

# Integrated Report 2024





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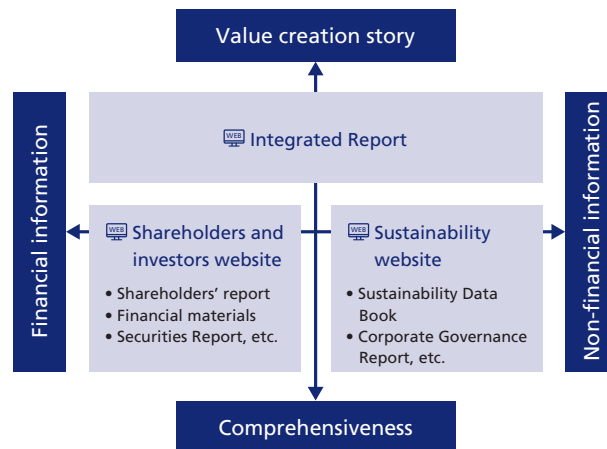
## Editorial Policy

The AISIN Integrated Report was created with the aim of helping our stakeholders understand our medium- to long-term value creation. We will use this Report as a dialogue tool to further enhance our corporate value.

The Integrated Report 2024 presents our medium- to long-term business strategies as well as our management capital strategies to achieve these. Regarding our environmental, social and governance (ESG) initiatives, we have focused on items closely related to these strategies. For other details, please see our Sustainability Data Book.

We referred to the IFRS “International Integrated Reporting Framework” and the Ministry of Economy, Trade and Industry’s “Guidance for Collaborative Value Creation” in editing this Report.

### Framework for information disclosure

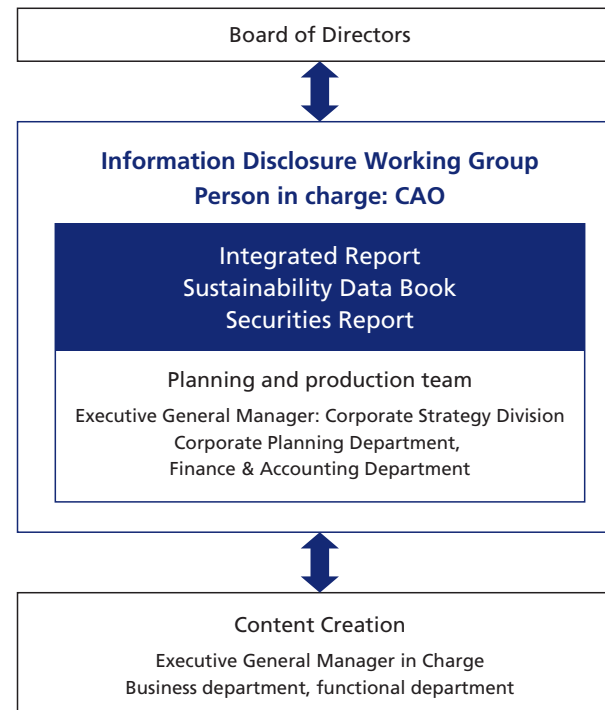


### Note regarding forward-looking statements

With the exception of matters relating to past or present facts, the content of this Report constitutes forward-looking statements based on future projections and plans.

These forward-looking statements are based on information currently available at the time of planning and include various uncertainties, and hence may differ from actual results and performance.

### Integrated Report publishing process



### Period

Primarily FY2024 (April 1, 2023 to March 31, 2024), with some information related to activities outside this period.

### Scope

In principle, this Report covers the AISIN Group (AISIN Corporation and its consolidate 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 financial 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 Keikinzoku, AISIN Development, AISIN Kiko, AISIN Sin'ei, AISIN Fukui, Hosei Brake Industry, ADVICS, AISIN Shiroki, ART Metal Mfg.

### Reporting cycle

Published annually as an annual report

### Published

November 2024



## AISIN Group Philosophy

Our Group Philosophy represents the purpose and mission of our Group and serves as the foundation for company management. We will continue to provide new value to our colleagues, customers and the world as we strive toward a sustainable society.

# Inspiring “movement”, creating tomorrow

## Mission

**We will deliver beauty to our future earth, bringing freedom and happiness to “movement”.**

## Vision

**We will act on our dreams and aspirations, show concrete solutions to environmental and social challenges, focusing on the evolution of “movement” by way of clean power as the core and create a safe and comfortable future for everyone.**

## Value

**To our colleagues,  
growth and  
happiness**

**To our customers,  
inspiration and  
trust**

**To the future,  
a sustainable  
environment**

### AISIN Group Charter of Sustainability

**Sustainability management  
we aim for**

### AISIN Group Way

**Be proactive,  
make change!**

**Raise individuals,  
expand dreams!**

**Advance,  
build the future!**

**Safety, health, customer first, and quality supremacy  
are the foundations of all.**



## AISIN Group Charter of Sustainability

We established the AISIN Group Charter of Sustainability as a code of conduct of the company to realize our Group Philosophy. The Charter declares our fundamental stance on sustainability, and we are committed to implementing it throughout the supply chain.

 AISIN Group Charter of Sustainability

### Sustainability management we aim for

1



#### Contribution to a sustainable society through business

Create new value by leveraging comprehensive strengths as a Group, technology, and manufacturing

2



#### Compliance

Engage in corporate activities respecting integrity, honesty, fairness, and local culture and history

3



#### Respect for human rights

Respect human rights working with stakeholders

4



#### Constructive dialogue with stakeholders

Maintain and develop trusting relationships

5



#### Relationships of trust with customers

Exceed customer expectations with our products and services to gain satisfaction and trust

6



#### Partnership toward mutual trust and development

Implement this Charter in collaboration with the supply chain

7



#### Corporate culture of challenge-taking

Respect diversity and individuality and create a workplace where everyone can grow and play active role

8



#### Engagement in environmental issues

Address social issues pursuing the harmony between people and the environment

9



#### Social contribution to social development

Create value for society actively working with stakeholders

10



#### Thorough risk management

Proactively conduct risk management against increasingly complex and diverse risks

11



#### Role of senior management

Management to realize the spirit of this Charter

**Safety, health, customer first, and quality supremacy are the foundations of all.**



## AISIN Group Way

## 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.
- Let's learn from history and value our predecessors.

**Safety, health, customer first,  
and quality supremacy 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.

**Quality Supremacy**

The attitude that all of us, from the perspective of customers, should pursue a vision and the true nature of things in all corporate activities to provide satisfaction and excitement to customers.

**Thoughts on AISIN by Minoru Toyoda**

I manage the AISIN Group based on the philosophy of Quality Supremacy.

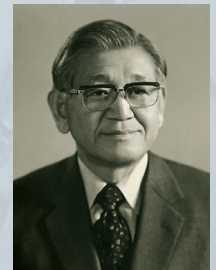
This is because we have come to realize from our many experiences to date that **creating quality accepted by society is an absolute requirement for the survival of the Company.**

(omitted)

I believe that running a company means pursuing dreams and ambitions that contribute to the prosperity of humanity and society, and to achieve this, **we must continually improve our technology and management based on the concept of Quality Supremacy.**

This is the key to corporate growth.

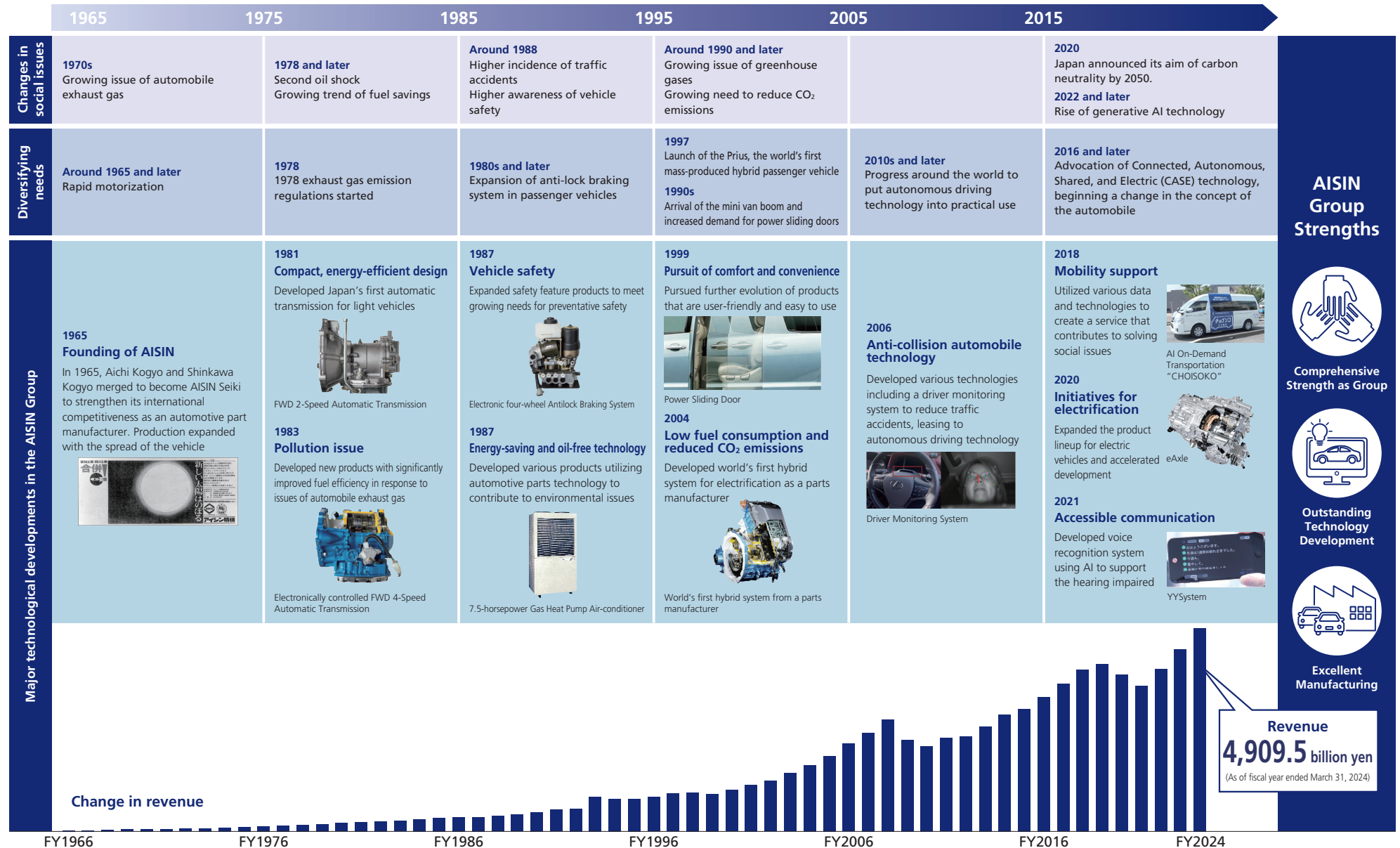
"Quality Company: Quality Supremacy Management and its Practice" by Minoru Toyoda (Chairman of AISIN Corporation and President of AISIN-Warner in 1978)





## AISIN Addresses Social Issues

Since AISIN's inception in 1965, we have been addressing social issues and diversifying needs while supporting the proliferation of the automobile industry. Backed by our comprehensive strength as a group, we will continue to create a more sustainable society through our outstanding technology development and excellent manufacturing processes cultivated over decades.





## Three Strengths

We will refine the three core strengths that have served as a cornerstone since our founding as we continue to provide value that meets diversifying needs.



### Comprehensive Strength as Group

Global business foundation and wide range of business domain

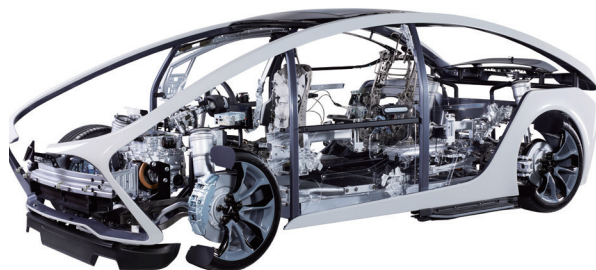
#### Global business foundation

Through business with major car manufacturers around the world, AISIN has built a global business foundation, from R&D to production, sales, and after-sales service. Together with our many employees and suppliers, we continue to provide attractive products and services that meet diverse regional needs.

#### Wide range of business domain

As a parts producer with a deep understanding of auto manufacturing due to our close work with OEMs, AISIN provides a plethora of products and services that support mobility. We create new value by combining our vast, expertly cultivated technologies such as material and construction method technology. We also use our specialized expertise to challenge ourselves with business in other domains such as energy to meet various market needs.

Product lineup that covers almost all areas that make up a car



### Outstanding Technology Development

Technical capabilities that meet the diverse expectations of customers and society

#### Global development framework

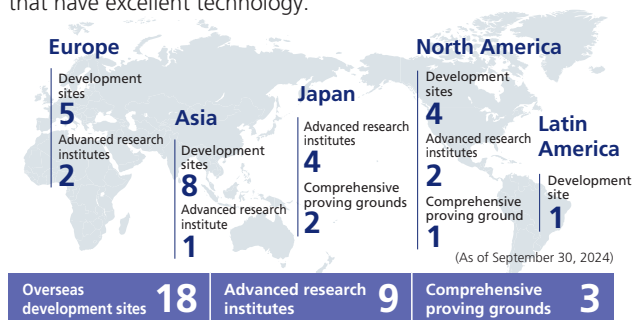
AISIN has built a global R&D framework by establishing development bases to support global product development and advanced research facilities to achieve future technological breakthroughs.

#### Unique comprehensive evaluation and analysis framework

In 1970, we established a general testing facility equipped with a test circuit, allowing us to verify and enhance product performance and durability using the latest equipment. The facility also featured a test course that reproduced road conditions from around the world. We will continue to enhance the appeal and value of our products through real and digital results, using digital model simulations to enable diverse testing and evaluation with instant feedback.

#### Developing cutting-edge technology in collaboration with various industries

Rather than relying on self-sufficiency, we are actively pursuing joint R&D with industry, government, and academia as well as open innovation activities with startup companies that have excellent technology.



Global development framework to meet the needs in regions around the world



### Excellent Manufacturing

Competence of shaping and embodying

#### Production technology in pursuit of excellence

AISIN constantly pursues excellence, continuing to innovate original manufacturing methods and production equipment unique to the Company to support next-generation products. In addition, we are building and maintaining a framework to produce quality products in every region of the world.

#### Highly trained ability for improvement

The corporate culture and climate of kaizen, to improve on what we have, is deeply rooted at AISIN. Since our founding, we have greatly contributed to society as a company that continues to produce high-quality products by incorporating full-scale quality control activities.

#### Human resources development to pass down excellent manufacturing

It has 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. In addition, we are actively incorporating new education such as AI to meet challenging times. We are focused on developing talent that can thrive in this new era.



Innovative aluminum die casting plant with excellent quality and productivity



## At a Glance

Established

**1965**

Global consolidated employees

Approx. **115,000**

R&amp;D expenditure

**225.5** billion yenAutomobile parts  
sales ranking\*Domestically **2<sup>nd</sup>** Globally **7<sup>th</sup>**

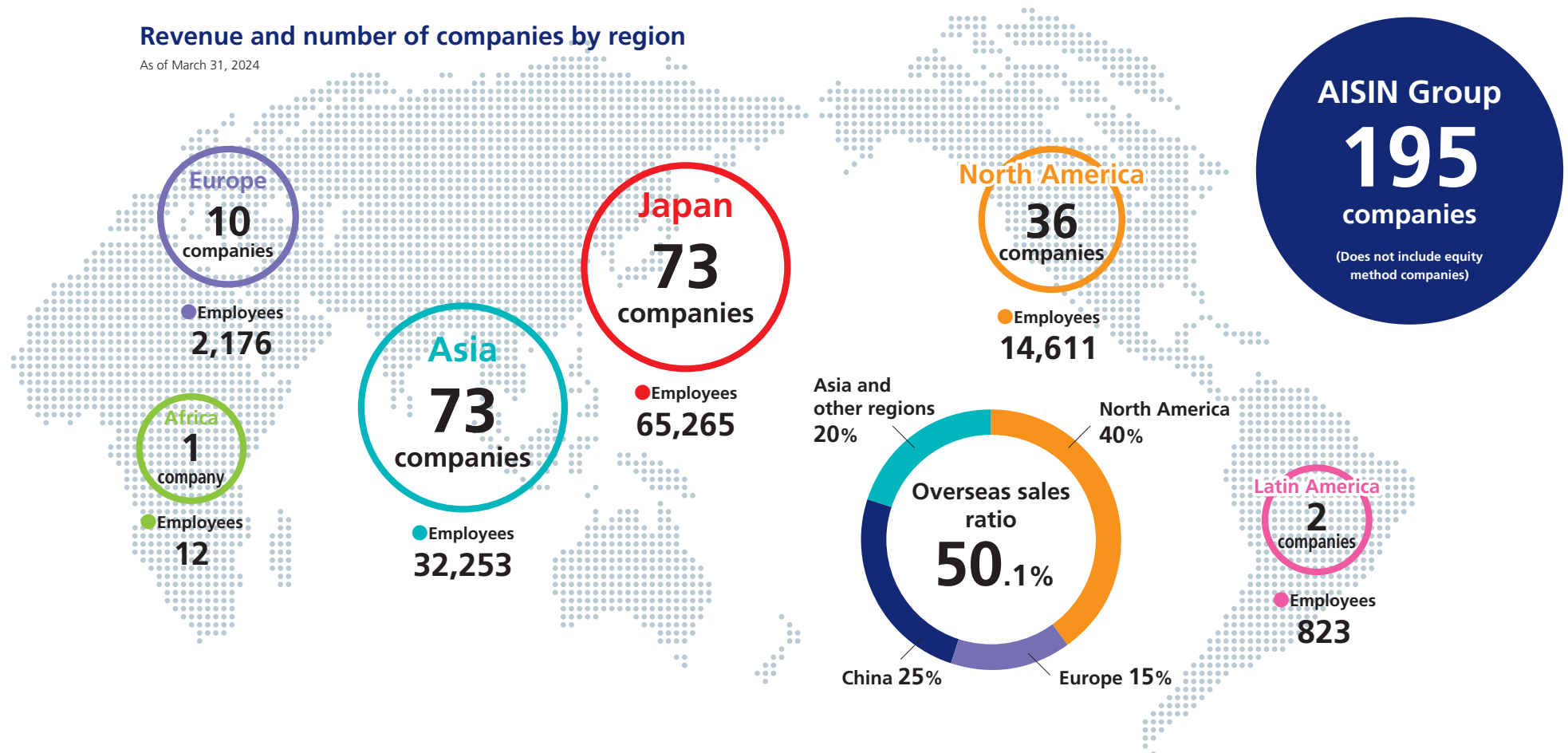
\*Based on revenue from January to December 2023; Source: "Automotive News"

Number of patents held

**8,459**

### Revenue and number of companies by region

As of March 31, 2024





## At a Glance

### Revenue by business category

We are engaged in a wide range of businesses, such as mobility and energy, to meet diversified needs, utilizing our specialized expertise in various business domains.

#### CSS<sup>\*1</sup> and Others

**2.5%**  
**123.4**  
billion yen



AI On-Demand Transportation  
"CHOISOKO"



Car navigation system

#### Body

**19.1%**  
**939.2**  
billion yen



Power sliding door



Sunroof



Grille shutter

#### Chassis and Vehicle Safety System

**20.1%**  
**989.1**  
billion yen



Automated parking system



Cooperative  
regenerative brake system



Disc brake

#### Aftermarket<sup>\*2</sup>



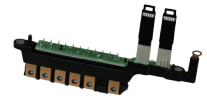
Repair and maintenance products

#### Raw Materials<sup>\*2</sup>



High-performance spray-type  
damping coat

#### Electronic Parts<sup>\*2</sup>



Electric current sensor

### Energy Solutions and Others

**2.8%**  
**135.0**  
billion yen



Cogeneration system  
for residential use



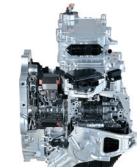
Gas heat pump  
air-conditioner (GHP)

#### Powertrain

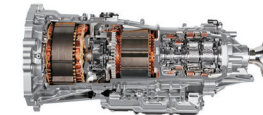
**55.5%** **2,722.7** billion yen



eAxe (150 kW)



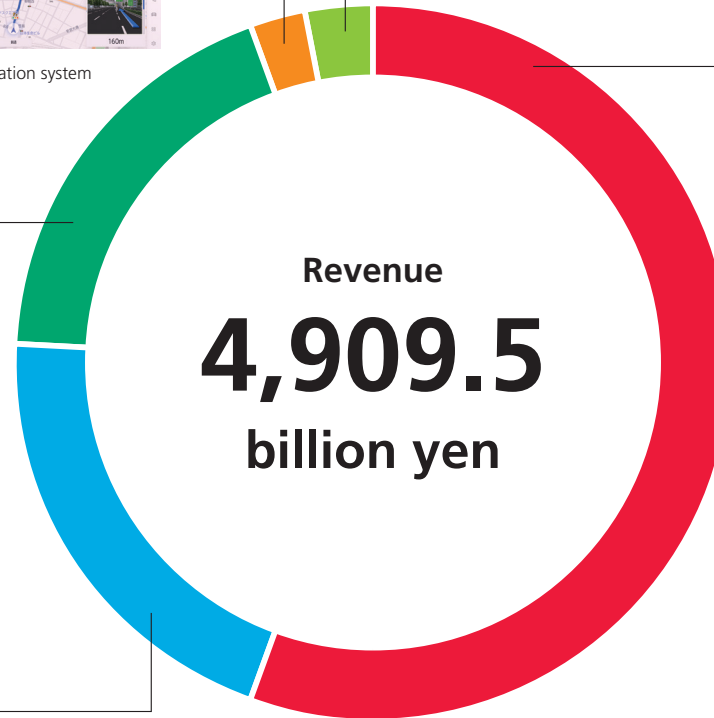
FWD 1-motor hybrid  
transmission



RWD 2-motor multi-stage  
hybrid transmission



Electric water pump  
for engine cooling



<sup>\*1</sup> Connected & Sharing Solution

<sup>\*2</sup> The revenue is included in each business category.



## Message from the President

# Steadily Moving Ahead with AISIN's Full Model Change

Creating a company where all personnel vigorously challenge themselves and grow



**Moritaka  
Yoshida**  
President

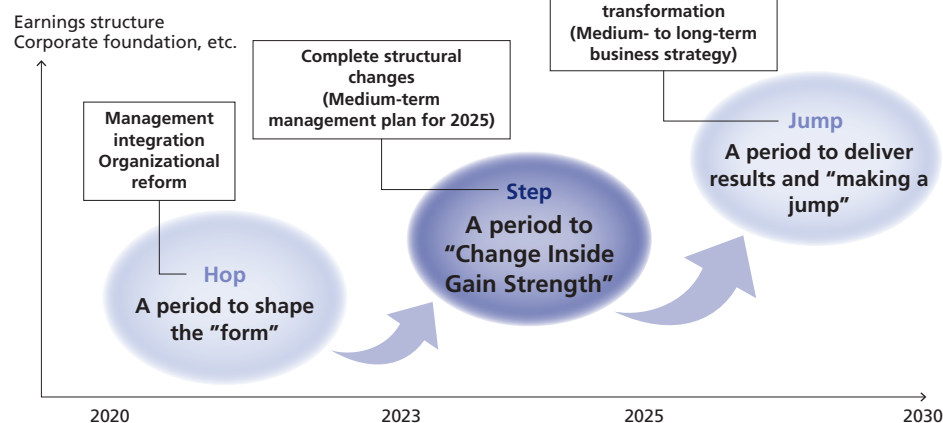
### Looking back on FY2024

When the global pandemic finally came to an end in 2023, semiconductor supplies generally normalized, but the business environment remained challenging due to spiking costs of energy, raw materials and personnel, as well as elevated geopolitical risks.

Despite these challenges, our net sales for FY2024 increased year-on-year to ¥4,909.5 billion (+¥506.7 billion YoY). This is largely attributed to the depreciated yen, the increase in electric units sold and the number of vehicles produced primarily in Japan and the USA due to recovery in semiconductor demand. Although some quality-related expenses were recorded, operating profit increased to ¥143.3 billion (+¥85.4 billion) due to the realigning of our corporate framework and business environment.

Our continuous improvements to our corporate structure and operations since the start of our management integration in 2021 as well as the fruits of our active investment in the electrification domain are key factors to this outstanding performance. We can truly see the concrete results of our past efforts beginning to make a difference. In 2023, AISIN created a three-year medium-term management plan that would result in a "full model change." Building strategically, this three-year plan calls for "hop," "step" and "jump" phases, and in 2024 we made some big steps. Moving forward, we will rapidly accelerate our efforts to bring about more internal change and continue building our strength as a company.

### Growth Trajectory to 2030





## Message from the President

### Growth Strategy to 2030

We established the medium- to long-term business strategy in 2023 as part of our vision for 2030. In the automobile industry, there are accelerating trends towards carbon neutrality, electrification of mobility, and incorporation of intelligence. Businesses that adapt to trends and resolve social issues are positioned as growing domains as we transform our business portfolio. It is our goal to achieve revenues of ¥5.5 to ¥6 trillion in 2030 by bolstering our earning structure in other businesses, including automatic transmissions and body products, to efficiently generate profits that can be reinvested as capital into growing domains.

AISIN's strengths lie in our wide-ranging product portfolio (including powertrain, chassis, brakes, and body); our various production technologies that cover everything from raw materials to processing and assembly; and our global-scale manufacturing capabilities. While enhancing our individual

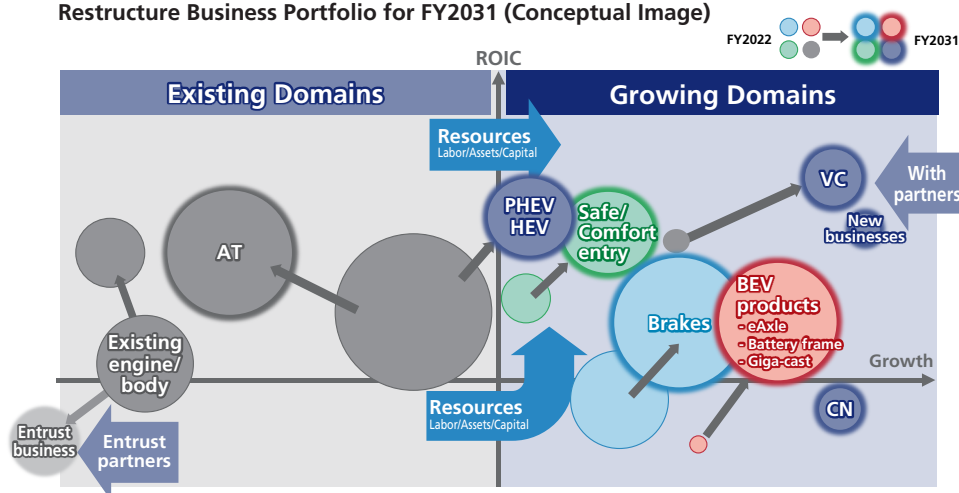
products, we will also systematize through function consolidation and integrated controls to bring high value-added battery electric vehicle (BEV) products and wholly new user experiences to the market.

Our shift towards BEV production is fueled by our diverse technology offerings and specialized manufacturing techniques to develop new products that increase vehicle-wide power consumption efficiency. Examples of these include the electric drive unit eAxe, regenerative brake systems, heat management, aerodynamic devices, battery frames, and giga-cast/mega-cast. With integrated vehicle controls, we expect that we can improve electric consumption efficiency by at least 18% across the entire vehicle, greatly exceeding our 10% improvement target set in 2021.

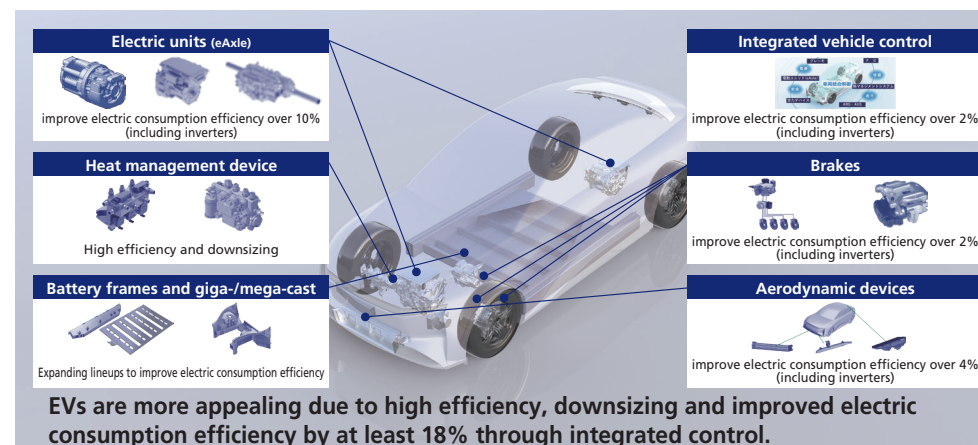
Hybrid vehicles (HEV) have been gaining popularity in Europe and North America as a practical solution to achieving carbon neutrality, while the shift to BEV has accelerated in China, resulting in an ongoing lack of clarity in the road ahead. Our

ability to respond with flexibility is one of our greatest strengths, and AISIN remains the only global automotive parts manufacturer that provides a full lineup of electric drive units for HEV, PHEV, BEV, and FCEV. This full lineup is appreciated by our customers and has led to new orders and inquiries. We also agreed to collaborations with SUBARU and BMW in 2024.

### Restructure Business Portfolio for FY2031 (Conceptual Image)



### Development of Battery Electric Vehicles

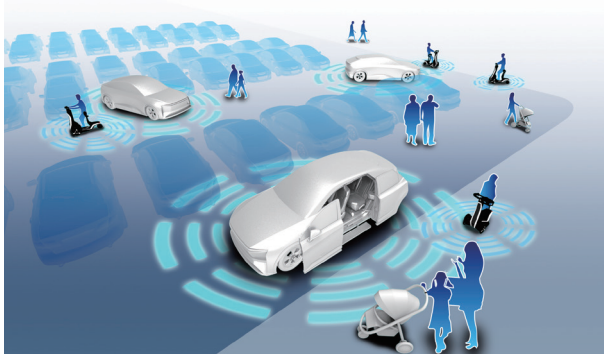




## Message from the President

Our intelligent technology vision includes IT systems that take over for humans in the mobility context by detecting, judging and acting on a human's behalf with great precision. In addition to AISIN's specialty in core vehicle functions - driving, turning, and stopping - we are also developing IT products and services for the mobility space that learn user preferences in real time and enhance their mobility experience through added safe, comfort, and convenience. For example, we are developing a unique entry system that connects people and vehicles with peripheral monitoring technology and IT systems to enable safe vehicle entry and exit with greater peace of mind.

### Example of intelligence (Safe and comfort entry)



### Connect people and vehicle by peripheral monitoring technology and door system



We will continue developing systems that autonomously support users in our mission to “inspire movement and create tomorrow.”

Meanwhile, AISIN's goal is to achieve carbon neutrality by 2050, with carbon neutrality achieved in manufacturing by 2035 and zero-emissions factories by 2040. At the core of these activities is power source, heat source, and waste reduction; clean energy; and resource cycling aimed at zero waste. We are striving to develop clean energy technology, and in 2023 we began demonstrations of Perovskite solar cells, CO<sub>2</sub> separation/capturing/fixation, and bio briquette charcoal. In addition to achieving carbon neutrality at AISIN, we will promote the development of technologies that improve the environment and society while advancing new lines of business that also contribute to carbon neutrality. We could not jump to our goals for 2030 without taking the necessary steps in 2023 to bring about internal change and gain strength. That is why we formulated the medium-term management plan for 2025 and are steadily pursuing structural changes. We are reducing our business assets, eliminating cross-shareholdings, and reducing inventory in our efforts to reform our balance sheet. By 2025, we will generate ¥400 billion in cash (equivalent to 10% of our total assets) and invest that in growing domains. We worked to further accelerate our growth strategies in several ways. We conducted large-scale organizational changes and bolstered the Corporate Strategy Division that manages all regions, groups, and businesses. We established a manufacturing division that monitors all production cross-sectionally across product and regional categories. We also created a value



chain business center aimed at expanding businesses beyond new vehicles. By 2025, we will transition resources and conduct reskilling with more than 3,000 of our team members to accelerate the shift of personnel to growing domains. By completing these structural changes, we will solidify the groundwork for our transformational 2030 jump. The Board of Directors continually discusses and evaluates these structural changes and growth strategies, as well. Members of the Board of Directors actively share their opinions from their respective areas of expertise, and Board of Directors meetings are becoming noticeably more vigorous. Recently, initiatives on human capital and the environment are playing increasingly important roles in the lines of business they are linked to. We believe it is necessary to further deepen discussions to include sustainability perspectives, thereby achieving further growth for AISIN and improving corporate value.



## Message from the President

### The Evolution of Human Power

People are the most important part to achieving our goal of a full model change. It requires a diverse group of employees who are striving and growing. AISIN's 2030 vision for itself and its members involves taking on challenges through the Group's global consolidation, and empowering all employees to develop themselves into workforce and industry leaders. To achieve this, we are investing in people.

To maximize the benefits of the Group's global consolidation, we are gradually reforming our HR evaluations to reward growth and challenging oneself, and there has been an uptick in people who volunteer to take on challenges and be active. In particular, we see mid-career employees exhibiting changed attitudes and approaches to their work. The mixing of various personnel through management integration, along with the culture of taking on challenges, has led to expanded business in completely novel domains such as Choisoko and YYSsystem. These new businesses were so well received that we were selected for inclusion in the Digital Transformation (DX) Stocks for the first time ever in 2024.



Discussion with departmental general managers

To empower all employees to become the world's best workforce, we will continue our efforts to support women in the workplace, we will draw on veteran employees with their wealth of experience, and we will cultivate personnel at overseas subsidiaries to serve important roles. AISIN has received special recognition for four consecutive years through its selection as Nadeshiko Brand where women play key roles. In preparation for the increase in production conducted overseas, we are also working to optimally assign the overseas personnel who will lead our global businesses. Our five European companies are currently led by local personnel in top management positions. Giving these local subsidiaries the discretion to respond quickly to customers' needs has bolstered our sales capabilities overseas.

It is essential to cultivate a more open culture at workplaces in order to support these challenges and ensure that all personnel can thrive. Quality related misconduct has been prevalent in recent news, but the key to eliminating such issues is an open workplace culture where employees can openly and honestly discuss concerns they encounter. The Toyota Group Vision was announced in January 2024. The Toyota vision of restoring authority to the "Genba" (front lines) is mirrored by AISIN's efforts to reform our own corporate culture. I believe that an open workplace culture that supports taking on challenges is essentially the same as an open workplace culture where employees can frankly discuss problems they encounter. We will continue the work we have started with workplace culture reforms over the past two years. I truly believe that AISIN's increased success in the future depends on our ability to become a company where all employees vigorously take on challenges and grow.



Communication with factory technicians on-site at the workplace (Genchi Genbutsu)

### Inspiring "Movement", Creating Tomorrow

As a parts producer with a deep understanding of auto manufacturing due to our close work with OEMs, AISIN provides a plethora of products and services that support mobility. Even as mobility itself continues to change, AISIN's goal of "Inspiring 'movement', creating tomorrow" remains unchanged.

The automotive industry is in the midst of rapid change, and we are keenly aware of the importance of flexibility and adaptability in achieving our aspired goals. For 2024, AISIN's management has adopted a simple slogan: SPEED & AGILITY. We will keep a close eye on global market developments, making careful but decisive investment decisions as we adeptly respond to changes.

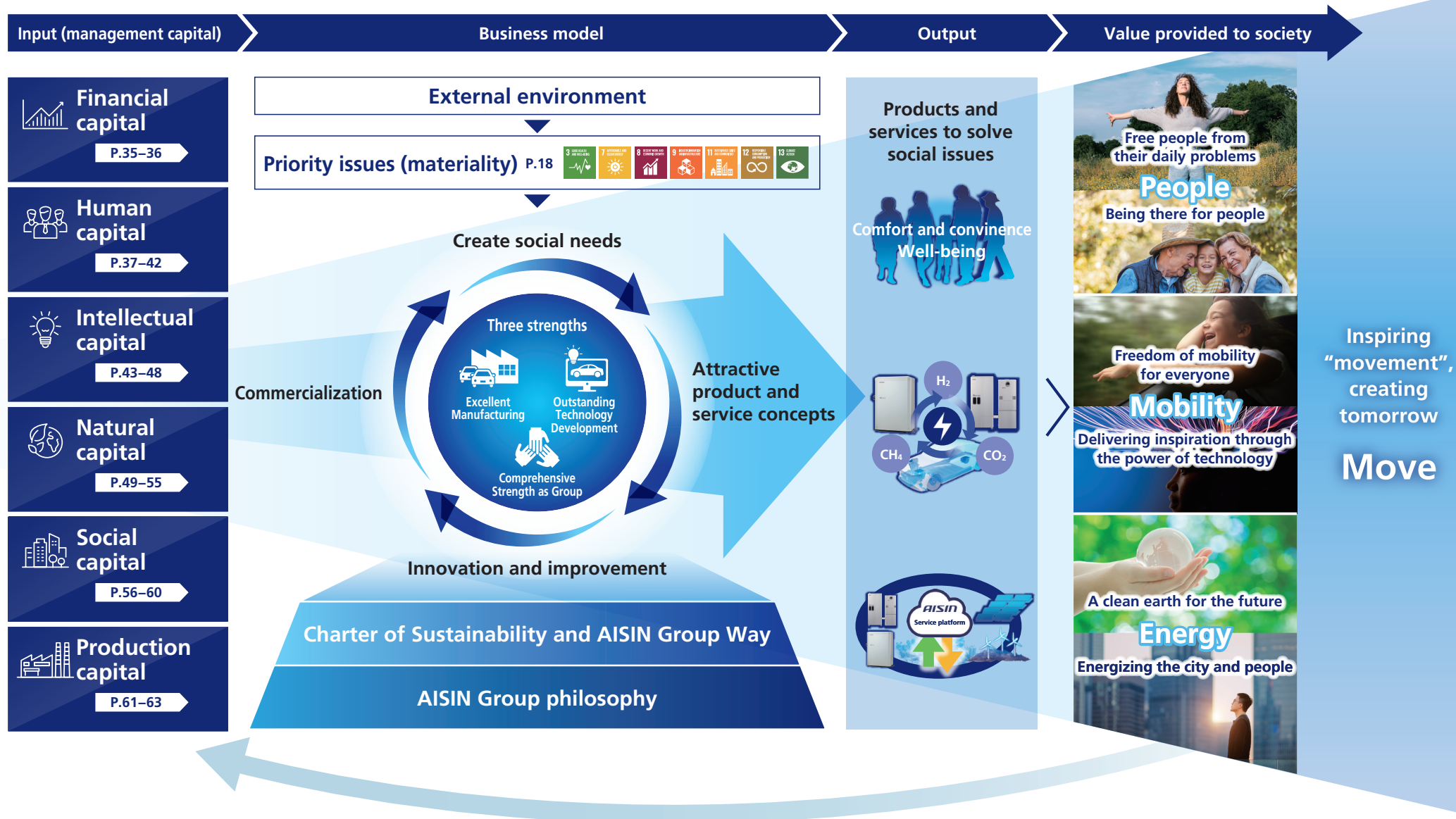
We will also engage in deeper dialogue with our customers, suppliers, investors, and other stakeholders as we work towards further growth. We listen to a range of voices, striving to improve AISIN's corporate value. Please watch for AISIN's further growth in the years ahead.



