



Inspiring "Movement," Creating Tomorrow

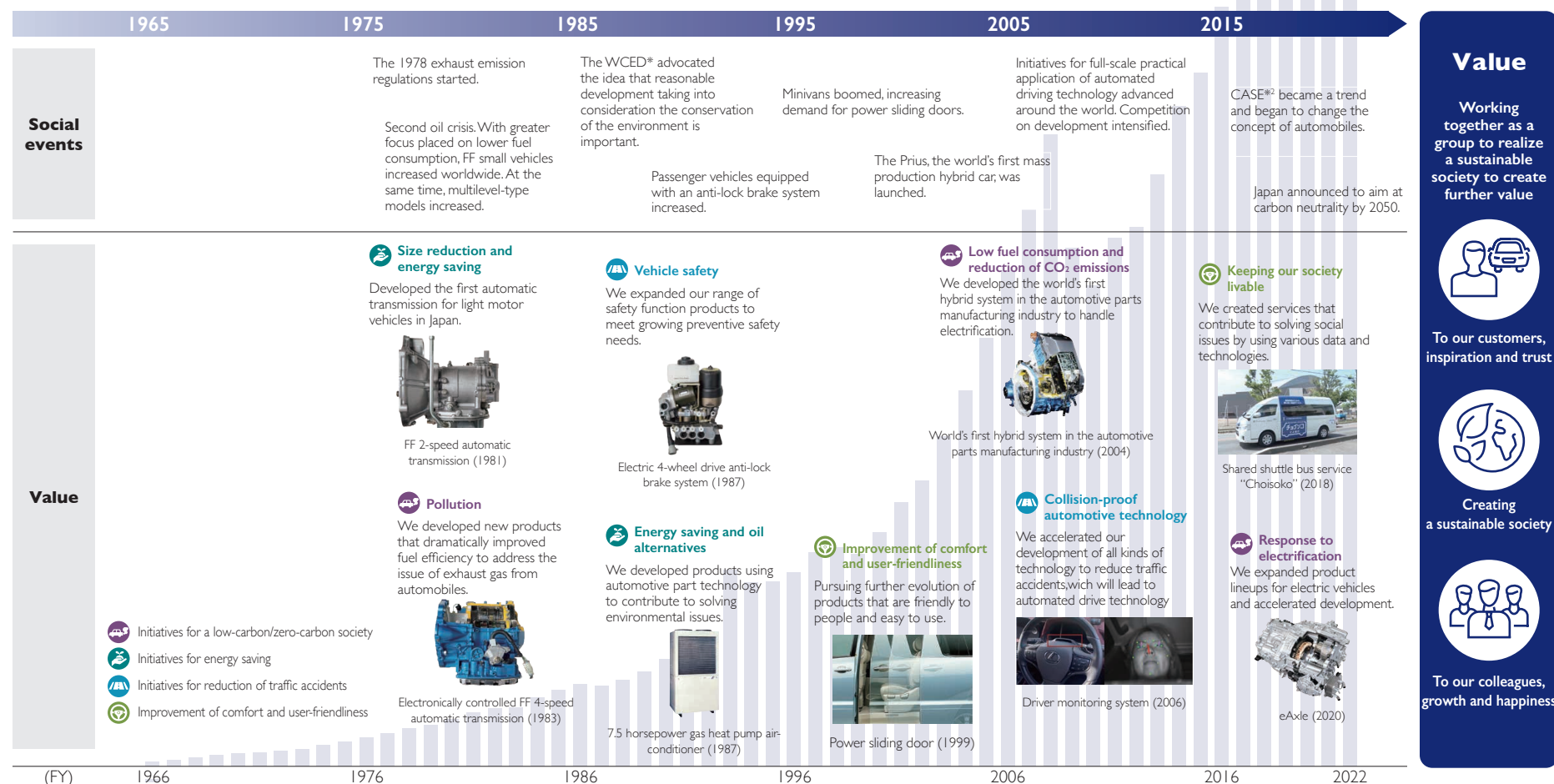
AISIN GROUP REPORT 2022

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.2)

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.

Revenue
3,917.4
billion yen
As of settlement in March 2022



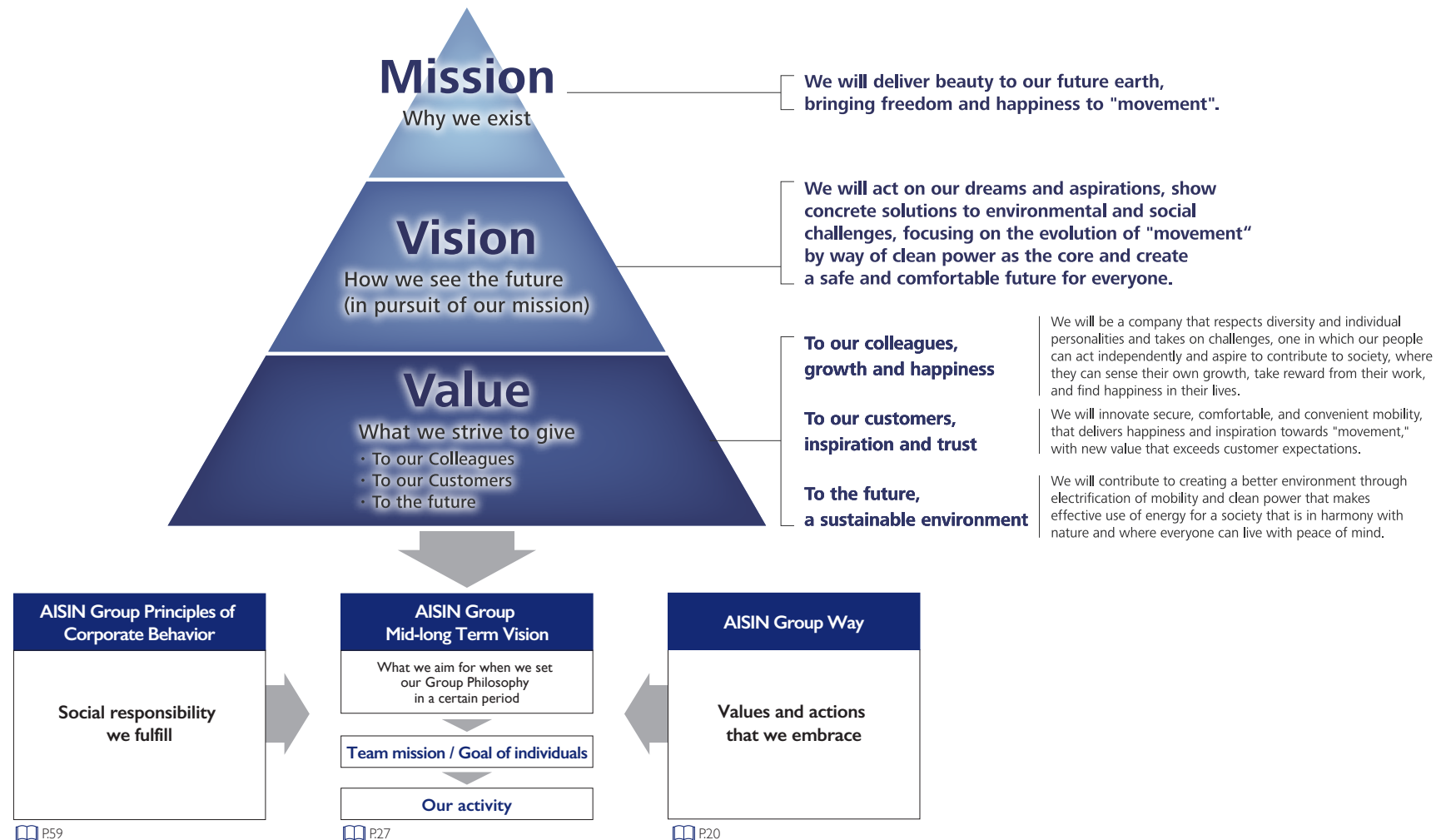
Sales figures are for Aisin Seiki only from 1965 to 1991 and consolidated from 1992 onward.

*1 WCED: World Commission on Environment and Development

**2 CASE is the acronym for "connected," "autonomous," "shared/service" and "electric," indicating the core trends of the automotive industry.

The AISIN Group Corporate Principles outline the 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 society and to build a sustainable society.

Inspiring “Movement,” Creating Tomorrow



Revenue by business category

GRI 102-2,7

CSS*¹ and Others

2.1%

83.2 billion yen



Shared shuttle bus service "Choisoko"



Car navigation

Energy Solutions and Others

3.0%

118.5 billion yen



Cogeneration system for residential use



Gas heat pump air-conditioner (GHP)



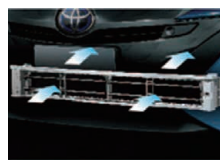
Shower-toilet seat

Body

18.3% 714.5 billion yen



Power sliding door



Grille shutter



Sunroof

Chassis and Vehicle Safety System

19.6% 766.7 billion yen



Automated parking system



Cooperative regenerative brake system



Disc brake

Revenue
(FY 2022)

3,917.4 billion yen

5th*²

highest seller among automotive parts manufacturers in the world

Powertrain

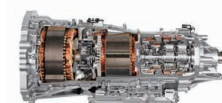
57.0% 2,234.3 billion yen



eAxe(150 kw)



FF I-motor hybrid transmission



FR 2-motor multi-stage hybrid transmission



Electric water pump for engine cooling

Aftermarket*³



Repair parts/maintenance supplies

Raw Materials Business*³



Damping Coat

Electronic Parts*³



Electronic current sensor

*1 CSS: Connected and Sharing Solutions

*2 Consolidated sales for 2021 (January-December) Source: Automotive News

*3 Revenue is included in each business category.

Revenue by region

GRI 102-4, 7

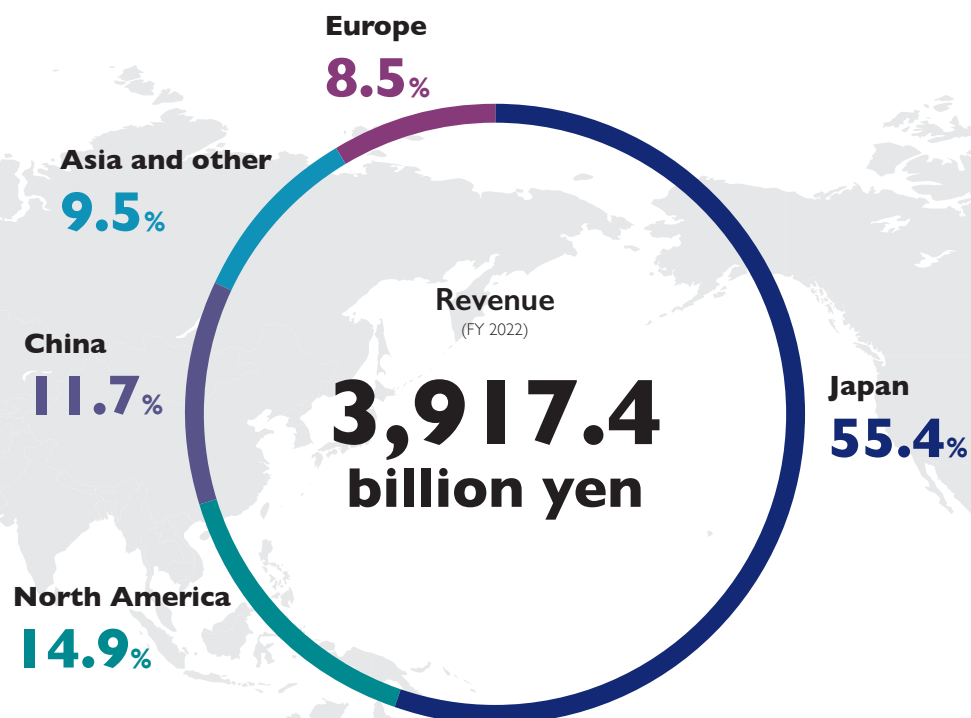
AISIN Group

203 companies

As of March 31, 2022

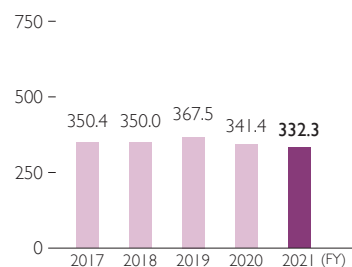
* Including Aisin

* Equity method affiliates not included



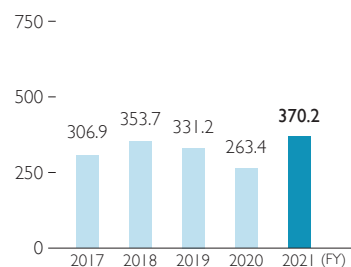
Europe

(Billion yen)
1,000 -



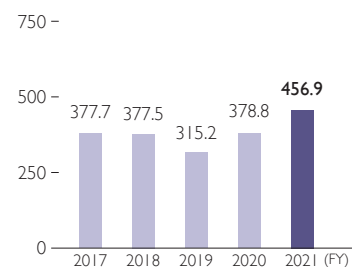
Asia and other

(Billion yen)
1,000 -



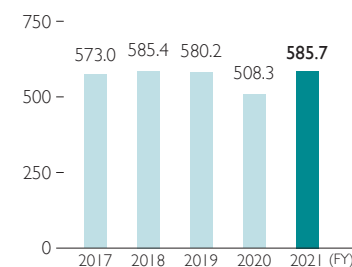
China

(Billion yen)
1,000 -



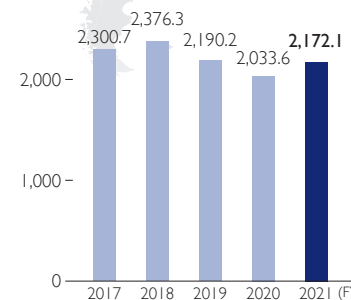
North America

(Billion yen)
1,000 -



Japan

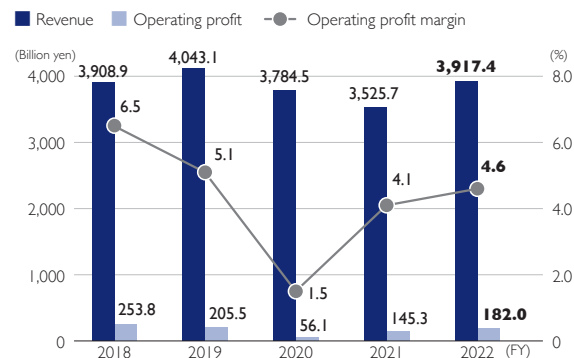
(Billion yen)
3,000 -



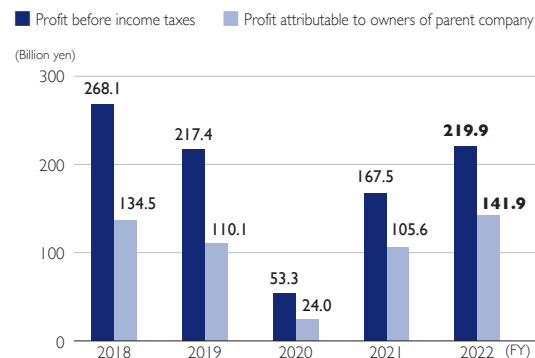
Financial highlights

GRI 102-7, 201-1

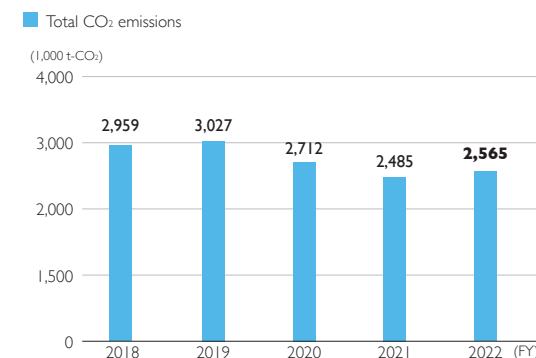
Revenue, operating profit and operating profit margin



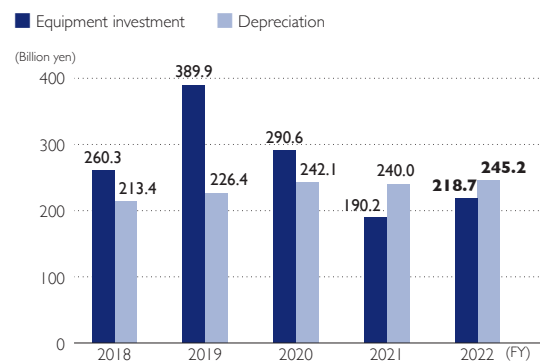
Profit before income taxes and profit attributable to owners of the parent company



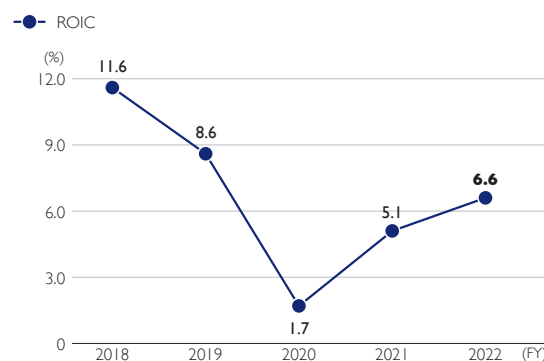
Total CO₂ emissions*²



Equipment investment and depreciation



ROIC*¹



Job satisfaction index

(Unit: index)

FY	2018	2019	2020	2021	2022
Job satisfaction index* (Aisin only)	3.5	3.4	3.5	3.5	3.4
Job satisfaction index* (4 AISIN Group companies)	-	-	3.4	3.4	3.4

* Figures before FY2021 indicate the results of former Aisin Seiki for "Aisin only" and five Group companies.

*¹ 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))

*² Total CO₂ emissions are calculated using the factors below.

Calculation method

Total CO₂ emissions = \sum (fuel consumption × CO₂ emission factor) + \sum (purchased electricity consumption × CO₂ emission factor)

CO₂ emission factors

[Emissions in FY2018 and FY2019]

Domestic Fuel Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures
Purchased electricity Factor set in accordance with the Federation of Electric Power Companies of Japan 2009 (Environmental Action Plan for Electricity Businesses 2013)

Overseas Fuel Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures
Purchased electricity Emission factor set in accordance with IEA 2009 (CO₂ Emissions from Fuel Combustion 2013 Edition)

[Emissions in FY2020-2022]

Domestic Fuel Emission factor set in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (IPCC2006)
Purchased electricity Adjusted emission factor set in accordance with Emission Factor by Electric Power Company published by the Ministry of the Environment and Ministry of Economy, Trade and Industry (FY2020 and FY2021: Reiwa 1st year (2019); FY2022: Reiwa 2nd year (2020))

Overseas Fuel Emission factor set in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (IPCC2006)
Purchased electricity Emission factor set in accordance with IEA (CO₂ Emissions from Fuel Combustion) (FY2020 and 2021: IEA 2017, 2019 edition; FY2022: IEA 2019, 2021 edition)

Editorial policy

The 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.

This Group Report focuses on sustainability management and presents our specific actions to provide new value, as well as our environmental, social and governance (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 2022 (April 1, 2021 to March 31, 2022). Some information is related to activities outside this period.

Issuing process



Scope

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

*The scope of fiscal consolidation covers consolidated subsidiaries and equity-method affiliates.

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 Fukui, Hosei Brake Industry, ADVICS, Shiroki, Art Metal Mfg.

Reference guidelines

ISO26000 (Guidance on social responsibility) (ISO)
International Integrated Reporting Framework - Value Reporting Foundation (VRF)
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 (Global Reporting Initiative)
(is described to relevant part.)
Task Force on Climate-Related Financial Disclosures (TCFD)

Reporting frequency

Issued every year as annual reporting

Issued

September 2022

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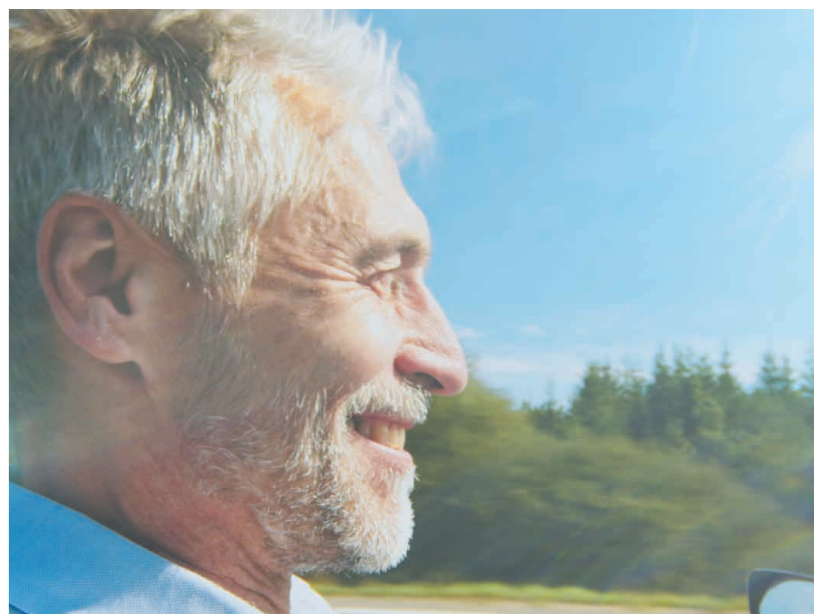
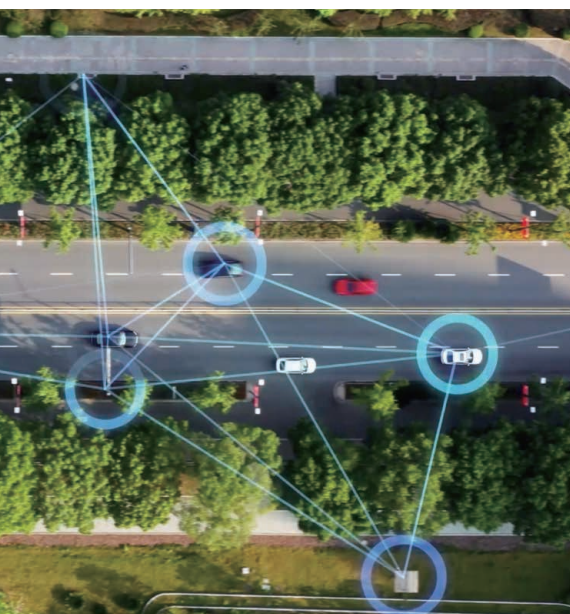
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Vision

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Message from top management GRI 102-14, 15

To our stakeholders

President

Moritaka Yoshida



Putting the new Aisin on a growth track

A new Aisin was born upon the merger of Aisin Seiki and Aisin AW in April 2021. Since then the environment surrounding the automotive industry has become increasingly challenging. As demand increases for electrification and automated driving and more new players enter the market from different industries, it is imperative to create new products, services and technologies beyond our existing boundaries. We are tasked with developing new market value while facing sharp fluctuations in exchange rates as well addressing lingering issues brought about by the COVID-19 pandemic – production reduction, soaring resource prices, the shortage of semiconductors and geopolitical risks. However, Aisin is resilient and has been promoting initiatives based on two growth principles.

First, we are dynamically changing our course of management for future survival and expansion. We set key areas for medium to long-term growth such as electrification, carbon neutrality, DX and software-first. We formulated strategies through 2030 for these areas and started promoting a resource shift of people and capital. In addition to our existing DX Strategy Center, we set up two new company-wide organizations to integrate people and technologies within the Group as quickly as possible: the Carbon Neutral Promotion Center and the EV Promotion Center. The executive management structure changed as well through appointing three “CxOs” to lead these areas, and empowering Executive General Managers with more authority to ensure swift decision making and action.

Message from top management

In the automotive industry, it is important to evaluate CO₂ emissions throughout the entire product life cycle – from manufacturing and fuel production to transport of parts and vehicles and actual vehicle use. For Aisin, achieving carbon neutrality for both products and production is the key issue in continuing its business activities. The Carbon Neutral Promotion Center was established in August 2021, combining the Material Development and Production Technology Development departments. Together, they formulated scenarios to achieve carbon neutrality throughout the Group and have already advanced to verification testing phases and other specific actions.

Meanwhile, electrification demands have accelerated over the past year and have significantly changed the development and manufacturing processes of vehicles. Aisin established the EV Promotion Center in April 2022 to develop products specifically for EVs across existing business boundaries. Advanced development teams for powertrain and body merged to utilize our wide range of total-vehicle technologies and together they conducted integrated development of products, such as drive units, aerodynamic devices, and thermal management products.

In November 2021 we announced a plan to invest 110 billion yen by 2030 in initiatives for carbon neutrality and 270 billion yen by 2025 in initiatives for electrification. These

investments served to establish a global supply capacity of 4.5 million electric drive units along with cooperative regenerative brake systems. To further accelerate these initiatives, we have been strengthening alliances with external companies and research institutions and have already established multiple agreements and actions in a short period of time.

We also strategized to reinforce our corporate foundation, improve profitability, and allocate profits to investment in our future. To create new value while addressing various unexpected risks, it was necessary to reinforce our profit-making structure. As a result of implementing our structural reform ahead of schedule, we were able to generate the effect of 75 billion yen in fiscal 2022. We further advanced initiatives, such as streamlining of duplicate functions and management departments within the Group and restructuring, integrating or eliminating unprofitable business segments. As a result, new revenue generation is expected to reach 90 billion yen in fiscal 2023 – one year ahead of the target. We will further expand the scope of these activities while establishing a corporate structure that will work favorably in perpetuity.

Accelerating initiatives for electrification and shifting to a growth market

The AISIN Group's Vision for 2030 outlines our long-term outlook as we confront social issues, accelerate initiatives for electrification and shift to a growth market. The impact of electrification goes beyond internal combustion engines; it will also change vehicle structures and methods of development. Cars will go from being simply a means of transportation to becoming an overall part of mobility, which covers the entire idea of movement. We are seizing this as an opportunity and will expand our product fields by combining hydraulic and electric actuator systems, which are



Message from top management

our core competency, with software while utilizing DX thereby creating new and unprecedented value for customers.

I see initiatives for electrification as our highest priority task. Taking advantage of our wide range of product lineups, we will contribute to improving energy efficiency of vehicles as a whole. Different countries have different demands related to energy and user preferences. Aisin is the only auto parts manufacturer that has a full lineup of electric drive units for HEVs, PHEVs, BEVs, and FCEVs. Among them, eAxe is positioned as the most important strategic product, for which efforts have been enhanced to achieve overwhelmingly high efficiency and reduce product size. Aisin will also focus on cooperative regenerative brake systems, which contributes to the effective use of energy by generating power as the vehicle stops. We will develop next-generation systems with high efficiency and high accuracy for all vehicle categories and offer appropriate systems along with electric drive units for a wider range of customers.



The eAxe (150 kW) installed in the Toyota bZ4X and Subaru SORTERRA in April 2022

In addition, we will enhance our competitiveness in electrification by combining and integrating several products such as aerodynamic devices to reduce resistance while driving, and cooling modules to keep batteries at appropriate temperatures to raise efficiency. We will concurrently promote innovative processes using DX, such as model-based development, which requires no trial production, to shorten the development period and improve production efficiency.

As for shifting to a growth market, we have been accelerating initiatives in response to anticipated changes in the value of vehicles and value chains. We have been advancing development in new areas, such as entry systems and mobility platforms centering on position information technology which we have accumulated through our navigation system development. We are also expanding our efforts in Integrated Control and Vehicle Dynamics, which contribute to safe and comfortable transportation by detecting the condition of people inside and outside the cabin. In China and emerging countries, sales of new vehicles have expanded over the past decade or so, but these vehicles are being retained for longer periods of time. This creates great opportunity for growth for our Aftermarket business (maintenance and supply of replacement parts), which will be a key area of focus for us in those countries.

We are proactively entering the arena of mobility services to confront social issues by redefining vehicles as a broader concept of mobility. For example, Choisoko, our on-demand shared shuttle bus service to support senior citizens, has expanded to over 30 locations around Japan, and more new services like food delivery have been added

based on user input. This is an analog service accepting orders not only by smartphones, but also by traditional telephone (landline) to best meet the needs of those who are unable to drive a car. It is a new initiative in a new area in which Aisin participates in the flow, or movement of people and things.

Aisin's strengths lie in its manufacturing capabilities and human resources

The advancement of initiatives for electrification and carbon neutrality has a significant impact on manufacturing – historically, an area of great strength for Aisin. I see our manufacturing strength as an opportunity to overcome difficulty and achieve growth. Above all, I believe our highly-motivated manufacturing employees are among our greatest assets. Aisin has a history of using “Quality First” as a common term and we have accumulated and enhanced our knowledge and skills in manufacturing in a simple and honest manner. Aisin's strengths truly lie in its manufacturing capabilities and talented human resources, which make continuous efforts to create new value.

Aisin has promoted job satisfaction reform to create a more fulfilling life for our team members. Employees were involved in discussions with management at each work site to determine the best ways to enable all team members to take on new challenges and exercise their abilities to the fullest. On a company-wide basis, personnel systems have been reformed to allow employees to choose diverse working styles, including remote work. We will continue to

Message from top management

implement initiatives to improve work productivity and job satisfaction, such as faster decision-making using DX and reforming workplace management to increase employee motivation.

Diversity & inclusion is also a pillar of our activities. Aisin was certified as a Nadeshiko Brand company for two consecutive years from 2020 in recognition of our efforts for inclusion of women in the workplace. Aisin will continue to make efforts to become a company where diverse employees are respected as individuals and all employees around the world can play active roles in shaping the future of Aisin.

“Looking toward 2030, let’s take a step forward, everyone!” is the slogan I established for the AISIN Group in fiscal 2023. With intense changes taking place in our environment, I believe that it is important to change our awareness and corporate culture so that all employees can demonstrate their capabilities to the greatest degree possible. “Give it a try without being afraid of failure” is the spirit that will drive the future of Aisin, and I have emphasized this in talks with employees at various ranks. The effects are already visible in our young employees taking management positions, and I am really looking forward to seeing what the future holds.

Inspiring “Movement,” Creating Tomorrow

I am particularly fond of the new Aisin philosophy – “Inspiring ‘Movement,’ Creating Tomorrow.”

The concept of “movement” may change along with the times and with advancement in technology. However, the curiosity within people that inspires their movement will never change. As evidenced by the human expansion – from Africa to all corners of the world – movement is a human instinct. People sometimes call their vehicles their “beloved” or “favorite” possessions because they see them as essential to their daily lives, their freedom and their connection to other people and places. Because of that, I believe that vehicles are the kind of products that will never

become just a commodity. A car brings joy and happiness for many reasons. In addition, Aisin should provide other methods of excitement related to the mobility experience to deliver inspiration to our customers around the world. The joy of our customers brings joy to Aisin employees and encourages them to take on new challenges. To establish this cycle is the goal of my business management.

We are halfway toward the 2030 full model change target, and already I see some steady and encouraging improvements. We will continue to take on new challenges while listening to the opinions of our stakeholders and transforming ourselves to achieve sustainable growth.

Please keep your eyes on the new Aisin.

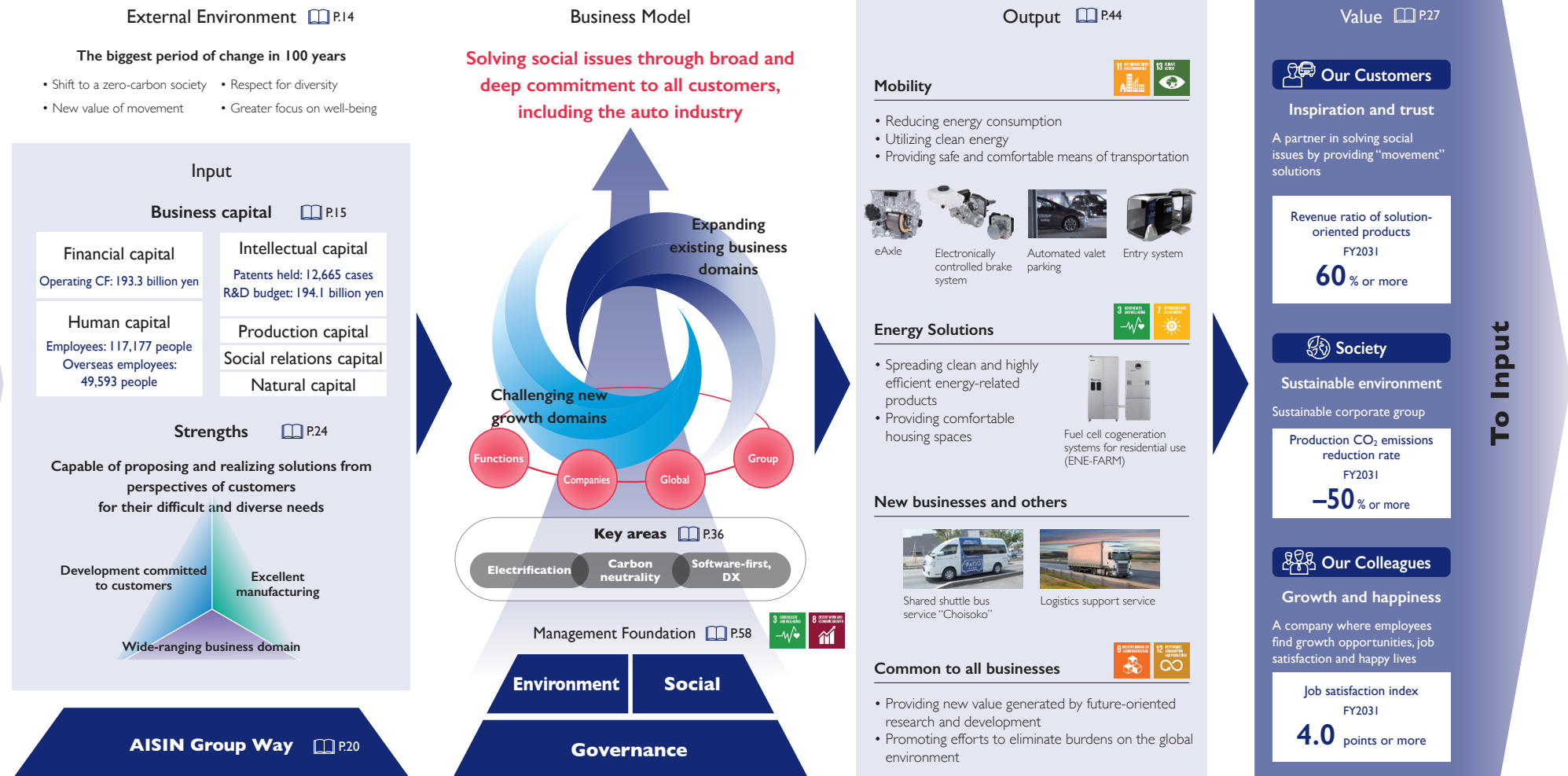


Value creation process GRI 203-2

We have created a system for autonomous learning and growth of organizations and people in order to build trust relationships with diverse stakeholders and provide them with forward-looking value, thereby implementing sustainability management.

Inspiring "Movement," Creating Tomorrow

Value

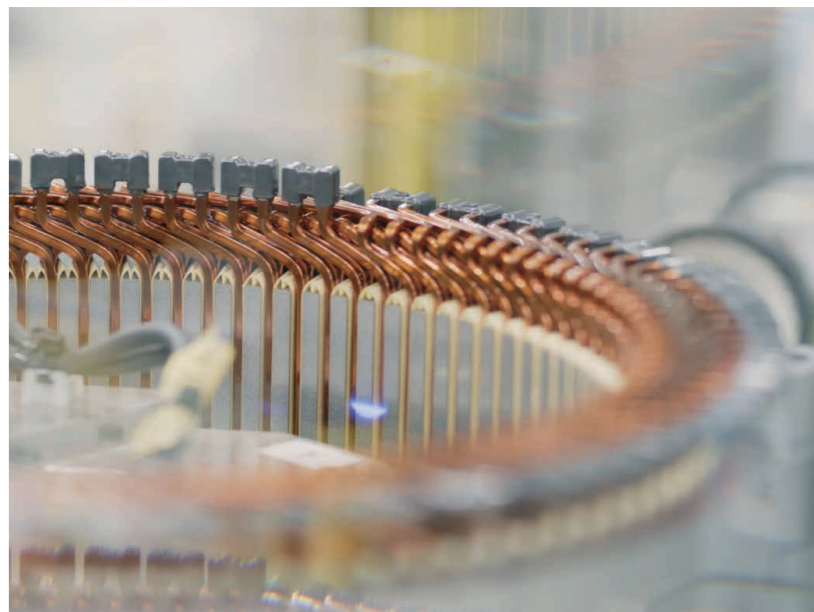




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Growth strategies of Aisin

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43	Medium-term management plan
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56	Businesses <ul style="list-style-type: none"> Brake Business Raw Materials Business



Recognition of external environment

Predictions for our future society

Politics

- Acceleration and promotion of green transition aimed at a shift to an environment-friendly, sustainable society
- Possibility of an increase of countries banning sales of vehicles other than ZEVs
- Greater impact of an increase in environmental/human rights laws on supply chains
- Export regulations by resource-producing countries with political intentions
- Frequent imposition of economic sanctions

Economy

- Expansion of emerging economies, multi-polarization of the world
- Businesses affected by geopolitical risks (imbalance between supply and demand of energy)
- Expansion of non-contact, non-face-to-face businesses due to COVID-19
- Expansion of sharing economy
- Greater social attention paid to sustainability and expansion of ESG investment
- Rebuilding of economic and social systems for the era when people live actively for 100 years (rise in the awareness of health management)

Society

- Explosive increase in population
- Global super-aging
- Increase in traffic accidents and congestion due to urbanization
- Decline of public transportation due to depopulation in rural areas
- Diversification of values (diversity & inclusion, greater attention to well-being, shift from consumption of goods to consumption of activities)

Technology

- New economic activities formulated by Web3.0 (advancement of real globalization of information)
- Social reform brought by Beyond 5G (6G)
- Improvement in productivity and integration of value chains due to utilization of AI/big data/robotics
- Development of new nature-based materials

Risks and opportunities

Shift to a zero-carbon society

Risks

- Tightening of environmental regulations for automotive industry
- Soaring resources prices
- Increase in countries introducing carbon pricing

Opportunities

- Increase in need for electrified systems
- Increase in need for improved fuel efficiency and lower power consumption
- Enhancement of initiatives to reduce CO₂ emissions by companies

New value of movement

Risks

- Economic losses caused by traffic congestion
- Increase in vulnerable road users

Opportunities

- Mobility as a Service (MaaS)
- Spread of advanced road transportation systems
- Creation of logistics solutions (energy management, visualization, improved transportation and delivery efficiency)
- Rise in need for automated driving to reduce traffic accidents

Respect for diversity in people and values

Risks

- Workers value social meaning when they choose their companies.
- Changes in individual consumption behavior due to sharing service, etc.

Opportunities

- Manpower saving and mechanization using DX
- Flexible workstyles realized
- Participation in society by diverse people
- Innovations promoted by introduction of diverse perspectives

Greater focus on well-being

Risks

- Increase in short-term burden due to introduction of well-being

Opportunities

- Raising motivation of employees, reducing employee turnover, gaining competent human resources
- Creation of opportunities to go out for various people
- Increase in health-conscious people

Business capital overview

	Financial capital	Human capital	Intellectual capital	
Contribution to value creation for each form of capital	We are accelerating our work on formulating strategies for electrification, carbon neutrality and other matters for the future and enhancing our corporate framework through structural reform 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.	Contribution to the group's ongoing growth and value creation through the creation of workplaces where diverse individuals 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.	
Target	Building of foundations for sustainable growth and maximization of corporate value	Implementing personnel management that improves job satisfaction and creates new value by promoting diversity and autonomy	Accelerating innovation to achieve the SDGs by FY2031	
	<div>Improvement of ROIC (return on invested capital)</div> <ul style="list-style-type: none">Formulating growth strategies and strengthening our corporate framework <div>Procurement of capital under favorable conditions</div> <ul style="list-style-type: none">Maintaining capitalization ratio of around 25-30% <div>Steady shareholder returns</div> <ul style="list-style-type: none">Steady dividends with a payout ratio of around 30%	<div>Improvement of job satisfaction</div> <ul style="list-style-type: none">Achieve higher survey results for job satisfactionReduce total working hours <div>Promotion of diversity and inclusion</div> <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 <div>Promotion of health management</div> <ul style="list-style-type: none">Reduce ratio of employees with a BMI 25 or higherReduce ratio of employees taking leave due to mental healthIncrease the number of employees undergoing mental health trainingIncrease ratio of nonsmoking employees <div>Retaining employees in key areas</div> <ul style="list-style-type: none">Retaining and developing DX/AI/ electrification personnelRetaining and developing global personnel	<ul style="list-style-type: none">Resource shift to solution-oriented product and advanced technologyPromotion of innovation in mobility and energy to solve social issues <ul style="list-style-type: none">Focusing 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	
Main initiatives for FY2022	<div>Improvement of ROIC (return on invested capital)</div> <ul style="list-style-type: none">Contribution to optimal energy use for overall vehicles with a broad range of electrification productsPromotion of the development of overwhelmingly high-efficiency, small electric drive units, such as eAxle, aimed at a production system for 4.5 million unitsEstablishment of Carbon Neutrality Promotion Center and EV Promotion CenterExpansion of cooperative activities within the GroupStreamlining of duplicate functions <ul style="list-style-type: none">Integration of administrative operations of subsidiaries, restructuring of businesses, integration/elimination of companiesAcceleration of cost improvement activities <div>Procurement of capital under favorable conditions</div> <ul style="list-style-type: none">Ensuring ongoing liquidity through mobile, preventive financial measures <div>Steady shareholder returns</div> <ul style="list-style-type: none">Dividend of 170 yen for the year (dividends payout ratio 32.3%) based on general situation, including dividends payout	<div>Improvement of job satisfaction</div> <ul style="list-style-type: none">Implementation of job satisfaction reform (psychological safety, promotion of team-building and 1on1 based on relationship quality, enhancement of satellite offices, implementation of DX, etc.)Introduction of flexible working practices (sideline work, discretionary work, 3-month flex system, etc.) <div>Promotion of diversity and inclusion</div> <ul style="list-style-type: none">Top Commitment, workplace D&I meetings, etc.Initiatives for women in the workplace (company-wide Working group, Ikubosu Academy, mentor system, networking meetings, etc.)Initiatives for senior employees in the workplace (career training, recurrent training, etc.)	<ul style="list-style-type: none">Initiatives to improve working environment for employees with disabilities (introduction of communication support tools, etc.)Promotion of understanding of LGBTQ (through training, workplace meetings, etc.), setting up all-gender restrooms <div>Promotion of health management</div> <ul style="list-style-type: none">Hosting events using ICT appLine-care training for all group companiesConducting self-care training, promoting workplace SC improvement activitiesImplementing smoking cessation support program <div>Retaining employees in key areas</div> <ul style="list-style-type: none">Introduction of year-round recruitmentTraining AI personnelReskilling training for electrification	<div>Technology development initiatives</div> <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 <div>Patent initiatives</div> <ul style="list-style-type: none">Strategic patent applications in solution-oriented productProvision of patent information analysis results to new business and key development departmentRevision of application standards to ensure the required quality for applicationsOptimization of resources through possessed intellectual property valuation; lean portfoliosUtilizing AI technology in patent search operations
Results for FY2022	<ul style="list-style-type: none">Revenue: ¥3,917.4 billionOperating profit: ¥182.0 billionROE: 7.5%ROIC: 6.6%Capitalization ratio: 32.1% (27.5% when accounting for hybrid capitalization)	<div>Improvement of job satisfaction</div> <ul style="list-style-type: none">Job satisfaction according to the results of employee awareness surveys: 3.4 points (out of 5)Total annual work hours per employee: 1,990 hours <div>Promotion of diversity and inclusion</div> <ul style="list-style-type: none">Ratio of female executives: 11.5% (3 persons)Ratio of female employees in managerial positions: 2.6% (120 persons)Ratio of employees with disabilities: 2.41%Ratio of local employees in executive positions (vice president or higher) in overseas companies: 35.4%New hires: 329 persons	<div>Promotion of health management</div> <ul style="list-style-type: none">Employees with a BMI 25 or higher: 29.1%Employees taking leave due to mental health: 0.8%Employees undergoing mental health training: 144 personsNonsmoking employees: 71.8% <div>Retaining employees in key areas</div> <ul style="list-style-type: none">AI training: 6,134 entry-level employees; 168 mid-level employeesAI mid-career hires: 13 personsElectrification personnel: 8 persons	<div>Technology development initiatives</div> <ul style="list-style-type: none">Aisin's research presentation was awarded as outstanding performance in MIRU2021Developed Multi Model Agent that supports "movement" in next-generationParticipation to Model Base Development (MBD) promotion center <div>Patent initiatives</div> <ul style="list-style-type: none">Patent resultsDomestic patents held: 5,955Overseas patents held: 6,710Domestic patent applications: 886 throughout yearOverseas patent applications: 603 throughout year

Business capital overview

	Production capital	Social relations capital	Natural capital
Contribution to value creation for each form of capital	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.	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.
Target	<p>Strengthening of quality assurance rooted in putting our customers first, based on the principle of supreme quality in the AISIN Group Way.</p> <p>Manufacturing</p> <ul style="list-style-type: none"> Development of manufacturing technicians with the skills required for the new era Strengthening of competitiveness of products through digital transformation (DX) <p>Quality assurance</p> <ul style="list-style-type: none"> Establishing and monitoring of a framework to strengthen global group governance (prevention and predictive monitoring) <ul style="list-style-type: none"> Establishing a framework and structure for design quality to ensure competitiveness in the expanding trends of CASE and MaaS (Software /service quality) Establishing a production environment that is friendly to floor workers Launching and expanding advance measures against complaints by capturing information in advance by paying attention not only to customer information but also to complaints of users 	<p>Strengthening of engagement with stakeholders</p> <ul style="list-style-type: none"> Place emphasis on discussions with all of our stakeholders Feedback to management based on active disclosure and communication Promote initiatives that will lead to resolution of social issues through our business 	<p>Acceleration of environmental activities to accomplish the Seventh Aisin Consolidated Environmental Action Plan</p> <p>Establishment of a zero carbon society</p> <ul style="list-style-type: none"> Formulation of strategies and execution of activities to achieve carbon neutrality <p>Establishment of a recycling-oriented society</p> <ul style="list-style-type: none"> Adoption of a circular economy and minimization of waste <p>Establishment of a society in which people coexist with nature</p> <ul style="list-style-type: none"> Conservation of designated species to ensure that our factories coexist with nature; communication with communities about environmental matters
Main initiatives for FY2022	<p>Manufacturing</p> <ul style="list-style-type: none"> Digital factory initiatives <ul style="list-style-type: none"> Building of flexible production lines using IoT Ensuring high quality through the use of AI and developing user-friendly inspection technology <p>Quality assurance</p> <ul style="list-style-type: none"> Enhancement of quality activities based on the new quality assurance system, which was newly formulated upon the Aisin merger <ul style="list-style-type: none"> Promotion of the development of a work procedure manual that assumes risks for all steps, from supplier through shipment, and of standards that are easy to comply with Enhancement of EDER* and traceability by using big data (diagnosis of advance indications and prevention, minimizing impact on customers) 	<p>Our Customers</p> <ul style="list-style-type: none"> Exhibiting at events around the world Improvement in use of customer contact center <p>Suppliers</p> <ul style="list-style-type: none"> Issuance and distribution of Supplier Sustainability Guidelines <p>Investors</p> <ul style="list-style-type: none"> Held Large IR Meeting (ESG Briefing) <p>Local communities</p> <ul style="list-style-type: none"> Invitation to company events Involvement in joint activities with NGOs, NPOs and regional organizations 	<p>Establishment of a zero carbon society</p> <ul style="list-style-type: none"> Promotion and expansion of product development for reduction of CO₂ emissions Optimal global procurement of renewable energy <p>Establishment of a recycling-oriented society</p> <ul style="list-style-type: none"> Providing information on product design methods that contribute to improvement of resource efficiency for Group companies <ul style="list-style-type: none"> Sharing of examples of waste value creation and reduction and a collection of cases of water use reduction <p>Establishment of a society in which people coexist with nature</p> <ul style="list-style-type: none"> Selected candidates for the Aisin plants where people coexist with nature, and determined detailed definition, experts, and indicator species
Results for FY2022	<p>Manufacturing</p> <ul style="list-style-type: none"> Achieved zero missed faults through AI-based detection technology <p>Quality assurance</p> <ul style="list-style-type: none"> Improved design quality through enhancement of milestone management in production preparation and early verification of issues Promoted structural reform through promotion of three pillars of manufacturing (standardized work, autonomous maintenance, process point management) Established an EDER framework to accelerate quality improvement 	<p>Our Customers</p> <ul style="list-style-type: none"> Exhibited at: Automotive Engineering Exposition 2021 Online Inquiries about our products and services: Around 4,000 <p>Suppliers</p> <ul style="list-style-type: none"> Number of suppliers: 4,275 companies (both in Japan and overseas) Issuance of the Supplier Sustainability Guidelines and deployment to domestic suppliers <p>Shareholders and institutional investors</p> <ul style="list-style-type: none"> Participants in General Meeting of Shareholders: 117 Participants in ESG Briefing: 137 Discussions with institutional investors and analysts: 264 <p>Local communities</p> <ul style="list-style-type: none"> Aisin Environmental Education Program at: 21 schools, 1,663 students participated Cost of social contribution activities (LBG standard): 12,013 million 	<p>Establishment of a zero carbon society</p> <ul style="list-style-type: none"> CO₂ emissions from production: Target 258.5 million t-CO₂, result 256.5 million t-CO₂ Renewable energy rate: Target 3%, result 3.7% CO₂ emissions from distribution: Target 2.5% reduction, result 10.7% reduction (compared to FY2019 levels) <p>Establishment of a recycling-oriented society</p> <ul style="list-style-type: none"> Waste products per sales: Consolidated subsidiaries in Japan Target 6% reduction, result 31.8% reduction (compared to FY2014 levels) Overseas companies Target is maintaining FY2020 levels, result was 20.2% reduction Water volume: Completed understanding of the current state <p>Establishment of a society in which people coexist with nature</p> <ul style="list-style-type: none"> Completed selection of three candidates for plants where people coexist with nature

* EDER: Early Detection and Early Resolution

Financial capital strategy

Group-wide financial support for optimal resource allocation will lead to creation of value in the medium to long term.



Chief Administrative Officer
Shintaro Ito

Introduction

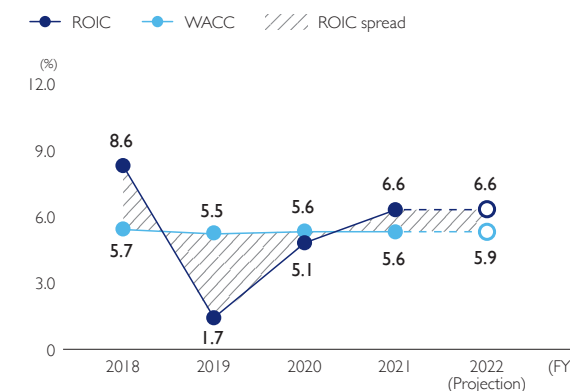
In order to survive the automotive industry's major period of change, we are working toward a highly profitable corporate framework while maintaining the safety of our finances to support financial growth at Aisin. We will implement ROIC management with a strong focus on efficient investment, along with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

Looking back on fiscal year 2022

In fiscal year 2022, our business environment was very severe, in which we were required to address both ongoing uncertainties, such as shortages of parts and semiconductors due to the spread of COVID-19 and soaring prices of raw materials, and tasks for the future, such as the initiatives toward electrification and carbon neutrality.

Under these circumstances, for the survival of Aisin, we worked on formulating strategies for electrification, carbon neutrality and other matters for the future and enhancing our corporate framework through structural reform.

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))

Financial capital strategy

Medium- to long-term policies

The Aisin Group's Vision for 2030, which took effect in April 2021, plans to raise the proportion of its solution-oriented products, which are products that contribute to solving social issues, from 17% in fiscal year 2021 to over 60% in fiscal year 2031. In preparation for this "decade for changing what's inside," we will promote a full model change of the Aisin Group. To accomplish this shift to solution-oriented products in our development budget and investments while operating efficiently, we will also 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.

