

# Integrated Report 2023

AISIN GROUP REPORT



# Editorial policy

The Integrated Report (AISIN Group Report) is issued by AISIN to provide shareholders, investors, and other stakeholders with an understanding of our initiatives to build a sustainable society.

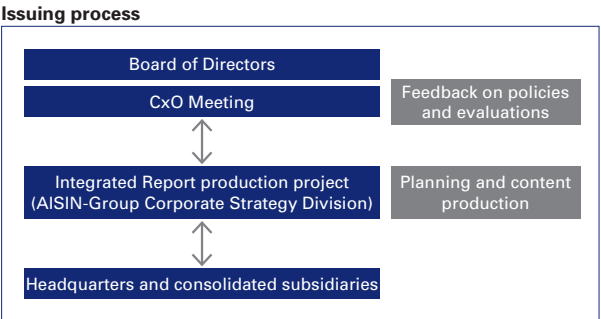
This Report focuses on sustainability management and presents our specific actions to provide new value, as well as our environmental, social and governance (ESG) initiatives.

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 materiality. Other details can be found on the Sustainability page of our website [WEB](#).



**Note on future predictions**

With the exception of matters relating to facts of the past or the present, the content of this Report is written according to future predictions and plans. Predictions are made based on currently available information, which includes uncertainties, and hence may differ from actual outcomes and business performance.



**Period**

Primarily FY2023 (April 1, 2022 to March 31, 2023). Some information is related to activities outside this period.

**Scope**

In principle, this report covers the AISIN Group (AISIN Corporation and its consolidated subsidiaries). In cases where the scope of reporting differs, we clearly indicate the scope using a description such as “4 Group companies” or “12 Group companies.”

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

**4 Group companies**  
Aisin, Aisin Takaoka, Aisin Chemical, and ADVICS

**12 Group companies**  
Aisin, Aisin Takaoka, Aisin Chemical, Aisin Keihin, Aisin Development, Aisin Kiko, Aisin Sin’ei, Aisin Fukui, Hosei Brake Industry, ADVICS, Aisin 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)

Task Force on Climate-related Financial Disclosures (TCFD)

Task Force on Nature-related Financial Disclosures (TNFD)

**Reporting cycle**

Issued every year as annual reporting

**Issued**

October 2023

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## Message from top management

# Inspiring “movement”, creating tomorrow

President

**Moritaka Yoshida**

### Looking back in FY2023

## The automotive industry is during the biggest period of transformation

In FY2023, in addition to the continued reduction of production by our customers due to the shortage of semiconductors and soaring raw material prices, changes in the external environment, such as the situation in Ukraine and deterioration of the U.S.-China relationship, had a greater impact on our business management than we had expected.

On the other hand, despite such drastic changes in the global economic environment, the trend toward electrification in the automotive industry to achieve carbon neutrality (CN) has been accelerating. After the COVID-19 situation finally abated, I visited China for the first time in several years. I felt there were significant changes in the market, with battery EVs (BEVs) rapidly spreading. The competitiveness of local Chinese automobile and parts manufacturers has dramatically improved over the past several years. It is no exaggeration to say that they are now leading

electrification around the world.

Although the direction and speed of these changes vary among regions, the wave of electrification is absolutely surging. While various options exist in terms of CN for driving, such as hybrid vehicles (HVs and PHVs) and fuel cell vehicles (FCEVs), due to the energy situation and industrial policies of each country, I think BEV is the area where the market will expand the most and the competition will be the most severe. Shifting to BEVs does not mean just a loss of engines, but it will be associated with changes in the structure

Message from top management	What is Aisin?	Vision	Growth strategies	Foundation underpinning our growth	Data
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of the car, as well as changes in the needs of our customers, such as software with advanced intelligence. As a result, necessary technologies, methods of production and sales, and the nature of the supply chain will change, and the value chain of the automobile industry itself, including the infrastructure for charging, will also change significantly.

Furthermore, the move toward CN is taking place not only during driving, but also in terms of production and the processes of generation of electricity or hydrogen as a fuel source for production, including and especially the infrastructure designed to supply such energy. Such moves are dramatically changing the structure of the industry surrounding automobiles. We are truly during the biggest period of transformation.

#### AISIN Group's Vision for 2030

### Facing social issues and focusing on key areas

In this environment full of uncertainties, we have established the AISIN Group Vision for 2030 as a compass for promoting the “full model change of Aisin” under the two-pillar principles of dynamically changing our course of management toward the future and enhancing our corporate foundation and earnings structure.

Aisin’s strength in electrification, a key area for the future, is that it is the only auto parts manufacturer that has a full lineup of drive units for HEVs, PHEVs, BEVs, and FCEVs capable of responding to any needs of customers in different countries with different situations and policies.

For BEVs, in particular, the recently established EV Promotion Center is developing various products that

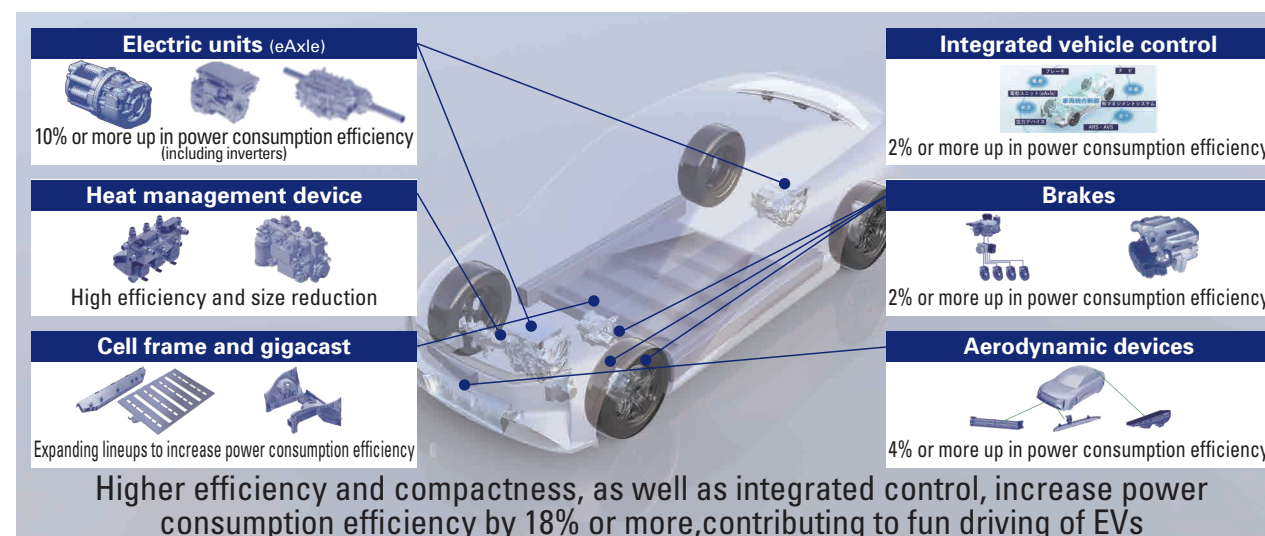
will contribute to increasing power consumption efficiency of the entire vehicle by taking advantage of Aisin’s wide range of product groups and production methods. For eAxle, which is positioned as the most important product, development of future generation models featuring high efficiency, compactness, and low cost, has advanced significantly over the past year. We have also been expanding the lineup of the cooperative regenerative brake system, which contributes to increasing power consumption efficiency by collecting braking power as electricity. By systematizing aerodynamic devices, which reduce air resistance during driving, and heat management devices, such as cooling modules, it is possible to improve the power consumption efficiency of vehicles as a whole by 18% or more, far exceeding the target set in 2021 of a 10%

increase in power consumption efficiency.

Utilizing the shift to BEVs as an opportunity, we have been working on the development of high value-added products, such as function-integrated bodies centered on battery frames using the raw material and heat management technologies and collision design & analysis technologies that Aisin has cultivated. Also of added value are our safe and comfortable entry systems developed by combining Aisin’s wide range of body entry products (doors, sunroofs, etc.) and sensing technologies.

In the field of CN, another priority area, we have launched initiatives led by the CN Promotion Center for a recycling-oriented society through the realization of a zero-emissions plant based on the three themes of energy waste reduction, clean energy, and resource recycling aimed at zero waste. We are also adopting

#### Development for BEVs



Message from top management	What is Aisin?	Vision	Growth strategies	Foundation underpinning our growth	Data
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eco designs based on recycling and reuse from the product design stage. With the goal of achieving CN in production by 2035, the Nishio Die Casting Plant started a resource recycling system to separate, collect, and reuse CO<sub>2</sub> in its South Building in May 2023. In addition to achieving sustainability, we will further advance these environmental technologies in the future with a goal of creating a new business worth in the range of 100 billion yen.

#### Medium-term management plan for 2025

### Next three years to “Change Inside Gain Strength”

Since I was appointed, I have promoted initiatives to achieve a full model change of Aisin based on the above-mentioned two pillars. While focusing on priority areas, we have also been working to strengthen our corporate foundation as the framework. I feel our corporate foundation has gradually become stronger through initiatives such as reviewing duplicate functions due to the management integration of Aisin Seiki and Aisin AW, improving the profitability of existing businesses, and streamlining operations to respond to fluctuations in production. In addition, with the introduction of the CxO system to speed up decision making and execution in key areas and the establishment of the cross-organizational CN Center and EV Promotion Center to revitalize our organizational culture, I think the “shape” for a full model change is being put into place.

From here, we are entering the “Stepping” stage of the “Hopping, Stepping, and Jumping” growth track to achieving the Vision, which is a period for “Change

Inside Gain Strength”. To ensure that we put Aisin on a growth track, starting from this fiscal year, we formulated the Group management policy for FY2026 as the policy for the next three years, instead of the conventional policy for a single year. We also set the management targets for FY2026 (medium-term management plan for 2025). Looking to the future, we will restructure our business portfolio in view of alliances and business transfer, shift resources of people, goods, and capital to growth areas such as electrification and CN, improve the profitability of existing products for which demand is still expected, such as ATs, and optimize fixed costs using DX. By going through with these initiatives of structural reform, we will accelerate the change of what’s inside of Aisin and gain strength to make a leap in 2026 and beyond.

#### To “Change Inside Gain Strength”

### Changes in people are crucial for the future.

I think that Aisin’s strengths are its excellent manufacturing capabilities in development and production, and its motivated human resources who have supported them. Therefore, in order for Aisin to “Change Inside Gain Strength” during this biggest period of transformation, changes in people and their motivation to take on challenges are crucial. I think it is necessary to strongly promote skill changes corresponding to the key areas, awareness changes, and recruitment of diverse human resources. Until now, I have emphasized the importance of taking on challenges without fearing failure in talks with our employees at opportunities such as round-table

conferences between employees and management and town-hall meetings. At the same time, I have worked to introduce new personnel transfer systems, such as an open-entry system (open entry for new projects). I have also worked to establish a framework providing those who are willing to take on challenges with opportunities and support through the skill training programs using DX and have worked on revision of the personnel evaluation systems.

If a chance is given, positive people will take on new challenges and grow. In fact, in some departments, I saw cases demonstrating that a culture of taking on challenges without fear of failure has been cultivated among mainly young and mid-career employees. I was amazed several times by their speed of action and motivation. This makes me feel that the management integration and other initiatives have been bearing fruit. At the same time, I am very encouraged by the increase in our human resources, which is growing independently.



Going forward, to accelerate this positive trend, I am planning to improve our personnel evaluation system so that motivated people can play more active roles.

Diversity & inclusion is one of the activities that Aisin has focused on to leverage the strengths of every employee in order to reform the company and create new value. For Aisin to take on new challenges, the strengths of diverse human resources are essential, including all genders and cultures, those with disabilities, mid-career hires, and young personnel. As a result of many years of efforts, more and more diverse human resources have been appointed to fill important positions, such as project leaders, and this has led to our being selected for three years in a row as a “Nadeshiko brand” (awarded in recognition of companies with excellent support for women in the workplace).

A company will definitely grow when its people are working enthusiastically and growing. “Let each of us take a step forward with an eye toward 2030!” is the slogan for the AISIN Group. I believe that Aisin’s full model change will further accelerate with the increase in individuals who take a step forward.



A test run with a developed product installed on the vehicle (Toyokoro Proving Ground, in Hokkaido)

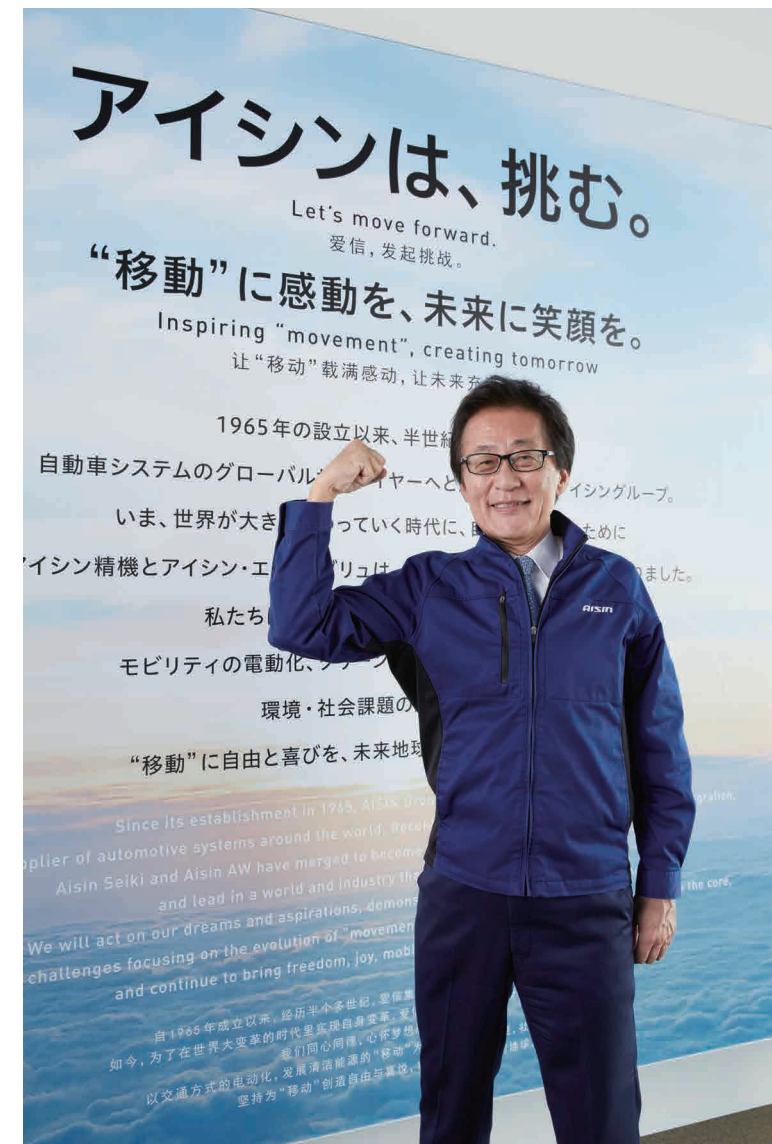
## Aisin’s Vision will not change, even among changing times. Making “Inspiring ‘movement’, creating tomorrow” a reality

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 our ancestors expanding from Africa hundreds of thousands of years ago to all corners of the globe, movement is a human instinct, and I believe humans like to move. And I believe that vehicles, which support our movement, will continue to be loved by humans.

Aisin has many products and services that support movement. It is a parts manufacturer that is close to automobile companies with teams of many people who are highly knowledgeable about vehicles. While our business and core technologies may change along with the times, Aisin’s role in “Inspiring ‘movement’, creating tomorrow” will not change. As a person who loves car manufacturing, I strongly empathize with this Group Philosophy. It is often difficult for me to make important decisions about the unpredictable future. But I always come back to this Group Philosophy in the end.

The 2030 full model change has entered the stage of acceleration, and I am beginning to feel confident about our achieving the target. To further advance Aisin’s transformation, we will continue to take on new challenges while having open and honest dialogue with our customers, suppliers, investors, and all the other stakeholders to align our direction with the expectations of society.

Please look forward to the exciting future of Aisin.



## AISIN Group Philosophy

The AISIN Group Philosophy outlines the AISIN Group's purpose and mission and is the linchpin of our management. The aim of this philosophy is to continuously provide new value to our colleagues, our customers and society and to build a sustainable society.

# Inspiring “movement,” creating tomorrow



### AISIN Group Principles of Corporate Behavior

#### Social responsibility we fulfill

Safety, quality and contribution to creating a sustainable society  
Compliance  
Disclosure and communication  
Respect for human rights  
Promotion of diversified work styles and upgrading the work environment  
Environment  
Social engagement and contribution to development  
Thorough crisis management  
Company leadership

### AISIN Group Mid-long Term Vision

What we aim for when we set our Group Philosophy in a certain period

**Team mission / Goal of individuals**

**Our activity**

### AISIN Group Way

#### Be proactive, make change.

- ☐ Challenge without fearing failure.
- ☐ Move swiftly with the customer in mind.
- ☐ Work passionately.
- ☐ 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.

- ☐ Raise your ambitions and dreams.
- ☐ Show pride in your expertise and professionalism.
- ☐ Find motivation and happiness in life.
- ☐ Let's embrace the value and the spirit of one team.

#### Advance, build the future.

- ☐ Consider the best way, without being bound by convention.
- ☐ Grasp new trends and understand needs.
- ☐ Be useful to the environment and local communities.

### 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.

## AISIN Group Way

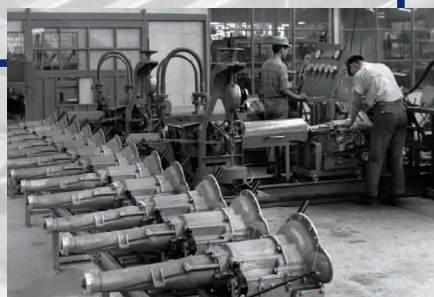
"Be proactive, make change." "Raise individuals, expand dreams." "Advance, build the future."

# Aisin's DNA inherited in the AISIN Group Way

With our business environment changing dramatically, the AISIN Group Way shows the things that are important for our employees to create the future.

AT will definitely be necessary  
when motorization takes place  
in Japan.

When manual transmission was the  
mainstream in Japan, Aisin predicted  
that automatic transmission (AT)  
would prevail.



**Aisin's first AT  
(Manufacturing of  
Toyoglide)**

Human resources are the  
greatest asset of a company.  
Emphasis on active human  
resources is the foundation  
of Aisin.



**An experienced engineer (TAKUMI) passing down  
professional skills to young people**

Aisin has produced top-class employees in the industry who  
have received titles for their advanced skills (Contemporary  
Master Craftsman, Medal with Yellow Ribbon, etc.).

Aisin has a culture of taking  
on new challenges with free  
ideas.



**Product for pets  
"Nyan-to-Wonderful"**

The peltier module, a thermoelectric  
conversion device, was used.  
Today, this technology is used in  
hidden areas in a wide range of  
fields, from households to medical  
institutions.

We will contribute to humanity  
through the harmonious  
development of science and  
technology.



**Femtosecond fiber laser**

This technology was first  
practically applied to laser  
scalpels in LASIK surgery  
for vision correction. Since  
then, its applications have  
expanded, including to  
industrial microfabrication of  
semiconductors.

AISIN Group Way

Safety, health, and supreme quality are the foundations of all.

## Things that remain unchanged in changing times

We have a history of pursuing and refining the qualities our customers demand, while giving the highest consideration to the safety and health of our colleagues.

Pursuing supreme quality  
means pursuing the quality  
of work.

Let's value the spirit of "GENCHI GENBUTSU GENNIN"  
(go to the actual place, see the reality for ourselves, and identify the facts).



**Aisin has built its own comprehensive proving grounds since its early days.**  
Knowing the usage environment of customers is the first step to making customers happy. The world's unique natural and human environments are reproduced to conduct tests.



**All major AISIN Group companies received the Deming Prize.**

Supreme Quality is the common element of the AISIN Group's identity that has lasted for 50 years.



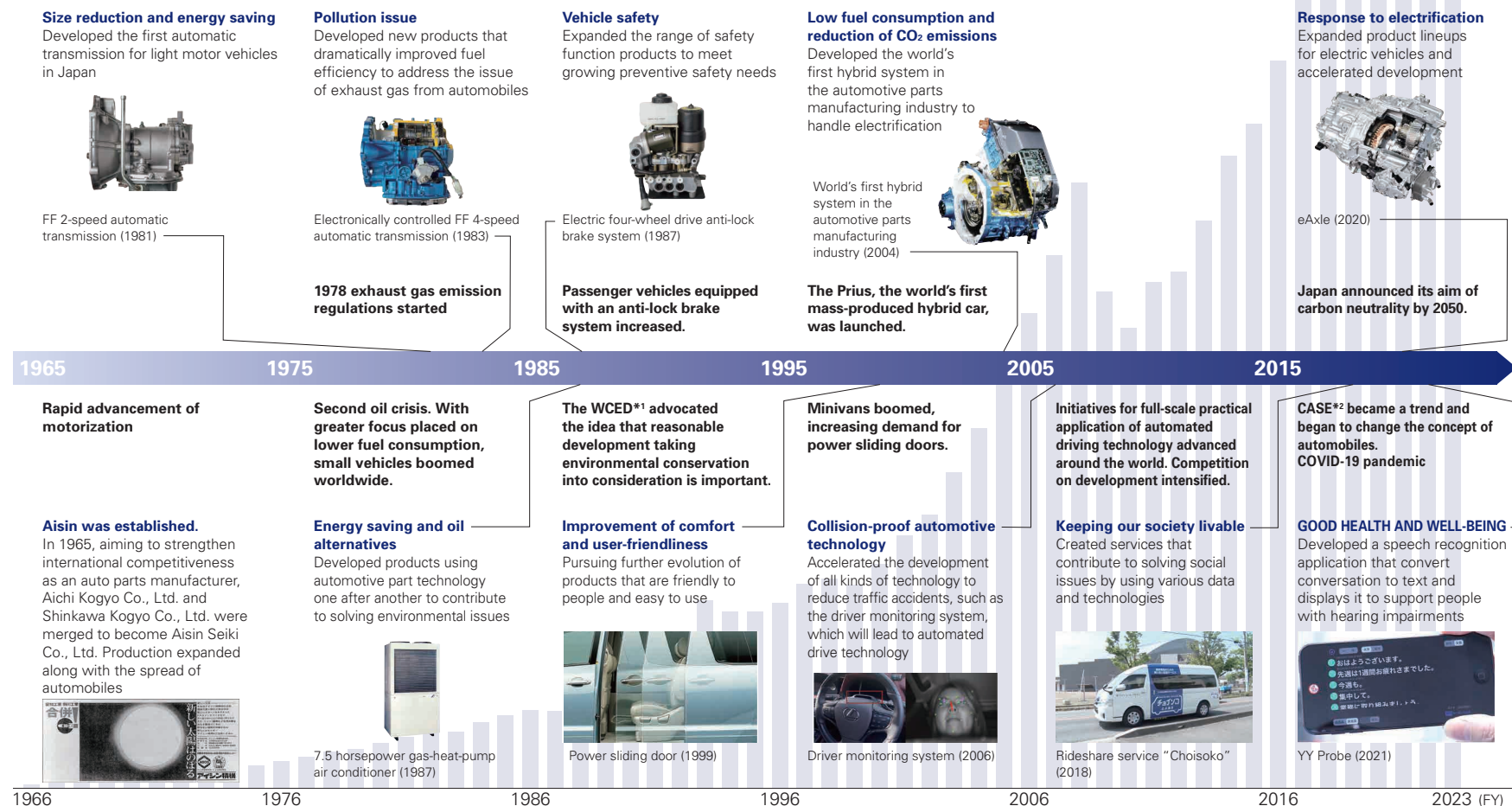
**Aisin Densho-kan: A place to learn about the importance of safety and quality**

Aisin Densho-kan was built to communicate to employees the lessons we have learned from the failures related to safety or quality that we have experienced in the past.

Let's learn from  
history and value our  
predecessors.

# Aisin's commitment to solving social issues

Since Aisin Seiki (now Aisin) was first established in 1965, Aisin has played a crucial role in the expansion of the automotive industry, meeting social needs and solving social issues. We will continue to contribute to the realization of a sustainable society by leveraging our "comprehensive strength as a Group," "outstanding technology development," and "excellent manufacturing," which we have cultivated to date.



**AINIS Group's strengths**



Comprehensive strength as a Group



Outstanding technology development



Excellent manufacturing

Figures for revenue are for Aisin Seiki only from 1965 to 1991, and are consolidated from 1992 onward.

\*1 WCED: World Commission on Environment and Development

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

## Three strengths

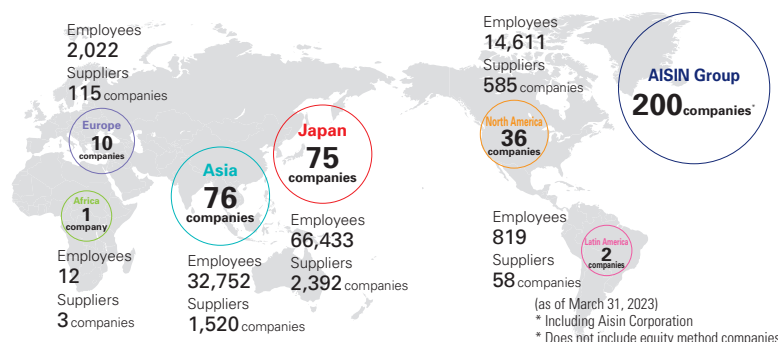


### Global business foundation and wide-ranging business domain (comprehensive strength as a Group)

Along with the development of the automobile industry, Aisin has built its business foundation on a global scale to build knowledge about local roads and respond to various needs of people. The Group's product lineup covers nearly all of the parts that make up a car. By taking advantage of its high level of expertise, Aisin is engaged in a wide range of businesses, including not only mobility-related businesses but also energy-related businesses, to satisfy diverse needs.

#### Global business foundation

Aisin has established a global foundation to conduct business close to major automobile manufacturers around the world, from research and development to production, sales, and after-sales service. We are offering attractive products and services that meeting the diversifying needs of each region, along with the many employees and suppliers that work there.



#### Pick Up

##### Expanding the network

Aisin and Hokkaido University jointly opened the Aisin-Hokudai R&D Lab, an industry creation organization that conducts comprehensive research on catalysis for the purpose of turning biomass and CO<sub>2</sub> into resources, inside the Institute for Catalysis, Hokkaido University.

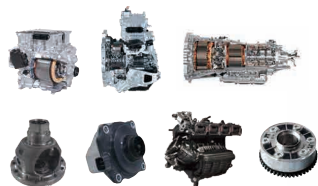
The industry creation organizations are a system to facilitate joint research between Hokkaido University and companies for the purpose of creating new industries and businesses. The aim of the newly established Aisin-Hokudai R&D Lab is to create biomass and CO<sub>2</sub> as useful resources with a view to realizing a carbon-neutral society. Specifically, computational chemistry is employed to develop new catalysts capable of molecule conversion with high selectivity and create catalytic reactions, with the aim of turning biomass and CO<sub>2</sub> into highly efficient resources.

By combining Hokkaido University's academic knowledge and Aisin's environmental technology, the Aisin-Hokudai R&D Lab will contribute to achieving carbon neutrality in society.

#### Wide-ranging business domain

Aisin has contributed to the development of mobility with its product lineup that covers nearly all areas of the parts that make up a car. Technologies that have been cultivated within the Group are combined to create new value.

##### — Powertrain —



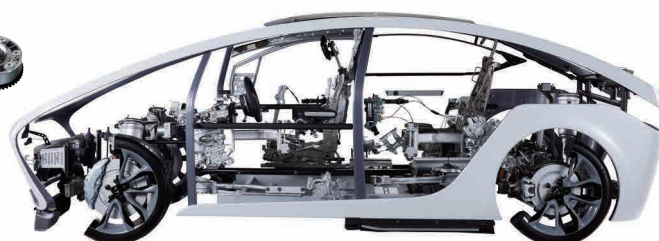
##### — Body —



##### — Chassis & Vehicle Safety Systems —



##### — Electronics —



##### — CSS\* —



##### — Aftermarket —



##### — Energy Solutions —



##### — New businesses —



#### Production technologies

die casting, bonding, polishing, plastic processing, heat treatment, pressing, aluminum extrusion, winding, coating, iron casting and machining, board mounting

#### Material technologies

high strength, long life, high functionality, low NV, tribology, and environmental materials

\* CSS: Connected & Sharing Solution



## Technological capabilities that meet the diverse expectations of society and customers (outstanding technology development)

Aisin has delivered a wide range of competitive products to customers around the world. This has been achieved by our global development framework, which has enabled us to provide products according to the needs of different areas in the world, and its unique, comprehensive evaluation system. To respond to diverse needs, Aisin has also promoted the development of advanced technologies in cooperation with partners in a wide range of industries. Expecting rapid changes in the social environment, we will accelerate innovative changes in technology development to further enhance our competitiveness.

### Global development framework

Aiming at global deployment of existing products and technological breakthroughs, we have established a total of 19 overseas R&D sites and 9 advanced research institutions around the world. Furthermore, we have built three comprehensive proving grounds. Utilizing these institutions, we have provided various products for automobile manufacturers around the world.

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 biotech.

Global development framework to respond to needs around the world



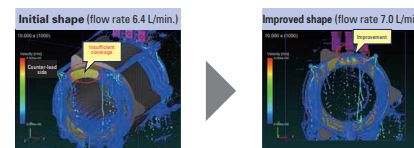
\* As of September 30, 2023

### Unique, comprehensive evaluation and analysis system

Aisin built a comprehensive proving ground with test tracks in 1970. With comprehensive proving grounds recreating local road conditions across the world and state-of-the-art facilities, we have continued to verify and pursue the performance and durability of products in order to provide customers with high-quality products with confidence.

In addition, we perform evaluations and tests based on simulations using digital models from every angle, adopting the viewpoints of users, and promptly incorporate the results back into product development, thereby working to improve the attraction and value of products, and positively responding to the increasing needs of customers.

#### 3D simulation of motor cooling



### Advanced technology development by collaborating with companies in a wide range of industries

Without being confined by the “not invented here” syndrome, we plan to proactively gather information from all industries to enhance the added value of our technologies. We conduct not only development in automotive fields but also joint research and development with industry, government, and academia, and open innovation with outstanding technical startups.

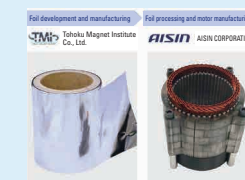
### Pick Up

#### Collaboration to enhance advanced development of motors for electric vehicles

Aisin developed an ultrahigh-efficiency motor using NANOMET\*<sup>1</sup> jointly with Tohoku Magnet Institute Co., Ltd.\*<sup>2</sup> (hereinafter referred to as “TMI”).

Aisin's strengths lie in its motor development technologies for a variety of units for HEVs, BEVs, and other vehicles that have been cultivated over the years, as well as its production technologies that leverage its diverse processing know-how, while TMI's strengths lie in the research and development of optimal compositions for motors and the technological development of optimal foil manufacturing. The ultrahigh efficiency motor, which is made by processing NANOMET® into the motor core and stator, was developed by combining the strengths of the two companies. This technology halves the loss compared to conventional motors for BEVs that use electromagnetic steel plates, and is expected to improve the overall electric power efficiency of the vehicle by more than 3%.

Aisin will further refine the technology for practical use and proceed with testing and evaluation, with the aim of bringing this motor to the market for BEVs by 2029. Aisin will also accelerate development with a view to expanding the technology to various other fields.



\* 1 NANOMET®: A nanocrystalline soft magnetic alloy that achieves both high saturation magnetic flux density and ultralow iron loss, invented at the Institute for Materials Research, Tohoku University.

\* 2 Capital participation in June 2022



## Competence of shaping and embodying (excellent manufacturing)

Through manufacturing, Aisin has always offered products that deliver inspiration to and earn the trust of customers throughout the ages. While constantly innovating unique production methods and equipment for next-generation products, we have been continuously promoting improvements to produce high-quality products in any region around the world. We also focus on the development of human resources for manufacturing, by proactively introducing new education programs in line with the changing times.

### Innovative manufacturing

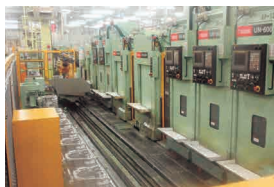
In response to demand for high-mix, low-volume production to satisfy the diverse needs of customers and the higher accuracy required in line with the advancement of technology development, Aisin has innovated its production technology by pursuing higher quality and productivity.

For the production of ATs, for example, large and powerful equipment (transfer machines, continuous gas carburizing furnaces, etc.) introduced from Europe and the U.S. at the time of our founding have supported our stable quality, low cost, and mass production. However, over time, as ATs became multi-speed and new products, such as CVTs and HEVs, appeared, high-mix, low-volume production became necessary. Therefore, Aisin established the Manufacturing Center in 2003 to promote innovative manufacturing. As a result, the "flexible, portable, high-speed Gokuzema next-generation case machining line," a machining line with a small and flexible machining center, and the "mild carburizing process," a heat treatment process with no flame or oil, were generated.

At present, we are still working on the innovation of production technologies that will contribute to the improved competitiveness of the eAxle and other next-generation products.



Transfer machine

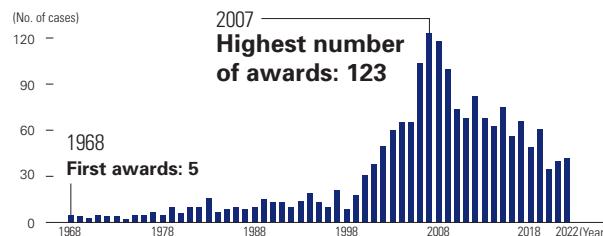
Flexible, portable, high-speed  
Gokuzema next-generation case  
machining line

### Highly trained ability for improvement

Aisin has a deeply rooted culture of "kaizen," the philosophy of making things better than they are now.

Since its founding, Aisin has contributed significantly to society as a company continuing to produce high-quality products by introducing QC (Quality Control) activities. In terms of creative and ingenious proposals, in particular, Aisin has received the Award for Creativity from the Ministry of Education, Culture, Sports, Science and Technology every year since 1968.

Number of achievements commended with the Award for Creativity from the Ministry of Education, Culture, Sports, Science and Technology



### Human resources development to pass down excellent manufacturing

Since 1984, Aisin has provided basic training on the Toyota Production System, quality assurance, etc. for employees in skilled positions.

It has also opened in-house job training schools not only in Japan but also in China and Thailand, to develop next-generation leaders who will support the manufacturing front lines globally. Aisin focuses on the development of human resources who will lead the globally top-level technologies and on-site capabilities.

### Pick Up

#### Receives a prize in the 9th Monozukuri Nippon Grand Awards

##### Polishing the kaizen spirit for higher speed and higher precision

The pair of Ryu Segi and Rei Sodeyama, who joined the Japanese team from Aisin to take part in the mechatronics category in the 46th WorldSkills Competition (Special Edition), held in Stuttgart, Germany in October 2022, won the gold medal. It was the first time for them to participate in an international competition. For this achievement, they were recognized as technicians with advanced skills who will lead the future of manufacturing, and won the Prime Minister's Award.



#### Break through walls and common sense! Make both the earth and people healthy!

##### Innovative aluminum die casting plant with excellent quality and productivity

In the aluminum die casting production technology, with the introduction of several innovative techniques, including a liftless supply system to directly pour molten aluminum into the next process, a three-dimensional cooling die using a 3D metal printer, and highly integrated cooling die to efficiently cool products, the plant achieved a 28% reduction in process cycle time, a halving of quality defects, and a 40% reduction in CO<sub>2</sub> emissions. These initiatives, which contribute significantly to the carbon neutrality of society, product quality, and productivity, were highly recognized, and the plant received the Minister of Economy, Trade and Industry Award.



## The Aisin Value creation process

Aisin aims to confront social challenges and create a future along with stakeholders overflowing with joy and happiness.

The aim to realize a sustainable society by respecting diversities and individual personalities and providing new value to our colleagues, our customers and society through our corporate culture of taking on challenges.

# Inspiring “movement,” creating tomorrow



# 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. To deliver our philosophy of Inspiring "Movement," Creating Tomorrow, we provide solutions to social issues to realize safe and comfortable "movement."