## The AISIN Value Creation Process

We are working to contribute to sustainability and enhance corporate value by anticipating social issues and needs through dialogue with various stakeholders.

To realize the main tenet of the Group Philosophy, "Inspiring 'movement', creating tomorrow," we identify priority issues and leverage our management capital and three strengths developed to date to provide products and services that contribute to solving social issues.





## Direction of Business for Providing New Value

AISIN aims to deliver value to customers and society through various types of “movement” for mobility, energy and people.

We will expand the products and services that contribute to solving environmental and social issues without being limited to conventional areas of business.

# Inspiring “movement”, creating tomorrow

Current state

Future

Providing safe means of movement and transportation



AI On-Demand  
Transportation  
“CHOISOKO”

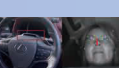


Logistics  
support service

Reduction of traffic accidents



Power sliding  
door



Driver monitoring  
system

Global warming control



eAxle  
(150 kW)



Cooperative regenerative  
brake system

Promotion of conversion to clean energy



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

Propose services leveraging new technologies

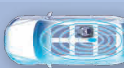


AIR utilizes a  
technology that  
generates fine  
water particles



“YYSystem” uses  
speech  
recognition  
technology

Coexistence between people, mobility and city



Detect child  
left in vehicle



Wide opening  
door system

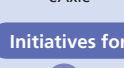
Range of products that accelerate electrification



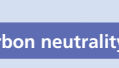
Conventional model



3rd gen

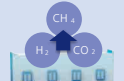


3rd generation  
eAxle

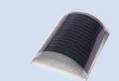


Active rear spoiler

Initiatives for carbon neutrality



Resource  
recycling system

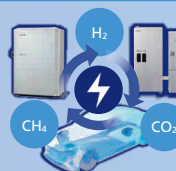


Perovskite  
solar cell

Provide freedom and  
happiness to people's lives



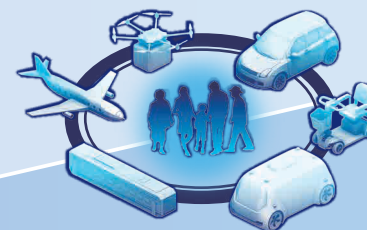
Further advance products for  
electrification to achieve carbon neutrality



Recycle and spread of energy  
and resources in local communities



Realize safe, comfortable, and convenient  
mobility that inspires “movement”



Create new value by integrating  
mobility and energy technologies



Free people from  
their daily problems

**People**

Being there for people

Freedom of mobility  
for everyone

**Mobility**

Delivering inspiration through  
the power of technology

A clean earth for the future

**Energy**

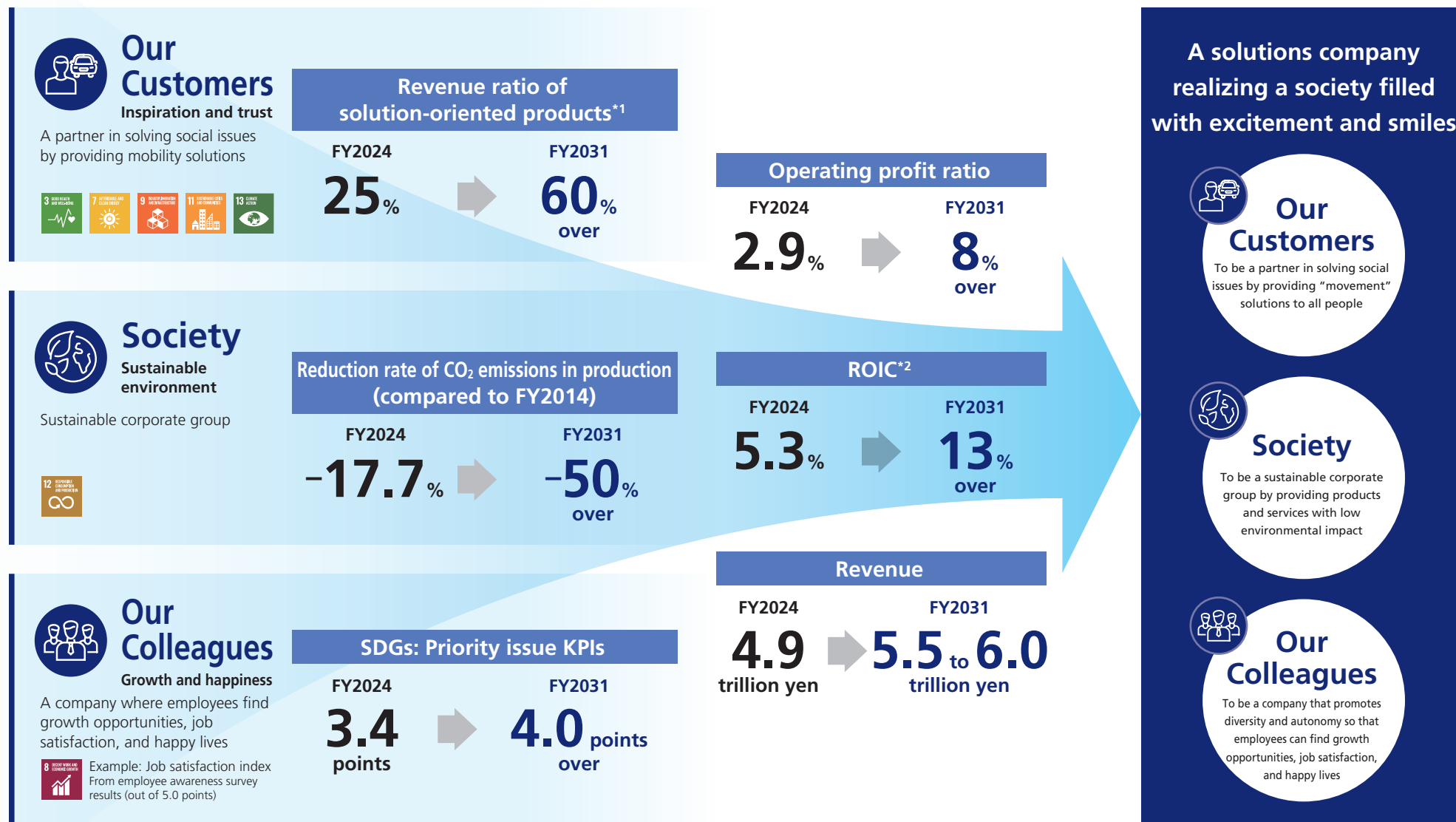
Energizing the city  
and people

“Movement”  
Move



## AISIN Group's Vision for 2030

We are a corporate group that is recognized as a partner by our customers by realizing safe, comfortable, and convenient mobility that provides solutions to society, while delivering "Inspiring 'movement', creating tomorrow."



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

\*2 Return on invested capital: Operating profit after income tax / (Inventories + Property, plants and equipment + Intangible fixed assets)



## Our Sustainability Stance and Initiatives

Our Group Philosophy is to deliver beauty to our future earth, bringing freedom and happiness to “movement,” and we believe that achieving this is sustainability itself. Through dialogue with stakeholders, we anticipate social issues and needs and create a plan for a more sustainable society by enhancing corporate value through our business activities.

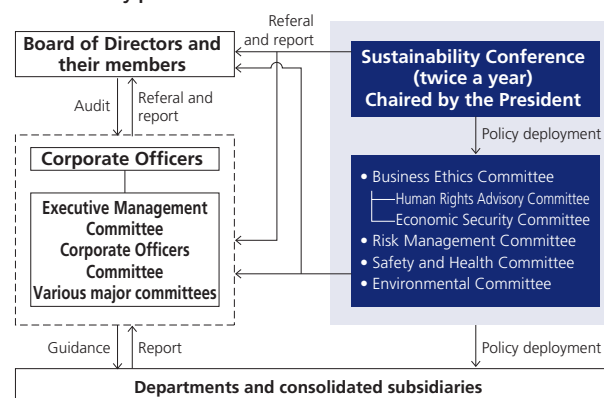
We established the AISIN Group Charter of Sustainability as a guideline for corporate activities to achieve this sustainability management. [AISIN Group Charter of Sustainability](#)

### Governance

AISIN's biannual Sustainability Conference is chaired by the President and comprised of corporate officers and Group company presidents. The purpose of the conference is to discuss and decide upon the direction of the group's sustainability and manages the progress of activities toward the SDGs FY2031 targets based on materiality. The policies determined by the Sustainability Conference are deployed to each committee, and activities toward achieving the targets are promoted.

These policies and activities are submitted and reported to the Board of Directors according to their importance for appropriate oversight.

Sustainability promotion framework



Sustainability Conference

<b>Frequency</b>	Twice a year as a basic rule
<b>Chair</b>	President
<b>Secretariat</b>	<b>Sustainability Management Section, Corporate Planning Department</b> Made up of full-time members and cross-sectional, non-full-time members selected from departments and Group companies who are closely involved in sustainability initiatives
<b>Main agenda items</b>	<ul style="list-style-type: none"> <li>• Sharing the latest trends in sustainability</li> <li>• Discussing and determining sustainability policies that address societal demands from a medium- to long-term perspective</li> <li>• Determining, deploying, and following up on SDGs targets and KPIs for FY2031</li> </ul>

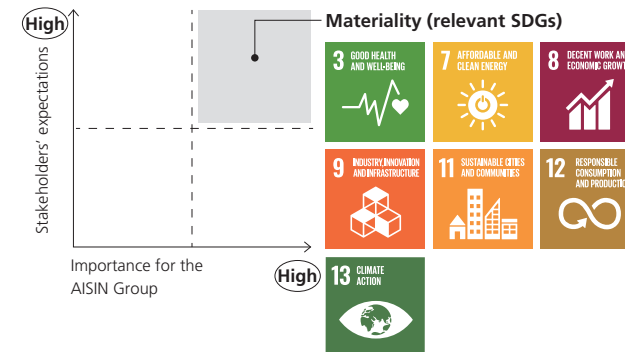
### Priority issues (materiality)

Materiality was selected in FY2020 using the process shown on the right. We evaluated and prioritized materiality from two perspectives of expectations and requests of stakeholders and their importance to AISIN.

In light of changes in society and the business environment, we are incorporating the perspective of double materiality and reviewing our priority issues.

Selection process of priority issues (materiality)

<b>Step 1 Identification of issues</b>	<ul style="list-style-type: none"> <li>• Identify issues that are related to the AISIN Group's business and supply chain, centering on the 17 SDGs and 169 targets.</li> </ul>
<b>Step 2 Prioritization</b>	<ul style="list-style-type: none"> <li>• Issues are prioritized based on the expectations and requests of stakeholders and their importance to the AISIN Group, and a "materiality matrix" is created.</li> </ul>
<b>Step 3 Validity check</b>	<ul style="list-style-type: none"> <li>• Discussion by the Group's top management and related executives.</li> <li>• Exchange opinions with outside experts, Outside Directors and Outside Audit &amp; Supervisory Board Members.</li> </ul>
<b>Step 4 Approval at management level</b>	<ul style="list-style-type: none"> <li>• Priority issues are approved by the Board of Directors based on opinions from external experts.</li> </ul>













## Priority Issues (Materiality), KPIs, and Targets for FY2031

Key Performance Indicators (KPSs) and targets for FY2031 set for priority issues (materiality) are approved by the Board of Directors and activities are promoted to achieve them. We revisited some KPIs for FY2025 in response to changes in the business environment and the progress toward our FY2031 targets. For our FY2024 results, see the Sustainability Data Book. [WEB Sustainability Data Book](#)

### Resolution of social issues through business activities

Priority issues (materiality)	Vision for FY2031		KPIs	FY2026 Targets	FY2031 Targets
<div></div> <ul style="list-style-type: none"><li>• Global warming control</li><li>• Reduction of traffic accidents</li><li>• Provide safe means of movement and transportation</li><li>• Promotion of health and welfare</li></ul>	<b>Value proposition</b> <ul style="list-style-type: none"><li>• Creating a mobility society that is more friendly to the environment and people by reducing energy consumption, utilizing clean energy, and providing safer, more comfortable means of transportation</li></ul>	<ul style="list-style-type: none"><li>• Expand the range of products toward achieving net-zero GHG emissions by 2050</li><li>• Expand the range of products toward providing safe and comfortable means of transportation</li></ul>	Revenue ratio of products for growing domains that contribute to solving social issues* <sup>1</sup> $\left( \frac{\text{Revenue in growing domains} + \text{HEV unit revenue}}{\text{Total revenue}} \right)$	<b>47%</b>	<b>58%</b>
		<ul style="list-style-type: none"><li>• Expand the range of products and services toward realization of a more convenient and safer society</li></ul>	Total number of users of products and services contributing to health and welfare* <sup>2</sup> (Monthly Active Users)	<b>Monthly active users 63,360</b>	<b>Monthly active users 183,400</b>
<div></div> <ul style="list-style-type: none"><li>• Promotion of sustainable industrialization through technological innovation</li><li>• Reduction of CO<sub>2</sub> emissions</li><li>• Prevention of contamination</li><li>• Reduction of environmentally hazardous substances</li><li>• Resources recycling</li><li>• Improvement of resource efficiency</li><li>• Promotion of conversion to clean energy</li></ul>	<b>Value creation process</b> <ul style="list-style-type: none"><li>• Building a rich and sustainable society by providing new value generated through future-oriented research and development</li><li>• Transition to a recycling-based society by promoting efforts to eliminate burdens on the global environment</li></ul>	<ul style="list-style-type: none"><li>• Expand R&amp;D focused on a sustainable society</li><li>• Reduce CO<sub>2</sub> emissions through our manufacturing, use and disposal processes for a low-carbon society</li></ul>	Ratio of R&D expenses for growing domains* <sup>1</sup>	<b>75%</b>	<b>80%</b>
			Life cycle CO <sub>2</sub> emissions reduction rate	<b>Set concrete reduction measures throughout the supply chain</b>	<b>Reduction of 25% or more (compared to FY2020)</b>
			Reduction rate of CO <sub>2</sub> emissions from production (total) (compared to FY2014)	<b>Reduction of 25% or more (2.079 million t-CO<sub>2</sub> per year)<sup>3</sup></b>	<b>Reduction of 50% or more (1.386 million t-CO<sub>2</sub> per year)<sup>3</sup></b>
<div></div> <ul style="list-style-type: none"><li>• Labor safety and health</li><li>• Health</li><li>• Human Rights</li><li>• Promotion of diversity</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>• Creating a working environment where diverse human resources can work with motivation and peace of mind, considering the entire supply chain</li></ul>	<ul style="list-style-type: none"><li>• Eradicate serious accidents and accidents resulting time off from work by thorough recurrence prevention</li></ul>	Number of serious accidents	<b>0</b>	<b>0</b>
			Rate of disabling injury occurring	<b>0.05</b>	<b>0.05</b>
		<ul style="list-style-type: none"><li>• Realize a more comfortable and rewarding workplace environment for each of our diverse range of employees</li></ul>	Ratio of female managers at four Group companies	<b>4.1%</b>	<b>6.0%</b>
			Job satisfaction (from results of employee awareness survey 5.0 points rating)	<b>3.8 points (four Group companies)</b>	<b>4.0 points (Entire Group)</b>
		<ul style="list-style-type: none"><li>• Maintain high compliance awareness and eliminate serious law violations by establishing a global Group legal and compliance framework</li></ul>	Number of serious violations of laws and ordinances	<b>0</b>	<b>0</b>
		<ul style="list-style-type: none"><li>• Realize coexistence, mutual prosperity, and mutual development as a good business partner</li></ul>	Rate of compliance with guidelines through the formulation and roll out of Group-wide global guidelines for suppliers (Including FY2031 carbon neutral reduction target of 25% or more, compared to FY2020)	<b>100%</b>	<b>100%</b>

\*1 Growing domains are defined based on the medium- to long-term business strategy announced in September 2023. We reviewed target products and the KPI target as business growth in growing domains leading to the resolution of priority issues.

\*2 We reviewed this KPI to provide value a wider target, as the previous KPI already reached the FY2031 target in FY2024.

\*3 CO<sub>2</sub> emissions are calculated using the Seventh AISIN Consolidated Environmental Action Plan index



## Medium-term Management Plan for 2025

### Looking back on FY2024

**Although there was still an impact from soaring raw material costs, profitability solidly improved during the fiscal year.**

Reviewing the business environment surrounding the automotive industry in FY2024, although the costs of raw materials, energy, and transportation continue to rise since the previous period, revenues across the industry are recovering, as production plans at auto manufacturers have normalized due to the end of COVID-19 and the semiconductor shortage as well as the weakening of the yen. Amid this, the Company has strengthened its ability to respond to changes in the business environment by mitigating the impact of rising costs of raw materials through price adjustment negotiations and enhancing the effect of increased production by maintaining a lean production system. As the automobile industry undergoes a major change, the Company has strengthened its shift in resources to growing domains, focusing on electrification and intelligence, while controlling fixed costs in order to achieve a “full model change” of AISIN to ensure our survival.

**Despite posting quality-related expenses, revenue and profit increased due to an improved business environment and structural changes.**

In FY2024, revenue increased approximately ¥506.7 billion from the previous fiscal year (¥4,402.8 billion) to ¥4,909.5 billion due to an increase in volume as a result of the normalization of vehicle production and launch of electric drive units, as well as the impact of raw material price adjustments and weakening of the yen. Operating profit increased approximately ¥85.4 billion from the previous fiscal year (¥57.9 billion) to ¥143.3 billion due to an improved business environment and efforts to enhance the corporate framework and implement structural changes, despite ¥63.0 billion in quality-related expenses associated with the

recall of vehicles equipped with products manufactured at our U.S. subsidiary. Profit before income tax came to ¥149.8 billion, compared to ¥73.7 billion the previous fiscal year, and profit for the period attributable to owners of the parent amounted to ¥90.8 billion, compared to ¥37.6 billion the previous fiscal year. In terms of business regions, the North America segment returned to profitability (excluding quality-related expenses) for the first time in six periods due to productivity improvement activities, the launch of electric products, and full-year operation of AISIN Texas Corporation, which began production in September 2021.

### Review of the medium-term management plan for 2025

**We are steadily enhancing our corporate framework with structural changes in line with the medium-term management plan.**

In September 2023, we formulated the medium-term

management plan for FY2026. We set out four basic principles for structural changes: (1) transform business portfolio, (2) improve profitability of existing products including AT, (3) shift resource to growing domains, and (4) generate capital by balance sheet reformation. In evaluating the progress of FY2024, the first year of the medium-term management plan, while the yen depreciated further than expected at the time of formulating the medium-term plan, customer production volume fell short of expectations and quality-related expenses were incurred, resulting in challenges in terms of profitability. Meanwhile, our equipment investment ratio in growing domains was 40%, compared to 30% in FY2022, and our development cost ratio was 59%, compared to 43% in the same period, signaling a steady shift in resources. Regarding the balance sheet, we are steadily strengthening our corporate framework, such as by reducing cross-shareholdings by ¥111.7 billion, thereby achieving our FY2026 target ahead of schedule.

Indicators		FY2022 (actual)	FY2026 (target)	FY2024 (actual)
Sales	Revenue	3.9 trillion yen	5.0 trillion yen	4.9 trillion yen
Revenue	Operating profit ratio	4.6%	6.0%	2.9%
	Operating profit	182.0 billion yen	300.0 billion yen or more	143.3 billion yen
	ROIC	6.6%	10% or more	5.3%
Growth strategies	Ratio of equipment investment for growing domains	30%	65% or more	40%
	Ratio of development cost for growing domains	43%	75% or more	59%
	Shift of talent to growing domains	—	3,000 people	2,050 people
	Reskilling talent in growing domains	—	3,000 people	3,860 people
	Ratio of sales for growing domains	27%	48%	38%
Enhancing our corporate framework	Generate capital by balance sheet reformation			
	Business assets	—	Reduce by 100.0 billion yen or more	23.9 billion yen
	Cross-shareholdings	—	Reduce by 100.0 billion yen or more	111.7 billion yen
	Global inventory	—	Reduce by 100.0 billion yen or more	32.2 billion yen
	(Inventory days)	(29.4 days)	(22.8 days)	(27.2 days)



## Medium-term Management Plan for 2025

### We continue to restructure the revenue management model to realize the 2030 Vision.

To steadily advance structural changes, since FY2024, we have been working to restructure our revenue management model, which is at the foundation. We started by classifying our product portfolio into four categories based on operating profit ratio and sales growth ratio: products that require nurturing, competitive products, high-earning products, and those suitable for entrusting partners. For each business, we discuss the revenue targets and ideal resource allocation in accordance with this positioning, and incorporate them into our management plan. To enhance our balance sheet efficiency, we will also use ROIC assessment to optimize the balance between equipment investment and depreciation at the business level, optimize inventory levels post-COVID at the regional level, and monetize non-core assets that fulfilled their roles.

In addition, to further accelerate these activities, we also reviewed our organizational structure in April 2024. The AISIN-Group Corporate Strategy Division will accelerate structural changes and growth strategies toward realizing the 2030 Vision by implementing the following measures:

- Centralize business strategy and revenue management functions of each company under the AISIN-Group Corporate Strategy Division to drive the formulation of long-term strategies, such as the selection of key businesses and resource shift decisions, and improvement of profitability of supporting existing businesses.
- Establish the Cost Management Department to ensure accountability for product business profitability.
- Establish a Global Region Management Department in each region to promote optimal problem-solving for each region.

### AISIN Group 2025 management policy to realize the 2030 Vision

**Going forward, we will formulate and execute action plans further outlining these priority action items and aim to realize the three-year period of a “full model change” to “change inside, gain strength”.**

With increasing demand for carbon neutrality and the growing electrification of mobility and incorporation of intelligence, the automobile industry is in the midst of the biggest change in its industrial structure.

Amid these rapid and significant changes in the industry, we formulated the AISIN Group 2025 management policy with a three-year “full model change” aiming to “change inside, gain strength” by 2025.

#### (1) Looking back on FY2024

We promoted a shift in resources from existing domains to growing domains and accelerated a restructure of our business portfolio for 2030. Specifically, we developed products for BEV and strengthened sales throughout the Company including overseas, and as a result, we received orders for products in growing domains from multiple customers. Meanwhile, business profitability, completion of structural changes, and future global production plans remain challenges, and in FY2025, we will work to change our approach and systems. In reforming the corporate culture, top management is providing two-way communication with employees in various ways. To cultivate an even more open corporate culture amid quality challenges at our North America subsidiary and certification issues in the Toyota Group, we must continue honest activities while further deepening the involvement of top management.

#### (2) Direction for FY2025

Based on the above reviews, in FY2025, we will promote activities by setting priority action items for the second year of the AISIN Group 2025 management policy. These priority action items include (1) reinforcing Quality Supremacy, (2) improving profitability and strengthening the Group and local management, (3) strengthening development functions in growing domains, (4) promoting value chain commercialization, and (5) restructuring the Group’s global production system. To achieve these, we made major structural changes in April 2024 in order to ensure company-wide implementation and thorough execution. Going forward, we will formulate and execute action plans with more concrete priority action items and aim to realize a “full model change” to “change inside, gain strength”.



## Medium-term Management Plan for 2025

### FY2024 initiatives and progress on AISIN Group management policy and FY2025 priority actions

AISIN Group 2025 management policy	FY2024 initiatives and progress	FY2025 priority actions
<b>The basics of everything</b> Prioritization of safety, health, and compliance while cooperating with stakeholders	<ul style="list-style-type: none"> <li>Utilized our learning during past natural disasters, such as the 2016 Kumamoto earthquake, to quickly restore production after the 2024 Noto Peninsula earthquake.</li> <li>Selected as a Health and Productivity Management Organizations Recognition Program (White 500) company for eight consecutive years.</li> <li>Collected concerns globally by promoting the use of multiple consultation channels.</li> </ul>	<ul style="list-style-type: none"> <li>Further promote disaster prevention and mitigation measures, such as liquefaction measures.</li> <li>Increase the number of personnel and workplaces that can manage their own health by enhancing implementation of Health Challenge 8.</li> <li>Develop activities to prevent compliance violations by focusing on key risks and workplaces.</li> </ul>
<b>Take on challenges in growing domains</b> Integrate technologies and businesses within and outside the Group to provide products that anticipate customer needs	<ul style="list-style-type: none"> <li>Accelerated product development for vehicles in a large space by getting all companies to work together for the electrification and incorporation of intelligence.</li> <li>Received multiple orders for products for BEV by strengthening our sales capabilities.</li> <li>Held Mid/Long-term Business Strategy Briefing 2023 and publicly disclosed products and business scale.</li> </ul>	<ul style="list-style-type: none"> <li>Create core businesses for products in the growing fields of electrification and incorporation of intelligence as soon as possible.</li> <li>Accelerate commercialization of energy value chain, such as hydrogen and charging.</li> </ul>
<b>Improve business profitability</b> Transform the business portfolio based on competitiveness and growth potential, and create products with a focus on costs	<ul style="list-style-type: none"> <li>Promoted cost planning measures such as visualization and strengthening of milestone management.</li> <li>Expanded support at locations where profitability deteriorated due to rising raw material and labor costs.</li> <li>Decided to transfer our shower-toilet seat business.</li> </ul>	<ul style="list-style-type: none"> <li>Revise the cost planning function and fundamentally strengthen estimation capabilities.</li> <li>Reduce fixed costs and fixed assets without exception.</li> <li>Support the rebuilding of regional businesses and make them independent.</li> <li>Identify businesses to be entrusted and collaborate with most suitable partners.</li> </ul>
<b>Contribute to a sustainable society</b> Tackle the seven priority issues of the SDGs and achieve carbon neutral targets through business activities	<ul style="list-style-type: none"> <li>Began CO<sub>2</sub> capture and utilization at the Nishio Die-Casting Plant.</li> <li>Opened a carbon neutrality educational center for suppliers.</li> <li>Strengthened dissemination of sustainability information, such as through investor interviews.</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate development for large-scale plant demonstration of clean energy technology, such as Perovskite solar cell.</li> <li>Formulate sustainability policy and review materiality.</li> </ul>
<b>Solidify footing for survival</b> Establish a robust management foundation that is unshaken by any change, and improve quality	<ul style="list-style-type: none"> <li>Posted 63.0 billion yen in quality-related expenses due to a recall of a product from our North America subsidiary.</li> <li>Implemented comprehensive inspections after certification issues in the Toyota Group.</li> <li>Accelerated examination of a global production system based on future predictions.</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate quality issues by improving predictive sensitivity and eliminating issues at early phases.</li> <li>Realize a production system and strengthen and restructure Group production structure through cross-sectional activities across all plants.</li> </ul>
<b>Realize both job satisfaction and company growth</b> Create a workplace culture that promotes the training of professional human resources and encourages taking on challenges	<ul style="list-style-type: none"> <li>Revised our personnel system to promote a point-addition approach, increase personnel mobility, and to change the mindset from inward-looking to outward-looking.</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce Quality Supremacy and create an open workplace culture where employees can speak honestly beyond organizational and hierarchical boundaries.</li> </ul>



## Business Portfolio Transformation

# Transforming Environmental Change into Opportunities for Growth

**Positioning businesses that address social issues as growing domains as we drive the transformation of our business portfolio.**

As the industrial structure surrounding the automobile industry undergoes major changes, there are accelerating trends toward carbon neutrality, electrification, and incorporation of intelligence. The energy situation, industrial policy, and direction and pace of electrification vary from country to country. While the future remains uncertain, the battery electric vehicle (BEV) market is expected to grow and become an intensely competitive field in the long term.

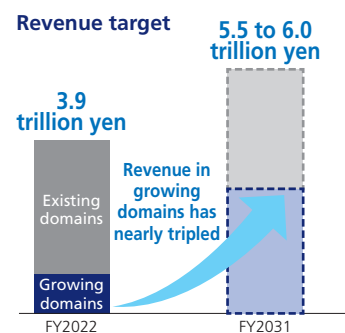
Not only do the parts required for BEVs differ from those of engine vehicles, but the vehicle structure and manufacturing methods also differ. The value demanded by users will also diversify, especially with the incorporation of intelligence using on-board software. As a result, the necessary technology, production and sales methods, and supply chain structure will evolve, leading to major changes in the value chain of the automotive industry, including the charging infrastructure.

To transform these environmental changes into business opportunities, we are positioning businesses that solve social issues as growing domains, and we are accelerating development in these domains with a focus on BEV products, control brakes, and safe and comfort entry. In the energy value chain, we will build new business models using renewable energy and hydrogen energy and develop new businesses that create new value in mobility through the use of digital transformation.

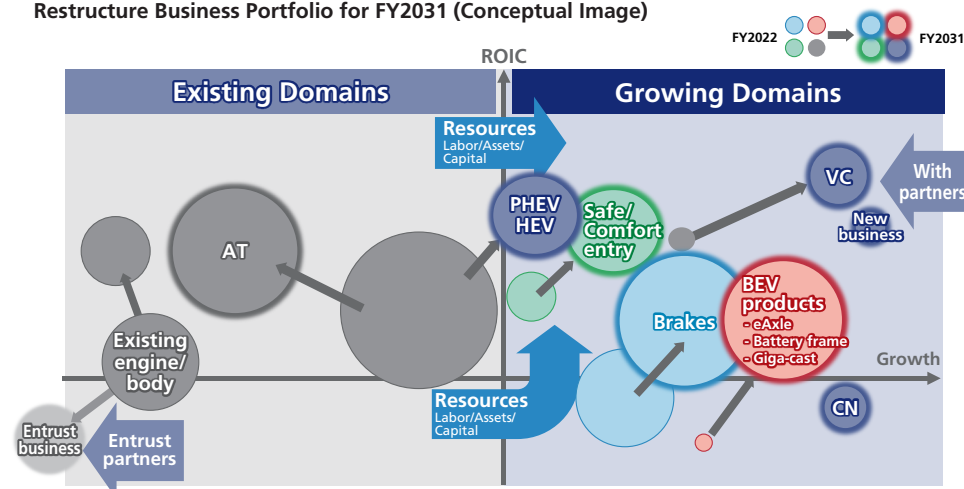
Plug-in hybrid vehicles (PHEV) and conventional hybrid vehicles (HEV), which are promising carbon-neutral options, will shift from existing domains to growing domains, and we will strengthen efforts to accurately respond to customer needs in various regions.

In existing domains, including automatic transmissions (AT), engines, and vehicle body parts, we will further strengthen our revenue base by promoting efficiency utilizing our cultivated technology, know-how, talent, and other assets and by entrusting operations to optimal business partners.

In this way, we will promote a transformation of our business portfolio into growing domains by shifting resources from existing domains.



Restructure Business Portfolio for FY2031 (Conceptual Image)



### Topic

#### Entrusting operations for business portfolio transformation

To transform our business portfolio, we will strengthen and expand our growing domains. We will achieve this by optimally allocating and utilizing resources across the company and Group companies, and through electrification and incorporation of intelligence.

One example is the transfer of our shower-toilet seat business to LIXIL.



Shower-toilet seat



## Business Portfolio Transformation

### Initiatives for electrification and incorporation of intelligence

#### Electrification

**We are working to create a full product lineup to meet various regional and customer needs toward achieving carbon neutrality.**

The needs for electrification vary depending on the policies, energy situation, and customers in each country. AISIN will continue to meet the diverse expectations of customers in each region with a full lineup of products for BEVs, PHEVs, and HEVs.

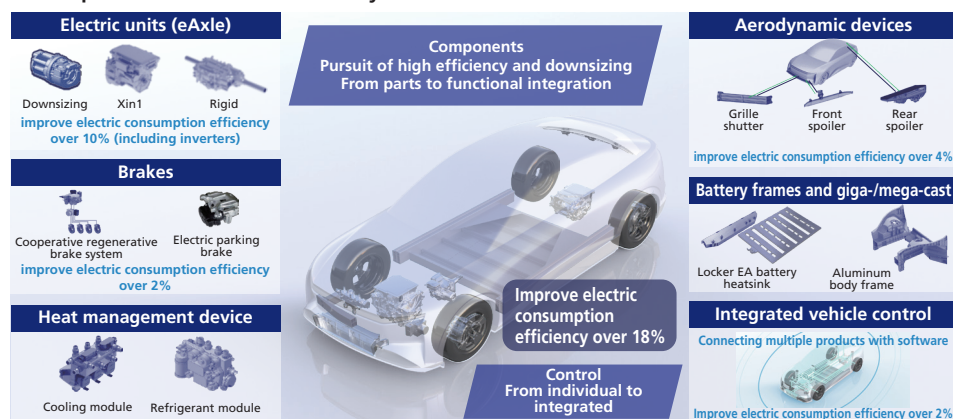
Over the medium term, we anticipate electrification to advance with a mix of BEVs, PHEVs, and HEVs, but in the long term, we believe BEVs will become more important. BEVs require special products, including batteries, and peripheral products and parts will continue to evolve.

AISIN is focusing on the following initiatives while also contributing a diverse range of other products:

- eAxle, a BEV electric unit
- Control brakes including cooperative regenerative brake systems, which are essential for improvement of electric consumption efficiency
- Cooling modules with evolved electric water pump functionality
- Aerodynamic devices which combine actuator technology and body products for improved aerodynamic performance
- Aluminum products such as battery frames and cell coolers utilizing AISIN's aluminum extrusion material
- Giga-cast and mega-cast products using die-casting technology
- Active rear steering which improves turning performance, even with a long wheelbase, due to battery installation
- Integrated vehicle control which provides integrated control of actuators for improved vehicle performance and convenience

In addition, we are driving the early development of new technologies and products to create innovative solutions. We will continue to use electrification to reliably adapt to changes and meet expectations.

#### Development of Products for Battery Electric Vehicles



#### Intelligence

**We will promote the development of technology for enhanced detection, judgment and action and will provide new value in every aspect of mobility.**

AISIN has developed highly reliable actuators, electric drive units, and other hardware since its inception. By combining the latest sensing technologies, artificial intelligence, and other new technology and integrating them through software, we are driving the integration of machinery and electronics and increasing the value of mobility.

We provide the following specific values:

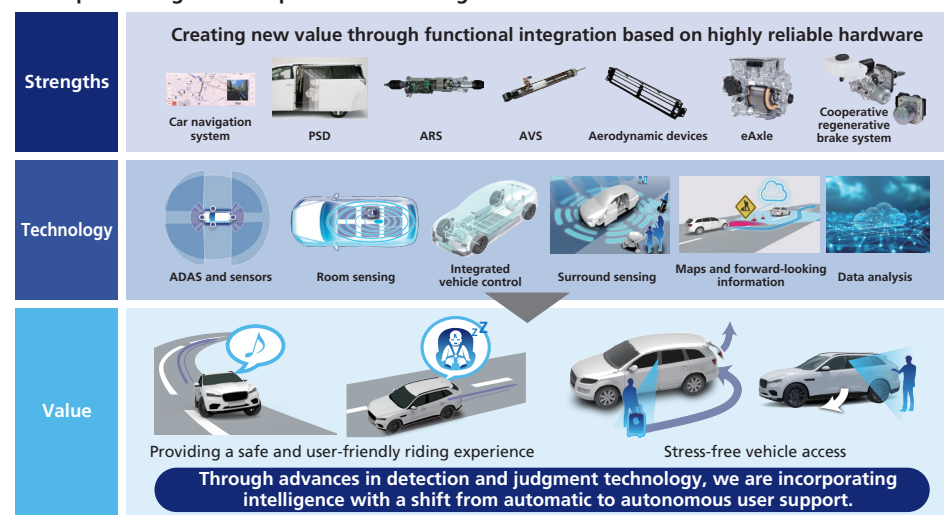
- Safe mobility with the aim of zero accidents
- Sustainable mobility that takes the environment into consideration
- Efficient, convenient, and comfortable mobility that makes effective use of time and place
- Mobility that can be personalized to ensure comfort for all

By realizing these values, we aim to contribute to a safe and comfortable mobility experience for users, regardless of their age, gender, or ability.

At AISIN, we are shifting from automation of conventional functions to incorporating intelligence that provide autonomous support. We provide a safe and user-friendly riding experience through advanced control of "Driving," "Turning" and "Stopping" technology, and promote the development of technology for enhanced detection, judgment, and action, such as stress-free vehicle access during travel.

In this way, we provide new added value in every aspect of mobility to inspire "movement" for the user.

#### Conceptual Image of Incorporation of Intelligence





## Business Portfolio Transformation

### Carbon Neutrality

AISIN sees the changes required for carbon neutrality as an opportunity to expand and transform the energy value chain business and provide new value to our customers and society.

To realize carbon neutrality, we will further evolve our existing products and create new business models using renewable energy and hydrogen energy.

#### Plants and offices

Toward achieving carbon neutrality by 2050, we are driving the use of renewable energy for electricity in production processes and the implementation of an energy circulation system using on-site production of hydrogen and e-methane.

#### Single-family homes and apartment buildings

We are promoting the development and widespread use of lightweight and flexible perovskite solar cells, which offer improved installation compared to traditional silicon-based solar cells, for low-carbon and decarbonized cities as a whole.

