise of CASE have accelerated in recent years. I have high hopes for Aisin as it strives to improve its corporate value by solving social issues.

For example, in the area of decarbonization, AISIN Group is throwing itself into electrification in the automotive parts business, one of the group's core businesses, and is developing clean, efficient energy products, such as its ENE-FARM household fuel cells, to reduce CO₂. A major strength of Aisin is its promotion of the development of technology and products that use hydrogen or make effective use of energy to achieve a

carbon-neutral, recycling-based society.

And as a member of the public, there are a lot of services from Aisin that I look forward to seeing, like their Choisoko shared shuttle bus service. There is no doubt in my mind that AISIN Group can provide creative, innovative products and services that exceed customers' satisfaction and, in doing so, help to make people's dreams come true.

Pioneering initiatives to support women in the workplace

There is also a call for companies to take diversity measures. I have particularly paid attention to initiatives to support women in the workplace. Aisin has worked to create workplaces that support women from an early stage, with measures such as a company day care, factory lines designed with women in mind and awareness and reform projects such as Ikumen and Ikubosu. I am proud of the fact that AISIN Group was selected as a Nadeshiko Brand, which recognizes listed companies with excellent progress in support for women, as a result of these initiatives.

My role is to supervise the work of AISIN Group's management

As a member of the Board of Directors, I will be a part of the company's critical decisions and supervise the work of our President and Corporate Officers, and as a member of the Executive Personnel Committee and Compensation Committee, I am conscious of the responsibility I have for handling proposals about appointment and compensation of directors and work steadily to fulfill that responsibility.

Meanwhile, as someone working from a standpoint where independence is ensured, I want to make sure that I maintain appropriate distance from the operation side, apply suitable pressure and actively speak up for parties like the public and working women.

I also want to be a voice telling stakeholders such as customers, shareholders and investors, employees and communities that Aisin's management is working to achieve sustainable growth.

Corporate governance

Remuneration of executives

Basic stance on remuneration of executives

Our system for remuneration of our executives is designed according to the following principles.

- 1. Remuneration shall motivate our executives to work toward achieving AISIN Group’s corporate principles and following its management policies.
- 2. Remuneration shall reflect the responsibilities, results, etc. of each executive.
- 3. Remuneration shall reflect the business environment and short- to medium-term results of AISIN Group and encourage executives to improve our corporate value and manage from the perspective of our shareholders.

Remuneration structure for executives

As executives oversee the operations of the company, the remuneration structure for Directors (other than Outside Directors) comprises a fixed monthly salary along with bonuses and stock options tied to results.

In recognition of their position as executives responsible for providing supervision and advice or audits of our management from an independent standpoint, Outside Directors and Audit & Supervisory Board Members receive only a monthly salary with no bonuses or stock options.

System and configuration of remuneration for directors and auditors

Type of remuneration		Directors (excluding outside directors)	Outside Director	Auditors	Payment policy
Fixed remuneration	Monthly salary	50%	100%	100%	<ul style="list-style-type: none">• Directors’ remuneration reflects factors such as the director’s duties and experience, along with trends among other companies. Audit & Supervisory Board Members’ remuneration reflects factors such as their duties and trends among other companies.• Monthly salary is paid every month throughout directors’ and Audit & Supervisory Board Members’ terms.
Performance-linked remuneration	Bonuses	35%	–	–	<ul style="list-style-type: none">• Bonuses are based on the consolidated operating profit achieved through our operations in each business year, and are decided through a comprehensive assessment of dividends, the size of the bonuses given to our employees, trends among other companies and bonuses that were paid in the past. Bonuses for the period ended March 2021 were set based on our consolidated operating profit of ¥145.3 billion (results).• The compensation for each director is decided based on the company’s results for each business year and the status of each director’s work.• Bonuses are paid once a year, after the Annual General Meeting of Shareholders for each business year.
Stock options		15%	–	–	<ul style="list-style-type: none">• Shares with restriction on transfer are given as an incentive to boost the value of our stock by continuously improving our value as a company.• Stock options for eligible directors are decided based on factors such as the directors’ duties.• Stock options are paid once a year, after the Annual General Meeting of Shareholders for each business year.• For details on this system, see “Securities Report” on p.45.

Method for deciding remuneration of executives

To ensure that the company’s systems operate in a way that is suited to the status of the company’s management and operations and that agile decisions about executive compensation are made, the authority to decide standards for each level of director, assess each executive and decide on compensation for each director is given to the Chairman and Vice Chairman of the Board of Directors, the President and the Vice President in charge of human resources management.

As a measure to ensure that this authority is exercised appropriately, executive compensation is deliberated and discussed by the Compensation Committee, where the majority of members are independent Outside Directors, before being put to the Board of Directors.

The Compensation Committee is chaired by the President and includes the Vice President in charge of human resources management and three independent Outside Directors. The committee discusses compensation systems and decision policies and methods to ensure appropriate executive compensation, along with compensation standards for each level of executive and the compensation for each executive.

Compensation for each level of director is decided each year, referring to the baselines at manufacturing companies whose size, industry and operations are similar to ours according to an investigation on executive compensation by an external research institute to verify the objectivity and validity of our standards.

Once a director is appointed, their compensation is decided based on details approved by the Compensation Committee. If this decision differs from that of the Compensation Committee, the reason must be explained to the Compensation Committee in advance.

The Board of Directors then decides on the director’s pay within the total compensation range decided at the General Meeting of Shareholders.

The monthly salary for each Audit & Supervisory Board Member is decided upon discussion between the auditors within the compensation range decided at the General Meeting of Shareholders.

Remuneration amount for directors and auditors

Category	Total remuneration, etc. (Million yen)	Totals for each type of remuneration (million yen)			Number of recipients (persons)
		Fixed remuneration	Performance-linked remuneration	Stock options	
		Monthly salary	Bonuses		
Directors (Outside Directors)	440 (43)	276 (43)	119 (-)	45 (-)	9 (3)
Audit & Supervisory Board Members (Outside Auditors)	139 (36)	139 (36)	- (-)	- (-)	5 (3)
Total	579	415	119	45	14

(Notes) 1. Bonuses indicate the amount posted at the Board of Directors meeting on April 28, 2021.
2. Stock options indicate the amount expended in this business year for shares with restriction on transfer given to directors (excluding Outside Directors).
3. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total monthly salary and bonuses paid to all directors collectively must be no greater than 600 million yen per year (with no greater than 75 million yen paid to the outside directors).
4. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total stock options to be given to all non-Outside Directors collectively must be worth no greater than 100 million yen per year.
5. It was decided at the 87th General Meeting of Shareholders on June 23, 2010 that the total monthly salary paid to all Audit & Supervisory Board Members collectively must be no greater than 15 million yen per month.

Corporate governance

Executives

Members of the Board of Directors



M

Kanshiro Toyoda
Chairman

April 1965 Began working for Shinkawa Kogyo Co., Ltd.
June 2009 Became Executive Officer of Toyota Motor Corporation
June 1979 Became Director of Aisin Seiki
June 1983 Became Executive Director of Aisin Seiki
June 1985 Became Managing Director of Aisin Seiki
June 1988 Became Executive Vice President of Aisin Seiki
June 1995 Became President of Aisin Seiki
June 2005 Became Chairman of Aisin Seiki (current role)

Reason for appointment

Mr. Toyoda has many years of experience in leadership roles at Aisin Seiki and our group companies in Japan and overseas, serving as President before assuming his current role as Chairman. His extensive management experience has equipped him with a wide-range of insights about how Aisin can thrive.

Number of Board of Directors meetings attended 15/15 (100%)



M

Kiyotaka Ise
Vice Chairman

April 1980 Began working for Toyota Motor Industries
June 2007 Became Executive Officer of Toyota Motor Corporation
April 2013 Became Managing Officer of Toyota Motor Corporation
June 2013 Became Director of Toyota Motor Corporation
January 2018 Became Vice President and Operating Officer of Aisin Seiki
June 2018 Became President of Aisin Seiki
April 2020 Became President and Operating Officer of Aisin Seiki
June 2021 Became Vice Chairman of Aisin (current role)

Reason for appointment

Mr. Ise has extensive management experience and insights gained through his work as the Chief Safety Technology Officer, a Managing Officer and the Advanced Technology Development Company President at Toyota Motor Corporation, along with his work as President of Aisin Seiki and as Vice Chairman and Director of Aisin from 2021.

Number of Board of Directors meetings attended 15/15 (100%)



M

Moritaka Yoshida
President

April 1980 Began working for Toyota Motor Industries
June 2009 Became Executive Officer of Toyota Motor Corporation
April 2014 Became Managing Officer of Toyota Motor Corporation
January 2018 Became Executive Vice President of Toyota Motor Corporation
April 2020 Became Advisor of Toyota Central R&D Labs, Inc.
June 2020 Became Chairman of Toyota Central R&D Labs, Inc.
June 2021 Became President of Aisin (current role)

Reason for appointment

Mr. Yoshida has gained management experience through his roles as Executive Vice President and MSV Company President and Vehicle Development Center President at Toyota Motor Corporation, along with his position at Toyota Central R&D Labs, Inc. He also became President of Aisin in 2021, and brings a wealth of experience and wide-ranging insights about all areas of management.

Number of Board of Directors meetings attended —



M

Kenji Suzuki
Director

April 1984 Began working for Aisin Warner Co., Ltd.
June 2011 Became Director of Aisin AW Co., Ltd.
June 2013 Became Operating Officer of Aisin AW Co., Ltd.
April 2014 Became Executive Director of Aisin AW Co., Ltd.
April 2016 Became Managing Director of Aisin AW Co., Ltd.
June 2016 Became Director of Aisin AW Co., Ltd.
April 2020 Became Operating Officer of Aisin Seiki
Became Executive Vice President of Aisin AW Co., Ltd.
April 2021 Became Executive Vice President of Aisin (current role)
June 2021 Became Director of Aisin (current role)

Reason for appointment

Mr. Suzuki worked for Aisin AW prior to the merger, primarily in electronic technology, and gained management experience as Executive Vice President of Aisin AW. He is now a Director and Executive Vice President of Aisin, as well as the Chief Software & Digital Officer, and brings a wealth of experience and wide-ranging insights about DX and all areas of management.

Number of Board of Directors meetings attended —



M

Shintaro Ito
Director

April 1983 Began working for Aisin Seiki
June 2010 Became Executive Officer of Aisin Seiki
April 2017 Became Managing Officer of Aisin Seiki
April 2019 Became Operating Officer of Aisin Seiki
April 2021 Became Executive Vice President of Aisin (current role)
June 2021 Became Director of Aisin (current role)

Reason for appointment

Mr. Ito primarily worked in Aisin Seiki's management divisions prior to the merger, and gained management experience in the top management of our overseas companies. He is now a Director and Executive Vice President, and brings a wealth of experience and wide-ranging insights about all areas of management.

Number of Board of Directors meetings attended —



I M

Tsunekazu Haraguchi
Outside Director

April 1970 Began working for the Ministry of Finance
May 1995 Became President of Nagoya Regional Taxation Bureau
July 1996 Became President of Kinki Regional Finance Bureau
January 2001 Became President of the Financial Bureau of the Ministry of Finance
July 2001 Became President of the Planning and Coordination Bureau of the Financial Services Agency
July 2002 Became Vice President of National Life Finance Corporation
October 2007 Became President and CEO of AEON Bank Co., Ltd.
March 2010 Became Chairman of AEON Bank Co., Ltd.
Became joint CEO of the general financial business of AEON CO., LTD.
November 2012 Became Director of AEON Credit Service Co., Ltd.
March 2013 Became Operating Officer of AEON Co., Ltd.
April 2013 Became Chairman of AEON Financial Service Co., Ltd.
March 2014 Became Chairman and President of AEON Financial Service Co., Ltd.
April 2014 Became Director of AEON Bank Co., Ltd.
May 2014 Became Director of AEON Reit Management Co., Ltd.
June 2014 Became Director of Aisin Seiki (current role)
Became Director of AEON Financial Service Co., Ltd.
March 2018 Became Special Advisor of Wealth Brothers Co., Ltd. (current role)

Reason for appointment

Mr. Haraguchi has a high level of financial expertise as a result of his work in roles such as President of the Financial Bureau of the Ministry of Finance and president of the Planning and Coordination Bureau of the Financial Services Agency, and has gained extensive experience and a wide range of insights as a manager through his work at companies like AEON Financial Service Co., Ltd.

Number of Board of Directors meetings attended 15/15 (100%)



I F

Michiyo Hamada
Outside Director

April 1974 Became Assistant Professor in Nagoya University's School of Law
April 1985 Became Professor at Nagoya University's School of Law
April 1999 Became Professor at Nagoya University's Graduate School of Law
June 2004 Became Auditor for Aisin Seiki
April 2008 Became Dean of Nagoya University's Graduate School of Law
April 2009 Became member of the Japan Fair Trade Commission
Became Professor Emeritus of Nagoya University (current role)
June 2014 Became Outside Auditor of Toho Gas Co., Ltd.
Became Outside Auditor of Metropolitan Expressway Company Limited (current role)
June 2015 Became Outside Auditor of Sangetsu Corporation (current role)
June 2016 Became Director of Aisin Seiki (current role)
June 2020 Became Outside Director of Toho Gas Co., Ltd. (current role)

Reason for appointment

Ms. Hamada has a high level of expertise on the Companies Act and Antimonopoly Act and a wealth of experience and a wide range of insights on corporate governance as a result of her experience in non-corporate roles such as Professor in Nagoya University's School of Law and a member of the Japan Fair Trade Commission.

Number of Board of Directors meetings attended 15/15 (100%)



I M

Seiichi Shin
Outside Director

May 1988 Became Assistant Professor in Institute of Information Sciences and Electronics at the University of Tsukuba
April 1992 Became Assistant Professor at the Faculty of Engineering at the University of Tokyo
April 1995 Became Assistant Professor at the School of Engineering at the University of Tokyo
April 1998 Became Assistant Professor at the affiliated Engineering Research Institute, School of Engineering at the University of Tokyo
March 2001 Became Director of the Society of Instrument and Control Engineers (SICE)
April 2006 Became Professor at the Faculty of Electro-Communications at the University of Electro-Communications
March 2012 Became Director and Vice-President of the Society of Instrument and Control Engineers (SICE)
Became Chief Director of the Control System Security Center
March 2013 Became Director and President of the Society of Instrument and Control Engineers (SICE)
April 2015 Became Professor at the University of Electro-Communications Graduate School of Informatics and Engineering
Became Dean of Informatics and Engineering at the University of Electro-Communications
April 2018 Became Emeritus Professor of the University of Electro-Communications (current role)
April 2020 Became Director of Canon Medical Systems Corporation Advanced Research Institute (current role)
October 2020 Became Director of Canon Medical Systems Corporation Advanced Research Institute (current role)
June 2021 Became Director of Aisin (current role)

Reason for appointment

Mr. Shin has specialized expertise in metrology and control engineering from his work in roles such as Professor at the University of Electro-Communications Graduate School of Informatics and Engineering, and has gained a wide range of insights from this background.

Number of Board of Directors meetings attended —



M

Koji Kobayashi
Outside Director

April 1972 Began working for Toyota Motor Industries
June 2004 Became Executive Director of DENSO Corporation
June 2007 Became Senior Executive Director of DENSO Corporation
June 2010 Became Vice President of DENSO Corporation
June 2015 Became Vice Chairman of DENSO Corporation
February 2016 Became Advisor of Toyota Motor Corporation
April 2017 Became Senior Advisor of Toyota Motor Corporation
January 2018 Became Executive Vice President of Toyota Motor Corporation
Became Director of DENSO Corporation
June 2018 Became Director and vice president of Toyota Motor Corporation
April 2020 Became Director and operating officer of Aisin AW Co., Ltd. (current role)
June 2021 Became Director of Aisin (current role)

Reason for appointment

Mr. Kobayashi has many years of management experience at companies in the automotive industry, such as Toyota Motor Corporation, and brings a wealth of experience and a wide range of insights as a manager.

Number of Board of Directors meetings attended —

Audit & Supervisory Board Members



M

Makoto Mitsuya
Audit & Supervisory Board Member

April 1981 Began working for Aisin Seiki
June 2005 Became Executive Officer of Aisin Seiki
June 2009 Became Managing Director of Aisin Seiki
June 2012 Became Director and managing officer of Aisin Seiki
June 2013 Became Executive Vice President of Aisin Seiki
April 2020 Became Vice President and operating officer of Aisin Seiki
June 2020 Became Director of Aisin Seiki
June 2021 Became Audit & Supervisory Board Member of Aisin (current role)

Reason for appointment

Mr. Mitsuya worked for Aisin Seiki prior to the merger, primarily in the management division, as well as serving as a director and executive vice president, and brings knowledge about finance and accounting and a wealth of experience and a wide range of insights about management.

Number of Board of Directors meetings attended 15/15 (100%)

Number of Audit & Supervisory Board meetings attended —



F

Kiyomi Kato
Audit & Supervisory Board Member

March 2008 Began working for Aisin Seiki
January 2017 Became Chief Investigator of Aisin Seiki's Accounting Division
January 2020 Became President of Aisin Seiki's Audit & Supervisory Board Office
June 2021 Became Audit & Supervisory Board Member of Aisin (current role)

Reason for appointment

Ms. Kato worked for Aisin Seiki prior to the merger, primarily in accounting and auditing. She is particularly knowledgeable about corporate law, finance and accounting, and has accumulated a wealth of experience and a wide range of insights through this background.

Number of Board of Directors meetings attended —

Number of Audit & Supervisory Board meetings attended —



I M

Hikaru Takasu
Outside Auditor

October 1979 Began working for Ito Accounting Office, an auditing company
January 1984 Opened his own certified accounting office (current role)
July 2002 Became representative of Hikaru Takasu Accounting Office (current role)
June 2010 Became Outside Auditor of Aisin (current role)

Reason for appointment

In addition to a wealth of experience as a certified accountant and specialized expertise about finance and accounting, Mr. Takasu brings experience and a wide range of insights from many years in corporate management roles.

Number of Board of Directors meetings attended 15/15 (100%)

Number of Audit & Supervisory Board meetings attended 14/14 (100%)



I F

Junko Ueda
Outside Auditor

April 2003 Became Professor at Sugiyama Jogakuen University's School of Modern Management
April 2007 Became Professor at Shizuoka University's Graduate School of Law
May 2008 Became Outside Auditor of Okaya & Co., Ltd. (current role)
April 2010 Became Professor at Kyushu University Faculty of Law
April 2017 Became Professor at Aichi University's Graduate School of Law (current role)
April 2021 Became Dean of Aichi University's Graduate School of Law (current role)
June 2021 Became Outside Auditor of Aisin (current role)

Reason for appointment

Ms. Ueda has a high level of expertise in corporate law and a wealth of experience and a wide range of insights on corporate governance as a result of her experience in roles such as Professor in Aichi University's Graduate School of Law and officer roles at other companies.

Number of Board of Directors meetings attended —

Number of Audit & Supervisory Board meetings attended —

I = Independent director

M = Male

F = Female

Corporate governance

Equity

Basic policy regarding cross-shareholdings

To survive the intense competition and continue to grow in the automotive parts and energy solutions businesses where we operate, we believe that it is essential to build a cooperative relationship with various companies throughout all processes including development, procurement, production, distribution and sales. To accomplish this, our basic policy is to hold the minimum stock deemed necessary to maintain and improve our corporate value in our areas of business from a medium- and long-term perspective.

Method for verifying whether to hold shares

Where necessary, Aisin communicates constructively with companies in which we hold shares from the perspective of maintaining and improving the value of the company and driving sustainable growth. These conversations take place with the aim of sharing business issues and solving problems. To verify that it is reasonable to hold the shares that we do, we regularly monitor situations such as the financial situation and management results of the companies in which we own shares and carry out rigorous quantitative reviews (dividend yield and average ROE for the past three years must exceed the weighted average cost to the company (5.6%) and qualitative reviews (state of business trades, prospects for future collaborations, etc.) at Board of Directors' meetings each year to determine whether it is appropriate to hold the shares. Verifications for this year were made at the Board of Directors' meeting held in May 2020.

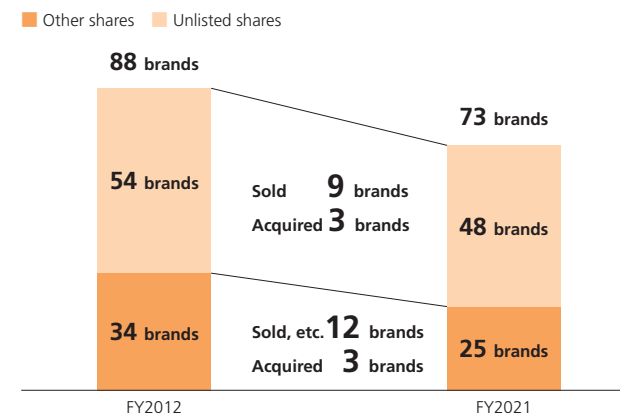
Standard for exercising voting rights

Voting at Aisin is not used to make uniform yes / no judgments according to regular short-term standards. Rather, points such as the management policies and strategies of companies being invested in are given plenty of weight and decisions are made from the perspective of corporate value in the medium to long term and whether the decision will maintain or increase returns for shareholders.

When voting on each proposal, we confirm points such as whether the company focuses on growth and shareholder profits in its management. Individual reviews are conducted based on internal rules and factors such as the outcome of discussions with the company are taken into account when deciding whether to agree to a proposal.

Initiatives to reduce shareholding

We are continuously working to reduce shareholding through dialog with the companies about brands in which it is no longer worth holding shares.



*The above figures do not include Shiroki Corporation and Art Metal Mfg. Co., Ltd., which are now subsidiaries of ours.

Shareholding (at the end of this fiscal year)

	Amount posted in balance sheet (March 31, 2021)	Brands for which we increased our shares in FY2021	Brands for which we decreased our share in FY2021
Unlisted shares	48 brands ¥17,493 million	1 brands ¥499 million	3 brands ¥1,800 million
Other shares	25 brands ¥182,171 million	1 brands ¥750 million	-

*We increased our shares in some brands because the additional shares were necessary to maintain and improve the corporate value of Aisin in the medium to long term.

Risk management

Risk management policies and risks

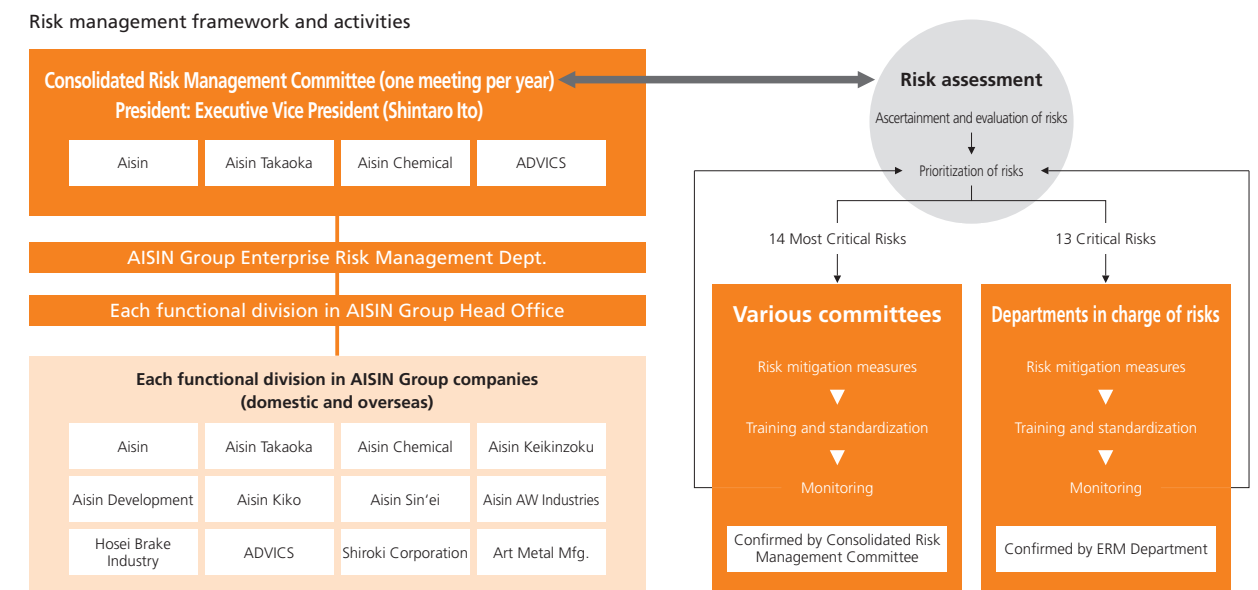
We are entering an age in which business activities are impacted by climate change, depletion of resources, large-scale disasters, outbreaks of infectious diseases and shortages of materials such as semiconductors, and social and environmental issues such as the destabilization of society caused by growing inequality are having a significant impact on companies' value creation and business models. With our business environment changing so drastically, we need to assess the risks that could stand in the way of sustainable growth in the long term and take suitable measures to address them.