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.

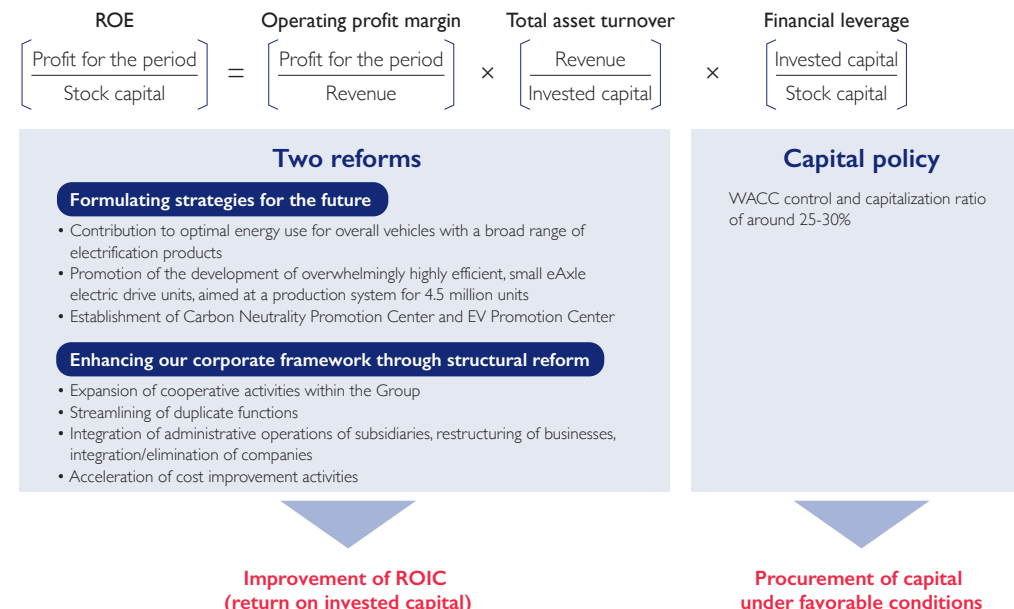
Specifically, we use the capitalization ratio* as an index. We believe that this ratio should be around 25-30% to achieve the ideal capital composition.

Since the ongoing uncertainties in our business environment are likely to continue in fiscal year 2023, we will secure financial safety through reduction of assets and repayment of interest-bearing debt.

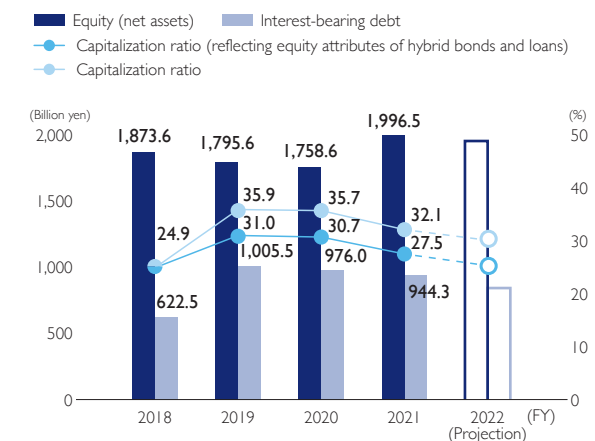
In fiscal year 2024, however, we will start considering repurchase of treasury stock in view of the profits and capitalization ratio.

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

Enhancing our corporate framework



Changes in capitalization ratio



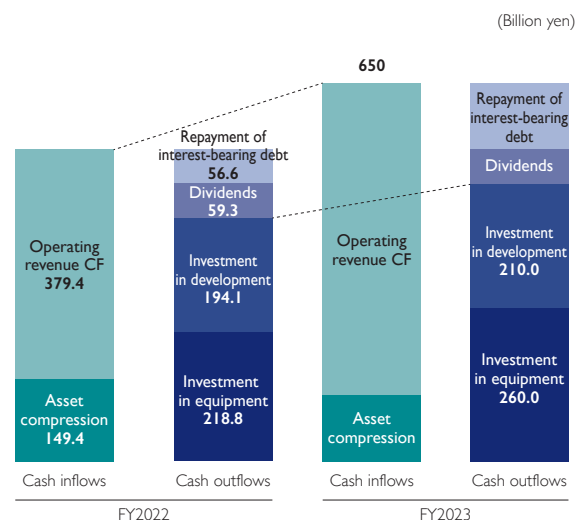
Financial capital strategy

Cash flow management

In fiscal year 2022, an increase in inventories caused by the shortages of parts and semiconductors and the confusion in distribution due to the spread of COVID-19 seriously affected our operating cash flow.

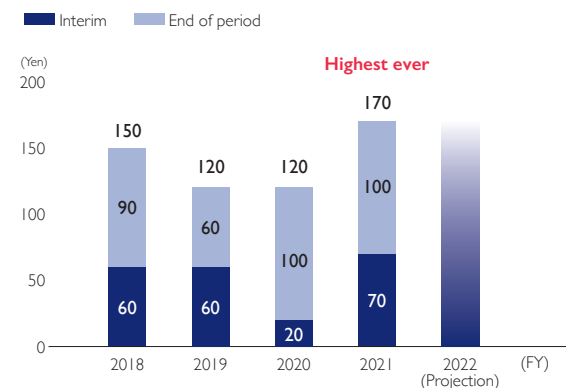
Although a severe business environment is expected to continue in fiscal 2023, we will work to improve our cash flow by securing steady revenue from existing businesses while continuing to reduce assets.

The created cash will be allocated to the funds for investment in growth areas such as electrification and carbon neutrality, as well as to repayment of interest-bearing debt, with the aim of helping to ensure our financial safety.



Measures for asset compression include mainly sales of assets, reduction of cross-shareholdings, and review of necessary cash reserves, through which we will improve our asset efficiency. At the same time, we will invest the earned funds in growth areas, thereby achieving a shift of resources. While pursuing asset efficiency in ordinary times, in preparation for uncertainties in the business environment, we have concluded a committed credit line contract with financial institutions, thereby securing sufficient liquidity in hand.

Changes in dividends



FY	2019	2020	2021	2022
Profit for the period (billion yen)	110.1	24.0	105.6	141.9
Total dividends (billion yen)	40.4	32.3	32.3	45.8
Repurchase of treasury stock (billion yen)	0	0	0	0
Total return ratio*1 (%)	36.7	134.4	30.6	32.3

*1 (Total dividends + repurchase of treasury stock) ÷ profit for the period

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 we are considering a share buy-back.

Afterword

Although uncertainties in our business environment, such as the ongoing shortages of parts and semiconductors and soaring raw material prices, are likely to continue, we will steadily advance initiatives for the future, such as working toward carbon neutrality and responding to electrification.

Toward a full model change of Aisin, we will financially support optimal resources allocation throughout the Group, with the aim of creating value in the medium to long term.

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

Human capital strategy

Aisin's human resources philosophy

Aisin's strengths lie in its people. In order to overcome environmental changes, it is crucial to gather the power of the approximately 120,000 people of Aisin, who are the driving force for our sustainable growth, and create new value. To this end, we will be a company that respects diversity and individual personalities and takes on challenges. We promote efforts to create workplaces in which every individual has his/her own dream and can act independently with a will to change the future so that they can sense their own growth, take reward from their work, and find happiness in their lives.

Practicing the AISIN Group Way

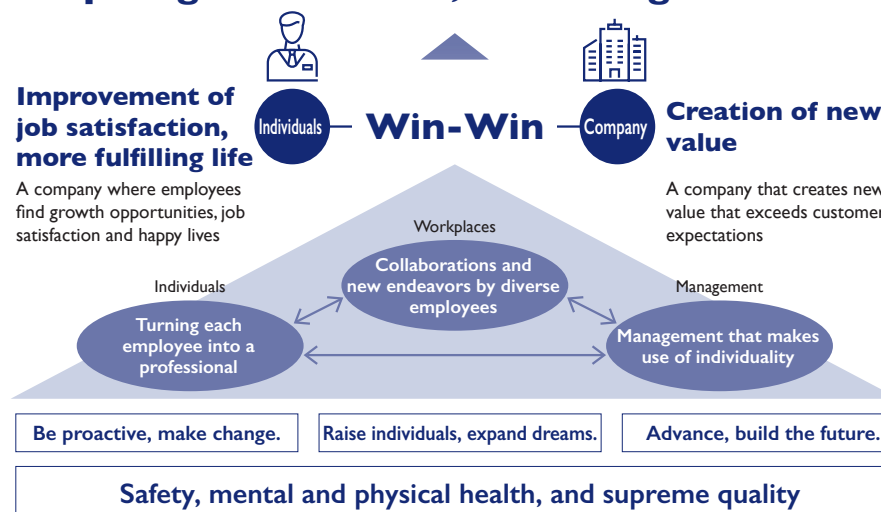
With our business environment changing dramatically, the AISIN Group Way is a code of conduct that is important for our employees to create the future. By practicing the three values, as well as the four attitudes proposed under each value, we will be a company where employees can grow and contribute to society through our business activities. Specifically, we are making global efforts to disseminate a correct understanding and promote discussions at workplaces, including linking personal targets set with the AISIN Group Way, action declarations by officers, and discussion meetings between the president and employees.

AISIN Group Way AISIN Group Principles of Corporate Behavior		
Be proactive, make change. <ul style="list-style-type: none"> <input type="checkbox"/> Challenge without fearing failure. <input type="checkbox"/> Move swiftly with the customer in mind. <input type="checkbox"/> Work passionately. <input type="checkbox"/> Let's value the spirit of "GENCHI GENBUTSU GENNIN" (Get to the actual place, see the reality for ourselves and identify the facts.) 	Raise individuals, expand dreams. <ul style="list-style-type: none"> <input type="checkbox"/> Raise your ambitions and dreams. <input type="checkbox"/> Show pride in your expertise and professionalism. <input type="checkbox"/> Find motivation and happiness in life. <input type="checkbox"/> Let's embrace the value and the spirit of one team. 	Advance, build the future. <ul style="list-style-type: none"> <input type="checkbox"/> Consider the best way, without being bound by convention. <input type="checkbox"/> Grasp new trends and understand needs. <input type="checkbox"/> Be useful to the environment and local communities. <input type="checkbox"/> Let's learn from history and value our predecessors.
Safety, health, and supreme quality are the foundations of all. Let's pursue and refine the qualities our customers demand while giving the highest consideration to the safety and health of our colleagues.		

To ensure that the implementation of the AISIN Group Way leads to the realization of our corporate principles, the key is human resources management that turns all employees into a pro and makes use of their individuality, resulting in collaborations and new endeavors by diverse human resources.

As people's values are diversifying, it is important for each employee to define his/her own job satisfaction and happiness in life, draw his/her career path, and realize them through work. By trying to foresee expectations and needs of society and customers and striving to improve their own abilities to meet the expectations, individuals can turn into professionals and demonstrate their professional value. In a time when the future is uncertain and there are no examples to follow, we must continuously create new value while determining the strengths of Aisin and making use of them, toward helping to solve social issues and create customer value. To this end, while enhancing conventional management, which pursues organizational efficiency, we will shift our focus to management that makes maximum use of individual initiative and creativity. By doing so, we promote co-creation of new value by diverse individuals, in addition to high organizational capabilities.

Inspiring "Movement," Creating Tomorrow



Human capital strategy

Co-creation by diverse human resources who will drive our businesses and take on challenges (Advance, build the future.)

We will secure human resources who will lead our businesses in the new areas of electrification, DX, and global, and we will promote development of workplaces that can encourage their people to proactively take on co-creation and challenges. To accomplish this, we should pay more careful attention than ever to ensure that the needs of the company coincide with the needs of employees, thereby building a relationship where individuals and organizations are united, contributing mutually to the growth of both sides.

① Shift and development of human resources for electrification products

In line with the target of establishing a production system for 4.5 million electric drive units by 2025, we aim to shift 1,500 people in development and production engineering to the electrification area by fiscal 2024. We also aim to turn 95% of our powertrain development personnel into electrification personnel by 2025 and have provided reskilling support. As a result, we have already completed the shift of nearly 70% of the personnel to the key areas.

② Promoting DX that involves all employees

To survive the period of change for the automotive industry, Aisin is accelerating fundamental streamlining of operations through digital transformation (DX).

③ Development of human resources that support our global business

To respond to expectations of customers around the world in a timely manner, we develop human resources on a global scale so as to make maximum use of Aisin's broad business areas and highly professional expertise.

Regarding executives at overseas companies, we set a target of raising the ratio of local employees in executive positions (vice president or higher) to 40% by 2030. Due to the ongoing efforts to achieve the target, the ratio of local employees in executive positions (department heads) has been rising over the past five years. We will continue to promote systematic development and appointment of personnel of the AISIN Group companies.

① Major initiatives related to shift and development of human resources for electrification products

Enhancement of development capabilities in the electrification area	Preparing an environment separated from work, in which individuals can concentrate on learning the basics of electricity and motors and professional skills in a short period of time
Enhancement of production technology	Providing education focused on practical training, such as assembly/disassembly of hybrid units so that even unexperienced employees can be immediately involved in electrification-related operations
Enhancement of employees in skilled positions	Formulated a specialized education system. For electrification products, a basic education program was formulated in FY2022, and specialized education focused on production of electrification products will be provided from fiscal 2023 to enable the personnel to keep up with technology advancement.
Establishment of specialized organizations	Established the EV Promotion Center under direct control of the president, aimed at enhancement of products for EVs, taking advantage of the AISIN Group's strengths. Appointed the Chief Electric Strategy Officer (CESO) as the head.
Establishment of a company personnel function	To respond speedily to personnel issues in the rapidly changing electrification area in cooperation with businesses, setting up a personnel function in the Powertrain Company.

② Major initiatives for promoting DX that involves all employees

Conducting training for employees	Providing Aisin's unique educational program that systematically organizes basic knowledge concerning AI and IoT for employees in all departments. In FY2022, approx. 12,000 Aisin employees received the DX beginners' package education program on basic DX knowledge, which is scheduled to be provided for employees of group companies in FY2023.
Acquisition and development of AI personnel	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. To achieve the target of developing around 1,400 employees as AI personnel by 2025, investing over 200 million yen each year in AI training.
Establishment of specialized organizations	Established the DX Strategy Center to strongly promote DX. Appointed the Chief Software & Digital Officer (CSDO) as the head.

③ Major initiatives for development of human resources that support our global business

Development of global leaders	Providing selected employees with educational programs that teach management know-how, give tough assignments, etc. so that they will have a high level of humane abilities and views, as well as a management perspective, and be able to create new value. Also proactively appointing them for important posts at major sites that have significant impact on business management in Japan or overseas.
Development of overseas executives	Aiming at optimal placement of employees in executive positions at all overseas sites, introduced the AG2 (Aisin Global Grading) as a global common index to visualize overseas positions and clarify important posts. In addition, aiming to accelerate appointment of local employees for important posts, formulated the Succession Plan to develop personnel according to the plan. For top management of all overseas sites, conducted training to help them understand the basic knowledge and decision-making criteria for overall functions of our business base and recognize the roles required of managers.
Development of personnel in staff positions and skilled positions	Accepting local employees of overseas sites at the Head Office in Japan for a maximum of three years to develop human resources for independence of overseas sites and support implementation of projects at overseas sites. To develop skilled technicians, established the Aisin Academy in China (Suzhou) and Thailand to train mainly leaders in skilled positions. So far, 418 people from 34 sites in 11 countries overseas have studied at the Aisin Academy in Japan. The Aisin Academy in China accepted 185 trainees. Established the Aisin Academy in Thailand and started training in May 2022. Moreover, the Aisin Academy in Japan has a program for managers and supervisors to develop key persons of overseas sites. As an initiative for electrification, establish an education system for overseas sites that is equivalent to the one in Japan to promote development of human resources who will contribute to improving the competitiveness of Aisin's electrification products. For development of personnel with other new technologies/skills, prepare an educational environment and tools and create education curriculums in cooperation with members for production preparation.

Intellectual capital strategy

Basic policy for intellectual property activities

Aisin's basic policy in promoting its intellectual property activities is to strengthen dissemination of intellectual property information that contributes to new value creation and to strategically acquire intellectual property rights.

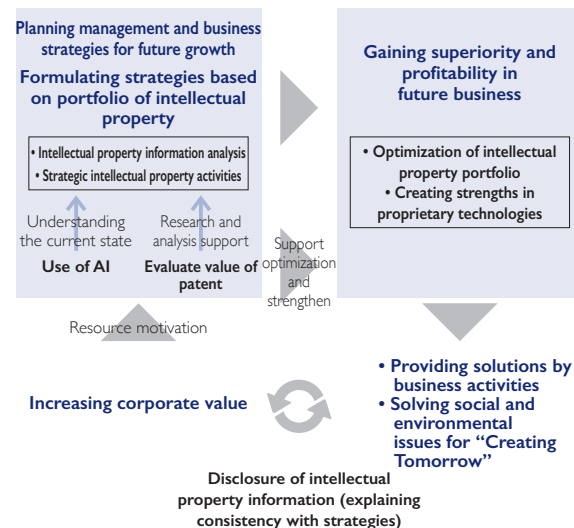
Increasing corporate value through intellectual property activities

To increase corporate value, we evaluate the value of intellectual property we hold and verify its relationships with management and business strategies or social issues, thereby implementing our intellectual property activities.

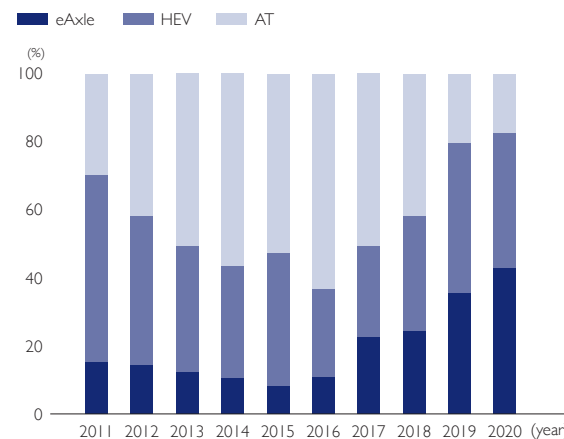
By looking at social, environmental and technology trends inside and outside of Aisin, including intellectual property information in markets, we can formulate robust management and business strategies for future growth and strategically construct a portfolio of intellectual property based on the strategies. We also carry out activities to guarantee the intellectual property with the aim of gaining superiority and profitability of our future businesses.

Intellectual property supports us in providing solutions for social and environmental issues through our business activities, leading to increasing our corporate value.

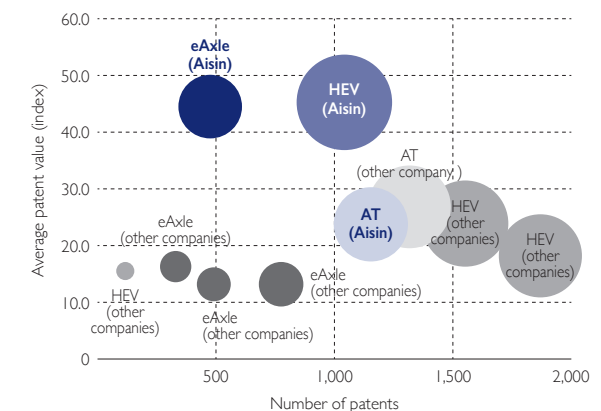
Image of increasing corporate value through intellectual property activities



Ratio of applications related to Powertrain Company



Value comparison for powertrain related patents



Prepared by Aisin using Derwent Innovation of Clarivate (using the population of powertrain-related patent applications in 2011 and 2022)

Intellectual capital strategy

Enhancing intellectual capital

We are shifting our focus of development to products for electric vehicles and solution-oriented products, mainly those for carbon neutrality, which are our priority areas.

In fiscal 2022, R&D for solution-oriented products accounted for 67% of total R&D expenses. We will continue to enhance this area.

Promoting open innovation

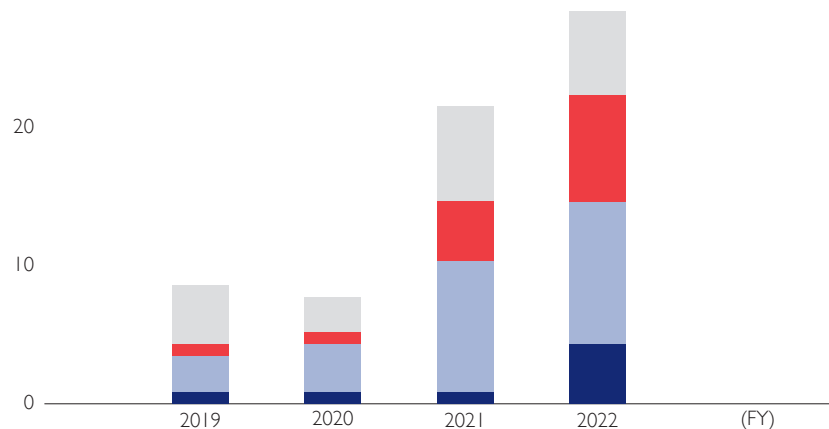
Aisin promotes open innovation activities with a view to creating new businesses and value. Specifically, we are seeking prospective partners and technologies mainly in the fields of mobility, logistics, production technology, AI-DX, carbon neutrality, and new areas and are advancing collaborations with external partners.

Technology collaboration with startups

■ Mobility hardware ■ Mobility software ■ Energy and new areas ■ Production technology

(Number of PoC* cases)

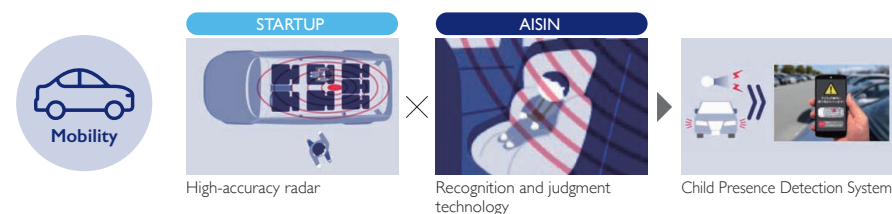
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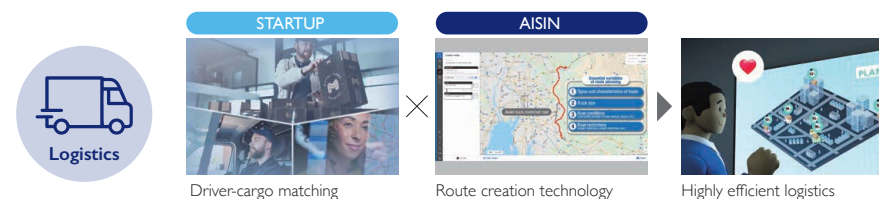
* PoC: Proof of Concept

Technology collaboration with startups

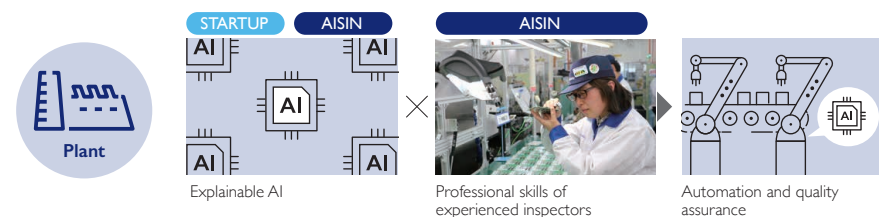
In the mobility field, high-accuracy radar (radio wave sensor) of a startup was combined with Aisin's recognition and judgment technology to develop a system to detect a child left in the cabin. With this, we aim to ensure safe and secure movement.



In logistics, the truck-cargo matching technology of a startup was combined with Aisin's route creation technology to develop a service to improve efficiency.



Collaboration with startups also takes place at production sites. The AI technology developed jointly with a startup enables learning of professional skills of experienced inspectors, contributing to both automation and quality assurance at plants.



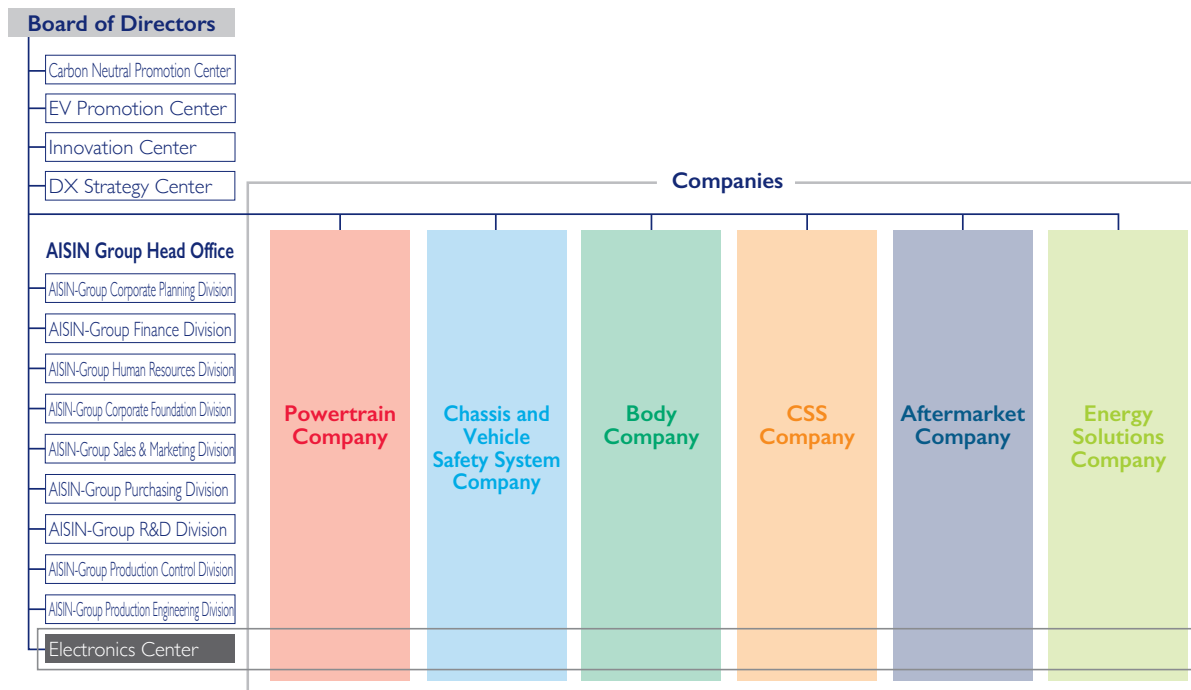
Wide-ranging business domain (cohesive strength as a group)

Ability to propose and provide a variety of solutions, taking advantage of the wide-ranging business domain

Aisin is engaged in a variety of businesses that satisfy diverse needs by combining all of its technologies that it has acquired through working on auto parts and energy-related products to generate new products and services.

Aiming to maximize sustainable value of the whole group's businesses

Since its establishment in 1965, Aisin has played a crucial role in the expansion of the automotive industry and has steadily grown to a global supplier. Aiming to reinforce ties within the group and improve management efficiency, we have changed our course from branch management to group management. At the same time, we introduced an in-house company system to maximize the sustainable value of our businesses.



TOPICS

“YY Probe” provides value with technology combining voice recognition and AI

Due to the COVID-19 pandemic, wearing a mask has become a part of our lives. But this has serious impact on communication of those who have difficulty hearing, such as the hearing impaired and the aged, as they cannot use lip speaking, a method of understanding what the others are talking about from the movements of lips and facial expressions of the speaker. As a solution to this problem, Aisin has launched a voice recognition app using artificial intelligence (AI) to support stress-free communication for everyone. YY Probe, the app developed by Aisin, recognizes speech in real-time and transcribes it into texts to be displayed on a smartphone.

For speech-to-text tools in general, time lag and false recognition are often pointed out. But YY Probe is equipped with an algorithm unique to Aisin, capable of recognizing voices quickly and correctly even in a noisy plant so as to achieve a high processing speed and recognition accuracy. It is particularly unique in that it can visualize laughter, reflecting the developer's aspiration to transcribe even the speaker's feelings and the atmosphere of the conversation.



YY Reception Window, a transparent display enabling conversation while looking at the face of the other speaker

Cometence of shaping and embodying (excellent manufacturing)

Ability to incorporate dreams and needs into products and services through manufacturing

Aisin continuously promotes innovation to develop unique production methods and equipment for next-generation products. At the same time, we also focus our efforts on passing on our manufacturing skills and developing human resources for manufacturing on a global scale. To further enhance our competitiveness, we are also working to accelerate digital transformation in manufacturing.

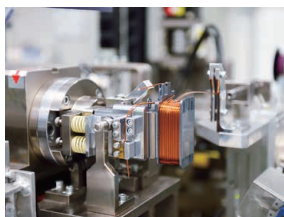
Human resources development for tradition and innovation

Aisin believes that human resources development is the foundation for manufacturing and has provided educational programs on basic matters, including the Toyota Production System and quality assurance, since 1984. In addition to passing on the knowledge and skills that we have cultivated so far, we will introduce education in new fields such as AI in line with changes of the times, with the aim of developing personnel for manufacturing who will play active roles in the new era.



Overwhelming production technology

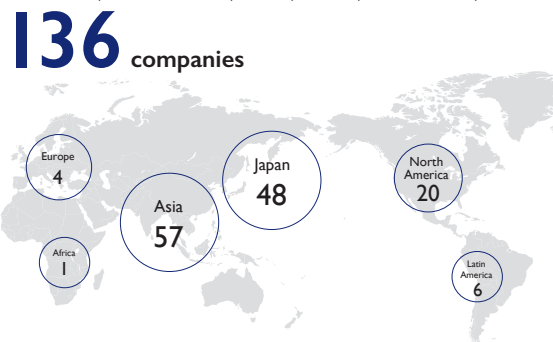
By making full use of our production technology that enables integrated production, from raw materials to assembly, with a variety of techniques, such as diecasting, pressing and machining, we enhance our manufacturing capabilities through such means as development of simple, lean equipment and dies and endeavor to establish overwhelming quality and cost competitiveness.



Global production bases

Aisin has established a global supply system, which enables us to respond to diverse needs of major automobile manufacturers around the world, develop high-value-added products, and provide them from our nearby production sites. While continuously developing innovative production techniques and equipment, we promote standardization of production processes so that our high-quality products can be produced in any area of the world. We are also working to improve our production technology development framework.

Number of production companies (as of September 2022)



TOPICS

Adding value to production (CO₂-free production)

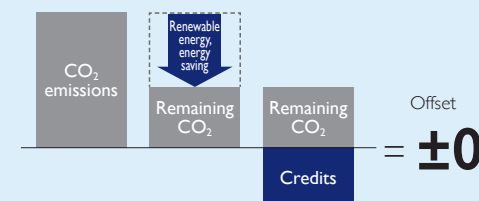
CO₂-free production of eAxle* was achieved by joint efforts of eight sites, including plants of the AISIN Group's Aisin Takaoka and Aisin Keizokoku, as well as the six Aisin plants in Japan.

For production lines, they introduced complex robots each of which can perform three to five processes by themselves to reduce equipment and consequently reduce power consumption, and they also reduced the line area to curtail the use of lights and air-conditioners. Furthermore, they reduced waste of electric power by conducting thorough maintenance to reduce repetitive operations and defects due to abnormalities.

For electricity, they used solar power, etc. generated at each site.

Finally, the remaining emissions were offset by carbon credits, and thus net zero CO₂ emissions from production was achieved.

* Installed in the Toyota MIRAI and LEXUS UX300e



Development committed to customers (technology development)

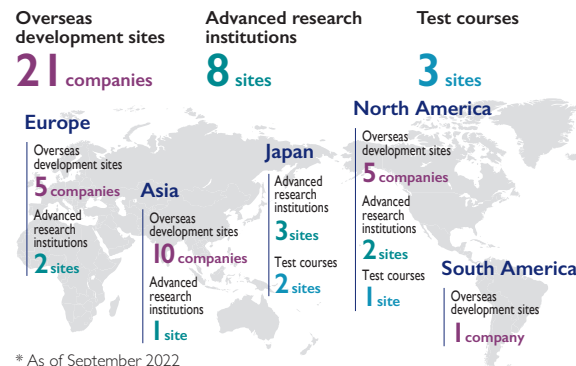
Ability of development totally from a customer perspective, to achieve technologies beyond expectations of customers

Since its founding, Aisin has consistently delivered a wide range of competitive products to the world. This was achieved by our global development framework, which enabled us to incorporate the world's needs into our development as quickly as possible, unique integrated evaluation system to support the development, and cutting-edge technology development through collaborations with a wide range of industries to avoid the "not-invented-here" syndrome. To further enhance our competitiveness, we will accelerate digital transformation in technology development.

Global development framework

Aiming at global deployment of existing products and technological breakthroughs, the 12 AISIN Group companies have established a total of 21 overseas R&D sites and 8 advanced research institutions around the world, as well as three test courses.

Aisin also established Technova, a technology think tank, in 1978, as part of its initiatives for advanced research and product development, with a view to contributing to the development of human beings by utilizing science and technology. We have continued to set up bases for both basic research and advanced technology inside and outside Japan, including IMRA Europe, to advance research and development in various fields, such as energy, mobility, electronics and medicine.



* As of September 2022

Unique, comprehensive evaluation system

Ahead of other automobile parts manufacturers, Aisin built a comprehensive proving ground with test tracks in 1970. With test



courses recreating local road conditions across the world and state-of-the-art facilities, we have continued to verify and pursue performance and durability of products in order to provide customers with high-quality products with confidence. We perform tests from every angle, adopting the viewpoints of users, and securely respond to increasing demands for reliability by promptly incorporating the evaluation results back into product development.

Advanced technology development through collaborations with a wide range of industries

Without being confined to the not-invented-here syndrome, we proactively gather information from all industries to add value to our technologies. Not only for development related to CASE and other themes in the automotive field but also in advanced research, we are promoting joint research and development concerning artificial intelligence and open innovation with startups that have excellent technologies.

TOPICS

We want to save children. Child Presence Detection System, soon to be put into practical use

Tragic accidents of children left inside sun-heated cars to die of heatstroke are taking place all over the world. To prevent such sad accidents, the child presence detection system (CPD) has been attracting significant attention worldwide. At Aisin, staff members of Japan, North America and Europe are jointly working to identify the needs of the world and advance development. "Victimized children are not old enough to be able to protect themselves from the extremely severe conditions of a car. New technology should be introduced to reduce the risk of a tragedy, which may occur in any vehicle around the world," says Clifford Malloy, explaining the background of the development with passion. For the development, some real babies and infants participated in the evaluation. Every conceivable situation in a car was verified and data were accumulated to thoroughly develop functions. Sales of vehicles with CPD as standard equipment will start soon in North America and Europe and are expected to expand around the world.



Aisin Technical Center of America
Clifford Malloy

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

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

Business-specific visions

New challenges Refining our existing business

Powertrain

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

Chassis and Vehicle Safety System

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

Body

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

CSS

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

Aftermarket

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

Energy Solutions

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

New Businesses

To create new value, take on new markets, bring innovations to society and make people smile in their daily lives

Raw Materials

To contribute to the creation of an environmentally friendly society through development and new ideas in the raw materials domain

Electronics

To pursue Software-first with innovative electronic technology and thereby contribute to improving business value

Basic policy for functions

Integration of group management

To contribute to a sustainable environment and society and build frameworks to get the most out of the group's collective strengths

Digital transformation

To use digital technology to achieve more efficient operations and create new businesses

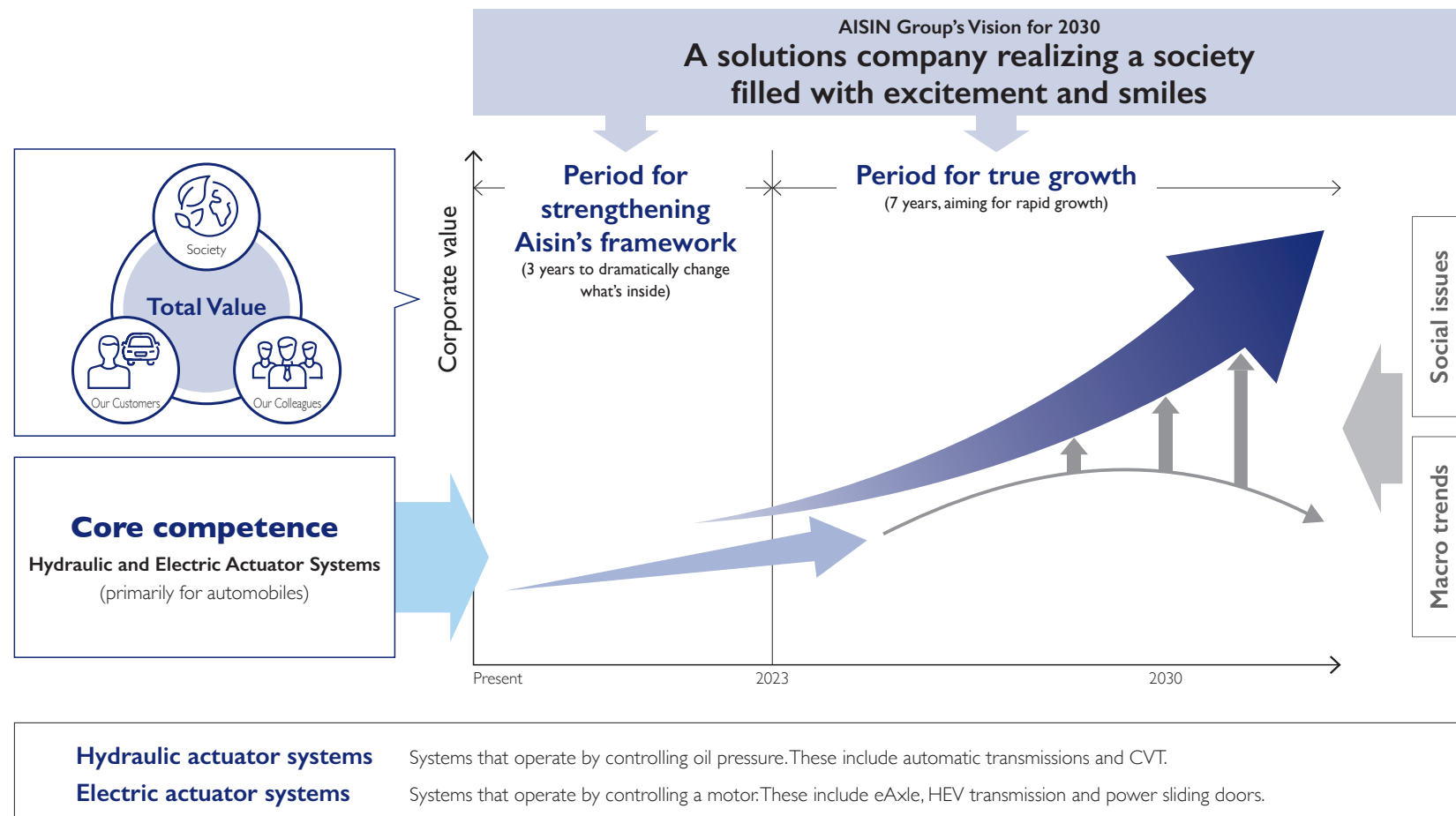
Promotion of diversity (personnel and work styles)

To create tomorrow by promoting diversity and creating new value

AISIN Group's Vision for 2030

AISIN Group's growth trend for Vision 2030

Aisin has positioned the 10 years from 2020 as "A Decade of Self-Transformation," and it aims to become "a solutions company realizing a society filled with excitement and smiles." With hydraulic and electric actuator systems as our core competency, we will 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.



AISIN Group's Vision for 2030



Our Customers

Inspiration and trust
A partner in solving social issues by providing
"movement" solutions

Revenue ratio of solution-oriented products



FY2022 **17** %

Up 43% or more

FY2031 **60** % or more



Society

Sustainable environment
Sustainable corporate group

Reduction rate of CO₂ emissions during manufacturing (vs. FY2014)

FY2022 **-7.5** %

Reduction of
42.5% or more

FY2031 **-50** % or more



Our Colleagues

Growth and happiness
A company where employees find growth
opportunities, job satisfaction and happy lives

SDGs: Priority Issue KPIs



Example: Job satisfaction index Employee
awareness survey (out of 5 points)

FY2022 **3.4** points

Up 0.6 points or more

FY2031 **4.0** points or more

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

OP margin

FY2022 **4.6** %

Up 3.4% or more

FY2031 **8** % or more

ROIC

* NOPAT (Net Operating Profit After Taxes) / (Inventories + Fixed assets)

FY2022 **6.6** %

Up 6.4% or more

FY2031 **13** % or more

Revenue

FY2022 **3.9** trillion yen

Sustainable growth

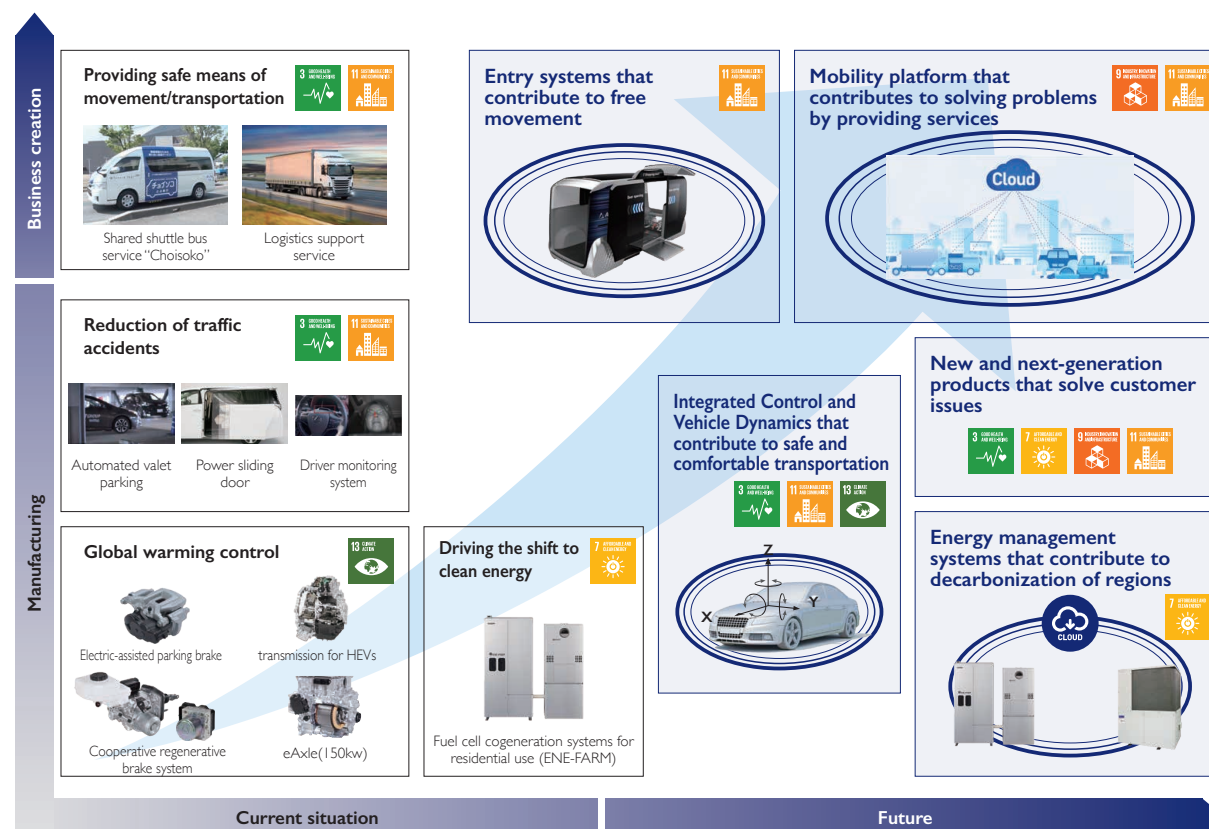
AISIN Group's Vision for 2030

Solution-oriented products

Reforming our business composition to provide solution-oriented products

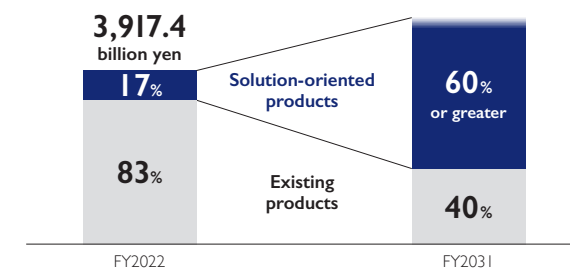
Aisin is expanding each business's range of solution-oriented products that contribute to solving social issues, with the aim of being a solutions company realizing a society filled with excitement and smiles. Our definition of "solution-oriented products" includes CASE products, products like ENE-FARM that promote a shift to clean energy, entry systems that will lead to MaaS services later, and combinations of these.

Roadmap for expansion of solution-oriented products



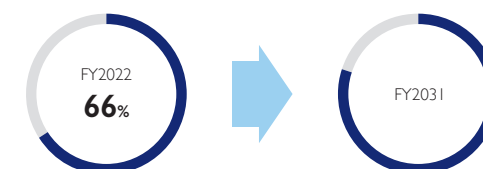
R&D budget and equipment investment orientation for the shift to solution-oriented products

expand solution-oriented products, aiming to raise the proportion of solution-oriented products in its revenue to over 60% by fiscal 2031.

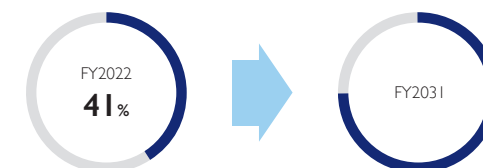


While promoting efficiency, we will shift both R&D expenses and capital investment toward solution-oriented products.

Solution-oriented product ratio: R&D expenditure



Solution-oriented product ratio: Equipment investment



AISIN Group's Vision for 2030

Composition ratio of solution-oriented products in each business domain

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

Domain	Solutions we provide	Composition ratio of solution-oriented products	3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Powertrain	Integrated Control and Vehicle Dynamics that contribute to safe and comfortable transportation Electrification products (HEV, PHEV, BEV)	FY2022 9% → FY2031 60%						
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.	FY2022 34% → FY2031 60%						
Body	Entry systems that contribute to free movement (power sliding door systems, etc.)	FY2022 18% → FY2031 50%						
CSS	Mobility platform that contributes to solving problems by providing services	FY2022 → FY2031 100%						
Energy Solutions	Energy management systems that contribute to decarbonization of regions	FY2022 71% → FY2031 90%						

AISIN Group's Vision for 2030

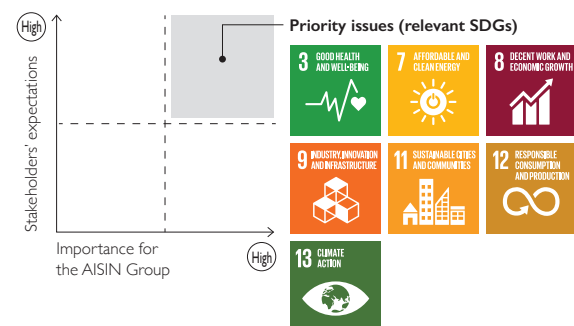
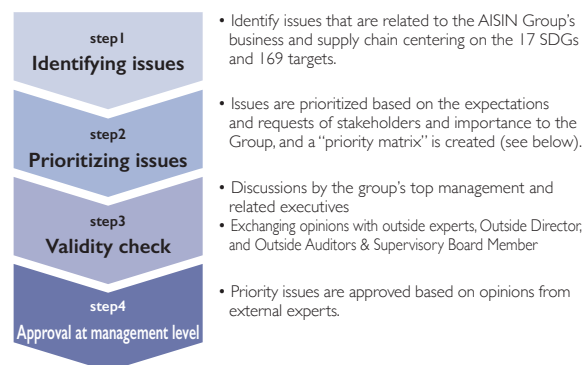
AISIN Group's priority issues

GRI 102-18~21, 26, 27, 29, 32, 103-1, 2

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.

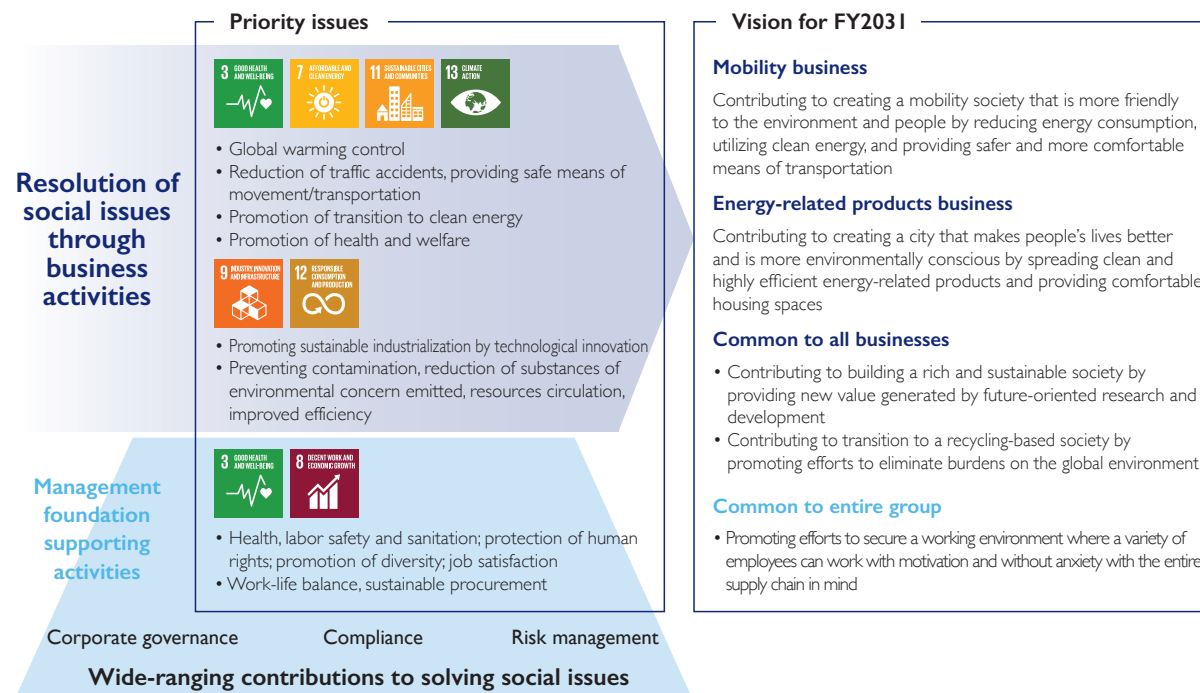
These values align closely with the UN's Sustainable Development Goals (SDGs), and we believe that we can contribute to the accomplishment of the SDGs through our business activities, so we have selected seven priority issues to focus on as a group.

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.



AISIN Group's Vision for 2030

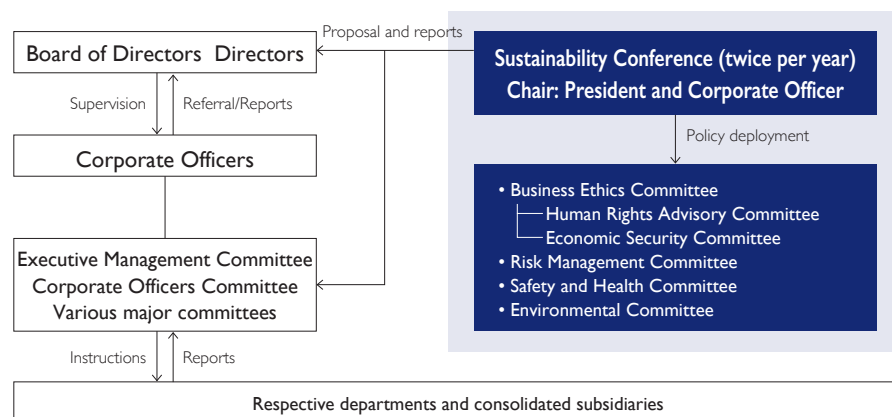
Key sustainability activities

- 1 Contribution to resolution of social issues through business activities(Accomplishment of SDG targets for FY2031)**
- 2 All employees involved in initiatives for SDGs and ESG**
- 3 Building of engagement with stakeholders**

Sustainability promotion framework

The Sustainability Conference is held to discuss and decide on the direction of activities based on the SDGs and other ESG strategies with the aim of earning the trust and support of all of our stakeholders and contributing to the sustainable development of society as Aisin builds a global presence. Led by the President and Corporate Officer, the conference comprises the Executive Vice President, the Corporate Officer in charge and the presidents of 11 group companies*

*Aisin Takaoka, Aisin Chemical, ADVICS, Aisin Keikinzoku, Aisin Development, Aisin Kiko, Aisin Sin'ei, Aisin Fukui, Hosei Brake Industry, Shiroki, and Art Metal Mfg.





