In addition, in response to fluctuations in the output of renewable energy due to weather conditions, we will contribute to balance of electricity supply and demand through energy management by adjusting the output of the Fuel Cell Cogeneration Systems for residential use (ENE-FARM).

#### Mobility and logistics

Building the infrastructure for BEVs and FCEVs is a challenge to the widespread adoption of these next-generation mobility solutions.

At AISIN, we supply clean energy using perovskite solar cells as well as industrial SOFC<sup>\*1</sup> and SOEC<sup>\*2</sup>, and we will actively participate in expanding the charging and hydrogen infrastructure that supports carbon-neutral mobility and logistics.

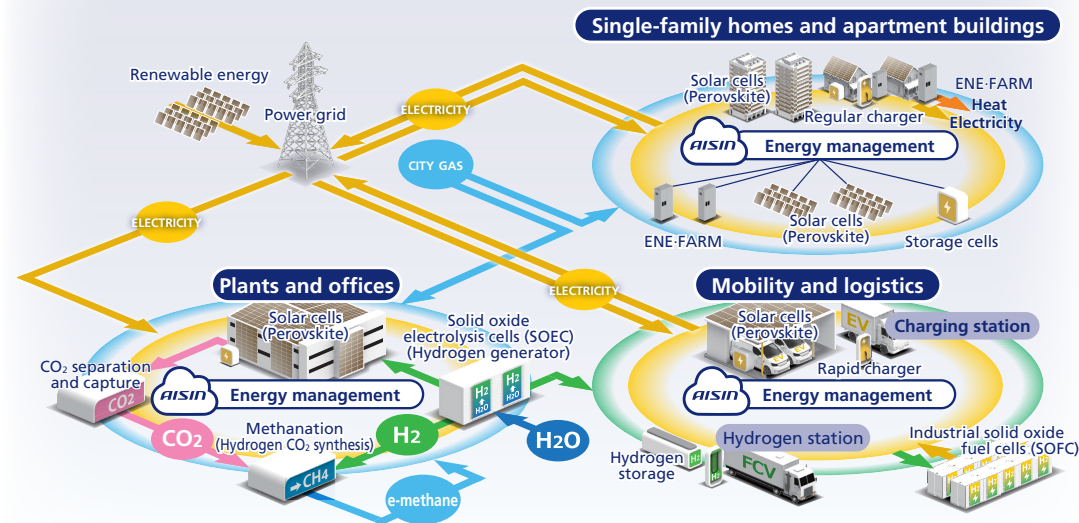
By combining these products and services, we will become a company that can offer optimal solutions to various energy issues.

\*1 SOFC: Solid oxide fuel cell cogeneration systems for residential use

\*2 SOEC: Solid oxide electrolytic cell

### Expanding and Transforming the Energy Value Chain Business

Building a new business model to contribute to social issues



#### Examples of Solution Proposal Combinations

Products and services		Production					Storage		Use	Management
		Electricity	Hydrogen	Gas	Electricity and heat		Electricity	CO <sub>2</sub>	Electricity	Energy management
		Perovskite solar cell	Solid oxide electrolysis cells (SOEC)	Methanation	ENE-FARM	Industrial solid oxide fuel cells (SOFC)	Storage cells	Separation and capture equipment	Charger	
Domain	Plants and offices	○	○	○		○	○	○	○	
	Single-family homes Apartment buildings	○		○	○		○		○	○
	Mobility and logistics	○	○			○	○		○	



## Business Portfolio Transformation



### BEV Products (eAxle)

#### Strengths

- Technical capability that enables improved efficiency and downsizing at low cost
- Track record of development support that extends to vehicles themselves and problem-solving ability
- Relationship of trust with customers through long-standing business
- Effective utilization of production expertise and existing facilities accumulated through automatic transmissions and hybrid electric vehicles
- Framework for collaboration with a wide range of companies, including BlueE Nexus and J-QuAD DYNAMICS

#### Opportunities and risks

- Shift from engine vehicles to electric vehicles driven by rising environmental awareness and tighter environmental regulations
- Progress of and needs for electrification that differ across regions and countries
- Constant evolution of BEVs
- Needs for local procurement toward achieving carbon neutrality
- Tight supply and rising prices of rare metals, special materials, etc.
- Intensifying competition due to entry of companies from different industries and emerging manufacturers

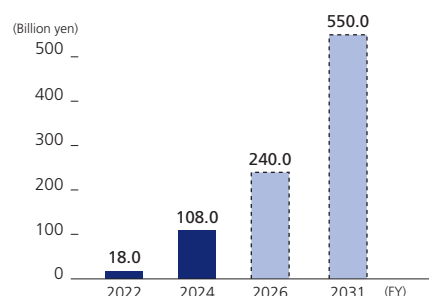
#### Future strategies

In anticipation of the expanding BEV market, we will meet diverse expectations of customers worldwide with products that pursue improvement of electric consumption efficiency, more downsized, and lower cost.

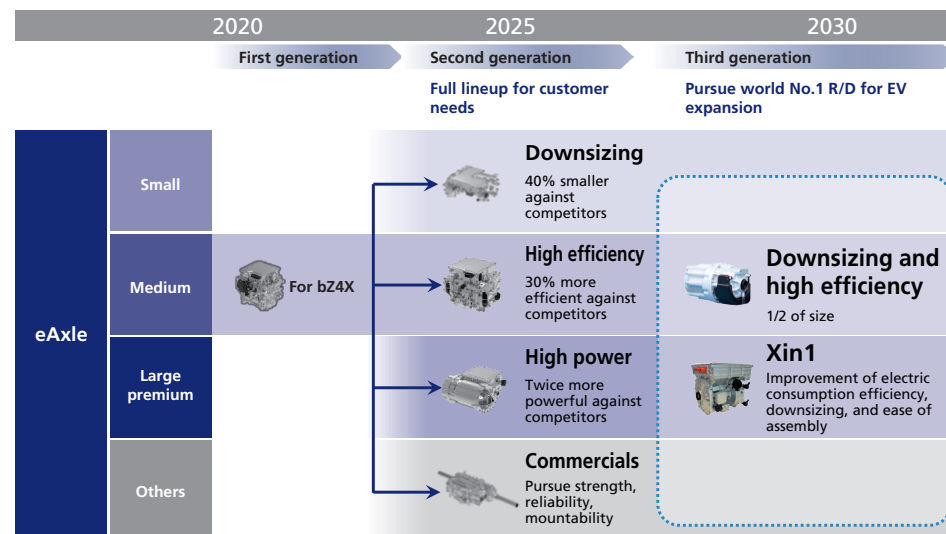
##### Key activities

- Launch second-generation eAxle, which has realized higher efficiency and lower cost (2025)
- Expand product lineup to meet diversifying customer needs
- Advanced development of third-generation eAxle, such as the smaller 1/2eAxle and the highly functionally integrated Xin1 which utilizes elemental technologies
- Expand sales by leveraging a customer base built on trust in AISIN quality

##### Revenue target



#### Roadmap



#### Topic

### Starting a new collaboration with SUBARU for the electric drive module to be used in next-generation EVs

We entered into an agreement for the joint development and shared production of the electric drive module to be installed in BEVs and begin production by SUBARU in the late 2020s, bringing together knowledge and expertise in vehicle and transmission development.



SUBARU CORPORATION President Atsushi Osaki (left) and AISIN Corporation President Moritaka Yoshida (right)

### A new partnership for the production of the BMW e-axle\*

As a first step to building a long-term strategic partnership, we entered into an agreement for the contract production of e-axle to be designed by BMW. Production is scheduled to begin at locations in China and Europe in the late 2020s.

\*This is the name used by the customer.



## Business Portfolio Transformation



### BEV Products (Battery Frame and Giga-cast)

#### Strengths

- Ability to propose systems using our abundant collision management technology (design, materials, analysis) and heat management technology (water flow device, analysis)
- Raw materials technology such as aluminum die casting, aluminum extrusion, and steel roll forming, and a wide range of manufacturing methods, including welding, mechanical fastening, and other joining technologies
- Optimized production leveraging our long track record of producing aluminum products and our global production bases and facilities

#### Opportunities and risks

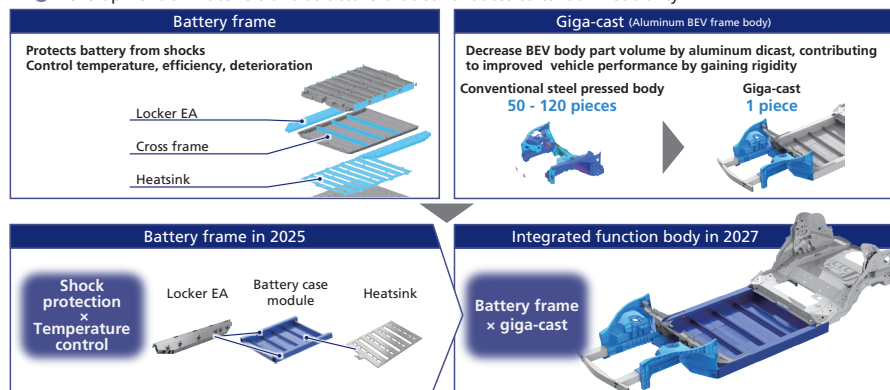
- Changes in vehicle structure due to electrification and accompanying increase in needs for new products
- Building of a supply chain to respond to different electrification needs by region and country and to respond to geopolitical risks
- Intensifying competition due to rise of suppliers in emerging countries

#### Future strategies and roadmap

**With electrification significantly changing the vehicle structure, we view the battery frame and aluminum body frame areas as business opportunities and will strengthen development. We will continue to expand our business in products for EVs.**

##### Key activities

- Expansion of battery frame products for EVs and entry into the market
  - High-strength, space-saving design that maximizes battery installation while protecting it from collisions
  - Temperature control to improve power consumption efficiency and prevent degradation of battery performance
- Development of functionally integrated body (battery and aluminum body frames) that contributes to improving vehicle performance and expanding occupancy space
  - Proposal of split-type aluminum body structure that contributes to reducing vehicle repair costs
- Development of materials and structure that contributes to carbon neutrality



### PHEV / HEV

#### Strengths

- Technical capability that enables improved efficiency and downsizing at low cost
- Installation in a wide range of vehicles using our extensive experience and product lineup based on a track record of over 20 years of development and production
- Relationship of trust with a wide range of customers through long-standing business
- Track record of development support that extends to vehicles themselves and problem-solving ability
- Framework for collaboration with a wide range of companies, including BluE Nexus and J-QuAD DYNAMICS

#### Opportunities and risks

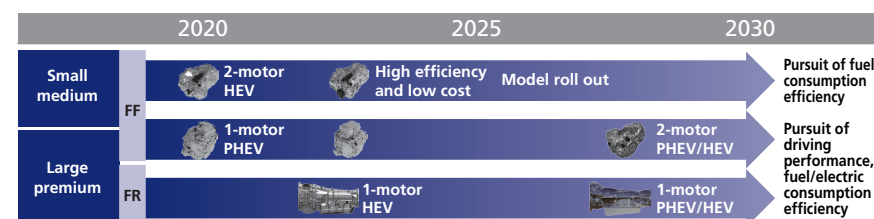
- Shift from engine vehicles to electric vehicles driven by rising environmental awareness and tighter environmental regulations
- Progress of and needs for electrification that differ across regions and countries, such as policy review and lack of infrastructure in each country
- Needs for local procurement toward achieving carbon neutrality
- Tight supply and rising prices of rare metals, special materials, etc.

#### Future strategies and roadmap

**PHEV and HEV are promising options and their demand is expected to grow in the future. We will respond to customer needs in each region with over 20 years of experience and a product lineup that covers a wide range of areas.**

##### Key activities

- Utilize dual-type system to meet a wide range of needs from small to larger premium classes
- Further strengthen our product lineup to meet growing needs for PHEV and HEV parts in the future (We aim to launch an FF2 motor and an FR1 motor unit for PHEVs and HEVs in the late 2020s.)
- Expand new sales by maximizing the advantages of AISIN, which is one of the world's limited suppliers of HEV units





## Business Portfolio Transformation



### Strengths

- Development capabilities based on the trinity of mechanical, electrical, and software technologies
  - Proposal of new vehicle functions and values using software
  - Integrated vehicle dynamics control technology
  - Development capabilities of cooperative regenerative brake system and electric parking brake
- A wide range of high-quality products that bring together the AISIN Group's manufacturing

### Opportunities and risks

- Preparation for carbon neutrality
    - Increase in battery electric vehicles (BEVs) and improvement in fuel and electric 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 adaption of OTA\* updates in vehicles
  - Expansion of the Indian market
- \*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. We 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 our business.

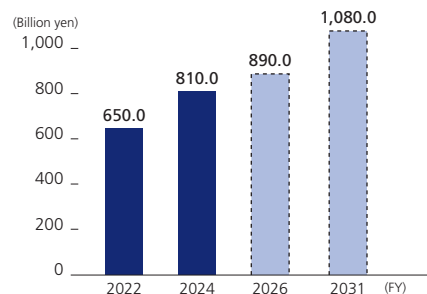
#### Key activities

- Propose new vehicle functions and values and business expansion driven by software
- Business Expansion to Indian- and Chinese-affiliated customers
- Expansion of cooperative regenerative brake system lineup
- Increase the profitability of cooperative regenerative brake system and electric parking brake
- Develop technologies that contribute to improving electric consumption efficiency of BEVs and achieving carbon neutrality
- Promote development of electric disc brake

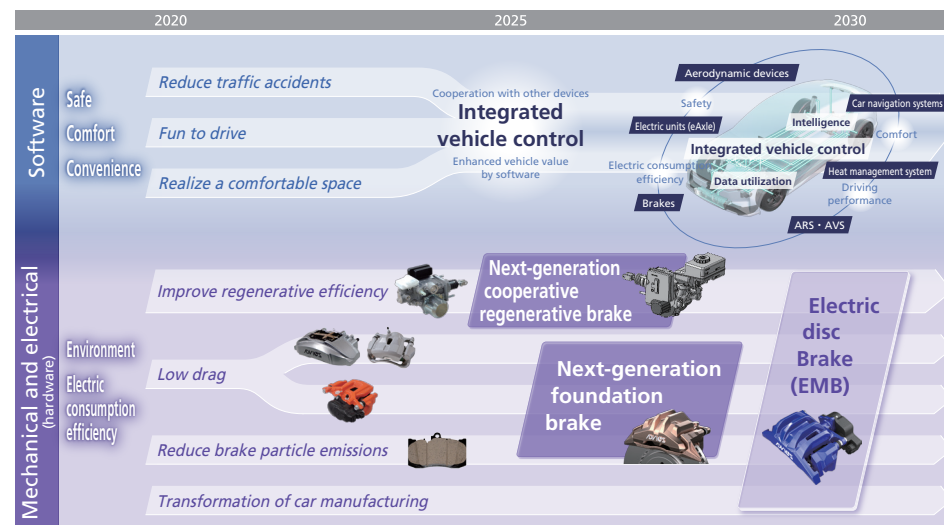
#### Major products

- Control brake products
    - Cooperative regenerative brake system
    - ESC\*
    - Automotive software
  - Foundation brake products
    - Electric parking brake
    - Brake caliper, pad, and disc
  - New business products
    - Aftermarket products
    - Data business
- \* ESC: Electronic stability control

#### Revenue target



### Roadmap



### Topic

#### Refining our brake technology to provide value to a mobility society



##### Adaption of brake products in EV of Taiwanese brand

Brake products have recently introduced to LUXGEN, a luxury car brand. We are contributing to carbon neutrality through the spread of EVs.



##### Establishment of a joint venture (BIADS) in India

ADVICS and Brakes India Private Limited, a long-established Indian brake manufacturer, have reached an agreement to establish a joint venture (BIADS). The aim of this joint venture is to develop the auto industry in India while contributing to customer safety and security.



##### Expanded adoption of smooth brake

The Toyota Century and Lexus LM, which were launched in 2023, come standard equipped with smooth brake. It reduces forward lean when stopping, contributing to more comfortable driving experience.



## Business Portfolio Transformation



### Safe and Comfort Entry

#### Strengths

- System development capabilities that accommodate various needs
  - Door open/close mechanism and control technology
  - Technology to detect surroundings and obstacles
  - User recognition and monitoring for safety and comfort support
- Planning and development framework that enables collaboration of overseas development bases

#### Opportunities and risks

- Evolution of mobility services (MaaS) through product updates
- Growing need for comfort functions with emphasis on user experience (UX)
- Response to new market environments such as India

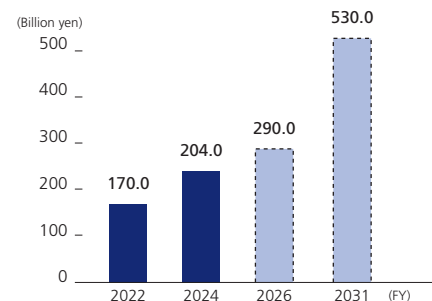
#### Future strategies

**As the automobile evolves into an advanced system combining multiple functions through the incorporation of intelligence, we will continue to provide products that realize stress-free entry and comfortable mobility.**

#### Key activities

- Use cameras, millimeter wave radar, and other sensing technologies to realize stress-free vehicle access
- Enhance product value by strengthening alliances and incorporating outside knowledge
- Promote the development of integrated control of diversified applications for improved convenience

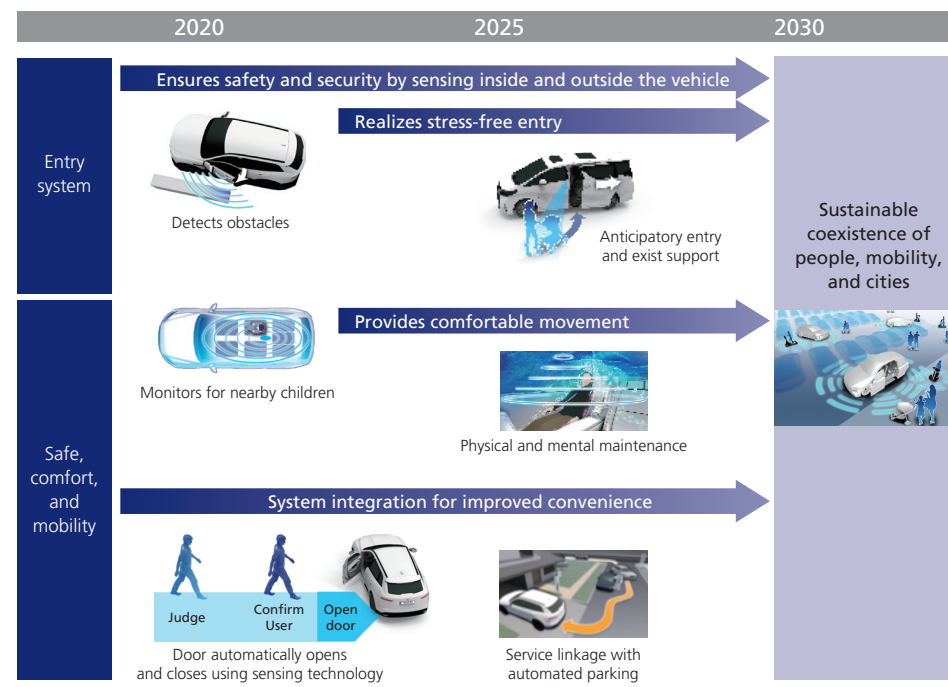
#### Revenue target



#### Main products

- Entry products
  - Predictive door opening and closing
  - Obstacle detection sensors
  - Wide opening door
- Safety and comfort products
  - Vehicle interior monitoring sensors
  - Automated parking support
  - Pneumatic seats

#### Roadmap



#### Topic

### Linkage-type power door system, a wide opening door system

The linkage-type power door system was unveiled at the world premiere of the new Toyota Century model. This new door system balances the advantage of a sliding door's ease of entry and exit with the design of the vehicle itself. It enables smooth entry and exit for anyone even in narrow spaces, and the wide opening provides for elegant entry and exit.





## Business Portfolio Transformation



### Value Chain (Energy Value Chain)

#### Strengths

- Integrated system from development and production to after-sales service of energy products developed through over 40 years of existing products
- Development of elemental technologies compatible with carbon-neutral fuels (e-methane, hydrogen, biogas, etc.)
- Heat management and energy management technologies developed with ENE-FARM, a stationary-type solid oxide fuel cell
- Framework for collaboration with outside partners including companies, local governments and research institutes

#### Opportunities and risks

- Conversion of energy infrastructure to electrification, hydrogen, and others toward achieving carbon neutrality
- Increased subsidies and public-private investment for renewable energy, hydrogen, charging, and other infrastructures
- Growing demand for energy-saving products such as through carbon pricing
- Soaring fuel costs including natural gas, etc. due to foreign exchange and geopolitical risks

#### Future strategies

**With energy-saving and carbon neutral products as the pillars of our business, we will continue to provide products and services that contribute to addressing social issues.**

#### Key activities

- Improve competitiveness of existing products to strengthen our business base
- Commercialize new products early on in response to the energy infrastructure conversion
- Strengthen building complementary relationships with outside partners

#### Main products

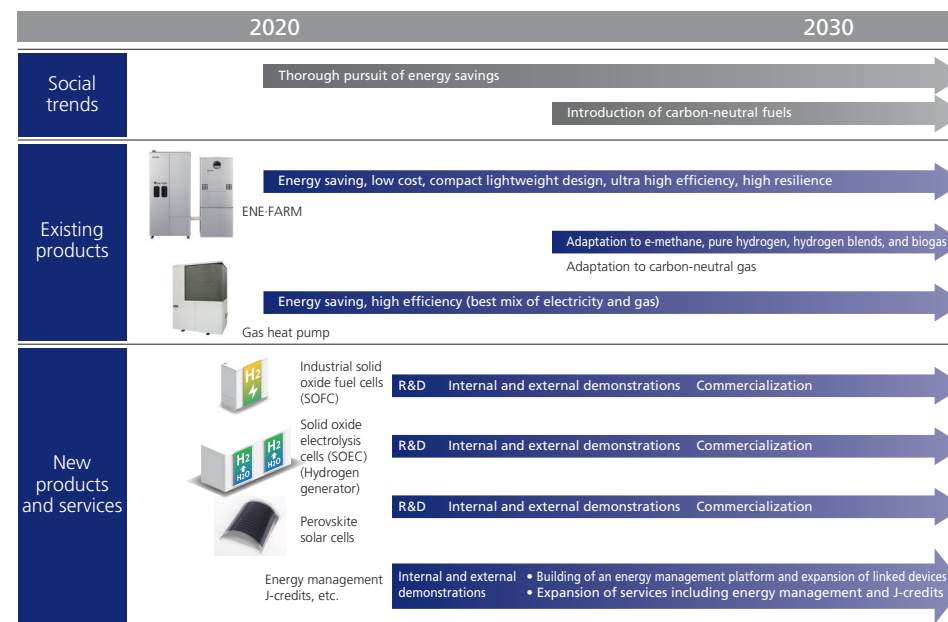
##### 1) Existing products

- Fuel Cell Cogeneration Systems for residential use (ENE-FARM)
- Gas Heat Pump Air-conditioners for industrial use (GHP)

##### 2) Main products under development

- Fuel Cell Cogeneration Systems for industrial use (Industrial solid oxide fuel cells (SOFC))
- Hydrogen generators (Solid oxide electrolysis cells (SOEC))
- Perovskite solar cells

#### Roadmap



#### Topic

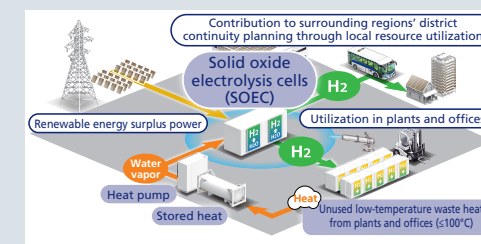
### Steadily promoting efforts toward commercialization



Wall of the Com-Center exhibition hall

#### Perovskite solar cells

We manufactured perovskite solar cells on our in-house prototype line and installed them on the wall of the Company's exhibition hall. We will begin large-scale demonstration testing in 2025 and continue development with the aim of expanding its use to mobility.



R&D business example

#### Solid oxide electrolysis cells (SOEC) (hydrogen generator)

Our development of hydrogen production technology using solid oxide electrolysis cells (SOEC) was adopted as a research and development project of the Regional Hydrogen Utilization Technology Development Project publicly advertised by the New Energy and Industrial Technology Development Organization.



## Business Portfolio Transformation



### Value Chain (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 digital transformation
- Geopolitical risks in global sales promotion

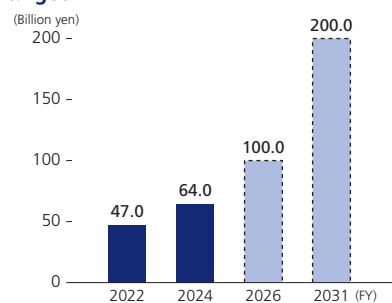
#### Future strategies

**AISIN will contribute to building a sustainable society by providing a safe and secure driving experience for customers while ensuring effective use of resources.**

##### Key activities

- To drive business in new fields and formats in response to market changes, we will utilize our strengths as an OE parts manufacturer to expand our product range by accelerating our online auto parts retail system and strengthen our planning, procurement, and sales functions to ensure an optimal supply of products.
- Provide maintenance parts and recycled parts for used and aged car users and enter the maintenance business. Recommend regular maintenance to maintain the vehicle value and extend the vehicle life, contributing to a circular economy.
- Strengthen our brand power by providing a wide range of products and services tailored to regional characteristics worldwide.

##### Revenue target



##### Main products

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

#### Roadmap

##### FY2031 Targets

Aftermarket branches

17 countries → 30 countries  
36 sites → 70 sites

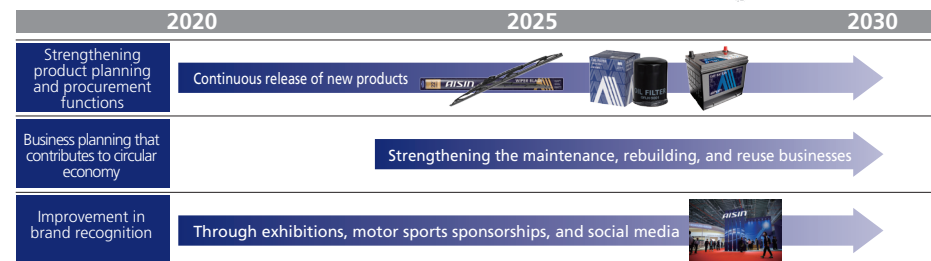
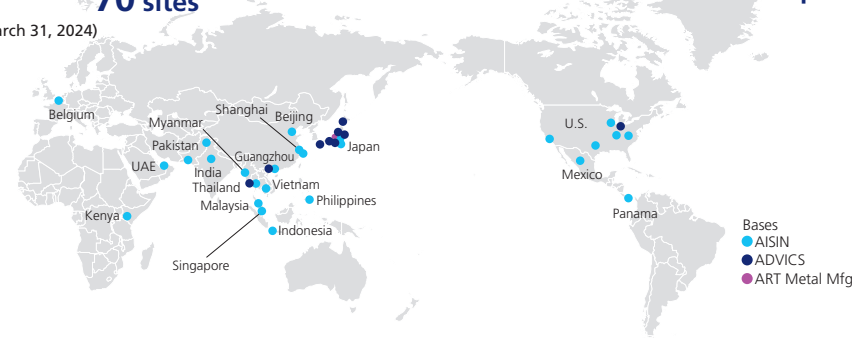
Number of countries where sold

Approx. 100 → 120

Number of customers

Approx. 700 companies → 1,000 companies

(As of March 31, 2024)



#### Topic

### Entering the maintenance and service business to support the auto lifestyle of our customers

We will expand into the maintenance and service business to provide a wide range of solutions to contribute to addressing issues in the auto maintenance industry.

- We exhibited an on-site maintenance concept car at the International Auto Aftermarket EXPO (IAAE) in March 2024 held at Tokyo Big Sight.

Base vehicle: Toyota Hiace Super High Roof  
Added equipment: Compact tire changer and balancer, etc.  
Features: Dedicated design that eliminates the need to unload equipment  
Compatible tire size: 12 to 24 inch tires





## Business Portfolio Transformation



### New Businesses (Mobility Services)

#### Strengths

- Cloud platform technologies that seamlessly connect with in-vehicle and mobile devices using location-based information technology at the core
- AI-powered analysis of data that combine the behavior of various in-vehicle parts with location-based information and customer feedback via social media
- Generation of predictive information that is essential to intelligent vehicles and smart mobility
- Technical capability to develop large-scale in-vehicle software and quality control process for such development

#### Opportunities and risks

- Market expansion of mobility service area business through generative AI and other IT technological innovations
- Growing demand for labor-saving and automation solutions in response to declining population
- Growing environmental response, such as with carbon neutrality and electrification, and expanding laws and regulations to protect the environment and information
- Entry into the mobility service domain from other industries such as IT

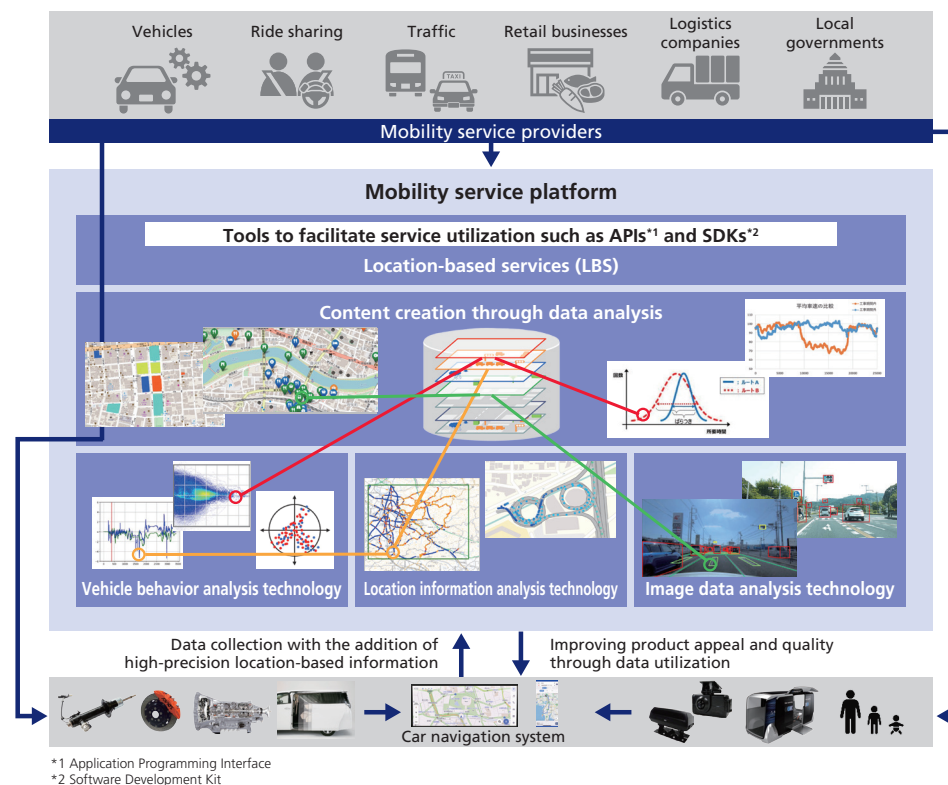
#### Future strategies

**We are utilizing user insight to make more sophisticated car navigation systems and utilizing location-based information to create new businesses and help address social issues while realizing “Inspiring ‘movement’, creating tomorrow.”**

##### Key activities

- Car navigation systems are undergoing a paradigm shift from driver navigation systems to those that provide predictive information to autonomous driving, BEVs, and in-vehicle parts, supporting more efficient, safe, and secure mobility.
- In addition to further global expansion of the car navigation system, we will utilize our cultivated location-based information for data analysis to generate content to support the driver's travel purpose, providing solutions to a wide range of social issues in the business-to-business and business-to-government markets.

#### Initiatives

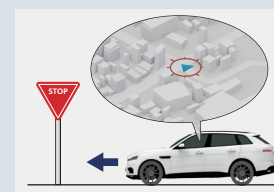


#### Topic

### Utilizing location-based information to address social issues and create new value in mobility



We are expanding Toyota car navigation systems to 100 countries worldwide to support more efficient mobility.



We are promoting the incorporation of intelligence by predicting events in the direction the vehicle is traveling and using that information to control various aspects of the vehicle.



New functions using AI have been added to our “Michi-log” road maintenance and management support service.



Our ReGoMe digital garbage collection service plans optimal routes for garbage collection and allows for electronic scheduling of large item pickups, among other features.



## Business Portfolio Transformation

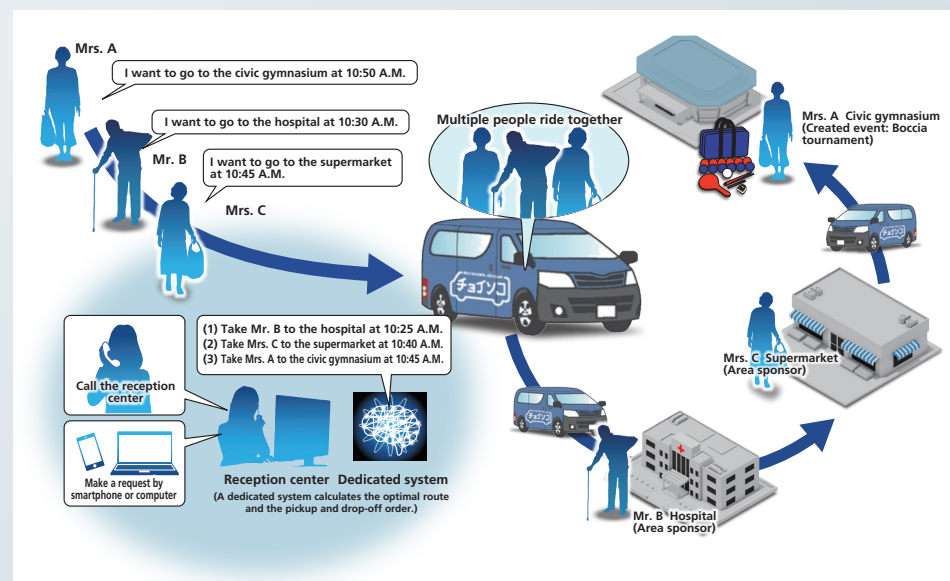
### Creating new businesses to solve social issues

Utilizing our cultivated technology to take on challenges in various fields.

#### CHOISOKO

Reduced and eliminated bus routes, elderly people giving up their driver's licenses, and other factors are creating increasing urban mobility challenges. In response, AISIN is introducing an AI on-demand transportation service that brings together local governments throughout Japan, regional businesses as area sponsors, and citizens.

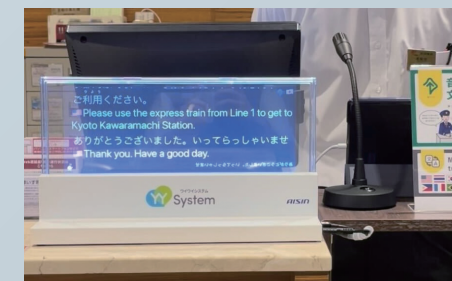
Choisoko is a new rideshare system that generates the optimal route based on the user's reservation details including the desired date and time as well as their pickup and drop-off locations, and accommodates multiple riders heading in the same direction, for fast, cheap, and efficient transportation. Not only does this system solve local transportation problems, but it also contributes to improving the health of the elderly by encouraging them to get out. In addition, it also provides convenient transportation for children, such as long-distance commuting to school, local transportation for club activities, and taking students to and from lessons.



#### YYSystem communication application

YYSystem is a communication support application that uses a proprietary algorithm at its core to visualize speech and ambient sounds. The technology aims to facilitate communication anytime, anywhere, and with anyone, to realize a society with enhanced communication even for deaf and hard-of-hearing individuals and people who speak a different language.

In this project, we implemented an inclusive design using co-creation methods based on user feedback and concerns. In recognition of these efforts, it received the Good Design Gold Award 2023. Currently, we are utilizing the technology within the Company and expanding its system application to areas where it can be used to communicate with customers, such as at pharmacies, hotel front desks, and train station counters.





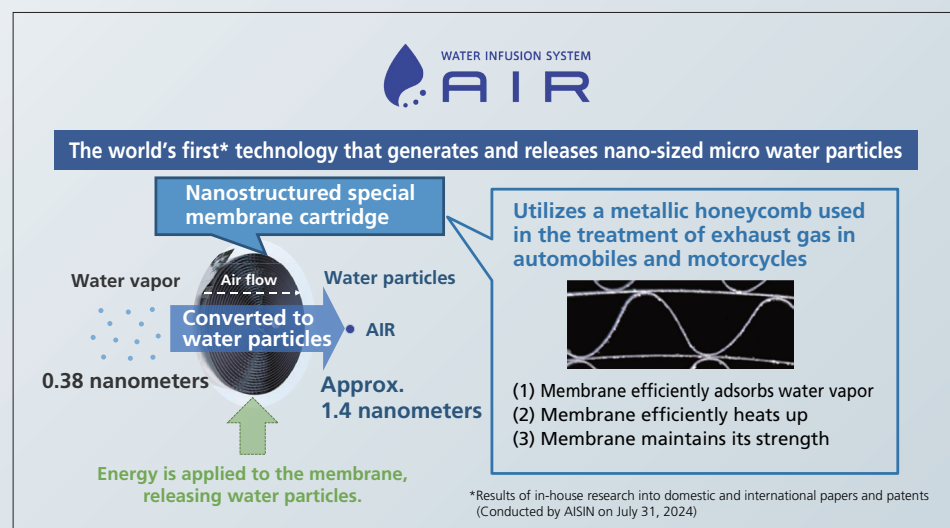
## Business Portfolio Transformation

### Creating new businesses to solve social issues

#### AIR

AISIN understands that sleep is the key to health and comfortable living. Since 1966, the Company has developed its bed business for 54 years, and has a background in researching sleep. By combining the technology we cultivated in the automotive parts business with our research on improving the quality of sleep by reducing dry conditions in the bedroom, we created a technology that converts water vapor in the air into water particles (AIR) and releases them. The AIR fine water particles are approximately 1.4 nanometers, uncharged, nonpolarized, and have a stable structure, making them suitable for potential applications across various industries. The technology is currently being commercialized as WINDSCCELL, a personal skin treatment device for medical use, and Hydraid, a hair hydration device for beauty salons. This device uses just the power of water to improve and moisturize the foundation of the skin and hair, for enhancing and sustaining various treatment effects.