Aisin considers risk management to be a crucial element that needs to be tackled in order to achieve sustainable growth and stability. After the fire at our Kariya Plant in 1997, we established a Consolidated Risk Management Committee (formerly Risk Management Committee) to apply the lessons we learned and carry out all-encompassing management of the risks that we face. As part of our group-wide efforts to build resilience against disasters, we undertake education and awareness-raising activities to enable each and every employee to take appropriate action in accordance with the Risk Management Guide when risk events occur. This guide stipulates procedures to be followed in ordinary times (before a situation occurs) and during an emergency (when a situation occurs).

Group-wide risk management initiatives

Risk assessments are conducted to predict and then minimize risks in a company's business environment. Aisin carries out activities to identify key risks each year based on societal changes and environmental issues, including interviews with top management and divisions affected by each risk. We map various risks of all levels, with impact on one axis and likelihood of occurrence on the other. High-priority risks are designated as AISIN Group's 27 Critical Risks (14 Most Critical Risks and 13 Critical Risks), and Aisin and 11 group companies take the lead in rolling out mitigation measures at domestic and overseas group companies after receiving approval from the Consolidated Risk Management Committee.

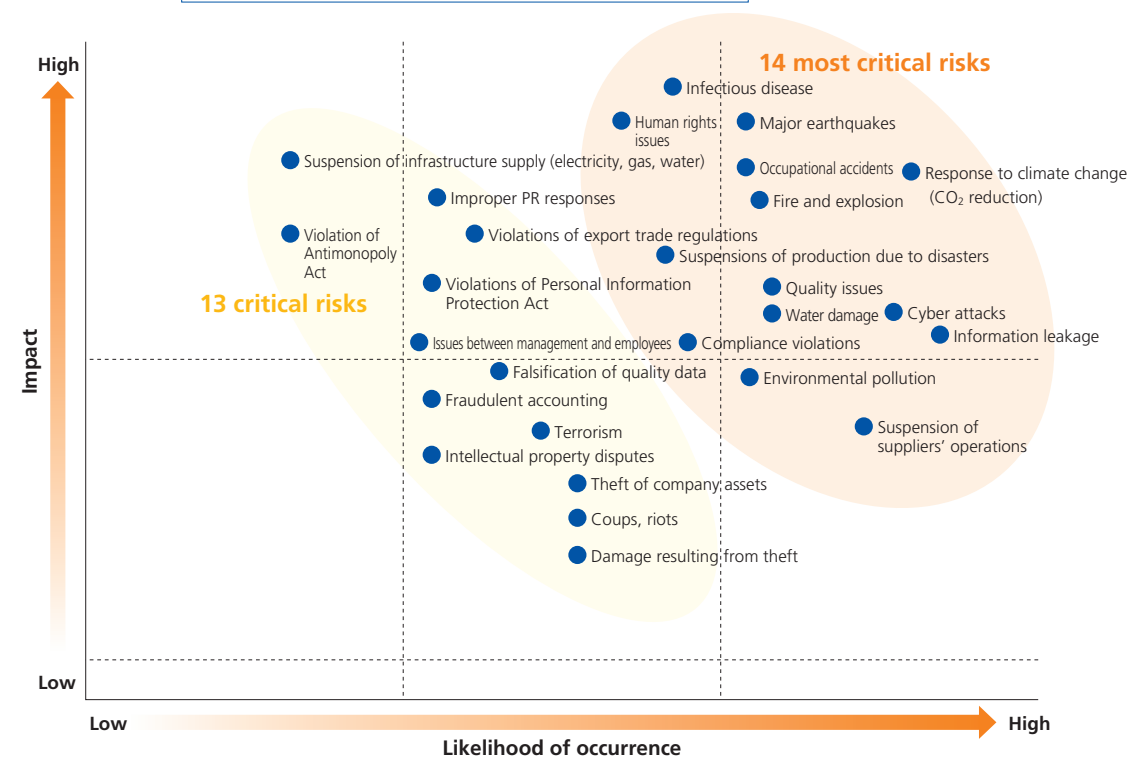
For the Most Critical Risks, various committees carry out mitigation measures, training and standardization, which are monitored by the Consolidated Risk Management Committee. For the Critical Risks, departments in charge of these risks similarly carry out mitigation measures, which are monitored by the ERM Department. The progress of these risk mitigation measures is managed by the Consolidated Risk Management Committee.



Corporate governance

AISIN Group's 27 Critical Risks

p. 108 Measures against risks so far and our plan for fiscal year 2022



Fast and accurate initial response to minimize damage in an emergency

Aisin strives to carry out a fast and accurate initial response in the event of an emergency based on our Risk Management Guide to minimize damage and enable a fast recovery. As a group-wide initiative, AISIN Group's Disaster Response Division carries out regular training on initial responses to major earthquakes.



Training held by the Disaster Response Division

Passing on lessons and insights from past disasters

Aisin is strengthening its disaster risk reduction measures and initial responses by passing on lessons and insights that were gained when emergencies such as natural disasters and major fires occurred in the past. As a measure to reduce damage in the event of a major earthquake, AISIN Group is systematically carrying out building and facility safety measures based on the AISIN Global Safety Standard (AGSS) and measures based on experience gained from the Kumamoto, Osaka and Hokkaido earthquakes as required group-wide measures. AISIN Group is also enhancing its initial response to earthquakes and other large-scale disasters to minimize damage and enable fast recovery, with the basic policies of 1) saving lives and ensuring safety, 2) contributing to local communities and 3) restoring production. To train personnel and pass on the lessons and insights we gained from our recovery from the Kumamoto earthquakes in 2016, we have established the Kumamoto Earthquakes Learning Zone in Aisin Densho-kan, which has exhibits of records from immediately before the earthquakes to the recovery, and along with initiatives to reduce earthquake damage.



Kumamoto Earthquakes Learning Zone at Aisin Densho-kan

Information security policies

Advances in IoT are connecting more and more items and types of information, bringing new value to society. Unfortunately, threats such as cyber attacks are being carried out more skillfully each day, and there is an ever-present threat that company information, customer details and other private information will be leaked. Attacks like these stand in the way of sustainable growth of companies, and it is critical that these risks are managed.

With this in mind, Aisin has established AISIN Group Information Security Basic Policy. Information assets that are entrusted to us by customers and trading partners or are related to the group's business activities are vital assets of AISIN Group, and we carry out systematic, ongoing information security measures to protect them.

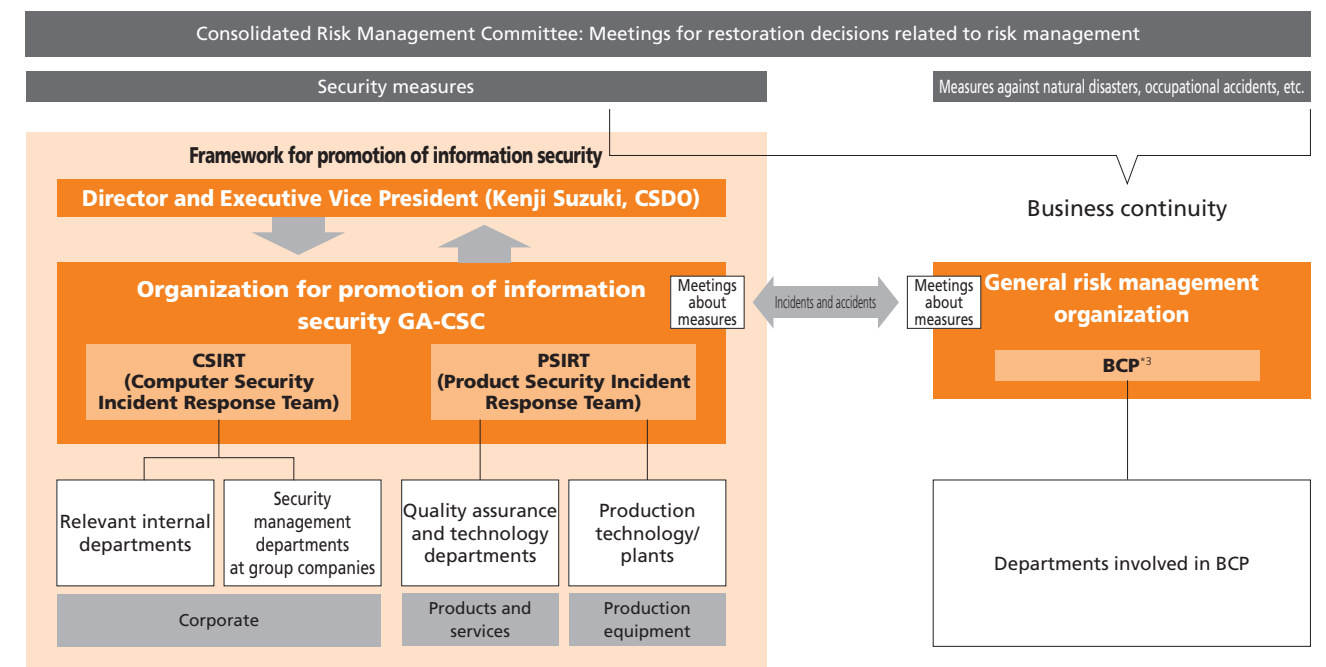
Framework for promotion of information security

Aisin CSDO^{*1} is responsible for establishing structures such as information strategies and IT investment plans based on our business strategies, and holds responsibility and authority for execution and operations related to information security and privacy throughout AISIN Group. Under our CISO, we have established the GA-CSC^{*2} as a specialist security organization to protect the company from risks such as cyber attacks and unauthorized actions by employees, and are carrying out security activities throughout AISIN Group. Information security policies and measures are proposed by the Consolidated Risk Management Committee to improve information security throughout AISIN Group. Major security incidents that could cause issues such as stopping production are immediately reported to our CSDO and departments involved in risk management, and investigations, analysis and countermeasures are carried out.

*1 Chief Software & Digital Officer

*2 Global Aisin Corporation Security Center

Framework for promotion of information security



*3 Business continuity planning

Corporate governance

Information security initiatives

Aisin centralizes the whole group’s measures at its head office, and works to carry out security measures against the increasingly agile and advanced cyber attacks and methods for leaking internal information that are occurring, and privacy measures that comply with the laws of each country. Security measures include the establishment of security guidelines according to standards such as ISO27001/27002 and NIST, customers’ requirements and the guidelines of the Japan Automobile Manufacturers Association, and the stipulation of measures to strengthen and enhance our organizations, human management, technical measures, physical management and incident and accident framework to ensure information security. The status of measures in the guidelines throughout the group is inspected and reported to executives to maintain and improve information security throughout the group on an ongoing basis. In May 2021, we established a PSIRT in GA-CSC to work on automotive security measures.

We are members of AUTO-ISAC in Japan and the USA. We collect information on risks that have occurred in the industry and use this to implement activities in our in-house development and carry out initiatives according to ISO21434 and WP29. Privacy measures are carried out throughout the group to comply with the laws in each country, such as GDPR. As advances in DX accelerate, personal information is needing to be transferred between countries. Aisin has concluded a group-wide SCC agreement that makes it possible to transfer personal information throughout the domestic and overseas arms of the group.

We will continue to strive to handle personal information securely, training and communicating with all of our employees with a focus on the laws of each country.

Security guidelines

Management item	Details of measures
Organization	Implementation frameworks, rules, procedures
Education	Education, awareness-raising, training
Technical measures	Asset management, access control, networks, etc.
Physical management	Facility and area control
Incident and accident framework	Reporting framework, rules

Training and awareness-raising activities

1. Training at each level—when starting, promoted, etc. (FY2021: 1,500 persons)
2. Onboarding training for events such as overseas posts, business travel, etc.
3. Training for all employees on handling suspicious emails (once per year)
4. Awareness-raising activities throughout Information Security Month (once per year) and group newsletters (once per month)

Compliance

Basic stance

Aisin believes that compliance is not only about following laws and regulations but about meeting people’s expectations and earning their trust as a good corporate citizen from the perspective of Inspiring “Movement,” Creating Tomorrow, a corporate principle of ours.

We are carrying out extensive group-wide initiatives around the world to ensure that everyone in AISIN Group shares the same strong sense of ethics regarding acting honestly, fairly and in good faith, and that compliance is their default state of mind.

AISIN Group compliance framework

Aisin has established a Consolidated Business Ethics Committee to make decisions about important policies and frameworks regarding compliance in the group. In January 2018, we established a Legal Affairs Division at the AISIN Group Head Office, bringing together all departments involved in legal affairs to ensure that the whole of AISIN Group meets or exceeds a particular level of compliance. Acting as the group’s only specialist legal affairs division, this division plans and implements global group compliance activities.

Organizational diagram of Business Ethics Committee



Messages from top management and executives

Our top management and executives’ mindsets about compliance are disseminated through activities such as distributing a video where the Chair of our Business Ethics Committee (Executive Vice President) says “Compliance is about proactively meeting the expectations of all of our stakeholders” and posting declarations about compliance from all executives and department presidents in our group companies in our workplaces.

パワーハラスメント防止の宣誓書

私は、コンプライアンスを最優先し、パワハラ行為を絶対に行いません。常に自ら襟を正し、模範となる言動を行い、風通しの良い職場風土を率先垂範して構築することを誓います。

《行動の実践》

自分が人からされて嫌だと思うことは、人に対して絶対しない。

でも個性は大事。自分と人は一緒ではない。とにかく人の声に耳を傾けよう。

2021年2月9日

会社名 アイシン精機株式会社

役職 本部長・執行役員

氏名 伊藤 慎太郎

パワーハラスメント防止の宣誓書

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《行動の実践》

- ・安全で快適な職場づくりのため、部下の声に耳を傾け、部下を尊重し、パワーハラスメントは絶対に行いません
- ・適切に部下とコミュニケーションをとり、パワーハラスメントを見逃さず放置しません

2021年 2月 22日

会社名 アイシン精機株式会社

役職 執行役員

氏名 川崎 有恒

Corporate governance

Activities to raise awareness of compliance

Guidelines on Compliance with Social Responsibility

Aisin has formulated Guidelines on Compliance with Social Responsibility to provide concrete behavioral standards for all domestic and overseas employees.

The action guidelines contain questions and answers about the nine principles outlined in AISIN Group Principles of Corporate Behavior: Safety, Quality and Contribution to the Creation of a Sustainable Society; Compliance; Disclosure and Communication; Respect for Human Rights; Promotion of Diversified Work Styles and Upgrading of Work Environment; Environment; Social Engagement and Contribution to Development; Thorough Crisis Management; and Company Leadership. Q&A are outlined for each principle with easy-to-understand explanations, and the guidelines are designed to reflect the spirit of AISIN Group Principles of Corporate Behavior. We also distribute cards with the AISIN Group Principles of Corporate Behavior for employees to carry, post information on our website and provide training to communicate and thoroughly entrench this knowledge.

Various training and awareness-raising activities

Aisin carries out various training and awareness-raising activities so that compliance is the default state of mind for every employee.

Training takes the form of group training and e-learning for each level, role and area of work, both in Japan and overseas. In fiscal year 2021, a total of 12,887 domestic employees attended training by our legal affairs department. Additionally, compliance enforcement personnel from each department play a role in communication about compliance in their workplaces to entrench our compliance policies among all employees. In fiscal year 2021, to ensure that our activities are carried out honestly, fairly, impartially and in good faith, we strengthened our regulations against insider trading, one of the company's Critical Risks, and revised and internally disseminated our rules about advance notifications in the event of a critical rollout or trading of our own shares.

We carry out awareness-raising activities such as providing the latest information in our monthly reports and distributing discussion sheets about relevant examples.

Awareness surveys

October of each year is Aisin's Business Ethics Campaign Month. One activity carried out in this month is a survey of all domestic employees in the group to confirm points such as their awareness of compliance and ethics consultation services (77,242 respondents).

In the survey conducted in fiscal year 2021, 96.2% said that their awareness of compliance had improved and 95.3% said they knew about ethics consultation services, a high rate for both.

In addition to reporting the results at a meeting attended by our top management, feedback is given to each company and department. The survey results are included in the next fiscal year's compliance activity plan and PDCA cycles are carried out.

Early detection and correction of issues through whistleblowing system

Aisin has a service for reporting and questions about compliance. The service is available to all employees in AISIN Group and people connected to them, such as family members and trading partners. Anonymous contact is accepted. We endeavor to detect and correct violations as quickly as possible with this service. Thorough attention is paid to the rights of whistleblowers, including privacy and prevention of reprisal, when taking measures.

We have also established an internal consultation service, a group-wide external consultation service by a lawyer, a consultation service handled by the legal affairs division at AISIN Group's headquarters and an AISIN Global Hotline. All domestic and overseas stakeholders, including executives, employees and trading partners, can report incidents or ask questions to the service that best suits their situation. In addition to ensuring that these services are easy to use, the legal affairs division in our Group Head Office takes the lead in responding to critical situations to ensure that issues are detected quickly and corrective action is taken.

Domestic and overseas reports and consultations

Reports and consultations	Cases
Other*	396
Hostile workplace	145
Fraud and rule violations	139
Abuse of power	105
Issues with work hours, etc.	56
Sexual harassment	9
Total	850

* Other main cases include inquiries about internal rules and procedures and concerns about working relationships. While these are not reports concerning compliance or fraud, we work with the relevant departments to resolve these issues so that we can eliminate these points of concern and improve these employees' working conditions.

<https://www.aisin.com/jp/sustainability/governance/fairness/>



Handling of main areas of compliance activities

As AISIN Group's business expands globally, we are carrying out initiatives in the following key areas.

Antitrust compliance

In 2020, we established and rolled out a group-wide Antitrust Compliance Policy, along with specific guidelines on conduct. Before interacting with competitors, the legal affairs department in our group head office checks to make sure the interaction is legal. In addition to our training in Japan, we carry out training tailored to the specific risks of each area overseas.

Prevention of corruption

In 2020, we established and rolled out a group-wide Anti-Corruption Policy, along with specific guidelines on conduct.

The policy prohibits bribery and other corrupt acts (embezzlement, insider trading, coercive supply of profit, bid rigging, etc.) and explains appropriate treatment, exchange of gifts and appropriate accounting processes. In addition to including this in our training, in fiscal year 2022 we have been providing e-learning for management in the relevant departments of our group companies.

Export management

To ensure that we comply with all relevant laws and regulations regarding export management, we establish and roll out group-wide resources such as regulations for safe and secure export management and an export management manual. We have also introduced qualifications for export managers who receive training from the legal affairs division of our group head office to ensure all export managers meet the appropriate level. In Japan, we use our group-wide export management system to ensure that trades involving exports are carried out effectively and efficiently.

List of training and awareness-raising activities

Category		Training/tool	Executives	Management	Employees	Main details
Education	Specific levels	Training for new executives	○			Responsibilities and key themes for executives
		Compliance seminars for executives	○			Latest compliance topics
		CSR management training		○		The importance of compliance
		Training for new plant managers			○	The importance of compliance; roles
		Training for new hires		○	○	Basic compliance, charters, codes of conduct
	Specific roles	Training for compliance enforcement personnel in each department		○		Roles and key themes for enforcement personnel
		Pre-departure training for employees posted overseas	○	○	○	The importance of compliance and key themes
		Training for top management overseas	○	○		The importance of compliance and key themes
		Training for whistleblowing service personnel		○	○	Investigation methods and points of caution
	Specific themes	Antitrust compliance training		○	○	Laws, company policies, guides
		Anti-corruption training		○	○	Laws, company policies, guides
		Training on prevention of insider trading		○	○	Laws and company rules
		Export management training		○	○	Internal qualification training
Awareness-raising	Texts	Monthly legal reports from Group Head Office	○	○	○	Latest/key compliance topics
	Comics	Workplace discussion sheets (monthly)	○	○	○	Explanations and points of caution for specific themes

Main points in training

- Antimonopoly Act
- Harassment
- Regulations against insider trading
- Clear communication
- Act Against Delay in 'Payment, etc.' to Subcontractors
- Fraud
- Responsibilities for manufactured products
- Labor
- Prevention of bribery and corruption
- Copyrights
- Export trading management
- Contracts

etc.

Environment



AISIN Consolidated Environmental Policy

In order to realize our corporate philosophy, we will pursue the harmonious coexistence of people and the environment far into the future through business activities based on three principles: “Be proactive, make change,” “Raise individuals, expand dreams,” and “Advance, build the future.”

1. In addition to complying with international standards, laws and regulations and agreements stipulated by respective countries, we establish voluntary standards in an effort to prevent pollution.

2. We strive to reduce the environmental footprint throughout the supply chain by promoting the development of new earth-friendly products and technologies that take life cycle into account.

3. Toward the realization of a zero-carbon society, we make efforts to reduce greenhouse gases in all business activities, including promoting the use of clean energy.

4. We minimize resource use and waste through more efficient use of water, procurement of materials with minimal environmental impact, logistics streamlining, and recycling of waste.

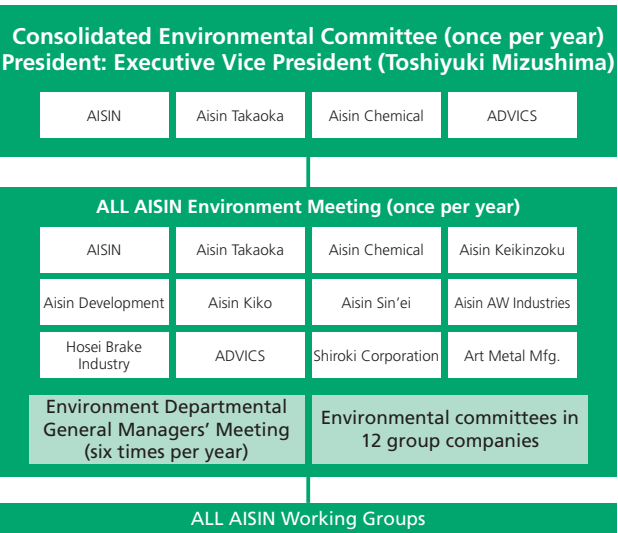
5. We promote global nature and environmental conservation activities.
6. We establish annual policies based on a long-term vision and carry out continuous improvements toward achieving the targeted objectives. We also enhance the operation of our environmental management systems through monitoring, and conduct periodical reviews of those system on a global basis.

7. We promote efficient environmental management through the close sharing of information with stakeholders as well as cooperation with our consolidated companies.

8. We promote technological innovation, facility improvement, and educational and training activities to raise employees’ environmental awareness by investing adequate management resources.

We will make this policy known to all the employees in our business sites around the world, strive for lofty goals, and actively disclose information on our efforts and results.

