

For a Better Tomorrow
AISIN GROUP

AISIN GROUP REPORT 2020





Corporate principles
Based on “Quality First”

1. Enhanced value creation

We are committed to contributing to the advancement of society through future-oriented research and development that provides new value for our customers.

2. Continuous global growth

We are committed to steady development and growth in the global marketplace by establishing the foundations of our business activities in local values, cultures and customs.

3. Harmony with society and nature

We are committed to earning trust as a responsible corporate citizen by valuing harmony with society and nature.

4. Individual creativity and initiative

We are committed to building a work environment that promotes continuous progress by developing the creativity and initiative of individual employees.

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Editorial policy

AISIN Group Report (Integrated Report) is issued by AISIN Group to provide shareholders, investors and other stakeholders with an understanding of our initiatives to increase our corporate value in the medium to long term. The report is edited according to the International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and various other guidelines. This report focuses on providing more important information on how we are increasing our corporate value, including the history and strengths of AISIN Group, our strategies and business activities to solve social issues and our ESG initiatives. Information on our environmental, social and governance (ESG) initiatives covers work that has a particularly significant impact on our corporate value from the perspective of priority. Other details can be found on our website.

Framework for disclosure of information



Note on future predictions

With the exception of facts about our history, the content of this report is written according to future predictions and plans. Predictions are subject to factors such as risks and elements of uncertainty, and as such, actual outcomes and business performance may differ from the descriptions in this report.

Period

Primarily fiscal year 2020 (April 1, 2019 to March 31, 2020). Some information is related to activities outside this period.

Scope

In principle, this report covers AISIN Group (Aisin Seiki Co., Ltd. and its consolidated subsidiaries). In cases where the scope of reporting differs, we indicate this using descriptors such as “13 core Group Companies*”.

Reference guidelines

ISO26000 (Guidance on social responsibility) (ISO)
 International Integrated Reporting Framework - International Integrated Reporting Council (IIRC)
 Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation - Ministry of Economy, Trade and Industry
 Sustainability Accounting Standards Board (SASB)
 GRI Standards 2016 - Global Sustainability Standards Board (GSSB)
 Task Force on Climate-Related Financial Disclosures (TCFD)
 Environmental Reporting Guidelines (2018 Version) - Ministry of the Environment

Fiscal year

April 1, 2019 to March 31, 2020
 The scope of consolidation covers consolidated subsidiaries and equity-method affiliates.

Issued

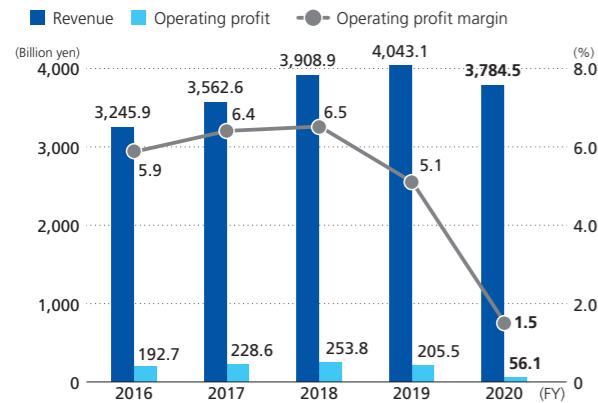
September 2020

*13 companies including Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikinzoku, Aisin Development, Aisin Kiko, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, ADVICS, Shiroki Corporation and Art Metal Mfg.

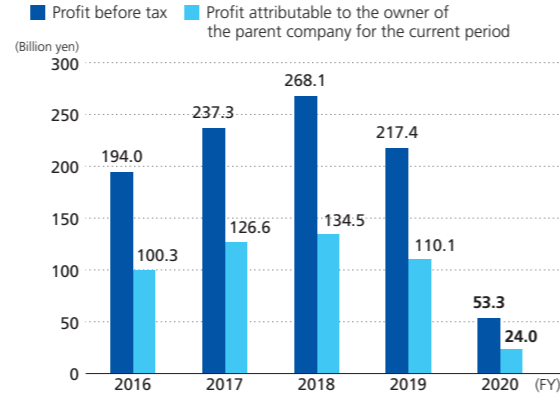
Financial and non-financial highlights

Financial highlights

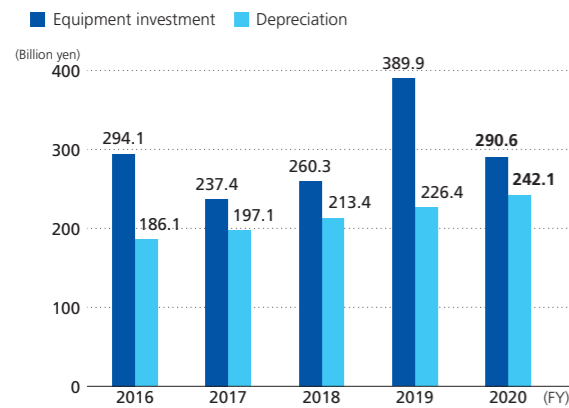
Revenue, operating profit and operating profit margin



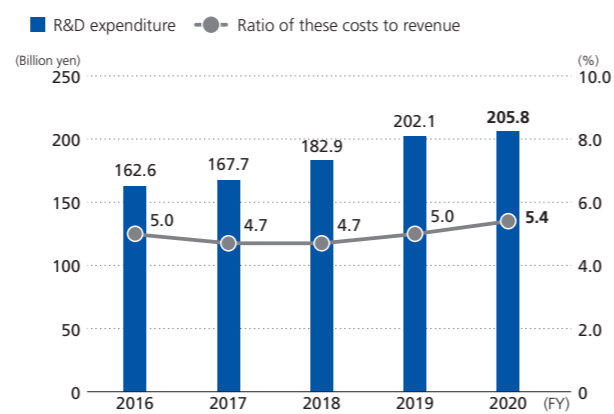
Profit before tax and profit attributable to the owner of the parent company for the current period



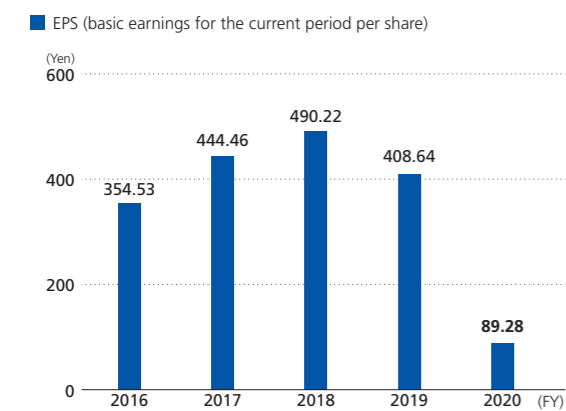
Equipment investment and depreciation



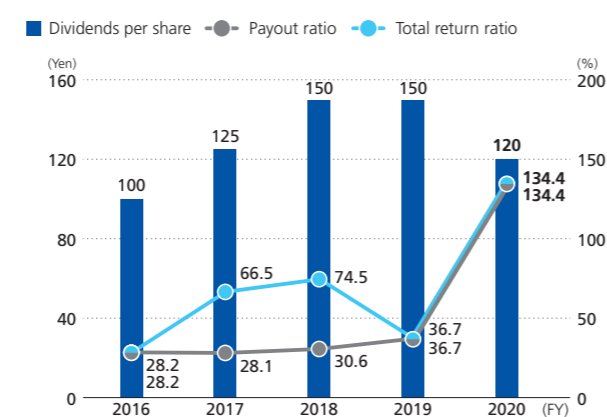
R&D expenditure and ratio of these costs to revenue



EPS (basic earnings for the current period per share)



Dividends per share, payout ratio and total return ratio

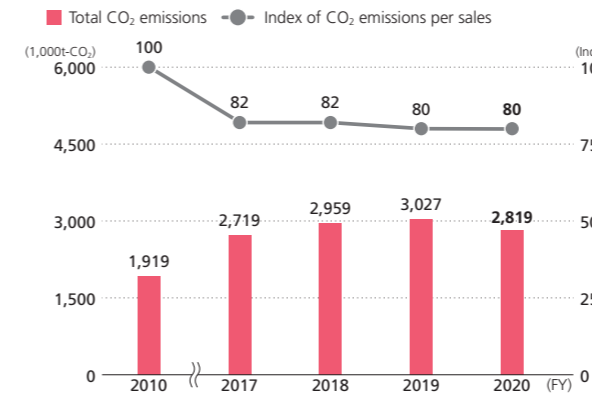


*¥49 billion in shares in AISIN were purchased in fiscal year 2017, and ¥59.4 billion in shares were purchased in fiscal year 2018.

Non-financial highlights

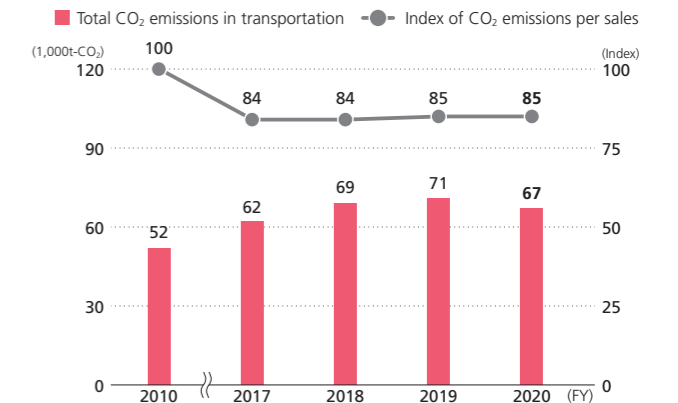
*The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (fiscal year 2010) of targets set out in the Sixth Environmental Action Plan.

Total CO₂ emissions and index of CO₂ emissions per sales



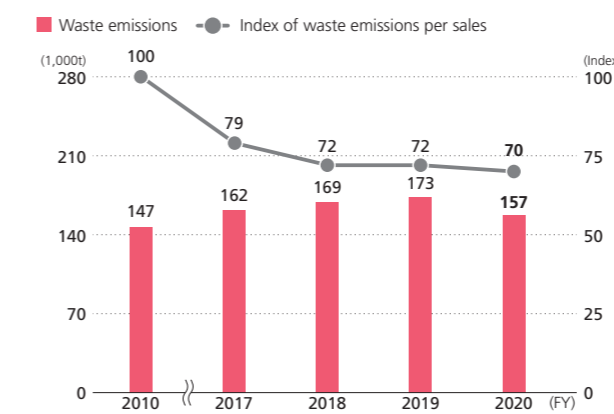
*The indices for fiscal years 2018 and 2019 have been corrected.

Total CO₂ emissions in transportation and index of CO₂ emissions per sales

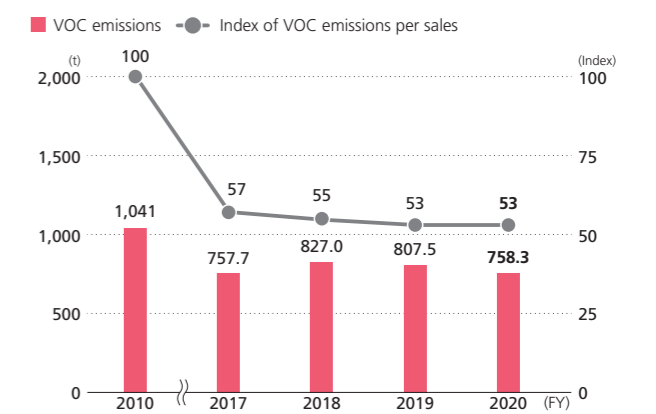


*The index for fiscal year 2017 has been corrected.

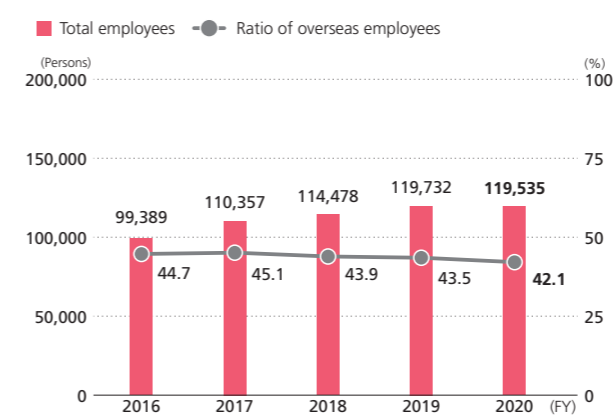
Waste emissions and index of waste emissions per sales



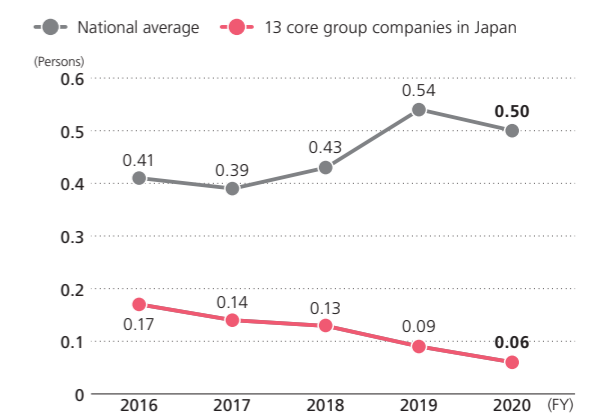
VOC emissions and index of VOC emissions per sales



Total employees and ratio of overseas employees



Rate of disabling injuries occurring in the workplace



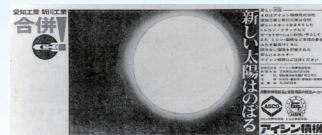
$$\text{Disabling injury frequency rate} = \frac{\text{Fatalities and disabling injuries in the workplace}}{\text{Total working hours}} \times 1,000,000$$

Progress in value creation

Since Aisin Seiki was first established in 1965, AISIN Group has played a crucial role in the expansion of the automotive industry, drawing on a cutting-edge base of technology and outstanding adaptability to meet society's needs and solve its issues in each new era. The whole of AISIN Group is working together to create even more value with the aim of building a sustainable society.

- Global expansion
- Initiatives for a low-carbon society
- Energy-saving initiatives
- Initiatives to reduce traffic accidents
- Improvement of comfort and user-friendliness

In 1965, on the eve of society's motorization, Aisin Seiki was created through the merger of Aichi Kogyo and Shinkawa Kogyo to fortify the international competitiveness of these companies as automotive parts manufacturers. We expanded our production capacity as the automobile manufacturing industry rapidly grew. We also built a business foundation to constantly produce a higher caliber of technology through active initiatives such as the construction of technology development laboratories and the adoption of technologies from Western manufacturers.



Shifting from quantity to quality and addressing the adoption of electronics in cars and the energy crisis

1965

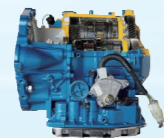
Aisin Seiki established, business base and mass production framework built

Shifting from quantity to quality

With economic conditions worsening after the oil crisis, we shifted from quantity to quality to build a globally competitive company with a robust framework.

Pollution

Pollution from automobile exhaust became a social issue. We developed many new products, such as automatic transmission, which has dramatically improved fuel efficiency or achieved electronic control.



Electronically controlled FF 4-speed automatic transmission

Resource issues

Amid growing fears of a global energy crisis, we dedicated ourselves to making parts such as transmissions and brakes as compact as possible and actively promoted activities that minimized consumption of resources and energy. We also took on the challenges of developing Stirling engines, solar generators and other energy sources that are widely used today.



Stirling engine

Increase in traffic accidents

As cars became increasingly widely used, traffic accidents increased to crisis point. We sought to solve this issue with technology, opening a separate mechanical and electrical development laboratory in 1977 and strengthening our development of electronic systems.

Creating a connection between people and cars

With cars being owned by an increasingly large portion of society, the focus of our body product development work turned to finding ways to increase the comfort, user-friendliness, safety and decorative elements of people's driving experience.

Addressing trade friction and the high exchange rate of the yen

Friction in trade and the sudden rise in the exchange rate of the yen required us to reform our corporate framework. We took a three-pronged approach consisting of short-term expansion of sales, product innovation and greater productivity. Through these initiatives, we expanded our overseas production and developed new businesses.

Exhaust gas regulations

We worked to develop the EV and HV system products that were becoming increasingly necessary as electrification gradually took place.

Energy saving and oil alternatives

We drew on our base of automotive part technology to develop a succession of products that saved energy and employed alternatives to oil, such as gas heat pump air-conditioners.



7.5 horse power gas heat pump air-conditioner

ITS technology and greater awareness of safe driving

To reflect the increased awareness of safety, we developed preventive safety system products such as anti-lock brake systems. We also focused on promoting ITS technology, developing smarter products such as the world's first voice car navigation system.



Voice car navigation system

Further improvement of comfort and user-friendliness

We worked to develop products that were even more comfortable and user-friendly, including sun-roofs, power seats and sliding doors. We achieved worldwide acclaim for developing the world's first power sliding door contained inside the drive unit.



Power sliding door

1985

Full-fledged overseas production, addressing environmental issues and developing safety technology to prevent traffic accidents

Full-scale global expansion

We strengthened our business framework in areas such as North America, Europe, ASEAN and China with the aim of common development and contribution to local economies through our business activities in these locations.

Low fuel consumption and reduction of CO₂ emissions

Even before the Kyoto Protocol was enacted, we established the Aisin Environmental Charter and began company-wide initiatives based on our recognition that achieving a sustainable society is a crucial business issue. We also developed a variety of electric products, including the world's first HV system in the part manufacturing industry.



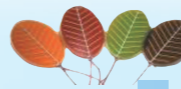
World's first hybrid system in the automotive manufacturing industry

1995

Full-scale global expansion and establishment of a business framework to achieve a sustainable society

Development of new energy sources

We responded to the call for new, cleaner energy sources through initiatives such as the development of stationary fuel cells to supplement household energy supplies and fundamental research on dye sensitized solar cells.



Dye sensitized solar cell

Car safety technology

With a growing need for preventive safety and advances in ITS technology, we expanded our range of safety features such as electronically controlled brake systems. We also brought the world new technology, such as the world's first parking assist system, centering on the image technology development we have worked on since 1985.



Electric 4-wheel drive anti-lock brake system

2005

Expansion and independence of global business and initiatives to keep our society livable

Expanding the possibilities for mobility

With Japan seeing a declining birthrate and aging population, we began developing electric wheelchairs. Focusing on performance outdoors, we developed Japan's first electric wheelchair with independent left and right power steering.



Basic electric wheelchair

2015

Working together as a group to create further value and achieve a sustainable society

We identified priority issues for AISIN Group to focus on (p.10). The whole of the group is working together to solve these social issues, drawing on the outstanding technology development, excellent manufacturing and cohesive strength as a group that we have accomplished throughout our initiatives to create value during our years in business.

Expansion and independence of global business

Along with the globalization of our business, we strengthened group collaboration and progressed with the creation of a business structure in each region that has enabled operations ranging from development and design to production and sales to be carried out independently.

Innovation in our production lines

We worked to drastically reduce CO₂ emissions throughout the production process with various innovations in our production lines such as the adoption of renewable energy.

Achieving an energy mix

The Great East Japan Earthquake in 2011 highlighted issues in Japan's energy production. We responded by accelerating our work to achieve an energy mix. We also developed household fuel cells and supplied parts for fuel cell buses.



Fuel cell cogeneration systems for residential use

Collision-proof automotive technology

We developed a wide range of technology to reduce traffic accidents, such as driver monitoring systems that were a step toward automated driving and the world's first technology to detect degree of eye openness.



Driver monitoring system

Contribution to quality of life

The mission of our life and energy business is to make people smile in their daily lives. We built a framework that achieves synergy between the areas of home and living and energy development.

Revenue
¥3,784.5 billion

Strengths of AISIN Group



Outstanding technology development



Excellent manufacturing



Cohesive strength as a group

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

AISIN Group's value creation process

AISIN Group identifies priority issues to tackle social issues through our business practices. "Quality First" is our basic philosophy as we apply the strengths we have developed in everything we do. We supply a wide range of products and services in areas such as automotive parts, energy and homes. AISIN Group works to provide value to society, increase our value as a company and maintain the trust of our stakeholders, but we are also thinking bigger than that: we are contributing to the accomplishment of many of the Sustainable Development Goals (SDGs) set by the United Nations.

Social issues and needs

Climate change

Growing social inequality (inequality of mobility)

Depletion of resources

Health problems

Traffic accidents and congestion

Natural disasters

Urbanization

Technical innovation

Business capital (input)

Financial capital

- Net assets ¥1,795.6 billion
- Interest-bearing debt ¥1,005.5 billion
- Cash on hand ¥806.0 billion
- Business cash flow ¥327.5 billion

Production capital

- Production sites 150
- Invested in facilities ¥290.6 billion

Intellectual capital

- R&D expenditure ¥205.8 billion
- Technical partners
- Patents held by AISIN Group
 - Domestic patents held 9,985
 - Overseas patents held 9,449
- 31 overseas research and development sites

Human capital

- Employees 119,535
- Overseas employees 50,283 (ratio of total employees 42.1%)

Social relations capital

- Feedback to management based on active disclosure and communication
- Supplier audits (CSR/environment)
- Extensive communication between employees and company

Natural capital

- 32 domestic group companies
- Energy input 25,107,060 GJ
 - Quantities of raw materials used 1,478,060 t
 - Quantities of water resources used 9,218,457 m³

Priority issues

Resolution of social issues through business activities

- Global warming control
- Reduction of traffic accidents
Providing safe means of movement/transportation
- Promotion of transition to clean energy
- Promotion of health and welfare
- Promoting sustainable industrialization by technological innovation
- Reducing CO₂ emissions
- Preventing contamination
- Reducing substances of concern
- Resources circulation
- Enhancement of resource efficiency



Management foundation supporting activities

- Labor safety sanitation
- Health
- Protection of human rights
- Promotion of diversification
- Work style reforms
- Work and life balance
- Compliance
- Sustainable procurement



Aisin's business activities



Output/outcomes

Financial capital

- Revenue ¥3,784.5 billion
- Dividends ¥120
- Aggregate market value ¥717.9 billion

Production capital

- Achieved zero missed faults through AI-based detection technology

Intellectual capital

- Patent results
 - Domestic patent applications... 1,408 throughout year
 - Overseas patent applications... 1,433 throughout year

Human capital

- For Aisin Seiki only
- Total annual work hours per employee 2,061 hours
 - Ratio of female employees in managerial positions 3.1% (69 employees)
 - Ratio of employees with disabilities 2.16%
 - Ratio of local employees in executive positions (head of department or higher) in overseas companies 52.8%

Social relations capital

- Supplier audits (CSR/environment)
 - Environmental risk inspections 36 companies
 - Regular audits of establishment of and compliance with quality management framework 48 companies
- Discussions with institutional investors and analysts 262
- Cost of social contribution activities (LBG standard) ¥2,225 million

Natural capital

- 32 domestic group companies
- Establishment of a low-carbon society
 - CO₂ emissions per sales from production 20.2% decrease (from FY2010)
 - CO₂ emissions per sales from distribution 15.2% decrease (from FY2010)
 - Establishment of a recycling-based society
 - Waste per sales 29.5% decrease (from FY2010)
 - Establishment of a society in which people coexist with nature
 - VOC emissions per sales 47.3% decrease (from FY2010)

AISIN WAY

Corporate principles "Quality First"

AISIN Group Principles of Corporate Behavior

- Corporate governance
- Compliance
- Risk management

Business capital of AISIN Group

	Human capital	Intellectual capital	Production capital
Contribution to value creation for each form of capital	Contribution to the group's ongoing growth and value creation through the creation of workplaces where all employees, regardless of nationality, gender, disability status or other elements of their identity, can engage in satisfying work that is suited to their strengths and characteristics.	Creating innovation through a global development framework that enables us to incorporate the world's needs into our development as quickly as possible, an integrated evaluation framework to support this work and cutting-edge technology development through collaborations with a wide range of industries to avoid not-invented-here syndrome.	In addition to the excellent manufacturing practices we have built since we were first established, we are strengthening our production framework at a global level and adopting advanced technology such as IoT and AI to provide high-quality products worldwide.
Target	<p>Increase job satisfaction for a diverse range of employees with the aim of creating new value</p> <p>Promotion of group-wide initiatives to increase job satisfaction</p> <ul style="list-style-type: none"> Achieve higher survey results for job satisfaction Reduce total working hours <p>Promotion of diversity and inclusion</p> <ul style="list-style-type: none"> Improvement of ratio of female employees in managerial positions Compliance with the legally stipulated ratio of employees with disabilities Improvement of ratio of local executives in overseas companies <p>Retaining and developing employees in key areas</p> <ul style="list-style-type: none"> Retaining AI personnel Retaining global personnel 	<p>Accelerating innovation to achieve the SDGs by FY2031</p> <ul style="list-style-type: none"> Resource shift to CASE*1 and advanced technology Promotion of innovation in mobility and energy to solve social issues Focusing on strengthening of intellectual property activities to contribute to the creation of new businesses, along with activities to protect and guarantee intellectual property to ensure that existing businesses are competitive 	<p>Strengthening of manufacturing and quality assurance with "Quality First" as our corporate principle</p> <p>Manufacturing</p> <ul style="list-style-type: none"> Development of manufacturing technicians with the skills required for the new era Strengthening of competitiveness of products through digital transformation (DX) <p>Quality assurance</p> <ul style="list-style-type: none"> Further strengthening of quality assurance framework centering on the All-Aisin Quality Assurance Center Promotion of TQM (Total Quality Management) for the development of quality assurance personnel
Main initiatives for FY2020	<p>Creation of workplaces that are satisfying for a diverse range of employees</p> <ul style="list-style-type: none"> Promotion of initiatives to increase job satisfaction (adoption of digital tools, activities among small groups of staff members, casual dress, etc.) Introduction of flexible working practices (teleworking, etc.) Promotion of activities for the advancement of women in the workplace (Ikubosu Academy, introduction of Come Back system) Establishment of special subsidiary to provide work for people with disabilities Introduction of LGBT training for management (e-learning) Introduction and promotion of talent management system (evaluation and career declaration system) Strengthening of hiring of new graduates and mid-career candidates 	<p>Technology development initiatives</p> <ul style="list-style-type: none"> Digital development to improve product quality and shorten development times Strengthening of AI technology development framework Global expansion of platform for open innovation <p>Patent initiatives</p> <ul style="list-style-type: none"> Provision of patent information to development department during the development or planning stage Revision of application standards to ensure the required quality for applications Emphasis on inventions related to advanced development in patent applications 	<p>Manufacturing</p> <ul style="list-style-type: none"> Digital factory initiatives - Building of flexible production lines using IoT - Ensuring high quality through the use of AI and developing user-friendly inspection technology <p>Quality assurance</p> <ul style="list-style-type: none"> Establishment of quality policies and sharing experience and know-how from each company to ensure a unified direction throughout the group, centering on the All-Aisin Quality Assurance Center Strengthening of global quality assurance Development of quality assurance employees
Results for FY2020	<p>Creation of workplaces that are satisfying for a diverse range of employees</p> <ul style="list-style-type: none"> Job satisfaction according to the results of employee awareness surveys: 3.5 points (out of 5) Total annual work hours per employee: 2,061 hours (reduction of 56 hours YOY) Ratio of female employees in managerial positions: 3.1% (69 employees) Ratio of employees with disabilities: 2.16% Ratio of local employees in executive positions (head of department or higher) in overseas companies: 52.8% New hires: 578 employees <p>*Numbers are for Aisin Seiki only Refer to p.76 for other HR data.</p>	<p>Technology development initiatives</p> <ul style="list-style-type: none"> Establishment of Kyushu Development Center Hakata Laboratory as a new base for AI development Industry-academia-government collaborations (Element.AI in Canada; The Indian Institute of Science; Toyota City Government, Aichi Prefecture; Okazaki City Government, Aichi Prefecture; etc.) <p>Patent initiatives</p> <ul style="list-style-type: none"> Patent results Domestic patents held: 9,985 Overseas patents held: 9,449 Domestic patent applications: 1,408 throughout year Overseas patent applications: 1,433 throughout year Clarivate Analytics has selected us for the Derwent Top 100 Global Innovators*2 for six years running. 	<p>Manufacturing</p> <ul style="list-style-type: none"> Achieved zero missed faults through AI-based detection technology <p>Quality assurance</p> <ul style="list-style-type: none"> Group-wide sharing of know-how through initiatives such as autonomous audits of specific processes Meetings of Global Quality Improvement Committee: 4 TQM (Total Quality Management) training

*1 CASE is an acronym for "connected", "autonomous", "shared/service" and "electric", indicating the core trends of the automotive industry.
 *2 Clarivate Analytics analyzes intellectual property and patent trends based on its patent data and gives awards to companies and organizations that demonstrate the best performance in the world in research and development and intellectual property management.
 *3 AISIN Global Environmental Standard

Social relations capital	Natural capital	Financial capital
We engage with all stakeholders, including customers, shareholders and investors, employees, local communities and suppliers, to maximize global business opportunities and reduce risk.	We are working to create value while adhering to an ethos of contributing to society and customers, a continuous process of improvement and respect for each and every person. Through business activities centering on monozukuri (manufacturing expertise in value-added products), we contribute to the creation of a sustainable society in which people will be able to coexist in harmony with the environment far into the future.	We are accelerating our work on reforming our corporate structure to handle CASE, reforming our corporate framework to become highly profitable with the aim of improving ROIC (return on invested capital) and establishing capital policies that balance financial safety with capital efficiency to achieve ongoing growth and boost our value as a company.
<p>Strengthening of engagement with stakeholders</p> <p>All stakeholders</p> <ul style="list-style-type: none"> Feedback to management based on active disclosure and communication <p>Employees</p> <ul style="list-style-type: none"> Employee CSR surveys answered by 100% of employees (200 domestic and overseas group companies) <p>Suppliers</p> <ul style="list-style-type: none"> Establishment and deployment of CSR guidelines Strengthening of Green Procurement Guidelines Strengthening of supplier audits <p>Local communities</p> <ul style="list-style-type: none"> Promotion of social contribution activities 	<p>Announcement of Seventh Environmental Action Plan with a view to 2030 and 2050</p> <p>Sixth Environmental Action Plan</p> <ul style="list-style-type: none"> CO₂ emissions per sales from production: 20% decrease (from FY2010) CO₂ emissions per sales from distribution: 11% decrease (from FY2010) Waste per sales: 28% decrease (from FY2010) VOC emissions per sales: 19% decrease (from FY2010) <p>Seventh Environmental Action Plan</p> <ul style="list-style-type: none"> Announcement of Seventh Environmental Action Plan with a view to 2030 and 2050 	<p>Building of foundations for sustainable growth and maximization of corporate value</p> <p>(1) Improvement of ROIC (return on invested capital)</p> <ul style="list-style-type: none"> Reforming our corporate framework to become highly profitable Reforming our corporate structure to handle CASE <p>(2) Procurement of capital under favorable conditions</p> <ul style="list-style-type: none"> Maintaining capitalization ratio of around 25-30% <p>(3) Steady shareholder returns</p> <ul style="list-style-type: none"> Steady dividends with a payout ratio of around 30%
<p>Customers</p> <ul style="list-style-type: none"> Exhibits at events around the world (Auto Shanghai 2019, Tokyo Motor Show 2019, CES2020) Improvement of activities in customer contact center <p>Employees</p> <p>Global conferences</p> <ul style="list-style-type: none"> Communication between employees and company (discussions and social events between employees and management) ATBA (Aisin Active Team Building Activity) <p>Suppliers</p> <ul style="list-style-type: none"> On-site audits of suppliers <p>Investors</p> <ul style="list-style-type: none"> IR meetings <p>Local communities</p> <ul style="list-style-type: none"> Building of relationships with communities 	<p>Environmental activities with the aim of achieving a low-carbon, recycling-based society in which people coexist with nature according to the Sixth Environmental Action Plan</p> <p>Establishment of a low-carbon society</p> <ul style="list-style-type: none"> Promotion and expansion of product development for reduction of CO₂ emissions Promotion of group-wide, global activities to reduce CO₂ emissions Documentation of climate change risks and opportunities according to analysis of scenarios based on TCFD proposals <p>Establishment of a recycling-oriented society</p> <ul style="list-style-type: none"> Sharing of examples of waste reduction with the group <p>Establishment of a society in which people coexist with nature</p> <ul style="list-style-type: none"> Creation of AGES*3 to prevent abnormal environmental conditions Biodiversity activities in 5 areas throughout Japan 	<p>(1) Improvement of ROIC (return on invested capital)</p> <ul style="list-style-type: none"> Decision of corporate merger between Aisin Seiki and Aisin AW Transition to company system ahead of schedule in preparation for merger Identification of items for combination and reorganization at 87 domestic and overseas subsidiaries Acceleration of technology development for the CASE area Strengthening of global production framework for electric products <p>(2) Procurement of capital under favorable conditions</p> <ul style="list-style-type: none"> Capital procured for hybrid instruments and hybrid loans: ¥272.5 billion Ensuring ongoing liquidity through mobile, preventive financial measures <p>(3) Steady shareholder returns</p> <p>Designation of end of period dividends at Board of Directors meeting with the aim of executing mobile capital and dividend policies</p>
<p>Customers</p> <ul style="list-style-type: none"> Inquiries about our products and services: Around 4,000 <p>Suppliers</p> <ul style="list-style-type: none"> Environmental risk inspections: 36 companies Regular audits of establishment of and compliance with quality management framework: 48 companies <p>Shareholders and institutional investors</p> <ul style="list-style-type: none"> Participants in General Meeting of Shareholders: 616 Discussions with institutional investors and analysts: 262 <p>Local communities</p> <ul style="list-style-type: none"> Cost of social contribution activities (LBG standard): ¥2,225 million 	<p>Establishment of a low-carbon society</p> <ul style="list-style-type: none"> CO₂ emissions per sales from production: 20.2% decrease (from FY2010) CO₂ emissions per sales from distribution: 15.2% decrease (from FY2010) <p>Establishment of a recycling-oriented society</p> <ul style="list-style-type: none"> Waste products per sales: 29.5% decrease (from FY2010) Water: Water reduction targets have been set at high-risk sites and discussions of measures have commenced <p>Establishment of a society in which people coexist with nature</p> <ul style="list-style-type: none"> VOC emissions per sales: 47.3% decrease (from FY2010) 	<ul style="list-style-type: none"> Revenue: ¥3,784.5 billion Operating profit: ¥56.1 billion Operating profit margin on sales: 1.5% ROE: 1.8 ROIC: 1.7% Capitalization ratio: 35.9% (31.0% after accounting for hybrid capital) Dividends: ¥120 Dividend payout ratio: 134.4%

**AISIN Group's sustainability initiatives:
Priority issues, KPIs and targets for fiscal year 2031**

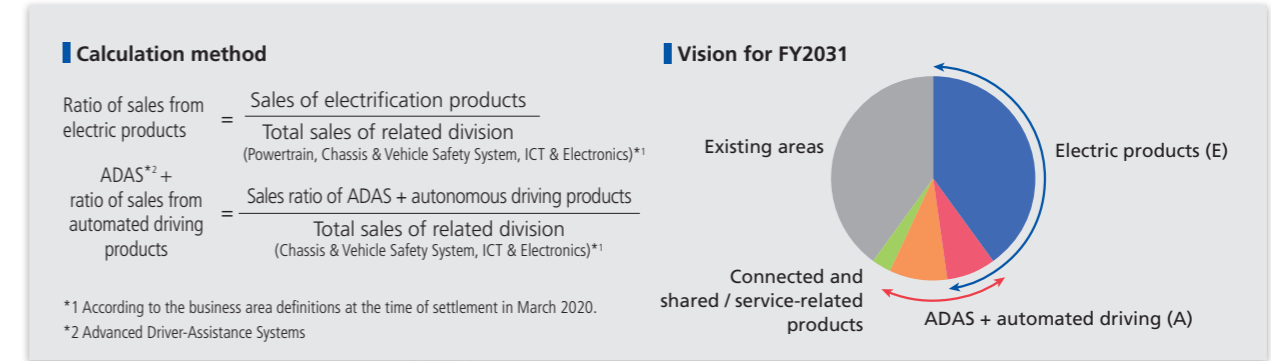
The SDGs as a medium- to long-term business strategy

Since its establishment, AISIN Group has adhered to the basic principle of "Quality First" and has sought to offer appealing products that meet customers' needs. Upholding our corporate principles of "Contributing to the advancement of society" and "Harmony with society and nature", the group promotes corporate behavior that helps create a sustainable society. The values and initiatives dovetail neatly with the Sustainable Development Goals (SDGs), and we are working to contribute to the accomplishment of the SDGs through our business activities.

