

## CORPORATE GOVERNANCE REPORT

Last updated: June 20, 2025

**AISIN CORPORATION**

Moritaka Yoshida

President

Contact: Finance & Accounting Dept.

TEL +81-566-24-8265

Securities Code: 7259

<https://www.aisin.com/en/>

The status of corporate governance of AISIN CORPORATION is as set out below.

### **I. Basic concepts of corporate governance, capital structure, corporate attributes, and other basic information**

#### **1. Basic stance**

We build strong relationships with all of our stakeholders and achieves steady long-term growth and expansion to maximize our value based on the Group's management philosophy. 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.

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

#### **[Reasons for non-compliance with the principles of the Corporate Governance Code]**

The Company complies with the principles of the Corporate Governance Code.

#### **[Disclosure based on the principles of the Corporate Governance Code] [Updated]**

##### **[Principle 1-4. Cross-shareholdings]**

###### **(1) Policy on cross-shareholdings**

From the perspective of improving capital efficiency, reducing assets, and improving governance, our policy is not to engage in cross-shareholdings as a general rule unless such shareholding is deemed essential for improving corporate value.

In order to survive the current state of fierce competition and continue sustainable growth, we recognize the need to promote joint technology development and business alliances through shareholdings.

On the other hand, we examine the significance of shareholdings from the perspective of whether we can maintain business relationships without shareholdings while maintaining a policy of cross-shareholding only when such shareholdings are deemed essential for improving corporate value.

[Translation]

(2) Verifying whether to hold shares

The significance of cross-shareholdings from the perspective of whether we can maintain and expand business relationships without the cross-shareholdings is verified, and the details, actual reductions, and policy for future reductions are verified at the Board of Directors meeting each fiscal year.

Stocks deemed essential holdings are carefully examined and verified in light of the benefits and risks of the holdings based on the cost of capital.

(3) The Company's basic policy on exercise of voting rights

1) Basic concepts on exercise of voting rights

The Company does not uniformly determine to approve or disapprove exercise of voting rights based on standardized, short-term criteria, but rather formulates decisions from the perspective of whether or not medium- and long-term corporate value and shareholder returns are maintained and enhanced while fully respecting the management policies and strategies of such investee companies.

2) Process of exercising voting rights

When exercising voting rights, the Company confirms each proposal by paying attention to whether investee companies are managed in a way that emphasizes the development of such company and the interests of shareholders, and ensuring they are not engaging in anti-social activities. Where necessary, after conducting required scrutiny of each entity, a determination is made of whether to approve or disapprove the proposal while taking into consideration the results of dialogue with such company.

(4) Response policy in the event that a cross-holding shareholder indicates the intent to sell

If a company that owns shares of the Company indicates intent to sell its shareholdings, the Company will not prevent such a sale.

[Principle 1-7. Related party transactions]

Based on the Companies Act and related laws, the Company stipulates in the Rules of the Board of Directors that officers of the Company may not engage in transactions involving conflicts of interest without the approval of the Board of Directors, and that transaction results are disclosed in a timely and appropriate manner based on relevant laws and regulations. The Board of Directors also confirms the details of highly important transactions with major shareholders. The terms of transactions with major shareholders are determined through price negotiations each fiscal year with presentation of a desired price that takes into account market price and the total cost.

[Supplementary principle 2-4 (i) Ensuring diversity in the promotion to core human resources]

Based on the Company's management philosophy of "What We Strive to Give," we have chosen "expanding the participation and lives of diverse human resources" as a materiality issue (priority issue) for sustainability. Based on this concept, the promotion of core human resources including the appointment of managers is carried out by fair and impartial evaluation of individual abilities utilizing human resources with diverse backgrounds including women, non-Japanese, and mid-career hires.

Major group companies will also participate in conferences to promote personnel measures, including the promotion of diversity, by establishing strategies for medium-term personnel issues and human capital while promoting activities and following up on related KPI.

Our approach to each area is as follows. For details, including results and targets, please refer to our website on Social Initiatives: (<https://www.aisin.com/en/sustainability/>).

<Women>

We have set targets for the employee awareness survey's job satisfaction index, hiring ratios, numbers of female executives, and ratio of female managers, and are expanding our perspective from the issues facing individual women to organizational issues, and are carrying out activities for improvements.

<Non-Japanese>

In order to contribute to regional sustainable development through local management, we strive to promote local employees to executive positions at our overseas subsidiaries.

<Mid-Career Hires>

We have been evaluating individual abilities of mid-career hires fairly and justly and promoting individuals regardless of their type of employment.

As a result, the ratio of mid-career hires to managers is the same as that of new graduates. Going forward, we will continue to promote the recruitment of talented personnel, regardless of whether they are new graduates or mid-career hires.

<Policies for human resources development and internal environment development>

The Company believes that every one of the people we work with plays a leading role, and it is the people we work with who are the strength of the Company. For this reason, we have positioned “our colleagues” first in the values provided in our management philosophy. By challenging ourselves to achieve our management philosophy and business strategies, we are promoting independent growth and will provide job satisfaction and happy lives to those we work with.

[Principle 2-6. Exercising the functions of corporate pension asset owners]

The Company appoints and assigns human resources who fully understand the purpose and process of pension management in order to achieve the function as a pension fund asset owner. In order to complement and improve expertise, we have also entered into investment consultant agreements with suitable external experts. As an initiative to prevent conflicts of interest, we have established an independent Pension Asset Management Committee to monitor asset management. We also require asset managers to formulate standards for the exercise of voting rights and disclose the results of voting.

[Principle 3-1. Enhancement of information disclosure]

(1) Management strategy and management planning

1) Management philosophy

The AISIN Group management philosophy is Inspiring “Movement,” Creating Tomorrow. In addition to contributing to the evolution of real mobility, we also provide people around the world with all kinds of “moving” experiences that “move the heart” and bring excitement in the form of surprise and fun. By creating new value through environmentally friendly business activities, we connect sustainable societies of happy people living in a clean and beautiful earth.

2) Vision

The Aisin Group Vision 2030 establishes a long-term vision to address social issues and accelerate the “response to electrification” and the “shift to growth areas.”

We provide solutions to social issues and realize safe, secure, and comfortable mobility for the purpose of Inspiring “Movement,” Creating Tomorrow.

<Group growth trajectory>

With the business integration of the former Aisin Seiki Co., Ltd. and the former Aisin AW Co., Ltd. in 2021, and we have once again redefined our growth trajectory in light of internal and external environmental changes. The three years leading up to 2025 will be a period of transformation and strengthening as we work to strengthen our corporate structure for future breakthroughs. Aiming to achieve the management targets for 2030, we are working to transform our business portfolio and restructure our balance sheet.

<Business aim>

We will provide value to our customers and society through various types of “movement” of mobility, energy, and people. We will enhance our products and services to contribute to solving environmental and social issues, regardless of our traditional business areas.

3) Management plan

In September 2023, we formulated a Medium- to Long-term Business Strategy and a medium-term management plan with FY2025 as the achievement year. In line with our medium-term management plan, we are working steadily to reinforce the corporate structure through structural reforms as we aim to achieve a “full model change” through transformation and strengthening. Additionally, each fiscal year, the Board of Directors and Corporate Officers Committee supervise and confirm the achievement status of management policies and profit plans based on the medium-term management plan.

<Reinforcing the corporate structure through structural reforms>

(i) Reshuffling our business portfolio

We will accelerate the restructuring of our business portfolio by shifting resources to growth areas including battery EV products, transmissions for plug-in hybrid and hybrid vehicles, brakes, and safe and comfortable entry systems.

(ii) Improving profitability of existing products, including automatic transmissions

We will enjoy the benefits of being an industry survivor by increasing our share of automatic transmissions, and will achieve high profits by making full use of our existing sites and equipment.

(iii) Shifting people, materials, and money to growth areas

We will exercise disciplined control of investment aimed at medium- and long-term growth, and also will accelerate the shift of people as we invest resources into growth areas.

(iv) Implementing balance sheet reforms to generate capital

We will compress business assets, sell cross-shareholdings, and reduce global inventory by FY2025 in order to reduce asset holdings with a target of 10% of total assets. For details, please see the Integrated Report. ([https://www.aisin.com/en/sustainability/report/pdf/aisin\\_ar2024\\_en\\_a3.pdf](https://www.aisin.com/en/sustainability/report/pdf/aisin_ar2024_en_a3.pdf))

(2) Basic concepts and basic policies concerning corporate governance

Please refer to “Basic concepts” in Section I-1 of this report.