Sustainability Conference

Frequency	Generally twice per year
Chair	President and Corporate Officer
Office	Sustainability Promotion Office, Corporate Planning Division This office consists of full-time members and cross-sectional, non-full-time members selected from departments that are closely involved in initiatives for the SDGs and also from group companies.
Major agenda	<ul style="list-style-type: none"> Decision, rollout and follow-up of SDGs strategies, KPIs and targets based on social needs from a medium- to long-term perspective Initiatives to improve sustainability, etc.

AISIN Group's Vision for 2030

Priority issues, KPIs and targets for fiscal year 2031 GRI 102-47, 103-2

KPIs (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.

	Priority issues		Vision for FY2031	
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	 	Mobility business <ul style="list-style-type: none">• Contributing 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 net-zero GHG emissions by 2050  P.39 Carbon neutrality
	<ul style="list-style-type: none">• Promotion of transition to clean energy• Promotion of health and welfare	 	Energy-related products business <ul style="list-style-type: none">• Contributing 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.54 Energy Solutions Company
	<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 businesses <ul style="list-style-type: none">• Contributing to building a rich and sustainable society by providing new value generated by future-oriented research and development• Contributing 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.30 R&D budget and equipment investment orientation for the shift to solution-oriented products
				To reduce CO ₂ emissions from manufacturing to use and disposal of products for a low-carbon society  P.39 Carbon neutrality  P.87 Environment
Management foundation supporting activities	<ul style="list-style-type: none">• Labor safety and health• Health• Human rights• Promotion of diversification• Job satisfaction reform• Work-life balance• Compliance• Sustainable procurement	 	Common to entire group <ul style="list-style-type: none">• Promoting 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.111 Occupational Safety and Health Management System
				To realize a more comfortable and rewarding working environment for each of a diverse range of employees  P.102 Job satisfaction reform
				 P.105 Promotion of diversity and inclusion
				To maintain high compliance awareness and eradicate serious law violations by establishing a global group legal and compliance system  P.83 Compliance
			To realize coexistence as a good business partner in mutual prosperity and mutual development  P.128 Procurement	

AISIN Group's Vision for 2030

■ Calculation method

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

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

*1 Advanced Driver-Assistance Systems

KPIs		FY2022 Targets	FY2022 Results	FY2023 Targets	FY2031 Targets
Sales ratio of electric products that contribute to reducing CO ₂ emissions	$\frac{\text{Sales of electric products}}{\text{Total sales of related division}}$	14%	13%	20%	50% or greater
Sales ratio of autonomous products that contribute to safe travel	$\frac{\text{Sales ratio of ADAS + autonomous driving products}}{\text{Total sales of related division}}$	34%	39%	35%	50% or greater
Contribution to CO ₂ reduction by energy-related products (sales)		685,000 t-CO ₂ per year	690,000 t-CO ₂ per year	730,000 t-CO ₂ per year	2,300,000 t-CO₂ per year
No. of new products and services contributing to health and welfare that are adopted by society		8	8	10	20
R&D expense to revenue ratio		4.8%	5%	4.8%	6.0%
Ratio of development cost for CASE and cutting-edge technologies		48%	49%	51%	70%
Life cycle CO ₂ emissions reduction rate	Assess global results for Scope 3, create rules and set reduction targets		Complete the assessment of global results for Scope 3 and the setting of reduction targets *The rule creation is underway.	(In compliance with international rules) Establish calculation guidelines	Reduction of 25% or greater Compared to FY2020*4
Reduction rate of CO ₂ emissions from production (total) [compared to FY2014]	Reduction of 6.8% or greater (2.585 million t-CO ₂ per year)*3		Reduction of 7.5% or greater (2.565 million t-CO ₂ per year)*3	Reduction of 12.0% or greater (2.422 million t-CO ₂ per year)	Reduction of 50% or greater (1.386 million t-CO ₂ per year)*5
No. of serious accidents		0	0	0	0
Rate of disabling injuries occurring		0.05	0.14	0.05	0.05
Ratio of female employees in managerial positions at 4 group companies*2		2.45%	2.48%	2.8%	6.0%
Job satisfaction at 4 group companies (from the results of employee satisfaction surveys)*2		3.5 points (4 group companies)	3.4 points (4 group companies)	3.5 points (4 group companies)	4.0 points (Full)
No. of serious violations of laws and ordinances		0	0	0	0
Compliance rate of Guidelines by formulating and developing group-wide global Guidelines for suppliers	Establishment and deployment of guidelines		Issuance of the Supplier Sustainability Guidelines and deployment to domestic suppliers	<ul style="list-style-type: none"> Establishment and deployment of carbon neutral targets Deployment of the guidelines to overseas suppliers 	100%

*2 We plan to expand these to more companies in the future.

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

*4 The base year was revised in line with the establishment of the SBT target.

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

Three key areas

For the creation of new value, we have designated “electrification,” “carbon neutrality,” and “Software-first” as three key areas to be addressed in the medium to long term and appointed the CxO as the chief officer responsible for each of the three areas, with the aim of implementing initiatives speedily across organizations.



Electrification

Chief Electric Strategy Officer

Yoshihisa Yamamoto

Carbon neutrality

Chief Carbon Neutral Officer

Toshiyuki Mizushima

Software-first, DX

Chief Software & Digital Officer

Kenji Suzuki

Electrification

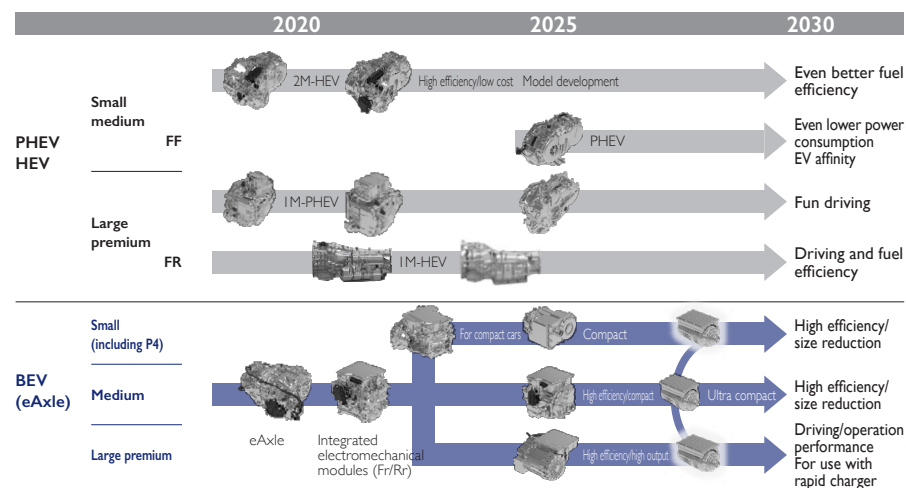
Creation of a full lineup of powertrain units

Toward realizing carbon neutrality, many countries around the world are tightening their environmental regulations, leading car manufacturers to accelerate their shift to electrification. However, the energy mix and car lifecycle vary according to the country, meaning that the most appropriate electric units differ from region to region.

Setting 2025 as a major milestone, Aisin is striving to accommodate regional needs, which are expected to diversify, by proceeding with development to create a full lineup of PHEVs, HEVs, and eAxes.

PHEVs and HEVs

The demand for PHEVs and HEVs is growing mainly in China because they are regarded as effective means for contributing to realizing carbon neutrality in the medium term and valued for their high practicality. By leveraging the AT and HEVs technologies that we have built up so far, we present attractive models with superior fuel efficiency and enhanced driving enjoyment. While further expanding our lineup by adding models of 2-motor HEVs and FF 1-motor HEVs, we launched mass production of FR 1-motor HEVs in 2022. In addition, to respond to an expected growth in demand for PHEVs, we are also developing attractive new special models.



BEVs (eAxes)

With the global EV trend accelerating, Aisin places its first priority on the eAxe, which forms the very core of the EV, implementing a three-generation development plan based on the themes "efficiency improvement" and "size reduction."

In 2020, we began mass production of the first eAxe. In 2022, we launched mass production of integrated electromechanical eAxes for Toyota's bZ4X and Subaru's SORTERRA. Calling them the first-generation eAxe, we offer two models of the compact product, namely those for the front and the rear, using motor technology that we have built up through the development of HEVs. Following these models, we plan to start mass production of items for compact cars in 2023 and 2024.

By 2025, which is expected to see the beginning of a full spread of BEVs, we plan to develop and release the second-generation eAxe as a strategic model featuring both overwhelmingly high efficiency and compact size. We will offer three types designed for small, medium, and large vehicles. By reducing power consumption by at least 10% from the first generation and realizing size reduction that could not be achieved by any other companies, we will reduce not only the use of the materials necessary for the unit itself but also the consumption of the battery by 10%.

Furthermore, with our eyes on 2025 and beyond, which will see further growth in the sales of BEVs, we have already embarked on the development of the third-generation eAxe with an overwhelming performance. The current development of the third-generation eAxe involves approximately 200 employees. Not only by leveraging the AT technology that we have developed so far but also by incorporating new technologies from external partners, we would like to deliver to the world an eAxe which could be available only from the car component manufacturer Aisin.

Chief Electric Strategy Officer

Yoshihisa Yamamoto



Electrification

Initiatives to make BEVs more competitive

To make BEVs more competitive, there are many problems to overcome, such as improving the driving distance and reducing the weight of the battery to avoid an increase in the EV cost.

At Aisin, based on the technology and know-how that we have built up so far, we are presently developing new technology toward making BEVs even more attractive.

The keywords that we have set for development are "high efficiency" to make smart and full use of the generated energy and "compactness" to realize high mountability and weight

reduction regardless of the vehicle shape. We will develop and release "highly efficient," "compact" and attractive products mainly in four categories.

We have set a specific target of reducing overall power consumption of the vehicle by 10% or more by 2025, which means a 10% reduction in the amount of the battery installed. This means a 10% reduction in the amount of the battery installed. We believe that this will greatly contribute to realizing carbon neutrality from the perspectives of less energy consumption and less resource use.

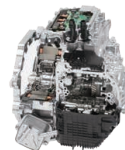
Electric units

Highly efficient and compact eAxe



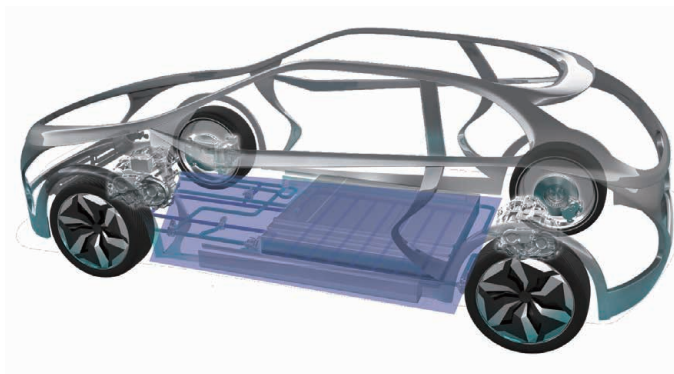
Full lineup

Highly efficient HEV and PHEV



Full lineup

We acknowledge electric units, which form the very core of EVs, as our first-priority business area. Leveraging the technology that we have refined in the AT and HEV business fields, we will develop and provide a full lineup of compact and highly efficient electric units, ranging from PHEVs and HEVs to eAxes. (P.45)



Aluminum components for BEVs

Rocker EA material



ESU cloth



As a new initiative, we are now operating in the field of battery case components by leveraging the technology that we have built up so far in our raw materials business, as well as the size and weight reduction technology that we have developed in the area of automotive components, such as door frames.

Light weight and appropriate function are both realized due to the use of aluminum.

Brake Products of ADVICS

Cooperative regenerative brake



Full lineup

Electric-assisted parking brake



Full lineup

We have a strong track record in the production of cooperative regenerative brakes for HEVs. By expanding our lineup of highly efficient and precise items, we will present the most appropriate brake system that will contribute to reducing power consumption and realizing even more comfortable mobility.

Electrification-related system

Cooling modules



Aerodynamics item



Based on competitive cooling units and other items, we are proceeding with the weight reduction and modularization of devices. In addition, by integrating the functions of different devices, we will further raise efficiency and reduce system costs.

Carbon neutrality GRI 305-5

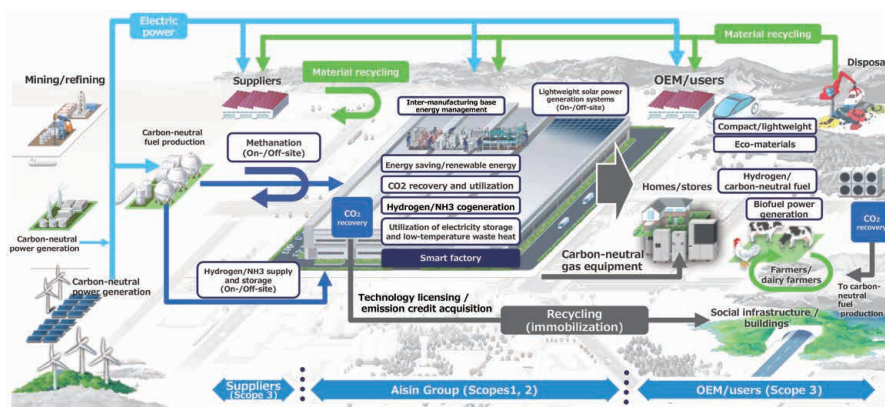
Toward achieving carbon neutrality

At COP26, held in Glasgow, the U.K., in November 2021, the long-term temperature goal set under the Paris Agreement to hold the increase in the global temperature was virtually tightened from less than 2.0 to 1.5 degrees Celsius. This shows that calls for carbon neutrality from society are rapidly increasing.

To “deliver beauty to our future earth,” which is a tenet of our Corporate Principles, as early as possible, we have declared that we will become carbon neutral by fiscal year 2051. We have already set specific numerical targets for production and products. With our focus on both aspects, we will contribute to achieving a carbon neutral society.

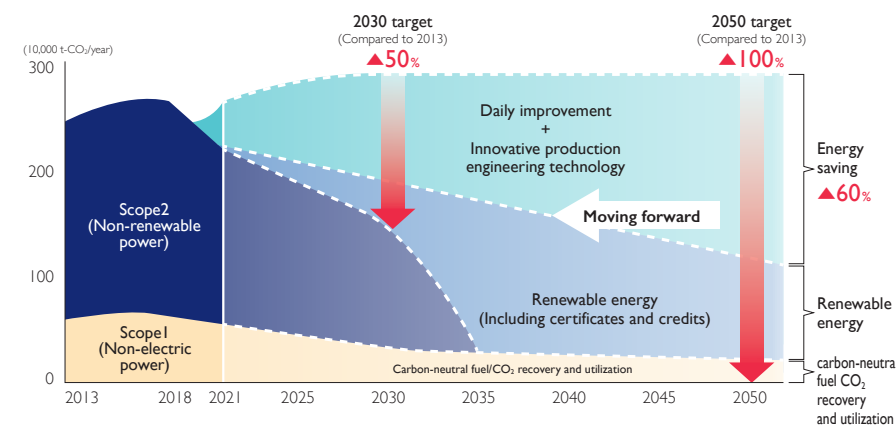
Overall initiatives to become carbon neutral

To become carbon neutral, we will further emphasize the recycling of energy and resources. To each operating site, we will introduce technologies for reducing energy use, utilizing renewable energy, capturing CO₂, and using hydrogen and waste heat. In cooperation with outside partners, we will recycle captured CO₂, leverage methanation and immobilization technologies, and ensure that resources and waste are recycled. Through our activities for carbon neutrality, we will contribute to ensuring that energy and resources are recycled and used extensively in local communities.



Initiatives for reducing CO₂ from production

Formulating a scenario toward becoming carbon neutral, we have set the targets of reducing CO₂ from global production by 50% by 2030 and by 100% by 2050, compared to the 2013 level. In addition, to respond to the recent market demand and stay competitive, we will become carbon neutral in terms of CO₂ emissions from production as early as possible. To this end, we will accelerate our ongoing efforts, such as reduction of energy use through innovation of production engineering and daily improvements, as well as expansion of the introduction of renewable energy. In particular, we will strive to make our plants emission-free, with a focus on production innovation, digitization of operating bases, and practical application of carbon-neutral technology.



Chief Carbon Neutral Officer

Toshiyuki Mizushima



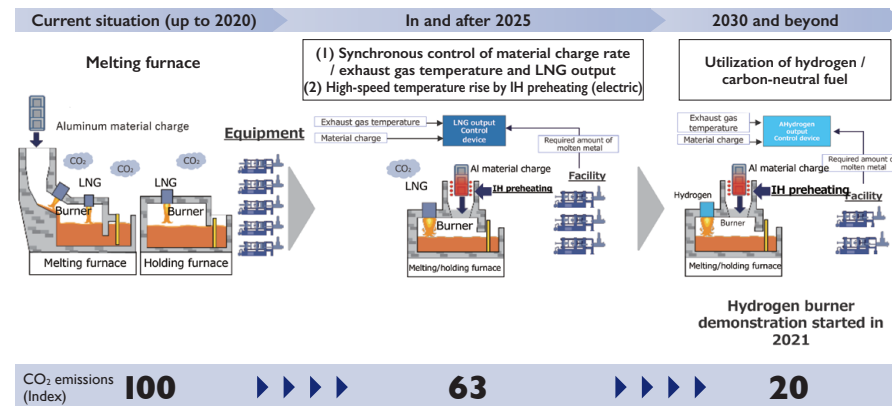
Carbon neutrality

Case: Initiatives to reduce CO₂ emissions from melting furnaces

An analysis of the CO₂ emissions from Aisin's production by process finds that approximately 30% is from heat-related processes, including melting furnaces, heat treatment, and die casting, requiring us to reduce CO₂ emissions from these processes.

First, we will control LNG output and conduct IH-preheating of materials to realize a high-speed temperature rise, thereby striving to reduce CO₂ emissions by approximately 40%. In addition, we will make even better use of hydrogen and carbon-neutral fuel, thereby aiming to reduce CO₂ emissions by approximately 80%.

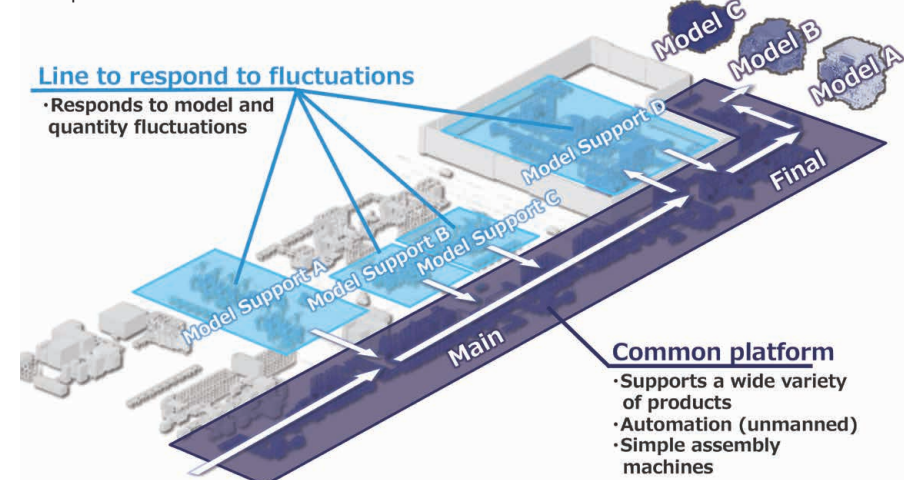
While minimizing the use of energy by improving daily operations and making effective use of existing technologies, we will also develop and implement innovative production engineering technology toward reducing CO₂ emissions.



Case: Innovative production line initiatives

For the assembly of electric units for BEVs, we have introduced a mixed-production line that enables a wide variety of models to be produced flexibly. The line features assembly machines which can automatically change tools to be set for their robot arms. This characteristic means not only that the machines enable mixed-production but also that they can complete a multiple number of processes by themselves, making the production line more compact and reducing the costs. In addition, we have introduced new production engineering, such as an automatic transfer system and IoT-based visualization of energy use, to realize DX in manufacturing. The production line is innovative in that it enables a 30% reduction of CO₂ emissions from the assembly (compared to before) toward carbon neutrality and also in that it helps to solve a wide variety of social problems.

Concept of eAxle Production Lines

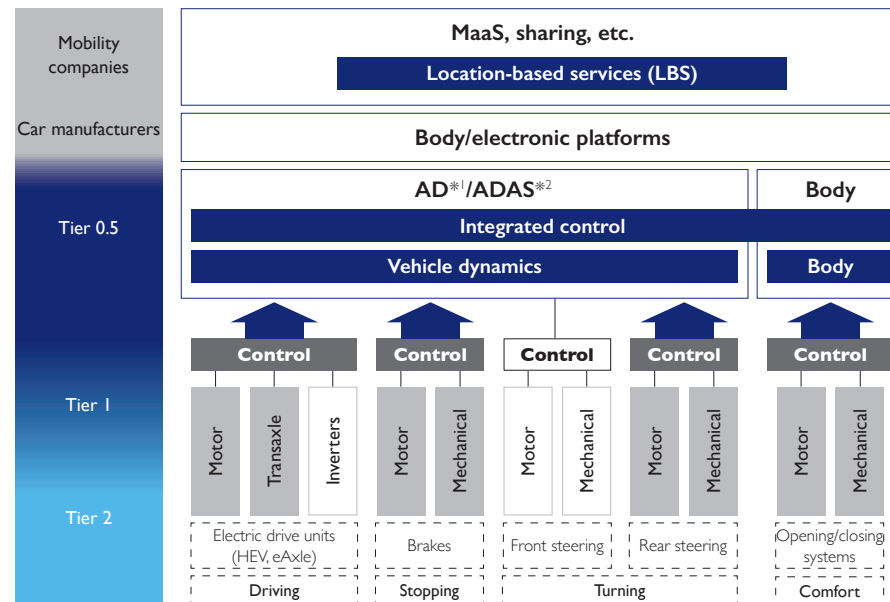


Software-first, DX

Software-first

Today, as new value is demanded in response to diversifying user needs, it is necessary to always foresee changes. Software is required to have technologies to promptly respond to the changes in value.

Under the Software-first principle, Aisin aims to be able to provide new value in a timely manner through Software-first architecture and innovative processes, from the upstream of vehicle development up to after market launch.



*1 Autonomous Driving

*2 Advanced Driver-Assistance Systems

Software-first initiatives

Aisin not only supplies parts and technologies but also serves as a Tier 0.5 in combination with OEM for systems by gathering the Group's capabilities to propose and create new value of vehicles through capturing market needs in advance.

To realize Software-first, Aisin has launched various initiatives.

To respond to rapidly changing market needs, we promote the three pillar initiatives of innovating processes and tools (development environment and foundation, development methods) and enhancing human resources development, with the aim of reducing development lead time.

Based on these initiatives, by leveraging Aisin's advantage in having many integrated electromechanical products, which are composed of excellent hardware and software to move the hardware, we connect functions and control them in an integrated manner, thereby providing new value.

We will strongly promote a strategic shift of software human resources with the aim of accelerating the Software-first initiatives and contributing to the creation of electrified products and new businesses.

Chief Software & Digital Officer

Kenji Suzuki



Software-first, DX

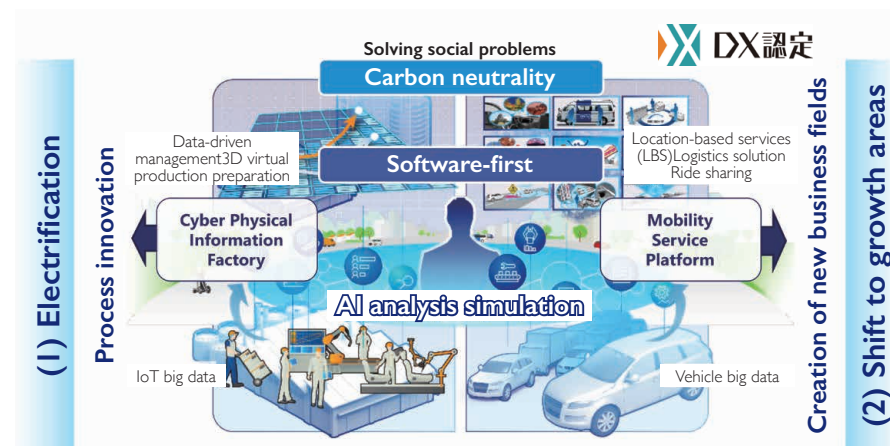
DX

DX strategy and its progress

At Aisin, we proceed with digital transformation (DX) in order to accelerate our shift to electrification and carbon neutrality, and we create new business fields so that we can contribute to solving social issues. To this end, we are refining our technology capabilities for software development and artificial intelligence (AI).

For electrification, we are striving to shorten our development period and introduce innovative management for manufacturing sites. For example, we aim to significantly shorten lead time by introducing innovative processes for development and production preparation using 3D data. This effort has already proven to be effective. For powertrains and some body components, the development period has been halved from the levels of their previous models.

For our shift to growth areas through the creation of new business fields, we will create new solution-based products and business services, such as road maintenance and management support service Michilog and shared shuttle bus service Choisoko.

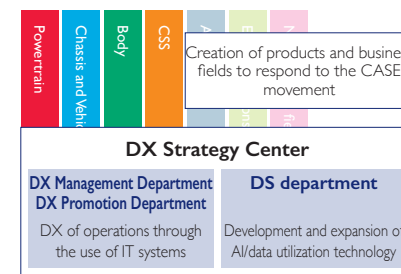


Promotion framework

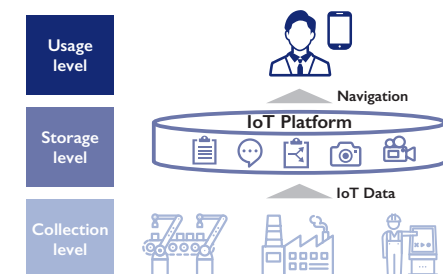
To consolidate our framework for proceeding with DX, we have established the DX Strategy Center, a company-wide, cross-sectional organization under the direct control of the CSDO.

The DX Strategy Center consists of the DX Promotion Department, which is responsible for reforming operating processes using IT systems, and the Data Science Department (DS Department), which is engaged in the development and expansion of AI and data utilization technology. The DX Strategy Center is responsible for promoting and rolling out our DX themes cross-sectionally and also engaged in digital governance in terms of, for example, IT investment and information security. When actually carrying out DX promotion activities, the organization works together with our business groups by forming teams with them according to the theme.

DX promotion framework



Conceptual picture of the Cyber Physical Information Factory



Foundation underpinning our DX promotion

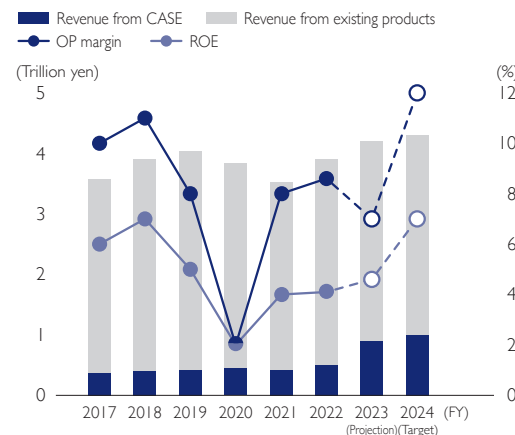
For electrification, we have established IT platforms based on the concept Cyber Physical Information Factory toward reforming our operating processes.

Under the concept Cyber Physical Information Factory, we collect IoT data from manufacturing sites, store and reproduce the data in cyberspace, use it for simulation, and ensure that the results are reflected in the manufacturing sites. A mutual connection of the platforms for production, design development, back office, mobility service, and other fields has secured us a good environment where we can offer various services efficiently.

Medium-term management plan

Progress of the medium-term management plan (fiscal year 2024)

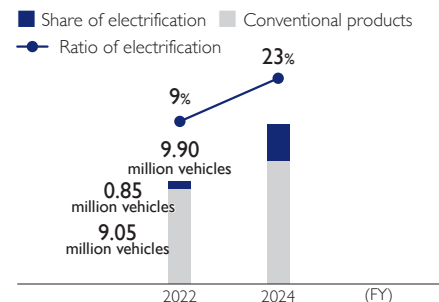
The medium-term management plan that we released in fiscal year 2020 stipulates that we will strive to achieve an operating profit margin of 7% as a target for fiscal year 2024. However, the global situation today remains unstable, with our management greatly affected by the appreciation of raw material prices and transportation costs as a result of geopolitical risks, the ongoing COVID-19 pandemic, and other factors. Although the FY2023 operating profit margin is still very harsh, we will move forward to accomplish the FY2024 target by reinforcing our corporate structure from the perspective of the management of the entire Group.



Transformation of corporate structure in response to CASE

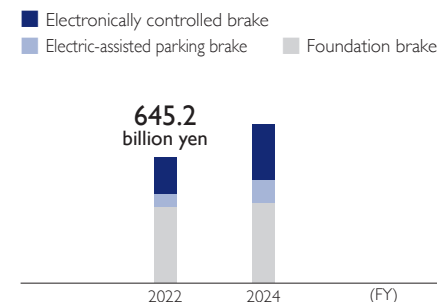
For powertrain units, we will steadfastly meet demand for conventional products until fiscal year 2024, while also steadily expanding our sales of electrification products in preparation for the rapid expansion of the electrification market that is expected from fiscal year 2024 onward. We expect that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

Powertrain unit sales forecast



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

Brake product sales forecast



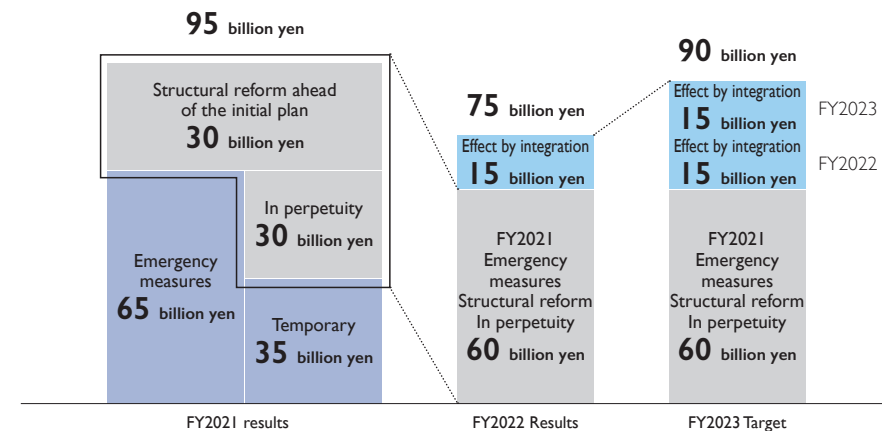
For brakes, we will leverage our strong results in the HEV market and strengthen the product lineup to expand sales of our electronically controlled brake systems. We will meet what is expected to be a sharp increase in demand in the expanding market for electric parking brakes with a full lineup. Confirmed orders, including from Chinese customers, are expected to increase in fiscal year 2024. We expect a significant increase in sales from 645.2 billion yen in fiscal year 2022, 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%

Reinforcement of the corporate structure from the perspective of the management of the entire Group

The shortage of semiconductors and other components and the appreciation of raw materials prices and transportation costs are making our business environment even more challenging. Amidst this situation, we are accelerating our structural reforms and cost reduction efforts to make our corporate framework more highly profitable. As a result of the management integration of the two core companies of the AISIN Group, the scope of the Group's joint activities has further expanded. Our operating efficiency has improved through, for example, the consolidation of the two companies' duplicate functions and subsidiaries' administrative departments, the reorganization of our business frameworks, and the merger and closure of group companies. We will further expand the scope of these activities while establishing a corporate structure that will work favorably in perpetuity.

Conceptual picture of the structural reform effects



Powertrain Company



**Yoshihisa
Yamamoto**

President, Powertrain Company

Overview of business and main products

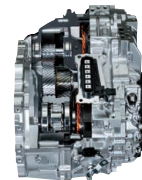
Our Powertrain Company supplies electric drive units such as eAxle and hybrid (HEV) transmissions and other products such as parts peripheral to engines. These parts are designed to improve fuel efficiency and reduce CO₂ in automobiles.



eAxle



1-motor hybrid
transmission



2-motor hybrid
transmission



Automatic
Transmission(AT)



Electric pumps
Cooling modules



Hybrid dampers

Strengths

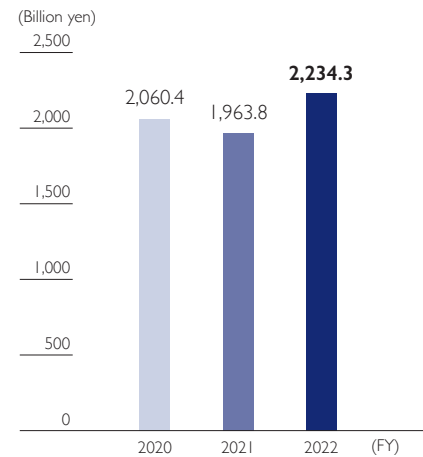
- Wealth of assets (products, facilities, people, know-how) accumulated in our automatic transmission (AT) development
- Trading with many AT customers who trust our quality
- Record of development support that extends to vehicles themselves, and ability to solve issues in this development
- Wide range of product groups that contain both units and actuators (ATs, CVTs, HEV transmissions, eAxles, 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 various countries and regions
- Entry into the electric vehicle market by companies in other industries, which creates more competition on pricing

Results for FY2022

Sales results



Looking back on the year

Despite the shrink in automobile production due to the shortage of semiconductors and other components, our revenue increased in line with the recovery trend found in the entire automobile market. In 2022, eAxle was adopted in bZ4X, while 1-motor hybrid transmission and eAxle were adopted in Crown.

Future plans

- Proceed with the development of the next-generation eAxle with a focus on size reduction and high efficiency so that it will be adopted not only by Japanese car manufacturers but also by many more manufacturers in Europe, China and other parts of the world.
- Release a full lineup of next-generation electric products, such as 1-motor hybrid transmission, 2-motor hybrid transmission, and eAxles, and increase the proportion of our units for electric vehicles.

Powertrain Company

Company Vision for 2030

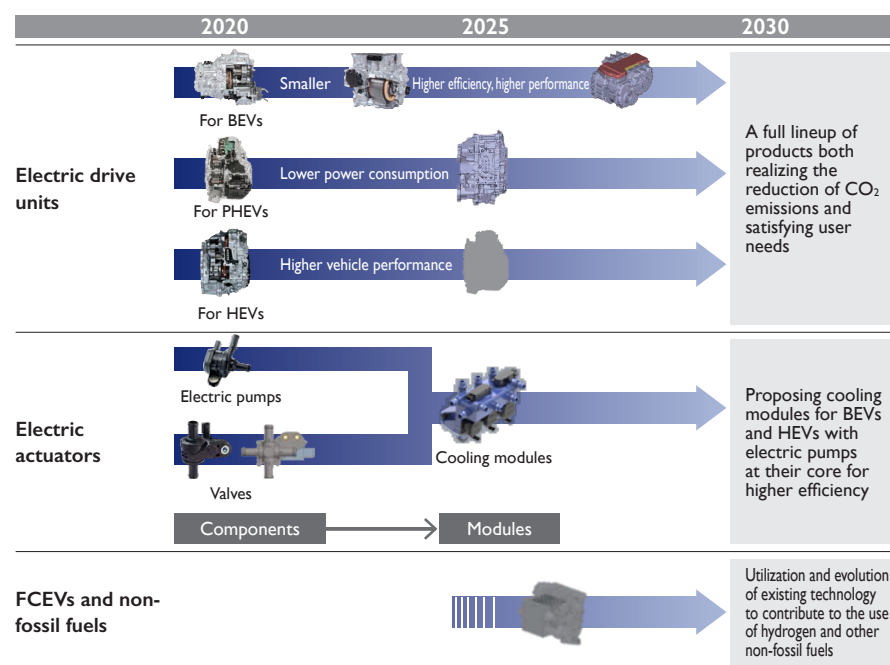
To lead the electrification of vehicles and contribute to the creation of a sustainable environment and society

- 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 and incorporating new electrification technology

Priority issues to contribute to SDGs

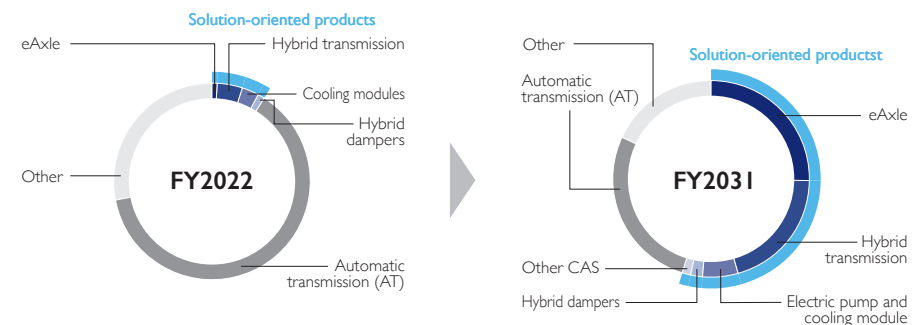


Road map for FY2031



Portfolio aims

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



Progress toward the ideal vision

- In 2022, we launched mass production of an integrated electromechanical eAxle for Toyota's bZ4X and Subaru's SORTERRA. We call the item the first-generation eAxle. - We are developing the second-generation eAxle as an even more efficient and smaller module. We are striving to begin mass production by 2025, which is expected to see a full spread of BEVs.
- Establishing the EV Promotion Center, which is engaged in the planning and advanced development of products that can contribute to improving BEV performance, we have launched various initiatives. First, we have begun technology development centering on powertrains, batteries, and related items. Our plan is to accelerate the development in line with the progress of our themes and customer needs. Currently, we are making prototypes of new products and conducting various evaluations to confirm their reliability.

Chassis and Vehicle Safety System Company



**Morito
Oshita**

President: Chassis and Vehicle
Safety System Company

Strengths

- Sensor-fusion-based detection technology using long-range sonars, cameras etc.
- Image-recognition-based obstacle recognition technology using algorithms (artificial intelligence) for automated parking, etc.
- Actuator control technology for vehicle dynamics, such as active rear steering and damping force adjustable absorber

Opportunities and risks

- Increasing social need for prevention of accidents caused by human error
- Expansion of need for image recognition technology and vehicle control technology in line with the development of mobility hubs
- Rapid increase of electrification ratio due to tighter regulations for carbon neutrality
- Growing need for improved maneuverability in line with the expansion of the wheelbase due to electrification
- Slowdown of the development of the level of automated driving
- Intensifying competition due to entry from other industries

Overview of business and main products

Controlled suspension products



Damping force adjustment absorber



Active rear steering system

Image recognition products



Driver monitoring system



Automated parking

Electric products, chassis products



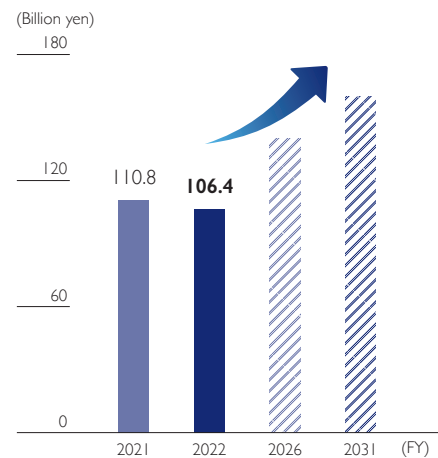
Shift-by-wire



Power tilt and telescopic
steering columns

Results for FY2022

Sales results



Looking back on the year

- Despite the impact of COVID-19, revenue increased due mainly to the market launch of new products.
- Our first shift-by-wire was adopted for the new model of AQUA released in July 2021, earning us the Technology Development Award from TOYOTA, earning us the Technology Development Award from TOYOTA.
- Our driver monitor with improved recognition performance using AI (artificial intelligence) technology was adopted for Toyota's Advanced Drive, earning us the R&D 100 Awards Winner from the U.S. R&D Magazine (joint award for Aisin, Toyota, Woven Core, and Toyota Central R&D Lab).
- We began to produce and sell our first low-speed AEB* system for HONDA.

*AEB: Autonomous emergency braking (collision damage mitigation braking)

Future plans

Reinforce the development of image recognition technology with our eyes on the growth of the CASE market under the plan of the expansion of our business considerably by 2030.

Chassis and Vehicle Safety System Company

Company Vision for 2030

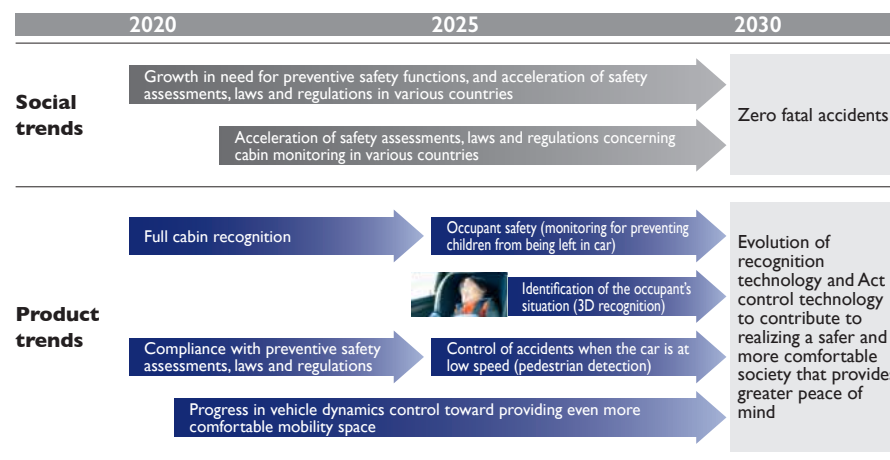
Realize mobility that provides safety, comfort, and peace of mind through in-cabin and external monitoring technology and vehicle dynamics control technology

- Evolution of integrated vehicle control technology for total control of driving, turning and stopping
- Reinforcement 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

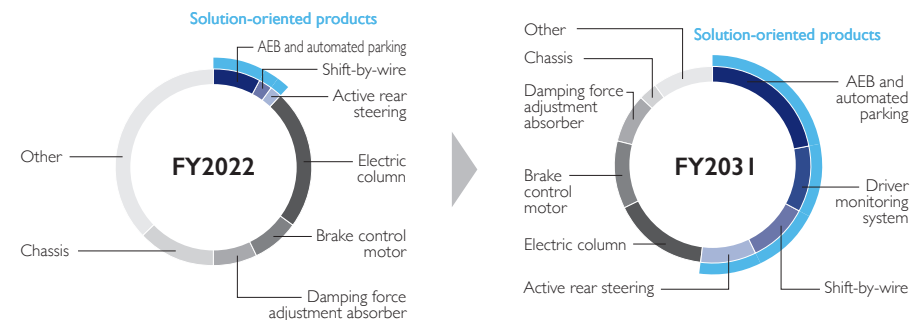


Road map for FY2031



Portfolio aims

- 1 Enhance AEB range to comply with laws and regulations and meet needs in countries around the world.
- 2 Use tightening of safety assessments as an opportunity to develop driver monitoring systems and expand our sales of these systems.
- 3 Ascertain increase in need for minimum rotation in line with the trends of automated driving and electrification, and accelerate the sales expansion of active rear steering, which is essential for increasing the automated parking performance and vehicle dynamics.



Progress toward the ideal vision

- By launching mass production of AEB and driver monitor systems that comply with various countries' laws, regulations, and assessments, we are contributing to customers' development of safe vehicles that provide peace of mind. We will continue to enhance development of image recognition technology and sensors and launch products that will satisfy the needs of the market.
- We began mass production of compact, high-output active rear steering for the Jaguar Land Rover. In response to the expansion of the wheelbase in line with electrification in the future, we would like to contribute to the improvement of vehicle maneuverability and vehicle dynamics by continuing to develop small actuators that can accommodate wide rudder angles.



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, greater comfort, convenience and safety.



Power back door system



Sunroof



Power sliding door system

Strengths

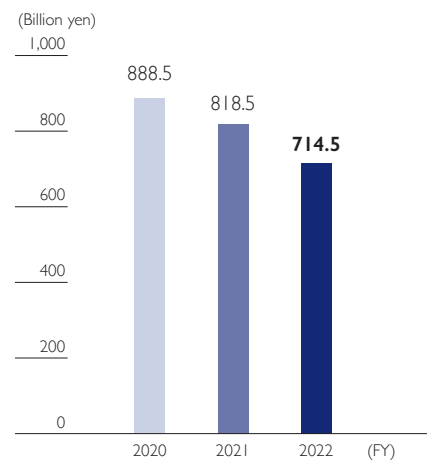
- Opening and closing systems and sensing technology that provide new value
- The collective strengths of our group companies enable us to meet a wide range of needs, from machine parts and tooling to system products.
- Fast global development support and production in optimal locations (development: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

Opportunities and risks

- Change in values regarding mobility, as indicated by the focus shift from ownership to sharing, and diversification of services (expansion of the MaaS market)
- Expansion of products for electric vehicles
- Increase in need for lighter weights and recycling
- Intensifying competition due to entry of companies from other industries into the market

Results for FY2022

Sales results



Looking back on the year

Affected by the sluggish car market environment due to the COVID-19 pandemic and the shortage of semiconductors, our revenue once again decreased even from that of the previous fiscal year. We also suffered the impact of the appreciation of resource prices and the shrink of automobile production. However, we ensured profit not only due to the effects of the weaker yen but also due to our efforts to improve profitability and reduce fixed costs.

Future plans

- Expand sales by developing E-door systems and other convenient entry systems and framework products for EVs.
- Expand sales to many more car manufacturers by reinforcing our development framework in China and many other regions.

Body Company

Company Vision for 2030

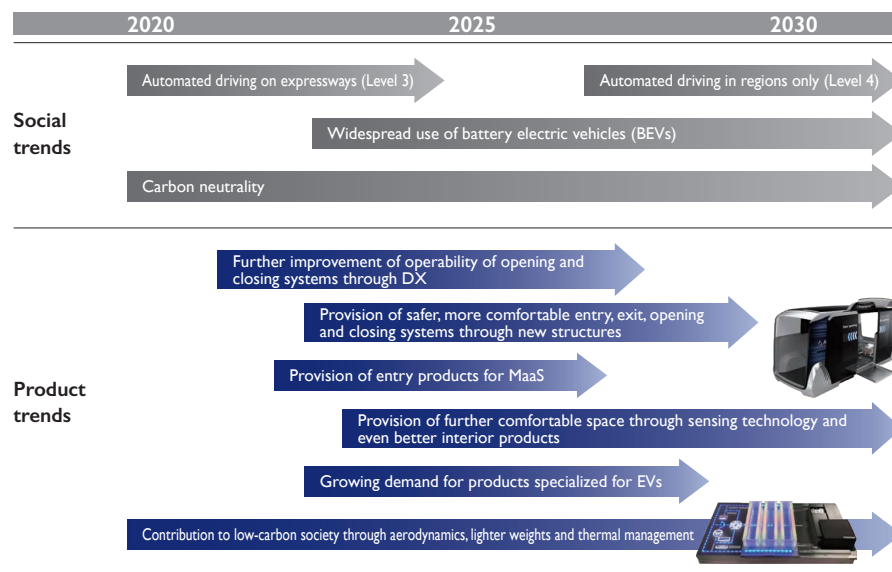
To lead the electrification of vehicles and provide safe and comfortable mobility for all people through opening/closing and entry systems

- 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 post-sale updates of their software and hardware

Priority issues to contribute to SDGs

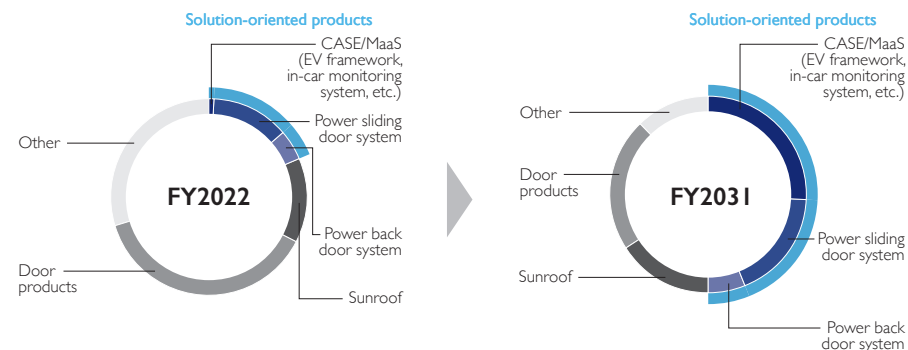


Road map for FY2031



Portfolio aims

- 1 Expand our global market 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.



Progress toward the ideal vision

Expansion of the operations in the existing domains

- Launched mass-production of new-value-added universal steps for PSD.
- Launched mass production of framework components (rocker EA) for BEV, using aluminum extrusion technology.

Challenging new growth domains

- Developed a system for detecting children left in car alone as a new product jointly developed with a venture company toward realizing a comfortable mobility space.

CSS Company



**Kenji
Suzuki**

President: CSS Company

Strengths

- Robust technology foundation for achieving 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 operations for providing a wide range of solutions to social issues, using the navigation and position information technology we have accumulated over many years
- A flexible organizational structure that helps solve social issues, brings excitement to "movement," and connects smiles to the future by creating new business fields based on advanced location information technology and DX

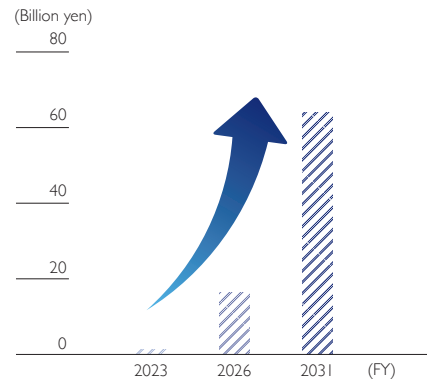
Opportunities and risks

- Expansion of the business scale in the CS* domain, backed by 5G and other forms of communication technology innovation
- Emergence and diversification of new needs due to changes in working styles
- Compliance with stricter traffic-related laws and regulations
- Entry into the CS domain from other industries, such as IT

* Connected & Sharing

Toward revenue generation in the MaaS domain

Expected revenue in MaaS



Outlook for commercialization

To address diversifying social issues related to mobility, we are striving to establish a mobility service platform as a flexible framework. At the same time, to present essential solutions, we have launched a wide variety of efforts to commercialize services with a focus on various "experiences" while being aware of the value and scale of such services.

Future plans

We will establish an outlook for commercialization of each service using the mobility service platform by 2025 and then expand the operations toward FY2031.

Portfolio aims

- 1 Establish a mobility service platform based on our highly accurate location technology.
- 2 Accumulate an extensive range of product and vehicle data on the platform and combine it with other data, such as map data, for analysis, thereby developing previously unknown experiences into useful contents.
- 3 Use platforms and content to provide various services that will solve issues in society.