SDGs: Priority issues, KPIs and targets for fiscal year 2031

KPIs (key performance indicators) and targets for fiscal year 2031 have been set for priority issues approved by the Board of Directors. These have been incorporated into specific activity plans and a framework has been established to promote and improve initiatives.

	Priority issues	Vision for FY2031	KPIs	Results for FY2020	Target for FY2021	Target for FY2031	
Resolution of social issues through business activities	<ul style="list-style-type: none"> Global warming control Reduction of traffic accidents Providing safe means of movement/transportation 	Automotive parts business <ul style="list-style-type: none"> Contributing to creating a mobility society that is more friendly to the environment and people by reducing energy consumption, utilizing clean energy, and providing safer and more comfortable means of transportation 	To expand products toward substantially zero GHG emissions in 2050	Sales ratio of electrification products that contribute to reducing CO₂ emissions $\frac{\text{Sales of electrification products}}{\text{Total sales of related division (Powertrain, Chassis \& Vehicle Safety System, ICT \& Electronics)*1}}$	10%	13%	50% or higher
		To expand safety goods toward the realization of a zero road casualty society	Sales ratio of autonomous products that contribute to safe travel $\frac{\text{Sales ratio of ADAS + autonomous driving products}}{\text{Total sales of related division (Chassis \& Vehicle Safety System, ICT \& Electronics)*1}}$	29%	33%	50% or higher	
	<ul style="list-style-type: none"> Promotion of transition to clean energy Promotion of health and welfare 	Lifestyle and energy-related products business <ul style="list-style-type: none"> Contributing to creating a city that makes people's lives better and is more environmentally conscious by spreading clean and highly-efficient energy-related products and providing comfortable housing spaces 	To promote energy-related development toward a carbon-free recycling society	Contribution amount of CO₂ reduction by energy-related products (sales)	480,000 t-CO ₂ /year	530,000 t-CO ₂ /year	2,300,000 t-CO₂/year
		To create products and services toward the realization of a more convenient and safer society	No. of new products and services contributing to health and welfare that are adopted by society	4	6	20	
Management foundation supporting activities	<ul style="list-style-type: none"> Promoting sustainable industrialization by technological innovation Reducing CO₂ emissions Preventing contamination Reducing substances of concern Resources circulation Enhancement of resource efficiency 	Common to all business <ul style="list-style-type: none"> Contributing to building a rich and sustainable society by providing new values generated by future-oriented research and development 	To expand R&D and tie-ups toward the promotion of a sustainable society	R&D expense to revenue ratio	5.4%	5.2%	6.0%
		<ul style="list-style-type: none"> Contributing to transition to a recycling-based society by promoting efforts to eliminate burdens on the global environment 	To reduce CO ₂ from manufacturing to use and disposal of products for a low-carbon society	Ratio of development cost for CASE and cutting-edge technologies	42%	46%	70%
	<ul style="list-style-type: none"> Labor safety sanitation Health Protection of human rights Promotion of diversification Work style reforms Work and life balance Compliance Sustainable procurement 	Common to entire group <ul style="list-style-type: none"> Promoting efforts to secure working environment where a variety of employees can work with motivation and without anxiety with the entire supply chain in mind 	To eradicate major disasters and accidents that require time off from work through thorough recurrence prevention	Life cycle CO₂ emissions reduction rate	17,333,000 t-CO ₂ /year	Improvement of accuracy in understanding of results for the purpose of setting targets	Reduction of 25% or greater Compared to 2013
		To realize a more comfortable and rewarding working environment for each of a diverse range of employees	Production CO₂ emissions reduction rate (total)	2,819,000 t-CO ₂ /year	2,738,000 t-CO ₂ /year	Reduction of 35% or greater Compared to 2013 (2,474,000 t-CO ₂ /year)	
		To maintain high compliance awareness and to eradicate serious law violations by establishing a global group legal and compliance system	No. of serious accidents	1	0	0	
		To realize coexistence as good business partner in mutual prosperity and mutual development	Rate of disabling injuries occurring	0.06	0.05	0.05	
			Rate of female employees managerial position	3.1%	3.2%	7.0%	
			Job satisfaction (from the results of employee awareness surveys)	3.4 points	3.7 points	4.0 points	
			No. of cases of serious violation of laws and ordinances	0	0	0	
			Compliance rate of Guidelines by formulating and developing Group-wide global Guidelines for suppliers	<ul style="list-style-type: none"> Establishment of guidelines Deployment to main domestic suppliers 		100%	



*Aisin Seiki Co., Ltd., Aisin Takaoka Co., Ltd., Aisin Chemical Co., Ltd., Aisin AW Co., Ltd. and ADVICS Co., Ltd.



Two reforms to transform AISIN and survive these turbulent times

Kiyotaka Ise

President

Since AISIN Group was first established in 1965, our work has been guided by the principle of “Quality First”, with our branch management enabling us to distinguish ourselves with highly specialist products and services. For over 50 years, we have honed our outstanding technology development, excellent manufacturing and comprehensive strength as a group.

However, the automotive industry is undergoing once-in-a-century changes, with widespread environmental regulations, incredible technical innovations such as AI and 5G, and a shift from owning to using cars due to changes in people’s values and lifestyles. The technology and products the world is looking for have completely changed, and with other industries seeking a share of the market, our competitive environment surrounding our group is facing changes.

These are times where past successes are not a guarantee for the future, and in order to survive for another 50 years as a corporate group, it is essential that we change our practices without a moment’s delay. With this in mind, AISIN Group has been strongly promoting two structural reforms since 2018: reforming our corporate framework to become highly profitable and reforming our corporate structure to handle CASE.

Review of fiscal year 2020 and outlook for fiscal year 2021

The results for fiscal year 2020 are as follows. For sales, the effects of COVID-19 compounded a decrease in unit sales for automatic transmissions, especially in the Chinese market, resulting in a decrease in revenue. Operating profit decreased significantly, falling 73% year on year due to the decline in sales, an increase in depreciation related to prior investments and accounting for business processing expenses such as impairments.

While steady progress has been made on our structural reforms, we have not been able to keep up with the changes in our business environment, resulting in a grim financial situation. We recognize that further speeding up the structural reforms that are currently underway is a management issue of utmost importance.

April to June of fiscal year 2021 saw a 42% decrease in sales compared to the same period last year due to the effects of COVID-19; however, we expect to see a comeback from this major deficit with a steady recovery in sales. To tackle this situation, AISIN Group has taken emergency profit measures for this year, with the aim of improving profits by ¥90 billion, so we may achieve the same operating profit as fiscal year 2020 (¥50 billion). ¥60 billion of the profits we aim to achieve through our emergency profit measures will be gained through permanent structural reforms we are conducting ahead of the business merger between Aisin Seiki and Aisin AW, such as the advanced integration of functions and operations, scrapping and building in technology developments, our initiatives for digital transformation (DX) and efforts to improve work efficiency through measures such as job satisfaction reforms.

We aim to further accelerate our structural reforms by fiscal year 2024, and in doing so, achieve profits at least ¥90 billion greater than those in fiscal year 2020.

Reforming our corporate framework to become highly profitable

The specific outcomes and current status of the two reforms mentioned earlier are as follows: Regarding the reform of our corporate framework to become highly profitable, we have worked to create a lean framework by scrapping and building existing businesses and cutting fixed costs.

For scrapping and building existing businesses, following the withdrawal of our bed and sewing machine business in 2019, we are in the process of rigorously assessing our automobile part businesses. We are also working to boost productivity at our production sites through initiatives to incorporate the best elements of other workplaces around the world and reduce costs.

Regarding the reduction of fixed costs, we are promoting reforms to reduce fixed costs, with the keywords of “switching from branch management to group-wide management” and “promoting job satisfaction reform”.

Switching from branch management to group-wide management

AISIN Group previously used branch management to enable business to be conducted efficiently and decisions to be made more quickly. In recent years, however, this has led to issues such as duplication of management operations and scattering of development resources. To solve these issues, we reviewed our branch management structure last year and made the decision to switch to group-wide management.



Briefing about our management merger on November 1, 2019

Message from top management

In October 2019, Aisin Seiki and Aisin AW announced their business merger. The integration of the two companies, each with sales of over ¥1.5 trillion, is a major shift for Aisin Group, and various difficulties can be expected. However, with the consolidation and integration of overlapping departments, and through the demonstration of synergistic effects of the two companies' technologies and know-how, we will be able to transform into a new, more competitive Aisin.

With the business merger planned for April 2021, we have been proceeding with the integration ahead of schedule wherever possible. To take the procurement department for example, we have integrated the functions of the two companies in November 2019. With this reorganization of duplicated operations, we were able to assign more employees to work on operations such as procurement for motors—a particularly important part—and improving supplier quality. In April 2020, we integrated the companies' sales functions, as well as management-related departments such as PR, recruitment and IT management, along with planning functions in each department. This series of reforms has improved cost efficiency by ¥30 billion.

In addition, in order to eliminate duplicate operations between group companies, 87 subsidiaries, domestic and overseas, have identified items to be consolidated or abolished, and are successively proceeding with their integration. In October 2019, we completed a merger of the management functions of two specialist onboard software companies, forming a new subsidiary called Aisin Software Co., Ltd. In August 2020, we made the decision to merge three domestic research and development companies, as well as to merge the South Korean sales companies of Aisin Seiki and Aisin AW.

Promoting job satisfaction

To achieve a significant boost in productivity, we are actively working on promoting job satisfaction. We consider this activity to be a factor that will set the tone for the AISIN Group's progress in future.

Japan is currently experiencing a decrease in its working population due to its declining birthrate and aging population, and labor productivity has been described as very low. As a result, both quantity and quality of work are a major concern. On the other hand, emerging countries with a large workforce, such as China, have improved the quality of their products in recent years, and have become formidable rivals for Japan. In order to survive this tough battle, we need to shift the focus of our output from quantity to quality and outperform manufacturers in emerging countries by achieving a higher level of productivity and consistently delivering new value.

This will require us to move away from our old working practices of overtime and long working hours. When employees can leave on time, carve out time for self-improvement and spend time with their families, they come back refreshed with a motivation that the company alone cannot instill. A strong work-life balance leads to new ideas. Our initiatives for job satisfaction are not merely about reducing overtime or cutting costs. We are completely redesigning the way we work so that employees can pursue the work that is right for them and

develop the skills they need to do the work intended for them, which will create new value and boost productivity.

Oddly enough, the COVID-19 pandemic has prompted us to accelerate these initiatives. Telecommuting and teleconferencing were promoted to avoid the three Cs that facilitate the spread of infectious diseases like COVID-19 (closed spaces, crowds and close contact), but they were found to have other benefits too. Employees expressed appreciation for the fact that they no longer needed to commute and said that they were able to concentrate better when working from home, showing that there is more than one way to come to work. Working parents and caregivers also mentioned that it was now easier for them to balance work with their responsibilities at home, which has inspired us to change our HR system to enable employees to choose from a variety of work formats.

We will continue to promote job satisfaction reforms so that everyone who works in Aisin Group can thrive.



Team meeting on how to make work more fulfilling

Reforming our corporate structure to handle CASE

Progress in the reform of our corporate structure to handle CASE is as follows: CASE is an area that we are focusing on more strongly in our development work due to its potential to solve social issues such as pollution, frequent traffic accidents and growing social inequality. We have rapidly increased the proportion of our research and development costs allocated to CASE products from 27% in fiscal year 2019 to around 50% this year.

AISIN Group is placing a particular focus on prevention of global warming through electrification (E) technology, reducing traffic accidents through automated driving (A) technology and creating sustainable communities through safe transportation of people and cargo using connected (C) car and shared/service (S) technology. The results of our initiatives in fiscal year 2020-2021 will follow.

(1) Prevention of global warming (electrification)

- Adoption of our eAxle electric drive module in Toyota's new C-HR and IZOA electric cars and in Lexus's first commercially available electric car, the LEXUS UX300e. Mass production has commenced.
- Initiation of Toyota's investment in BluE Nexus, a company created jointly with DENSO (July 2020). The combination of BluE Nexus's range of electric modules and Toyota's peripheral units such as engines and batteries, along with their technology to control these, represents the strengths of both companies, and will enable us to build a sales framework to meet every electrification need around the world.

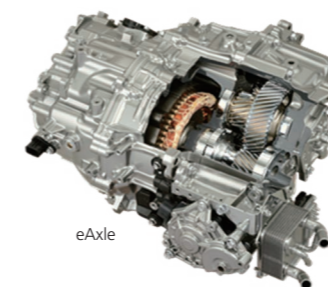
(2) Reduction of traffic accidents and promotion of safe means of transportation for people and cargo (automated driving)

- Our new automated parking technology* is used in the Toyota Yaris. This technology allows the driver to park without needing to steer, control the axles or brakes or even set the parking position.

(3) Promotion of safe means of transportation for people and cargo/building sustainable communities (connected car and shared/service technology)

- Established a CSS company in April 2020. This company introduces new content and services using information from the vehicle or the driver's smartphone, obtained by the latest navigation and connected car technology.
- Expansion of our shared shuttle bus service, Choisoko, throughout Japan (in August 2020, we signed a comprehensive agreement with the Okazaki City government to implement Choisoko.)

*Developed jointly with Toyota and DENSO



Medium-term management plan

In last year's Group Report, we explained our medium-term management plan, which indicates targets for fiscal year 2024. These include an operating profit margin of at least 7%, ROE of at least 12% and unit sales of at least 13 million for AT and HV transmissions, the main business of AISIN Group, and driving modules such as eAxle.

However, factors such as the stagnation of the Chinese market and the impact of the COVID-19 pandemic have caused drastic changes in our business environment. It is clear that we need to revise our medium-term management plan, and we are currently conducting a review. We will inform you of the changes to our plan as soon as they are finalized.

To all of our stakeholders

Many different social issues are occurring in our daily lives, including climate change, pollution, rapid urbanization and growing social inequality. The global society is holding companies increasingly responsible for their impact—both good and bad—on various social issues. A particularly prominent example is the Sustainable Development Goals (SDGs) set by the United Nations in 2015.

AISIN Group has incorporated this into our medium-term management plan. The SDGs are now a focus in our business activities, and, now more than ever, we will redesign our products, services and production framework to reduce our burden on the environment and build a safer society. As we set and work toward our targets for fiscal year 2031, we will transform our business structure to one where we can put the strengths we have built into practice and promote initiatives to tackle social issues, providing clear explanations on our work for people both inside and outside AISIN.

With the automotive industry facing its biggest period of change in 100 years and the unprecedented crisis of this pandemic, we at AISIN have a duty to think about how we can help to build a sustainable society. We will continue to strive for further structural reforms in AISIN Group so that we can meet society's needs for 50 years and even 100 years to come. You can expect a lot from AISIN Group in the future.



Financial strategies of AISIN Group

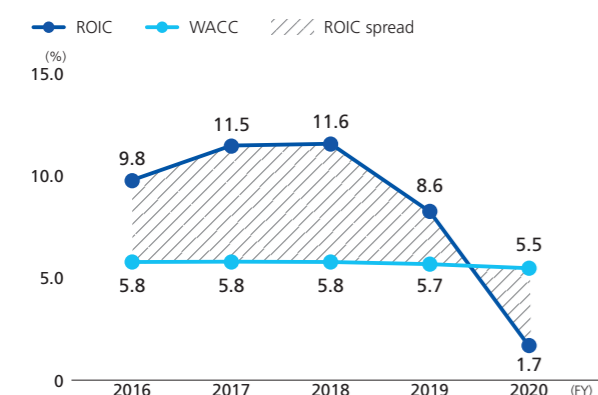


Aiming to build foundations for sustainable growth and maximize corporate value

Looking back on fiscal year 2020

With the automotive industry dealing with its biggest change in 100 years and the Chinese market slowing down, fiscal year 2020 saw us take a major change in direction from our previous expansion routes to a leaner corporate structure. Despite our efforts, our profits declined for a second year in a row—a trend we have not experienced for 20 years—due to a perfect storm including the decline in sales caused by the delay in the recovery of the Chinese market, an increase in depreciation from investment in expansion in the past, the posting of business processing costs and the impact of COVID-19. The ROIC spread has been negative since the 2008 financial crisis, and our figures are extremely grim. With that said, fiscal year 2020 was also a year of strong progress toward building the business foundations that are needed in this new era.

Changes in ROIC*/WACC (weighted average cost of capital)



*An indicator of how efficiently a company is generating profit from the capital invested in its business activities. (Operating profit after income tax ÷ (inventories + tangible fixed assets + intangible fixed assets))

Basic policies for our medium-term management strategies

We are building a business framework that will enable us to remain competitive in this new era, centering on two pillars: reforming our corporate framework to become highly profitable and reforming our corporate structure to handle CASE.

The indicators of profitability that we will focus on are operating profit margin on sales, break-even point, ROE and ROIC spread. We are aiming for ROE of at least 12% and an operating profit margin of at least 7% in the medium term.

First, we will reform our corporate framework to become highly profitable by slashing fixed costs. We are merging functional and operational units of Aisin Seiki and Aisin AW as a measure to begin merging the two companies' management prior to their full merger in April 2021. This eliminates duplication and enables us to reduce costs through economy of scale. We are also accelerating our shift to group-wide management by clarifying head office functions and allocation of new roles at our companies under our company system, enabling effective use of the group's assets (people, goods, capital and information), where there had previously been a lack of unity under our branch management. We have also set a hurdle rate for each of our businesses and are thoroughly scrapping and building with nothing considered untouchable.

Next, we are working on CASE by accelerating the shift of our development resources from existing products to CASE products. In fiscal year 2021, CASE products account for around 50% of our development spending, compared to around 20% in fiscal year 2018. Strong measures are also taking place on the production side, with growth strategies underway to build a global production framework with the aim of expanding sales of electric products and strengthen our CSS operations with the aim of building a new business model.

Strengthening our corporate framework

$$\text{ROE} = \left(\frac{\text{Profit for the period}}{\text{Stock capital}} \right) = \left(\frac{\text{Profit for the period}}{\text{Sales}} \right) \times \left(\frac{\text{Sales}}{\text{Invested capital}} \right) \times \left(\frac{\text{Invested capital}}{\text{Stock capital}} \right)$$

Two structural reforms	Capital policy
<p>Reforming our corporate framework to become highly profitable</p> <ul style="list-style-type: none"> • Early integration of functions and operational units between Aisin Seiki and Aisin AW • New governance framework and allocation of roles under company system • Thorough initiatives for effective use of group assets • Scrapping and building businesses <p>Reforming our corporate structure to handle CASE</p> <ul style="list-style-type: none"> • Resource shift to CASE development • Strengthening of global production framework for electric products • Focus on CSS to build new business model 	<p>WACC control and capitalization ratio of around 25%-30%</p>
Improve ROIC (return on invested capital)	Procure capital under favorable conditions

Capital policy

Basic policy

AISIN Group's core capital policy is to balance safe finances and efficient use of capital so that we can improve the value of our company while still being able to procure capital at a low cost at any time. Specifically, we use capitalization ratio*1 as an index. We believe that this ratio should be around 25-30% to achieve the ideal capital composition.

We work to ensure the safety of our finances by using evaluations by rating agencies as one of our benchmarks and maintaining a high trust rating. To use our capital efficiently, we make it a priority to keep our debt within the scope that allows us to maintain the high rating required for capital procurement, and improve our stock capital margin. We have also built a cash management system (CMS)*2, internal currency exchange system*3 and internal insurance system*4 to carry out financial strategies and make effective use of the capital in AISIN Group on a consolidated basis.

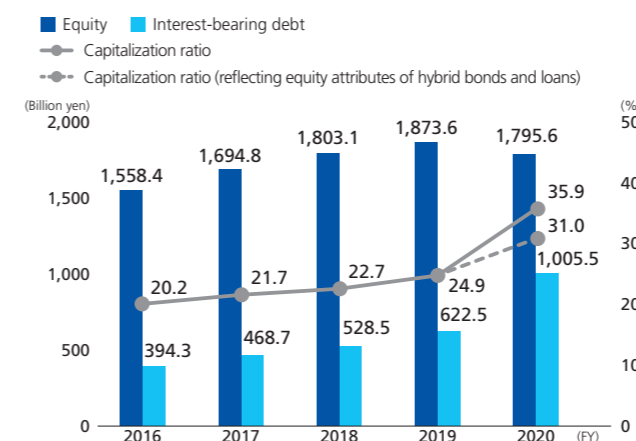
*1 An indicator of interest-bearing debt and capital (net assets). (Interest-bearing debt / (interest-bearing debt + total equity))

*2 A system for monitoring and governance of group companies' capital through capital lending and deposits for group companies.

*3 A system for condensing and offsetting foreign exchange transactions (spot exchanges, exchange contracts, currency swaps, etc.) within the group.

*4 A system in which we insure and manage our own risks using captive insurers.

Changes in Capitalization Ratio



Financing

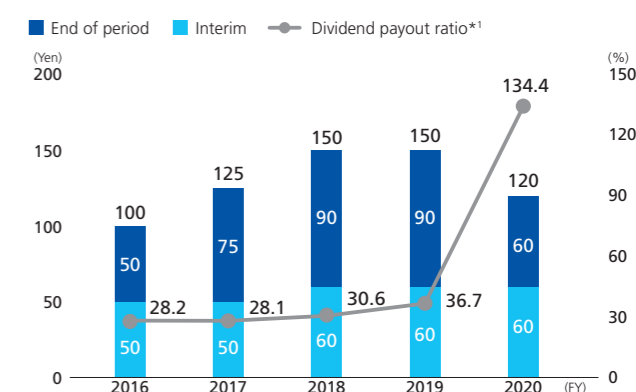
A series of transactions took place during this consolidated fiscal year in preparation for the merger between Aisin Seiki and Aisin AW planned for April 1, 2021. All stocks in Aisin AW held by Toyota were reacquired by Aisin AW on April 1, 2020, using around 300 billion yen procured by March 31, 2020 through measures such as hybrid financing. Our hybrid financing took the form of Japan's first simultaneous access and marketing in both the hybrid bond and hybrid loan market, enabling funds to be raised at a reasonable market price with lower volume premiums.

We also took into account financing plans and market trends based on the assumption that the effects of the COVID-19 pandemic will be long-lasting. We are working to ensure ongoing liquidity through mobile, preventive financial measures such as the conclusion of a commitment line totaling 300 billion yen with multiple financial institutions in April 2020.

Shareholder returns

In terms of our returns to shareholders, we aim to achieve steady dividends with a dividend payout ratio of around 30%. We will continue to keep our capitalization ratio and future investment trends at the forefront of our minds, and are considering share buy-back.

Changes in dividends



	FY2016	FY2017	FY2018	FY2019	FY2020
Profit for the period (billion yen)	100.3	126.6	134.5	110.1	24.0
Total dividends (billion yen)	28.3	35.2	40.7	40.4	32.3
Repurchase of treasury stock (billion yen)	0	49.0	59.4	0	0
Total return ratio*2 (%)	28.2	66.5	74.5	36.7	134.4

*1 Dividends per share ÷ basic profit for the period per share

*2 (Cash dividends paid + repurchase of treasury stock) ÷ profit for the period

The degree to which COVID-19 will affect the economy and society in fiscal year 2021 remains unclear. We are expecting that it will be difficult to achieve the figures we had planned on, and we may need to temporarily deviate from our medium-term targets, but we will hold firm to our management strategies and capital policies and execute them without fail.

Like many companies, AISIN is facing a difficult time due to the effects of COVID-19. However, in addition to carrying out our measures to reduce fixed costs earlier than planned, we will accelerate the digital transformation (DX) of our operations that took place as one of our measures against COVID-19. We aim to strengthen the framework of our company even further by making transformations to the way we work.

Strengths of AISIN Group

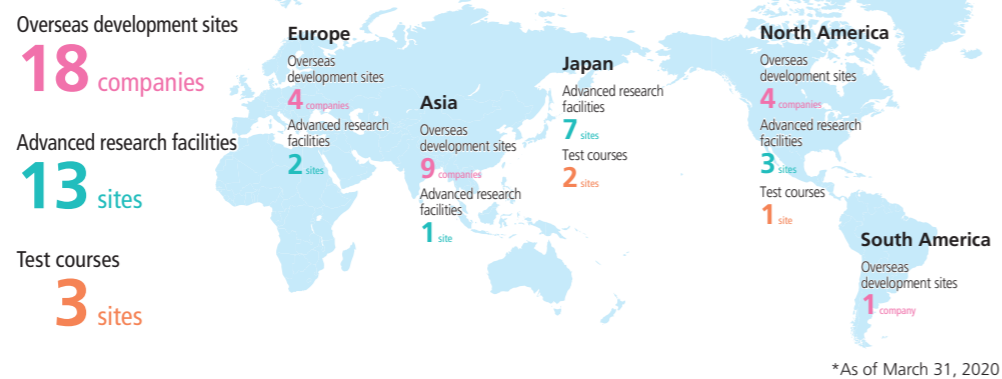


Outstanding technology development

AISIN Group has brought the world a wide range of competitive products since we were first established. We achieved this with a global development framework that enables us to incorporate the world's needs into our development as quickly as possible, a unique integrated evaluation system to support this framework and collaboration with a wide range of industries to develop advanced technology that is not confined by not-invented-here syndrome. We are also accelerating our digital transformation in our technology development to make AISIN even more competitive.

Global development framework

We never lose sight of our vision to expand our existing products globally, and to develop products that will change the future of society. The 13 core companies in AISIN Group have 18 development sites and 13 advanced research facilities worldwide along with three test courses.



Unique integrated evaluation framework

When it comes to proving grounds, AISIN Group was a trailblazer, beating our competitors to the punch by building a general proving ground including a circuit in 1970. Our proving grounds are an important part of our constant work to verify and improve the performance and durability of our products, with highly advanced facilities and test courses recreating road conditions around the world. Tests are conducted from a variety of angles, always with our users' experience in mind. The results of our evaluations are instantly applied to our product development work in an ongoing initiative to provide the reliability that the industry increasingly demands. We are always working to improve evaluations to accelerate development of the next generation of products and make efficient use of our findings throughout the group.

Recreating unique environments around the world in our evaluations



Development of a wide range of advanced technology through collaborations

AISIN Group is working to add value to its technology by gathering information from a variety of industries to avoid not-invented-here syndrome. We recently formed a consolidated subsidiary fund in Silicon Valley to adopt cutting-edge technology from outstanding technical startups. Open innovation is now taking place through this fund. We are also carrying out joint research and development with partners such as an Indian graduate school and a Canadian venture corporation in the AI field.

Initiatives for digital transformation (DX) in technology development

AISIN Group's DX work seeks to make society richer and more sustainable through timely provision of products with a high level of quality for our customers. In addition to improving simulation accuracy, reducing the need for do-overs through the use of digital information and shortening the working time of development projects by using 3D data throughout each project, we consolidate and link data across all of our companies on a global scale during the development phase of every product, making AISIN more competitive on the global stage.