## AISIN Group's Vision for 2030

### Business-specific visions

### Basic policy for functions

## A solutions company realizing a society filled with excitement and smiles



### Our Customers

To be a partner in solving social issues by providing "movement" solutions to all people



### Society

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



### Our Colleagues

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

### New challenges Refining our existing business

#### Powertrain

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

#### Chassis & Vehicle Safety Systems

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 field and contribute to building a zero-carbon society

#### New Businesses

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

#### "SOKEIZAI"\*

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 the improvement of business value

#### 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

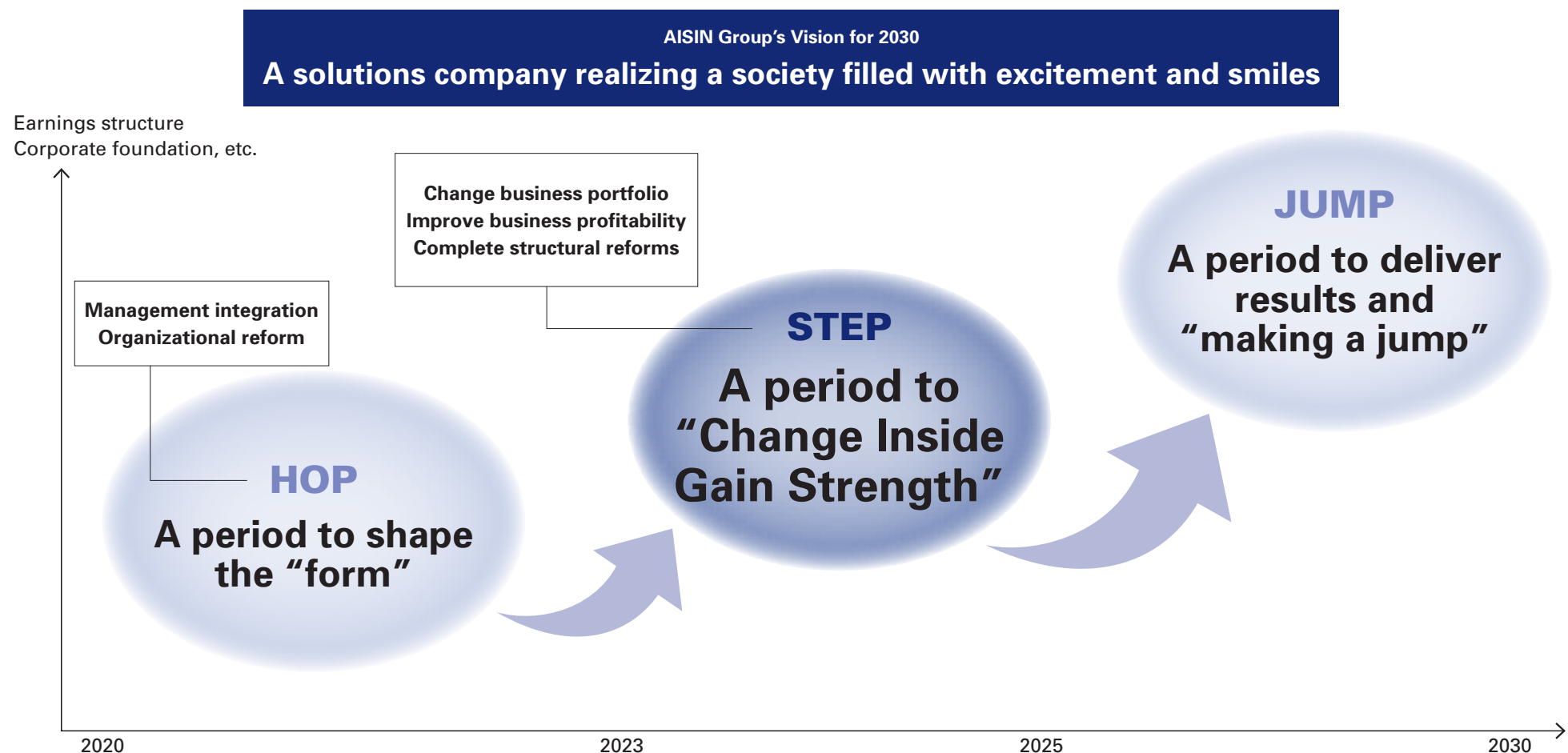
#### Promotion of diversity (personnel and work styles)

To create tomorrow by promoting diversity and creating new value

\* Including raw material, forged part, casting part, molding part, and rough processing

## AISIN Group's growth trajectory to achieve 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." Two years have passed since the integration of the management operations of the former Aisin Seiki Co., Ltd. and former Aisin AW Co., Ltd. in 2021. We redefined our growth trajectory newly taking into account changes in the internal and external environments. We are positioning the three years through 2025 as a period to "Change Inside Gain Strength", so that we can undertake the reinforcement of our corporate structure to take great strides in the future.





## Our Customers

### Inspiration and trust

A partner in solving social issues by providing "movement" solutions

### Revenue ratio of solution-oriented products\*1



FY2023 **19%**

Increase by 41% or more

FY2031 **60% or more**



## Society

**Sustainable environment**  
Sustainable corporate group

### Reduction rate of CO<sub>2</sub> emissions during manufacturing (vs. FY2014)



FY2023 **-18%**

Decrease by 32% 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



e.g., Job satisfaction index

From the results of an employee awareness survey (out of 5 points)

FY2023 **3.4 points**

Increase by 0.6 points or higher

FY2031 **4.0 points or higher**

**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**

### Operating profit ratio

FY2023 **1.3%**

Increase by 6.7% or more

FY2031 **8% or more**

### ROIC\*2

FY2023 **1.8%**

Increase by 11.2% or more

FY2031 **13% or more**

### Revenue

FY2023 **4.4 trillion yen**

**Sustainable growth**

\*1 CASE products, clean energy related products, and other products that contribute to solving social issues

\*2 NOPAT (Net Operating Profit After Taxes)/(Inventories + Fixed assets)

## Direction of businesses for providing new value

Aisin aims to deliver value to customers and society through various types of “movement” for mobility, energy and people. No limited to conventional areas of business, we plan to expand products and services that contribute to solving environmental and social issues.

## Inspiring “movement,” creating tomorrow

### External environment envisaged by Aisin in the mid-long term

#### Politics

Strengthening initiatives against climate change  
Resource issues

#### Economy

Multi-polarization of the international community, destabilization of regions/expansion of social disparities

#### Social

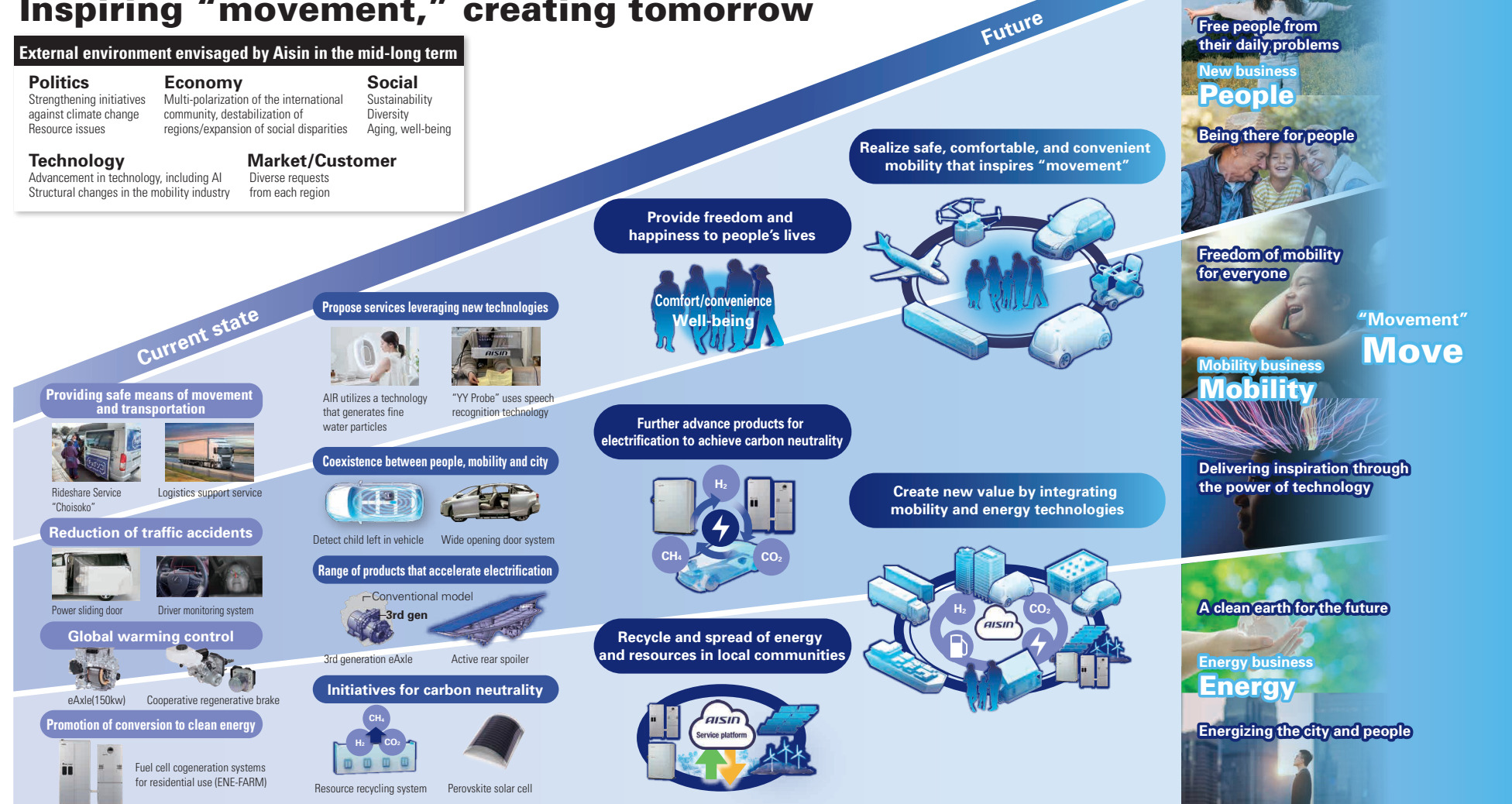
Sustainability  
Diversity  
Aging, well-being

#### Technology

Advancement in technology, including AI  
Structural changes in the mobility industry

#### Market/Customer

Diverse requests from each region

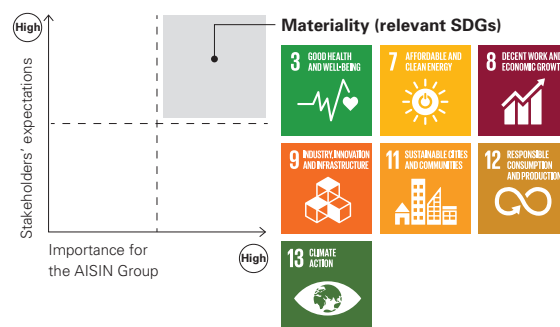
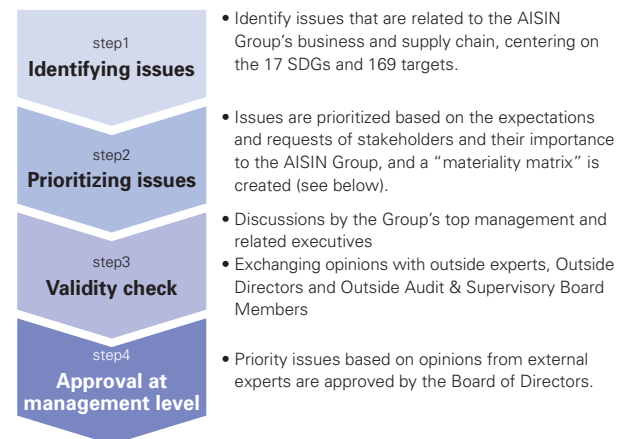


## AISIN Group's priority issues (materiality)

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.

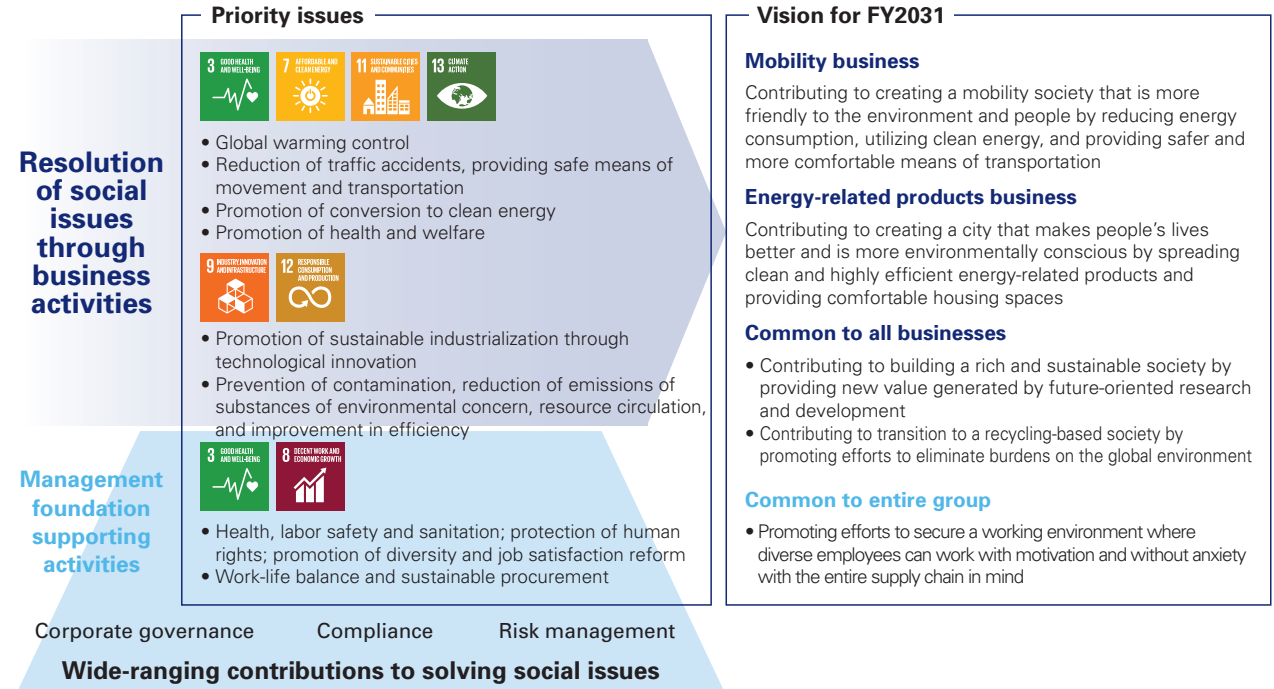
These values align closely with the UN's Sustainable Development Goals (SDGs), and we believe that we can contribute to the accomplishment of the SDGs through our business activities, so we have selected priority issues (materiality) to focus on as a Group.

### 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.



## Priority issues (materiality), KPIs, and targets for fiscal year 2031

KPIs (key performance indicators) and targets for FY2031 have been set for priority issues (materiality) approved by the Board of Directors. These have been incorporated into specific activity plans, and initiatives are being promoted and improved.

	Priority issues (materiality)	Vision for FY2031
Resolution of social issues through business activities	<ul style="list-style-type: none"> <li>• Global warming control</li> <li>• Reduction of traffic accidents</li> </ul> <b>Providing safe means of movement/transportation</b>  	<b>Mobility business</b> <ul style="list-style-type: none"> <li>• 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</li> </ul> <p>To expand products toward net-zero GHG emissions by 2050  <b>P.26 Carbon Neutral</b></p> <p>To expand safety goods toward the realization of a zero road casualty society  <b>P.44,45 Chassis and Vehicle Safety System</b></p>
	<ul style="list-style-type: none"> <li>• Promotion of transition to clean energy</li> <li>• Promotion of health and welfare</li> </ul>  	<b>Energy-related products business</b> <ul style="list-style-type: none"> <li>• 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</li> </ul> <p>To promote energy-related development toward a carbon-free recycling society  <b>P.49 Energy Solutions</b></p> <p>To create products and services toward the realization of a more convenient and safer society  <b>P.47 CSS (Connected &amp; Sharing Solution)</b></p>
	<ul style="list-style-type: none"> <li>• Promotion of sustainable industrialization by technological innovation</li> <li>• Reduction of CO<sub>2</sub> emissions</li> <li>• Prevention of contamination</li> <li>• Reduction of substances of concern</li> <li>• Resources circulation</li> <li>• Enhancement of resource efficiency</li> </ul>  	<b>Common to all businesses</b> <ul style="list-style-type: none"> <li>• Contributing to building a rich and sustainable society by providing new value generated by future-oriented research and development</li> <li>• Contributing to transition to a recycling-based society by promoting efforts to eliminate burdens on the global environment</li> </ul> <p>To expand R&amp;D and tie-ups toward the promotion of a sustainable society  <b>P.18 Direction of businesses for providing new value</b></p> <p>To reduce CO<sub>2</sub> emissions from manufacturing to use and disposal of products for a low-carbon society  <b>P.26 Carbon Neutral</b>  <b>P.55 Environment</b></p>
Management foundation supporting activities	<ul style="list-style-type: none"> <li>• Labor safety and health</li> <li>• Health</li> <li>• Human rights</li> <li>• Promotion of diversification</li> <li>• Job satisfaction reform</li> <li>• Work-life balance</li> <li>• Compliance</li> <li>• Sustainable procurement</li> </ul>  	<b>Common to entire group</b> <ul style="list-style-type: none"> <li>• Promoting efforts to secure a working environment where diverse employees can work with motivation and without anxiety with the entire supply chain in mind</li> </ul> <p>To eradicate major disasters and accidents that require time off from work through thorough recurrence prevention  <b>P.67 Occupational health and safety management system</b></p> <p>To realize a more comfortable and rewarding working environment for each of a diverse range of employees  <b>P.37 Human capital strategy</b></p> <p>To maintain high compliance awareness and eradicate serious law violations by establishing a global group legal and compliance system  <b>P.70 Compliance</b></p> <p>To realize coexistence as a good business partner in mutual prosperity and mutual development  <b>P.30 Value Chain</b>  <b>P.64 Supply chain</b></p>

#### Calculation method

$$\text{Revenue ratio from electric products} = \frac{\text{Revenue of electric products}}{\text{Total revenue of related divisions (Powertrain, and Chassis and Vehicle Safety System)}}$$

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

\*1 Advanced Driver-Assistance Systems

KPI		FY2023 Targets	FY2023 Results	FY2024 Targets	FY2031 Targets
<b>Sales ratio of electric products that contribute to reducing CO<sub>2</sub> emissions</b>	$\frac{\text{Revenue of electric products}}{\text{Total revenue of related divisions}}$	20%	16%	23%	<b>50% or greater</b>
<b>Sales ratio of autonomous products that contribute to safe travel</b>	$\frac{\text{Revenue of ADAS + autonomous driving products}}{\text{Total revenue of related divisions}}$	48% (The scope of the target products was revised.)	39%	47%	<b>50% or greater</b>
<b>Contribution to CO<sub>2</sub> reduction by energy-related products (revenue)</b>		730,000 t-CO <sub>2</sub> per year	725,000 t-CO <sub>2</sub> per year	757,000 t-CO <sub>2</sub> per year	2,300,000 t-CO <sub>2</sub> per year
<b>No. of new products and services contributing to health and welfare that are adopted by society</b>		10	17	25	<b>20</b>
<b>R&amp;D expense to revenue ratio</b>		4.8%	5.0%	4.6%	<b>6.0%</b>
<b>Ratio of development cost for CASE solutions and cutting-edge technologies</b>		57% (The scope of the target products was revised.)	54%	56%	<b>70%</b>
<b>Life cycle CO<sub>2</sub> emissions reduction rate</b>		(In compliance with international rules) Establish calculation guidelines	Complete calculation guidelines Reduction of 6% (compared to FY2020)	Promote planning for reduction in Scope 3 priority categories	<b>Reduction of 25% or greater</b> (Compared to FY2020)
<b>Reduction rate of CO<sub>2</sub> emissions from production (total)</b> [compared to FY2014]		Reduction of 12% or greater (2.442 million t-CO <sub>2</sub> per year)*2	Reduction of 18% (2.279 million t-CO <sub>2</sub> per year)*2	Reduction of 17% or greater (2.301 million t-CO <sub>2</sub> per year)*2	Reduction of 50% or greater (1.386 million t-CO <sub>2</sub> per year)*2
<b>No. of serious accidents</b>		0	0	0	<b>0</b>
<b>Rate of disabling injuries occurring</b>		0.05	0.17	0.05	<b>0.05</b>
<b>Ratio of female employees in managerial positions at 4 Group companies</b>		2.8%	2.5%	2.9%	<b>6.0%</b>
<b>Job satisfaction at four Group companies</b> (from the results of employee satisfaction surveys)		3.5 points (four Group companies)	3.4 points (four Group companies)	3.5 points (four Group companies)	<b>4.0 points</b> (Entire Group)
<b>No. of serious violations of laws and ordinances</b>		0	0	0	<b>0</b>
<b>Rate of compliance with guidelines through the formulation and development of Group-wide global guidelines for suppliers</b> (including CN target of reduction of 25% or greater (compared to FY2020) for FY2031)		Setting and deployment of CN targets Deployment of guidelines to overseas suppliers	Deployment to overseas management subsidiaries Kickoff completed in each global region	Deployment to global suppliers (U.S., China, Australia, Asia, India, and Europe)	<b>100%</b>

\*2 CO<sub>2</sub> emissions are calculated using the coefficient in the Seventh Aisin Consolidated Environmental Action Plan.

## Determination of CxOs to achieve the Vision for 2030



### AISIN's CxO system

In August 2021, to tackle our priority management challenges, the AISIN Group established the positions of CCNO for “carbon neutrality,” CESO for “electrification,” and CSDO for “Software-First and DX,” and by defining their responsibilities for leading Group-wide efforts to address these challenges. The CxO system, which was started with three people, is striving to create a management structure capable of flexibly and speedily adapting to changes in the internal and external environment, with the addition of the CAO in April 2022, and the CTSO and CVCO in April 2023.

## Technology Development Strategies and Electrification Strategies

**For us, change is an “opportunity.”**

**We will continue to provide value that meets the needs of the times by expanding the technologies we have cultivated in manufacturing automotive parts into new areas.**

In response to climate change, the automobile industry is undergoing major changes, including the electrification of vehicles, carbon neutrality, and the use of clean energy.

The AISIN Group sees change as an opportunity, and is taking on the challenge of developing new technologies that contribute to enriching people's lives.

Chief Electric Strategy Officer  
Chief Technology Strategy Officer

**Yoshihisa Yamamoto**

**We will commit ourselves to developing technologies with a focus on mobility, energy, and lifestyle-related areas.**

Our business environment is significantly changing, which requires us to address issues in the technology front, including technological innovations such as artificial intelligence and structural changes in the mobility industry. To realize our philosophy, “Inspiring ‘Movement,’ Creating Tomorrow,” we are taking on the challenge of creating new value in the domains of mobility, energy, and lifestyle by capturing these changes as quickly as possible.

As needs diversify around the world, we are working to develop technologies that provide value suitable for the lifestyles of the respective regions.

**We are swiftly developing electric units that contribute to the achievement of carbon neutrality.**

In the mobility field, there is strong demand for achieving carbon neutrality through the electrification of vehicles. In response to these needs, in the powertrain business, we have created a full lineup of all electric units, including HEVs, PHEVs, and eAxes, and have established a system that enables us to meet the diverse needs of our customers.

We particularly position the eAxe, which serves as the power unit for EVs, as our most important product, and are improving the appeal of our products based on cost reduction, by focusing on the two keywords of “high efficiency” and “compactness.” The CO<sub>2</sub> emissions of the electric units (e-Axe and 2MHV) over their entire lifecycles are expected to be significantly

lower than those of the conventional unit (AT), making a major contribution to realizing a carbon-neutral society.

Aisin began mass production of the first generation eAxe in 2022, and is currently developing the second generation eAxe, which will be even more efficient and compact. Furthermore, advanced development is under way for a third generation eAxe, which will be half the size of the previous model with overwhelmingly high efficiency due to the revamped motor and gear train. The third generation eAxe is earmarked for market launch in 2027, with the first unit being completed in 2022, and evaluation tests currently being conducted on vehicles.

The production target for our electric units is 4.5 million in 2025. We are proceeding as planned while making investments globally.

The concept is creating flexible production lines capable of quickly responding to customer needs

## Technology Development Strategies and Electrification Strategies

while reducing investment. We are also working on innovations in production technology that underpins eAxle production, such as a fully automated multi-model mixed production line that utilizes robots. Additionally, by making the maximum use of our AT production equipment, we will reduce investment by 50% compared to that for conventional methods. To expand sales in and after 2025, we have started technical discussions and business negotiations with customers in the respective regions.

### The EV Promotion Center has been established to develop attractive products from the perspective of the overall vehicle.

The electrification of vehicles is bringing about major changes in how cars are made as well as the values that users expect from automobiles, such as the introduction of Giga casting and the adoption of ultra-large monitors. Existing auto parts manufacturers also need to develop products with new ideas that are not bound by conventional frameworks.

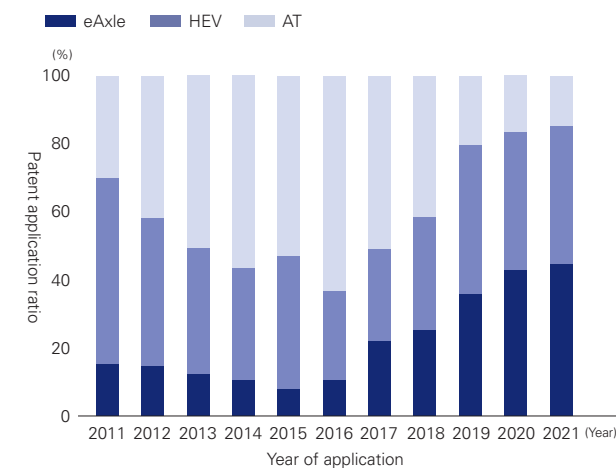
For this reason, we established the EV Promotion Center in May 2022 and started developing new products from an overall vehicle perspective. Currently, the Center is developing new products that contribute to enhancing the attractiveness of EVs, such as the third-generation eAxle, cooling modules, lightweight battery frame parts, and aerodynamic devices, at an unprecedented speed with external collaboration.

Based on the high technological capabilities that the AISIN Group has cultivated, we will continue to provide attractive products that inspire our customers by fusing new ideas and new knowledge brought by external collaboration.

### By accumulating and utilizing technology as intellectual property, we will enhance our competitiveness and expand our business.

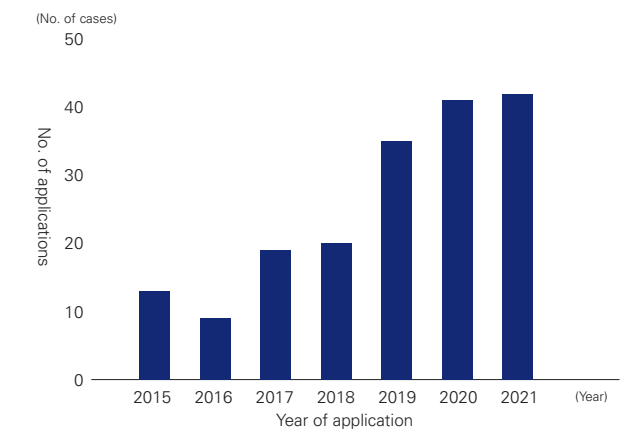
The results of technological development are accumulated as intellectual capital. For example, to strengthen our intellectual capital, we have increased the percentage of patent applications for drive system products by focusing on the eAxle, a core component of electric vehicles (see the graph below).

Patent application ratio for drive system technologies



In addition to drive system technology, we have also submitted patent applications related to communications technology and information utilization technology that will enhance the value of “movement.”

Trends in patent applications for vehicle communications technology and information utilization technology



Focusing on priority themes in the fields of mobility, energy, and lifestyle for the future, we will engage in technological development and the creation of intellectual property rights.

Based on our strategies, we will continue to increase intellectual properties both in quantity and quality, expand our business, strengthen our competitiveness, and improve our corporate value.

### FY2023 patent portfolio

Domestic patents held:

**5,728**

Number of overseas patents held:

**6,258**

Message from top management	What is Aisin?	<b>Vision</b>	Growth strategies	Foundation underpinning our growth	Data
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## Technology Development Strategies and Electrification Strategies

### Based on the AISIN Group's core technologies, we will take on challenges to create value in new areas.

We have worked on a wide range of technologies, including the development of drivetrain and body products, and software technologies such as surrounded monitoring technology, electronic control, and navigation. We will further evolve our core technology that we have honed over the years to integrate "detection, transmission, and activation," and will continue to create new value with methods such as utilizing artificial intelligence technology through digitalization.

Specifically, in the mobility field, with an eye toward an electrified society, we are integrating technologies such as vehicle entry systems, occupant detection, living body detection, and location information utilization, as well as drivetrain system products that meet diverse needs, to develop products and services aimed at solving social issues.

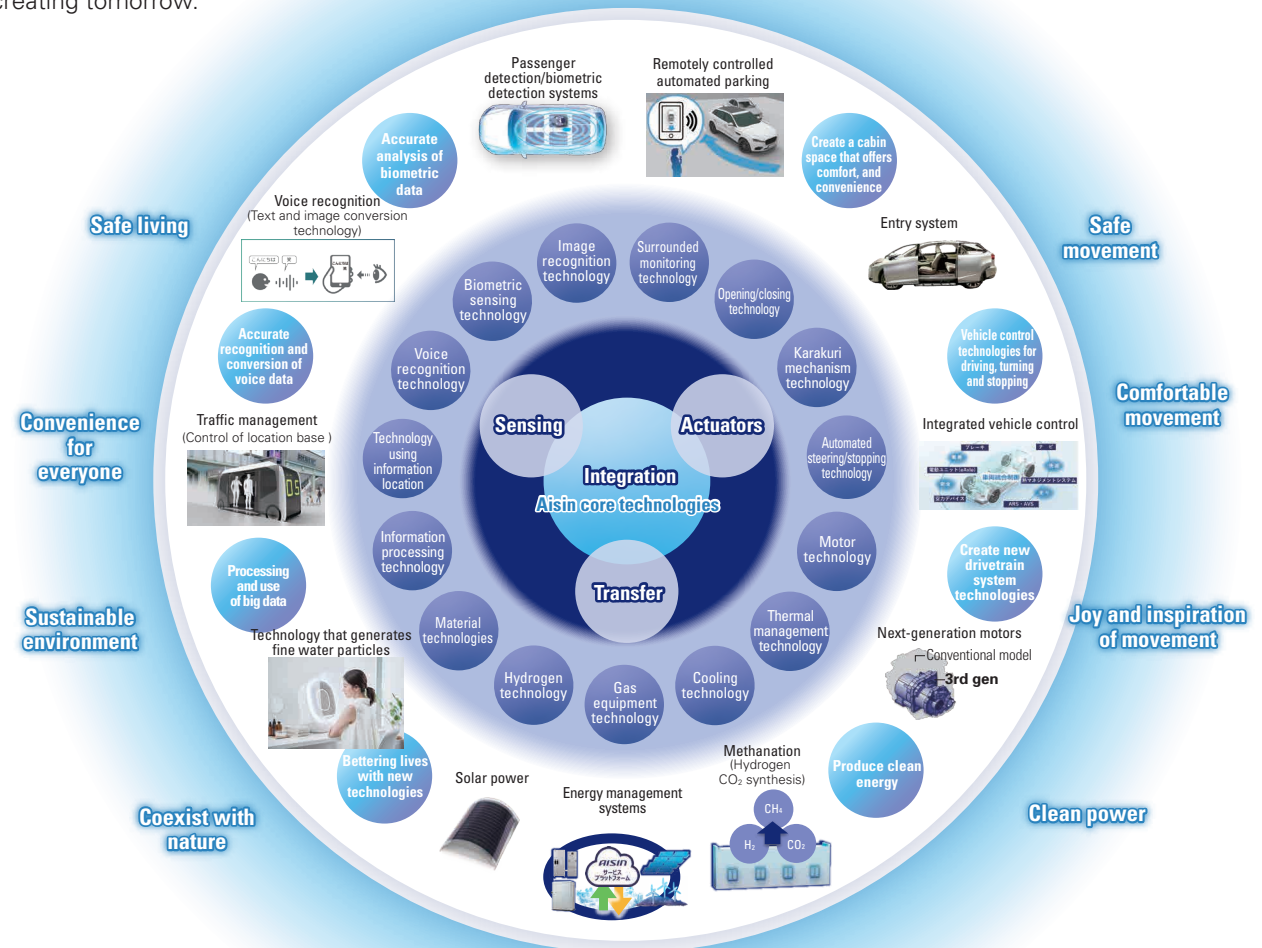
In the domain of energy, we will create and provide new value through the development of fuel cell-related technologies that utilize hydrogen, Perovskite solar cells that generate clean energy, and other products, in collaboration with various research institutions.

As a new area that embodies the idea of "bringing smiles to the future," we are developing the fine water particle, AIR, by utilizing our technologies developed to date in the lifestyle-related and mobility domains.

In addition, we are taking on the challenge of development with cutting-edge technologies, such as voice recognition and image recognition using artificial intelligence. Rather than sticking to in-house development, we are proactively collaborating with universities and start-ups.

### Expansion of Aisin core competencies and value creation

Aisin has produced various products and services based core technologies we have honed over the years to integrate "sensing, transmission, and actuation." Going forward we aim to continue advancing our core technologies and plan to tackle new challenges in value creation to realize our group philosophy of "Inspiring 'movement', creating tomorrow."



## Carbon Neutrality

**The activity for Carbon Neutrality and the circulating society are duties of all the members engaged in manufacturing industry. We promote them in a viewpoint of the Aisin Monozukuri mind.**

Recently, disasters are frequently occurring due to abnormal weather triggered by the impact of climate change. In light of this, the reduction of GHG emissions is an urgent social issue. Reflecting this, our mission to continue to “deliver beauty to our future earth,” which is our corporate principle, we have declared that we will achieve “Carbon Neutrality” by 2050 under international agreements, including the Paris Agreement.

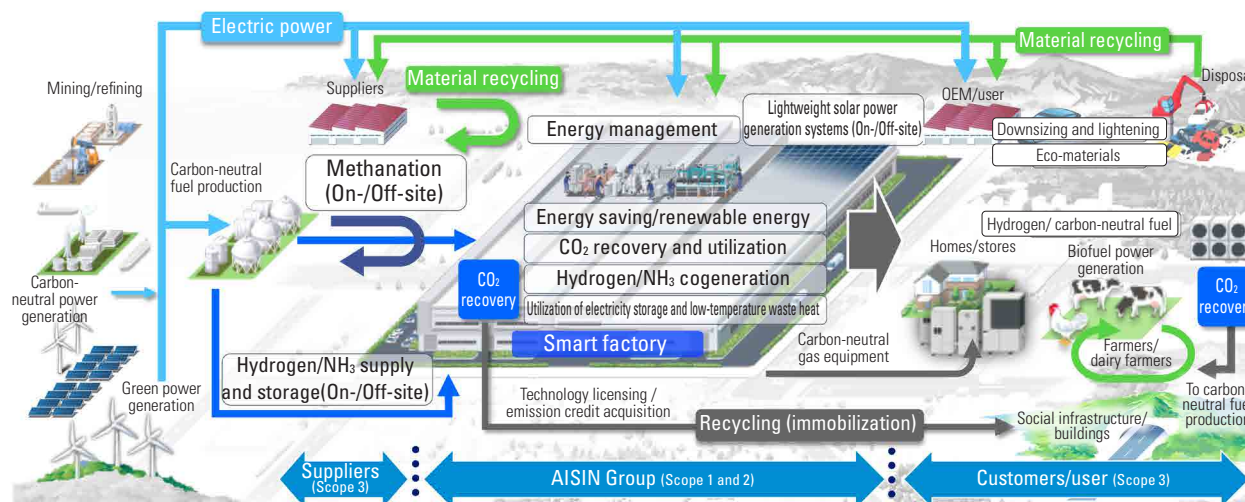
Chief Carbon Neutral Officer

**Masahiro Nishikawa**

**Convert CO<sub>2</sub> into the energy, and waste into the resources. Our Goal is a society that circulates energy and resources**

Aisin promotes efforts that focus on circulating energy and resources to achieve carbon neutrality. We will introduce the technologies for reducing energy use, utilizing renewable energy, capturing CO<sub>2</sub>, using hydrogen, and utilizing waste heat. Furthermore, we will build the structure of utilizing captured CO<sub>2</sub>, activating methanation technologies, recycling materials and converting waste into resources. We will contribute to energy and resources circulating in local communities with suppliers, customers, and users.

### Overview of Aisin's Efforts Toward Carbon Neutrality (Energy and Resource Circulating)



## Carbon Neutrality

### Aisin sets goals to achieve 2035 production Carbon Neutrality and 2040 zero-emission

For contributing to realize Carbon Neutral society, we have set numerical targets for in both “production” and “products”. In the production, we will reduce half of our production CO<sub>2</sub> emissions against 2013 level by 2030, achieve “production carbon neutrality” by 2035. In addition, we have set new goals to achieve zero-emission plants by 2040.