AIR is a technology that anyone can benefit from anywhere, and by demonstrating the new potential applications of water in various fields such as food, agriculture, industry, biotechnology, and medicine, we hope to contribute to creating a better future.



#### Customer Feedback

##### Feedback from a Choisoko user

I used to use the local bus service, but it was infrequent and inconvenient. By switching to Choisoko, I am able to get around by making a reservation according to my schedule, eliminating unnecessary waiting time. I can also get around safely and with peace of mind, allowing me to give up my driver's license. In addition, Choisoko also regularly holds events to encourage people to get out, allowing me to have conversations with other participants and keep fit by having fun moving my body.

##### Feedback from a local government using Choisoko

This system provides a means of transportation according to the needs of our residents, thereby increasing their level of satisfaction and creating a lively city through the movement of people. Choisoko also operates as a school shuttle vehicle, thereby eliminating the need for dedicated vehicles while supporting long-distance commutes, reducing expenses and the burden of transportation for parents.

##### Feedback from a YYSsystem user

As someone who is hard of hearing and is hesitant to go out, YYSsystem has changed my life. Thanks to this system, I am able to understand the doctor's explanations at the hospital right then and there, alleviating my concerns.

##### Feedback from a company implementing YYSsystem

YYSsystem properly displays text even amid noise and allows registration of technical terms, which is very helpful and accurate. Initially, we introduced the technology in response to the Disability Discrimination Act. However, in addition to supporting the deaf and hard of hearing, it also includes foreign language translation and data utilization functions, enabling it to be widely applied within the company for more efficient operations.

##### Feedback from a beauty clinic using WINDSCCELL

Patients have told us that the moisturizing effect lasts, and they return for repeat WINDSCCELL treatments. This beauty device allows for both moisturizing and infusion at the same time, so the type and amount of infusion liquid can be changed and adjusted at the doctor's discretion. It has many benefits, such as the moisturizing preparing the foundation of the skin, making it easier to enhance the effects of other skin treatments.

##### Feedback from a beauty salon using Hydraid

I tested it on a worker with very frizzy hair and was surprised that it became manageable. I directly felt the change, so I immediately decided to introduce it to our salon. We are a salon that wants to invest in the lifestyles of our customers based on the concept of building lifelong relationships. I look forward to supporting the future of our customers by exploring efficient uses of Hydraid.





## Strengthening Management Capital

Strengthening management capital - including financial capital, human capital, intellectual capital, natural capital, social capital, and production capital - helps to improve the company's profitability, growth, and competitiveness while serving as a source of greater corporate value. AISIN will continue to maintain and strengthen these types of capital in order to achieve sustained growth in the future ahead.

 <b>Financial Capital</b> P.35–36 Ensuring a stable financial foundation and improving capital efficiency	 <b>Human Capital</b> P.37–42 Drawing on people and organizations with a focus on diverse values and expertise	 <b>Intellectual Capital</b> P.43–48 Trove of expertise and technology amassed in businesses	 <b>Natural Capital</b> P.49–55 Building a resource recycling system in harmony with nature	 <b>Social Capital</b> P.56–60 Dialogue and relationships of trust with diverse stakeholders	 <b>Production Capital</b> P.61–63 Manufacturing processes that create products that have the edge
<ul style="list-style-type: none"> <li>● Balance sheet reformation</li> <li>● Capital policy and shareholder returns</li> <li>● Capital allocations</li> </ul>	<ul style="list-style-type: none"> <li>● Human resources philosophy</li> <li>● 2030 goals for people and the organization <ul style="list-style-type: none"> <li>- Creating an open workplace culture</li> <li>- Growth and success by professional human resources</li> <li>- Encouraging personnel to take on challenges</li> <li>- Strengthening our comprehensive strength as a Group</li> </ul> </li> <li>● Occupational health and safety</li> <li>● Healthy business practices</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening technological development to achieve business portfolio transformation</li> <li>● Speeding up electrification development</li> <li>● Safe, comfort, convenience</li> <li>● Building a portfolio of intellectual property</li> <li>● Strengthening development platform technology</li> <li>● DX</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental management system</li> <li>● Establishing a society in which people co-exist with nature</li> <li>● Establishing a recycling-oriented society</li> <li>● Establishing a zero carbon society</li> <li>● TCFD</li> <li>● TNFD</li> </ul>	<ul style="list-style-type: none"> <li>● Expand added value throughout the entire value chain</li> <li>● Supply chain</li> <li>● Human rights</li> <li>● Engagement with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>● Building a manufacturing infrastructure for business portfolio transformation</li> <li>● Innovative manufacturing sites that utilize digital technology</li> <li>● Cultivating global manufacturing personnel</li> <li>● Working with actors in the supply chain to resolve social issues (environmental impact, logistics problems)</li> </ul>
Total assets <b>4,643</b> billion yen	Employees <b>115,140</b> people	Number of patents held <b>8,459</b>	Energy consumption <b>28,233,650</b> GJ	Suppliers <b>4,515</b> companies	Capital expenditures <b>260</b> billion yen (FY2025 plan)
Amount of reduction in assets in FY2024 <b>167.8</b> billion yen	Job satisfaction index <b>3.4</b> points (5-point scale)	R&D expenditure <b>225.5</b> billion yen	Raw material inputs <b>1,605,489</b> t	Dialogues with investors and analysts <b>254</b>	Global number of manufacturing sites <b>131</b> production companies in 15 countries



## Strengthening Management Capital

### Financial Capital

#### Financial Policies based on the Medium-term Management Plan for 2025



**By reducing invested capital and employing appropriate financial leverage, we aim to improve asset/capital efficiency and increase corporate value.**

AISIN is working to complete the structural changes and profitability improvements laid out in the Medium-term Management Plan for 2025.

In terms of finances, we will reform our balance sheet, which means reducing invested capital and employing appropriate financial leverage in order to improve asset and capital efficiency and increase corporate value.

##### Policy to improve ROE

$$\text{ROE} = \left( \frac{\text{Current profit}}{\text{Revenue}} \right) \times \left( \frac{\text{Revenue}}{\text{Invested capital}} \right) \times \left( \frac{\text{Invested capital}}{\text{Shareholder equity}} \right)$$

 Reduction in invested capital       Proper financial leverage

Responsible for  
Group-wide optimal  
resource distribution  
and maximizing  
revenue

**Shintaro Ito**  
CAO

Chief Administrative Officer



#### Balance Sheet Reformation

**We will reform our balance sheet to reduce invested capital and generate funds.**

By FY2026, we aim to reduce our invested capital by 10% (¥400 billion) of all assets.

- Reducing business assets by over ¥100 billion by entrusting business to partners and thoroughly reducing existing business assets
  - Selling over ¥100 billion in shares to eliminate all cross-shareholdings
  - Reducing global inventories by over ¥100 billion by the end of FY2026 in order to bring inventories back down to pre-COVID levels
- In FY2024, we transferred our seat business and shower-toilet business to partners and acted to rapidly reduce inefficient assets, thereby generating ¥23.9 billion in funds. With respect to cross-shareholdings, our efforts involved 8 stocks and generated ¥111.7 billion in funds. With respect to global inventories, we generated ¥32.2 billion compared to FY2022. Moving forward towards FY2026, we will continue working to reduce invested capital and improve asset efficiency.

**FY2024 Results** Progress of the Mid-term Plan (Generate Capital by Balance Sheet Reformation)

**Business Assets Reduction**  
(23.9 BJPY in funds generated this fiscal year)

**Compress over 100 BJPY**  
Transfer “entrust” business and depreciate existing business assets

##### Entrust Partners

- Seat Business
- Shower-Toilet Business
- Other projects (Ongoing)

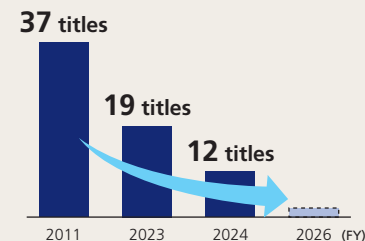
##### Accelerate Reduction of Inefficient assets

- Structural change on surplus assets
- Marge Production companies (Ongoing)

**Execution of Sale of Cross-Shareholdings**  
(111.7 BJPY in funds generated this fiscal year)

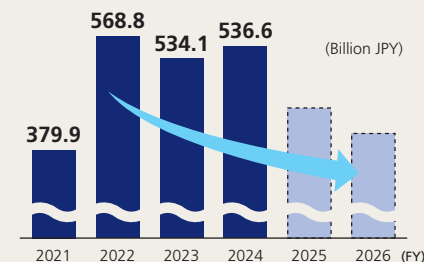
**Sell over 100 BJPY**

Aim for zero



**Global Inventory Reduction**  
(32.2 BJPY in funds generated compared to FYE2022)

**Compress over 100 BJPY**  
Compress to Pre-COVID Level By FYE2026



**Promote Reform 400 BJPY, which is 10% of Total Assets, by FYE2026**



## Strengthening Management Capital

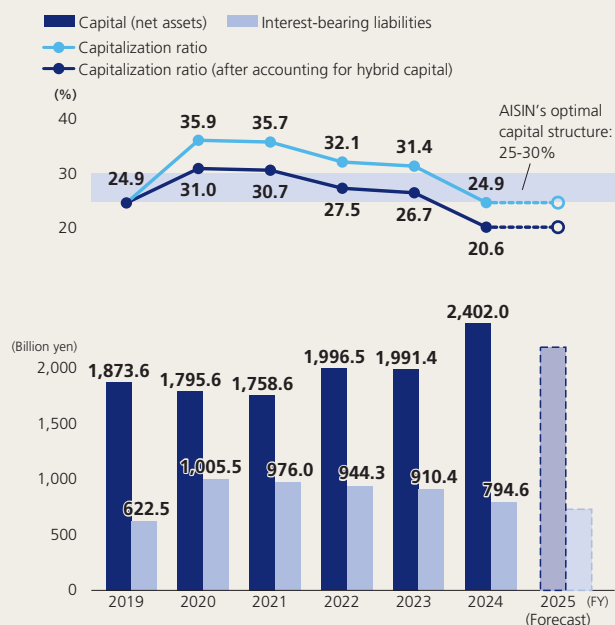
### Financial Capital

#### Capital Policy and Shareholder Returns

**We work to provide stronger shareholder returns, striking a balance between financial safety and capital efficiency.**

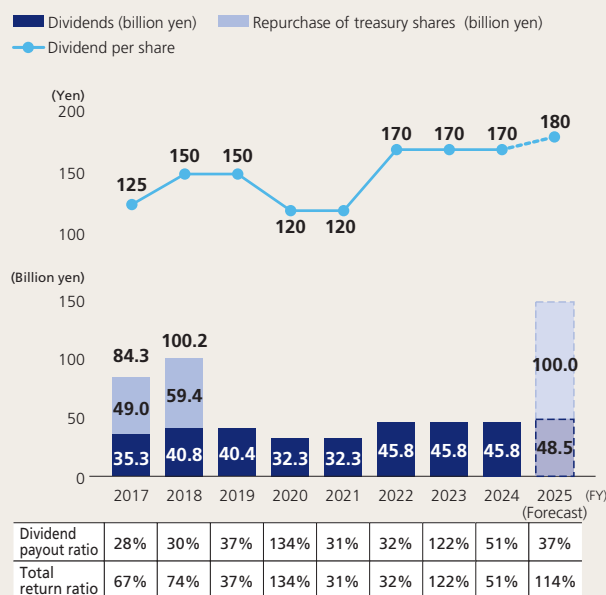
AISIN's capital policy is to strike a balance between "financial safety" and "capital efficiency" in order to maintain the ability to raise funds at low cost at any time, and aiming to improve corporate value. Specifically, we believe a capitalization ratio of roughly 25% to 30% is our optimal capital structure.

##### Capitalization Ratio



In June 2024, AISIN announced the repurchases of treasury shares to the maximum of ¥100 billion and 17 million shares. Moving forward, we will continue to stay mindful of "financial safety" as we provide stable, continuous shareholder returns. Additionally, we will be working to strengthen shareholder returns through flexible repurchase of treasury shares and aim to improve capital efficiency.

##### Dividends and repurchase of treasury shares

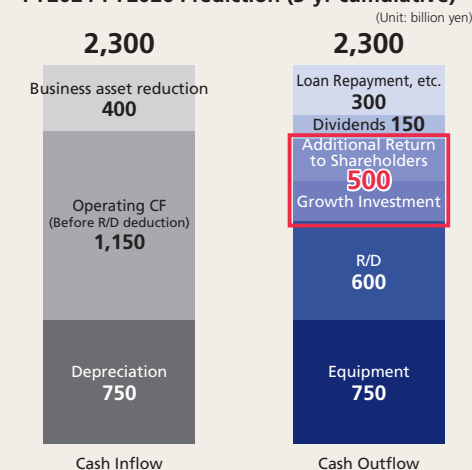


#### Capital Allocations

**We will flexibly allocate resources towards growth investments and additional shareholder returns.**

As we move towards 2025, we will use funds generated from business revenue and reductions in invested capital for equipment investment in primarily growing domains, R&D, shareholder dividends, and repaying debts to secure the company's financial health. We plan to allocate the ¥500 billion in financial leeway resulting from generated funds for M&A, alliances, and other further growth investments, as well as for additional shareholder returns such as buying treasury shares, while expanding our business portfolio in growing domains and further improving capital efficiency.

##### Capital Allocations FY2024-FY2026 Prediction (3-yr cumulative)





## Strengthening Management Capital

### Human Capital

**The source of AISIN's value creation is our co-workers.**

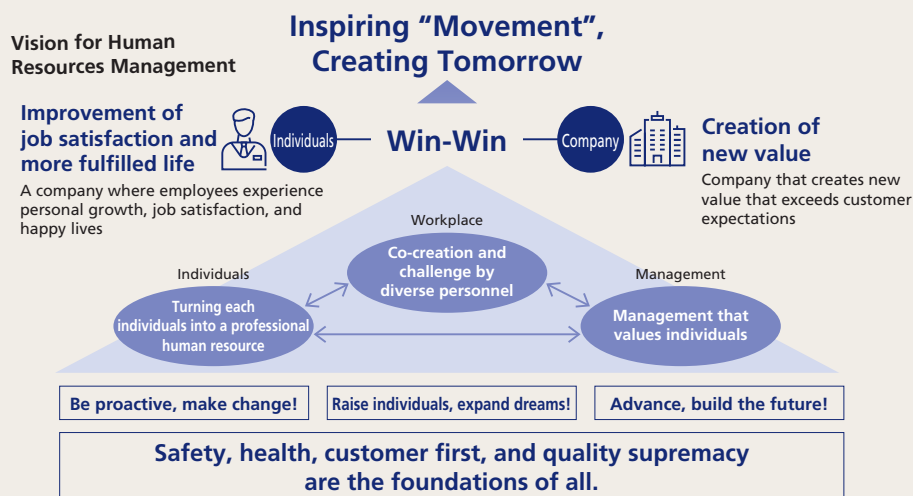
**We have created an environment to facilitate self-challenges on the part of our diverse employees and accelerate growth, and we work to train the personnel who will be responsible for the future.**

At AISIN, each of our co-workers is a key player, and our colleagues themselves are our strength. We put our co-workers at the top of value in our Group Philosophy. Our goal is to achieve human resources management that provides job satisfaction and life happiness to our co-workers while creating new value. We believe that is what will enable us to achieve our business strategies and then our Group Philosophy as well.

**AISIN's vision for 2030 is to "implement challenges on a global and group-wide consolidated basis" and "people grow more than anywhere else and all employees are active."**

In the period of rapid quantitative expansion of the past, it was important for personnel and organizations to achieve the theme assigned to them. The capacity to "continuously produce results in an efficient manner" was required. In order to strengthen our management foundation and expand growing domains moving forward, however, we will need to develop and supply products that anticipate the needs and changes in society of the future, not merely proceed along the same path. We feel that traditional AISIN features contain aspects that do not necessarily suit the current environment. We need to utilize AISIN's distinctive qualities that have been built up over time, while also transforming AISIN into an organization that can shrewdly and quickly act to

propose new forms of value. To that end, it is urgent that we do even better at purposefully and systematically training personnel to support their future success. Therefore, we have positioned our vision for our people and organization to achieve in 2030 as "Encouraging personnel taking on challenges on a global and group-wide consolidated basis" and "People grow more than anywhere else and all employees are active." We are focusing on three points as we accelerate efforts across all of our activities with (0) an open workplace culture created as a basis: (1) Activities and growth of professional human resources, (2) Encouraging personnel to take on challenges, and (3) Strengthening our comprehensive strength as a Group.



#### Vision and initiatives built on business strategy

Vision for people and the organization

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

People grow more than anywhere else and all employees are active.

Direction of initiatives towards achieving the vision

(1) Activities and growth of professional human resources

(2) Encouraging personnel to take on challenges

(3) Enhancing our comprehensive strength as a Group

(0) Creating an open workplace culture



## Strengthening Management Capital

### Human Capital

**All of our corporate activities are rooted in an open workplace culture.**

#### More openness through frank discussions between personnel and management and improved transparency

"The most important things now to achieving full model change are, first, personnel and, second, an open workplace culture." Based on this message from the President, AISIN is currently working to improve openness in our organizations and workplaces throughout all of our activities.

For example, we are actively establishing venues for discussion such as rank-specific round-table conferences between employees and management, and then we share videos of the discussions throughout company to improve transparency, contributing to an open workplace culture. We have also actively worked to set up opportunities for personnel to share information and sharpen one another's skills as well as share workplace management.

#### Improving quality by "consulting with others whenever there is a problem"

Quality-related misconduct starts with "problems" stumping someone at the workplace... Working on that assumption, we tell personnel to reach out immediately whenever they have a problem, and in the interest of continually improving workplace openness, we pursue solutions to those problems through interviews. In FY2024, we conducted comprehensive inspections of certified parts and implemented measures for all 262 "problems" that were identified during interviews at the relevant workplaces. In FY2025, we focus on factories where the quality process of post-processing is performed.

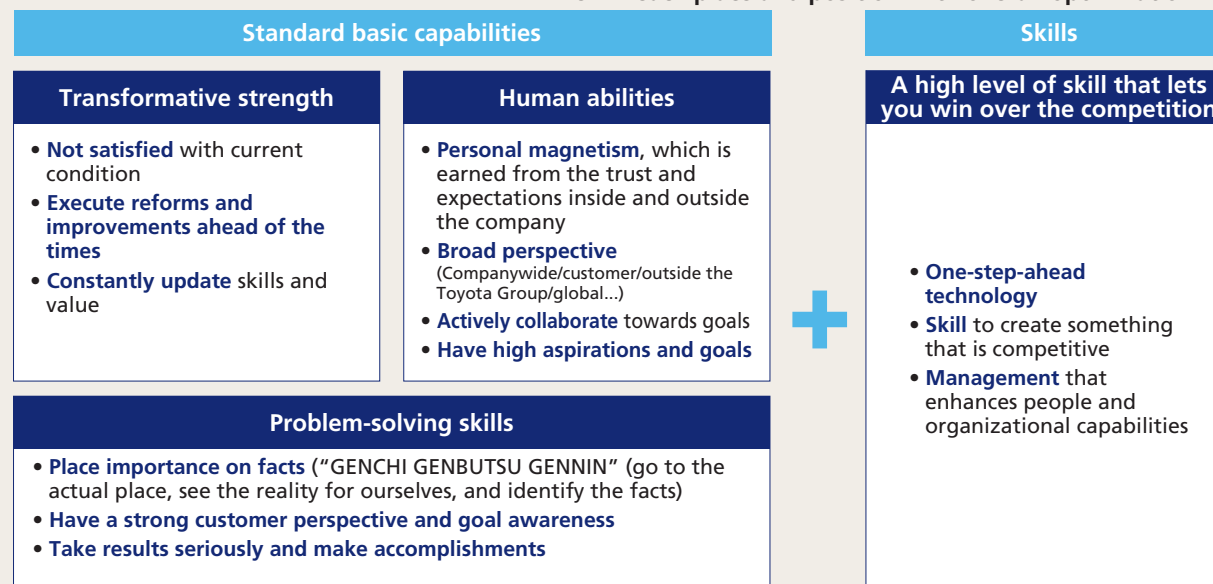
**We define our ideal personnel as "professional human resources," and support their activity and growth.**

In order for AISIN to transform into a company that can provide new value, we require diverse personnel who can identify big issues in society and put the customer first as spring into action on their own initiative. We must also become the optimal organization where all of those personnel can thrive.

AISIN calls such ideal personnel "professional human resources," and we organize their core capabilities as well as promote measures to support their activity and growth.

#### "Professional Human Resources" - Definition and Components

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



#### Revising our HR evaluations to draw out individuals' full potential

We are gradually reforming our HR evaluations with the aim of cultivating professional human resources and promoting success for everyone, from Executive Management to ordinary staff. Our reforms to HR evaluations include the "point-addition approach" that evaluates learning from challenges or failure, the "market price approach" that rewards current job responsibilities and accomplishments, and "accelerating mobility and outward-looking perspectives" in order to assign the right people to the right jobs at the right timings. We aim to assign the necessary roles and themes appropriate for professional human resources, and then to reward them in a timely manner for those job responsibilities and accomplishments. In this way, we hope to encourage individuals to exhibit what they are capable of and to grow, so that everyone succeeds.



## Strengthening Management Capital

### Human Capital

#### Aiming to change the training system to achieve a company where people grow more than anywhere else

AISIN encourages autonomous growth among all personnel by having revised training policies and systems from “general” training given to all personnel to trainings that consider diversity and thinking for oneself. Specifically, we provide primarily on-site on-the-job training with training measures that emphasize strengthening the problem-solving skills, transformative strength, and human abilities that are required of professional human resources, with the aim of becoming a “company where people grow more than anywhere else.”

#### Advanced skills to win out over the competition

At production-related workplaces that require technical skills, it is extremely important to improve employees’ skills. AISIN works to clarify the knowledge and skills that need to be acquired for each ability-based grade, so that employees can more easily get a sense for their own growth, and we have implemented a self-growth (career advancement) system (Career Way) through which individuals can pursue self-growth in an independent and motivated manner. We also provide support for taking technical skills tests (national, internal) with the aim of boosting employees’ motivation to challenge themselves.

#### Shift of resources to key domains and promoting reskilling

In order to shift needed human resources to key areas and conduct reskilling with good speed, we have worked to clarify workloads and personnel requirements on a function-specific basis, and then based on that, worked as a Group to systematically train and shift existing personnel.

Goal	Primary initiatives	Description
<b>Bolstering problem-solving abilities</b>	Problem-solving training Mid-level and high-level MAST training	Strengthening both the ability of regular employees to adopt problem-solving work styles and of supervisors to provide guidance from a problem-solving perspective
<b>Cultivating transformative strength</b>	Border-crossing Program	A system for managers and regular employees to create new value that is not easily recognized through in-house experiences only and that require social problem-solving initiatives with outsiders
<b>Cultivating human abilities</b>	OMOIYARI training for personal skills	Improves the personal skills and communication of Executive Management and managers who have a significant impact on workplace culture in order to foster happiness among employees blessed with psychological stability
	Communication training that leverages individuality	Newly appointed core personnel are provided training on the basics of leadership and communication skills needed to cultivate personnel while maintaining their individuality
	Training to nature “motivation”	Strengthening the development of charismatic leaders for senior core personnel with the expectation that each individual will develop their own aspirations of what they want to accomplish in the Company, giving rise to a change in behavior while seriously facing their own values and identity

Primary initiatives	Description
<b>Shift to electrification</b>	<ul style="list-style-type: none"> <li>Completed shifting 1,500 development and production engineers before the end of FY2024 in order to produce 4.5 million electric units by 2025</li> </ul>
<b>Electrification engineer training</b>	<ul style="list-style-type: none"> <li>Concentrated training for 1-3 months on motors and heat management technology for the shift to the electrification domain (820 people received this training by the end of FY2024)</li> <li>Some personnel who received skill change training sometime before the current fiscal year were given expert-level training aimed at further boosting their skill level</li> </ul>
<b>Electrification line worker training</b>	<ul style="list-style-type: none"> <li>Renovation of the training system for technical skills in preparation for electrification (1,820 people took the training by the end of FY2024)</li> </ul>
<b>DX and AI personnel training</b>	<ul style="list-style-type: none"> <li>AI digital training provided to bolster generative AI and data utilization skills (1,100 people took the training by the end of FY2024)</li> <li>Collaborative workshops with academia in order to cultivate innovative personnel</li> </ul>
<b>Software personnel training</b>	<ul style="list-style-type: none"> <li>Reforms to the training system to improve product functional value through incorporation of basic concepts by software expert personnel (660 people took the training by the end of FY2024)</li> <li>Shift 30% of current up to more upstream development processes by FY2026</li> </ul>



## Strengthening Management Capital

### Human Capital

#### Promoting “development of people and workplaces that pursue challenges” and reforming the company culture itself.

In an era where there’s no right answer, we have sketched out a vision for ourselves and will change step-by-step to achieve it. The breeding ground and environment for generating such challenges are necessary in a company or organization. At AISIN, “development of people and workplaces that pursue challenges” is a key phrase as we work to transform the company culture itself. We have always encouraged personnel to taking on challenges, but in order to further increase proactive behavior, we believe that we need to engage in management that identifies each employee’s characteristics and motivations in order to draw out their own volition and independence.

#### Promoting challenges by emphasizing improvements to job satisfaction

AISIN conducts employee awareness surveys among personnel on a regular basis, with a “job satisfaction” as an important KPI capturing job fulfillment and sense of fit. By 2030, we aim to achieve a 4.0 on a 5-point scale for “job satisfaction” among all employees globally. It is especially important for us to improve “job satisfaction” at workplaces requiring technical skills. Analysis of employee awareness survey results showed that two items key to improving job satisfaction were “finding one’s work meaningful” and “feeling a sense of growth at work.” Putting our focus here, we work to promote challenges on the part of individuals at all workplaces.

Job satisfaction	FY2022	FY2023	FY2024
Admin/tech workplaces	3.5	3.6	3.6
Tech workplaces	3.2	3.3	3.3
Overall	3.4	3.4	3.4

#### Strengthening the Group’s comprehensive strength by drawing fully on the diverse value systems of our personnel.

AISIN works to optimize our organization and personnel assignments towards global business expansion and reorganizing domestic businesses. This includes reskilling technicians, boundary-crossing domestic resource shifts between factories and offices, optimal assignment of overseas personnel to lead global businesses, and other steps to quickly formulate a lateral organization that fully draws on the value systems of our diverse personnel.

#### Cultivating leaders on a global and group-wide basis

At AISIN, top management directly discovers leadership candidates, shares important management themes with them, and actively appoints them to domestic and foreign posts. In order to brush up our value systems and enhance personal skills and viewpoints, we provide coaching by experts, teach management knowledge, and organize opportunities to work alongside outsiders on an individual basis, depending on the characteristics of each individual. Overseas, we appoint local personnel and encourage independence for local worksites. We use the globally shared AG2 (AISIN Global Grading) metric to identify important posts and systematically develop human resources based on a succession plan.

Especially in the North American region, we work to make excellent personnel at each branch “more visible” and pursue human resources development through transfers between offices within a region, among other means. In 2024, we began transferring management staff between local HQs and manufacturing entities.

#### Promoting the success of women and senior citizens through D&I implementation

For many years, AISIN has promoted diversity and inclusion (D&I) and expanded systems aimed at supporting women in balancing a career and home life. These efforts have been recognized for four consecutive years by AISIN’s selection as a Nadeshiko Brand, a listed company that demonstrates excellence in the promotion of women’s success.

We have also actively worked to build an environment in which benefits are easy to use, such as by achieving 100% parental leave usage rates among men.

We are currently focused on promoting the success of women and senior citizens in workplaces requiring technical skills. To strike a balance between work and childcare, we promote the use of cycle time and building creative production lines to support the success of personnel working reduced hours. We also work to ensure that personnel of all genders and ages can contribute at the workplace and find job satisfaction by focusing on differences in physical strength, muscular power, vision, and cognitive abilities (thinking and memory) due to gender and age. We reduced the burden of work processes on workers, adjusted the size of text, and simplified tasks in order to create processes that “produce the same result regardless of who does the job.”





## Strengthening Management Capital

### Human Capital

#### Occupational Health and Safety

##### Basic stance and policy

##### Safety and health above everything else

As a corporate group conducting global business, we recognize that creating and maintaining safe and healthy workplaces for everyone on-site is a crucial management issue that must be realized at all of our business locations. 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.

##### Implementation framework

##### Framework for safety, health, and fire prevention

To protect everyone working on site from occupational accidents, we established a Safety and Health Committee comprising the presidents of each Group company, which works to unify policies and standards to ensure occupational safety.

##### Vision

##### Group Safety Vision for 2030

To eliminate serious accidents and accidents that requires time off from work, we are implementing health measures to prevent recurrences, raise health awareness, and integrate health activities into our daily routine. We have set KPIs for our Group Safety Vision for 2030 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.



##### Occupational Health and Safety Management System

In FY2021, we introduced the Occupational Health and Safety Management System that enables risk management and performance improvements for all Group companies including independent contractors.

In addition, 35 Group companies including AISIN have obtained ISO 45001 certification for management systems of occupational health and safety by FY2024. Each year, we

identify risks and opportunities taking into account challenges facing the Group both internally and externally as well as requests from employees and other stakeholders. Based on these results, we prioritize the issues to tackle, reflect these in our safety and health plan for the next fiscal period, and promote activities to achieve our targets. Taking into account activity outcomes and other changing factors, we implement a management review to clarify the direction for the next fiscal period and improve our activities.



## Strengthening Management Capital

### Human Capital

#### Healthy Business Practices

##### Basic stance and policy

AISIN places the highest priority on the safety and health of its employees.

Recognizing that promotion of employee health is a key management issue, we formulated the AISIN Group Health Declaration in April 2021. We promote health management to raise health awareness of all employees and integrate health activities into our daily routine.

##### Implementation framework

##### Health promotion framework

We established the Council for the Promotion of Healthy Business Practices, which consists of health promotion departments, human resources management departments, the worker's union, and the health insurance society, to discuss health issues and measures to resolve them. Discussed measures are reported and approved by the Safety and Health Committee and introduced to each workplace by Safety and Health Committee members. In addition, measures are introduced to Group companies through the ALL AISIN Health Subcommittee, and support is provided for health promotion activities based on the needs of individual companies.

##### Initiatives for healthy business practices

Recognizing the labor shortage caused by Japan's declining birthrate and aging population as a critical issue, we are working to secure a labor force by promoting an environment where seniors and women can continue working, and we are implementing various measures and activities to enable everyone to reach their full potential while maintaining both physical and mental health.

Our current priority is addressing lifestyle-related diseases and mental health issues due to the effects of changes in lifestyles after the pandemic. One example is the recent increase in employees with a BMI of 25 or higher. To reduce the risk of future health issues, we are promoting individual behavior changes, focusing on diet and exercise, with the goal of lowering the percentage of employees with a BMI of over 25 to 23% by 2025.

In 2024, AISIN was recognized as a Health and Productivity Management Organizations Recognition Program (White 500) company, a program promoted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Company received high praise for its various health investment measures and initiatives related to exercise habits.



2024  
健康経営優良法人  
Health and productivity  
ホワイト500

##### Health support for female employees

To enable our female employees to continue actively working, in 2021, we launched a women's health education series in order to address women-specific health issues. As part of our manager training, we provide accurate information and considerations regarding women's health issues to promote creating a comfortable workplace.

In addition to our existing framework that supports female employees, in 2022, we introduced a femtech program to help address women-specific health issues, such as menstruation, and support a balance between work and life events.

##### Support for aging employees

To ensure our employees can continue to work healthily and actively, we offer life design seminars for employees aged 33 and 53 to raise awareness of the need for a healthy lifestyle and measures for dealing with stress. Additionally, with the growing number of elderly employees, we are preparing to address age-related health issues in 2025 by using physical fitness tests and post-test health guidance trial results to prevent physical decline, injuries, and accidents.



## Strengthening Management Capital

### Intellectual Capital

**The environment is changing rapidly and needs are diversifying. We will extend our amassed technical knowledge to new domains and continue to provide value that is right for our current era.**

There is a major wave of change advancing on the automotive industry in order to adapt to climate change, including the electrification of vehicles, carbon neutrality, and clean energy utilization. AISIN views change as opportunity, and we strive to develop new technologies that contribute to enriching people's lives.

**On the road to business portfolio transformation, we pursue technological development focused on the mobility, energy, and living environment domains.**

Since the energy situation differs around the world, the paths to carbon neutrality are increasingly varied. On the technical side, we need to adapt to technological innovations like AI and structural changes in the mobility industry.

In order to achieve our philosophy of "Inspiring 'movement', creating tomorrow" amidst these changes, we established mobility, energy, and living environment as our domains of focus and strive to generate additional value as appropriate for lifestyles in each region.

**We contribute to carbon neutrality through development capabilities that serve diverse needs.**

In the mobility domain, it is increasingly important to tackle carbon neutrality, but customer needs differ based on the social conditions in each region. To address a variety of customer needs in the powertrain business, we have introduced a full lineup of electric units with HEV, PHEV, and eAxle, creating a development system that can contribute to a range of local communities.

Among these, we have positioned the eAxle, the drive unit for BEV, as one of the most important parts, and we work to enhance its attractiveness using keywords like the unit's "high efficiency" and "downsizing." We predict that we can reliably reduce CO<sub>2</sub> emissions across the entire lifecycle of an electric unit through recycling materials and reducing CO<sub>2</sub> from manufacturing at factories, thereby heavily contributing to the achievement of a carbon neutral society.

After AISIN began mass production of the 1st generation eAxle in 2022, we then developed the 2nd and 3rd generations in pursuit of higher efficiency and more downsizing. At present, the 2nd generation eAxle is in the final phase of development in preparation for mass production, while the 3rd generation eAxle development just started. For PHEV and HEV, we have established a system that can provide an extensive lineup including 2-motor HEV and 1-motor HEV.

Responsible for  
implementing  
Group-wide future  
technology  
development strategies

**Yoshihisa  
Yamamoto**  
CTSO

Chief Technology Strategy Officer



Based on our experience with a wide range of product groups, we came up with an optimized feature set that considers the vehicle as a whole, without getting caught up on conventional combinations of parts and features, and we are engaged in developing new products that include Xin1, cooling modules, and lightweight battery frame parts. We believe this will lead to a reduction in parts and more compactness across the entire vehicle, thereby giving customers more freedom in vehicle designs. We are also developing a system to cooperatively control multiple parts that contribute to a vehicle's basic functions of driving, turning, and stopping (e.g. aerodynamic devices, cooperative regenerative brake systems, and active rear steering). Through integrated control of multiple parts, we can expect unprecedented new added value and performance improvements.



## Strengthening Management Capital

### 💡 Intellectual Capital

#### Utilizing outstanding technology development capabilities honed in car-making to develop attractive products from the customer perspective.

At AISIN, we have worked to achieve more safe, comfort, and convenience in mobility by developing and providing door systems safe for use by everyone from children to the elderly, as well as automated parking systems and car navigation systems.

However, in recent years there has been a massive change in the types of value that users seek from vehicles. In order to adapt to this change, we are developing solutions based on our accumulated AI and other sensing technology and various actuation technologies, pushing peripheral monitoring technology and in-vehicle sensing technology forward to achieve solutions like “stress-free entry” and “comfortable mobility spaces” through advanced state detection inside and outside the vehicle.

We will also generate new value by integrating state recognition, eAxle controls, brake controls, and other functions via software.

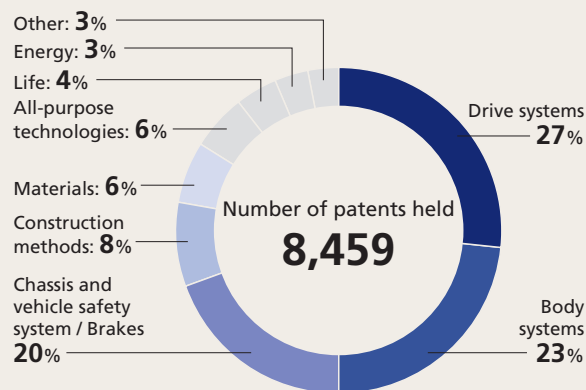
Additionally, using location-based services, platform technology, media contents, software, and analytic technology amassed in existing businesses, we will collaborate broadly with outside parties on our platform to provide concrete solutions to social issues such as logistics support, road maintenance and management, and regional mobility support.

In this way, AISIN will provide a wide range of solutions that enhance the “value” of mobility.

#### Accumulating past technologies as intellectual property and deploying it in new domains to generate more value.

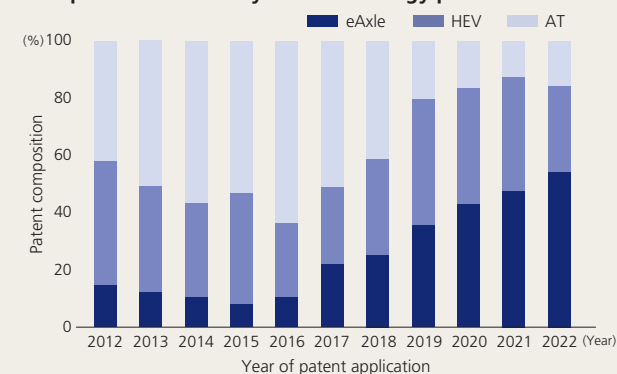
The output of technological development is stored as intellectual capital. Since it improves value for vehicles as a whole, we have accumulated varied intellectual capital for drive systems, body systems, chassis and vehicle safety systems, and brakes in the mobility domain, while also accumulating intellectual capital in the energy and living environment domains as well. These establish the foundational technologies that can be used an integrated manner.

##### FY2024 patent portfolio



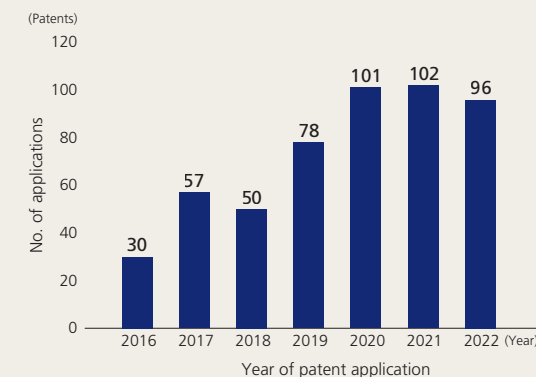
Particularly with respect to drive system products, we have filed many HEV patents and have a large stock of intellectual capital there. We have also been filing a higher ratio of patents for eAxle, a core EV part.