(3) Policies and procedures for determining executive compensation

Please refer to Section II-1 [Director compensation] “Disclosure of Policy for Determining Compensation Amount or Calculation Method” in this report.

(4) Policies and procedures for appointment and dismissal (nomination) of officers

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 management supervision, the Board of Directors of the Company comprehensively considers various measures when deciding on the appointment and dismissal of Directors. These measures aim to better optimize and achieve a balance of knowledge, experience, and skills, and include appointing several highly specialized Outside Directors from within and outside the industry, as well as appointing Directors with group management in mind by selecting those with extensive experience and broad insights from our domestic and overseas subsidiaries.

The procedure for nomination and appointment/dismissal entails the selection of candidates as Directors and Audit & Supervisory Board Members after examination and deliberation by the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and whose majority are Independent Outside Directors, after which they are presented to the Board of Directors. Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution of the Board of Directors.

After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on unofficial resolution of the Board of Directors.

The Board of Directors makes resolutions with full credence to the decisions of the Executive Nomination & Compensation Committee.

(5) Reasons for appointment of officers

The reasons for the appointment of individual officers are described in the Notice of Convocation of the General Meeting of Shareholders on the Company’s website.

[Supplementary principle 3-1 (iii) Disclosing initiatives on sustainability]

Our sustainability initiatives are disclosed in our Integrated Report

(<https://www.aisin.com/en/sustainability/report/>) and our website (<https://www.aisin.com/en/sustainability/>).

(1) Initiatives for human capital

The Company believes that every one of the people we work with plays a leading role, and it is the people we work with who are the strength of the Company. For this reason, we have positioned “our colleagues” first in the values provided in our management philosophy.

By challenging ourselves to achieve our management philosophy and business strategies, we are promoting independent growth and will provide job satisfaction and happy lives to those we work with.

In the period of rapid quantitative expansion leading up to the present, we required the strength to continue efficiently delivering results.

However, in the future, rather than simply following on an extension of our previous course, we must develop and provide products that will foresee changes in society and customer needs.

We must utilize the characteristic Aisin nature that we have cultivated through our history as we transform into an organization that can respond flexibly with proposed value.

For this purpose, we have organized the objectives for our people and organization heading towards 2030 as conditions of “taking on challenges on a global and group-wide consolidated basis” and “ensuring that employees grow more than anywhere else and all employees are active.” We will place “developing an open workplace culture” at the base of all activities, and will focus on the three key areas of “activities and growth of professional human resources,” “encouraging personnel to take on challenges,” and “strengthening comprehensive strength as a Group” as we work to expand and improve our human capital.

(2) Investment in intellectual property

The Company has established a basic policy of “strengthening dissemination of intellectual property information that contributes to the creation of new value and strategically protecting and promoting the use of intellectual property to expand business and ensure competitiveness” as we carry out intellectual property activities.

By considering internal and external social, environmental and technological trends, including intellectual property information, we will strengthen our management and business strategies for future growth and strategically build an intellectual property portfolio consistent with these strategies to maintain and enhance our strengths. In addition, by conducting assurance activities, we will gain a competitive advantage and improve profitability in our future business. We will enhance corporate value through intellectual property that supports the enhancement of the value of “movement” through our business activities and the promotion of solutions to environmental and social issues.

(3) Measures for climate change (TCFD)

We endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in November 2019 and have been conducting scenario analysis based on the TCFD’s recommendations.

We have clarified the risks and opportunities posed by climate change to our business activities, incorporated our response into our management strategies, and disclosed related information.

[Supplementary principle 4-1 (i) Overview of the scope of delegation by the Board of Directors to management team]

In addition to those matters stipulated by laws and regulations or the Articles of Incorporation, the Board of Directors supervises business execution while also making decisions on important matters related to management, such as management policies, management and business strategies, business plans, investment plans, and establishment of and investment in subsidiaries.

Matters to be resolved by the Board of Directors are stipulated in the Rules of the Board of Directors, and decision-making for other business execution is delegated to Corporate Officers to expedite decision-making. The delegation details are clearly stipulated in the Regulations of the Administrative Authority and Regulations of Approval, and the Board of Directors, as the supervisory body for business execution, receives reports on the status of execution of delegated matters.

[Principle 4-9. Qualifications and standards for independent judgments by Independent Outside Directors]

When selecting candidates for Independent Outside Directors, the Company values quality and extensive experience by considering candidates with a high degree of expertise who can honestly and constructively advise and supervise the management of the Company and who also meet the requirements for Outside Directors stipulated by the Companies Act and the requirements for independence stipulated by financial instruments exchanges.

[Supplementary principle 4-10 (i) Nomination and compensation committee]

Independence and objectivity in the nomination and compensation of Directors and Corporate Officers is enhanced by submission to the Board of Directors after examination and deliberation at the Executive Nomination & Compensation Committee, which has a majority of Independent Outside Directors and is chaired by an Independent Outside Director, after which they are presented to the Board of Directors. The nomination of candidates for Directors and Corporate Officers and succession planning for the Company involves the appointment/dismissal of the most suitable members both inside and outside the company each year in accordance with our vision and management policy. In order to ensure optimal placement, opinions and advice from Independent Outside Directors are considered based on the perspective of promoting diversity. The opinions and advice of Independent Outside Directors are taken into account to ensure that appropriate compensation is paid.



[Supplementary principle 4-11 (i) Philosophy of the entire Board of Directors]

The Board of Directors of the Company strives to ensure accurate, prompt, and fair decision-making and appropriate management oversight in order to achieve sustainable growth and medium- to long-term enhancement in corporate value. In order to achieve this, the Board of Directors of the Company appoints multiple Outside Directors who possess a high level of expertise, both inside and outside our industry. With group management in mind, we comprehensively consider various measures, such as appointing Directors who have extensive experience and wide-ranging knowledge in domestic and overseas subsidiaries while striving to ensure that the diversity of the Board of Directors and their overall balance of knowledge, experience and skills are optimal for the Company.

In order to facilitate prompt decision-making, the Articles of Incorporation stipulate a maximum of 15 Directors. Currently eight Directors have been appointed. The skills of each Director are compiled in a list and disclosed in the Integrated Report and the Corporate Governance page of the Company's website (<https://www.aisin.com/en/>).

As for director management experience at other companies, two Independent Outside Directors have experience and insight as business executives.

One female Director and two female Audit & Supervisory Board Members have been appointed as we strive to ensure diversity by ensuring that one-fourth of our Directors and Audit & Supervisory Board Members are women.

[Supplementary principle 4-11 (ii) Directors and Audit & Supervisory Board Members concurrently serving at other companies]

In light of their own fiduciary responsibilities, we strive to limit the Company's Directors and Audit & Supervisory Board Members who concurrently serve as officers of other listed companies to a reasonable extent. The Company also discloses the status of important concurrent posts of each Director and Audit & Supervisory Board Member in the Notice of Convocation of the Annual General Meeting of Shareholders each year.

[Supplementary principle 4-11 (iii) Analysis and evaluation of the effectiveness of the Board of Directors]

In order to improve the effectiveness of the Board of Directors, analysis and evaluation of the effectiveness are conducted each year. The effectiveness evaluation for FY2024 and an overview of the results are as follows.

(1) Recipients: All eight Directors and all four Audit & Supervisory Board Members

(2) Evaluation method:

- (i) Third-party evaluation using a questionnaire survey
- (ii) Interviews based on the survey results
- (iii) Based on the analysis results, the Board of Directors discusses issues and future measures

(3) Evaluated items:

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

[Issues recognized in FY2023 and results of FY2024 initiatives]

<Issue (i)> Enhancing discussions of the Board of Directors

<Result (i)> In parallel with discussions of management strategies and Medium- to Long-term Business Strategy, discussions of sustainability issues (AISIN Group Charter of Sustainability, materiality, climate change, human capital strategy)

<Issue (ii)> Strengthening supervisory functions of the Board of Directors

<Result (ii)> Regular reporting from the Business Ethics Committee, Risk Management Committee, and other bodies to the Board of Directors, and regular internal audit results reports

<Issue (iii)> Discussions on our governance with a view to the future

<Result (iii)> The image resolution of the ideal Board of Directors was improved by means including launching the Governance Conference as an off-site meeting, establishing regular discussions by top management and the Audit & Supervisory Board Members, and studying a succession plan utilizing the monitoring functions and skills matrix of the Board of Directors

[Overall evaluation of FY2024]

Effectiveness is improving year by year. We will work to further improve the level in order to adapt to the Board of Directors functions that are changing with the times.