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

Company initiatives

Freedom to "Movement"

**Support for automated driving**

A system that supports automated driving by foreseeing road conditions in the direction users are traveling and reflecting that information in vehicle control

Aim To use travel time effectively and provide a safe, stress-free, comfortable driving experience

Strengths Maps for automated driving that are created from highly detailed data on road conditions, and map updating technology that constantly provides the latest maps

**Mobility information distribution solution**

A system that makes people smile, gets them to their destination and changes the way they experience that place

Aim To provide a wonderful, exciting experience both en route and at users' destinations

Strengths Matching of content with the destination, route, time and ETA

**Tourism solution**

A system that proposes tourist attractions and/or stores based on travelers' situations

Aim To pique people's intellectual curiosity through their travel to out-of-the-ordinary places and encourage them to recharge and take care of their mental health

Strengths Identification of places that go viral online and proposal of content based on the user's situation through AI

Creating Tomorrow

**Choisoko**

A shared shuttle bus service that makes elderly people smile

Social issues Declining mobility opportunities for elderly people, and increase in the number of people who cannot access stores

Strengths Use of position information to calculate optimal routes

**Community creation service solution**

A system that enables the creation of communities that provide connection and peace of mind for everyone

Social issues Vitalization of residential areas, accidents caused by mobility, traffic congestion caused by bottlenecks, and mobility difficulties

Strengths A driving management system that provides data links between services and connects people with mobility

**Support for the creation of mobility environments that provide peace of mind**

A traffic environment where people can go out as they like and their families do not have to worry about them doing so

Social issues Lack of mobility for those with little access to transportation due to insufficient infrastructure

Strengths Use of travel history and image recognition to detect areas with mobility difficulties

Solving social issues

**Logistics solution**

A system for ascertaining the status and managing the driving of trucks

Social issues Reduction of burden on workers in logistics-heavy areas (driver shortages)

Strengths Management of driving through the use of position information (identification of the current location, detection of delays, and confirmation of routes to other operating sites), and identification of the situation of logistics trucks (visualization of the inside of depots)

**Road maintenance and management solution**

A system that automatically detects and manages road conditions

Social issues Patrol coverage, alleviation of time shortages, and reliance on experience and intuition in "3K" workspace

Strengths Automatic detection of poor road conditions through data analysis (vehicle vibration and image recognition)

**Smooth traffic flow**

A more efficient mobility system through the provision of information, such as how to avoid congestion and accurate ETAs

Social issues Economic loss through traffic congestion

Strengths Calculation of traffic information (congestion and time required) through big data analysis of transportation history data

**Abandoned fields****Support for use of farmland**

Matching platform for land owners and users

Social issues Use of abandoned fields that have become a burden on farmers

Strengths Technology to create map data with details on farmland and match the land with users

Mobility service platform

Location-based services (LBS)

Content creation through data analysis

Vehicle behavior analysis technology

Location information analysis technology

Image data analysis technology

Addition of position information to the data of products and vehicles



Powertrain units



Entry system



Brake systems



Car navigation systems



Smartphone navigation



Driver monitoring system



In-vehicle cameras

Aftermarket Company

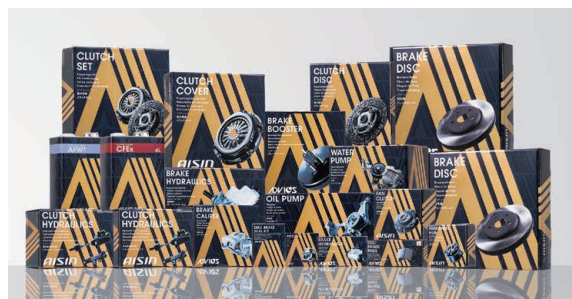


**Shinro
Umemura**

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.



Repair parts/maintenance supplies

Strengths

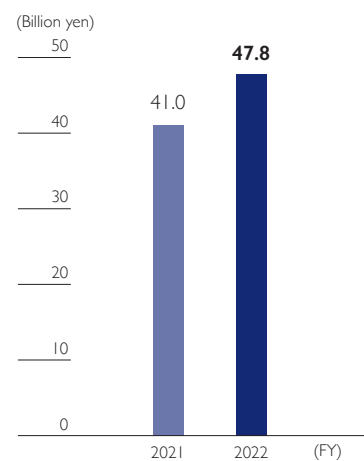
- Provision of a wide range of products and services that only a general parts manufacturer can offer
- Provision of products that balance quality and cost according to local needs
- A global sales framework that works closely with local communities
- Effective use of resources through our operations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

Opportunities and risks

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

Results for FY2022

Sales results



Looking back on the year

As a result of success in online advertising amidst the COVID-19 pandemic and expansion of E-commerce sales channels, our revenue increased. As a new initiative, we prepared a plan for making inroads into the service industry.

Future plans

Take advantage of our strengths as a general parts manufacturer in order to accelerate our transformation into "a department store of automotive parts," expand our product range, and strengthen our sales frameworks, thereby exploring new business fields and forms in line with market changes.

Aftermarket Company

Company Vision for 2030

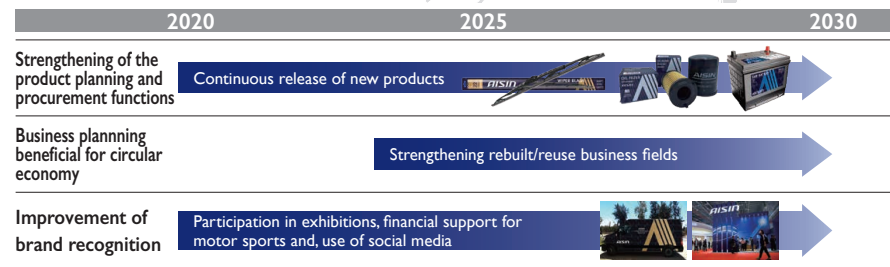
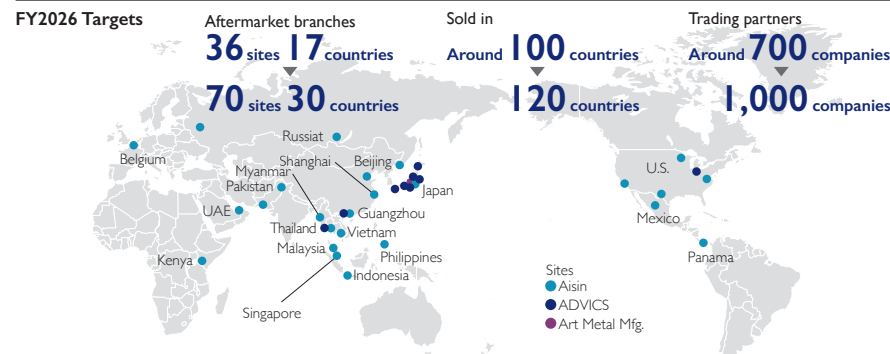
To use our businesses to balance customers' safety and peace of mind with effective use of resources

- 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 a new era through business planning beneficial for circular economy

Priority issues to contribute to SDGs

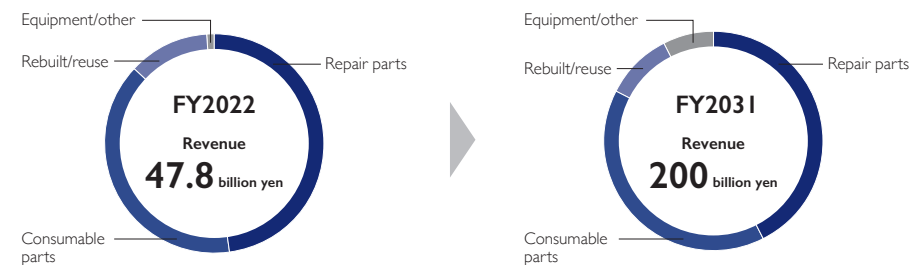


Road map for FY2031



Portfolio aims

- 1 Expand our product range, which currently consists of repair parts, such as clutches and water pumps, to include consumable parts, such as filters and wipers, accessories 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 owned vehicles.
- 3 Shift the focus of our business from hard to soft elements.
- 4 Accommodate environmental and market changes and new needs, such as the SDGs and carbon neutrality.



Progress toward the ideal vision

- In Japan, we launched the operation of the James Komaki Minami Store and started a new initiative of incorporating feedback from end users into new product planning in July 2022.
- Outside Japan, not only did we continue to sell products as we had done under the concept of transformation into "a department store of automotive parts," but we also invested in an online platformer and launched a new B-to-C business for matchmaking items and services in Thailand.

Energy Solutions Company



**Koji
Aoki**

President: Energy Solutions Company

Overview of business and main products

We provide products that contribute to conserving the global environment and improving quality of daily life in a carbon neutral society, such as clean and highly efficient energy-related products and clean, comfortable shower toilet seats.



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 seat

Strengths

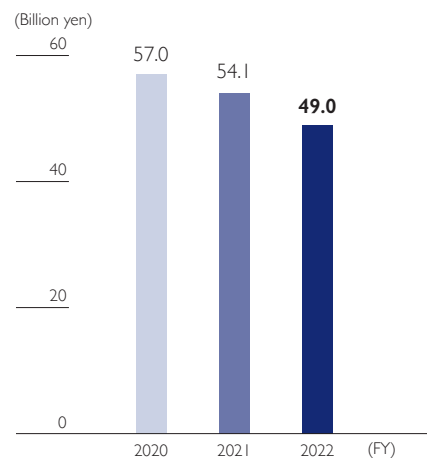
- System control technology that balances efficient energy conversion with durability
- Device operation information platform technology that leads to resilience and adjustability of system power supplies
- Expertise and value chains established over more than 40 years regarding energy and shower toilet seat 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 energy to reduce and standardize total electric energy and build more resilient power grids
- Increase in the awareness of continued use of gas infrastructure for ensuring energy security
- Verification of methanation for carbon neutrality and acceleration of the diversification of fuels (hydrogen, biogas, ammonia, etc.)
- Increase in demand for renovation as COVID-19 changes working practices and lifestyles
- Appreciation of fuel prices such as natural gas relied on importing

Results for FY2022

Sales results



Looking back on the year

Affected mainly by the lockdown imposed in foreign countries amidst the COVID-19 pandemic and the shortage of semiconductors, our revenue declined from the previous year. However, we ensured profit by making a recovery with alternative items, streamlining operations, and reducing fixed costs.

Future plans

This fiscal year, we expect that we will recover the impact caused by last year's shortage of semiconductors, leading our revenue to exceed the previous year's. Although it is expected that the impact of the appreciation of raw material prices will continue, we will streamline operations and further increase our operating efficiency, thereby ensuring development investment so that we can increase profit.

Energy Solutions Company

Company Vision for 2030

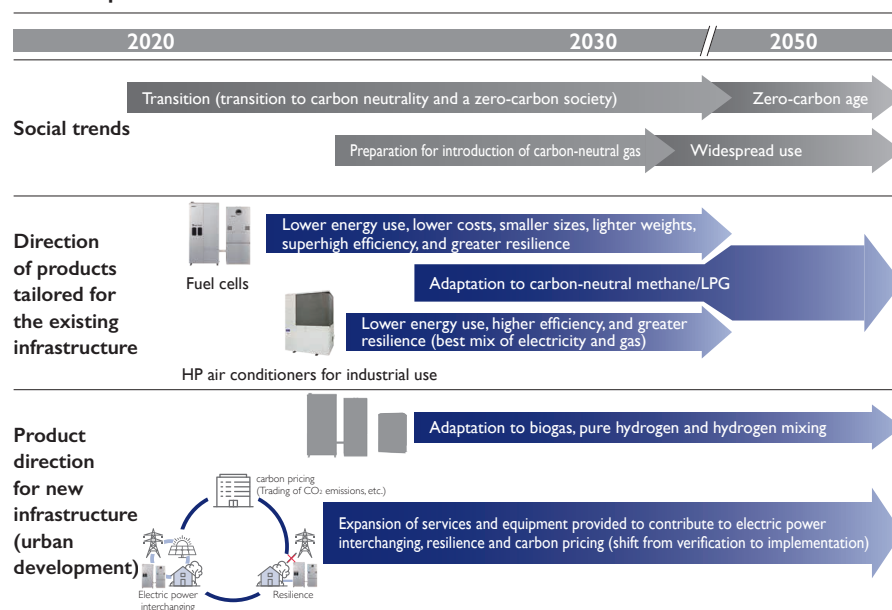
To shift to a solution-oriented business field and contribute to building a zero-carbon society

- Contribute to the establishment of social systems through greater decentralization of power supplies with our eyes on energy diversification
- With disasters becoming larger, contribute to the creation of more resilient community settings through energy management of electricity, heat and air conditioning

Priority issues to contribute to SDGs

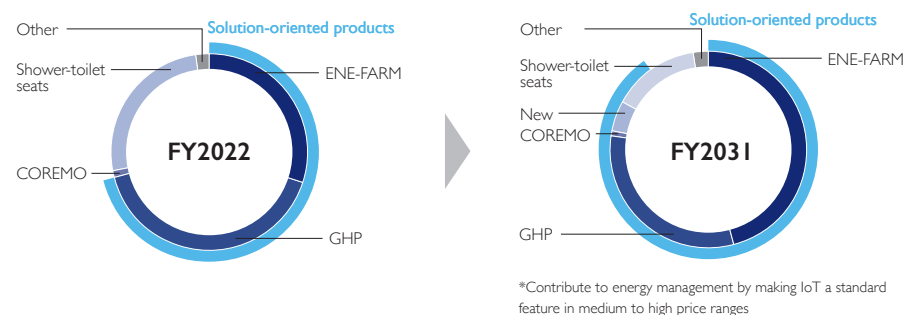


Road map for FY2031



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** Contribute to realizing stable supply and demand of energy by developing air-conditioning equipment that can achieve the best mix of electricity and gas and by increasing our share in the heat pump market.
- 3 Shower toilet seats** Maintain our market share and business scale by making ourselves even more competitive through further improvement of our underlying technology and thorough enhancement of development and production efficiency.
- 4 New areas** Develop new products tailored for diversifying carbon-neutral fuels. Also, use digital technology to connect individual products, grid power; and local communities, thereby creating and presenting solution services for optimization of energy, such as VPP and J credits, toward realizing a carbon-free society.



Progress toward the ideal vision

- In fiscal 2022, which saw a surge in risk of energy security, we set targets related to the ideal situation of dispersed energy equipment. In product development, we completed development for minor changes to ENE-FARM released in 2022 with improved resilience and demand response functions. In the field of shower toilet seats, we strengthened product competitiveness by working on development and production projects together with customers.
- For 2025 and beyond, we have started specific product planning to promote the further spread of the products, and we are also conducting advanced development using multiple types of fuels (hydrogen, etc.) Moreover, to contribute to realizing a carbon-free society in the future, we proceeded with the verification of the use of carbon neutral fuels in cooperation with customers and local governments.
- In fiscal 2023, while increasing the sales of various new products, we will take specific measures to develop the planning of key products from mid- and long-term perspectives and to identify problems expected to occur in the future based on the verification.

Brake Business

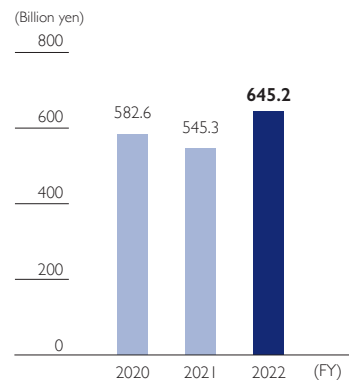


As one of the world's top brake system suppliers, ADVICS provides a global supply of technology that contributes to CASE, such as electric products and automated driving, in order to shift to a carbon-neutral society.

Major products



Revenue



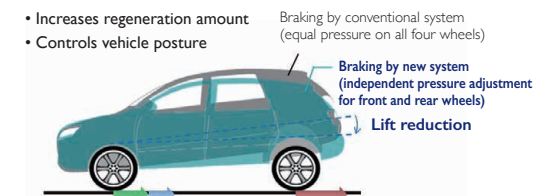
Toward achieving carbon neutrality

Development of a new cooperative regenerative brake system

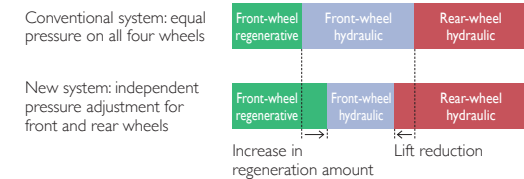
Cooperative regenerative brake systems, installed in vehicles such as BEVs and HEVs, control the balance between hydraulic and regenerative brakes and thereby improve efficiency in power consumption. The newly developed electronically controlled brake system is unique in its on-demand power supply from the gear pump and brushless motor. By separately controlling the brake pressure of front and rear wheels, it increases the amount of energy recovery and contributes also to posture control of the vehicle, improving comfort and the sense of safety of passengers while riding. Moreover, it can be combined with an ESC modulator to improve the fail-operational performance in case of failure, and it is also compatible with automated driving (Lv.3 or higher) in the future.

* Adopted for the Toyota bZ4X

Independent pressure adjustment for front and rear wheels



Braking force allocation to front and rear wheels



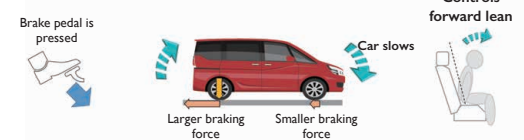
Providing new value with software development

Brake control technology

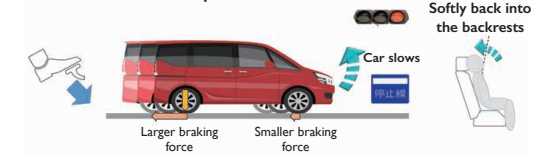
We are working to develop technology to control vehicle movements by utilizing advanced software design for optimal braking, with the aim of improving the comfort of vehicles. Specifically, aiming to reduce fatigue from driving or car sickness, we analyzed impacts on drivers and passengers and optimized braking force, which led to the achievement of a new function.

* Employed by "Nameraka Brake" of KINTO FACTORY

1 Begin to brake



2 Car comes to a stop



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.

Major products



2-piece disc rotor made from cast iron and lightweight material (aluminum)



Thin differential casing achieved through the development of high-strength materials



(Aluminum)



(Titanium and aluminum)

FC stack terminals for FCEVs

Terminals are parts used to efficiently extract electricity generated in stacks. These were developed for mass production by using an FSW* process with contact between aluminum and titanium.

* Friction stir welding

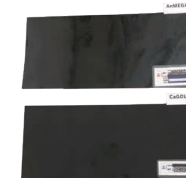
Aisin Chemical

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.

Major products

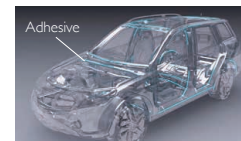


Copper-free brake pads

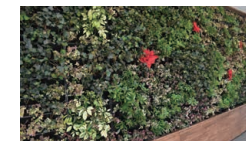


MPL paste for FC stack terminals used in FCEVs

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.



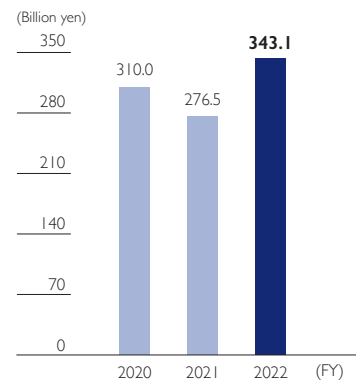
Adhesive for structures



Wall greening with air purification paint

Air purification paint can change ozone to oxygen, purifying the air and promoting growth of plants. It can also perform deodorization with its catalytic effect.

Revenue



Toward achieving carbon neutrality

We have introduced a new casting line incorporating innovative technologies such as high-efficiency melting and high-accuracy mold making. With our material preheating technology, we have achieved 36% reduction of CO₂ emissions compared to melting of iron scrap only with electric power.

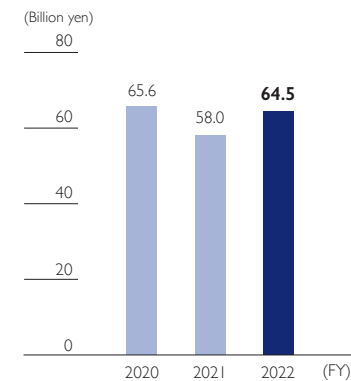


New casting line



Material preheating

Revenue



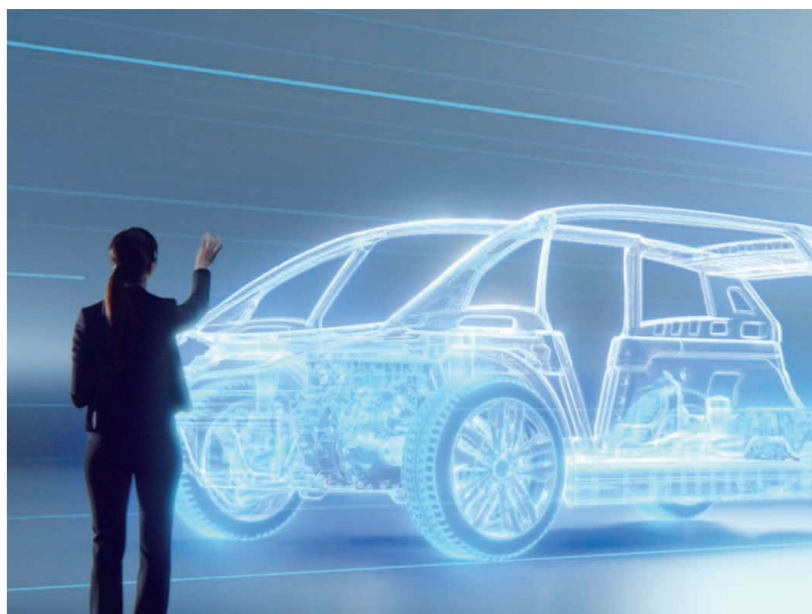
Toward achieving carbon neutrality

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.



03

Foundation of our value creation initiatives



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60	Engagement with stakeholders
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87	Environment <ul style="list-style-type: none"> Vision for 2050 Seventh Aisin Consolidated Environmental Action Plan (targeting 2025) Seventh Aisin Consolidated Environmental Action Plan (results) Establishment of a zero carbon society Establishment of a recycling-oriented society Establishment of a society in which people coexist with nature Fundamental activities related to all themes Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
101	Society <ul style="list-style-type: none"> Aisin's initiatives to strengthen its human capital Health and safety initiatives Occupational Safety and Health Management System Safety Initiatives Health initiatives Measures and results of health management Support for all employees to prevent disease Fire prevention activities Third-party certification Quality Human rights Procurement Social contribution activities

Sustainability activities and Principles of Corporate Behavior

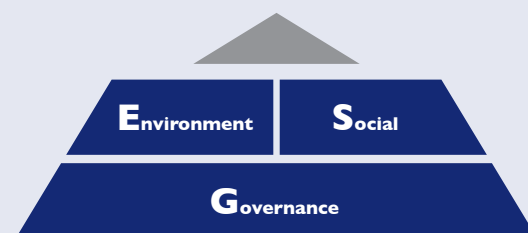
GRI 102-16

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 the 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.

• Accomplishment of AISIN Group 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

Employee training to promote sustainability activities

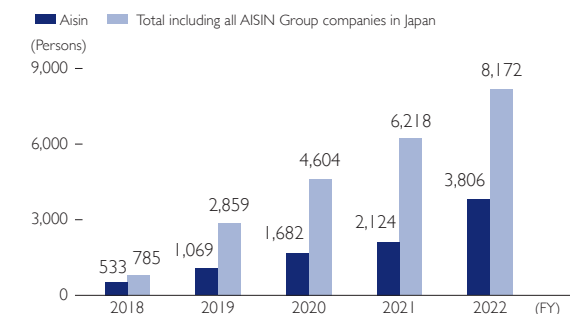
Aisin recognizes that in order to implement sustainability activities, it is vital that each employee takes the initiative to get involved. Based on this, we have broken down our initiatives to raise awareness about our sustainability activities into three steps—1) making people aware of the issues, 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 the 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.

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)



Engagement with stakeholders

GRI 102-12, 40, 42~44, 103-3

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 we 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



Improvement of CS activities

- **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.

Local communities



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

- **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 sides** 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

Trading partners



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

- **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.

Engagement with stakeholders

Employees

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

- **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 of 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

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 investors)

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

- **General Meeting of Shareholders** Several times per year
Business reports, other financial statements, consolidated financial statements, reports on audit results, and discussion and decision-making about finances
- **Financial Results Briefing** Four times per year
Holding a company information session for securities analysts and institutional investors after the announcement of financial results
- **Large IR Meeting (ESG Briefing)** Once per year
Explanations and exchanges of opinion with securities analysts, institutional investors, and the media about the company's management and business strategies, including sustainability perspectives
- **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.



ESG Briefing

We endeavor to strengthen communication with our shareholders and investors by making use of various opportunities, such as presentations for investors and one-on-one dialog. In fiscal 2022, our first IR event, "ESG Briefing," was held. The President and several other management leaders talked directly to nearly 150 stakeholders. We will continue to actively engage in IR activities to ensure that business strategies, financial information and other relevant information are disclosed in a timely and appropriate manner and 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 sustainability 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



FTSE Blossom Japan
Sector Relative
Index



2022

Somo Sustainability Index

MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* The inclusion of "Aisin Co., Ltd." in any MSCI index and the use of any MSCI logo, trademark, service mark or index name in this release constitutes no sponsorship, endorsement or promotion of the "Company Name" by MSCI or its affiliates. Not applicable. The MSCI Indices are the exclusive property of MSCI. MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Corporate governance

GRI 102-18~25, 27, 28, 33~36, 103-2, 405-1

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.

Based on changes in our business or management environment and other factors, we promote ongoing effectiveness reviews and enhancements of our corporate governance.

Corporate Governance Report (Japanese version)

https://www.aisin.com/jp/sustainability/governance/corporate_governance/pdf/corporate_governance_report_2022.pdf



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.

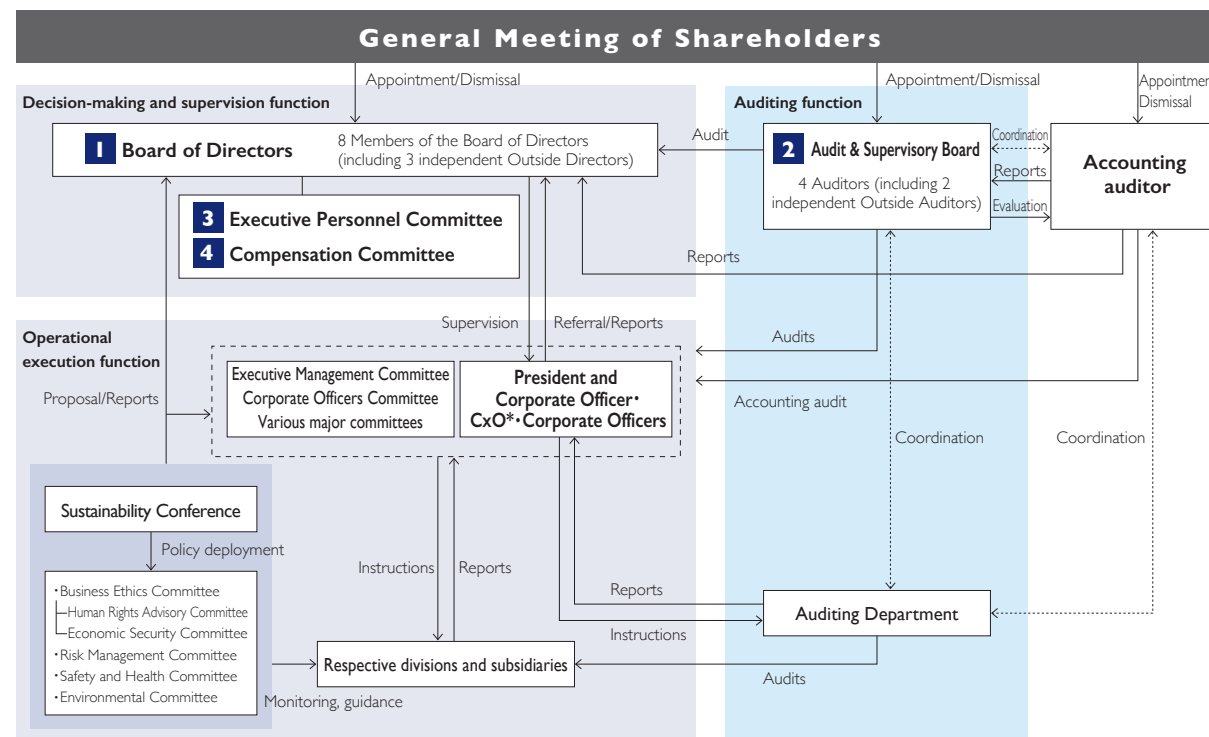
Reform of corporate governance structure

FY	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Executives (persons)	51	53	50	51	50	32	29	31	26
Number of Directors (persons)	13	14	13	14	14	9	9	9	8
Outside Directors (persons)	2	2	3	3	3	3	3	4	4
Women (persons)			1	1	1	1	1	1	1
Number of Auditors (persons)	5	5	5	5	5	5	5	4	4
Outside Auditors (persons)	3	3	3	3	3	3	3	2	2
Women (persons)								2	2
<p>June 2005 →</p> <ul style="list-style-type: none"> Appointed Corporate Officers to slim down the Board of Directors and thereby speed up decision-making, as well as to strengthen and speed up the execution of operations <p>June 2014 →</p> <ul style="list-style-type: none"> Outside Directors were appointed. <p>June 2015 →</p> <ul style="list-style-type: none"> Basic policy on corporate governance established <p>January and March 2016 →</p> <ul style="list-style-type: none"> Executive Personnel Committee and Compensation Committee established <p>June 2019 → June 2022 →</p> <ul style="list-style-type: none"> Number of appointed directors reduced Number of appointed internal directors reduced <p>April 2020 →</p> <ul style="list-style-type: none"> Appointed a new President and Corporate Officer to clarify roles of decision making and execution of operations in the executive framework. <p>April 2022 →</p> <ul style="list-style-type: none"> Responsibilities of the Vice President class were eliminated and transferred to Executive General Managers. 									

Corporate governance structure

Aisin uses an audit and supervisory board system to strengthen the supervision function of the Board of Directors and improve efficiency in the execution of operations 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.

In addition to making management decisions in a timely and appropriate manner based on business characteristics and actual situations, Aisin believes that it is important to establish a structure in which such management decisions can be constantly checked in terms of whether they are supported by diverse stakeholders and can satisfy their expectations. Based on this belief, we think the current structure, in which the Board of Directors, including Outside Directors, and the Audit and Supervisory Board, including Outside Audit & Supervisory Board Members, supervise and audit execution of operations, is the most appropriate. We will continuously endeavor to improve the efficiency of our corporate governance structure so as to help increase our value as a company.



* CxO : Appointed by Corporate Officers, he is the chief executive responsible for promoting key management issues across the entire company, and assists the president from a bird's-eye view of the entire group.

1 Board of Directors Number of meetings: 12 per year

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

2 Audit & Supervisory Board Number of meetings: 14 per year

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.

3 Executive Personnel Committee Number of meetings: 2 per year

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

4 Compensation Committee Number of meetings: 3 per year

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.

* The number of meetings is for fiscal year 2022.

Initiatives to enhance corporate governance

Aisin has been advancing initiatives to further enhance its corporate governance in view of rapid changes in our business or management environment and other factors.

In April 2022, with the aim of expediting and improving our management decision-making and execution of business operations, responsibilities of the Executive Vice President class were eliminated, and their authorities were transferred to President and Executive General Managers, thereby reducing the decision-making steps in the executive structure. Also, starting from June 2022, we have reduced the number of Directors to eight (including three independent outside directors) by reducing one internal director, with a view to improve objectivity and transparency in management decision-making.

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

◎ Chair ○ Members

				Board of Directors	Audit & Supervisory Board	Executive Personnel Committee	Compensation Committee
Directors	President	Moritaka Yoshida		◎		◎	◎
	Director	Kenji Suzuki		○			
	Director	Shintaro Ito		○		○	○
	Director	Yoshihisa Yamamoto		○			
	Director	Tsunekazu Haraguchi	Outside Independent	○		○	○
	Director	Michiyo Hamada	Outside Independent Female	○		○	○
	Director	Seiichi Shin	Outside Independent	○		○	○
	Director	Koji Kobayashi	Outside	○			
Audit & Supervisory Board Members	Standing Auditor	Makoto Mitsuya		○	◎		
	Standing Auditor	Kiyomi Kato	Female	○	○		
	Audit & Supervisory Board Member	Junko Ueda	Outside Independent Female	○	○		
	Audit & Supervisory Board Member	Katsuhiro Kashiwagi	Outside Independent	○	○		

Board of Directors: 8



Audit & Supervisory Board: 4



Executive Personnel Committee: 5



Compensation Committee: 5



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 and, in view of group management, appointing members of domestic and overseas subsidiaries who bring a wealth of experience and a wide range of insights.

Nomination, appointment and dismissal are 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 and submit them to the Board of Directors meeting. Decisions for directors are made upon 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 upon discussion at the General Meeting of Shareholders based on internal decisions made by the Board of Directors after receiving consent from the Audit & Supervisory Board.

Roles and expectation 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.

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
President	Moritaka Yoshida	○	○	○						○
Director	Kenji Suzuki	○	○	○		○	○			
Director	Shintaro Ito	○	○					○	○	○
Director	Yoshihisa Yamamoto	○	○	○	○					○
Director	Tsunekazu Haraguchi	○						○		
Director	Michiyo Hamada								○	○
Director	Seiichi Shin			○	○	○				
Director	Koji Kobayashi	○	○				○	○	○	
Standing Auditor	Makoto Mitsuya	○	○					○	○	○
Standing Auditor	Kiyomi Kato		○					○	○	
Audit & Supervisory Board Member	Junko Ueda								○	○
Audit & Supervisory Board Member	Katsuhiro Kashiwagi		○					○		

Board of Directors

Effectiveness evaluation of Board of Directors

The effectiveness of the Board of Directors is evaluated by all independent Outside Directors and independent Outside Audit & Supervisory Board Members at the end of each fiscal year. The evaluation is conducted through interviews. Issues identified and the direction of their solutions are discussed and summarized by internal executives and reported to and discussed at the Board of Directors to advance improvements.

Issues identified in FY2021		Initiatives implemented in FY2022	
Enhancement of opportunities for exchanges of opinions about critical issues	▶	Set opportunities to discuss medium- to long-term themes, such as review of strategies of each business segment	
Ongoing setting of on-site observations	▶	Participated in exhibitions for new products and the production technology presentation meetings	
<div> <div>Overall evaluation of FY2022</div> <ul style="list-style-type: none"> The overall effectiveness of the Board of Directors has improved. Composition of the Board of Directors: With the percentage of Outside Directors increased, advanced into the direction recommended by the Corporate Governance Code Operation of the Board of Directors: All Directors contributed to making their discussions more active based on their respective knowledge and experience. Advance explanation on proposals for the Board of Directors meetings and other support measures have been enhanced. </div>			
Issues identified in FY2022		Future initiatives	
Further enhancement of exchanges of opinions about business strategies, etc.	▶	In addition to enhancement of discussions on business strategies and other key themes, setting opportunities for discussions on strategies other than the Board of Directors meetings	
Enhancement of on-site, hands-on observations	▶	Resuming and continuing on-site observations of plants, etc. and test-riding on test courses and other events	
Enhancement of horizontal communication among Outside Directors and Outside Audit & Supervisory Board Members	▶	Enhancing opportunities for opinion exchanges and face-to-face communications among outside executives	

Major reports and proposals at Board of Directors meetings (July 2021 - June 2022)

	Proposals	Report	Total	Ratio
Business strategies, sustainability and governance	12	6	18	34%
Settlement, dividends and other financial matters	9	1	10	19%
Internal control, risk management and compliance	1	3	4	8%
Human Resources, appointment and remuneration	14	1	15	28%
Individual matters	0	6	6	11%
Total	36	17	53	100%

Support for 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. To ensure this, the following measures have been introduced.

- (1) To secure sufficient time for deliberation at the Board of Directors meetings, review the criteria for submission to the Board of Directors meeting as necessary to narrow down the matters to be discussed
- (2) To facilitate meaningful discussion at the Board of Directors meetings, provide Outside Directors and Outside Audit & Supervisory Board Members with advance explanations by executives, etc. on individual matters submitted to the Board of Directors meetings to share the details of discussions at important internal meetings
- (3) To promote understanding about the business and sharing of issues among Outside Directors and Outside Audit & Supervisory Board Members, offer various opportunities, such as observations of plants, test courses and subsidiaries both inside and outside Japan, and reports by or conversations with the relevant executives and managers in each company, headquarters and division
- (4) To provide information required by Outside Directors and Outside Audit & Supervisory Board Members, appoint specific staff in the Corporate Planning Dept. and Audit & Supervisory Board Office to facilitate communication and coordination with Outside Directors and Outside Audit & Supervisory Board Members

Interview with Outside Directors



Outside Director
Seiichi Shin

Outside Director
Michiyo Hamada

Outside Director
Tsunekazu Haraguchi

How should structural reform be advanced to create synergies from the new Aisin? What should its governance be like?

The second year for the new Aisin, established through integration with Aisin AW (AW) in April 2021, has begun. Although certain effects of the integration have been seen, we are still on our way to building frameworks to draw a scenario for the growth of the entire Group. How should our structural reform be advanced to create synergies from the integration? What should effective governance for the entire Group be like? Our three independent Outside Directors exchanged frank opinions based on their respective positions and knowledge.

Interview with Outside Directors

—— How do you evaluate Aisin's governance?

Hamada In recent years, initiatives to enhance corporate governance have greatly advanced in Japan. In particular, changes in the board of directors are remarkable. Many companies have shifted from the "management model," in which directors execute business operations, to the "monitoring model," in which the board of directors appoints executives to be in charge of execution of operations and monitors their performance.

Aisin has always taken the lead in promoting such reform ahead of the times. The company began streamlining its board of directors in 2005 and now has four outside directors and four internal directors. With regard to supervision of human resources and remuneration, which is an important function of the board of directors, the company established the Executive Personnel Committee and the Compensation Committee in 2016 to enhance the function. Starting from June 2021, two female members have been appointed for the Audit & Supervisory Board. One of them is the first internally promoted female executive.



Haraguchi Separation between execution and supervision has significantly advanced. I have seen changes in Aisin's governance structure since I became an Outside Director in 2014. Still, I cannot say that the governance systems have fully infiltrated throughout the AISIN Group. For example, the level of understanding of the whistleblowing system varies among Group companies. Conventionally, Aisin has practiced branch management, where each subsidiary makes its unique efforts to make profits. However, now that the company has changed its course to group management, the whole of the Group should work together to advance various reforms. I think many issues are attributable to people, and therefore, initiatives to enhance education for people, such as providing top management of the Group companies with training programs to make them aware of the importance of management, will be crucial.

Shin When doing monitoring as an Outside Director, I often have difficulty knowing the actual situation. In this sense, I think communication with the Audit & Supervisory Board Members who know well about the internal situations is important. I expect the Audit & Supervisory Board Members to detect not only negative aspects, such as internal frauds, but also positive aspects through audits. The three players, namely the Directors, Audit & Supervisory Board Members and Corporate Officers, should fulfill their respective roles while cooperating with each other. I think this is a condition for a good company.

Hamada Aisin provides sufficient support for its Outside Directors through opportunities for sharing information and explanations in advance. I would like to work proactively to gather information while maintaining close communications.

—— The second year for the new Aisin, established through integration, has begun. How do you see the progress in structural reform and the challenges?

Haraguchi I have been involved in group management in the past. I faced challenges of group governance involving subsidiaries that have achieved significant growth and their parent company. The same challenges faced the AISIN Group before

Interview with Outside Directors



integration. Rapid changes in the external environment, such as the slowdown in the Chinese market and the accelerating electrification in society, forced the whole AISIN Group to expedite discussions over how to move in the same direction. I appreciate that the integration was achieved earlier than expected. However, some steps remain incomplete. The Group is still less than halfway through the fundamental goal of creating synergies. Ensuring a “full product lineup” and “concentration of resources” is crucial for Aisin. But it is difficult to achieve both. To create synergies, selection and concentration of businesses must be advanced.

In doing so, it should be remembered that employment must be maintained. To facilitate effective utilization of resources, human resources mobility within the AISIN Group should be considered from the stage of recruitment, and measures to enhance human resources, such as effective training programs, should also be introduced. I expect every employee to be determined to play an active role as a member of the new AISIN Group.

Shin In terms of product development, I see synergies have been arising from eAxle, a next-generation drive unit. At the Corporate Officer level, in particular, a strong sense of urgency is shared. It is reflected in the introduction of the

CxO, an initiative promoted by President Yoshida. In order to overcome the severe environment, business execution in a cross-sectional manner, rather than the conventional vertical division, is increasingly required. On the other hand, a sense of urgency has not yet been shared by all employees. To have the importance of structural reform understood by all the stakeholders, including employees, I think activities to communicate information both inside and outside the company should be enhanced.

Hamada It is necessary to renew the mindset that a company can be appreciated in the market only by creating good products and services. The company should proactively communicate necessary information. The AISIN Group has long been promoting diversity & inclusion, focusing mainly on support for women in workplaces. In fiscal 2022, the rate of male employees who have taken paternity leave reached 100%. In the business aspect, various promising technologies related to carbon neutrality have been developed, such as CO₂ fixation and Perovskite solar cells. I think the AISIN Group should reinforce its public relations while maintaining an atmosphere where members are encouraged to take up any challenges.

Haraguchi Probably due to its modest and restrained corporate characteristic, some marketing cases failed in areas other than automobiles. This is a challenge to overcome.

How do you evaluate the current status of reform declared in the Group's Vision for 2030?

Shin I feel that the Group Philosophy “Inspiring ‘Movement,’ Creating Tomorrow” is a very good ideal image for the AISIN Group. I think “movement” is natural for living things, including plants. Starting with “what is the movement for” and “how can inspiration be brought,” the role of the AISIN Group is to think about how it can change the entire society. In response to CASE, the Group is not only promoting electrification and automated driving but is also expanding its

Interview with Outside Directors

business, from manufacturing of things to creation of services. It is necessary to clarify how the company will change the conventional business model and what the AISIN Group can provide for customers, including society. The advancement of electrification in society will accelerate the shift from hydraulic to electric and the reduction in the number of parts used in vehicles. It is not that all vehicles will be electrified, but car manufacturing will become increasingly complicated. The AISIN Group has experience in manufacturing for vehicles as a whole. As electrification advances, control of the heat generated from eAxe and batteries will become more important. Aisin is able to propose optimal energy management for the entire vehicle using its cooling technology. Moreover, Aisin has its own test courses, which is rare for a parts manufacturer. I think Aisin can grow sustainably by making use of its unique strengths and assets.

Hamada To shift resources to different or new fields, reskilling (re-learning) of existing technologies will be important. At Aisin, under the initiative of a promotion organization, education on carbon neutrality, electrification and DX, the company's key areas, is actively promoted through specialized education programs and other internal measures. On the other hand, traditional technologies and human resources, especially craftsman's skills in manufacturing, should be protected as their restoration will be difficult once they are lost. Continuous attention should be paid to pass on such skills.

Haraguchi In the sense of growing people, broadening one's perspective is also important. When starting something new, it is important to ensure active flows of people. I think more people should be seconded both inside and outside the AISIN Group.

—— Finally, what is the key to realizing our Philosophy toward 2050 “Inspiring ‘movement,’ creating tomorrow”?

Hamada If nothing is changed, the future of the company and the future of the Earth will be in danger. We must face this with a sense of crisis and take on challenges. With the Corporate Philosophy clarified, I am sure that all employees have become aware that working for their company means contributing to society.

Shin Not just words, but it is also important to take action. How should the concept of automobiles be changed to make the world happier? Corporate Officers are required to give shape to this concept. For example, how about using the eAxe, a next-generation technology already in practical application, as a banner to demonstrate clearly the direction the new Aisin aims toward both inside and outside the Group?

Haraguchi Today, with geopolitical risks heightening, business management from multiple perspectives is crucial to respond to various situations. Interest of the public is important. But it changes easily. Instead of just following trends, Aisin should determine its core fields and concentrate its business resources in such fields. I hope I can support the company as an Outside Director.



Audit & Supervisory Board Members

Responsibilities of Audit & Supervisory Board Members

As an independent organ authorized by shareholders, the Audit & Supervisory Board audits the execution of duties by Directors, thereby aiming to help establish a good corporate governance structure that ensures sound and sustainable growth of the company and responds to the trust of society. Audit & Supervisory Board Members take necessary action, such as expressing opinions, including advice and recommendations, for Directors, etc. in a timely manner; endeavor to maintain their independent stance, always maintain a fair and unbiased attitude, and conduct audits on a genchi-genbutsu basis based on their own principles.

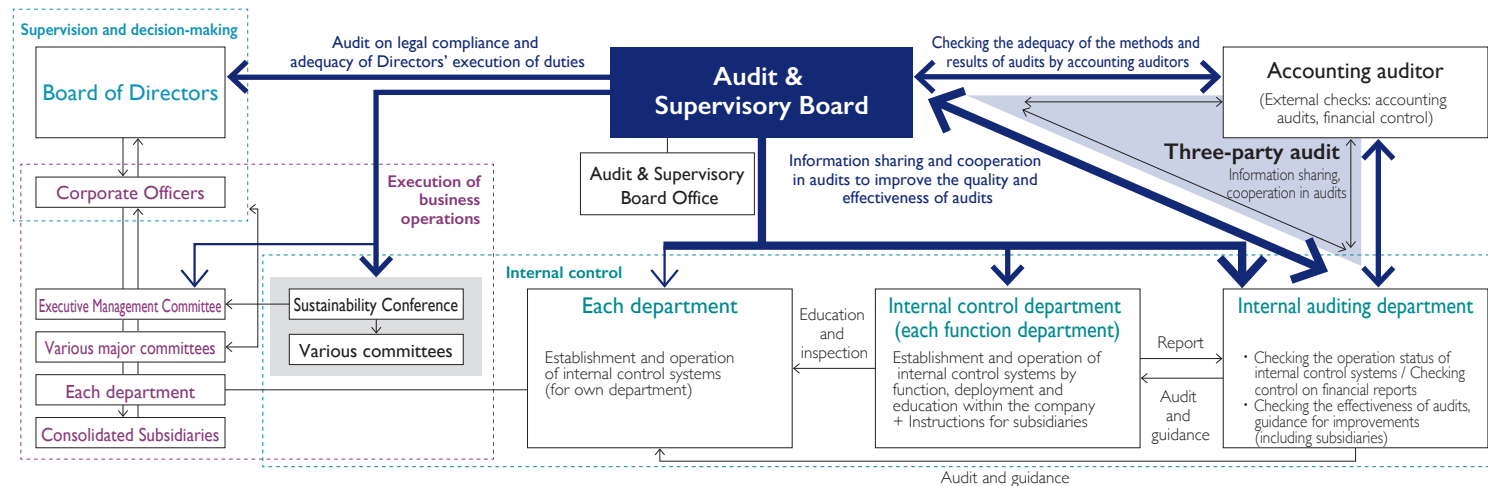
Activities of Audit & Supervisory Board and the members

The Audit & Supervisory Board is composed of four members, two Standing Auditors and two independent Outside Auditors, who meet once a month in principle. Based on auditing policies and audit plans established at Audit & Supervisory Board Meetings, Audit & Supervisory Board Members audit the work of our directors and the operations of Aisin and its subsidiaries to verify legal compliance and adequacy and the reliability of our financial reports, through attendance at Board of Directors' meetings and other critical meetings, interviews with directors and departments, and visits to domestic and overseas subsidiaries. The Audit & Supervisory Board

Office is placed under direct control of the Audit & Supervisory Board, to which dedicated staff is assigned to support the work of auditors.

The status of operation of internal control systems is audited based on the management index which is formulated in advance by internal control department (each function department) and controlling department in each company. Auditors share information with the internal auditing department (Auditing Department) through regular monthly opinion exchanges and, as necessary, cooperate with them in audits, with the aim of improving the quality and effectiveness of audits. Similarly, they regularly exchange information with accounting auditors while checking the adequacy of the methods and results of audits by accounting auditors.

Structure of auditing by
Audit & Supervisory
Board Members

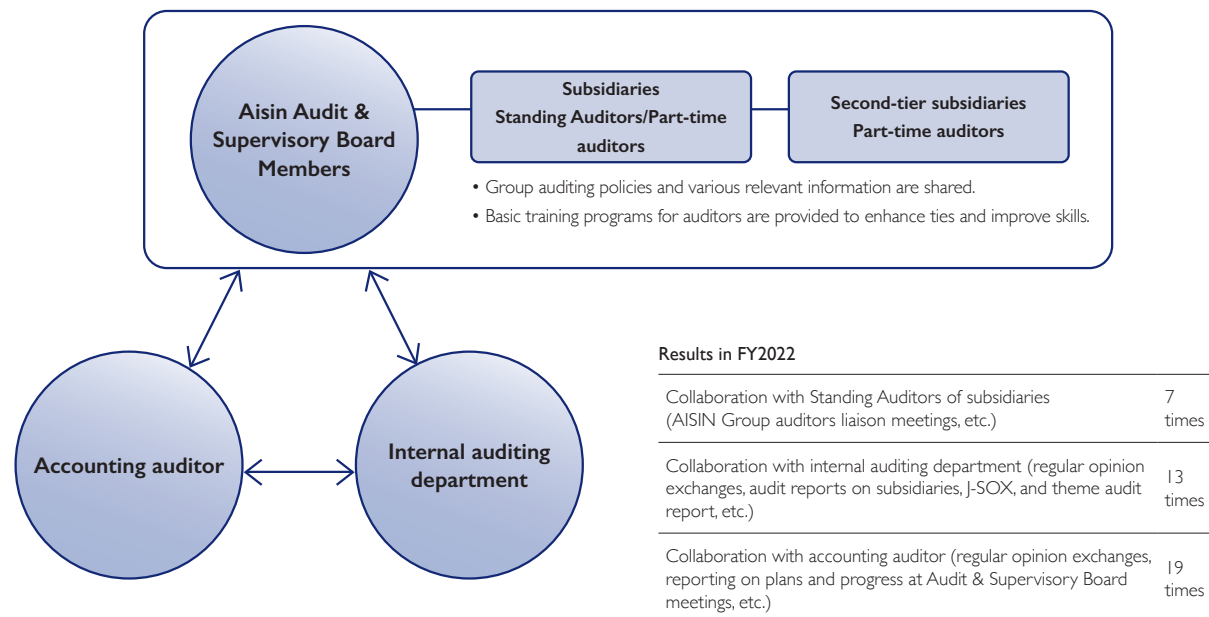


Companies Act / Financial Instruments and Exchange Act (J-SOX)
Corporate Governance Code

Risk management by comprehensively implementing internal control based on laws
A code of conduct to accelerate and increase transparency of decision-making of a company, thereby increasing corporate value in a medium to long run

Audit & Supervisory Board Members

Collaboration in AISIN Group's auditing



The AISIN Group consists of as many companies as 75 in Japan and 128 overseas. To ensure complete coverage in auditing for the entire Group, standing auditors are appointed at large-scale subsidiaries while executives/employees of the parent company are appointed as part-time auditors for small subsidiaries, with the aim of enhancing ties within the Group.

Moreover, the internal auditing department, accounting auditor, and the AISIN Group Audit & Supervisory Board Members work in collaboration through

- sharing understanding of auditing plans (clarifying roles, examining efficiency and complementarity in audits);
- conducting audits and sharing information (audit results, risk information, etc.);
- checking the improvement status; and
- reflecting feedback in audit policies and plans for the following year.

COLUMN

Outside Auditor

Junko Ueda



"I serve as an audit & supervisory board member at XX Bank, which means doing nothing." When I was teaching an adult course at a university in the Tokyo area 16 years ago, one of my students, who was serving as a standing auditor of a major bank, introduced himself masochistically. Over 10 years had passed since large companies became required to have an audit & supervisory board. But it seemed that standing auditors in those days were not much motivated. On the contrary, the Audit & Supervisory Board meetings at Aisin are always opportunities for free and vigorous discussions. Standing Auditors are always working at their full capacity, implementing elaborate audit plans in daily cooperation with internal relevant departments, auditors of Group companies, and the accounting auditor. Teamwork is crucial for auditing. As a member of the team, I am determined to make honest efforts and take aggressive or defensive action in a timely manner.

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 the 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 the AISIN Group and encourage executives to improve our corporate value and manage from the perspective of our shareholders.

Remuneration structure for executives

As board of directors 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. Specifically, the base amounts of monthly salary, bonuses, and stock options are roughly set so that they account for 50%, 35%, and 15%, respectively, regardless of the title.