##### Composition of drive system technology patents



In software, we have filed patents for communications technology, location-based technology, and other information technologies that enhance the value of “mobility.”

##### Number of information technology patents





## Strengthening Management Capital

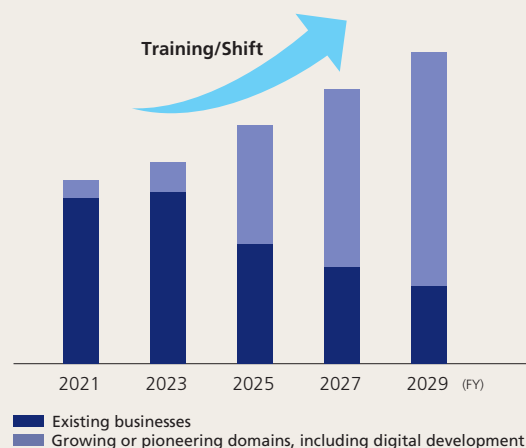
### 💡 Intellectual Capital

#### Better car-making through contributions from software-powered integrated controls for products.

In recent years, vehicles have become more advanced with the incorporation of more intelligence. Due to this, software has become ever more important. AISIN has the infrastructure to develop highly reliable, competitive controls-related and functional software in-house. We have supplied the market with not only hardware products but also electronic control systems, including software. Through integrated controls with software, we have achieved power consumption that utilizes location information and image recognition core technology, as well as advanced usability features that help make for a more attractive driving experience. Achieving integrated control of AISIN's various products will help bring about better vehicle manufacturing.

At AISIN, we use a software model for preliminary testing of system controls so we can begin brushing up at an early stage, before the machine and structural component prototypes. In this way, we reduce lead times for development and production preparation, ensure feature and performance quality, and boost competitive strength. We also work to strengthen software development throughout the entire AISIN Group. By deploying development environments and tools that balance quality and speed within the Group and building a training system, we cultivate software development engineers who can also handle digital development, which includes data science and AI.

#### Software development engineers

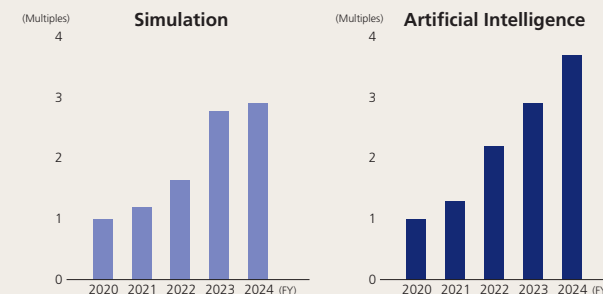


#### We work to improve development platform technologies through AI, simulation technology, and other digital technologies.

From the perspective of a parts manufacturer, AISIN recognizes the importance of overall vehicle evaluations and has two test courses (Toyokoro, Fujioka). To ensure performance and reliability, we have set up a system that enables evaluations and development using actual physical vehicles, available all year round. On the other hand, in recent years it is increasingly important to speed up development through the use of digital technology. By accumulating simulation technology for performance and

robustness and combining virtual evaluations and physical evaluations with test courses, we strive to achieve efficient development with advanced techniques. We have also incorporated AI technology into our unique development system, and we will achieve a technology development environment that is efficient even in simulated evaluations.

#### Computing power over time, where "1" is the power level at the end of FY2020









## Strengthening Management Capital

### Intellectual Capital

#### Digital Transformation

##### Basic stance and policy

We have a sense of mission and passion in creating value-added R&D and manufacturing processes and solving social issues based on our location-based technology, software and service development technology, and analytical technology cultivated through our diverse automotive parts business.

##### Building a platform

We will build a platform that enables rapid delivery of software, services, and solutions and create and deliver continuous improvement and added value by leveraging the latest technologies, such as artificial intelligence (AI).

##### Full participation of digital transformation

To overcome the challenges the automobile industry is facing for transformation, the Group established a basic policy of full participation of digital transformation.

The aim is to develop human resources with a mindset to utilize digital technology to transform the work process, organization, and business itself, and to proactively take on challenges of digital transformation (DX), with the focus on the person in charge who have a deep understanding of organizational and work issues.

##### Vision

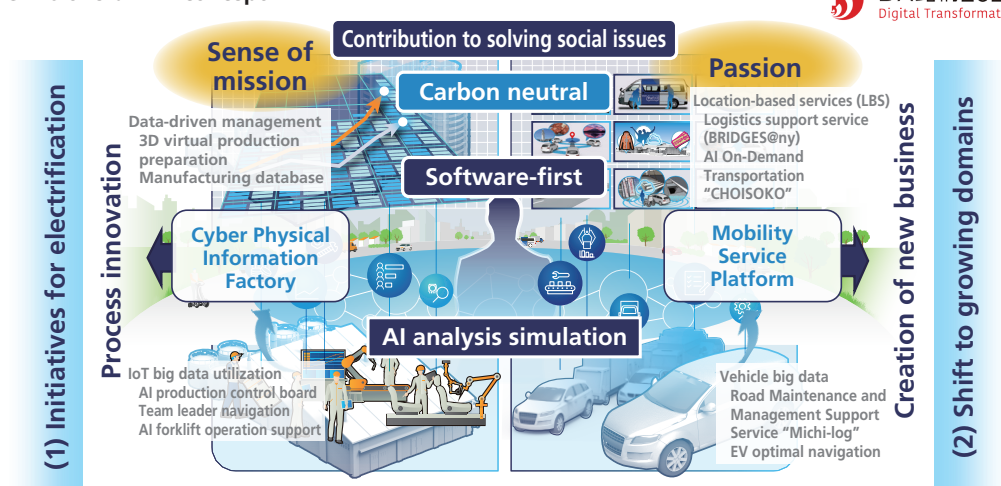
We will promote DX to accelerate initiatives for electrification and a shift to growing domains. As part of our initiatives for electrification, we are strategically promoting process innovation to swiftly deliver diverse products and systems to the market. Our efforts to shift to growing domains include honing our technical capabilities in software development and AI and creating new businesses, thereby creating new value and promoting solutions to social issues.

##### Implementation framework

To strongly promote DX, we established a framework for the collaboration of all departments, focused on the DX strategy center, a company-wide organization. This center is responsible for the horizontal deployment of DX themes and digital governance of IT investment, information security, and more.

Regarding actual DX promotion activities, teams are formed from members of each business department for each theme, and the DX strategy center and manufacturing sites work together to promote activities, combining their strengths and knowledge. As a result, AISIN was selected as DX Stocks 2024 by the Ministry of Economy, Trade and Industry as a company with an excellent framework for promoting DX.

#### AISIN's overall DX concept





## Strengthening Management Capital

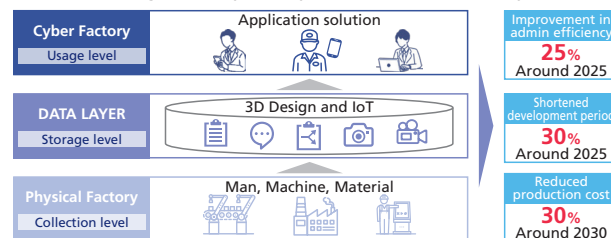
### Intellectual Capital

#### Digital Transformation

##### Innovations in work processes to realize more advanced manufacturing capabilities

We are establishing an IT platform based on the concept of a cyber-physical information factory (CPIF) to revise production costs through more efficient and advanced production and to promote continuous improvement activities.

Conceptual diagram of Cyber Physical Information Factory



##### Improvement in admin efficiency

By connecting together platforms in business management, production management, sales, and other areas, we can identify supply-demand fluctuations and market changes, enabling company-wide optimization and rapid management decisions.

##### Shortened development period

By utilizing 3D simulations of product and process design on the CPIF platform, we can achieve a simultaneous development process without prototyping, thereby shortening lead-time.

##### Reduced production cost

By using AI solutions with advanced data analysis and learning capabilities, we can automate product inspection processes

and achieve labor savings in equipment malfunction detection. In addition to increasing efficiency, we also aim to create plants with more comfortable working conditions based on production data and behavioral analysis.

##### Creating new businesses to support the transformation of the mobility society and solve social issues

By providing the means and purpose of transportation as well as supporting communication for transportation, we aim to realize solutions that bring smiles in the future. We are accelerating these with digital technology to contribute to solving social issues related to mobility.

##### Providing mobility promotion solutions

Using our mobility service platform (MSPF), which is the foundation of our mobility services, we collect and store vehicle and position information and image data from moving vehicles, use AI and other analytical technology, and combine

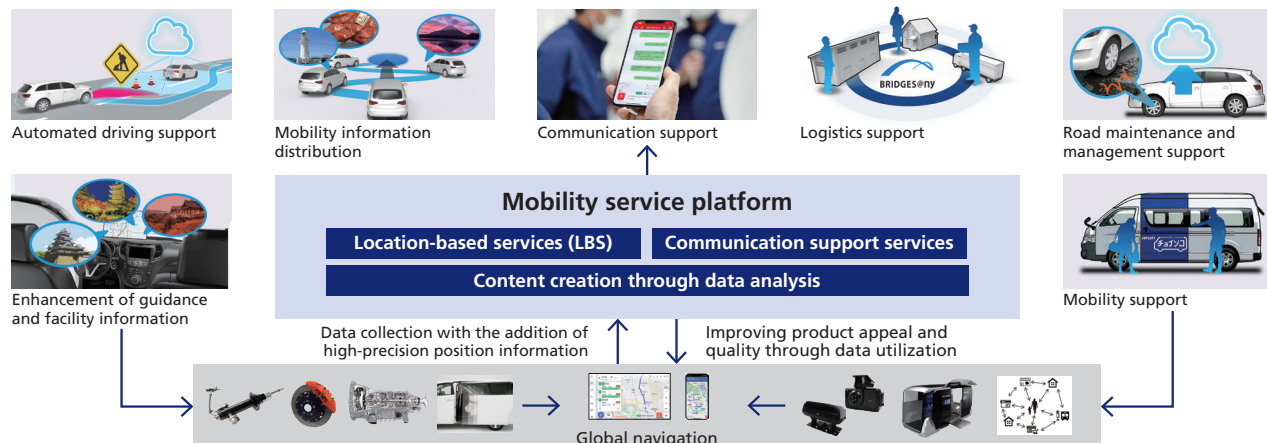
various functions with the aim to create new services such as logistics solutions and ride sharing.

##### Creating an organization and developing human resources for the future

##### Fostering a culture for taking on new challenges

To overcome the competition in electrification, carbon neutrality, and incorporation of intelligent, we must proactively utilize new technologies such as generative AI, and to achieve this, we are promoting the creation of a new framework and the development of human resources. Examples of this are the use of an internal-use ChatGPT (AISIN Support Chat), and the development of cafeteria-style e-learning and a generative AI community to help employees better understand the features and risks of generative AI and utilize it in their own work. We are also driving the internalization of the innovation process connecting both inside and outside the Company, thereby supporting employees taking on new challenges.

##### AISIN mobility services





## Strengthening Management Capital

### Natural Capital

**Establishing a society in which people co-exist with nature is one of the job responsibilities of everyone who works in manufacturing.**  
**At AISIN, we will approach this from our own unique perspective on manufacturing.**

AISIN has cultivated our comprehensive strength as a group, outstanding technology development, and excellent manufacturing in the mobility business, energy solutions business, and a wide variety of other fields. We believe that by drawing on these strengths to contribute to resolving local environmental issues, we can also achieve our mission of delivering beauty to our future earth.

#### Taking on the Challenge to Achieve a Society that Co-exists with Abundant Nature

By having each and every employee earnestly tackle global environmental issues like biodiversity loss, climate change, and resource depletion and take action to bring a sustainable environment into the future, we aim to create a society that is in harmony with nature and where everyone can live with peace of mind. To that end, we promote the establishment of three types of societies - a society in which people co-exist with nature, a recycling-based society, and a zero-carbon society - and fundamental activities related to all these themes. We also declared our intention to become carbon neutral by 2050. We also set clear targets along that path, including carbon neutral (zero CO<sub>2</sub>) manufacturing by 2035 and zero-emissions factories by 2040.

#### Establishing a Society in which People Co-exist with Nature

Since AISIN uses great volumes of water in our production activities, we have long worked to prevent environmental abnormalities and on community-based initiatives to protect

the natural environment (e.g. biotopes, tree-planting). In 2017, we formulated the AISIN Group Biodiversity Guideline and have been working on initiatives to protect biodiversity ever since. More recently, we established our own certification standards in 2022 and continue to increase the global number of "Plants in Harmony with Nature." Our biodiversity initiatives recognize the issue as a global one, with our 2050 target being to "achieve global harmony with nature and local ecosystems." We will pursue initiatives that aim to establish a society that is in harmony with nature in both manufacturing and products, and carry forward the sustainable environment into the future.

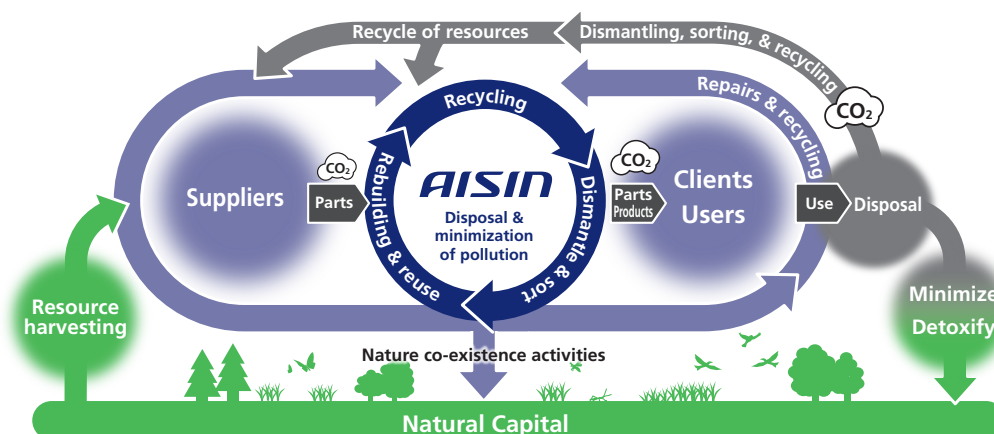
Responsible for promoting carbon neutrality throughout the Group

**Masahiro Nishikawa**  
**CCNO**

Chief Carbon Neutral Officer



#### "To the Future, a Sustainable Environment" by Establishing a Resource Recycling System





## Strengthening Management Capital

### Natural Capital

#### Aiming to Establish a Recycling-oriented Society

AISIN is strengthening our 3R initiatives (reduce, reuse, recycle) on our mission to achieve zero-emissions factories by 2040. We will also work on eco-design in order to upcycle waste into higher-value products.

We use a variety of materials in our products. We currently recycle iron and aluminum, and in the future we will also work to recycle resins, which are increasingly incorporated in multi-material designs, as well as copper used in motors. We also design our products to be dismantled so they are easy to reuse.

In manufacturing, AISIN works to extend the life of molds, jigs, and blades, to fully use up products based on their purpose, and to increase the number of components common to multiple products to promote re-use. With respect to resins used for logistics supplies, AISIN is working to develop thinner walls and bolster durability while reducing the amount of material used through biotechnology development and the use of recycled materials.

In this way, AISIN is fully drawing on our strengths in manufacturing to reduce waste generated. With respect to efforts to reuse automotive parts on the market as resources, we have bolstered our collaboration with the Japan Auto Parts Industries Association to be more actively engaged in the planning of national and industry rules and framework-building.

#### Initiatives Targeting the Entire Supply Chain to Realize a Zero Carbon Society

AISIN is engaged in activities to achieve carbon neutrality for both manufacturing and products.

In manufacturing, we have been reducing energy usage through extensive energy-saving activities and the development of innovative production technology, while also gradually implementing and switching over to clean energy sources such as renewable energy and alternative energy. Through these efforts, we aim to achieve a 50% reduction in CO<sub>2</sub> production by FY2031 relative to FY2014 levels. Especially in clean energy, we are striving to develop and demonstrate new technologies drawing on manufacturing-related findings, such as Perovskite solar cells, CO<sub>2</sub> separation/capturing/fixation, and bio briquette charcoal, as we accelerate the creation of new businesses

contributing to carbon neutrality.

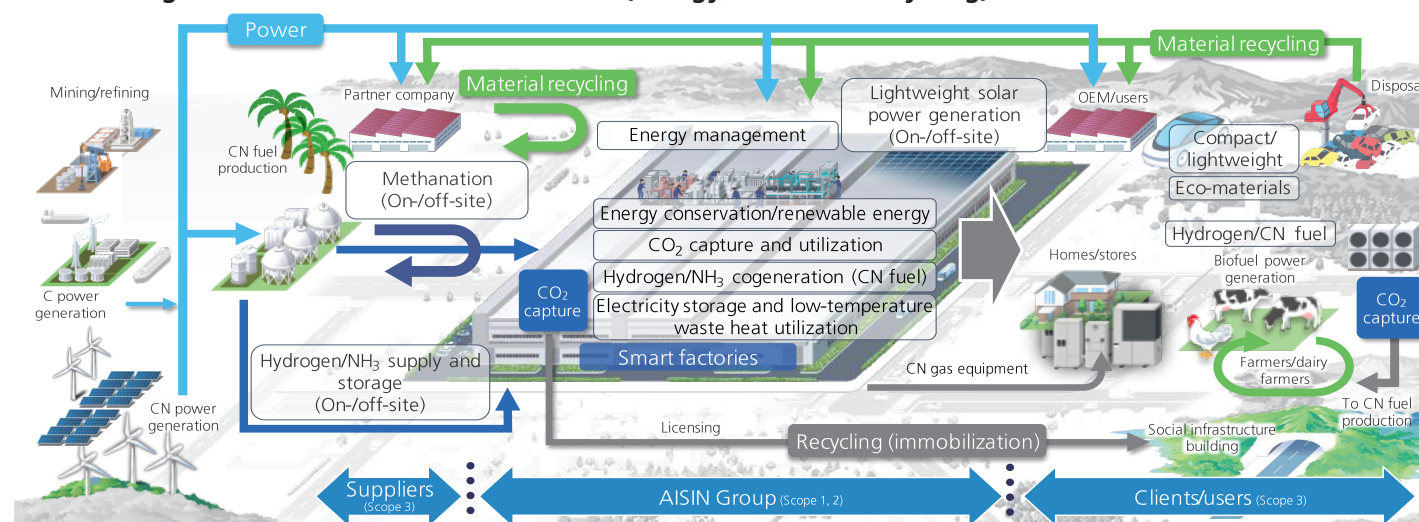
In products, AISIN is shifting our product mix heavily to EVs as we foresee growing demand for EV-related products.

Our extensive lineup includes high-efficiency and compact electric units, cooperative regenerative brake systems, heat management systems, and aerodynamic devices that help reduce CO<sub>2</sub> emissions through improved power consumption efficiency across the entire vehicle.

However, roughly 40% of the CO<sub>2</sub> emitted throughout the product lifecycle from resource mining to disposal is due to raw materials and component-derived emissions, so we are not able to achieve our goals alone. Under the slogan “leave no one behind,” we address this by working to reduce CO<sub>2</sub> across the entire supply chain.

Moving forward, we will continue to work with our suppliers, customers, and other stakeholders to take on the challenge of achieving our major goal: carbon neutrality.

#### Overall Image of our Carbon Neutral Initiatives (Energy, Resource Recycling)



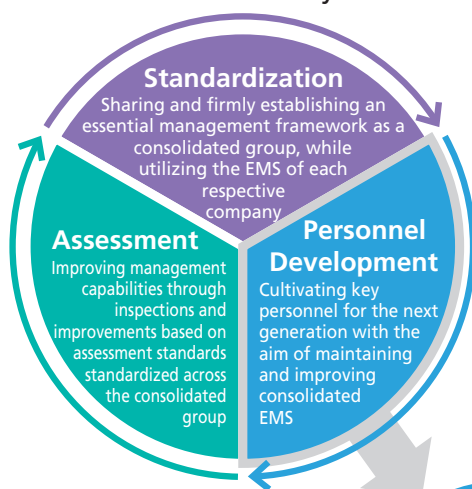


## Strengthening Management Capital



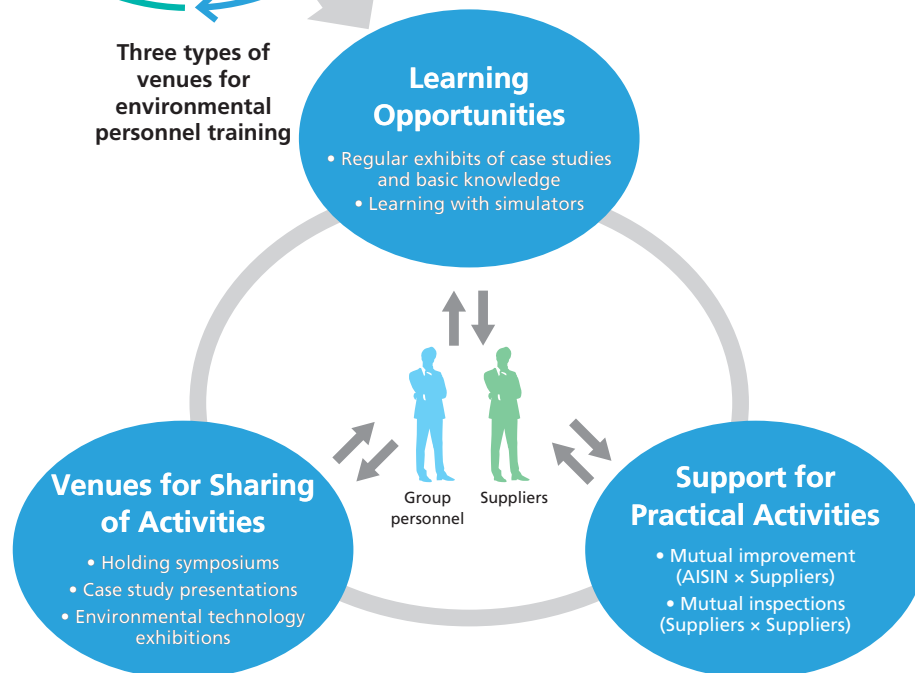
### Fundamental Activities Related to All Themes

#### EMS Enhancement Cycle



We prioritize three types of activities as the fundamentals of the Environmental Management System (EMS): standardization, personnel development, and assessment. Together with suppliers, we have established three types of venues for training environmental personnel: learning opportunities, support for practical activities, and venues for the sharing of activities. We will have environmental legal compliance and carbon neutral activities that lead to more resource recycling and co-existence with nature in the future, while also moving through the EMS cycle to enhance these activities.

#### Three types of venues for environmental personnel training

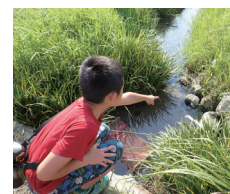


### Establishing a Society in which People Co-exist with Nature

In FY2024, we certified three new sites as “Plants in Harmony with Nature” (AISIN CANADA INC. in Canada, AISIN Sin’ei Koda Plant in Japan, and AISIN CHEMICAL INDIANA, LLC in the USA). Additionally, the Ecotope in AISIN’s Handa Plant was designated the AISIN Group’s first “Nationally Certified Sustainably Managed Natural Sites”<sup>\*1</sup> as established by the Ministry of the Environment.

#### AISIN Handa Plant

Ministry of the Environment, “Nationally Certified Sustainably Managed Natural Sites” certification



Conservation activity focused on the endangered species *Hemigrammocypria neglecta* (golden venus chub)

#### AISIN CANADA INC. (Canada)



Activity to conserve the endangered species *Apalone spinifer* (spiny softshell turtle)

#### AISIN Sin’ei Koda Plant



Conservation activity focused on the endangered species *Pseudorasbora pugnax*

#### AISIN CHEMICAL INDIANA, LLC (USA)



Activity to remove the non-native species *Rosa multiflora* (Japanese rose)

<sup>\*1</sup> Sites with biodiversity value where biodiversity conservation is being promoted through initiatives (regardless of these initiatives' original goals) on the part of businesses, private groups, individuals, and local governments.

<sup>\*2</sup> “30 by 30” is an international goal to conserve and protect at least 30% of Earth’s land and oceans as sound ecosystems by 2030.

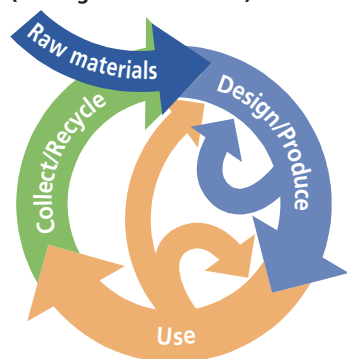


## Strengthening Management Capital

### Establishing a Recycling-based Society

AISIN aims to achieve zero-waste resource recycling throughout the entire supply chain, including raw materials, secondary materials, production equipment, molds, jigs, packaging materials, and all other items pertaining to production.

#### Resource Recycling Concept (Aiming for Zero Waste)



#### Eco-Design

- Do not create waste and pollution  
Compact, lightweight, reduced environmental impact
- Continue using products and materials  
Reuse, recycle, extend usable life
- Rejuvenate natural systems  
Utilize renewable resources

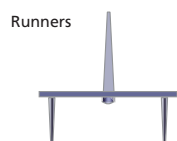
#### Resin Material Recycling Flowchart



#### Recycling Resin Waste into Products

At the AISIN Shinkawa Kinuura Plant, resin waste used in door locks and other products is collected from the plant itself and even suppliers, pulverized into powder, and then blended with virgin resins for reuse, transforming previously disposed-of resin waste into products. Through improvements to molds and production processes, the plant has also managed to suppress the creation of runners<sup>\*1</sup>, purge compounds<sup>\*2</sup>, and other types of resin waste generated by the production process. These initiatives succeeded in reducing waste volume by around 80% YoY in FY2024.

(84 tons in FY2023 to 17 tons in FY2024)



\*1 Streaks of dried resin left over after resin is poured into a mold. These streaks are cut out and disposed of when the product is removed from the mold.



\*2 Chunks of resin waste pushed out together with foreign material left in the mold before and after the manufacturing process

### Establishing a Zero Carbon Society

AISIN is promoting energy-saving activities, implementing more renewable energy, and developing products that contribute to better power consumption/fuel efficiency, in addition to developing new technologies that are expected to help reduce CO<sub>2</sub>.

#### Developed the world's first biofuels for cupola furnaces<sup>\*3</sup>

At AISIN Takaoka, we developed the world's first bio briquette charcoal created with palm kernel shell (PKS), which is generated during the palm oil manufacturing process, and have successfully demonstrated a 100% substitution rate from coal-based coke. In the summer of FY2025, we aim to begin production at a joint venture using biofuel performing at the level of coal-based coke, eventually deploying at casting companies around the world.

<sup>\*3</sup> Based on AISIN's research. This refers to our production technology that enables 100% substitution in manufacturing demonstrations with uniform quality, high robustness, and high calorific value via coking.



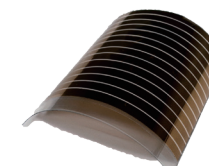
Palm kernel shell collected from oil palms



Bio briquette charcoal

#### Began Demonstrations Using Perovskite Solar Cells

Perovskite solar cells—which are lighter, more flexible, and less expensive than conventional silicon solar cells—were installed on the walls of the Company's exhibition hall, and verification tests are now underway. Beginning in FY2026, we plan to transition to demonstrations scaled to entire AISIN plants. Aiming to achieve conversion efficiency of at least 20% (30 cm × 30 cm) and 1/5 mass (compared to a standard silicon solar cell), we will continue to pursue development of highly efficient and durable perovskite solar cells in the future.



Perovskite solar cells  
(Under development)



Demonstration testing



## Strengthening Management Capital

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

#### Support for TCFD and Disclosure of Information Based on TCFD Recommendations

AISIN endorsed the TCFD in November 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 of Directors' oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Positioned climate change response as an important management strategy and selected "Global warming prevention initiatives" as priority issues (materialities)</li> <li>Submitted and reported content of discussions in the Sustainability Conference, Environmental Committee, and Carbon Neutral Promotion Committee to the Board of Directors, revising business strategy 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>Identified carbon neutrality as an urgent global issue and aim to achieve a carbon neutral society by 2050 in terms of both manufacturing and products               <ol style="list-style-type: none"> <li>Reduction of energy usage through extensive energy-saving activities and the development of innovative production technology, while also gradually implementing and switching over to clean energy sources such as renewable energy and alternative energy</li> <li>Further evolution of EV-oriented products, disseminating energy and resource recycling systems, and generating new value through the fusion of technologies in the mobility domain and energy domain</li> </ol> </li> <li>Analysis of transition and physical risks and opportunities associated with climate change based on the definitions suggested by the TCFD recommendations, followed by decisions on how to adopt a regular response</li> </ul>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
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>Risk Management Committee identified risks impacting the company Group</li> <li>Environmental Committee and others regularly monitored and managed climate change-related risks positioned as the most important</li> <li>Studied and revised response measures based on respective national legislation, discussions with stakeholders, outside review by CDP etc., and customer trends</li> </ul>
b) Describe the organization's processes for managing climate-related risks	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

##### 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	<div> <div>FY2031 Targets</div> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions (Scopes 1, 2): 50% or higher reduction compared to FY2014</li> <li>Life cycle CO<sub>2</sub> emissions reduction: 25% or higher reduction compared to FY2020</li> </ul> </div>
b) Disclose the volumes of greenhouse gas emissions (Scopes 1, 2, 3) and related risks	<div> <div>Reduction targets certified by SBTi (FY2031 targets)</div> <ul style="list-style-type: none"> <li>Scope 1, 2: 46.2% reduction compared to FY2020</li> <li>Scope 3 (Categories 1, 11): 27.5% reduction compared to FY2020</li> </ul> </div>
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<div> <div>FY2036 Targets</div> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions (Scopes 1, 2): Carbon neutral</li> </ul> </div> <div> <div>FY2051 Targets</div> <ul style="list-style-type: none"> <li>Life cycle CO<sub>2</sub> emissions (Scopes 1, 2, 3): Carbon neutral</li> </ul> </div> <div> <div>Metrics (FY2024 Results)</div> <ul style="list-style-type: none"> <li>Production CO<sub>2</sub> emissions: 2.28 million t-CO<sub>2</sub> (17.7% reduction compared to FY2014)</li> <li>Life cycle CO<sub>2</sub> emissions: 25.224 million t-CO<sub>2</sub> (3.0% reduction compared to FY2020)</li> </ul> </div>



## Strengthening Management Capital

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

#### Items Recommended for Disclosure by TCFD and AISIN's Response

Category	Risks and Opportunity Types	Impact Level	Impact on AISIN	Time Horizon	Financial Impact	Response
				Short/ Medium/Long	High/ Medium	
Transition risks	Market	Purchasing	Increasing procurement costs for necessary raw materials due to increased demand for low-carbon raw materials	Medium	High	<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 policy-related costs due to carbon tax, renewable energy implementation, etc.	Medium	High	<ul style="list-style-type: none"> <li>Promotion of energy-saving activities to minimize energy use</li> <li>Implementation of renewable energy in a way that draws on regional characteristics</li> </ul>
	New regulations	Demand for products	While the spread of electrification increases demand for EV-oriented products, it decreases demand for products for gasoline-powered vehicles	Medium	High	<ul style="list-style-type: none"> <li>Shifting product mix to EVs with the aim of increasing electrification rate of powertrain unit sales by 2030</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 and compact electric units, cooperative regenerative brake systems, heat management systems, and aerodynamic devices</li> </ul>
Physical risks	Urgent	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 for abnormal weather events</li> <li>Enhancement of business continuity plans (BCP) for procurement logistics</li> <li>Identification of at-risk business sites for regular monitoring</li> <li>Formulation and implementation of a flood control plan</li> </ul>
Opportunities	Demand for products	-	Increased demand for AISIN's EV-oriented products due to the spread of electrification	Medium	High	<ul style="list-style-type: none"> <li>Speedy market launch of AISIN's electric units that contribute to improved power consumption due to their high efficiency and compact size</li> <li>Cost reduction by standardizing units by vehicle model, and cutting the amount of materials used</li> <li>Improving the cruising range of EVs through advancements in cooperative regenerative brake systems</li> <li>Expansion of production capacity for related products</li> </ul>
			Creation of new businesses associated with growing demand for products and services that contribute to CO <sub>2</sub> reductions	Medium	Medium	<ul style="list-style-type: none"> <li>Launch of Perovskite solar cells on the market and securing market share</li> <li>Sale of bio briquette charcoal derived from palm kernel shell (PKS)</li> <li>Commercialization of technology for CO<sub>2</sub> fixation as calcium carbonate</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 Fuel Cell Cogeneration Systems for residential use (ENE-FARM), which are a highly efficient and stable energy supply and contribute to resilience through autonomous power generation during power outages</li> <li>Promotion of decarbonized businesses through collaboration with local governments, and contributing to urban development</li> </ul>

[Time horizons]

Short: Up to FY2026

Medium: Up to FY2031

Long: Up to FY2051

[Financial Impact Level]

High: Business anticipated to be suspended or significantly impacted (contraction or expansion)

Medium: Impact on some parts of the business is expected

\*Matters of minor financial impact are not covered by disclosures



## Strengthening Management Capital

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

#### Basic Approach to Establishing a Society in which People Co-exist with Nature

AISIN will aim to build a society that co-exists with nature under the 2050 vision to “achieve global harmony with nature and local ecosystems,” and to carry forward a sustainable environment into the future.

#### Information Disclosure Based on TNFD

Biodiversity initiatives have become worldwide issues, and AISIN has been evaluating risks and opportunities based on globally unified processes and assessments since FY2024.

#### LEAP Approach Focusing on Locations of Direct Operations

Since the impact on biological resources, water resources, and other such resources varies depending on region and location, local perspectives are necessary. AISIN employs the LEAP approach presented in the TNFD disclosure framework while also conducting integrated disclosures.

	Locate Locate points of contact with nature	Evaluate Evaluate dependencies and impactful relationships	Assess Assess important risks and opportunities	Prepare Preparation of response and reports
Target of Consideration	<ul style="list-style-type: none"> <li>71 directly operated production sites</li> </ul>	<ul style="list-style-type: none"> <li>Priority regions</li> <li>Priority items</li> </ul>	<ul style="list-style-type: none"> <li>Priority regions</li> <li>Priority items</li> </ul>	<ul style="list-style-type: none"> <li>Priority regions</li> <li>Priority items</li> </ul>
What to Consider	<ul style="list-style-type: none"> <li>Evaluate activity locations</li> <li>Identify priority regions</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of dependencies and impactful relationships</li> <li>Identification of priority items</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>	<ul style="list-style-type: none"> <li>Strategy and resource allocation</li> <li>Performance measurement</li> <li>Information disclosures</li> </ul>
Output	(1) Results of activity location assessments (2) List of priority regions	(1) Results of assessments of dependencies and impactful relationships (2) List of dependency and impact items with high priority	(1) Lists of risks and opportunities (2) Results of qualitative importance assessments of risks and opportunities [New] (3) Importance assessments using scenario analysis (4) Management approach and additional measures for important risks and opportunities	Information disclosures that check recommended disclosure items and importance

In FY2025, we performed a re-assessment of each of four scenarios with respect to the results of FY2024 analysis of 71 directly operated sites. Through this, we identified items to be tackled in light of the relationship between the company and nature, while also positioning FY2025 as the mid-point of the 3-year plan, confirming the validity of the assessment, and reflecting post-2030 risk and opportunity assessments in the medium- to long-term environmental plan.

#### Outlining the Four Scenarios

- Scenario I: Scenario with somewhat inadequate regulations that result in a degradation of ecosystem services
- Scenario II: Scenario in which bolstered regulations slow the degradation of ecosystem services
- Scenario III: Scenario in which ecosystem services deteriorate more rapidly due to prioritization of products with high environmental impact
- Scenario IV: Scenario with little strengthening of regulations but also little deterioration of ecosystem services
- The FY2024 evaluation results were assumed to fall in the center of the four scenarios.

#### Assessment of the Importance of Nature-related Risks and Opportunities (Results)

We assessed changes in importance under four scenarios using a PEST + E analytical framework and combining two important uncertainties: “Reduction in ecosystem services (strongly associated with physical risks)” and “Alignment of market and non-market forces (strongly associated with transition risks).”

The table below presents assessment results for two scenarios (Scenario II, Scenario III) considered highly feasible.

	Risk Items	FY2023 Importance	Scenario II	Scenario III
Urgent	Water supply restrictions (water)	High	High →	High →
Regulations	Rising costs due to increased treatment expenses (water, waste, climate)	High	High →	Medium ↓
	Setting upper limit on contract amount (climate)	High	High →	Medium ↓
	Increase in burden of carbon neutrality-related measures (climate)	High	High →	Medium ↓
Market	Request from customers for environmental action (climate)	High	High →	Medium ↓
	Request from customers for environmental action (water, pollution, waste)	Medium	High ↑	-
Reputation	Conflict with community (water, waste)	Medium	High ↑	Medium →

Arrows indicate change from FY2023 importance level



## Strengthening Management Capital

### Social Capital

#### We will grow added value throughout the entire value chain through cooperative relationships with customers, partners, and suppliers.

In the automotive parts business, we provide products that suit our global customers' needs and have established an optimal production and supply framework, and we also embark on new businesses such as the energy business. To promote these activities, we will grow added value throughout the entire value chain through cooperative relationships with customers, partners, and suppliers.

##### Customers

As an automotive parts manufacturer, AISIN earnestly tackles the issues facing customers at our sales offices located around the world. Through products related to powertrains, bodies, and chassis and vehicle safety systems optimized for each region, we have developed relationships with many major car manufacturers. Even as BEVs shake up the market environment, we are expanding our product lineup to satisfy local regional requests and issues, in addition to proposing solutions customized to each company as only AISIN can. Recently, AISIN is working with car manufacturers to jointly develop eAxle, taking on contract manufacturing, and striving to tackle other collaborative ventures in addition to creating new businesses to serve diversifying national energy businesses in various countries. Moving forward, AISIN will continue to go hand-in-hand with customers, drawing on the strength of our integrated capabilities extending from development to production, delivery, and after-sales service as we meet their needs and expectations around the world.