### Tackling a CO<sub>2</sub> reduction on our scenario to achieve production carbon neutrality

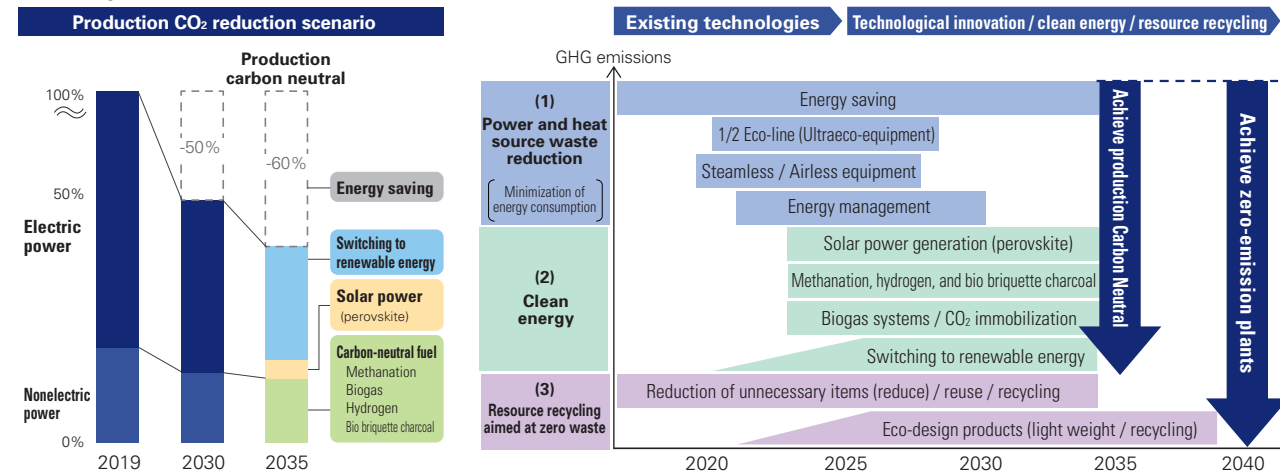
We are working on achieving production carbon neutrality by the three key themes.

- (1) Reduction in power source, heat source and waste
- (2) Clean energy
- (3) Resource recycling that aims at zero waste

In theme (1), we analyzed its energy use for each production line, and implemented reductions. From 2023, we will accelerate our activities to halve in production lines by installing Eco-devices and Eco-equipment, including the Karakuri mechanism and nonhydraulic equipment. We will do these efforts at all of production sites in the world, and achieve 60% emission reduction by 2035.

In theme (2), we will replace electric power to solar and renewable energy, and non-electric power with carbon neutral fuel while moving forward with electrification. We will work on the development of clean energy technologies, including Perovskite solar

### Roadmap for Zero-Emission Plants



cells, CO<sub>2</sub> capture and storage, methanation, CO<sub>2</sub> fixation, and bio-briquette charcoal. Now, we are moving from the development phase to the verification phase.

In theme (3), we are strengthening 3R activities (Reduce, Reuse, Recycle) to achieve the goal of zero emissions factory. Furthermore, we are tackling eco-design that minimizes environmental impact, and make it more valuable.

In terms of production, we will improve the lifespan of molds and jigs and promote reuse of common design parts. In terms of products, we will improve disassembly with a view to long lifespan and reusability.

### It is necessary that the entire supply chain becomes one team for achieving Carbon Neutrality

Under the slogan “No one is left behind,” Aisin is promoting activities for carbon neutrality across the entire supply chain. Approximately 75% of CO<sub>2</sub> emissions over the entire life cycle come from purchased raw materials and components. To reduce this, the entire supply chain needs to be cooperated. Therefore, we have established a “Supplier Carbon Neutrality Support Working Group” for their activities.

In 2022, suppliers were invited to Aisin factories to introduce our activities toward carbon neutrality and share our activities. Moreover, Aisin visited their factories and supported their activities. In 2023, in order to further accelerate these activities, we will open a carbon neutrality education center, as a place to learn the knowledge and view point about carbon neutrality.

Aisin aims to be carbon neutral with our suppliers.

## Software-first, DX

**Software-first and DX are key strategies that will determine the future of the automotive industry. Aisin will tackle bigger social issues through its unique strategic actions.**

Promoting diverse initiatives using digital technologies is an important strategy for any industry to solve their issues.

Leveraging its business characteristics of handling a wide variety of automotive parts, Aisin is working with a sense of mission and passion, on the development of integrated control software and the creation of high value-added research and development processes using DX.



Chief Software & Digital Officer

**Kenji Suzuki**

### Aisin will continue to achieve transformation and growth with Software-first and DX strategies

In the current period of major transformation in the automotive industry, Aisin squarely confronts important issues, such as carbon neutrality and electrification, and works on the commercialization of products and solutions that create new values.

Aisin has many partners that have valuable technologies, knowhow, and software development capabilities that contribute to carbon neutrality and are filled with a sense of mission and passion. It aims to be a company that continues to growth vigorously over the next 50 years where all members work hand in hand. Aisin will continue to propose concrete solutions to many issues toward the realization of a sustainable society.

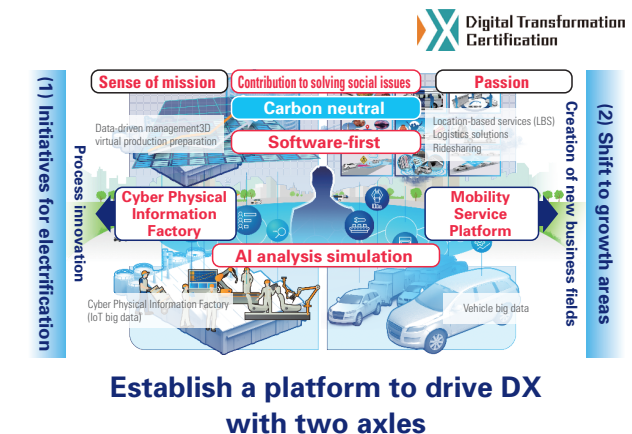
In this transformation process, Software-first and DX strategies play important parts, and their initiatives are outlined below.

### We will promote integrated control of products using software in order to contribute to the manufacture of better vehicles.

Vehicles are evolving to become significantly more intelligent. In this context, software is becoming increasingly important. Aisin internally develops highly reliable and competitive control and functional software and provides it with products that it brings to market.

Under the concept of Software-first, by verifying system control with software models, Aisin can improve the degree of perfection at an early stage without needing to wait for the test production of machines and structural parts to be completed. In this way, Aisin can achieve an overwhelming reduction of lead time for development and preparation for production and assure quality of functions and performance at high levels right from the first machine for mass production, achieving differentiation from competitors. At the same time, we can accelerate the evolution into better products by

Aisin's overall DX concept



## Software-first, DX

upgrading software based on the analysis using artificial intelligence of data on the use of vehicles and control data stored on the cloud.

Recently, software can continue to be updated after it is brought to market through software improvement and delivery (software update over the air). Aisin will continue to meet the rapidly changing market needs by utilizing this function to continually increase the value of products that it has brought to market.

It will also realize highly sophisticated and usable functions through integrated control by using software to interconnect products, for example, between eAxle and brakes. Through the integrated control of its diverse products, Aisin will continue to contribute to the manufacture of better vehicles in pursuit of the ideal vehicle.

### With its unique DX strategy, Aisin will create new values and renew its competitiveness in manufacturing

Aisin is strategically promoting DX as an indispensable key measure to bring to market its diverse electrification-related lineup of products and systems as soon as possible.

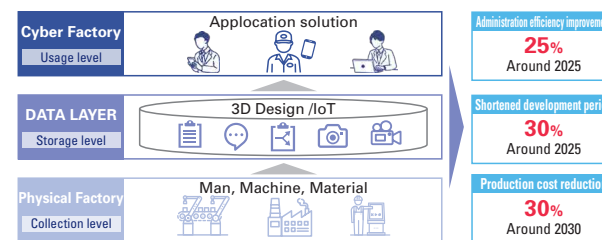
As DX also leads to the visualization of all activities, it also helps Aisin to accelerate actions toward zero CO<sub>2</sub> emission and increase the speed of its carbon neutrality responses.

Aisin is promoting simultaneous global implementation DX by establishing an IT platform based on the concept of cyber physical information factory (CPIF). CPIF is a concept of reproducing

all manufacturing sites in cyberspace using IoT technologies to perform the analysis of the current situation and past results and to predict future using analytical technologies, such as artificial intelligence, thereby renewing manufacturing competitiveness.

At the same time, Aisin promotes continuous improvement by promptly providing applications and services that provide those who work in manufacturing sites with a more comfortable work environment using software that utilizes the CPIF platform.

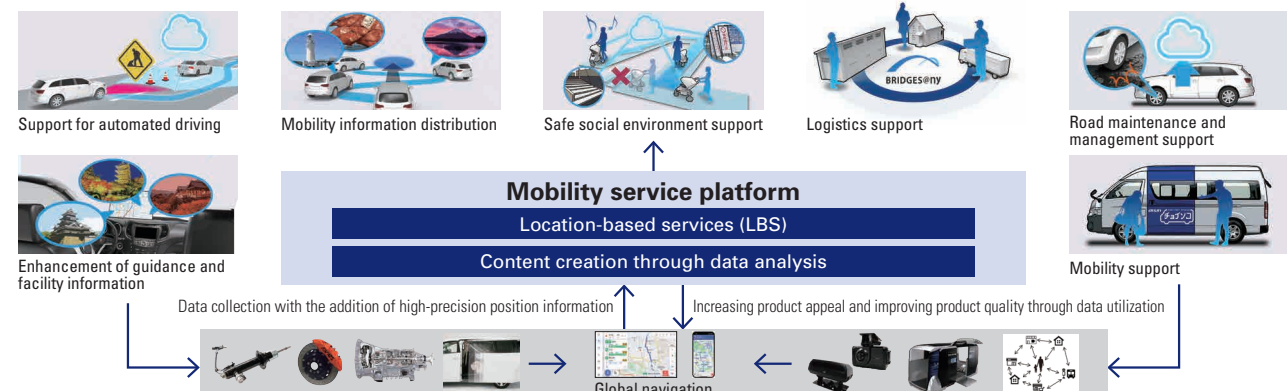
Conceptual picture of the Cyber Physical Information Factory



On the other hand, Aisin has a strong technical capability concerning the use of position information as an expert manufacturer of car navigation systems. By using this technology, Aisin has established a mobility service platform (MSPF) through which it can quickly deliver any and all mobility-related software, services, and solutions to mobility society and users. Aisin will create and provide new value-added content by gathering its various data on automotive parts in MSPF on the cloud, adding position information thereto, and analyze them using AI and other tools.

With the position information utilization technology, platform technology, content, software, and analysis technology developed in this way at the core, Aisin will propose with a sense mission and passion concrete solutions to bigger social issues by widely collaborating with external partners on the platform.

Position information utilization initiatives at Aisin



## Value Chain

### **Aisin will take on the challenge of expanding and transforming value chain business, including electrification, to provide new value to customers and society.**

As carbon neutrality measures are being implemented around the world, the electrification is accelerating in the automotive industry. New markets, business models and value chains\*<sup>1</sup> will be formed there. Aisin will create new businesses by quickly entering relevant markets with a nimble organizational structure.

\*<sup>1</sup> Value chain is hereinafter referred to as VC.

### **Aisin aims to expand its parts business for new vehicles, including existing business, by providing a lineup of new products in response to the shift to BEVs, including eAxle, parts peripheral to batteries, and aerodynamic parts.**

In the automotive industry, all OEM companies have announced a plan to raise the ratio of electrification toward 2030, and the shift to BEVs is rapidly progressing worldwide. Aisin will enhance its production and supply systems by increasing sales of electrification products to OEM companies around the world. As the energy situation differs around the world, a wide variety of products are in demand, including hydrogen and bio fuels as well as conventional ICE\*<sup>2</sup>. Aisin will sell and supply its

products in all directions around the world to meet the needs of each country.

\*<sup>2</sup> ICE: Internal combustion engine

### **People around the world own approximately 1.5 billion vehicles. Aisin will expand its aftermarket business by providing reasonably priced supply parts and services to them.**

The number of vehicles owned is increasing every year, and people around the world currently own approximately 1.5 billion vehicles. Accordingly, needs for maintenance and repair of aging vehicles are rising. Meanwhile, emerging countries are facing an important challenge of raising the quality of services

for aging vehicles as reliability in maintenance quality is lacking in these countries.

By applying its automotive parts technologies accumulated so far to the aftermarket business, Aisin will support the comfortable and safe driving experience of aging vehicle users by offering a lineup of reasonably priced products that are affordable to all users in collaboration with its partners around the world.



Chief Value Chain Officer  
**Hiroaki Nanahara**

## Value Chain

### Aisin will enter BEV VC business as part of its new business challenges.

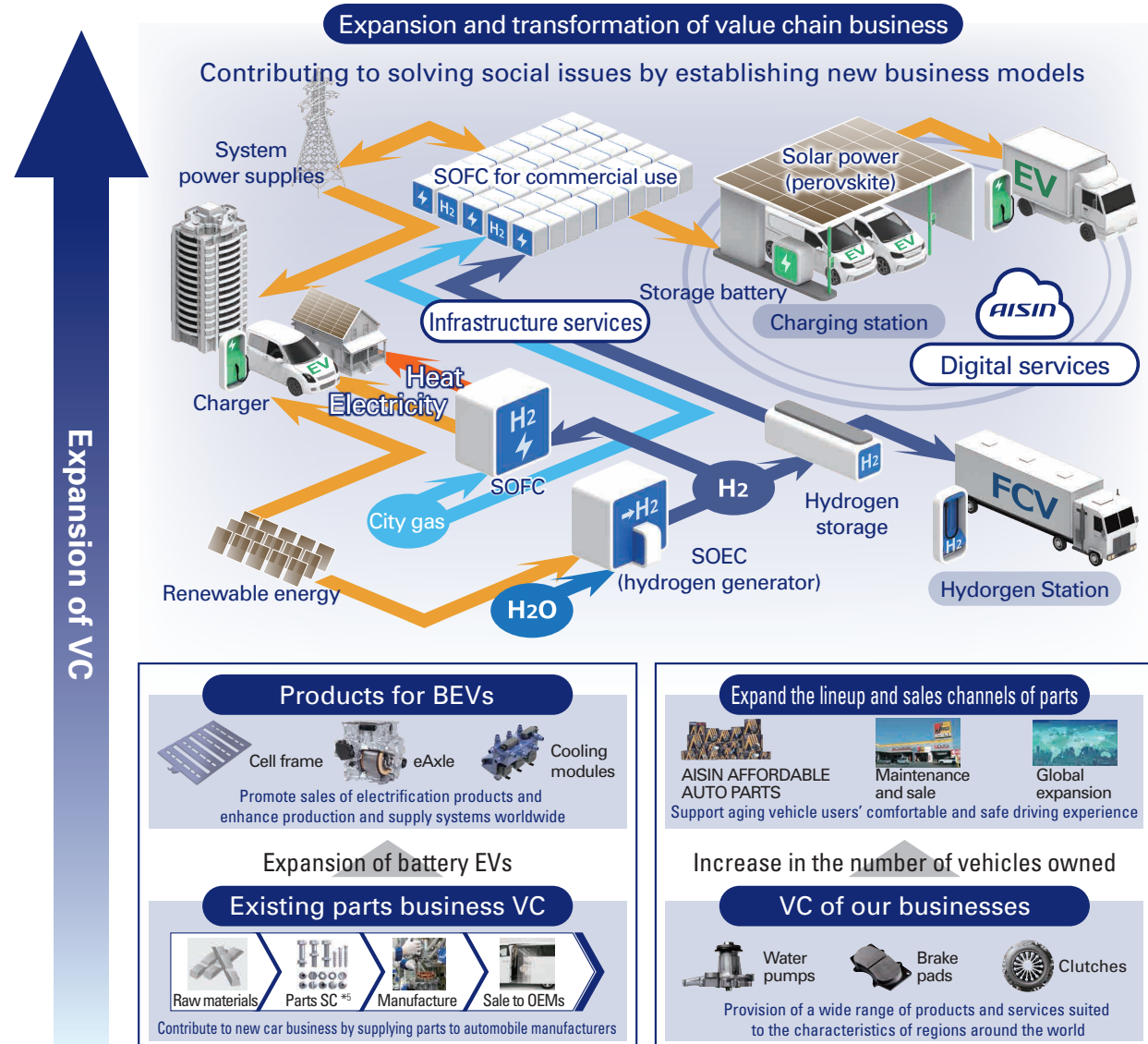
Along with electronic products, new infrastructure services, digital services, and life services are emerging. On the other hand, it has become necessary for Aisin to respond to social issues, such as realizing carbon neutrality. Aisin will take on a challenge of expanding and transforming its value chain business in response to these developments.

More specifically, Aisin will work to establish new business models, including infrastructure services, such as renewable energy, hydrogen, and charging, and digital services, such as the creation of added value by using vehicle big data.

In addition, Aisin will respond to carbon neutrality and electric power supply issues by, for example, applying its proprietary SOFC\*<sup>3</sup>, SOEC\*<sup>4</sup>, and perovskite solar cell technologies to charging infrastructure.

\*3 SOFC: Solid oxide fuel cell cogeneration systems for residential use

\*4 SOEC: Solid oxide electrolytic cell



\*5 SC: Supply chain

## Medium-term management plan for 2025



Chief Administrative Officer

Shintaro Ito

**Aisin formulated a medium-term management plan with the intention of achieving a full model change of the AISIN Group by the fiscal year 2026. We aim to proceed straight away with structural reforms and growth strategies to realize Vision 2030.**

Given the increase in severity of the environment in which the automotive industry operates, in association with the extreme changes in global affairs, both effective structural reforms and growth strategies are a major key to the survival and growth of our company. On this occasion, Aisin formulated a medium-term management plan for 2025, which will be kicked off one year ahead of schedule, without waiting for the final year of our previous plan to address various changes in the environment and to speedily respond to social issues.

### Looking back on FY2023

**Although the business environment is harsh, we reinforced our resource shift and investments into key areas.**

Reviewing the business environment surrounding the automotive industry in FY2023, it was a year which brought about significant changes to the production plans of automotive manufacturers, owing to restraints to the supply of components and a semiconductor shortage due to impact from COVID-19, carried over from the previous fiscal year. In addition, the sharp appreciation in raw material, energy and transport costs due to a deterioration in conditions in the Ukraine was prolonged and squeezed profitability in the industry overall.

Amid this backdrop, Aisin executed structural reforms and the reinforcement of its framework, comprised of the unification of its supply chain, while responding to production fluctuations that were beyond expectations. Moreover, amid the biggest period of change in the automotive industry, we continued to strengthen the shift of our resources and investment into key areas under this severe business environment to achieve a “full model change” of Aisin to ensure our survival.

**Although revenue rose year-on-year, mainly owing to the impact from a depreciation in the value of the yen, all-in-all, profit declined primarily reflecting negative impact from the external environment and structural reform expenses.**

In FY 2023, revenue totaled ¥4,402.8 billion, an increase of approximately ¥490.0 billion from ¥3,917.4 billion in the previous consolidated fiscal year (¥3,525.7 billion). Although sales were down versus a year earlier, due to the

negative impact from by a decrease in vehicle production due to a shortage of semiconductors and the lockdowns in China, we enjoyed positive impact from a depreciation in the yen's value against other major currencies.

Operating profit totaled 57.9 billion yen, a decline from 182.0 billion yen in the previous fiscal year. In addition to the negative impact from the external environment, including a decrease in production volume and soaring raw material costs, this also reflected structural reform expenses in tandem with the compression of existing assets for electrification. That being said, profit before income tax came to 73.7 billion yen, versus 219.9 billion yen a year earlier, and profit for the period attributable to owners of the parent amounted to 37.6 billion yen, in comparison with 141.9 billion yen in the previous fiscal year.

## Review of the medium-term management plan for 2023

### The results in the revenue and profit fronts were stringent but we posted achievements in the reinforcement of growth strategies and corporate framework.

Here is an explanation of the status of our medium-term management plan, which we aim to achieve in FY2024. In the current market environment, there continues to be negative impact, mainly from a sharp downturn in the automotive market due to the spread of COVID-19 which has been ongoing since FY2021, and reflecting a rapid rise in raw material and energy expenses. Accordingly, given the wide disparity with the conditions we assumed in the medium-term management plan, there was a fair discrepancy between our outcomes and the goals we set for revenue and profits.

Meanwhile, despite the harsh business environment, we achieved a certain degree of results in the reinforcement of

our growth strategies and corporate framework. As a result of pushing forward with the expansion of products which should incorporate the global trend of electrification, the ratio of electrification products increased to 14.7% of total sales in FY2023, from an initial 5%. In addition, we explicitly implemented the priority allocation of R&D expenses for CASE. We plan to boost the ratio of our R&D budget to 46.6% in FY2024 and then to over 50% in FY2024. In this manner, we are making smooth progress in comparison with our plan at the start of the fiscal year. However, taking into account recent market trends, we need to set more strategic goals.

### In tandem with changes in the business environment, Aisin formulated a new medium-term management plan for 2025, which will span a three-year period from FY2024.

As a step to reinforce our corporate framework, we took the

first steps to dynamically changing course to become a lean group management system by integrating the operations of Aisin Seiki Co., Ltd. and Aisin AW Co., Ltd. in 2021. Owing to this, we churned out benefits of 43.0 billion yen from structural reforms through the reorganization of group affiliates, and furthermore generated 47.0 billion yen from operation reforms, mainly through the use of IT technology, including material development, and reforms to job satisfaction. Consequently, we achieved our FY2024 goal of a 90.0 billion yen expense reduction one year earlier than planned. In FY2024, we plan to reap further benefit of 10.0 billion.

Given the considerable changes in the business environment, we newly formulated a medium-term management plan for 2025, which will be kicked off in this fiscal year and go for three years, without waiting for the final year of our previous plan, so that we can push forward with the further reinforcement of our corporate framework while reviewing our assumption to achieve the AISIN Group's Vision for 2030.

Indicators		FY2019 Results	FY2024 Targets	FY2023 Results	Evaluation
Sales	Powertrain sales volume	9.99 million units	13 million units	9.26 million units	×
	Operating profit ratio	5.1%	7% or greater	1.3%	×
Revenue	ROE	8.3%	12% or greater	2.1%	×
Growth strategies	Increase in the ratio of electrification products (Percentage of HEVs and eAxes of all powertrain units)	5%	20%	14.7%	×
	Ratio of development cost for CASE	27%	Approximately 50%	46.6%	○
Enhancing our corporate framework	Scrap-and-build reforms	Assessment of business entrusted to partners from the perspective of competitiveness and growth potential		Transfer of the Bed Business in April 2019 Transfer of the Sewing Machine Business in March 2020 Transfer of commercial rights in the automotive seat frame mechanism parts in March 2022 Agreed to transfer the shower toilet business in August 2023	○
		Structural reform		90.0 billion yen decrease	○
	Reduce fixed costs	Develop a lean structure (Shift from branch management to group management)		<b>Consolidate functions into the Group Head Office</b> Consolidate functions into the Group Head Office from April 2019 onward Transition to an in-house company system from April 2020 onward Management of Aisin Seiki Co., Ltd. and Aisin AW Co., Ltd. was integrated in April 2021	○
				<b>Restructuring of affiliates</b> 218 companies ⇒200 companies (as of the end of April 2023)	

## Medium-term management plan for 2025 to realize the 2030 Vision

**We aim to do our best to implement a full model change based on a two-pillar management policy that addresses the rapid and significant changes in the industry structure and business environment.**

The ratio of electric vehicles, including BEVs mainly in China and Europe, are increasing annually and the industry structure is undergoing a major change. In addition, society is putting a higher level of expectation into companies with respect to their ability to solve social issues, including boosting their investments to address climate change and for human capital.

To address the rapid and significant changes in industry structure and business environment in this manner, Aisin is tackling various transformations to (1) dynamically change our course of management toward the future, and (2) reinforce our corporate foundation, improve profitability and allocate profits to investment in our future as the pillars of our management.

### (1) Dynamically change our course of management toward the future

Aisin is proceeding with the development of a full lineup of electric drive units, taking into consideration the different energy conditions depending on region. Among this, we are positioning the eAxle for BEVs as a flagship product. Aisin has already begun mass production of the first generation eAxle. We are currently developing a second and third generation eAxle which will boast higher efficiency, be more compact and have a higher output. Also, in line with the shifts in people's values towards mobility and the changes in society, we plan to use sensing and AI software technologies to reinforce the development of systems inside and outside the vehicle to further enhance relief, comfort, and convenience. In carbon neutrality, we are undertaking activities to achieve production carbon neutrality by 2035 and to attain zero emission plants by 2040 by addressing stricter energy and resource recycling regulations.

### (2) Reinforce our corporate foundation, improve profitability, and allocate profits to investment in our future

Given the ongoing harsh business environment, in addition to developing electrification products and increased

production, we plan to reinforce our capability to respond to changes, accelerate the improvement of profitability of existing products and structural reform, and improve overall profitability. On top of this, we aim to achieve management that facilitates sustainable growth in the future by shifting and optimal allocating the resources produced from these activities to our next-generation and new business areas.

Based on the two aforementioned pillars, we formulated the AISIN Group's 2025 Management Policy which positions the three years until 2025 as a period of a "full model change," i.e., changing inside and gaining strength.

### Establish key activity themes, and push forward with a strategic shift of resources to growth areas

We have established the following key activity themes to realize our policies. Furthermore, in-house companies, centers and headquarters are undertaking these key activity themes, formulating concrete action plans, and promoting these activities while deepening collaborations across the organizations.

#### AISIN Group's 2025 management policy

AISIN Group slogan **Let each of us take a step forward with an eye toward 2030!**

Group management policy **Companies, functions, regions, and group companies work together to make these three years a period of a "full model change," i.e., changing inside and gain strength.**

The basics of everything	Prioritization of safety, health, and compliance while cooperating with stakeholders
Policy 1 Take on the challenge of growth areas	Integrate technologies and businesses within and outside the Group to provide products that anticipate customer needs
Policy 2 Improve business profitability	Change the business portfolio based on competitiveness and growth potential, and create products with a focus on costs
Policy 3 Contribute to a sustainable society	Tackle the seven priority issues of the SDGs and achieve CN targets through business activities
Policy 4 Solidify footing for survival	Establish a robust management foundation that is unshaken by any change, and improve quality
Policy 5 Realize job satisfaction and company growth simultaneously	Create a workplace culture that promotes the training of professional human resources and encourages taking on challenges

#### Example of priority activity themes in accordance with policy

##### Policy 1. Take on the challenge of growth areas

- Activate next-generation product development and new businesses that cross over business domains
- Strengthen sales frameworks to secure orders for advance development themes
- Formulate a production roadmap in anticipation of changes in powertrains

##### Policy 2. Improve business profitability

- Reinforce Aisin's framework by improving efficiency and shift resources to strategic products
- Overseas, increase adoption of local procurement and equipment by local manufacturers

##### Policy 3. Contribute to a sustainable society

- Enhancement of competitiveness and sales for products that will contribute to EV products, mobility services and carbon neutrality

- Build a supply chain in collaboration with suppliers that addresses carbon neutrality and environmental regulations

##### Policy 4. Solidify footing for survival

- Establish a revenue base that is resilient to changes in external factors, including production decreases and foreign exchange rates
- Rebuild low-profit businesses and subsidiaries

##### Policy 5. Realize job satisfaction and company growth simultaneously

- Foster a corporate culture that values employees who can change by themselves
- Reconsider various personnel systems so that young employees who bear our future and the increasing number of senior staff can all have job satisfaction

## Accelerate reforms to growth strategies and the business portfolio to aim for sustainable growth by 2030.

### Growth strategies

We plan to achieve sustainable growth to realize the 2030 Vision by ascertaining the positioning of each portfolio, including market trends, customer needs, competitive edge and business strategies, and shifting the allocation of resources to growth areas. During the period covered by the medium-term management plan for 2025, we are actively injecting cash generated from existing businesses, including the AT and HEV businesses, into growth areas, which center around BEV products, brakes and safe and comfortable entry.

### Transform business portfolio

In reshuffling our business portfolio, we aim to accelerate the classification and transfer of businesses to entrusted to partner companies and also move forward with the reinforcement of our profit-making structure at existing businesses, including the quick compression of assets at businesses with low efficiency. The goal of the business portfolio for growth areas is to strategically increase investments to expand the scale of businesses, in addition to shifting resources away from existing businesses to grow businesses that generate cash by 2030.

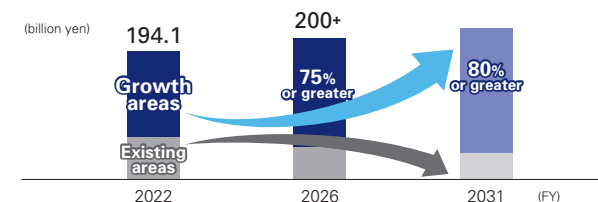
### Medium-term management targets for 2025

FY	2022	2026
Revenue	3.9 trillion yen	5.0 trillion yen
Operating Profit	1,820 billion yen	3,000 billion yen or higher
Operating profit ratio	4.6%	6.0% or greater
ROIC	6.6%	10.0% or greater

## Plan to shift resources and improve efficiency, and strategically inject resources into growth areas

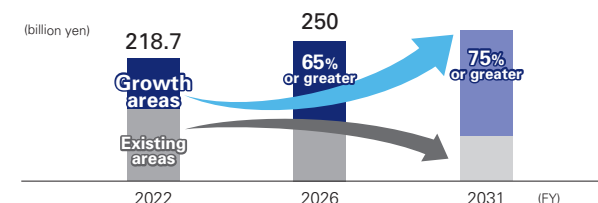
### R&D expenditure

R&D spending is being controlled with discipline to improve development efficiency using model-based development and DX, and to accelerate the shift of resources to growth areas and away from existing businesses. We aim to additionally inject resources strategically and flexibly in accordance with changes in the environment.



### Equipment investment

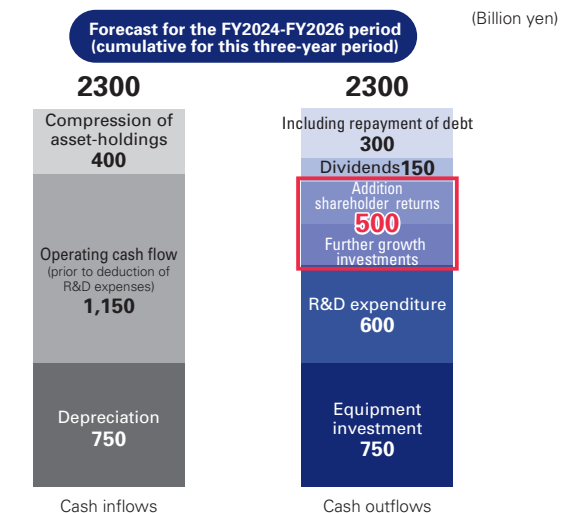
We plan to reduce our equipment investment by reusing flexible lines and repurposing existing equipment and controlling the total amount of investment by leveraging the level of depreciation. By 2025, we plan to build a production system with an output capacity of 4.5 million units to speedily launch attractive products to market.



## We aim to realize further flexible allocations to growth investments and additional shareholder returns.

Moving toward 2025, we plan to use cash generated from business profits and by compressing asset-holdings mainly to repay debt for equipment investments primarily in growth areas, R&D, for shareholder dividends and to secure financial soundness. With respect to the 500.0 billion yen in financial leeway generated from an improvement in cash flow, we plan to allocate this cash for further growth investments, including M&A and alliances, and additional shareholder returns, such as the acquisition of treasury stocks, to thereby expand the business portfolio for growth areas and to further improve capital efficiency.

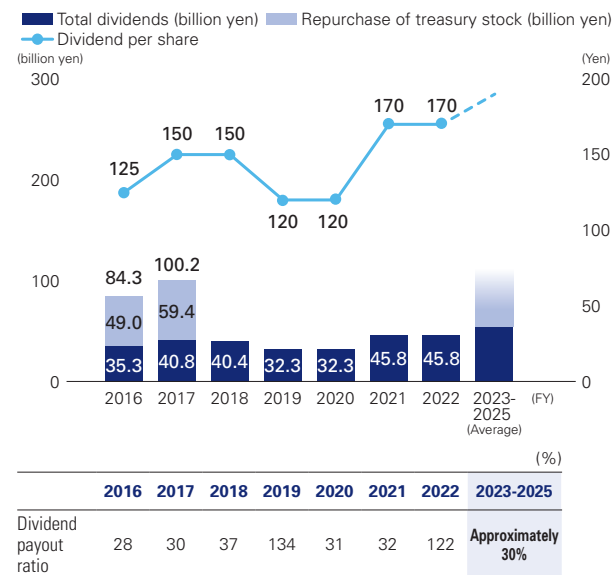
### Cash allocations



## Tackling the reinforcement of shareholder returns with the goal of achieving a balance between financial soundness and capital efficiency

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.

Going forward, we aim to improve capital efficiency by understanding the strengthening of shareholder returns, including the flexible acquisition of treasury stocks, in addition to pursuing stable and continuous shareholder returns, while continuing to remain aware of financial soundness, including the securing and stability of liquidity in hand.



		FY2023 Results	Medium-term strategy for FY2026
Control the balance between financial soundness and capital efficiency	Secure the available liquidity in hand even during emergencies, including market liquidity depletion	<b>Equivalent to 1.9 months of sales</b> Of which worth 0.9 months in monthly sales on a commitment line agreement	<b>Secure an amount equivalent to 1.9 months of sales</b> (Including commitment line)
	Plan to achieve balance between financial soundness and capital efficiency to maintain an environment that facilitates the stable and low-cost procurement of capital	<b>Capitalization ratio of 26.7%</b>	<b>Capitalization ratio of around 25%-30%</b>
	Secure financial safety and continue to implement hybrid procurement to add depth to capital	Outstanding hybrid procurement: <b>272.5 billion yen</b>	<b>Maintain the impact from hybrid procurement of around 5%</b> to the capitalization ratio
Improve capital efficiency and enhance shareholder returns	Implement stable and continuous shareholder dividends and flexible shareholder returns to maximize corporate value	<b>Stable dividends</b> As a yardstick, aim for a payout ratio of approximately 30%	Stable and continuous shareholder dividends • <b>Payout ratio of approximately 30%</b> Addition shareholder returns • <b>Flexible acquisition of treasury stock, etc.</b>
Shift investments and resources to growth areas	Control total equipment investment by controlling the level of depreciation and quickly establish a production system for electrification products	Equipment investment <b>Ratio of investment in growth areas: 40%</b>	Equipment investment <b>Ratio of investment in growth areas: 65%-plus</b>
	Accelerate the improvement in efficiency and the shift of resources to strategically and flexibly inject resources into growth areas	R&D expenditure <b>Ratio of investment in growth areas: 65%-plus</b>	R&D expense <b>Ratio of investment in growth areas: 75%-plus</b>

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

# Human capital strategy

## Aisin's human resources philosophy

The AISIN Group believes that each of our co-workers is a key player and the strength of our Group. Based on this belief, we have purposely placed “co-workers” at the top of the value we provide in our Group Philosophy. Through the implementation of our human resources management goals, we plan to create new value and provide our colleagues with job satisfaction and happiness in life.

We designated job satisfaction (fulfillment and adaptation) reform as a priority KPI in our employee awareness survey and aim to achieve a score of 4.0 points (5-tier evaluation) for job satisfaction for all our employees on a global basis by 2030. We have set this

KPI based on our belief that an improvement in job satisfaction and an enriched life for all employees will contribute to new value creation.

Factoring in the results of the employee awareness survey, we are implementing a feedback meeting to discuss issues and actions in each workplace and are executing a PDCA cycle for personnel development and the creation of workplaces.

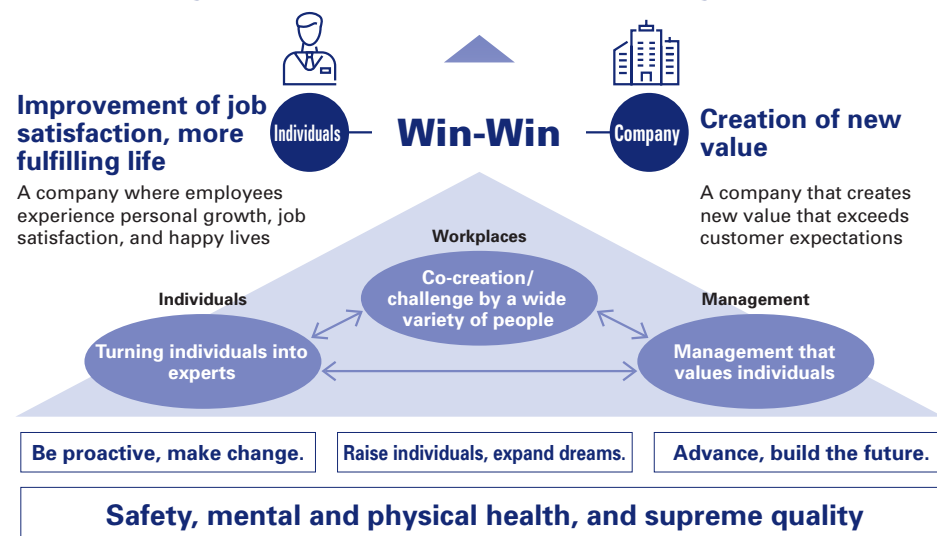
## Direction of the vision and priority measures for personnel and workplace goals for 2030

“The ability of people and organizations to continue to efficiently produce results as a homogeneous group,”

which has been rapidly and quantitatively expanded thus far, contains aspects that do not necessarily suit the present environment “to anticipate needs and changes, and supply products that are not extensions of existing products.”