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.

Configuration of remuneration for Directors (other than Outside Directors)

	Fixed remuneration		Performance-linked remuneration	
			Short term	Long term
Configuration	Monthly salary 50%		Bonuses 35%	Stock options 15%
Form of payment	Money			Stock

The actual remuneration may differ from the above depending on the amount of profits.

Payment policy by remuneration type

Monthly salary	<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.
Bonuses	<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 2022 were set based on our consolidated operating profit of ¥182.0 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	<ul style="list-style-type: none"> Shares with restriction on transfer are given as an incentive to increase shared value with our shareholders and thereby continuously improve our corporate value. Stock options for eligible directors are decided based on factors such as the company's performance results and the directors' duties and achievements. 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. 49.

Remuneration of executives

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.

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.

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.

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		
		Monthly salary	Bonuses	Stock options	
Directors (Outside Directors)	544 (54)	324 (54)	170 (-)	49 (-)	14 (5)
Audit & Supervisory Board Members (Outside Auditors)	122 (27)	122 (27)	- (-)	- (-)	8 (4)
Total	666	446	170	49	22

(Notes) 1. The above figures include five directors (including one Outside Director) and four Audit & Supervisory Board Members (including two outside auditors) who left the office upon conclusion of the 98th General Meeting of Shareholders on June 18, 2021.

2. Bonuses indicate the amount resolved at the Board of Directors meeting on May 20, 2022.

3. Stock options indicate the amount expensed in this business year under the shares with restriction on transfer program.

4. 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).

5. 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.

6. 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.

Executives

I = Independent director **M** = Male **F** = Female

Members of the Board of Directors



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
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	10/10 (100%)
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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
June 2021 Became Director of Aisin (current role)
April 2022 Became Operating Officer of Aisin (current role)

Reason for appointment

Mr. Suzuki has worked for Aisin primarily in electronic technology and became Executive Vice President in 2021. He is now a Director and Operating Officer, 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	10/10 (100%)
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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
June 2021 Became Director of Aisin (current role)
April 2022 Became Operating Officer of Aisin (current role)

Reason for appointment

Mr. Ito primarily worked in Aisin Seiki's management divisions and gained management experience in the top management of our overseas companies. He became Director and Executive Vice President in 2021. He is now a Director, Operating Officer and Executive Vice President, as well as the Chief Administrative Officer, and brings a wealth of experience and wide-ranging insights about all areas of management.

Number of Board of Directors meetings attended	10/10 (100%)
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April 1989 Began working for Aisin AW Co., Ltd.
April 2015 Became Operating Officer of Aisin AW Co., Ltd.
April 2020 Became Managing Officer of Aisin AW Co., Ltd.
April 2021 Became Executive Vice President of Aisin
April 2022 Became Operating Officer of Aisin (current role)
June 2022 Became Director of Aisin (current role)

Reason for appointment

Mr. Yamamoto has worked for Aisin primarily in powertrain technology development and became Executive Vice President in 2021. He is now a Director and Operating Officer, as well as the Chief Electric Strategy Officer, and brings a wealth of experience and wide-ranging insights about electrification strategy promotion and all areas of management.

Number of Board of Directors meetings attended	—
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Executives

I = Independent director **M** = Male **F** = Female

Members of the Board of Directors



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. President and CEO
March 2014 Became Chairman and President of AEON Financial Service Co., Ltd.
Became Director of AEON Bank Co., Ltd.
April 2014 Became Director of AEON Reit Management Co., Ltd.
May 2014 Became Director of Aisin Seiki (current role)
June 2014 Became Director of AEON Financial Service Co., Ltd.
March 2018 Became Special Advisor of Wealth Brothers Co., Ltd. (current role)
March 2021 Became Advisor of aidea Co., Ltd. (current role)
June 2021 Became Outside Director of Proroute Marumitsu Corporation (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 he 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 12/12 (100%)



April 1974 Became Assistant Professor at 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
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 roles such as Professor at Nagoya University's School of Law and a member of the Japan Fair Trade Commission, as well as outside officer roles at other companies.

Number of Board of Directors meetings attended 11/12 (91.7%)



May 1988 Became Assistant Professor at Institute of Information Sciences and Electronics at the University of Tsukuba
April 1992 Became Assistant Professor in 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 in 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
April 2018 Became Dean of Informatics and Engineering at the University of Electro-Communications
April 2020 Became Emeritus Professor of the University of Electro-Communications (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 he has gained a wide range of insights from this background.

Number of Board of Directors meetings attended 10/10 (100%)



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 "Banto" Director and Operating Officer of Toyota Motor Corporation
Became Director of Aisin (current role)
June 2021 Became "Banto" and Operating Officer of Toyota Motor Corporation (current role)
June 2022

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 10/10 (100%)

Executives

I = Independent director M = Male F = Female

Audit & Supervisory Board Members



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 has worked for Aisin 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	12/12 (100%)
Number of Audit & Supervisory Board meetings attended	11/11 (100%)



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 has worked for Aisin primarily in accounting and auditing. She is particularly knowledgeable about corporate law, finance and accounting, and she has accumulated a wealth of experience and a wide range of insights through this background.

Number of Board of Directors meetings attended	10/10 (100%)
Number of Audit & Supervisory Board meetings attended	11/11 (100%)



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 in and a wide range of insights on corporate governance as a result of her experience in roles such as Professor at Aichi University's Graduate School of Law and outside officer roles at other companies.

Number of Board of Directors meetings attended	9/10 (90.0%)
Number of Audit & Supervisory Board meetings attended	11/11 (100%)



April 1982 Joined the Nagoya City Hall, Board of Education
January 1986 Joined Audit Corporation Ito Kaikei Jimusho
March 1989 Registered as a Certified Public Accountant
May 1995 Became Director of Ito Management Consultant Co., Ltd.
July 2005 Became Representative Partner at Chuo Aoyama Audit Corporation
August 2007 Became Representative Partner at AZSA & Co. (current KPMG AZSA LLC)
July 2010 Became Partner at KPMG AZSA LLC
June 2022 Became Outside Auditor of Aisin (current role)

Reason for appointment

Mr. Kashiwagi has long-term extensive experience and expertise in corporate accounting and auditing as a certified public accountant and a wide range of insights into company management.

Number of Board of Directors meetings attended	—
Number of Audit & Supervisory Board meetings attended	—

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 2021.

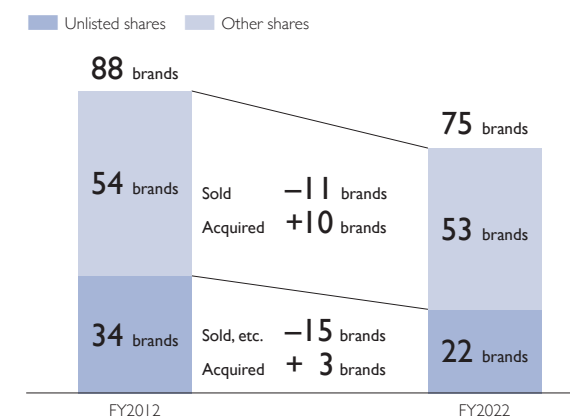
Standard for exercising voting rights

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 the outcome of discussions with the company and other factors 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. In fiscal 2022, we reduced shareholding of four listed brands and four unlisted brands.



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

Shareholding (at the end of this fiscal year)

	Amount posted on balance sheet (March 31, 2022)	Brands for which we increased our shares in FY2022	Brands for which we decreased our shares in FY2022
Unlisted shares	53 brands ¥17,911 million	—	4 brands ¥5 million
Other shares	22 brands ¥175,035 million	—	4 brands ¥1,308 million

Risk management

GRI 102-11, 15, 30, 31, 33, 103-2

Basic stance

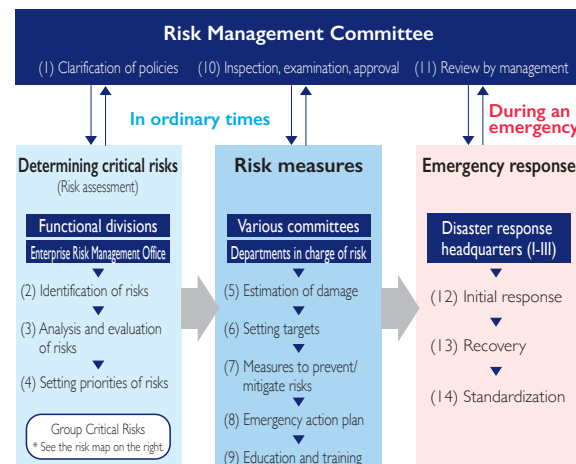
Aisin considers risk management to be a crucial element that needs to be tackled in order to achieve sustainable growth and stability. Risks attributable to the external environment are increasingly diversifying, including natural disasters such as major earthquakes and river flooding associated with climate change, the COVID-19 pandemic, shortages of semiconductors and materials, suspension of infrastructure supply, such as industrial water, electricity and communication networks, and cyber attacks, as well as economic insecurity due to the U.S.-China conflict and the Russia-Ukraine war. And these risks have significant impact on Aisin. Aisin works to constantly identify the risks that may inhibit its growth and promotes risk management in both aspects of minimizing damage and continuation of business.

Risk management initiatives

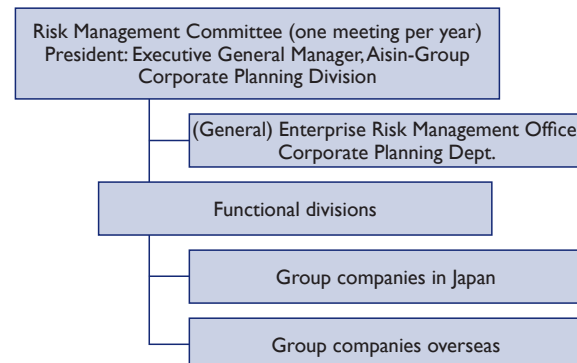
Under the Risk Management Committee established after the fire at its Kariya Plant in 1997, Aisin promotes risk management initiatives both in ordinary times and during an emergency. In ordinary times, each functional division identifies, analyses/assesses, and sets priorities of risks. And the Risk Management Committee determines critical risks. For the critical risks, various committees and departments in charge of the risks carry out measures to prevent or mitigate the risks, training and standardization. The Risk Management Committee manages the progress of these risk mitigation measures. For an emergency, plans have been developed according to different risk levels for procedures, from setting up the disaster response headquarters and initial response to recovery, with the aim of enhancing the capability for early recovery.

Aisin researches and assesses a wide range of information, both inside and outside the company, on the risks that may affect its business operations. Internal risks are identified through interviews with divisions in charge or top management, according to the social condition, the environment, or the nature of the issue, while external risks are assessed based on risk evaluations of specialized organizations. For these risks, Aisin sets priorities each year. The identified risk of all levels are evaluated based on the axis of impact and likelihood of occurrence. High-priority risks are designated as the AISIN Group Risks (17 most critical risks and 16 critical risks), for which we advance focused measures.

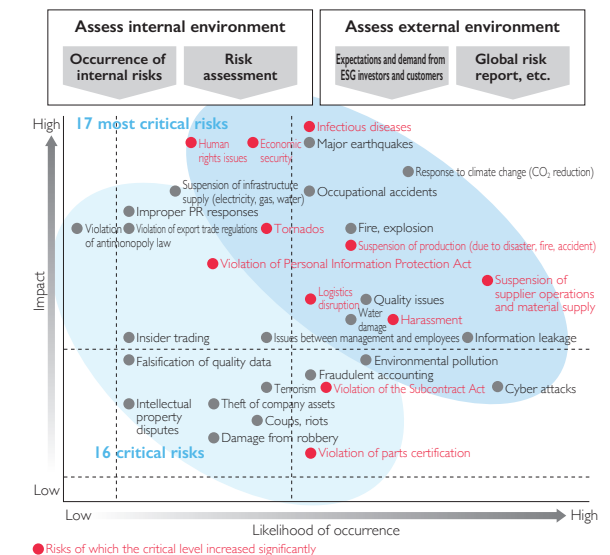
Risk management processes



Risk management framework



FY2022 AISIN Group Risk Map (most critical and critical)



Risk management

Risk prevention and BCP for an emergency

In view of the critical impact of various risks, such as major earthquakes and other natural disasters, the COVID-19 pandemic, and economic security issues due to the U.S.-China conflict and the Russia-Ukraine war, Aisin has formulated a BCP (business continuity plan). For infectious diseases such as COVID-19, following guidance of the national or local governments of countries/regions in which the AISIN Group is doing business, Aisin will endeavor to prevent the spread of the disease while placing the highest priority on the health and safety of our workers and their

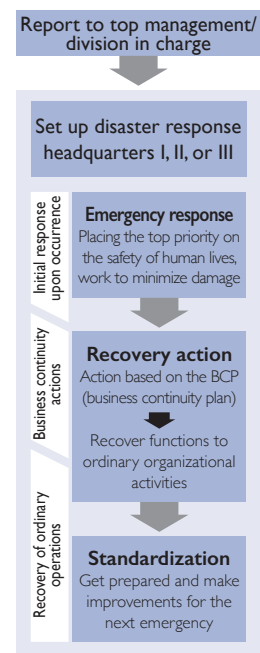
family members, customers, and all the other stakeholders. For risks attributable to external factors, such as lockdowns overseas, Aisin will take every possible measure, such as alternative production and backups, to continue the supply of products and services for customers.

If an emergency arises, a risk report must be submitted promptly to top management or the division in charge of the risk. Then the disaster response headquarters (I, II, or III) appropriate for the risk level will be set up to implement measures to minimize damage and achieve early recovery.

Education and awareness-raising on risk management, and passing on lessons and insights from past experience

We promote education and awareness-raising activities to strengthen risk management capabilities of all employees. We have formulated the Risk Management Guide, which stipulates procedures to be followed in ordinary times (measures to prevent or mitigate the risk) and during an emergency. To enable each member to take appropriate action in accordance with the Risk Management Guide both in ordinary times and during an emergency, level-specific risk management training is offered to deepen their understanding. Furthermore, we also issue the Risk Management Newsletter to help all employees improve their sensitivity to increasingly diversifying risks.

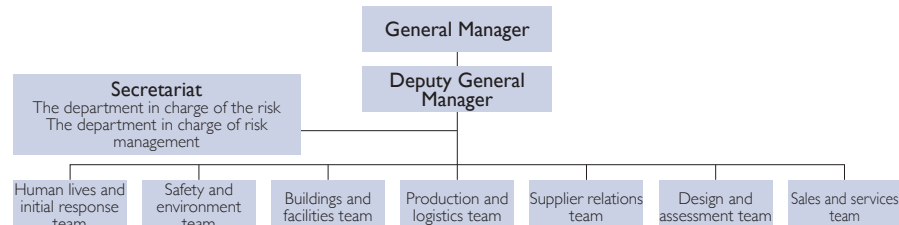
Actions in response to an emergency



Criteria for setting up disaster response headquarters

	Risk level		
	〈 I 〉 Risk that may have serious negative impact on the Group's entire business management	〈 II 〉 Risk that may have serious negative impact on entire business management of Aisin or its several divisions	〈 III 〉 Risk that may have serious negative impact on some of the divisions of Aisin
Organization in charge	Disaster response headquarters I	Disaster response headquarters II	Disaster response headquarters III
General Manager	Executive designated by President of Risk Management Committee	Executive designated by President of Risk Management Committee	General Manager of the department in charge of the risk
Secretariat	The department in charge of the risk, the department in charge of risk management	The department in charge of the risk	The department in charge of the risk

Disaster response headquarters (example of type I headquarters)



Kumamoto Earthquakes Learning Zone in Aisin Densho-kan

Information security

GRI 103-2, 418-1

Information security policies

As companies are accelerating their DX strategies, more and more things and types of information are connecting to each other, 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 the 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 the AISIN Group, and we carry out systematic, ongoing information security measures to protect them.

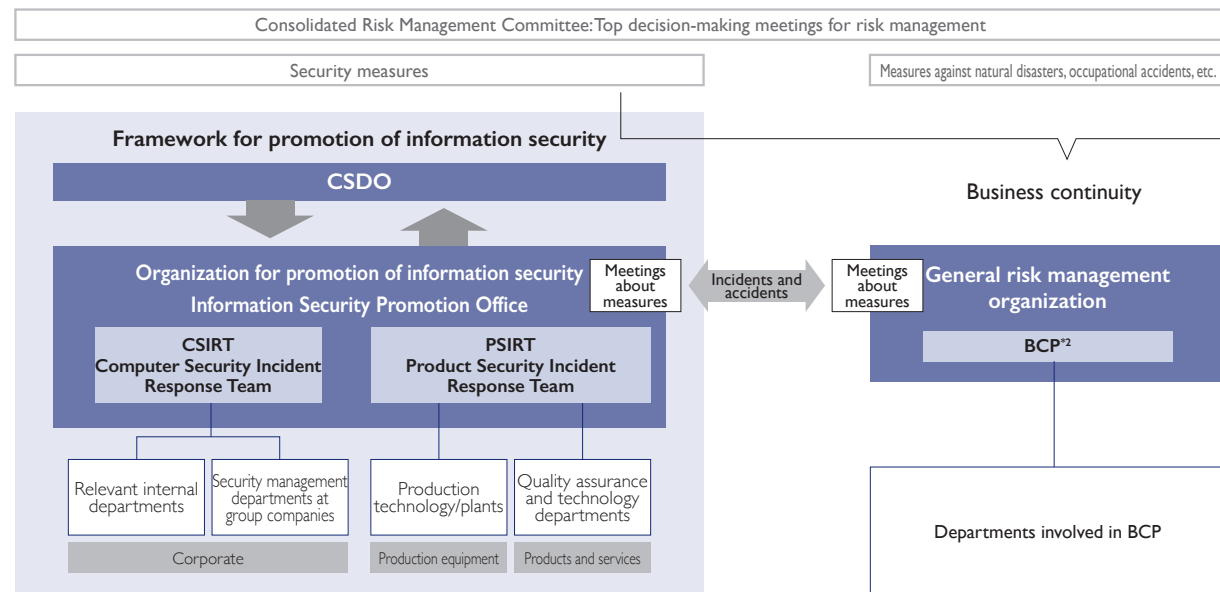
Framework for promotion of information security

Aisin CSDO*¹ is responsible for establishing structures such as information strategies and IT investment plans based on our business strategies, and it holds responsibility and authority for execution and operations related to information security and privacy throughout the AISIN Group. Under our CSDO, we have established the Information Security Promotion Office 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 the AISIN Group. Information security policies and measures are proposed by the Consolidated Risk Management Committee to improve information security throughout the 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

Framework for promotion of information security



*² Business continuity planning

Information security

Information security initiatives

Aisin centralizes the whole group's measures at its head office, works to carry out security measures against the increasingly agile and advanced cyber attacks and methods for leaking internal information that are occurring, and implements privacy measures that comply with the laws of each country. Security measures include the acquisition of the ISO27001/27002 certification in April 2022, the establishment of security guidelines according to internal standards, 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 the Information Security Promotion Office 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 the GDPR. As we accelerate DX strategy, 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. (FY2022: 3,000 persons of the Group)
2. Onboarding training for events such as overseas posts and business travel
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

GRI 102-17, 33, 103-2, 205-1~3, 206-1, 406-1, 419-1

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.

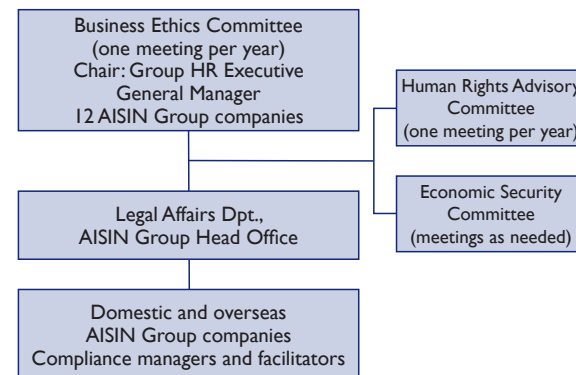
We are carrying out extensive group-wide initiatives around the world to ensure that everyone in the AISIN Group shares the same strong sense of ethics regarding acting honestly, fairly and in good faith and that compliance is their default state of mind.

AISIN Group compliance framework

Aisin has established a Business Ethics Committee to make decisions about important policies and frameworks regarding compliance.

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 the 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



Stance of top management and executives

Our president directly communicates the importance of compliance by saying that all those who are working in the AISIN Group must take the right action, not only following laws and internal rules but also in light of social common sense. His messages are posted in our workplaces to raise our awareness about compliance.

Seminars on compliance are held for executives every year to help them take the lead in demonstrating compliance. In 2022, a workshop on compliance was held for presidents and Audit & Supervisory Board members of the Group's 12 major companies in Japan.



Workshop for presidents and Audit & Supervisory Board members

Compliance

Activities to raise awareness of compliance

Guidelines on Compliance with Social Responsibility

Aisin has formulated the Guidelines on Compliance with Social Responsibility to provide concrete behavioral standards for achieving the AISIN Group Principles of Corporate Behavior. The company takes various measures, including distributing handbooks, posting information on the intranet, and conducting training, to have the contents of the Guidelines thoroughly understood by all employees.

For group companies overseas, each regional holding company formulates action guidelines that reflect local laws, regulations and customs and works to familiarize employees with the guidelines.

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. In fiscal year 2022, 92.4% of our employees both in Japan and overseas participated in training or awareness-raising activities related to compliance.

Training takes the form of group training and e-learning for each level, role and area of work, both in Japan and overseas. On-demand training videos are also made available on the intranet.

For awareness-raising, we carry out activities such as providing the latest information in monthly reports issued by the Legal Affairs Department and distributing discussion sheets about familiar themes, including mistakes.

Furthermore, the general manager of each department serves as the compliance manager, who is responsible for leading activities to promote compliance among all employees within the department.

List of training and awareness-raising activities

Category	Training/tool	Executives	Management	Employees	Main details	Frequency
Education	Training for new executives	○			Responsibilities and key themes for executives	Upon appointment
	Compliance seminars for executives	○			Latest compliance topics	Once a year
	Compliance training for general managers		○		The importance of compliance, roles	Once a year
	CSR management training		○		The importance of compliance	Upon promotion to management
	Training for new plant managers			○	The importance of compliance, roles	Upon appointment of plant manager
	Training for new hires		○	○	Basic compliance, charters, codes of conduct	Upon joining the company
	Training for compliance managers	○	○		Roles and key themes for managers	Once a year
	Training for export managers		○		Laws and company rules	Once a year
	Pre-departure training for employees posted overseas	○	○	○	The importance of compliance and key themes	Upon assignment
	Training for top management overseas	○	○		The importance of compliance and key themes	Upon appointment
	Training for whistleblowing service personnel		○	○	Investigation methods and points of caution	Once a year
	Antitrust compliance training		○	○	Laws, company policies, guides	As needed
	Anti-corruption training		○	○	Laws, company policies, guides	As needed
	Training on prevention of insider trading		○	○	Laws and company rules	As needed
Awareness-raising	Awareness-raising materials	○	○	○	Economic Security Information	Once a month
		○	○	○	Legal News from Group Head Office	Once a month
	Comics	○	○	○	Workplace discussion sheets	Once a month

Main points in on-demand training

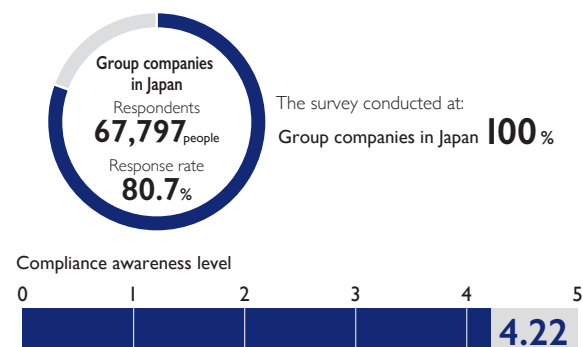
- Antimonopoly Act
- Harassment
- Regulations against insider trading
- Clear communication
- Act against Delay in Payment, etc. to Subcontractors
- Fraud contract
- Product liability
- Labor
- Prevention of bribery and corruption
- Copyrights
- Export trading management
- Contracts, etc.

Compliance

Compliance awareness surveys

October of each year is Aisin's Business Ethics Campaign Month. One activity carried out in this month is a survey of its employees to confirm their awareness of compliance. Starting from fiscal 2022, executives and employees of overseas group companies are included in the survey, and a total of 85,198 people responded from both inside and outside Japan. The survey asked various questions, with the aim of quantifying and visualizing the compliance awareness of employees.

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. At the same time, based on the results of the survey, along with other factors, such as the results of other employee awareness surveys and the number of whistleblowing cases, companies and departments that need to enhance compliance are identified, and improvement support is provided individually for such companies and departments to help them identify priority areas and analyze key problems.



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 executives and employees both in Japan and overseas and their family members, as well as trading partners and other stakeholders. With this service, we endeavor to detect and correct violations as quickly as possible while paying thorough attention to the rights of whistleblowers, including privacy and prevention of reprisal.

We have established an internal consultation service, a group-wide external consultation service by a lawyer, a consultation service handled by the Legal Affairs Dept. of the AISIN Group Head Office, and an AISIN Global Hotline

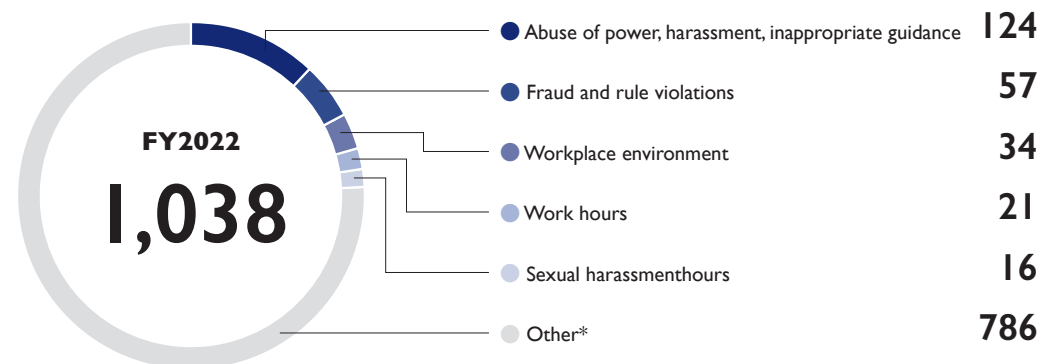
to enable whistleblowers to use the service that best suits their situation.

The whistleblowing reports related to compliance are gathered at the Legal Affairs Department of the AISIN Group Head Office. For critical cases, the Group Head Office Legal Affairs Department takes the lead in implementing countermeasures. Thus, we have established a system for early detection and correction of issues. Furthermore, monthly reports are submitted to Standing Auditors of Aisin, who monitor operation of the system.

Employees who know about ethics consultation services

88.1 %

Domestic and overseas reports and consultations



* 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.

Compliance

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. We investigate the risk of violating the Antimonopoly Act through compliance awareness surveys and conduct prevention and improvement activities as necessary.

Antitrust compliance was therefore included in our training. In addition, before we interact with competitors, the legal affairs department at our group head office checks to make sure the interaction is legal.

For group companies in Japan and overseas, we carry out training tailored to the specific risks of each local area.

In Japan, in fiscal 2022, we provided e-learning training for managers of departments related to sales and business planning of the group companies and a review program on the plea bargain with the U.S. Department of Justice in 2014, with the aim of keeping the memory.

Prevention of corruption

In 2020, we established and rolled out a group-wide Anti-Corruption Policy, along with specific guidelines on conduct. We investigate the risk of corruption through compliance awareness surveys and conduct prevention and improvement activities as necessary.

In addition to including compliance with the Anti-Corruption Policy in our training, in fiscal year 2022 we provided e-learning for management in the relevant departments of our group companies both in Japan and overseas.

Economic security and export management

In view of the escalating, increasingly complicated geopolitical risks, Aisin set up the Economic Security Committee as a group-wide meeting organ in April 2022, under which a system has been established to respond to economic security risks that require high-level decision making by top management based on reputation.

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, in Japan. We use our group-wide export management system to ensure that trade involving exports is carried out effectively and efficiently. We have also formulated and introduced common rules for overseas group companies, thereby working to prevent violations of export management regulations globally.

Antitrust compliance violations (FY2022)

0

Employees who participated in training

945 in Japan
1,710 overseas



Antitrust Compliance Policy
https://www.aisin.com/en/sustainability/governance/antitrust_policy/



Anti-corruption violations (FY2022)

0

Employees who participated in training

1,259 in Japan
4,050 overseas



Anti-Corruption Policy
https://www.aisin.com/en/sustainability/governance/corruption_policy/



Environment

GRI 102-29, 103-2

Aisin Consolidated Environmental Policy

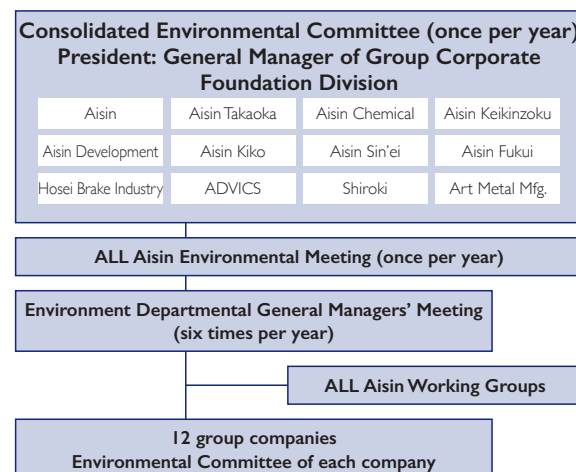
In order to realize the Aisin philosophy of "Inspiring 'Movement,' Creating Tomorrow," we will pursue the harmonious coexistence of people and the environment far into the future and the creation of a sustainable society through business activities based on the three views of "Be proactive, make change," "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 systems 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 at our business sites around the world, strive for lofty goals, and actively disclose information on our efforts and results.

Organization

Organizational diagram of Consolidated Environmental Committee



Working groups that lead our environmental activities

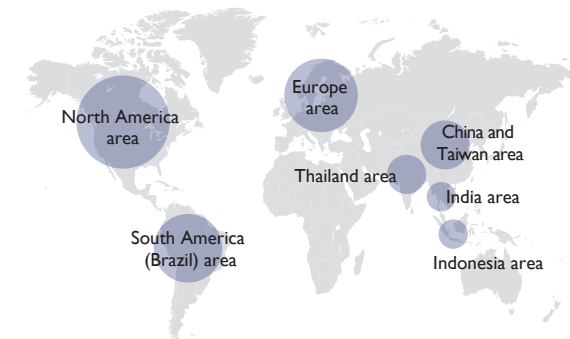
ALL Aisin Working Groups play a crucial role in implementing our environmental activities globally (see figure on the left). We currently have Energy-saving, Environmental Conservation, EMS and Products Environmental working groups. All of these consist largely of members from 12 companies, with our 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 the progress of activities
- Establishment of various relevant consolidated guidelines, standards, etc.

Holding personnel liaison meetings overseas

The AISIN Group has divided its global operation locations into seven areas and holds liaison meetings for personnel in charge of practical operations of each area to share information on environmental issues so that activities in Japan and overseas are promoted harmoniously. We will expand activities in all areas around the world.

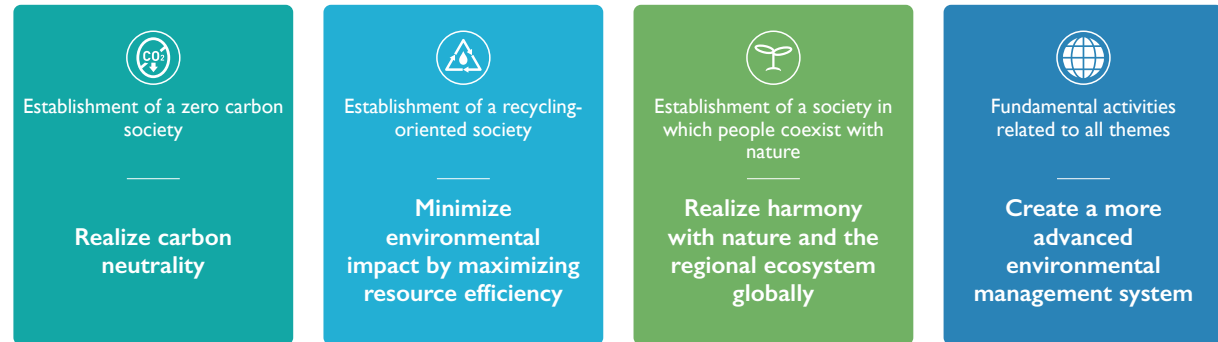


Vision for 2050

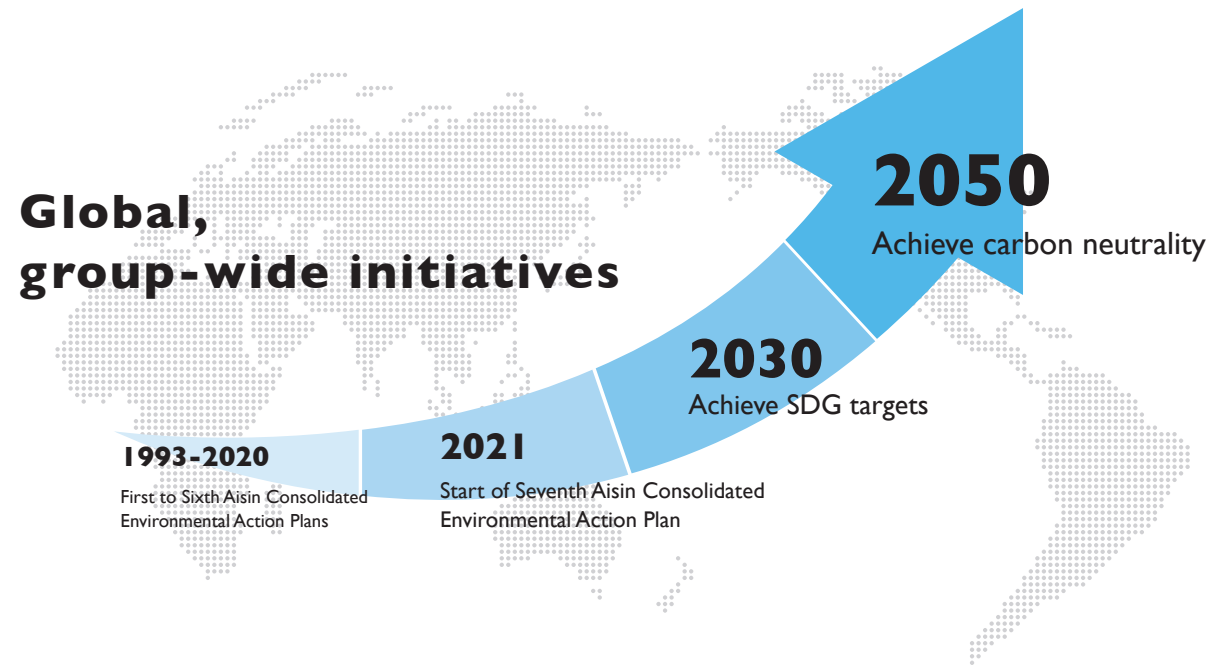
GRI 102-11, 103-2

For realization of sustainable society, Aisin will bring smiles to region and the future by contributing to the resolution of global environmental issues with groups superior technologies, services and products from automobiles, structure, and energy related.

To have every employee face these environmental issues so that a sustainable environment can be passed on to future generations, Aisin has drawn up its Vision for 2050. By backcasting from this vision, we formulated the Seventh Aisin Consolidated Environmental Action Plan (targeting 2025) in 2020 to show concrete initiatives. The aim of the plan is to build a society where everyone can live with peace of mind in harmony with nature.



Structure of Aisin Consolidated Environmental Action Plan



Seventh Aisin Consolidated Environmental Action Plan (targeting 2025)

GRI 103-2

Aiming to build an environmentally sustainable future and a society where everyone can live with peace of mind in harmony with nature, the AISIN Group formulated the Seventh Aisin Consolidated Environmental Action Plan in 2020 as our environmental action guidelines and plan for fiscal years 2022 to 2026, and it has started working under the Plan from fiscal 2022. We are conscious of our responsibility for the targets and initiatives in the plan and will work steadily to achieve our targets and play our part in building an environmentally sustainable future.



Establishment of a zero carbon society

2050 Vision

Aim to realize carbon neutrality

Initiatives	Implementation items and targets										
1 Reduction of CO ₂ emissions across product life cycles	<ul style="list-style-type: none">■ Building of the foundation to reduce life cycle CO₂ emissions, from purchasing materials to disposal<ul style="list-style-type: none">● Setting of concrete measures for reduction of CO₂ emissions throughout the entire supply chains										
2 Reduction of CO ₂ emissions from product design	<ul style="list-style-type: none">■ Reduction of CO₂ emissions with life cycle assessment through products<ul style="list-style-type: none">● Development of auto parts for clean energy vehicles (PHEVs, BEVs, FCEVs)● Development of higher performance powertrains and technologies to increase fuel efficiency by making car bodies lighter, etc.● Development of next-generation energy system products (use of fuel cells and biofuels)										
<table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td>Product</td><td>Global</td><td>Total amount</td><td>FY2014</td><td>18% reduction</td></tr></table>		Subject area	Scope	Item	Base year	Target	Product	Global	Total amount	FY2014	18% reduction
Subject area	Scope	Item	Base year	Target							
Product	Global	Total amount	FY2014	18% reduction							
3 Reduction of CO ₂ emissions from production	<ul style="list-style-type: none">■ Further promotion of daily kaizen activities■ Active introduction of the latest energy saving technologies when a plant is newly built and equipment is updated■ Establishment of a mechanism to share information of energy saving know-how globally										
<table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td>CO₂ emissions from production</td><td>Global</td><td>Total amount</td><td>FY2014</td><td>25% reduction</td></tr></table>		Subject area	Scope	Item	Base year	Target	CO ₂ emissions from production	Global	Total amount	FY2014	25% reduction
Subject area	Scope	Item	Base year	Target							
CO ₂ emissions from production	Global	Total amount	FY2014	25% reduction							
4 Introduction of renewable energy for production	<ul style="list-style-type: none">■ Active use of renewable energy in response to regional characteristics■ Development of a roadmap for applying the use of renewable energy to overseas plants■ Use of renewable energy at model plants										
<table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Target</th></tr><tr><td>Renewable energy</td><td>Global</td><td>Introduction rate (power ratio)</td><td>FY2026 15% or more</td></tr></table>		Subject area	Scope	Item	Target	Renewable energy	Global	Introduction rate (power ratio)	FY2026 15% or more		
Subject area	Scope	Item	Target								
Renewable energy	Global	Introduction rate (power ratio)	FY2026 15% or more								
5 Reduction of CO ₂ emissions from distribution	<ul style="list-style-type: none">■ Transportation efficiency by further expanding joint transportation among Group companies										
<table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td>CO₂ emissions from distribution</td><td>Consolidated subsidiaries in Japan</td><td>Total amount</td><td>FY2019</td><td>7% reduction</td></tr></table>		Subject area	Scope	Item	Base year	Target	CO ₂ emissions from distribution	Consolidated subsidiaries in Japan	Total amount	FY2019	7% reduction
Subject area	Scope	Item	Base year	Target							
CO ₂ emissions from distribution	Consolidated subsidiaries in Japan	Total amount	FY2019	7% reduction							



Establishment of a recycling-oriented society

2050 Vision

Aim to minimize environmental impact by maximizing resource efficiency

Initiatives	Implementation items and targets														
6 Product design and development of products and technologies that contribute to improvement of resource efficiency	<ul style="list-style-type: none">Promotion of eco-friendly design aimed at reuse and recyclingPromotion of product and technology development that contributes to natural resource input and reduction of waste														
7 Reduction of resource input and waste emissions in production	<ul style="list-style-type: none">Reduction of waste in all Group companies (effective use of waste plastic, introduction of new technologies, global sharing of domestic practices, etc.) <table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td rowspan="2">Waste</td><td>Consolidated subsidiaries in Japan</td><td rowspan="2">Emissions per sales</td><td>FY2014</td><td>9% reduction</td></tr><tr><td>Overseas companies</td><td>FY2020</td><td>Actual result and under</td></tr></table>	Subject area	Scope	Item	Base year	Target	Waste	Consolidated subsidiaries in Japan	Emissions per sales	FY2014	9% reduction	Overseas companies	FY2020	Actual result and under	
Subject area	Scope	Item	Base year	Target											
Waste	Consolidated subsidiaries in Japan	Emissions per sales	FY2014	9% reduction											
	Overseas companies		FY2020	Actual result and under											
8 Contribution to the establishment of a resource recycling system for the entire society	<ul style="list-style-type: none">Collaboration with external partners regarding natural resource input and reduction of wasteReduction of use of packaging materials<ul style="list-style-type: none">Weight reduction and simplification with material and specification changeReuse of returnable containers and pallets														
9 Enhancement of water resource efficiency for production	<ul style="list-style-type: none">Promotion of reduction of water resource input <table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td rowspan="2">Water volume</td><td>Global</td><td>Water volume per sales</td><td>FY2019</td><td>2.1% reduction</td></tr><tr><td>High-risk sites</td><td>Water volume per production volume</td><td>FY2020</td><td>12.5% reduction</td></tr></table>	Subject area	Scope	Item	Base year	Target	Water volume	Global	Water volume per sales	FY2019	2.1% reduction	High-risk sites	Water volume per production volume	FY2020	12.5% reduction
Subject area	Scope	Item	Base year	Target											
Water volume	Global	Water volume per sales	FY2019	2.1% reduction											
	High-risk sites	Water volume per production volume	FY2020	12.5% reduction											
10 Contribution to conservation of local water resources	<ul style="list-style-type: none">Continuation and expansion of biological research regarding water around plants and cleanup activitiesContinuation of observance of the self standard for drainage (to a higher level than the legal standards or water quality required by the region)														
11 Improvement of the water resource environment by collaborating with suppliers	<ul style="list-style-type: none">Reinforcement of collaboration with suppliers in the field of water														

Seventh Aisin Consolidated Environmental Action Plan (targeting 2025)



Establishment of a society in which people coexist with nature

2050 Vision

Aim to realize harmony with nature and the regional ecosystem globally

Initiatives	Implementation items and targets										
<div>12</div> Reduction of the impact on biodiversity	<div>■</div> Revision of the “AISIN Group Biodiversity Guideline” in accordance with the post Aichi Biodiversity Targets										
<div>13</div> Conservation of biodiversity at our operating sites	<div>■</div> Implementation of activities for biodiversity by business base based on biodiversity research <div>■</div> Maintenance of model plants based on the definition of a “plant where people coexist with nature” <table><tr><th>Subject area</th><th>Scope</th><th>Item</th><th>Base year</th><th>Target</th></tr><tr><td>Plants where people coexist with nature</td><td>Global</td><td>Number realized</td><td>—</td><td>3 plants</td></tr></table>	Subject area	Scope	Item	Base year	Target	Plants where people coexist with nature	Global	Number realized	—	3 plants
Subject area	Scope	Item	Base year	Target							
Plants where people coexist with nature	Global	Number realized	—	3 plants							
<div>14</div> Contribution to conservation and enhancement of local biodiversity	<div>■</div> Enhancement of environmental communication through “plants where people coexist with nature”										



Fundamental activities related to all themes

2050 Vision

Aim to create a more advanced environmental management system

Initiatives	Implementation items and targets
15 Reduction of substances of concern in production	<ul style="list-style-type: none"> Reduction of chemical substances ahead of laws and regulations and environmental impact, and reinforcement of management of chemical substances
16 Continuance of global consolidated environmental management and consolidation of the foundation for environmental initiatives	<ul style="list-style-type: none"> Thorough observance of environmental compliance Advancement of environmental activities with information communication technology Continuation of training assuming the risk of environmental accidents Creation of the foundation for integrating consolidated environmental management globally Reinforcement of the development of global environmental human resources
17 Supply chain management	<ul style="list-style-type: none"> Sharing of the group environment vision and targets with suppliers, and support for the promotion of environmental actions Establishment of a system for gathering information of suppliers' environmental initiatives Evaluation of environmental risks of candidates for new suppliers and auditing of existing suppliers
18 Environmental communication and stakeholder engagement	<ul style="list-style-type: none"> Maintenance and expansion of environmental communication in response to various stakeholders Management of environmental activities in cooperation with local communities

Seventh Aisin Consolidated Environmental Action Plan (results) GRI 103-3, 308-2, 413-1

Category	Initiative	FY2022 results	Evaluation
Establishment of a zero carbon society	① Reduction of CO ₂ emissions across product life cycles	<ul style="list-style-type: none"> Obtained approval related to the Scope 3 calculation definition and results, as well as how to proceed with the necessary measures in the future. Considered changing the 2030 SDGs target values. Obtained approval for changing the baseline year for the 25% reduction from 2013 to 2019. 	○
	② Reduction of CO ₂ emissions from product design	<ul style="list-style-type: none"> Shiroki, ADVICS, and Art Metal Mfg.: Listed the relevant products, calculated the product LCA- CO₂ for the baseline year, and prepared a reduction plan. 	○
	③ Reduction of CO ₂ emissions from production	<ul style="list-style-type: none"> Made efforts to gain understanding of the medium- to long-term CO₂ targets throughout the Group and among affiliated companies, and concluded agreements with individual companies on their emission reduction targets. Clarified 222 energy-saving items at all the operating bases in the consolidated Group and 394 themes for production engineering, with our eyes toward 2025. 	○
	④ Introduction of renewable energy for production	<ul style="list-style-type: none"> Standardized how to introduce renewable energy, and rolled out procurement activities through cooperation throughout the Group based on our renewable energy introduction policy. Established a CO₂ emission reduction target for each operating site to achieve by introducing renewable energy. Reduced CO₂ emissions by introducing the certification and credit systems through cooperation throughout the Group. 	○
	⑤ Reduction of CO ₂ emissions from distribution	<ul style="list-style-type: none"> Completed the expansion of joint delivery in Shizuoka and Toyota. Introduced full trailers for Honda Sayama. Kira Plant: Introduced AT delivery semi trailers for transportation to the Nagoya Port. Established a framework together with related departments for introducing many more biomass trucks by conducting trouble analysis and taking the necessary measures. 	○
Establishment of a recycling-oriented society	⑥ Product design and product and technology development for contributing to the enhancement of resource efficiency	<ul style="list-style-type: none"> Newly formulated a product design method using recycled resin materials, and provided related information for group companies. Explained the technical standards to design departments that used resin materials heavily, and exchanged views with them. Also, organized an inhouse exhibition (technology forum) to raise employees' awareness of using recycled resin materials. 	○
	⑦ Reduction of the resource use and waste emission in production	<ul style="list-style-type: none"> Shared the practices presented by 12 production companies of the Group for reducing waste and turning waste into valuables. (Shared the practices adopted to reduce waste by a total of 170 t throughout the Group.) Conducted waste breakdown surveys in seven overseas operating regions, and identified the waste generated in large amounts. 	○
	⑧ Contribution to the establishment of a resource recycling framework for the entire society	<ul style="list-style-type: none"> Organized study sessions and conducted waste plastic surveys among the relevant companies, and then concluded a mixed-cargo transportation contract through cooperation of the six operating bases of the three group companies in Mikawa, thereby maximizing the cargo efficiency and turning 6 t of waste plastic into valuables. Introduced returnable pallets for AT finished products for overseas markets, and reduced the use of packaging materials by improving the packaging style. Launched in-house consideration of how to respond to a circular economy. 	○
	⑨ Enhancement of water resource efficiency for production	<ul style="list-style-type: none"> Shared the measurement guidelines and a collection of best practices for reducing the use of water (151 practices) among all the 140 group companies throughout the world. 	○

Category	Initiative	FY2022 results	Evaluation
Establishment of a recycling-oriented society	⑩ Contribution to conservation of local water resources	<ul style="list-style-type: none"> Performed an annual survey of the Chosen River, where factory wastewater flows. Analyzed wastewater samples at an inhouse analysis department and continued compliance with our standards. 	○
	⑪ Improvement of the water resource environment through cooperation with suppliers	<ul style="list-style-type: none"> Organized an annual seminar for suppliers (including the 111 members of the Aisin Suppliers Network) regarding water risks, in line with the revision of the Green Procurement Guidelines. Conducted a water risk survey for all the 111 members of the Aisin Suppliers Network, and completed preparation for identifying operating sites with high risks 	○
	⑫ Reduction of the impact on biodiversity	<ul style="list-style-type: none"> Postponed revising the AISIN Group Biodiversity Guidelines in line with the postponement of the establishment of the Post-Aichi Targets. Will examine the need for the revision of the Guidelines after the establishment of the targets. 	—
Establishment of a recycling-oriented society	⑬ Conservation of biodiversity at our operating sites	<ul style="list-style-type: none"> Aisin Handa Plant, Aisin Keikinzoku Ariso Plant, and Aisin Sin'ei Kouta Plant: Set their own definitions of a 'plant that coexists with nature.' Shared the standards The above three plants: Appointed experts for their initiative, selected index species, and launched a habitat environment preservation initiative. 	○
	⑭ Contribution to conservation and enhancement of local biodiversity	<ul style="list-style-type: none"> The above three plants striving to coexist with nature: Established the FY2023 action plan for environmental communication with the local communities. 	○
Fundamental activities related to all the themes	⑮ Reduction of substances with environmental impact in production	<ul style="list-style-type: none"> Reduced the use of chemical substances and continued efforts for ensuring that the reduction was maintained. AISIN: Introduced a new framework for ensuring legal compliance. 	○
	⑯ Continuance of globally consolidated environmental management and consolidation of the foundation for environmental initiatives	<ul style="list-style-type: none"> 4 environmentally abnormal cases Analyzed factors causing the past abnormal cases and planned AGES training. Offered training on environmental management data. Confirmed an increase in the data accuracy. Identified the current situations of overseas operating regions toward organizing an energy-saving program. Distributed a globally common checking sheet for EMS assessment. 	×
	⑰ Supply chain management	<ul style="list-style-type: none"> Organized an annual seminar for suppliers (including the 111 members of the Aisin Suppliers Network) on water risks, in line with the revision of the Green Procurement Guidelines Conducted a survey on water risks for all 111 companies of the Aisin Suppliers Network. Completed preparations to identify high-risk sites. Inspected suppliers to reduce the risk of production suspension due to environmental problems. Conducted on-site and online inspections for 47 suppliers in the Chugoku region. 	○
	⑱ Environmental communication and stakeholder engagement	<ul style="list-style-type: none"> Carried out biodiversity activities in five places in Japan while taking account of the COVID-19 pandemic. Listed by the CDP in group B (climate change) and group A (water security) 	○



Establishment of a zero carbon society

GRI 102-15, 302-4, 305-5

Aiming to achieve carbon neutrality, Aisin is working to reduce CO₂ emissions from production and to reduce CO₂ throughout the life of our products, from design to transportation to use to 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.

Energy-saving practices presentation

We held a consolidated Aisin session for presentation of practices by energy-saving working groups with the aim of improving the energy-saving activities throughout the Group. About 50 AISIN Group companies participated in the event. Of the 54 practices presented, five were awarded as excellent practices. The event helped improve the level of activities for the entire AISIN Group.



Energy-saving practices presentation held online

Introduction of renewable energy

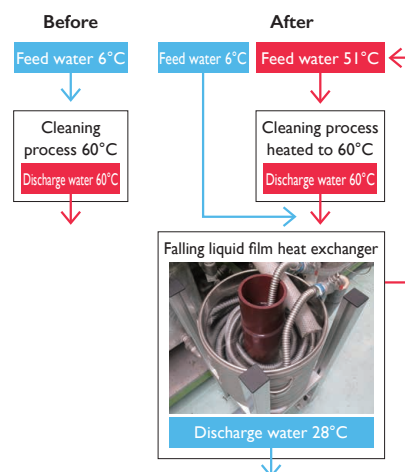
Aisin promotes introduction of renewable energy, taking into consideration the local characteristics of each region. At present, about 40 companies have installed solar panels and are generating power. Our UK site has achieved and is maintaining 100% introduction of renewable energy electricity.