Organizational Diagram of Consolidated Environmental Committee



Working groups lead AISIN Group’s environmental activities

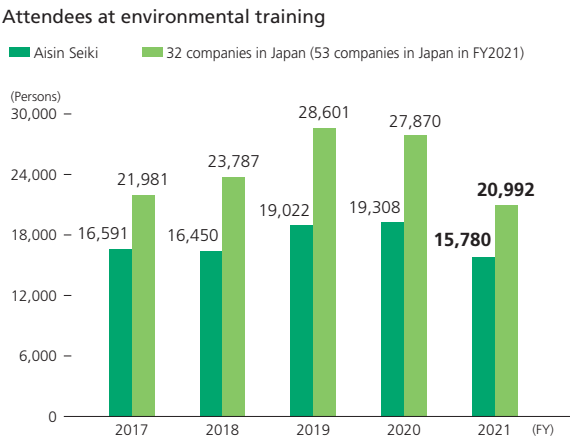
ALL AISIN Working Groups play a crucial role in implementing our environmental activities globally (see figure above). We currently have Energy-saving, Environmental Conservation, EMS and Products Environmental working groups. All of these consist largely of members from 12 companies, with our affiliate companies also participating in these activities.

- Common roles of working groups
- Creation of medium- to long-term activity plans for each working group based on our consolidated medium- to long-term activity plans

Creation of annual activity plans based on the medium- to long-term activity plans for each working group and semiannual reporting of activities.

Establishment of various relevant consolidated guidelines, standards, etc.

Basic environmental training



A training session (September, 2019)

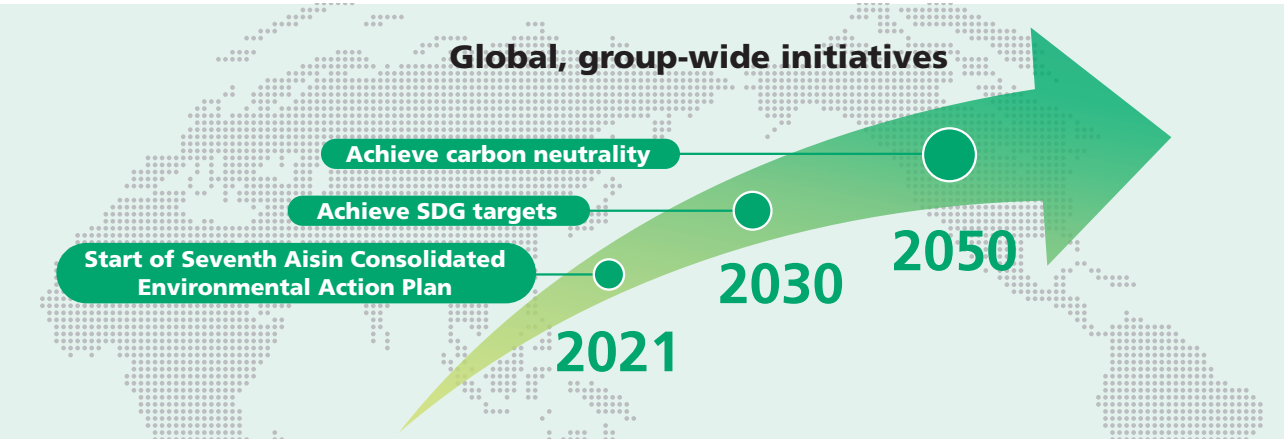
Formulated Seventh Environmental Action Plan

AISIN Group has established the Seventh Aisin Consolidated Environmental Action Plan for fiscal years 2022 to 2026, which will provide indexes and a plan for environmental initiatives as we work to build an environmentally sustainable future and a society where everyone can live with peace of mind in harmony with nature. Our first environmental action plan was started as an internal plan for Aisin Seiki in 1993. These plans, and the activities in them, were expanded to the whole of AISIN Group in 2016.

The Seventh Aisin Consolidated Environmental Action Plan sets out concrete numerical targets and activities to be accomplished by 2025. There are four core themes. Two new items—reduction of life cycle CO₂ emissions and introduction

of renewable energy—have been added, as it has become apparent recently that these are points that need to be focused on. We have significantly increased our targets for items such as improvement of efficiency of water resources in the process of production and reduction of waste, including quantifying targets that were previously qualitative and adding overseas targets, and have redefined our scenarios to strengthen our activities.

We are conscious of our responsibility to carry out the initiatives in the plan we have created, and will work steadily to achieve our targets and play our part in building an environmentally sustainable future.



Key items in the Seventh Aisin Consolidated Environmental Action Plan

Environmental axis	Key items
Establishment of a zero carbon society	Working toward net-zero CO ₂ emissions throughout life cycles to achieve carbon neutrality <ul style="list-style-type: none">Creation of framework to reduce CO₂ throughout life cycles from material procurement to disposalActive introduction of the latest energy saving technologies when a plant is newly built and equipment is updatedActive use of renewable energy in response to regional characteristics
Establishment of a recycling-oriented society	Aim to minimize environmental impact by maximizing resource efficiency <ul style="list-style-type: none">Promotion of eco-friendly design aimed at reuse and recyclingCooperation with external partners to use natural resources and reduce wastePromotion of reduction of water resource input
Establishment of a society in which people coexist with nature	Aim to achieve harmony with nature and local communities <ul style="list-style-type: none">Maintenance of model plants based on the definition of “plants where people coexist with nature”Enhancement of environmental communication through “plants where people coexist with nature”
Fundamental activities	Aim to create more advanced environmental management systems <ul style="list-style-type: none">Creation of the foundation for integrating consolidated environmental management globallySharing of the group's environmental vision and targets with suppliers, and support for the promotion of environmental actions

Main activities in the Seventh Aisin Consolidated Environmental Action Plan

Principle that has spread worldwide

Circular economy

A system in which the value of resources is maintained for as long as possible to minimize resource usage and waste

Main initiatives

Reduction of usage of new materials; active use of recycled materials

Material selection and product design that makes it easy to reuse resources

Lengthening of life through repairs, part replacement, etc.

Principle for water conservation

Minimization of water use by pursuing recycling and efficiency

Main initiatives

Water saving activities

Reuse of wastewater

Introduction of recycling facilities

Use of rainwater

Environment

Establishment of a low-carbon society

Aiming to reduce life cycle CO₂ emissions to zero

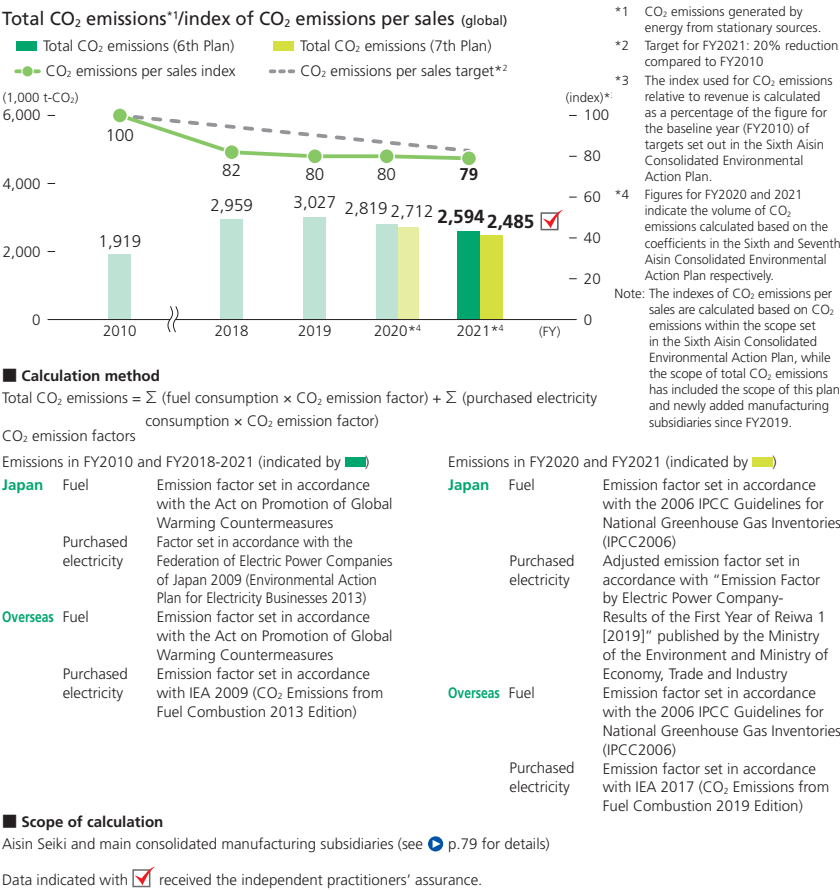
AISIN Group is working to reduce CO₂ emissions from production and to reduce CO₂ throughout the life of our products from design to transportation, use and disposal.

We are accelerating our development of products that help to improve fuel efficiency, such as electric drive units and parts such as brakes, chassis and bodies for electric vehicles and FCEVs.

We are also working to drastically reduce CO₂ emissions throughout the production process, by carrying out activities to conserve energy within AISIN, compiling data on topics for innovation in production technology and adopting renewable energy.

Emissions of non-CO₂ greenhouse gases (global)

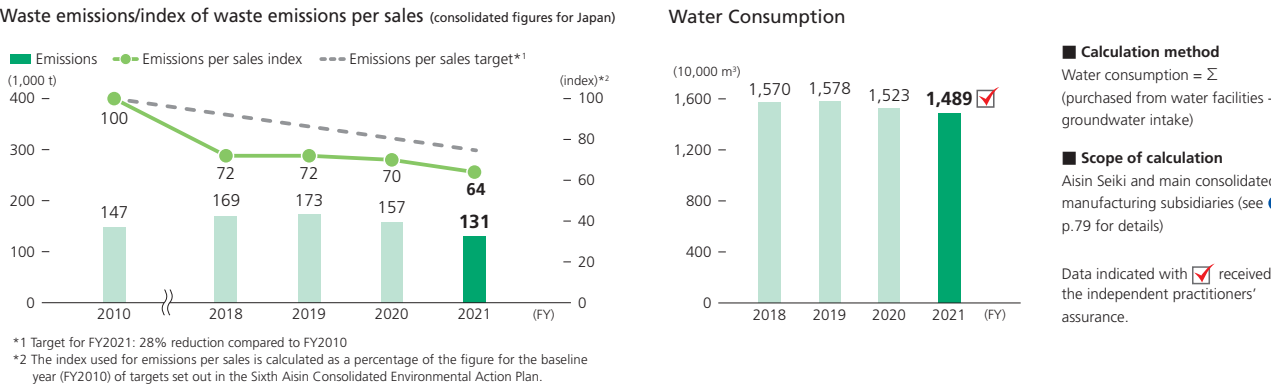
	FY2018	FY2019	FY2020	FY2021
SF ₆	4,560	1,195	3,420	2,280



Establishment of a recycling-oriented society

Reducing environmental impact of development, production and logistics to zero

AISIN is working to reduce its environmental impact to zero, chiefly through the Environmental Conservation Working Group. This includes developing products that make effective use of resources and can be recycled, stepping up resource recycling at the production and logistics stages and making effective use of water resources.



AISIN's Handa Plant is working to reuse cleaning purge materials to minimize waste generated in its production processes. When resin molding machines are stopped for a long period of time, some of the cleaning purge materials are crushed so that materials without much soiling can be reused during the first stage of the next cleaning purge (first photo). This has reduced waste generated in the plant's processes by 10t per year.

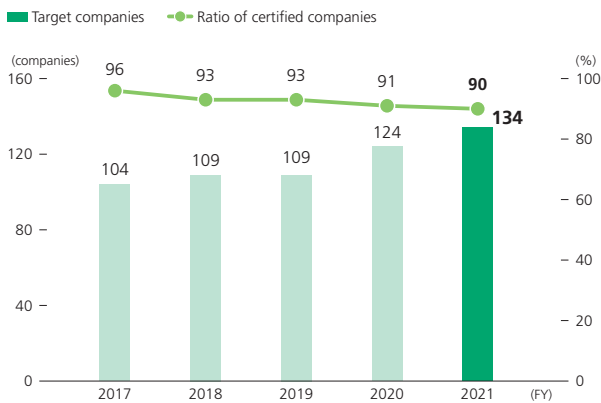


Fundamental activities: Environmental management

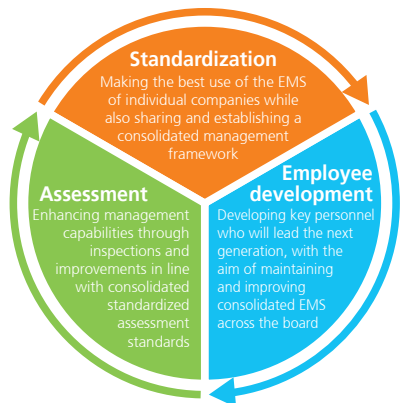
In addition to acquiring ISO14001 certification, AISIN Group has created and deployed its own standards to solve environmental and social issues through business activities such as its manufacturing.

Our EMS Study Group also carries out assessments to confirm compliance with our standards. Our work in fiscal year 2021 took the form of online activities such as teleconferencing due to COVID-19.

Number/ratio of companies with ISO14001 certification



EMS Working Group: Three pillars of activities



Establishment of a society in which people coexist with nature

Achieving harmony with nature

EXPO 2005 AICHI JAPAN inspired us to set up biotopes from 2007. After the Aichi Targets were set to stop the loss of biodiversity at COP10 in 2010, we redoubled our initiatives to preserve rare species in the area.

Our Environmental Conservation Working Group actively works on biodiversity initiatives to prevent abnormal environmental conditions and protect the natural environment.

Aisin Keikinzoku began building Ariiso Fureai Park on unused land by its Ariiso Plant in fiscal year 2017. A biotope has been set up in the park to preserve biodiversity. Northern medaka fish, which have been classified as a vulnerable native species in the area, are released in the biotope, and it has been confirmed that they are breeding. Completed in fiscal year 2021 as part of a park golf course, Ariiso Fureai Park is open to people in the neighborhood as a community initiative, providing a place for locals to enjoy the greenery.



Northern medaka fish being released



Aerial photo of Ariiso Fureai Park

Environment

Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Support for TCFD recommendations and disclosure of information

About TCFD (overview)

TCFD is a task force established by the Financial Stability Board in 2015 to meet the requirements set at G20 (Group of 20). The final report was published in June 2017. TCFD's statement recommends that companies focus on four key elements in the disclosure of information on their organizational operations to enable appropriate evaluation and ranking of their handling of climate change risks and opportunities.

Agreement with TCFD recommendations

AISIN agreed to TCFD recommendations in November 2019 and established a scenario analysis project.

Items recommended for disclosure by TCFD and AISIN's compliance

Governance	
Recommended disclosure	Compliance
a) Overseeing the Board of Directors meetings on climate-related risks and opportunities	• Set priority issues, including climate change, through management meetings and Board of Directors meetings to accelerate sustainability management
b) Role of management in evaluation and management of climate-related risks and opportunities	• Establish consolidated environmental policies and evaluate environmental initiatives under the supervision of the Board of Directors

Risk management	
Recommended disclosure	Compliance
a) Processes for identifying and evaluating climate-related risks	• Identify transitional and physical risks caused by climate change and build a framework for evaluation and management of risks
b) Organizational processes for managing climate-related risks	• Identify these as major risks that impact AISIN Group and regularly monitor them through the Sustainability Conference, etc.
c) Integrate identification, evaluation and management of climate-related risks into our risk management throughout our organization	• Reflect external evaluations such as CDPs and dialog with investors in our risk management

▶ For more details on our climate change measures, refer to p.74-79 of AISIN Group Report 2021 or our website.

Governance

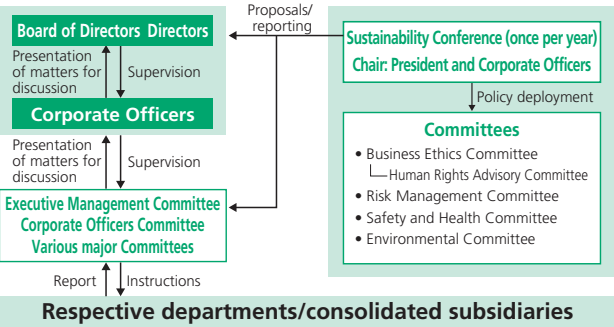
AISIN recognizes that climate action is an important management strategy. Initiatives to prevent global warming are discussed at our management meetings and Board of Directors meetings, and this issue has been selected as a priority issue to be tackled by AISIN Group.

To achieve the vision for the future outlined in TCFD recommendations, we will propose and discuss plans for medium- to long-term environmental initiatives at meetings of the Consolidated Environmental Committee. These will be decided at management meetings and reported to the Board of Directors.

Strategies	
Recommended disclosure	Compliance
a) Short-, medium- and long-term climate-related risks and opportunities identified by the organization	• Analysis of opportunities and transitional and physical risks accompanying climate change in the short- to medium-term
b) The impact of climate-related risks and opportunities on the business, strategies and financial plans of the organization	• Building of company structure to promote the transition to a zero carbon society as a business
c) Resilience in business strategies, taking into account different climate-related scenarios including the 2°C or lower scenario	• Analysis of transitional and physical risks based on definitions the TCFD recommendations

Indexes and targets	
Recommended disclosure	Compliance
a) Disclose measurement standards used for evaluation of climate-related risks and opportunities according to our own strategies and risk management	Targets for FY2031 CO ₂ emissions from production* Reduction of 50% or greater compared to FY2014 Total CO ₂ emissions in life cycle Reduction of 25% or greater compared to FY2014
b) Disclose GHG emissions and related risks for scopes 1, 2 and 3	Monitoring indexes • CO ₂ emissions and energy in scope 1 (direct) and scope 2 (indirect) • Scope 3 FY2021 results (t-CO₂) • Scope 1: 577,100 • Scope 2: 1,907,664 • Scope 3: 12,769,606
c) Targets used by the organization to manage climate-related risks and opportunities, and the performance of these	

*CO₂ emissions from production = Scope1 and 2



Strategies

Scenario analysis and setting of targets and scenarios

AISIN Group has always met the diversifying needs of the automotive industry with advanced technology, but with the biggest period of change in 100 years and the threat of large-scale disasters caused by climate change, we are facing our biggest challenges ever.

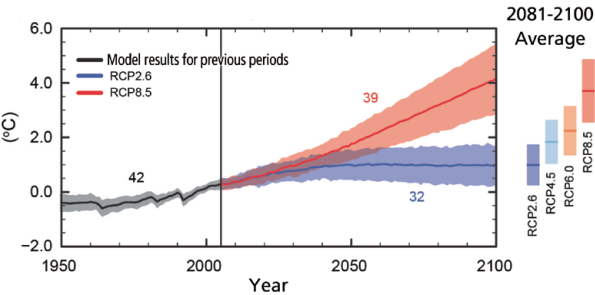
To overcome this period of change and assess whether we can achieve sustainable growth, we have analyzed scenarios using TCFD based on the perspectives we are anticipating from our stakeholders.

Analysis and setting of scenarios

We conducted a global analysis of all of our businesses to confirm the overall impact on the group's businesses.

- A below 2°C scenario is expected as a result of the impact from a transitional perspective and a 4°C scenario is expected as a result of the impact from a physical perspective
- 2030 was set as the timeframe to assess short-, medium- and long-term perspectives, as this is the point at which the automotive industry is expected to transition to electrification

Global average change in temperature



Source: Diagram, IPCC AR5 WGI SPM Fig. SPM.7(a)

Scenario	Below 2°C scenario	4°C scenario
Vision for society	Bold policies and technological innovation to achieve sustainable development • Introduction of carbon tax • Shift to electrification	Society in which climate change caused by global warming affects businesses • More severe flooding from heavy rains and typhoons
Reference Scenario	• SDS (IEA WEO2019) • B2DS (IEA ETP2017) • 30@30 (IEA EV Outlook30)	• RCP8.5 (IPCC AR5)

Anticipated concerns of stakeholders

Transitional

- i Low evaluation of carbon efficiency, easily affected by carbon tax
- ii Internal combustion engines are still widely used, industry will need to adapt rapidly to electrification

Physical

- iii Impact on continuity of production by disruption of supply chains as a result of natural disasters

Identification of risks and opportunities

We identified all anticipated risks and opportunities, including points other than the anticipated concerns of our stakeholders, and conducted a detailed analysis of three risks that are of particular concern.

	Impact on procurement	Impact on direct operations	Impact on demand for products and services
Risks and opportunities in below 2°C scenario	Policies, laws and regulations Technology Market Reputation	Focal point 1 • Additional energy costs with the introduction of carbon tax policies • Costs for additional hard and soft measures to eliminate carbon from production processes	Focal point 2 • While the promotion of electrification increases demand for electric vehicle products, it also decreases demand for products for vehicles with an internal combustion engine Focal point 1 • Demand differs depending on whether customers comply with zero carbon requirements • Increase in demand for environmentally friendly ENE-FARM household fuel cells (SOFC) and gas heat pump air-conditioners
	Acute Chronic	Focal point 3 • Temporary suspensions of business as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.) • Increase in health risks for employees and air conditioning costs due to increases in average temperatures • Difficulty staying in business due to depletion of usable marine resources in communities	• Increase in demand for high-resilience ENE-FARM household fuel cells (SOFC) and gas heat pump air-conditioners

Environment

Results of scenario analysis (details)

Focal point
1

Introduction of carbon tax, increasing call for zero carbon by our customers

Below 2°C scenario × impact on direct operations, below 2°C scenario × impact on demand for products and services

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none">• Possibility of carbon tax due to future government regulations, etc.• Selection of products for procurement from the perspective of carbon efficiency in customers' production processes• Greater calls for reductions of emissions in scopes 1 and 2 by AISIN as automotive manufacturers are expected to set targets for the reduction of CO₂ throughout the life of products	<ul style="list-style-type: none">• CO₂ emissions from production Outcome of 3,090,000t-CO₂ in sales plans for each site (until FY2026) and sales projections for each region (until FY2031)• Carbon prices ¥10,000/t-CO₂ based on SDS price in IEA WEO2019 in anticipation of 2°C scenario• There is a concern that our business will be threatened by the impact on sales of products with low carbon efficiency combined with high CO₂ emissions from production subject to carbon tax	<ul style="list-style-type: none">• AISIN is working to reduce CO₂ emissions by 50% compared to FY2014, with the aim of being carbon neutral by FY2051.• We are working toward a target of at least 25% renewable energy by FY2031• We are considering new technology such as methanation and hydrogen technology, along with renewable energy procurement strategies <p>Scenarios for reduction of CO₂ in production in FY2031.</p> <p>Result 2014 Target 2031 (FY)</p> <p>Three pillars Daily improvements, innovation in production technology, renewable energy</p>	<ul style="list-style-type: none">• Improved carbon efficiency in future due to initiatives to reduce emissions• Attracting customer demand as a result of target setting and reduction of emissions

Focal point
2

While the promotion of electrification increases demand for electric vehicle products, it also decreases demand for products for vehicles with an internal combustion engine

Below 2°C scenario × impact on demand for products and services

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none">• Transition to a zero carbon society will increase demand associated for new products and services• Major shift to electric vehicles in the automotive industry• Shift from gasoline-powered vehicles (which require many products for internal combustion) to electric vehicles	<ul style="list-style-type: none">• 60% electrification has been set as a target for FY2031, in anticipation of a larger shift than the ratio in IEA ETP B2DS (projection for AISIN only)• The new powertrain units accompanying electrification (automatic transmission, HV transmission, etc.) will account for 40% of AISIN's sales (FY2021) <p>Composition of sales (FY2021)</p> <p>Powertrain units Around 40%</p>	<ul style="list-style-type: none">• We have decided to shift AISIN's business domain to solution-oriented products, including CASE, and are working on structural reforms• We changed to a company system from 2020 to maximize the value of the whole group's businesses• A CESO (Chief Electric Strategy Officer) was appointed to accelerate our electrification initiatives, a key area of ours	<ul style="list-style-type: none">• Electrify 60% or more of our powertrain unit products by FY2031• Continuously grow sales outside of units (electronically controlled brakes, thermal management products, etc.) <p>Unit Sales of Powertrains</p> <p>Electric Non-electric Ratio of electrification</p> <p>7 9 23 60% or greater</p> <p>879 990 818 905</p> <p>2021 2022 2024 2031 (FY)</p>

Focal point
3

Temporary suspensions of business as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.)