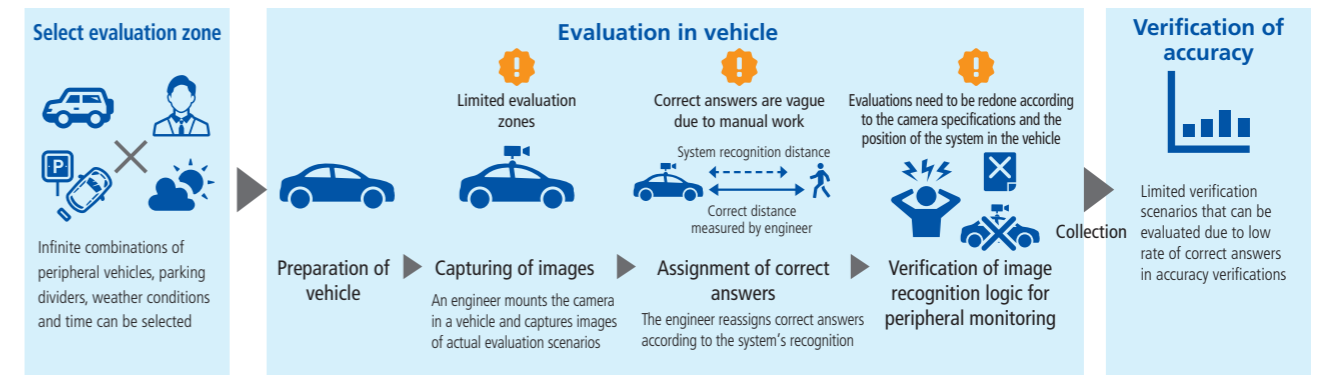
Virtual evaluations x product development

Using virtual evaluations to develop more accurate peripheral monitoring systems for a world where traffic accidents can be prevented

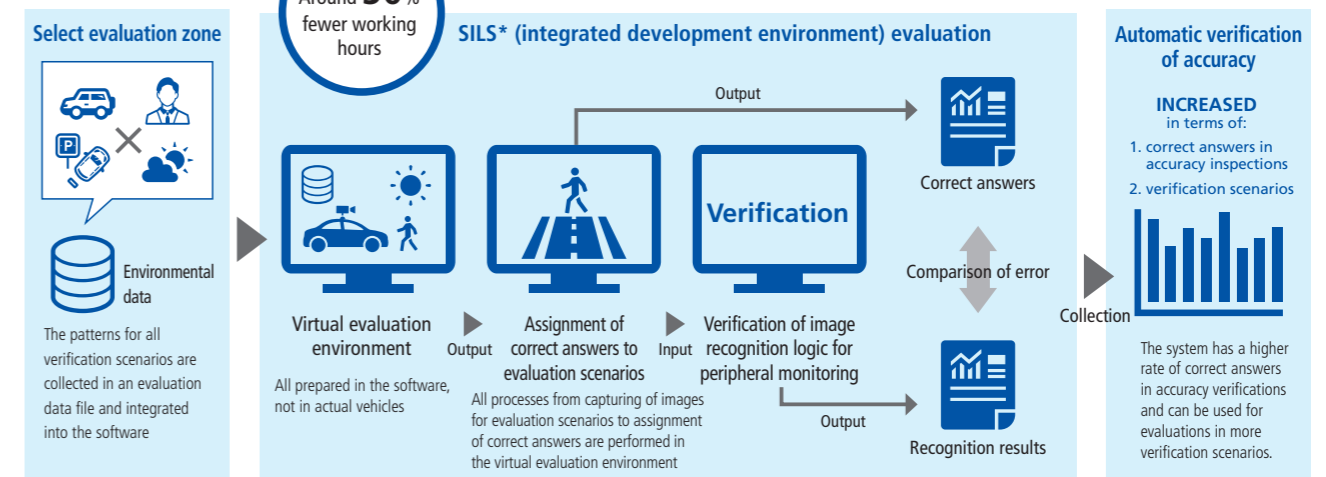
An important element of automated driving systems for reducing traffic accidents is peripheral monitoring systems, which use a camera to monitor the area around the vehicle and detect items that the vehicle is approaching, along with obstructions such as the dividers between parking areas. To ensure safety, these systems must accurately detect over a million different external situations consisting of combinations of peripheral vehicles, parking dividers, weather conditions and time. Conventional systems acquire images in the vehicle itself and use these to improve and verify the image recognition logic used in peripheral monitoring, but this has caused issues such as ensuring sufficient coverage and

accuracy in the verifications, along with lengthy working hours and high cost. In our new development work using digital technology, we have built a virtual evaluation environment combining vehicle behavior models, camera sensor models and transportation environment models (roads, other vehicles, pedestrians, etc.). These are integrated with the image recognition logic for peripheral monitoring, enabling a total process from image creation to logic verification. This has succeeded in reducing evaluation time by around 30% and enabled desktop verifications to be performed before conducting evaluations in the vehicles themselves, meaning that evaluations do not need to be redone as many times.

Previous evaluation procedure



Improved evaluation procedure



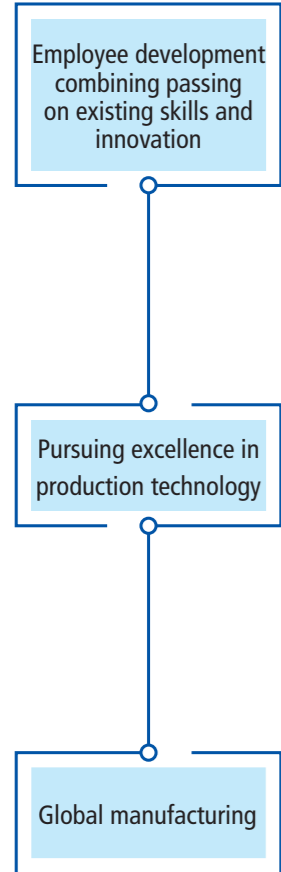
*Software in the loop simulation

Strengths of AISIN Group



Excellent manufacturing

AISIN Group has continuously innovated in the creative methods and production equipment for the next generation of products, and we build on our framework for our development of production technology so that every product in every region of the world has the best possible quality. We are also actively training engineers for this new era by providing the next generation of training in addition to passing on the skills that have been necessary thus far. To make AISIN even more competitive, we are accelerating the digital transformation that is being implemented in our manufacturing.



AISIN Group considers employee development to be the foundation of manufacturing. Since 1984 we have conducted basic training called AISIN Basic Seminar, which includes elements such as the Toyota Production System and quality assurance. In addition to the knowledge and skills AISIN Group has amassed, we are actively providing new training that reflects the changes the industry has seen, such as AI training, to develop employees who are well equipped for this new era. This program has been expanded overseas so that the employees at our overseas sites are able to set up production lines autonomously.



With a wide range of production methods and technology, from die casting and pressing to cutting, raw material handling and assembly, AISIN Group displays excellence in the entire production process, and our products account for an enormous number of the parts in a vehicle. We are working to strengthen our manufacturing through initiatives such as the development of simple, slim facilities and molds to achieve unbeatable quality and cost.



We have built a global supply framework with 150 production sites around the world. We work closely with the world's major automotive manufacturers to develop and supply products that meet their diverse range of needs and provide a high degree of added value. And we have no plans to rest on our laurels—we will continue to innovate in the creative methods and production processes we have developed, and will build on our framework for our development of production technology so that every product in every region of the world has the best possible quality.

Number of production sites by region

About

150 companies



Initiatives for digital transformation (DX) in manufacturing

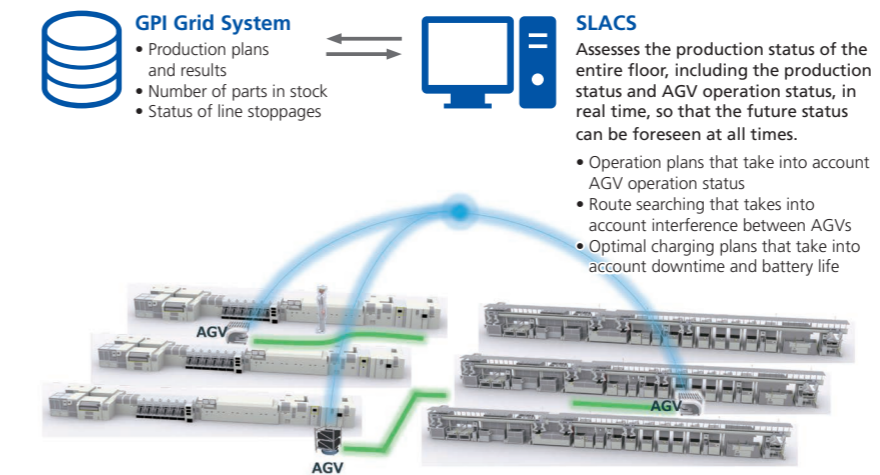
AISIN Group is working to implement DX in our manufacturing to promote more sustainable industrial practices through technological innovation. We are making use of information we have gathered from people, items and facilities to predict faults in our facilities, prevent accidents and build lean production systems with no waste. To achieve this, we aim to continue working to consolidate and link data between lines and sites on a global scale to make AISIN even more competitive on the global stage.

IoT × production technology Using big data from factories to create autonomous digital factories that can flexibly handle a wide range of needs

A foundation of IoT production technology has been built and used for around 10 years at Aisin AW's electronic plant with the aim of creating a digital factory. Information and technology from these systems are being used to achieve automation and autonomy through systems for integrated control of automated guided vehicles (AGVs) and technology that uses AI to complement the points that employees learn through

experience. Through these initiatives, we aim to create cutting-edge factories that can flexibly meet a wide range of needs. We are also using 3D models in our conveyance processes and virtual verifications in our assembly work to identify issues before introducing facilities and resolve those issues quickly. This enables us production lines to be built quickly and efficiently.

Smart Logistics & Assorting Command System (SLACS)

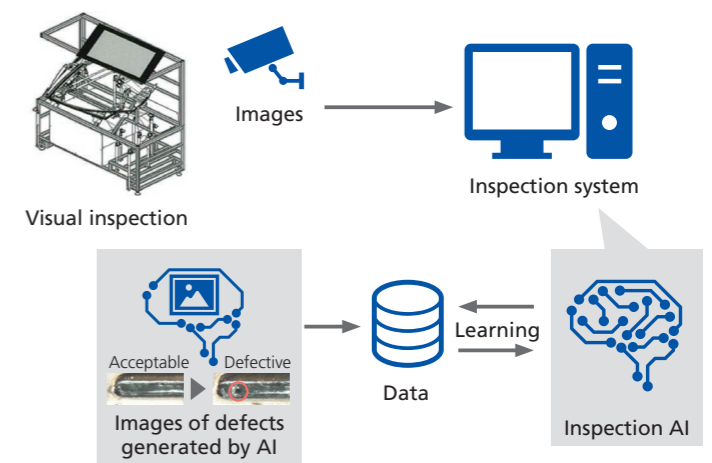


Virtual verification of assembly and conveyance processes



AI × Production Technology We use AI-based inspection technology to ensure high quality without placing strain on workers

At Aisin Seiki's Shintoyo Plant (Shintoyo Manufacturing, Shiroki Corporation), we have begun introducing visual inspection devices using AI in the mass production of welded parts such as door frames. It has previously been difficult to make judgments about welded surfaces through image processing, which meant that the process was reliant on the skills of the inspectors. We developed proprietary technology—the first of its kind in the world—in which AI is used to learn the results of judgments by workers and automatically generate AI logic and images of defects. This has made it possible to create highly reliable automated visual inspection devices. The device's reliability is at least equal to workers' skills, if not greater, with the result that no defects are overlooked. This has reduced the workload of workers.

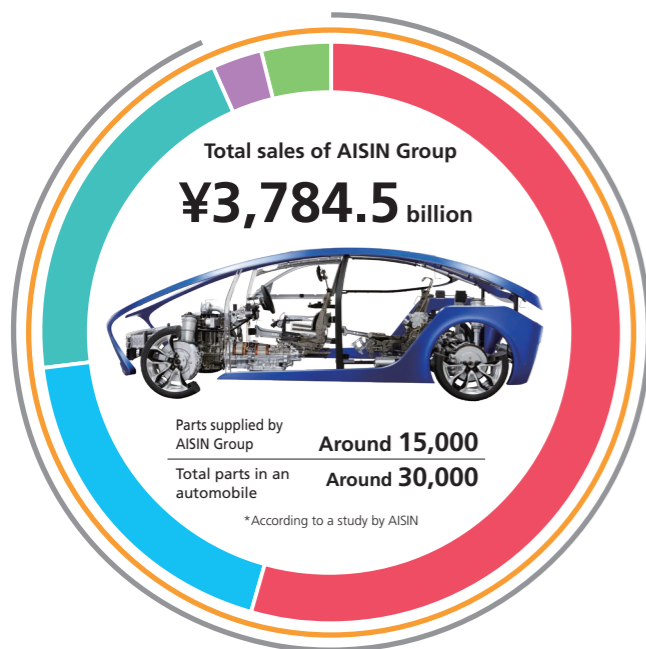


Strengths of AISIN Group



Cohesive strength as a group

With specialized expertise in a wide range of business fields, we are able to meet a wide range of needs in areas that range from our core automotive parts business to fields such as energy.



6th*

Highest seller among automotive parts manufacturers in the world

*Consolidated sales for 2019 (January-December)
 Source: Automotive News

Powertrain

Aisin Seiki
 Aisin AW
 Aisin Kiko
 Aisin AW Industries
 Art Metal Mfg.
 ADVICS

Ratio of total sales **54.5%**
 Sales **¥2,060.4 billion**

Chassis & Vehicle Safety Systems

Aisin Seiki
 Hosei Brake Industry
 ADVICS

Ratio of total sales **18.6%**
 Sales **¥703.7 billion**

Body

Aisin Seiki
 Aisin Sin'ei
 Shiroki Corporation

Ratio of total sales **20.3%**
 Sales **¥769.7 billion**

ICT & Electronics

Aisin Seiki
 Aisin AW
 ADVICS

Ratio of total sales **2.8%**
 Sales **¥106.7 billion**

Energy & Lifestyle/Other

Aisin Seiki
 Aisin Takaoka
 Aisin Development

Ratio of total sales **3.8%**
 Sales **¥143.8 billion**

Aftermarket

Raw Materials Business

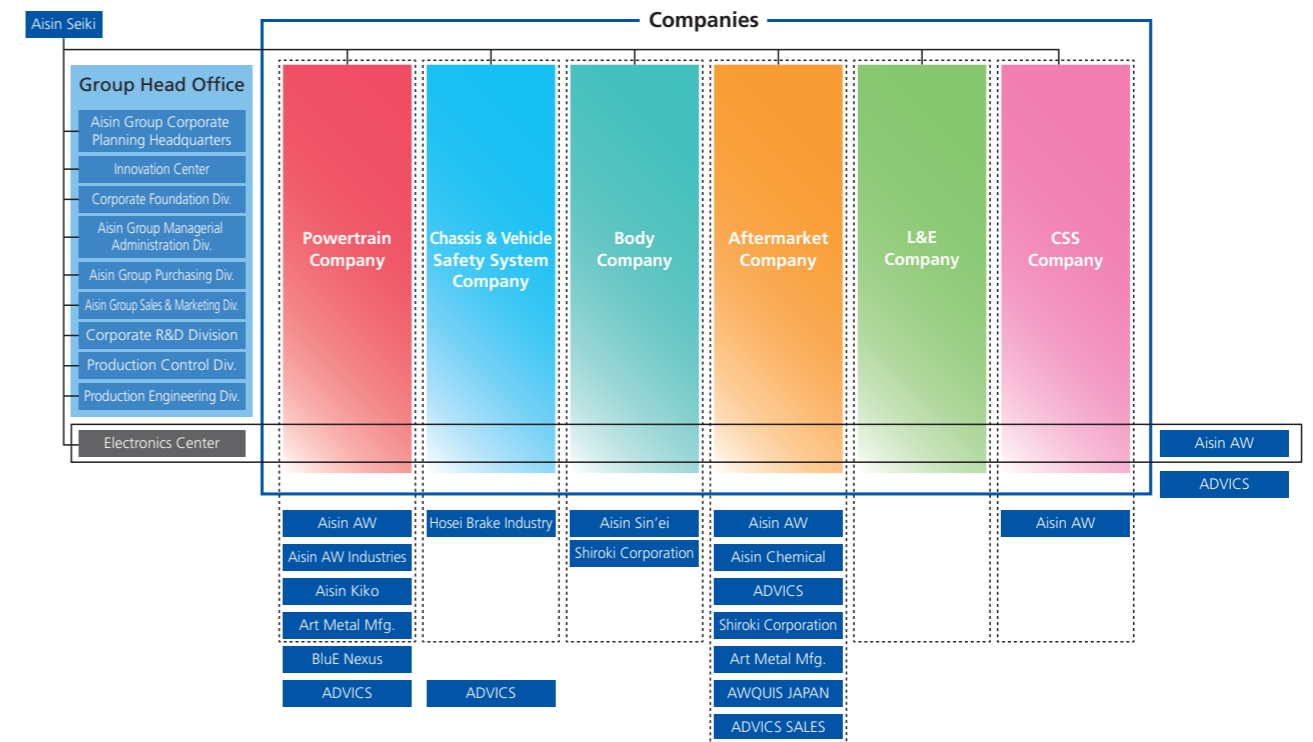
Aisin Takaoka
 Aisin Chemical
 Aisin Keikinzo

*According to business categories at the time of settlement in March 2020.

From a virtual company system to a company system: maximizing the value of our businesses throughout the group in a sustainable way

In an effort to strengthen collaboration within the group and improve management efficiency, AISIN Group pushed forward with the introduction of the virtual company system in April of 2017. In preparation for our merger between Aisin Seiki and Aisin AW in April 2021, we took our virtual company system to the next level in April 2020 by creating a company system that will enable a smooth transition for Aisin Seiki and Aisin AW as they work together to build a framework that will make our businesses more competitive and efficient, enable steady work on the integration of our businesses and maximize the value of our businesses throughout the group in a sustainable way.

We established six companies according to business type to further accelerate forward-looking development and tackle key business issues from a group-wide perspective.



Strengths of the machine parts and tooling behind AISIN Group's businesses and companies

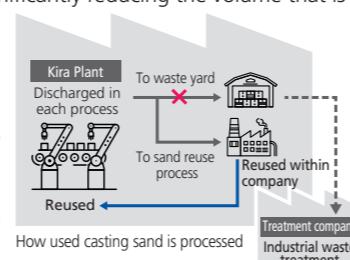
The core of our manufacturing is machine parts and tooling. AISIN Group's businesses and companies are supported by specialist machine parts and tooling manufacturers.

AT Aisin Takaoka

A world-leading machine parts and tooling manufacturer with a focus on casting, Aisin Takaoka develops and manufactures equipment such as automotive parts, machine tools and molds.

Reusing casting sand for more environmentally friendly manufacturing

Since fiscal year 2014, Aisin Takaoka's Kira Plant has reused casting sand, previously industrial waste, as an inner material in internal manufacturing, significantly reducing the volume that is disposed of. In fiscal year 2018, we established a framework to expand the use of the regenerated sand by supplying it to core manufacturers throughout the premises. This has reduced industrial waste by 4,200t per year.



AC Aisin Chemical

AISIN Group's only specialist manufacturer of chemical products, Aisin Chemical develops and produces materials such as chemicals, friction materials and resin parts for automobiles.

Minus emissions through the use of air purification coating materials

We use minus emission technology for the coating applied to areas where large quantities of air pass through, such as electric fans and grille shutters. Ozone is converted back to oxygen during driving, clearing the air—the longer the vehicle is in motion, the cleaner the air becomes. This coating can be applied to either metal or non-metal parts of vehicles.



Used in the LQ concept car from Toyota

AK Aisin Keikinzo

With an increasing call for lighter, safer and more environmentally friendly automobiles, Aisin Keikinzo explores the infinite possibilities of aluminum to develop new products.

Top domestic share for aluminum products that minimize health hazards

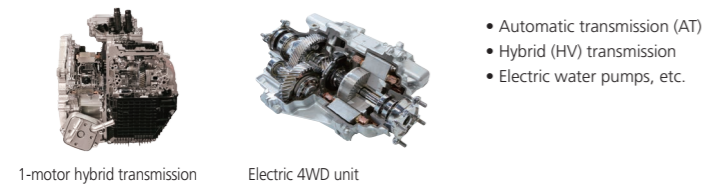
We use aluminum technology to create products that make people's lives easier. Aisin Keikinzo makes processed aluminum products for a wide range of fields. Aluminum ramps for assistive vehicles are just one of the company's range of products that make life easier for people.



Powertrain Company

Promoting the electrification of automobiles to help prevent global warming

Our Powertrain Company supplies electric drive units such as hybrid transmissions and eAxle and other products such as functional parts peripheral to engines. These parts are designed to improve fuel efficiency, reduce CO₂ and achieve cleaner exhaust in automobiles.



Kazuhiro Ozaki
President
Powertrain Company



Challenges and needs in society



Opportunities and risks

- Shift to carbon-free society to address the risk of climate change
 - More stringent fuel and exhaust regulations at national and regional levels
 - Change of powertrain mix from internal combustion to electric
 - Entry into the electric vehicle market by companies in other industries
- Shift to emerging countries by growth markets and increase in diversity

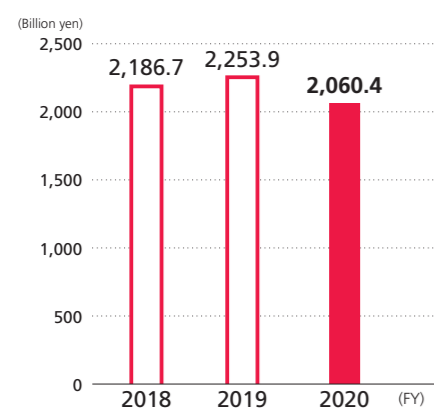
Policies

- Evolve from high efficiency to electrification to achieve cleaner, more environmentally friendly mobility
 - Share the purposes of the management merger between Aisin Seiki and Aisin AW and combine the strengths of the two companies to achieve those purposes
 - Condense and optimize resources to achieve synergy
 - Strengthen response to environmental issues (CO₂ reduction, exhaust regulations)

Strengths

- Development of electric drive units based on overall powertrain technology including HV transmissions
- Proposal and adaptation of parts for powertrain systems using our experience in developing engine parts together with our transmission business and vehicle manufacturers
- Production framework in four core areas of the world (Japan, USA, China, ASEAN)

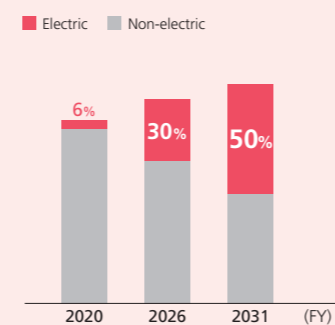
Sales



Basic strategies

- Expand range of electric drive unit products to meet a wide range of user needs and suit the characteristics of various regions
 - Build a global supply framework for electric drive units that meet a wide range of customer needs
 - Strengthen our electric technology by condensing and reallocating development resources

Ratio of electric products in our Powertrain Company



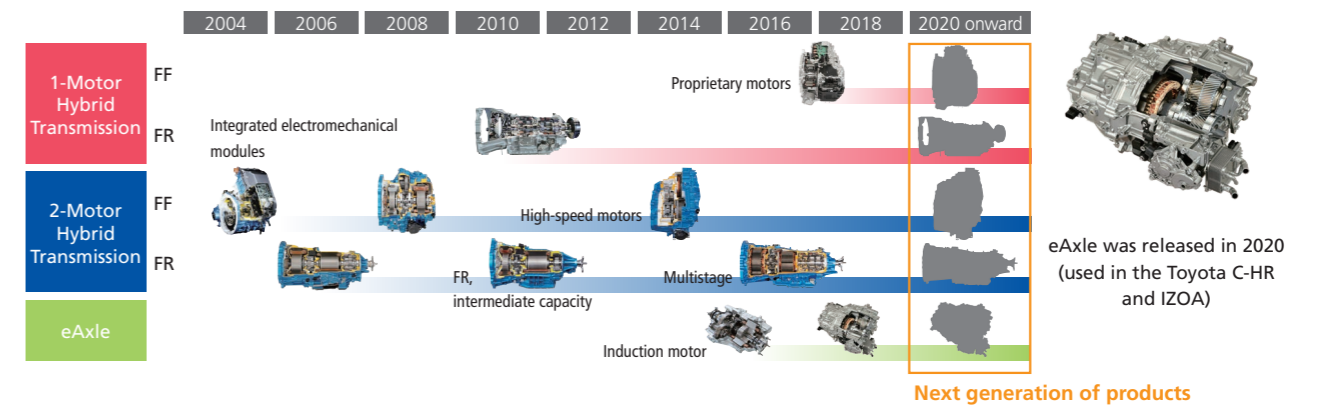
Electrification initiatives

With urgent action needed to tackle climate change, the powertrain field is evolving to achieve zero emissions. We are accelerating our shift to electrification to improve fuel efficiency and reduce materials that place a burden on the environment.

Initiatives for electric drive units

We have long focused on electric drive units based on the experience and results of our development and production of conventional transmissions such as AT and CVT. In 2004, we succeeded in developing a two-motor HV transmission and began mass production. We then expanded our range to

include a one-motor HV transmission and eAxle. From 2020 onward, we aim to successively introduce the next generation of products to increase our ratio of electric drive units. We will continue to evolve with advances in both our products for engines and our products for electric vehicles.



Making our electric products more competitive



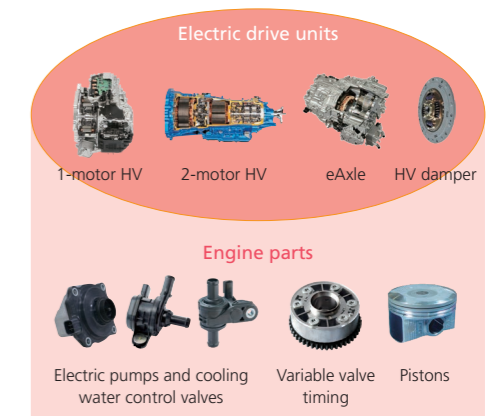
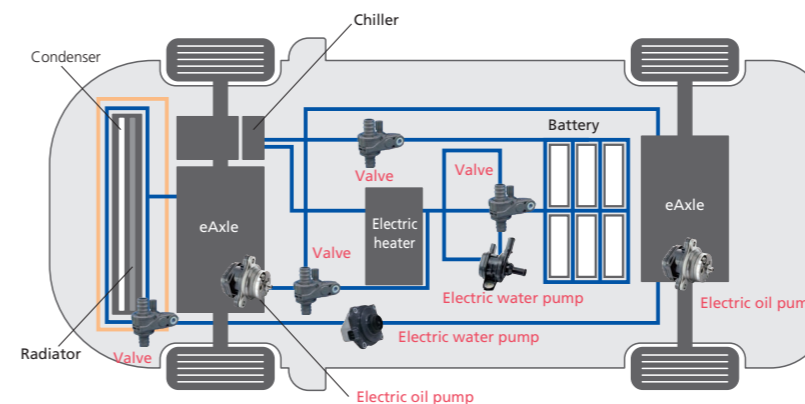
New Monozukuri Center (from April 2019)

This new center was established to strengthen our electrification initiatives by vastly expanding our facilities for electric products. The center conducts research and development of new motors that have a high performance and enable a high level of productivity. A proof-of-concept line for mass production has been installed to pursue new methods that achieve both high quality and strong productivity.

Initiatives for systems

We achieve optimal temperature control through heat management in automotive systems to get the most out of components such as the motor and battery. Electric water pumps are essential to these systems, and our electric pump systems are the top systems in the world with the top performance.

Meanwhile, fuel efficiency and exhaust regulations for vehicles with engines, including hybrid and plugin hybrid vehicles, are becoming more and more stringent every year. Along with our electric components, we propose engine components that comply with these regulations to help solve the environmental issues that these regulations seek to tackle.

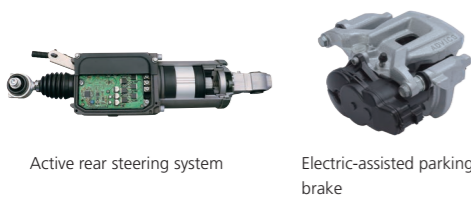


Chassis & Vehicle Safety System Company

Accelerating our development of automated driving technology with brake and vehicle dynamics control technology to achieve zero traffic accidents

Our Chassis & Vehicle Safety System Company supplies products that enable advanced control of driving, turning and stopping to reduce traffic accidents, make driving more enjoyable and achieve greater comfort during driving.

Kiyotaka Ise
President
Chassis & Vehicle Safety System Company



- Electronically controlled brake system
- Electronic stability control (ESC) modulator
- Power tilt and telescopic steering columns
- Driver monitoring systems, etc.

Challenges and needs in society

Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Better prospects for automated driving and driving support features to assist the growing number of people with limited mobility as our society ages and regions become depopulated
- Measures to reduce traffic accidents and strengthened safety laws and regulations
- Need for greater fuel efficiency in HVs and EVs
- Possibilities for use of big data and high-speed networks

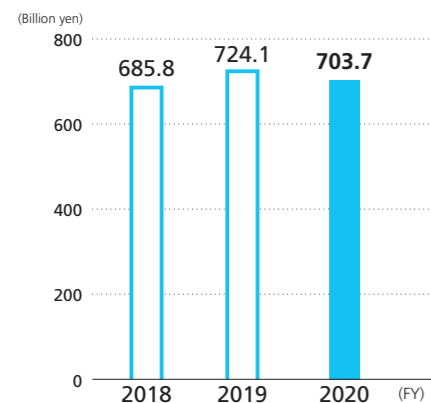
Policies

- Aim to achieve zero fatal traffic accidents and contribute to a driving society that meets this era's need for safer, more convenient and more enjoyable driving

Strengths

- Development and production of actuators to handle the basic operations of vehicles—driving, turning and stopping—and systems for total control of these
- Image recognition technology using AI and big data

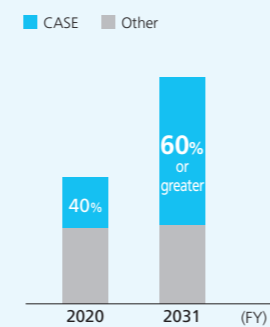
Sales



Basic strategies

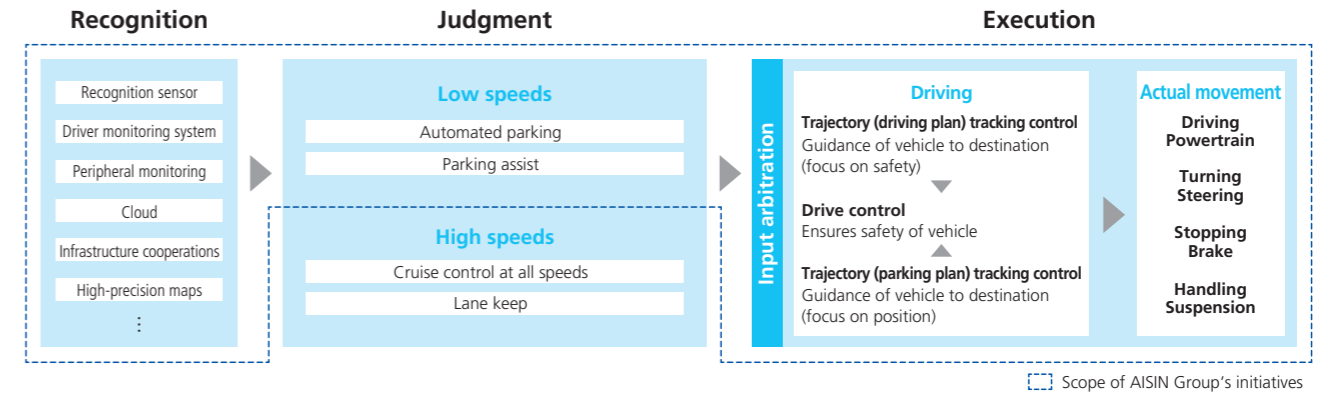
- Strengthen development of the next generation of products for automated driving
- Strengthen our development and production framework for electric products
- Expand our range of electric products
- Strengthen our framework for global collaboration, including collaborations with other companies and with government bodies and academia

Ratio of CASE in Chassis & Vehicle Safety Systems Company



Automated driving initiatives

AISIN Group combines a wide range of devices and technology in a wide range of driving phases to achieve safety, comfort and peace of mind, eliminate traffic accidents and alleviate traffic congestion.



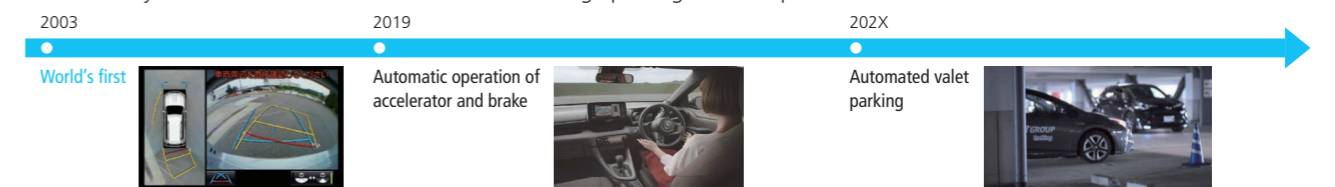
Driver monitoring system (DMS)

To eliminate traffic accidents caused by drivers taking their eyes off the road or falling asleep while driving, our driver monitoring systems detect closed eyes, line of sight and face angle and use an alarm to alert the driver. Our DMSes were the first in the world to be used in commercially available vehicles in 2006, and in 2019 we developed a system for businesses in which the DMS is linked with a drive recorder. With DMSes set to be required in vehicles in future, we are expecting demand to increase.



Automated parking

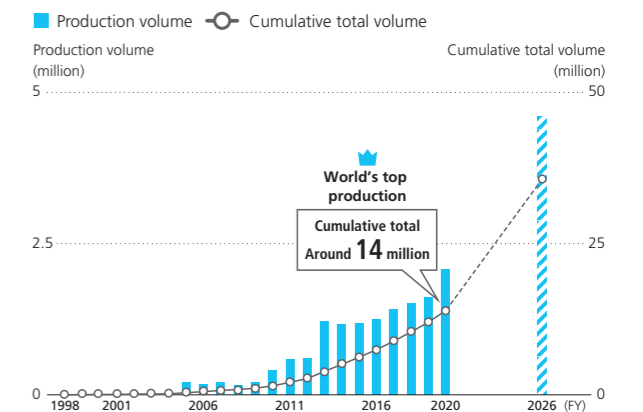
Our parking systems automate parking operations to meet the need for easier and safer parallel parking and parking in garages. In 2003, we were the first in the world to introduce a system that automatically operates the steering wheel. In 2019, we developed new parking support technology that also eliminates the need to operate the accelerator and brakes and set the parking position. This system is used in the Toyota Yaris. We are now building on this technology to develop automated valet parking, which automatically drives the vehicle from the entrance of a large parking area and parks the vehicle.