New ideas that are not bound by precedent are essential to solving problems without simply extending existing solutions. We have identified the areas that should be changed in particular to adapt the changing environment while leveraging our strengths thus far, and have sorted out the vision for the AISIN Group. Various measures are in place to achieve that vision.

## Inspiring “movement,” creating tomorrow



## Vision for people and organizations

**All employees aim to create great challenges for the Group and globally, and continue to move forward and take on challenges to find solutions.**

**We aim to enable all diverse individuals to grow, regardless of their attributes. In addition, AISIN We aim to be a company chosen by diverse human resources as a company where people grow better than anywhere else.**

## Direction of the vision and priority measures for personnel and workplace goals for 2030

**Implement challenges on a global and group-wide consolidated basis**

**Activities of all employees/people grow more than anywhere else**

**Developing people and workplaces that pursue challenges**

Activities and growth of professional human resources

Priority investments for nurturing professional human resources

## ■ Group and global consolidated basis

### Nurture leaders on a group and global consolidated basis

From the viewpoint of customers and society, we will nurture leaders that will create great challenges that surpass the organization and individual. In addition, promote the training of human resources that are able to flexibly solve issues from an overall perspective at local sites.

Main efforts	Description
<b>Development of executives</b>	<ul style="list-style-type: none"> <li>Discover candidates for executives, and proactively implement appointment for important themes and posts</li> <li>Provide education based on the educational issues of each employee, including coaching, management know-how training, and the testing of skills against people from other companies to gain a high level of human abilities and views</li> </ul>
<b>Develop human resources for important posts overseas</b>	<ul style="list-style-type: none"> <li>Introduce AG2 (Aisin Global Grading) Select important posts based on standard global indicators</li> <li>Promote systematic training, including clarification of post requirements, formulation of a succession plan and education to develop personnel as management, to optimally place personnel in important positions</li> </ul>
<b>Manufacturing leader education at Aisin Academy</b>	<ul style="list-style-type: none"> <li>As an internal training facility, we provide education on practical technical skills and metal and physical training necessary for leaders. Continue to accept trainees from overseas bases (Cumulative total of 435 people from 35 sites in 11 countries)</li> <li>Plan to set up a course for overseas managers and supervisors from FY2024. Strengthen training of floor leaders (cumulative total of approximately 20 people)</li> <li>Also establish the Aisin Academy in sites overseas. China (cumulative total of 270 employees, Thailand (cumulative total of 35 people)</li> </ul>
<b>Activities for the three pillars</b>	<ul style="list-style-type: none"> <li>Workplace issues for the development of manufacturing sites and human resources to complete globally</li> </ul> <p><b>People: Standardized work</b>  <b>Products: Process point management</b>  <b>Facilities: Autonomous maintenance</b>  Classification and global deployment of activities to promote problem solving</p>

### Resource shift and re-skilling of personnel for key areas

We plan to promote the systematic training and shift of human resources on a group basis for the establishment and fulfilling of requirements for workload and necessary personnel on a function basis, to facilitate the speedy implementation of a resource shift and re-skilling of personnel required for key areas.

Main efforts	Description
<b>Shift to electrification</b>	<ul style="list-style-type: none"> <li>Complete the shift of 1,500 development and production technology personnel by the end of FY2023 to a production system that will output 4.5 million electric drive units by 2025.</li> </ul>
<b>Electrification engineer training</b>	<ul style="list-style-type: none"> <li>Immersive training for 1-3 months on motors and heat management technology to shift personnel to the area of electrification (580 employees took the training by the end of FY2023)</li> </ul>
<b>Electrification line worker training</b>	<ul style="list-style-type: none"> <li>Revamped the education system for skilled workplaces to focus on electrification (1,430 employees took the training by the end of FY2023)</li> </ul>
<b>DX and AI personnel training</b>	<ul style="list-style-type: none"> <li>Implemented AI training at the major 11 companies (850 employees took the training by the end of FY2023)</li> <li>Newly established an organization to promote the use of the cloud and started human resources training</li> </ul>
<b>Software personnel training</b>	<ul style="list-style-type: none"> <li>Revamped the training system which targets an improvement in product functions by introducing the basic concept of software human resources. Shift 30% of existing personnel to upstream development processes by FY2026</li> </ul>
<b>Build a mobility solution system</b>	<ul style="list-style-type: none"> <li>Build a development system that crosses over all in-house companies to expand the integrated sensing system business, which uses advanced recognition sensors</li> </ul>

### Promote group management

To reinforce our profit-making structure, we plan on consolidating overlapping functions through management integration and restructuring, integrating or eliminating unprofitable businesses. We are also optimizing fixed personnel while making a definitely shift of resources to areas to be reinforced, including sales, procurement and cost, for future businesses. As of the end of FY2023, we have achieved 80% of our goals for the effect of integration for 2025.

## ■ Activities of all employees/people grow more than anywhere else

### Developing people and workplaces that pursue challenges

We are undertaking reforms to our culture companywide, based on our slogan for the “development of human resources and workplaces that can take a step forward by pursuing new endeavors,” to realize a full model change of Aisin.

Human resources management we aim for	Image of human resources and workplaces we plan to achieve
Co-creation/challenge by a wide variety of people	(1) All Parties/All Challenges (2) Know about and connect with the outside
Management that values individuals	(3) Each colleague proactively creates a workplace (4) Open communication
Turning individuals into experts	(5) Determination and effort which are attributes you will continue to learn on your own (6) A workplace where people grow and nurture each other

### Promote honest dialogue and actions where every one is an involved party

Company leadership takes the initiative, communicates the message “the most important factors for realizing a full model change of Aisin is its human resources and workplace culture,” and aim for a “bright workplace culture where communication is open, people can speak honestly and mutual support one another” that is driving company-wide activities.

Main efforts	Description
Meeting between employees and management Round-table conference between employees and management	Leaders of labor and management companywide and for each in-house company and headquarters discuss develop people and workplaces that pursue challenges
Town-hall meetings	Dialogue sessions form management and employees to reach a mutual understanding
Departments and plants labor-management meeting	Promote workplace problem solving for challenges
Management Study Sessions	General managers and general managers at plants hold discussions on workplace issues and implement mutual improvements
Aisin Team Building Activity (ATBA)	Around 1,500 groups companywide are members who hold regular meetings and 1-on-1 sessions. Establish psychological safety and activities to enhance productivity and job satisfaction by improving the quality of relationships

### Diversity and inclusion

In recognition of our many years of effort mainly for female employees balancing a career and households, we have been selected for three years in a row as a Nadeshiko Brand under the Nadeshiko Brand system. We will continue to address issues concerning full support in skill workplaces, career awareness of the individual and career support in the workplace. Also, we are reinforcing mid-career hires and external collaborations to actively carry out exchanges with human resources with diverse backgrounds to produce new ideas.

### Activities of all employees/lifelong success in skill workplaces

Increase in voices stating that “objects are heavy and work is tough” due to an increase in women in skill workplaces. In 2016, started creating workplaces that are comfortable for women. In 2021, regardless of gender, physique and age, we enacted the D&I environment management standards based on the concept of workplaces where anyone can work comfortably and thrive, and are expanding activities, including processes and the maintenance of workplace environments.

### An open-entry system where employees can volunteer to take on new business challenges

The open-entry system (around 115 transferred to this system cumulatively) recruits motivated employees and quickly positions them to tackle priority issues in the company. Employees in the system can freely take on challenges. In April 2022, AISIN AUTO PARTS SERVICE CORPORATION was established. In July of the same year, the James Komaki Minami Store was launched and people were recruited under this system as the first members to handle store management.



Management Department, Aftermarket Company

**Kayo Shibata** (left photo)

In light of the fact that the original department handled the reproduction of spare parts, value was placed on the voice of the end-user. They wanted the job to take on the form of a BtoC business. The employees transferred using this system. By actually working this job, I was overwhelmed by the speed of operations. I was very happy to be able to be involved in BtoC operations while still in my 20s. Going forward, I aim to do my best and tackle new challenges and doing things out of the box so that one day the members of James will be proud to have been able to work with Aisin.

### Creating a working environment friendly to every employee through improvement activities utilizing the skills and knowledge of seniors

In recent years, among working seniors, for “job satisfaction” and being “active,” it is important for seniors to know they are contributing and are needed even as they age. Focus is on physical and muscular strength, eyesight and mental acuity and memory, which change as people age. We are implementing improvement activities for creating work procedures so that “no matter who does the job the same results are obtained.” This includes lightening the workload, adjust the size of lettering on signs and simplifying operations.



Tahara Plant  
Assembly, processing and distribution section of the Production Control Section

**Yoshiyuki Moriyama**

Dollies used to transport items are heavy. At the time of initial operation, etc. the operator must put all of their weight into it so by the time they finish work their legs and lower back are fatigued, slowing their work efficiency. As a result of making improvements that took into account the opinions of seniors, the burden at the time of initial operation of a dolly was reduced around 60%. A dolly that can turn on a dime was created and this enable workers, regardless of their age to maintain their work efficiency. Consequently, we were able to reduce concerns about physical strength, etc. which gave seniors working at the company the confidence to continue their job. We continue to look forward to improvements that will enable “anyone to play a role” not just seniors.

## Activities and growth of professional human resources

Challenge = “In a world where there is no right answer, and envisage a vision and take one step at a time to change.” To this end, “professional” human resources, an image that personnel at Aisin aim to

become, are defined as “people who voluntarily think and take action to perform well in each place and position with overall optimization.”

Organize the basic abilities of professional human resources. They are “problem-solving skills,” correctly grasp the facts in a changing environment, envisage the issues, and find a solution on your own, “transformative

strength,” which drives change, and “human abilities,” to extract empathy from others. We are deploying various measures and implementing activities in the workplace for these activities and to achieve growth.

### Appropriate evaluation of challenges, well-balances compensation

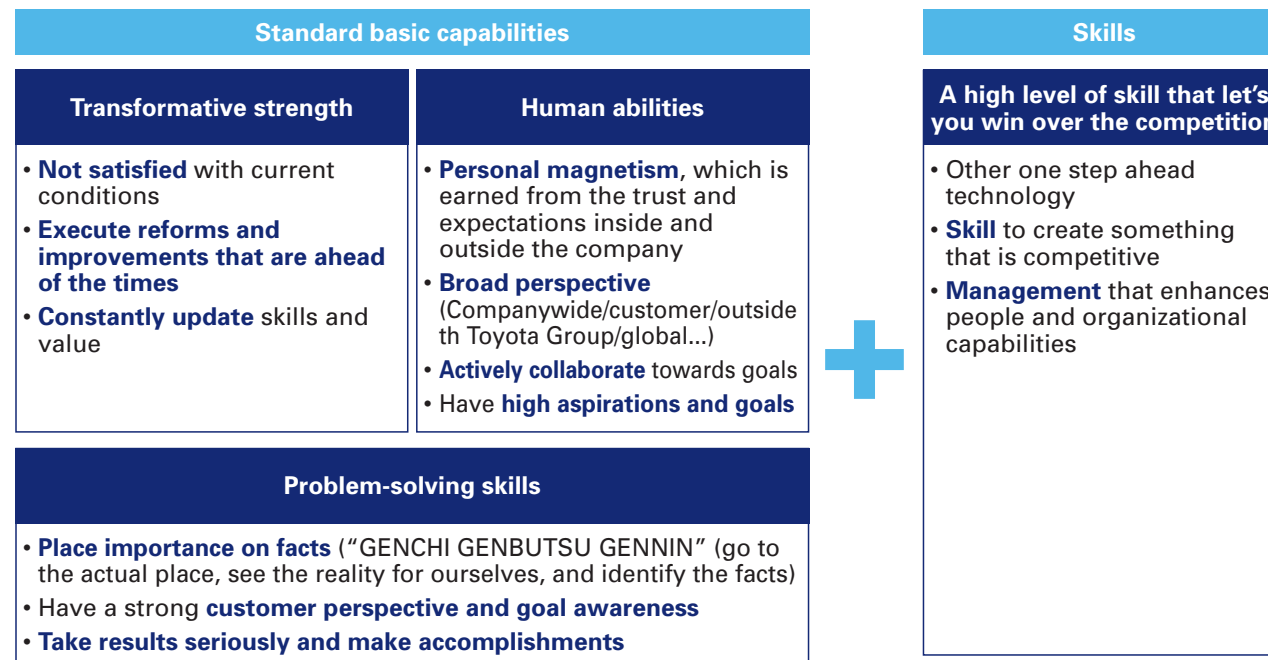
From executive management to employees, reforms to the HR evaluation and measures that provide support are being deployed to encourage everyone to take on challenges.

Main efforts	Description
<b>Revisions to the remuneration system for executives</b>	<ul style="list-style-type: none"> <li>In addition to performance-linked remuneration, expand the reflection of individual assessments and adopt remuneration that is based on each individual's performance</li> <li>As an opportunity to learn from one's own awareness, introduce the 360° performance evaluation system to contribute to a further change in behavior</li> </ul>
<b>Full-fledged evaluation interviews with mid-level management and general employees</b>	<ul style="list-style-type: none"> <li>Fully align the dreams and aspirations of the individual with the problems and endeavors of the organization in evaluation interviews to autonomously create new value</li> <li>Implemented a system presentation 85 times to review, gain the understanding of and instill evaluation operations</li> <li>Continue to deploy best case scenarios and implement individual support</li> </ul>
<b>Revised the HR system for mid-level management and general employees</b>	<ul style="list-style-type: none"> <li>For promoting challenges Mid-level management: 2H FY2024 General employees: Scheduled for system revision in 1H FY2025</li> <li>Target and vision for system revisions <b>(1) Point-addition system</b> Evaluate challenges and what is learned from failure <b>(2) Market value principle</b> Reward current responsibilities and achievements <b>(3) Acceleration of liquidity and a shift outward</b> Break away from being inward and realize the concept of “right person, right place and right time”</li> </ul>

Definition and components that make up “professional” human resources

## “Professional” human resources

= People who voluntarily think and take action to perform well in each place and position with overall optimization



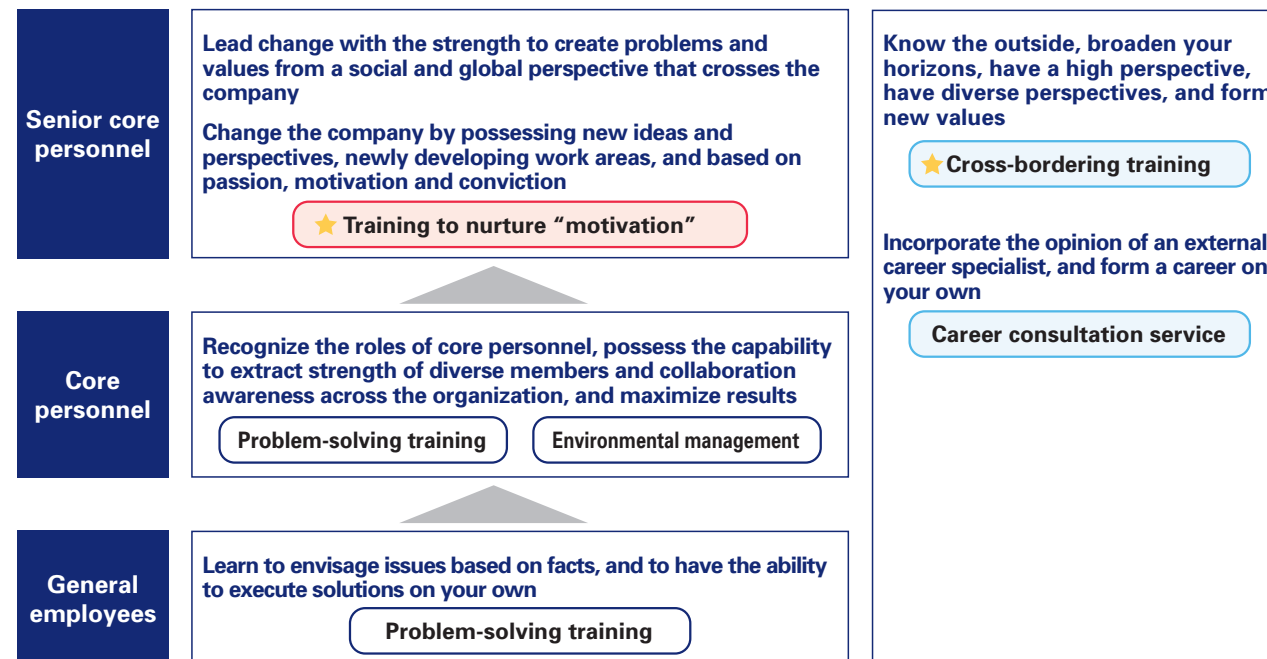
## Priority investments for nurturing professional human resources

To promote autonomous growth of all for the fostering of professionals, we plan to drastically review the system for fostering human resources and also are actively implementing training investments, including increasing educational investments by approximately 20% from FY2023.

As a focus point, establish an axis for work using “practical training for problem-solving,” and provide a place to “change your perspective by knowing the outside,” “acquire a new set of values, and improve your problem creativity and management skills,” and “have an awareness of organizations and joint creativity with no obstacles in the organization) to improve human abilities and transformative strength.

## Convert the training system from a “uniform hierarchy and giving” to “diversity and thinking and learning for one’s self”

Reinforcement
New
★ Improve human abilities



## Main efforts to develop professional human resources

Main efforts	Description
<b>Problem-solving training</b>	Review training that puts emphasis on both the practical skills of general employees and the leadership skills of superiors, and promote the use of workplaces (FY2024: Management-level employees: around 1,140; Basic level: 480 people; Applied level: around 905 people)
<b>Training to nurture “motivation”</b>	Confront yourself and the distinctiveness of Aisin, envisage your own motivations as a leader and contribute to self-change (Approximately 40 mid-level managers scheduled to participate in FY2024)
<b>Environmental management</b>	Train the “mind” and nurture “communication” to implement management that leverages diverse individuals (In FY2024, around 340 mid-level managers scheduled to participate)
<b>Cross-bordering training</b>	Contribute to new ideas and growth through the solving of social problems with people outside the company (About 30 people in FY2023 ▶ Around 250 people in FY2024)
<b>Outside employment system</b>	Contributes to an improvement in work quality owing to the acquisition of new knowledge and skills (Since introduced in January 2022, around 200 employees have taken advantage of this system cumulatively)
<b>Career seminars</b>	Expand the outside career consultation service (120 slots in FY2023 ▶ 360 slots in FY2024)
<b>Standardization and collaborations with group companies</b>	Promote resource collaborations through standardization and collaboration for training systems focusing on 15 manufacturing sites in Japan

# Business strategy

To achieve the AISIN Group's Vision for 2030, we engage in a wide range of businesses, such as mobility and energy, to meet diversified needs, utilizing our specialized expertise in various business domains. Positioning the three years from 2023 as the period for a "full model change," in which we will change the "contents" of our businesses and increase their "strength," we have developed strategies for each business domain and are implementing them toward 2025.

## CSS\*1 and Others

**2.5%**

**108.4 billion yen**



Rideshare Service "Choisoko"



Car navigation

## Body

**18.6%**

**820.2 billion yen**



Power sliding door



Sunroof



Grille Shutter

## Chassis & Vehicle Safety Systems

**20.4%**

**897.0 billion yen**



Automated parking system



Cooperative regenerative brake system



Disc brake

\*1 CSS: Connected & Sharing Solution

\*2 The revenue is included in each business category.

## Energy solutions and others

**2.8%**

**124.4 billion yen**



Cogeneration system for residential use

Gas Heat Pump Air-Conditioner (GHP)

## Powertrain

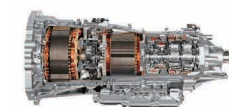
**55.7% 2,452.6 billion yen**



eAxe (150kw )



FF1-motor hybrid transmission



FR2-motor multi-stage hybrid transmission



Electric water pump for engine cooling

## Aftermarket\*2



Repair and maintenance products

## Raw materials\*2

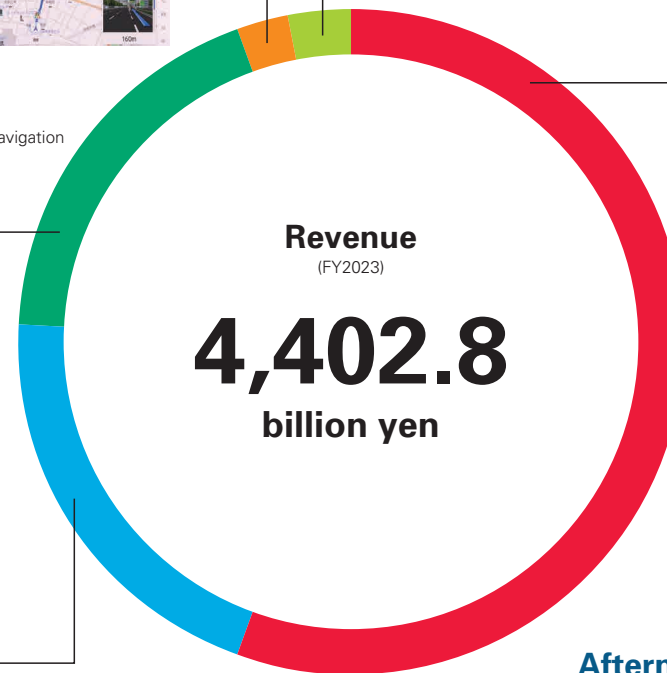


High-Performance Spray-Type Damping Coat

## Electronic parts\*2



Electric current sensor



# Powertrain



## Strengths

- Technological strength that enables efficiency improvement and size reduction as well as small packaging at low cost
- Record of development support that extends to vehicles themselves, and ability to solve issues in this development
- Relationship of trust with customers through long-standing transactions
- Track record of globally supplying a wide range of products, including ATs, HEVs, engine parts, and die casting, and asset holdings (people, facilities, and knowhow)
- Cooperation structure with a wide range of companies, including BluE Nexus and J-QuAD DYNAMICS

## Opportunities and risks

- A shift from engine vehicles to electric vehicles driven by rising environmental awareness and tighter environmental regulations
- Different progress of and needs for electrification across regions and countries
- Constant evolution of BEVs
- Local production and procurement needs toward achieving carbon neutrality
- Tight supply and rising prices of rare metals, special materials, etc.

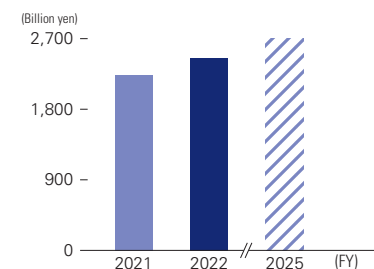
## Future strategies

**In order to enhance company value, AISIN will prepare and provide full lineup of electric units and actuators covering BEV, PHEV and HEV that comply with local regulations and meet the needs of customers around the world.**

<Key activities>

- Market launch and sales promotion of second generation eAxe, which has realized higher efficiency and lower cost (FY2026)
- Advanced development conducted jointly with customers from the vehicle perspective (underlying technologies, such as over-whelmingly small 1/2eAxe and motors)
- Establishment of a global supply system for electric units (FY2025 target: 4.5 million units)
- Responses to lingering needs for ATs and CVTs particularly in India, ASEAN, and South America

## Revenue



## Major products

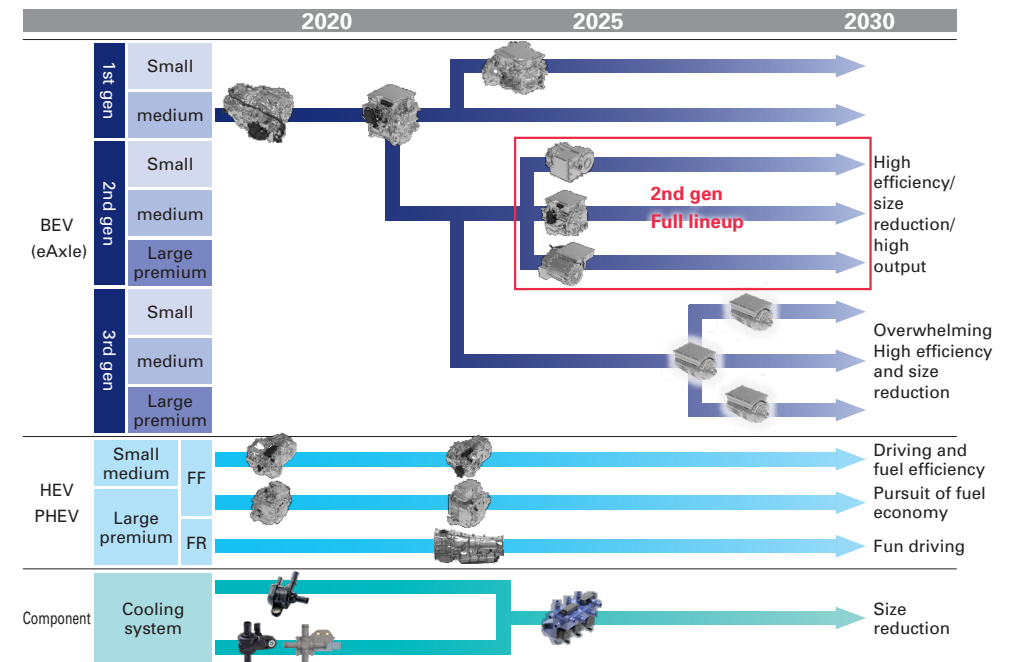
### For electric vehicles

- eAxe
- HEV
- Cooling modules
- Electric water pump
- Hybrid damper

### For engine vehicles

- AT
- CVT
- Engine components

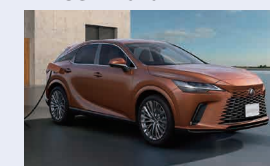
## Roadmap



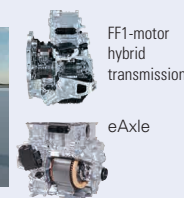
## Steadily promoting initiatives for electrification

The number of adoptions of Aisin's electric units is steadily increasing for the high reputation of its technological strength. Aisin has also enhanced its global supply system by starting the production of electric units in North America.

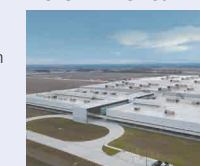
### Adoption of units for electric vehicles for LEXUS RX and RZ



LEXUS RX



### Start of production of electric units in North America



AISIN Texas



Line-off ceremony

# Chassis and Vehicle Safety System (ADAS, Chassis)



## Strengths

- Ownership of key technologies for ADAS\* products and chassis products
  - Detection technologies using short-range sensors, such as long-range sonars and cameras, and obstacle recognition technology based-image-recognition using AI (artificial intelligence)
  - Actuator control technologies, such as active rear steering and damping force adjustable absorber
- Cost competitive supply system that utilizes partnerships
- Product reliability organization as an automobile system supplier (test courses, evaluation facilities, etc.)

## Opportunities and risks

- Market expansion of ADAS products to address social issues
  - Frequent occurrences of accidents triggered by a driving error by senior citizens
  - Assessment and introduction of new regulations based on rising social needs for accident prevention
  - Needs for various technologies to realize the practical use of autonomous driving
  - Increasing safety requirements also in emerging countries
- Market expansion for chassis products driven by increase in BEV battery capacity
  - Needs for improving vehicle maneuverability in response to the adoption of long wheelbase
  - Countermeasures against the worsening of ride comfort due to increased vehicle weight

\*ADAS: Advanced Driver-Assistance Systems

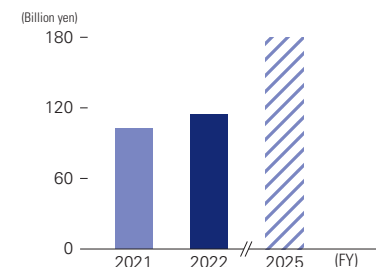
## Future strategies

**Aisin will work to develop ADAS products into one of main business in Chassis and Vehicle safety field, that have been commercialized since 2020. Aisin will also work to improve the profit margin of chassis products through sales promotion and profitability improvement efforts.**

<Key activities>

- Improve product competitiveness by improving product performance in anticipation of market needs
- Implement sales promotion in response to market expansion and efficient vehicle model responses
- Secure bulk adoption orders through joint development with automobile manufacturers starting from the advanced development stage
- Improve QCD by strengthening partnerships with sonar and camera manufacturers
- Improve local supply systems in response to the global expansion of products

## Revenue



## Major products

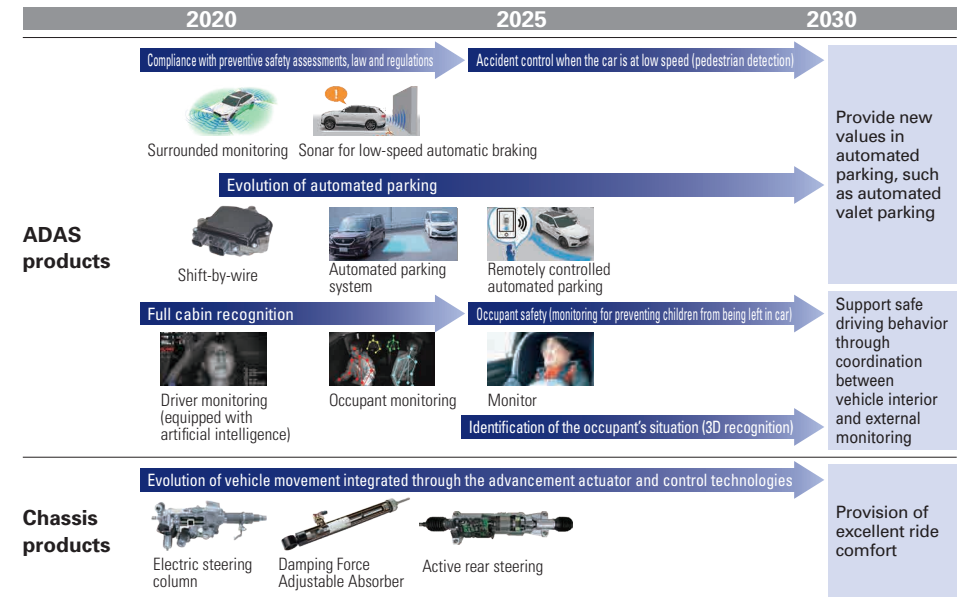
### ADAS products

- Surrounded monitoring
- Sonar for low-speed automatic braking
- Shift-by-wire
- Automated parking system
- Driver monitoring

### Chassis products

- Active rear steering
- Damping Force Adjustable Absorber
- Electric steering column etc.

## Roadmap

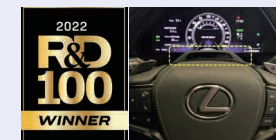


## Provide exciting mobility experience using sensing and vehicle control technologies

High reputation both in Japan and overseas, as well as among automobile manufacturers.

### Driver monitoring

R&D 100 Awards Winner selected by R&D Magazine in the U.S. (jointly with Toyota Central R&D Labs, Inc.)



### Sonar low-speed automatic braking

Received 2022 Development Award regarding Honda CIVIC Crown



### Active rear steering

Commended technology project regarding Toyota Crown



# Chassis and Vehicle Safety System (Brakes)



## Strengths

- Development capability based on the trinity of mechanical, electrical, and software technologies
- Proposing new vehicle functions and values using software
- Integrated vehicle dynamics control
- Development of cooperative regenerative brake system and electric parking brake
- High value-added production in the AISIN Group

## Opportunities and risks

- Preparation for carbon neutrality
  - Increase in battery electric vehicles (BEVs) and improvement in fuel and electricity consumption efficiency
  - Changes in vehicle manufacturing methods
- Rising needs for safety and convenience
  - Needs for technologies to realize the practical use of autonomous driving
  - Widespread adoption of OTA\* in vehicles
- Expansion of Chinese and Indian markets

\* OTA: A technology to enable wireless update of vehicle software

## Future strategies

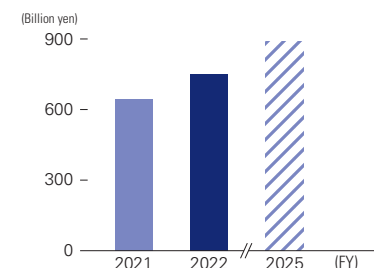
**AISIN Group will propose new functions and values to the electric vehicle market, which is expected to growth going forward, with its development capability based on the trinity of mechanical, electrical, and software technologies. AISIN Group will work to improve the profitability of cooperative regenerative brake system and electric parking brake while working to promote their sales, aiming to develop them into pillars of its business.**

### <Key activities>

- Proposal of new values and functions and business expansion driven by software
- Business expansion to Japanese- and Chinese-affiliated customers
- Increase the profitability of cooperative regenerative brake system and electric parking brake
- Develop technologies that contribute to increasing power consumption efficiency and achieving carbon neutrality of BEVs
- Develop future brake systems

Experiences	Software (Application)	Vehicle smooth stop by automotive software	Vehicle attitude control during turning	***
	Software (OS)	"Vehicle dynamics manager" Establishment of a vehicle dynamics platform		
Products	Electric (ECU)	"Foundation and control brake products" Parts structured using mechanical and electrical technologies		
	Mechanical (Hardware)			

## Revenue



## Major products

### Control brake business products

- Cooperative regenerative brake system
- ESC\*

### Foundation brake business products

- Electric parking brake
- Brake caliper, pad, disc

### New business products

- Aftermarket products (brake pads, discs, etc.)
- Data business

\* ESC: Electronic stability control

## Roadmap

Opportunity  
Market/sales

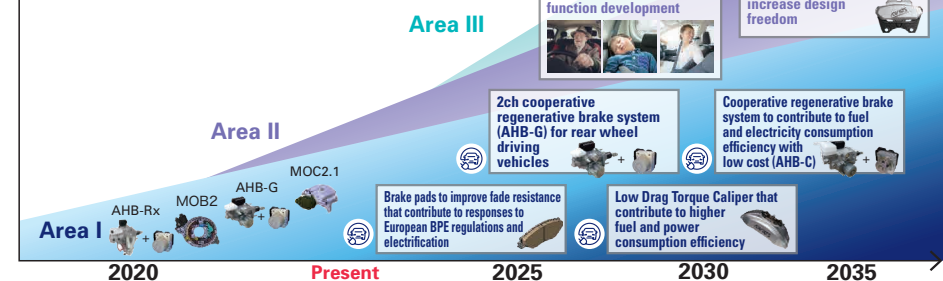
**AISIN Group will propose further functional values enabled by software while enhancing highly competitive hardware, thereby contributing to future society.**

### Area III: Future mobility

### Area II: Improve product features with functional values

### Area I: Strengthen current competitiveness and establish a broad lineup

Items to contribute to electrification



## Improving brake technologies to provide values to mobility and society

**Received the technology development award of Toyota Motor Corporation [2ch cooperative regenerative brake system]**  
In order to contribute to further power consumption efficiency Advics has developed a new cooperative regenerative brake system to contribute to carbon neutrality.



**Reduced dust to meet new environmental regulations [brake pads]**  
AISIN Group has developed brake pads that meet the requirements of new environmental regulations (Euro 7) by reducing the amount of brake dust arising at the time of braking. By offering products that comply with environmental regulations, Advics contributes to the creation of a cleaner environment.



**Participation in verification tests using vehicle weight estimation technologies [data business]**  
AISIN Group concluded a collaboration agreement with Okazaki City for garbage reduction activities using vehicle weight estimation technologies. We have started verification testing toward the resolution of social issues through the visualization of garbage.



# Body



## Strengths

- Ability to develop opening and closing systems and sensing functions that provide new value
- Product development capability and a collection of production methods to meet a wide range of needs, from unprocessed materials to system products, which are enabled by collective strengths of our group companies
- Fast global development and production in optimal locations (development: 3 sites in Japan, China and the USA, production: 44 sites)

## Opportunities and risks

- Increasing needs for comfort functions due to increasing emphasis on user experience (UX)
- Innovations in vehicle structures and rising demand for products and functions with high environmental performance, which are triggered by the shift to electric vehicles
- Acceleration of global supplier consolidation driven by changes in production processes and technologies through the renewal of parts and specifications

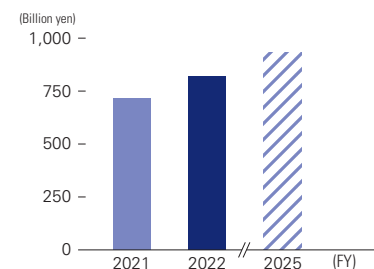
## Future strategies

Through the reallocation of resources by way of transfer seat business, Aisin will strengthen entry products with higher convenience, high added value products that offer comfortable in cabin space, and aerodynamic products and cell frame products for electric vehicles, as part of its effort to drive global sales growth.