4°C scenario × impact on direct operations

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none">• Larger and more frequent weather disasters• Concerns about opportunity losses and disaster recovery costs as a result of temporary suspensions of business after disasters	<ul style="list-style-type: none">• Research on flood risks at production sites based on local government bodies' hazard maps• Flooding (MLIT standard) Damage anticipated to river embankments as a result of area's highest class of rainfall in the coming 200 years• Storm surges (MLIT standard) Largest storm surges caused by typhoons the size of the Muroto Typhoon in 1934• Potential for damage more severe than anticipated	<ul style="list-style-type: none">• We are establishing measures to keep out deep water (prevent damage to the area in the event of flooding of this nature), steadily implementing these measures and working to strengthen them.* 16 sites are considered to have a high risk of water damage (8 due to flooding and 8 due to storm surges)	<ul style="list-style-type: none">• We identified sites with a high risk of water damage through surveys of the area. Measures to prevent opportunity losses have already been strengthened and we are working to strengthen them further.

*Overseas scenarios are being analyzed at present. We plan to report on these in the next fiscal year.

Future developments

Future developments based on scenario analysis

Through our scenario analysis, we have analyzed the impact of the risks we are facing, determined the scope of each risk and opportunity and put measures in place accordingly. The results will be reflected in our medium- to long-term strategies and targets in future. We are steadily carrying out the following measures to strengthen our resilience in the face of the impact on AISIN's products and services.

- Shift to products for electric vehicles (product development)
- Reduction of CO₂ emissions from production (Aisin Consolidated Environmental Action Plan)

Medium- to long-term management strategies and targets according to the TCFD recommendations			
	Implemented by	KPIs/targets for FY2031	
Electrification	Powertrain, Chassis and Vehicle Safety System	Ratio of product sales in related areas	50% or greater
CO ₂ emissions from production	Consolidated Environmental Committee	Reduction of emission (compared to FY2014)	Reduction of 50% or greater

Message from Executive

The Paris Agreement provided a new framework for climate action, and has sparked a significant increase in public concern about environmental issues. AISIN responded to this by establishing a new corporate principle in April 2021: "We will deliver beauty to our future earth, bringing freedom and happiness to 'movement'." In order to achieve the SDGs and carbon neutrality, everyone who works at AISIN must become more aware of these issues. That means that all of the employees in the around 200 companies in AISIN Group must have a common understanding and purpose and make carbon neutrality a greater priority in our business activities. It is critical that we accomplish this in order to preserve this beautiful planet for the future.

Toshiyuki Mizushima
Executive Vice President, CCNO (Chief Carbon Neutral Officer),
Executive General Manager of Carbon Neutral Promotion Center

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AISIN GROUP REPORT 2021 83

Society

Striving to be a company where employees find growth opportunities, job satisfaction and happy lives



To achieve AISIN Group's Vision for 2030

While AISIN Group's Vision for 2030 defines the value we will provide to each stakeholder, we believe that increasing our employees' job satisfaction will enable them to create new value for our other stakeholders, so our first pledge is to our people: to be a company that maximizes job satisfaction by promoting diversity and supporting people to challenge and grow. With intense changes taking place in our environment, we believe that it is important to create a corporate culture and working environment where each employee can demonstrate their capabilities to the greatest degree possible, embrace each other's differences and continually take on new challenges.

Promotion of personnel management

At Aisin, we strive to be a company where every employee can bring their capabilities to their work and find personal growth, personal accomplishment, job satisfaction and a happy life. This will result in the creation of new value, making this a win-win for the company and its employees.

In order to accomplish this, we will need to promote personnel management that turns each employee into a pro and enables them to bring their individuality to their work, resulting in collaboration and new endeavors by diverse employees.

We believe that by boosting our competitive edge as a company with professionals who are each able to act autonomously for the sake of society and people, and carrying out management that enables our teams of professionals to make use of their respective capabilities and improve each other, we will be able to create major synergies that lead to the creation of new value.



Promoting job satisfaction reform	Through communication activities such as ATBA activities*, we create workplaces that improve the quality of relationships, increase employees' job satisfaction, make their lives more fulfilling and create new value.	▶ p.85
Promotion of diversity	We create a workplace culture where all of our employees around the world, regardless of attributes such as nationality, gender, age or disability status, can work happily and autonomously, and new value is created.	▶ p.86
Promotion of health management	In addition to promoting health management to prevent illness, we strive to improve working conditions so that every employee can be physically and mentally healthy and feel a sense of accomplishment.	▶ p.92

* Aisin Active Team Building Activity

Promoting job satisfaction reform

Job satisfaction reform as a management issue

Aisin recognizes that to remain truly competitive and ensure our survival as a company, we need to address not only our employees' workload but their experience of work as a whole. To accomplish this, we believe that we need to ensure that each and every employee has a fulfilling work life and create value that only Aisin can provide. As a measure to strengthen the foundation of our management and support sustainable growth, we are working to make work more fulfilling for our over 120,000 employees around the world, including those at our affiliated companies. In addition to supporting the growth of each and every employee, this improves our value as a company.

We are also visualizing employee engagement (fulfillment, adaptation, etc.), with a common survey carried out at our 12 core companies since fiscal year 2022. In future, we will broaden the scope of this work to include other group companies.

Creating a workplace with vitality

From fiscal year 2020, Aisin has adopted a flex time system with no core time, introduced teleworking so that employees can work from anywhere at any time, set up satellite offices to encourage new ideas that are not bound by culture or customs, and allowed casual attire. To facilitate effective use of time through our reforms of our working practices, we are rolling out new working cultures such as support for self-learning.

We are also strengthening our company framework through Aisin Active Team Building Activities (ATBA), a team-building activity that fosters the communication and trust relationship required for a high-performing team, based on our mindset that every workplace and employee is the star.

ATBA activities: Building workplaces full of vitality, the AISIN way

We are working to improve productivity and job satisfaction through the introduction of team-building activities called ATBA and relationship-centered management reforms to build the psychological safety that is needed for an innovative workplace culture and create a reinforcing engine of success.

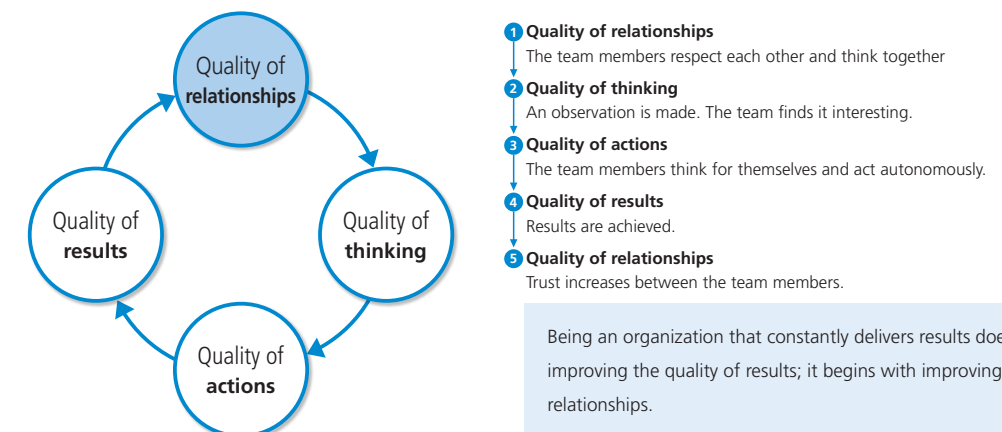
As part of this activity, we asked all personnel, including management, to share their ideal image of a team they would appreciate, and assessed the current situation based on how time is spent and the results of our employee awareness survey. Through ongoing discussions about what we need to be doing, what our personnel want to do and the gap between the reality and the ideal situation, we have acted on a variety of ideas to make our operations more efficient and improve job satisfaction.

These activities have led to an increase in communication with supervisors and colleagues, and there has been an ongoing improvement in critical areas such as job satisfaction (engagement) in the results of the employee awareness survey we conduct each year.

In future, we will roll out these activities in our group companies so that the whole group can work together to create workplaces full of vitality.

A Core Theory of Success

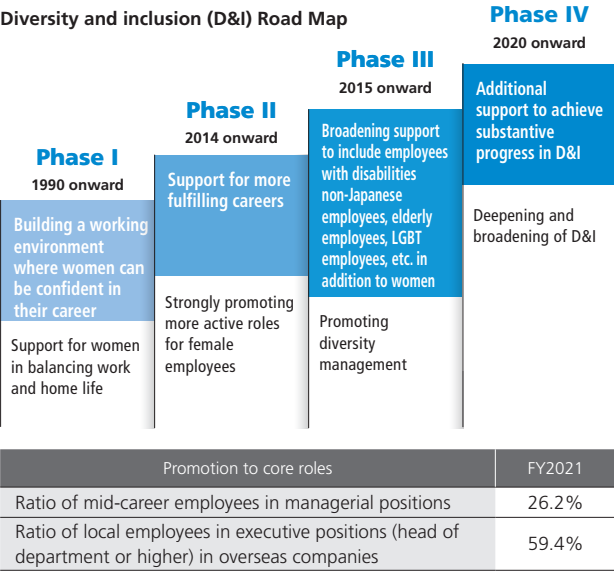
(by Dr. Daniel Kim, Massachusetts Institute of Technology (MIT))



Society

Promotion of diversity and inclusion

As part of Aisin’s corporate principles of “To our colleagues, growth and happiness” and “To our customers, inspiration and trust,” we strive to be a company where a diverse range of employees, regardless of nationality, race, gender, sexuality, age, disability status, employment status, length of time at the company, academic record or role can be respected as individuals, work autonomously, enjoy job satisfaction and bring their unique professional skills and characteristics to the table. Based on this principle, our promotion decisions for management and other core roles have always been based on fair and impartial evaluation of the candidates’ abilities. As a result, a wide range of backgrounds are represented, with women and mid-career employees in management roles and local employees working as executives (hired from department head positions) at our overseas companies. We will continue to set targets and create suitable environments to further advance our diversity and inclusion initiatives, which will enable us to create more new value in future.



Vision and initiatives for promoting more active roles for female employees

We aim to be a company where each female employee can thrive, achieve her full potential and be active in the workplace. To enable our female employees to be true to themselves and shine at work, we carry out initiatives to provide career support and help women to balance their work and home lives. We have created an organizational framework with female representatives in each division to find out what women at each of our sites need. These representatives work together with our top management to create measures that support our female employees’ vision for their careers and accommodate life events. Specific measures include our Ikubosu Training, in which management learn to support a work-life balance among their team members while improving productivity, our Career

Mentor System and opportunities for networking between female employees. We were selected as a Nadeshiko Brand under the Nadeshiko Brand system operated jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to recognize companies with excellent support for women in the workplace. We received a particularly high rating for our incorporation of initiatives for women in the workplace into our management strategies, our building of a framework to promote these initiatives and the changes in the actions and awareness of our employees.

Targets for women in the workplace (Aisin Seiki only)

	FY2021 Results	FY2031 Targets
Rate of female employees managerial position	3.3%	6.0% *1
Female executives*2	1	3 or more
Women hired as new graduates	Administrative 50% *3 Technical 12% *3	40% 20%

*1 Aisin only
*2 Directors, Corporate Officers and Audit & Supervisory Board Members
*3 Employees joining the company in April 2021

Career support for female employees

<ul style="list-style-type: none">• Kirari Project to support women in the workplace• Ikubosu Academy and Ikubosu Exam• Trailing Spouse Leave System• Career Comeback System• Awareness-raising Talks• Seminars for Employees About to Take Maternity and Childcare Leave• Seminars to Support Employees Returning to Work• Individual Training for Prospective Managers• Career Mentor System (for managers and general qualified personnel)• Career Declaration System• Career Development Training• Position Change System• Company Day Care• Mama, Papa, Ikubosu Guide (a guidebook on balancing work and home life)

▶ See p.107 for details.



Establishment of an environment where our employees can work as long as they want

Aisin establishes systems for the re-employment of workers after retirement, including programs for limited hours or days of work, in response to various requests from retirees. We re-employ all interested personnel, complying with all relevant laws and regulations. Four group companies hold seminars for employees in their 50s, providing advice on points such as our re-employment system, health and the pension and retirement allowance system to help them plan the continuation of their career and their lifestyle after they reach retirement age. We are also working to increase motivation for re-employed individuals through initiatives such as establishing technical legacy coaching sessions to pass on their advanced skills as part of efforts to further expand the re-employment of retirees.

Creating a workplace in which people with disabilities can thrive

Aisin is working to develop a working environment in which people with disabilities can thrive, and increase the number of employment opportunities available to people with disabilities. Our initiatives are based on nationwide efforts to normalize workplaces that welcome employees who have disabilities. A special subsidiary called Aisin Well Smile Co., Ltd. was established in October 2019, and began operations in April 2020. In addition to putting in place working conditions that are better suited to the needs of people with disabilities and creating and building on employment opportunities, we are providing operational support for employees with disabilities in each of our group companies. Looking ahead, AISIN Group members will continue to further promote collaborative activities such as AISIN Group job fairs and seminars for human resources personnel, work to improve workplace environments and expand the range of areas in which people with disabilities can thrive.

Activities to promote understanding of LGBTQ equality and other diversity

Aisin holds training for all managers to promote understanding of LGBTQ equality and other diversity. We also use case studies at workplace meetings to foster understanding among all employees. In future, we will build a framework to remove barriers for a diverse range of employees in addition to our initiatives to promote understanding.

Promotion of work-life balance

Shorter working hours and more paid leave taken
As part of our initiatives to make work more fulfilling, management and employees work together to promote a good work-life balance.

Target for paid leave taken

Zero cutting of annual paid vacations	Minimum 14 days
This initiative aims to ensure planned use of annual paid leave and to prevent loss of paid vacations that employees were entitled to take but failed to take in time. Targets for paid vacations to be taken differ between individual employees (ranging between zero and 20 days).	This initiative aims for all union members to take at least 14 annual paid vacations per year.

Monthly average overtime worked (Aisin Seiki only) (Hours)

	FY2018	FY2019	FY2020	FY2021
Overall	31.5	29.7	25.0	16.2

Annual paid leave taken (Aisin Seiki only) (%)

	FY2018	FY2019	FY2020	FY2021
Overall	98.2	98.9	98.7	98.0

Work-life balance support system
In addition to schemes stipulated by law, we are also advancing work style reforms that will enable employees to create career paths without excessive stress or strain.

Examples at Aisin Seiki

Teleworking	Allows employees on staff sites to work from home for part or the whole of a day.
Short working hour system for child care	Allows employees who have a child aged 11 or younger to work reduced hours in accordance with the age of the child.
Short working hour system for family care	Allows employees who have a family member requiring care to work reduced hours.
Parental leave	Allows employees to take a leave of absence for a requested period until the child reaches the age of two.
Family-care leave	Allows employees to take a leave of absence for a requested period to care for a family member. Maximum three years in total per family member.
Short-term family-care leave	Allows employees to take leave of 10 days a year for one person requiring nursing care or leave of 20 days if there are two or more persons requiring nursing care.
Anshin (secured) holidays	Employees can carry over up to 20 days of unused annual paid leave to cover personal illness, nursing care, childbirth or child care.
Special leave for fathers (to attend their wife’s birth and/or take care of their children)	Allows fathers of children below two years of age to take five days of leave per child to attend their wife’s birth and/or take care of their children.
Family allowances	AISIN Group pays allowances for children and family members requiring nursing care, disability assistance or other support.

Working toward a workplace where 100% of fathers take paternity leave
To enable fathers to take a more active role in raising their children, we are building a system and work culture that makes it easier to take paternity leave. Fathers are allowed to take five days of special leave per year after the birth of their child(ren).

Personnel training to facilitate human resources management

Employee development that respects individuality

In light of the declining birthrate and aging population, we are committed to developing globally-minded employees who are capable of viewing matters from a broad perspective and possess a diverse range of values, irrespective of gender, nationality, age, employment status, years at the company, education or role. We also help employees to reach their potential by carrying out training based on AISIN Group Principles of Corporate Behavior, which provide guidelines for fulfilling our social responsibility, and AISIN Group Way, which outlines the values and principles of conduct that are important to us.

Officer development for local employees

Of the over 120,000 employees at Aisin, around 41% work in various overseas locations around the world.

To develop local officers, we hold top management training for managers and officers at overseas sites and have established a training plan (Succession Plan) at each site to carry out systematic training initiatives.

The ratio of local employees (department heads) promoted to officer positions at our overseas companies has increased over the last five years, and we will continue to systematically train and promote local employees at our overseas sites, including group company sites.

Nurturing technical and production personnel who can contribute to development in each country

To pass on knowledge and techniques unique to each production site, we are turning implicit knowledge into explicit knowledge by rolling out an AISIN-style global skill succession framework, where site supervisors give thorough guidance through AISIN Basic Seminars to entrench this knowledge.

We also run AISIN Academy, an internal training facility for personnel being appointed as leaders at manufacturing sites. Aimed at staff members who have entered AISIN Group in Japan and trainees dispatched from overseas, the year-long training equips personnel with practical technical skills and the mental training required for leadership. Around 400 people from 11 countries overseas have studied here so far, and are now leaders in production sites in their own countries post-graduation. We have also opened a local school for short courses in Suzhou, China, and are planning to open one in Thailand too, with the aim of providing earlier, more localized training.

A framework to encourage autonomous career-building

Aisin's training focuses on elective training and self-development to ensure that the next generation of employees will strengthen our competitive edge and create innovative technology, and to enable employees to design their own career and act autonomously to accomplish their goals. Career support is provided in conjunction with initiatives like our Career Declaration System and one-on-one meetings with supervisors so that each employee's learning will lead to growth.

Additionally, we have adopted an open-entry system where employees can try jobs they hope to do, which enables ambitious employees to be put in charge of our key issues as quickly as possible. Under this system, personnel were chosen from hopefuls throughout the company to transfer to roles as leaders of six projects in our carbon neutrality business in fiscal year 2021.

These initiatives earned us the highest prize at the 3rd Platinum Career Awards* (held by Mitsubishi Research Institute with cooperation from Toyo Keizai; sponsored by the Ministry of Health, Labour and Welfare and the Tokyo Stock Exchange) in 2021.

We will continue to proactively identify issues and set targets to enable diverse employees to demonstrate their skills and create new value.



* An initiative that recognizes companies working to create "platinum careers" where employees learn continuously and autonomously from a long-term perspective to solve various social issues.

Health and safety initiatives

Placing health and safety above all else

As a corporate group conducting global business, creating safe, healthy workplaces for our employees and all other personnel working on our premises is crucial at all of our sites.

Based on the core principle that placing health and safety above all is the foundation of value creation in a company, Aisin continually strives to enhance the health and safety of all employees.

AISIN Safety & Health Policy

- In order to realize the AISIN philosophy of Inspiring "Movement," Creating Tomorrow, we take the views of "Be proactive, make change," "Raise individuals, expand dreams" and "Advance, build the future," with health and safety at the forefront of all of our business activities and day-to-day actions.
1. Implement activities to protect yourself and others through positive communication that involves everyone.
 2. Endeavor to improve the safety and health of personnel through training and awareness-raising.
 3. In addition to compliance with the laws and regulations of each country, establish voluntary standards to create comfortable working environments.

4. Prioritize health and safety above all else, thoroughly eliminate sources of danger and harm and aim for zero accidents.
5. Invest appropriate management resources into establishing and maintaining a system for ongoing improvement and management to meet targets.
6. Share information with governments, customers, local communities, suppliers and our sites, as well as facilitating cooperation between our domestic and overseas sites for efficient operations.
7. Make this policy known to all the employees in our business sites around the world and actively disclose information.

Group Safety Vision for 2030

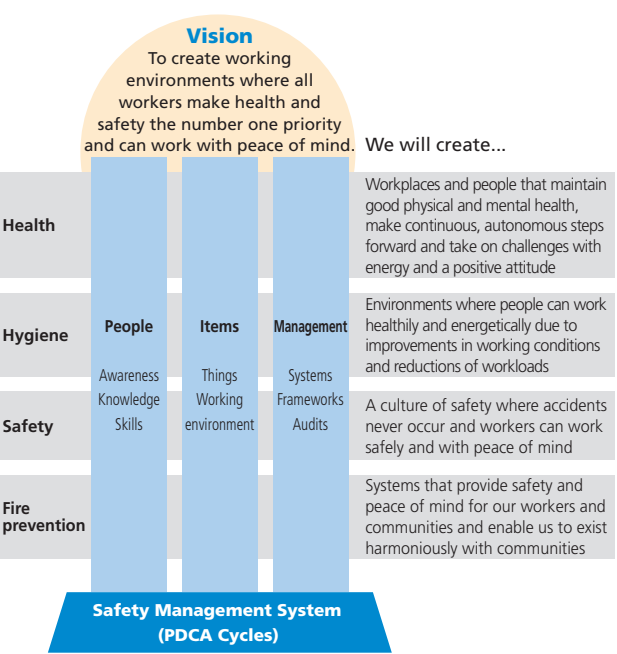
To ensure that everyone working on Aisin premises is protected from occupational accidents, Consolidated Safety and Health Committee meetings are held. Comprising the presidents of every company in AISIN Group, the committee works to unify policies and standards to ensure the safety of everyone who works on our premises. In February 2021, we decided on the Group Safety Vision for 2030, which outlines our aims

over the next 10 years and is informing group-wide activities. Ongoing specialist safety training is also provided to ordering staff to prevent reoccurrence of serious accidents in the work of construction and delivery vendors and ensure that the ALL TOYOTA Safety Standard for Contractor Work on the Premises is enacted correctly by construction and delivery personnel and our ordering staff.

Organizational Diagram of Consolidated Safety and Health Committee



Group Safety Vision for 2030



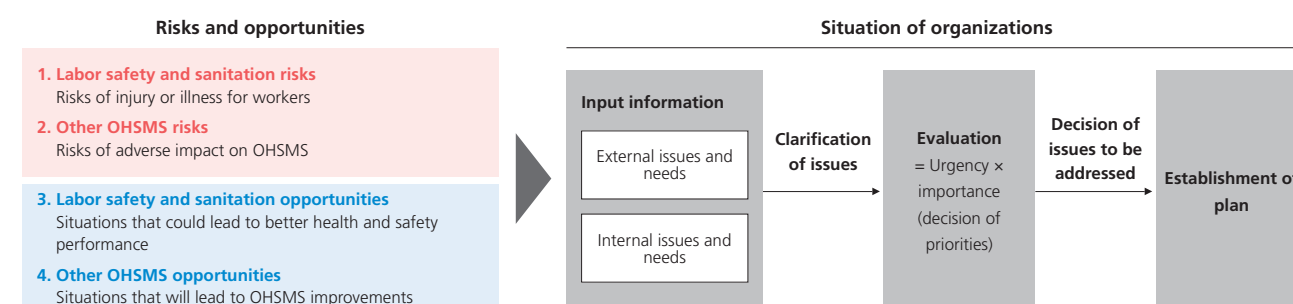
Society

Labor Safety and Sanitation Management

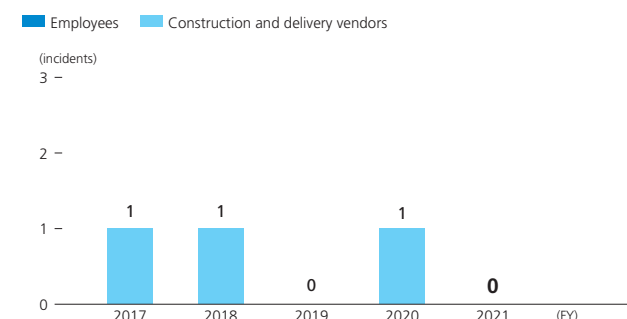
AISIN Group adopted labor safety and sanitation management from fiscal year 2021, and aims to obtain the international ISO45001 certification for its representative factories in fiscal year 2023. We will identify risks and opportunities in critical measures at key measures for the first time and then apply this to our Health and Safety Action Plan for fiscal year 2022 and make ongoing improvements to achieve our goals.