##### Partners

In order to quickly provide the new products and services demanded by customers, AISIN will reach beyond our existing partners to strengthen supplementary relationships by seeking out new collaborations with start-up companies, local governments, and others. Through open innovation, investment in start-up companies, and other initiatives, AISIN is actively pursuing the creation of new businesses and the expansion of its energy business. As an example, we are working to implement energy management to provide local renewable energy for local consumption using ENE-FARM's coordinative capabilities in Okazaki City. Moving forward, we aim to collaborate with a wide range of partners to rapidly make business ideas a reality.

##### Suppliers

Based on long-term, stable relationships over many years, AISIN works to build relationships of trust with our suppliers based on our approaches of "co-existing harmoniously and sharing prosperity with suppliers" and "carrying out open and fair trade." Every year, we hold purchasing policy briefings in our key regions of Japan, North America, Europe, and Asia to promote the spread and deep penetration of the Group Purchasing Policies as we build a framework to enable frank communication and active support.

Responsible for improving customer satisfaction across the entire Group value chain from procurement to sales

**Hiroaki  
Nanahara**  
CVCO

Chief Value Chain Officer



Moving forward, we will work together with our suppliers as equal partners in resolving various issues and bolster our global production and supply frameworks. We will also work to establish a supply chain that is stable in the face of risks that threaten stable procurement of purchased products (e.g. natural disasters, fires, and geopolitical risks). Specifically, we share information with suppliers in a timely manner, use a dedicated system to visualize the supply chain, implement countermeasures for high-risk products such as inventory stockpiling and sourcing from multiple companies, and use generic products beginning in the product development stage in collaboration with related departments. Through dialogue with customers, local communities, suppliers, and other stakeholders, AISIN will aim to be a company that can provide the technologies, services, and solutions to address social issues and customer needs. In the course of this, we will create new businesses and achieve further growth.



## Strengthening Management Capital

### Social Capital

#### Supply Chain

##### Basic stance and policy

We have launched our Basic Procurement Policies globally 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.”

 Basic policy

 AISIN Group Supplier Sustainability Guidelines

 AISIN Group Green Procurement Guidelines

 Declaration of Partnership Building

##### 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 2024, we held a briefing on our procurement policies\* in each of our main global operating regions of Japan, North America, Europe, and Asia.

\*For the briefings, we invited suppliers with a high degree of transaction dependency in each region (788 Japanese companies and 1,007 overseas companies).

##### Implementation framework

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 purchasing policies to suppliers and identify and solve their problems.

##### Open and fair procurement activities

Before trading with a new supplier, AISIN carries out verifications based on accreditation, such as ISO 9001, IATF 16949\*, and ISO 14001, 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.

In June 2020, we released our Declaration of Partnership Building, 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 end, we established an organization dedicated to promoting trade fairness in FY2024. In particular, regarding increasing costs of labor, raw materials, logistics, energy, and so forth, we hold individual dialogues with each supplier to ensure that we appropriately pass on the rise to prices.

Additionally, given that it is difficult for suppliers to ask for advice or make requests, we regularly conduct surveys with our major suppliers to check compliance and issues facing each company. Based on the results of the survey, we are building a framework for dialogue and proactive support, such as by having procurement staff visit suppliers directly and conduct face-to-face meetings.

\*IATF 16949 is an international standard for quality management systems in the automobile industry.





## Strengthening Management Capital

### Social Capital

#### Supply Chain

##### Identifying 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 432 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 IATF 16949, and those selected based on our risk analysis in consideration of their past quality problems. In FY2024, we audited 66 suppliers.

We established a dedicated system to handle risks, such as natural disasters, fires, and geopolitical risks, that threaten the stability of our supply chain, and we have a framework in place to obtain information in a timely manner.

We receive information from suppliers regarding the production processes of the raw materials and parts we purchase, register the information in a dedicated system, and use it to visualize the supply chain and, in the event of an emergency, take the initial action and implement recovery measures promptly.

In particular, for parts recognized as being high risk, we take measures such as reviewing in-house inventory levels and adopting more versatile parts in the initial stage of development.

##### Supplier Sustainability Guidelines

We have issued the AISIN Group Supplier Sustainability Guidelines, which present our requests to suppliers so that we can enhance our commitment to ESG particularly toward realizing a sustainable society. The guidelines consist of the basic articles that we would like to work on together with suppliers through our transactions. We have been seeking suppliers' understanding of the guidelines by holding explanatory sessions for our main suppliers. We work to build consensus by having suppliers sign a written confirmation that states they will comply with these guidelines. Since FY2024, we have also focused on reaching out to overseas Group companies and their suppliers.

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

##### Mutual improvement with suppliers

The AISIN Group provides its main suppliers with training support to improve their technical skills and strengthen their corporate framework. We have established an apprenticeship program in Japan whereby future managers from our main suppliers work in the division of their choice, usually for two years. Through this and other programs, we accept employees from suppliers based on their needs. We also provide indirect support for an organization formed to enable our suppliers to learn from each other's best practices and help each other to improve. We offer advice through the organization on various

activities for ensuring safety, preserving the environment, and improving productivity and quality. In FY2024, we carried out initiatives, such as mutual-study workshops on the prevention of occupational accidents and fires and the reinforcement of cybersecurity, and organized a study session toward achieving carbon neutrality throughout the supply chain.

##### Employee training

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



## Strengthening Management Capital

### Social Capital

#### Human Rights

##### Basic stance and policy

In 2021, the AISIN Group Human Rights Policy was formulated by the Human Rights Advisory Committee. As a pledge that the AISIN Group will fulfill its responsibility to respect human rights, the policy has been incorporated into each function's important regulations, including those of the Group companies and the supply chain.

 AISIN Group Human Rights Policy

 AISIN Group Statement on Modern Slavery Act

##### Vision

The AISIN Group promotes initiatives to establish a human rights due diligence process that includes the supply chain. To that end, it is important to first clarify the human rights risks and the status of countermeasures taken. While maintaining a 100% implementation rate for our human rights risk identification survey, we will advance toward our target and details of the survey through a cycle of due diligence on human rights, including internal and external education as well as dialogue and negotiations with stakeholders.

##### Implementation 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, to increase the commitment by management, we hold a Human Rights Advisory Committee meeting each fiscal year to deliberate and determine policies and plans.

##### Human rights due diligence

We set priority risks based on risk severity (impact) and potential (frequency of occurrence), taking into account the level of social concern, internal circumstances, and other factors. Migrant workers including technical intern trainees are a top priority area, as they are of great social concern due to the potential risk of forced labor and other rights violations, and given the high number of these workers in the Group and suppliers. We also check the status of each company's initiatives regarding major human rights issues, including discrimination and harassment.

##### Initiatives on 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 December 2023, 18 companies had accepted 367 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, and so forth. Furthermore, as a follow-up survey, 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 are also working to share our understanding through exchanged opinions with each supervising organization and cooperating with Toyota Group companies to revise the fees for trainees from Vietnam. Starting in FY2025, we are expanding the scope of the initiative to include foreign workers and check their status.

##### 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 Group companies and 163 major suppliers perform self-checks. As a result, while there was an

overall improvement compared to the previous year, especially in Japan (average increase of 0.2 points on a five-point scale), there is room for improvement in understanding and awareness of laws and regulations. Therefore, in Japan, we are starting with 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. Going forward, we will continue surveys and on-site dialogue to confirm the improvement status.

##### Establishment and reinforcement of consultation services

In addition to internal consultation services, we have established 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."

##### Responsible mineral procurement

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.

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.









## Strengthening Management Capital

### Social Capital

#### Engagement with Stakeholders

To maximize our corporate value, we will incorporate dialogue with our stakeholders into our corporate activities and create new value that meets the needs of society.

Stakeholders	Policy	Means of engagement	Examples of past activities
 <b>Our customers</b>	We strive to provide products and services that exceed customer expectations based on our Group Philosophy of “To our customers, inspiration and trust.”	<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>	Held AISIN Group new product exhibits and dialogue with customers both in Japan and overseas.
 <b>Local communities, NGOs, and NPOs</b>	We support employees voluntarily addressing various social issues, and we collaborate with stakeholders to create value and promote healthy development for society as a whole.	<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>	Contributed to creating liveliness throughout the Nishi-Mikawa region, centered on Mikawa Anjo, as well as future urban development. <a href="#">WEB</a>
 <b>Suppliers</b>	We work to build partnerships based on mutual trust and development and promote open, fair, and clean procurement activities.	<ul style="list-style-type: none"> <li>• Procurement policy briefings, various meetings with affiliate companies, training, and events</li> <li>• Provision of information in integrated reports and on the company website</li> </ul>	Belongs to the Supply Chain Subcommittee of the Japan Auto Parts Industries Association and its affiliated Price Pass-Through Working Group, and leads the industry by participating in activities to formulate, study, and disseminate the association's voluntary action plan and thoroughness plan, which are its guidelines.
 <b>Employees</b>	We respect the diverse individuality of our employees and strive to create a workplace where people grow more than anywhere else and play active roles in a corporate culture that encourages challenges.	<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 employee awareness</li> <li>• Provision of information on the company intranet and in-Group newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Video streaming of round-table conference between employees and management on intranet</li> <li>• Briefings and face-to-face discussions between the President and management on new fiscal year policy and organizational changes</li> </ul>
 <b>Shareholders and investors</b>	We disclose corporate information in a timely, appropriate and fair manner, and we strive to improve corporate value by developing and maintaining constructive dialogue and relationship of trust with stakeholders.	<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>• Business strategy briefing <span>Once a year</span></li> <li>• Dialogue with shareholders, investors, and analysts <span>254 times a year</span></li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance Report <a href="#">WEB</a></li> <li>• Securities Report <a href="#">WEB</a></li> <li>• Dialogue between Outside Directors and institutional investors <a href="#">WEB</a></li> <li>• Shareholders and investors website <a href="#">WEB</a></li> </ul>
 <b>Academic/research institutions, government organizations, industry groups</b>	We develop cutting-edge technologies without relying on self-sufficiency, such as through open innovation with startup companies with excellent technology, and we aim to re-establish new ways of seeing and understanding things and thereby create a 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>	R&D on high-efficiency power generation of ammonia solid oxide fuel cells (SOFC) in cooperation with Tohoku University (NEDO R&D business) <a href="#">WEB</a>



## Strengthening Management Capital

### Production Capital

**We incorporate digital and automation technologies to develop more competitive production systems that can flexibly handle ever-changing products and environmental changes.**

Over time, AISIN has developed a wealth of manufacturing capital including personnel, technology, and manufacturing plants with a focus on Quality Supremacy and the customer perspective. Through this, we have built a production system that manages to satisfy customers in terms of quality, cost, and lead times. Moving forward, we will incorporate evolving digital and automation technologies to enhance production systems across the entire supply chain such that they can flexibly handle ever-changing products in an ever-changing business environment.

**Inheriting and enhancing our accumulated manufacturing capital to rapidly address changes in our business portfolio and serve customer needs.**

#### ● Global expansion and shift to multi-functional business sites

##### Diverse Product Mix

- Electric units (eAxe, PHEV, HEV)
- Cooperative regenerative brake system
- Heat management • Driving assistance
- Hospitality etc.



##### Local Needs

Aim to achieve manufacturing that provides value above and beyond what customers expect in each respective region



##### Global Expansion and Shift to Multi-functional Business Sites

Effectively utilize all production capital in 15 countries so as to manufacture competitive products at the most optimal sites

**Even as we boost profitability in existing domains such as automatic transmission and body components, we will be shifting resources to growing domains.**

Responsible for  
implementing  
Group-wide  
production reforms

**Hiromasa  
Okawa**  
CPRO

Chief Production Reformation Officer



can utilize digital technology in the management of frontlines work sites

4) Initiatives throughout the supply chain to tackle social issues such as global environmental problems and worker shortages



## Strengthening Management Capital

### Production Capital

#### Cross-plant work site management that creates people and manufacturing sites that come out on top internationally.

By continuing to provide competitive products to all customers, we aim to achieve work sites where “anyone” can “safely” achieve “high-quality work operations” at “the fastest speeds.”

We have focused on the following three key activities applying to people, goods, and equipment respectively and are deploying these activities to all of our plants globally. We have set shared KPI (QCD+PSME) for frontlines management, established a framework to ensure compliance, and are building work sites that will continue to make improvements over time.

- Thorough implementation of standardized work and revisions thereof (People)
- Mechanisms that can predict and prevent production of defective products (Goods)
- Prevention of equipment breakdowns (Equipment)

For each of these items, the actual capabilities of individual frontlines work sites at each plant are assessed using the same standards, and the results thereof are presented side-by-side with one another. Speedy application of good model cases to other locations helps raise the overall level of performance. In order to accelerate and firmly establish these activities at a large number of plants, key personnel must be cultivated who understand the activities and teach others. To that end, we are also focusing on personnel development.

#### Utilizing digital technologies to achieve flexible, speedy manufacturing.

The electric unit assembly line consists of both robot-powered automated assembly and cellular manufacturing, using the latest automation technology and outstanding skills to achieve low-cost assembly capable of flexibly handling high-variety product mixes.

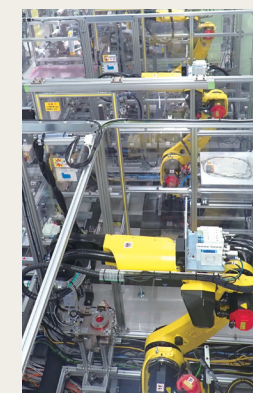
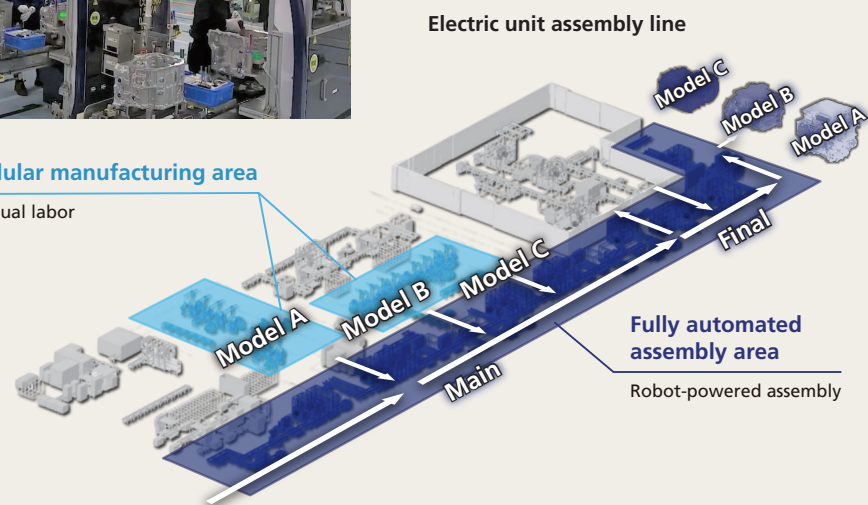
We are also implementing preparatory digitalization for production so that we can quickly respond to customer needs. By repeatedly digitally simulating the production line\* before production begins, we can improve the design and reduce preparatory lead times.

\*Cyber Physical Information Factory



Cellular manufacturing area

Manual labor





## Strengthening Management Capital



### Production Capital

**Ensuring that skill sets are passed along on a global scale, we are blending these skills with evolving digital technologies to rapidly train production personnel.**

“Be proactive, make change.” In order to rapidly train personnel around the world, we provide training and education led by highly experienced, veteran instructors who repeatedly instruct personnel one-on-one until they understand, in a training environment equipped with all the same equipment and tools as the actual production line.

Since our production system is global, we train local key personnel at Japanese training centers so that these key personnel themselves, once equipped with the skills, can take the lead on HR development. We provide DX-compatible (Cyber Physical Information Factory) training for both supervisors and staff. We combine basic training using specialized IoT training devices for data collection, aggregation, and utilization with practical



Practical training on digital data management to achieve paperless operations

training using actual factory equipment into a program that blends work skills and digital technology to aim for “higher quality and more productive management of work sites.”

**We bolster collaborations with partners and suppliers to work throughout the entire supply chain to achieve competitive manufacturing that addresses social issues.**

To improve the competitiveness of manufacturing, it is important to address quality, respond to demand, improve

productivity, and tackle risks, carbon neutrality, and zero emissions initiatives across the entire supply chain. While engaging with each and every supplier and affiliate company one by one, we will thoroughly share necessary information and collaborate to precisely resolve problems. We will build a competitive supply chain that maintains relationships even as we ensure everyone is walking in step with AISIN’s activities, working as a whole to raise production quality as top management personally takes the initiative to promote the resolution of issues in the spirit of “Genchi, Genbutsu, Gennin” (get to the actual place, see the reality for ourselves, and identify the facts).

### Information Collaboration through Deep Communication



**Initiatives across the whole supply chain**



## Conversation with the Outside Directors

### Strengthening the monitoring function of the Board of Directors to support the transformation of the Company's business portfolio

**From the perspective of an Outside Director, what are the strengths and features of AISIN?**

**Hoshino:** Since becoming an Outside Director in June 2023, three features and strengths of the Company have left an impression on me. The first is the dynamic and continued in-depth discussions on business strategy and portfolio transformation at a breakneck speed, akin to jumping onto a car moving at full throttle. Rapid response is indispensable for any company in today's rapidly changing automotive industry, but AISIN is addressing the changes in the environment head on and working sincerely on reforms. These dynamic discussions demonstrate the openness of the Company. The second is how lively the employees are while they are working, which can be seen directly at plants and product exhibits. I was impressed by the employees' sense of joy in producing trusted products and their sincere attitude toward the responsibility of manufacturing while meeting demands for quality, cost, and delivery. I also noticed the consideration given to creating a workplace where employees can work safely, securely, and comfortably. The third is the Company's honesty and integrity. One of the superior qualities of the executive team is their genuine commitment to clearly explaining their initiatives at the General Meeting of Shareholders and in dialogues with investors, and their ability to communicate their thoughts in a straightforward manner without any pretense.

**Shin:** As the shift to EVs advances, AISIN's products will become major components, and as Mr. Hoshino mentioned, the Company has to speed forward at full throttle. Looking



**Seiichi Shin**  
Outside Director

**Michiyo Hamada**  
Outside Director

**Tsuguhiko Hoshino**  
Outside Director

back on the history of the Company, AISIN has had to overcome many difficulties, starting with the fire at the Kariya Plant, damage caused by a major earthquake, flood damage, parts supply shortage during the pandemic, and economic security issues with Russia's invasion of Ukraine. As a member of the Toyota Group, we must have a robust global manufacturing framework with investment and human resources just to meet Toyota's annual sales volume of 10

million automobiles. In addition, as a supplier of parts to auto manufacturers worldwide, our business must be transformed amid rough global waters, including geopolitical risks. Strong leadership at the top and cooperation from employees are the keys to achieving this, and I feel a sense of responsibility serving as an Outside Director at such a company.

**Hamada:** I agree with Mr. Shin that AISIN's manufacturing capabilities are the Company's greatest strength. Since its



## Conversation with the Outside Directors

founding, the Company has faced a fierce competitive environment on a global scale in the automotive industry and has a history of constantly striving to innovate while overcoming various challenges. The strengths supporting AISIN today include its ability to develop unique technology and manufacturing methods ahead of the competition, its focus on human resources engaged in manufacture, its ability to expand production and development bases globally, and its vibrant workplace environments where teams encourage each other and make constant improvements to build better products. I also agree with Mr. Hoshino's appreciation of the Company's sincere attitude and openness observed at the General Meeting of Shareholders. I look forward to the Company's continuing efforts to value a culture that is free of authoritarianism, promotes the active roles of women and mid-career hires from early on, and respects the autonomy of each individual.

### How would you evaluate the progress of the business portfolio transformation?

**Shin:** When AISIN Seiki and AISIN AW merged in 2021 to form the current AISIN structure, a global shift toward EVs was underway, leading to a decline in demand for automatic transmissions (AT) for gasoline vehicles, which had been a strength of AISIN AW. Today, the Company's AT plants are



producing eAxle products for battery electric vehicles (BEVs), a transformation that dispelled uncertainty about the future felt by employees at AISIN AW. While establishing an efficient mass-production system for Toyota, AISIN is also producing individual eAxle products for other businesses, leveraging the unique features of each company to create a production line that incorporates the best aspects of both approaches. On the technical side, I appreciate that the Company has a responsible supply framework with a full lineup strategy that is attentive to global product demand for BEVs, hybrids, and gasoline vehicles depending on the region.

**Hamada:** Of the resolutions shown in the diagram of the Company's business portfolio replacement policy, I feel that the ideas of working together with partners and entrusting to partners are typical of AISIN. The Company has continued to emphasize a culture that respects the autonomy of each individual and company, along with a focus on managing separate and independent companies based on their area of expertise. An example of this is the merger of BorgWarner in the U.S. with AISIN Seiki in 1969, forming AISIN-Warner and then AISIN AW as a company specializing in automatic transmissions, and the Company continues to collaborate with outside partners to develop new businesses and fields while accelerating product development. The Company entrusted businesses that we thought would grow better if entrusted, such as the sewing machine and bed businesses, to successor partners after carefully checking whether the companies were trustworthy enough to take over those businesses. More recently, the Company has formed several alliances, such as with Mitsubishi Electric and SUBARU, in anticipation of grow demand for electrification. The Company also decided to transfer its shower-toilet seat business to LIXIL. Regarding the method of transferring the business to LIXIL, I gave the Board of Directors various points of feedback. In the end, I appreciate that it was a very AISIN way of giving careful consideration to the Chinese subsidiary and the employees taking over the business in Japan.



**Hoshino:** I think one of the features of the Company's business portfolio transformation is the integration of business strategy with financial strategy, and the planning and implementation of capital policy. In addition to reducing business assets and global inventory, the Company has announced a divestment policy that includes reducing its previously untouched cross-shareholdings to zero in principle, demonstrating clear balance sheet reform from the perspective of generating funds to be used for growth strategy and risk management. In particular, the announcement of the divestment of cross-shareholdings concurrently executed with the acquisition of treasury shares as part of the financial policy has been well received by the market. The current challenge is that the price-to-book ratio remains under 1.0, necessitating further reforms with a focus on capital policy.





## Conversation with the Outside Directors

### How is AISIN dealing with the certification issues in the automotive industry?

**Hamada:** Although it is recognized that AISIN has caused no certification issues at this time, in FY2024, a product of the U.S. subsidiary was subject to a recall, resulting in significant quality-related expenses. Reflecting on this, AISIN reaffirmed the origin of Quality Supremacy and is strengthening its efforts to comply with laws and regulations. Specifically, top management is taking the lead in deploying daily compliance activities, such as employee education, workplace discussions, and announcing reporting and consultation services. It is important to identify and address serious reported and consultation issues without omission, but the Company is also making efforts to prevent recurrence, such as by sharing specific examples within the Company and reviewing rules as needed. The overall policy and status of these initiatives are verified by the Business Ethics Committee and reported to the Board of Directors. Compliance is an issue that affects the entire Group, so as an independent Outside Director, I recommend that the corporate officers always think about the entire Group and not just their own area of responsibility, and act with a sense of ownership. As this is a company with an Audit & Supervisory Board, the Audit & Supervisory Board Members work closely with the internal control department and accounting auditors and are in contact with the Audit & Supervisory Board Members at each Group company, working tirelessly every day to ensure that compliance is thoroughly enforced across the Group. Independent Outside Directors also strive to find opportunities to visit sites to enforce compliance, and with the highly effective collaboration of the Audit & Supervisory Board Members, who possess abundant information, we regularly hold meetings to exchange opinions with the Audit & Supervisory Board Members, share monthly audit activity reports, and accompany them on their audit visits.

**Hoshino:** Ultimately, it is very important to create a workplace with openness to address this issue. In addition to

establishing an internal whistleblower system, it is critical to have an environment that facilitates consultation and guarantees psychological safety so that unusual behavior can be properly reported. Currently, this system is functioning very well, and I look forward to its continued success.

**Shin:** This system enables an equal exchange of opinions among Members of the Board of Directors, corporate officers, and Audit & Supervisory Board Members and drives the Company forward, and has been well received. It contributes to a positive relationship among the three, but it is important to have a system that maintains an open atmosphere while preventing over-reliance on individuals. It is essential to strengthen the system to ensure that inappropriate action does not occur, complacency with the current system cannot grow, and swift measures are taken if a problem does arise.



### Looking back on last year, how do you perceive the challenges faced by AISIN as an Outside Director?

**Shin:** All of the employees at the Company seem to enjoy developing technology, laying the foundation for creating world-class products. The Company is also launching well-received products in regions outside its main business of automotive parts, such as AIR, a water infusion system that creates water particles at the nano level and is used in beauty salons, and YYSsystem, a voice recognition system that provides

communication support to the hearing impaired. While the Company's core business, as part of the Toyota Group, is structured to quickly create value through commercialization, the system for supporting products that utilize these diverse ideas as a company is still underdeveloped, requiring further development and strengthening.

**Hoshino:** In terms of balancing capital efficiency and financial stability, we must consider leveraging financing at a time of rising interest rates and capital costs. In addition, we also need to proceed with evaluations using ROIC and WACC on a business-by-business basis. Going forward, our stakeholders expect voluntary disclosures of both financial and non-financial information. To develop a new shareholder base by dissolving cross-shareholdings, it is important to more actively disseminate information and conduct public relations activities to increase the number of people who feel connected to the Company.

**Hamada:** I believe that further improvement of the effectiveness of the Board of Directors is an issue to address. In Japan, the function of the Board of Directors has always been company management, but today the dominant view is that the supervisory function of the Board of Directors of listed companies is more important. Last year, I served as the Chair of the Executive Nomination & Compensation Committee, and I felt a change in the visible landscape. Thorough discussions in this Committee signify a strengthening of the supervisory functions of the Board of Directors. It is important to continue to ensure that in-depth discussions are held by this Committee going forward.

### Tell us about your own efforts to address these challenges.

**Hoshino:** It is important for Outside Directors to serve as intermediaries between investors, shareholders, and other stakeholders, and the Company, acting as both monitors and advocates. The macroeconomic environment will continue to



## Conversation with the Outside Directors

undergo drastic changes, and environmental and social demands for corporations will also change. The Board of Directors enjoys very lively discussions guided by the leadership of President Yoshida. As the Company continues in a critical phase, I will focus on strengthening the management base and shifting resources to growing domains as a member of the Board of Directors, while leveraging my experience to ensure monitoring of the board, facilitating thorough discussions and effective governance of execution without overlooking any details.

**Hamada:** As Chair of the Executive Nomination & Compensation Committee, I feel that reforms were effective in the following two areas in FY2024. The first was the review of the policy for determining remuneration of Executive Management. Together with correcting remuneration levels, we increased the ratio of performance-linked remuneration and incorporated ESG-related indicators into performance-linked remuneration. This review is expected to lead to securing excellent management talent and motivate them to enact medium- to long-term business strategies. The second is the decision of the Committee to determine the remuneration of Executive Management on an individual basis. In this way, the Committee discusses evaluations that serve as the basis for individual remuneration. As a result of these discussions, it was decided that the President would submit the original proposal for corporate officers, and the evaluation of the President would be directly deliberated by



the Committee. By establishing a framework that allows the Committee to independently and objectively evaluate the executive operations, the monitoring function in governance has been strengthened.

**Shin:** Japanese corporations have previously grown by focusing on efficiency and cost, but going forward, diversity will be key. Increasing diversity will help produce ideas and quality products that differ from the competition. It is important to foster an open culture with a free exchange of opinions among all parties to ensure that employees' diverse ideas are not lost in the mix. The Toyota production system is an extremely effective method, and we want to apply it to sales, R&D, and so forth as the driving force behind overall management. In addition, because diversity among management members is still developing in terms of the number of women and nationalities represented, I hope to contribute to building a governance framework with greater diversity.

### As an Outside Director, what will you do to enhance the corporate value of AISIN?

**Hamada:** Improving the effectiveness of the Board of Directors will help enhance corporate value and competitiveness. As global competition in the automotive industry intensifies, it is my duty as an independent Outside Director to make the supervisory function of the Board of Directors more effective. I would like the Executive Nomination & Compensation Committee to review the succession plan by organizing the skills needed for each key position in the organization, securing and fostering human resources, and building a successor talent pool. Among these efforts, selecting and developing candidates to succeed the President and preparing for a smooth handover at an appropriate time can be considered the most sensitive and important issue. Another initiative of the Executive Nomination & Compensation Committee is making preparations for a successor plan for Outside Directors. AISIN



is a company with Audit & Supervisory Board Members, and in FY2025, three of the four members will be in the fourth year of their respective terms. I believe this is a good time to discuss revising the organization's structure.

**Shin:** As Outside Directors, we will maintain independence in making judgments from a third-party perspective, make big-picture decisions without being swayed by internal affairs, and offer advice and insight using our expertise. In my case, amid the rapidly changing environment in the automotive industry and electrification, I would like to thoroughly evaluate the appropriateness of the Company's R&D and various operations while keeping an eye on its competitors, the government, and technological trends, and do my best to help the Company achieve its reforms.

**Hoshino:** Customers and stakeholders tend to find value and meaning in a company's products and services within the context of their own stories. This aggregate perception is also reflected in the company's value and in the stock price in capital markets. In these times, dissemination of information and active public relations are extremely important. This is represented in the Company's Group Philosophy, "Inspiring 'movement', creating tomorrow." To me, Inspiring "Movement" refers to feeling a sense of passion and sincerity in one's work, and Creating Tomorrow embodies a sense of responsibility for future generations and a commitment to sustainability. By broadly communicating the Group Philosophy, the products and services, and the various initiatives, we will help create a company that is truly loved by even more people.



## Corporate Governance

### Basic stance

Under its Group Philosophy, AISIN builds strong relationships with all of its stakeholders and achieves steady long-term growth and expansion to maximize corporate value. In order to accomplish this, we believe that it is important to conduct our business activities in a fair and transparent way in order to be a trusted corporate citizen in the international community. We strive to enhance corporate governance based on the following basic policy.

### Policy





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

### Initiatives to enhance corporate governance

AISIN has been advancing initiatives to further enhance its corporate governance in view of changes in its business and management environment and other factors. In April 2022, with the aim of expediting and improving our management decision-making and execution of business operations, the responsibilities of the Executive Vice President class were abolished, and their authority were transferred to Presidents and Executive General Managers, thereby reducing the decision-making steps in the executive structure.

Furthermore, appointed from among Corporate Officers, CxOs have been established as chief executives responsible for driving key management issues across the entire company and assisting the president from a bird's-eye view of the entire group. At present, five CxOs have been appointed. In June 2022, we reduced the number of Internal Directors by one, leaving a total of eight Directors (including three Independent Outside Directors), with a view to improve objectivity and transparency in management decision-making. We will continue to strive to improve the efficiency of our corporate governance structure to enhance our value as a company.

#### Reform of corporate governance structure

FY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of Executives (persons)	53	50	51	50	32	29	31	26	23	22
Number of Directors (persons)	14	13	14	14	9	9	9	8	8	8
Portion of Outside Directors (persons)	2	3	3	3	3	3	4	4	4	4
Portion of Women (persons)		1	1	1	1	1	1	1	1	1
Number of Audit & Supervisory Board Members (persons)	5	5	5	5	5	5	4	4	4	4
Portion of Outside Audit & Supervisory Board Members (persons)	3	3	3	3	3	3	2	2	2	2
Portion of Women (persons)							2	2	2	2
Separation of management and execution	June 2005	 <ul style="list-style-type: none"> <li>Directors (responsible for decision-making and management supervision) and Corporate Officers (responsible for execution of business operations) were separated to clarify their roles.</li> </ul>								
	June 2014	 <ul style="list-style-type: none"> <li>Outside Directors were appointed.</li> </ul>								
	January and March 2016	 <ul style="list-style-type: none"> <li>The Executive Personnel Committee and the Compensation Committee were established.</li> </ul>								
	April 2022	 <ul style="list-style-type: none"> <li>The Chair of the Executive Nomination &amp; Compensation Committee was selected from among Independent Outside Directors.</li> <li>Responsibilities of the Executive Vice President class were abolished and transferred to Executive General Managers.</li> <li>CxOs were newly established.</li> </ul>								



# Corporate Governance

## Corporate governance structure

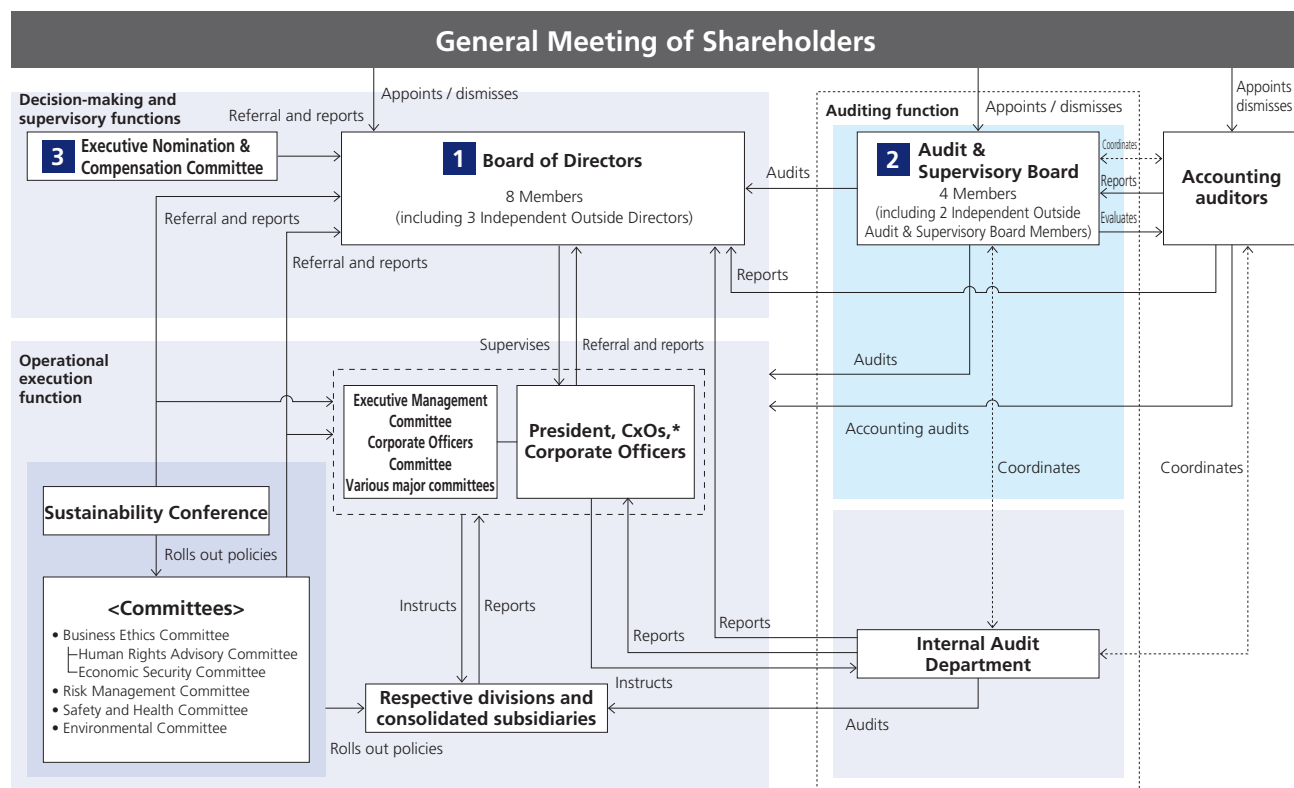
Under our Audit & Supervisory Board Member system, we are working to strengthen the supervision of Directors and Corporate Officers in their execution of their duties. While taking advantage of the strengths of the Audit & Supervisory Board Member structure, including supervision by the Board of Directors, at least one-third of which is composed

of Independent Outside Directors, the independence and independent appointment of Audit & Supervisory Board Members, and the appointment of full-time Audit & Supervisory Board Members, the Audit & Supervisory Board, half of which is composed of Independent Outside Audit & Supervisory Board Members, conducts audits. Furthermore, independence and objectivity in the nomination and compensation of Directors and Corporate Officers is enhanced by review and deliberation by the Executive

Nomination & Compensation Committee, which is chaired by an Independent Outside Director and in which Independent Outside Directors account for the majority, prior to submission to the Board of Directors.

In addition to making timely and appropriate management decisions based on business characteristics and on-site situations, AISIN believes that it is important to build a structure that continuously checks whether the management decisions are supported by various stakeholders and meet their expectations.

Corporate governance structure



\*CxOs: Appointed from among Corporate Officers, CxOs are the chief executives responsible for promoting key management issues across the entire company and assisting the President from a bird's-eye view of the entire group.

## 1 Board of Directors

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

Number of meetings: 13 per year

## 2 Audit & Supervisory Board

In addition to auditing Directors' execution of duties, the Audit & Supervisory Board conducts hearings on the state of affairs in business divisions to examine whether business management and operations are being conducted properly.

Number of meetings: 14 per year

## 3 Executive Nomination & Compensation Committee

This committee considers and establishes basic policies on our executive management system and framework in accordance with our vision and management policies. Proposed appointments and dismissals of Directors and Audit & Supervisory Board Members are deliberated in accordance with the basic policies. Based on a review of the compensation system and the policy for determining the individual compensation for Directors established by the Board, the Committee determines the amount of individual compensation in light of factors such as the Company's performance, job responsibilities and achievements.

Number of meetings: 4 per year







## Corporate Governance

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

#### Policies and procedures for appointment and dismissal of Board of Directors and Audit & Supervisory Board Members

In order to achieve sustainable growth and medium- to long-term enhancement in corporate value and to ensure accurate, prompt and fair decision-making and appropriate supervision of management, AISIN's Board of Directors comprehensively considers various measures when deciding on the appointment and dismissal of Directors. These measures aim to optimize the balance of knowledge, experience and skills and include the appointment of several highly specialized Outside Directors from within and outside the industry and the appointment of Directors with a view to Group management by selecting those with extensive experience and broad insight at our domestic and overseas subsidiaries.