### <Key activities>

- Provide entry systems that combine door functions with sensing technologies
- Increase the added value of vehicle interior products with a combination of user condition evaluation technologies
- Develop vehicle interior monitoring sensors to ensure safety
- Expand the lineup of frame and aerodynamic products that improve environmental performance
- Strengthen systems in each region, such as China, Europe, and India, to promote sales to many automobile manufacturers

## Revenue



## Major products

### Entry products

- Power sliding door
- Power back door
- Automatic door

### In cabin space products

- Pneumatic seat
- Panoramic sunroof
- Vehicle interior monitoring sensor

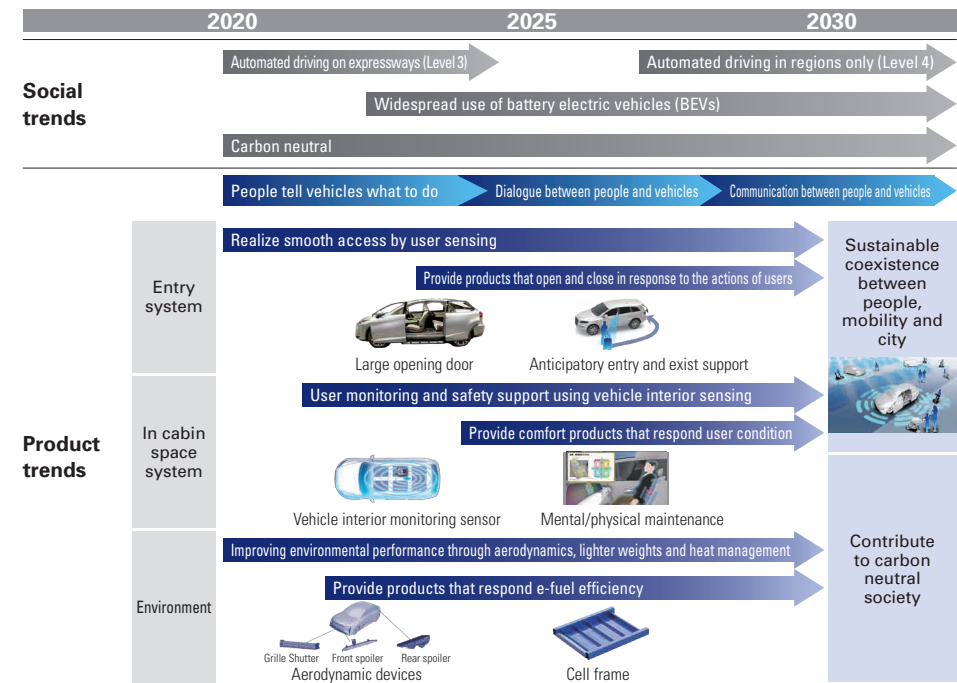
### Products for electric vehicles

- Movable aerodynamic devices
- Battery frame

### Existing products

- Door lock
- Window regulator
- Door handle
- Bumper etc.

## Roadmap



## Contributing to society using vehicle in cabin sensing technologies

Aisin is working on the development of a system to detect children who are left inside the vehicle in order to prevent accidents like those that occurred in kindergarten shuttle buses in the past.

- December 2022: Started verification testing at a kindergarten in Kariya City
- March 2023: Met the requirements of guidelines established the Ministry of Land, Infrastructure, Transport and Tourism (currently under the jurisdiction of the Children and Families Agency)
- July 2023: Commercially available in the market



Developer  
Shunsuke Hayakawa,  
Body System Development Department



# CSS (Connected & Sharing Solution)



## Strengths

- Cloud platform technologies that seamlessly connect with in-vehicle and mobile technologies whose core element is position information technologies
- AI-powered analysis of data that combine the behavior of various in-vehicle parts with position and social information
- Derivation of anticipatory information that is essential to intelligent vehicles and smart mobility
- Technological strength to develop large in-vehicle software and quality control process for such development

## Opportunities and risks

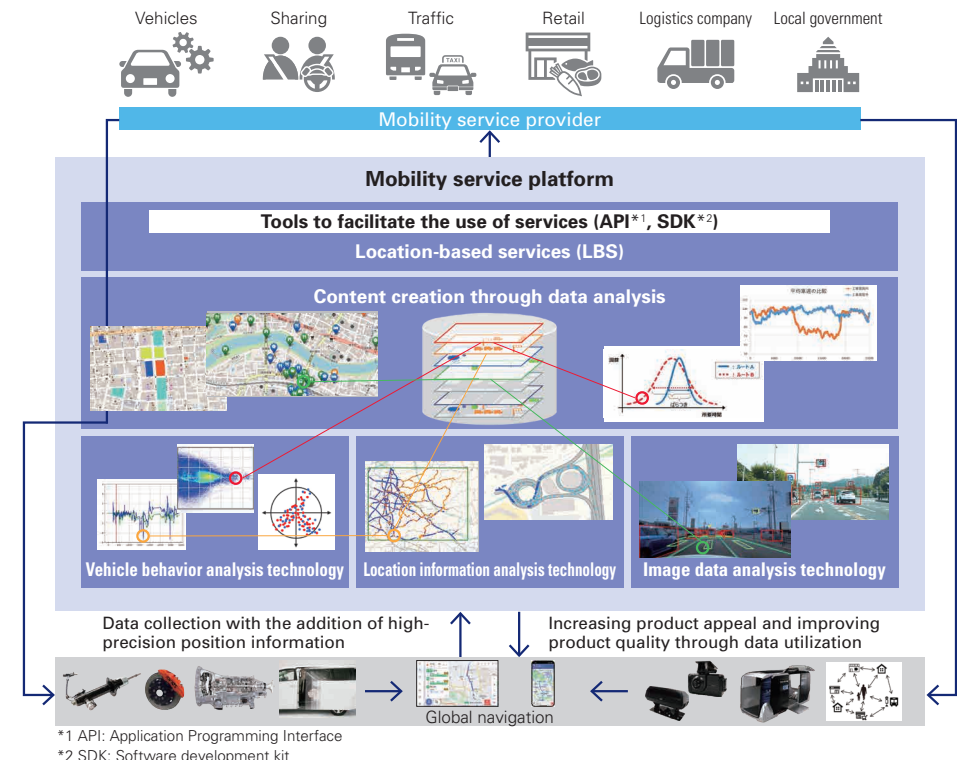
- Expansion of the business scale in the CS domain, backed by 5G and other forms of communication technology innovation
- Expansion of environmental responses, such as carbon neutrality and electrification, and applicable laws and regulations, such as the introduction of ISA in Europe
- Emergence of new needs due to changes in working styles
- Entry into the CS domain from other industries, such as IT
- Diversification of geopolitical requirements driven by the global situation

## Future strategies

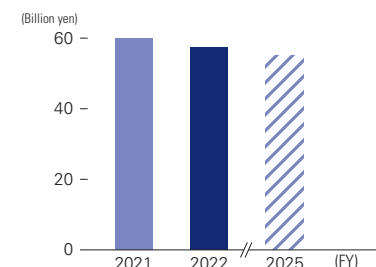
**We will help solve social issues, bring excitement to “movement,” and connect smiles to the future by creating new business fields based on advanced location information technology and DX.**

- Based on a paradigm shift regarding car navigation systems from conventional systems to provide direction information to drivers to systems to provide anticipatory information to autonomous driving and BEVs, Aisin will support more efficient, safe, and secure mobility.
- In addition to further global expansion of its navigation systems, Aisin will transform previously unknown experiences into contents based on data analysis that uses its position information technologies and provide them as B to B and B to G solutions to broader social issues.

## Efforts



## Revenue



## Using position information to solve social issues and create new value in mobility

Global expansion of car navigation systems for Toyota to 100 countries



Introduction of an on-demand transportation service Choisoko to more than 50 local governments



Start of verification tests on Meshi Crew Kids Kariya for after-school children's clubs in collaboration with Kariya City



Real-time audio transcription to support communication with hearing-impaired persons and senior citizens



Addition of AI-powered new functions to the Road Maintenance and Management Support Service "Michi-log"



# TOPICS

# Aftermarket



## Strengths

- Provision of a wide range of products and services that only an OE parts manufacturer can offer
- Provision of products that balance quality and cost according to local needs
- Global sales network that works closely with local communities
- Strength in the effective use of resources through our rebuilding business operations

## Opportunities and risks

- Supply of parts for secondhand vehicles (growing used vehicle stocks), which are increasing in number worldwide
- Change of product mix as a result of electrification
- Change in sales methods as a result of DX
- Geopolitical risks in global sales promotion

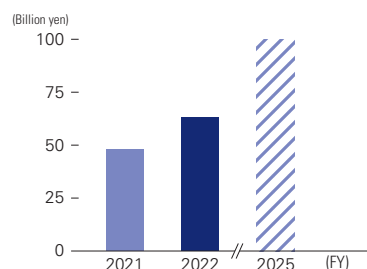
## Future strategies

**Aisin will contribute to the establishment of sustainable society by supporting its customers' safe and secure driving experience while ensuring effective use of resources.**

### <Key activities>

- Utilizing our strengths as an OE parts manufacturer, we will further expand 'Affordable Auto Parts Mall', expand our product range and strengthen our sales network in order to explore new business fields which represent market changes.
- Aisin will contribute to circular economy by maintaining the vehicle value and extending the vehicle life through our activities providing maintenance parts and recycled parts and recommending regular maintenance to used car users.
- Strengthening brand power through the provision of a wide range of products and services customized for the regional characteristics around the world.

## Revenue

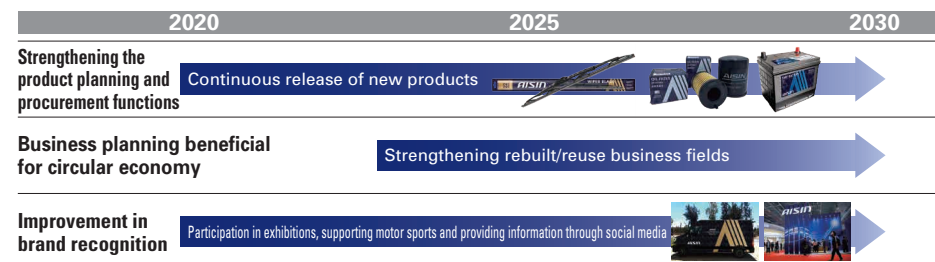


## Major products

- Clutch
- Water pump
- Rebuilt AT
- AT fluid
- Brake pads
- Piston
- Filter

## Roadmap

### FY2025 targets



## Contributing to customers' driving experience by becoming an 'Affordable Auto Parts Mall'

Aisin is working to enhance its product lineup in order to meet the diverse needs of the global market.

- Aisin exhibited 70 product categories (100 products in total) in the International Auto Aftermarket EXPO (IAAE at Tokyo Big Site) held in March 2023 to demonstrate its extensive lineup to visitors. Aisin plans to continuously conduct similar promotional activities in various markets around the world.



# Energy Solutions

## Strengths

- System control technology that balances efficient energy conversion with durability
- Device operation information platform technology that leads to resilience and adjustability to grid power
- Expertise regarding energy technology and value chains established over more than 40 years
- Underlying technologies that fit diversifying carbon-neutral fuels (synthetic methane, hydrogen, biogas, etc.)

## Opportunities and risks

- Reduction and leveling of total power consumption and demand expansion for dispersed energy to build more resilient power grids
- Increase in the awareness of continued use of gas infrastructure for ensuring energy security
- Acceleration of verification of methanation and the diversification of fuels (hydrogen, biogas, ammonia, etc.) for carbon neutrality
- Rising fuel prices such as natural gas relied on imports
- Temporary decrease in revenue due to the transfer of the shower-toilet seat business

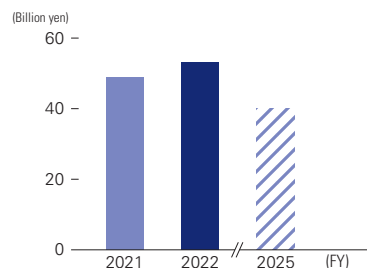
## Future strategies

**With energy saving and highly efficient products positioned as pillars of the business, Energy Solutions will provide products and services that contribute to the provision of values (economy and resilience) to customers and the resolution of social issues (stable supply of electric power, carbon neutrality, and circular economy).**

<Key activities>

- Developing new products with strong energy saving and high efficiency features (fuel cells for residential use, heat pump air conditioners for business use.)
- Expansion into solution business that optimizes energy consumption by connection among equipment, local communities, grid power, etc.
- Further improvement of the competitiveness of existing products through a comprehensive QCD review to strengthen business foundation.

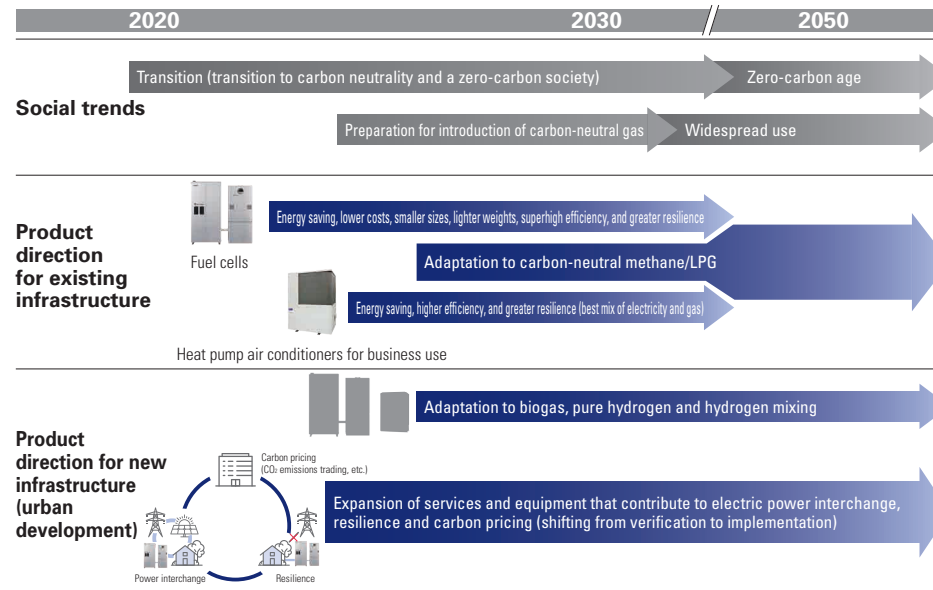
## Revenue



## Major products

- Fuel cell cogeneration systems for residential use (ENE-FARM)
- Gas heat pump air-conditioners for business use (GHP)
- Gas engine cogeneration systems for residential use (COREMO)

## Roadmap



## ENE-FARM received the Iwatani Naoji Memorial Award\*

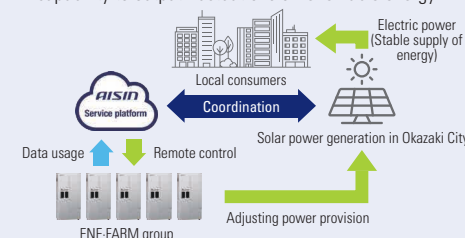
The award was given in recognition of the technology development that strengthened resilience characteristics by, for example, achieving the world's highest level of power generation efficiency, equipping the system with a self-sustaining power generation function in the event of a power outage, and being the first in the industry to equip the system with a "heater hot water-supply function" in the event of a gas supply outage.

\* Iwatani Naoji Memorial Award: An award that honors notable industrial achievements with excellent technology development related to energy and the environment



## ENE-FARM's contribution to the promotion of decarbonization by Okazaki City

Okazaki City has been selected as a pilot area for decarbonization by the Ministry of the Environment and is working on regional energy management, aiming for higher local energy generation and consumption rates. ENE-FARM is expected to contribute to this project by providing adjustment capability to output fluctuations of renewable energy.



# Promoting sustainability activities


## Basic stance


Sustainability activities are at the heart of the AISIN Group's management philosophy, and are the foundation of our initiatives for continuous future growth.

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

## Policy

We have developed the AISIN Group Principles of Corporate Behavior and the Guidelines on Compliance with Social Responsibility to promote sustainability.

 AISIN Group Principles of Corporate Behavior

 Guidelines on Compliance with Social Responsibility

## Vision

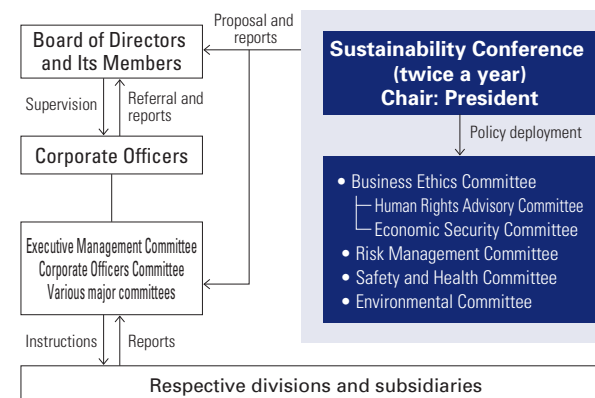
With the aim of gaining the support and trust of all stakeholders, enhancing our presence as the AISIN Group globally, and contributing to the sustainable development of society, we engage in three key activities.

### Key sustainability activities:

- (1) Contributing to the resolution of social issues through business activities (accomplishment of the SDG targets for FY2031)
- (2) Involving all employees in initiatives for the sustainability
- (3) Building relationships of trust (engagement) with stakeholders

## Promotion frameworks

The direction of sustainability-related activities is discussed and decided at our Sustainability Conference every year. Chaired by the President, the Conference consists of the Corporate Officers and presidents of 11 Group Companies. Additionally, the Board of Directors, the Corporate Officers Committee, and other bodies supervise activities and check their progress.



### Sustainability Conference

**Frequency** Generally twice a year

**Chair** President

### Secretariat 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 sustainability, and also from Group companies.

- Major agenda**
- Sharing the latest trends in sustainability
  - Discussing and deciding sustainability policies that respond to social demands from a medium- to long-term perspective
  - Determining, developing, and following up on SDG targets and KPIs for FY2031

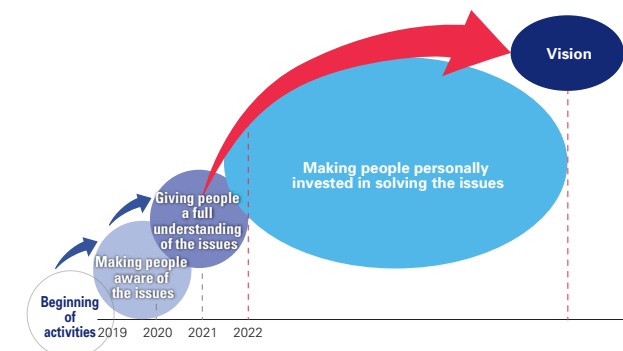
## Sustainability activities involving all employees

The AISIN Group recognizes that in order to implement sustainability activities, it is vital that each employee takes the initiative to get involved. Based on this, we implement activities to improve sustainability among our employees in 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.

The aim of these awareness-raising activities is to reform the employees' awareness and actions. Toward achieving the FY2031 targets for the Group's priority issues and SDGs, we aim to foster an awareness whereby all the Group employees understand their own roles, and can contribute to increasing corporate value through their own work.

We have conducted training for newly hired or promoted employees and newly appointed executives with the steps of 1) making people aware of the issues, and 2) giving them a full understanding of the issues. For the step of 3) making them personally invested in solving the issues, we have created a new training program starting from FY2023 for General Managers of departments and plants, who form the core of workplace management. We believe that having the General Managers of departments or plants communicate to their subordinates in charge of practical operations the relevance of the target values to their work will lead to fostering a greater sense of involvement and the promotion of sustainability in the workplace.

Progress made so far and current position



## Initiatives by Aisin Takaoka

Aisin Takaoka plans and promotes participatory, practical activities to make all employees feel personally invested in and familiar with the SDGs. Through such practical activities, we aim to deepen employees' awareness and understanding of the SDGs, and also to advance with initiatives to achieve our sustainable growth and increase its corporate value. We have designated September as SDG Month in commemoration of the adoption of SDGs in September and started relevant activities from FY 2024. We will plan and carry out various activities that all employees can enjoy and participate in every year.

### ■ Inviting name suggestions for the characters for SDG promotion

To make the SDGs more familiar to employees, Aisin Takaoka has created its own original characters for SDG promotion and has invited name suggestions from all employees. Thinking of names has helped each employee think more seriously about SDGs.



### ■ Holding a competition for energy-saving posters and slogans

Aisin Takaoka invited slogans and posters on energy saving from its employees and their families. Expressing thoughts and images about the SDGs in words and pictures helped them raise awareness of the SDGs.



















### ■ Collecting marks and labels of SDG-related products

A competition involving collecting marks and labels of purchased SDG-certified products, such as fair trade products, was held, with the employees participating in teams. This activity helped the employees feel they were actually contributing to achieving the SDGs. It also had a good secondary effect of increasing conversations both at work and at home.



## Engagement with stakeholders

Based on the Group Philosophy, we endeavor to strengthen our engagement with all of our stakeholders, placing great importance on dialogue with them. In the field of governance, in response to opinions from shareholders and investors, we revised the skill matrix for executive management and changed the appointment method for the Chair of the Executive Nomination & Compensation Committee to selecting from independent Outside Directors. In the field of human capital, we hold town-hall meetings with the aim of increasing direct talks between the president and employees.

Stakeholders	Policy	Means of engagement	Link
 <b>Our Customers</b>	By integrating technologies and businesses inside and outside of the Group, we provide good products and services that meet the expectations of our customers by anticipating their needs.	<ul style="list-style-type: none"> <li>• Customer contact center</li> <li>• Provision of information in Integrated Reports and on the company website</li> </ul>	<ul style="list-style-type: none"> <li>• Quality </li> </ul>
 <b>Local communities, NGOs, and NPOs</b>	We collaborate with a wide range of stakeholders to promote activities that will contribute to building a sustainable society.	<ul style="list-style-type: none"> <li>• Regional round-table conferences</li> <li>• Invitation to company events and participation in regional events</li> <li>• Communication and involvement in joint activities with NGOs, NPOs, and regional organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Social contribution activities </li> </ul>
 <b>Suppliers</b>	In conducting purchasing activities globally, we endeavor to establish relationships of trust with suppliers through close communication.	<ul style="list-style-type: none"> <li>• General suppliers' meeting, various meetings with affiliate companies, training, and events</li> <li>• Provision of information in Integrated Reports and on the company website</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain </li> </ul>
 <b>Employees</b>	We promote a wide range of activities to enable diverse members to exercise their abilities. Respecting different workstyles of individual employees, we aim to create a working environment in which diverse human resources can work vigorously and with peace of mind.	<ul style="list-style-type: none"> <li>• Regular meetings between employees and management, round-table conferences, and town-hall meetings</li> <li>• Various surveys on employees' awareness</li> <li>• Provision of information on the company intranet and in Group newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights </li> <li>• Human capital strategy </li> </ul>
 <b>Shareholders and investors</b>	We place emphasis on active dialogues with shareholders and investors. Valuable findings that will lead to increased corporate value are fed back to management.	<ul style="list-style-type: none"> <li>• General Meeting of Shareholders <span>Once a year</span></li> <li>• Financial Results Briefing <span>Four times a year</span></li> <li>• Large IR Meeting (Sustainability Conference) <span>Once a year</span></li> <li>• Dialogues with investors and analysts <span>219 times a year</span></li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance </li> <li>• Corporate Governance Report </li> <li>• Securities Report </li> </ul>
 <b>Academic/research institutions, government organizations, industry groups</b>	By developing advanced technology that is not confined by the "not-invented-here" syndrome, including open innovation with startup companies with excellent technologies, we aim to re-establish new ways of seeing and understanding things and thereby create new value of mobility.	<ul style="list-style-type: none"> <li>• Involvement in projects on the public and private sides</li> <li>• Participation in financial and industrial groups</li> <li>• Participation in policy councils (Japan)</li> <li>• Dialogue with external experts</li> <li>• Joint research with industry, government, and academia</li> </ul>	<ul style="list-style-type: none"> <li>• External Awards and Recognition </li> <li>• Aisin News Room </li> </ul>

# Risk Management

## Basic stance

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

## Policy

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

## Vision

### Sophisticated risk management

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

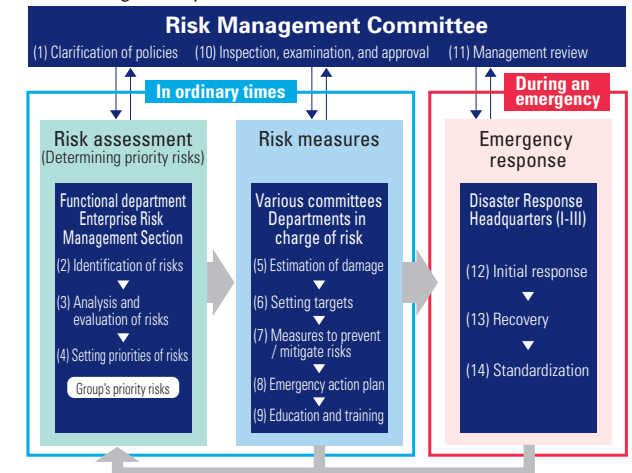
## Implementation frameworks

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

### Risk management framework



### Risk management process



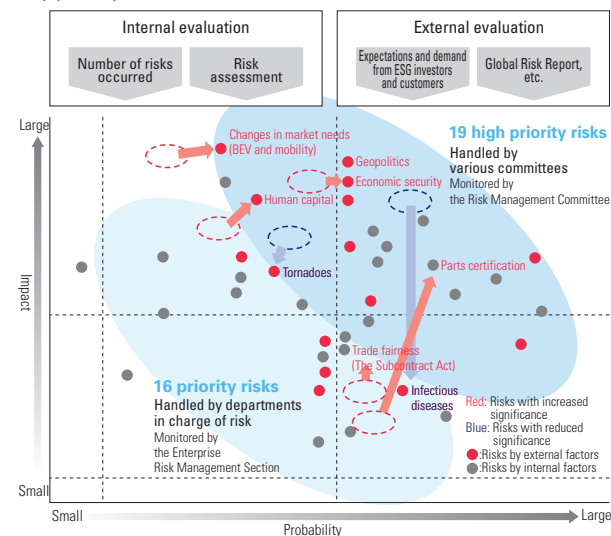
## Risk Management

### Risk assessment (determining priority risks)

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

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

#### Key priority risks



### Initiatives for the high priority risks

#### Economic security and export management

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

#### Parts certification

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

### Emergency response plans (BCP)

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

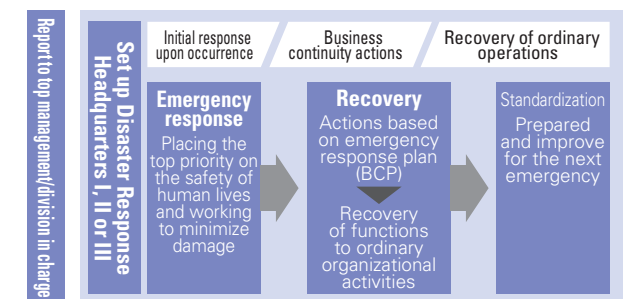
In the initial response when an emergency situation occurs, a "Risk Report" that promptly informs the top management and the departments in charge of risk is used as a trigger to set up a disaster response headquarters according to crisis level, and to minimize damage with the top priority given to protecting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

to alternative operations or alternative production.

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

\* BCP: Business Continuity Planning

#### Response procedure when an emergency occurs



Initial response drill at the Disaster Response Headquarters

# Environment

## Basic stance


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.

Each employee at Aisin is seriously concerned about environmental issues, such as climate change and resource depletion and aims to establish a society where people can live with a peace of mind and in harmony with the nature, in order to pass a sustainable environmental on to the future.

## 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, such as manufacturing, based on the three views of “Be proactive, make change,” “Raise individuals, expand dreams,” and “Advance, build the future.”

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.

 Aisin Consolidated Environmental Policy

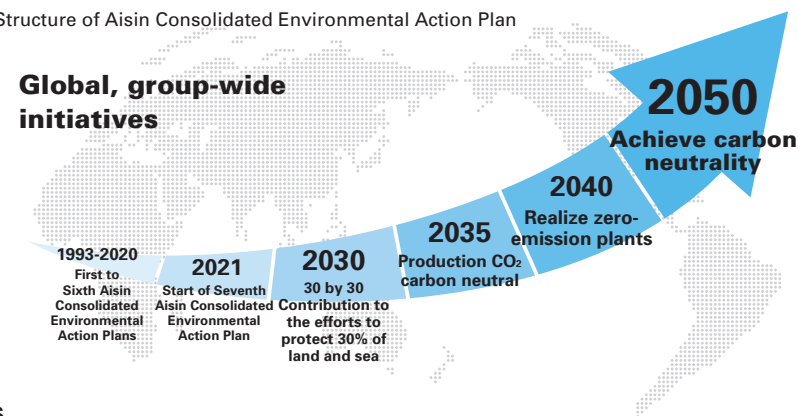
## Vision Vision for 2050

Aisin has been formulating Aisin Consolidated Environmental Action Plans that indicate specific actions every five years since 1993 to promote its environmental activities.

In 2020, Aisin formulated the Seventh Aisin Consolidated Environmental Action Plan (targeting 2025), which clarifies specific actions derived backward from the ideal situation that it wants to achieve in 2050. We are conscious of our responsibility to achieve 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.



Structure of Aisin Consolidated Environmental Action Plan



## Implementation frameworks

Organizational diagram of Consolidated Environmental Committee



## Environment



### Establishment of a zero carbon society

Aiming to achieve carbon neutrality (CN), Aisin is working to reduce CO<sub>2</sub> emissions from production and to reduce CO<sub>2</sub> 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 units and parts such as brakes, chassis and bodies for electric vehicles and FCEVs. We are also working to drastically reduce CO<sub>2</sub> 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.

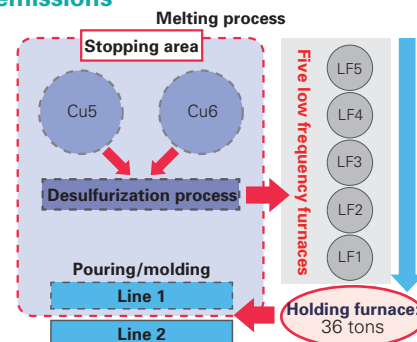
#### Verification testing on CO<sub>2</sub> capture, recovery, and methanation

Having adopted a chemical absorption method in its capture and recovery processes, Aisin has developed a capturing mechanism using its proprietary design and a small device using an absorbent that fits the mechanism. The capacity of the device is equivalent to about 1/100 of CO<sub>2</sub> emissions from one melting furnace. Aisin plans to produce and evaluate a device with a capacity to capture all CO<sub>2</sub> emissions from one melting furnace in FY2026.



#### Shifting to electric furnace to reduce CO<sub>2</sub> emissions

Aisin Sinwa stopped its cupola furnace in the melting processes for cast iron and switched to the use of electric furnace to reduce CO<sub>2</sub> emissions by 13.6 thousand t-CO<sub>2</sub> per year. Aisin will accelerate the switching from the use of remaining cupola furnaces to the use of electric furnaces, aiming to achieve its production CO<sub>2</sub> reduction targets.

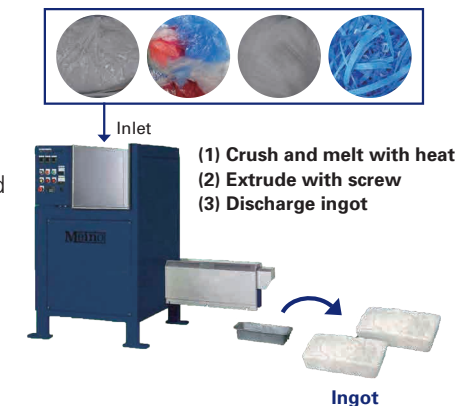


### Establishment of a recycling-oriented society

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.

#### Introduction of compactors toward material recycling

The Aisin Anjo Plant has introduced a compactor for plastics in order to promote the effective use of resources. Aisin has realized material recycling of 21 tons of chip materials and 8.7 tons of packaging materials per year by converting the plastics discharged from the compactor into ingots by type.



#### Turning food residue into fertilizer

Sinsan is turning food residue into fertilizer as part of its efforts to reduce food waste and recycle food. Sinsan is turning food residue arising from the operation of restaurants into fertilizer for use in its own farm. Its restaurants are also offering vegetables that are grown organically in the farm. With these activities Sinsan has succeeded in reducing food waste.



Turning into fertilizer

## Environment



### Establishment of a society in which people coexist with nature

In order to realize the preservation of biodiversity, Aisin is actively conducting biodiversity activities to protect the natural environment. The Seventh Aisin Consolidated Environmental Action Plan set “Plants Harmony with Nature” as a target aimed at achieving harmony with nature.

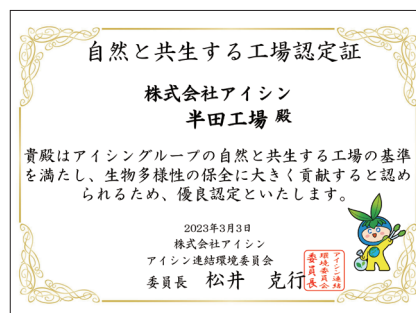
#### Extermination of alien species in North America

AISIN CHEMICAL INDIANA, LLC is conducting activities to exterminate multiflora roses (alien species) together with local experts in order to protect native species there. In order to give pollination opportunities to bees, butterflies, and kites, we will continue these activities going forward.



#### Certification of a plant Harmony with Nature as an excellent place: AISIN's Ecotopia in Handa Plant

In FY2023, the Aisin Consolidated Environmental Conservation Working Group introduced a plant certification program to certify plants Harmony with Nature, in order to facilitate the achievement of targets by designated plants. Under this program, the Aisin's Handa Plant was certified as an excellent plant for its ecotopia activities from the perspectives of indicator species selection, maintenance and improvement of their habitat environment, regular observation, and environmental communication activities. We will continue the protection of indicator species and other environmental protection activities going forward.



### Fundamental activities related to all the themes

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

#### Oil spill prevention drills

Aisin and many other AISIN Group companies are conducting oil spill prevention drills on an ongoing basis to prepare for oil leakage accidents in their premises. By conducting drills to prepare for such emergencies, we aim to raise the awareness of employees about environmental abnormality.

We also gave a seminar on how to use emergency equipment as part of emergency responses to about 100 participants from our suppliers.

We also conduct local environmental inspections on suppliers as part of our efforts to improve our corporate readiness and structure, including our suppliers.



# Task force on Climate-related Financial Disclosures (TCFD)

## Support for TCFD and disclosure of information based on the TCFD recommendations

AISIN expressed our support for TCFD in 2019. We have conducted scenario analyses based on the recommendations and have disclosed related information.

## Items recommended for disclosure by TCFD and AISIN's response

### Governance

Recommended disclosure	Status of response
a) Describe the board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>Discussed prevention of global warming at Executive Management Committee 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</li> <li>The Board of Directors (held 13 times in FY2023) deliberated 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 revise business strategies and plans as necessary</li> </ul>
b) Describe management's role in assessing and managing climate-related risks and opportunities.	