As a result of these measures, the rate of disabling injuries occurring in AISIN Group's workplaces decreased again in fiscal year 2021. However, accidents involving employees getting caught in machinery are still continuing, so we are carrying out group-wide initiatives to prevent accidents of this nature and become the world's safest corporate group.

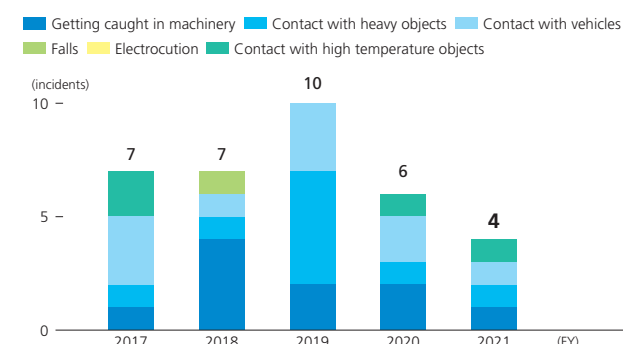
Process up to decision of key measures



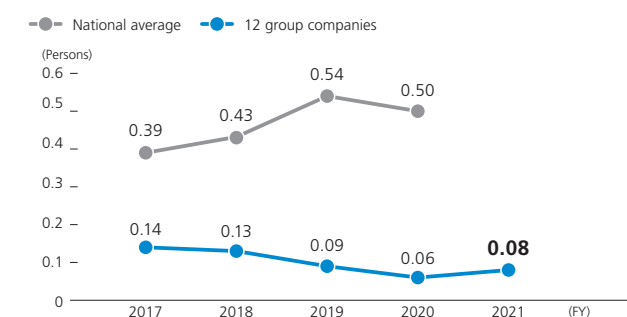
Serious accidents (entire group)



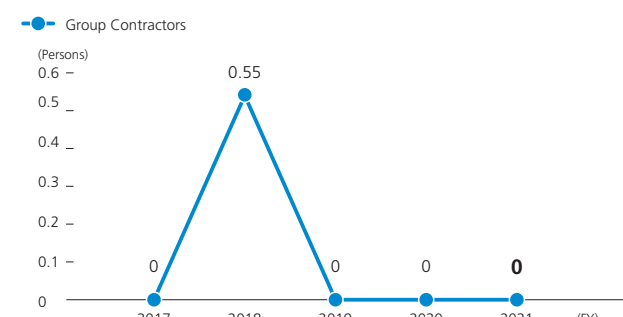
STOP6 accidents resulting in lost work (12 group companies)



Rate of disabling injuries occurring in the workplace (12 group companies)



Rate of disabling injuries occurring in the workplace (group contractors)



Initiatives to prevent anticipated occupational accidents and prevent recurrence of past accidents

Aisin is committed to ensuring that dangerous accidents at our sites do not occur again. Group-wide safety standards have been established and ongoing facility safety, risk assessment and safety training initiatives have been carried out throughout the group since 2016 to protect personnel working on our premises from occupational accidents.

AISIN Global Safety Standard has been established. In addition to being applied when equipment is received or modified, it is enacted through measures such as risk assessments and safety inspections to prevent to eliminate hazards.

In fiscal year 2021, the top management of each company in AISIN Group surveyed their respective companies' sites and implemented occupational health and safety activities according to our basic safety principles.

Enhancement of sanitation management framework and prevention of issues

Aisin has established sanitation standards to prevent serious illness, takes measurements in workplaces, conducts risk assessments, provides sanitation training and is carrying out ongoing initiatives to protect the people who work on our premises from occupational illness.

To prevent damage to employees' health, we measure hazards such as dust and sources of discomfort such as heat and noise in working environments, and then make improvements based on the results to create environments with good working conditions.

We prevent heat stroke by equipping managers and supervisors with the knowledge they need and using equipment such as WGBTs and air conditioned clothing to ensure that severe cases do not occur.



Talk on safety for construction by external parties

Society

AISIN Group Health Declaration

We consider the improvement of employees' health to be a crucial element of management. For this reason, we established AISIN Group Health Declaration in April 2021 and are working on initiatives for health management.

The AISIN Group Declaration of Health

The AISIN Group wishes all of our employees fruitful lives, both mentally and physically.

We believe that the health of our employees will revitalize the entire company and lead to the sustainable growth of the company.

In order to achieve management's philosophy of Inspiring "Movement," Creating Tomorrow, our target is that all of our colleagues will be working healthily, will be excited to demonstrate individual strengths, and to feel a happy balance between work and personal lives.

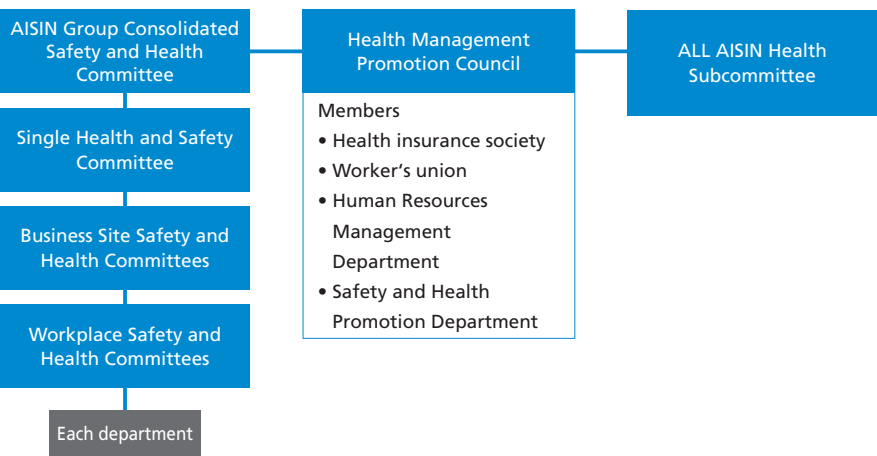
- We are interested in our own health and actively promote healthy lives together with all of our colleagues.
- We are healthy and foster a corporate culture that allows us to demonstrate our individual strengths, and create a future full of smiles.

Framework for the promotion of health management

We have set up organizations for health management, which include experts such as industrial physicians and public health nurses, and are discussing and executing measures to improve health. To put measures in place more effectively, our Health Management Promotion Council meets four times a year to set

medium- to long-term goals, establish measures to accomplish them and ascertain and evaluate the progress of activities. ALL AISIN Health Subcommittee also facilitates the sharing of activities and work between our domestic and overseas group companies to establish group-wide measures.

Establishment of Council for the Promotion of Healthy Business Practices



Aisin's health issues and targets

Aisin has identified four key health issues to address—ratio of employees with a BMI below 25, ratio of nonsmoking employees, ratio of employees taking leave for poor mental health for the first time and ratio of employees who have attended mental health training—and announced AISIN Group

Health Vision for 2030 in 2021. We strive to be a company where people maintain good physical and mental health, make continuous, autonomous steps forward and take on challenges with energy and a positive attitude.

Specific measures to improve physical and mental health

Physical health initiatives

Activities to achieve ideal BMI

We are providing education and holding health events to prevent metabolic syndrome. To maximize the effects of these measures, we refer to past data when creating our curriculum, and adjust the contents accordingly.

Registered dietitians are appointed in employee cafeterias to create environments where healthy food is provided.



Health events

Health checkups

We have developed a proprietary system for identifying individuals who have a high risk of illness based on up to 10 years of past checkup results for each employee. When an employee is at a high risk, we take measures such as restrictions on the nature of their work, one-on-one meetings and notifications to prevent symptoms from occurring.

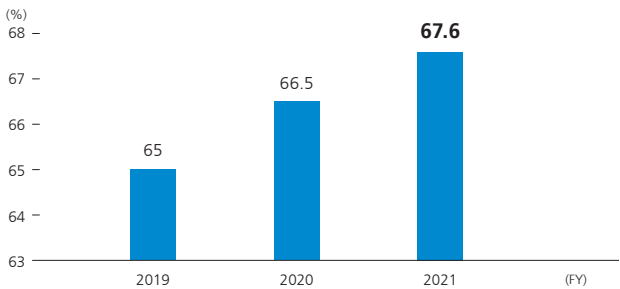
Cancer prevention activities

We work together with our health insurance society to receive subsidies for comprehensive health checkups, and carry out awareness-raising activities to encourage more employees to attend these checkups.

Passive smoking prevention and reduction of smoking rate

We work together with our health insurance society to operate an anti-smoking program and provide support those trying to quit smoking (visits to a facility are partially covered.)

Nonsmoking employees



Initiatives to address health issues specific to women

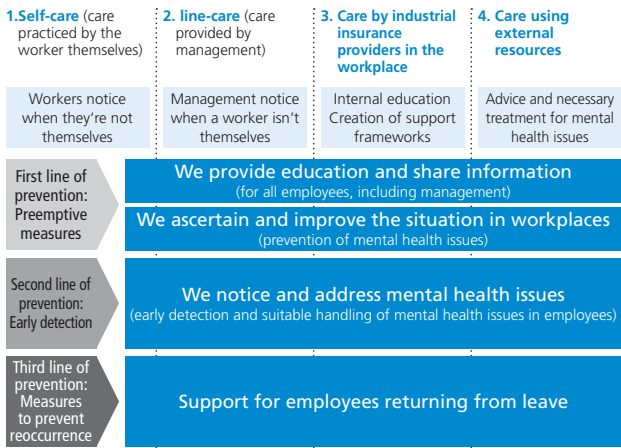
We provide education to increase understanding in our workplaces about health issues specific to women. We have created a system that helps our female employees to balance their medical needs with work: we cover the cost of gynecological exams and reach out to our employees to encourage more women to use this benefit.

Mental health initiatives

Strengthening our education on self-care and line-care in the workplace

To create a working environment where our employees can work without undue stress, the whole of AISIN Group provides training for managers on how to provide line-care (mental health support) in the workplace. A total of 2,180 people have attended this training so far. 1,439 employees have also attended the self-care education sessions we provide for our employees.

The four types of care we promote

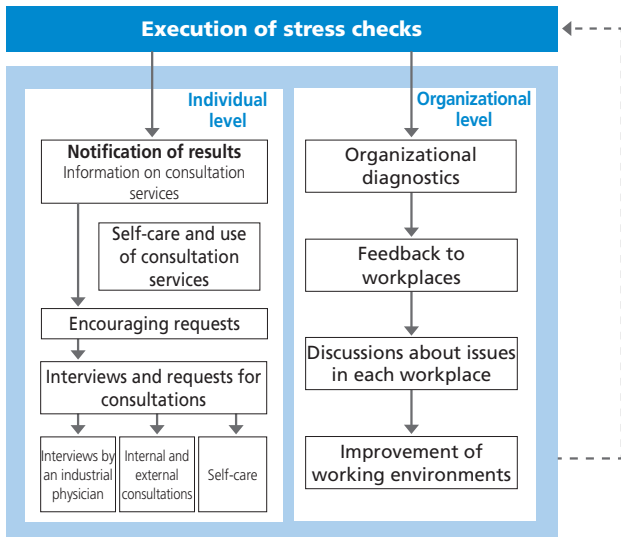


Consultation services for changes in working environment

All of our sites have a consultation service with an internal expert to provide employees with an easily accessible source of advice when they have concerns or are experiencing stress but have no one to talk to, or are isolated due to teleworking.

Stress checks to improve workplaces

The results of workplace stress checks are provided to workplaces as feedback. Workplaces act autonomously to improve, which vitalizes our workplaces.



Society

Trial returns to provide plenty of support for those returning from leave

We have built a framework for a return-to-work program designed by a clinical psychologist so that employees can return from leave without undue stress. We also work together with external medical facilities to provide the frameworks and support necessary for employees to return to work without issues.

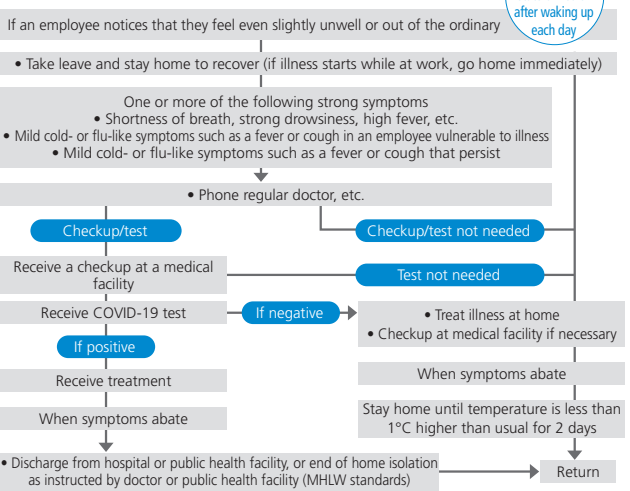
AISIN Group's mental health initiatives

Stage	Pre-onset	Employees on leave		After leave
		Receiving treatment	Preparation for return	
Purpose	Preemptive measures and early detection (first and second line of prevention)	—	Confirmation of whether the employee can return	Measures to prevent reoccurrence (third line of prevention)
For employees	Self-care education (during second year) Consultation services (internal and external) Stress surveys (individual results)	Focus on treatment Consultations with industrial physician	Trial return to work • 10 days • Determine whether working a full day is possible (trial) • Create plan • Puzzles • Calculation drills • Write paper, etc.	Follow up after return Follow-up interview (after 1 month) Feedback to supervisor Submit reports after return (after 1, 2, 3, 6 and 12 months) Reports Employee's health management sheets
	Stress surveys (results of workplace analysis) Handling of presenteeism (early detection) Line-care education in the workplace			
For supervisors/workplaces		• Home visits (1 per month) • Status reports	Consultation with industrial physician/return to work	Reports Report on attendance and work management for supervisor

Measures to prevent the spread of COVID-19

We have set up infection prevention panels in our workplaces and cafeterias, reduced the number of seats and redesigned our workplaces to enable physical distancing. We have created guidelines for preventing the spread of COVID-19, which have been rolled out at group companies and at supplier sites. We have also created a framework for vaccinating our employees, and have arranged for employees, personnel who work on our premises and people at our affiliated companies to be vaccinated at our workplaces.

COVID-19: Response when an employee is unwell



Initiatives for employees traveling overseas for work

For employees traveling overseas for work, including overseas posts, trailing family members and business travel, in addition to warnings and evacuation decisions, we hold seminars and provide information, including details on infectious diseases and immunization from the Quarantine Information Office of the Ministry of Health, Labour and Welfare and details on safety procedures from each country's embassy and consulates so that these employees can keep themselves safe. We have also concluded contracts with companies such as International SOS Japan, which specializes in medical security, and provide assistance services to protect our employees from medical and safety risks in the country or region where they will be traveling or living.

Initiatives for employees working from home

With an increasing number of employees working from home, we have issued a remote work management handbook detailing our principles on creating work environments at home. A checklist is used to assess employees' health to prevent occupational health issues such as back pain and eye strain, and we provide information on how to maintain the ideal quantity and quality of communication while working from home.

Social evaluations

We have created a framework to prevent mental health issues among employees and to quickly detect and address any issues that do occur. Our multilateral initiatives have earned us recognition under the Certified Health and Productivity Management Organizations Recognition Program (White 500), which recognizes the companies with the best working conditions, for five consecutive years.

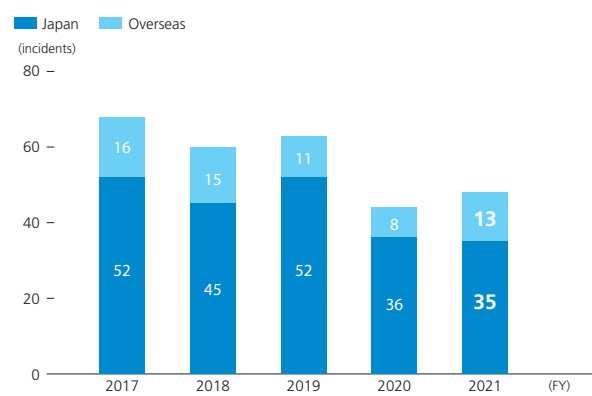


Initiatives to prevent disaster and minimize damage in the event that a disaster occurs

Aisin learned an important lesson from the fire at our Kariya Plant in 1997. We are working together as a group to increase employees' knowledge and awareness about preventing fires, provide extensive training on fire prevention, foster a working culture that prioritizes fire prevention and increase employees' risk sensitivity.

1. Raising awareness about fire prevention	Aisin Fire Prevention Day, interactive training, sharing lessons from past fires at Aisin Densho-kan (Educational Center)
2. Reducing fire risk	Expansion of facilities and equipment that meet fire prevention standards, placement of fire extinguishers and other fire extinguishing equipment, 4 basic actions when a fire occurs, fire prevention surveillance
3. Fire prevention management framework	Fire prevention training, establishment of fire prevention management regulations and guidelines, inspection of fire extinguishing and prevention equipment

Fires (entire group)



Workplace meetings in Fire Prevention Month

February is Fire prevention Month. February 1 is designated as Aisin Fire Prevention Day, and awareness-raising events are held throughout the month. It is a time for everyone in AISIN Group to reflect on how terrifying past fires were and increase their awareness of fire prevention to strengthen both their own capabilities and those of their workplace.

Fire prevention surveillance

We have introduced fire prevention surveillance using third-party inspections and evaluations to maintain a fire prevention management framework and build more advanced frameworks. In addition to assessing fire prevention awareness in our workplaces, we have introduced assessments of excessive heat and gas leaks using the latest measurement instruments, and are using these to make improvements on a daily basis.

Fire prevention training

In AISIN Group, employees who are promoted to management attend fire prevention training. By making employees aware of how society is impacted by fires, we are increasing our managers' abilities to prevent fires in the workplace and minimize damage if a fire does occur.

4 basic actions when a fire occurs

AISIN Group has established four standardized actions (basic actions) to ensure that fast action is taken in the event of a fire to save lives and minimize damage. We have created a training DVD with actual footage so that employees understand the purpose of everything they are being asked to do, and are carrying out ongoing training.

4 basic actions when a fire occurs

- Shout "Fire!"
- Activate the fire alarm by pressing the button
- Check that the surrounding area is safe and use the fire extinguisher to put out the fire
- Evacuate if you think it is too dangerous to remain in the area



Society

Handling of major fires and group-wide prevention of reoccurrence

When a fire occurs, we take rigorous measures to ensure that such a fire does not reoccur and cause issues for our customers, suppliers and members of the community. In addition to strengthening the inspections used to maintain the performance of our facilities, we revise and add fire prevention inspection items in the management forms used on a daily basis to promote group-wide prevention of reoccurrence.

Company	Heat source/flammable item	Prevention of reoccurrence
Aisin Takaoka (October 2020)	Short-circuiting control circuit board/electrical cord, hydraulic fluid	Regular checks of embers after work Installation of cameras to monitor high-temperature objects, automatic fire extinguishing equipment
Aisin Chemical (February 2021)	Heat/scrap resin in deodorizing furnace	Structural measures for ducts (inspection windows) Regular checks for scrap materials inside and management of cleaning
Aisin (April 2021)	Electrode sparks/dust in dust collector, mold lubricant	Regular checks for scrap materials and cleaning inside electric dust collectors Establishment of facility management framework and operations
AS Brake Systems (April 2021)	Short circuit/electrical cord	Unification of 5S guidelines for inside control panels Group-wide unification of facility design standards

► Fire prevention meeting

In November 2020, AISIN Group’s fire prevention officers met to share causes of major fires and emergency prevention measures to ensure group-wide action to prevent reoccurrence.

► Fire prevention and explosion prevention training videos

Information is shared throughout Toyota Group to impress upon personnel how terrifying fires and explosions are and make them aware of things that must not become entrenched in production industry culture. Basic operations such as 5S (including “Sort” and “Set in order”) and inspections of flammable items are carried out on an ongoing basis and fire prevention management frameworks are maintained.

Quality

Our commitment to quality assurance

Based on the corporate principle of “To our customers, inspiration and trust,” we create safer, more comfortable and more convenient mobility, and provide new value that exceeds customers’ expectations.

In the AISIN Group Way, our action principles, “Quality First” is foundational in everything we do. We rigorously improve not only the quality of our products and services but the quality of our work too, carrying out TQM* with a customer-first approach to improve our company frameworks.

*Total Quality Management

Thorough customer-first mentality at a global, group level

With the automotive industry experiencing a major period of change, customers’ expectations about the services we provided, and the nature of quality assurance, are shifting from tangible quality to intangible quality. Aisin Seiki was merged with Aisin AW to form Aisin and, in doing so, unify the group’s head office functions. In fiscal year 2022, we will establish group TQM and ISO policies and quality policies to achieve unified quality and a unified direction at a global, group level and establish organizations for sharing experience and knowledge between companies and providing safety, peace of mind and new value to customers around the world.

Centralization of group quality functions and roles within our organizations

We have centralized AISIN Group’s quality functions and established an organizational framework for each department to strengthen its operations and identify forward-looking activities.

Quality assurance

- Establishment and rollout of group quality policies
- Governance through creation and use of systems to improve audits
- Quality indexes and activity plans to achieve customer satisfaction in new areas

Quality for customers

- Early detection of defects that reach our customers to minimize disruption for our customers
- Shift from after-the-fact defect resolution to advance defect resolution
- Use of big data (vehicles/products) to shift to advance indications and prevention

Quality audits

- Audits of operations and inspection processes (auditing of compliance with laws, regulations and customer requests)
- Establishment of rules for special processes and material processes and training and placement of auditors

TQM/ISO

- Establishment of framework to follow social issues and changes in laws, regulations and ordinances
- Development of employees who can create new value and put our customers first

Aisin Densho-kan: A place to learn about the importance of safety, quality and unfiltered customer feedback

Aisin Densho-kan is a place for employees to thoroughly understand the “historical failures” that we have experienced and apply that understanding to new challenges and initiatives. Aisin Densho-kan (Educational Center) is a place for all Aisin employees to learn about workplace safety and disaster-prevention initiatives and unfiltered feedback received from customers. The center also picks up lessons from past incidents and passes on valuable insights gained from problems that have occurred in the past to foster an awareness of quality and improve the caliber of our work. In July 2018, AISIN Group installed a “tunnel for learning how scary quality problems can be” based on the theme of knowing and feeling the importance of quality at a company.

AISIN Group also plans to create a new simulator where employees can experience past defects and quality issues that people have reported, and to revamp the exhibitions used to share expertise gained from past faults and defects at various group companies.

*Aisin Densho-kan is not open to the general public.



Aisin Densho-kan



The “tunnel for learning how scary quality problems can be”

Society

Respect for human rights

Basic principles regarding respect for human rights

Respect for human rights is foundational in all of our business activities, and we are keenly aware of the need for us to more thoroughly understand the various human rights issues associated with the activities we carry out in each country and area of business and take appropriate measures.