The procedure for nomination and appointment/dismissal entails the selection of candidates for Directors and Audit & Supervisory Board Members after review and deliberation by the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and in which Independent Outside Directors account for the majority, and subsequent submission to the Board of Directors. Decisions for Directors are made after deliberation at the General Meeting of Shareholders on the basis of an informal decision by the Board of Directors. Decisions for Audit & Supervisory Board Members are made after approval by the Audit & Supervisory Board and following deliberation at the General Meeting of Shareholders on the basis of an informal decision by the Board of Directors.

#### Expectations and roles of Independent Outside Directors

All Independent Outside Directors appointed by AISIN are expected to fulfill the following roles and responsibilities.

1. Supervise the management of our business from a standpoint independent from the management team by sounding the alarm and advising on risks at key decision-making meetings, such as Board meetings, and through deliberations on the nomination, reappointment and compensation of senior management.
  2. Apply specialized knowledge, extensive experience and other assets gained from previous careers to the management of our business.
  3. Oversee conflicts of interest between the company and parties such as its management team and controlling shareholders.
  4. Appropriately reflect the views of various stakeholders, such as shareholders, on the Board of Directors.
- In addition to the requirements for Outside Directors set forth in the Companies Act and the independence requirements set forth in the Financial Instruments and Exchange Act, when selecting Outside Director candidates, we place emphasis on a high level of expertise and breadth of experience that will enable the candidates to provide candid and constructive advice on the management of our business.

#### Support for outside executives

Based on the belief that the effective performance of the roles and responsibilities of Outside Directors and Outside Audit & Supervisory Board Members from an independent and objective standpoint is key to the management of our business, we take the following actions:

1. The criteria for submission to the Board of Directors are reviewed as necessary to narrow down the matters to be discussed in order to secure sufficient time for deliberation at Board meetings;
2. Matters to be submitted to the Board of Directors are individually briefed in advance by executives to Outside Directors and Outside Audit & Supervisory Board Members, and details of discussions at key internal meetings are shared to facilitate meaningful discussion at Board meetings;
3. We provide opportunities for Outside Directors and Outside Audit & Supervisory Board Members to learn about AISIN's business and visit our major business locations upon assuming office, as well as briefings and discussions on AISIN's business strategies, management environment and business risks both during and outside of Board meetings, on-site tours of plants and test courses, and meetings with Corporate Officers each year to promote understanding of our businesses and share issues.
4. We assign certain staff members to the Corporate Planning Department and Audit & Supervisory Board Office to communicate and coordinate with Outside Directors and Outside Audit & Supervisory Board Members in order to provide them with the necessary information.



## Corporate Governance

### Board of Directors

#### Evaluation of effectiveness of the Board of Directors

In order to improve the effectiveness of the Board of Directors, AISIN conducts an analysis and evaluation of the effectiveness of the Board of Directors every year. A summary of the effectiveness evaluation and results for FY2024 is as follows. In FY2024, in addition to interviews as in previous years, we conducted a third-party evaluation using a questionnaire.

Subject persons:

All eight Board of Directors and four Audit & Supervisory Board Members

Evaluation method:

1. Third-party evaluation using a questionnaire
2. Interview based on questionnaire results (Group interviews are conducted for Independent Outside Directors and Audit & Supervisory Board Members at the Independent Executives Meeting.)
3. Based on the analysis results, the Board of Directors discusses issues and future measures.

Items evaluated:

Size, composition and operation of the Board of Directors, support system for outside executives, composition and operation of the Executive Nomination & Compensation Committee, the improvement status of issues identified in the previous fiscal year's evaluation, etc.

Issues identified in the FY2023 evaluation of effectiveness	Initiatives implemented in FY2024
Securing more time for strategic discussions from a broader perspective.	▶ Discussions were carried out by systematically incorporating discussions on the future direction of the entire Group and each business, medium- to long-term strategies, risk management, etc.
Understanding the business and recognizing issues through broader on-site and hands-on opportunities.	▶ On-site, hands-on and on-the-spot opportunities were provided, such as visiting factories and business locations and Audit & Supervisory Board Members attending audits of subsidiaries.
Strengthening relationships and sharing recognition through dialogue and exchange among outside executives. Understanding the business and recognizing issues through dialogue and exchange between outside executives and executive staff.	▶ Established regular opportunities for opinion exchange among outside executives and between outside executives and Corporate Officers.

#### Overall evaluation for FY2024

The Board's effectiveness has improved from before, but the following issues were identified. Going forward, we will strive for effective governance by enhancing discussions at Board meetings and strengthening the Board's supervisory function.

Issues identified in FY2024	Future initiatives
Enhancing discussions at Board meetings.	▶ Discuss sustainability issues at Board meetings alongside discussions on the future direction of the entire Group and each business and medium- to long-term strategies.
Strengthening the Board of Directors' supervisory function.	▶ Regularize reporting by committees to the Board of Directors and reporting on internal audit results.
Discussions on AISIN's governance with an eye to the future.	▶ Regularize discussions by top management and Audit & Supervisory Board Members and consider succession plans using the Board of Directors' monitoring function and the skills matrix to create a clearer picture of the ideal Board of Directors.

#### Main agenda of Board meetings in FY2024 (Matters resolved and reported)

<b>Management strategy</b>	<ul style="list-style-type: none"> <li>• Medium- and long-term strategy</li> <li>• Group management policy</li> <li>• Profit and investment plans</li> <li>• Balance sheet reform based on cost of capital and share price analyses</li> <li>• Reduction of cross-shareholdings</li> </ul>
<b>Review of business strategies and portfolio</b>	<ul style="list-style-type: none"> <li>• Progress of new businesses</li> <li>• Business strategies, alliances, joint development</li> </ul>
<b>Sustainability, ESG</b>	<ul style="list-style-type: none"> <li>• Status of internal control and compliance</li> <li>• The state of the personnel system and measures and issues for the future</li> <li>• Results and issues of the effectiveness evaluation of the Board of Directors</li> <li>• Appointment and remuneration of executives (sustainability KPI determined as a calculation indicator)</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• Reporting on matters deliberated at the Executive Management Committee</li> </ul>



## Corporate Governance

### Internal Control

#### Initiatives to strengthen internal control

We strive to strengthen internal control based on our Basic Policy on Internal Control, which was approved by the Board of Directors.

Specifically, the Business Ethics Committee and the Risk Management Committee, in which major Group companies participate, formulate and implement action policies and ensure their dissemination through various kinds of guidance and training, while the internal audit departments conduct on-site and hands-on verification of their effectiveness through audit activities.

#### Internal auditing department

To ensure the independence of internal audits, AISIN's Internal Audit Department reports directly to the Executive Vice President.

The Internal Audit Department conducts on-site audits of the overall status of the development and operation of the internal control system, including the legal compliance of the operations of AISIN and its domestic and overseas subsidiaries and the adequacy of business management and procedures. The audit results are reported to top management, which is the President and Executive Vice President, as well as to the Board of Directors and the Audit & Supervisory Board, which have oversight responsibilities.

In addition, the department shares information and cooperates with Audit & Supervisory Board Members and accounting auditors to improve the quality and effectiveness of the audits. In addition to periodic audits in accordance with Group-wide audit standards, internal audits are performed on key themes selected on a risk-based approach in accordance with the Internal Audit Rules and the annual audit plan.

The Internal Audit Department not only points out deficiencies in its audit results but also makes suggestions for improvement from a fair and objective standpoint, based on the audit results, and monitors the status of improvement. It also shares its audit results and risk assessment with internal control departments, such as Legal, Accounting, Human Resources and Procurement, to support improvement activities in the departments and Group companies. Through internal audit activities, we aim to strengthen internal control by encouraging departments and Group companies to voluntarily implement the PDCA cycle for improvement.

#### Major internal auditing initiatives

##### Thematic audits, affiliate audits

Based on audit themes selected on a risk-based approach, audits of certain control platforms (thematic audits) are performed, targeting AISIN and AISIN Group companies. For Group companies, audits of their control platforms for overall operations are performed on a four-year rotation cycle (affiliate audits). Suggestions for improvement are made to the audited companies based on the audit results, and improvement plans and status are reviewed to increase the effectiveness of the audits (implemented on 74 companies in FY2024).

##### Audits based on the internal control reporting system

In accordance with the "Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" issued by the Financial Services Agency, internal audits are conducted on the status of the development and operation of internal controls. The target companies are selected from among AISIN Group companies in consultation with the audit firm, taking into account their importance for the reliability of financial reporting. Deeming the internal controls over financial reporting of the AISIN Group to be effective as of the fiscal year ended March 2024, we filed an internal control report in June 2024. The audit firm has filed an audit report stating that the results of the internal auditor's audit were adequate.



## Corporate Governance

## Audit & Supervisory Board Members

## Responsibilities of Audit & Supervisory Board Members

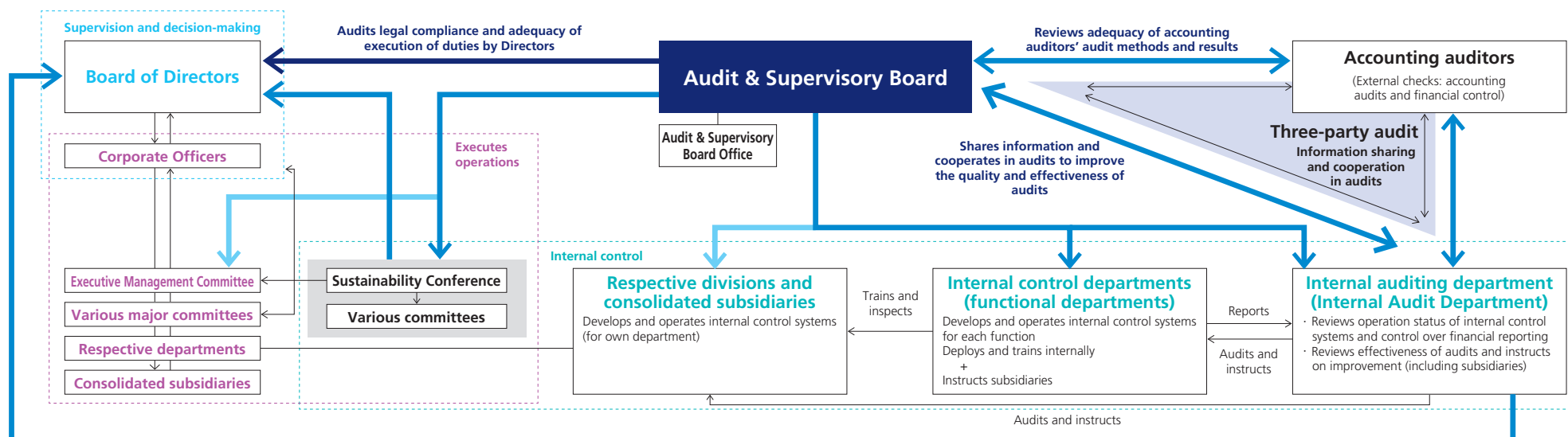
As an independent organ authorized by shareholders, the Audit & Supervisory Board audits the execution of duties by Directors, thereby aiming to help establish a good corporate governance structure that ensures the sound and sustainable growth of the company and responds to the trust of society. Audit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

## Activities of the Audit & Supervisory Board and its 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 Directors and the operations of AISIN and its subsidiaries to verify legal compliance and adequacy and the reliability of our financial reports by attending Board meetings and other key meetings, interviewing Directors and departments, and visiting 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 departments (functional departments) are audited on the basis of management indicators pre-formulated 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



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

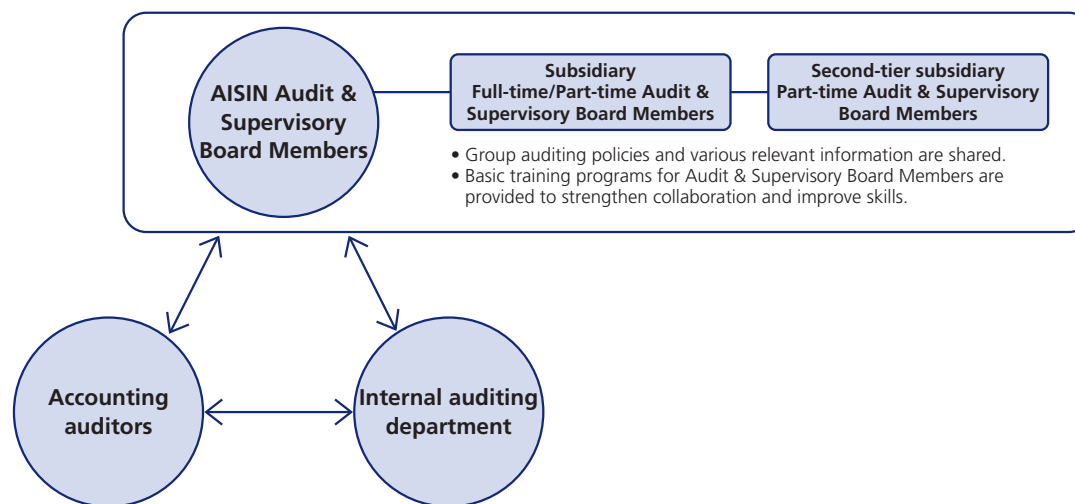
A code of conduct to accelerate and increase the transparency of decision-making of a company, thereby increasing corporate value in the medium to long term



## Corporate Governance

### Audit & Supervisory Board Members

#### Collaboration in AISIN Group's auditing



The AISIN Group consists of as many as 73 companies in Japan and 122 overseas. To ensure full audit coverage throughout the Group, Audit & Supervisory Board Members are appointed at large subsidiaries, while at smaller subsidiaries, executives or employees of their parent companies are appointed as part-time Audit & Supervisory Board Members to ensure collaboration within the Group.

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

- aligning the understanding of audit plans (clarifying role-sharing, reviewing the efficiency and complementarity of audits);
- conducting audits and sharing information (audit results, risk information, etc.);
- checking improvement statuses; and
- reflecting feedback in audit policies and plans for the following year.

#### Collaboration in AISIN Group's auditing in FY2024

Collaboration with Audit & Supervisory Board Members of subsidiaries (AISIN Group Audit & Supervisory Board Members meetings, etc.)	9 times
Collaboration with the internal auditing department (regular opinion exchanges, reporting on subsidiary, J-SOX, thematic audits, etc.)	20 times
Collaboration with accounting auditors (regular opinion exchanges, reporting on plans and progress at Audit & Supervisory Board meetings, etc.)	23 times

#### Activities of the Audit & Supervisory Board and its members in FY2024

Attendance at Board meetings and other important meetings (meetings of the Board of Directors, Executive Management Committee, Sustainability Conference, etc.)	262 times
Meetings and interviews with executives and departments (President, Directors, CxOs, Corporate Officers, department heads, etc.)	182 times
Visits to domestic and overseas subsidiaries (14 overseas, 13 domestic)	27 companies



Visit to an overseas subsidiary

#### Priority initiatives implemented in FY2024

##### Strengthening sustainability and ESG audits

In recent years, stakeholders' expectations of companies have changed significantly, for example, companies are expected to comply with the Corporate Governance Code and to make efforts in the areas of sustainability and ESG (Environment, Society and Governance). In FY2024, the Audit & Supervisory Board Members set efforts in these areas as important matters to be reviewed and conducted audit activities. Through meetings with Directors and related departments and attendance at Sustainability Conference and Risk Management Committee meetings, the Audit & Supervisory Board Members proactively raise questions, make recommendations, and request improvements on the issues and concerns that have emerged from the Audit & Supervisory Board Members' perspective, such as meeting increasingly sophisticated sustainability disclosure demands, ensuring consistency with the company's growth strategy, and the status of achievement of priority issues (materiality), KPIs and targets for FY2031.



## Corporate Governance

### Audit & Supervisory Board Members

#### Collaboration between Audit & Supervisory Board Members, Outside Audit & Supervisory Board Members and Outside Directors

In FY2024, joint on-site audits of subsidiaries were conducted by Audit & Supervisory Board Members and Outside Directors. Through on-site and hands-on audits, efforts are made to encourage Audit & Supervisory Board Members, Outside Audit & Supervisory Board Members and Outside Directors to exchange opinions from their respective viewpoints and knowledge so that each can deepen their understanding of the business. Meanwhile, the further improvement of corporate governance of the entire AISIN Group is being pursued not only by strengthening mutual collaboration but also by mutual checks, including Audit & Supervisory Board Members checking whether Outside Directors perform their duties properly and Outside Directors checking whether Audit & Supervisory Board Members perform their audit work properly.



Joint on-site audit of a domestic subsidiary

#### COLUMN



**Katsuhiro  
Kashiwagi**

Outside Audit & Supervisory  
Board Member

For many years, I have worked for an audit firm where I have been involved in accounting audits and consulting as well as maintaining and improving audit quality and preventing, detecting and responding to accounting fraud. I believe that the area where I can make the greatest contribution as an Audit & Supervisory Board Member, using my knowledge and experience, is in the area of “defensive governance.” While I do my best to prevent fraud, it is difficult to eradicate it completely. It is important to detect and extinguish fires while they are still small. We work to achieve this through vigorous information gathering by Audit & Supervisory Board Members and through Outside Audit & Supervisory Board Members’ “realization” that is not bound by the company’s norms.

There is a famous line in a detective drama series that goes, “The incident takes place at the site of the crime.” A company’s growth and compliance issues take place at the site indeed. The desire of an outside executive is to listen as much as possible to the voices of those at the sites. In response, the opportunities for interaction with the sites have increased year after year. When we see employees in charge of the sites explain their targets and performance with sparkling eyes, we get a glimpse of the company’s culture and an impression that motivation at the sites is supporting the company’s growth.

Inevitably, discussions at Board meetings about how to develop electrification in the future and how to take risks in new growth domains will be more heated than before. I will push the company from behind to enhance corporate value and strive to contribute to proactive corporate governance.



## Corporate Governance

### Executive Remuneration

#### Basic stance on executive remuneration

Our executive remuneration system is designed according to the following principles:

1. Remuneration shall motivate executives to work toward achieving our Group Philosophy and management policies.
2. Remuneration shall reflect the responsibilities, achievements, etc. of each executive.
3. Remuneration shall reflect the business environment and short-term and medium- to long-term performance of the AISIN Group and encourage executives to enhance corporate value and manage business from the same perspective as shareholders.

#### Executive remuneration structure

As Directors (other than Outside Directors) are in charge of executing the operations of the company, their remuneration comprises a fixed monthly remuneration along with performance-linked bonuses and share-based remuneration. Specifically, the percentages of monthly remuneration, bonus, and share-based remuneration to the base amount for Directors are set at roughly 40%, 30% and 30%, respectively. Higher percentages for performance-linked remuneration are set, depending on the Director's title.

As Outside Directors and Audit & Supervisory Board Members are responsible for providing supervision and advice on business management or auditing the performance of business from an independent standpoint, they receive only a monthly remuneration with no bonus or share-based remuneration.

Remuneration structure for Members of the Board of Directors (other than Outside Directors)

	Fixed remuneration	Performance-linked remuneration	
		Short-term	Long-term
Remuneration structure	Monthly remuneration 40%	Bonus 30%	Share-based remuneration 30%
Form of payment	Cash		Shares

Actual remuneration may differ from the above depending on the profit situation.

#### Policy of remuneration by type

##### Fixed remuneration (monthly remuneration)

- Remuneration for Directors reflects their responsibilities and achievements. Remuneration for Audit & Supervisory Board Members reflects their responsibilities.
- Monthly remuneration is paid regularly every month during the executive's tenure.

##### Performance-linked remuneration (bonus, share-based remuneration)

- To ensure a link with the company's performance and to stimulate motivation to increase corporate value over the medium to long term, consolidated operating profit and sustainability KPI are set as the calculation benchmarks.
- The evaluation weight and evaluation method of each benchmark are as follows. The payout ratio of performance-linked remuneration varies within a range of 0% to 150% depending on the evaluation result.

Benchmark	Evaluation weight	Evaluation method
Consolidated operating profit	90%	Evaluated on the basis of the degree of achievement in each fiscal year of the standard profit set for the sustainable growth of the company.
Sustainability KPI	10%	Evaluated on the basis of the degree of achievement of each fiscal year's targets for the calculation benchmarks selected from among the major KPIs that are widely related to society and employees as defined by the AISIN Group. *Benchmarks selected for FY2024: Reduction rate of production CO <sub>2</sub> emissions, job satisfaction

- The amount paid to each individual is determined on the basis of the company's performance in the fiscal year and the execution of duties by each executive.
- Performance-linked remuneration is paid once a year after the Annual General Meeting of Shareholders each fiscal year.
- Restricted stock remuneration is provided as an incentive to promote further sharing of value with shareholders and to sustainably enhance corporate value.  
For details of the system, see p.53 of the [WEB](#) Securities Report.



## Corporate Governance

### Executive Remuneration

#### Executive remuneration levels

In order to verify objectivity and validity, the levels of total remuneration for Directors by position are determined each year by reference to levels at manufacturers similar in size, industry and business format to the company, through executive compensation surveys conducted by external research organizations.

#### Method of determining executive remuneration, etc.

To ensure objectivity and transparency in determining the amount and system of remuneration for Directors, we have established the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and in which Independent Outside Directors account for the majority.

The Board of Directors has approved the policy for determining individual Director remuneration and the total amount of remuneration for the fiscal year under review, as

well as resolved to entrust the determination of individual remuneration amounts to the Executive Nomination & Compensation Committee.

The Executive Nomination & Compensation Committee determines the individual remuneration amounts based on a review of the executive remuneration system and the policy for determining the remuneration for each Director established by the Board of Directors, taking into account factors such as company performance, job responsibilities and achievements. The monthly remuneration for each Audit & Supervisory Board Member is decided upon discussion between Audit & Supervisory Board Members within the remuneration range determined at the General Meeting of Shareholders.

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

Executive category	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	Bonus	Share-based remuneration	
Members of the Board of Directors (portion of Outside Directors)	444 (57)	252 (57)	113 (-)	77 (-)	9 (5)
Audit & Supervisory Board Members (portion of Outside Members)	116 (24)	116 (24)	- (-)	- (-)	4 (2)
Total	560	369	113	77	13

Notes: 1. The above figures include one Director (including one Outside Director) who retired at the conclusion of the 100th Annual General Meeting of Shareholders held on June 16, 2023.

2. Performance-linked remuneration indicates the amount resolved at the Board of Directors meeting held on May 27, 2024.

3. It was decided at the 96th Annual General Meeting of Shareholders held on June 18, 2019 that the total monthly remuneration and bonuses for Directors must be no greater than 600 million yen per year (with no more than 75 million yen paid to Outside Directors). The total amount of share-based remuneration was decided at the 101st Annual General Meeting of Shareholders held on June 19, 2024 to be no greater than 500 million yen per year.

4. It was decided at the 87th Annual General Meeting of Shareholders held on June 23, 2010 that the monthly remuneration for Audit & Supervisory Board Members must be no greater than 15 million yen per month.



## Corporate Governance

### Executive Management

#### Members of the Board of Directors

##### Moritaka Yoshida

Male  
President, Member 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 Corporation (current role)

##### Reason for appointment

Mr. Yoshida has an extensive career that includes serving as President of the MSV Company and the Vehicle Development Center president, while also serving as Executive Vice President at Toyota Motor Corporation, and has experience as a management executive at Toyota Central R&D Labs, Inc. He has been serving as President of the Company since 2021 and brings a wealth of experience and wide-ranging insights in all areas of management.

Number of Board of Directors  
meetings attended 13/13 (100%)

##### Shintaro Ito

Male  
Member of the Board  
of Directors



April 1983 Joined AISIN Seiki Co., Ltd.  
June 2010 Managing Officer of AISIN Seiki Co., Ltd.  
April 2017 Senior Managing Officer of AISIN Seiki Co., Ltd.  
April 2019 Senior Executive Officer of AISIN Seiki Co., Ltd.  
April 2021 Executive Vice President of AISIN Corporation  
June 2021 Member of the Board of Directors of AISIN Corporation (current role)  
April 2022 Senior Executive Officer of AISIN Corporation (current role)

##### Reason for appointment

Mr. Ito has worked primarily in the managerial administration sector of the Company and has management experience serving as top management of our overseas management company. He became Director and Executive Vice President in 2021 and currently serves as Director, Senior Executive Officer, Chief Administrative Officer and Executive Vice President. He brings a wealth of experience and wide-ranging insights in all areas of management.

Number of Board of Directors  
meetings attended 13/13 (100%)

##### Yoshihisa Yamamoto

Male  
Member of the Board  
of Directors



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 Corporation  
April 2022 Senior Executive Officer of AISIN Corporation (current role)  
June 2022 Member of the Board of Directors of AISIN Corporation (current role)

##### Reason for appointment

Mr. Yamamoto has worked primarily in the technology development field of Powertrain at the Company. He became Executive Vice President in 2021 and currently serves as Director, Senior Executive Officer and Chief Technology Strategy Officer. He brings a wealth of experience and wide-ranging insights in all areas of management and the technology development strategy of the Group.

Number of Board of Directors  
meetings attended 13/13 (100%)

##### Masahiro Nishikawa

Male  
Member of the Board  
of Directors



April 1984 Joined AISIN Seiki Co., Ltd.  
June 2011 Managing Officer of AISIN Seiki Co., Ltd.  
April 2014 Senior Managing Officer of AISIN Seiki Co., Ltd.  
June 2017 Member of the Board of Directors of AISIN Seiki Co., Ltd.  
April 2019 Senior Executive Officer of AISIN Seiki Co., Ltd.  
April 2021 Senior Executive Officer of AISIN Corporation (current role)  
June 2024 Member of the Board of Directors of AISIN Corporation (current role)

##### Reason for appointment

Mr. Nishikawa has worked primarily in the production technology field for Body products at the Company. He became Senior Executive Officer in 2019 and currently serves as Director, Senior Executive Officer and Chief Carbon Neutral Officer. He brings a wealth of experience and wide-ranging insights in all areas of management as well as in monozukuri in Japan and overseas.

Number of Board of Directors  
meetings attended —



## Corporate Governance

### Executive Management

#### 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 Co., Ltd.
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 Seiki Co., Ltd.
June 2020	Outside Director of Toho Gas Co., Ltd. (current role)
June 2021	Member of the Board of Directors of AISIN Corporation (current role)

##### Reason for appointment

Ms. Hamada has served as Professor at Nagoya University Faculty of Law, Commissioner of the Japan Fair Trade Commission, and outside officers of other companies. She brings a high level of expertise in the Companies Act and antitrust laws, as well as a wealth of experience and wide-ranging insights in corporate governance gained throughout her career.

Number of Board of Directors meetings attended	13/13 (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 Graduate 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)
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 Corporation (current role)

##### Reason for appointment

Mr. Shin has held positions including Professor at the University of Electro-Communications Graduate School of Informatics and Engineering. He brings a high level of expertise centered on metrology and control engineering as well as wide-ranging insights gained throughout his career.

Number of Board of Directors meetings attended	13/13 (100%)
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April 1972	Joined Toyota Motor Corporation
June 2004	Executive Director of DENSO Corporation
June 2015	Vice Chairman of DENSO Corporation
February 2016	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
June 2021	Member of the Board of Directors of AISIN 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 wide-ranging insights as a manager.

Number of Board of Directors meetings attended	13/13 (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 Corporation (current role)

##### Reason for appointment

Mr. Hoshino has served as Director-General of the Ministry of Finance's Tax Bureau and Commissioner of the National Tax Agency. He brings a high level of expertise in finance, monetary policy, legal affairs and compliance, which he gained throughout his career, as well as a wealth of experience and wide-ranging insights gained from his public duties at a diplomatic establishment abroad and supervisory experience as an outside director at companies in other industries.

Number of Board of Directors meetings attended	11/11 (100%)
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## Corporate Governance

### Executive Management

#### Audit & Supervisory Board Members



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

#### Reason for appointment

Mr. Mitsuya has worked primarily in the managerial administration sector of the Company and also served as Director and Executive Vice President. He brings knowledge in finance and accounting and a wealth of experience and wide-ranging insights as a manager.

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

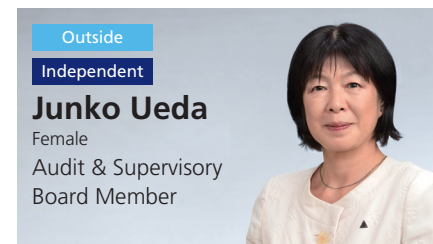


March 2008 Joined AISIN Seiki Co., Ltd.  
January 2017 Project General Manager of Finance & Accounting Department of AISIN Seiki Co., Ltd.  
January 2020 General Manager of Audit & Supervisory Board Office of AISIN Seiki Co., Ltd.  
June 2021 Audit & Supervisory Board Member of AISIN Corporation (current role)

#### Reason for appointment

Ms. Kato has worked primarily in the accounting and audit sectors of the Company and is well-versed in the Companies Act, finance and accounting. She brings a wealth of experience and wide-ranging insights gained throughout her career.

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



April 2003 Professor at Sugiyama Jogakuen University's School of Modern Management  
April 2007 Professor at Shizuoka University Graduate School of Law  
May 2008 Outside Auditor of Okaya & Co., Ltd.  
April 2010 Professor at Kyushu University's Graduate School 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 Corporation (current role)

#### Reason for appointment

Ms. Ueda has served as Professor at Aichi University Graduate School Department of Law and outside officer of another company. She brings a high level of expertise in the Companies Act as well as a wealth of experience and wide-ranging insights in corporate governance gained throughout her career.

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



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 Corporation (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. Kashiwagi has many years of experience as a certified public accountant and brings a wealth of experience and high level of expertise in corporate accounting and auditing as well as wide-ranging insights in company management.

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



## Compliance

### Basic stance and policy

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

 Guidelines on Compliance with Social Responsibility

 AISIN Group Antitrust Compliance Policy

Violations in FY2024

0

 AISIN Group Anti-Corruption Policy

Violations in FY2024

0

### Vision

We are committed to group-wide initiatives around the world to ensure that all employees in the AISIN Group share the same strong sense of ethics of sincerity, honesty, fairness, and impartial, and that we perform strict compliance. Our goal is to maintain high compliance awareness and eliminate serious law violations by establishing a global Group legal and compliance framework. The AISIN Group believes that an open workplace culture where employees can freely exchange opinions is the foundation of compliance. Based on this belief, we are creating an environment where employees can freely consult their supervisors and use the whistleblowing service, 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 individual concerns and issues can be shared and members can mutually respect and care for each other.

### Implementation framework

The Company has a Business Ethics Committee headed by the Executive General 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 from the 11 core Group companies\*1 attend the committee meetings to confirm the status of compliance activities and issues, as well as to approve 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.

\*1 Among the 12 Group companies, Hosei Brake Industry is treated as a subsidiary of ADVICS.

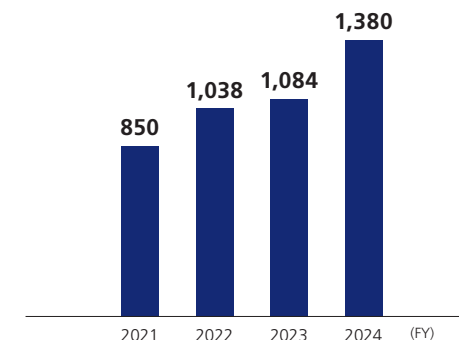
### Early detection and correction of issues through a whistleblowing system

The AISIN Group has a service for reporting and questions about compliance. This service is available to all Executive Management, employees, and retirees, 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 employees and other internal stakeholders to

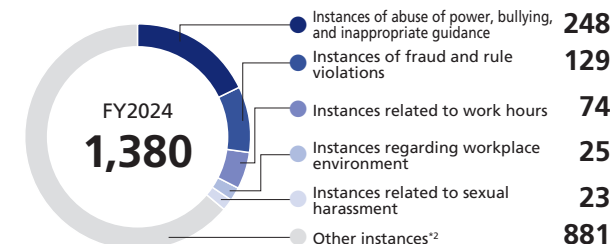
use the service that best suits their situation for consultation. We also accept reports and consultations from external stakeholders via the AISIN Global Hotline, a web-based system. The whistleblowing reports are gathered at the Legal Affairs Department of the AISIN Group Head Office. For critical 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. In addition, we strive to handle critical cases swiftly by inviting an external lawyer to bring objective, specialized knowledge.

### Status of use of the whistleblowing system

Number of reports received through the whistleblowing system



### Domestic and overseas reports consultations



\*2 "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

### 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, and the level of awareness of the whistleblowing service, and the results are reported to the Business Ethics Committee. Feedback is provided to the Company's internal departments and Group companies both in Japan and overseas. The survey results are analyzed, and for cases that require priority support, we make improvement efforts at Group companies.

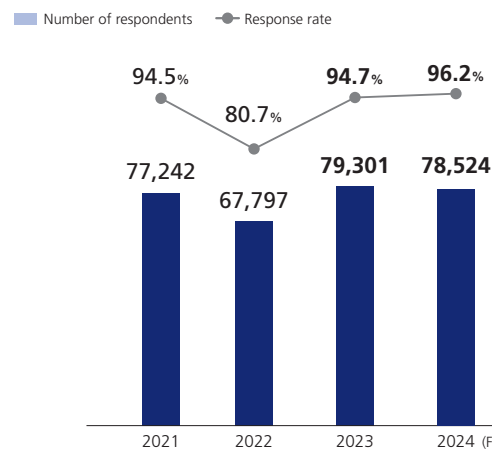
#### Compliance awareness survey results (Japan)

Compliance awareness level (out of 5 points)

FY	2021	2022	2023	2024
	-*	4.22	4.24	4.24

\* Not asked in FY2021

#### Compliance awareness survey respondents and response rate



### Education and awareness activities

AISIN conducts various training and awareness activities to ensure that all employees perform compliance as a natural part of our business. In FY2024, 93% of all employees in Japan and overseas participated in compliance-related education or awareness activities. In terms of education, we conduct group training and e-learning according to rank, role, and job. In addition, we make compliance more accessible on our intranet by providing on-demand training videos and animated videos summarizing key points to preventing harassment. Regarding awareness activities, we publish monthly "Legal News" and case studies, providing the latest information and discussion sheets with various examples including failures, to raise awareness that compliance as a personal issue. We also set October of each year as a corporate ethics strengthening month to raise employee awareness. In FY2024, in addition to displaying posters, we also streamed video of the Chair's direct message to the workplace.

### Preventing bribery and corruption

AISIN is making efforts to thoroughly prevent bribery and corruption by formulating and rolled out the AISIN Group Anti-Corruption Policy across the Group in 2020, and by creating the AISIN Group Anti-Corruption Guidelines that serve as a specific code of conduct. Furthermore, to prevent providing socially inappropriate benefits, we have issued Group-wide Guidelines for Meals, Entertainment, and Gifts (Entertainment Expenses) and established a framework with established prior application and approval procedures within internal regulations to ensure the prevention of bribery. In addition to thoroughly disseminating information on the importance of complying with the Anti-Corruption Policy

through various training and education, we also conduct compliance awareness surveys to investigate the risk of corruption and promote prevention and improvement activities.

We also strive to prevent and deter corrupt practices through activities to strengthen internal controls, such as internal audits, and strengthen management of received entertainment.

### Compliance with antitrust laws

AISIN will continue to comply with antitrust laws so as to not to forget the lessons learned from the violation of the U.S. antitrust law in 2014. In addition to formulating and rolled out the AISIN Group Antitrust Compliance Policy across the entire Group in 2020, we created the AISIN Group Antitrust Compliance Guidelines, which serve as a specific code of conduct, to ensure strict compliance with the law.

We are implementing training and education to ensure thorough awareness of the importance of complying with antitrust laws and conducting training on the risks to domestic and overseas Group companies according to the region. Regarding contacting competitors, we operate rules whereby the Legal Affairs Department of the AISIN Group Head Office checks in advance to ensure that there are no illegal activities. In addition, we conduct compliance awareness surveys to investigate the risk of violating antitrust laws and promote prevention and improvement activities.



## Risk Management

### Basic stance and policy

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.

### 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 the 2024 Noto Peninsula earthquake, frequently occurring natural disasters in linear precipitation zones, parts supply issues, and geopolitical and economic security risks.

Against this backdrop, we aim to make our risk management more sophisticated, which means a state where we can control and minimize any kind of risks. To achieve this, in FY2023, we introduced a new risk management process to manage risks in a more integrated manner. We will preemptively manage risks by identifying signs of risks and appropriately analyzing and assessing 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 framework

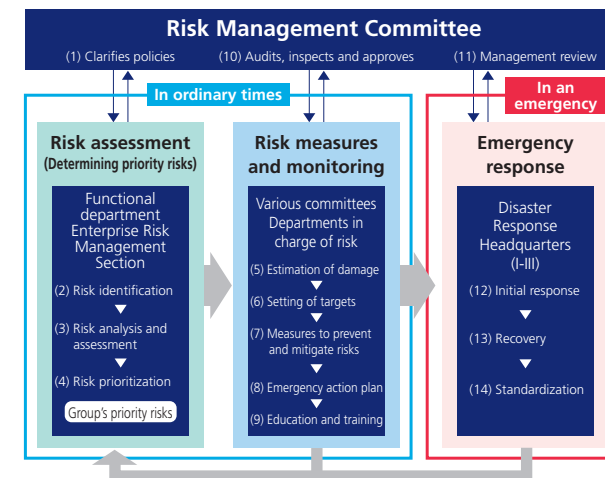
As a framework to promote risk management, the Risk Management Committee is in place, which consists of the President, CxOs, Audit & Supervisory Board Members, Presidents of 11 Group companies, and others. Based on the status of occurrence of risks to AISIN and the environment and trends inside and outside the Group, we promote risk management by deliberating and determining the priority risks that should be addressed. For identified priority risks, the Group Head Office assigns the departments responsible for each risk and appoints persons in charge of measures and promoters at Group companies in Japan and overseas. By making Group-wide efforts in this way, we are strengthening our ability to address risks.

Through regular reports to the Board of Directors, our risk management efforts are supervised and used to improve our management strategy.

### Basic initiatives

Based on our risk management process, we 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 increase the effectiveness to respond to risks by implementing a risk management cycle.