Electrification initiatives

Electronically controlled brake systems (cooperative regenerative brake systems)

These brake systems are installed in electric vehicles such as HVs and EVs, enabling energy to be recovered while still enabling smooth handling of the brakes. This improves fuel efficiency and is environmentally friendly. First used in HVs in 1997, the systems use our proprietary technology for independent control of brake pressure on the front and rear wheels, enabling more energy to be collected. Production is expected to increase dramatically in future as electric vehicles become more widely used. We are working to develop systems that enable even greater fuel efficiency and vehicle stability.



Body Company

Striving to be the world's number one company for opening, closing and entry systems that contribute to society and people's lives

To meet users' diversifying needs, we provide systems in which functionality is complemented by excellent designs, light weight and greater comfort, convenience and safety.



- Power sliding door system
- Power back door system
- Sunroof
- Door handles
- Door locks, etc.

Power sliding door

Masahiro Nishikawa
President
Body Component Company



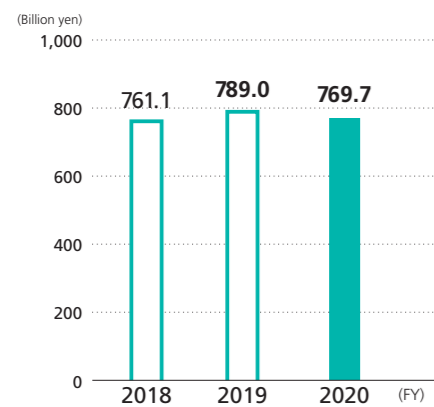
Challenges and needs in society

Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Structural reform of the automotive industry caused by CASE
- Diversification of services (expansion of MaaS market) due to shift from ownership to sharing
- Expansion of products for electric vehicles and growing need for lightweight, recyclable parts
- Intensifying competition due to entry of companies from other industries in the market

Sales



Basic strategies

- Bring two of our strengths to the growing MaaS market: the development of opening and closing systems and the use of sensing technology. The new products and services we will release will contribute to greater safety for people around the world, while delivering an exciting user experience.
- Prioritize resource usage for products (CASE and MaaS) that society needs. (Double the development personnel and spending for these areas between fiscal year 2020 and fiscal year 2024.)
- Contribute to a low-carbon society through the use of recycled and reused materials and the development of more fuel-efficient products

Policies

- Provide comfortable mobility for all people through entry systems that enable safe, comfortable entry to and exit from vehicles by anyone, anywhere, at any time
- Achieve a low-carbon society through development and manufacturing for electric vehicles

Strengths

- Opening and closing systems and sensing technology that provide new value
- The collective strengths of our group companies enable us to meet a wide range of needs, from processing of machine parts and tooling to system products processing to system products
- Fast global development support/production in optimal locations (development: 3 sites in Japan, China and the USA, production: 47 sites)

Building sustainable communities

The MaaS market is set to grow in the pursuit of smart cities and societies in which everyone can get where they need to go with ease. Our Body Component Company enables safe, comfortable entry to and exit from vehicles and comfortable mobility through the opening and closing systems and sensing technology we have developed, including power sliding door systems, power back door systems and sun roofs. In every product we develop, we make use of our unique perspective as a manufacturer of body products that are close to users.

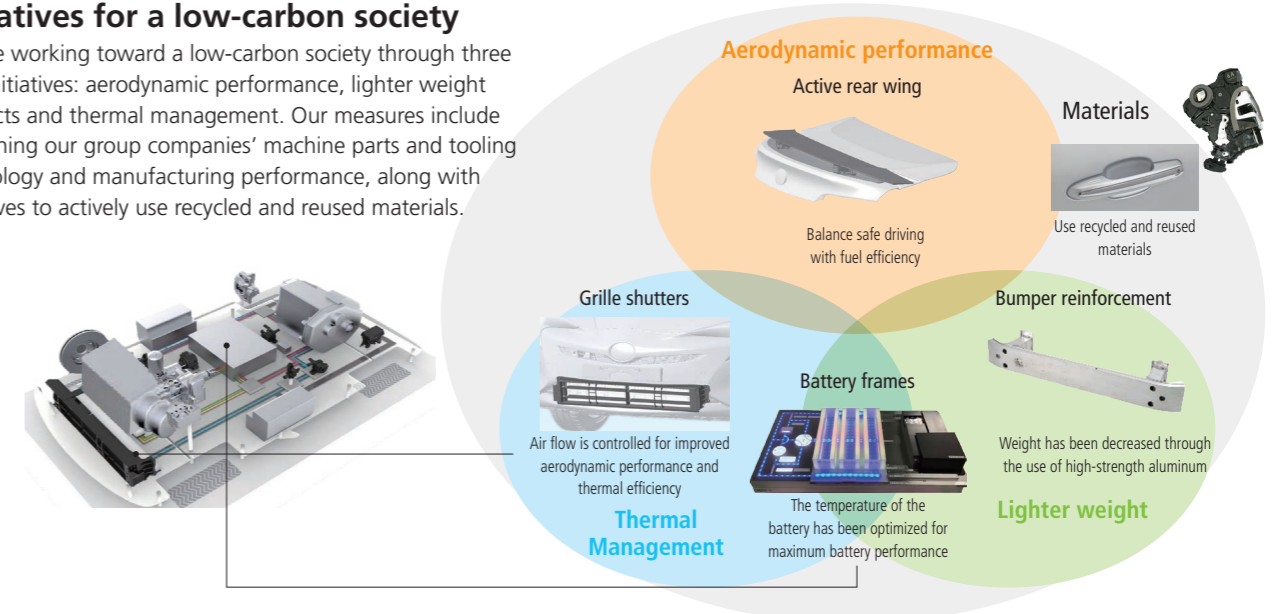


A smart city (illustration)

	Existing technology	Technological innovation
Opening and closing systems	<p>World's best</p> <p>Power sliding door Product range to meet a wide range of needs, along with greater compatibility (wider variety)</p>	<p>Entry systems Development of entry systems for MaaS to achieve smooth entry to and exit from vehicles</p>
	<p>World's first</p> <p>Hand motion sensors Hands-free controls for greater safety and user-friendliness</p>	
Sensing technology	<p>Power back door system</p>	<p>Smooth entry and exit providing peace of mind for wheelchair users</p>
	<p>Sunroof</p>	
	<p>Kick sensor</p>	<p>Safety monitoring system Provides peace of mind in cabin through facial recognition and monitoring of driver and passenger behavior</p>
	<p>Emblem opener</p>	<p>Judges various conditions and optimizes entry to and exit from vehicle accordingly</p>

Initiatives for a low-carbon society

We are working toward a low-carbon society through three core initiatives: aerodynamic performance, lighter weight products and thermal management. Our measures include combining our group companies' machine parts and tooling technology and manufacturing performance, along with initiatives to actively use recycled and reused materials.



Aftermarket Company

Working closely with local communities to ascertain users' needs and make AISIN a brand that is trusted worldwide

We make use of our strengths as a general parts manufacturer to supply a wide range of automotive repair parts and oil and chemical products for maintenance in markets around the world.



Hiroaki Tatematsu
President
Aftermarket Company



Challenges and needs in society

Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Improvement of operation rate of cars through expansion of car sharing
- Aftermarket established through competition

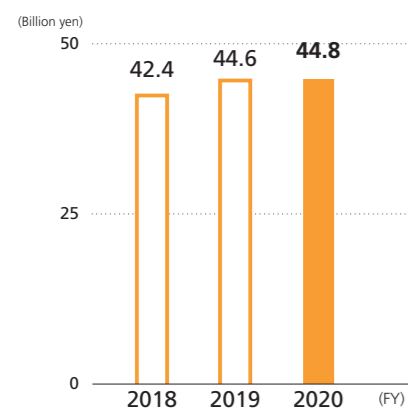
Policies

- Strive to become a global brand by boosting recognition of AISIN Group through our aftermarket business
- Contribute to the motoring life of automobile users around the world by providing a product range that meets a diverse range of needs

Strengths

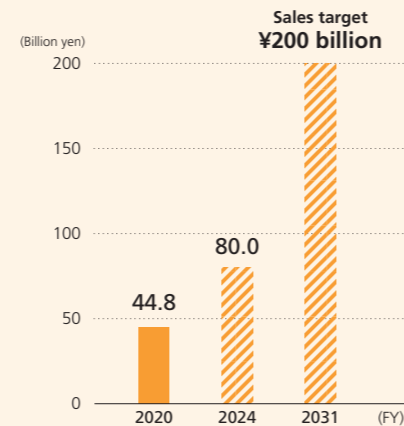
- Wide range of products and services that only a general automotive part manufacturer can provide
- High-quality product range to suit local characteristics

Sales



Basic strategies

- Broaden sales routes and strengthen of global framework
- Broaden product ranges through fast product planning
- Enter businesses into businesses for next generation of products to handle sharing and electrification
- Strengthen brand through group-wide activities



A global sales framework that works closely with local communities

To meet the diversifying needs of automobile users around the world, we have set up sites in various areas, with local companies planning and executing sales strategies based on the characteristics and needs of local communities. Since 2004, we have held a World Aftermarket Conference once a year, where the vision of our Aftermarket Company is shared along with policies and the status of activities specific to each area.



Our range of aftermarket products

We are strengthening our range of both mechanical parts and maintenance parts so that users can purchase our high-quality products in packages that have everything they need. We strive to be a global aftermarket supplier, selecting products that meet the stringent quality standards that the AISIN brand is known for and broadening our sales routes and the scope of our products.

Main products			New products		
			Group products		
Clutches (Aisin Seiki)	Water pumps (Aisin Seiki)	Electric water pumps (Aisin Seiki)			
			New suppliers' products		
AT fluid (Aisin Seiki)	Brake pads (ADVICS)	Pistons (Art Metal Mfg.)			

Increasing recognition of the AISIN brand

We are carrying out a wide range of initiatives to increase recognition of the AISIN brand by creating an aftermarket business that is familiar to end users so that people around the world will know AISIN Group's name.

Motor sports collaborations 	Appearances at trade fairs around the world 			Active on social media
TOYOTA ONE MAKE RACE (Thailand)	Automechanika (UAE)	Automechanika (China)	AAPEX (USA)	Our Instagram account

L&E Company

We are striving to be the kind of energy system supplier that is essential for a zero-carbon society

We contribute to creating a more environmentally conscious city by providing clean and highly efficient energy-related products.



Hydrogen is the future of home energy.

- Gas engine cogeneration systems for residential use (COREMO)
- Gas heat pump air-conditioners for industrial use (GHP)
- Shower-toilet seats, etc.

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

Etsuji Obata
President
L&E Company



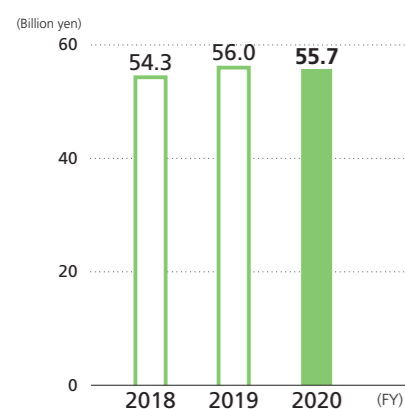
Challenges and needs in society

Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Response to growing awareness of environmental issues (compliance with the Paris Agreement, which seeks to reduce CO₂ by 26% between 2013 and 2030)
- Potential market expansion due to initiatives to create smaller sizes, reduce costs and increase resilience
- Large investment in developing fuel cell technology
- Outlook regarding the cost of hydrogen as an energy source is unclear

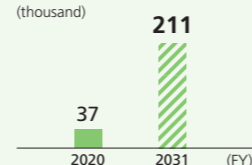
Sales



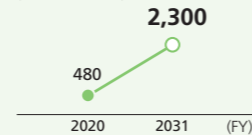
Basic strategies

- Closed bed and sewing machine businesses and established L&E Company to focus on energy business so that AISIN can survive this period of change
- ENE-FARM Has contributed to optimization of energy in social systems and grown into a core pillar of the company
- GHPs Are supporting the company as a profit source as we work to limit demand for power
- COREMO Is being expanded overseas by making use of its ability to handle many different fuels, and is being expanded to include biogas generation
- In the short term, we are working to develop and promote low-carbon devices to reduce CO₂. In the long term, we will contribute to the building of social systems through the development of zero-carbon devices with a view to creating a hydrogen society.

Number of energy-related products sold (thousand)



Reduction of CO₂ (thousand t-CO₂)



Policies

- Energy conservation and reduction of CO₂ through evolution and expansion of L&E products
- Acceleration of development that provides added value such as resilience to create a favorable cycle of growth
- Creation of new value by linking devices through IoT

Strengths

- Experience and track record in energy technology spanning over 40 years
- Development that balances efficient energy conversion with durability
- Retention of strong value chain
- Deployment of energy solutions through resilience measures and systematization

Development of low-carbon and zero-carbon energy products

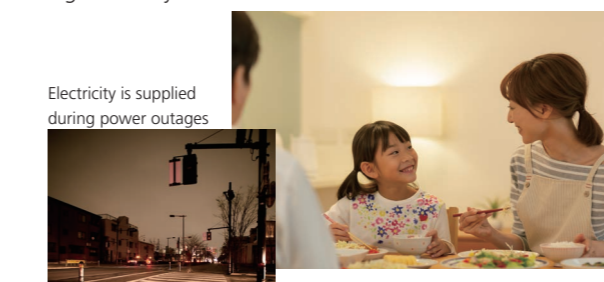
Since our development of the Stirling engine in 1972, we have developed products that meet society's needs in each new era. Our L&E Company draws on these historic strengths to accelerate the popularization, evolution and global expansion of GHP, COREMO and ENE-FARM.

1987 onward	2002 onward	2011 onward	2012 onward
<p>Increase in energy consumption Creation of new energy</p> <p>GHP XAIR III</p> <p>Industrial</p> <p>GHPs use a gas engine for air conditioning. This dramatically reduces power consumption compared to electric air conditioning systems.</p> <p>Reduction of CO₂ 1.7 t-CO₂ per unit per year</p>	<p>Energy saving Best mix of energy</p> <p>COREMO</p> <p>Household</p> <p>COREMO is a system that uses electricity generated by a gas engine for household purposes and provides heating with the heat that is generated.</p> <p>Reduction of CO₂ 1.5 t-CO₂ per unit per year</p>	<p>Low carbon</p> <p>ENE-FARM</p> <p>Household</p> <p>ENE-FARM is a system that generates electricity through a reaction between hydrogen and oxygen. The generated heat is also used to heat water, enabling effective use of energy.</p> <p>Reduction of CO₂ 1.5 t-CO₂ per unit per year</p>	<p>Zero carbon</p> <p>Helping to build a hydrogen society through the development of pure hydrogen products and systems such as VPP and methanation systems</p>

Increasing resilience

ENE-FARM

There is an increasing risk of large-scale power outages due to larger typhoons occurring in recent years alongside a weakening of infrastructure. ENE-FARM continues supplying power in the event of an outage, enabling users to continue using electricity and hot water.



Energy Vehicle

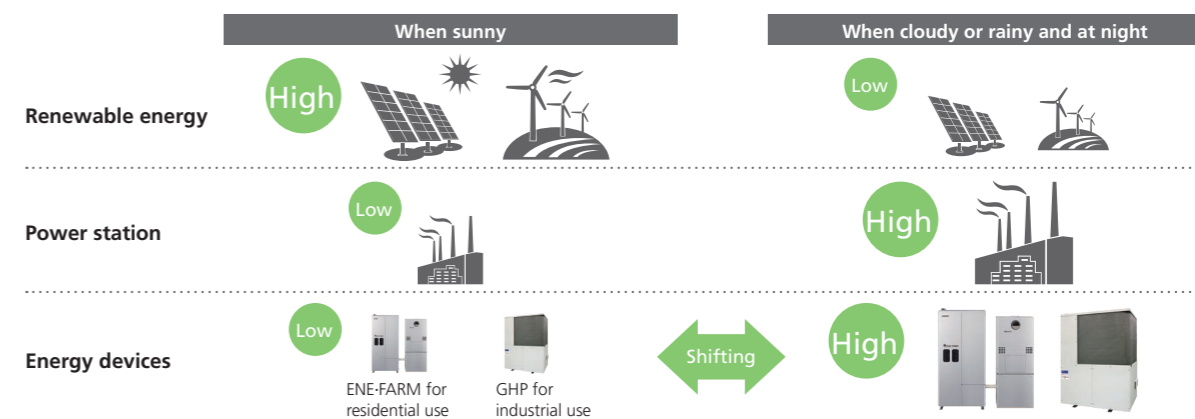
Since the Great East Japan Earthquake, we have provided support for regions affected by disasters by supplying shower rooms using COREMO. These were initially installed on site, but we have since developed vehicles with a COREMO unit and shower room on a truck, enabling the vehicles to be quickly deployed in disaster zones to provide electricity and showers.



Our Energy Vehicle won a Good Design Award in 2019

Optimization of energy supplies using IoT technology

We are contributing to a low-carbon society through energy management using systems with energy products. With renewable energy increasing, we are helping to optimize energy usage through peak cutting and shifting.



CSS Company

We are working side by side with top-performing global partners to provide new value for users through a wide range of mobility services

As a manufacturer of world-class car navigation systems, we leverage our experience in navigation technologies to realize solutions that will contribute to safe and comfortable mobility in the cars and societies of the future.



- Voice car navigation systems
- Car navigation apps for smartphones

Cloud-connected hybrid navigation systems

Kenji Suzuki
President
CSS Company



Challenges and needs in society

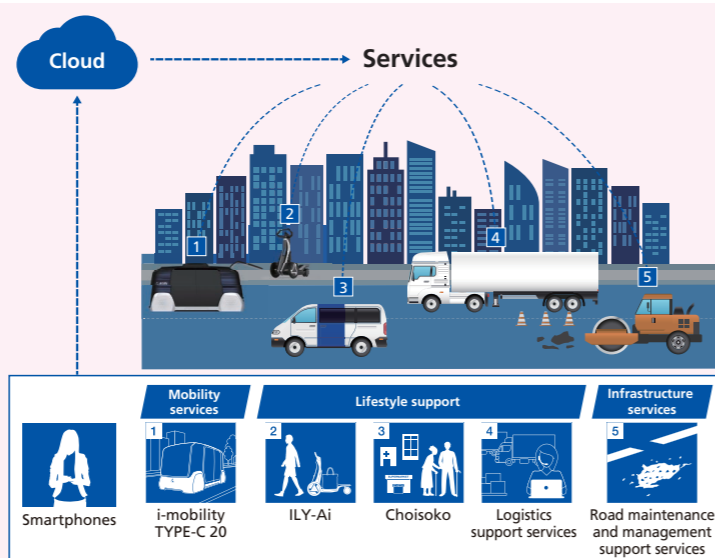
Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Expansion of CS business domain with innovations in communication technology such as 5G
- Emergence of new needs due to changing work styles
- Companies outside the automotive sector, such as IT, entering the CS business (risk)

Basic strategies

- Establish a mobility platform based on the highly accurate location technology we have built through our development of car navigation systems
- Collect a range of product data and vehicle information on a platform and analyze this by combining it with other relevant data, such as map data, social data and open data, to develop previously unknown experiences
- Utilize content and platforms to provide a variety of services that will address challenges in society such as difficulties in everyday life and mobility



Policies

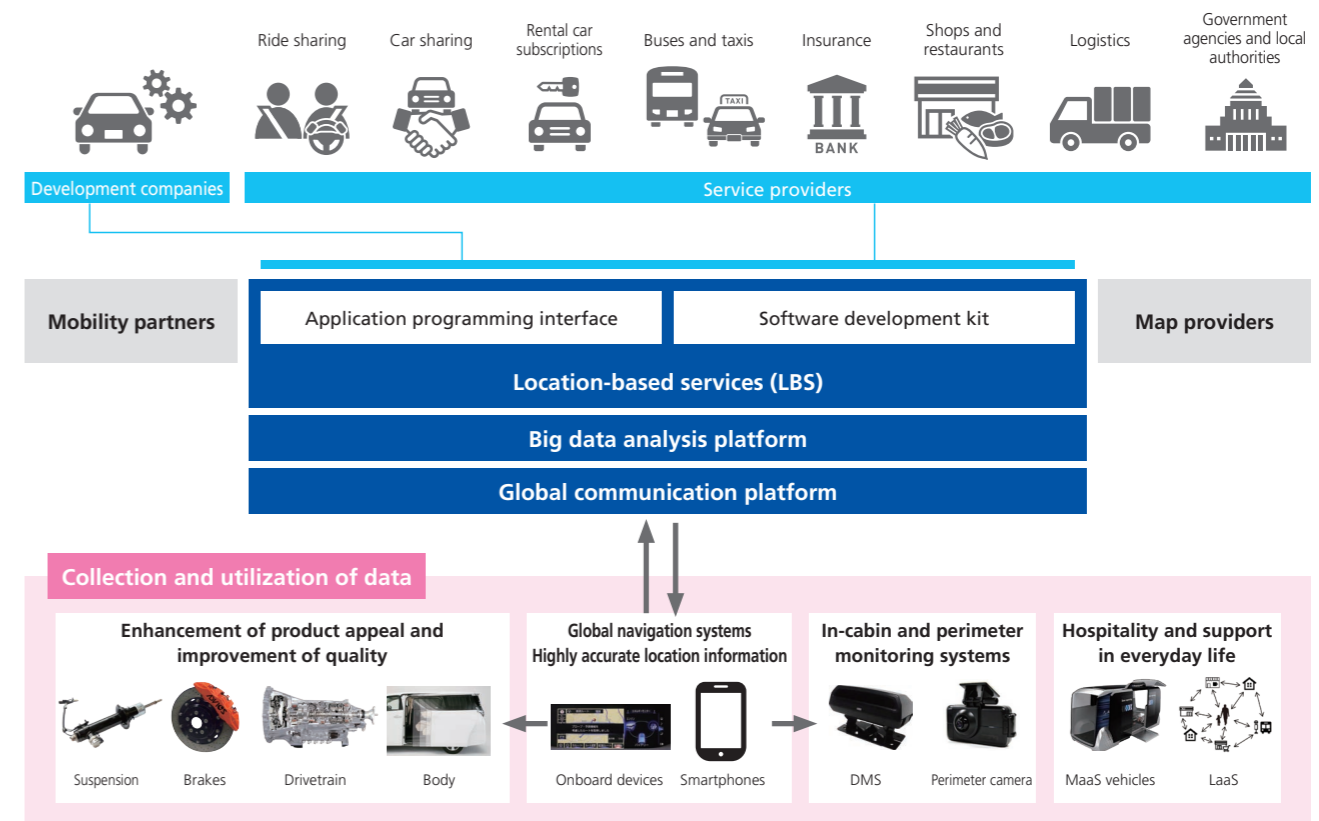
- We build on the expertise in location-based services (LBS) technology that we have cultivated through the development of car navigation systems, to provide a variety of uses (services, apps, content and platforms) to increase value for mobility users.

Strengths

- Platform technology (for head units, mobile devices and servers) with LBS technology as a core element
- Technological capabilities for large-scale development of software for in-car head units, along with a solid quality assurance process

MaaS initiatives

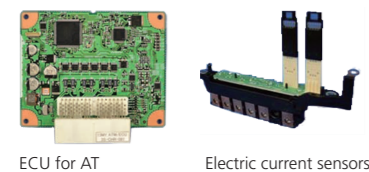
As we provide solutions to problems, we will also add value to our services through the implementation of an LBS cycle, in which we collect data, analyze big data, provide services and gather used data again. For example, location-based information can also be utilized in autonomous driving, and when location information is available, vehicles can detect dangerous road conditions ahead. It is also possible to calculate optimal routes by using location information. With this route optimization technology, it is now possible to realize rideshare services for elderly people who would otherwise have difficulty going out, or to provide drop-off and pickup services for families raising children. Furthermore, since the vehicle sensor data can pinpoint the exact location where road repairs are needed, we have been collaborating with local authorities in the testing of a road maintenance system that makes it possible to fix road problems before motorists and pedestrians report them.



Electronics Center

We are working to solve social issues by accelerating CASE product development through innovation of our electronic technology

We are cross-functionally developing the ECU, sensor and actuator technology that is needed in each area of our business. The improvements we make to the performance of our electronic parts enable our products to evolve to meet the needs of this new era, such as electrification and automation.



- ECUs
- Sensors
- Various actuators

Hiroshi Uenaka
President
Electronics Center



Challenges and needs in society

Climate change	Growing social inequality (inequality of mobility)	Widening inequality	Health problems
Traffic accidents and congestion	Natural disasters	Urbanization	Technological innovation

Opportunities and risks

- Acceleration of shift to CASE
- China catching up with extremely rapid development
- Intensifying competition on cost of electronic products
- Increase in importance of software in automobiles

Policies

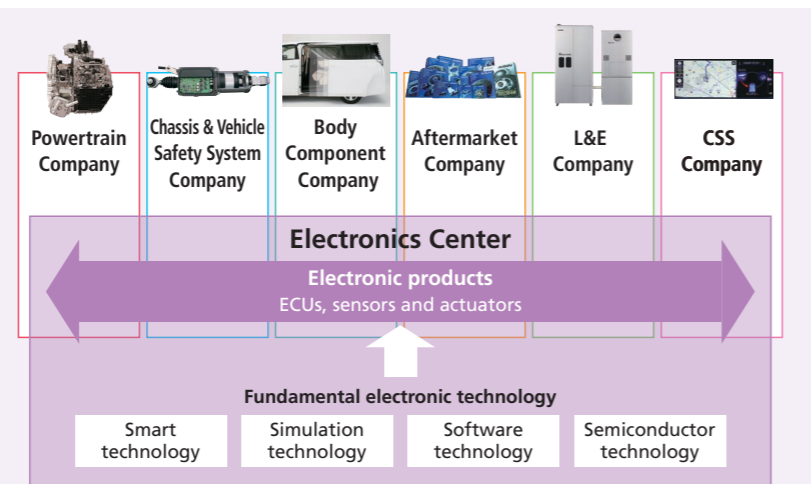
- Early release of new products for the development of the CASE field through electronic ICT, hardware and software technology
- Innovation of fundamental electronic technology to increase value

Strengths

- Smart technology and high-precision sensing technology through electro-mechanical integration
- Globally optimized procurement and production framework
- Development of software with high functionality and quality through wide-ranging knowledge across all areas

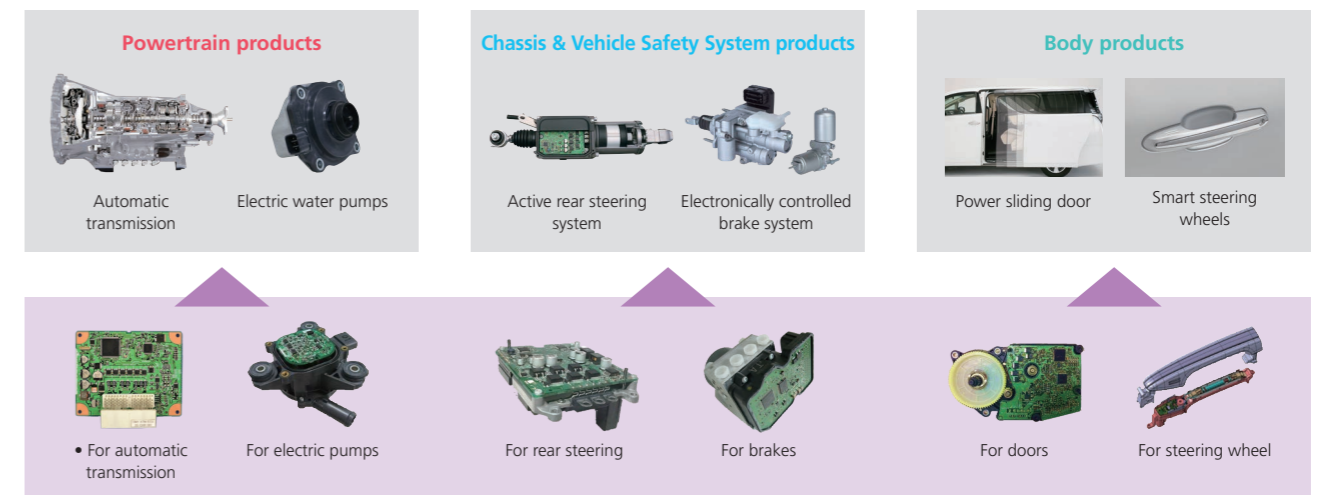
Basic strategies

- Established Electronics Center to collect functions from the increasingly advanced electronics field and apply them cross-functionally throughout our companies
- Raise the caliber of our development work to achieve efficiency, optimize quality and production at a global level and contribute to greater product value at each company



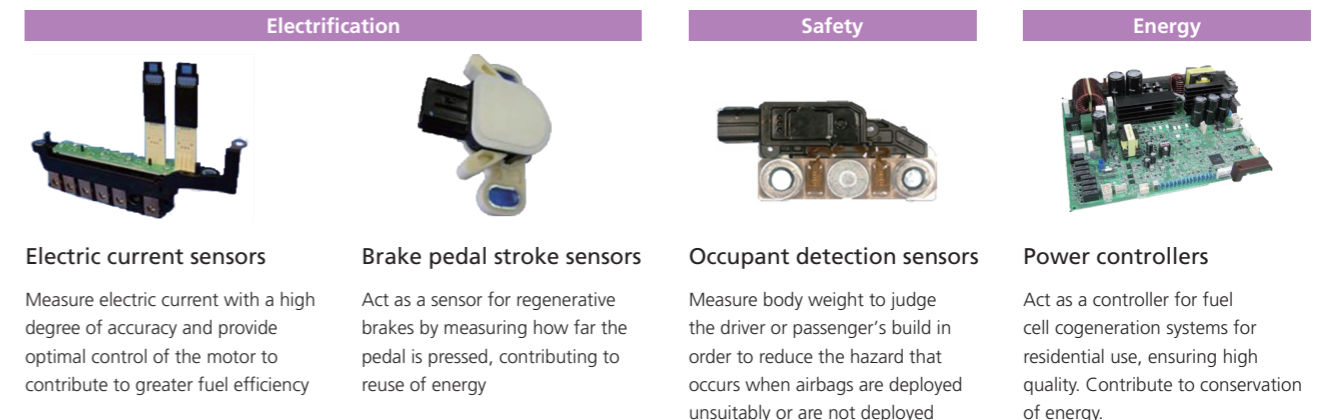
Electro-mechanical integration initiatives

A strength of AISIN Group is that we work in both the mechanical and actuator field and the electronic field. We are working with partners in each area of our business to improve the quality and performance of AISIN Group's main products to achieve total optimization.



Initiatives for safer and more environmentally friendly products

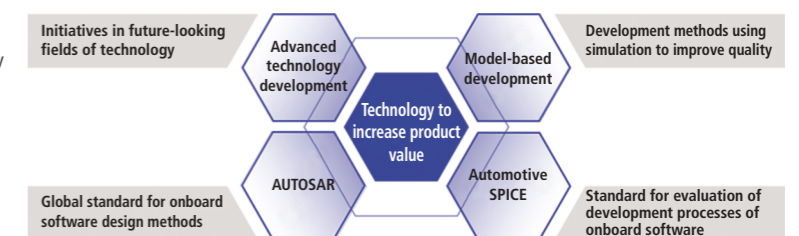
We are promoting the development and production of electronic products to solve social issues and support core areas of our business and our Future Development Vision.



Strengthening our software development

AISIN SOFTWARE Co., Ltd. (established October 2019)

AISIN SOFTWARE Co., Ltd. was established as a new company with the merger of Aisin Comcruise and AW Software, which handled the development of the group's onboard software. The company draws on our base of advanced software technology to actively explore future-looking areas such as AI and IoT and develop products using this technology.



Executive officers

Directors



M
Kanshiro Toyoda
Chairman

April 1965 Began working for Shinkawa Kogyo Co., Ltd.
June 1979 Became director of Aisin Seiki
June 1983 Became executive director of Aisin Seiki
June 1985 Became managing director of Aisin Seiki
June 1988 Became executive vice president of Aisin Seiki
June 1995 Became president of Aisin Seiki
June 2005 Assumed current role as chairman of Aisin Seiki

Reason for appointment

Mr. Toyoda has many years of experience in leadership roles at Aisin Seiki and our group companies in Japan and overseas, serving as president before assuming his current role as chairman. His extensive management experience has equipped him with a wide range of insights about how Aisin Seiki can thrive.

Number of Board of Directors meetings attended **14/15 (93.3%)**



M
Kiyotaka Ise
President

April 1980 Began working for Toyota Motor Industries
June 2007 Became executive officer of Toyota Motor Corporation
April 2013 Became managing officer of Toyota Motor Corporation
April 2013 Became Lexus International President at Toyota Motor Corporation
June 2013 Became director of Toyota Motor Corporation
June 2013 Became external auditor of Tokai Rika Co., Ltd.
January 2018 Became vice president and operating officer of Aisin Seiki
June 2018 Assumed current role as president of Aisin Seiki
April 2020 Assumed current role as president and operating officer of Aisin Seiki

Reason for appointment

Mr. Ise has extensive management experience and insights gained through his work as the Chief Safety Technology Officer, a managing officer and the advanced technology development company president at Toyota Motor Corporation, along with his work as the president of Aisin Seiki from 2018.