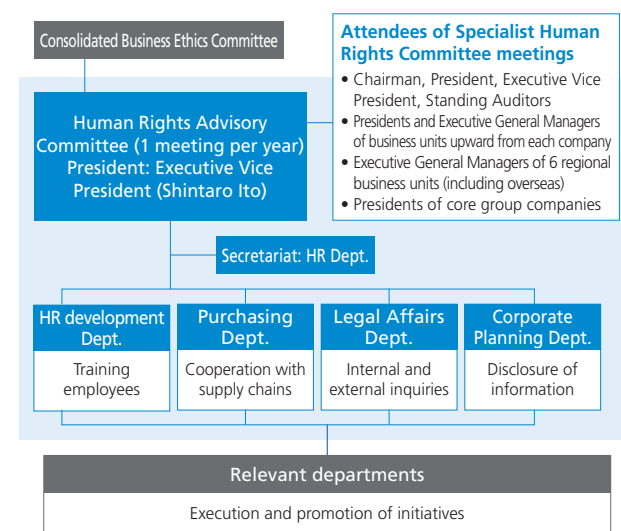
Human rights are the foundation of sound relationships between management and workers

Under Aisin's corporate principles, our employees are one of our most important stakeholders, and part of the value we provide is being a company where diversity between individuals is respected and employees think and act autonomously and find growth opportunities, job satisfaction and happy lives. Foundational to this is a fundamental respect for human rights, an essential element in enabling each employee to work without undue stress. For this reason, we implement human resources and labor measures, based on the relevant local laws and ordinances in each country, to build sound relationships between management and workers.

Implementation frameworks

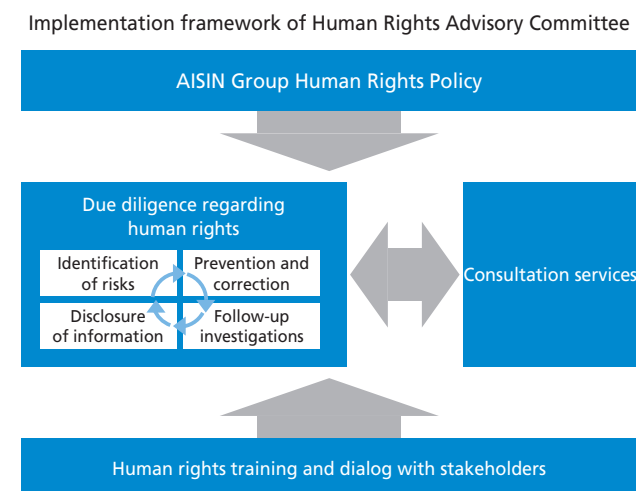
In April 2021, Aisin established the Human Rights Advisory Committee under our Consolidated Business Ethics Committee. This committee discusses policies, frameworks and action plans for AISIN Group to respect internationally recognized human rights and thoroughly fulfill its international human rights obligations and comply with relevant laws and ordinances in the countries where we operate.

Structure of Human Rights Advisory Committee



Scheme for initiatives

Aisin has created a scheme for initiatives to tackle human rights initiatives under the UN Guiding Principles on Business and Human Rights. To fulfill our human rights obligations in all of our business activities, we carry out thorough due diligence about human rights, provide training on human rights, have established consultation services to gather external feedback and are communicating with our stakeholders.



AISIN Group Human Rights Policy

In April 2021, Aisin established the AISIN Group Human Rights Policy upon discussion and approval by the Human Rights Advisory Committee. This policy is based on the UN Guiding Principles on Business and Human Rights and AISIN Group Principles of Corporate Behavior, and supersedes all other policies on matters regarding human rights.

Our Human Rights Policy covers the minimum level of compliance with the International Bill of Human Rights and ILO Core Labour Standards (freedom of association, the right to collective bargaining, prohibition of forced labor, effective elimination of child labor, elimination of discrimination in hiring and workplaces, etc.) and is a pledge that AISIN Group will fulfill its responsibility to respect human rights through due diligence.

This policy not only applies to executives and employees; we also expect all business partners, including suppliers, to understand and uphold this policy.

AISIN Group Human Rights Policy

https://www.aisin.com/en/sustainability/social/employee/respect/pdf/HumanRightsPolicy_2.pdf



Priority initiatives

Aisin carries out due diligence regarding human rights according to the UN Guiding Principles on Business and Human Rights.

In February 2020, as a human resources CSR investigation, we investigated the compliance and human rights initiatives at 200 domestic and overseas companies in AISIN Group (100% were carrying out initiatives) to confirm that there were no serious compliance or human rights violations.

For fiscal year 2022, in recognition of increasingly active movements to protect migrant workers' rights, including legislation against modern slavery in countries around the world, and the growing public concern about AISIN Group's acceptance of overseas technical trainees in Japan, we consulted with external experts and designated forced labor in migrant labor as a risk area of the highest level.

Forced labor in migrant labor

Initiatives in Japan Investigation of state of technical intern training program (supervising organization type)

Aisin is accepting overseas technical trainees to work in Japan. External experts have pointed out the risk of forced labor situations where, in the case of supervising organizations, the overseas agency sending the workers and/or the Japanese group coordinating their arrival charges an exorbitant recruitment fee to migrant workers and holds them in debt bondage for that fee. For this reason, we are placing a particular focus on investigating placements of overseas technical trainees.

We investigated the placement of overseas technical trainees in our domestic group companies. As of the end of March 2021, there were around 1,250 technical trainees in 21 companies. These trainees were from Vietnam, China, Indonesia, Myanmar and Thailand, with over two thirds from Vietnam.

Based on this, we are taking the following measures to prevent human rights violations that could occur when we accept overseas technical trainees.

- Corrective action against exorbitant recruitment fees charged to migrant workers, which can lead to forced labor.
- Attendance at the Japan Platform for Migrant Workers towards Responsible and Inclusive Society from December 2020 for collaborations with various organizations, gathering of information and discussions with experts.



Japan Platform for Migrant Workers towards Responsible and Inclusive Society, (2020)

The investigation process has revealed that the impacts of COVID-19 have made it difficult for some overseas technical trainees to return to their home countries after their training period ends. We are addressing this on an ongoing basis through measures such as continuing these trainees' employment, in addition to continuing to optimally manage employment conditions such as pay and working hours.

Initiatives overseas

Execution of migrant labor investigations

In fiscal 2022, we will investigate migrant labor at 121 overseas group companies to determine the state of migrant labor at our overseas sites, identify risks of forced labor and take corrective measures where necessary.

Training, established activities and consultation services

Aisin takes all employees' fundamental human rights seriously and takes every opportunity to educate our employees on human rights, from initial training for new employees to additional training for those receiving a promotion or being appointed as an officer. In addition to common CSR training for 12 group companies in AISIN Group, we invite a guest lecturer from the Aichi Labor Bureau and hold a training seminar on fair recruitment for group companies.

Our compliance consultation service accepts a wide range of questions and allows anonymity. Thorough attention is paid to the rights of those using the service, including privacy and prevention of reprisal, when taking measures. In fiscal year 2022, we are establishing a new AISIN Global Hotline to take compliance inquiries from external stakeholders, and are building a framework to gather feedback on human rights on a wide scope.

Initiatives to eliminate discrimination

Aisin is a member of the Industrial Federation for Human Rights, Aichi, an organization comprising 26 companies in Aichi Prefecture that works with relevant administrative bodies and organizations such as the Aichi prefectural government and Aichi Labor Bureau to raise awareness about human rights. We also work with the Corporate Federation for Dowa and Human Rights Issues in various regions to carry out education and awareness-raising activities in companies with the aim of creating a society where human rights are respected.

Supply chain initiatives

Responsible procurement of minerals (measures against conflict minerals)

In fiscal year 2021, we continued to investigate our supply chain to determine whether conflict minerals were used, as part of our initiatives for responsible procurement of minerals (measures against conflict minerals). The results were reported to our customers.

We are also involved in work by industry organizations to establish effective procurement methods and increase understanding of this issue through presentations. AISIN Group will continue to promote responsible procurement of minerals by promoting appropriate procurement of resources and materials based on the following policy.

Policy on the procurement of minerals

To promote global mineral procurement that takes into account the impact on social issues such as human rights and the environment, we carry out initiatives to avoid the use of minerals that are defined as an issue under the laws and regulations of each country (Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA, Conflict Minerals Regulation in the EU, etc.). We ask that our suppliers understand our stance on this issue and work with us on the responsible procurement of minerals.

Society

Procurement

Building trust as a good business partner

As part of our manufacturing activities, we procure a wide variety of items, including parts and materials, from numerous suppliers around the world. In each of these transactions, AISIN Group works to increase collaboration and establish trust relationships with our suppliers based on our basic philosophy of seeking growth and prosperity as good business partners.

Aisin's procurement principles

Aisin believes in coexisting and sharing prosperity with our suppliers, and strives to achieve mutual development. We have established the following group procurement policies for our procurement activities.

■ AISIN Group Basic Procurement Policy

- Coexist harmoniously and share prosperity with suppliers with a view to stability in our trades in the long term
- Carry out open and fair trades

■ FY2022 Group Procurement Policy

1. Rigorous execution of priority initiatives that are fundamental to our business activities
2. Building a procurement base to support growth strategies in areas that are crucial to our survival
3. Groundbreaking measures to make us more competitive in existing businesses
4. Strengthening our procurement base to provide fundamental support for our corporate activities

In fiscal year 2022, we held an online presentation about our procurement policy for the primary suppliers that account for over 90% of the group's ordering in Japan (around 740 companies) to share information on current trends in our recent business environment and roll out our Group Procurement Policy. We are also rolling it out at supplier companies overseas through regional sites in each area.

With communication methods diversifying, we have more opportunities for dialog with our stakeholders than ever before, and we are making use of these to strengthen our relationships even more.

Aisin's supply chain

AISIN Group's domestic and overseas companies deal directly with 4,252 primary suppliers, 2,705 of which are parts suppliers.

(companies)

	Parts	Raw materials/other	Total
Japan	1,021	1,220	2,241
Overseas	1,684	327	2,011
Total	2,705	1,547	4,252

Jointly undertaking sustainability initiatives with suppliers

Before trading with a new supplier, we carry out verifications based on accreditation such as ISO9001, IATF16949 and ISO14001 along with a credit check and quality audit. While trading, we continue to work with the relevant departments to carry out inspections from perspectives such as quality, safety, environmental and earthquake-proofing inspections.

With its suppliers, AISIN Group promotes fair procurement activities based on the spirit of openness and fairness, and mutually concludes basic transaction agreements focused on health, safety and pollution prevention in addition to complying with the Competition Law, bribery prevention and elimination of antisocial forces.

AISIN Group is also engaged in initiatives as a group, such as making payments to all small- to medium-sized domestic suppliers in cash, with a view to achieving future-oriented trade practices with its suppliers. Additionally, AISIN Group has established a contact point for suppliers to make inquiries and seek advice on matters related to business ethics.

AISIN Group Supplier Sustainability Guidelines

To ensure that all of our procurement activities comply with AISIN Group's policies along with relevant laws and regulations, we have translated AISIN Group Principles of Corporate Behavior into our suppliers' languages, distributed the translations to our suppliers and asked them to ensure that both they and their trading partners comply with the principles. The principles include policies on points such as human rights, labor practices, the environment and compliance, covering both social issues, including corruption prevention, child labor, forced labor, equal opportunities and prohibition of discrimination, freedom of association, collective bargaining, reduction of long working hours, minimum wage and health and safety, and environmental issues such as water usage and biodiversity.

In fiscal year 2022, we plan to issue Supplier Sustainability Guidelines, which paraphrase these principles for our suppliers, to further implement measures against ESG issues with the aim of building a sustainable society. In future, we will set specific targets based on these guidelines and incorporate them into our activities.

Activities under AISIN Group Green Procurement Guidelines

Aisin asks its suppliers to reduce GHG emissions, recycle waste materials and resources, reduce water usage and preserve biodiversity according to AISIN Group Green Procurement Guidelines.

As an initiative under these guidelines, AISIN Group manages substances that have an environmental impact to ensure a



AISIN Group Green Procurement Guidelines

reliable response to environmental laws and regulations, which are becoming more stringent every year in countries around the world. In order to accomplish this, AISIN Group requests surveys of chemicals contained in items purchased from our suppliers and has them disclose and register relevant information in a shared system for recording data on chemical substances.

Representatives from the procurement functions in 11 domestic group companies* meet at AISIN Group Suppliers' Environmental Inspection Liaison Meeting. These representatives conduct environmental risk inspections to prevent environmental issues at our suppliers' companies. 198 companies with processes and/or facilities that place a particular burden on the environment have been identified as high-risk suppliers, and our representatives check that these companies are complying with laws and regulations, identify hazards and encourage the companies to improve on these points. In fiscal year 2021, we inspected 86 companies and confirmed that their improvements were completed (100% of planned work). Our management will continue to work with our Environment Dept. to instruct our suppliers on improvements.

* All of the 12 group companies except Aisin Development, a non-manufacturing company.

Risk assessment and monitoring of suppliers

We conduct quality audits to improve the quality provided by our suppliers. In Japan, we conduct audits every three years for 245 suppliers identified in a risk analysis, including suppliers of safety parts and other parts requiring a high level of quality, suppliers that do not have IATF16949 and companies where quality issues have occurred in the past, to investigate their creation of and compliance with quality management frameworks. 107 suppliers were audited in fiscal year 2021. In the event of an issue, we identify the cause of each issue, make an improvement plan, set a schedule for corrective action and then provide advice and check the supplier's progress until the issue is resolved.

We also have a system in place to handle risks that threaten the stability of our supply chain posed by natural disasters, fires and other situations. Information on the production processes of the materials and parts we purchase from our suppliers is registered in a dedicated system and used to respond to disasters and carry out recovery measures quickly. When a disaster occurs, the supply chain information held by each of our group companies is used to quickly identify the impact on the group as a whole, enabling us to take the necessary measures early to ensure the continuity of our supply chains.

Mutual improvement with suppliers

Aisin provides its main suppliers with training support to improve their technical skills and strengthen their corporate framework. Aisin has established an apprenticeship program in Japan where future management from our main suppliers work in the division of their choice at Aisin Seiki, usually for two years. Employees are accepted based on their needs. Aisin provides its suppliers with advice on various safety activities, environmental activities and activities aiming to

improve productivity and quality by supporting the work of Aisin Suppliers Network, an organization formed to enable Aisin's suppliers to learn from each other's best practices and help each other to improve. In fiscal year 2021, we carried out initiatives such as mutual-study workshops on preventing occupational accidents and strengthening cybersecurity.

Affiliated groups and involvement in initiatives

Makoto Mitsuya, a director of Aisin, belongs to the organizational affairs committee of Japan Auto Parts Industries Association (JAPIA) and the representative of the group's purchasing division belongs to JAPIA's Procurement & Production Subcommittee. By belonging to this committee, Aisin is involved in establishing industry policies to promote fair trade through regulations such as the Guidelines for Fair Trade in the Automotive Industry, and is carrying out initiatives to gather information for the purpose of compliance with conflict mineral regulations and responsible procurement of minerals in our supply chain.

Aisin's procurement framework

To strengthen our procurement functions, we began structural reform of Aisin Seiki and Aisin AW ahead of the companies' merger and formed a AISIN Group Purchasing Division. We are working to create a single point of contact for suppliers, which will further strengthen communication between us and our suppliers and enable faster decision-making and more efficient operations by eliminating duplications between the two companies. From April 2020, we have progressively moved the procurement functions of all group companies in Japan into this department.



Employee training

To ensure that each employee involved in our procurement activities is able to carry out fair, good-faith procurement activities, we have outlined specific actions to ensure compliance with various laws and regulations, such as prohibitions of bribery, in AISIN Group Principles of Purchasing Behavior and Guidelines for Purchasing Practices and are providing all procurement employees with training to provide the necessary understanding and advise employees about relevant laws and regulations, along with elements such as confidentiality.

Society

Social contribution activities

Initiatives to “Be With” local communities

“Our people can act independently and aspire to contribute to society” is a core corporate principle of ours, with AISIN Group Principles of Corporate Behavior pledging to actively engage with society and contribute to sustainable development based on an awareness that companies are members of society.

Aisin develops a wide range of social contribution activities together with our stakeholders, through the three pillars of protection of nature and the environment, nurturing youth and community building and development. Through these activities, the group is working proactively to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of common goals for international society to work toward achieving by the year 2030.



Protection of Nature and the Environment

We are working on environmental protection initiatives at sites around the world to contribute to sustainable social development. We clean up the area around our offices in each country and nearby beaches and rivers to contribute to environmental conservation, and carry out ongoing tree planting initiatives to regrow greenery lost for reasons such as changes in the environment.

Tree planting activities etc. to prevent global warming and desertification

27 AISIN Group companies in China have planted 37,000 seedlings of trees such as red pine trees. Mangroves have been planted in Thailand and black pine trees have been planted in the city of Rikuzentakata in Iwate Prefecture, Japan. We are carrying out tree planting activities continuously around the world.



Planting trees in the Inner Mongolia Autonomous Region

Nature conservation activities along the Yahagi River to reduce CO₂

We have signed a forestry foster parent agreement with the village of Neba, a municipality by the Yahagi River in Nagano Prefecture. Every year, we help to create and maintain walking paths and thin the trees. The project has received CO₂ reduction certification.



Maintaining a walking track

Nurturing Youth

Children are the future, and helping them to grow up healthy is important to us. We carry out community activities, such as providing environmental education that teaches local children the importance of the environment and encourages them to protect it and live eco-friendly lives, and giving talks that will foster an interest in manufacturing. We also carry out sports initiatives to teach young people about health and get communities active.

Environmental education to facilitate self-directed eco-activities

AISIN Group is working together with government bodies and NPOs to roll out the AISIN Environmental Education Program for elementary school students. This education is now being provided remotely so that it can continue during the pandemic. 1,745 students from 23 elementary schools have attended these lessons.



A remote lesson

Nurturing youth and getting communities active through sporting initiatives

We nurture youth and get communities active through sporting initiatives, led by Seahorses Mikawa, a professional basketball team in the B. LEAGUE. The athletes and coaches hold coaching sessions at local elementary schools to get them interested in basketball.



A basketball lesson

Community Building and Development

To build sustainable societies where all people can live with safety and peace of mind, we carry out ongoing activities in a variety of areas, including traffic safety, health, welfare, support for regions impacted by disasters and support for independent living for people with disabilities.

Traffic safety activities in Japan and overseas

As a member of the automotive industry, we are actively carrying out activities at the sites of our 208 domestic and overseas group companies, including community activities to increase awareness of traffic safety, safety education for elementary school students, distribution of reflectors, safety talks and donations.

Four group companies in Thailand jointly held classroom-based and interactive classes to improve traffic safety awareness among our trading partners and elementary school staff and students. Trading partners were given a talk about actions such as emergency braking and emergency steering, and the children were given a traffic safety lesson where they learned about the dangers of blind areas and suddenly running into the street.



Students learn about the blind areas of a vehicle

Giftng vaccines to children in developing countries

Since fiscal year 2009, we have carried out an initiative in which we collect the caps of plastic bottles and gift vaccines to children in developing countries through the Japan Committee of Vaccines for the World’s Children. In fiscal year 2021, we collected 2.93 million caps, which equates to vaccines for 3,400 children.



Spending on social contribution activities

Our spending on social contribution activities can be classified into the following three categories according to the LBG (London Benchmarking Group) guidelines.

	(million yen)
Charitable donations	199
Community investment	508
Commercial initiatives	1,334
Total	2,041

New vending machines with donations

As a social contribution activity that all staff members can participate in easily, we have introduced vending machines with an option to donate part of payments to external organizations. The donations are used to support children with severe illnesses and give scholarships to children orphaned by traffic accidents.



A vending machine with donations in one of our companies

Recovery support for the areas affected by Kumamoto’s heavy rains

In July 2020, employees volunteered to participate in recovery support activities. The volunteers cleaned homes and warehouses that had been flooded and removed large quantities of mud. We also donated to the recovery effort through Japan Platform and Central Community Chest of Japan.

Taking part in TABLE FOR TWO

Since fiscal year 2010, we have been taking part in TABLE FOR TWO (TFT), an activity aiming to provide food to developing countries and eradicate obesity and lifestyle diseases in industrialized countries, with a focus on imbalances in world food consumption. In fiscal year 2021, we raised enough money to provide 199,000 meals and achieved “Platinum Supporter” status, the highest level awarded by TFT, for the eighth consecutive year. (We were the winner out of 330 participating companies in the employee cafeteria division.)





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HR data

Figures for each fiscal year are recorded on March 31

Item				Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Employees	Aisin Seiki Co., Ltd.			Persons	13,591	14,198	14,439	14,986	15,493
	5 group companies				38,225	40,457	42,013	44,606	43,466
	Permanent employees	Aisin Seiki	Male	Persons	13,197	12,926	13,098	13,356	13,418
			Female		1,782	1,814	1,905	1,987	2,073
			Ratio of women		%	12.3	12.7	13.0	13.4
		5 companies	Male	Persons	34,748	36,381	38,060	41,599	41,687
			Female		3,731	4,100	4,496	5,145	5,264
			Ratio of women		%	9.7	10.2	10.5	11.0
	Ratio of mid-career employees among permanent employees	Aisin Seiki	Number of mid-career employees	Persons	3,539	3,508	3,621	3,691	3,725
			Ratio of mid-career employees	%	26.0	24.7	25.1	24.6	24.0
Regular recruitment	General administrative positions	Aisin Seiki	Total (male and female)	Persons	39	33	25	23	29
			Ratio of women	%	25.6	24.2	32.0	30.4	34.5
	General technical positions		Total (male and female)	Persons	144	125	119	147	120
			Ratio of women	%	9.0	11.2	11.0	8.2	11.7
	Skilled positions		Total (male and female)	Persons	185	276	260	407	304
			Ratio of women	%	17.1	10.5	13.4	17.5	17.8
	Practical positions		Total (male and female)	Persons	18	17	18	14	13
			Ratio of women	%	100.0	100.0	100.0	100.0	100.0
	General administrative positions	5 companies	Total (male and female)	Persons	91	86	86	89	60
			Ratio of women	%	24.2	31.4	29.1	34.8	33.3
	General technical positions		Total (male and female)	Persons	360	347	325	453	278
			Ratio of women	%	8.9	11.0	10.8	8.6	9.7
	Skilled positions		Total (male and female)	Persons	938	1,059	1,217	1,567	900
			Ratio of women	%	21.6	17.3	17.2	20.8	16.2
Practical positions	Total (male and female)		Persons	47	33	30	26	17	
	Ratio of women		%	97.9	100.0	93.3	100.0	100	
Hiring of mid-career employees	Ratio of mid-career employees hired	Aisin Seiki	Number of mid-career employees	Persons	116	191	196	158	187
			Ratio of mid-career employees	%	23.1	29.8	31.6	21.1	28.6

Key themes	Item				Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Investment in employees	Annual hours of training per employee	Aisin Seiki			Hours	—	—	38.0	38.0	56.0
		5 companies				—	—	32.0	31.3	38.8
Fulfillment (engagement)	Job satisfaction (according to results of employee awareness survey)	Aisin Seiki			%	3.4	3.5	3.4	3.5	3.5
		5 companies				—	—	3.4	3.4	3.4
	Turnover (resignation)	Aisin Seiki			%	0.9	1.0	1.2	1.3	1.3
		5 companies				1.0	1.2	1.8	2.4	2.0
Diversity and inclusion	Executives and ratio of female officers	Aisin Seiki	Executives	Female	Persons	1	1	1	1	1
				Male	Persons	47	49	47	27	32
				Ratio of women	%	2.08	2	2.08	3.57	3.03
	Managers and ratio of female managers		Department heads	Female	Persons	4	5	8	13	17
				Male	Persons	435	484	515	539	546
				Ratio of women	%	0.91	1.02	1.53	2.36	3.02
			Section heads	Female	Persons	42	46	49	56	59
				Male	Persons	1,441	1,468	1,552	1,639	1,710
				Ratio of women	%	2.83	3.04	3.06	3.3	3.34
	Executives and ratio of female officers	5 companies	Executives	Female	Persons	1	1	1	1	1
				Male	Persons	149	153	144	128	122
				Ratio of women	%	0.67	0.65	0.69	0.78	0.81
	Managers and ratio of female managers		Department heads	Female	Persons	4	5	8	13	21
				Male	Persons	1,130	1,215	1,276	1,378	1,409
				Ratio of women	%	0.35	0.41	0.62	0.93	1.47
Section heads			Female	Persons	52	55	61	74	83	
			Male	Persons	2,947	3,025	3,165	3,467	3,654	
			Ratio of women	%	1.73	1.79	0.89	2.09	2.22	