### Strategy

Recommended disclosure	Status of response
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>Aim to realize Carbon Neutral society in 2050 through both "production" and "products," viewing carbon neutrality as an urgent global issue</li> <li>1) Production aspect: Established the Carbon Neutral Promotion Center, which is responsible for planning the AISIN Group's overall strategy, introducing and procuring renewable energy, and developing technologies and businesses through collaboration with outside parties</li> <li>2) Product aspect: Established the EV Promotion Center, which is responsible for formulating BEV product development roadmaps and strategies, strengthening advanced development of BEV products, and promoting cross-company projects for Group and Companies</li> </ul>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>Analyze transition and physical risks and opportunities associated with climate change based on the definitions suggested by the TCFD recommendations, and determine how to respond on a regular basis</li> </ul>
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	

### Risk Management

Recommended disclosure	Status of response
a) Describe the organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>Identified transition and physical risks caused by climate changes and built a framework for the evaluation and management of risks</li> </ul>
b) Describe the organization's processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>Regarding major risks that impact the AISIN Group, monitor and manage them regularly through the Sustainability Conference, etc.</li> </ul>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<ul style="list-style-type: none"> <li>Reviewed identified risks as necessary based on the laws and regulations of the respective countries, dialogue with stakeholders, external evaluations, such as the CDP, and customer trends</li> </ul>

### Metrics and Targets

Recommended disclosure	Status of response
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<b>FY2031 Targets</b> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions (Scope 1 and 2): Reduction of 50% or more compared to FY2014</li> <li>Life cycle CO<sub>2</sub> emissions: Reduction of 25% or more compared to FY2020</li> </ul> <b>FY2036 Targets</b> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions (Scope 1 and 2): Carbon neutrality</li> </ul> <b>FY 2051 Targets</b> <ul style="list-style-type: none"> <li>Life Cycle CO<sub>2</sub> emissions (Scope 1, 2, and 3): Carbon neutrality</li> </ul> <b>Indexes (FY2023 results)</b> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions: 2.279 million t-CO<sub>2</sub> (18% reduction compared to FY2014)</li> <li>Life Cycle CO<sub>2</sub> emissions: 16.83 million t-CO<sub>2</sub> (6% reduction compared to FY2020)</li> </ul>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

## Climate Change Risks and Opportunities

Category	Risks and Opportunities Types	Stage of impact	Impact on AISIN	Time Horizon	Business and financial impact level	Response
				Short/ Medium/ Long	High/ Medium	
Transition risks	Market	Purchasing	Increasing procurement costs for necessary raw materials due to many companies demand and require for low-carbon raw materials	Medium	Medium	<ul style="list-style-type: none"> <li>Reduction of raw materials used by reducing weight and replacing raw materials at the product design stage.</li> <li>Fewer purchased raw materials due to the promotion of a Circular Economy</li> </ul>
	New regulations	Direct operations	Additional costs due to policies including the introduction of carbon tax and renewable energy	Medium	High	<ul style="list-style-type: none"> <li>Promotion of energy-saving activities to minimize energy use</li> <li>Integrated management of renewable energy in response to regional characteristics</li> </ul>
	New regulations	Demand for products	While the promotion of electrification increases demand for electric vehicle products, it decreases demand for gasoline-powered vehicle products.	Medium	High	<ul style="list-style-type: none"> <li>Setting a goal of achieving an electrification rate of 70% or more in powertrain unit sales by 2030, and shifting the product mix to electric vehicles</li> <li>Enhancing sales of products that contribute to carbon neutrality through the electrification of mobility and energy solutions with a wide range of products, including high-efficiency/small-size electric units, regenerative cooperative regenerative brake, thermal management system, and aerodynamic devices</li> </ul>
Physical risks	Acute	Direct operations	Disruption of supply chains and temporary suspension of business as a result of larger and more frequent weather disasters (heavy rain, typhoons, floods, etc.)	Short	Medium	<ul style="list-style-type: none"> <li>Establishment of codes of conduct and rules during an abnormal weather event</li> <li>Advancement of Business Continuity Planning for procurement logistics</li> <li>Identification of at-risk sites and regular monitoring</li> <li>Formulation and implementation of a flood control plan</li> </ul>
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"> <li>Speedy market launch of AISIN's electric units with improved power consumption due to highly efficient / small-size</li> <li>Cost reduction by standardizing units by vehicle model, and cutting material costs</li> <li>Improving the cruising range of electric vehicles through the evolution of Regenerative Cooperative Brake Systems</li> <li>Expansion of production capacity for related products</li> </ul>
			Increased need to absorb emitted CO <sub>2</sub> to achieve carbon neutrality	Medium	Medium	<ul style="list-style-type: none"> <li>CO<sub>2</sub> recovery and utilization, and development and social implementation of technology</li> <li>Development of new business using AISIN's proprietary technology to fix emitted CO<sub>2</sub> as calcium carbonate using amino acids</li> </ul>
			Increased demand for energy-saving and low-carbon emission products	Medium	Medium	<ul style="list-style-type: none"> <li>Further increase in efficiency and sales of ENE-FARM household fuel cells (SOFC), which generate electricity and hot water</li> </ul>

Time horizon:  
Short: Up to FY2026  
Medium: Up to FY2031  
Long: Up to FY2051

Business and financial impact level:  
High: The business is anticipated to be suspended, significantly downsized, or expanded.  
Medium: Impact on some parts of the business is expected.

## Task Force on Climate-related Financial Disclosures (TCFD)

## Performance Data (environmental)

# Task Force on Nature-related Financial Disclosures (TNFD)

## Basic approach to the establishment of a society in which people coexist with nature

With a view to passing on a sustainable environment to the future, Aisin has set “Realize harmony with nature and the regional ecosystem globally” as a target for its Vision for 2050, and aims to establish a society in harmony with nature.

## Information disclosure based on TNFD

Efforts on biodiversity have become an issue on a global scale. For the first time this fiscal year, Aisin evaluated risks and opportunities with a focus on activity locations of direct operation, in accordance with globally unified processes.

## LEAP approach focusing on locations of direct operations

Based on the understanding that the impact on natural capital, such as biological resources and water resources, varies depending on the area or location and therefore local perspectives are necessary, we employ the LEAP approach presented in the beta version of the TNFD disclosure framework to proceed with integrated disclosure.

### LEAP Approach Review Flow

	Locate	Evaluate	Assess	Prepare
	Locate an interface with nature	Evaluate dependencies and impacts	Assess material risks & opportunities	Prepare to respond and report
Target of consideration	Direct operations 71 sites manufacturing Powertrain products	Same as left	Same as left	Same as left
What to consider	<ul style="list-style-type: none"> <li>Assess places of activities</li> <li>Identify priority locations</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of interdependencies on sector level</li> <li>Assessment of impact relationships on sector level</li> <li>Validity checks</li> <li>Identification of dependency and impact items with high priority</li> </ul>	<ul style="list-style-type: none"> <li>Creation of lists of risks and opportunities</li> <li>Qualitative importance assessment on risks and opportunities</li> <li>Sorting out risk management approaches</li> </ul>	Preparation of information to be disclosed
Output	(1) Results of activity location assessment (2) List of priority regions	(1) Results of assessment on dependencies and impacts (2) List of dependency and impact items with high priority	(1) Lists of risks and opportunities (2) Results of qualitative importance assessment on risks and opportunities (3) Lists of material risks and opportunities (4) Risk management strategies and mitigation measures	Disclosure based on LEAP analysis

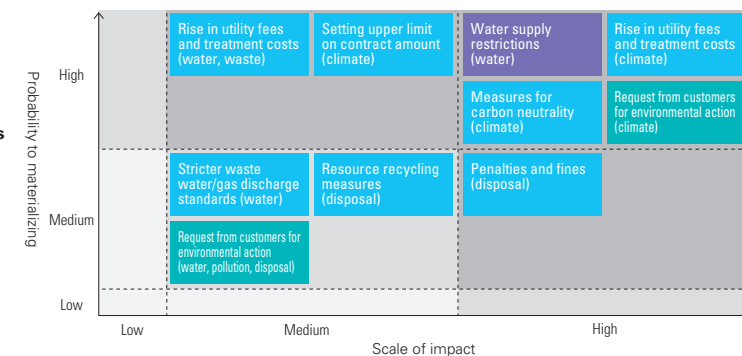
This fiscal year, we employed the LEAP approach for businesses that have strong contact with or impact on nature. We were able to recognize the importance of steadily proceeding with what we can do now to solidify our footing, while making efforts from a long-term perspective, taking into consideration the relationship between corporations and nature. We will expand this initiative to all the global sites within the next three years.

## Risks and opportunities related to nature (results)

Based on the results of the Evaluate and Locate phases, we listed up risks and opportunities and assessed their qualitative materiality.

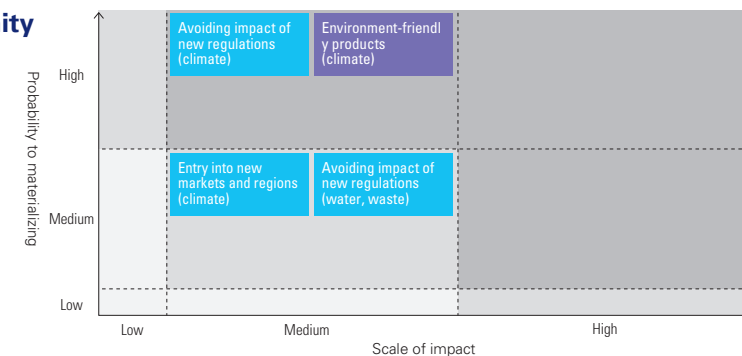
### Risk

- Physical risks**
- Acute
- Transition risks**
- Regulatory
  - Markets



### Opportunity

- Market
- Products and services



	Probability to materializing	Scale of impact
High	Within three years	Disruption or material financial impact
Medium	Within 10 years	Limited financial impact
Low	Within 30 years	Almost no financial impact

# Quality

## Basic stance

Upholding “To our customers, inspiration and trust” in its Corporate Principles, the Aisin is committed to improving quality and creating new value that exceeds our customers’ expectations.

In the AISIN Group Way, our action principle “Supreme Quality” is foundational to everything we do. We carry out TQM,\* intending 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

## Policy

We have defined the system of our quality assurance activities in the Quality Manual and have established the quality policy, based on which we promote our quality activities.

## Quality policy

We pursue the quality demanded by our customers throughout the product lifecycle by paying attention to safety and the global environment. By doing so, we provide products and services that give excitement and smiles to customers in a timely manner, and contribute to creating a safe and comfortable society.

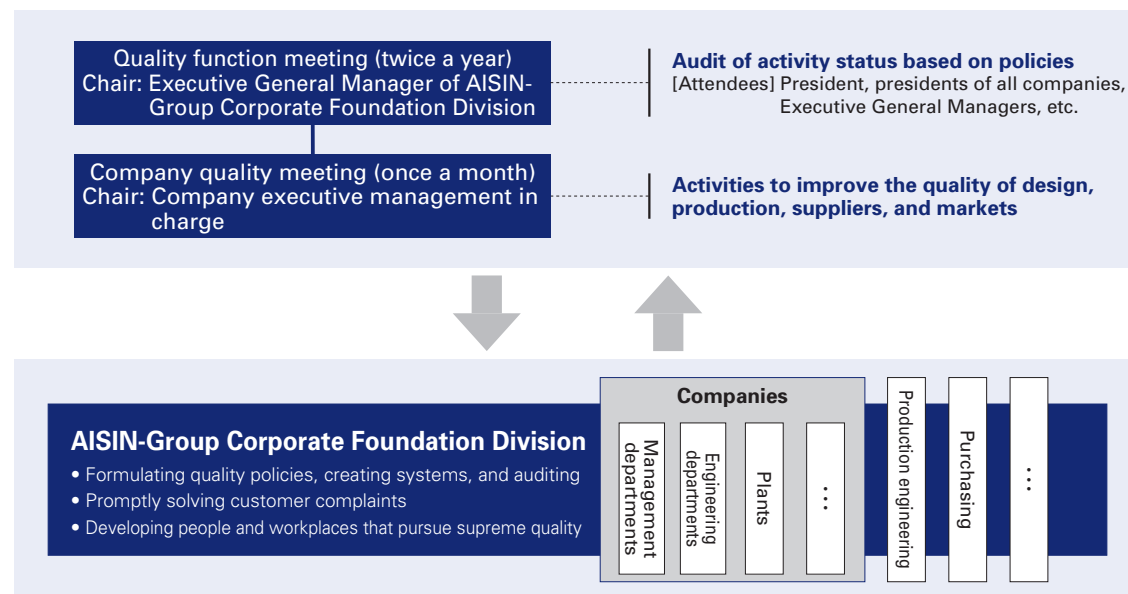
## Vision

**Establish a global system to achieve the best quality, and deliver safety and relief to our customers.**

- ▶ Establish a globally acceptable quality assurance system by considering the next-generation product and service quality and enhancing governance, and audit and modify the system.
- ▶ For the DX society, build a management system that is always capable of responding to the progress in electrification, growth fields, and carbon neutrality, and develop human resources capable of creating new value.

## Implementation frameworks

The AISIN-Group Corporate Foundation Division has responsibility for and authority over the quality of the entire Group, and is in charge of assuring quality for customers. The quality function meeting plays the central role in deploying policies to companies and divisions. Quality improvement activities conducted based on the policies are monitored, while customers’ voices are constantly fed back to all companies. Other activities, such as audits and quality education, are also conducted to achieve better quality.



## Quality

### Medium- to long-term initiatives for key areas and growth areas

As an initiative for electrification in key areas, we are working to shorten the development period through the innovation of development processes using DX. By responding to changes in society and the business environment, we have evolved our quality assurance systems. Based on this, we thoroughly assess our quality at every milestone of each process.

For software, which is becoming increasingly sophisticated and complicated, we are promoting process reform using DX.

In growth areas, for subscription services using location information technology we have cultivated for car navigation systems, such as the Rideshare Service “Choisoko” and the Road Maintenance and Management Support Service “Michilog,” we are making daily efforts to improve the services and expedite responsive actions based on customers’ status of use and social media information with a support system that employs AI and other digital technologies, to ensure the satisfaction of customers.

### Emphasis on the first customer complaint and efforts to prevent complaints using big data

The first report on any incident, whether it is on the launch of a new product or an existing product, is notified to the relevant departments so that the problem can be solved promptly. We thoroughly investigate the cause of the incident and implement measures to prevent recurrence, which include not only actions for the relevant product but also

improvements in the work procedures, with the aim of producing better products.

To reduce and eliminate customer complaints, we have recently been promoting the use of big data obtained from vehicles and products to detect signs of failure before it occurs, and take diagnostic and predictive actions.

Furthermore, with the target of achieving quality that exceeds customer expectations, and “products that make users excited,” we identify potential complaints from customers’ voices (social media data) and make them visible, and reflect them in our activities to improve product quality.

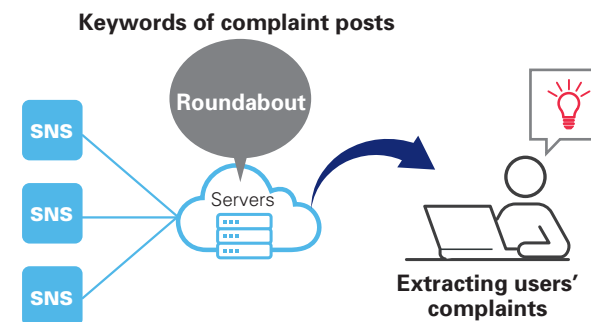
### Developing people and a workplace culture that pursue supreme quality

In order to ensure the customer-first principle and exceed customer expectations, we believe it is important that all employees fully understand and

practice “Supreme Quality.” We approach employees from three perspectives: knowledge, mind, and the environment. By using Densho-kan to appeal to the mind of employees and holding workplace meetings, we are striving to establish “the environment = the workplace culture,” whereby the value of Supreme Quality is taken for granted. Tools for enlightenment are distributed to Group companies, with which they also work to practice the Supreme Quality principle.

In addition, efforts are also made to enhance employees’ ability for improvement through in-house training and the presentation of creative and ingenious proposals. In FY2023, 39 achievements made by employees of Aisin were commended with the Award for Creativity by the Ministry of Education, Culture, Sports, Science and Technology, the highest figure among all institutions in Japan.

Extracting users’ complaints from social media



Three elements for Practice “Supreme Quality”




# Human rights


## Basic stance

The AISIN Group aims to become a corporate group that encourages taking on challenges through the Group's global consolidation, and empowers all employees so as to develop people who are better than anywhere else. To achieve these goals, the key is to respect the human rights of all people together with our employees, as well as our internal and external stakeholders. In addition, 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.

## Policy

In 2021, The AISIN Group Human Rights Policy was formulated by the Human Rights Expert 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, including those of the Group companies and the supply chain.

 AISIN Group Human Rights Policy

 Fiscal 2024 Aisin Group Statement on Modern Slavery Act

## Vision

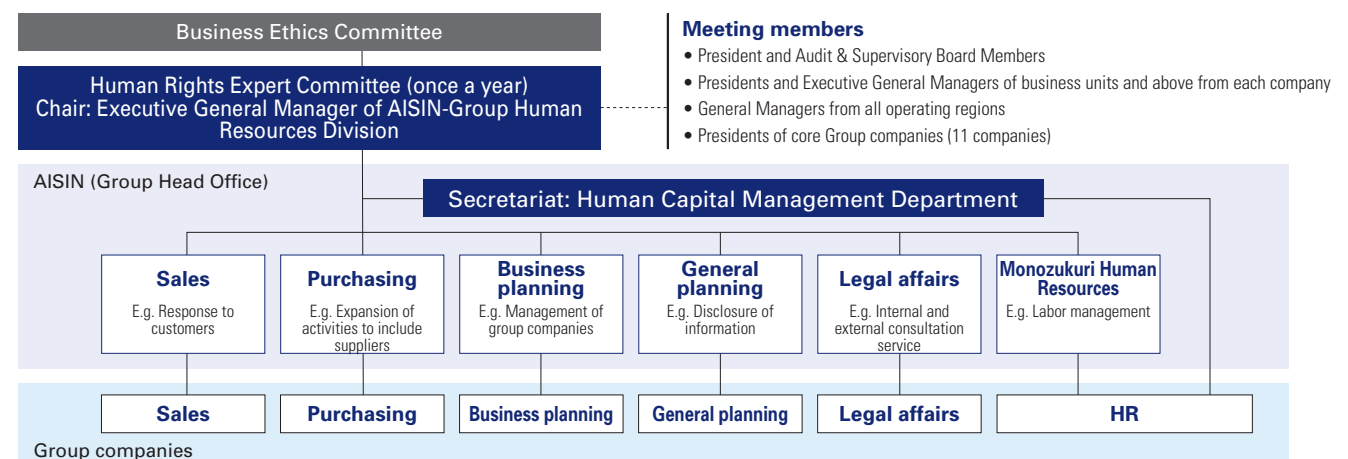
The AISIN Group aims to settle the due diligence process regarding human rights throughout the Group, including the supply chain, by 2025. To achieve this target, it is important to clarify the human rights risks and the status of countermeasures taken. While continuing to achieve a 100% implementation rate for a survey to identify human rights risks, we will advance steps toward the target and details of the survey through a cycle of due diligence regarding human rights, including internal and external education, and talks and negotiations with stakeholders.

## Scheme and framework

We have established a program in line with the UN Guiding Principles on Business and Human Rights to promote human rights activities. In addition, in order to increase the commitment by management, we hold a Human Rights Expert Committee meeting each fiscal year to deliberate and decide on policies and plans.



## Frameworks



## Human rights

### Due diligence regarding human rights

Aisin sets critical risks for each year. From FY2022 onward, we have designated the Technical Intern Training for Foreign Nationals program as the highest priority area as it may contribute to forced labor, and we have been promoting the initiatives below.

#### Ensuring proper operation of the technical intern trainees

We conduct inspections on a regular basis on the reality of how we use the program (via supervising organizations) in Japan, and found that as of the end of March 2023, 18 companies had accepted 404 trainees. In addition, our Group companies and major suppliers that have accepted trainees conduct self checks to confirm the details of their training, treatment, document management, protective measures, etc. Furthermore, as a follow-up survey starting from FY2024, we conducted on-site inspections and interviews with the trainees in accordance with the manual for proper operation published by the Organization for Technical Intern Training, and confirmed that no human rights violations were found. We also exchange opinions with each supervising organization on how to ensure proper operation of the program and share understanding about the human rights of trainees.

#### Corrective action against recruitment fees

A survey on the status of trainees accepted found that about half of the trainees were from Vietnam. In cooperation with members of the Toyota Group, we are proceeding with measures to collect recruitment fees for trainees from Vietnam.

#### Collaboration with external stakeholders

We collaborate with external stakeholders in promoting initiatives through participating in the Japan Platform for Migrant Workers toward a Responsible and Inclusive Society (JP-MIRAI) and cooperate with collaborative programs.



### Assessment on areas of major human rights risks

To identify and address the major human rights risks (discrimination, harassment, forced labor, child labor, working hours, wages, dialogue with employees, safety and health, and supply chain), we had the AISIN Group companies and major suppliers perform self-checks. As a result, it was found that there is room for improvement in understanding of laws and regulations or enlightenment. Therefore, we implemented measures for improvement, in Japan to start with, including 1) appointing persons in charge of promoting human rights activities and holding study meetings, 2) distributing checklists on human rights-related laws, and 3) sharing and communicating educational contents. Self-inspection will continue to be performed to confirm the improvement status.

### Training and enlightenment activities

Scope	Description
Executive management	Incorporating a human rights program in the training for newly appointed executives
Human rights-related departments (HR, Purchasing, etc.)	Holding study sessions with Group companies globally to share understanding and each department's role
Recruitment Section	Ensuring opportunities for job interviewers to learn from the Aichi Labor Bureau about points to note
Related to discrimination	Holding membership in the Industrial Federation for Human Rights, Aichi, and also working with the Corporate Federation for Dowa and Human Rights Issues in proceeding with awareness-raising activities
Newly joined or promoted employees	Holding CSR training seminars covering the area of human rights
All employees	Japan: Raising employees' awareness through case studies that they can work on easily Overseas: Incorporating human rights programs in the compliance training in each region
Suppliers	Issuing the AISIN Group Supplier Sustainability Guidelines and organizing an explanatory session to ask for their support We held study sessions with 110 major suppliers and shared our activities.

### Establishment and reinforcement of consultation services

In addition to internal consultation services, we have the AISIN Global Hotline, which receives consultation requests from outside the company. For foreign technical intern trainees, we have established a dedicated consultation system using "JP-MIRAI Assist Services".

### Policy on responsible mineral procurement and activities

#### Policy

To promote global mineral procurement that takes into account the impact on social issues, such as human rights and the environment, we carry out activities 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.

#### Activities

In FY2024 again, we asked our suppliers for cooperation in checking whether conflict minerals were used, and 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 policy.

#### Other human rights activities

- Labor-management communications
- Working hours and wages
- Employment stability
- Prevention and mitigation of other human rights risks

# Supply chain

## Basic stance

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.

## Policy

To promote sustainable procurement activities throughout the supply chain under the basic principles of “Coexist harmoniously and share prosperity with suppliers with a view to stability in our trades in the long term” and “Carry out open and fair trade,” we have rolled out the Basic Procurement Policies globally.

 Basic Policy

## Vision

### Promoting the Basic Procurement Policies at Group companies in Japan and overseas

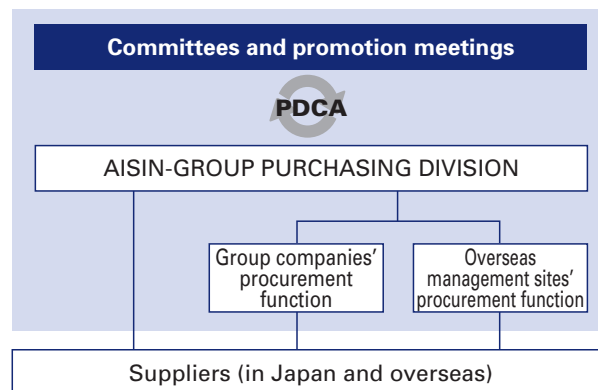
We believe in coexisting and sharing prosperity with our suppliers and strive to achieve mutual development. Based on this belief, we have established the Group Procurement Policies for our procurement activities. In FY2024, we held a briefing on our procurement policies\* in each of our main global operating regions of Japan, North America, China, ASEAN, and India. We share information on current trends in our business environment and roll out our Group Procurement Policies.

\* For the briefings, we invited suppliers with a high degree of transaction dependency in each region (752 Japanese companies and 1,152 overseas companies).

## Implementation frameworks

The AISIN-Group Purchasing Division participates in the Sustainability Conference and various other internal committees. In cooperation with the departments in charge of these committees, it promotes various measures while serving as the point of contact for suppliers.

The Division is also advancing the integration of functions in phases with the Group companies in Japan, while it keeps close contact with the procurement function of the management site of each overseas region in order to deploy integrated procurement policies to suppliers and identify and solve their problems.



## AISIN Group's supply chain

The AISIN Group companies deal directly with 4,673 primary suppliers in total, 2,827 of which are parts suppliers.

(Companies)			
	Parts	Raw materials and others	Total
Japan	1,017	1,375	2,392
Overseas	1,810	471	2,281
Total	2,827	1,846	4,673

## Supply chain

### Jointly undertaking sustainability initiatives with suppliers

Before trading with a new supplier, Aisin 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 the perspectives of quality, safety, the environment, and earthquake-proofing.

With suppliers, we promote fair procurement activities based on a 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.

With a view to achieving future-oriented trade practices advocated by the government, we released our Declaration of Partnership Building in June 2020, which declares our intention to ensure harmonious coexistence and sharing of prosperity throughout the entire supply chain, and to observe desirable trading practices. As one of the concrete initiatives to this



 Declaration of Partnership Building portal site

end, we established an organization dedicated to solving various issues related to transactions of old-model spare parts after the end of mass production and their dies. We are working together with suppliers to solve their problems.

In FY2022, prices of resources and energy rose significantly. Even in such a severe environment, Aisin's basic stance is to protect the entire supply chain. We carefully negotiate with each supplier in passing on the rise to prices.

### Leading the industry through involvement in affiliated groups

A member of the Board of Directors of Aisin belongs to the organizational affairs committee of the Japan Auto Parts Industries Association (JAPIA), and representatives of the AISIN Group Purchasing Division are assigned to work as members of the Procurement & Production Subcommittee and the Task Force for Trade Fairness, which are placed under the committee. By belonging to this subcommittee, Aisin is involved in establishing industrial policies designed to promote fair trade, such as the Guidelines for Fair Trade in the Automotive Industry (voluntary action plan).

### Understanding risks and enhancing countermeasures in collaboration with suppliers

Aisin conducts quality audits to improve the quality of its suppliers. In Japan, we conduct an audit at least every three years of 415 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 FY2023, we audited 91 suppliers. These audits are 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 provide advice until the problem is solved.

We have a framework in place to handle risks (natural disasters, fires, geopolitical risks, etc.) 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 to take the first action smoothly and implement 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 shortage of semiconductors, we identified the parts that are affected the most significantly, and implemented focused measures for such parts. Specifically, in addition to considering alternative products and ordering from multiple suppliers, we ensure the necessary inventory while taking account of supply risk. We have taken measures from early on toward continuing supply.

# Safety and Health Promotion

## Basic stance


### Safety and Health are above everything 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 Safety and Health are above everything else is the foundation of value creation in a company, Aisin continually strives to enhance the health and safety of all employees.

## Policy

Based on the core principle of Safety and Health are above everything else, we have formulated the AISIN Consolidated Safety and Health Policy and the AISIN Group Health Declaration, and we carry out our activities based on this policy and declaration.

 AISIN Consolidated Safety and Health Policy

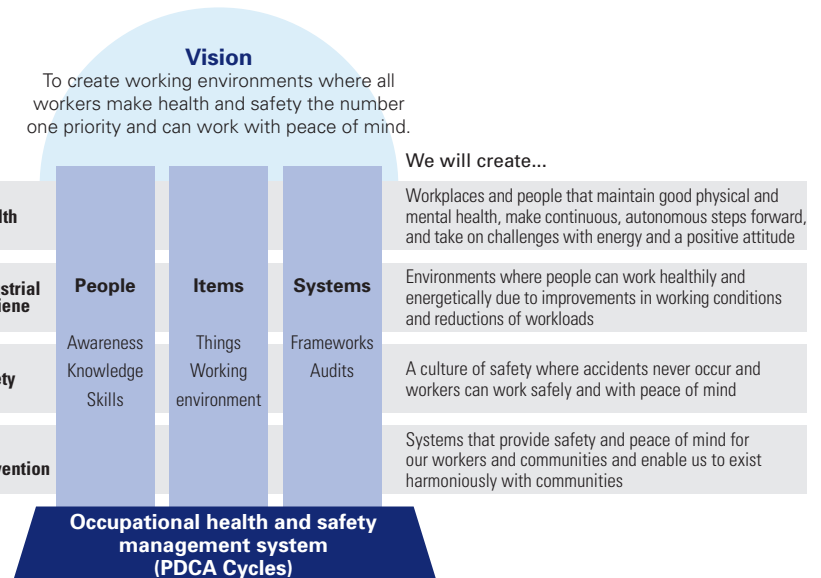
 AISIN Group Health Declaration

## Vision

### Group Safety Vision for 2030

Toward the goal of eradicating serious accidents and accident that requires time off from work, we promote health measures to promote activities to thoroughly prevent recurrences, raise health awareness, and make health activities as our daily routine.

We have set the Group Safety Vision for 2030 and KPIs, and are working to create a workplace environment in which employees can work with peace of mind, stay healthy both mentally and physically, and continue to play active roles.



## Implementation frameworks

### Safety, health, and fire prevention frameworks

To ensure that everyone working on the Aisin premises is protected from occupational accidents, 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.

### Health promotion frameworks

We have organized the Council for the Promotion of Healthy Business Practices, which consists of health promotion departments, human resources management departments, workers' unions, and health insurance societies, to discuss health issues of the entire Group. After reported and approved by the Safety and Health Committee, measures discussed at the council are introduced in each work place through its Safety and Health Committee member.

In addition, measures are introduced to Group companies through the ALL AISIN Health Subcommittee, and we provide support for their health promotion activities based on the needs of each company.



## Safety and Health Promotion

### Occupational health and safety management system


In fiscal 2021, the AISIN Group introduced a Occupational health and safety management system that enables risk management and performance improvement.

In order to improve corporate value in terms of safety and health by fiscal 2023, 35 companies, including Aisin (Okazaki East Plant), have obtained ISO45001 certification, an international standard.

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 2024. 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.

Through these measures, we aim to become the “world’s safest company.”

 Acquisition status of ISO45001 certification

### 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, raise awareness for fire prevention, mitigate fire risk and develop fire prevention management frameworks.

<b>(1) Raising awareness about fire prevention</b>	Aisin Fire Prevention Day, interactive training, sharing lessons from past fires at Aisin Densho-kan (Educational Center)
<b>(2) Activities to reduce fire risk</b>	Expansion of facilities and equipment that meet fire prevention standards, 4 basic actions if a fire occurs, fire prevention surveillance
<b>(3) Development of fire prevention management framework</b>	Fire prevention training, establishment of fire prevention management regulations and guidelines, inspection of fire extinguishing and prevention equipment

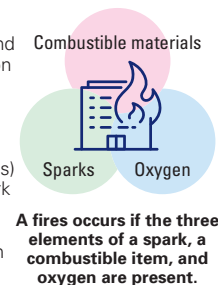
### AISIN Group Unified Fire Prevention Priority 6 Items

Beginning in fiscal 2024, we have analyzed past fires afresh and summarized management of fire sources and combustibles that became the main causes of the fires, electrical equipment management, duct management, etc. into six fire prevention priority items, and mapped the fire prevention management status.

Through this activity, we are working to make levels of management status transparent and promote improvement activities in an AISIN Group-wide effort.

#### <Six fire prevention priority items>

1. Management of potential fire origins and combustible materials (risk identification and clarification of management items)
2. Hazardous materials management (Implementation of maintenance, management and inspection based on laws and regulations)
3. Ensuring compliance with rules on work using fire within the premises
4. Electrical fire prevention measures (power distribution, control, distribution board, wiring)
5. Duct management (clarification of inspection and cleaning rules)
6. Initial fire extinguishing to minimize damage (Basic four actions when a fire occurs)



### Initiatives for healthy business practices

“Safety and health” is the foundation that supports the actions of all colleagues working at Aisin. In recognition of our efforts on health promotion activities, we have been certified as a White 500 (Certified Health & Productivity Management Outstanding Organizations Recognition Program) company for seven consecutive years from 2016.

In order to enable our employees to maintain good mental and physical health and reach their true potential, we set lifestyle disease prevention and mental health as priority issues and formulated a Healthy Business Practices Strategy Map which lays out measures to resolve goals and set KPIs. In addition, in anticipation of labor shortage and aging workforce in the near future, we will work to raise awareness and develop an environment to enable the elderly and women to continue working.

In fiscal 2024, we are stepping up improvement activities at each workplace to prevent lifestyle-related diseases, and in mental health activities, working to identify high stress factors in workplaces improve the workplace environment, in addition to self-care and line-care activities.

Furthermore, for the goal of completely banning smoking on our premises in 2024, we are supporting smoking cessation and promoting eradication of passive smoking.

 Healthy Business Practices Strategy Map

# Social Contribution Activities

## Basic stance


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 pledge to “actively engage with society and contribute to sustainable development based on an awareness that companies are members of society.”

## Policy

AISIN Group Principles of Corporate Behavior (Chapter 7)

Social Engagement and Contribution to Development

- 1) We respect the cultures, traditions, and the like of countries and local communities around the world, and strive to establish mutual trust with local communities and stakeholders.
- 2) We actively make efforts to solve social issues by investing our human resources, expertise, and other management resources.
- 3) We make efforts to help realize a sustainable society in cooperation with various stakeholders, including NPOs, local communities, and administrative organs.
- 4) To help realize a sustainable society and solve various social issues, we support our employees with various forms of voluntary social participation, including volunteer activities.

 AISIN Group Principles of Corporate Behavior

## Vision

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:

We will promote environmental conservation activities in order to pass on a better natural environment to the next generations.

### Nurturing youth:

We provide support for the healthy growth of children, who will play key roles in the next generation.

### Community building and development:

We will promote sustainable “community building and development,” whereby all people can live safely and securely.



## Promotion framework

- 1) Planning and operating various programs and events by the departments promoting the SDGs and the social contribution of AISIN Group companies
- 2) Social contribution activities in which AISIN Group’s employees think, act, and participate on their own
- 3) Collaboration with a wide range of stakeholders, including NPOs, local communities, and governments
- 4) Financial support including various donations, and grants to local organizations through NPO support funds

## Social Contribution Activities

### Protection of nature and the environment

We work on various environmental protection initiatives to contribute to sustainable social development. We plant trees in areas around our offices in the respective countries with the aim of achieving carbon neutrality and protecting the environment, which are challenges we should tackle as a member of the automotive industry. In addition, we clean up nearby beaches and rivers to contribute to environmental conservation.

#### Mangrove tree planting activity (Thailand): 368 participants



#### National park coastal cleanup activity (Singapore): 26 participants



#### Forestry foster parent agreement with Nagano Prefecture

Aisin uses the Yahagi River for its industrial water and supports the Forestry Foster Parent Promotion Project in Neba Village located in the area of the headwaters of the river. This project has received CO<sub>2</sub> reduction certification, and we hold environmental study sessions in the village.



Environmental study session in Neba Village

#### Major tree planting projects

Location	Purpose
Thailand*	Contribution to reducing CO <sub>2</sub> emissions
Indonesia*	Contribution to reducing CO <sub>2</sub> emissions
Mt. Fuji	Prevention of gravel formation

\* Areas around our local companies

We received a letter of appreciation from an NPO for our support activity to restore coastal forests in Takata Matsubara, Iwate Prefecture.



### Nurturing youth

The AISIN Group supports the healthy growth of children, who will lead the future, with activities based on communication with stakeholders. We provide environmental education to help children in the areas where our companies are based to realize the importance of the environment, and to encourage them to practice eco-friendly activities in their daily lives.

On-site lectures are also offered to promote interest in manufacturing, which is AISIN's specialty. In addition, we work to revitalize local communities and develop young people through sports, and strive to build relationships of trust.

#### 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 FY2023, 1,775 children from 22 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 at a nearby nursery school. We are thus committed to the development of youth through sports, including our volleyball club holding classes for elementary school students.



Volleyball class for 50 elementary school students

### 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, and ensure communication with those living in the areas where our companies are located, as well as NPOs and NGOs.

#### Traffic safety activities throughout the world

As a member of the automobile industry, we promote traffic safety education and awareness activities for local communities at all of our locations around the world, aiming to realize a "society with zero traffic accident casualties." (FY2023 results: 250 activities from 181 companies)



Traffic safety class in Thailand

#### Donations in a wide range of categories throughout the world

We collect plastic bottle caps in Japan and overseas, and school bags, cases for contact lenses, neckties, etc. in Japan. We donate our stockpile of emergency food to local social welfare councils, volunteer-run cafeterias for children in need, and other organizations. Overseas, we also donate goods such as stationery and toys, as well as making donations to elderly care facilities and charity organizations.



Stationery collection activities in Brazil

### Spending on social contribution activities

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

	(Million yen)
Charitable donations	125
Community investment	706
Commercial initiatives	1,450
<b>Total</b>	<b>2,281</b>

# Compliance

## Basic stance

The AISIN Group believes that compliance is not only about following laws and regulations but also about meeting people's expectations and earning their trust as a good corporate citizen from the perspective of Our Group Philosophy, Inspiring "movement", creating tomorrow.

## Policy

Under the AISIN Group Principles of Corporate Behavior and the Guidelines on Compliance with Social Responsibility as basic policies, we have formulated the Antitrust Compliance Policy and the Anti-Corruption Policy as policies common to the entire AISIN Group with regard to the Antitrust Laws and anti-corruption, along with guidelines which serve as a specific code of conduct.

### Antitrust Compliance Policy

Violations in FY2023

0

### Anti-Corruption Policy

Violations in FY2023

0

## Vision

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 such as acting honestly, fairly, and in good faith, and that compliance is their default state of mind. Our goal is to maintain high compliance awareness and eradicate serious law violations by establishing a global Group legal and compliance system.

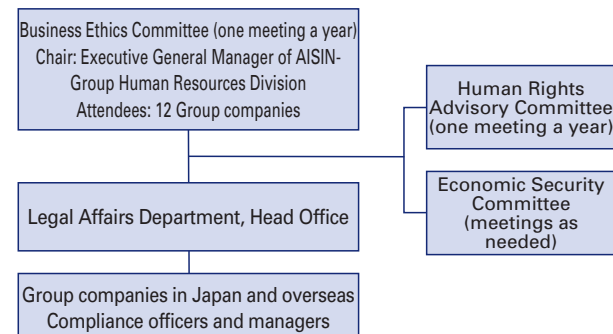
The AISIN Group believes that an open workplace culture where employees can freely exchange opinions is the foundation of compliance. Based on this belief, employees are encouraged to consult their supervisors or use the whistleblowing service if they sense any problem, while the real voices of employees are listened to and utilized through the compliance awareness surveys and workplace visits by the Group Head Office Legal Affairs Department. Through these initiatives, we are working to create a workplace culture where members can mutually respect and care for each other, and share their joys and concerns.