[Issues recognized in FY2024 and action plans for FY2025]

<Issue (i)> Enhancing discussions of the Board of Directors

<Action plan (i)> Conduct discussion from wide-ranging perspectives concerning management that combines management strategies and sustainability, working to achieve the 2030 Vision announced at the Medium- to Long-term Business Strategy briefing in 2023

<Issue (ii)> Strengthening supervisory functions of the Board of Directors

<Action plan (ii)> Expanding internal control and risk preparation perspectives for the entire group through reports from each committee

<Issue (iii)> Linking of required knowledge and skills with the succession plan

<Action plan (iii)> In order to enhance Board of Directors discussions as we work to achieve the 2030 Vision, review the skills required of Directors, study a succession plan based on the reviewed skills, nominate Directors who possess the required skills, and plan a Management Issue Study Committee to link the above to management issues

[Supplementary principle 4-14 (ii) Training policy for Directors and Audit & Supervisory Board Members]

The Company appoints people, including outsiders, who can fulfill the roles and responsibilities expected of Directors and Audit & Supervisory Board Members. Based on this, we regularly hold training sessions taught by external experts. In addition, we strive to promote an understanding of roles and responsibilities, including legal knowledge, that managers should acquire as executives newly appointed through internal promotion. When Outside Directors and Outside Audit & Supervisory Board Members assume office, they are provided with opportunities to explain the details of the Company's business and to visit major sites in order to deepen their understanding of the status of the Company.

Each year, activities are conducted to better understand the Company's business and functions through explanations and discussions on the Company's business strategy, business environment, and business risks inside and outside the Board of Directors, as well as through on-site inspections. Opportunities are also provided for information exchange and mutual study in order to update knowledge after taking office.

[Principle 5-1. Policy concerning constructive dialogue with shareholders]

In order to promote constructive dialogue with shareholders and investors, we strive to gain their understanding by formulating a vision with a goals of the Company's sustainable growth and enhancement of corporate value over the medium to long term and to clarify the Company's management policy in easy-to-understand terms.

- (1) Under the supervision of the CAO, we are actively working to realize constructive and comprehensive dialogue with shareholders and investors through various initiatives including financial results briefings.
- (2) In order to promote constructive dialogue with shareholders and investors, a dedicated IR organization has been established within the Group Corporate Strategy Division in an effort to enhance the provision and disclosure of management strategies and financial information in cooperation with relevant internal departments.
- (3) As means of dialogue in addition to individual meetings, quarterly results briefings for analysts and investors are being held, as well as timely briefings on medium- to long-term management strategies and businesses. Additionally, for institutional investors, we also hold dialogues with outside directors. For individual investors, we utilize securities company conferences to hold company briefings and also provide information through our website.
- (4) Opinions obtained through dialogue with shareholders and investors are reported to the Board of Directors and utilized in the management of the Company via feed back to the management team and related departments.

- (5) Regulations and internal rules for officers regarding the management of insider information are formulated and managed. The period before the announcement of financial results is a silent period during which dialogue and interviews with shareholders and investors are restricted. When insider information occurs within the Company, the relevant parties sign the insider information registration management ledger to ensure thorough management of the insider information.

The Company's disclosure policy is posted on our website

(<https://www.aisin.com/en/investors/disclosure/>) under Shareholder and Investor Information.

\* CAO = Chief Administrative Officer

[Disclosure of the implementation status of dialogue with shareholders]

The Company endeavors to gain understanding of its management policies and its Medium- to Long-term Business Strategy through means such as appropriate and timely information disclosure and enhancing the content of such disclosure, and apply the opinions and requests obtained through dialogue with shareholders and investors to our management in order to improve our corporate value. The status of dialogue between shareholders/investors and management team in the most recent fiscal year is as follows.

- (1) Major responses of dialogue with shareholders and investors

Please refer to [Principle 5-1] 1 and 2.

- (2) Status of dialogue with shareholders and investors

- (i) Number of financial results briefings held: 4

<Presenters> CAO, officer in charge of IR

<Contents> Held for analysts and institutional investors every quarter and explain the financial results

- (ii) Number of individual interviews held: 392

<Presenters> CAO, officer in charge of IR, Corporate Planning Department

<Contents> Conducted in person or online at the necessary times for analysts and institutional investors (including persons in charge of exercising voting rights) (Total 1,843 persons)

- (iii) Number of business briefings held: 1

<Presenters> President, CAO, CTSO, officer in charge of IR

<Contents> Held the Technology and Test Drive Experience Event: Electrification and Intelligence at the Company's test site in August 2024

\*CTSO = Chief Technology Strategy Officer

- (iv) Number of briefing sessions for individual investors held: 7

<Presenters> Officer in charge of IR

<Contents> Held briefings for individual investors at securities company branches and online (Total 3,711 persons)

- (3) Items of interest for shareholders and investors

(Business strategy) Progress of the Medium- to Long-term Business Strategy (transforming the business portfolio)

(Financial strategy) Capital allocation, restructuring of the balance sheet, capital policies

(ESG) Carbon neutrality, human capital, corporate governance

- (4) Matters incorporated based on dialogue with shareholders and investors

Opinions gained through dialogue are reported to the Board of Directors and Executive Management Committee, and are also shared with related departments. They are used to improve management, IR, and SR activities so that we are able to meet the expectations and requirements of all stakeholders.

As examples, we held the Technology and Test Drive Experience Event: Electrification and Intelligence in order to improve understanding of the development status of technologies and new products possessed by the Company. We also disclosed the progress of the Medium- to Long-term Business Strategy and manifest



business opportunities in response to demands for disclosure of business risks and opportunities based on recent changes in the environment surrounding the automobile market.

We also carried out governance reforms aimed at creating a highly effective Board of Directors, and as part of these initiatives, we reviewed the skills matrix, changed the configuration of independent Outside Directors, and reviewed the composition of Director compensation.

[The expected role of independent outside directors in listed companies with controlling shareholders and controlling shareholders]

As a publicly traded company with controlling shareholders, we recognize the added role that Independent Outside Directors have in protecting the interests of minority shareholders. The duties of the Independent Outside Directors and the support of the secretariat are as follows.

(1) Routine supervision

As part of the supervision of executive Directors, Corporate officers, and other business executives of the Company, Independent Outside Directors oversee the risk of conflicts of interest between controlling shareholders and minority shareholders in the execution of business operations. In addition, they constantly monitor the risk of conflicts of interest through discussions and reports made at Board of Directors meetings.

(2) Discussions and decision-making on specific transactions and activities

When the Board of Directors discusses and decides on a specific transaction or activity that presents a risk of conflict of interest, Independent Outside Directors shall review the transaction or activity from the perspective of whether the interests of minority shareholders are being served and shall state their opinions and point out any problems.

(3) Involvement in nominating Independent Outside Director candidates

As members of the Executive Nomination & Compensation Committee, Independent Outside Directors are involved in the nomination of Independent Outside Director candidates from the perspective of selecting candidates who are ensured to be independent from both controlling shareholders and the management team.

(4) Responses within the Company and the Board of Directors

To ensure that conflicts of interest are fully discussed at Board of Directors meetings, the secretariat of the Board of Directors alerts Independent Outside Directors during advance briefings if the agenda requires consideration from the perspective of conflicts of interest.

**[Measures to ensure management is fully aware of capital costs and stock prices]**

Content of Disclosure [Updated]: Disclosure of Initiatives (Update)

Availability of English Disclosure: Available

Date of Disclosure Update [Updated]: June 20, 2025

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**Explanation of Actions [Updated]**

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We aim for sustainable enhancement of corporate value by advancing the transformation of our business portfolio in line with our Medium- to Long-term Business Strategy, targeting 2030. In this context, we have designated ROIC and ROE as important KPIs and are working to ensure management is fully aware of capital costs.

