


Supply chain

Basic stance

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

Policy

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

 Basic Policy

Vision

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

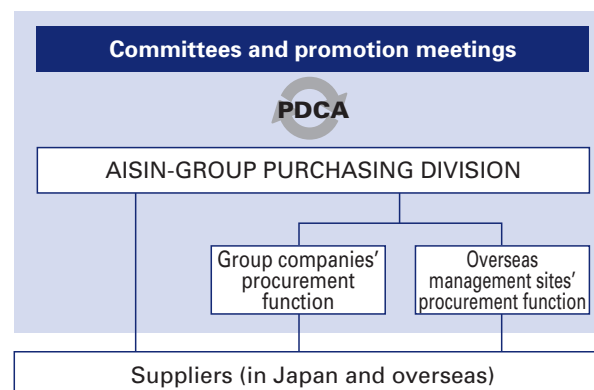
We believe in coexisting and sharing prosperity with our suppliers and strive to achieve mutual development. Based on this belief, we have established the Group Procurement Policies for our procurement activities. In FY2024, we held a briefing on our procurement policies* in each of our main global operating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

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

Implementation frameworks

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

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



AISIN Group's supply chain

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

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

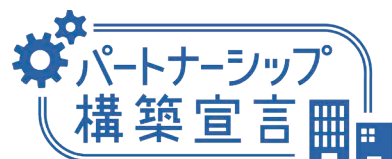
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Jointly undertaking sustainability initiatives with suppliers

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

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

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



 Declaration of Partnership Building portal site

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

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

Leading the industry through involvement in affiliated groups

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

Understanding risks and enhancing countermeasures in collaboration with suppliers

Aisin conducts quality audits to improve the quality of its suppliers. In Japan, we conduct an audit at least every three years of 415 suppliers, and check their quality management frameworks and compliance with the quality standards. These suppliers include those

of parts requiring a high level of quality, such as safety parts, those that do not have IATF16949, and those selected based on our risk analysis in consideration of their past quality problems. In FY2023, we audited 91 suppliers. These audits are intended to confirm the suppliers' compliance with the relevant quality standards. If any problem is found, we ensure that its cause and corrective measures are incorporated in the relevant supplier's improvement plan, confirm each step according to the schedule, and continue to provide advice until the problem is solved.

We have a framework in place to handle risks (natural disasters, fires, geopolitical risks, etc.) that threaten the stability of our supply chain. We receive information from suppliers regarding the production processes of the materials and parts that we purchase, register the information in a dedicated system, and use it to take the first action smoothly and implement recovery measures promptly. If a disaster occurs, the supply chain information held by each of our Group companies is used to quickly identify the impact on the Group as a whole in a timely manner.

To respond to the shortage of semiconductors, we identified the parts that are affected the most significantly, and implemented focused measures for such parts. Specifically, in addition to considering alternative products and ordering from multiple suppliers, we ensure the necessary inventory while taking account of supply risk. We have taken measures from early on toward continuing supply.

Supply chain

FY2024 Group Procurement Policies

Based on our fiscal year procurement policy, we have established the Group Procurement Policy for FY2024 as follows, and have rolled it out to Group companies in Japan and overseas.

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

Supplier Sustainability Guidelines

We have issued the 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. In FY2024, we will also focus 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, including CO₂, 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 FY2023, we carried out initiatives, such as mutual-study workshops on the prevention of occupational accidents and the reinforcement of cybersecurity, and organized a study session toward achieving carbon neutrality throughout the supply chain.

Employee training

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