Art Metal Mfg. Shioda Plant

Heat recovery from wastewater of cleaning process

Art Metal Mfg. has connected an internally manufactured heat recovery device to the circuit for the cleaning process (rinse tank) to reduce power consumption by heaters. This resulted in an annual reduction of 463,145 kWh in electricity, equivalent to 197 tons of CO₂ reduction.



Introduction of CO₂-free products

To achieve CO₂-free production, Aisin, Aisin Takaoka, and Aisin Keikinzoku have introduced CO₂-free production lines. By reducing or offsetting CO₂ emitted during production, our CO₂-free production contributes to tackling climate change.





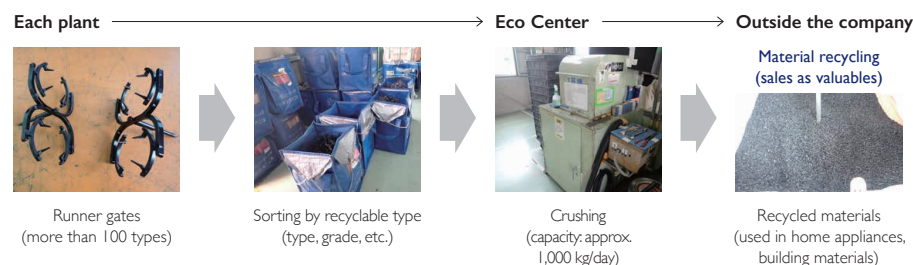
Establishment of a recycling-oriented society

GRI 102-15, 303-1, 306-2

Aiming to reduce its environmental impact to zero in development, production and distribution, Aisin is promoting group-wide activities for 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.

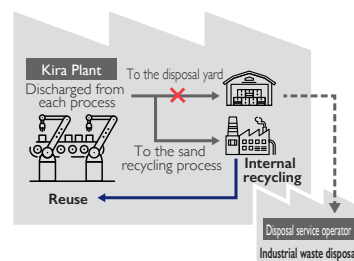
Internal system to create value from waste plastic

The Eco Center in the Aisin Handa Plant has an internal material recycling system in which plastic waste is sorted and crushed to create high-quality materials. Recycling of resources is achieved with this system.



Waste reduction by expanding recycling of casting sand

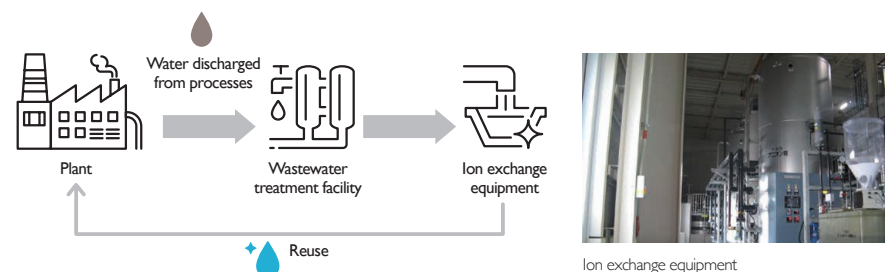
At the Kira Plant of Aisin Takaoka, casting sand discharged in production processes is recycled into core sand and supplied for casting core manufacturers inside the company or the plant. With this system, the plant achieved reduction of 1,594 tons of waste annually.



Recycling of water discharged from processes

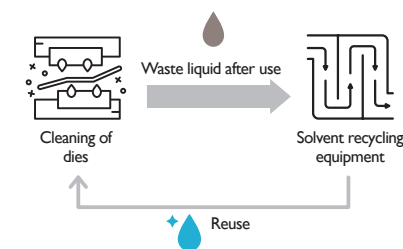
At Aisin Hokkaido, discharged water is processed and recycled into industrial water of the original water quality and is reused at its plant. The introduction of this system has enabled reuse of approx. 95% of water, achieving about 50% reduction of the amount of water use.

Besides Aisin Hokkaido, ADVICS Kariya Plant, Aisin Fujioka Proving Ground and Toyokoro Proving Ground, and Aisin Sin'ei Koda Plant, as well as our plants in Brazil and China, conduct initiatives to reduce water use. All these activities are aimed at preserving our important water resources.



Distillation and recycling of IPA (Isopropyl alcohol)

At the Aisin Handa Plant, aiming to reduce waste and reduce cost for purchasing subsidiary materials, IPA used for cleaning is recycled by distillation. The plant used to generate approximately 1.2 tons of waste liquid annually, but the introduction of the solvent recycling equipment has enabled distillation and recycling.





Establishment of a society in which people coexist with nature

GRI 102-12,15, 304-3, 4

With a view to achieving harmony with nature, Aisin has set up biotopes on the premises since 2007, inspired by EXPO 2005 Aichi Japan. 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. The Seventh Aisin Consolidated Environmental Action Plan set “plants where people coexist with nature” as a target aimed at achieving harmony with nature.

Initiative to preserve species at Canada

Aisin in Canada has launched a program to preserve spiny softshell turtles, an endangered species of the River Thames. In this program, members collect eggs in the Thames, hatch them, and return them to the river. To maintain and improve their habitat environment, members also organize cleanup of the river.



Initiative of plants where people coexist with nature

To facilitate certification of plants where people coexist with nature, which is a target of the Seventh Aisin Consolidated Environmental Action Plan, Aisin has examined the definition of the plant and is advancing relevant activities. In fiscal 2022, indicator species were selected for three target plants. The Aisin Handa Plant, Aisin Keikinzoku Ariiso Plant, and Aisin Sin'ei Koda Plant have formed working groups to closely exchange information.



Ecosystem survey (Aisin Handa Factory)



Ushimotsugo, an indicator species (Aisin Sin'ei Koda Plant)

Biodiversity conservation activities conducted at five locations in Japan

At five locations in Japan, which are mainly the areas in which Aisin operates, we conduct biodiversity conservation activities in close cooperation with local communities. In Kumamoto Prefecture, Aisin was awarded a letter of appreciation from the Prefecture for its ongoing cooperation for activities to protect rare species.



Hokkaido (Lake Utonai)
Ongoing activity since 2016
Protecting biodiversity by removing alien species around the lake



Hokuriku area (Nakaikemi Wetlands)
Ongoing activity since 2014
Biodiversity conservation by preserving Satoyama landscape (maintaining chemical-free rice paddies) in the Nakaikemi Wetlands (rare species: water clover)



Kyushu area (Aso conservation area)
Ongoing activity since 2015
Protecting rare species by weeding (rare species: *Lychnis kiusiana*)

Tohoku area (reservoirs in Hanamaki City)
Since August 2017
Protecting rare species by weeding, removal of alien species, etc. (netted bitterling)

Mikawa area (at the mouth of the Yahagi River)
Ongoing activity since 2012
Conducting biological survey and cleanup jointly with the Hekinan Aquarium in cooperation with local residents

Participation in alliances and endorsements of initiatives related to biodiversity

While conducting these biodiversity activities, Aisin also participates in the Ministry of the Environment's 30 by 30 Alliance and endorses the Keidanren Biodiversity Initiative.





Fundamental activities related to all themes

GRI 102-15

Aiming to create a more advanced environmental management system, we are promoting various activities for sustainable development. To ensure improvement of all of the consolidated AISIN Group companies both in Japan and overseas, acquisition of ISO certification is encouraged and educational programs are provided for the acquisition.

ISO certification acquisition rate

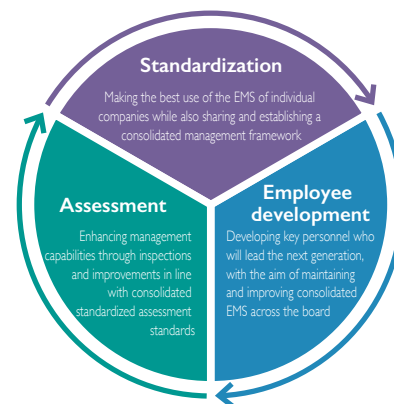
Aiming to become a top runner in environmental initiatives, Aisin promotes ongoing improvement of EMS. In addition to acquiring ISO 14001 certification, we set a higher management level as the Group's own target in conducting activities.

The EMS Working Group, which focuses on environmental management of the entire Group, promotes activities based on the following three pillars.

Number/ratio of companies with ISO 14001 certification



EMS Working Group: Three pillars of activities



Providing education for the Group's global suppliers

Aiming to improve reliability of data, we provided re-education on the environmental data management system for around 140 companies that have production functions for Aisin. The program reemphasized the importance of entering results and observing deadlines, thereby enabling collection of more accurate environmental data.

Annual environmental training is also provided for Tsubasa Kai (Aisin Suppliers Network), a voluntary group composed of major suppliers of Aisin. In fiscal 2022, the education program was provided for about 100 supplier companies on the theme of waste management. By ensuring compliance with laws, we aim to achieve zero environmental abnormalities at our suppliers.

Rebuilding of the chemical management system

Examination on rebuilding of our chemical management system began in 2020 for the purpose of standardizing the work flow of chemical management in compliance with laws after the integration of former Aisin Seiki and Aisin AW in April 2021. The initiative seeks to redesign a framework for smooth EMS operations by connecting the environmental impact assessment and the chemical substance evaluation, with the aim of tightening entry control in the company's environmental compliance system. The new system is equipped with good points of the former systems of the two companies and has been formally put into practical operation since April 2022.

Supplier inspection in China area

To reduce the risk of production suspension due to tightening of safety and environmental laws and regulations, Aisin has conducted supplier safety and environment inspections since fiscal 2020. In fiscal 2022, inspection was conducted for 47 companies in the form of either on-site inspection or online inspection.

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

GRI 102-12, 15, 18, 29, 31, 201-2

Support for TCFD recommendations and disclosure of information

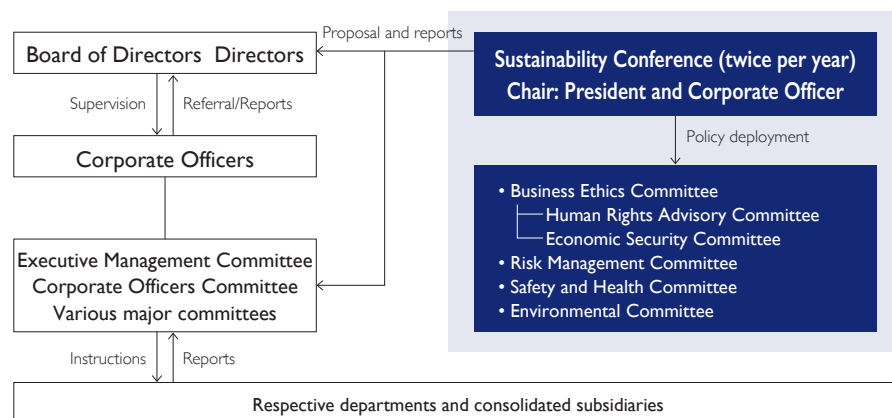
The TCFD is a task force established by the Financial Stability Board in 2015 to meet the requirements set at G20 (Group of 20). The final report was published in June 2017. The TCFD's statement recommends that companies focus on four key elements in the disclosure of information on their organizational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

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

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 the 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.



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	<ul style="list-style-type: none"> Discussed initiatives to prevent global warming at management meetings and Board of Directors meetings in recognition that climate action is an important management strategy, and selected this issue as a priority issue to be tackled by the AISIN Group The Board of Directors deliberates on important climate-related matters proposed and reported through the Sustainability Conference, the Environmental Committee, and the Carbon Neutral Promotion Committee, each of which is a climate-related meeting, and makes changes to business strategies and plans as necessary
b) Role of management in evaluation and management of climate-related risks and opportunities	

Strategies

Recommended disclosure	Compliance
a) Short-, medium- and long-term climate-related risks and opportunities identified by the organization	<ul style="list-style-type: none"> Established the Carbon Neutral Promotion Center for the transition to a decarbonized society
b) The impact of climate-related risks and opportunities on the business, strategies and financial plans of the organization	<ul style="list-style-type: none"> Analyze transitional and physical risks and opportunities associated with climate change based on the definitions suggested by the TCFD recommendations and discuss responses
c) Resilience in business strategies, taking into account different climate-related scenarios, including the 2°C or lower scenario	

Risk management

Recommended disclosure	Compliance
a) Processes for identifying and evaluating climate-related risks	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Identify major risks that impact the AISIN Group and regularly monitor them through the Sustainability Conference, etc. Undergo external evaluations, such as CDPs and dialog with investors, and make changes as necessary
c) Integration of identification, evaluation and management of climate-related risks into our risk management throughout our organization	

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	FY2031 Targets <ul style="list-style-type: none"> CO₂ emissions from production (Scopes 1 and 2): Reduction of 50% or more compared to FY2014 Total CO₂ emissions across product life cycles: Reduction of 25% or more compared to FY2020 Indicators (FY2022 results) <ul style="list-style-type: none"> Production CO₂ emissions: 2.565 million t-CO₂ (7.5% reduction compared to FY2014) Life cycle CO₂ emissions: 17.528 million t-CO₂ (1.8% reduction compared to FY2020)
b) Disclose GHG emissions and related risks for scopes 1, 2 and 3	
c) Targets used by the organization to manage climate-related risks and opportunities, and the performance of these	

For more details on our climate change measures, refer to p.87 of AISIN Group Report 2022 or our website.

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

Strategies

Scenario analysis and setting of targets and scenarios

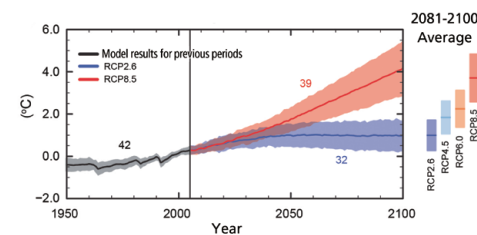
The AISIN Group has always met the diversifying needs of the automotive industry with advanced technology, but with the biggest period of change in 100 years and the threat of large-scale disasters caused by climate change, we are facing our biggest challenges ever. To overcome this period of change 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.
- As this is the point at which the automotive industry is expected to transition to electrification, 2030 was set as the timeframe to assess short-, medium- and long-term perspectives.

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 <ul style="list-style-type: none"> • Introduction of carbon tax • Shift to electrification 	Society in which climate change caused by global warming affects businesses <ul style="list-style-type: none"> • More severe flooding from heavy rains and typhoons
Reference scenario	<ul style="list-style-type: none"> • SDS(IEA WEO2019) • B2DS(IEA ETP2017) • 30@30(IEA EV Outlook30@30) 	<ul style="list-style-type: none"> • RCP8.5(IPCC AR5)

Anticipated concerns of stakeholders

Transitional

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

Physical

- 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	<ul style="list-style-type: none"> • Increase in raw material procurement costs as cost increases faced by suppliers due to the carbon tax are passed on • Costs associated with support for selection of suppliers and zero carbon initiatives 	<p>Focal point 1</p> <ul style="list-style-type: none"> • Additional energy costs with the introduction of carbon tax policies • Costs for additional hard and soft measures to eliminate carbon from production processes 	<p>Focal point 2</p> <ul style="list-style-type: none"> • 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
	Technology			
Risks and opportunities in 4°C scenario	Market	<ul style="list-style-type: none"> • Disruption of supply chains as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.) • With a rise in sea levels and average temperatures and the depletion of usable local water resources, key supplier sites that we have traded with thus far will struggle to stay in business. 	<p>Focal point 3</p> <ul style="list-style-type: none"> • Temporary suspension 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 local water resources 	<ul style="list-style-type: none"> • Increase in demand for high-resilience ENE-FARM household fuel cells (SOFC) and gas heat pump air-conditioners
	Reputation			
Risks and opportunities in 4°C scenario	Acute			
	Chronic			

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Risks and opportunities of climate change (details)

Category	Stage of impact	Impact on the AISIN Group	Term	Business/financial impact level	Response
			Short/ Medium/Long	High/Medium/ Low	
Transition risks	Procurement	Increase in procurement costs as cost increases faced by suppliers due to the switch to eco-friendly raw materials, carbon tax, etc. are passed on	Medium	Medium	<ul style="list-style-type: none"> Reduction of raw materials used through weight reduction at product design stage and material substitution Reduction of purchased raw materials through resource recycling Education of suppliers on decarbonization and support of their activities
	Direct operations	Additional energy costs with the introduction of policies on carbon tax, etc. and renewable energy	Medium	Medium	<ul style="list-style-type: none"> Promotion of energy-saving activities to minimize energy use Integrated management of renewable energy introduction based on the characteristics of each region
	Demand for products	While the promotion of electrification increases demand for electric vehicle products, it also decreases demand for gasoline-powered vehicle products	Medium	High	<ul style="list-style-type: none"> Shifting product mix toward electric vehicle products with the goal of increasing the sales ratio of such products to 50% by 2030 Enhancing sales of products that contribute to carbon neutrality through electrification of mobility and energy solutions with a wide range of products, including high-efficiency electric units, regenerative braking, thermal management and aerodynamics
Physical risks	Direct operations	Disruption of supply chains and temporary suspension of business as a result of larger and more frequent weather disasters (heavy rains, typhoons, floods, etc.)	Short	Low	<ul style="list-style-type: none"> Advancement of BCP for procurement logistics Identification of at-risk sites and regular monitoring Formulation and implementation of a flood control plan
Opportunities	Demand for products	Increased demand for Aisin's electric-unit-related products due to the promotion of electrification	Medium	High	<ul style="list-style-type: none"> Expansion of production capacity for related products
		Increased need to absorb emitted CO ₂ to achieve carbon neutrality	Medium	Medium	<ul style="list-style-type: none"> Activities toward the practical application of carbon-recycled concrete using Aisin's technologies Development of CO₂ recovery/utilization technology
		Expansion of renewable energy business	Medium	Medium	<ul style="list-style-type: none"> Development of lightweight Perovskite solar cells that can be installed anywhere
		Increased demand for energy-saving and low-carbon emission products	Medium	Medium	<ul style="list-style-type: none"> Further increase in efficiency and sales of ENE-FARM household fuel cells (SOFC) that generate electricity and hot water

[Term]

Short: By 2025

Medium: By 2030

Long: By 2050

[Business/financial impact level]

Low: Low level of impact is expected

Medium: Medium level of impact is expected

High: High level of impact is expected

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Results of scenario analysis (details)

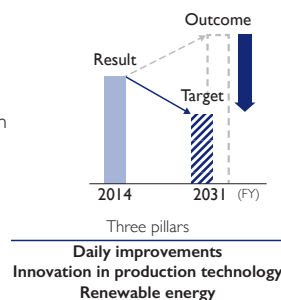
Focal point 1 Introduction of carbon tax, increasing call for zero carbon by our customers

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

- (1) Risks/opportunities**
- 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

- (2) Prerequisites**
- 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

- (3) Measures**
- 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.

Scenarios for reduction of CO₂ in production in FY2031

- (4) Impact and evaluation**
- 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

- (1) Risks/opportunities**
- Transition to a zero carbon society will increase demand associated with 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

- (2) Prerequisites**
- 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, hybrid transmission, etc.) will account for 40% of Aisin's sales (FY2022).

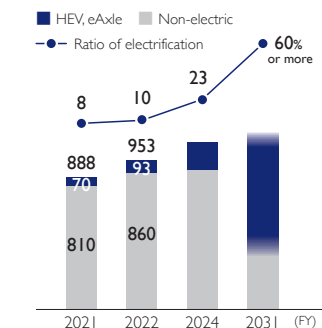
Sales composition

Powertrain units
Around
40%

- (3) Measures**
- 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 CEO (Chief Electric Strategy Officer) was appointed to accelerate our electrification initiatives, a key area of ours.

- (4) Impact and evaluation**
- Electrify 60% or more of our powertrain unit products by FY2031
 - Continuously grow sales outside of units (electronically controlled brakes, thermal management products, etc.)

Sales volume of powertrain units



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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

(1) Risks/ opportunities

- Larger and more frequent weather disasters
- Concerns about opportunity losses and disaster recovery costs as a result of temporary suspensions of business after disasters

(2) Prerequisites

- 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

(3) Measures

- 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.
- * Sixteen sites are considered to have a high risk of water damage (8 due to flooding and 8 due to storm surges).

(4) Impact and evaluation

- 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.

- **Shift to electric vehicle products (product development)**
- **Reduction of production CO₂ emissions ("Aisin Consolidated Environmental Action Plan")**

Through steady implementation of the above, we will work to strengthen our resilience against the impact of demand for Aisin's products and services.

Medium- to long-term management strategies and targets according to the TCFD recommendations

	Implemented by	KPIs/targets for FY2031	
Electric	Powertrain, Chassis and Vehicle Safety System	Ratio of product sales in related areas	50% or more
CO ₂ emissions from production	Consolidated Environmental Committee	Reduction of emissions (compared to FY2014)	Reduction of 50% or more

Society

Aisin's initiatives to strengthen its human capital

Inspiring “Movement,” Creating Tomorrow

Improvement of job satisfaction, more fulfilling life

A company where employees find growth opportunities, job satisfaction and happy lives



Individuals

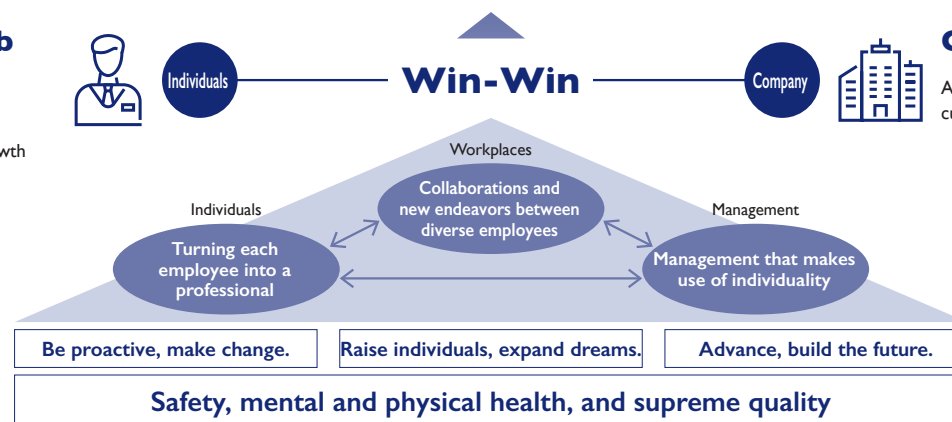
Win-Win

Company



Creation of new value

A company that creates new value that exceeds customer expectations



Ensuring that all employees regard themselves as key players and pursue new endeavors (Be proactive, make change.)

GRI 404-2

I Development of human resources and workplaces that can take a step forward by pursuing new endeavors

Under the slogan “Development of human resources and workplaces that can take a step forward by pursuing new endeavors,” we are transforming our corporate culture itself so that all our colleagues, from executives and department heads to each department staff member, will regard themselves as key players and pursue new endeavors. By taking advantage of various opportunities, including meetings between employees and management, we have set ideal visions of human resources and workplaces, before clarifying each workplace's obstacles to the visions and taking the necessary action.

To encourage our colleagues to pursue new endeavors, we are revising our HR framework by introducing an evaluation

and promotion system where human resources pursuing new endeavors are evaluated properly and a pay raise and bonus system that focuses on new endeavors in terms of treatment. In addition, to enable each member to create new value autonomously, we align the directions of individuals' dreams and aspirations and organizations' problems and endeavors while making sure to assign operation themes that will help all individuals realize growth by taking advantage of their strong points and overcoming their weak points.

Moreover, to help individuals create new value from flexible perspectives, we have introduced a flex time system with no core time and a teleworking system since fiscal year 2020 so that they can work from anywhere at any time. We

have also set up satellite offices and allowed casual attire to encourage new ideas that are not bound by culture or customs. Since fiscal year 2022, we have also launched an outside employment system, a three-month flex time system, a discretionary work system and other working practices for realizing flexible working styles. At the same time, to ensure many more opportunities for individuals to learn outside the company toward expanding their horizons, we provide an allowance as a subsidy for self-development and offer a cross-border experience program where participants can work together with those from different industries to solve social problems.

Aisin's initiatives to strengthen its human capital

2 Job satisfaction reform

To pursue not the quantity of work but the quality of work, we need to ensure that each employee feels job satisfaction and has a fulfilling life and to create new value that only we can provide. We believe that this will make us truly competitive to ensure our survival as a company and lead us to realize our Corporate Principles. With this background, we have included a job satisfaction reform in our priority issues related to sustainability and designated job satisfaction (fulfillment and adaptation) as a priority KPI. We are striving to achieve 4.0 (out of 5) in the job satisfaction of all our employees on a global basis by 2030.

To increase our employees' job satisfaction, we are running a cycle of visualizing their satisfaction through employee awareness surveys, clarifying problems and actions to take through workplace dialogues, and improving workplaces. Since 2006, we have organized the Management Study Sessions, where managers and plant directors engage in discussions and exchange suggestions regarding various problems and actions to take toward better workplace management. This scheme has now been adopted by 12 group companies, showing that we are consolidating our efforts throughout the AISIN Group to provide employees with even better job satisfaction.

As part of our initiatives to make work more fulfilling, management and employees work together to promote a good work-life balance. For shorter working hours, more paid leave taken, and work-life balance support, we have not only introduced schemes stipulated by law but are also advancing work style reforms that will enable employees

to create career paths without excessive stress or strain. We have also conducted man-hour surveys for indirect departments toward increased productivity. In addition, 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). In fiscal year 2021, we declared ourselves as a company where 100% of fathers take paternity leave. Since fiscal year 2021, we have maintained that percentage.

Target for paid leave taken

Zero cutting of annual paid vacation

This initiative aims to ensure planned use of annual paid leave and to prevent loss of paid vacation that employees were entitled to take but failed to take in time. Targets for paid vacation to be taken differ between individual employees (ranging between zero and 20 days).

Minimum 14 days

This initiative aims for all union members to take at least 14 annual paid vacation days per year.

Monthly average overtime worked (Aisin only)				(Hours)
Fiscal year	2019	2020	2021	2022
Overall	29.7	25.0	16.2	24.3

Annual paid leave taken (Aisin only)				(%)
Fiscal year	2019	2020	2021	2022
Overall	98.9	98.7	98.0	92.4

Examples at Aisin (on a non-consolidated basis)

Teleworking	Allows employees of 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 childbirth 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 childbirth and/or take care of their children.
Family allowances	The AISIN Group pays allowances for children and family members requiring nursing care, disability assistance or other support.
Prior to maternity leave and childbirth - after-return meeting	The AISIN Group has introduced an after-return meeting system not only to comply with the law but also to help those on maternity leave or parental leave to return to their work smoothly and build their careers.
Launch of a communication site	The AISIN Group has launched a communication site that can be accessed by all the employees of the Group and their families.

Aisin's initiatives to strengthen its human capital**Creating a workplace environment that realizes both individual and mutual growth (Raise individuals, expand dreams.)** **GRI** 102-12, 202-2, 404-2, 3, 405-1**I Creation of a workplace environment that realizes both individual and mutual growth to help individuals accomplish their career visions**

We strive to develop into an organization where human resources with different values and experiences can fully demonstrate their own abilities, thereby realizing a wide variety of collaborations and accelerating the creation of new value through innovation. To that end, we believe that it is important for all employees to pursue new endeavors toward realizing growth and accomplishing their career vision.

At Aisin, "career" has been defined as "continuous and autonomous growth toward realizing one's own ideal future vision." Through career development support, we align the directions of each employee's career vision and of the company's vision and policies, thereby establishing a win-win situation in terms of individuals' job satisfaction and fulfilling life and the company's creation of value.

To clarify each employee's career vision, we ensure that an annual career meeting is held between the employee and his/her supervisor to identify the employee's experiences and skills and share the employee's ideal future vision with the supervisor. The employee and supervisor share the recognition of the necessary knowledge, experiences, career rotation and other factors for realizing the ideal vision.

To help individuals realize their ideal future vision, we have an open-entry system allowing employees to try jobs of their choice. This system is intended to draw highly motivated employees to address the company's

key issues and assign them quickly. In fiscal year 2022, we invited applications throughout the company for 37 projects, including those related to carbon neutrality and new operations. Consequently, all the relevant positions were covered by in-house applicants, and the successful applicants were transferred to the positions of their choice.

In addition, to help individuals develop their careers, we offer many more selective training programs, upload videos through "AISIN Tube" so that employees can study more conveniently, provide self-development programs, and organize career seminars. We also provide opportunities for individuals to take national examinations and obtain in-house qualifications as support for turning each employee into a professional.

We also ensure that four meetings per year are held between all the employees and their supervisors as milestones on the employees' development through their daily operations. At the beginning of each half of a fiscal year, employees and their supervisors have a meeting where the employees and supervisors set the employees' role, theme and target based on the company and department's policies. At the end of the half of the year, the employee conducts a self-evaluation before having a meeting with the supervisor. A sufficient discussion at the meeting enables the employee to be aware of the results of the target. In addition, a feedback of the employee's

strong and weak points enables both parties to share the direction of the employee's development in order to apply it to the next attempt.

For better management of employees with diverse values, we have a leadership training curriculum for newly promoted managers. This serves as a good opportunity for newly appointed managers, who have just started their career as a manager, to share their concerns and best practices.

Furthermore, to have managers think from a company-wide optimum perspective and act with flexible viewpoints, we have included a transfer to another business field or function in our promotion requirements. By arranging many transfers, we strive to equip employees with extensive perspectives.

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



Aisin's initiatives to strengthen its human capital

2 Commitment to turning engineers into professionals

For engineers engaged in production, we have a system (Career Way) that enables them to realize more keenly that they are growing, by clarifying the knowledge, skills, and techniques to be obtained according to the vocational qualification so that each individual can work on self-growth (career development) in a more autonomous and motivated manner. In addition, to stimulate employees' motivation for pursuing new endeavors, we support them in taking skill examinations (national and in-house ones).

Development of leaders for manufacturing

We also run the Aisin Academy, an internal training facility for personnel being appointed as leaders at manufacturing sites. Aimed at new employees, including those of domestic and overseas group companies, and trainees dispatched from overseas bases, the year-long training program equips participants with practical technical skills and the mental and physical training required for leaders. With our eyes toward the future, we have added a computer control course to the academy's curriculums so that employees can obtain digital skills. This course enables trainees to learn about the basics of AI and IoT and acquire skills for collecting and utilizing data that is used at production sites. Such trainees are expected to make an immediate contribution to their work sites.

We help individuals acquire specialized knowledge and skills by, for example, offering training toward competing in the World Skills Competition. At the same time, we foster human resources who can "think and act autonomously" while demonstrating excellent manufacturing ability, patience and even an inquiring mind to identify the essence of each issue. We aim to improve the on-site capabilities and revitalize the workplace by having trainees take advantage of not only the knowledge and skills acquired in training but also the human qualities cultivated in the training process to become future leaders of the workplace.

QC Circle Activities to develop human resources at workplaces

Guided by the three principles of customer-first, unwavering efforts to make improvements, and involvement of everyone, Aisin's QC Circle Activities are characterized by the unity of everyone, from top management to circle members, toward reinforcing the workplace qualities for invigorating human resources and organizations, enhancing their capabilities to solve problems, and fostering leaders. There are approximately 1,800 circles at Aisin alone, with Circle Activities being promoted at all group companies both home and abroad. As a result of these activities, we win many awards every year at the national convention, including the "Kando Award" and "Experience Case Excellence Award."

Supporter training (section heads)

By training supporters, who serve as the key to making the QC Circle Activities more vigorous, we strive to help them learn more about their roles and support methods and share good practices toward developing and invigorating their Circle Activities.



Supporters (section heads)

Advisors (plant managers)

Facilitators (overseers)

Leaders
(team leaders or team leader candidates)

Circle members
(including temporary employees)

Advisor training (plant managers)

We arrange talk session and group discussion opportunities so that QC circle advisors can learn more about their roles and use their learnings to guide and support their departments' Circle Activities.

Facilitator training (overseers)

We help overseers, who directly guide QC Circle Activities, understand more about their roles as facilitators, thereby striving to develop human resources as circle members and invigorate the activities themselves.

Leader training

We arrange talk session and group discussion opportunities so that leaders, who are directly engaged in the operation of QC circles, can learn more about their roles and other issues and use their learnings to make their circles more vigorous.

Aisin's initiatives to strengthen its human capital

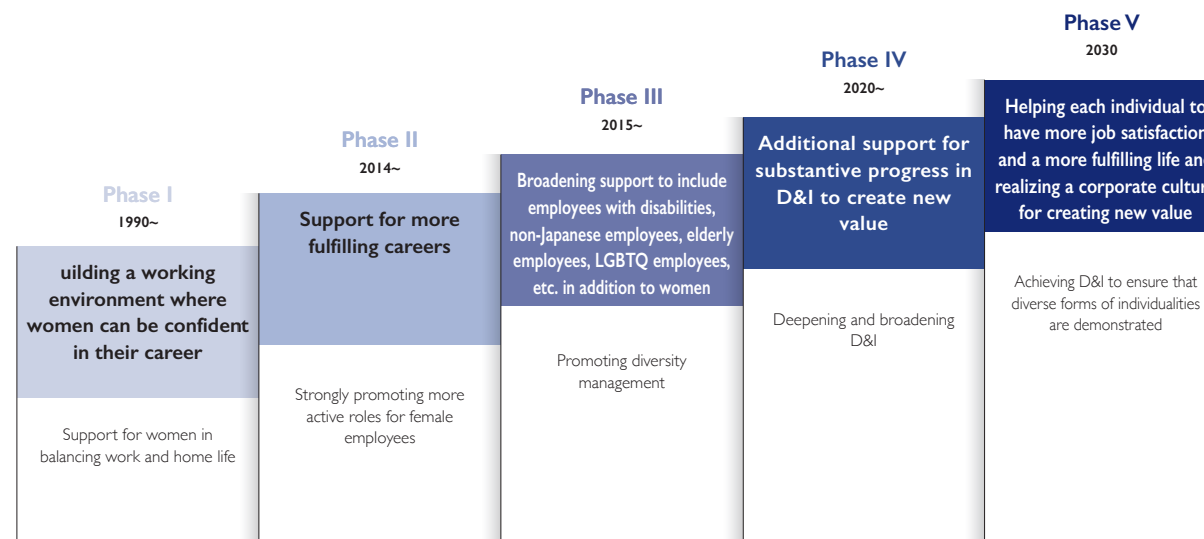
3 Promotion of diversity and inclusion

We have included the promotion of diversity in our priority issues related to sustainability. We are diverse in terms of nationalities, genders and LGBTQ, races, religious beliefs, ages, disabilities, experiences and careers, specialties, ideas, values, life stages, etc., and all the more for this, the unity of our employees with such diverse qualities gives us unknown and unlimited possibilities.

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 at our overseas companies.

We are actively engaged in diversity management to promote diversity, to create an open workplace that allows frank discussions and a culture that embraces diverse values, and to enable each employee to take on challenges with enthusiasm and lead a fulfilling life.

Diversity and inclusion (D&I) Road Map



Target values for promotion to core roles (Aisin only)

	FY2022	FY2031 targets
Ratio of mid-career employees in managerial positions	26.0%	Equivalent to the ratio of those employed as new graduates
Ratio of local employees in executive positions (vice president or higher) in overseas companies	35.4%	40%

Aisin's initiatives to strengthen its human capital

Vision and initiatives for promoting more active roles for female employees

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. Since 2014, in order to absorb the real voices from the frontline, we have adopted a system in which female representatives and top management consider the necessary measures. We have also introduced the Ikubosu Training program and the Career Mentor System. These efforts have led to the creation of innovation. AIR, a beauty care device using technology of converting water molecules in

air to extremely fine water particles, has been developed in a project where nearly half of its members were female engineers. The device is the result of the use of a wide variety of perspectives.

In addition, in support of the "Challenge to 30% by 2030" (percentage of female executives) by Keidanren, we promote the development of female managers.

In recognition of these efforts, we have been selected for two years in a row 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.

Main support for women in the workplace

Examples	Number of people
Ikubosu Academy (total)	698
Ikubosu Fellows* (total)	806
FY2022 female employee networking event participants	676
Registered career mentors	65
	Department heads: 18; female core personnel: 47

*Together with students of the Ikubosu Academy, Ikubosu Fellows are expected to spread the concept of Ikubosu.

Targets for women in the workplace

	FY2022 results	FY2031 targets
Rate of female employees managerial position	2.6%	6.0%* ¹
Female executives* ²	3 (11.5%)	At least 3
Women hired as new graduates		
Administrative	35%* ³	40%
Technical	20%* ³	20%

*¹ Aisin, Aisin Takaoka, Aisin Chemical, and ADVICS

*² Directors, Corporate Officers and Audit & Supervisory Board Members (as of June 2022)

*³ New hires in April 2022



Noncontact beauty care device using the world's first* water particle conversion technology AIR

*According to our research

Establishment of a workplace environment where employees can continue to pursue new endeavors regardless of their age

To encourage older human resources to develop their careers autonomously, we reemploy all retirees if they wish to be reemployed. In addition, we have Technical Legacy Coaching Sessions to pass on the advanced skills of reemployed individuals to the next generation. By doing so, we strive to enhance the motivation of older human resources.

Main efforts/systems	Description
Re-employment	Available to all retirees if they wish. Reemployed individuals can work for limited hours or days.
Career design training according to the age group	Available for those in their 30s, 40s, and 50s according to the age group as an opportunity to review their previous careers and consider their future careers autonomously.
Outside career consultation service	Available for those participating in the career design training according to the age group to think more deeply about their future careers by seeking advice from outside consultants
Seminars designed for those in their 50s	Provided by the Group's four companies* to promote employees' understanding of the reemployment system, the importance of health management, and the pension and retirement allowance system.

* Aisin, Aisin Takaoka, Aisin Chemical, and ADVICS

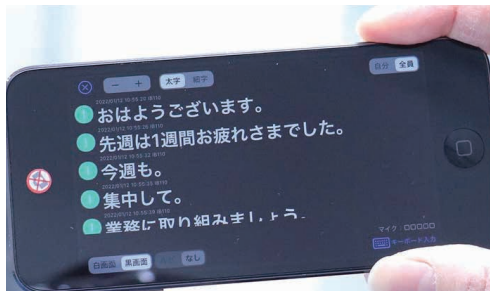
Aisin's initiatives to strengthen its human capital

Support for the disabled to fully demonstrate their individualities

Based on the concept of normalization, we strive to ensure that disabled employees can make their presence felt at various workplaces. To do so, we have posted social workers and introduced various support tools.

YYProbe

This is a voice recognition app using artificial intelligence (AI). The use of a mask due to the spread of COVID-19 has made it impossible to communicate through mouthing. The app has been developed to support communication of the hearing-impaired by visualizing the speaker's remarks. Developed in cooperation with employees with hearing impairment, the app has been distributed to all those eligible.



In October 2019, we established Aisin Wellness Smile Co., Ltd. (a special subsidiary) to provide many more employment opportunities for the disabled and enable them to work for a long term. The company undertakes daily indoor cleaning, disposal of classified documents, and electronification of documents. By organizing regular meetings, providing training programs, assigning job coaches, and cooperating with welfare organizations, the company has a comfortable workplace environment where employees can feel job satisfaction. The

AISIN Group as a whole strives to achieve a high employment rate of the disabled by collecting and accumulating relevant know-how, providing support for various activities, and cooperating with public institutes, schools, etc.

Promotion of the understanding of LGBTQ and other diverse gender qualities and establishment of an appropriate environment

Aiming for a workplace that understands and accepts LGBTQ and other gender diversity, we are promoting individuals' understanding by organizing sessions for all managers and holding workplace meetings to learn through case studies. In addition, we are establishing an appropriate environment by, for example, installing rest rooms with a universal design.

Employment of human resources with diverse knowledge and experiences

We are reinforcing mid-career recruitment by, for example, introducing referral recruitment particularly in the key areas. For the employment of new graduates, we have a year-round recruitment system to attract excellent human resources with diverse values from both home and abroad.

Talent management

We are currently visualizing employees' abilities, experiences, aims, etc. to accumulate and use human resource information, not only toward responding to changes in our business environment but also toward ensuring that all individuals can fully demonstrate their abilities. We will use such information for a strategic assignment of human resources and also for helping all employees to realize their career vision autonomously.

Accreditation and awards for initiatives related to diversity and inclusion

Nadeshiko

Certified in fiscal years 2021 and 2022



Eruboshi (2 stars)

Certified in fiscal year 2020



Aichi Company with Active Participation of Women (Outstanding Company)

Fiscal year 2019 award winner



Kurumin: certified in fiscal year 2008

Platinum Kurumin: certified in fiscal year 2022



Aichi Prefecture Family Friendly Company

Certified in fiscal year 2016



Aisin's initiatives to strengthen its human capital

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

We are striving to ensure that individuals with diverse qualities can pursue new endeavors based on the spirit of one team without fearing making mistakes and can create new value by taking advantage of each other's abilities and contributing to mutual growth. To that end, we are developing human resources and workplaces so that our employees, regardless of their affiliations and positions, can engage in discussions frankly and cross-sectionally and form networks freely toward pursuing new endeavors.

We are also strengthening our company framework through AISIN Active Team Building Activities (ATBA), a team-building initiative 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. Intended to improve productivity and job satisfaction, the initiative consists of management reforms with a focus on the quality of relationships and team-building efforts to establish the psychological safety necessary for an innovative workplace culture and ensure a good cycle of success at the organization. At the Kaeru Meeting, which serves as the cornerstone of this initiative, all the members, including management, share their ideal team image and assess the current situation based on how their time is usually spent and the results of the relevant employee awareness surveys. The meeting members engage in many discussions to identify what they are expected to do, what they like to do, and what the gap is between the reality and the ideal, before implementing various ideas that will make their operations

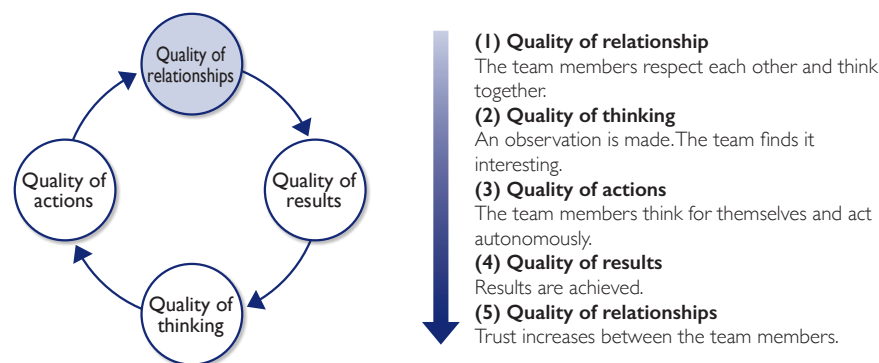
more efficient and improve their job satisfaction.

As support for each individual, we ensure that one-on-one meetings are held between superiors and subordinates to enhance the quality of their relationships. 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.

With the ATBA currently adopted by 12 group companies, we provide opportunities for leaders to share their best practices and concerns, thereby striving to establish a vigorous workplace environment throughout the Group.

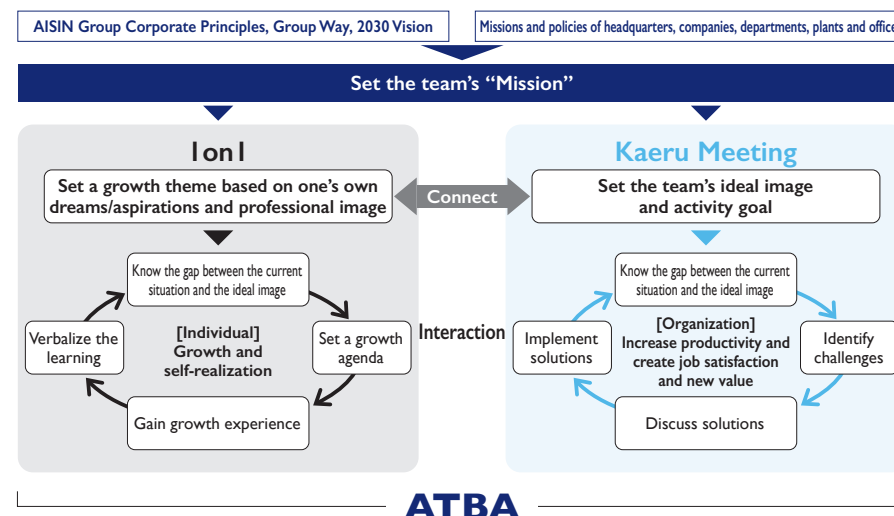
A Core Theory of Success

(By Dr. Daniel Kim, Massachusetts Institute of Technology [MIT])



Being an organization that constantly delivers results does not start with improving the quality of results; it begins with improving the quality of relationships.

ATBA flowchart



Health and safety initiatives

GRI 102-56, 403-1~10

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.

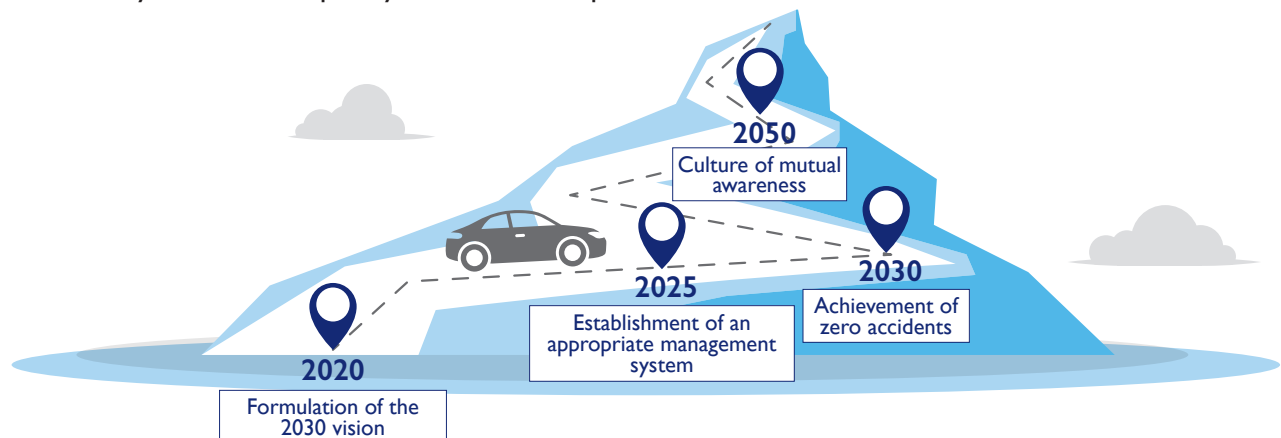
Aisin Safety and Health Policy

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.

Road to zero accidents

To create working environments where all workers make health and safety the number one priority and can work with peace of mind



Health and safety initiatives

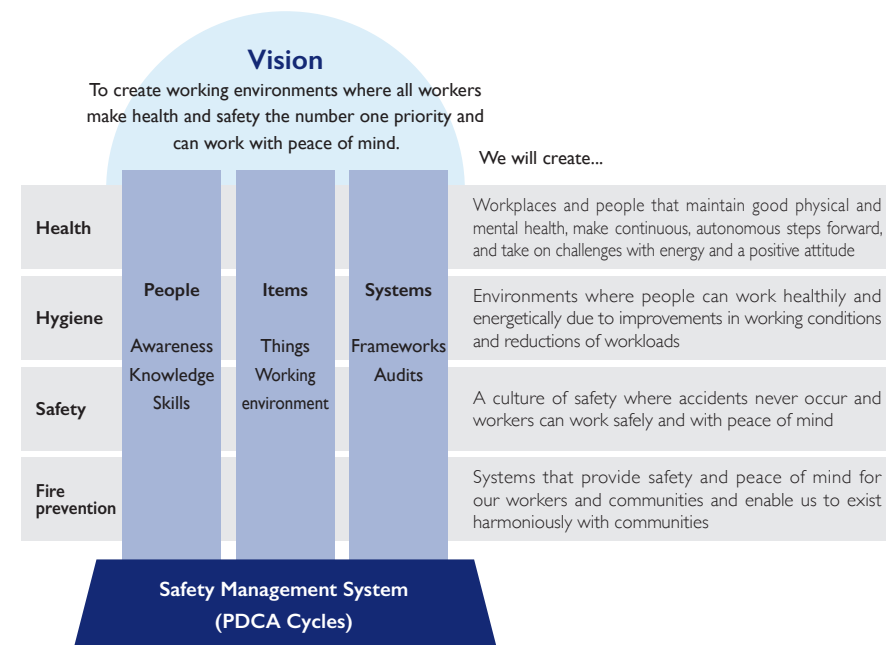
Group Safety Vision for 2030

To ensure that everyone working on the Aisin premises is protected from occupational accidents, Consolidated Safety and Health Committee meetings are held. Comprising the presidents of every company in the 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 promotes 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



Occupational Safety and Health Management System

Adopting the Occupational Safety and Health Management System (OSHMS) in fiscal year 2021, the AISIN Group is aiming to obtain international ISO45001 certification for its representative factories in fiscal year 2023. While taking account of external and internal problems, as well as requests from workers and other stakeholders, we have identified risks and opportunities and reflected them in our safety and health plan for fiscal year 2023. We are currently working toward accomplishing our targets. Based on the activity results and other changing factors, we perform a management review to clarify the direction to take in the following fiscal year; thereby striving to enhance the quality of our activities.

As a result of these measures, the number of occupational accidents in the Group has been on the wane since fiscal year 2022. However, accidents are still continuing, so we are carrying out group-wide initiatives to prevent similar accidents and become the world's safest corporate group.

Identifying each organization's situation

External and internal problems (clause 4.1)

Requests from workers and other stakeholders (clause 4.2)

Identifying risks and opportunities

Risks

- Recurrence of accidents due to insufficient measures to prevent similar accidents and insufficient follow-up
- Impact caused by fires on our supply chain (production suspension)
- Inadequate management due to lack of human resources who can proceed with the OSHMS

Risks

- Improvement through activities for sharing accident information throughout the Group
- Clarification of risks through measures for addressing factors causing fires
- Clients' requests to improve the quality of the OSHMS (process KPIs)

Formulating priority measures

Priority measures for FY2023

- Carrying out maintenance and improvement activities toward preventing similar accidents, and reducing risks of high-risk operations (getting caught in machinery and contact with vehicles or heavy objects)
- Continuing the activities to remove unnecessary combustibles, ensuring that the four basic actions are taken, and fostering professionals with expertise on fire prevention
- Ensuring that the OSHMS is adopted at many more sites (helping the model sites to be certified under ISO45001)

Conducting a management review

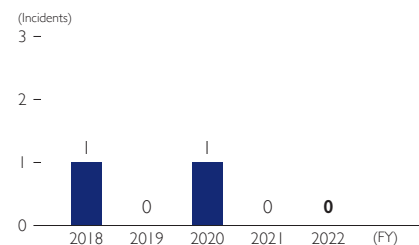
Management review (clause 9.3)

*A management review is performed at the Safety and Health Committee, in which top management participates.