To enhance corporate value, we will (i) strengthen and refine our earning power to improve profitability, (ii) promote balance sheet reform to enhance capital efficiency, and (iii) optimize our capital structure through the use of financial leverage. Through these efforts, we aim to expand growth areas within our business portfolio and achieve profitability that exceeds capital costs.

Details of our initiatives and financial indicators are disclosed in our Integrated Report, financial results briefing materials, etc.

Integrated Report 2024

Medium-term Management Plan for 2025 (pages 19 to 21), Strengthening Management Capital / Financial Capital (pages 35 to 36)

<https://www.aisin.com/en/sustainability/report/>

[Translation]

FY 2025 Financial Results IR Presentation: Business  
Medium-Term Plan Progress Summary (page 3), Enhance Corporate Value (page 19)  
<https://www.aisin.com/en/investors/settlement/>

## 2. Capital structure [Updated]

Foreign shareholder ratio	At least 20% but less than 30%
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### [Main shareholders] [Updated]

Name	Number of shares held (shares)	Ratio (%)
Toyota Motor Corporation	161,828,271	21.36
The Master Trust Bank of Japan, Ltd. (trust account)	74,064,600	9.77
Custody Bank of Japan, Ltd. (trust account)	43,879,500	5.79
Toyota Industries Corporation	23,239,227	3.06
Aisin employee stock ownership	20,531,606	2.71
TOYOTA FUDOSAN CO., LTD.	19,034,373	2.51
Nippon Life Insurance Company	18,900,270	2.49
Kochi Shinkin Bank	17,955,000	2.37
JPMorgan Securities Japan Co., Ltd.	15,934,370	2.10
STATE STREET BANK WEST CLIENT - TREATY 505234	10,371,426	1.36

Controlling shareholders (excluding parent company)	-----
Parent company	None

### Supplementary explanation [Updated]

The status of major shareholders is current as of March 31, 2025.

## 3. Corporate attributes

Listed stock market and market section	Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
Fiscal year-end	March
Industry type	Transportation equipment
Number of group employees at the end of the previous fiscal year	1,000 or more
Consolidated sales in the previous fiscal year	1 trillion yen or more
Number of consolidated subsidiaries at the end of the previous fiscal year	100 to 299

## 4. Guidance on measures to protect minority shareholders when conducting transactions with controlling shareholders

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## **5. Other special circumstances that may have significant impact on corporate governance**

As a member of the Toyota Group, of which Toyota Motor Corporation is the other related company (in the case where the Company is an affiliate of another company, that other company), we share the same overall direction that we should aim for, in line with the Toyota Group Vision announced in January 2024.

In our main business, sales of automotive parts, the percentage of sales to the Toyota Group is high. However, the terms of transactions are determined through price negotiations each fiscal year with presentation of a desired price that takes into account the market price and the total cost. there are no matters for approval or other restrictions on our business activities, and conducting other independent business activities to diversify our earnings, we are aiming to contribute to the enhancement of corporate value in a manner consistent with the interests of shareholders as a whole, including minority shareholders. In terms of governance, we have adopted a system that ensures objectivity and transparency.

We will continue striving to build a better management structure together with Toyota Group companies that share our vision while giving due consideration to the interests of minority shareholders.

## II. Business management organization and other corporate governance structures related to business decisions, execution, and supervision

### 1. Matters pertaining to organ structure and organization management, etc.

Organizational form	A company with Audit & Supervisory Board
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#### [Directors]

Number of Directors pursuant to the Articles of Incorporation	15
Tenures of Directors pursuant to the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	8
Appointment status of Outside Directors	Appointed
Number of Outside Directors	4
Number of Outside Directors designated as Independent Directors	3

#### Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Koji Kobayashi	From another company											
Tsuguhiko Hoshino	From another company											
Yasuhito Hirota	From another company											
Keiko Tatsuwaki	From another company											

\* Item selection concerning relationship with the Company

\* Marked “○” if recently or currently applicable to the person in question and marked “△” if previously applicable

\* Marked “●” if recently or currently applicable to a relative in question and marked “▲” if previously applicable

- Business executive of a listed company or its subsidiary
- Business executive or non-executive director of a listed company’s parent
- Business executive of a listed company’s affiliate or subsidiary
- Person whose main transaction counterparty is a listed company or a business executive thereof
- Main transaction counterparty of a listed company or a business executive thereof
- Consultant, accounting expert, or legal expert deriving from a listed company large financial gains or other property (other than officers’ compensation)
- Major shareholder of a listed company (if that shareholder is a corporation, a business executive thereof)
- Business executive (only the person in question) of a transaction counterparty of a listed company (other than items d, e, and f)
- Business executive of an entity in a relationship of mutual employment as outside officers (only the person in question)
- Business executive of a recipient of a donation from a listed company (only the person in question)
- Other

## Relationship with the Company (2) [Updated]

Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Koji Kobayashi		—	He is expected to make use of his extensive experience and wide-ranging expertise as a management executive over many years at Toyota Motor Corporation and other companies in the automobile industry in order to provide advice and opinions from a broad perspective to the management of the Company.
Tsuguhiko Hoshino	○	—	Mr. Tsuguhiko Hoshino has served as Director General of the Tax Bureau, Ministry of Finance, and Commissioner of the National Tax Agency and also worked at a Japanese embassy abroad. Through this professional experience, he has gained advanced expertise in finance, monetary policy, legal affairs and compliance. He is expected to provide supervision and broad advice and opinions from an independent standpoint regarding the overall execution of business of the Company utilizing his extensive experience and broad insight gained from supervisory experience as an Outside Director of a company in another business sector. As an independent officer, he maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.



Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Yasuhito Hirota	○	—	Mr. Yasuhito Hirota served as Representative Director and Executive Vice President of Mitsubishi Corporation and as President, CEO and COO, Representative Director of ASICS Corporation, where he currently serves as Chairman and CEO, Representative Director. He is also an Outside Director of CASIO COMPUTER CO., LTD. Through this professional experience, he has developed a high level of expertise related to business strategies, and is leading reforms of the governance systems as a member of management at the companies where he serves. He will be able to make use of his extensive experience and advanced insights regarding general business matters to contribute to strengthening the management of the Company. As an independent officer, he maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.
Keiko Tatsuwaki	○	—	Ms. Keiko Tatsuwaki has served as President of Deloitte Tohmatsu Sustainability Co., Ltd. and presently is an Outside Auditor of ISE CHEMICALS CORPORATION. Through this professional experience, she has developed a particularly high level of expertise related to governance, risk management, and sustainability. She will be able to make use of her extensive experience and advanced insights including audit experience as a member of corporate management and an outside officer to contribute to strengthening the management of the Company. As an independent officer, she maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.

## [Voluntary Committees]

Presence or absence of a voluntary committee equivalent to a nomination committee or compensation committee	Yes
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## Voluntary committee establishment status, committee composition, chairperson attributes

	Voluntary committee equivalent to nomination committee	Voluntary committee equivalent to compensation committee
Name of committee	Executive Nomination & Compensation Committee	Executive Nomination & Compensation Committee
All committee members (persons)	5	5
Full-time committee members (persons)	0	0
Inside directors (persons)	2	2
Outside directors (persons)	3	3
Outside experts (persons)	0	0
Other (persons)	0	0
Committee chairperson	Outside Director	Outside Director

## Supplementary explanation

As described in II-2 of this report, “Matters related to functions of business execution, audit and supervision, personnel nomination, determination of compensation, etc. (outline of the current corporate governance structure),” objectivity and transparency are guaranteed by examination and deliberation of nominations and compensation for Directors and Corporate officers by the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and has a majority of Independent Outside Directors. In principle, the Executive Nomination & Compensation Committee meets four times a year.