## Implementation frameworks

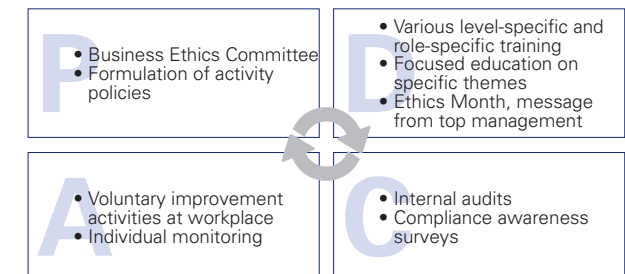
Aisin has a Business Ethics Committee headed by the Executive Manager of the AISIN-Group Human Resources Division as Chair in place, as a meeting organ to decide important policies and frameworks regarding compliance. Presidents, executive management, and Audit & Supervisory Board Members of the 12 core Group companies attend the committee meetings to confirm the status of compliance activities and issues and give approvals to the activity policies and matters to be implemented for the next fiscal year.

In January 2018, we established a Legal Affairs Department at the AISIN Group Head Office, bringing together all the 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 department, it plans and implements global Group compliance activities. In addition, we appoint compliance officers and managers at each Group company, thereby establishing a framework to promote compliance globally.

### Organizational diagram of the Business Ethics Committee



### PDCA for compliance activities



## Compliance

### Developing an open workplace culture

The AISIN Group has long been promoting the creation of an open workplace culture for the purpose of early detection of, response to, and prevention of problems. President himself visits worksites to listen to and respond to real voices (troubles and concerns) of employees. Workplaces are encouraged to hold frank discussions based on the results of various awareness surveys.

### Early detection and correction of issues through whistleblowing system

The AISIN Group 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 privacy, prevention of retaliation, and other rights of whistleblowers.

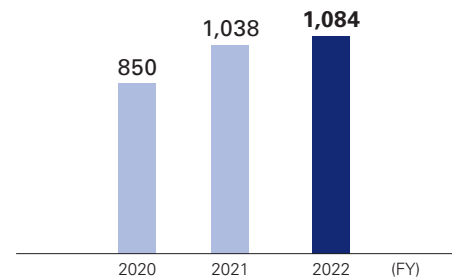
We have established an internal consultation service, a Group-wide external consultation service provided by a lawyer, and a consultation service handled by the Legal Affairs Department of the AISIN Group Head Office to enable whistleblowers to use the service that best suits their situation. We also accept reports and consultations from external stakeholders via the AISIN Global Hotline, a web-based system. The whistleblowing reports 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, the operation of the system is being monitored through monthly reporting to the Audit & Supervisory Board Members of Aisin.

### Responding to business changes

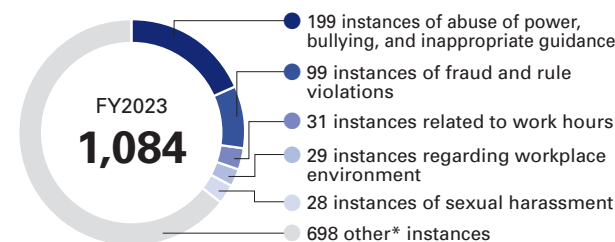
The AISIN Group is engaged in not only existing businesses but also various new businesses. To be prepared to quickly respond to potential compliance risks lying in diverse business forms, the Legal Affairs Department of the Group Head Office provides consultation on important matters from an early stage. We have also set up a chatbot and a legal consultation service to provide consultation on contract screening, thereby enhancing ties with each business.

#### Status of use of the whistle blowing system

Number of reports received through the whistleblowing service



#### Domestic and overseas reports and consultations



\* "Other" includes 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 awareness surveys

The AISIN Group conducts a common survey of all its employees both in Japan and overseas to confirm their awareness of compliance. Through the survey, we investigate the degree of penetration of compliance activities, the presence of potential compliance risks, the level of awareness of the whistleblowing service, etc. The results are reported to the Business Ethics Committee and fed back to Aisin's internal departments and Group companies both in Japan and overseas.

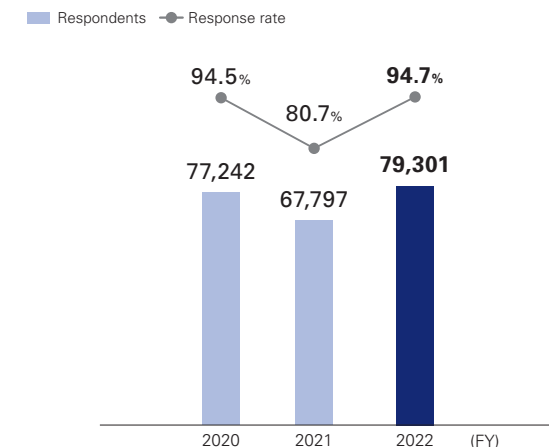
#### Compliance awareness survey results (Japan)

Compliance awareness level (out of 5 points)

FY	2020	2021	2022
	—*	4.22	4.24

\* Not asked in FY2021

#### Compliance awareness survey Respondents and response rate



# Information Security

## Basic stance


As companies are accelerating their DX strategies, more and more things and types of information are being connected 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. It is critical that these risks are managed for the sustainable growth of companies.

## Policy

We have established the AISIN Group Information Security Basic Policy, under which we carry out systematic and continual information security measures.

### AISIN Group Information Security Basic Policy

- (1) Legal compliance
- (2) Maintenance of stable financial and managerial base
- (3) Provision of safe products and services
- (4) Contribution to building secure cyberspace
- (5) Information security management

 AISIN Group Information Security Basic Policy

## Vision

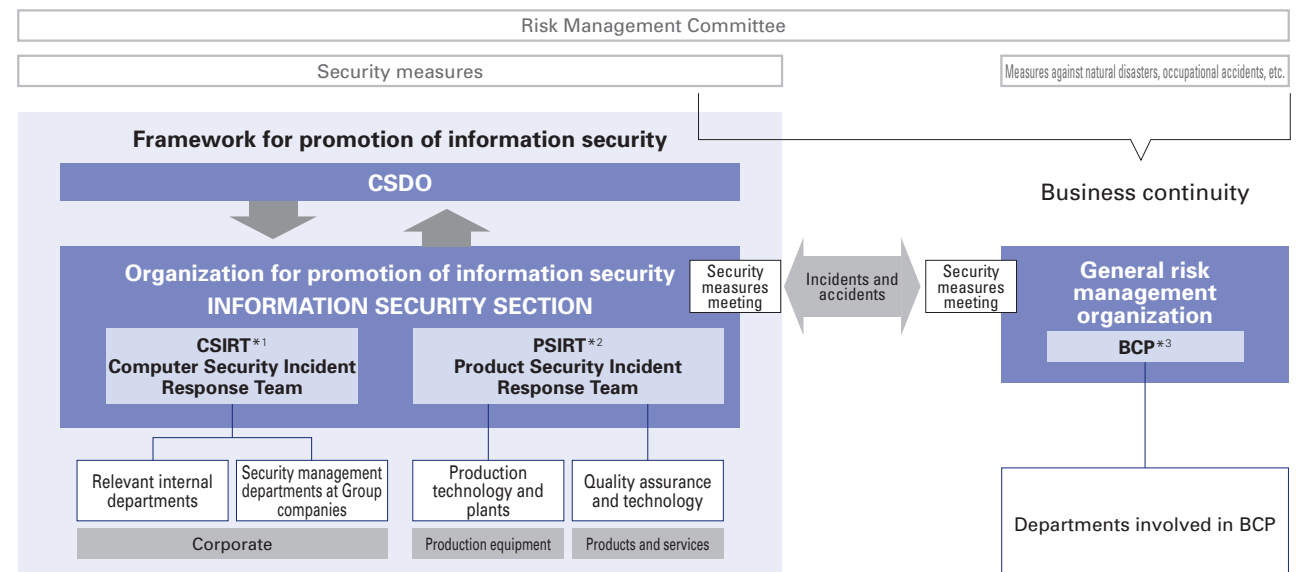
Based on the belief that information assets related to our business activities that are entrusted to us by customers and business partners, or are held by the AISIN Group, are important assets, we will appropriately identify changing threats to corporate management activities and keep track of technological advances, and implement comprehensive countermeasures across the entire Group.

## Implementation frameworks

Aisin CSDO\* is responsible for establishing structures such as information strategies and IT investment plans based on our business strategies, and holds responsibility and authority for execution and operations related to information security and privacy throughout the AISIN Group. Under our CSDO, we have established the INFORMATION SECURITY SECTION 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 Risk Management Committee and are shared across the Group for common understanding, to improve the level of security and ensure that measures are in place.

\* CSDO: Chief Software & Digital Officer

### Framework for promotion of information security



\*1 CSIRT: Computer Security Incident Response Team

\*2 PSIRT: Product Security Incident Response Team

\*3 BCP: Business Continuity Planning

## Information Security

### Information security initiatives

The AISIN Group centralizes the whole Group's security measures at its head office, works to ensure security against the increasingly agile and advanced cyber attacks and methods of leaking internal information that are occurring, and to comply with the laws and regulations of the respective countries. 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.

### Information security measures

We have formulated security guidelines that comply with the international standards ISO 27001 (certified in April 2022) and the JAMA/JAPIA Cybersecurity Guidelines, prepare to respond to customers' requests for security measures, and utilize these guidelines to mutually improve the level of the entire supply chain.

#### Security guidelines

Management item	Details of measures
<b>Organization</b>	Implementation frameworks, rules, and procedures
<b>Education</b>	Implementing education, awareness-raising, and training
<b>Technical measures</b>	Asset management, access control, networks, etc.
<b>Physical management</b>	Facilities and area control
<b>Incident and accident framework</b>	Reporting framework and rules

### Product security measures

In anticipation of the regulation of more vehicles, we are working on vehicle security measures centered on PSIRT. Also, we are members of AUTO-ISAC\*<sup>1</sup> in Japan and the U.S. 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.

\*1 AUTO-ISAC: Automobile Information Sharing and Analysis Center (an automotive cybersecurity organization in North America)

### Personal information protection measures

When it comes to personal information protection measures, ensuring compliance with the laws of the respective countries, including GDPR,\*<sup>2</sup> is important. As we accelerate our DX strategy, transference of personal information between countries will be required. Therefore, the AISIN Group has concluded a comprehensive Group SCC agreement\*<sup>3</sup> between Group companies that enables the transfer of personal information across the Group.

We will continue to strive to handle personal information securely by training and communicating with all of our employees with a focus on the laws of the respective countries.

\*2 GDPR: General Data Protection Regulation (EU)

\*3 SCC contract: Standard Contractual Clause

### Fostering security awareness

To improve security, it is essential for all employees to perceive improving security as a personal matter, and to be constantly mindful of security and act accordingly as something that is close to their hearts. Our Group-wide efforts include rank-specific training for new employees and promotions, training for events such as overseas assignments, training on responding to suspicious emails, and activities to raise awareness during Information Security Month.

For example, we create educational video content in-house, conduct comprehension tests after training, and publish in our "Cyber Security News" information security slogans solicited from employees in Japan and overseas, in order to encourage each employee to participate and to foster security awareness.

#### Examples of training and awareness-raising activities

- (1) Rank-based training for new employees and promotions (FY2023: 3,000 people across the Group)
- (2) Onboarding training for events such as overseas posts and business travel
- (3) Training for all employees on handling suspicious emails (once a year)
- (4) Awareness-raising activities throughout Information Security Month (once a year) and distribution of Group newsletters (once a month)

# Corporate governance

## Basic stance

Aisin builds strong relationships with all of its stakeholders and achieves steady long-term growth and expansion to maximize our value as a company. To achieve this, we practice corporate governance based on our “Basic Stance 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.

## Policy

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 focus on the enhancement of corporate governance by establishing the basic policy.

 **Corporate Governance Report**





## 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 Senior Executive Officer, thereby reducing the decision-making steps in the executive structure. Furthermore, appointed from among Corporate Officers, the CxO has been established as 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. At present, five CxOs have been appointed.

Also, since June 2022, we have changed the number of the Members of the Board of Directors to eight (including three independent Outside Member of the Board of Directors) by reducing one internal Member of the Board of Directors, with a view to improve objectivity and transparency in management decision-making. In addition, in order to improve objectivity and transparency regarding the nomination of, and decisions on remuneration for the Members of the Board of Directors, etc., the committees that had been separately established for the appointment and remuneration of the Executive Management were unified and renamed in June 2023, and at the same time, it was changed for the chairperson to be appointed from among independent Outside Members of the Board of Directors.

Reform of corporate governance structure

FY	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Executives (persons)	53	50	51	50	32	29	31	26	<b>23</b>
Number of Directors (persons)	14	13	14	14	9	9	9	8	<b>8</b>
Of them, Outside Members of the Board of Directors (persons)	2	3	3	3	3	3	4	4	<b>4</b>
Of them, Female Members of the Board of Directors		1	1	1	1	1	1	1	<b>1</b>
Number of Audit & Supervisory Board Members (persons)	5	5	5	5	5	5	4	4	<b>4</b>
including Outside Audit & Supervisory Board Member (independent)	3	3	3	3	3	3	2	2	<b>2</b>
including Female Members of the Board of Directors							2	2	<b>2</b>
Separation of management and execution	June 2005								
	June 2014								
	January and March 2016								
	April 2022								

- Members of the Board of Directors (responsible for decision-making and management supervision) and Corporate Officers (responsible for execution of operations) were separated to clarify their roles.

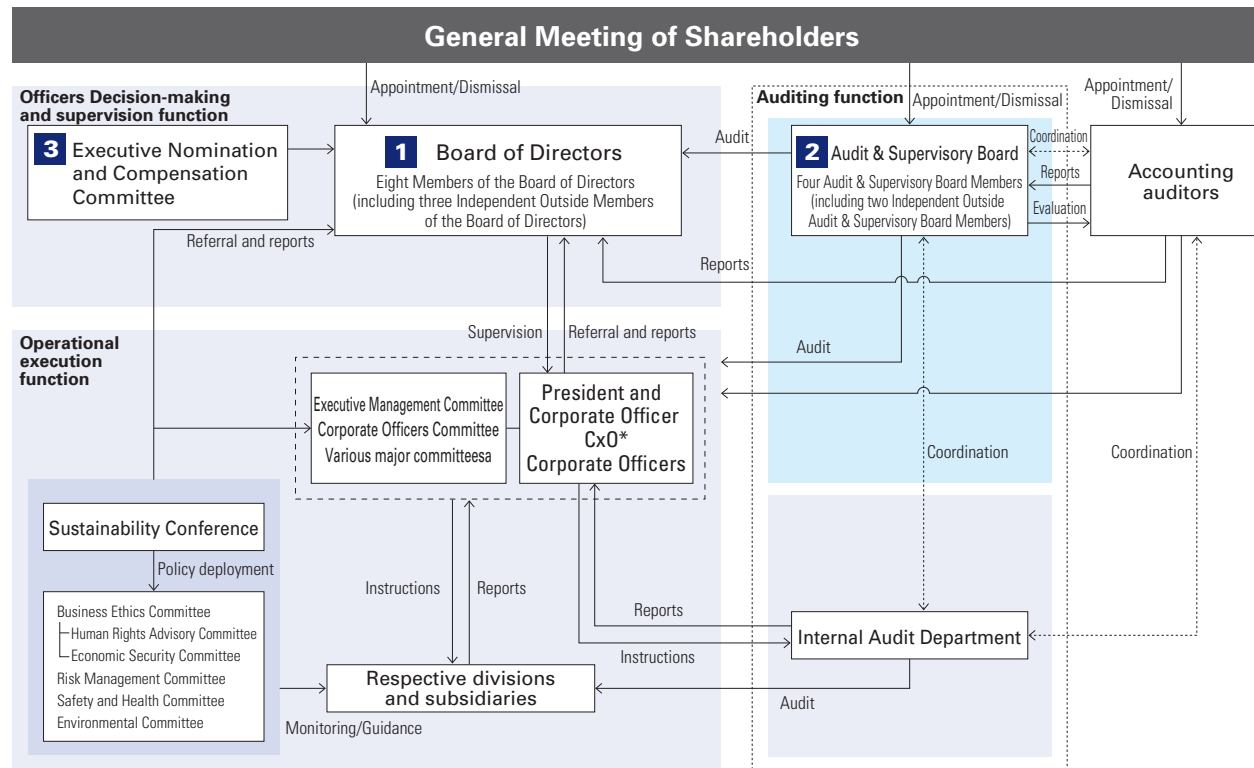
- Outside Members of the Board of Directors were appointed.

- Executive Personnel Committee and Compensation Committee were established.

- Renamed to Executive Nomination and Compensation Committee.

- Responsibilities of the Executive Vice President class were eliminated and transferred to Executive General Managers.  
- CxO was newly established.

## Corporate governance structure



\*CxO: Appointed by Corporate Officers, CxO 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

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.

Number of meetings: 13 per year

## 2 Audit & Supervisory Board

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

Number of meetings: 14 per year

## 3 Executive Nomination and Compensation Committee

This committee reviews and establishes basic policies regarding our executive management system and framework in accordance with the vision and management policies of the Company. The appointment and dismissal of the Members of the Board of Directors and the Audit & Supervisory Board Members is proposed and discussed according to our basic policies.

Based on the outcome of the examination of the executive remuneration system and the policy for determining remuneration for each Member of the Board of Directors approved by the Board of Directors, the Executive Nomination and Compensation Committee decides the amount of individual remuneration based on factors such as the Company's business performance, job responsibilities and achievements.

Number of meetings: Twice per year for Executives Personnel Committee;  
Three times per year for Compensation Committee

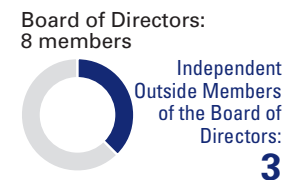
## Corporate governance structure

Aisin adopts the Audit & Supervisory Board Member 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 in which at least one-third of the Members of the Board of Directors are independent Outside Members of the Board of Directors. To enable more independent and objective decision-making about appointing and compensating the Members of the Board of Directors and Corporate Officers, decisions are reviewed and discussed by the Executive Nomination and Compensation Committee which is chaired by an independent Outside Member of the Board of Directors, and the independent Outside Members of the Board of Directors account for the majority of the members, before being proposed to the Board of Directors.

In addition to making management decisions in a timely and appropriate manner based on business characteristics and on-site situations, Aisin believes that it is important to establish a system 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 (independent), 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.

## Members who attended the meetings of the Board of Directors, Audit & Supervisory Board, Executive Nomination and Compensation Committee

		◎ Chair ○ Members		
		Board of Directors	Audit & Supervisory Board	Executive Nomination and Compensation Committee
Members of the Board of Directors	President	Moritaka Yoshida ◎		○
	Members of the Board of Directors	Kenji Suzuki ○		
	Members of the Board of Directors	Shintaro Ito ○		○
	Members of the Board of Directors	Yoshihisa Yamamoto ○		
	Members of the Board of Directors	Michiyo Hamada <span>Outside</span> <span>Independent</span> <span>Female</span> ○		◎
	Members of the Board of Directors	Seiichi Shin <span>Outside</span> <span>Independent</span> ○		○
	Members of the Board of Directors	Koji Kobayashi <span>Outside</span> <span>Independent</span> ○		
	Members of the Board of Directors	Tsuguhiko Hoshino ○		○
	Audit & Supervisory Board Member	Makoto Mitsuya <span>Female</span> ○	◎	
Audit & Supervisory Board Members	Audit & Supervisory Board Member	Kiyomi Kato <span>Outside</span> <span>Independent</span> <span>Female</span> ○	○	
	Audit & Supervisory Board Members	Junko Ueda <span>Outside</span> <span>Independent</span> ○	○	
	Audit & Supervisory Board Members	Katsuhiro Kashiwagi ○	○	



## COLUMN

Outside Director

### Michiyo Hamada



“Can we compete against competitors around the world with our conventional corporate governance system?” Based on this sense of crisis, listed Japanese companies are embarking on governance reforms. Our company has also been working from an early stage on streamlining our management structure and clarifying remuneration of executive management. Our reform has been accelerated recently. In particular, the Board of Directors has changed.

At our Board of Directors meetings, a variety of opinions are actively exchanged. This is largely attributable to the chairperson's management of the proceedings, but it also reflects the fact that the number of people attending the meeting is appropriate to facilitate discussions, and that they have diverse backgrounds. I also feel that the evaluation of the effectiveness of the Board of Directors has deepened the reforms year by year.

In this summer, we took this trend even further. (1) In principle, we will not hold shares for policy purposes unless it is deemed essential for increasing our corporate value. (2) The previous committees for personnel and compensation have been unified as the Executive Nomination and Compensation Committee, with the chairperson chosen from among the independent Outside Members of the Board of Directors.

As a jurist specializing in corporate laws, I have been paying close attention to these reforms, and now I have been appointed to chair the Executive Nomination and Compensation Committee. Although it is a heavy responsibility, I expect to contribute to further improvement of the objectivity and transparency of nominations and compensation decisions of Executive Management.

## Members of the Board of Directors and Audit & Supervisory Board Members

### Policies and procedures on the appointment and dismissal of Members of the Board 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 and appropriate supervision of management that are 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 several Outside Members of the Board of 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 at the Executive Nomination and Compensation Committee chaired by an independent Outside Member of the Board of Directors, in which the majority of members are independent Outside Members of the Board of Directors, to select candidates for Members of the Board of Directors and Audit & Supervisory Board Members and submit the proposal to the Board of Directors. 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.

### Support for outside executives

Aisin believes that the management of our business depends on Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members (independent) 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, the criteria for submission to the Board of Directors are reviewed as necessary to narrow down the matters to be discussed; (2) To facilitate meaningful discussion at the Board of Directors meetings, advance explanations are provided to Outside Member of the Board of Directors and Outside Audit & Supervisory Board Members (independent) by the Executive Management, etc. on individual matters to be submitted to the Board of Directors meetings to share the details of discussions at important internal meetings; (3) In order to promote understanding of our businesses and share issues with Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members (independent), we provide them with opportunities, when they assume office, to explain the company's business and for visits to the main business locations. And every year, we also provide explanations and hold discussions about our business strategy, business environment, business risks, etc. both at and outside the Board of Directors meetings, on-site tours of factories and test courses, and meetings with Corporate Officers. (4) To provide information required by Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members (independent), we appoint specific staff in the Corporate Planning Department and Audit & Supervisory Board Office to facilitate communication and coordination with Outside Members of the Board of Directors and Outside Audit & Supervisory Board Members (independent).

### COLUMN



Outside Director

**Tsuguhiko Hoshino**

On June 16, I took office as a Member of the Board of Directors. Recently, I visited com-center (AISIN Group's Exhibition Hall), Anjo 1st Plant and Nishio Die-Casting Plant, where I learned the Company's technological capabilities and history, as well as the ingenuity and comprehensive capabilities of employees to further improve products. I also witnessed thorough consideration for the working environment. Furthermore, at the General Meeting of Shareholders, I learned that there were many shareholders who were enthusiastic about supporting the Company, and I attended the Board of Directors meeting, where opinions were freely and actively exchanged. I was born in Nagoya, and I am pleased to have a connection with the Company, which I have felt close to myself since my childhood, and I am now determined to make every effort considering the current situation of the Company.

How should we respond to the dramatic fundamental changes surrounding automobiles, including the need to continue rowing all-out toward the huge wave of electrification? In order to improve corporate value, we are facing a pile of challenges, such as selection and concentration of business toward growth areas with an awareness of capital costs, accurate financial capital strategies, responses to DX, building a cohesive organizational culture and human resource development, which are required of Japanese companies in general.

Utilizing my experience and knowledge accumulated to date, I would like to do my best to manage and supervise corporate management in line with the expectations of our shareholders and other stakeholders, so that the Company can continue to contribute to society in the era known as VUCA.

## 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 the Board of Directors meetings, and also through deliberations of appointment and reappointment of executives and remuneration.
2. Apply specialized knowledge, wide-ranging experience and other assets gained from previous careers to the management at Aisin.
3. Supervise conflicts of interest between the company and parties, such as its management or controlling shareholders.
4. Appropriately reflect outside views of various stakeholders, including shareholders, in the Board of Directors meetings.

When selecting candidates for Outside Members of the Board of Directors, we focus on specialized expertise and a wide range of experience that will enable the candidates to provide frank and constructive advice about our management, in addition to the requirements for Outside Members of the Board of Directors stipulated by the Companies Act and those concerning independence stipulated by the Financial Instruments and Exchange Act.

## Expertise and experience of Members of the Board of Directors, Audit & Supervisory Board Members and CxO (Skill Matrix)

		Company management	Environment/Carbon neutrality	Human resources development	DX	Manufacturing (Technology/Production/Quality)	Sales and procurement	Finance and accounts	Compliance/Risk management	Global
Members of the Board of Directors	President	Moritaka Yoshida	○			○				○
	Members of the Board of Directors	Kenji Suzuki	○		○	○	○			
	Members of the Board of Directors	Shintaro Ito	○	○				○	○	○
	Members of the Board of Directors	Yoshihisa Yamamoto	○	○		○				○
	Members of the Board of Directors	Michiyo Hamada							○	○
	Members of the Board of Directors	Seiichi Shin			○	○				
	Members of the Board of Directors	Koji Kobayashi	○				○	○	○	
	Members of the Board of Directors	Tsuguhiko Hoshino						○	○	○
Audit & Supervisory Board Members	Audit & Supervisory Board Member	Makoto Mitsuya	○	○				○	○	○
	Audit & Supervisory Board Member	Kiyomi Kato						○	○	
	Audit & Supervisory Board Members	Junko Ueda							○	○
	Audit & Supervisory Board Members	Katsuhiro Kashiwagi						○		
CxO	CCNO*1	Masahiro Nishikawa	○	○		○				○
	CVCO*2	Hiroaki Nanahara	○			○	○			○

\*1 CCNO : Chief Carbon Neutral Officer

\*2 CVCO : Chief Value Chain Officer

## Board of Directors

### Effectiveness evaluation of Board of Directors

In order to improve the effectiveness of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors every year. A summary of the effectiveness evaluation and results for FY2023 is as follows. Since the effectiveness evaluation conducted in FY2023, the scope of the evaluation has been expanded to all Members of the Board of Directors and Audit & Supervisory Board Members.

Subject persons: All of the eight Members of the Board of Directors and all of the four Audit & Supervisory Board members

Evaluation method: 1. Interview with subject persons (independent Outside Members of the Board of Directors and Audit & Supervisory Board Members underwent group interviews at the independent executive management meeting.)  
2. Based on the results of analyses, the Board of Directors discussed issues and future measures for further improvement.

Items evaluated: Size, composition and operation of the Board of Directors, support system for outside Executive Management, composition and operation of committees regarding appointment and remuneration of Members of the Board of Directors and Executive Management, and the status of improvements to issues identified in the previous year's evaluation, etc.

Issues identified in the FY2022 evaluation of effectiveness	Initiatives implemented in FY2023
Further enhancement of exchange of opinions about business strategies, etc.	Business strategy-related proposals were enhanced and strategy discussions were held.
Enhancement of on-site, hands-on observations	Factory tours and test drives were implemented.
Enhancement of horizontal communication among Outside Directors and Outside Audit & Supervisory Board Members	Independent Executive Management meetings and dinner parties for independent Executive Management were held.

#### Overall evaluation for FY2023

The overall effectiveness of the Board of Directors has improved.  
- Quality and content of operations and discussions were also improved.  
- The issues raised in the previous fiscal year are generally improving.  
For further improvement, discussions from higher perspectives and expansion of opportunities for on-site and hands-on observations are required.

Issues identified in FY2023	Future initiatives
Secure more time for strategic discussions from a broader perspective.	Deliberations will be carried out in a planned manner while incorporating discussions on the future direction of the entire group and each business, medium- to long-term strategies, risk management, etc.
Understand business and recognize issues through broader on-site and hands-on opportunities.	In addition to factory tours, opportunities for various on-site and hands-on observations, such as accompanying Audit & Supervisory Board Members in audits will be increased.
Strengthen relationships and share recognition through dialogue and exchange between outside executive management. Understand business and recognize issues through dialogue and exchange between Outside Executive Management and Corporate Officers.	Opportunities for exchanging views among Outside Executive Management and between Outside Executive Management and Corporate Officers will be provided.

### Main agenda discussed by the Board of Directors in FY2023 (Resolved and reported matters)

<b>Management strategy</b>	- Medium- and long-term strategy - Group management policy - Profit plan - Investment plan - Promoting sustainability activities - Business strategy of each Group company
<b>Review of investment/loan/portfolio</b>	- Deliberation and follow-up of investment and restructuring projects
<b>Governance</b>	- Evaluation of effectiveness of the Board of Directors - Appointment and remuneration of Executive Management - Status of internal control and compliance - Status of risk management (economic security, tight supply-and-demand situation for semiconductors, etc.) - Verification of the significance of holding shares for policy purposes - IR activity
<b>Others</b>	- Deliberation at the management meetings - Sharing reported items

#### COLUMN



Outside Director

**Seichi Shin**

Currently, the Board of Directors consists of eight members, a size that allows us to conduct frank discussions. In addition to matters to be resolved, the secretariat works to deepen discussions by presenting themes as "Matters to be discussed" as appropriate, but going forward, it will be necessary to further enhance discussions on strategy. While we have discussed electrification, carbon neutrality, and aftermarket strategies, I feel that the Company's weak points lie in "C" and "S" of the CASE. Therefore, I would like to hear about the strategies in those areas.

Last fiscal year, meetings for exchanging opinions between Audit & Supervisory Board Members and Outside Members of the Board of Directors, and lunch meetings with Corporate Officers were held on a regular basis so that Outside Members of the Board of Directors could understand the actual state of the Company. In addition, we were provided with sufficient support, including advance explanations before the Board of Directors meetings together with factory tours, test ride and product exhibitions.

As COVID-19 was downgraded to Category 5, there are more opportunities to have direct contact with other Executive Management. In particular, when we were moving during factory tours, I was more than pleased that Outside Members of the Board of Directors exchanged views with each other on a voluntary basis, which gave me the opportunity to obtain knowledge of other Members of the Board of Directors who are experts in corporate law and administration, and that I could understand the background of their opinions. I also make efforts to contribute to the exchange of views so that other Members of the Board of Directors can understand the products and the technologies of the production sites.

Inspiring "movement" creating tomorrow is the Aisin philosophy. If I hesitate to decide, I would surely go back to this philosophy to give all things the power to "move" and bring out smiles from all of you.

Amid a drastic change called electrification, I strongly believe that it is our turn to show our capability of handling huge power as well as our distinguished technology in heat management. as

# 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 Members of the Board of Directors, thereby aiming to help establish a good corporate governance structure that ensures the 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 Members of the Board of 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.

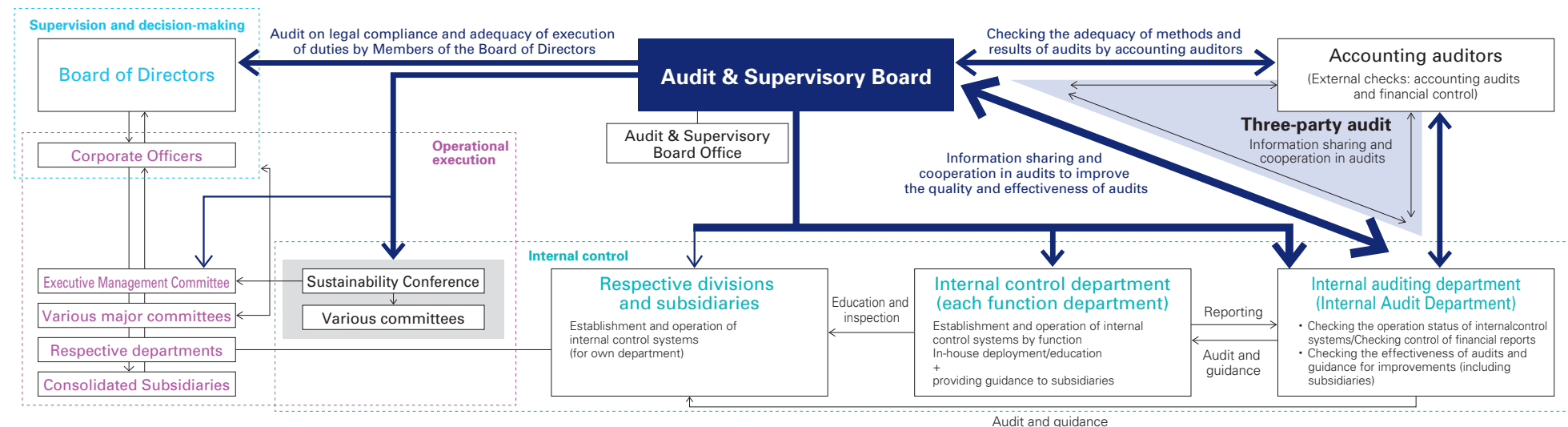
## Activities of Audit & Supervisory Board and the members

The Audit & Supervisory Board is composed of four members, two Audit & Supervisory Board Members, and two independent Outside Audit & Supervisory Board Members, 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 Members of the Board of 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 the direct control of the Audit &

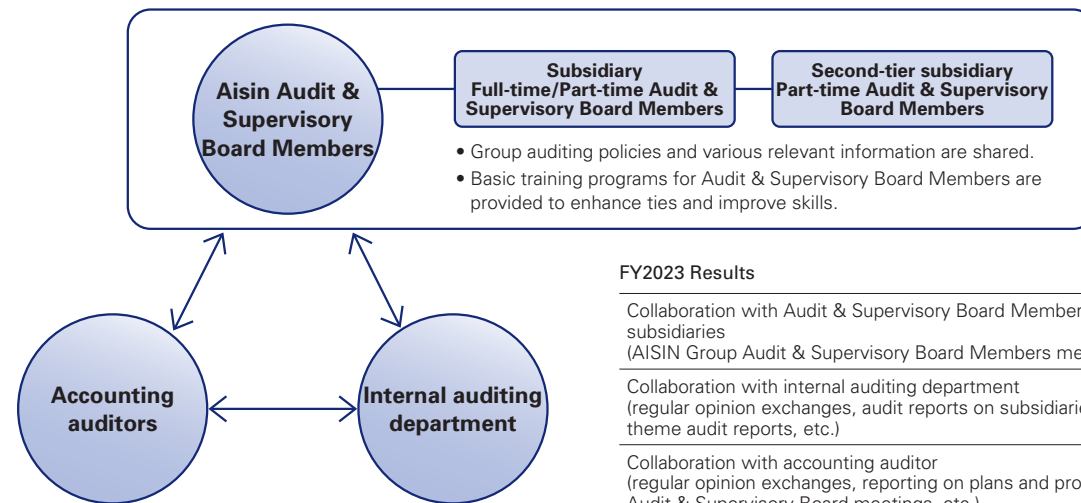
Supervisory Board, to which dedicated staff are assigned to support the work of Audit & Supervisory Board Members.

As for the status of operation of internal control systems, the internal control department (each function department) and the controlling department in each company are audited based on the management index, which was formulated in advance by the Audit & Supervisory Board Members. Audit & Supervisory Board Members share information with the internal auditing department (Internal Audit Department) through regular monthly opinion exchanges and, as necessary, cooperate with them in audits, with the aim of improving the quality and effectiveness of the 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



## Collaboration in AISIN Group's auditing



### FY2023 Results

Collaboration with Audit & Supervisory Board Members of subsidiaries (AISIN Group Audit & Supervisory Board Members meetings, etc.)	5 times
Collaboration with internal auditing department (regular opinion exchanges, audit reports on subsidiaries, J-SOX, theme audit reports, etc.)	15 times
Collaboration with accounting auditor (regular opinion exchanges, reporting on plans and progress at Audit & Supervisory Board meetings, etc.)	25 times

The AISIN Group consists of as many as 75 companies in Japan and 125 overseas. To ensure complete coverage in auditing for the entire Group, Audit & Supervisory Board Members are appointed at large-scale subsidiaries while executives or employees of the parent company are appointed as part-time Audit & Supervisory Board Members 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 the following:

- 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.

### On-site inspection by Audit & Supervisory Board Members and independent Outside Audit & Supervisory Board Members (consolidated subsidiaries)

In FY2023, we shifted from remote auditing during the coronavirus pandemic to on-site verification (genchi genbutsu), and conducted audits mainly at factories



and consolidated subsidiaries in Japan. Outside Audit & Supervisory Board Members (Independent) also accompanied these audits to conduct reviews based on their expert knowledge and independent perspective. Frank and lively discussions took place, with the involvement of Audit & Supervisory Board Members.