労働安全衛生マネジメントシステム マネジメントレビュー	
評価項目	評価結果
OSHMSの策定と実施状況	OSHMSの策定は完了し、各事業所での実施状況を確認する。
OSHMSの改善状況	OSHMSの改善状況を確認する。
OSHMSの運用状況	OSHMSの運用状況を確認する。
OSHMSの教育状況	OSHMSの教育状況を確認する。
OSHMSの監査状況	OSHMSの監査状況を確認する。
OSHMSの報告状況	OSHMSの報告状況を確認する。
OSHMSの記録状況	OSHMSの記録状況を確認する。
OSHMSのその他の状況	OSHMSのその他の状況を確認する。
OSHMSの総括	OSHMSの総括を確認する。

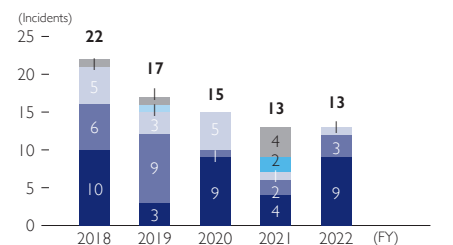
Occurrence of serious accidents (Entire Group)

Construction and delivery vendors



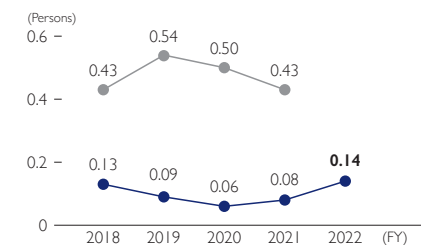
Occurrence of STOP6 accidents resulting in lost work (Entire Group)

Getting caught in machinery, Contact with heavy objects, Contact with vehicles, Falls, Electrocution, Contact with high temperature objects



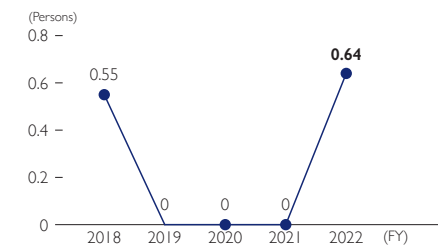
Rate of disabling injuries occurring in the workplace (12 group companies)

National average, 12 group companies



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

Group contractors



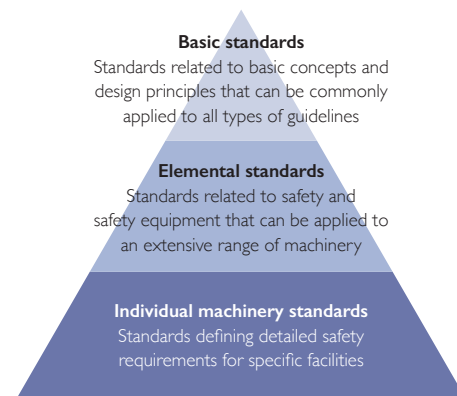
Safety Initiatives

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

Based on the basic principle of placing health and safety above all, the AISIN Group performs risk assessments and safety inspections toward preventing recurrence and occurrence of occupational accidents. By ensuring that the top management of each company in the AISIN Group surveys its respective companies' sites toward achieving the target of "zero accidents," we will further promote our safety initiatives.

AISIN Global Safety Standard (AIGSS)

With reference to international standards and our knowhow accumulated through past accidents, we have established the AISIN Global Safety Standard (AIGSS) as an essential standard to be observed throughout the AISIN Group. Based on the standard, we will make our facilities and operations even safer and securer.



Inspection and improvement of high risks

We perform inspections to identify facility risks that might lead to a serious accident or an accident that requires time off from work, and we make improvements according to priorities. Through these activities, we will realize an even safer and securer workplace environment.

Seminars on a safe environment for contract construction

We hold seminars before (spring, summer and winter) holiday periods for construction contractors and those who place orders with construction contractors so that they can learn more about safety, the environment, fire prevention and accident prevention. For contract construction as well, we strive to accomplish zero accidents, fires, and environmental accidents.



At a seminar on a safe environment for contract construction

Enhancement of the health management framework and prevention of health issues

Based on the health standards to prevent serious illness, we take measurements of operating environments, conduct risk assessments, and provide health training. We are continuing these efforts 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 we 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 the wet bulb globe temperature index and air conditioned clothing to ensure that severe cases do not occur.

Health initiatives

AISIN Group Health Declaration

To realize the AISIN Group's Corporate Principles, we place our first priority on the safety and health of our colleagues.

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

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.

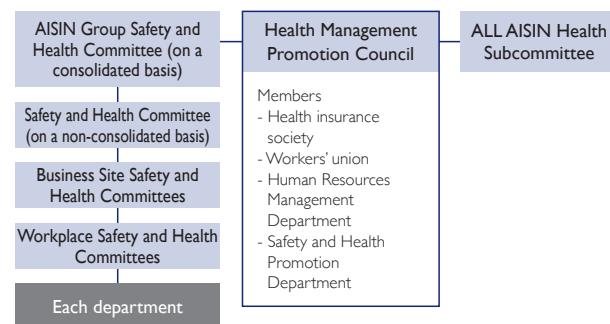
The ALL AISIN Health Subcommittee also facilitates the sharing of activities and work between our domestic and overseas group companies to establish group-wide measures.

Our health issues and targets

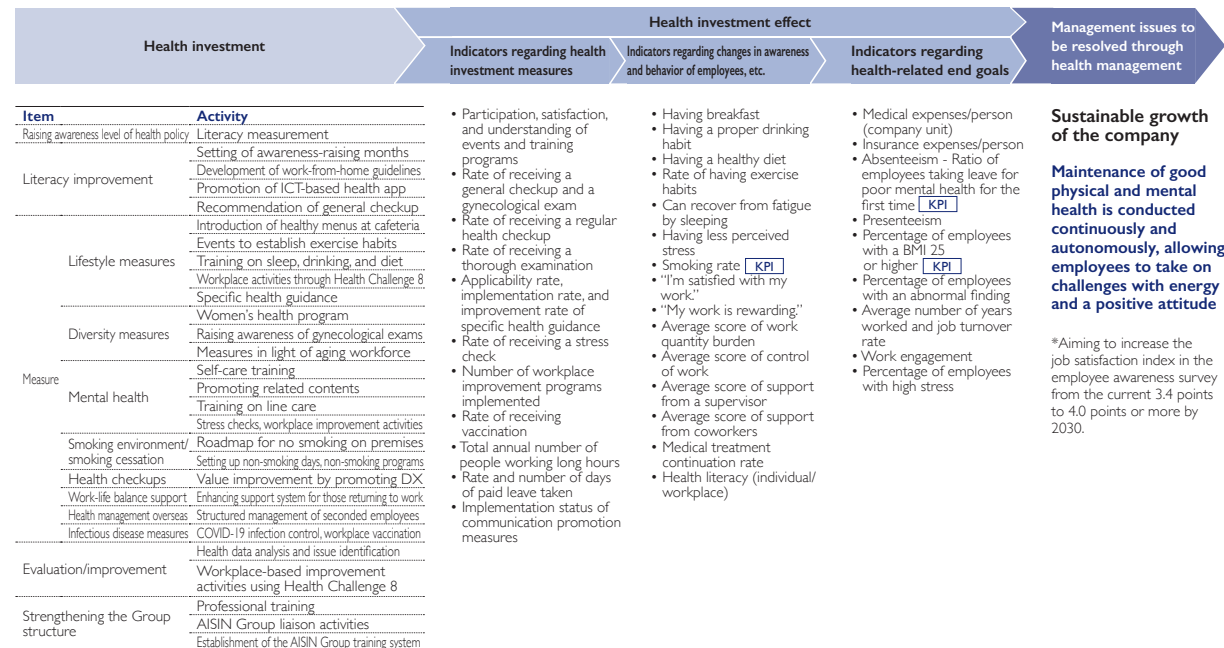
In fiscal year 2022, we newly clarified our ideal vision through the health declaration and the 2030 vision.

By integrating our previous health improvement efforts, we are striving to establish a new corporate culture in which employees will make autonomous efforts toward improving their health. Aisin has identified four key health issues to address - ratio of employees with a BMI below 25, ratio of smoking employees, ratio of employees taking leave for poor mental health for the first time and ratio of employees who have attended mental health training. Based on these ratios, together with other indexes that we have set, we strategically proceed with health management.

Establishment of Council for the Promotion of Healthy Business Practices



Health management strategy map



Measures and results of health management

Consolidating the foundation for health management

Health seminars for executive management

To consolidate the foundation for health management, we held health seminars for executive management and all the other managers to have them realize the impact made by health management and the importance of workplace activities. The events drew 709 participants, with the satisfaction rate being 93.2%. Of the participants, 69% said that they had not known about health management, but their understanding rate reached 100% after the seminars.

Measurement of employees' awareness level and health literacy

As part of health management, we make various efforts toward enhancing employees' health literacy. In fiscal year 2022, we began to measure all employees' awareness level of our health policy and their health literacy. Currently, 48% of the employees have high-level health literacy.

Holding training for practitioners

To enable each group company to promote health management tailored to its own corporate culture, we organized a training program for health promotion representatives from each group company.



Introduction of a health app

To help employees enhance their health literacy, we introduced an ICT-based app, through which incentives are provided, in fiscal year 2022 in cooperation with the health insurance society. The app is used by 35.2% of our employees. Utilizing the app, we distribute health information and organize various health-related events, such as those involving the measurement of walking distances or body weights. The app is also used for checking health checkup results and vaccination records.



Smartphone app

Support for all employees to prevent disease

Introduction of Health Challenge 8

We have introduced Health Challenge 8, a health maintenance and improvement initiative intended to encourage employees to develop a healthy lifestyle autonomously by taking on eight challenges for improving their lifestyles. By sharing the awareness of health problems throughout each organization, we strive to ensure that many more employees and workplaces can manage health on their own, thereby enhancing the entire company's health literacy.

Dietary initiatives

At Aisin, 27.4% of the employees are at risk of triglycerides. To address this problem, we are proceeding with dietary initiatives. To raise employees' awareness of improving

their eating habits, we have registered dietitians at our cafeterias, where healthy dishes are offered. In addition, we have introduced equipment for calculating calories and salt content to establish an environment that makes employees aware of nutritional balance and enables them to make self-management. To improve employees' eating habits, we release awareness-raising materials especially during the month before employees' health checkups.

Exercise-related initiatives

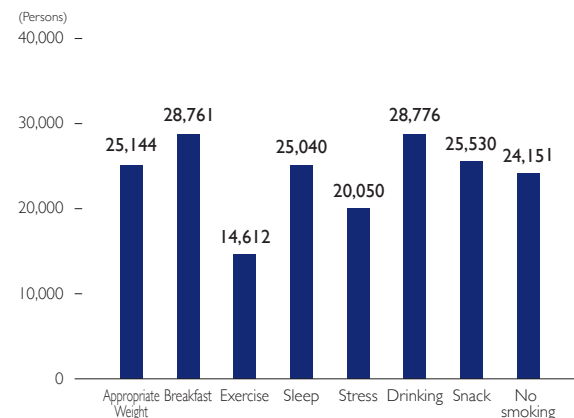
Only 41.5% of Aisin's employees exercise regularly. Affected by the change in employees' lifestyles due to the recent COVID-19 pandemic, the percentage of those with a BMI 25 or higher has increased by 1.7% from last year.

Toward decreasing the percentage of employees with a

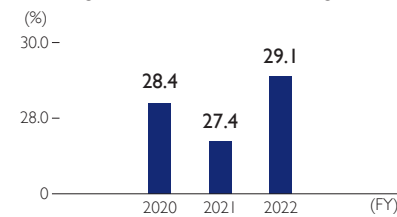
BMI 25 or higher to 23% by 2025, we will further encourage employees to improve their lifestyles.

We organized an exercise event for all employees to participate in using a smartphone app. The event was designed in a way that employees could join as individuals but could work together with members of their departments, thereby making it a safe and fun event where everyone could experience enjoyment while feeling connected with their coworkers. After the event, 79.7% of the participants are continuing regular exercise. As many as 60% of our employees do not exercise regularly, and we will improve their awareness and enhance their health literacy. We will provide opportunities to enjoy exercise that can be done even during the pandemic so that many more employees will exercise regularly.

Health Challenge 8 - number of those engaged in the 8 Lifestyle Practices

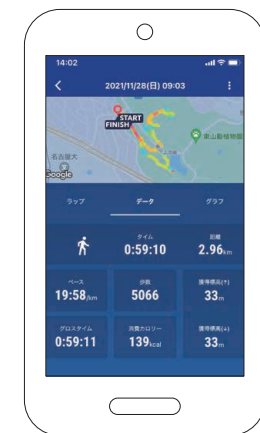
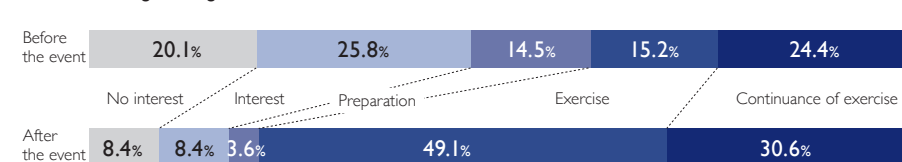


Percentage of those with a BMI 25 or higher



AISIN WALK&RUN

Awareness change through the AISIN WALK&RUN



Smartphone app

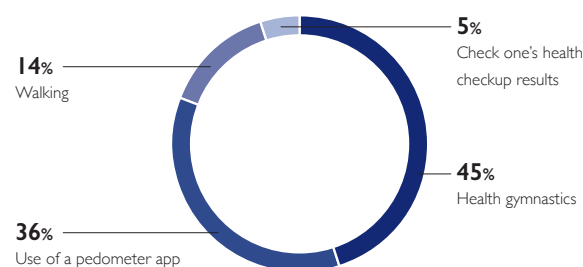
Support for all employees to prevent disease

Organizing a health tour

In cooperation with a municipal tourism association, we held a tour as a fun, extraordinary opportunity for participants to improve their eating habits and come to exercise regularly while enjoying local agricultural produce, a hot spring resort, nature, and tourism facilities.

By enabling employees to experience the fun of health improvement through walking, health gymnastics, and health guidance from a dietician, we encourage them to change their behaviors toward developing a healthier lifestyle.

Behaviors developed after participation in the health tour



Protection of those with a high risk of developing serious lifestyle-related diseases and other diseases

Health checkups

We ensure that all our employees receive regular health checkups, with the annual checkup rate continuing to be 100%.

To implement follow-up measures after 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 all employees. When employees are at a high risk, we take measures such as restrictions on the nature of their work, one-on-one meetings and notifications. While doing so, we raise employees' awareness of the importance of self management and provide support to prevent them from developing serious diseases.

Fiscal year	2020	2021	2022
Rate of receiving a regular health checkup	100%	100%	100%
Rate of receiving a thorough examination	81.7%	75.9%	53.6%
Rate of deciding on restrictions on the nature of work	100%	100%	100%
Rate of conducting meetings	100%	100%	100%
Rate of providing health guidance	68.0%	65.9%	60.2%

Cancer screening

We ensure that employees receive not only a regular health checkup but also various cancer screenings in order to reduce cancer risks to health through early detection. The health insurance society, the labor insurance society, and the company provide subsidies, facilitating employees to get cancer screenings. In particular, a colorectal screening is available for all the employees aged 35 or over.

Support for all employees to prevent disease

Prevention, early detection, and response to stress-related illnesses, such as mental health disorders (improvement in the workplace environment, etc.)

With the work style reforms going on amidst the COVID-19 pandemic, we experienced a management integration, a great change in the workplace environment, in 2021.

For employees' awareness of workplace stress factors, decreases are found in the scores of satisfaction with work, reward of work, and control of work. The percentage of those with high stress, 4.5%, is on the rise.

In fiscal year 2023, we will aim to reduce the percentage of highly stressed employees by 0.5 points and establish a lively, rewarding work environment.

We are taking measures with a focus on support to address three types of stress factors.

Measures to address personal factors

We encourage employees to detect their disorders at an early stage through stress checks. In 2021, the rate of receiving a stress check was 86.1%.

For employees experiencing many points of change in their workplace environment, we provided a self-care training program, which was joined by a total of 13,657 employees of 20 group companies. The program's satisfaction rate was 96.3% and the understanding rate was 99.4%.

* Aisin, Aisin Development, Aisin Fukui, ADVICS, Shiraki, Art Metal Mfg., Aichigiken, Kotobuki Industry, Saitama Kogyo, CVTEC, CVTEC Kyushu, CVTEC Hokkaido, Aisin Infotex, IMRA Japan, Aisin Collabo, Aisin Software, Aisin Digital Engineering, Aisin Logitech Service, FT Techno

Measures to address workplace stress factors

Selecting three workplaces based on the workplace stress check analysis results and questionnaire results, we began to provide support for each workplace in fiscal year 2022. We performed interviews to reveal the workplace's actual situation, identified problems, and implemented an action plan under the lead of the workplace.

Measures to address buffer factors

To create a working environment where our employees can work without undue stress, the whole of the AISIN Group provides training for managers on how to provide line-care (mental health support) in the workplace. A total of 2,401 people have attended this training so far.

We will ascertain the effects achieved through the workplace environment improvement initiatives and the mental health training by checking changes in the employee awareness of workplace stress factors and the percentage of highly stressed employees in fiscal year 2023.

The ratio of employees taking leave for poor mental health for the first time was 0.8%, meaning that there has been no change in the past three years.

Fiscal year	2020	2021	2022
Percentage of employees with high stress	4.0%	3.7%	4.5%

Fiscal year	2020	2021
"I'm satisfied with my work."	11.3%	11%
"My work is rewarding."	12.4%	12%
Average score of work quantity burden	8.5 points	8.6 points
Average score of control of work	7.8 points	7.5 points
Average score of support from a supervisor	7.9 points	8.0 points
Average score of support from coworkers	8.2 points	8.2 points

Support for all employees to prevent disease

Initiatives to address health issues specific to women

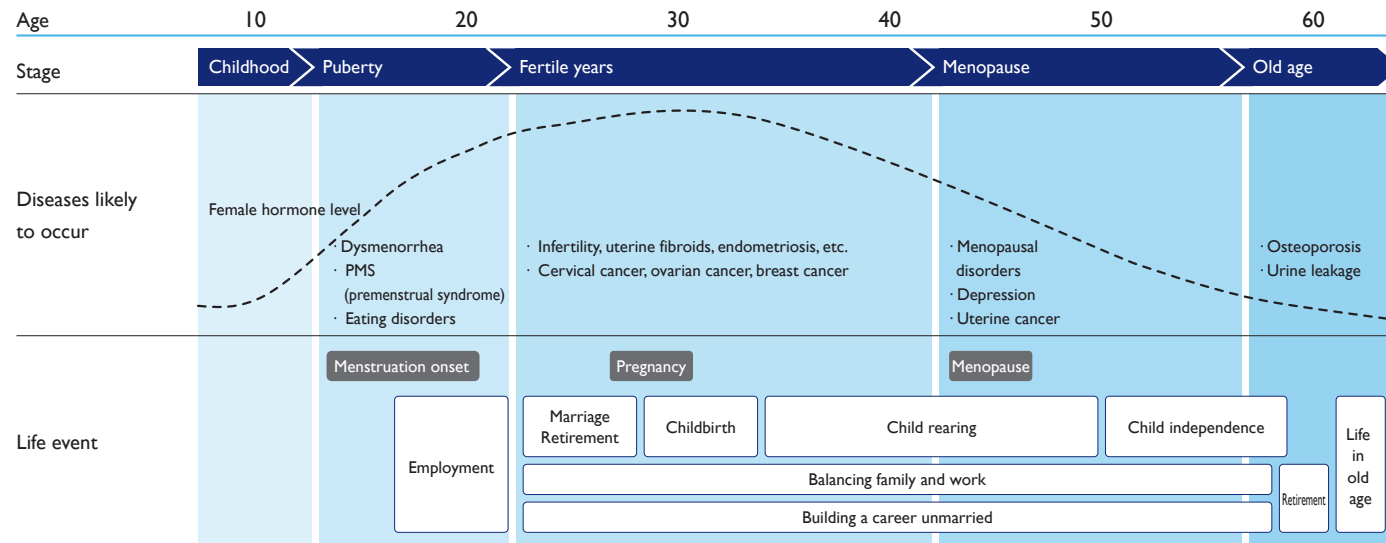
Aisin is committed to ensuring that women can fully achieve their potential. To help female employees fully demonstrate their individualities and follow their ideal career paths while achieving good control of health issues specific to women, we strive to establish an environment comfortable to female employees in terms of health through the initiatives below:

- Organizing a seminar for managers and supervisors to raise their awareness of health issues specific to women and improve their understanding
- Organizing a seminar for 180 female employees to learn more about women's health (Understanding rate: 100%; and satisfaction rate: 98.9%)
- Covering the cost of gynecological exams in cooperation with the health insurance society. Sending a notice on this system to all female employees to encourage many more female employees to get such exams.
- Establishing a system to help female employees to strike the best balance between work and fertility treatment

Saying that they have become able to manage health problems, 97.8% of the seminar participants have obtained health knowledge and understood the importance of self management toward early detection of abnormalities and early treatment.

While providing support for women in terms of their health, we will strive to ensure that many more employees understand more about health issues specific to women and establish a workplace environment where everyone can work vigorously.

Women's health program



Reference: Mochida Healthcare

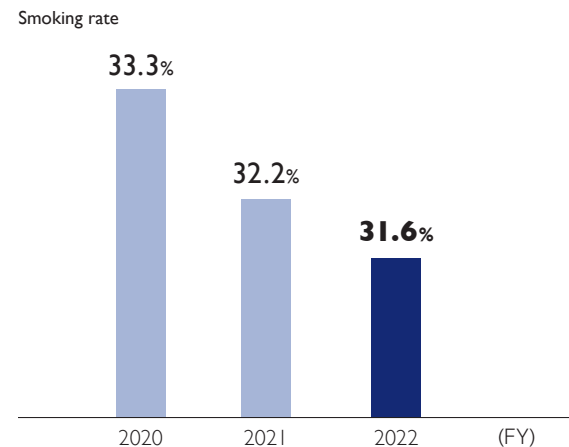
Support for all employees to prevent disease

No-smoking initiatives

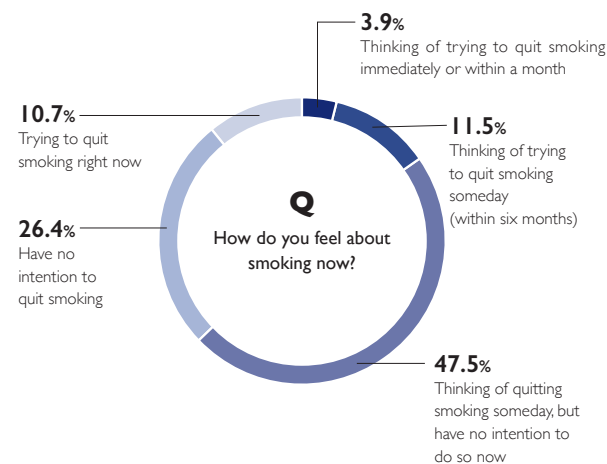
Although the smoking rate of Aisin's employees is declining year by year, the rate is still high compared to the national average.

Using a smartphone app through which incentives are given, we have performed a questionnaire survey for smokers and have organized a program to provide support according to the behavioral change stage. The program has drawn 1,192 participants. Nearly half of the smokers answer that they would like to try to quit smoking within one month, six months or someday. By introducing a method that will stimulate their interest toward quitting smoking and changing their behaviors, and also by implementing measures based on the results of the questionnaire items on how they began smoking and in which situation they feel like trying to quit smoking, we are striving to decrease the ratio by 8% by 2025 compared to fiscal year 2021.

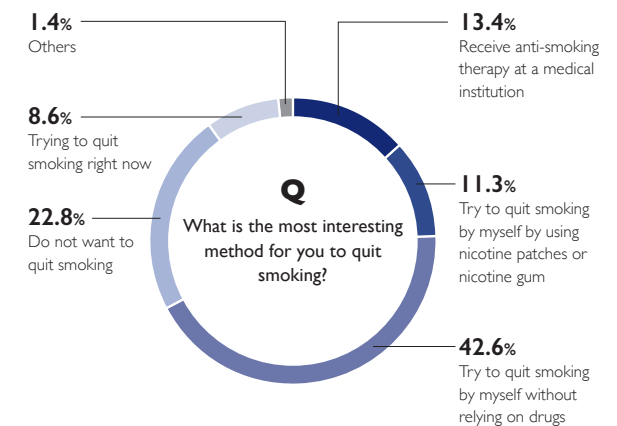
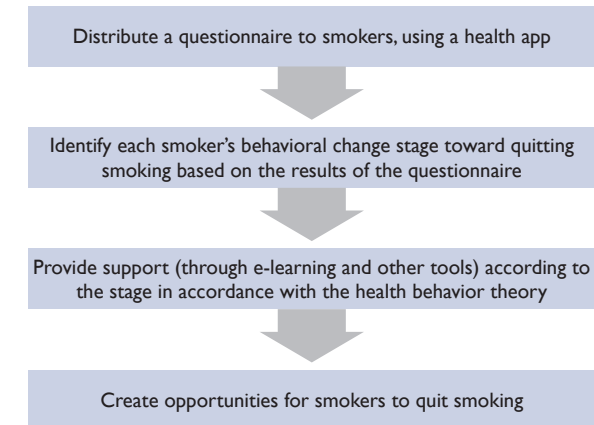
In addition, for those who have succeeded in quitting smoking by receiving anti-smoking therapy at a medical institution, we have provided a subsidy to cover part of the travel expenses to the medical institution in cooperation with a health insurance society. For young employees, we include smoking in the themes of the health program for new employees in order to raise their awareness.



Smoking cessation support program: questionnaire results



Smoking cessation support program



Support for all employees to prevent disease**Support to return to work after leave and strike the best balance between work and medical treatment**

Backed by medical progress, it is becoming possible today to work while receiving treatment. Since it is expected that we will have many more employees with disease in line with aging of employees, we think that it will become even more necessary to provide support for sick employees to strike the best balance between their treatment and work. With this background, we have the following systems in place.

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. In addition, we have guidelines to provide support for employees to strike the best balance between their work and treatment.

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.

For those who have returned to work, we provide support so that they can strike the best balance between their work and treatment. We train their supervisors, place restrictions on the nature of their work, and hold periodic meetings with them and their supervisors to consider how they can work while taking account of their conditions.

Protection of employees from infectious diseases

Today, the world is facing a wide variety of health problems, including infectious diseases. We are actively responding to this situation so that we can help all those related to the AISIN Group maintain and improve their health. We help not only domestic bases but also overseas bases and partners in our supply chain obtain correct health knowledge and take appropriate measures against infectious diseases.

As a result of implementing the measures below, we have zero clusters at our workplaces.

- Setting up infection prevention panels in our workplaces and cafeterias, reducing the number of seats, and redesigning our workplaces to enable physical distancing
- Creating guidelines for preventing the spread of COVID-19, which have been rolled out at group companies and at supplier sites
- Creating a framework for vaccinating our employees and arranging for employees, personnel who work on our premises and people at our affiliated companies to be vaccinated at our workplaces. A total of 97,623 doses have been administered.



At the time of occupational vaccination interview

Initiatives for employees traveling overseas for work

For employees posted overseas and their families, as well as employees on overseas business trips, not only do we issue a heads-up and make decisions to bring them to their home countries, but we also provide training programs and appropriate information so that they can keep themselves safe with reference to information provided by the Quarantine Information Office of the Ministry of Health, Labour and Welfare regarding infectious diseases and immunization and the safety guidelines set by each country's embassy and consulates. By concluding a contract with an institute specializing in medical security, we also provide an assistance service to protect employees from different medical and safety risks in our operating countries and regions.

Social evaluation

We have created a framework to support employees in terms of disease prevention and early detection and treatment. 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 six consecutive years.



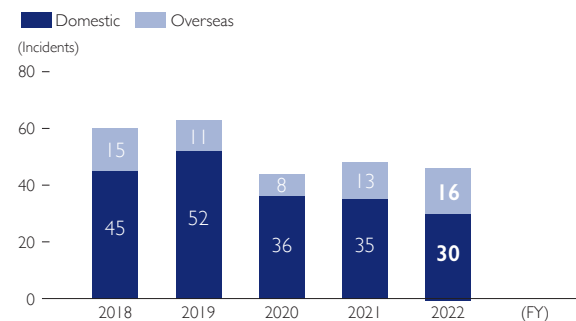
Fire prevention activities

Initiatives to prevent the reoccurrence of fires and minimize possible damage

Aisin learned an important lesson from the fire that occurred at our Kariya Plant on February 1, 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, 4 basic actions if 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

Domestic and overseas fires in the AISIN Group



*1 An incident is regarded as a fire if the incident involved a firefighting activity as a result of an explosion, smoke generation, fire generation, or smoldering.

*2 Even if the relevant incident did not involve a firefighting activity, it is regarded as a fire if smoke is generated as a result of high temperature.

Workplace meetings in Fire Prevention Month

Designating February 1 as Aisin Fire Prevention Day, we hold awareness-raising events intensively in February every year. These events serve as opportunities for employees to review the past fires and remember the terror of the fires, thereby increasing their awareness of fire prevention and strengthening their practical skills at workplaces.

4 basic actions if a fire occurs

The 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. We also carry out training on a continual basis.

4 basic actions if a fire occurs

1. Shout "Fire!"
2. Activate the fire alarm by pressing the button.
3. Confirm that the surrounding area is safe and use the fire extinguisher to put out the fire.
4. Evacuate if you think it is too dangerous to remain in the area.



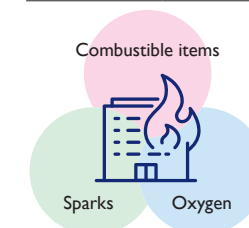
Reinforcement of fire prevention management

We are reinforcing our fire prevention management by registering facilities in which sparks are generated as "fire prevention priority management facilities (Fire Component Facilities*)". They are defined as high fire-risk facilities in which sparks are generated and combustible/flammable items are present and facilities that might generate great damage in case of a fire. We aim to prevent fires by clarifying management items for preventing fires, ensuring that they are observed, and maintaining the observance.

*F Component Facility: facility with fire components (spark, combustible item, and firefighting tool) to be managed

Management points

Sparks	E.g. - Installing a spark prevention cover - Protecting electric wiring from short-circuit - Preventing a heater from becoming abnormally hot - Preventing static electricity from accumulating (installing an earth grounding system)
Combustible items	E.g. - Eliminating oil leakage - Ensuring that wiping rags are removed after use - Removing combustible waste - Removing unnecessary wiring - Collecting accumulated dust
Fire extinguishing	E.g. - Maintaining and managing fire extinguishers - Maintaining and managing automatic fire extinguishing equipment - Conducting periodical inspections of fire dampers for exhaust ducts - Offering training for emergency treatment



A fires occurs if the three elements of a spark, a combustible item, and oxygen are present.



F Component Equipment display board

Fire prevention activities

Handling of major fires and group-wide prevention of reoccurrence

We take rigorous measures so that the reoccurrence of a fire will not trouble customers, suppliers and members of the community. In addition to strengthening the inspections for maintaining the performance of our facilities, we have added fire prevention inspection items to the management forms used on a daily basis, thereby making group-wide efforts to prevent reoccurrence.

Prevention of the reoccurrence of the recent major fires

Company	Heat source/ flammable item	Prevention of reoccurrence
ADVICS Handa Plant (August 2021)	Overheated thermostatic tank/chemicals (Cured resin)	<ul style="list-style-type: none"> Formulating written work instructions (procedures) and establishing regulations Establishing regulations and a framework for indicating poisonous and deleterious substances
Aisin Takaoka Kira Plant (December 2021)	Short-circuit in an indoor air conditioner / wiring sheath	<ul style="list-style-type: none"> Formulating a daily inspection procedure for air-conditioner filters and ensuring that the procedure is observed Checking air conditioners' capacities, room sizes, and usage ranges
Aisin Anjo 2nd Plant (January 2022)	Hot gas/soot in an oil tank	<ul style="list-style-type: none"> Changing the daily cleaning procedure (frequency/objects/structures) Establishing a framework and operations for even better facility management
Aisin Mizunami (February 2022)	Short- circuit/ oil and polishing powder	<ul style="list-style-type: none"> Reviewing the cleaning procedure and frequency toward the best practice and reflecting the revision in the list of management items Clarifying the ratio of a cable's occupancy in its cableveyor

Emergency meeting for fire prevention

We were plunged into a critical situation due to the frequent occurrence of major fires requiring public firefighting, specifically at the Aisin Tahara Plant in April 2021, the AS Brake Systems Itami Works in May 2021, and the ADVICS Handa Plant in August 2021. Therefore, in September 2021, Aisin's executives in charge of fire prevention gathered to share the causes of the major fires and emergency prevention measures and confirmed the implementation of Group-wide activities to prevent recurrence of such fires.



Process (die casting) inspection

Development of fire prevention instructors

We strive to develop human resources who can serve as guardians against fires by appointing instructors at each business site, training them, and providing them with opportunities to work together so that they can expand their knowledge and insights through such cooperation.

Fire prevention instructors:

37 members at **25** business sites




Fire prevention surveillance

We have introduced fire prevention surveillance based on third-party inspection and evaluation to maintain an appropriate fire prevention management framework and raise its quality. The surveillance includes not only assessment of employees' awareness of fire prevention at their workplaces but also assessment of heat and gas leakage through the use of the latest measurement instruments. The surveillance contributes to our daily improvements.

FY2022 surveillance

3 business sites and **3** group companies

Third-party certification



11 June 2022
Opinion No : SGS22/063

Verification Opinion

Mr. Moritaka Yoshida
President
AISIN CORPORATION
2-1 Asahi-machi, Kariya, Aichi, Japan

Objective
SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by AISIN CORPORATION (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the statement"). The objective of this verification is to confirm that the statement in the Organization's applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third party. The organization is responsible for the preparation and fair presentation of the statement.

Scope
The scope of verification is rate of disabling injuries occurring in the workplace.
The period subject to report is 1 April 2021 to 31 March 2022.
Refer to the following table for the detailed scope of verification.

The details of the scope of verification

The scope	The boundary	The statement
1 Rate of disabling injuries occurring in the workplace	12 Group companies including AISIN CORPORATION	0.14


Procedure of Verification
The statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the statement: Review of vouchers, related documents and records at the head office


The criteria for this review are based on the protocol specified by the Organization.

Conclusion
Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's statement was not calculated and reported in conformance with the criteria.
SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku, Yokohama
Senior Executive & Director
Knowledge



Yuji Takeuchi



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Quality

Our commitment to quality assurance

In the AISIN Group Way, our action principle "Supreme Quality" is foundational in everything we do. We carry out TQM*, intended to enhance not only the quality of our products and services but also the quality of our work, ensure mutual cooperation between all our employees, and improve our company frameworks based on a customer-first approach.

*Total Quality Management

Initiatives to address medium- to long-term issues

Amidst changes in our business environment, such as CASE and MaaS, we are striving to fully achieve synergy through cooperation between all the members of the AISIN Group, assure the highest quality globally throughout the Group, and foster new quality value.

Initiatives to prevent disruption

To reduce and eliminate disruption for customers, we are promoting a shift from the conventional approach of trouble repair to predictive analysis and preventive measures by using big data obtained through our efforts to address the trend of connected vehicles and products.

Initiatives to realize product quality for inspiring customers

Not only do we address defects and troubles as we have done so far, but we also respond to dissatisfaction from customers toward accomplishing the target of ensuring product quality that exceeds customer expectations and inspiring users. In addition, we numerically clarify convenience for customers and their potential dissatisfaction, based on analysis of big data and the feedback obtained through demonstrative experiments, and incorporate the results into our quality improvement efforts.

Initiatives related to products in new areas

To promote a shift from the diversification of products, such as software and servers, to the development of products in our new business areas, we provide on-demand support globally using DX technology while ensuring that a design perspective is integrated in such support.

Supreme quality ensured by reinforcing and promoting the fundamental TQM activities

We organize workplace meetings as opportunities for all employees to experience the concept "supreme quality" through the exploration of what they can do with their first priority on customers. By doing so, we are striving to raise

the quality of their work. Moreover, to provide value that exceeds customer expectations, we engage in discussions with group companies regarding various problems and measures. In addition, we encourage all employees to present creative and ingenious proposals, thereby striving to raise the quality of products and work and fostering human resources. So far, 42 achievements made by employees of the Group have been commended with the Award for Creativity by the Ministry of Education, Culture, Sports, Science and Technology, with the figure being the highest of all the institutions in Japan.

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. By enabling employees to learn from unfiltered feedback received from customers and passing on the lessons from past incidents as valuable insights, we strive to foster employees' awareness of quality and raise the quality of their work. The facility features a tunnel for learning how scary quality problems can be, a simulator where employees can experience defects, panels showing quality issues that people have reported, and other forms of ingenuity for making employees keenly realize the importance of quality.

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



Aisin Densho-kan



A tunnel for learning how scary quality problems can be

Human rights

GRI 102-12, 13, 202-1, 402-1, 407-1, 408-1, 409-1, 412-1~3

Basic principles regarding respect for human rights

Respect for human rights is foundational in all of our business activities. We are keenly aware of the need 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.

AISIN Group Human Rights Policy

In 2021, we established the AISIN Group Human Rights Policy after obtaining approval from the Human Rights Advisory Committee. As a pledge that the AISIN Group will fulfill its responsibility to respect human rights, the policy has been incorporated into each function's important regulations.



AISIN Group Human Rights Policy
https://www.aisin.com/en/sustainability/social/employee/respect/pdf/HumanRightsPolicy_2.pdf



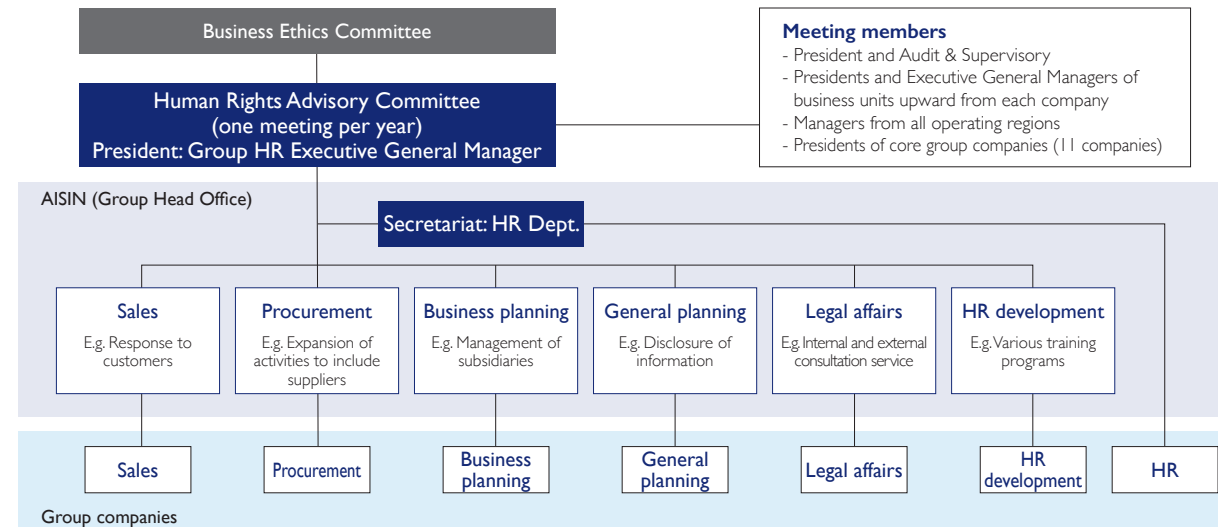
Initiative scheme and implementation framework

We have established a scheme in line with the UN Guiding Principles on Business and Human Rights to promote human rights initiatives. In addition, in order to increase the commitment by management, we have established the Human Rights Advisory Committee to deliberate and decide on policies, systems, and activity plans.

Implementation scheme



Implementation framework



Human rights

Due diligence regarding human rights

While consulting with outside experts, we set critical risks for each fiscal year. For fiscal year 2022 and onward, we acknowledge the issue of Technical Intern Training for Foreign Nationals, a scheme used by the AISIN Group, as a risk area of the highest level. There is a concern that the scheme might lead to forced labor. As a result of a group-wide inspection on the reality of how we use the scheme (via supervising organizations) in Japan, we have found that as of the end of March 2022, 24 companies accepted 710 trainees, two-thirds of whom were from Vietnam. While taking account of this situation, we are promoting the following initiatives.

Periodical inspections to identify the acceptance of technical intern trainees

Our inspections on trainees' work and treatment, document management, protective measures, supervising organizations, etc. show that there have been no violations that might lead to breach of human rights. We give instructions regarding the necessary measures for pregnant and postpartum trainees.

Corrective action against recruitment fees

In cooperation with members of the Toyota Group, we are proceeding with corrective measures, starting with such measures for trainees from Vietnam.

Collaboration with external stakeholders

By participating in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society, we ensure cooperation with various organizations.



In addition, we have conducted a migrant labor investigation among all our overseas group companies to identify the reality of their use of migrant labor and risks that might lead to forced labor (e.g. recruitment procedure and treatment upon trainees' return to their home countries). The investigation shows that there have been no violations of human rights of migrant workers.

Migrant workers at our overseas group companies (by region)

Region	Migrant workers
Americas	255
Europe	67
Asia	10
China	0

We clarify our commitment to human rights in accordance with the UK Modern Slavery Act.



FY2022 AISIN Group
Statement on the UK Modern Slavery Act
[https://www.aisin.com/en/sustainability/
social/employee/respect/pdf/
StatementonModernSlaveryAct.pdf](https://www.aisin.com/en/sustainability/social/employee/respect/pdf/StatementonModernSlaveryAct.pdf)



To identify and address the main risks imposed on the entire Group, we will ensure from fiscal year 2023 that self-inspections are performed throughout the Group both domestically and internationally and at our main 110 suppliers.

Sound relationships between management and workers and respect for the labor standards

To maintain sound relationships between management and workers, we emphasize the concepts of respect for human rights, mutual trust between management and workers, and acknowledgement of management and workers as the two wheels for moving the organization forward (i.e. mutual cooperation). We periodically organize meetings between management and workers to share the two parties' policies and problems toward establishing an environment where employees feel job satisfaction. For measures whose implementation will affect employees greatly, we inform employees of such measures well in advance.

Working hours

We comply with the Labor Standards Act. If it is necessary to have employees work over the statutory working hours, we complete the statutory procedure and ensure close communication with the workers' union while taking account of the employees' health and safety. To reduce the total working hours and enable employees to work flexibly, we are actively introducing IT tools and establishing a work-from-home framework. In addition, to maintain the ratio of annual paid leave taken at 100%, we are making various efforts, such as issuing the company's top message and reviewing the work styles of personnel posted overseas.

Human rights

Wage

Not only do we comply with law in terms of the minimum wage and other aspects, but we also respect the concept of equal pay for equal work. We ensure that there is no unreasonable gap between temporary employees and regular employees in their treatment.

Starting wages at Aisin (on a non-consolidated basis)

	Starting wages (April 2021 results)	Vs. Minimum wage of Aichi Prefecture	Vs. Minimum wage of Tokyo
Technical college graduate (regular course)	182,000 yen	117%	108%
Technical college graduate (specialized course)	20,800 yen	134%	123%
University graduate	208,000 yen	134%	123%
Master's degree holder	230,000 yen	148%	136%
Doctoral degree holder	264,000 yen	170%	156%

The minimum wages have been calculated using the monthly average of 20.3 days and eight hours per day, with reference to those of Tokyo (1,041 yen) and Aichi Prefecture (955 yen) as of fiscal year 2023. There is no gender or regional gap in the same qualification grade.

Employment stability

We believe that in order to ensure employment stability, it is important to standardize HR and labor concepts and frameworks throughout the Group. We implement various measures based on this belief in accordance with the law, resulting in the turnover for fiscal year 2022 of four group companies*¹ being 1.8%*².

*¹ Aisin, Aisin Takaoka, Aisin Chemical, and ADVICS

*² Number of those leaving their company (for personal reasons) from April 1, 2021 to March 31, 2022 / number of employees enrolled as of April 1, 2021

Training and awareness-raising activities

To share the importance of respect for human rights, we train employees and suppliers.

Trainees	Description
Executives	Incorporating a human rights program in the training for newly appointed executives
Human-rights-related departments (HR, procurement, etc.)	Conducting domestic group study sessions on basic knowledge and each department's role
Those engaged in recruitment	Ensuring opportunities for job interviewers to learn from the Aichi Labor Bureau to learn about points to note
Related to discrimination	Holding membership in the Industrial Federation for Human Rights, Aichi, and also working together with the Corporate Federation for Dowa and Human Rights Issues in proceeding with awareness-raising activities
Newly hired or promoted employees	Holding CSR training seminars covering the area of human rights
All employees	Japan: Raising employees' awareness through case studies which they can work on easily Overseas: Engaging in dialogues with regional headquarters so that they can make efforts in line with the local conditions
Suppliers	Issuing the Sustainability Guidelines and organizing an explanatory session to ask for their support. In fiscal year 2023, we held study sessions for 110 major suppliers and shared our initiatives.

Establishment and reinforcement of consultation services

We have the AISIN Global Hotline, which receives consultation requests from inside and outside the company, to establish a framework for taking up an extensive range of opinions on human rights. To respond to the issue of Technical Intern Training for Foreign Nationals, we have participated in the JP-MIRAI Pilot Project of Counseling for Foreign Workers and begun to receive requests for consultation to be provided from outside experts.

Supply chain initiatives

Response to responsible mineral procurement (conflict minerals)

In fiscal year 2023 again, we inspected our supply chain to check whether conflict minerals were used, and we reported the results to our customers. By participating in an industrial organization, we are striving to establish an effective inspection method. We will continue responsible procurement of minerals in line with 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 responsible procurement of minerals.

Procurement

GRI 102-9, 12, 13, 414-2

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, the 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 Group's procurement principles

We believe in coexisting and sharing prosperity with our suppliers and strive to achieve mutual development. Based on this belief, we have established the following Group Procurement Policies for our procurement activities.

Group Basic Procurement Policies

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

FY2023 Group Procurement Policies

- Policy 0:** Reinforcing the activities regarded as a transaction prerequisite
- Policy 1:** Building a procurement base to support growth strategies
- Policy 2:** Implementing groundbreaking measures to make us more competitive
- Policy 3:** Renovating operating processes
- Policy 4:** Reinforcing the BCP activities

In fiscal year 2023, we held an online presentation* on our procurement policies in each of our main global operating regions of Japan, North America, China, ASEAN, and India. We shared information on current trends in our business environment and rolled out our Group Procurement Policies.

*For the presentation, we invited suppliers with a high degree of transaction dependency in each region (752 Japanese companies and 1,051 overseas companies).

AISIN Group's supply chain

The AISIN Group's domestic and overseas companies deal directly with 4,725 primary suppliers, 3,088 of which are parts suppliers.

(Companies)

	Parts	Raw materials/ others	Total
Japan	1,150	1,257	2,407
Overseas	1,938	380	2,318
Total	3,088	1,637	4,725

Procurement**Jointly undertaking sustainability initiatives with suppliers**

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

With suppliers, we promote fair procurement activities based on the spirit of openness and fairness and mutually conclude basic transaction agreements focused on safety and health and pollution prevention, in addition to complying with the laws of competition, bribery prevention and elimination of antisocial forces.

We are also engaged in initiatives throughout the 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 suppliers. Additionally, we have established a contact point for suppliers to make inquiries and seek advice on matters related to business ethics.

To address the recent appreciation of resource prices, we are interviewing suppliers to identify problems from their perspectives and working together with them toward solving the problems.

Supplier Sustainability Guidelines

In fiscal year 2023, we issued the Supplier Sustainability Guidelines, which present our requests to suppliers so that we can enhance our commitment to ESG especially toward realizing a sustainable society. The guidelines consist of the basic articles that we would like to work on together with suppliers through our transactions. We have been seeking suppliers' understanding of the guidelines by, for example, holding explanatory sessions for our main suppliers. We have suppliers sign their names on a confirmation form if they agree to comply with the guidelines.

We also call for suppliers through the AISIN Group Green Procurement Guidelines to reduce greenhouse gas emissions, including CO₂, recycle waste materials and resources, conserve water, and preserve biodiversity.

Risk assessment for and response to suppliers

In the AISIN Group, we conduct quality audits to improve the quality of our suppliers. In Japan, we conduct an audit at least every three years for 393 suppliers and check their quality management frameworks and compliance with the quality standards. These suppliers include those of parts requiring a high level of quality, such as safety parts, those that do not have IATF16949, and those selected based on our risk analysis in consideration of their past quality problems. In fiscal year 2022, we audited 20 suppliers. This audit is intended to confirm the suppliers' compliance with the relevant quality standards. If any problem is found, we ensure that its cause and corrective measures are incorporated in the relevant supplier's improvement plan, confirm each step according to the schedule, and continue to present advice until the problem is solved.

Today, we are facing not only risks of natural disasters and fires; infectious disease and geopolitical risks are also growing. We have a framework in place to handle risks that threaten the stability of our supply chain. We receive information from suppliers regarding the production processes of the materials and parts that we purchase, register the information in a dedicated system, and use it for taking the first action smoothly and implementing recovery measures promptly. If 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 in a timely manner.

To respond to the recent acute shortage of semiconductors and resin materials, we ensure the necessary inventory while taking account of supply risk. We have taken measures from early on toward continuing supply.

Procurement

Mutual improvement with suppliers

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

Affiliated groups and involvement in initiatives

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

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

AISIN Group's procurement framework

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

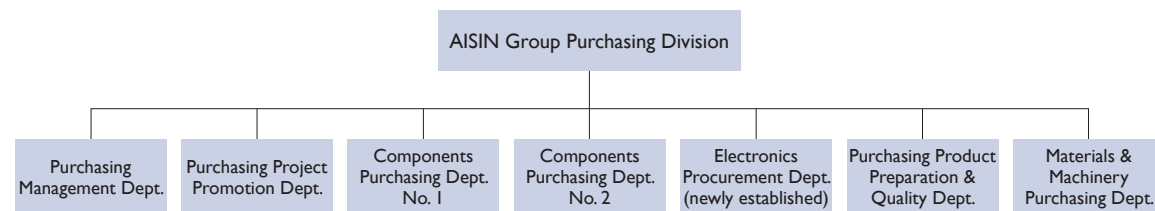
accelerate our global procurement activities.

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

Employee training

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

Procurement organizational chart



Social contribution activities

GRI 201-I, 413-I

Initiatives to “Be With” local communities

One of the tenets of our Corporate Principles is to “act independently and aspire to contribute to society.” Under this tenet, the AISIN Group Principles of Corporate Behavior pledges to actively engage with society and contribute to sustainable development based on an awareness that companies are members of society.

Together with a wide variety of stakeholders, we carry out various social contribution activities with our focus on the three categories of protection of nature and the environment, nurturing youth, and community building and development. Through these activities, we are working proactively to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of common goals for international society to achieve by 2030.

Protection of nature and the environment

The AISIN Group promotes activities such as tree plantings and local cleanup activities.

Nurturing youth

The AISIN Group promotes initiatives, such as lectures for learning about manufacturing and the environment as well as sports instruction.

Community building and development

The AISIN Group conducts a broad range of activities that include the welfare of persons with disabilities, support of non-profit organizations (NPOs), art and cultural activities, and volunteering and training.

Protection of nature and the environment

We work on various environmental protection initiatives to contribute to sustainable social development. We plant trees in various parts of the world to contribute to the achievement of carbon neutrality and to conserve nature. In addition, we clean up areas around our offices in each country and nearby beaches and rivers to contribute to environmental conservation.

Tree planting activities around the world



Major tree planting projects

Places	Purposes
Thailand*	Contribution to reducing CO ₂ emissions
Indonesia*	Contribution to reducing CO ₂ emissions
U.S.*	Contribution to reducing CO ₂ emissions
Inner Mongolia Autonomous Region, China	Prevention of desertification
Mt. Fuji	Protection of its soil from becoming sandy
Rikuzentakata City, Iwate Prefecture	Restoration of the coastal forests

* Area around local company

Forestry foster parent agreement with Nagano Prefecture

We have signed a forestry foster parent agreement with the village of Neba, a municipality by the Yahagi River in Nagano Prefecture. We cooperate in planting mitsuba-tsutsuji azaleas and thinning out forests. This project has received CO₂ reduction certification.



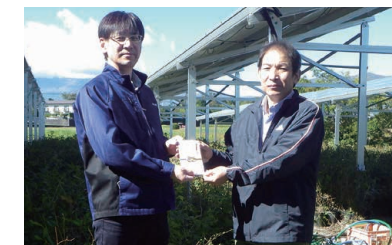
Nukata Forest - forest thinning workshop

We held a workshop designed to raise public awareness of the environment. The participants observed forest thinning in a nearby mountain and created chairs or boxes using timber from the forest thinning.



Forestry foster parent agreement with Nagano Prefecture

As preparation for planting trees in the forest at the base of Mt. Fuji and in forests in the Tohoku region, we make donations to support the growth of saplings.



Social contribution activities

Nurturing youth

We provide support for healthy growth of children, who will play key roles in the future. We make community-based support efforts, including an environmental program that helps local children realize the importance of the environment and encourages them to act for environmental preservation and live eco-friendly lives and on-demand seminars intended to foster the participants' interest in manufacturing. We also carry out sports initiatives to ensure young people's sound health and invigorate the local communities.