Number of Board of Directors meetings attended **15/15 (100%)**



M
Makoto Mitsuya
Director

April 1981 Began working for Aisin Seiki
June 2005 Became executive officer of Aisin Seiki
June 2009 Became managing director of Aisin Seiki
June 2012 Became director and managing officer of Aisin Seiki
June 2013 Became executive vice president of Aisin Seiki
April 2020 Assumed current role as vice president and operating officer of Aisin Seiki
June 2020 Assumed current role as director of Aisin Seiki

Reason for appointment

Mr. Mitsuya has extensive experience in our management divisions, including our overseas companies, and has extensive management experience and insights as a result of his appointment as director in 2009 and his current work as executive vice president from 2013.

Number of Board of Directors meetings attended **15/15 (100%)**



M
Toshiyuki Mizushima
Director

April 1981 Began working for Aisin Seiki
June 2005 Became executive officer of Aisin Seiki
June 2009 Became managing director of Aisin Seiki
June 2012 Became managing officer of Aisin Seiki
June 2014 Became executive vice president of Aisin Seiki
April 2015 Became director of Aisin Seiki and managing officer of Toyota Motor Corporation
January 2018 Became vice president and operating officer of Aisin Seiki
June 2018 Became executive vice president of Aisin Seiki
April 2020 Assumed current role as vice president and operating officer of Aisin Seiki
June 2020 Assumed current role as director of Aisin Seiki

Reason for appointment

After serving as executive officer, managing officer and director at Aisin Seiki, Mr. Mizushima became executive vice president in 2014 before being appointed as a managing officer of Toyota Motor Corporation and the president of Toyota's powertrain company. He assumed his current role as executive vice president of Aisin Seiki in 2018, bringing a wide range of experience and insights in management.

Number of Board of Directors meetings attended **15/15 (100%)**



M
Kazuhisa Ozaki
Director

April 1980 Began working for Aisin Warner Co., Ltd.
June 2005 Became director of Aisin AW Co., Ltd.
June 2009 Became executive director of Aisin AW Co., Ltd.
June 2011 Became managing director of Aisin AW Co., Ltd.
June 2013 Became director and managing director of Aisin AW Co., Ltd.
April 2015 Became advisor of Aisin AW Co., Ltd.
April 2015 Became managing officer of Aisin Seiki
June 2015 Assumed current role as director of Aisin Seiki
June 2017 Assumed current role as president of Aisin AW Co., Ltd.

Reason for appointment

As the president of Aisin AW Co., Ltd., a subsidiary of Aisin Seiki, Mr. Ozaki is closely involved in our management and possesses extensive experience in technical development of automatic transmissions, one of the mainstays of Aisin Group. He also possesses extensive management experience and insights after being appointed as a director of Aisin Seiki in 2015, followed by his current role as president of our Powertrain Company.

Number of Board of Directors meetings attended **14/15 (93.3%)**



M
Tetsuya Otake
Director

April 1983 Began working for Toyota Motor Corporation
April 2013 Became executive officer of Toyota Motor Corporation
April 2017 Became managing officer of Toyota Motor Corporation
January 2018 Assumed current role as president of ADVICS Co., Ltd.
June 2019 Assumed current role as director of Aisin Seiki

Reason for appointment

Mr. Otake combines extensive experience from Toyota Motor Corporation, particularly in management roles, with extensive experience and insights gained through his role as the president of ADVICS Co., Ltd., a subsidiary of Aisin Seiki, from January 2018.

Number of Board of Directors meetings attended **12/12 (100%)**



I M
Toshio Kobayashi
External Director

February 1986 Became professor at the Institute of Industrial Science, University of Tokyo
July 1996 Became professor at the Center for Collaborative Research, University of Tokyo
July 2000 Became member of the Science Council of Japan
July 2000 Became professor at the Institute of Industrial Science, University of Tokyo
May 2003 Became Vice Chairman and Director of Japan Automobile Research Institute
June 2003 Became Professor Emeritus of the University of Tokyo
April 2012 Became Chairman and Director of Japan Automobile Research Institute
October 2013 Assumed current role as Chief Advisor of Japan Automobile Research Institute
June 2014 Assumed current role as director of Aisin Seiki

Reason for appointment

Mr. Kobayashi has specialized expertise in mechanical and calculation engineering and a wide range of experience through his work in roles such as professor at the Institute of Industrial Science, University of Tokyo and Chairman and Director of Japan Automobile Research Institute.

Number of Board of Directors meetings attended **15/15 (100%)**



I M
Tsunekazu Haraguchi
External Director

April 1970 Began working for the Ministry of Finance
May 1995 Became president of Nagoya Regional Taxation Bureau
July 1996 Became president of Kinki Regional Finance Bureau
January 2001 Became president of the Financial Bureau of the Ministry of Finance
July 2001 Became president of the Planning and Coordination Bureau of the Financial Services Agency
July 2002 Became vice president of National Life Finance Corporation
October 2007 Became president and CEO of AEON Bank Co., Ltd.
March 2010 Became chairman of AEON Bank Co., Ltd.
March 2010 Became joint CEO of the general financial business of AEON CO., LTD.
November 2012 Became director of AEON Credit Service Co., Ltd.
March 2013 Became operating officer of AEON CO., Ltd.
April 2013 Became chairman of AEON Financial Service Co., Ltd.
March 2014 Became chairman and president of AEON Financial Service Co., Ltd.
April 2014 Became director of AEON Bank Co., Ltd.
May 2014 Became director of AEON Reit Management Co., Ltd.
June 2014 Assumed current role as director of Aisin Seiki
June 2014 Became director of AEON Financial Service Co., Ltd.
June 2017 Became advisor of AEON Financial Service Co., Ltd.
March 2018 Assumed current role as special advisor of Wealth Brothers Co., Ltd.
June 2018 Became advisor of AEON Bank Co., Ltd.

Reason for appointment

Mr. Haraguchi has specialized knowledge and experience as a result of his work in roles such as president of the Financial Bureau of the Ministry of Finance and president of the Planning and Coordination Bureau of the Financial Services Agency, and has gained extensive experience and insights as a manager through his work at companies like AEON Financial Service Co., Ltd.

Number of Board of Directors meetings attended **15/15 (100%)**



I F
Michiyo Hamada
External Director

April 1974 Became Assistant Professor in Nagoya University's School of Law
April 1985 Became Professor at Nagoya University's School of Law
April 1999 Became Professor at Nagoya University's Graduate School of Law
June 2004 Became auditor for Aisin Seiki
April 2008 Became dean of Nagoya University's Graduate School of Law
April 2009 Became member of the Japan Fair Trade Commission
April 2009 Assumed current role as Professor Emeritus of Nagoya University
June 2014 Became external auditor of Toho Gas Co., Ltd.
June 2014 Assumed current role as external auditor of Metropolitan Expressway Company Limited
June 2015 Assumed current role as external director of Sangetsu Corporation
June 2016 Assumed current role as director of Aisin Seiki
June 2020 Assumed current role as outside director of Toho Gas Co., Ltd.

Reason for appointment

Ms. Hamada has specialized knowledge and a wide range of experience in areas such as the Companies Act and Antimonopoly Act as a result of her experience in non-corporate roles such as Professor in Nagoya University's School of Law and a member of the Japan Fair Trade Commission.

Number of Board of Directors meetings attended **14/15 (93.3%)**

Audit and supervisory board members



M
Toshikazu Nagura
Standing Auditor

April 1974 Began working for Aisin Seiki
June 2001 Became director of Aisin Seiki
June 2005 Became executive officer of Aisin Seiki
June 2007 Became managing director of Aisin Seiki
June 2011 Became executive vice president of Aisin Seiki
June 2016 Assumed current role as standing auditor of Aisin Seiki

Reason for appointment

Mr. Nagura has extensive management experience and a wide range of expert insights on matters both inside and outside the company, gained through many years in roles such as executive vice president of Aisin Seiki.

Number of Board of Directors meetings attended **15/15 (100%)**



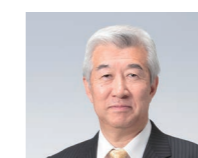
M
Masayoshi Hotta
Standing Auditor

April 1978 Began working for Aisin Seiki
June 2008 Became standing auditor of ADVICS Co., Ltd.
June 2012 Assumed current role as standing auditor of Aisin Seiki

Reason for appointment

Mr. Hotta has extensive experience and insights as a result of his work as a standing auditor at ADVICS Co., Ltd., a subsidiary, and then a standing auditor of Aisin Seiki from 2012 onward.

Number of Board of Directors meetings attended **15/15 (100%)**



M
Mitsuhsa Kato
Auditor

April 1975 Began working for Toyota Motor Industries
June 2004 Became executive officer of Toyota Motor Corporation
June 2006 Became president of Toyota Technocraft Co., Ltd.
June 2010 Became executive officer of Toyota Motor Corporation
June 2011 Became managing officer of Toyota Motor Corporation
June 2012 Became executive vice president of Toyota Motor Corporation
June 2013 Became director of Toyota Central R&D Labs, Inc.
April 2015 Assumed current role as CEO of Genesis Research Institute, Inc.
June 2015 Assumed current role as external auditor of Aisin Seiki
June 2015 Assumed current role as external director of Toyota Industries Corporation
April 2016 Became chairman of Toyota Central R&D Labs, Inc.
June 2017 Became advisor of Toyota Motor Corporation

Reason for appointment

Mr. Kato has extensive experience and insights as a manager through his work at companies such as Toyota Technocraft Co., Ltd., Toyota Motor Corporation and Toyota Central R&D Labs, Inc.

Number of Board of Directors meetings attended **12/15 (80%)**

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



I M
Ryo Kobayashi
Auditor

April 1986 Became Assistant Professor in Kyushu University's School of Law
April 1996 Became Professor in Nagoya University's School of Law
April 1999 Assumed current role as Professor at Nagoya University's Graduate School of Law
June 2009 Assumed current role as external auditor of Aisin Seiki

Reason for appointment

Mr. Kobayashi has specialist knowledge and a high level of expertise in law as a result of his experience in roles such as Professor at Nagoya University's Graduate School of Law.

Number of Board of Directors meetings attended **15/15 (100%)**

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



I M
Hikaru Takasu
Auditor

October 1979 Began working for Ito Accounting Office, an auditing company
January 1984 Opened his own certified accounting office
July 2002 Assumed his current role as a representative of Hikaru Takasu Accounting Office
June 2010 Assumed current role as external auditor of Aisin Seiki

Reason for appointment

Mr. Takasu is a certified accountant and possesses considerable knowledge of finance and accounting.

Number of Board of Directors meetings attended **15/15 (100%)**

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

I = independent director
M = male **F** = female

Corporate governance

Basic stance on corporate governance

AISIN Group builds strong relationships with all of our stakeholders and achieves steady long-term growth and expansion to maximize our value as a company. In order to accomplish this, we believe that it is important to conduct our business activities in a fair and transparent way in order to be a trusted corporate citizen in the international community. We carry out corporate governance according to our Basic Policy on Corporate Governance. We are also endeavoring to achieve sustainable growth and increase our value as a company in the medium to long term through ongoing effectiveness reviews and enhancements of our corporate governance based on factors such as changes in our business environment.

Basic Policy

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

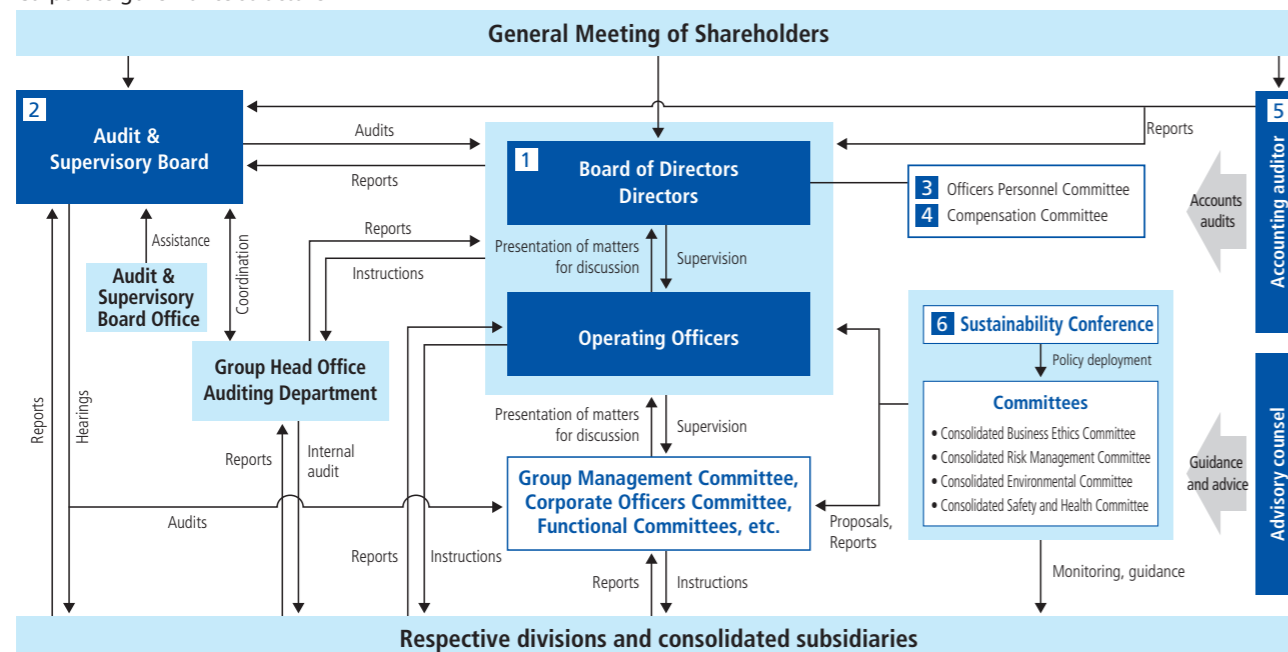
Corporate governance structure

AISIN Group uses an audit and supervisory board system to strengthen the management and supervision of the Board of Directors and enable more efficient management by our operating officers system. To enable more accurate, faster and fairer decision making, we established a framework from June 2019 in which at least one third of our directors are independent external directors. To enable more independent, objective decision-making about appointing and compensating directors and operating officers, decisions of this nature are reviewed and discussed by the Officers Personnel Committee and Compensation Committee, with external directors accounting for the majority of members, before being raised at the Board of Directors meeting.

Initiatives to improve corporate governance

From April 1, 2020, we appointed a new president and operating officer for our operating officers system to enable more flexible changes to the system when an officer is transferred. On June 16, 2020, a partial change to our articles of incorporation was approved at the General Meeting of Shareholders, allowing the president to be selected from our operating officers. The position of executive vice president has also been eliminated to clarify roles in decision-making and business operations within the director system. These changes, among others, will further strengthen our corporate governance.

Corporate governance structure



Board of Directors

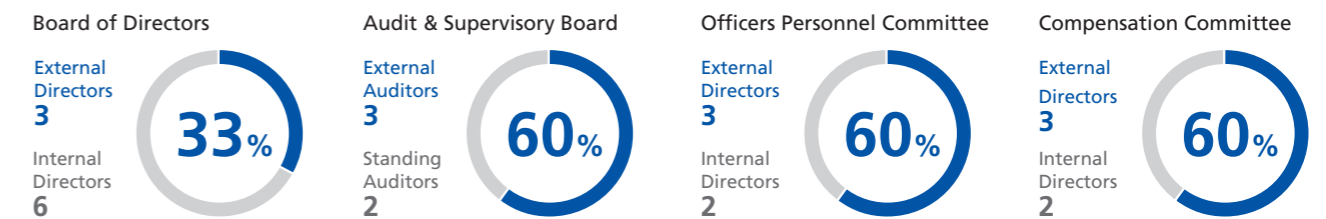
Members of our Board of Directors, Audit & Supervisory Board, Officers Personnel Committee and Compensation Committee

		Board of Directors	Audit & Supervisory Board	Officers Personnel Committee	Compensation Committee
Directors	Chairman	Kanshiro Toyoda	◎		
	President	Kiyotaka Ise	○	◎	◎
	Director	Makoto Mitsuya	○	○	○
	Director	Toshiyuki Mizushima	○		
	Director	Kazuhisa Ozaki	○		
	Director	Tetsuya Otake	○		
	Director	Toshio Kobayashi	○		○
	Director	Tsunekazu Haraguchi	○		○
	Director	Michiyo Hamada	○		○
Audit and supervisory board members	Standing auditor	Toshikazu Nagura	○	◎	
	Standing auditor	Masayoshi Hotta	○	○	
	Auditor	Mitsuhsisa Kato	○	○	
	Auditor	Ryo Kobayashi	○	○	
	Auditor	Hikaru Takasu	○	○	

◎ Chair ○ Members

External Independent director Female

Ratio of external directors



1 Board of Directors

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

Number of meetings: 15 per year

2 Audit & Supervisory Board

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

Number of meetings: 14 per year

3 Officers Personnel Committee

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

Number of meetings: 3 per year

4 Compensation Committee

This committee reviews and establishes basic policies regarding our remuneration system and decisions. Proposals for the remuneration system and standards for each role are also discussed according to our basic policies.

Number of meetings: 3 per year

5 Accounting Auditor

PricewaterhouseCoopers Aarata LLC is retained for accounting audits under the Companies Act and the Financial Instruments and Exchange Act.

6 Sustainability Conference

The Sustainability Conference is used to discuss and decide on the direction of activities based on the SDGs and other ESG strategies with the aim of earning the trust and support of all of our stakeholders, contributing to the sustainable development of society as AISIN builds a global presence. Led by the President, the council comprises the executive vice president, the operating officer in charge and the presidents of five core companies in AISIN Group.

Number of meetings: 1 per year

*The number of meetings is for fiscal year 2020.

Policies and procedures on the appointment and dismissal of directors and auditors

When appointing and dismissing members of our Board of Directors, we seek the optimum balance of knowledge, experience and skills to ensure the suitable, swift and fair decision-making that is needed to achieve sustainable growth and increase our value as a company in the medium and long term. We take a comprehensive approach, including appointing multiple external directors with advanced expertise inside and outside the industry. We are conscious of the need for efficient consolidated management and appoint directors of key subsidiaries as directors of Aisin Seiki.

Nomination, appointment and dismissal is reviewed and discussed by our Officers Personnel Committee, in which the majority of members are external directors, to select candidates for director and auditor positions. Decisions for directors are made on discussion at the General Meeting of Shareholders based on internal decisions made by the Board of Directors. Decisions for auditors are made on discussion at the General Meeting of Shareholders based on internal decisions made by the Board of Directors and agreed upon by our auditors.

Specialties and experience of directors and auditors

		Company management	Industry knowledge	Technology development	Production technology and manufacturing	Sales and procurement	Finance and accounts	Legal affairs and CSRs	Overseas experience
Chairman	Kanshiro Toyoda	○	○	○	○				
President	Kiyotaka Ise	○	○	○					○
Director	Makoto Mitsuya	○	○				○	○	○
Director	Toshiyuki Mizushima	○	○		○				
Director	Kazuhisa Ozaki	○	○	○					
Director	Tetsuya Otake	○	○				○		○
Director	Toshio Kobayashi		○	○	○				
Director	Tsunekazu Haraguchi	○					○		
Director	Michiyo Hamada							○	○
Standing auditor	Toshikazu Nagura	○	○		○	○			○
Standing auditor	Masayoshi Hotta		○				○	○	○
Auditor	Mitsuhisa Kato	○	○	○					
Auditor	Ryo Kobayashi							○	
Auditor	Hikaru Takasu						○		

Main reports and proposals at Board of Directors meetings (July 2019 - June 2020)

	Proposals	Reports	Total	Ratio
Business strategies, sustainability and governance	16	11	27	35%
Settlement, dividends and other financial matters	13	2	15	19%
Internal control, risk management and compliance	0	2	2	2%
HR, appointment, remuneration and organizational changes	20	0	20	26%
Individual matters	0	14	14	18%
Total	49	29	78	100%

Initiatives for a more active Board of Directors

We believe that it is important that every member of our Board of Directors brings their own knowledge and experience to their management activities, and we endeavor to facilitate active discussion between our directors, including external directors.

Separation of supervision and execution

- Slimmed down management framework
- Diverse balance of knowledge, experience and skills

Sufficient time for discussion

- Review of standards for discussions by Board of Directors
- Prior explanation of proposed topics for discussion, etc. for external directors
- Creation of annual schedule for Board of Directors meetings

Sharing of information and strengthening of framework for collaboration

- Sharing of details of decisions at important meetings such as management committee meetings
- Holding opinion exchange meetings, round-table conferences, training, etc.
- Observation of domestic and overseas subsidiaries, etc. by external directors

Effectiveness evaluation of Board of Directors

Our Board of Directors includes multiple external directors to guarantee that functions performed by the Board of Directors, such as decision-making and the running of meetings, are executed effectively. Interviews are held with all external directors and auditors to ask about the effectiveness of the Board of Directors as a whole and improvements are made based on their answers.

Evaluation and issues for fiscal year 2020

In our interviews at the end of fiscal year 2020, our external directors expressed that the overall effectiveness of our Board of Directors had improved. Positive points included more active discussion on important issues and a sufficient support framework. Issues included the need for further enhancement of on-site observations and opinion exchanges about strategies and risks.

Improvements and future initiatives

We are creating venues for free discussion between external directors and operating officers to provide more opportunities for exchanges of opinion where necessary, an issue that was raised. Attendees discuss and provide advice on a wide range of topics, such as energy business strategies for building a zero carbon society and visions for a research company in AISIN Group. On-site observations are also done when there are no severe outbreaks of COVID-19.

Initiatives to strengthen internal control

Aisin Seiki is strengthening measures based on the Basic Policy Concerning the Establishment of Internal Control, which was approved by a resolution of the Board of Directors.

The core group companies in AISIN belong to consolidated committees such as the Consolidated Business Ethics Committee, the Consolidated Risk Management Committee, the

Consolidated Environmental Committee and the Consolidated Safety and Health Committee, which carry out comprehensive notification and executive activities such as establishing and enacting basic policies to optimize operations and minimize risk, creating guides and carrying out training. The committees also monitor operations throughout the company to ensure that all sites are operating effectively. With regard to auditing activities conducted by internal auditing departments, as of January 2018, the group has sought to enhance its auditing structure by consolidating the auditing functions of its 13 core group companies within group headquarters. Moving forward, we plan to audit all of the group's consolidated subsidiaries on a regular basis using the *genchi genbutsu* (go and see) approach.

Additionally, a summary of all activities geared toward improving and strengthening internal controls is reported at a meeting of the Board of Directors, held during April of each year, to verify the adequacy of these initiatives.

Criteria and characteristics of independent external directors

All independent external directors appointed by Aisin Seiki are expected to fulfill the following duties and obligations.

1. Apply specialized knowledge, wide-ranging experience and other assets gained from previous roles to their management at Aisin Seiki.
2. Provide warnings and advice about risks from an impartial and fair perspective in important decision-making settings such as meetings of the Board of Directors.
3. Preside over conflicts of interest between the company and parties such as its management or controlling shareholders
4. Appropriately represent outside views at meetings of the Board of Directors. When selecting candidates for external director positions, we focus on specialized expertise and a wide range of experience that will enable the candidate to provide frank and constructive advice about our management, in addition to the requirements for independence set by the Companies Act and the Tokyo Stock Exchange.

Sharing of information with external officers

AISIN believes that the management of our business depends on external directors and auditors carrying out their roles and duties effectively from an independent, objective standpoint. External directors attend monthly round-table conferences with top management and auditors in an initiative to facilitate meaningful discussion at venues such as our Board of Directors meetings.

To promote understanding among external directors and auditors about the businesses and functions of our company, we endeavor to facilitate exchanges of information and boost awareness through venues such as observations of plants, test courses and relevant companies and discussions with the relevant officers and managers in each headquarters and division.

We have also appointed specific staff in our Corporate Planning Dept. and Audit & Supervisory Board Office to facilitate communication and coordination with external directors and auditors and ensure that the information required by external directors and auditors is provided accurately.

Remuneration of officers

Basic stance on remuneration of officers

Our system for remuneration of our officers is designed according to the following principles.

- (1) Remuneration shall motivate our officers to work toward achieving AISIN Group's corporate principles and following its management policies.
- (2) Remuneration shall reflect the responsibilities, results, etc. of each officer.
- (3) Remuneration shall reflect the business environment and short- to medium-term results of AISIN Group and encourage officers to improve our corporate value and manage from the perspective of our shareholders.

Remuneration structure for officers

As officers oversee the operations of the company, the remuneration structure for directors (other than external directors) comprises a fixed monthly salary along with bonuses and stock options tied to results.

In recognition of their position as officers responsible for providing supervision and advice or audits of our management from an independent standpoint, external directors and auditors receive only a monthly salary with no bonuses or stock options.

System and configuration of remuneration for directors and auditors

Type of remuneration	Directors (excluding external directors)	External directors	Auditors	Payment policy	
Fixed remuneration	Monthly salary	50%	100%	100%	Directors' remuneration reflects factors such as the director's duties and experience, along with trends among other companies. Auditors' remuneration reflects factors such as the auditor's duties and trends among other companies.
Performance-linked remuneration	Bonuses	35%	-	-	Bonuses are based on the consolidated operating profit achieved through our operations in each period, and are decided through a comprehensive assessment of dividends, the size of the bonuses given to our employees, trends among other companies and bonuses that were paid in the past. Bonuses for the period ended March 2020 were set based on our consolidated operating profit of ¥56.1 billion (results).
	Stock options	15%	-	-	Shares with restriction on transfer are given as an incentive to boost the value of our stock by continuously improving our value as a company.

Remuneration amount for directors and auditors

Category	Total remuneration, etc. (Million yen)	Totals for each type of remuneration (million yen)			Number of recipients (Persons)
		Fixed remuneration	Performance-linked remuneration		
			Monthly salary	Bonuses	
Directors (external directors)	434 (41)	309 (41)	78 (-)	45 (-)	15 (3)
Auditors (external auditors)	135 (33)	135 (33)	- (-)	- (-)	5 (3)
Total	569	445	78	45	20

- Notes: 1. The above figures include six directors who left at the end of the 96th General Meeting of Shareholders held on June 18th, 2019.
 2. Bonuses indicate the amount posted at the Board of Directors meeting on April 30, 2020.
 3. Stock options indicate the amount expensed in this business year for shares with restriction on transfer given to directors (excluding external directors).
 4. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total monthly salary and bonuses paid to all directors collectively must be no greater than 600 million yen per year (with no greater than 75 million yen paid to the external directors).
 5. It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total stock options to be given to all non-external directors collectively must be worth no greater than 100 million yen per year.
 6. It was decided at the 87th General Meeting of Shareholders on June 23, 2010 that the total monthly salary paid to all auditors collectively must be no greater than 15 million yen per month.

Method for deciding remuneration of officers

Remuneration of directors is decided by the Compensation Committee, in which the majority of members are external directors. The remuneration system and decision method are deliberated on to ensure that officers are paid appropriately and the amount for each position is discussed before a final decision is made by the Board of Directors.

The monthly salary for each auditor is decided upon discussion between the auditors.

Equity

Basic policy regarding cross-shareholdings

To survive the intense competition and continue to grow in the automotive parts and home and energy businesses where we operate, we believe that it is essential to build a cooperative relationship with various companies throughout all processes including development, procurement, production, distribution and sales. For this reason, AISIN retains cross-shareholdings to maintain and improve our company's value in the medium- to long-term, from an all-encompassing perspective including business strategies and business relationships with trading partners. AISIN does not hold investment shares for net investment for the purpose of receiving profit from changes in the value of our own shares or dividends generated by our shares.

Method for verifying whether to hold shares

Where necessary, AISIN communicates constructively with companies in which we hold shares from the perspective of maintaining and improving the value of the company and driving sustainable growth. These conversations take place with the aim of sharing business issues and solving problems. At each year's Board of Directors meeting, we discuss all of our cross-shareholdings. Taking into account factors such as benefits and risks based on capital costs, we verify the economic viability and future prospects of the shares from a medium- to long-term perspective based on the return and risk and reflect this in specific explanations of the aims and viability of retaining the shares. If shares are not expected to contribute to maintaining and improving the medium- to long-term value of the company, we consider reducing them. We made a decision at the Board of Directors meeting in May 2020 about whether to hold shares in each individual brand, taking into account quantitative factors such as how much we have traded with them recently and the dividend yield and the company's ROE compared to our weighted average capital cost, and qualitative factors such as the purpose of holding the shares and our future trading relationship and business development based on our business policies.

Cross-shareholdings held by AISIN

	Brands Amount posted in balance sheet (March 31, 2020)	Brands for which we increased our shares in FY2020	Brands for which we decreased our shares in FY2020
Unlisted shares	50 brands ¥17,095 million	-	2 brands ¥1,795 million
Other shares	24 brands ¥92,636 million	1 brand ¥4 million	-

*We increased our shares in some brands in fiscal year 2020 because the additional shares were necessary to maintain and improve the corporate value of AISIN Group in the medium to long term.

Standard for exercising voting rights

Voting at AISIN is not used to make uniform yes/no judgments according to regular-short-term standards. Rather, points such as the management policies and strategies of companies being invested in are given plenty of weight and decisions are made from the perspective of corporate value in the medium to long term and whether the decision will maintain or increase returns for shareholders.

When voting on each proposal, we confirm points such as whether the company focuses on growth and shareholder profits in its management and whether the company engages in any practices that are harmful to society. Points such as shareholder returns, expansion of authorized capital, measures to prevent takeovers and business restructuring are also evaluated individually as necessary and the outcomes of discussions with the company are taken into account when deciding whether to agree to a proposal.

In the event that a company holding shares in AISIN expresses the intent to sell its shares, AISIN does not prevent the sale.

Ensuring the rights and equality of our shareholders

We endeavor to provide sufficient time for our shareholders to discuss each item at the General Meeting of Shareholders and disclose information in a fair and appropriate manner so that all of our shareholders can make suitable judgments about how to vote. We also strive to create a voting environment that ensures the rights and equality of all of our shareholders, including shareholders with a small number of shares and overseas shareholders including practical shareholders.

Handling of Corporate Governance Code

AISIN enforces every general principle of its Corporate Governance Code. Details are provided in the Corporate Governance Report we submit to the Tokyo Stock Exchange.

The Japanese version of our Corporate Governance Report is provided at the website below.



<https://www.aisin.co.jp/csr/governance/corporate-governance/>



CSR management

Group-wide CSR activities contribute to sustainable development of communities and the planet

CSR activities are at the heart of AISIN Group's management philosophy, and are the foundation of its initiatives for steady long-term growth. To put this principle into action, we have established AISIN Group Principles of Corporate Behavior to contribute to sustainable development of the planet and maintain and develop sound relations with our stakeholders. Various CSR activities are being carried out according to this charter.

CSR activities in our overseas group companies reflect both the AISIN Group Principles of Corporate Behavior and the situation in each country and region.



A card distributed to all employees, containing information on AISIN Group Principles of Corporate Behavior

Training and education to raise awareness of the Principles of Corporate Behavior and put it into action

AISIN Group has formulated guidelines in compliance with social responsibility to provide concrete behavioral standards for all employees to fulfill AISIN Group Principles of Corporate Behavior. We are working to make these known throughout the group.

The action guideline contains questions and answers about the nine principles outlined in AISIN Group Principles of Corporate Behavior—Safety, Quality and Contribution to the Creation of a Sustainable Society; Compliance; Disclosure and Communication; Respect for Human Rights; Promotion of Diversified Work Styles and Upgrading of Work Environment; Environment; Social Engagement and Contribution to Development; Thorough Crisis Management; and Company Leadership—providing a resource that is easy for everyone to understand. After the revision of AISIN Group Principles of Corporate Behavior in May 2019, we created an AISIN Group Principles of Corporate Behavior card and gave it to all of our employees to carry. AISIN Group Principles of Corporate Behavior can be viewed on our website at any time. All employees receive this information and are thoroughly trained according to these policies.

The 13 core companies in AISIN Group carry out CSR training management-focused and basic CSR training for general employees so that everyone recognizes the importance of CSR and engages in company activities with an awareness that we are a valued corporate citizen within a larger community. The top management of our overseas sites receive training to equip them with an understanding of the AISIN Way that lies at the heart of all of our values and activities, in addition to improving their management skills.

AISIN Group Principles of Corporate Behavior

Rooted in our belief in "Quality First", we, the AISIN Group of companies, strive to actively contribute to the creation of a sustainable society through our business activities in each country and region in which we operate. To this end, in accordance with the following nine principles, irrespective of the location, we respect human rights, abide by the letter and spirit of all applicable laws, rules and regulations, and act in a sincere and socially responsible manner.