The Executive Nomination & Compensation Committee considers and formulates basic policies regarding the executive system and structure in accordance with the Company’s vision and management policies regarding nomination of officers, and deliberates on proposals for the appointment and dismissal of Directors and Audit & Supervisory Board Members based on the basic policies. The procedures for nomination and appointment/dismissal involves selection of candidates as Director/Audit & Supervisory Board Member and submission to the Board of Directors after examination and deliberation by the Executive Nomination & Compensation Committee. Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution by the Board of Directors. After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on the unofficial resolution of the Board of Directors. The amount of officer compensation for each individual Director is determined based on review of the compensation system and the decision policy for individual Director by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

**[Audit and Supervisory Board Member]**

Establishment of an Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members pursuant to the Articles of Incorporation	7
Number of Audit & Supervisory Board Members	4

## Cooperation of Audit &amp; Supervisory Board Members, Accounting Auditor, and internal audit department

Audit & Supervisory Board Members receive regular reports from the external accounting auditor on the outline of the audit plan, the progress of the midterm review, and the implementation status of the annual audit,

[Translation]

and also mutually cooperate with external accounting auditors by confirming audit results of subsidiaries and attending audits and conducting interviews.

In terms of cooperation between Audit & Supervisory Board Members and Outside Directors, the Company is striving to exchange information and share awareness by holding meetings to exchange opinions with independent Outside Directors and conducting joint inspections.

Appointment status of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Outside Audit & Supervisory Board Members designated as Independent Directors	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Junko Ueda	Academic professional													
Katsuhiro Kashiwagi	Certified Public Accountant													

\* Item selection concerning relationship with the Company

\* Marked “○” if recently or currently applicable to the person in question and marked “△” if previously applicable

\* Marked “●” if recently or currently applicable to a relative in question and marked “▲” if previously applicable

- Business executive of a listed company or its subsidiary
- Non-executive director or accounting advisor of a listed company or its subsidiary
- Business executive or non-executive director of a listed company’s parent
- Audit & Supervisory Board Member of the listed company’s parent
- Business executive of a listed company’s affiliate or subsidiary
- Person whose main transaction counterparty is a listed company or a business executive thereof
- Main transaction counterparty of a listed company or a business executive thereof
- Consultant, accounting expert, or legal expert deriving from a listed company large financial gains or other property (other than officers’ compensation)
- Major shareholder of a listed company (if that shareholder is a corporation, a business executive thereof)
- Business executive (only the person in question) of a transaction counterparty of a listed company (other than items f, g, and h)
- Business executive of an entity in a relationship of mutual employment as outside officers (only the person in question)
- Business executive of a recipient of a donation from a listed company (only the person in question)
- Other

Relationship with the Company (2) [Updated]

Name	Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
Junko Ueda	○	—	Ms. Junko Ueda will be able to utilize her academic perspective as a professor at the Graduate School of Law at Aichi University and her knowledge of corporate management in auditing after serving as an outside corporate auditor for other companies for more than 10 years. As an independent officer, she maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.
Katsuhiro Kashiwagi	○	—	In addition to a high level of expertise in finance and accounting as a certified public accountant, Mr. Katsuhiro Kashiwagi will be able to make use of his many years of experience as a representative partner and partner of an audit firm, as well as his broad knowledge of corporate management. As an independent officer, he maintains a neutral and fair stance, and it is determined that there is no risk of conflicts of interest with general shareholders.

[Independent officers]

Number of independent officers	5
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Other matters concerning independent officers

All outside officers who meet the qualifications for independent officers are designated as independent officers.

[Incentives]

Implementation status of incentives for Directors	Introduction of performance-based remuneration system
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Supplementary explanation concerning relevant items

Compensation of Directors is as described in “[Director compensation] Disclosure of Policy for Determining Compensation Amount or Calculation Method.”

Stock option awardees	
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Supplementary explanation concerning relevant items

**[Director compensation]**

Disclosure status (compensation of individual Director)	Individual compensation is partially disclosed
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Supplementary explanation concerning relevant items

Individuals whose total consolidated compensation is 100 million yen or more are disclosed individually in the Annual Securities Report. The Annual Securities Report is also posted on the Company's website for public inspection.

Availability of policy for determining compensation amount or the calculation method [Updated]	Available
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Disclosure of Policy for Determining Compensation Amount or Calculation Method

The Company formulates resolutions through the Board of Directors on policy for determining the compensation of individual Directors.

(Basic concepts of officer compensation)

The Company's executive compensation system is designed based on the following concepts.

- 1) Compensation that become an incentive to make efforts to achieve the management philosophy and management policy of the Group.
- 2) Reflects the job responsibilities and achievements of each officer.
- 3) A compensation system that reflects the business environment of the Group and short-term and medium- to long-term business results while enhancing corporate value and motivating management from the perspective of shareholders.

(Compensation structure and payment targets)

Compensation for the Company's Directors (excluding Outside Directors) consists of fixed monthly compensation, performance-linked bonuses, and stock-based compensation based on roles in business execution.

The ratios of compensation for Directors (excluding Outside Directors) are set at approximately 25% as monthly compensation (fixed compensation), 25% as bonus (performance-linked compensation), and 50% as stock compensation (performance-linked compensation), with the ratio of performance-linked compensation increasing according to the position.

Depending on profit, compensation may differ from the above.

Outside Directors, regardless of their position, receive only monthly compensation as their roles are supervising and advising management from an independent standpoint. Hence, they do not receive bonuses or stock compensation.

(Policy by type of compensation)

Monthly compensation (fixed compensation) for Directors reflects job responsibilities and performance. Monthly compensation is paid on a regular basis each month during the term of office.

Bonuses and stock compensation (performance-linked compensation) are determined using consolidated operating income and sustainability KPIs as calculation indicators to ensure alignment with corporate performance and to motivate Directors to improve corporate value over the medium to long term.

The evaluation weights and methods for each indicator are as follows, and the payment rate of performance-linked compensation will fluctuate within a range of 0 to 150% depending on the results of the evaluation.

The evaluation weight of consolidated operating income is 90%, and the evaluation method will be the degree of achievement for each fiscal year against the standard profit set for the Company's sustainable growth.

The evaluation weight for sustainability KPIs is 10%, and the evaluation method is to select indicators from KPIs that are widely related to society and employees as defined by the Group and calculate the degree of achievement against targets for each fiscal year.

The amount paid to each individual is determined based on the execution of duties by each officer.

Performance-linked compensation is paid once a year after the Annual General Meeting of Shareholders each fiscal year.

Stock compensation is provided in the form of restricted stock compensation as an incentive to promote further sharing of value with shareholders and to sustainably enhance corporate value.

(Compensation levels)

In order to verify objectivity and validity, levels of total compensation of Directors by position are decided every year by referring to similar standards in the manufacturing industry, type of industry, business type of companies similar in size to the Company via officer compensation survey conducted by an external research organization.

(Matters concerning compensation resolutions)

By resolution at the 96th Ordinary General Meeting of Shareholders held on June 18, 2019, Directors' compensation was set at up to 600 million yen per year for monthly remuneration and bonuses (including up to 75 million yen per year for Outside Directors), and it was resolved at the 101st Ordinary General Meeting of Shareholders held on June 19, 2024 that stock compensation would be no more than 500 million yen per year.

(Method of determining compensation)

In order to ensure objectivity and transparency in determining amount and structure of compensation for Directors, the Company has established the Executive Nomination & Compensation Committee, which is chaired by an Independent Outside Director and has a majority of Independent Outside Directors.

The Board of Directors has determined the policy for deciding individual Director compensation and the total amount of compensation for the current fiscal year, and has resolved to entrust the determination of individual compensation amounts to the Executive Nomination & Compensation Committee.

The Executive Nomination & Compensation Committee determines the amount of officer compensation for each individual Director based on review of the compensation system and the decision policy for individual Directors by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

(Policy and method of determining compensation for Audit & Supervisory Board Members)

Compensation for the Company's Audit & Supervisory Board Members is limited to monthly compensation as their role is auditing business execution. Bonuses and stock compensation are not paid. Monthly compensation reflects job responsibilities and trends at other companies. Monthly compensation is paid on a regular basis each month during the term of office.

At the 87th Ordinary General Meeting of Shareholders held on June 23, 2010, it was resolved that monthly compensation for Audit & Supervisory Board Members should not exceed 15 million yen. The amount of monthly compensation for each Audit & Supervisory Board Member shall be determined through discussion among the Audit & Supervisory Board Members within the scope of compensation determined by resolution of the General Meeting of Shareholders.

(Other important matters concerning compensation)

In the event of a sudden deterioration in performance or damage to corporate value, compensation may be temporarily reduced or not paid.