## COLUMN

Outside Audit & Supervisory Board Member (independent)

**Junko Ueda**



"I serve as an audit & supervisory board member at XX Bank, which effectively means doing nothing." When I was teaching an adult course at a university in the Tokyo area 17 years ago, one of my students, who was serving as an audit & supervisory board member of a major bank, introduced himself in a self-deprecatory manner. Over 10 years had passed since it became a requirement for large companies to have an audit & supervisory board. But it seemed that audit & supervisory board members in those days were not very motivated. On the contrary, the Audit & Supervisory Board meetings at Aisin are always opportunities for free and vigorous discussions. Audit & Supervisory Board Members are always working at their full capacity, implementing elaborate audit plans in daily cooperation with the relevant internal departments, Audit & Supervisory Board Members 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 Executive Management

### Basic stance on remuneration of Executive Management

Our system for remuneration of our Executive Management is designed according to the following principles:

1. Remuneration shall motivate our executives to work toward achieving the AISIN Group's Philosophy 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 their corporate value and manage from the perspective of the shareholders.

### Remuneration structure for Executive Management

As Members of the Board of Directors oversee the operations of the company, the remuneration structure for Directors (other than Outside Directors) comprises a fixed monthly remuneration along with bonuses and share-based remuneration tied to results. Specifically, the base amounts of monthly remuneration, bonuses, and share-based remuneration 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 remuneration with no bonuses or share-based remuneration.

Configuration of remuneration for Members of the Board of Directors (other than Outside Directors)

	Fixed remuneration		Performance-linked remuneration	
			Short term	Long term
Remuneration structure	Monthly remuneration 50%		Bonuses 35%	Share-based remuneration 15%
Form of payment	Money		Shares	

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

Payment policy by remuneration type

<b>Monthly remuneration</b>	<ul style="list-style-type: none"> <li>• Remuneration of Members of the Board of Directors reflects factors such as the director's duties and experience, along with trends among other companies. Audit &amp; Supervisory Board Members' remuneration reflects factors such as their duties and trends among other companies.</li> <li>• Monthly remuneration will be paid regularly every month during the executive's tenure.</li> </ul>
<b>Bonuses</b>	<ul style="list-style-type: none"> <li>• 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 2023 were set based on our consolidated Operating Profit of ¥57.9 billion (results).</li> <li>• The remuneration for each executive is decided based on the company's results for each business year and the status of each executive's work.</li> <li>• Bonuses are paid once a year, after the Annual General Meeting of Shareholders for each business year.</li> </ul>
<b>Share-based remuneration</b>	<ul style="list-style-type: none"> <li>• Restricted stock remuneration is given as an incentive to increase shared value with our shareholders and thereby continuously improve our corporate value.</li> <li>• Share-based remuneration for eligible directors is decided based on factors such as the company's performance results and the directors' duties and achievements.</li> <li>• Share-based remuneration is paid once a year, after the Annual General Meeting of Shareholders for each business year.</li> <li>• For details on this system, see the "Securities Report" on p. 53 <a href="#">WEB</a>.</li> </ul>

## Remuneration standard for Executive Management

Remuneration for each level of Members of the Board of Directors 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.

## Method of deciding remuneration of Executive Management

In order to ensure objectivity and transparency in determining the amount and system of remuneration for Members of the Board of Directors, we have established the Executive Nomination & Compensation Committee chaired by an independent Outside Director and made up of a majority of independent Outside Directors.

The Board of Directors has resolved a policy for determining individual remuneration for directors and the total amount of remuneration for the current business year, and has also decided to leave the determination of individual remuneration amounts

to the Executive Nomination & Compensation Committee.

The Executive Nomination & Compensation Committee considers the executive remuneration system, and based on the policy for determining remuneration for each director established by the Board of Directors, decides the amount of individual remuneration based on factors such as the company's business performance, job responsibilities, and achievements.

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

Remuneration amount for Members of the Board of Directors and Audit & Supervisory Board Members

Classification of Executive Management	Total amount of remuneration, etc. (Million yen)	Totals for each type of remuneration (million yen)			Number of recipients (persons)
		Fixed remuneration	Performance-linked remuneration		
		Monthly remuneration	Bonuses	Share-based remuneration	
Members of the Board of Directors (including Outside Directors)	398 (57)	274 (57)	76 (-)	47 (-)	10 (4)
Audit & Supervisory Board Members (including Outside Members)	116 (24)	116 (24)	- (-)	- (-)	5 (3)
Total	514	390	76	47	15

Notes: 1. The above figures include two directors (no Outside Directors) and one Audit & Supervisory Board Member (outside auditor) who left the office upon conclusion of the 99th General Meeting of Shareholders on June 17, 2022.

2. Bonuses and share-based remuneration indicate the amount resolved at the Board of Directors meeting on May 23, 2023.

3. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total monthly remuneration and bonuses paid to all directors collectively must be no greater than 600 million yen per year (with no more than 75 million yen paid to Outside Directors).

4. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total share-based remuneration to be given to all non-Outside Directors collectively must be worth no more than 100 million yen per year.

5. It was decided at the 87th General Meeting of Shareholders on June 23, 2010 that the total monthly salary paid to all Audit & Supervisory Board Members collectively must be no more than 15 million yen per month.

## Executive Management

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

### Members of the Board of Directors



April 1980   Joined Toyota Motor Corporation  
 June 2009   Managing Officer of Toyota Motor Corporation  
 April 2014   Senior Managing Officer of Toyota Motor Corporation  
 January 2018   Executive Vice President of Toyota Motor Corporation  
 June 2020   Chairman of Toyota Central R&D Labs, Inc.  
 June 2021   President & Member of the Board of Directors of Aisin (current role)

#### Reason for appointment

Mr. Yoshida has gained management experience through his roles as Executive Vice President, 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 in all areas of management.

Number of Board of Directors meetings attended	<b>13/13 times (100%)</b>
--	---------------------------



April 1984   Joined Aisin-Warner Ltd.  
 June 2011   Director of Aisin AW Co., Ltd.  
 June 2013   Officer of Aisin AW Co., Ltd.  
 April 2014   Managing Officer of Aisin AW Co., Ltd.  
 April 2016   Senior Managing Officer of Aisin AW Co., Ltd.  
 June 2016   Director of Aisin AW Co., Ltd.  
 April 2020   Senior Executive Officer of Aisin Seiki  
                   Executive Vice President of Aisin AW Co., Ltd.  
 April 2021   Executive Vice President of Aisin  
 June 2021   Member of the Board of Directors of Aisin (current role)  
 April 2022   Senior Executive Officer of Aisin (current role)

#### Reason for appointment

Mr. Suzuki has worked for Aisin primarily in electronic technology, and became Executive Vice President & Member of the Board of Directors in 2021. He is now a Senior Executive Officer & Member of the Board of Directors, as well as the Chief Software & Digital Officer, and brings a wealth of experience and wide-ranging insights in DX and all areas of management.

Number of Board of Directors meetings attended	<b>13/13 times (100%)</b>
--	---------------------------



April 1983   Joined Aisin Seiki  
 June 2010   Managing Officer of Aisin Seiki  
 April 2017   Senior Managing Officer of Aisin Seiki  
 April 2019   Senior Executive Officer of Aisin Seiki  
 April 2021   Executive Vice President of Aisin  
 June 2021   Member of the Board of Directors of Aisin (current role)  
 April 2022   Senior Executive Officer of Aisin (current role)

#### Reason for appointment

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

Number of Board of Directors meetings attended	<b>13/13 times (100%)</b>
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April 1989   Joined Aisin AW Co., Ltd.  
 April 2015   Officer of Aisin AW Co., Ltd.  
 April 2020   Senior Managing Officer of Aisin AW Co., Ltd.  
 April 2021   Executive Vice President of Aisin  
 April 2022   Senior Executive Officer of Aisin (current role)  
 June 2022   Member of the Board of Directors 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 Senior Executive Officer & Member of the Board of Directors, the Chief Electric Strategy Officer, and the Chief Technology Strategy Officer, and brings a wealth of experience and wide-ranging insights in electrification strategy promotion and all areas of management.

Number of Board of Directors meetings attended	<b>11/11 times (100%)</b>
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**I** = Independent executive   **M** = Male   **F** = Female

## Members of the Board of Directors



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

### Reason for appointment

Ms. Hamada has a high level of expertise concerning the Companies Act and the Antimonopoly Act, and a wealth of experience and a wide range of insights in 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	13/13 times (100%)
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May 1988 Assistant Professor at the Institute of Information Sciences and Electronics of the University of Tsukuba  
 April 1992 Assistant Professor at the Faculty of Engineering of the University of Tokyo  
 April 1995 Assistant Professor at the School of Engineering of the University of Tokyo  
 April 1998 Assistant Professor at the affiliated Engineering Research Institute, School of Engineering, the University of Tokyo  
 March 2001 Director of the Society of Instrument and Control Engineers (SICE)  
 April 2006 Professor at the Faculty of Electro-Communications of the University of Electro-Communications  
 March 2012 Director and Vice-President of the Society of Instrument and Control Engineers (SICE)  
 Chief Director of the Control System Security Center  
 March 2013 Director and President of the Society of Instrument and Control Engineers (SICE)  
 April 2015 Professor at the University of Electro-Communications Graduate School of Informatics and Engineering  
 April 2018 Dean of Informatics and Engineering at the University of Electro-Communications  
 April 2020 Emeritus Professor of the University of Electro-Communications (current role)  
 October 2020 Director of Canon Medical Systems Corporation Advanced Research Institute (current role)  
 June 2021 Member of the Board of Directors of Aisin (current role)

### Reason for appointment

Mr. Shin has specialized expertise in metrology and control engineering in 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	13/13 times (100%)
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April 1972 Joined Toyota Motor Corporation  
 June 2004 Executive Director of DENSO Corporation  
 June 2007 Senior Executive Director of DENSO Corporation  
 June 2010 Executive Vice President of DENSO Corporation  
 June 2015 Vice Chairman of DENSO Corporation  
 February 2016 Advisor of Toyota Motor Corporation  
 April 2017 Senior Advisor of Toyota Motor Corporation  
 January 2018 Executive Vice President of Toyota Motor Corporation  
 Director of DENSO Corporation  
 June 2018 Director and Executive Vice President of Toyota Motor Corporation  
 April 2020 "Banto," Director, and Operating Officer of Toyota Motor Corporation  
 June 2021 Member of the Board of Directors of Aisin (current role)  
 June 2022 "Banto" and Operating Officer of Toyota Motor Corporation (current role)  
 April 2023 "Banto" and Executive Fellow of Toyota Motor Corporation (current role)

### Reason for appointment

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

Number of Board of Directors meetings attended	13/13 times (100%)
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April 1983 Joined Ministry of Finance  
 July 2011 Deputy Director-General of the Minister's Secretariat, Ministry of Finance  
 July 2015 First Deputy Commissioner of the National Tax Agency  
 June 2016 Director General of the Tax Bureau, Ministry of Finance  
 July 2019 Commissioner of the National Tax Agency  
 June 2021 Outside Director of Tokyu Fudosan Holdings Corporation (current role)  
 Board Member (Vice Chairman) of the General Insurance Association of Japan (current role)  
 June 2023 Member of the Board of Directors of Aisin (current role)

### Reason for appointment

In addition to his high level of expertise in finance, monetary policy, legal affairs, and compliance, which he has cultivated through his roles such as Director-General of the Ministry of Finance's Tax Bureau and Commissioner of the National Tax Agency, he has gained a wealth of experience and a wide range of insight through his experience in public affairs at overseas diplomatic missions, as well as supervisory experience as an outside director at companies in other industries.

Number of Board of Directors meetings attended	-
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**I** = Independent executive   **M** = Male   **F** = Female

## Audit & Supervisory Board Members



April 1981   Joined Aisin Seiki  
 June 2005   Managing Officer of Aisin Seiki  
 June 2009   Senior Managing Director of Aisin Seiki  
 June 2012   Director and Senior Managing Officer of Aisin Seiki  
 June 2013   Executive Vice President, Member of the Board of Directors of Aisin Seiki  
 April 2020   Executive Vice President of Aisin Seiki  
 June 2020   Member of the Board of Directors of Aisin Seiki  
 June 2021   Audit & Supervisory Board Member of Aisin (current role)



March 2008   Joined Aisin Seiki  
 January 2017   Project General Manager of Aisin Seiki's Finance & Accounting Department  
 January 2020   General Manager of Aisin Seiki's Audit & Supervisory Board Office  
 June 2021   Audit & Supervisory Board Member of Aisin (current role)



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



April 1982   Joined Nagoya City Hall  
 January 1986   Joined Ito Accounting Office, an auditing company  
 March 1989   Registered as a Certified Public Accountant  
 May 1995   Director of Ito Management Consultant Co., Ltd.  
 July 2005   Representative Partner at Chuo Aoyama Audit Corporation  
 August 2007   Representative Partner at Azusa Audit Corporation  
 July 2010   Partner at KPMG AZSA LLC  
 June 2022   Audit & Supervisory Board Member of Aisin (current role)  
 July 2022   Opened Katsuhiro Kashiwagi Certified Public Accountant Office (current)  
 August 2022   Opened Katsuhiro Kashiwagi Tax Accountant Office (current)

### Reason for appointment

Mr. Mitsuya has worked for Aisin primarily in the management division, as well as serving as Executive Vice President & Member of the Board of Directors, and brings knowledge about finance and accounting, a wealth of experience, and a wide range of insights in management.

Number of Board of Directors meetings attended	13/13 times (100%)
Number of Audit & Supervisory Board meetings attended	14/14 times (100%)

### 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	13/13 times (100%)
Number of Audit & Supervisory Board meetings attended	14/14 times (100%)

### Reason for appointment

Ms. Ueda has a high level of expertise in corporate law and a wealth of experience and a wide range of insights in 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	13/13 times (100%)
Number of Audit & Supervisory Board meetings attended	14/14 times (100%)

### 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 in company management.

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

## Stock holdings

### Basic policy regarding cross-shareholdings

From the viewpoint of improving capital efficiency, streamlining assets and enhancing governance, it is, in principle, our policy not to hold shares for policy purposes unless such shareholding is considered indispensable for the improvement of corporate value. In order to maintain sustainable growth by surviving the current intense competitions, we recognize the need to promote joint development of technology and business alliances through stock ownership. On the other hand, it is our policy to hold shares for policy purposes only when such stockholding is deemed essential for improving corporate value, following an examination of the significance of cross-shareholding from the perspective of whether it is possible to maintain business relationships without cross-shareholding.

### Method for verifying whether to hold shares

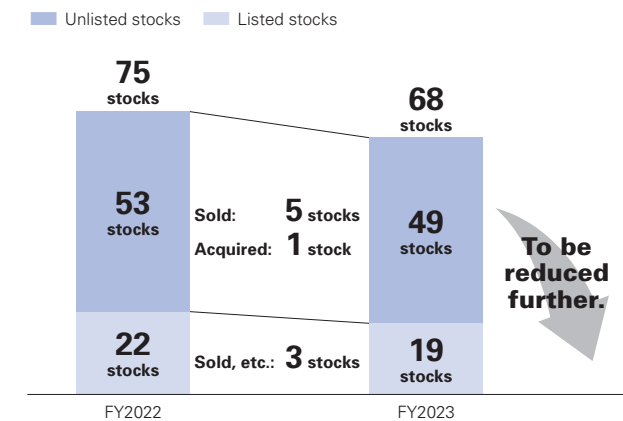
We examine the significance of cross-shareholdings from the perspective of whether it is possible to maintain and expand business relationships without holding the relevant shares, and verify the details, reduction results and future reduction policy at the Board of Directors meeting in each business term.

### Standard for exercising voting rights

Voting rights are not exercised by making uniform yes/no judgments according to regular short-term standards. Rather, points such as the management policies and strategies of the relevant investee companies are properly respected, and decisions are made from the perspective of corporate value in the medium to long term and whether the decision will contribute to maintaining or increasing shareholder returns. When exercising voting rights, we pay attention to the points, such as whether the investee company focuses on growth and shareholder interests in its management, and check each proposal. Individual reviews are conducted in accordance with internal rules, and the outcome of dialogue with the relevant company and other factors are taken into account to decide whether to agree to a proposal.

### Initiatives to reduce shareholding

If we determine that our stock holdings are not essential to improve our corporate value, we reduce them through dialogue with our business partners. During the fiscal year under review, we sold 3 out of 22 listed stocks and 5 out of 53 unlisted stocks.



### Shareholding (as of the end of current fiscal year)

	Stocks Balance sheet amount (March 31, 2023)	Stocks for which we increased our shares in FY2023	Stocks for which we decreased our shares in FY2023
Unlisted stocks	49 stocks 18,085 million yen	1 stock 300 million yen	7 stocks 137 million yen
Listed stocks	19 stocks 163,831 million yen	-	3 stocks 229 million yen

# Ten-year Consolidated Financial Summary

	Japanese accounting standards (JGAAP)		International Financial Reporting Standards (IFRS)								
	(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Million yen)											
<b>Financial condition and operating results</b>											
Revenue (net sales)		2,822,215	2,964,619	3,245,985	3,562,622	3,908,937	4,043,110	3,784,585	3,525,799	3,917,434	<b>4,402,823</b>
Revenue ratio of overseas locations (%)		36.5	39.3	43.7	41.8	41.1	41.2	42.1	42.3	44.6	<b>49.6</b>
Operating Profit		171,196	166,103	192,722	228,691	253,808	205,562	56,129	145,332	182,011	<b>57,942</b>
Profit before income taxes (income before income taxes and non-controlling interests)		189,462	184,062	194,060	237,311	268,171	217,486	53,395	167,523	219,983	<b>73,741</b>
Profit attributable to the owners of the parent for the period (Profit attributable to the shareholders of the parent for the period)		90,089	77,550	100,332	126,653	134,551	110,123	24,061	105,638	141,941	<b>37,670</b>
Equity attributable to owners of the parent company (equity capital)		999,540	1,161,199	1,168,953	1,236,385	1,310,176	1,346,902	1,280,165	1,535,512	1,756,516	<b>1,751,326</b>
Total assets		2,587,623	2,931,175	3,009,377	3,338,339	3,527,910	3,751,880	3,992,652	4,027,103	4,205,801	<b>4,135,826</b>
Capital expenditure		204,736	247,815	294,188	237,449	260,315	389,932	290,646	190,268	218,771	<b>221,494</b>
Depreciation		149,038	161,028	186,197	197,168	213,430	226,418	242,167	240,016	245,257	<b>263,562</b>
R&D expenditure		144,383	149,132	162,635	167,719	182,900	202,190	205,823	189,850	194,162	<b>218,631</b>
R&D to revenue ratio (%)		5.1	5.0	5.0	4.7	4.7	5.0	5.4	5.4	5.0	<b>5.0</b>
<b>Per share information (unit: yen)</b>											
EPS (basic earnings per share [earnings per share]) (yen)		319.48	274.69	354.53	444.46	490.22	408.64	89.28	391.96	526.66	<b>139.77</b>
BPS (equity attributable to owners of the parent per share [net assets per share]) (yen)		3,542.60	4,109.21	4,127.31	4,426.12	4,861.68	4,997.99	4,750.07	5,697.30	6,517.34	<b>6,497.86</b>
Dividends (yen)		95	95	100	125	150	150	120	120	170	<b>170</b>
Dividend payout ratio (%)		29.7	34.7	28.2	28.1	30.6	36.7	134.4	30.6	32.3	<b>121.6</b>
<b>Cash flow</b>											
Net cash provided by (used in) operating activities		286,606	239,771	294,184	394,812	311,542	354,942	327,552	343,314	193,343	<b>237,970</b>
Net cash provided by (used in) investing activities		-265,405	-261,354	-228,437	-229,109	-229,346	-414,494	-273,876	-138,175	-204,952	<b>-186,857</b>
Net cash provided by (used in) financing activities		-1,886	-17,734	-88,162	-31,617	-73,634	13,164	275,382	-373,880	-135,859	<b>-127,752</b>
Free cash flow		21,201	-21,583	65,747	165,703	82,196	-59,552	53,676	205,139	-11,609	<b>51,112</b>
Cash and cash equivalents		328,024	294,692	263,217	394,559	406,508	357,195	675,162	520,028	386,906	<b>317,693</b>
<b>Consolidated financial indicators</b>											
Operating profit ratio (%)		6.1	5.6	5.9	6.4	6.5	5.1	1.5	4.1	4.6	<b>1.3</b>
Ratio of equity attributable to owners of the parent (net assets excluding subscription rights to shares and non-controlling interests as a percentage of the total) (%)		38.6	39.6	38.8	37.0	37.1	35.9	32.1	38.1	41.8	<b>42.3</b>
ROE (ratio of profit to equity attributable to owners of the parent [return on equity]) (%)		9.7	7.2	8.4	10.5	10.6	8.3	1.8	7.5	8.6	<b>2.1</b>
ROIC (return on invested capital) (%)*		11.4	9.0	9.8	11.5	11.6	8.6	1.7	5.1	6.6	<b>1.8</b>

[ ] indicates Japanese accounting standards (JGAAP).

1. Since FY2017, we have been preparing consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). In addition, figures for FY2016 have been reclassified based on the IFRS.

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 fixed assets)

# Stock situations

## Major shareholders (Top 10)

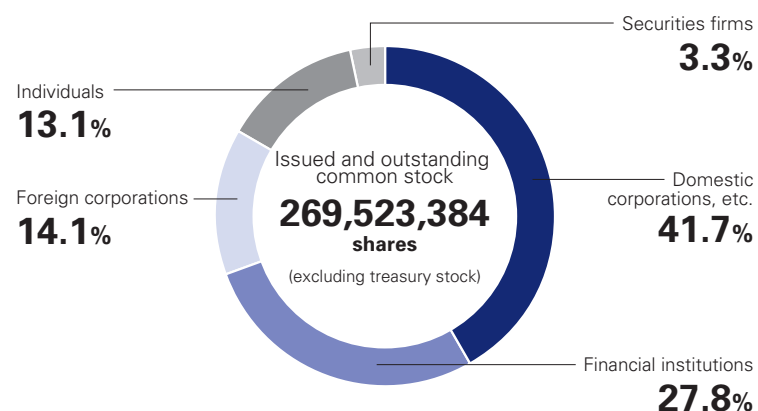
As of March 31, 2023

Shareholder's name	Number of shares held (1,000 shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.80
The Master Trust Bank of Japan, Ltd. (trust account)	26,682	9.89
Toyota Industries Corporation	20,711	7.68
DENSO Corporation	12,964	4.81
Custody Bank of Japan, Ltd. (trust account)	10,980	4.07
Aisin employee stock ownership	7,134	2.64
TOYOTA FUDOSAN CO., LTD.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Kochi Shinkin Bank	5,225	1.93
National Mutual Insurance Federation of Agricultural Cooperatives	3,439	1.27

Notes: 1. Aisin owns 25,151,000 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 shares of treasury stock from the number of issued and outstanding shares of common stock.

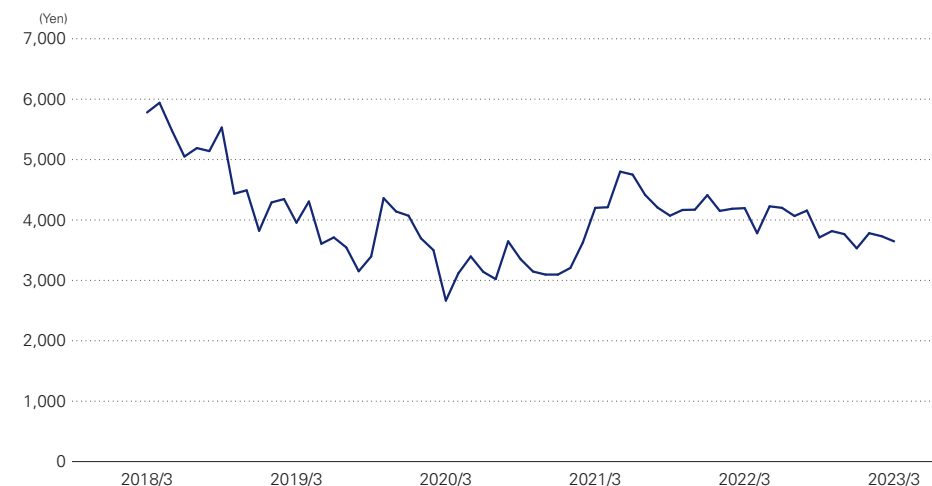
## Distribution of stock by owner

As of March 31, 2023



## Stock price trend and total shareholder return (TSR)

### Stock chart



Year	Stock price*1 (yen)	Dividend (yen)	Total shareholder return*2 (%)
2023/3	3,645	170	75.7
2022/3	4,195	170	82.3
2021/3	4,200	120	79.4
2020/3	2,664	120	50.8
2019/3	3,955	150	71.0
2018/3	5,780		

\*1 The stock price is the closing price at the end of the fiscal year.

\*2 Calculated based on March 2018

# Non-financial data

## HR data

As of March 31 of each fiscal year

KPI			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Number of employees</b> *1	AISIN Group	Non-consolidated	persons	14,439	14,986	15,493	36,489	35,610
	AISIN Group	Global		119,732	119,535	118,359	117,177	116,649
<b>Permanent employees</b>	Permanent employees by gender and ratio of women	Non-consolidated	Male	13,098	13,356	13,418	33,467	32,677
			Female	1,905	1,987	2,073	4,377	4,331
			Ratio of women	12.7	13.0	13.4	11.6	11.7
		Global	Male	-	-	-	97,754	97,445
			Female	-	-	-	19,989	20,216
			Ratio of women	-	-	-	17.1	17.2
			Male	17	16	19	8	15
			Female	8	7	10	8	8
<b>Regular recruitment</b>	General administrative positions		Ratio of women	32.0	30.4	34.5	50.0	34.8
			Male	105	135	106	114	107
			Female	13	12	14	15	26
	General technical positions	Non-consolidated	Ratio of women	11.0	8.2	11.7	11.6	19.5
			Male	219	326	250	151	141
			Female	34	69	54	32	40
	Skilled positions		Ratio of women	13.4	17.5	17.8	17.5	22.1
			Male	0	0	0	0	1
			Female	16	13	13	1	0
	General office work		Ratio of women	100.0	100.0	100.0	100.0	0.0
			Male	3.4	3.5	3.5	3.4	3.4
			Female	-	3.4	3.4	3.4	3.4
<b>Job satisfaction (Engagement)</b>	Job satisfaction (according to results of employee awareness survey)*2	Non-consolidated	Average value	-	-	-	3.4	3.4
		4 companies		-	-	-	3.4	3.4
	Turnover (resignation)	12 companies		1.2	1.3	1.3	1.8	1.9
		Non-consolidated	%	1.3	1.8	1.6	1.8	1.8
<b>Diversity and inclusion</b>	Ratio of female Executive Management*3	Executive Management	Male	13	13	10	9	9
			Female	1	1	3	3	3
			Ratio of women	7.1	7.1	23.1	25.0	25.0
		Department heads	Male	515	539	546	1,157	1,161
			Female	8	13	17	25	27
			Ratio of women	1.53	2.36	3.02	2.12	2.27
	Ratio of female managers	Section heads	Male	1,552	1,639	1,710	3,314	3,458
			Female	49	56	59	95	103
			Ratio of women	3.06	3.30	3.34	2.79	2.89
		Management staff	Male	2,067	2,178	2,256	4,471	4,619
			Female	57	69	76	120	130
			Ratio of women	2.68	3.07	3.26	2.61	2.74
	Ratio of female team leaders	Team heads	Male	3,507	3,641	3,807	5,712	5,800
			Female	166	175	200	229	292
			Ratio of women	4.52	4.59	4.99	3.85	4.79

Note: The four companies for FY2022 and thereafter: 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 represents the number of employed persons, excluding employees seconded from Aisin to outside companies, but including employees seconded from outside companies to Aisin. (The information disclosed in our Securities Report.)

\*2 Job satisfaction (according to results of an employee awareness survey): Evaluated on a 5-point scale. Job satisfaction is measured by questions about "job fulfillment" and "job adaptability."

\*3 Ratio of female executive management (non-consolidated): Members of the Board of Directors and Audit & Supervisory Board Members (The information is disclosed in our Securities Reports.)

## HR data

KPI				Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Diversity and inclusion</b>	Newly appointed managers	Non-consolidated	Male	persons	-	-	-	361	380
			Female		-	-	-	29	13
			Ratio of women	%	-	-	-	7.4	3.3
	Ratio of mid-career employees in management positions	Non-consolidated	Male mid-career managers	persons	496	558	596	1,156	1,235
			Female mid-career managers		14	18	21	32	35
			Ratio of mid-career employees in management positions	%	24.0	25.6	26.5	25.9	26.9
	Percentage of local employees among executives (executive vice president level and above) at overseas subsidiaries* <sup>4</sup>	Non-consolidated* <sup>5</sup>	Local employees	persons	72	73	87	71	75
			Number of posts	posts	217	222	243	208	217
		Global	Ratio of local employees	%	33.2	32.9	35.8	34.1	34.6
			Local employees	persons	107	112	122	106	110
			Number of posts	posts	317	337	337	304	318
<b>Work-life balance</b>	Paid leave taken* <sup>6</sup>	Non-consolidated		%	98.9	98.7	98.0	95.4	101.0
	Average number of years worked	Non-consolidated	Male	year	16.1	16.2	16.5	16.2	16.2
			Female		12.8	12.9	13.1	12.7	12.7
			Whole		15.7	15.8	16.0	15.8	15.8
	Average non-statutory working hours per month* <sup>7</sup>	Non-consolidated		hours	29.7	25.0	16.2	24.3	26.1
	Ratio of male employees using parental leave systems* <sup>8</sup>	Non-consolidated		%	6.0	8.7	12.2	17.2	34.0
	Percentage of male employees taking childcare leave and holidays for childcare purposes* <sup>9</sup>	Non-consolidated		%	-	-	-	-	95.7
<b>Labor safety and health</b>	Rate of disabling injuries occurring in the workplace	Non-consolidated 12 companies		%	0	0	0	0	0
					0.11	0.08	0.07	0.14	0.17

\*<sup>4</sup> Percentage of local employees among executives (executive vice president level and above) at overseas subsidiaries: Number of subject overseas subsidiaries is 115. (President, Executive Vice President, and Members of the Board of Directors)

\*<sup>5</sup> Non-consolidated: 74 overseas subsidiaries of Aisin

\*<sup>6</sup> Ratio of paid leave taken: The denominator is the number of days granted in a single year. In addition to the number of days of paid leave taken, the numerator also includes the number of days taken for Anshin (secured) holidays (a system that allows an employee to accumulate up to 20 days of expiring paid leave and use them for personal injury or illness, nursing care, or childbirth and childcare).

\*<sup>7</sup> Average non-statutory working hours: The average for union members

\*<sup>8</sup> Ratio of childcare leave taken by male employees: From FY2019 to FY2022, those who took childcare leave in the relevant year were counted. Starting in FY2023, based on the provisions of the Japanese law "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), we calculate the rate of childcare leave, etc. taken under Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991).

\*<sup>9</sup> Percentage of male employees taking childcare leave and holidays for childcare purposes: The rate was calculated for childcare leave and holidays for childcare purposes taken under Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991), based on the provisions of the Japanese law "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991). The rate may exceed 100% if there are male workers who took childcare leave or holidays for childcare purposes in a different year from the year in which their spouses gave birth. Holidays for childcare purposes include special leave (a system that allows a father of children below two years of age to take five days of leave per child to attend his wife's childbirth and/or take care of their children) and Anshin (secured) holidays.

## Environmental data

### CO<sub>2</sub> emissions by Scope

FY	2020	2021	2022	(10,000 t-CO <sub>2</sub> ) 2023
Scope1	<b>63.1</b>	<b>57.7</b>	<b>60.2</b>	<b>53.3</b>
Scope2	<b>208.1</b>	<b>190.8</b>	<b>196.3</b>	<b>174.6</b>
Scope3* <sup>1</sup>	<b>1,586.8</b>	<b>1,511.3</b>	<b>1,569.8</b>	<b>1,542.4</b>
Total	<b>1,858.0</b>	<b>1,759.8</b>	<b>1,826.3</b>	<b>1,770.3</b>

#### Boundary of Scope 1 and 2:

FY2020: Production sites of Aisin and 129 consolidated companies  
FY2021: Production sites of Aisin and 135 consolidated companies  
FY2022: Production sites of Aisin and 137 consolidated companies  
FY2023: Production sites of Aisin and 136 consolidated companies

#### Boundary of Scope 3:

Group companies in Japan

\*1 Past figures have been updated following the revision of the calculation methodology. We will continue to review calculation methodology according to the situation to obtain more optimal figures.

### Life cycle CO<sub>2</sub> emissions (Reduction target)

The figures used for life cycle CO<sub>2</sub> are different from the above "CO<sub>2</sub> emissions by Scope."  
Target: Reduction of at least 25% in FY2031 compared to FY2020

FY	2020	2021	2022	(10,000 t-CO <sub>2</sub> ) 2023
Scope1	<b>63.1</b>	<b>57.7</b>	<b>60.2</b>	<b>53.3</b>
Scope2	<b>208.1</b>	<b>190.8</b>	<b>196.3</b>	<b>174.6</b>
Scope3* <sup>2</sup>	<b>1,513.3</b>	<b>1,437.9</b>	<b>1,490.3</b>	<b>1,455.1</b>
Total	<b>1,784.5</b>	<b>1,686.4</b>	<b>1,746.8</b>	<b>1,683.0</b>

The locations covered by Scope 1, 2 and 3 are the same as the above-mentioned "CO<sub>2</sub> emissions by Scope."

\*2 Target categories: 1, 2, 3, 4, 5, 6, 7, 11, 12 and 15 (excluding CO<sub>2</sub> emissions from equity method affiliates)

### Water use

FY	2019	2020	2021	2022	(10,000 m <sup>3</sup> ) 2023
	<b>1,578</b>	<b>1,523</b>	<b>1,489</b>	<b>1,505</b>	<b>1,402</b>

#### Boundary Domestic and overseas group companies

FY2019: Production sites of Aisin and 130 consolidated companies  
FY2020: Production sites of Aisin and 129 consolidated companies  
FY2021: Production sites of Aisin and 135 consolidated companies  
FY2022: Production sites of Aisin and 136 consolidated companies  
FY2023: Production sites of Aisin and 136 consolidated companies

### Amount of waste generated

FY	2019	2020	2021	2022	(10,000 t) 2023
Domestic* <sup>3</sup>	<b>17.3</b>	<b>15.8</b>	<b>13.2</b>	<b>14.3</b>	<b>12.8</b>
Overseas* <sup>3</sup>	<b>-</b>	<b>3.4</b>	<b>2.4</b>	<b>3.3</b>	<b>2.0</b>

#### Scope Boundary

Domestic: All domestic group companies  
Overseas: All overseas group companies

\*3 Waste included in the amount of waste generated (domestic): Industrial waste (reclamation, external intermediate treatment and external unprofitable recycling)  
Waste included in the amount of waste generated (overseas): Hazardous waste

# External Awards and Recognition

Aisin has received high evaluations from various external evaluation organizations for its sustainability initiatives.

## Status of inclusion in ESG indices



FTSE4Good

### FTSE4Good Index Series

<https://www.lseg.com/en/ftse-russell>



FTSE Blossom  
Japan

### FTSE Blossom Japan Index

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



FTSE Blossom  
Japan Sector  
Relative Index

### FTSE Blossom Japan Sector Relative Index

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



### S&P/JPX Carbon Efficient Index



Sompo Sustainability Index

### Sompo Sustainability Index

## External evaluation regarding ESG



### Health & Productivity 2023 (White 500)

Awarded for seven consecutive years from FY2016  
Health & Productivity 2023 (Large Organization Category) White 500



### Nadeshiko brand

Awarded for three consecutive years from FY2020  
Selected for the "Nadeshiko Brand" as a company where women play key roles



### CDP

In FY2023, we were selected for the "A List" (the highest rating) in the "Water Security" category by CDP, an international non-profit organization that evaluates companies' environmental efforts. In addition, we received a "B" rating for "climate change."



### Digital Transformation Certification

Certified sequentially in FY2022 and FY2024  
Selected as a DX-certified business operator



### ESG Finance Award Japan (Ministry of the Environment)

Received the bronze award in the Environmentally Sustainable Companies category of the 4th ESG Finance Awards Japan



### "Excellent Integrated Reports" Selected by GPIF's Asset Managers Entrusted with Domestic Equity Investment

AISIN GROUP REPORT 2022 (Integrated Report) was selected for the first time in FY2023.

## Company Profile

<b>Company name</b>	AISIN CORPORATION
<b>Capital</b>	45 billion yen
<b>Head Office</b>	448-8650 2-1 Asahi-machi, Kariya, Aichi, Japan Phone: +81-0566-24-8441
<b>Representative</b>	Moritaka Yoshida, President
<b>Employees</b>	35,610 (non-consolidated) 116,649 (consolidated) (as of March 31, 2023)
<b>No. of consolidated companies</b>	Consolidated subsidiaries: 199 (74 in Japan and 125 overseas) Equity method affiliates: 10 (6 in Japan and 4 overseas) (as of March 31, 2023)
<b>Businesses</b>	Manufacture and sale of automotive parts and energy- and lifestyle-related products

**For inquiries:**  
**Corporate Planning Department and**  
**Public Affairs Department**



**AISIN CORPORATION**