1. Safety, Quality and Contribution to Creating a Sustainable Society	p.47 (S: Social)	6. Environment	p.58 (E: Environmental)
2. Compliance	p.48 (G: Governance)	7. Social engagement and contribution to development	p.68 (S: Social)
3. Disclosure and Communication	p.49 (G: Governance)	8. Thorough Crisis Management	p.70 (G: Governance)
4. Respect for Human Rights	p.52 (S: Social)	9. Company Leadership	
5. Promotion of Diversified Work Styles and Upgrading the Work Environment	p.53 (S: Social)		

1 Safety, Quality and Contribution to Creating a Sustainable Society

We gain satisfaction and trust from our customers and contribute to the realization of sustainable economic growth and the resolution of social issues by always striving to develop new technologies, and developing and offering products and services that are high quality, safe and beneficial to society.

Our commitment to quality assurance

"Quality First" is one of AISIN Group's basic corporate principles. We believe that one of the most crucial requirements for achieving sustainable growth of our business is increasing the quality of not only our products and services but our work in general in every way we can, and all of our employees work together with a customer-first mindset under management policies aiming to improve the framework of our company and TQM (total quality management) practices.

In fiscal year 2021, "Top Prioritization of Safety and Compliance" and "Quality First" were the foundation of AISIN Group's management policies, driving our corporate activities on a daily basis.

We are also engaged in global quality assurance activities to improve quality, with the company's head office working in collaboration with counterparts in each region by planning and holding meetings of Global Quality Improvement Committees in North America, Europe, Australasia, China, India and South America. In particular, QA (Quality Analysis) centers in North America, Australasia and China have been opened, and are being used to facilitate development of local employees who are able to perform swift and effective quality analyses.

Global, group-wide activities to put customers first

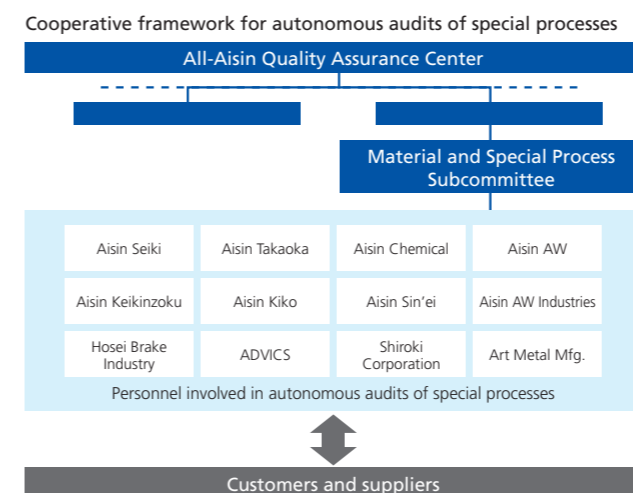
With the automotive industry experiencing the biggest period of change in 100 years, customers' attitudes about quality and approaches to quality assurance are changing. In April 2017, AISIN Group established the All-Aisin Quality Assurance Center. At this center, we establish quality policies to set a single, common direction for the whole of the group, sharing the experience and knowledge of each company and establishing systems and other initiatives to make the best use of the facilities and personnel at each of our group companies. In particular, from fiscal year 2020 we have integrated our training and accreditation for supplier auditors from each company who carry out autonomous audits of special processes, in a group-wide initiative to prevent defects from occurring in these processes. This has eliminated duplication of work, improving quality and efficiency and reducing the workload of suppliers. We will work to further strengthen cooperation within the group in future.

Aisin Densho-kan: A place to learn about the importance of safety, quality and unfiltered customer feedback

Aisin Densho-kan (Educational Center) is a place for all AISIN Group employees to learn about workplace safety and disaster-prevention initiatives and unfiltered feedback received from customers. The center also picks up lessons from past incidents and passes on valuable insights gained from problems that have occurred in the past to foster an awareness of quality and improve the caliber of our work. For example, the Kumamoto Earthquakes Learning Zone is an educational space for ensuring that insights and lessons learned from AISIN Group's responses to the 2016 Kumamoto Earthquakes are properly passed on to our employees. This zone features easy-to-understand exhibits designed to increase awareness about disaster prevention and readiness by presenting efforts made from directly after the occurrence of the disaster until recovery, along with impressing upon employees the importance of initiatives to reduce earthquake damage.

In April 2016, AISIN Group established the Quality Learning Zone for the purpose of learning from past failures. In July 2018, AISIN Group installed a "tunnel for learning how scary quality problems can be" based on the theme of knowing and feeling the importance of quality at a company, to further improve quality awareness. AISIN Group also plans to create a new simulator, present feedback from people who have experienced quality issues in the past and share expertise gained from past faults and defects at various group companies when needed.

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



The "tunnel for learning how scary quality problems can be"

2. Compliance

2

Compliance

We are committed to fair, transparent and open competition and appropriate and responsible business in a socially responsible manner, while complying with applicable laws, rules and regulations. We also maintain ethical relationships with government officials and avoid establishing or maintaining relationships with individuals or groups that promote illegal activities or threaten public order or safety.

Compliance principles

AISIN Group believes that compliance is not only about following laws and regulations but about meeting people's expectations and earning their trust as a good corporate citizen from the perspective of harmony with society and nature, a corporate principle of ours. We are carrying out extensive group-wide initiatives around the world to ensure that everyone in AISIN Group shares the same strong sense of ethics regarding acting honestly, fairly and in good faith, and that compliance is their default state of mind.

AISIN Group compliance framework

AISIN Group has established a Consolidated Business Ethics Committee to make decisions about important policies and frameworks regarding compliance in the group. In January 2018, we established a legal affairs division at the AISIN Group Head Office, bringing together all departments involved in legal affairs to ensure that the whole of AISIN Group meets or exceeds a particular level of compliance. Acting as the group's only specialist legal affairs division, this division plans and implements global group compliance activities.

Organizational diagram of Consolidated Business Ethics Committee



Activities to raise awareness of compliance

To ensure that compliance is the default state of mind for every employee in AISIN Group, we are using initiatives such as group training and e-learning to ensure that every employee around the world has access to compliance training. We also distribute workplace discussion sheets with specific topics and publish a monthly compliance report to raise awareness of compliance. Our domestic group companies are surveyed about their awareness of compliance.

AISIN Group carries out three main types of training to ensure that everyone from top management to employees is aware of compliance. These are level-specific training, role-specific training and topic-specific training. Level-specific

training is training for new directors, newly promoted personnel and new employees that contains content on compliance. A compliance seminar is held every year for all of the Japan-based directors in the group. Outside experts are invited to give talks on the latest trends related to compliance or topics chosen based on AISIN Group's situation, so that directors can lead by example. Role-specific training includes training given to personnel who are about to transfer to an overseas post and training for heads of division and higher levels of management in overseas companies. Annual compliance training is also given to compliance enforcement personnel in each department of domestic group companies. 745 people attended this training in fiscal year 2020. Enforcement personnel carry out departmental training and awareness-raising activities about compliance on a day to day basis.

Our awareness surveys are conducted every October during AISIN Group Business Ethics Campaign Month, as part of our activities to raise awareness of compliance. All employees at our domestic group companies are surveyed (78,936 respondents in fiscal year 2020) about their awareness of a wide range of points regarding compliance. The results for fiscal year 2020 indicated that 96.3% of employees had a high (improved) awareness of compliance and 91.3% would take appropriate action in the event of a compliance violation, such as cautioning the offender or reporting them to a supervisor. Improvement activities based on these results were incorporated into our compliance activity plan for fiscal year 2021 and have been put into action.

Early detection and correction of issues through whistleblowing system

AISIN Group has a service for reporting and questions about compliance. The service is available to everyone who works for AISIN Group and people connected to them, such as family members. Anonymous contact is accepted. We endeavor to detect and correct violations as quickly as possible with this service. Thorough attention is paid to the rights of whistleblowers, including privacy and prevention of reprisal, when taking measures.

In Japan, there are three services to suit different purposes: an internal reporting service within each company, a group-wide external reporting service handled by an attorney and a service handled by the legal affairs division in our Group Head Office. The legal affairs division in our Group Head Office is involved as appropriate to ensure early detection and correction of issues.

Similar whistleblowing services are being set up overseas, and sites in other Asian countries and North America are able to use the main group service.

3. Disclosure and Communication

Reports and questions regarding compliance (whole AISIN Group)

FY2020

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A breakdown of these reports and requests for advice is available on our website.



Initiatives regarding compliance with the Antimonopoly Act

This is a key focus in our training. In Japan, a wide range of education is provided by e-learning. The Antimonopoly Act is covered in training at various levels and roles to increase awareness of compliance. Overseas, training is tailored to the specific risks of each area.

In April 2020, we established our Antitrust Compliance Policy as a global policy for the group. Other initiatives include checks with a specific ledger before interacting with competitors.

Initiatives to prevent bribery and corruption

AISIN Group Principles of Corporate Behavior declares that AISIN Group shall maintain the sound relationships with governments and administrative bodies that are expected of companies, and have no ties to antisocial forces or organizations. In April 2020, we established our Policy for Compliance with the Antimonopoly Act and Anti-Corruption Policy as global policies for the group. These policies indicate the conduct required of everyone in AISIN Group to prevent bribery, corrupt acts and inappropriate favors and exchanges of gifts and to conduct appropriate accounting practices regarding these points. These policies are enforced in all of our domestic and overseas group companies. We are also working to improve awareness of compliance through various training. Nobody in the group was fined or dismissed for corruption in fiscal year 2020.

Export management activities

To ensure that we comply with all relevant laws and regulations regarding export management, AISIN Group has established group-wide resources such as regulations for safe and secure export management and an export management manual. We have also introduced a qualification system for export managers to ensure that all export managers in the group meet or exceed a particular level of knowledge. In Japan, we use our group-wide export management system to ensure that trades involving exports are carried out effectively and efficiently.

3

Disclosure and Communication

We make available to the public our corporate information in a user-friendly and fair manner, and actively and positively communicate with our stakeholders in order to establish and develop healthy relationships.

Emphasizing dialog with a wide range of stakeholders

Engagement with stakeholders is one of AISIN Group's corporate principles. We endeavor to strengthen our engagement with all of our stakeholders, placing great importance on dialog with stakeholders such as customers, shareholders and investors, employees, local communities and suppliers. We look at the constant changes in the needs of society and our customers as opportunities to create new value, and actively work to create value that suits each new era.

We are also working to achieve sustainable growth and increase our corporate value through initiatives that make use of the characteristics of each company in AISIN Group to solve social issues through our business operations. We will continue to carry out initiatives with the aim of remaining a company that acts in good faith in the spirit of our corporate principles and earns our stakeholders' trust.

Shareholders and investors

We actively engage in IR activities, making use of various opportunities to strengthen communication with our shareholders and investors, such as presentations for investors and one-on-one dialog. Business strategies, financial information and other relevant information is disclosed in a timely manner, and we are always striving to disclose more information. We receive valuable feedback through constructive dialog with our shareholders and investors, which we pass on to our management and relevant departments as appropriate and apply to initiatives to achieve sustainable growth and improvement of our corporate value in the medium and long term.

Our ESG initiatives within the group are well regarded by external ESG evaluation agencies, and have been selected for ESG indexes both domestically and overseas.



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3. Disclosure and Communication

Development through mutual trust and cooperation between employees and management

We regularly create venues for discussions about employees' concerns and issues to foster mutual trust and cooperation between the company and its employees so that both can grow together.

We value feedback based on the diverse values of our employees as we strive to create good working conditions and fulfilling environments for our employees.



Building trust as a good business partner

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

AISIN Group's procurement principles

AISIN Group believes in coexisting and sharing prosperity with our suppliers, and strives to achieve mutual development. To ensure that all of our procurement activities comply with AISIN Group's policies along with relevant laws and regulations, we have translated AISIN Group Principles of Corporate Behavior into our suppliers' languages, distributed the translations to our suppliers and asked them to ensure that both they and their trading partners comply with the principles. The principles include policies on points such as human rights, labor practices, the environment and compliance, covering both social issues, including child labor, forced labor, equal opportunities and prohibition of discrimination, freedom of association, collective bargaining, reduction of long working hours, minimum wage and health and safety, and environmental issues such as water usage and biodiversity. We have particularly stringent standards about the environment, asking our suppliers to reduce GHG emissions, recycle waste materials and resources, reduce water usage and preserve biodiversity according to AISIN Group Green Procurement Guidelines.

Before trading with a new supplier, we carry out investigations based on accreditation such as ISO9001 and ISO14001 along with a credit check and quality audit. While trading, we continue to work with the relevant departments to carry out inspections from perspectives such as safety, environmental and earthquake-proofing inspections.

When selecting new suppliers, we carry out careful investigations including investigations based on ISO9001 and ISO14001, credit checks, quality audits and account checks.

FY2021 Group Procurement Policy

- Coexist harmoniously and share prosperity with suppliers with a view to stability in our trades in the long term
 - Carry out open and fair trades
1. Making safety and compliance the top priority and putting quality first
 2. Building a procurement base to support growth strategies in areas that are crucial to our survival
 3. Groundbreaking measures to make us more competitive in existing businesses
 4. Strengthening our procurement base to provide fundamental support for our corporate activities

Jointly undertaking CSR initiatives with suppliers

AISIN Group is promoting CSR procurement activities, beginning with primary suppliers and going as far up the supply chain as possible. With its suppliers, AISIN Group promotes fair procurement activities based on the spirit of openness and fairness, and mutually concludes basic transaction agreements placing greater emphasis on CSR-related clauses.

AISIN Group is also engaged in initiatives as a group, such as making payments to all small- to medium-sized domestic suppliers in cash, with a view to achieving future-oriented trade practices with its suppliers. Additionally, AISIN Group has established a contact point for suppliers to make inquiries and seek advice on matters related to business ethics.

Activities under AISIN Group Green Procurement Guidelines

AISIN Group carries out various activities to promote understanding and cooperation of AISIN Group Green Procurement Guidelines among our suppliers. In fiscal year 2020, AISIN Group enhanced its management of substances that have an environmental impact, based on our guidelines, to ensure a reliable response to environmental laws and regulations, which are becoming more



AISIN Group Green Procurement Guidelines

stringent every year in countries around the world. In order to accomplish this, AISIN Group requested surveys of chemicals contained in items purchased from our suppliers and had them disclose and register relevant information in a shared system for recording data on chemical substances.

Representatives from the procurement functions in 13 domestic group companies meet at AISIN Group Suppliers' Environmental Inspection Liaison Meeting. These representatives conduct environmental risk inspections to prevent environmental issues at our suppliers' companies. 245 companies with processes and/or facilities that place a particular burden on the environment have been identified as high-risk suppliers, and our representatives check that these companies are complying with laws and regulations, identify hazards and encourage the companies to improve on these points. In fiscal year 2020, we inspected 36 companies and confirmed that their improvements were completed (100% of planned work). Our management will continue to work with our Environment Dept. to instruct our suppliers on improvements.

Risk assessment and monitoring of suppliers

In AISIN Group, we conduct quality audits to improve the quality provided by our suppliers. We have plans in place to carry out regular audits of progress in establishment of and compliance with quality management frameworks every three years at 120 specific companies such as suppliers that handle parts requiring a high level of quality, such as security parts. 48 companies were audited in fiscal year 2020. In these audits, we check that the company is complying with quality standards. In the event of an issue, we identify the cause of each issue, make an improvement plan, set a schedule for corrective action and then provide advice and check the supplier's progress until the issue is resolved.

We also have a system in place to handle risks to the stability of our supply chain posed by natural disasters, fires and other situations. Information on the production processes of the materials and parts we purchase from our suppliers is registered in a dedicated system and used to respond to disasters and carry out recovery measures quickly. When 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, enabling us to take the necessary measures early to ensure the continuity of our supply chains.



A quality management inspection

Mutual improvement with suppliers

AISIN Group provides its main suppliers with training support to improve their technical skills and strengthen their corporate framework. Aisin Seiki has established an apprenticeship program in Japan where future management from our main suppliers work in the division of their choice at Aisin Seiki, usually

for two years. Employees are accepted based on their needs. Aisin Seiki also provides major suppliers with advice on various safety activities, environmental activities and activities aiming to improve productivity and quality by supporting the work of Aisin Suppliers Network, an organization formed to enable Aisin Seiki's suppliers to learn from each other's best practices and help each other to improve. In fiscal year 2020, we continued the activities we worked on in fiscal year 2019, including safety instruction and training related to the amendment of labor laws.

Initiatives to prevent bribery

AISIN Group carries out thorough initiatives to prevent bribery, guided by our basic policy and specialist committee for the prevention of bribery, including establishing rules and raising awareness among our employees. We also require that no trading partners associated with AISIN Group's businesses engage in bribery with governments or administrative bodies or give or receive special favors, money or other compensation to or from third parties for the purpose of acquiring or maintaining inappropriate benefits for AISIN Group.

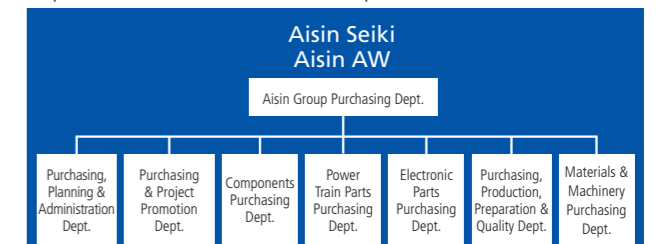
In fiscal year 2020, we established AISIN Group Principles of Purchasing Behavior and Guidelines for Purchasing Practices. These indicate specific conduct required in order to comply with various laws and regulations, including the prevention of bribery, with the aim of ensuring even more thorough compliance by employees involved in procurement activities within the group.

Affiliated groups and involvement in initiatives

Makoto Mitsuya, a director and executive vice president of Aisin Seiki, belongs to the organizational affairs committee of Japan Auto Parts Industries Association (JAPIA) and the vice president of the group's purchasing division belongs to JAPIA's procurement & production subcommittee. By belonging to this committee, AISIN Group is involved in establishing industry policies to promote fair trade through regulations such as the Guidelines for Fair Trade in the Automotive Industry, and is carrying out initiatives to gather information for the purpose of compliance with conflict mineral regulations and responsible procurement of minerals in our supply chain.

AISIN Group's procurement framework

To strengthen AISIN Group's procurement functions, we began integrating the procurement functions of Aisin Seiki and Aisin AW ahead of the companies' merger in April 2021 and formed a group purchasing division. We are working to create a single point of contact for suppliers, which will further strengthen communication between us and our suppliers and enable faster decision-making and more efficient operations by eliminating duplications between the two companies.



4. Respect for Human Rights

4

Respect for Human Rights

We respect the human rights of all people.

Basic policy regarding respect for human rights

Under AISIN Group Principles of Corporate Behavior, following international directives such as the UN's Universal Declaration of Human Rights, we established a basic policy for respecting the human rights of all employees: "We respect the rights of all people".

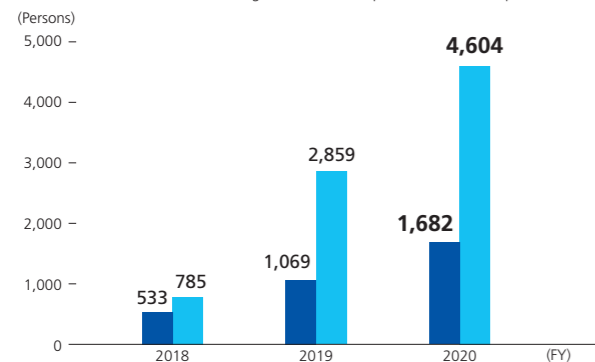
The Guidelines in Compliance with Social Responsibility provide a specific code of conduct to ensure that our Principles of Corporate Behavior are adhered to, including clear statements on respect for the character and rights of all people, fair hiring and the prohibition of forced labor and child labor.

Training, awareness-raising activities and a consultation service regarding human rights

AISIN Group takes all employees' human rights seriously and takes every opportunity to educate our employees on human rights, from initial training for new employees to additional training for those receiving a promotion or being appointed as a director, under AISIN Group Principles of Corporate Behavior and Guidelines in Compliance with Social Responsibility. In addition to common CSR training for the 13 core companies in AISIN Group, we invited a guest lecturer from the Aichi Labor Bureau and hold a training seminar on fair recruitment by group companies. Our compliance consultation service accepts a wide range of questions and allows anonymity. Thorough attention is paid to the rights of those using the service, including privacy and prevention of reprisal, when taking measures.

Employees who have received CSR training (e-learning)

■ Aisin Seiki ■ Total including all domestic companies in AISIN Group



Affiliated groups and involvement in initiatives

AISIN Group is a member of the Industrial Federation for Human Rights, Aichi, an organization comprising 26 companies in Aichi Prefecture that works with relevant administrative bodies and organizations such as the Aichi prefectural government and labor board to raise awareness about human rights. We also work with the Corporate Federation for Dowa and Human Rights Issues in various regions to carry out education and awareness-raising activities in companies with the aim of creating a society where human rights are respected.

Human rights initiatives from a global perspective

Employee CSR surveys

From 2020, we conducted an employee CSR survey practices at 200 domestic and overseas group companies to assess our companies' compliance related to HR and labor requirements and their management of human rights according to the laws and regulations of their respective countries, AISIN Group Principles of Corporate Behavior and Guidelines in Compliance with Social Responsibility. Our management worked together with the relevant divisions and local holding companies to address issues found in the survey, and our suppliers were involved in our work to improve on these points.

Responsible procurement of minerals (measures against conflict minerals)

In fiscal year 2020, we continued to investigate our supply chain to determine whether conflict minerals were used, as part of our initiatives for responsible procurement of minerals (measures against conflict minerals). The results were reported to our customers.

We are also involved in work by industry organizations to establish effective procurement methods and increase understanding of this issue through presentations. AISIN Group will continue to promote responsible procurement of minerals by promoting appropriate procurement of resources and materials based on the following policy.

Policy on the procurement of minerals

To promote global mineral procurement that takes into account the impact on social issues such as human rights and the environment, AISIN Group carries out initiatives to avoid the use of minerals that are defined as an issue under the laws and regulations of each country (Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA, Conflict Minerals Regulation in the EU, etc.). We ask that our suppliers understand our stance on this issue and work with us on the responsible procurement of minerals.

Optimization of management of technical intern training program (supervising organization type)

In group companies that accept technical trainees from supervising organizations, we conduct regular autonomous inspections as part of our management. These inspections consist of 25 items on compliance and human rights, including confirming that employees are not engaging in work that differs from the agreed-upon plan and that they are paid appropriately.

Stable employment

To ensure that AISIN Group remains a company that is needed by society, it is essential that every employee takes an active role, grow as an employee and contribute to achieving sound and sustainable business growth. This will lead to stable employment in the long term. For this reason, we believe that standardization of our basic stance and systems concerning personnel and labor affairs is essential. AISIN Group develops measures based on this principle and the laws and regulations of respective countries and regions to reduce related risks and build sound relations between our management and our employees.

5. Promotion of Diversified Work Styles and Upgrading the Work Environment

5

Promotion of Diversified Work Styles and Upgrading the Work Environment

We promote a work style that enhances our employees' capabilities and respects their diversity, personality, and individuality. We also provide a positive and productive work environment that is safe and health-conscious.

Employee development that respects individuality

At AISIN Group, we are committed to developing globally-minded employees who are capable of viewing matters from a broad perspective and possess a diverse range of values, irrespective of gender, nationality or age. This is of particular importance in Japan, where we are seeing a declining birthrate and aging population. We respect the individuality of our employees as part of our Guidelines in Compliance with Social Responsibility, and provide education and training so that employees can make the most of their abilities based on the AISIN Way, which indicates the values and principles of conduct that need to be shared throughout the group.

The AISIN Way

Think about how to serve society and our customers	Harmony with society and nature Customer first
Always keep improving	New challenges Kaizen Genchi genbutsu gennin (go and see for yourself)
Everyone is important	Personnel training Teamwork involving everyone

Development of globally-minded employees who increase our competitiveness

AISIN Group is continuing to accelerate our development of employees who are capable of engaging in global business. Before employees from the 13 core companies in AISIN Group leave for an overseas position, they receive training on different cultures.

Aisin Seiki also promotes exchange with overseas employees for the purpose of training young local employees at our overseas sites.

Nurturing technical and production personnel who can contribute to development in each country

To cultivate future leaders of manufacturing operations, AISIN Group operates Aisin Technical Academy and Aisin AW Advanced Skill Training Academy to provide education on practical technical skills for one year to staff members who have entered AISIN Group in Japan and trainees dispatched from overseas. To date, a total of 6,000 members from group companies in Japan have graduated from these academies. AISIN Group has accepted overseas trainees from 23 locations in 11 countries, and these graduates are now playing key roles at overseas subsidiaries in supervisory or technical capacities.

To ensure that knowledge and skills specific to each workplace are passed on reliably, we are working to visualize and systematize knowledge and skills that are regarded as implicit knowledge, and the experience and judgment of individual employees. We have also turned rules that need to be observed and actions that need to be taken by technical personnel into explicit knowledge. Through AISIN Basic Seminars, in which supervisors instill this now-explicit knowledge in trainees with thorough on-site guidance, we have been expanding our system and framework to pass on AISIN-style skills globally throughout AISIN Group.

Making work more fulfilling as a management strategy

AISIN Group recognizes that to remain truly competitive and ensure our survival as a company, we need to address not only our employees' workload but their experience of work as a whole. To accomplish this, we believe that we need to ensure that each and every employee has a fulfilling work life and create value that only AISIN can provide. As a measure to strengthen the foundation of our management and support sustainable growth, we are working to make work more fulfilling for our over 120,000 employees around the world, including those at our affiliated companies. In addition to supporting the growth of each and every employee, this improves our value as a company.

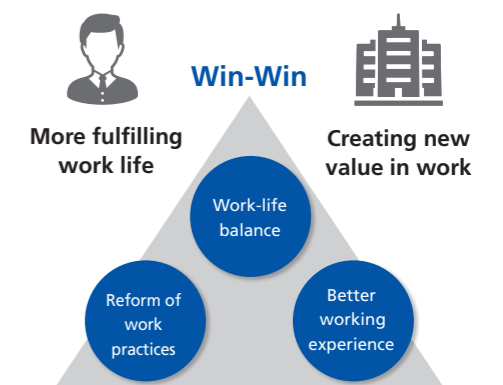
We are also visualizing employee engagement (fulfillment, adaptation, etc.), with a common survey carried out at our core five companies since fiscal year 2018. In future, we will broaden the scope of this work to include all companies in the group.

Creating a workplace with vitality

From fiscal year 2020, AISIN Group has introduced teleworking so that employees can work from anywhere at any time, and allows casual attire to encourage new ideas that are not bound by culture or customs. To facilitate effective use of time through our reforms of our working practices, we are rolling out new systems and working cultures such as early finishes on some days and support for self-learning.

We are also strengthening our company framework through Aisin Active Team Building Activities (ATBA), a team-building activity that fosters the communication and trust relationship required for a high-performing team, based on our mindset that every workplace and employee is the star.

Vision to make work more fulfilling



5. Promotion of Diversified Work Styles and Upgrading the Work Environment

Promoting diversity and inclusion as a management strategy

As part of AISIN Group's corporate principles of contributing to the advancement of society and harmony with society and nature, we strive to be a company where a diverse range of employees, regardless of nationality, gender, sexuality or disability status, can be respected as individuals, find fulfillment in their work and bring their unique professional skills and characteristics to the table.

Diversity and inclusion is a key management strategy of ours, and we are actively promoting initiatives of this nature to achieve ongoing innovation and provide new value that will be appreciated by customers around the world.

D&I Road Map



Vision and initiatives for promoting more active roles for female employees

AISIN Group aims to be a company where each female employee can thrive, achieve her full potential and be active in the workplace.

To enable our female employees to be true to themselves and shine at work, we carry out initiatives to provide career support and help women to balance their work and home lives.

We have created an organizational framework with female representatives in each division to find out what women at each of our sites need. These representatives work together with our top management to create measures that support our female employees' vision for their careers and accommodate life events. Specific measures include our Ikubosu Training, in which management learn to support a work-life balance among their team members while improving productivity, our Career Mentor System and opportunities for networking between female employees.

We were selected as a Semi-Nadeshiko Brand under the Nadeshiko Brand system operated jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We received a particularly high rating for our incorporation of initiatives for women in the workplace into our management strategies, our building of a framework to promote these initiatives and the changes in the actions and awareness of our managers.

Targets for women in the workplace (Aisin Seiki)

	Results for FY2020	Target for FY2031
Rate of female employees in managerial positions	3.1%	7.0%
Female directors*1	1	2 or more
Women hired as new graduates	Administrative	34.5%*2
	Technical	11.6%*2
		40%
		15%

*1 Directors, operating officers and auditors.

*2 Employees joining the company in April 2020.

Career support for female employees

- Kirari project to support women in the workplace
- Ikubosu Academy and Ikubosu Exam
- Trailing Spouse Leave System
- Career Comeback System
- Awareness-raising Talks
- Seminars to Support Employees Returning to Work
- Individual Training for Prospective Managers
- Career Mentor System
- Career Declaration System
- Career Development Training
- Position Change System
- Company Day Care
- Mama, Papa, Ikubosu Guide (a guidebook on balancing work and home life)

▶ See p.77 for details.

Accreditation and awards for initiatives for women in the workplace



Establishment of an environment where our employees can work as long as they want

AISIN Group establishes systems for the re-employment of workers after retirement, including programs for limited hours or days of work, in response to various requests from retirees. We re-employ all interested personnel, observing all relevant laws and regulations.

The five core companies in AISIN Group hold seminars for employees in their 50s, providing advice on points such as our re-employment system, health and the pension and retirement allowance system to help them plan the continuation of their career and their lifestyle after they reach retirement age.

We are also working to increase motivation for re-employed individuals through initiatives such as establishing technical legacy coaching sessions to pass on their advanced skills as part of efforts to further expand the re-employment of retirees.

Creating a workplace in which people with disabilities can thrive

AISIN Group is working to develop a working environment in which people with disabilities can thrive, and increase the number of employment opportunities available to people with disabilities. Our initiatives are based on nationwide efforts to normalize workplaces that welcome employees who have disabilities.

AISIN Group has continuously held joint interview sessions for people with disabilities since fiscal year 2018. We held our fourth session between 19 group companies in April 2019. A special subsidiary called Aisin Well Smile Co., Ltd. was established in October 2019, and began operations in April 2020. In addition to putting in place working conditions that are better suited to the needs of people with disabilities and creating and building on employment opportunities, we are providing operational support for employees with disabilities in each of our group companies. Looking ahead, AISIN Group members will continue to promote collaborative activities, work to improve workplace environments and expand the range of areas in which people with disabilities can thrive.

Development initiatives for local employees overseas

Of the over 120,000 employees in AISIN Group, around 42% work in various overseas locations around the world.

To develop local officers, we hold top management training every year for managers and officers at overseas sites and have established a training plan (NEXT MAP PLAN) at each site to carry out systematic training initiatives.

In fiscal 2020, 52.8% of the officers (heads of department and higher) at Aisin Seiki's overseas sites were local officers.

Activities to promote understanding of LGBT equality and other diversity

Aisin Seiki holds training for all managers to promote understanding of LGBT equality and other diversity. We also use case studies at workplace meetings to foster understanding among all employees.

In future, we will build a framework to remove barriers for a diverse range of employees in addition to our initiatives to promote understanding.

Promotion of work-life balance

Shorter working hours and more paid leave taken

As part of our initiatives to make work more fulfilling, management and employees work together to promote a good work-life balance.

Target for paid leave taken

Zero cutting of annual paid vacations	Minimum 14 days
This initiative aims to ensure planned use of annual paid leave and to prevent loss of paid vacations that employees were entitled to take but failed to take in time. Targets for paid vacations to be taken differ between individual employees (ranging between zero and 20 days).	This initiative aims for all union members to take at least 14 annual paid vacations per year.

100% for 2 consecutive years

Monthly average overtime worked (Aisin Seiki) (Hours)

	FY2017	FY2018	FY2019	FY2020
Overall	35.9	31.5	29.7	25.0

Annual paid leave taken (Aisin Seiki) (%)

	FY2017	FY2018	FY2019	FY2020
Overall	98.9	98.2	98.9	98.7

Work-life balance support system

In addition to schemes stipulated by law, we are also advancing work style reforms that will enable employees to create career paths without excessive stress or strain.