Environmental program to facilitate self-directed eco-activities

The AISIN Group works together with government bodies and NPOs to roll out the AISIN Environmental Education Program for elementary school students. In fiscal year 2022, 1,663 children from 21 schools participated.



Nurturing youth and invigorating local communities actively through sporting initiatives

We provide support for Seahorses Mikawa, a professional basketball team in the B. LEAGUE, to organize a basketball school for elementary school students. In addition, our sumo club holds a sumo workshop and rice-cake making event at a nearby nursery school. Furthermore, our volleyball club organizes a volleyball workshop for elementary school students. We are thus committed to the development of youth through sports.



Community building and development

To realize a sustainable society where everyone can live with safety and peace of mind, we continue activities in a wide variety of fields, such as traffic safety, health, welfare, community support, and contribution to achieving a recycling-oriented society.

Traffic safety activities throughout the world

As a member of the automobile industry, we are actively committed to local community initiatives, such as traffic safety education and awareness programs and donations, at all our business sites around the world.



Main initiative examples

Places	Descriptions
China/ Thailand/ Indonesia	Sending local employees to nearby schools to organize safety programs for students to learn about traffic regulations and traffic signs
Taiwan	Organizing seminars for high school and university students to learn about automobile mechanisms and traffic safety when they participate in corporate tours
Japan	Organizing traffic safety seminars for children and senior citizens and distributing awareness-raising items. Also analyzing driving performance of pick-up service drivers of elderly facilities and organizing lecturers for them.

Participation in TABLE FOR TWO

We are a participant of TABLE FOR TWO (TFT), an initiative designed to provide food support to developing countries and strive to eradicate lifestyle diseases in developed countries. In fiscal year 2022, we raised enough money to offer 193,000 meals, leading the AISIN Group to earn the highest award, Platinum Supporter, for nine years in a row. (We ranked first among the 370 participating companies in the employee cafeteria division.)

Donations in a wide range of categories throughout the world

We donate our stockpile of emergency food to local social welfare councils, volunteer-run cafeterias for children in need, and other organizations. In foreign countries, we donate clothes to the unemployed, as well as toys, food and other items to local communities. We also make donations to children's homes and local foundations.



Vending machines with a donation function

To enable all our employees to participate in social contribution activities easily, we have installed vending machines with an option for a user to donate part of the payment to an external organization. The donation is used to support those with severe illnesses, give scholarships to children orphaned by traffic accidents, and provide medical support for children in developing countries.



Spending on social contribution activities

Our spending on social contribution activities are classified into the following three categories, with reference to the framework of the international guidelines Business for Societal Impact (B4SI).

	(Million yen)
Charitable donations	94
Community investment	550
Commercial initiatives	1,369
Total	2,013



04

Company information/ financial information

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HR data

GRI 102-7, 8, 41, 401-I, 3, 404-I, 405-I

Figures for each fiscal year are recorded on March 31

Item			Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Permanent employees	Permanent employees by gender and ratio of women	Non-consolidated	Male	Persons	12,926	13,098	13,356	13,418	33,467
			Female	Persons	1,814	1,905	1,987	2,073	4,377
			Ratio of women	%	12.3	12.7	13.0	13.4	11.6
		4 companies	Male	Persons	36,966	38,618	41,505	41,687	38,564
			Female	Persons	4,178	4,552	5,123	5,264	4,943
			Ratio of women	%	10.2	10.5	11.0	11.2	11.4
		Global	Male	Persons	-	-	-	84,410	84,307
			Female	Persons	-	-	-	18,762	18,428
			Ratio of women	%	-	-	-	18.2	17.9
	Permanent employees by age group	Non-consolidated	Aged under 30	Persons	-	-	-	-	8,931
			Aged 30 to under 50	Persons	-	-	-	-	22,442
			Aged 50 and over	Persons	-	-	-	-	6,471
		4 companies	Aged under 30	Persons	-	-	-	-	10,948
			Aged 30 to under 50	Persons	-	-	-	-	26,280
			Aged 50 and over	Persons	-	-	-	-	8,081
	Ratio of mid-career employees among permanent employees	Non-consolidated	Male	Persons	2,901	2,968	3,032	3,034	10,802
			Female	Persons	607	653	659	691	1,270
			Ratio of mid-career employees	%	24.7	25.1	24.6	24.0	32.0
		4 companies	Male	Persons	-	-	-	-	12,450
			Female	Persons	-	-	-	-	1,433
			Ratio of mid-career employees	%	-	-	-	-	31.9
Employees ^{*1}	Aisin (on a non-consolidated basis)			14,740	15,003	15,343	15,491	37,844	
	4 group companies			41,144	43,170	46,628	46,951	43,507	
	Aisin (on a global basis)			-	-	-	118,359	117,177	

The four companies for FY2022: Aisin, Aisin Takaoka, Aisin Chemical, and ADVICS

The five companies in and before FY2021 = Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, and ADVICS

*1 The number of employees is the number of employees (excludes employees seconded from outside the company, but includes employees seconded from outside the company to Aisin. Information disclosed in securities reports)

HR data

Item			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Regular recruitment	General administrative positions	Male	Persons	25	19	16	19	8
		Female		8	9	8	10	8
		Ratio of women	%	24.2	32.1	33.3	34.5	50.0
	General technical positions	Male	Persons	111	105	135	106	114
		Female		14	13	12	14	15
		Ratio of women	%	11.2	11.0	8.2	11.7	11.6
	Skilled positions	Male	Persons	246	225	332	250	151
		Female		30	35	75	54	32
		Ratio of women	%	10.9	13.5	18.4	17.8	17.5
	Practical positions	Male	Persons	0	0	0	0	0
		Female		17	18	14	13	1
		Ratio of women	%	100.0	100.0	100.0	100.0	100.0
	General administrative positions	Male	Persons	59	63	57	40	16
		Female		27	26	30	20	12
		Ratio of women	%	31.4	29.2	34.5	33.3	42.9
	General technical positions	Male	Persons	309	290	404	251	153
		Female		38	35	39	27	24
		Ratio of women	%	11.0	10.8	8.8	9.7	13.6
	Skilled positions	Male	Persons	938	1,008	1,388	754	304
		Female		191	214	362	146	72
		Ratio of women	%	16.9	17.5	20.7	16.2	19.1
	Practical positions	Male	Persons	0	2	0	0	2
		Female		33	30	27	17	1
		Ratio of women	%	100.0	93.8	100.0	100	33.3
Hiring of midcareer employees	Ratio of mid-career employees hired	Male	Persons	158	152	127	138	79
		Female		33	44	31	49	14
		Ratio of women	%	17.3	22.4	19.6	26.2	15.1
		Ratio of mid-career employees		29.8	31.6	21.1	28.6	28.3
		Male	Persons	199	227	160	168	114
		Female		42	49	38	54	18
		Ratio of women	%	17.4	17.8	19.2	24.3	13.6
	Ratio of mid-career employees	Ratio of mid-career employees		13.1	14.3	7.9	15.0	18.4

Item			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Investment in employees	Annual hours of training per employee	Non-consolidated	Hours	-	39.6	40.9	56.3	39.7
		4 companies		-	32.0	31.3	38.8	38.5
	Total hours of employee training	Non-consolidated	Hours	-	562,179	627,637	872,787	1,503,028
		4 companies		-	1,308,015	1,399,237	1,784,911	1,750,754
	Annual days of training per employee	Non-consolidated	Hours	-	4.8	4.8	7.0	5.0
		4 companies		-	4.0	3.9	4.8	4.8
	Total training expenditure	Non-consolidated	Yen	386,640,000	393,382,000	368,450,000	418,649,000	720,087,000
		4 companies		-	-	-	-	977,405,174
Fulfillment (engagement)	Job satisfaction (according to results of employee awareness survey)* ²	Non-consolidated	Average value	3.5	3.4	3.5	3.5	3.4
		4 companies		-	-	3.4	3.4	3.4
	Turnover (resignation)	Non-consolidated	%	1.0	1.2	1.3	1.3	1.8
		4 companies		1.2	1.3	1.8	1.6	1.8

* Figures before FY2021 indicate the results of former Aisin Seiki for "Aisin only" and five Group companies.

HR data

Item				Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Diversity and inclusion	Ratio of female executives	Non-consolidated	Executives	Male	49	47	27	32	60
				Female	1	1	1	1	3
				Ratio of women	2.0	2.08	3.57	3.03	4.76
		Department heads	Persons	Male	484	515	539	546	1,157
				Female	5	8	13	17	25
				Ratio of women	1.02	1.53	2.36	3.02	2.12
		Section heads	Persons	Male	1,468	1,552	1,639	1,710	3,314
				Female	46	49	56	59	95
				Ratio of women	3.04	3.06	3.3	3.34	2.79
		Team heads	Persons	Male	3,387	3,507	3,641	3,807	5,719
				Female	151	166	175	200	229
				Ratio of women	4.27	4.52	4.59	4.99	3.85
	Ratio of female managers	Non-consolidated	Executives	Male	153	144	128	122	130
				Female	1	1	1	1	5
				Ratio of women	0.65	0.69	0.78	0.81	3.7
		4 companies	Department heads	Male	1,215	1,276	1,378	1,409	1,440
				Female	5	8	13	21	27
				Ratio of women	0.41	0.62	0.93	1.47	1.84
		Section heads	Persons	Male	3,025	3,165	3,467	3,654	3,718
				Female	55	61	74	83	104
				Ratio of women	1.79	1.89	2.09	2.22	2.72
		Team heads	Persons	Male	-	-	-	-	6,793
				Female	-	-	-	-	255
				Ratio of women	-	-	-	-	3.62
	Ratio of female team leaders	Non-consolidated	Executives	Male	-	-	-	-	810
				Female	-	-	-	-	14
				Ratio of women	-	-	-	-	1.7
		Global	Department heads	Male	-	-	-	-	2,917
				Female	-	-	-	-	148
				Ratio of women	-	-	-	-	5.1
		Section heads	Persons	Male	-	-	-	-	6,241
				Female	-	-	-	-	459
				Ratio of women	-	-	-	-	7.3
	Ratio of female executives	Non-consolidated	Managers	Managers	2,003	2,124	2,247	2,332	4,591
				Male mid-career managers	427	496	558	596	1,156
				Female mid-career managers	11	14	18	21	32
		4 companies	Managers	Ratio of mid-career employees in management positions	21.9	24.0	25.6	26.5	26.0
				Managers	-	-	-	-	5,289
				Male mid-career managers	-	-	-	-	1,238
				Female mid-career managers	-	-	-	-	33
		Ratio of mid-career employees in management positions	Managers	Ratio of mid-career employees in management positions	-	-	-	-	24.0
				Managers	-	-	-	-	5,289
				Male mid-career managers	-	-	-	-	1,238
				Female mid-career managers	-	-	-	-	33

HR data

Item			Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Diversity and inclusion	Newly appointed managers	Non-consolidated	Male	Persons	-	-	-	-	361
			Female		-	-	-	-	29
			Ratio of women	%	-	-	-	-	7.44
		4 companies	Male	Persons	-	-	-	-	425
			Female		-	-	-	-	32
			Ratio of women	%	-	-	-	-	7.00
	Percentage of local employees among executives (vice president level and above) at overseas subsidiaries	Non-consolidated		%	-	32.9	32.6	38.2	35.4
		4 companies			-	33.8	33.2	35.6	35.6
	Ratio of union members at our group companies operating in countries with a union system	Of the 20 operating countries, 11 countries have a union system.		%	-	-	-	92.2	94.9
	Re-employment	Non-consolidated	Employees with advanced qualifications		76.6	76.9	73.3	75.3	82.9
			Union members		71.9	81.2	83.2	75.8	85.4
			Overall	%	73.9	79.7	79.4	75.6	84.6
		4 companies	Employees with advanced qualifications		84.1	79.6	76.5	83.0	84.3
			Union members		85.9	81.3	89.5	80.6	84.3
			Overall		85.3	80.7	85.5	81.5	84.3
Hiring of employees with disabilities	Non-consolidated		Persons	227	236	244	296	687	
			%	2.17	2.20	2.16	2.37	2.41	
	4 companies		Persons	682	697	780	857	855	
			%	2.10	2.14	2.16	2.32	2.50	
		(Source: Statutory Employment Rates)		%	2.0	2.2	2.2	2.2	2.2
Healthy business practices	Employees receiving stress checks	Non-consolidated		%	96.1	95.5	93.2	91.6	86.1
		4 companies			97.1	97.4	95.2	94.7	87.5
	Employees undergoing mental health training	Non-consolidated		Persons	150	144	198	330	144
		4 companies			-	303	404	801	336
	Nonsmoking employees	Non-consolidated		%	69.2	69.3	71.7	71.8	68.4
Work-life balance	Work hours	4 companies			64.9	65.0	66.5	67.6	68.3
		Non-consolidated		Hours	2,142	2,117	2,061	1,930	1,990
	Paid leave taken	4 companies			2,154	2,129	2,071	1,941	1,998
		Non-consolidated		%	98.2	98.9	98.7	98.0	95.4
		4 companies			93.8	95.7	95.9	95.6	95.3
		Average number of years worked	Non-consolidated	Male		16.9	16.1	16.2	16.5
	Female				13.4	12.8	12.9	13.1	12.7
	Overall				16.4	15.7	15.8	16.0	15.8
	4 companies		Male		15.1	14.9	15.3	15.6	16.5
			Female		10.2	9.9	10.4	10.8	11.7
Overall				14.6	14.4	14.8	15.0	16.0	

HR data

Item		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Work-life balance	Number of employees using parental leave systems	Male	25	35	50	66	229
		Female	132	103	118	91	239
		Total	157	138	168	157	468
	Number of male employees whose spouse just went through childbirth	Persons	654	585	576	543	1,335
	Ratio of male employees using parental leave systems	%	3.8	6.0	8.7	12.2	17.2
	Average number of days of parental leave taken by male employees	Days	-	-	-	63.1	72.8
	Ratio of male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	Persons	-	-	-	386	897
	Ratio of male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	%	-	-	-	71.1	67.2
	Ratio of achieving the target of ensuring that all male employees with a baby take paternity leave *Parental leave and other forms of leave to raise children (official leave S and Anshin [secured] holidays)	%	-	-	-	100.0	100.0
	Average number of days taken for male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	Days	-	-	-	4.0	2.8
	Number of employees using parental leave systems	Male	48	69	118	173	285
		Female	412	386	439	333	321
		Total	460	455	557	506	606
	Number of male employees whose spouse just went through childbirth	Persons	-	-	-	-	1,594
	Ratio of male employees using parental leave systems	%	-	-	-	-	17.9
	Average number of days of parental leave taken by male employees	Days	-	-	-	-	72.4
	Ratio of male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	Persons	-	-	-	-	1,123
	Ratio of male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	%	-	-	-	-	70.5
	Ratio of achieving the target of ensuring that all male employees with a baby take paternity leave *Parental leave and other forms of leave to raise children (official leave S and Anshin [secured] holidays)	%	-	-	-	-	100.0
	Average number of days taken for male employees using parental leave systems (Official leave S [to attend their wife's baby birth/raise children] and Anshin [secured] holidays [to attend their wife's baby birth])	Days	-	-	-	-	2.9
Work-life balance	Number of employees working reduced hours to accommodate childcare	Male	133	129	153	118	427
		Female	333	346	409	409	837
		Total	466	475	562	527	1,264
	4 companies	Male	161	149	190	162	453
		Female	691	728	848	907	974
		Total	852	877	1,038	1,099	1,427
	Number of employees using family-care leave support systems	Male	10	8	1	2	10
		Female	3	6	5	4	3
		Total	13	14	6	6	13
	4 companies	Male	14	12	11	6	12
		Female	6	8	16	12	4
		Total	20	20	27	18	16

HR data

Career support for female employees

Measure	Description
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 understanding of diversity and inclusion.
Trailing Spouse Leave System	A leave system for employees who cannot continue to work because they accompany their spouse transferred to a new position.
Career Comeback System	A system for rehiring employees who leave their company for unavoidable reasons, such as raising children and caring for a family member.
Awareness-raising Talks and Networking Events	Periodical talks and networking events to raise awareness among employees and supervisors about various topics.
Seminars before Maternity Leave and Parental 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.
Return Support Seminar	E-learning seminar for employees to think together with their spouse during their parental leave about how they will share housework and childcare duties after returning to work and how they will balance work with their home lives.
Individual Training for Prospective Managers	Experience-based program to train manager candidates in a well-planned manner.
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 career development system in which employees create a medium- to long-term career and life plan for themselves and have a meeting with their supervisor.
Career Development Training	Support program so that employees can develop their careers.
Position Change System	A system presenting employees with various career options.
Inhouse Nurseries	We have two in-house nurseries. The Toyota Group's nurseries are also available.
Mama, Papa, Ikubosu Guide (a guidebook on balancing work and home life)	We issue this guidebook to help employees balance work with raising children or caring for a family member.
Femtech program	A program that uses technology to solve women's health issues (menstruation, fertility, menopause) (Online consultation, prescription, etc.).
Various work systems	Teleworking, parental and paternity leave, Anshin (secured) holidays, reduced working hours, flex time (no core hours, 3 months), support for employees receiving fertility treatment, etc.

Environmental data

Establishment of a zero carbon society

CO₂ emissions GRI 305-1,2,3

FY	2020	2021	2022
			(10,000 t-CO ₂)
Scope 1	63.1	57.7	60.2
Scope 2	208.1	190.8	196.3
Scope 3	1,513.3	1,438.0	1,496.3
Total	1,784.5	1,686.5	1,752.8

Scope Domestic and overseas group companies

Except Scope 3, the scope of coverage for each year is as follows.

2020: Production sites of Aisin and 129 consolidated companies

2021: Production sites of Aisin and 135 consolidated companies

2022: Production sites of Aisin and 137 consolidated companies

Logistics CO₂

FY	2020	2021	2022
			(1,000 t-CO ₂)
	66.6	59.4	63.7

Scope Domestic bases of Aisin, the specified consignor

Aisin and 8 domestic bases that are specified shippers

(Aisin Takaoka, Aisin Keikinzoku, Aisin Fukui, Hosei Brake Industry, Aisin Kyushu, Aisin Sinwa, AS Brake Systems)

Establishment of a recycling-oriented society

Consolidated amount of waste processed GRI 306-3

FY	2020	2021	2022
			(10,000 t)
Domestic	15.8	13.2	14.3
Overseas	3.4	2.4	3.3

Scope Domestic: All domestic group companies

Overseas: All overseas group companies

Packing-material use GRI 301-3

FY	2020	2021	2022
			(1,000 t)
	8.0	6.7	7.2

Scope Aisin

Water use GRI 303-3

FY	2020	2021	2022
			(10,000 m ³)
	1,523	1,489	1,505

Scope Domestic and overseas group companies

The scope of coverage for each fiscal year is as follows.

2020: Production sites of Aisin and 129 consolidated companies

2021: Production sites of Aisin and 135 consolidated companies

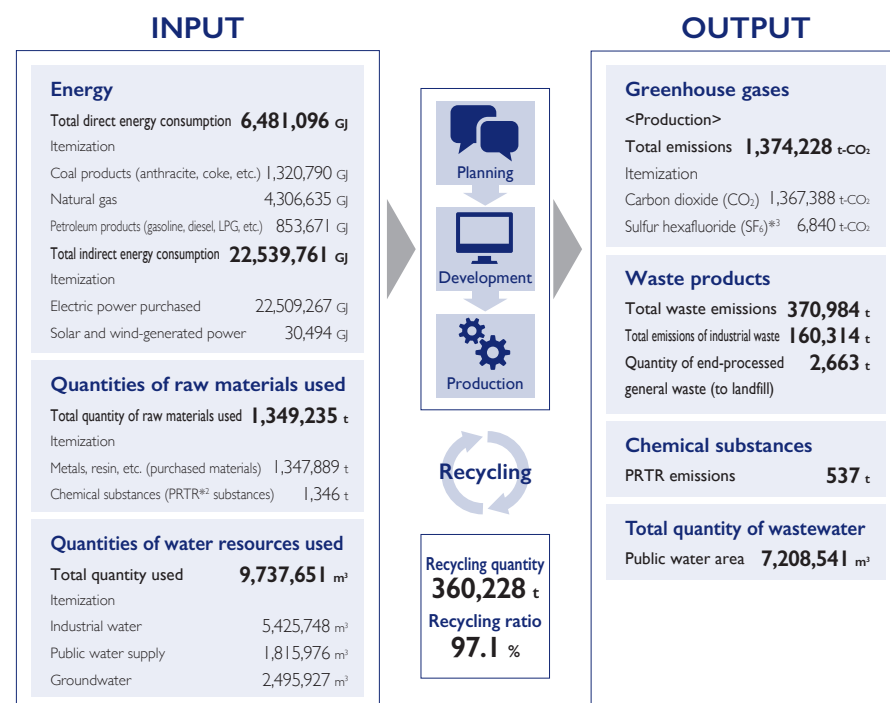
2022: Production sites of Aisin and 136 consolidated companies

Environmental data

Environmental management

GRI 201-I, 2,302-I, 306-I

Resources used and emissions released (fiscal year 2022) 50 core companies in Japan*1



*1 50 domestic group companies: Aisin, Aisin Takaoka, Aisin Chemical, Aisin Keikinzoku, Aisin Kiko, Aisin Sin'ei, Aisin Fukui, Hosei Brake Industry, ADVICS, Shirokei, Art Metal Mfg., Aisin Development, Aisin Tohoku, Aisin Kyushu, Aisin Kyushu Casting, Aisin Hokkaido, Aichigiken, Saitama Kogyo, Kotobuki Industry, Yamagata Clutch, Sinsan, Konan Kogyo, Hekinan Unso, Sanetsu Unyu, Technova, Aisin Collabo, Aisin Infotex, Aisin Software, FT Techno, IMRA Japan, CVTEC, CVTEC Hokkaido, CVTEC Kyushu, Aisin Mizunami, Aisin Metaltech, Aisin Digital Engineering, Aisin Logitech Service, Aisin Machinotech, Awqius Japan, Aisin Sinwa, Sinwa Kogyo, AT Kyusyu, AT Tohoku, Hirabayashi Industry, Aisin Takaoka Engineering, Inatetsu Giken, Shinko Seiki, Technometal, Tonamino Kogyo, and AS Brake Systems

*2 Pollutant Release and Transfer Register, a system requiring businesses to identify the amount of various hazardous chemical substances released from business sites into the environment (air, water, soil) and the amount transferred outside as waste, as well as reporting the data to the national government. The national government estimates the amounts released and transferred and announces them to the public based on the data submitted.

*3 Sulfur hexafluoride (SF₆): A greenhouse gas whose global warming effect is estimated to be 22,800 times greater than that of CO₂.

Environmental accounting

(Billion yen)

		I I manufacturing companies in Japan*1			Main subsidiaries in Japan*2		
FY		2020	2021	2022	2020	2021	2022
Environmental conservation costs	Business operation costs	10.17	8.95	10.26	11.30	10.34	11.81
	Management costs	1.18	0.87	1.13	1.39	1.14	1.36
	Upstream/downstream costs	4.17	2.55	2.94	4.19	2.58	3.11
	Research and development costs	17.98	12.18	9.64	18.13	12.27	9.70
	Social contribution activity costs	0.19	0.06	0.04	0.20	0.10	0.05
	Environmental remediation costs	0.03	0.02	0.07	0.03	0.02	0.07
Total		33.72	24.63	24.08	35.24	26.45	26.10
Effects of environmental conservation measures	Energy saving	1.65	1.39	0.59	1.67	1.50	0.78
	Resource saving	0.46	0.28	0.70	0.46	0.28	0.71
	Effects of reducing waste materials	0.04	0.06	0.04	0.07	0.26	0.18
	Sale of valued property	6.64	5.95	12.78	6.74	6.31	13.38
	Total	8.79	7.68	14.11	8.94	8.35	15.05

Note: These figures are based on the Environmental Accounting Guidelines FY2006, issued by Japan's Ministry of the Environment.

*1 I I production group companies in Japan: I I companies in the group excluding non-production company Aisin Development.

*2 31 companies in FY2020, 42 companies in FY2021, and 50 companies in FY2022. The 50 companies in FY2022 are in the same range as the input raw materials above.

Environmental data

Environmental management

GRI 102-56

Verification report

Verification Opinion

SGS
24 August 2022
Opinion No : SGS22/066

Mr. Moritaka Yoshida
President
AISIN CORPORATION
2-1 Asahi-machi, Kariya, Aichi

Objective
SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by AISIN CORPORATION (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the statement"). The objective of this verification is to confirm that the statement in the Organization's applicable scope has been correctly calculated and reported in the statement in conformance with the criteria, and to express our views as a third party. The Organization is responsible for the preparation and fair presentation of the statement.

Scope
The scope of verification is Scope1 and 2 emissions, energy consumption, the amount of water intake and the amount of waste discharge.
The period subject to report is from 1 April 2021 to 31 March 2022.
Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification
The statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

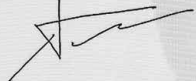
- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the statement: On-site verification and review of vouchers conducted at Tahara Plant, AISIN TAKAOKA CO., LTD. Head plant and Nishio Plant, and analytical procedures and interviews for other sites in the scope of verification carried out at the head office


The criteria for this review are based on the protocol specified by the Organization.

Conclusion
Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's statement was not calculated and reported in conformance with the criteria.
SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku, Yokohama
Senior Executive & Director
Knowledge

Yuji Takeuchi





1 / 2

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SGS
attached sheet
24 August 2022
Opinion No : SGS22/066

The details of the scope of verification

The scope	The boundary	The statement
1 The performance data Scope 1 and 2 include energy related greenhouse gas emissions Energy consumption ※ Excluding the vehicles which run outside of the sites.	The Organization and the consolidated companies Total 137 companies	Scope1: 602kt- CO ₂ Scope2: 1,963kt- CO ₂ *Emission factor: IPCC 2006
2 The amount of water intake	The Organization and the consolidated companies Total 136 companies	15,051km ³
3 The amount of waste discharge.	19 plant of the Organization	10,892t

2 / 2

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11-Year Consolidated Financial Summary

	Japanese accounting standards (JGAAP)					International Financial Reporting Standards (IFRS)							
	(FY)	2012	2013	2014	2015	2016	2016	2017	2018	2019	2010	2021	(Million yen) 2022
Financial condition and operations results													
Revenue (net sales)		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	3,917,434
Revenue ratio of overseas locations (%)		29.4	31.7	36.5	39.3	43.8	43.7	41.8	41.1	41.2	42.1	42.3	44.6
Operating profit		121,832	148,892	171,196	166,103	176,435	192,722	228,691	253,808	205,562	56,129	145,332	182,011
Profit before income taxes (income before income taxes and non-controlling interests)		129,140	158,725	189,462	184,062	186,887	194,060	237,311	268,171	217,486	53,395	167,523	219,983
Profit for the period attributable to owners of the parent		55,497	77,518	90,089	77,550	96,974	100,332	126,653	134,551	110,123	24,061	105,638	141,941
Total equity (net assets)		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	1,996,508
Total assets		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	4,205,801
Equipment investment		150,798	195,032	204,736	247,815	294,188	294,188	237,449	260,315	389,932	290,646	190,268	218,771
Depreciation		137,757	139,220	149,038	161,028	188,213	186,197	197,168	213,430	226,418	242,167	240,016	245,257
R&D expenditure		121,449	135,067	144,383	149,132	162,635	162,635	167,719	182,900	202,190	205,823	189,850	194,162
R&D to revenue ratio (%)		5.3	5.3	5.1	5.0	5.0	5.0	4.7	4.7	5.0	5.4	5.4	5.0
Per share information (unit: yen, U.S. dollar)													
EPS (basic earnings per share [earnings per share]) (yen)		197.04	275.05	319.48	274.69	342.67	354.53	444.46	490.22	408.64	89.28	391.96	526.66
BPS (equity attributable to owners of the parent per share [net assets per share]) (yen)		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	6,517.34
Dividends (yen)		50	75	95	95	100	100	125	150	150	120	120	170
Dividends payout ratio (%)		25.4	27.3	29.7	34.7	29.2	28.2	28.1	30.6	36.7	134.4	30.6	32.3
Cash flow													
Net cash provided by (used in) operating activities		167,291	256,343	286,606	239,771	292,193	294,184	394,812	311,542	354,942	327,552	343,314	193,343
Net cash provided by (used in) investing activities		-195,165	-198,693	-265,405	-261,354	-237,260	-228,437	-229,109	-229,346	-414,494	-273,876	-138,175	-204,952
Net cash provided by (used in) financing activities		-66,537	-43,967	-1,886	-17,734	-77,163	-88,162	-31,617	-73,634	13,164	275,382	-373,880	-135,859
Free cash flow		-27,874	57,650	21,201	-21,583	54,933	65,747	165,703	82,196	-59,552	53,676	205,139	-11,609
Cash and cash equivalents		275,656	298,197	328,024	294,692	263,217	263,217	394,559	406,508	357,195	675,162	520,028	386,906
Consolidated financial indicators													
Operating profit margin (%)		5.3	5.9	6.1	5.6	5.4	5.9	6.4	6.5	5.1	1.5	4.1	4.6
Ratio of equity attributable to owners of the parent (net assets excluding subscrip- tion rights to shares and non-controlling interests as a percentage of total) (%)		35.0	38.1	38.6	39.6	38.5	38.8	37.0	37.1	35.9	32.1	38.1	41.8
ROE (ratio of profit to equity attributable to owners of the parent [return on equity]) (%)		7.9	9.8	9.7	7.2	8.6	8.4	10.5	10.6	8.3	1.8	7.5	8.6
ROIC (return on invested capital) (%) ^{*2}		9.0	11.6	11.4	9.0	9.7	9.8	11.5	11.6	8.6	1.7	5.1	6.6

[] 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.

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

Financial review

Financial condition and operation results reviewed by management

Overview of our business results

The overview of Aisin's financial condition, business results, and cash flow status (hereinafter referred to as the "business results") for the current consolidated fiscal year is as follows.

Financial condition and operation results

The business environment surrounding the automotive industry was harsh again in this consolidated fiscal year. Although demand was on a recovery trend, a shortage of components, semiconductors, and other items due to the spread of the infection of COVID-19 forced some automotive manufacturers to suspend their operations. In addition, the appreciation of raw material prices greatly affected the profitability of the entire industry.

Under these circumstances, while responding to a spate of production fluctuations, Aisin further accelerated the reinforcement of its profit-making structure through the structural reform that it had been carrying out so far. With our eyes on the future, we also established a framework and formulated a strategy toward realizing a "full model change of the AISIN Group" to address further development of carbon neutrality and electrification.

Revenue was ¥3,917.4 billion, an 11.1% increase from the previous consolidated fiscal year (¥3,525.7 billion). Although we were affected by a decrease in vehicle production due to a shortage of semiconductors, we enjoyed growth in the sales volume of powertrain units, exchange rate effects, and other favorable factors.

Despite the appreciation of raw material prices and other negative factors, not only did we enjoy a recovery in revenue, but we also accelerated the structural reform and cost reduction efforts that we had launched last year. Consequently, operating profit was ¥182 billion, a 25.2% increase from the previous consolidated fiscal year (¥145.3 billion). Profit before income taxes was ¥219.9 billion, a 31.3% increase from the previous consolidated fiscal year (¥167.5 billion). Profit attributable to the owners of the parent for the period was ¥141.9 billion, a 34.4% increase from the previous consolidated fiscal year (¥105.6 billion).

Assets at the end of this consolidated fiscal year were ¥4,205.8 billion, a 4.4% increase from the end of the previous consolidated fiscal year (¥4,027.1 billion), due to factors such as an increase in inventories. Debt at the end of this consolidated fiscal year was ¥2,209.2 billion, a 2.6% decrease from the end of the previous consolidated fiscal year (¥2,268.4 billion), due to factors such as a decrease in loans payable. Capital at the end of this consolidated fiscal year was ¥1,996.5 billion, a 13.5% increase from the end of the previous consolidated fiscal year (¥1,758.6 billion), due to factors such as an increase in marketable securities valuation difference.

Revenue

3,917.4 billion yen
11.1% increase YOY 

Operating profit

182 billion yen
25.2% increase YOY 

Profit before income taxes

219.9 billion yen
31.3% increase YOY 

Profit attributable to the owners of the parent for the period

141.9 billion yen
34.4% increase YOY 

Consolidated financial statements

Consolidated statements of financial position

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	This consolidated fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	520,028	386,906
Trade and other receivables	616,112	635,728
Other financial assets	65,250	67,305
Inventories	379,925	568,866
Other current assets	63,332	73,365
Total current assets	1,644,648	1,732,172
Non-current assets		
Property, plants and equipment	1,437,669	1,468,607
Intangible assets	40,836	45,745
Right-of-use assets	54,512	59,843
Investments accounted for using the equity method	120,258	132,211
Other financial assets	565,702	663,659
Deferred tax assets	138,756	75,092
Other non-current assets	24,718	28,468
Total non-current assets	2,382,454	2,473,629
Total assets	4,027,103	4,205,801
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	804,849	828,524
Bonds and loans payable	103,886	111,759
Lease liabilities	15,911	21,544
Other financial liabilities	32,711	7,563
Provisions	28,266	32,792
Income tax payables	36,751	26,296
Other current liabilities	37,379	42,511
Total current liabilities	1,059,755	1,070,993

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	This consolidated fiscal year (March 31, 2022)
Non-current liabilities		
Bonds and loans payable	821,190	770,910
Lease liabilities	35,031	40,094
Other financial liabilities	8,437	16,790
Retirement benefit liabilities	222,050	221,319
Provisions	2,224	2,320
Deferred tax liabilities	105,310	70,554
Other non-current liabilities	14,494	16,308
Total non-current liabilities	1,208,739	1,138,299
Total liabilities	2,268,494	2,209,292
Equity		
Capital stock	45,049	45,049
Capital surplus	76,210	76,282
Treasury stock	-115,717	-115,723
Other components of equity	217,568	330,324
Retained earnings	1,312,400	1,420,583
Equity attributable to owners of the parent company	1,535,512	1,756,516
Non-controlling interests	223,096	239,992
Total equity	1,758,609	1,996,508
Total liabilities and equity	4,027,103	4,205,801

Consolidated financial statements

Consolidated statements of income

(Million yen)

	Previous consolidated fiscal year (Apr. 1, 2020 through Mar. 31, 2021)	This consolidated fiscal year (Apr. 1, 2021 through Mar. 31, 2022)
Revenue	3,525,799	3,917,434
Cost of revenue	-3,121,266	-3,468,942
Gross profit	404,532	448,492
Selling, general and administrative expenses	-270,756	-292,484
Other income	32,309	35,896
Other expenses	-20,752	-9,893
Operating income	145,332	182,011
Finance income	24,491	37,517
Finance expenses	-12,157	-10,807
Equity in earnings of affiliates	9,855	11,262
Profit before income taxes	167,523	219,983
Income tax expenses	-57,409	-62,971
Profit for the period	110,113	157,011
Profit for the period attributable to:		
Owners of the parent	105,638	141,941
Non-controlling interests	4,474	15,070
Total	110,113	157,011

Consolidated statements of comprehensive income

(Million yen)

	Previous consolidated fiscal year (Apr. 1, 2020 through Mar. 31, 2021)	This consolidated fiscal year (Apr. 1, 2021 through Mar. 31, 2022)
Profit for the period	110,113	157,011
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	23,111	11,951
Net changes in revaluation of equity financial assets measured at fair value through other comprehensive income	116,465	67,184
Share of other comprehensive income of associates accounted for using the equity method	-1,367	-0
Total	138,209	79,135
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	-354	32
Cash flow hedges	361	231
Exchange differences on translating foreign operations	34,630	56,205
Share of other comprehensive income of associates accounted for using the equity method	1,408	3,573
Total	36,045	60,042
Other comprehensive income total	174,255	139,177
Comprehensive income for the period	284,369	296,189
Comprehensive income for the period attributable to:		
Owners of the parent	267,691	266,744
Non-controlling interests	16,678	29,444
Total	284,369	296,189

Consolidated financial statements

Consolidated statements of changes in equity

This consolidated fiscal year (April 1, 2021 - March 31, 2022)

(Million yen)

	Equity attributable to owners of the parent company							
	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, 2021	45,049	76,210	-115,717	—	259,759	-491	-41,698	217,568
Profit for the period	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	11,042	66,739	238	46,783	124,803
Comprehensive income for the period	—	—	—	11,042	66,739	238	46,783	124,803
Acquisition of treasury stock	—	—	-6	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries	—	71	—	11	—	—	—	11
Transfer from other components of equity to retained earnings	—	—	—	-11,054	-1,004	—	—	-12,058
Total transactions with owners	—	71	-6	-11,042	-1,004	—	—	-12,047
Balance as of March 31, 2022	45,049	76,282	-115,723	—	325,493	-253	5,084	330,324

(Million yen)

	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance as of April 1, 2021	1,312,400	1,535,512	223,096	1,758,609
Profit for the period	141,941	141,941	15,070	157,011
Other comprehensive income	—	124,803	14,374	139,177
Comprehensive income for the period	141,941	266,744	29,444	296,189
Acquisition of treasury stock	—	-6	—	-6
Disposal of treasury stock	—	—	—	—
Dividends	-45,817	-45,817	-12,588	-58,406
Changes in the ownership interest in subsidiaries	—	83	40	123
Transfer from other components of equity to retained earnings	12,058	—	—	—
Total transactions with owners	-33,758	-45,741	-12,548	-58,289
Balance as of March 31, 2022	1,420,583	1,756,516	239,992	1,996,508

Consolidated financial statements

Consolidated statements of cash flows

(Million yen)

	Previous consolidated fiscal year (Apr. 1, 2020 through Mar. 31, 2021)	This consolidated fiscal year (Apr. 1, 2021 through Mar. 31, 2022)
Net cash provided by (used in) operating activities		
Profit before income taxes	167,523	219,983
Depreciation and amortization	253,459	258,619
Decrease (increase) in trade and other receivables	-62,590	22,746
Decrease (increase) in inventories	2,918	-159,615
Increase (decrease) in trade and other payables	9,291	-36,160
Others	8,898	-42,291
Subtotal	379,501	263,282
Interest income received	2,984	3,170
Dividend income received	13,815	14,980
Interest expenses paid	-11,312	-9,394
Income taxes (paid) refund	-41,673	-78,694
Net cash provided by (used in) operating activities	343,314	193,343
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	45,432	-1,618
Purchase of property, plants and equipment	-200,313	-217,783
Proceeds from sales of property, plants and equipment	12,773	10,089
Purchase of intangible assets	-15,010	-16,252
Purchase of investment securities	-7,347	-5,538
Proceeds from sales and redemption of investment securities	19,024	14,061
Proceeds from collection of lease receivables	9,728	10,911
Others	-2,463	1,177
Net cash provided by (used in) investing activities	-138,175	-204,952

(Million yen)

	Previous consolidated fiscal year (Apr. 1, 2020 through Mar. 31, 2021)	This consolidated fiscal year (Apr. 1, 2021 through Mar. 31, 2022)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans and commercial papers	-8,755	1,206
Proceeds from long-term loans payable	108,632	10,762
Repayment of long-term loans payable	-111,444	-51,528
Redemption of bonds	-20,000	-17,000
Repayment of lease liabilities	-21,144	-21,748
Purchase of treasury stock in subsidiaries	-296,962	-
Cash dividends paid	-21,571	-45,817
Cash dividends paid to non-controlling interests	-3,481	-12,588
Others	845	854
Net cash provided by (used in) financing activities	-373,880	-135,859
Effect of exchange rate change on cash and cash equivalents	13,606	14,346
Net increase (decrease) in cash and cash equivalents	-155,134	-133,122
Cash and cash equivalents at beginning of period	675,162	520,028
Cash and cash equivalents at end of period	520,028	386,906

Stock situations

Major shareholders (Top 10)

As of March 31, 2022

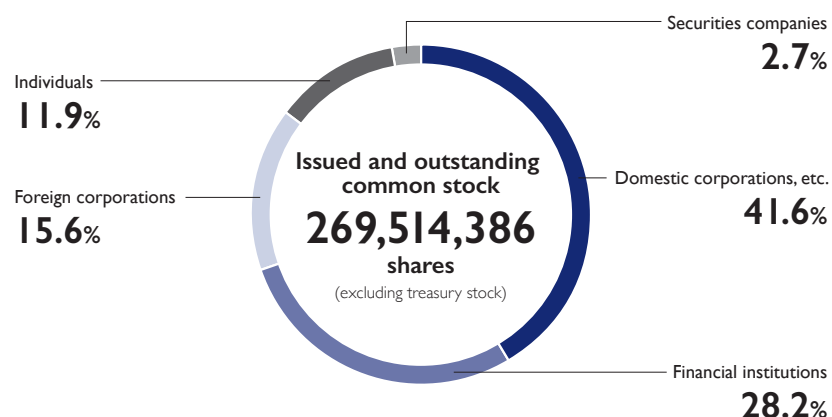
Shareholder's name	Number of shares held (1,000 shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.80
The MasterTrust Bank of Japan, Ltd. (trust account)	27,128	10.06
Toyota Industries Corporation	20,711	7.68
DENSO Corporation	12,964	4.81
Custody Bank of Japan, Ltd. (trust account)	10,301	3.82
Aisin employee stock ownership	6,643	2.46
Towa Real Estate Co., Ltd.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Kochi Shinkin Bank	4,835	1.79
National Mutual Insurance Federation of Agricultural Cooperatives	3,439	1.27

(Note) 1. Aisin owns 25,160 thousand shares of treasury stock but is excluded from the above list of major shareholders.

2. The voting ratio is calculated by subtracting the number of treasury stock from the number of issued and outstanding common stock.

Status of stock by owner

As of March 31, 2022



Stock price trend and total shareholder return (TSR)

Stock chart



Year	Stock price*1 (yen)	Dividend (yen)	Total shareholder return*2 (%)
2022/3	4,195	170	89.7
2021/3	4,200	120	86.7
2020/3	2,664	120	56.4
2019/3	3,955	150	77.8
2018/3	5,780	150	108.4
2017/3	5,470		



























*1 Stock price is the closing price at the end of the fiscal year.



























*2 Calculated based on March 2017.

GRI reference table

Series of 100(common)

GRI102:General Disclosures 2016

Requirements		Publication Pages
I. Organizational profile		
I02-1	Name of the organization	Company Profile 
I02-2	Activities, brands, products, and services	Revenue by business category 
I02-3	Location of headquarters	Company Profile 
I02-4	Location of operations	Revenue by region  Head Office and Plants  Global Network 
I02-5	Ownership and legal form	Company Profile 
I02-6	Markets served	Company Profile  Financial result 
I02-7	Scale of the organization	HR data  Revenue by region  Financial highlights  Revenue by business category  Company Profile 
I02-8	Information on employees and other workers	HR data 
I02-9	Supply chain	Procurement 
I02-10	Significant changes to the organization and its supply chain	-
I02-11	Precautionary Principle or approach	Risk management  Environment : Vision for 2050 
I02-12	External initiatives	Engagement with stakeholders  Establishment of a society in which people coexist with nature : Biodiversity initiative by Keidanren  Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD)  Procurement : Affiliated groups and involvement in initiatives  Creating a workplace where people grow and nurture each other : "Challenge to 30% by 2030"(percentage of female executives) by Keidanren  Human rights : JP-MIRAI 
I02-13	Membership of associations	Engagement with stakeholders  Procurement : Affiliated groups and involvement in initiatives 

Requirements		Publication Pages
2. Strategy		
I02-14	Statement from senior decision-maker	Message from top management 
I02-15	Key impacts, risks, and opportunities	Message from top management  Risk management  Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD) 
3. Ethics and integrity		
I02-16	Values, principles, standards, and norms of behavior	AISIN Group Corporate Principles  Sustainability activities and Principles of Corporate Behavior 
I02-17	Mechanisms for advice and concerns about ethics	Compliance 
4. Governance		
I02-18	Governance structure	Corporate Governance  AISIN Group's priority issues 
I02-19	Delegating authority	Corporate Governance  AISIN Group's priority issues 
I02-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance  AISIN Group's priority issues 
I02-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance  AISIN Group's priority issues 
I02-22	Composition of the highest governance body and its committees	Corporate Governance 
I02-23	Chair of the highest governance body	Corporate Governance 
I02-24	Nominating and selecting the highest governance body	Corporate Governance 
I02-25	Conflicts of interest	Corporate Governance 
I02-26	Role of highest governance body in setting purpose, values, and strategy	AISIN Group's priority issues 
I02-27	Collective knowledge of highest governance body	AISIN Group's priority issues  Corporate Governance 
I02-28	Evaluating the highest governance body's performance	Corporate Governance 
I02-29	Identifying and managing economic, environmental, and social impacts	AISIN Group's priority issues  Environment  Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD) 

GRI reference table

Requirements		Publication Pages
102-30	Effectiveness of risk management processes	AISIN Group's priority issues Risk management
102-31	Review of economic, environmental, and social topics	AISIN Group's priority issues Risk management Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD)
102-32	Highest governance body's role in sustainability reporting	AISIN Group's priority issues
102-33	Communicating critical concerns	Corporate Governance Compliance Risk management
102-34	Nature and total number of critical concerns	Corporate Governance
102-35	Remuneration policies	Corporate Governance
102-36	Process for determining remuneration	Corporate Governance
102-37	Stakeholders' involvement in remuneration	-
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-
5. Stakeholder engagement		
102-40	List of stakeholder groups	Engagement with stakeholders
102-41	Collective bargaining agreements	HR data
102-42	Identifying and selecting stakeholders	Engagement with stakeholders
102-43	Approach to stakeholder engagement	Engagement with stakeholders
102-44	Key topics and concerns raised	Engagement with stakeholders
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	Editorial policy
102-46	Defining report content and topic Boundaries	Editorial policy
102-47	List of material topics	Priority issues, KPIs and targets for fiscal year 2031
102-48	Restatements of information	-
102-49	Changes in reporting	-
102-50	Reporting period	Editorial policy

Requirements		Publication Pages
102-51	Date of most recent report	Editorial policy
102-52	Reporting cycle	Editorial policy
102-53	Contact point for questions regarding the report	Sustainability Promotion Office
102-54	Claims of reporting in accordance with the GRI Standards	AISIN GROUP REPORT 2021 is prepared in accordance with the Core option of the GRI Standards
102-55	GRI content index	GRI reference table
102-56	External assurance	Environment :Verification report Health and safety initiatives :Third-party certification

GRI103:Management Approach 2016














Requirements		Publication Pages
103-1	Explanation of the material topic and its Boundary	AISIN Group's priority issues
103-2	The management approach and its components	AISIN Group's priority issues Priority issues, KPIs and targets for fiscal year 2031 Corporate Governance Risk management Information security Compliance Environment Environment :Vision for 2050 Environment : Seventh Aisin Consolidated Environmental Action Plan (targeting 2025)
103-3	Evaluation of the management approach	AISIN Group's priority issues Priority issues, KPIs and targets for fiscal year 2031 Engagement with stakeholders : External evaluation result Seventh Aisin Consolidated Environmental Action Plan (results)

GRI201:Economic Performance 2016










201-1	Direct economic value generated and distributed	Financial highlights Environmental management : Environmental accounting Social contribution activities
201-2	Financial implications and other risks and opportunities due to climate change	Disclosure according to the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD) Environmental management : Environmental accounting

GRI reference table

Series of 200(economic item)

Requirements		Publication Pages
201-3	Defined benefit plan obligations and other retirement plans	Financial result 
201-4	Financial assistance received from government	-
GRI202:Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Human rights 
202-2	Proportion of senior management hired from the local community	-
GRI203:Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Hydorgen Station 
203-2	Significant indirect economic impacts	Value creation process  Social contribution activities 
GRI204:Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	-
GRI205:Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Compliance 
205-2	Communication and training about anticorruption policies and procedures	Compliance 
205-3	Confirmed incidents of corruption and actions taken	Compliance 
GRI206:Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior; anti-trust, and monopoly practices	Compliance 
GRI207:Tax 2019		
207-1	Approach to tax	Aisin Group tax governance policy 
207-2	Tax governance, control and risk management	Aisin Group tax governance policy 
207-3	Stakeholder engagement and management concerns related to tax	Aisin Group tax governance policy 
207-4	Country-by-country reporting	Financial result 

Series of 300(environmental item)

Requirements		Publication Pages
GRI301:Materials 2016		
301-1	Materials used by weight or volume	-
301-2	Recycled input materials used	-
301-3	Reclaimed products and their packaging materials	Environmental data : Packing-material use 
GRI302:Energy 2016		
302-1	Energy consumption within the organization	Environmental management 
302-2	Energy consumption outside of the organization	-
302-3	Energy intensity	-
302-4	Reduction of energy consumption	Establishment of a recycling-oriented society  Performance data (environment) 
302-5	Reductions in energy requirements of products and services	-
GRI303:Water 2018		
303-1	Interactions with water as a shared resource	Establishment of a recycling-oriented society 
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	Environmental data :Water use 
303-4	Water discharge	Performance data (environment) 
303-5	Water consumption	-
GRI304:Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
304-2	Significant impacts of activities, products, and services on biodiversity	-
304-3	Habitats protected or restored	Establishment of a society in wich people coexist with nature 
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Establishment of a society in wich people coexist with nature 

GRI reference table

Requirements		Publication Pages
GRI305:Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Environmental data : Scope 1
305-2	Energy indirect (Scope 2) GHG emissions	Environmental data : Scope 2
305-3	Other indirect (Scope 3) GHG emissions	Environmental data : Scope 3
305-4	GHG emissions intensity	-
305-5	Reduction of GHG emissions	Carbon neutral Establishment of a zero carbon society
305-6	Emissions of ozone-depleting substances (ODS)	-
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Performance data (environment)
GRI306:Waste 2020		
306-1	Waste generation and significant waste-related impacts	Environmental management
306-2	Management of significant waste-related impacts	Establishment of a recycling-oriented society
306-3	Waste generated	Environmental data
306-4	Waste diverted from disposal	-
306-5	Waste directed to disposa	-
GRI307:Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Performance data (environment)
GRI308:Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	-
308-2	Negative environmental impacts in the supply chain and actions taken	Seventh Aisin Consolidated Environmental Action Plan (results)

Series of 400(social item)

Requirements		Publication Pages
GRI401:Employment 2016		
401-1	New employee hires and employee turnover	HR data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	HR data
GRI402:Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Human rights
GRI403:Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Health and safety initiatives
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety initiatives
403-3	Occupational health services	Health and safety initiatives
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety initiatives
403-5	Worker training on occupational health and safety	Health and safety initiatives
403-6	Promotion of worker health	Health and safety initiatives
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety initiatives
403-8	Workers covered by an occupational health and safety management system	Health and safety initiatives
403-9	Work-related injuries	Health and safety initiatives
403-10	Work-related ill health	Health and safety initiatives
GRI404:Training and Education 2016		
404-1	Average hours of training per year per employee	HR data
404-2	Programs for upgrading employee skills and transition assistance programs	All Parties/All Challenges Creating a workplace where people grow and nurture each other
404-3	Percentage of employees receiving regular performance and career development reviews	Creating a workplace where people grow and nurture each other

GRI reference table

Requirements		Publication Pages
GRI405:Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Corporate Governance Creating a workplace where people grow and nurture each other HR data
405-2	Ratio of basic salary and remuneration of women to men	-
GRI406:Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Compliance
GRI407:Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human rights
GRI408:Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Human rights
GRI409:Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human rights
GRI410:Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	-
GRI411:Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	-
GRI412:Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights
412-2	Employee training on human rights policies or procedures	Human rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human rights

Requirements		Publication Pages
GRI413:Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Social contribution activities Seventh Aisin Consolidated Environmental Action Plan (results)
413-2	Operations with significant actual and potential negative impacts on local communities	-
GRI414:Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	-
414-2	Negative social impacts in the supply chain and actions taken	Procurement
GRI415:Public Policy 2016		
415-1	Political contributions	-
GRI416:Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI417:Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-
GRI418:Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information security
GRI419:Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance

AISIN CORPORATION

2-1 Asahi-machi, Kariya, Aichi

448-8650, Japan

Phone 0566-24-8441 (main)

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