HR data

Key themes	Item			Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Diversity and inclusion	Ratio of mid-career employees in management positions	Aisin Seiki	Overall	Persons	1,922	2,003	2,124	2,247	2,332
			Mid-career hires		383	438	510	576	617
			Ratio of mid-career hires		%	19.9	21.9	24.0	25.6
	Ratio of local employees in executive positions (head of department or higher) in overseas companies	Aisin Seiki		%	54.3	56.3	55.3	52.8	59.4
		5 companies			57.1	57.0	56.5	56.9	60.3
	Ratio of union members in overseas companies with a union	In countries where sites are unionized (10 of 22)		%	—	—	—	—	92.2
	Re-employment	Aisin Seiki	Employees with advanced qualifications	%	67.7	76.6	76.9	73.3	75.3
			Members of union		75.8	71.9	81.2	83.2	75.8
			Overall		73.8	73.9	79.7	79.4	75.6
		5 companies	Employees with advanced qualifications		67.3	84.1	79.6	76.5	83.0
			Members of union		89.1	85.9	81.3	89.5	80.6
			Overall		84.0	85.3	80.7	85.5	81.5
	Hiring of employees with disabilities	Aisin Seiki		Persons	229	227	236	244	296
				%	2.16	2.17	2.20	2.16	2.37
		5 companies		Persons	601	682	697	780	894
				%	2.12	2.10	2.14	2.16	2.32
	Source: Statutory Employment Rates			%	2.0	2.0	2.2	2.2	2.2
Healthy business practices	Employees receiving stress checks	Aisin Seiki		%	96.6	96.1	95.5	93.2	91.6
		5 companies			97.2	97.1	97.4	95.2	94.7
	Employees undergoing mental health training	Aisin Seiki		Persons	155	150	144	198	186
		5 companies			—	—	303	404	381
	Nonsmoking employees	Aisin Seiki		%	67.8	69.2	69.3	71.7	71.8
		5 companies			63.9	64.9	65.0	66.5	67.6
Work-life balance	Work hours	Aisin Seiki		Hours	2,200	2,142	2,117	2,061	1,930
		5 companies			2,182	2,154	2,129	2,071	1,941
	Paid leave taken	Aisin Seiki		%	98.9	98.2	98.9	98.7	98.0
		5 companies			95.4	93.8	95.7	95.9	99.5
	Average number of years worked	Aisin Seiki	Male	Year	15.9	16.9	16.1	16.2	16.5
			Female		12.1	13.4	12.8	12.9	13.1
			Total		15.2	16.4	15.7	15.8	16.0
		5 companies	Male		15.3	15.4	15.2	15.2	15.7
			Female		10.5	10.6	10.3	10.5	10.9
			Total		14.8	14.9	14.7	14.7	15.1
	Number of employees using parental leave systems	Aisin Seiki	Male	Persons	11	25	35	50	66
			Female		101	132	103	118	91
			Total		112	157	138	168	157
		5 companies	Male		26	48	69	118	173
			Female		341	412	386	439	333
			Total		367	460	455	557	506
	Ratio of male employees using parental leave systems	Aisin Seiki		%	1.7	3.8	6	8.7	12.1
Average number of days of parental leave taken by men	Aisin Seiki		Days	—	—	—	—	63.1	
Men taking parental leave (to attend their wife's birth and/or raise children) and/or Anshin (secured) holidays (to attend their wife's birth)	Aisin Seiki		Persons	—	—	—	—	386	
%			—	—	—	—	71		

Key themes	Item			Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Work-life balance	Number of employees working reduced hours to accommodate childcare	Aisin Seiki	Male	Persons	116	113	129	153	118
			Female		310	333	346	409	409
			Total		426	466	475	562	527
		5 companies	Male		124	161	149	190	162
			Female		617	691	728	848	907
			Total		741	852	877	1,038	1,069
	Number of employees using family-care leave support systems	Aisin Seiki	Male	Persons	1	10	8	1	2
			Female		1	3	6	5	4
			Total		2	13	14	6	6
		5 companies	Male		5	14	12	11	6
			Female		6	6	8	16	12
			Total		11	20	20	27	18

Career support for female employees

Measure	Details
Kirari project to support women in the workplace	A working group involving all job types (management, administrative, technical, skilled and practical positions), led by our executive vice president. Feedback from local employees is sought and reflected in our measures (building of infrastructure, awareness raising, systemic improvements, etc.)
Ikubosu Academy	A program in which managers learn about the principles of diversity and inclusion and the unique qualities that women bring to management positions, gain an understanding of health issues and learn through experience about how to support their female employees and get the best from them
Ikubosu Exam	An online test for all managers to promote an understanding of diversity and inclusion
Trailing Spouse Leave System	A leave system for employees who cannot work due to their spouse relocating for reasons such as a transfer
Career Comeback System	A system for rehiring employees who leave for unavoidable reasons such as raising children or caring for a family member
Awareness-raising Talks	Regular talks to raise awareness among employees and supervisors about various topics
Seminars for Employees About to Take Maternity and Childcare Leave	Seminars for employees to mentally prepare for life as working parents, think about what they can do during their leave and get an idea of their work format and career plan after they return to work
Seminars to Support Employees Returning to Work	E-learning used during parental leave to encourage couples to think about how they will share housework and childcare duties and how they will balance work with their home lives after parental leave ends
Individual Training for Prospective Managers	Training to provide management experience on a planned basis to employees hoping to become managers
Career Mentor System (for managers and general qualified personnel)	A system in which employees who are concerned about how to balance their careers and home life can receive advice from a more experienced employee
Career Declaration System	A system in which employees create their own medium- to long-term career and life plan and then meet with their supervisor for encouragement in building a career
Career Development Training	Training providing employees with the support they need to build their career
Position Change System	A system enabling employees to choose from many different career options
Company Day Care	Two day care centers are available to serve employees in various locations. Employees can also use the Toyota Group's day care centers.
Mama, Papa, Ikubosu Guide (a guidebook on balancing work and home life)	This book is available for employees balancing work with raising children or caring for a family member
Various work systems	Teleworking, paternity leave, Anshin (secured) holidays, reduced hours, flex time (no core hours, 3 months), support for employees receiving fertility treatment, etc.

Measures against risks so far and our plan for fiscal year 2022

(as of the end of March 2021)

Category	Risk item	Final KPIs for risk measures	Measures against risk so far	Measures for FY2022
Natural disasters	Major earthquakes	0 fatalities resulting from earthquakes	<ul style="list-style-type: none"> Disaster reduction measures according to Aisin Global Safety Standard (AGSS), our safety standard to prevent fatalities, injuries and damage to production equipment (buildings, hanging objects, cranes, racks, large equipment, cubicles) Mutual inspections under AGSS to maintain and manage disaster reduction measures Rollout of the Group BCP Guide, our group-wide standards for action plans in the event of a disaster, along with evaluation and measures to address weaknesses Preparation for operations by the Disaster Response Division to prevent the spread of COVID-19 	<ul style="list-style-type: none"> Ongoing execution of earthquake-proofing and disaster reduction measures for buildings and hanging objects Inspections under AGSS to maintain and manage disaster reduction measures Ongoing resolution of weak areas according to the Group BCP Guide Training of the Disaster Response Division to improve initial responses under our new post-merger framework
	Water damage	0 fatalities	<ul style="list-style-type: none"> Creation and implementation of a framework to make operational decisions that will prevent fatalities and injuries in the event of a disaster causing water damage, such as a typhoon Flood risk assessments at each site 	<ul style="list-style-type: none"> Identification and resolution of issues through the use of new alert rules Floor-level anti-flooding work (Handa area)
Incidents and accidents	Infectious disease	0 infected persons	<ul style="list-style-type: none"> Establishment and rollout of manual on measures against novel flus Establishment and rollout of guide for preventing the spread of COVID-19 Securing necessary quantity of sanitary goods 	<ul style="list-style-type: none"> Decision-making about travel restrictions based on reflection on measures Revision and update of guide on measures against infectious diseases Implementation of measures against infection in workplaces
	Damage resulting from theft	0 cases of abduction, threats or theft	<ul style="list-style-type: none"> Provision of overseas alert information for personnel who are posted overseas or traveling overseas for business Pre-departure seminars for personnel posted overseas Provision of support services by assistance companies in the event of an emergency Designation of times for teleconferencing with overseas personnel (overseas personnel must not be asked to attend meetings at night) 	<ul style="list-style-type: none"> Ongoing execution of activities mentioned to the left Revision of contents of training for personnel posted overseas (based on instructions by external experts)
	Occupational accidents	0 severe accidents	<ul style="list-style-type: none"> Improvement of awareness of dangerous work through the use of training for Aisin's work supervisors and process supervisors Unification of Aisin's standards for construction management Making improvements by checking in with domestic group companies that have experienced a disaster and sharing concerns 	<ul style="list-style-type: none"> Sharing of occupational accident information with group companies to make optimal improvements
	Fire and explosion	0 fires	<ul style="list-style-type: none"> Thorough elimination of flammable items around heat sources Thorough implementation of 4 basic actions when a fire occurs Initial fire training and evacuation training 	<ul style="list-style-type: none"> Revision and standardization of inspection and cleaning rules (AGSS) Creation of environments to carry out training at subsidiaries Creation of standards for patrols and monitoring after work that uses flames
Information	Cyber attacks	0 cases of information leakage or suspensions of production (due to cyber attacks)	<ul style="list-style-type: none"> Establishing group CSIRT (response team) for AISIN Group Training on suspicious emails for all group companies Establishment of specialist organization (Information Security Promotion Office) to strengthen response capabilities Introduction of GA-Falcon (action tracking system) 	<ul style="list-style-type: none"> Establishment of framework for responding to information security incidents worldwide Entrenchment of monitoring against external attacks Ongoing execution of training at each level (new employees, personnel who have been promoted)
	Information leakage	0 major cases of leakage	<ul style="list-style-type: none"> Awareness-raising and workplace inspections at times such as our month for strengthening privacy management Creation of framework for submitting and receiving drawings and technical information Circulation of All Toyota Security Guidelines (ATSG) Ver. 7 in AISIN Group, including Aisin; activities to ensure that personnel understand these Trial of system for internal detection of unauthorized actions Domestic supply chain security assessments 	<ul style="list-style-type: none"> Promotion of improvement activities based on ATSG Ver. 8
Economy and society	Terrorism, coups, riots	0 fatalities or injuries	<ul style="list-style-type: none"> Provision of overseas alert information for personnel who are posted or traveling overseas for business Pre-departure seminars for personnel posted overseas Top management training Establishment of emergency evacuation guidelines Provision of support services by assistance companies in the event of an emergency Training for Risk Management personnel in AISIN Group companies 	<ul style="list-style-type: none"> Ongoing execution of activities mentioned to the left Revision of contents of training for personnel posted overseas (based on instructions by external experts)
	Handling of bad publicity	0 mishandlings of PR situations	<ul style="list-style-type: none"> Enhancement of manual on handling media crises and use of the manual in domestic AISIN Group companies Media training for top management at 12 group companies 	<ul style="list-style-type: none"> Media training for newly appointed presidents Training of new executives in domestic group companies Establishment of routes for gathering of crisis information at new companies
Production, supply and supply chains	Suspensions of production due to disasters	0 stoppages of our own lines (due to disasters or accidents)	<ul style="list-style-type: none"> BCP measures for products produced at one site Consideration of globally compatible products and confirmation of production performance Consideration of non-compatible alternatives 	<ul style="list-style-type: none"> Creation of framework for promotion of BCP activities in AISIN Group Identification of disaster risks at each company and clarification and response to issues that need to be overcome in order to continue deliveries
	Suspension of infrastructure supply (electricity/water/gas)	0 stoppages of our own lines (due to stoppages of infrastructure supply)	<ul style="list-style-type: none"> Establishment of guidelines for installing emergency generators Introduction of 2 emergency generators for die casting in Nishio 	<ul style="list-style-type: none"> Introduction of additional emergency generators for die casting in Nishio (6 units) Simultaneous operation of rentals for efficient use of emergency generators
	Suspension of suppliers' operations	0 stoppages of our own lines (due to stoppages at supplier sites)	<ul style="list-style-type: none"> Use of supply chain systems to handle unpredicted situations at supplier sites Creation of framework for initial response by Aisin (cooperation between relevant departments) Rollout of reminder letters at supplier sites 	<ul style="list-style-type: none"> Accurate ascertainment of supply chain information for the whole process, right back to raw materials Ascertainment of parts and materials that cannot be substituted or which are subject to an oligopoly Ascertainment of risks for each supplier site by cross-referencing with various hazard maps Enhancement of provisions for unpredicted situations at supplier sites based on the above information

Category	Risk item	Final KPIs for risk measures	Measures against risk so far	Measures for FY2022
Products and services	Quality issues and falsification of quality data	0 quality issues	<ul style="list-style-type: none"> Promotion of activities to improve quality at all companies according to quality policies Verification of impact of changes such as new products and services or design changes Issuing of quality information and deployment in relevant departments in the event of a major quality issue Awareness-raising about falsification of quality data by holding quality compliance trade fairs Workplace meetings on falsification of quality data to coordinate employees' approach to data falsification 	<ul style="list-style-type: none"> Strengthening of global, group governance (quality, compliance) Revision of framework for recurrence prevention and horizontal expansion to eliminate critical quality issues Quality monitoring at a global, group level
Environment	Environmental pollution	0 cases of external thresholds being exceeded	<ul style="list-style-type: none"> Establishment of AISIN Global Environmental Standard (AGES) (wastewater, waste, exhaust, groundwater in soil) Support for employees at group companies from Aisin on request 	<ul style="list-style-type: none"> All-out efforts to continuously achieve zero abnormal environmental situations
	Response to climate change (CO ₂ reduction)	Carbon neutrality at all group companies	<ul style="list-style-type: none"> Execution of energy saving activities 	<ul style="list-style-type: none"> Implementation of CO₂ reduction activities in FY2022 to achieve carbon neutrality by 2050 Creation of framework for introduction of renewable energy Make one electric product CO₂-free
Accounting and finance	Fraudulent accounting and theft of company assets	0 cases of this nature	<ul style="list-style-type: none"> Monitoring through use of management letters by accounting auditors Execution of 10-point inspections at group companies based on our basic accounting requirements Workshops for group companies J-SOX audits Reporting on J-SOX audits in annual securities reports 	<ul style="list-style-type: none"> Ongoing workshops for group companies Remote audits of group companies; establishment of a method for this procedure Activities to entrench 10-point inspections; revision of guidelines
Politics and policy	Intellectual property disputes	0 conflicts caused by AISIN Group	<ul style="list-style-type: none"> Intellectual property guarantee activities for new products Appropriate handling of lawsuits 	<ul style="list-style-type: none"> Improvement of investigations to prevent patent violations by other companies
	Violation of Antimonopoly Act	0 violations	<ul style="list-style-type: none"> Use of pre-contact confirmations and post-contact reports when interacting with other companies Screening of emails in sales departments E-learning for all domestic companies Establishment and use of policies and guidelines for compliance with the Antimonopoly Act 	<ul style="list-style-type: none"> Expansion of companies subject to our rules for use of pre-contact confirmations and post-contact reports when interacting with other companies Broadening of scope of email checks Expansion of training on the Antimonopoly Act to domestic and overseas group companies Confirmation that policies and guidelines for compliance with the Antimonopoly Act are entrenched
	Violations of Personal Information Protection Act	0 major cases of leakage	<ul style="list-style-type: none"> Data mapping of transfers of personal information in Europe; revision of internal management methods Conclusion of SCC (transfer contract) Creation of Privacy Policy, Privacy Regulations and Notification of Purpose of Use for Employees at domestic group companies Revision and thorough dissemination of rules for notification of purpose of use of personal information that is being acquired and management of personal information by contractors Response to amendment of Personal Information Protection Act 	<ul style="list-style-type: none"> Safety management measures at GDPR (EU General Data Protection Regulation) level Conclusion of comprehensive SCC contract for transfers according to GDPR
	Violations of export trade regulations	0 violations of regulations	<ul style="list-style-type: none"> Establishment of common export management rules for domestic and overseas sites Use of common export management system for domestic sites Registration and training of export managers at all domestic companies 	<ul style="list-style-type: none"> Introduction and implementation of global, group-wide export management rules (commencement of training and use of rules)
	Compliance violations	0 serious violations of laws and ordinances	<ul style="list-style-type: none"> Creation of advance reporting system for sale and purchase of our own stocks; training for relevant personnel Establishment and rollout of AISIN Group Anti-Corruption Policy Training at each level (new employees, personnel who have been promoted) Designation of Corporate Ethics Month to improve awareness of compliance 	<ul style="list-style-type: none"> Ongoing execution of training at each level (group executives and core personnel)
Labor and human resources	Human rights issues	0 human rights issues	<ul style="list-style-type: none"> Rigorous application of Corporate Behavioral Guidelines and AISIN Group Principles of Corporate Behavior Reception at compliance contact centers Employee CSR surveys Training for new hires and employees in new roles Establishment of mineral procurement policies Optimization of management of technical intern training program (supervising organization type) Establishment of specialist division to support female employees in the workplace 	<ul style="list-style-type: none"> Establishment of Human Rights Advisory Committee and Human Rights Policy Establishment of Human Rights Due Diligence Establishment of grievance system
	Issues between management and employees	0 suspensions of operations due to issues between management and employees	<ul style="list-style-type: none"> Execution of overseas labor management investigations Establishment and revision of HR and labor assessment tools Instructions to group companies Sharing of issues and promotion of measures at regular meetings between management and employees 	<ul style="list-style-type: none"> Strengthening of governance at headquarters and local holding companies Exchange of information through Toyota Group labor management training Assessment of individual labor risks using labor assessment tools, etc.

Results of activities under the Sixth Aisin Consolidated Environmental Action Plan (FY2017-2021)

Environmental axis	Evolution	Measures	Activities from FY2017 to FY2021	Results																											
Establishment of a low-carbon society	Reduction of CO ₂ emissions to zero over the entire life cycle of products, from manufacture and use to disposal	① Promotion and expansion of development of products with new functions for substantial reduction of CO ₂ emissions	<ul style="list-style-type: none">Developed parts for vehicles using clean energy (PHVs and EVs), high-performance powertrains and technology enabling fuel efficiency in lighter vehiclesDeveloped and expanded environmentally friendly products for various businesses (buildings, home appliances, etc.)	○																											
		② Increased transparency of factors that cause environmental load	<ul style="list-style-type: none">Completed draft of scenarios for AISIN Group in FY2031 with the aim of achieving the reduction targets set in our LCAs^{*1}	○																											
		③ Reduction of CO ₂ emissions in our production work Overseas: Establishment of a CO ₂ reduction system similar to the one currently in place for operations in Japan Japan: Maintenance and continuation of the high level of our current CO ₂ reduction system	<ul style="list-style-type: none">Shared examples for the purpose of reducing CO₂ with local staff at personnel liaison meetings in overseas locations (China, Thailand, Europe and North America). Promoted energy conservation activities at each site <table><tr><th colspan="4"></th><th colspan="3">FY2021</th></tr><tr><th>Reduction coverage</th><th>Scope of business operations covered by reduction efforts</th><th>Item</th><th>Base year</th><th>Target</th><th>Result</th><th>Evaluation</th></tr><tr><td>CO₂ emissions from production</td><td>Global operations (consolidated CO₂ emissions from production in Japan and overseas)</td><td>Emissions per sales</td><td>FY2010</td><td>20% reduction</td><td>20.9% reduction</td><td>○</td></tr></table>					FY2021			Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation	CO ₂ emissions from production	Global operations (consolidated CO ₂ emissions from production in Japan and overseas)	Emissions per sales	FY2010	20% reduction	20.9% reduction	○	○						
						FY2021																									
		Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation																							
CO ₂ emissions from production	Global operations (consolidated CO ₂ emissions from production in Japan and overseas)	Emissions per sales	FY2010	20% reduction	20.9% reduction	○																									
④ Establishment of an AISIN clean-energy factory and commencement of operation	<ul style="list-style-type: none">Completed scenarios for reduction of CO₂ at 13 core manufacturing companies in the group by 2030Ascertained the current status of initiatives and the current state of renewable energy worldwide, and purchased renewable energy in North America and Thailand	○																													
⑤ Improvement of transportation efficiency in distribution activities Overseas: Improvement of CO ₂ reduction system in line with expansion of overseas operations Japan: Continuation of improvement activities through the shared use of specific CO ₂ reduction methods (know-how)	<ul style="list-style-type: none">Expanded joint delivery for AISIN Group as a whole in the Kanto region (long-distance delivery) and introduced full trailersIntroduced BDF^{*2} trucks <table><tr><th colspan="4"></th><th colspan="3">FY2021</th></tr><tr><th>Reduction coverage</th><th>Scope of business operations covered by reduction efforts</th><th>Item</th><th>Base year</th><th>Target</th><th>Result</th><th>Evaluation</th></tr><tr><td rowspan="2">CO₂ emissions from distribution</td><td>Consolidated subsidiaries in Japan</td><td>Emissions per sales</td><td>FY2010</td><td>11% reduction</td><td>16.3% reduction</td><td>○</td></tr><tr><td>Overseas companies</td><td colspan="5">Thorough understanding of results</td></tr></table>					FY2021			Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation	CO ₂ emissions from distribution	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	11% reduction	16.3% reduction	○	Overseas companies	Thorough understanding of results					○		
				FY2021																											
Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation																									
CO ₂ emissions from distribution	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	11% reduction	16.3% reduction	○																									
	Overseas companies	Thorough understanding of results																													
Establishment of a recycling-oriented society	Zero environmental load	⑥ Effective use of metallic resources during the development stage and all-out efforts to promote recycling	<ul style="list-style-type: none">Implemented plan to decrease use of metal resources and improve reuse ratioCompleted activities to ascertain the current state of metallic resources that should be managed by AISIN Group, and confirmed that there is no problem at present	○																											
		⑦ Promotion of recycling of resources in production and distribution, and consequent reduction of the use of resources Production: Promotion of reuse of materials within the group Distribution: Reduction of packaging materials Overall: Shared use of recycling methods and all-out intra-group efforts to promote such methods	<ul style="list-style-type: none">Created and shared examples of waste reduction and recovery of valuable matter for AISIN GroupCreated value through groupwide outsourcing <table><tr><th colspan="4"></th><th colspan="3">FY2021</th></tr><tr><th>Reduction coverage</th><th>Scope of business operations covered by reduction efforts</th><th>Item</th><th>Base year</th><th>Target</th><th>Result</th><th>Evaluation</th></tr><tr><td rowspan="2">Waste materials</td><td>Consolidated subsidiaries in Japan</td><td>Emissions per sales</td><td>FY2010</td><td>28% reduction</td><td>36.1% reduction</td><td>○</td></tr><tr><td>Overseas companies</td><td>Thorough understanding of results</td><td>FY2016</td><td>5% reduction</td><td>—</td><td>—</td></tr></table>					FY2021			Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation	Waste materials	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	28% reduction	36.1% reduction	○	Overseas companies	Thorough understanding of results	FY2016	5% reduction	—	—	○
						FY2021																									
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	Overseas companies	Thorough understanding of results	FY2016	5% reduction	—	—																									
⑧ Effective use of water resources and full-scale efforts to promote recycling of water resources	<table><tr><th>Reduction coverage</th><th>Scope of business operations covered by reduction efforts</th><th colspan="5">Item</th></tr><tr><td>Water</td><td>Areas where there are many constraints</td><td colspan="5">Finished initiative to assess drought risk, identify high-risk sites and set targets for reduction</td></tr></table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item					Water	Areas where there are many constraints	Finished initiative to assess drought risk, identify high-risk sites and set targets for reduction					○															
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Water	Areas where there are many constraints	Finished initiative to assess drought risk, identify high-risk sites and set targets for reduction																													