**[Support systems for Outside Directors (Outside Audit & Supervisory Board Members) ]**

The Company believes that it is important for our management to have Outside Directors and Outside Audit & Supervisory Board Members effectively fulfill their roles and responsibilities from an independent and objective standpoint and that necessary information be provided for discussion by the Board of Directors and the Audit & Supervisory Board. For Outside Directors, dedicated staff members are selected within the Corporate Planning Department to provide advance explanations of agenda items to be submitted to the Board of Directors and to provide information on the content of important meetings. The Audit & Supervisory Board Office provides advance explanations of proposals to be submitted to the Board of Directors and information on the details of important meetings to the Outside Audit & Supervisory Board Members. In addition, Outside Directors and Outside Audit & Supervisory Board Members attend important meetings, interview Directors and departments, and visit and inspect subsidiaries while requesting additional information as needed in an effort to appropriately obtain information.



**[Status of those who have retired from the post of Representative Director, President, etc.]**

Names of consultants and advisors who are former representative directors and presidents

Name	Title/ Position	Content of duties	Working Situation/Conditions (full-time/part-time, with or without compensation, etc.)	Retirement date of president	Term of office
Kanshiro Toyoda	SODAN YAKU	Sharing of proprietary knowledge based on Aisin's history and long-term trends in the automobile industry	Full-time /with compensation	2022/6/17	1 year

Names of advisors and senior executive advisors who are former  
representative directors and presidents [Updated]

1

Other matters

- Appointment of SODANYAKU of the Company is deliberated by the Executive Nomination & Compensation Committee and approved by the Board of Directors.
- The Company's SODANYAKU will communicate history and course of events when consulted by officers of the Company or Group companies.
- The Company's SODANYAKU do not have the authority to participate in the Company's management decision-making.

## **2. Matters related to functions of business execution, audit and supervision, personnel nomination, determination of compensation, etc. (outline of the current corporate governance structure)**

**[Updated]**

### **(1) Corporate governance structure**

Under our Audit & Supervisory Board Member structure, we are working to strengthen the supervision of Directors and Corporate officers in the 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 whom consists 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 whom consists 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 submission to the Board of Directors after examination and deliberation at the Executive Nomination & Compensation Committee, which has a majority of Independent Outside Directors and is chaired by an Independent Outside Director, after which they are presented to the Board of Directors.

In addition to making timely and accurate management decisions based on business characteristics and on-site conditions, the Company believes that it is important to build a structure that continuously confirms that management decisions meet expectations and are supported by various stakeholders. As such, we have adopted the current system.

#### **1) Board of Directors**

The Board of Directors is chaired by President, Member of the Board of Directors Moritaka Yoshida and consists of eight Directors, including four Outside Directors. In principle, meetings are held once a month. The Board of Directors discusses and resolves important matters related to management foundation such as management strategy, including group management policy, profit and investment plans, capital policy, and each business strategy, as well as sustainability, human capital, corporate governance and others.

In addition, the Board of Directors supervises the execution of duties by the Directors by receiving reports from the Business Ethics Committee, the Risk Management Meeting and other bodies.

#### **2) Audit & Supervisory Board**

The Audit & Supervisory Board is chaired by full-time Audit & Supervisory Board Member Makoto Mitsuya and consists of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. In principle, meetings are held once a month.

Based on the audit policy and audit plan formulated by the Audit & Supervisory Board, Audit & Supervisory Board Members audit the execution of duties by directors, the legality and validity of business execution of the Company and its subsidiaries, and the reliability of financial reports through attendance of important meetings such as those of the Board of Directors and interviews conducted with Directors and departments. In addition to the establishment of Audit & Supervisory Board Office under the direct control of the Audit & Supervisory Board Members and assignment of dedicated staff to assist the Audit & Supervisory Board Members in their duties, initiatives are underway to strengthen audit functions through cooperation with Accounting Auditors and internal audit department.

#### **3) Executive Nomination & Compensation Committee**

The Executive Nomination & Compensation Committee is chaired by an Independent Outside Director Tsuguhiko Hoshino and is composed of a majority of Independent Outside Directors. In principle, it meets four times a year. The nomination and compensation of Directors and Corporate officers are examined and deliberated by the Executive Nomination & Compensation Committee and submitted to the Board of Directors to ensure objectivity and transparency. The Executive Nomination & Compensation Committee considers and formulates basic policies regarding the executive system and structure in accordance with the Company's vision and management policies regarding nomination of officers, and deliberates on proposals for the appointment and dismissal of Directors and Audit & Supervisory Board Members based on the basic policies. The procedures for nomination and appointment/dismissal involves selection of candidates as Director/Audit & Supervisory Board Member and submission to the Board of Directors after examination and deliberation by the Executive Nomination & Compensation Committee.

Directors are decided after deliberation at the General Meeting of Shareholders based on unofficial resolution by the Board of Directors.

After approval of the Audit & Supervisory Board, appointment of Audit & Supervisory Board Members is decided after deliberation at the General Meeting of Shareholders, based on the unofficial resolution of the Board of Directors. The amount of officer compensation for each individual Director is determined based on review of the compensation system and the decision policy for individual Director by the Board of Directors, taking into account company performance, job responsibilities, achievements, etc.

4) Other

In terms of business execution, Corporate Officers Committee has been established that handles the most important matters in the group as well as an executive meeting that confirms the progress and direction of business promotion status such as profit and loss, etc. In principle these meet at least once a month. In addition to Directors, Senior Executive Officers and others also participate in these meetings to enhance deliberations on important issues.

The Sustainability Conference chaired by the President is held twice annually, and discusses and decides the direction for activities related to sustainability, and carries out progress management of activities based on materiality. Based on the policies decided by the Sustainability Conference, each committee and other body incorporates them into its activity plan, and works to achieve the objectives. These meetings are attended by Directors, Audit & Supervisory Board Members, and Senior Executive Officers, as well as the presidents, officers in charge, and audit & supervisory board members of major group companies.

(2) Accounting audit structure

The Company is audited by PricewaterhouseCoopers Japan LLC. Duties are performed by certified public accountants Tomohiro Nishimura, Masahide Kobayashi, and Kotaro Kuroyanagi. They are assisted in their accounting and auditing duties by 12 certified public accountants, 10 individuals who have passed the CPA exam, and 20 others.

(3) Limited Liability Agreement

The Company has entered into agreements with all Outside Directors and Outside Audit & Supervisory Board Members that limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### 3. Reasons for choosing the current corporate governance structure

Please refer to “1. Corporate governance structure” in Section II-2 of this report.

## III. State of implementation of measures concerning shareholders and other stakeholders

### 1. Status of efforts at activating General Meetings of Shareholders and facilitating voting rights exercise [Updated]

	Supplementary explanation
Early dispatch of convocation notices of General Meetings of Shareholders	FY2025 release date: May 28
Off-peak scheduling of General Meetings of Shareholders	FY2025 implementation: June 17
Exercise of voting rights by electromagnetic method	Voting rights can be exercised via the Internet.
Participation on the electronic voting platform and other initiatives to improve the environment for institutional investors to exercise their voting rights	We participate in the electronic voting platform for institutional investors operated by Industrial Communications Japan.

Provision of English convocation (outline) notices	Upon creation, a condensed English notice of convocation is provided on the Tokyo Stock Exchange website, including listed company details (basic information) about the Company.
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## 2. IR related activities [Updated]

	Supplementary explanation	Availability of explanations from the representative
Disclosure policy creation and publication	A disclosure policy has been created and published on our website. Japanese: <a href="https://www.aisin.com/jp/investors/disclosure/">https://www.aisin.com/jp/investors/disclosure/</a> English: <a href="https://www.aisin.com/en/investors/disclosure/">https://www.aisin.com/en/investors/disclosure/</a>	
Regular briefing sessions for individual investors	Briefings are held for individual investors. For FY2024, multiple briefing sessions were held via web conferences and in person. We will continue to expand information disclosure through our website, and implement various measures in an appropriate and effective manner.	No
Regular briefing sessions for analysts and professional investors	Financial results briefings for analysts and institutional investors are held after the announcement of financial results (four times a year). Business briefings and other IR events are also held as opportunities for analysts and institutional investors to gain a deeper understanding of the Company. Individual interviews are also conducted when necessary, and in addition to face-to-face meetings, appropriate and effective methods for each dialogue opportunity, such as remote meetings over the phone and the web, are also utilized.	Yes
Regular briefing sessions for international investors	In addition to participating in conferences for overseas investors hosted by securities companies, meetings with overseas investors are regularly held in person and online to actively engage in dialogue.	No
Posting of IR materials on the Company website	Japanese: <a href="https://www.aisin.com/jp/investors/">https://www.aisin.com/jp/investors/</a> English: <a href="https://www.aisin.com/en/investors/">https://www.aisin.com/en/investors/</a>	
IR department (officer)	A dedicated IR organization has been established within the Corporate Strategy Division in an effort to enhance the provision and disclosure of management strategies and financial information in cooperation with relevant internal departments.	