Examples at Aisin Seiki

Teleworking	Allows employees on staff sites to work from home for part or the whole of a day.
Short working hour system for child care	Allows employees who have a child aged 11 or younger as of April 1 to work reduced hours in accordance with the age of the child.
Parental leave	Allows employees to take a leave of absence for a requested period until the child reaches the age of two.
Family-care leave	Allows employees to take a leave of absence for a requested period to care for a family member. Maximum three years in total per family member.
Short-term family-care leave	Allows employees to take leave of 10 days a year for one person requiring nursing care or leave of 20 days if there are two or more persons requiring nursing care.
Anshin (secured) holidays	Employees can carry over up to 20 days of unused annual paid leave to cover personal illness, nursing care, childbirth or child care.
Family allowances	AISIN Group pays allowances for children and family members requiring nursing care, disability assistance or other support.

Working toward a workplace where 100% of fathers take paternity leave

To enable fathers to take a more active role in raising their children, we are building a system and work culture that makes it easier to take paternity leave.

Fathers are allowed to take five days of special leave per year after the birth of their child(ren).

5. Promotion of Diversified Work Styles and Upgrading the Work Environment

Placing health and safety above all else

As a corporate group conducting global business, creating safe, healthy and hygienic workplaces for our employees is crucial at all of our sites. Based on the core principle that putting health and safety first at all times is the foundation of value creation in a company, AISIN Group continually strives to enhance the health and safety of all employees.

Framework to promote safety and hygiene

To ensure that no lives are lost on AISIN Group premises, a Consolidated Health and Safety Committee has been established. Comprising the presidents of every company in AISIN Group, the committee works to unify policies and standards to ensure the safety of everyone who works on our premises. In March 2019, we asked a third-party organization to provide safety seminars for the officers in charge of our safety operations.

Specialist safety training was also provided to ordering staff to prevent serious accidents in contracted work and ensure that the ALL TOYOTA Safety Standard for Contractor Work on the Premises is enacted correctly by the contractor and our ordering staff.

As a result of these measures, the rate of disabling injuries occurring in the workplace decreased at our 13 core group companies. However, accidents involving employees getting caught in machinery are still continuing, so we are carrying out group-wide initiatives to prevent these accidents and become the world's safest corporate group.

Organizational Diagram of Consolidated Safety and Health Committee



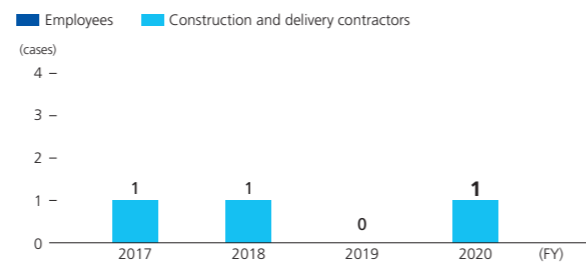
Initiatives to prevent anticipated accidents and prevent reoccurrence of past accidents

AISIN Group is committed to ensuring that accidents at our sites do not occur again. Group-wide safety standards have been established and facility safety, risk assessment and safety training initiatives have been thoroughly strengthened throughout the group since 2016 to ensure that no lives are lost on our premises.

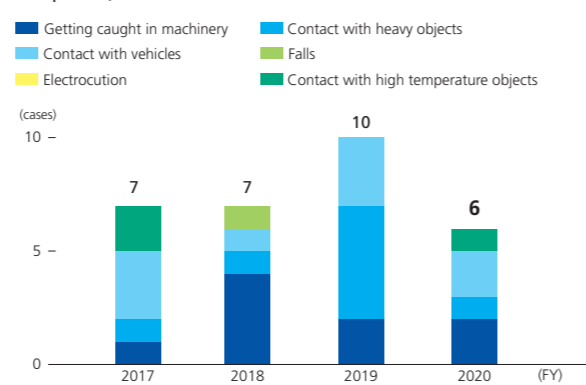
AISIN Global Safety Standard (AGSS) has also been established to prevent STOP6* accidents, and risk assessments and safety inspections are carried out when equipment is received or modified. In fiscal year 2020, the top management of each company in AISIN Group thoroughly surveyed their respective companies' sites and implemented occupational health and safety activities according to an action plan.

*The six causes of the most serious accidents in the Toyota Group (1. getting caught in machinery, 2. contact with heavy objects, 3. contact with vehicles, 4. falls, 5. electrocution, 6. contact with high temperature objects)

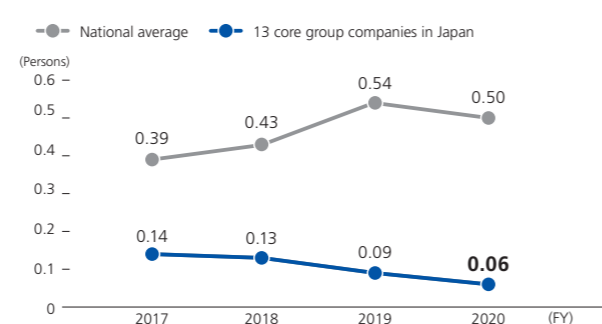
Serious accidents within AISIN Group (consolidated for both domestic and overseas)



STOP6 accidents resulting in lost work in AISIN Group (13 core companies)



Rate of disabling injuries occurring in the workplace



Initiatives to prevent disaster and minimize damage in the event that a disaster occurs

AISIN Group learned an important lesson from the fire at our Kariya Plant in 1997. We are working together as a group to increase employees' knowledge and awareness about preventing fires, provide extensive training on fire prevention, foster a working culture that prioritizes fire prevention and increase employees' risk sensitivity.

AISIN Group has established four standardized actions (basic actions) to ensure that fast action is taken in the event of a fire to minimize damage. In addition to carrying out ongoing training, we have created a training DVD with actual footage so that employees at Aisin Seiki and our group companies understand the purpose of everything they are being asked to do.

In particular, we have noticed that employees sometimes hesitate before activating the fire alarm. We have created a demo unit for use in training at our domestic and overseas group companies.



Footage on training DVD



Fire training

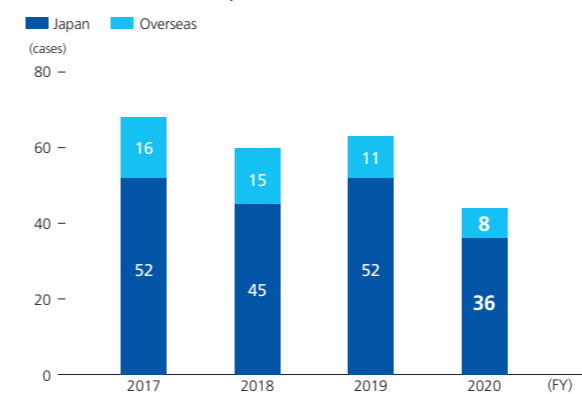


Footage on training DVD

4 basic actions when a fire occurs

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

Fires within AISIN Group (domestic and overseas)



Top-down initiatives to instill an awareness of safety to put our principle of placing health and safety above all else into practice

AISIN Group carries out safety management seminars for the top safety managers at all of our group companies to strengthen cooperation and improve safety.

In fiscal year 2020, our managers held safety seminars. We believe that all injuries and occupational illnesses are preventable, and our officers maintain a high level of safety at all times and never stop educating each other about safety. The whole of AISIN Group works together to improve our awareness of safety and build a safety-first culture through the use of felt leadership* at an officer level.

*A form of leadership in which the top management have a passionate awareness about safety.



Activities to maintain and promote the health of employees

Aisin Seiki has earned accreditation under the Certified Health & Productivity Management Organizations Recognition Program for four years running and has implemented a variety of measures to promote the physical and mental health of our employees.



Initiatives to maintain and improve physical health

If a health checkup for an employee (either at a domestic site or posted overseas) indicates that an employee is at a high risk for neurological or cardiac conditions, we take the necessary measures to ensure their health. Advice on points such as smoking, exercise and diet is given to address the risk of lifestyle diseases. To prevent passive smoking, we set up designated smoking areas at each of our business sites from 2012, and made all indoor areas smokefree from 2015.

Initiatives to maintain and improve mental health

We take various measures, including mental health education, line care training attended by managers and supervisors at group companies, stress checks and an employee assistance program, to help our employees prevent mental health issues and detect any issues that arise as quickly as possible. We have also built a framework to provide support to employees on long-term leave with a Return to Work Trial and follow-up support to help make their return as smooth as possible and ensure that their experience at work afterwards is positive.

Initiatives to prevent infectious diseases

As a measure to prevent the spread of COVID-19, we have created basic policies and a manual for preventing transmission. Actions to be taken by employees are clearly indicated, and the entire group is working to stop the spread.

6. Environment

6

Environment

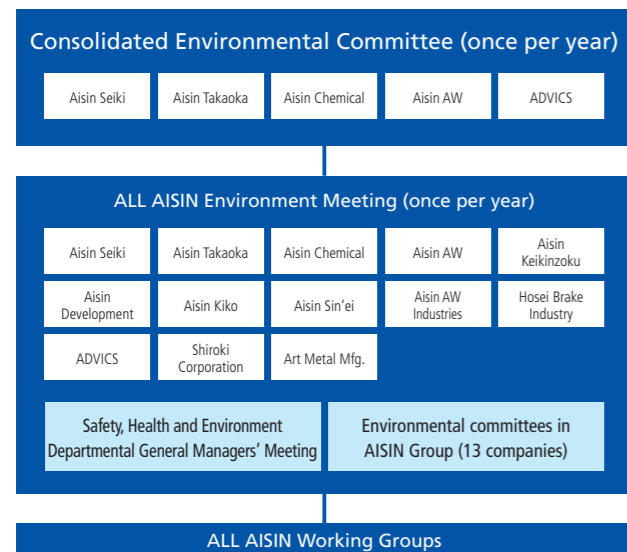
We recognize that addressing environmental issues is a matter impacting all humans and is of critical importance to our corporate existence and business activities, and we proactively and positively address environmental issues.

AISIN Consolidated Environmental Policy

In order to realize Aisin's Corporate Principles, which are based on "Quality First", we take an approach rooted in contributing to society and customers, a continuous process of improvement and respect for each and every person. Through business activities centering on monozukuri (manufacturing expertise in value-added products), we contribute to the creation of a sustainable society in which people will be able to coexist in harmony with the environment far into the future.

1. Establish annual policies based on a long-term vision and carry out continuous improvements and periodical reviews of our environmental management system toward achieving targeted objectives all over the world.
2. Promote efficient environmental management linking to original operations, through the sharing of information with governments, customers, local communities, suppliers and our employees, as well as cooperation with our consolidated companies.
3. Promote innovative technology, enrichment of facilities, greater and more enlightened training and awareness by investing adequate management resources.
4. Promote the development of new earth-friendly products and technologies that take life cycle into account, as well as environmentally friendly manufacturing.
5. In addition to complying with international standards, laws and regulations and pollution control agreements stipulated by respective countries, establish voluntary standards in an effort to prevent pollution.
6. Minimize usage and waste through resource and energy savings, procurement of materials with minimal environmental impact, logistics streamlining and expansion of recycling activities and other initiatives.
7. Promote global nature and environmental conservation activities.

Organizational Diagram of Consolidated Environmental Committee



- Common roles of working groups**
- Creation of medium- to long-term activity plans for each working group based on our consolidated medium- to long-term activity plans
 - Creation of annual activity plans based on the medium- to long-term activity plans for each working group and semiannual reporting of activities.
 - Establishment of various relevant consolidated guidelines, standards, etc.

- Initiatives of our working groups**
- Energy-saving**
- Reduction of CO₂ emissions in our production work
- Environmental conservation**
- Outperforming every other company in each region by achieving zero abnormalities and complaints related to the environment
 - (1) Legal compliance activities
 - (2) Risk management such as activities to prevent environmental accidents
- EMS**
- Consolidated EMS training and training of consolidated auditors
 - Reporting of assessment plans at the All-Aisin Environment Meeting
 - Creation of EMS-related documents
- Products**
- Investigation and sharing of elements such as indexes for measuring a product's impact on the environment and methods for managing chemicals
 - Visualization of the degree to which we are contributing to environmentally friendly products
 - Investigation and sharing of trends in laws and regulations concerning the impact of products on the environment

Working groups lead AISIN Group's environmental activities

ALL AISIN Working Groups play a crucial role in implementing AISIN Group's environmental activities globally (see figure above). We currently have Energy-saving, Environmental Conservation, EMS and Products Environmental working groups. All of these consist largely of members from our 13 core group companies, with our affiliate companies also participating in these activities.

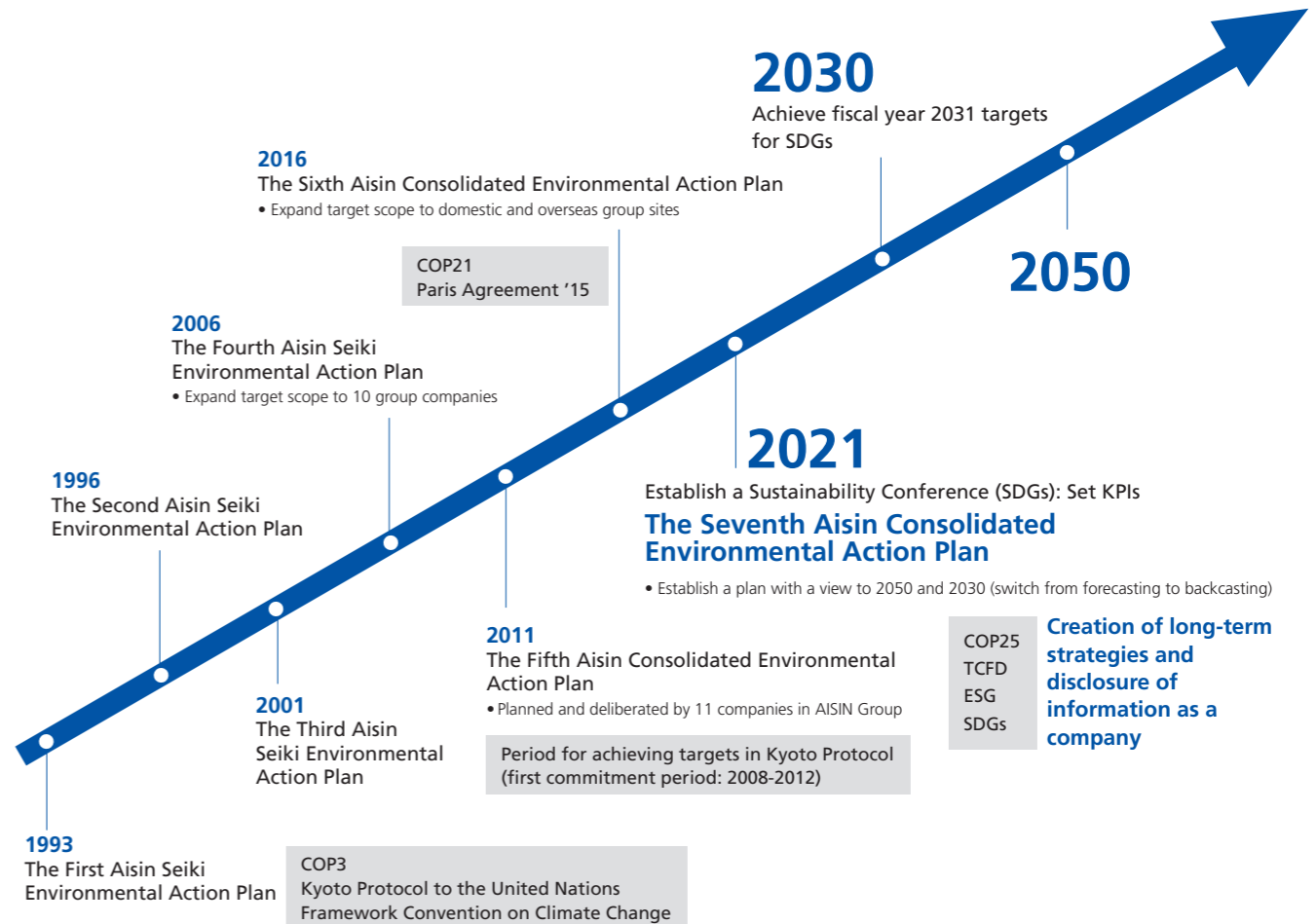
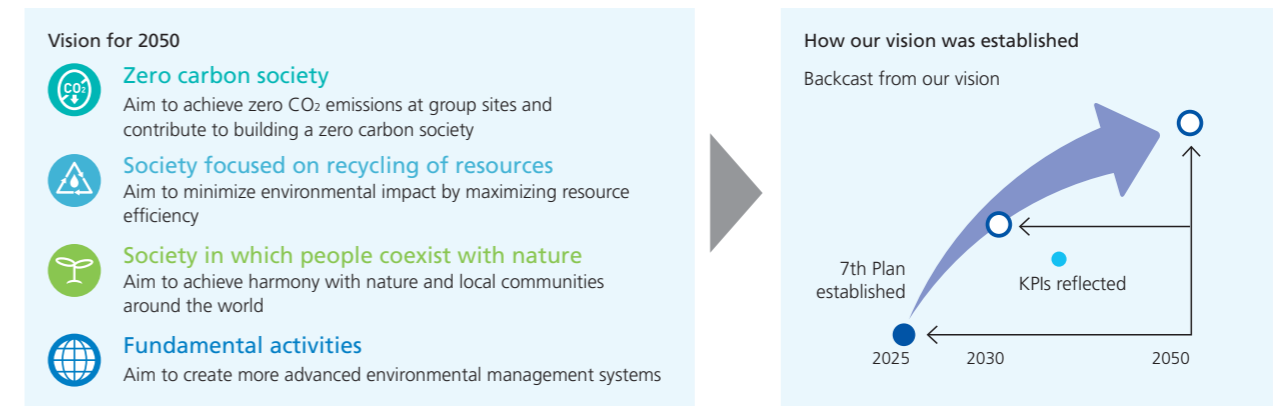
Changes in the world around us

AISIN Group believes that it is important to adapt flexibly to the ever-changing world around us in order to build a sustainable society. In particular, environmental laws and regulations are becoming more and more stringent every year.

With our businesses expanding around the world, AISIN Group assesses the degree to which each country's laws and regulations affect our business and discusses how to handle this. The measures that are decided on are adopted by the Consolidated Environmental Committee and other relevant committees, and are incorporated into our policies.

Our future-looking Seventh Environmental Action Plan

AISIN Group has continuously strengthened its environmental initiatives by establishing AISIN Environmental Plans. Our Seventh Environmental Action Plan, which comes into effect from fiscal year 2022, contains plans and targets that are backcast like our SDG initiatives, rather than forecast like conventional plans. We are helping to build a sustainable society, with a particular focus on reducing CO₂.



6. Environment

Establishment of a low-carbon society

Aiming to reduce life cycle CO₂ emissions to zero

AISIN Group is drawing on its cohesive strength as a group to reduce CO₂ emissions from production and to reduce CO₂ throughout the life of our products from design to transportation, use and disposal.

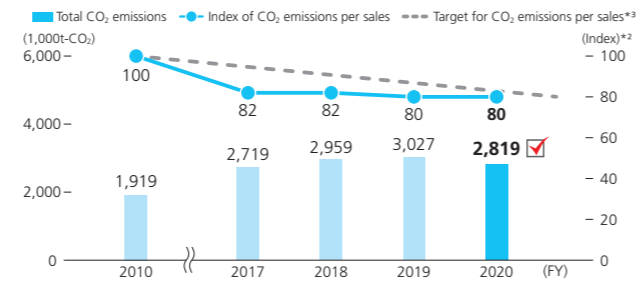
We are accelerating our development of products that help to improve fuel efficiency, such as electric drive units and parts such as brakes, chassis and bodies for electric and fuel cell vehicles.

We are also working to drastically reduce CO₂ emissions throughout the production process, by carrying out activities to conserve energy within AISIN, compiling data on topics for innovation in production technology and adopting renewable energy.

Emissions of non-CO₂ greenhouse gases (global)

	FY2017	FY2018	FY2019	FY2020
SF6 (t-CO ₂)	5,700	4,560	1,195	3,420

Total CO₂ emissions*¹/index of CO₂ emissions per sales (global)



*1 CO₂ emissions of energy consumption from stationary combustion sources.
 *2 The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan.
 *3 Target for FY2021: 20% reduction compared to FY2010
 Note: The indices for fiscal years 2018 and 2019 have been corrected.

■ Calculation method

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

CO₂ emission factors

Region	Category	Emission factor
Japan	Fuel	Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures
	Purchased electricity	Emission factor set in accordance with the Federation of Electric Power Companies of Japan 2009 (Environmental Action Plan for Electricity Businesses 2013)
Overseas	Fuel	Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures
	Purchased electricity	Emission factor set in accordance with IEA 2009 (CO ₂ Emissions from Fuel Combustion 2013 Edition)

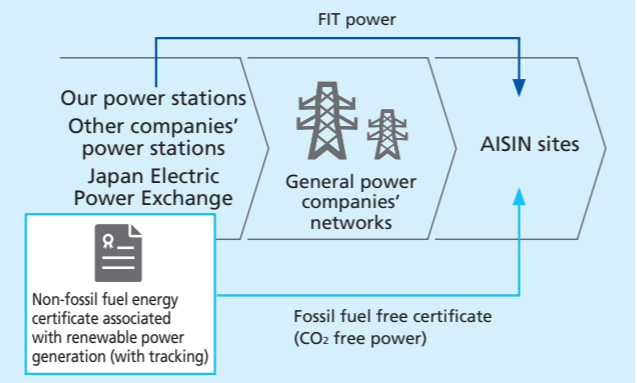
■ Scope of calculation

Aisin Seiki Co., Ltd. and 128 main consolidated manufacturing subsidiaries. [see p.63 for details](#)
 Data indicated with received the independent practitioner's assurance.

AISIN Group is working on biomass* power generation to help to build a society that is both low carbon and recycling-oriented. Yamagata Clutch Co., Ltd. introduced AISIN Group's first electricity generated by biomass in July 2020, achieving an annual emission reduction of around 300t-CO₂.

We are now working to expand the use of biomass-based electricity throughout AISIN Group and use more renewable energy in future to build a sustainable society.

*Biomass is a general term for biological materials from sources such as flora and fauna. When electricity is generated from biomass, these materials are converted to energy through processes such as direct combustion or gasification. Technology development in this area is advancing, with various forms of biomass used effectively.



Establishment of a society in which people coexist with nature

Achieving harmony with nature

EXPO 2005 AICHI JAPAN inspired AISIN Group to set up biotopes from 2007. After the Aichi Targets were set to stop the loss of biodiversity at COP10 in 2010, we redoubled our initiatives to preserve rare species in the area.

Our Environmental Conservation Working Group actively works on biodiversity initiatives to prevent abnormal environmental conditions and protect the natural environment.

Biotopes were set up at Aisin Sin'ei's Kouta Plant in December 2018 as a biodiversity activity, and the company began working with Hekinan Seaside Aquarium in May and August 2019 to release and protect 170 *Pseudorasbora pumila* subsp. sensu, a species of fish classified as endangered (IA).

These fish lived in the area around 25 years ago, and were captured and raised by the aquarium. They became extinct in the wild there, but thanks to the action we took, the descendants of the captured fish were returned to the wild. AISIN Group will continue to protect wildlife in the future.

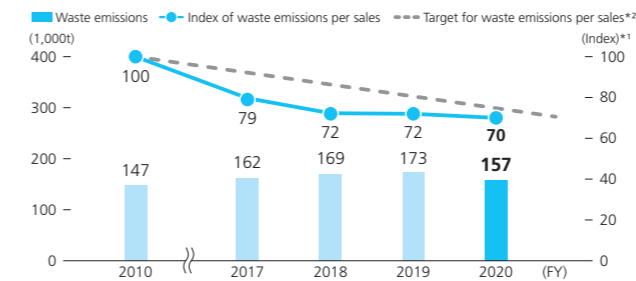


Establishment of a recycling-oriented society

Reducing environmental impact of development, production and logistics to zero

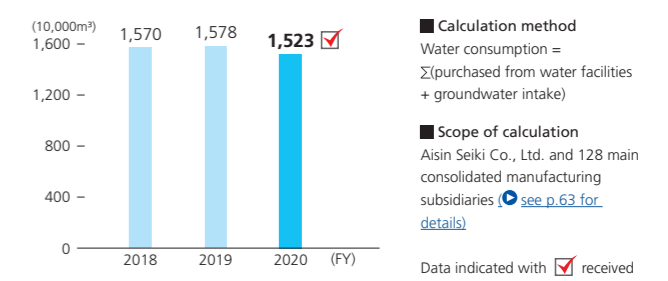
AISIN Group is working to reduce its environmental impact to zero, chiefly through the Environmental Conservation Working Group. This includes developing products that make effective use of resources and can be recycled, stepping up resource recycling at the production and logistics stages and making effective use of water resources.

Waste emissions/index of waste emissions per sales (consolidated figures for Japan)



*1 The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan.
 *2 Target for FY2021: 28% reduction compared to FY2010

Water Consumption



■ Calculation method
 Water consumption = Σ(purchased from water facilities + groundwater intake)
 ■ Scope of calculation
 Aisin Seiki Co., Ltd. and 128 main consolidated manufacturing subsidiaries. [see p.63 for details](#)
 Data indicated with received the independent practitioner's assurance.

Aisin AW Industries is working to reduce the sludge that occurs as a waste material in the treatment of its waste water by selecting or changing the chemicals used in the chemical treatment processes at its treatment plants and optimizing additives.

In fiscal year 2020, we reduced sludge by 20t (5%) year on year by optimizing the chemicals at our waste water treatment plants. We will actively work to reduce our environmental footprint even further in future.



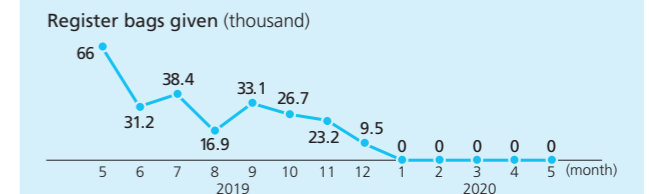
Testing of equipment at treatment plant

On November 24, 2019, we ran a booth at Let's Eco Action in Aichi, held by the Aichi prefectural government, outside Kariya station.

We told attendees about the critical issue of plastics in the sea and carried out the Watashi no Eco Sengen (My Eco Action Declaration). Like other companies, AISIN Group has worked on eliminating plastic register bags since 2018, and from January 2020 we have achieved zero plastic register bags in our stores.



Activities at our booth



Fundamental activities: Environmental management

AISIN Group is continually improving its EMS to become one of the most environmentally friendly companies in existence. In addition to gaining the international ISO14001 standard, we have devised our own, more stringent management targets to work toward.

Our EMS Working Group carries out the following three activities to promote environmental management throughout the group.

1. Standardization
 Revision of the AISIN Consolidated EMS Manual and AISIN Group Green Procurement Guidelines

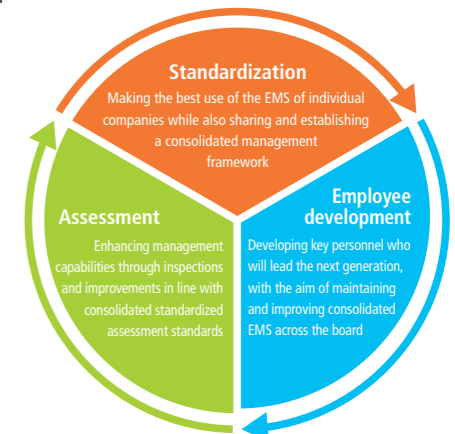
2. Assessment
 These resources are used to improve EMS at our domestic and overseas companies

3. Employee development
 Active initiatives to improve the skills of environmental management personnel in our group companies, such as presentations with talks by experts



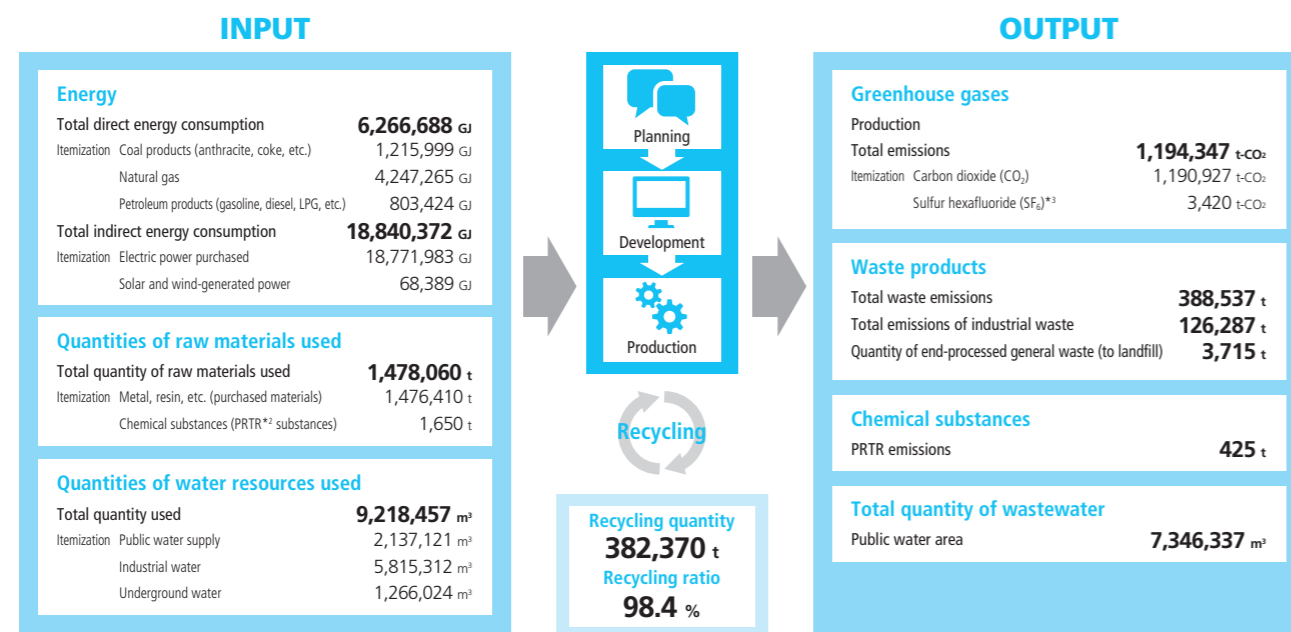
An assessment in China

Three pillars of EMS activities



6. Environment

Resources used and emissions released (fiscal year 2020) 32 core companies in Japan*1



*1 Japan-based group companies (32): Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikinzoku, Aisin Development, Aisin Kiko, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, ADVICS, Shiroki Corporation, Art Metal Mfg., Aisin Tohoku, Aisin Kyushu, Aisin Kyushu Casting, Aisin Hokkaido, Saitama Kogyo, Kotobuki Industry, Aichigiken, Yamagata Clutch, Aisin Software, Aisin Infotex, IMRA Material R&D, Aisin Cosmos R&D, Technova, FT Techno, Aisin Collabo, Sinsan, Konan Kogyo, Hekinan Unso, Sanetsu Unyu

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

*3 SF₆ (Sulfur hexafluoride): A greenhouse gas reported to cause global warming at 23,900 times the rate of CO₂.

Environmental accounting


		12 core manufacturing companies in Japan*1			Group companies in Japan*2		
		FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Environmental conservation costs	Business operation costs	8.90	10.24	10.17	9.67	10.9	11.30
	Management costs	1.03	1.53	1.18	1.16	1.64	1.39
	Upstream/downstream costs	7.03	5.66	4.17	7.07	5.71	4.19
	Research and development costs	18.05	14.48	17.98	18.26	14.63	18.13
	Social contribution activity costs	0.21	0.20	0.19	0.21	0.21	0.20
	Environmental remediation costs	0.04	0.13	0.03	0.05	0.13	0.03
	Total	35.26	32.24	33.72	36.42	33.22	35.24
Effects of environmental conservation measures	Energy saving	1.0	1.08	1.65	1.37	1.19	1.67
	Resource saving	0.21	0.27	0.46	0.22	0.27	0.46
	Effects of reducing waste materials	0.05	0.05	0.04	0.10	0.10	0.07
	Sale of valued property	7.58	9.22	6.64	7.72	9.38	6.74
	Total	8.84	10.62	8.79	9.41	10.94	8.94

Note: These figures are based on Environmental Accounting Guidelines fiscal year 2006, issued by Japan's Ministry of the Environment.

*1 All of the 13 core group companies in Japan except Aisin Development, a non-manufacturing company.

*2 There were 32 companies in fiscal year 2018 and fiscal year 2019 and 31 companies in fiscal year 2020.

Independent practitioner's assurance



Deloitte.
デロイト トーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

September 8, 2020

Mr. Kiyotaka Ise,
President,
Aisin Seiki Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the Total CO₂ emissions and the Water Consumption indicated with for the year ended March 31, 2020 (the "Quantitative Environmental Information") included in the "AISIN GROUP REPORT 2020" (the "Report") of Aisin Seiki Co., Ltd. (the "Company").