*1 Life Cycle Assessment, an assessment of reductions in CO₂ emissions across product lifecycles as part of the product development process

*2 Biodiesel Fuel, a type of fuel made by collecting and refining food oils

*3 AISIN Global Environmental Standard

Environmental axis	Evolutions	Measures	Activities from FY2017 to FY2021	Results																											
Establishment of a society in which people coexist with nature	Harmony with nature	⑨ Advance action ahead of the official enforcement of regulations of harmful chemical substances contained in products	<div>■ Efficiently restricted substances that are harmful to the environment through action in advance of environmental laws and regulations to ensure that our products are superior. Created a road map for the transition between now and FY2025 and shared it with group companies</div>	○																											
		⑩ All-out efforts to prevent abnormal environmental situations	<div>■ 10 environmental abnormalities (FY2017-FY2021)</div> <div>■ Carried out activities to raise environmental awareness by carrying out Kiken Yochi Training</div> <div>■ Established AGES^{*3} regulations globally</div>	×																											
		⑪ Reduction in production of chemical substances that cause environmental load Overseas: Establishment of a reduction system similar to the one that is currently in place for operations in Japan Japan: Maintenance and continuation of the high level of our current emission reduction system	<div>■ Reduced chemicals in advance of laws and regulations, anticipating impact of these chemicals on the surrounding environment</div> <div>■ Began building chemical management system</div> <table><tr><th colspan="7">FY2021</th></tr><tr><th>Reduction coverage</th><th>Scope of business operations covered by reduction efforts</th><th>Item</th><th>Base year</th><th>Target</th><th>Result</th><th>Evaluation</th></tr><tr><td rowspan="2">VOC</td><td>Consolidated subsidiaries in Japan</td><td>Emissions per sales</td><td>FY2010</td><td>19% reduction</td><td>49.1% reduction</td><td>○</td></tr><tr><td>Overseas companies</td><td colspan="5">Thorough understanding of results</td></tr></table>	FY2021							Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation	VOC	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	19% reduction	49.1% reduction	○	Overseas companies	Thorough understanding of results					○
		FY2021																													
Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	Target	Result	Evaluation																									
VOC	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	19% reduction	49.1% reduction	○																									
	Overseas companies	Thorough understanding of results																													
⑫ Implementation of regional programs aimed at preserving biodiversity	<div>■ Expanded nature conservation activities (3 regions ⇒ 5 regions)</div> <div>■ Implemented activities for protection and breeding of endangered species in each region</div>	○																													
Fundamental activities that cover all themes	⑬ Reinforcement of environmental compliance through the establishment of a system to centralize the collection of relevant information	<div>■ Distributed information at personnel liaison meetings held in various regions with regard to laws and regulations that will have an impact and/or need to be addressed, and built a framework for sharing of this information</div>	○																												
	⑭ Establishment and operation of a globally consolidated EMS evaluation system	<div>■ Standardized global EMS management and created baselines</div> <div>■ Ongoing activities to improve the level of our work based on environmental assessments</div>	○																												
	⑮ Reinforcement of environmental management regarding supply chains and promotion of environmental activities in collaboration with suppliers	<div>■ Conducted environmental inspections of group suppliers and carried out follow-up activities after the inspections</div> <div>■ Revised AISIN Group Green Procurement Guidelines and expanded the scope of the guidelines</div>	○																												
	⑯ Reinforcement of environmental education to develop globally competitive employees	<div>■ Conducted group-wide management training</div> <div>■ Reiterated our vision for FY2021 and the principles of our training framework, and carried out training with the aim of building training frameworks at our affiliated companies in Japan</div>	○																												
	⑰ Promotion of social contribution activities in the environmental field in cooperation with local communities	<div>■ Aisin Keikinzoku, Aisin Sin'ei and our Handa Plant released endangered species into biotopes and carried out ongoing conservation work</div> <div>■ Members of the community are also involved in our ongoing nature conservation activities at five locations in Japan</div>	○																												
	⑱ Enhancement of communication with various stakeholders in the environmental field	<div>■ Held AISIN Group Consolidated Environmental Symposium for Aisin employees and AISIN Group Eco Spot Tour for group employees and their families to promote understanding of our environmental activities</div> <div>■ Promoted Aisin's environmental activities by taking ecological action and conducting biological surveys for local elementary school students</div>	○																												
	⑲ Worldwide management of office environment	<div>■ Implemented environmental awareness-raising activities (basic environmental training)</div> <div>■ Verified that environmental activities tailored to various functions are being conducted in each workplace each year</div>	○																												

Consolidated summary of financial and non-financial information over the last 11 years

	Japanese accounting standards (JGAAP)						International Financial Reporting Standards (IFRS)						(reference)*1	
	(FY)	2011	2012	2013	2014	2015	2016	(Million yen)						(Million U.S. dollars)
								2016	2017	2018	2019	2020	2021	2021
Financial condition and operations results														
Revenue (net sales)		¥ 2,257,436	¥ 2,304,168	¥ 2,529,964	¥ 2,822,215	¥ 2,964,619	¥ 3,243,178	¥ 3,245,985	¥ 3,562,622	¥ 3,908,937	¥ 4,043,110	¥ 3,784,585	¥ 3,525,799	\$ 33,262
Revenue ratio of overseas locations (%)		29.8	29.4	31.7	36.5	39.3	43.8	43.7	41.8	41.1	41.2	42.1	42.3	
Operating profit		137,266	121,832	148,892	171,196	166,103	176,435	192,722	228,691	253,808	205,562	56,129	145,332	1,371
Profit before income taxes (income before income taxes and non-controlling interests)		147,894	129,140	158,725	189,462	184,062	186,887	194,060	237,311	268,171	217,486	53,395	167,523	1,580
Profit for the period attributable to owners of the parent		69,643	55,497	77,518	90,089	77,550	96,974	100,332	126,653	134,551	110,123	24,061	105,638	996
Total equity (net assets)		917,704	969,307	1,136,343	1,328,503	1,532,776	1,477,990	1,558,468	1,694,864	1,803,129	1,873,627	1,795,695	1,758,609	16,590
Total assets		1,978,225	2,073,836	2,248,100	2,587,623	2,931,175	2,864,816	3,009,377	3,338,339	3,527,910	3,751,880	3,992,652	4,027,103	37,991
Equipment investment		133,283	150,798	195,032	204,736	247,815	294,188	294,188	237,449	260,315	389,932	290,646	190,268	1,794
Depreciation		144,831	137,757	139,220	149,038	161,028	188,213	186,197	197,168	213,430	226,418	242,167	240,016	2,264
R&D expenditure		111,430	121,449	135,067	144,383	149,132	162,635	162,635	167,719	182,900	202,190	205,823	189,850	1,791
R&D to revenue ratio (%)		4.9	5.3	5.3	5.1	5.0	5.0	5.0	4.7	4.7	5.0	5.4	5.4	
Per share information (unit: yen, U.S. dollar)														
EPS (basic earnings per share [earnings per share]) (yen)	¥	247.46	¥ 197.04	¥ 275.05	¥ 319.48	¥ 274.69	¥ 342.67	¥ 354.53	¥ 444.46	¥ 490.22	¥ 408.64	¥ 89.28	¥ 391.96	\$ 3.70
BPS (equity attributable to owners of the parent per share [net assets per share]) (yen)		2,440.39	2,573.95	3,038.88	3,542.60	4,109.21	3,891.58	4,127.31	4,426.12	4,861.68	4,997.99	4,750.07	5,697.30	53.75
Dividends (yen)		50	50	75	95	95	100	100	125	150	150	120	120	1.13
Dividends payout ratio (%)		20.2	25.4	27.3	29.7	34.7	29.2	28.2	28.1	30.6	36.7	134.4	30.6	
Cash flow														
Net cash provided by (used in) operating activities	¥	273,627	¥ 167,291	¥ 256,343	¥ 286,606	¥ 239,771	¥ 292,193	¥ 294,184	¥ 394,812	¥ 311,542	¥ 354,942	¥ 327,552	¥ 343,314	\$ 3,238
Net cash provided by (used in) investing activities		14,833	-195,165	-198,693	-265,405	-261,354	-237,260	-228,437	-229,109	-229,346	-414,494	-273,876	-138,175	-1,303
Net cash provided by (used in) financing activities		-63,932	-66,537	-43,967	-1,886	-17,734	-77,163	-88,162	-31,617	-73,634	13,164	275,382	-373,880	-3,527
Free cash flow		288,460	-27,874	57,650	21,201	-21,583	54,933	65,747	165,703	82,196	-59,552	53,676	205,139	1,935
Cash and cash equivalents		372,179	275,656	298,197	328,024	294,692	263,217	263,217	394,559	406,508	357,195	675,162	520,028	4,905
Consolidated financial indicators														
Operating profit margin (%)		6.1	5.3	5.9	6.1	5.6	5.4	5.9	6.4	6.5	5.1	1.5	4.1	
Ratio of equity attributable to owners of the parent (net assets excluding subscription rights to shares and non-controlling interests as a percentage of total) (%)		34.7	35.0	38.1	38.6	39.6	38.5	38.8	37.0	37.1	35.9	32.1	38.1	
ROE (ratio of profit to equity attributable to owners of the parent [return on equity]) (%)		10.4	7.9	9.8	9.7	7.2	8.6	8.4	10.5	10.6	8.3	1.8	7.5	
ROIC (return on invested capital) (%)*2		10.8	9.0	11.6	11.4	9.0	9.7	9.8	11.5	11.6	8.6	1.7	5.1	
Other														
Exchange rate (U.S. dollars)		86	79	83	100	110	120	120	109	111	111	109	106	
Non-financial data														
Total CO2 emissions (1,000t-CO2) and index of CO2 emissions per sales*3		2,126 / 99	2,077 / 96	2,305 / 98	2,474 / 96	2,521 / 92	2,579 / 87	2,579 / 87	2,719 / 82	2,959 / 82	3,027 / 80	2,819 / 80	2,594 / 79	
Total CO2 emissions in transportation (1,000t-CO2) and index of CO2 emissions per sales*3		53 / 93	57 / 97	59 / 95	59 / 92	59 / 89	64 / 94	64 / 94	62 / 84	69 / 84	71 / 85	67 / 85	59 / 84	
Waste emissions (1,000t) and index of waste emissions per sales*3		146 / 91	148 / 90	164 / 94	159 / 88	149 / 80	163 / 84	163 / 84	162 / 79	169 / 72	173 / 72	157 / 70	131 / 64	
VOC emissions (t) and index of VOC emissions per sales*3		870.7 / 80	783.5 / 73	855.0 / 75	902.8 / 77	867.0 / 74	838.3 / 70	838.3 / 70	757.7 / 57	827.0 / 55	807.5 / 53	758.3 / 53	633.9 / 51	
Employees		74,671	78,212	83,378	89,531	94,748	99,389	99,389	110,357	114,478	119,732	119,535	118,359	
Overseas employees/ratio (%)		27,554 / 36.9	30,049 / 38.4	34,136 / 40.9	38,799 / 43.3	42,129 / 44.5	44,444 / 44.7	44,444 / 44.7	49,747 / 45.1	50,235 / 43.9	52,065 / 43.5	50,283 / 42.1	48,764 / 41.2	
Rate of disabling injuries occurring in the workplace (%)		0.21	0.16	0.16	0.21	0.15	0.17	0.17	0.14	0.13	0.09	0.06	0.08	

[] indicates Japanese accounting standards (JGAAP).

1. Since FY2017, consolidated financial reports have been prepared based on the International Financial Reporting Standards (IFRS). For FY2016, figures converted to IFRS-based values are also provided.

2. Figures shown for FY2015 are retroactively modified by applying the current accounting policy because the revenue recognition standard we adopted was changed from FY2016 onward.

*1 As a reference, values for FY2021 are also provided in U.S. dollars, converted at the exchange rate on March 31, 2021.

*2 ROIC (return on invested capital): Operating profit after income tax ÷ (inventories + property, plants and equipment + intangible assets)

*3 The index used for CO₂ emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Aisin Consolidated Environmental Action Plan. Additionally, the scope for calculating total CO₂ emissions has been expanded successively since FY2019 (▶ p.76).

Financial review

Financial condition and operations results by management

Overview of status of business results

The overview of Aisin's financial condition, business results and cash flow status in the current consolidated fiscal year are as follows.

Status of financial condition and business results

Looking at the business environment surrounding the automotive industry during this consolidated fiscal year, the COVID-19 pandemic has caused major economic stagnation around the world. In the automotive industry, last year's extremely difficult conditions continued, and while recovery was seen from the second quarter onward, results fell below last year's in all of our major markets except China (North America, Europe, etc.)

Aisin took emergency measures to handle this situation and moved forward our plans of reforming our corporate structure to handle CASE and reforming our corporate framework to become highly profitable, so that we could build a framework to survive the automotive industry's major period of change and strengthen our competitive edge.

Revenue was ¥3,525.7 billion, a 6.8% decrease on the previous consolidated fiscal year (¥3,784.5 billion), due to the impact of COVID-19 in the first quarter, despite market recovery from the second quarter onward.

Despite the decrease in revenue, we were able to significantly increase profits by moving forward our structural reforms to cut fixed expenses and reduce costs. Operating profit was ¥145.3 billion, a 158.9% decrease over the previous consolidated fiscal year (¥56.1 billion). Profit before income taxes was ¥167.5 billion, a dramatic increase from the previous consolidated fiscal year (¥53.3 billion). Profit attributable to the owners of the parent for the period was ¥105.6 billion, again a dramatic increase from the previous consolidated fiscal year (¥24.0 billion).

Assets at the end of this consolidated fiscal year were ¥4,027.1 billion, a 0.9% increase over the end of the previous consolidated fiscal year (¥3,922.6 billion), due to factors such as an increase in financial assets other than non-current assets. Debt at the end of this consolidated fiscal year was ¥2,268.4 billion, a 3.3% increase over the end of the previous fiscal year (¥2,196.9 billion), due to factors such as an increase in deferred tax liabilities. Capital at the end of this consolidated fiscal year was ¥1,758.6 billion, a 2.1% decrease over the end of the previous fiscal year (¥1,795.6 billion).

Revenue

3,525.7 billion yen
6.8% decrease YOY ▼

Operating profit

145.3 billion yen
158.9% increase YOY ↗

Profit before income taxes

167.5 billion yen
213.7% increase YOY ↗

Profit attributable to the owners of the parent for the period

105.6 billion yen
339.0% increase YOY ↗

Consolidated statements of financial position

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2020)	This consolidated fiscal year (March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	675,162	520,028
Trade and other receivables	533,577	616,112
Other financial assets	107,774	65,250
Inventories	369,251	379,925
Other current assets	61,105	63,332
Total current assets	1,746,871	1,644,648
Non-current assets		
Property, plants and equipment	1,463,084	1,437,669
Intangible assets	36,741	40,836
Right-of-use assets	57,831	54,512
Investments accounted for using the equity method	112,515	120,258
Other financial assets	414,543	565,702
Deferred tax assets	141,685	138,756
Other non-current assets	19,378	24,718
Total non-current assets	2,245,780	2,382,454
Total assets	3,992,652	4,027,103
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	778,466	804,849
Bonds and loans payable	102,760	103,886
Lease liabilities	17,103	15,911
Other financial liabilities	31,031	32,711
Provisions	21,030	28,266
Income tax payables	14,843	36,751
Other current liabilities	36,037	37,379
Total current liabilities	1,001,272	1,059,755
Non-current liabilities		
Bonds and loans payable	849,228	821,190
Lease liabilities	36,432	35,031
Other financial liabilities	5,292	8,437
Retirement benefit liabilities	236,843	222,050
Provisions	3,193	2,224
Deferred tax liabilities	51,001	105,310
Other non-current liabilities	13,693	14,494
Total non-current liabilities	1,195,684	1,208,739
Total liabilities	2,196,957	2,268,494
Equity		
Capital stock	45,049	45,049
Capital surplus	67,070	76,210
Treasury stock	-115,770	-115,717
Other components of equity	78,351	217,568
Retained earnings	1,205,465	1,312,400
Equity attributable to owners of the parent company	1,280,165	1,535,512
Non-controlling interests	515,529	223,096
Total equity	1,795,695	1,758,609
Total liabilities and equity	3,992,652	4,027,103

Consolidated financial statements

Consolidated statements of income

(Unit: million yen)

	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)	FY2021 (Apr. 1, 2020 through Mar. 31, 2021)
Revenue	3,784,585	3,525,799
Cost of revenue	-3,400,414	-3,121,266
Gross profit	384,170	404,532
Selling, general and administrative expenses	-300,582	-270,756
Other income	26,181	32,309
Other expenses	-53,640	-20,752
Operating income	56,129	145,332
Finance income	15,101	24,491
Finance expenses	-27,053	-12,157
Equity in earnings of affiliates	9,217	9,855
Profit before income taxes	53,395	167,523
Income tax expenses	-23,859	-57,409
Profit for the period	29,536	110,113
Profit for the period attributable to:		
Owners of the parent	24,061	105,638
Non-controlling interests	5,474	4,474
Total	29,536	110,113

Consolidated statements of comprehensive income

(Unit: million yen)

	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)	FY2021 (Apr. 1, 2020 through Mar. 31, 2021)
Profit for the period	29,536	110,113
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-7,014	23,111
Net changes in revaluation of equity financial assets measured at fair value through other comprehensive income	-20,102	116,465
Share of other comprehensive income of associates accounted for using the equity method	-402	-1,367
Total	-27,518	138,209
Items that may be reclassified subsequently to profit or loss		
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	-31	-354
Cash flow hedges	407	361
Exchange differences on translating foreign operations	-35,299	34,630
Share of other comprehensive income of associates accounted for using the equity method	-135	1,408
Total	-35,058	36,045
Other comprehensive income total	-62,577	174,255
Comprehensive income for the period	33,041	284,369
Comprehensive income for the period attributable to:		
Owners of the parent	-24,544	267,691
Non-controlling interests	-8,497	16,678
Total	-33,041	284,369

Consolidated statements of changes in equity This consolidated fiscal year (April 1, 2020 - March 31, 2021)
(Unit: million yen)

	Equity attributable to owners of the parent							
	Capital stock	Capital surplus	Treasury stock	Other components of equity				Total
				Remeasurements of defined benefit plans	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translating foreign operations	
Balance as of April 1, 2020	45,049	67,070	-115,770	-	146,983	-839	-67,792	78,351
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	21,431	114,179	348	26,093	162,052
Comprehensive income for the period	-	-	-	21,431	114,179	348	26,093	162,052
Acquisition of treasury stock	-	-	-3	-	-	-	-	-
Disposal of treasury stock	-	-18	57	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiaries	-	9,159	-	22	-	-	-	22
Transfer from other components of equity to retained earnings	-	-	-	-21,453	-1,403	-	-	-22,857
Total transactions with owners	-	9,140	53	-21,431	-1,403	-	-	-22,834
Balance as of March 31, 2021	45,049	76,210	-115,717	-	259,759	-491	-41,698	217,568

(Unit: million yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance as of April 1, 2020	1,205,465	1,280,165	515,529	1,795,695
Profit for the period	105,638	105,638	4,474	110,113
Other comprehensive income	-	162,052	12,203	174,255
Comprehensive income for the period	105,638	267,691	16,678	284,369
Acquisition of treasury stock	-	-3	-	-3
Disposal of treasury stock	-	38	1	40
Dividends	-21,560	-21,560	-3,481	-25,041
Changes in the ownership interest in subsidiaries	-	9,181	-305,632	-296,450
Transfer from other components of equity to retained earnings	22,857	-	-	-
Total transactions with owners	1,296	-12,343	-309,111	-321,455
Balance as of March 31, 2021	1,312,400	1,535,512	223,096	1,758,609

Consolidated financial statements/major shareholders

Consolidated statements of cash flows

(Unit: million yen)

	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)	FY2021 (Apr. 1, 2020 through Mar. 31, 2021)
Net cash provided by (used in) operating activities		
Profit before income taxes	53,395	167,523
Depreciation and amortization	255,549	253,459
Decrease (increase) in trade and other receivables	72,110	-62,590
Decrease (increase) in inventories	-37,933	2,918
Increase (decrease) in trade and other payables	-30,159	9,291
Other	55,574	8,898
Subtotal	368,535	379,501
Interest income received	3,014	2,984
Dividend income received	14,795	13,815
Interest expenses paid	-8,204	-11,312
Income taxes (paid) refund	-50,588	-41,673
Net cash provided by (used in) operating activities	327,552	343,314
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	19,895	45,432
Purchase of property, plants and equipment	-312,776	-200,313
Proceeds from sales of property, plants and equipment	4,712	12,773
Purchase of intangible assets	-12,837	-15,010
Purchase of investment securities	-7,124	-7,347
Proceeds from sales and redemption of investment securities	20,983	19,024
Proceeds from collection of lease receivables	13,866	9,728
Other	-595	-2,463
Net cash provided by (used in) investing activities	-273,876	-138,175
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans and commercial papers	6,121	-8,755
Proceeds from long-term loans payable	181,630	108,632
Repayment of long-term loans payable	-22,971	-111,444
Proceeds from issuance of bonds	200,000	-
Redemption of bonds	-20,000	-20,000
Repayment of lease liabilities	-24,783	-21,144
Purchase of treasury stock in subsidiaries	-	-296,962
Cash dividends paid	-40,412	-21,571
Cash dividends paid to non-controlling interests	-11,253	-3,481
Other	7,052	845
Net cash provided by (used in) financing activities	275,382	-373,880
Effect of exchange rate change on cash and cash equivalents	-11,091	13,606
Net increase (decrease) in cash and cash equivalents	317,967	-155,134
Cash and cash equivalents at beginning of period	357,195	675,162
Cash and cash equivalents at end of period	675,162	520,028

Major shareholders

As of March 31, 2021

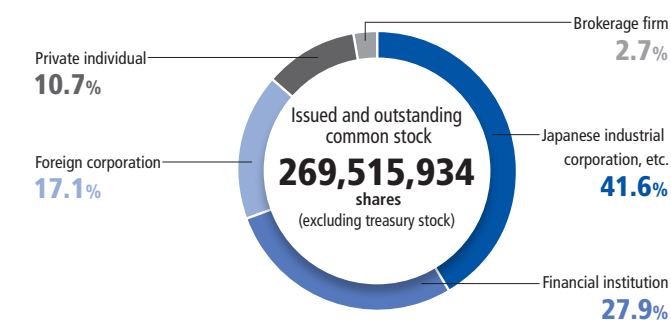
Shareholder's name	Number of shares held (thousand shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.80
Toyota Industries Corporation	20,711	7.68
The Master Trust Bank of Japan, Ltd. (trust account)	14,838	5.50
DENSO Corporation	12,964	4.81
Custody Bank of Japan, Ltd. (trust account)	11,182	4.14
Aisin employee stock ownership	6,348	2.35
Towa Real Estate Co., Ltd.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Kochi Shinkin Bank	3,765	1.39
Meiji Yasuda Life Insurance Company	3,675	1.36

(Notes) 1. The table above excludes 25,158,000 shares of treasury stock held by Aisin Seiki Co., Ltd.

2. The voting ratio has been calculated by deducting the treasury stock from issued and outstanding common stock.

Distribution of shares

As of March 31, 2021



Stock price transition/total shareholder returns (TSR)

Stock chart



Year	Stock price ^{*1} (yen)	Dividend (yen)	Total shareholder returns ^{*2} (%)
2021/3	4,200	120	114.7
2020/3	2,664	120	75.7
2019/3	3,955	150	103.3
2018/3	5,780	150	142.8
2017/3	5,470	125	132.0
2016/3	4,240		

*1 Stock prices indicate values at the end of the fiscal year

*2 Calculated based on March 2016

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