### 3. Status of efforts at the integration of stakeholder viewpoints [Updated]

	Supplementary explanation
Regulations on the integration of stakeholder viewpoints based on internal regulations, etc.	The AISIN Group Charter of Sustainability ( <a href="https://www.aisin.com/en/sustainability/governance/csrmanage_charter/">https://www.aisin.com/en/sustainability/governance/csrmanage_charter/</a> ) states that the Company shall conduct appropriate and fair disclosure of corporate information at the appropriate times, and shall enhance corporate value by engaging in constructive dialogue with shareholders and other stakeholders and maintaining and developing trusting relationships. Through dialogue with stakeholders, we will predict social issues and needs, and strive for a positive cycle of achieving a sustainable society and improving corporate value through our business activities.
Implementation of environmental protection activities, CSR activities, etc.	Our sustainability activities, including the implementation status of CSR activities such as environmental protection activities, is posted in the Integrated Report and on the Company's website ( <a href="https://www.aisin.com/en/sustainability/">https://www.aisin.com/en/sustainability/</a> ).
Formulation of policies concerning the provision of information to stakeholders	Regarding disclosure of information, the AISIN Group Charter of Sustainability states, "We disclose corporate information in a timely, appropriate, and fair manner. We enhance corporate value by engaging in constructive dialogue with shareholders and other stakeholders and maintaining and developing trusting relationships."

#### IV. Matters concerning internal control systems, etc.

##### 1. Basic concepts and maintenance status on internal control systems [Updated]

- (1) Structures to ensure that the execution of duties by the Group's directors conforms to laws and regulations and the Articles of Incorporation  
[Basic policy 1]
  - 1) We will establish structures to promote legal and fair corporate activities based on the Group's common corporate philosophy and corporate charter of Sustainability.
  - 2) Important management matters are comprehensively deliberated at the Executive Management Committee and resolved by the Board of Directors.
  - 3) The Business Ethics Committee deliberates and decides on policies and structures for compliance with laws and corporate ethics.
  - 4) Directors shall strive to lead by example in realizing the spirit of the charter of Sustainability and to raise awareness of compliance throughout the Group.  
[Summary of operating status]
  - 1) Based on the shift in what society expects of corporations from compliance to sustainability, the Aisin Group has revised the Aisin Group Principles of Corporate Behavior to create the AISIN Group Charter of Sustainability in order to make clear the basic Aisin approach to sustainability and construct a promotion system for the group as a whole.
  - 2) In the execution of business operations, the Board of Directors and various cross-organizational meeting bodies make appropriate submissions based on the regulations that stipulate matters to be submitted to the meeting bodies, and decisions are made after comprehensive deliberations. The Board of Directors sets forth (1) Matters stipulated in the Companies Act, (2) Matters stipulated in the Articles of Incorporation, (3) Matters delegated by a resolution of the General Meeting of Shareholders, and (4) Other important management matters as matters to be resolved, and (1) Matters stipulated in the Companies Act, (2) The status of business execution, and (3) Other matters deemed necessary by the Board of Directors as matters to be reported.
  - 3) The direction of sustainability-related activities is discussed and decided by the Sustainability Conference, which is chaired by the President and composed of the Presidents of group companies. This process is supervised, and its progress is reviewed by the Board of Directors and the Executive Committee. Based on the policy development above, the Business Ethics Committee determines the policy and system for compliance-related activities.
  - 4) The AISIN Group Charter of Sustainability stipulates that it is the role of officers to realize the spirit of this Charter, and officers themselves communicate the importance of compliance to raise employee awareness of its importance. In addition, a department dedicated to compliance has been established to plan and promote group-wide compliance activities.
- (2) Structures to ensure that the execution of duties by the Group's employees conforms to laws and regulations and the Articles of Incorporation  
[Basic policy 2]
  - 1) Thoroughly enforce compliance among employees by distributing guides on corporate ethics, legal education, rank-based education, etc.
  - 2) We strive to quickly grasp information and resolve issues and questions related to compliance through the Business Ethics Consultation Desk.
  - 3) On-site audits by internal audit functions and the appropriateness of operations are conducted.  
[Summary of operating status]
  - 1) To raise awareness of compliance through the acquisition of fundamental compliance-related knowledge, the Company conducts trainings for a wide range of employees, including new hires.
  - 2) Compliance-related issues and concerns for the entire Aisin Group are identified through the internal whistleblowing hotlines established by each company and the external whistleblowing hotline established by the Company for the entire Group, and the relevant company and department of the Company take necessary measures such as fact-finding investigations, improvement of responses, and reporting to the relevant officers.
  - 3) The internal audit department conducts systematic, risk-based internal audits of the entire Aisin Group.



- (3) System for storing and managing information related to the execution of duties by the Group's directors  
[Basic policy 3]  
Information related to the execution of duties by Directors shall be appropriately stored and managed by each department in charge in accordance with relevant laws and regulations.  
[Summary of operating status]  
1) Information such as minutes of meetings of the Board of Directors, report materials and minutes of company-wide meetings is properly stored in accordance with relevant laws and regulations.  
2) By establishing a system and structure to promote overall information security, including confidentiality management, throughout the Aisin Group, the Company ensures efforts to strengthen information security.
- (4) Regulations and other framework related to managing risks of loss of the Group  
[Basic policy 4]  
An appropriate risk management structure will be established by formulating a promotion system for various risks related to quality, safety, compliance, information management, environment, fire and natural disasters, and by formulating basic rules and response plans.  
[Summary of operating status]  
The Risk Management Committee identifies common and important risks for the entire Aisin Group and examines countermeasures, while management-related meeting bodies examine business and investment risks from multiple perspectives.
- (5) Framework to ensure the effective performance of duties by Directors of the Group  
[Basic policy 5]  
Based on the group management policy, policies at each stage of the organization will be implemented and consistent policy management will be conducted.  
By also grasping the business activity plans and results of each group company and disseminating information from meetings and functional departments, we will unify the information of the Group and ensure the efficiency of each company's operations.  
  
[Summary of operating status]  
1) Based on the Medium- to Long-term Business Strategy, which takes into account market trends, customer needs and values, and technological trends, the Company formulates growth strategies and medium-term plans for each business, as well as key activity themes by business, region, and function. In addition, the Company establishes a management policy that defines the major direction the Company should take in a given year, and implements consistent policy management by specifying the policy at each level of the organization.  
2) In order to further increase the speed and level of management decision-making and business execution, the decision-making steps in the executive structure was reduced, and authority was transferred to general managers and center managers. Furthermore, a CxO has been appointed from among the Senior Executive Officers as the chief executive responsible for addressing key management issues across the entire Company, and assists the President from a group-wide perspective.
- (6) Matters concerning the effectiveness of instructions to employees who assist the duties of Audit & Supervisory Board Members and their independence from Directors  
[Basic policy 6]  
1) A dedicated department shall be established to assist the duties of the Audit & Supervisory Board Members, and an employee shall be appointed.  
2) The prior consent of the Audit & Supervisory Board Members shall be obtained with respect to the appointment of employees who assist the duties of the Audit & Supervisory Board Members.  
[Summary of operating status]  
1) Audit & Supervisory Board Office has been established that is independent from oversight and orders of the directors, and has dedicated staff to appropriately support Audit & Supervisory Board Members.  
2) Personnel appointments for full-time staff in the Audit & Supervisory Board Office are made by consent of the Audit & Supervisory Board Members.