Risk management process



### In ordinary times

#### Risk assessment (Determining priority risks)

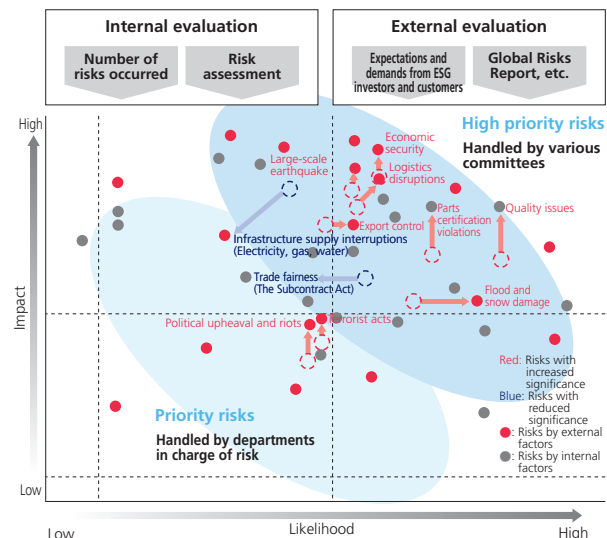
We perform risk assessments on a biannual cycle to identify possible risks from the specialized perspectives of the internal departments in charge, the operational characteristics of Group companies, and the geographical perspectives of overseas locations. Risks are assessed based on analysis results 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, and the Risk Management Committee identifies the high priority risks and priority risks, considering the risks to stakeholders including customers and investors and while referring to risk assessments by specialized organizations, such as the Global Risk Report.



## Risk Management

### Key priority risks



### Risk measures and monitoring

The high priority risks and priority risks identified by the Risk Management Committee are addressed by various committees and departments in charge of risks, which implement measures to prevent, deter, and mitigate these risks. The Risk Management Committee monitors high priority risks and the Enterprise Risk Management Section monitors priority risks, and we strive for continuous improvement. For information on risk initiatives see “Addressing priority risks” below.

### In an emergency

#### Emergency response

In preparation for emergencies, we have formulated an emergency response plan (business continuity plan) that defines (1) safety of human lives, (2) contribution to the community, and (3) recovery of production 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 (I-III) levels according to the crisis level. The head of the disaster response headquarters is appointed by the Risk Management Committee Chair. The secretariat for the I Disaster Response Headquarters is the Enterprise Risk Management Section, and that for the II and III Disaster Response Headquarters is the department in charge of the risk management. Their aim is to minimize damage with the top priority given to protecting human lives

and ensuring the safety of people. If the damage is severe, we will continue our businesses by switching to alternative operations or alternative production. In preparation for emergencies, 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 disaster response headquarters.

Through the formulation and training of the business continuity plan (BCP), we aim to enhance its effectiveness and develop talent that is prepared for emergencies through these processes. These efforts will help us build an organization, workplace, and human resources that are ready for crises, even during regular operations.

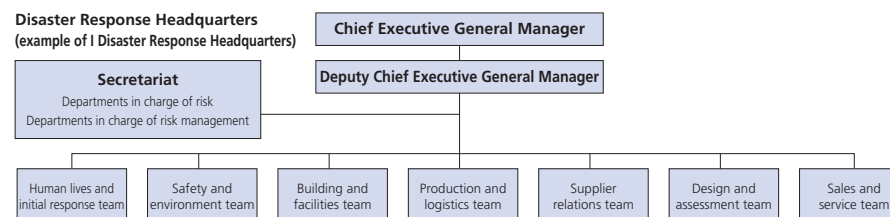
#### Response procedure when an emergency occurs



#### Criteria for setting up a disaster response headquarters when an emergency occurs

Danger level	Level 1 Crisis that could have a significant adverse impact on the overall management of the Group	Level 2 Crisis that could have a significant adverse impact on the overall management of the Company or multiple departments	Level 3 Crisis that could have a significant adverse impact on some departments of the Company
Response organization	Disaster Response Headquarters I	Disaster Response Headquarters II	Disaster Response Headquarters III
Chief Executive General Manager	Executive Management nominated by Risk Management Committee Chair	Executive Management nominated by Risk Management Committee Chair	Manager of department in charge of risk
Secretariat	Departments in charge of risk and risk management	Departments in charge of risk	Departments in charge of risk

#### Disaster Response Headquarters (example of I Disaster Response Headquarters)





## Risk Management

### Addressing priority risks

The following priority risks have changed in importance after comprehensively assessing their impact and frequency of occurrence.

#### Risks with increased significance

##### Large-scale earthquakes, and flood and snow damage

In response to natural disasters that could cause extensive damage, we are working as a Group to prevent and minimize damage based on the Crisis Management Guide, which outlines practical procedures for preparation in ordinary times and emergency response measures, as well as a learning and awareness guide, which standardizes past disaster experiences. Regarding the 2024 Noto Peninsula earthquake, damage to affected Group companies was minimized, and the impact to production and delivery was limited. This is the result of Group-wide efforts since the 2016 Kumamoto earthquakes, including measures to prevent hanging objects from falling based on lessons learned from the earthquake.

Meanwhile, new challenges have arisen, such as serious damage due to liquefaction from these earthquakes and recent rainfall damage that exceeded expectations in linear precipitation zones, and the Group will continue to work together to address these issues.

#### Quality issues

We apologize to our customers for the quality issue that occurred in December 2023 at a North American Group company. To prevent similar problems from occurring again, we will strive to strengthen the following items and make further quality improvements in order to produce safe and secure products and realize quality that meets customer expectations.

- Deliberation of elemental technologies for high-risk products and manufacturing methods
- Evaluation of domestic and overseas suppliers and improvement of our corporate framework
- Improvement of development accuracy by utilizing digital transformation for electrification of key domains

#### Parts certification violations

With increased electrification of the automotive industry, customer needs are shifting toward electrical and electronic components, requiring companies to comply with laws and regulations that are different from those of conventional components. In addition, the intensification of market competition in the electric vehicle sector has led to auto manufacturers demanding shorter delivery times and reduced time to regulatory compliance, which will likely impact the certification procedure.

In 2023, AISIN established a company-wide regulations certification committee and is strengthening efforts to comply with regulations in the following three matters to ensure that regulatory information is reflected into our products:

1. Establish a system to obtain early access to regulatory changes and the ability to reflect the latest regulations into design drawings.
2. Introduce a system to enable centralized management of information on parts requiring approval globally and obtain effective approval without omissions through the system.
3. Implement a program to develop parts certification experts at main production locations overseas.

#### Logistics disruptions

In Japan, the 2024 logistics problem, which involves limits on driver working hours, is creating concerns of declining sales and driver shortages in the logistics and transportation industry and is expected to impact AISIN as well.

We are working closely with suppliers and carriers to resolve the issues of logistics personnel shortages. Specifically, we are reducing the time required for loading, unloading, transporting, and sorting cargo to reduce the workload and time constraints of drivers while raising transportation fees to help secure enough drivers.

In overseas logistics, risks are increasing for marine transportation using the Suez Canal and Panama Canal. At AISIN, in addition to rerouting shipping routes and switching to air transport, we are coordinating with local bases to explore other solutions such as increasing inventory levels to resolve long lead times.

#### Economic security and export control

Geopolitical impacts, such as tensions and conflicts between nations, have led to tighter restrictions on imports and exports of products and technologies in various countries. Trade friction, tariff hikes, and other measures may be put into practice, restricting imports and exports, which could impact AISIN.

We have established an Economic Security Committee and are building a framework to address economic security risks that require high-level decisions especially from top management. In addition, to ensure compliance with export control laws and regulations in various countries, we have formulated and implemented security export control regulations across the Group, both domestically and overseas, and are promoting their education and awareness.



## Quality

### Basic stance and policy

Upholding “To our customers, inspiration and trust” in its Group Philosophy, AISIN is committed to improving quality and creating new value that exceeds customer expectations. AISIN places Quality Supremacy at the foundation of our code of conduct, AISIN Group Charter of Sustainability and the individual code of conduct, the AISIN Group Way. We promote Total Quality Management (TQM) with the aim of enhancing not only the quality of our products and services but also our work, ensuring mutual cooperation among employees, and improving the company framework based on a customer-first approach.

### 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, growing domains, and carbon neutrality, and develop human resources capable of creating new value.

### Implementation framework

The AISIN-Group Quality Division is responsible for and has authority over the quality of the entire Group, and is in charge of assuring quality for customers. In light of recent quality issues, we are returning to the fundamentals of Quality Supremacy and driving a shift in consciousness by re-establishing a customer-first mindset and creating a corporate culture based on honest dialogue. Furthermore, to ensure satisfaction and peace of mind of customers worldwide, we are deploying quality policies at all product and functional divisions with quality function meetings playing a central role. In addition to monitoring quality improvement activities based on these policies, we share customer feedback to all Group companies and are working to improve product quality through audits, quality training and other efforts.

### Developing talent and a workplace culture to pursue Quality Supremacy

To further share and instill the value of Quality Supremacy, which is fundamental to the Company, we are engaging employees from three perspectives: knowledge, mind, and environment. We promote knowledge by issuing educational tools explaining Quality Supremacy in a modern context. We appeal to the minds of employees through exhibitions of quality that focus on clear examples of failures and actual products in our Densho-kan. We foster a workplace culture (environment) where the value of Quality Supremacy is second nature through quality lectures, dialogue between top management and employees, and workplace-level quality meetings.

In addition, we are working to make improvements on a daily basis by conducting QC circles as a foundation for developing talent and a workplace culture.

Three elements for practicing Quality Supremacy





## Quality

### Medium- to long-term initiatives for key domains and growing domains

As an initiative for electrification in key domains, we are working to shorten the development period by implementing activities to integrate departments specializing in design, production engineering and plants from the product design stage, and by innovating the development process using digital transformation.

When launching new products, we establish detailed implementation procedures based on our quality assurance system, and thoroughly assess our quality at every milestone of each process. At the development stage, we work to improve design quality by re-examining safety and regulations from the customer's perspective, consolidate technology and knowledge of each product group, eliminate failed cases, and implement other efforts. In terms of quality evaluation, we utilize our own test courses and facilities to reproduce unique environments around the world, such as extreme temperatures, rough roads, icy roads and electromagnetic waves, and we comprehensively evaluate functions and performance required in automobiles from the customer's perspective.

In growing domains, we operate various services, including the YYSsystem voice recognition system and AI On-Demand Transportation "CHOISOKO", as initiatives to address social issues. We are making improvements to our services on a daily basis and accelerating our responsiveness to ensure customer satisfaction by using AI to constantly collect and analyze customer usage and social media information.

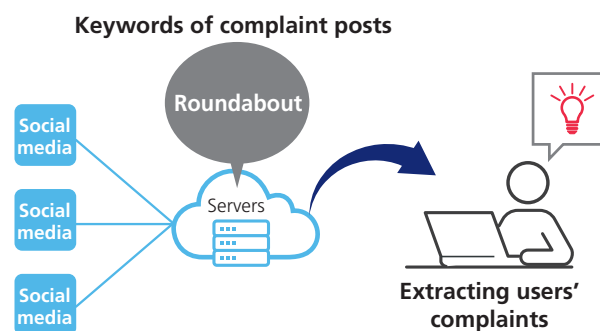
### Emphasis on the first customer complaint and efforts to prevent complaints using big data

The Group collaborates to promptly address initial customer complaints by notifying relevant departments, including overseas locations, to minimize inconvenience to the customer. 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 leveraging big data from vehicles and products to detect early signs of failure, enabling us to take diagnostic and predictive actions before issues arise.

Furthermore, to achieve quality that exceeds customer expectations and create products that inspire, we identify potential complaints from customers (using social media data), and incorporate these into our quality improvement activities.

Extracting users' complaints from social media



### Quality management system

AISIN established an IATF 16949\*1 quality management system, and all employees work together to promote quality assurance activities to ensure customer satisfaction and peace of mind.

As of May 2024, 50 of the 55 production sites received IATF 16949 certification, resulting in a company-wide certification rate of 91%.

\*1 IATF 16949 is an international standard for quality management systems in the automobile industry.

### Quality-related training

The practice of Quality Supremacy is the basis of our entire code of conduct, and we carry out quality-related activities for all employees in the Group. We pass on the value of Quality Supremacy and the importance of quality to new employees by having them visit the quality learning zone at Densho-kan. In addition, we offer education on quality knowledge with a focus by rank, and we provide quality control training to new employees, problem-solving training to new section chiefs, and management training to new department managers. Employees can also select from 40 courses on quality training, including quality control, reliability evaluation, and data analysis, through e-learning, and we hold consultation sessions on various topics for participants to hone their practical skills. Talent is developed across the Group based on these training opportunities.



## Information Security

### Basic stance and policy

As companies accelerate their DX strategies, devices and information are becoming increasingly connected, creating new value in society. At the same time, cyber attacks are becoming more sophisticated every day, creating an ever-present threat that company information, customer details, and other private information will be leaked, and it is critical to manage these risks to ensure sustainable growth of the Company.

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

### Implementation framework

The Executive General Manager of the DX Strategy Center is responsible for establishing information strategies, IT investment plans and other initiatives based on our business strategies, and is responsible for and has authority over the execution and operation of information security and privacy throughout the AISIN Group. Under the direction of the Executive General Manager of the DX Strategy Center, the INFORMATION SECURITY DEPARTMENT is established as a dedicated security organization to protect the Company from risks, such as cyber attacks and unauthorized internal actions, and it implements security activities throughout the Group.

Information security policies and measures are proposed by the Risk Management Committee and shared across the Group for a common understanding, to improve the level of security and ensure the implementation of solid measures.

### Information security initiatives

We centralize the entire Group's security measures at the head office and work to ensure security against increasingly agile and advanced cyber attacks and methods of leaking internal information, and to comply with the laws and regulations of the respective countries. Major security incidents that could cause issues, such as a production stoppage, are immediately reported to the Executive General Manager of the DX Strategy Center and departments involved in risk management, and investigations, analysis, and countermeasures are implemented in response.

#### Corporate 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, made preparations to respond to customers' requests for security measures, and utilize these guidelines to mutually improve the level of the entire supply chain.

In addition, we are certified by the Trusted Information Security Assessment eXchange (TISAX)\*1.

\*1 TISAX was set up by the German automotive group Verband der Automobilindustrie (VDA) as a mechanism to receive assessment based on VDA's Information Security Assessment (ISA).

#### Product security measures

In anticipation of the growing number of vehicles subject to regulations, we are working on vehicle security measures centered on our Product Security Incident Response Team (PSIRT). We also belong to the Automobile Information

Sharing and Analysis Center (AUTO-ISAC)\*2 in Japan and the U.S., are ISO 21434 certified to and promote activities to collect information on risks that arise in the industry and utilize this for in-house development.

\*2 AUTO-ISAC is an automobile cybersecurity organization based in North America.

### Personal information protection measures

It is important to comply with laws in each country regarding personal information protection measures, such as the General Data Protection Regulation (GDPR) in the EU, but as DX strategy accelerate, the transfer of personal information between countries is essential. Therefore, we have concluded a comprehensive Group Standard Contractual Clause (SCC) among 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.

### Fostering security awareness

Improving security requires that all employees take personal responsibility, constantly recognize it as part of their daily lives and act accordingly. Our Group-wide efforts include rank-specific training for new employees and promotions, training for overseas employment and other specific events, training on responding to suspicious emails, and activities to raise awareness during our Information Security Month. For example, we encourage all employees to participate in activities and foster security awareness such as by creating educational video content, conducting post-training comprehension tests, and publicly soliciting and publishing data security slogans from employees in each country.



## Ten-year Consolidated Financial Summary

(Million yen)

	(FY)	Japanese accounting standards (JGAAP)	International Financial Reporting Standards (IFRS)								
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial condition and operating results	Revenue [net sales]	2,964,619	3,245,985	3,562,622	3,908,937	4,043,110	3,784,585	3,525,799	3,917,434	4,402,823	<b>4,909,557</b>
	Revenue ratio of overseas locations (%)	39.3	43.7	41.8	41.1	41.2	42.1	42.3	44.6	49.6	<b>50.1</b>
	Operating profit	166,103	192,722	228,691	253,808	205,562	56,129	145,332	182,011	57,942	<b>143,396</b>
	Profit before income taxes [income before income taxes and non-controlling interests]	184,062	194,060	237,311	268,171	217,486	53,395	167,523	219,983	73,741	<b>149,877</b>
	Profit attributable to the owners of the parent for the period [Profit attributable to the shareholders of the parent for the period]	77,550	100,332	126,653	134,551	110,123	24,061	105,638	141,941	37,670	<b>90,813</b>
	Equity attributable to owners of the parent company [equity capital]	1,161,199	1,168,953	1,236,385	1,310,176	1,346,902	1,280,165	1,535,512	1,756,516	1,751,326	<b>2,135,837</b>
	Total assets	2,931,175	3,009,377	3,338,339	3,527,910	3,751,880	3,992,652	4,027,103	4,205,801	4,135,826	<b>4,643,016</b>
	Capital expenditure	247,815	294,188	237,449	260,315	389,932	290,646	190,268	218,771	221,494	<b>230,033</b>
	Depreciation	161,028	186,197	197,168	213,430	226,418	242,167	240,016	245,257	263,562	<b>259,831</b>
	R&D expenditure	149,132	162,635	167,719	182,900	202,190	205,823	189,850	194,162	218,631	<b>225,594</b>
	R&D to revenue ratio (%)	5.0	5.0	4.7	4.7	5.0	5.4	5.4	5.0	5.0	<b>4.6</b>
Per share information (yen)	EPS (basic earnings per share [earnings per share])	274.69	354.53	444.46	490.22	408.64	89.28	391.96	526.66	139.77	<b>336.93</b>
	BPS (equity attributable to owners of the parent per share [net assets per share])	4,109.21	4,127.31	4,426.12	4,861.68	4,997.99	4,750.07	5,697.30	6,517.34	6,497.86	<b>7,924.18</b>
	Dividends	95	100	125	150	150	120	120	170	170	<b>170</b>
	Dividend payout ratio (%)	34.7	28.2	28.1	30.6	36.7	134.4	30.6	32.3	121.6	<b>50.5</b>
Cash flow	Net cash provided by (used in) operating activities	239,771	294,184	394,812	311,542	354,942	327,552	343,314	193,343	237,970	<b>499,740</b>
	Net cash provided by (used in) investing activities	-261,354	-228,437	-229,109	-229,346	-414,494	-273,876	-138,175	-204,952	-186,857	<b>-93,153</b>
	Net cash provided by (used in) financing activities	-17,734	-88,162	-31,617	-73,634	13,164	275,382	-373,880	-135,859	-127,752	<b>-211,699</b>
	Free cash flow	-21,583	65,747	165,703	82,196	-59,552	53,676	205,139	-11,609	51,112	<b>406,587</b>
	Cash and cash equivalents	294,692	263,217	394,559	406,508	357,195	675,162	520,028	386,906	317,693	<b>527,191</b>
Consolidated financial indicators	Operating profit ratio (%)	5.6	5.9	6.4	6.5	5.1	1.5	4.1	4.6	1.3	<b>2.9</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] (%)	39.6	38.8	37.0	37.1	35.9	32.1	38.1	41.8	42.3	<b>46.0</b>
	ROE (ratio of profit to equity attributable to owners of the parent [return on equity]) (%)	7.2	8.4	10.5	10.6	8.3	1.8	7.5	8.6	2.1	<b>4.7</b>
	ROIC (return on invested capital) (%)*	9.0	9.8	11.5	11.6	8.6	1.7	5.1	6.6	1.8	<b>5.3</b>

Items in square brackets [ ] indicate Japanese accounting standards (JGAAP).

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

2. Figures shown for FY2015 are retroactively modified by applying the current accounting policy, as the adopted revenue recognition standard changed in FY2016.

\*Return on invested capital: Operating profit after income tax / (Inventories + property, plants and equipment + intangible fixed assets)



## Stock Status

### Major shareholders (Top 10)

As of March 31, 2024

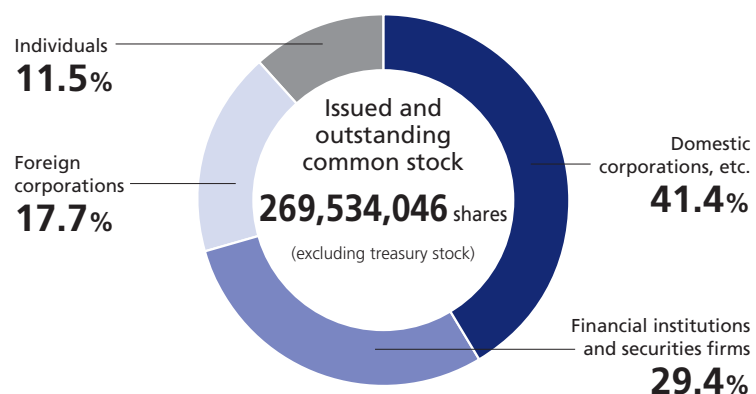
Name of shareholder	Shares held (1,000 shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.80
The Master Trust Bank of Japan, Ltd.	25,282	9.37
Toyota Industries Corporation	20,711	7.68
DENSO Corporation	12,964	4.81
Custody Bank of Japan, Ltd. (trust account)	11,071	4.10
AISIN employee stock ownership	6,829	2.53
TOYOTA FUDOSAN CO., LTD.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Kochi Shinkin Bank	5,765	2.13
National Mutual Insurance Federation of Agricultural Cooperatives	3,439	1.27

Notes: 1. AISIN owns 25,140,000 shares of treasury stock but is excluded from the above list of major shareholders.

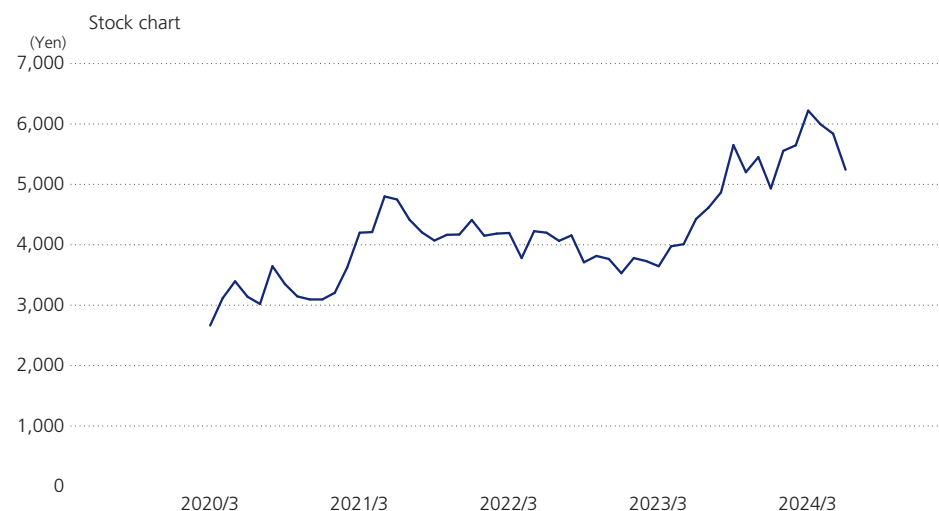
2. The voting ratio is calculated by subtracting the number of shares of treasury stock from the total number of issued and outstanding shares of common stock.

### Distribution of stock by owner

As of March 31, 2024



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



Year	Stock price*1 (yen)	Dividend (yen)	Total shareholder return*2 (%)
2024/3	6,221	170	176.3
2023/3	3,645	170	106.8
2022/3	4,195	170	116.4
2021/3	4,200	120	112.3
2020/3	2,664	120	70.4

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

\*2 Calculated based on March 2019.



## Non-financial Data (Environment)

### Greenhouse gas (Consolidated)

#### Greenhouse gas emissions (Scope 1 and 2)

##### ■ Calculation method

Total CO<sub>2</sub> emissions = Σ (fuel consumed x CO<sub>2</sub> emission factor) + Σ (energy purchased x CO<sub>2</sub> emission factor)

CO<sub>2</sub> emission factor

Emissions from FY2020 to FY2024

##### Domestic

Fuel Emission factors based on IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Energy purchased

Adjusted emission factors by electric power supplier published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (2019, 2020: FY2020, 2021: FY2021, 2022: FY2022, 2023: FY2023)

##### Overseas

Fuel Emission factors based on IPCC 2006, 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Energy purchased

Emissions factor set in accordance with IEA (CO<sub>2</sub> Emissions from Fuel Combustion (2019/2020: IEA2017, 2019 edition, 2021: IEA2019, 2021 edition, 2022: IEA2020, 2022 edition, 2023: IEA2021, 2023 edition)

SF<sub>6</sub> to CO<sub>2</sub> conversion uses the global warming potential established by the Order for Enforcement of the Act on Promotion of Global Warming Countermeasures.

#### Scope 1, 2, 3 total

Unit: t-CO<sub>2</sub>e

FY2020	FY2021	FY2022	FY2023	FY2024
26,016,371	24,515,960	25,530,744	24,088,622	25,224,731

#### CO<sub>2</sub> emissions from production

Unit: t-CO<sub>2</sub>e

Item	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	630,904	577,100	602,011	533,137	525,133
Scope 2	2,080,878	1,907,664	1,963,240	1,745,595	1,755,040
Total	2,711,782	2,484,764	2,565,251	2,278,732	2,280,173

#### Supply chain emissions (Scope 3)

Unit: t-CO<sub>2</sub>e

Item	FY2020	FY2021	FY2022	FY2023	FY2024
1. Purchased goods and services	10,905,462	10,666,463	11,373,619	10,736,420	11,177,441
2. Capital goods	999,649	654,409	752,442	761,807	791,314
3. Fuel and energy-related activities not included in Scope 1 or Scope 2	438,413	398,144	409,028	361,030	348,710
4. Upstream transportation and distribution	578,235	525,970	608,026	669,230	689,386
5. Waste generated in operations	73,710	70,085	54,752	53,040	58,472
6. Business travel	19,218	9,348	11,552	13,814	16,149
7. Employee commuting	60,852	40,701	37,080	32,963	36,868
8. Upstream leased assets	-	-	-	-	-
9. Downstream transportation and distribution	160,454	155,584	158,884	168,284	175,895
10. Processing of sold products	488,317	505,268	492,297	517,713	379,242
11. Use of sold products	9,309,776	8,742,538	8,814,825	8,230,378	9,042,565
12. End-of-life treatment of sold products	29,414	28,068	29,558	29,261	29,789
13. Downstream leased assets	-	-	-	-	-
14. Franchises	-	-	-	-	-
15. Investments	173,679	167,025	150,733	167,752	127,995
Total	23,237,179	21,963,602	22,892,795	21,741,694	22,873,825

\* Past figures have been updated following the revision of the Scope 3 calculation conditions.

#### Greenhouse gas emission reduction targets certified by SBTi

Item	FY2031 Targets (compared to FY2020)
Scope 1 and 2	46.2% reduction
Scope 3 (Categories 1 and 11)	27.5% reduction

#### Progress toward goals

In November 2023, AISIN received certification from SBTi that its reduction targets for Scope 1 and 2 emissions align with the 1.5°C criteria. Along with this certification, AISIN received approval that its emission intensity reduction targets for Scope 3 Categories 1 and 11 align with the Well Below 2°C criteria.

Reduction rate (%) relative to base year (FY2020)

Item	FY2021	FY2022	FY2023	FY2024
Scope 1 and 2	8.2	5.1	15.6	15.4
Scope 3 (Categories 1 and 11)	4.0	0.1	6.2	0.0



## Non-financial Data (Environment)

### Water use (Consolidated)

(10,000 m<sup>3</sup>)

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1,578	1,523	1,489	1,505	1,402	1,412

The scope boundaries for past fiscal years are as follows:

2019: Production bases of AISIN and 130 consolidated companies

2020: Production bases of AISIN and 129 consolidated companies

2021: Production bases of AISIN and 135 consolidated companies

2022: Production bases of AISIN and 136 consolidated companies

2023: Production bases of AISIN and 136 consolidated companies

2024: Production bases of AISIN and 132 consolidated companies

### Amount of waste generated (Consolidated)

(10,000 t)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic*	17.3	15.8	13.2	14.3	12.8	14.1
Overseas*	-	3.4	2.4	3.3	2.0	1.5

\* Amount of domestic waste generated includes industrial waste (reclamation, external intermediate treatment and external unprofitable recycling).

Amount of overseas generated waste includes hazardous waste.



## Non-financial Data (Social)

### Human Resources Data

As of March 31 of each fiscal year

Item					Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Employees <sup>*1</sup>		AISIN only			People	14,986	15,493	36,489	35,610	35,099
		Consolidated				119,535	118,359	117,177	116,649	115,140
Full-time employees	Full-time employees (by gender, percentage of women)	AISIN only	Male		People	13,356	13,418	33,467	32,677	32,351
			Female			1,987	2,073	4,377	4,331	4,383
			Percentage of women			%	13.0	13.4	11.6	11.7
		Consolidated	Male		People	-	-	97,754	97,445	97,278
			Female			-	-	19,989	20,216	21,033
			Percentage of women			%	-	-	17.1	17.2
Job satisfaction (engagement)	Job satisfaction (according to results of employee awareness surveys) <sup>*2</sup>	AISIN only			Average	3.5	3.5	3.4	3.4	3.4
		12 companies				-	-	3.4	3.4	3.4
	Turnover rate (voluntary resignations)	AISIN only			%	1.3	1.3	1.8	1.9	1.9
		4 companies				1.8	1.6	1.8	1.8	2.0
Diversity and inclusion	Percentage of female Executive Management <sup>*3</sup>	AISIN only	Executive Management	Male	People	13	10	9	9	9
				Female		1	3	3	3	3
				Percentage of women		%	7.1	23.1	25.0	25.0
	Percentage of female managers		Department head level	Male	People	539	546	1,157	1,161	1,129
				Female		13	17	25	27	28
				Percentage of women		%	2.36	3.02	2.12	2.27
			Manager level	Male	People	1,639	1,710	3,314	3,458	3,655
				Female		56	59	95	103	111
				Percentage of women		%	3.30	3.34	2.79	2.89
			Managerial positions	Male	People	2,178	2,256	4,471	4,619	4,784
				Female		69	76	120	130	139
				Percentage of women		%	3.07	3.26	2.61	2.74
	Percentage of female section managers		Section manager level	Male	People	3,641	3,807	5,712	5,800	5,818
				Female		175	200	229	292	322
				Percentage of women		%	4.59	4.99	3.85	4.79
	Percentage of female Executive Management <sup>*4</sup>	Consolidated	Executive Management	Male	People	-	-	529	527	485
				Female		-	-	10	12	10
				Percentage of women		%	-	-	1.9	2.2
	Percentage of female managers		Department head level	Male	People	-	-	2,917	2,969	2,809
				Female		-	-	148	155	151
				Percentage of women		%	-	-	4.8	5.0
			Manager level	Male	People	-	-	6,241	6,559	6,540
				Female		-	-	459	509	473
				Percentage of women		%	-	-	6.9	7.2
			Managerial positions	Male	People	-	-	9,158	9,528	9,349
				Female		-	-	607	664	624
				Percentage of women		%	-	-	6.2	6.5

Note: The 4 companies since FY2022 include AISIN, AISIN Takaoka, AISIN Chemical, and ADVICS. The 5 companies since FY2021 include AISIN Seiki, AISIN Takaoka, AISIN Chemical, AISIN AW, and ADVICS.

\*1 "Employees" is the number of persons employed including employees seconded to AISIN from other companies but not including employees seconded from AISIN to other companies, as disclosed in the Securities Report.

\*2 Job satisfaction is evaluated on a 5.0-point scale based on results of employee awareness surveys. Job satisfaction is measured based on questions about work fulfillment and job fit.

\*3 "Percentage of female Executive Management (non-consolidated)" includes Members of the Board of Directors and Audit & Supervisory Board Members, as disclosed in the Securities Report.

\*4 "Percentage of female Executive Management (AISIN only)" includes Presidents, Executive Vice Presidents, and Members of the Board of Directors at 73 companies in Japan and 115 companies overseas.



## Non-financial Data (Social)

Item				Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Diversity and inclusion	Newly appointed managers	AISIN only	Male	People	-	-	361	380	443
			Female		-	-	29	13	15
			Percentage of women	%	-	-	7.4	3.3	3.28
		4 companies	Male	People	-	-	408	442	510
			Female		-	-	31	13	19
			Percentage of women	%	-	-	7.1	2.9	3.59
	Percentage of mid-career employees in managerial positions	AISIN only	Male mid-career managers	People	558	596	1,027	1,083	1,130
			Female mid-career managers		18	21	28	31	32
			Percentage of mid-career employees	%	25.6	26.5	23.0	23.5	23.6
		4 companies	Male mid-career managers	People	-	-	1,140	1,206	1,271
			Female mid-career managers		-	-	31	34	35
			Percentage of mid-career employees	%	-	-	22.1	22.0	22.5
	Gender wage gap among workers <sup>*5</sup>	AISIN only	All workers		-	-	-	74.9	68.6
			Full-time workers	%	-	-	-	76.2	68.8
			Part-time and fixed-term workers		-	-	-	80.1	82.3
	Percentage of local employees among executives (Executive Vice President level or higher) at overseas subsidiaries <sup>*6</sup>	Consolidated	Local employees	People	112	122	106	110	109
			Number of posts	Posts	337	337	304	318	317
			Percentage of local employees	%	33.2	36.2	34.9	34.6	34.4
Work-life balance	Paid leave utilization rate <sup>*7</sup>	AISIN only		%	98.7	98.0	95.4	101.0	94.0
		4 companies			95.9	95.6	95.3	100.7	93.8
	Average number of years worked	AISIN only	Male	Years	16.2	16.5	16.2	16.2	16.7
			Female		12.9	13.1	12.7	12.7	13.4
			Overall		15.8	16.0	15.8	15.8	16.4
		4 companies	Male	Years	15.3	15.6	16.3	16.4	16.6
			Female		10.4	10.8	11.6	12.0	13.0
			Overall		14.8	15.0	15.8	15.9	16.2
	Monthly average of overtime hours <sup>*8</sup>	AISIN only		Hours	25.0	16.2	21.0	21.3	24.3
	Male parental leave utilization rate <sup>*9</sup>				8.7	12.2	17.2	34.0	50.4
	Male parental leave and childcare leave utilization rate <sup>*10</sup>	AISIN only		%	-	-	-	95.7	95.8
	Rate of achievement for the target of 100% male parental leave utilization <sup>*11</sup>				-	100.0	100.0	100.0	100.0
	Male parental leave utilization rate	4 companies		%	-	21.1	17.9	33.2	49.7
	Male parental leave and childcare leave utilization rate				-	-	-	95.5	95.7
	Rate of achievement for the target of 100% male parental leave utilization				-	-	100.0	99.6	98.3
Occupational health and safety	Lost-time injury frequency rate for employees (including temporary employees) <sup>*12</sup>	12 companies		%	0.08	0.07	0.14	0.17	0.15

<sup>\*5</sup> Gender wage gap among workers is calculated based on regulations in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The main factor behind the wage gap among full-time workers is the difference in the composition of job qualifications. Although there is no difference in standard wages by job qualifications, the number of women joining the Company in recent years has increased, leading to a younger average age and a gap in the average for all full-time workers.

<sup>\*6</sup> "Percentage of local employees among executives (Executive Vice President level or higher) at overseas subsidiaries" includes Presidents, Executive Vice Presidents, and Members of the Board of Directors at 115 companies overseas.

<sup>\*7</sup> For the paid leave utilization rate, the denominator is the number of granted days for a single year, and the numerator includes the number of paid leave days taken and the number of days taken for Anshin (secured) holidays, which allows the accumulation of unused paid leave for up to 20 days to be used for personal illness, caregiving, childbirth, and childcare.

<sup>\*8</sup> The monthly average of overtime hours is the average for union members.

<sup>\*9</sup> The male parental leave utilization rate for FY2019 to FY2022 is based on those who took leave during the relevant fiscal year. From FY2023, it is based on regulations in the 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), and the parental leave utilization rate is calculated based on Article 71-4-1 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 Labor No. 25 of 1991).

<sup>\*10</sup> The male parental leave and childcare leave utilization rate is based on regulations in the 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), and the parental leave and childcare utilization rate is calculated based on Article 71-4-2 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 Labor No. 25 of 1991). The rate may exceed 100% where the male worker takes parental leave or childcare leave in a different year from the year the spouse gave birth. Childcare leave includes special leave, which allows workers with children under the age of two to take five days of leave per child for the birth or childcare of their spouse, and Anshin (secured) holidays.

<sup>\*11</sup> Rate of achievement for the target of 100% male parental leave utilization is based on parental leave and childcare leave (special leave and Anshin (secured) holidays).

<sup>\*12</sup> Lost time injury frequency rate = (Number of injured or deceased / Total actual working hours) x 1,000,000



## 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/indices/ftse4good>



#### FTSE Blossom Japan Index

##### 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 and Productivity Management Organizations Recognition Program 2024 (White 500)

Awarded for eight consecutive years from 2017.  
Health and Productivity Management Organizations  
Recognition Program 2024 (Large Organization  
Category) (White 500)



#### Nadeshiko Brand

Awarded for four consecutive years from FY2021.  
Selected for the Nadeshiko Brand as a company  
where women play key roles.



#### Digital Transformation Stocks 2024

Selected for Digital Transformation Stocks 2024.



#### Digital Transformation Certification

Certified since 2021.  
Selected as a digital transformation-certified  
business operator.



#### Carbon Disclosure Project (CDP)

In 2023, we were selected for the "A List" (the  
highest rating) in the "Climate Change" category  
and "A-" in the "Water Security" category by the  
Carbon Disclosure Project (CDP), an international  
non-profit organization that evaluates companies'  
environmental efforts.



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

Received the Bronze Award in the 5th  
Environmentally Sustainable Companies category  
recognizing companies that incorporate  
environmental opportunities and risks into their  
management strategies to improve corporate value  
from the perspective of an investor. This is the  
second consecutive year receiving the Bronze  
Award.



# Company Profile

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**Company name** AISIN CORPORATION

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**Capital** ¥45 billion

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**Head office** 2-1 Asahi-machi, Kariya, Aichi, 448-8650 Japan  
Phone: +81-566-24-8441

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**Representative** Moritaka Yoshida, President

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**Employees** 35,099 (non-consolidated)  
115,140 (consolidated)  
(As of March 31, 2024)

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**Number of consolidated companies** 194 consolidated subsidiaries  
(72 in Japan, 122 overseas)  
14 equity method affiliates  
(8 in Japan, 6 overseas)  
(As of March 31, 2024)

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**Business** Manufacture and sale of automotive parts and energy-solution products

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## For inquiries:

Corporate Planning Department  
<https://www.aisin.com/en/contact/>