(7) Structure for Directors and employees of the Group to report to Audit & Supervisory Board Members

[Basic policy 7]

- 1) In addition to timely and appropriate reporting to the Audit & Supervisory Board Members regarding the execution of main business operations, directors shall immediately report to the Audit & Supervisory Board Members when discovering facts that may cause significant damage to the Group.
- 2) Directors and employees shall report on business on a regular basis and from time to time in response to requests from Audit & Supervisory Board Members. The person who made the above report will be dealt with appropriately so that they will not be treated unfairly because they made the report.

[Summary of operating status]

- 1) Directors, Corporate officers, and employees executing business operations (collectively “Directors, etc.”) regularly report to Audit & Supervisory Board Members on the progress of major business operations. Any facts that may cause significant damage to the Group shall be appropriately reported upon discovery.
- 2) Directors, etc. regularly report on the status of business execution and the status of consultations with the whistleblowing hotline. Directors, etc. of the Company and its group companies also report to Audit & Supervisory Board Members on a regular basis and as requested.
- 3) Comprehensive whistleblower protection rules, which apply to the entire group, have been established and clearly state that whistleblowers will not be treated unfavorably.

(8) Other structures to ensure that Audit & Supervisory Board Members’ audits of the Group are conducted effectively

[Basic policy 8]

- 1) In order to enhance the effectiveness of audits by Audit & Supervisory Board Members, Directors actively cooperate with Audit & Supervisory Board Members in auditing activities by attending important meetings, viewing important documents, conducting on-site audits of factories and subsidiaries, and holding meetings with Accounting Auditors.
- 2) The internal audit function works closely with the Audit & Supervisory Board Members and shares information on audit results.
- 3) The Company shall bear the expenses necessary for the execution of duties by the Audit & Supervisory Board Members.

[Summary of operating status]

- 1) We cooperate with audit activities including attendance at the Executive Management Committee and other important meetings, the establishment of structures that allow viewing of important documents, on-site audits of factories and subsidiaries, and meetings with Accounting Auditors. We also cooperate with the audit activities of the audit & supervisory board members of major domestic group companies.
- 2) To strengthen cooperation, we also exchange information regularly and as needed with internal audit department, internal control department, Accounting Auditors, and audit & supervisory board members of major domestic group companies.  
Through the Group Auditors Liaison Committee, we are also strengthening cooperation with the Group Auditors to improve effectiveness of audits.
- 3) Expenses required for the execution of duties by the Audit & Supervisory Board Members as well as unexpected expenses required to secure the annual budget in accordance with the audit plan are paid by the Company.

## **2. Basic concepts and implementation status for eliminating antisocial forces [Updated]**

Our basic concepts to eliminating anti-social forces is as follows, which has been established as part of the “AISIN Group Charter of Sustainability” and disseminated to all employees, including officers.

(1) Basic concepts

- 1) While maintaining a strong awareness of legal compliance, we strive to establish a code of conduct as good citizens with good social sense from executives to each and every employee.
- 2) It is the ethical mission of a company to take a firm stance against anti-social forces and organizations, and we are acutely aware that it is an indispensable condition for the sound development of corporate activities. We strongly discourage any relationship with such influences and groups.
- 3) In order to prevent employees from forming or fostering personal relationships with anti-social forces and organizations, the entire company shall not have any relationship with such forces or organizations.

(2) Implementation status for elimination of anti-social forces

The Company has established a response control department (general affairs department) to eliminate anti-social forces.

Through our participation in the Aichi Prefectural Citizens Conference to Eliminate Violence and the Aichi Prefecture Corporate Defense Council, we call attention to anti-social forces by collecting information and compiling it in the Unfair Demand Manual.

We are ensuring that our officers and employees are fully versed through reports at the Business Ethics Committee, regular training for managers to prevent unreasonable demands, new employee training, and unreasonable demands training as part of promotion training.

## V. Other matters

### 1. Adoption of takeover defense measures

Adoption of takeover defense measure	None
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Supplementary explanation concerning relevant items
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### 2. Other matters concerning the corporate governance structure, etc.—

(Overview of Timely Disclosure System)

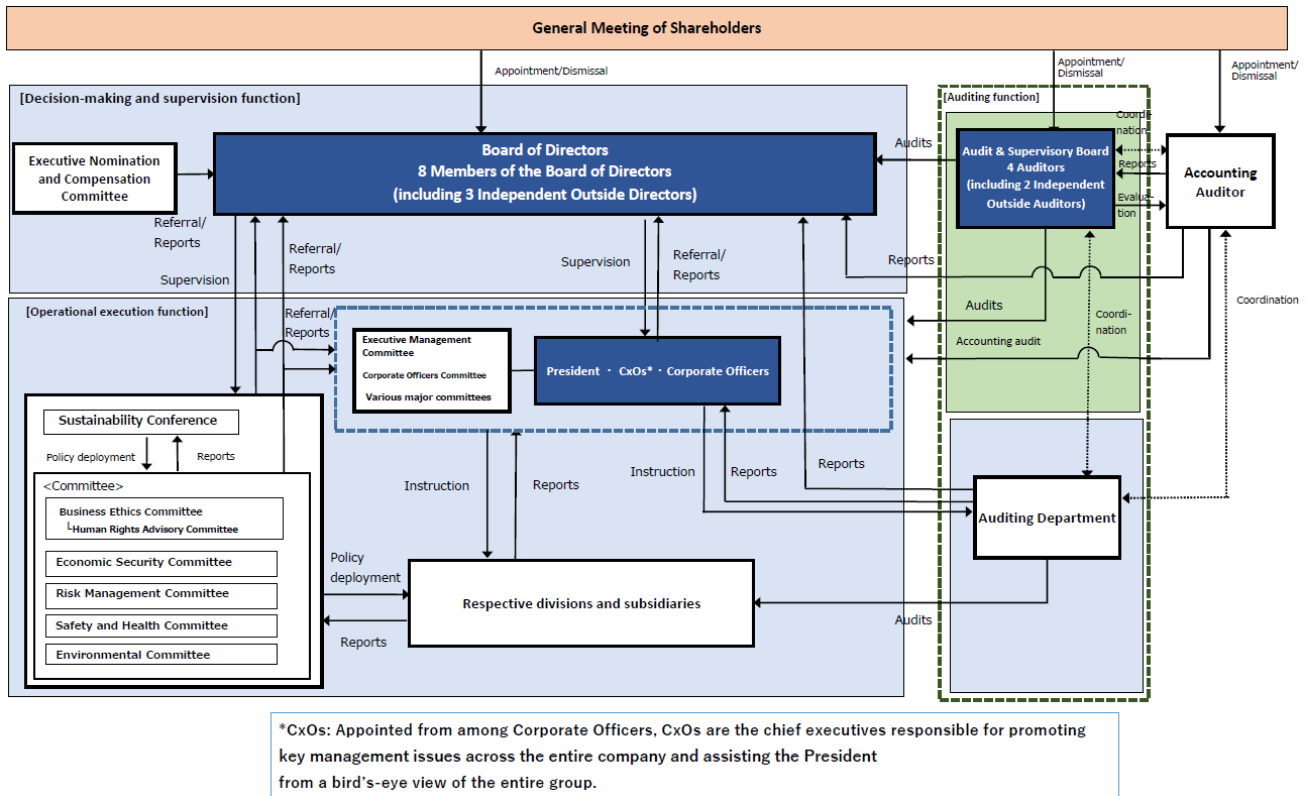
The internal system for the timely disclosure of company information of our company is as follows.

[Basic concepts]

As described in I-1 of this report, one of our basic policies for corporate governance is “(3) AISIN Group discloses information appropriately in accordance with applicable laws, and endeavors to proactively communicate information other than that disclosed in accordance with such laws, and to ensure transparency in its activities.”

[Company structure and procedures]

- 1) In accordance with internal regulations, the Company has established internal systems related to timely disclosure and procedures for management and timely disclosure of important internal information, including those of subsidiaries.
- 2) Based on internal regulations, the person in charge of managing important internal information (hereafter referred to as the information management general manager) is the officer in charge of the general planning department. The general planning department assists the information management general manager in managing and utilizing the information.
- 3) Proposals by each meeting body and important information generated by the Company and its subsidiaries are immediately reported to the information management general manager, who receives the report and convenes a decision council (general planning, public relations, accounting, department manager in charge of legal affairs and secretarial affairs) to determine the importance of the information and the need for timely disclosure.
- 4) Information subject to timely disclosure will be reported to the representative director and measures will be taken for timely disclosure.



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