The Company's Responsibility
The Company is responsible for the preparation of the Quantitative Environmental Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Quantitative Environmental Information included in the Report). CO₂ quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Quantitative Environmental Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Quantitative Environmental Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Scope of calculation of total CO₂ emissions and water consumption
129 manufacturing companies including Aisin Seiki Co., Ltd., Aisin Takaoka Co., Ltd., Aisin Chemical Co., Ltd., Aisin AW Co., Ltd., Aisin Keikinzoku Co., Ltd., Aisin Kiko Co., Ltd., Aisin Sin'ei Co., Ltd., Aisin AW Industries Co., Ltd., Hosei Brake Industry Co., Ltd., ADVICS Co., Ltd., Shiroki Corporation and Art Metal Mfg. Co., Ltd.

Coverage of scope of calculation

98.5% [(total sales for Aisin Seiki Co., Ltd. and 128 consolidated manufacturing subsidiaries) ÷ (total sales for Aisin Seiki Co., Ltd. and its 137 consolidated manufacturing subsidiaries)]

6. Environment

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

Support for TCFD recommendations and disclosure of information

About TCFD (overview)

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

Agreement with TCFD recommendations

AISIN Group agreed to TCFD recommendations in November 2019 and established a scenario analysis project that ran from December 2019 to March 2020.

Items recommended for disclosure by TCFD and AISIN Group's compliance

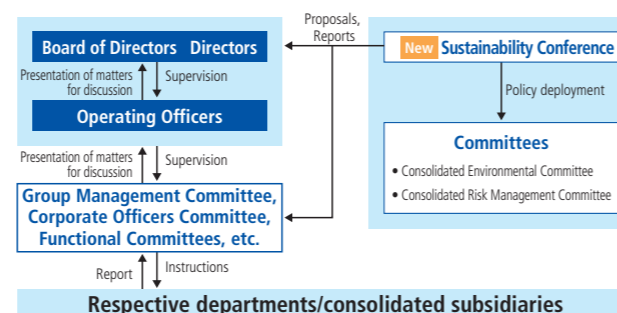
Governance	
Recommended disclosure	Compliance
a) Overseeing the Board of Directors meetings on climate-related risks and opportunities	<ul style="list-style-type: none"> Set priority issues for the SDGs, including climate change, through management meetings and Board of Directors meetings to accelerate sustainability management Establish consolidated environmental policies and evaluate environmental initiatives under the supervision of the Board of Directors
b) Role of management in evaluation and management of climate-related risks and opportunities	

Strategies	
Recommended disclosure	Compliance
a) Short-, medium- and long-term climate-related risks and opportunities identified by the organization	<ul style="list-style-type: none"> Analysis of opportunities and transitional and physical risks accompanying climate change in the short- to medium-term Building of company structure to promote the transition to a zero carbon society as a business Analysis of transitional and physical risks based on definitions the TCFD recommendations
b) The impact of climate-related risks and opportunities on the business, strategies and financial plans of the organization	
c) Resilience in business strategies, taking into account different climate-related scenarios including the 2°C or lower scenario	

Risk management	
Recommended disclosure	Compliance
a) Processes for identifying and evaluating climate-related risks	<ul style="list-style-type: none"> Identify transitional and physical risks caused by climate change and build a framework for evaluation and management of risks Identify these as major risks that impact AISIN Group and regularly monitor them through the Sustainability Conference, etc. Reflect external evaluations such as CDPs and dialog with investors in our risk management
b) Organizational processes for managing climate-related risks	
c) Integrate identification, evaluation and management of climate-related risks into our risk management throughout our organization	

Indexes and targets	
Recommended disclosure	Compliance
a) Disclose measurement standards used for evaluation of climate-related risks and opportunities according to our own strategies and risk management	<p>Targets for FY2031</p> <ul style="list-style-type: none"> CO₂ emissions from production* Reduction of 35% or greater compared to FY2014 Total CO₂ emissions in life cycle Reduction of 25% or greater compared to FY2014 <p>Monitoring indexes</p> <ul style="list-style-type: none"> CO₂ emissions and energy in scope 1 (direct) and scope 2 (indirect) Scope 3 <p>FY2020 results (t-CO₂)</p> <ul style="list-style-type: none"> Scope 1: 631,705 Scope 2: 2,187,302 Scope 3: 14,514,337
b) Disclose GHG emissions and related risks for scopes 1, 2 and 3	
c) Targets used by the organization to manage climate-related risks and opportunities, and the performance of these	

*CO₂ emissions from production = Scope 1, 2



Governance

- AISIN Group recognizes that climate action is an important management strategy. Initiatives to prevent global warming are discussed at our management meetings and Board of Directors meetings, and this issue has been selected as a priority issue to be tackled by AISIN Group according to the SDGs.
- To achieve the vision for the future outlined in TCFD recommendations, we are proposing and discussing plans for medium- to long-term environmental initiatives at meetings of the Consolidated Environmental Committee. These are decided at management meetings and reported to the Board of Directors.

Strategies

Scenario analysis and setting of targets and scenarios

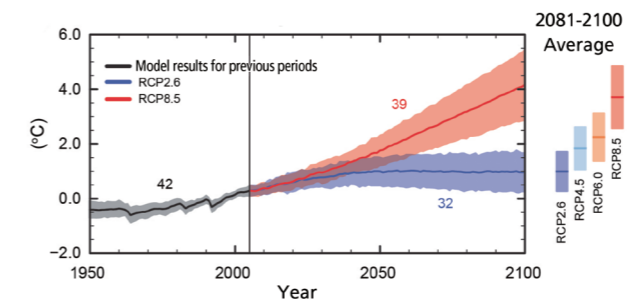
- AISIN Group has always met the diversifying needs of the automotive industry with advanced technology, but with the biggest period of change in 100 years and the threat of large-scale disasters caused by climate change, we are facing our biggest challenges ever.
- To overcome this period of change and assess whether we can achieve sustainable growth, we have analyzed scenarios using TCFD based on the perspectives we are anticipating from our stakeholders.

Analysis and setting of scenarios

We conducted a global analysis of all of our businesses to confirm the overall impact on AISIN Group's businesses.

- A below 2°C scenario is expected as a result of the impact from a transitional perspective and a 4°C scenario is expected as a result of the impact from a physical perspective
- 2030 was set as the timeframe to assess short-, medium- and long-term perspectives, as this is the point at which the automotive industry is expected to transition to electrification

Global average change in temperature



Source: Diagram, IPCC AR5 WGI SPM Fig. SPM.7(a)

Scenarios	Below 2°C scenario	4°C scenario
Vision for society	Bold policies and technological innovation to achieve sustainable development <ul style="list-style-type: none"> Introduction of carbon tax Shift to electrification 	Society in which climate change caused by global warming affects businesses <ul style="list-style-type: none"> More severe flooding from heavy rains and typhoons
Reference scenarios	<ul style="list-style-type: none"> SDS (IEA WEO2019) B2DS (IEA ETP2017) 30@30 (IEA EV Outlook30@30) 	<ul style="list-style-type: none"> RCP8.5 (IPCC AR5)

Anticipated concerns of stakeholders

- Transitional
- Low evaluation of carbon efficiency, easily affected by carbon tax
 - Internal combustion engines are still widely used, industry will need to adapt rapidly to electrification
- Physical
- Impact on continuity of production by disruption of supply chains as a result of natural disasters

Identification of risks and opportunities

We identified all anticipated risks and opportunities, including points other than the anticipated concerns of our stakeholders, and conducted a detailed analysis of three risks that are of particular concern.

		Impact on procurement	Impact on direct operations	Impact on demand for products and services
Risks and opportunities in below 2°C scenario	Policies, laws and regulations	<ul style="list-style-type: none"> Increase in raw material procurement costs as cost increases faced by suppliers due to the carbon tax are passed on Costs associated with support for selection of suppliers and zero carbon initiatives 	<p>Focal point 1</p> <ul style="list-style-type: none"> Additional energy costs with the introduction of carbon tax policies Costs for additional hard and soft measures to eliminate carbon from production processes 	<p>Focal point 2</p> <ul style="list-style-type: none"> While the promotion of electrification increases demand for electric vehicle products, it also decreases demand for products for vehicles with an internal combustion engine
	Technology			
	Market			
Risks and opportunities in 4°C scenario	Reputation			<p>Focal point 1</p> <ul style="list-style-type: none"> Demand differs depending on whether customers comply with zero carbon requirements Increase in demand for environmentally friendly ENE-FARM household fuel cells (SOFC) and gas heat pump air-conditioners
	Acute	<ul style="list-style-type: none"> Disruption of supply chains as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.) With a rise in sea levels and average temperatures and the depletion of usable marine resources in communities, key supplier sites that we have traded with thus far will struggle to stay in business 	<p>Focal point 3</p> <ul style="list-style-type: none"> Temporary suspensions of business as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.) Increase in health risks for employees and air conditioning costs due to increases in average temperatures Difficulty staying in business due to depletion of usable marine resources in communities 	<ul style="list-style-type: none"> Increase in demand for high-resilience ENE-FARM household fuel cells (SOFC) and gas heat pump air-conditioners
	Chronic			

6. Environment

Results of scenario analysis (details)

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

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

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none"> Possibility of carbon tax due to future government regulations, etc. Selection of products for procurement from the perspective of carbon efficiency in customers' production processes Greater calls for reductions of emissions in scopes 1 and 2 by AISIN Group as automotive manufacturers are expected to set targets for the reduction of CO₂ throughout the life of products 	<ul style="list-style-type: none"> CO₂ emissions from production Outcome of 3,089,000t-CO₂ in sales plans for each site (until FY2026) and sales projections for each region (until FY2031) Carbon prices ¥10,000/t-CO₂ based on SDS price in IEA WEO2019 in anticipation of 2°C scenario There is a concern that our business will be threatened by the impact on sales of products with low carbon efficiency combined with high CO₂ emissions from production subject to carbon tax 	<ul style="list-style-type: none"> AISIN Group is working to reduce emissions by 35% compared to FY2014 by FY2031 We are working toward a target of at least 25% renewable energy by FY2031 We are considering new technology such as methanation and hydrogen technology, along with renewable energy procurement strategies <p>Scenarios for reduction of CO₂ in production in FY2031.</p>	<ul style="list-style-type: none"> Improved carbon efficiency in future due to initiatives to reduce emissions Attracting customer demand as a result of target setting and reduction of emissions

Focal point 2 While the promotion of electrification increases demand for electric vehicle products, it also decreases demand for products for vehicles with an internal combustion engine

Below 2°C scenario × impact on demand for products and services

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none"> Transition to a zero carbon society will increase demand associated for new products and services Major shift to electric vehicles in the automotive industry Shift from gasoline-powered vehicles (which require many products for internal combustion) to electric vehicles 	<ul style="list-style-type: none"> 50% electrification has been set as a target for FY2031, in anticipation of a larger shift than the ratio in IEA ETP B2DS The new powertrain units accompanying electrification (automatic transmission, HV transmission, etc.) will account for 40% of AISIN Group's sales <p>Proportion of AISIN Group's sales</p>	<ul style="list-style-type: none"> We have decided to shift AISIN Group's business domain to CASE and are working on structural reforms We introduced a virtual company system in 2017, and changed this to a company system from 2020 to maximize the value of the whole group's businesses <p>Example: Powertrain Company</p>	<ul style="list-style-type: none"> As we adopt our company system within AISIN Group, we are working to adapt to electrification to ensure that sales continue to increase as electric vehicles are increasingly used

Focal point 3 Temporary suspensions of business as a result of larger and more frequent weather disasters (heavy rains, typhoons, etc.)

4°C scenario × impact on direct operations

Risks/opportunities	Prerequisites	Measures	Impact/evaluation
<ul style="list-style-type: none"> Larger and more frequent weather disasters Concerns about opportunity losses and disaster recovery costs as a result of temporary suspensions of business after disasters 	<ul style="list-style-type: none"> Research on flood risks at production sites based on local government bodies' hazard maps Flooding (MLIT standard) Damage to river embankments as a result of area's highest class of rainfall in the last 200 years Storm surges (MLIT standard) Largest storm surges caused by typhoons the size of the Muroto Typhoon in 1934 Potential for damage more severe than anticipated 	<ul style="list-style-type: none"> We are establishing measures to keep out deep water (prevent damage to the area in the event of flooding of this nature), steadily implementing these measures and working to strengthen them. *16 sites are considered to have a high risk of water damage (8 due to flooding and 8 due to storm surges) 	<ul style="list-style-type: none"> We identified sites with a high risk of water damage through surveys of the area. Measures to prevent opportunity losses have already been strengthened and we are working to strengthen them further.

*Overseas scenarios are being analyzed at present. We plan to report on these in the next fiscal year.

Future developments

Future developments based on scenario analysis

Through our scenario analysis, we have analyzed the impact of the risks we are facing, determined the scope of each risk and opportunity and put measures in place accordingly. The results will be reflected in our medium- to long-term strategies and targets in future. We are steadily carrying out the following measures to strengthen our resilience in the face of the impact on AISIN Group's products and services.

- Shift to products for electric vehicles (product development)
- Reduction of CO₂ emissions from production (Environmental Action Plans)

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

	Implemented by	KPIs/targets for FY2031	
Electrification	Companies	Ratio of product sales in related areas	50% or greater
CO ₂ emissions from production	Consolidated Environmental Committee	Reduction of emission (compared to FY2014)	Reduction of at least 35%

Message from Officer



Toshiyuki Mizushima

Executive Vice President, Member of the Board, President of Consolidated Environmental Committee

Environmental conservation initiatives such as the prevention of global warming are a key point tackled in AISIN Group's management. In addition to setting priority issues regarding the SDGs, we have set targets and KPIs for fiscal year 2031 to promote specific activities.

Based on the environmental issues the world has faced thus far, we recognize the importance of building a sustainable society through the products and services we provide as a manufacturer to resolve worsening issues such as climate change, impact on water resources and plastic pollution in the seas.

As electric vehicles become mainstream around the world and electricity shifts to natural sources, we are conducting comprehensive evaluations of environmental risks and opportunities in future and presenting specific policies for group-wide initiatives.

7. Social Engagement and Contribution to Development

7 Social Engagement and Contribution to Development

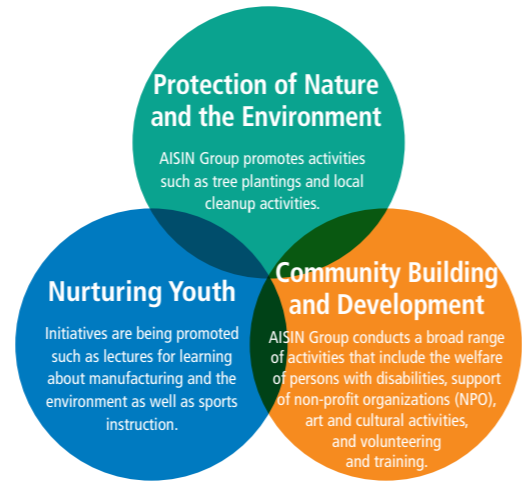
We are aware that we are a member of society, and contribute to sustainable development through active social engagement. We also provide support for our employees' voluntary social engagement regarding various social issues, and strive to resolve such issues in cooperation with a wide variety of stakeholders.

Initiatives to "Be With" local communities

"Harmony with Society and Nature" is a core corporate principle of AISIN Group, with AISIN Group Principles of Corporate Behavior pledging to actively engage with society and contribute to sustainable development based on an awareness that companies are members of society.

Our activities are guided by the motto "Be With". We work with local communities to build a richer society.

AISIN Group develops a wide range of social contribution activities together with our stakeholders, through the three pillars of protection of nature and the environment, nurturing youth and community building and development. Through these activities, the group is working proactively to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of common goals for international society to work toward achieving by the year 2030.



Protection of Nature and the Environment

We are working on environmental protection initiatives at sites around the world to contribute to sustainable social development. We clean up the area around our offices and nearby beaches and rivers to contribute to environmental conservation, and carry out ongoing tree planting initiatives to regrow greenery lost for reasons such as changes in the environment.

Tree planting activities to prevent global warming and desertification

AISIN Group's 23 Thailand-based companies are carrying out tree planting activities at each site. In November 2019, 11 companies worked together to plant a mangrove. 347 employees planted 4,130 seedlings and cleaned up the coastline. We planted *Salix flavida* in the Inner Mongolia Autonomous Region of China and *Salix integra* around the fifth station of Mt. Fuji in Japan.



Mangrove planting

"Aisin no Mori (Forest of Aisin)" forest development to contribute to the conservation of the natural environment along the Yahagi River

We have been conducting environmental conservation activities in the basin of the Yahagi River, which group companies in Aichi Prefecture use to obtain water for industrial and domestic purposes. We also concluded a "forestry foster parent agreement" with Neba, a municipality in Nagano Prefecture, and have been engaging in maintenance of the walking path and promoting "Aisin no Mori" forest development by planting rhododendrons in the area and working on collaborative forestry activities such as thinning.



Maintenance of the walking path

Nurturing Youth

Children are the future, and helping them to grow up healthy is important to us. We carry out community activities, such as providing environmental education that teaches local children the importance of the environment and encourages them to protect it and live eco-friendly lives, and giving talks that will foster an interest in manufacturing. We also carry out sports initiatives to teach young people about health and get communities active.

AISIN Environmental Education Program

AISIN Group is working together with the NPO ASK-NET to roll out the AISIN Environmental Education Program for elementary school students. The program is part of an integrated study class of fourth and fifth graders at elementary schools in cities and towns where Aisin's sites are located. To date, a total of 29,412 students at 350 elementary schools have learned about the environment in a structured manner through the program, which focuses on topics such as forests, waterside environments and living.



A lesson connected to 3R activities

Nurturing youth and getting communities active through sporting initiatives

We nurture youth and get communities active through sporting initiatives, led by Seahorses Mikawa, a professional basketball team in the B. LEAGUE, and AISIN Aisin AW Wings, a team belonging to WJBL. The teams share the excitement and joy of an intense match with members of local communities, inspiring the communities to get active. The athletes and coaches also hold coaching sessions and clinics at elementary and junior high schools to get them interested in basketball.



Basketball coaching

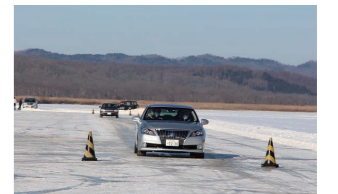
Community Building and Development

We recognize the importance of addressing our priority issues related to the SDGs and building connections with local communities. We are carrying out ongoing initiatives in a wide range of areas including traffic safety, health and welfare, support for regions affected by disasters and helping people with disabilities to live independently.

As a member of the automotive industry, we are actively carrying out activities at each our our sites around the world, including community activities to increase awareness of traffic safety, safety patrols, safety talks and donations.

Driving sessions on a local test course

We provided sessions with our driving technology at a local test course at Lake Yudo-numa, Hokkaido to promote traffic safety in the community. We taught members of the community how to drive on the frozen lake. The session taught members of the local community, including town hall employees and officers in police boxes, about technology for driving in winter.

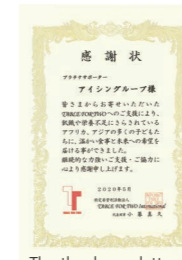


Driving sessions on our test course

We give employees the opportunity to help tackle global health issues and volunteer for causes such as support for regions affected by disasters.

Taking part in TABLE FOR TWO

We have been taking part in TABLE FOR TWO (TFT), an activity aiming to provide food to developing countries and eradicate obesity and lifestyle diseases in industrialized countries, with a focus on imbalances in world food consumption. In fiscal year 2020, we raised enough money to provide around 235,000 meals and achieved "Platinum Supporter" status, the highest level awarded by TFT, for the Seventh consecutive year. (We placed first in the cafeteria category.)



The thank-you letter we received as a platinum supporter

Support for regions affected by Typhoon Hagibis

On November 16, 2019, volunteers from AISIN helped with disaster recovery in Nagano City, an area of Nagano Prefecture that experienced particularly severe water damage. Our volunteers cleared away mud and debris along with other cleanup activities in areas such as apple orchards and residential properties. We also donated to the recovery effort through Japan Platform and Central Community Chest of Japan.



Local volunteer activities

Gifting vaccines to children in developing countries

We are carrying out an ongoing initiative in which we collect the caps of plastic bottles and gift vaccines to children in developing countries through the Japan Committee of Vaccines for the World's Children. In fiscal year 2020, we collected 3.37 million caps, which equates to vaccines for 3,900 children.

Support for medical facilities

We are involved in the Kokorohakobu Project*, which supports medical facilities that are working around the clock on COVID-19 testing and treatment. We support these hardworking professionals by producing basic beds and partitions, and have donated surgical masks to local medical and welfare facilities.



A basic bed

*A project by the Toyota Group encompassing various initiatives to support patients, medical professionals, governments and local government bodies in the fight against COVID-19.

Spending on social contribution activities

Our spending on social contribution activities can be classified into the following three categories according to the LBG (London Benchmarking Group) guidelines.

	(million yen)
Charitable donations	335
Community investment	469
Commercial initiatives	1,421
Total	2,225

8. Thorough Crisis Management

8 Thorough Crisis Management

We prepare ourselves for threats to civil life and corporate activities, and maintain thorough organizational crisis management.

Risk management policies and risks

We are entering an age in which business activities are impacted by climate change, depletion of resources, large-scale disasters and outbreaks of infectious diseases, and social and environmental issues such as the destabilization of society caused by growing inequality are having a significant impact on companies' value creation and business models.

With our business environment changing so drastically, we need to assess the risks that could stand in the way of sustainable growth in the long term and take suitable measures to address them.

AISIN Group considers risk management to be a crucial element that needs to be tackled in order to achieve sustainable growth and stability. After the fire at our Kariya Plant in 1997, we established a Consolidated Risk Management Committee, chaired by our Chief Risk Officer (CRO), to apply the valuable lessons we learned and carry out all-encompassing management of all the major risks that we face. As part of our group-wide efforts to build resilience against disasters, we undertake education and awareness-raising activities to enable each and every employee to take appropriate action in accordance with the Risk Management Guide when risk events occur. This guide stipulates procedures to be followed in ordinary times (before a situation occurs) and during an emergency (when a situation occurs).

Organization diagram of Consolidated Risk Management Committee



Ascertaining risks and conducting risk assessments during normal times

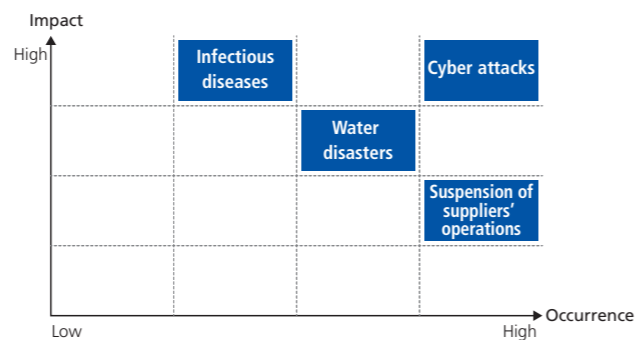
Risk assessments are conducted to predict and then minimize risks in a company's business environment. AISIN Group carries out activities to identify key risks each year based on societal changes and environmental issues, including discussions with top management and divisions affected by each risk.

Risks with varying degrees of severity are mapped on two axes: degree of impact and likelihood of occurrence. High-priority risks are tackled through risk management activities led by the relevant divisions.

Risks that have become more critical in fiscal year 2021 are water disasters, cyber attacks and suspension of suppliers' operations. In addition to targeted activities against these risks, we are taking measures against new risks on our radar, such as infectious diseases and fraud. These measures are approved by the Consolidated Risk Management Committee and addressed through countermeasures by all companies and relevant divisions in AISIN Group.

▶ See p.72 for details on our risk plan for fiscal year 2020.

Tackling and monitoring risks through risk assessments



Risk assessments and measures for response and recovery in the event of an incident

AISIN Group carries out response and recovery measures according to our guide to measures in the event of a major earthquake (response) and our manual on our process for handling disasters (response and recovery). These were created based on the section in our Risk Management Guide about when an emergency occurs (response and recovery). We also build a group headquarters framework when we discover or predict a hazard, and group-wide training is carried out regularly so that employees are able to take measures to minimize damage at any time.

Business continuity plan (BCP) and company-wide risk management

To pass on lessons and observations that AISIN Group has gained from past disasters to all of our employees, an AISIN Group BCP Committee comprising the top management, officers and relevant managers in the group's 5 core companies meets each year on the anniversary of the Kumamoto earthquake with the aim of strengthening our business community plan (BCP) activities.

In fiscal year 2021, we carried out disaster mitigation activities, put measures in place at one of our production sites (diversification into multiple sites, etc.) and installed backup power sources. We also carried out systematic measures to minimize damage caused by major earthquakes based on the AISIN Global Safety Standard (AGSS) and what we have learned from the earthquakes that occurred in Kumamoto, Osaka and Hokkaido over the last few years.

AISIN Group is also enhancing its response capabilities in preparation for responding to earthquakes and other large-scale disasters, with the basic policies of saving lives, ensuring safety, contributing to local communities and restoring production.

To prepare for flooding and fires, two disasters that cause widespread damage, we have established a system to visualize our supply chain 24 hours a day, 365 days a year, so that we can respond to and recover from disasters more quickly.

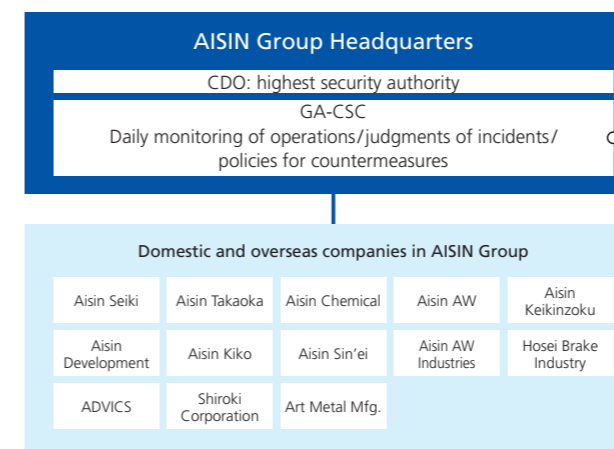


AISIN Group BCP Conference (on the anniversary of the Kumamoto Earthquake)

Corporate security system

Thus far, AISIN Group assigns the responsibilities and authority for corporate security and the protection and use of personal information to the officers responsible for the management of various risks that could severely impact our business and those responsible for establishing information strategies, IT investment plans and similar according to our management strategies.

From April 2020, we appointed a new Chief Digital Officer (CDO) to strengthen our corporate security governance throughout AISIN Group.



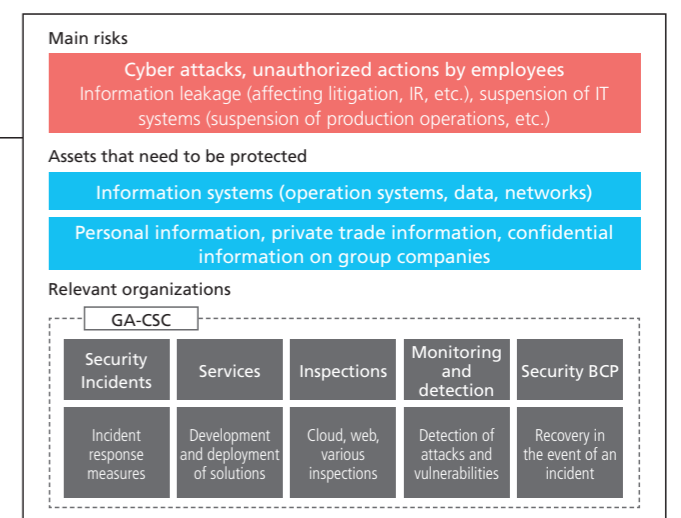
Corporate security policies

Advances in IoT are connecting more and more items and types of information, bringing new value to society. Unfortunately, threats such as cyber attacks are being carried out more skillfully each day, and there is an ever-present threat that company information, customer details and other private information will be leaked. Attacks like these stand in the way of sustainable growth of companies, and it is critical that these risks are managed.

With this in mind, AISIN Group has established AISIN Group Basic Policy on Information Security. Information assets that are entrusted to us by customers and trading partners or are related to the group's business activities are vital assets of AISIN Group, and we carry out systematic, ongoing information security measures to protect them.

We also established the Global Aisin-Corporate Security Center (GA-CSC) as a specialist security organization to protect the company from risks such as cyber attacks and unauthorized actions by employees.

GA-CSC collects and deploys security-related information and handles incidents to enable early detection and a rapid response throughout AISIN Group.



8. Thorough Crisis Management

Risk plan for fiscal year 2020

	Risk item	KPIs for risk measures	FY2020			Main issues/initiatives for FY2021
			Main issues (activity plan)	Activities	Results	
Risks of accidents and disasters	1 Major earthquakes	• 0 fatalities resulting from earthquakes	• Full implementation of disaster-mitigating measures to prevent fatalities • Measures against omissions in AGSS after changing the layout of the facilities	• Continuation of disaster-mitigating measures (completion of securing of facilities) • Mutual inspections according to Aisin Global Safety Standard	Not achieved	• Securing of facilities incomplete • Continuation of disaster-mitigating measures (details reported at BCP meeting)
	2 Lightning damage	• 0 injuries or faults in testing facilities	• Ensuring safety and preventing damage to facilities in the event of lightning • Implementation of countermeasures by each domestic group company	• Introduction of services for distributing local weather information (Fujioka)	Achieved	• Sharing of details on measures against risks with group companies
	3 Water damage	• 0 fatalities or impact on communities	• Assessment of risks at each company from hazard map • Faster collection of information from group companies	• Completion of risk evaluation at domestic sites • Typhoon warnings and collection of information on damage	Achieved	• Review of details of measures against water damage and support for planning of measures
	4 Occupational accidents	• 0 severe accidents	• Systematic installation of lockouts based on correct understanding (until end of FY2020) • Introduction of All Toyota work manager and construction manager qualification systems at group companies	• Completion of lockout installation and commencement of operation • Completed introduction of All Toyota work manager and construction manager qualification systems at group companies	Achieved	• Training for work managers and construction managers • Unification of standards to construction management in the group
	5 Fire and explosion	• 0 fires	• Thorough reiteration of 4 basic actions to ensure awareness among all employees at all workplaces • 5S from the perspective of fire prevention • Prevention of fires caused by abnormalities in equipment • Thoroughly maintaining hazard management	• Measures for fires in ducts and dust collectors • Small-group activities in workplaces (5S around heat sources) • Training on the 4 basic actions for all employees	Not achieved	• Continuing 100% completion of training on the 4 basic actions
	6 Suspension of production due to a disaster or accident	• 0 suspensions of production due to disasters or accidents	• BCP measures for products produced at one site (acceleration of consideration of S/A ranking for group) • Establishment of recovery procedure as a model for actions in the event of a disaster	• Considerations for S/A/B rankings completed • Consideration of globally compatible products and confirmation of production performance • Consideration of non-compatible alternatives	Achieved	• Faster action using SCRAM procurement system
	7 Suspension of infrastructure supply (electricity/water/gas)	• Completion of installation of backup power supplies for 202 facilities where suspension would severely impact production	• Investigation of whether generators are needed	• Selection of lines for backup power supplies and calculation of capacity • Prioritization of transmission lines for Kariya cogenerator and establishment of startup procedure	Achieved	• Creation and execution of plan to introduce backup power supplies for selected facilities
Social and political risks	8 Terrorism, 9 coups, riots	• 0 fatalities or injuries	• Handling of threats to life due to terrorism, riots, etc.	• Strengthening of training and provision of information for employees who are posted overseas or traveling for business	Achieved	• Thorough safety procedures (group training, etc.)
	10 Cyber attacks	• 0 cases of information leakage or suspensions of production due to cyber attacks	• Strengthening of advanced log analysis by specialist security organization • Implementation of security measures for content published online • Building of framework for fast response to cyber incidents	• Introduction of specialist security systems • Making employees aware of CSIRT (response team) contact point and establishing group CSIRT • Training on suspicious emails	Not achieved	• Activities to prevent incidents of this nature from occurring • Building of a framework for information security measures
	11 Damage resulting from theft	• 0 cases of damage, threats or theft	• Strengthening of threats to life due to disturbance of the peace	• Training and provision of information for employees who are posted overseas or traveling for business (warnings, travel restrictions, thorough safety procedures, etc.)	Achieved	• Training for employees transferred to dangerous areas

	Risk item	KPIs for risk measures	FY2020			Main issues/initiatives for FY2021
			Main issues (activity plan)	Activities	Results	
Administrative risks	12 Information leakage	• 0 major cases of leakage	• Compliance with and thorough reiteration of information management rules for mobile work • Third-party evaluations for all companies in the group	• Creation of operation/management rules based on reforms to make work more fulfilling • Support for risk assessments covering confidentiality, completeness and availability in group companies	Achieved	• Support for unachieved items, establishment of tools to carry these items out from our group head office • Achievement rate 12 group companies: 100% Group subsidiaries: 80%
	13 Environmental pollution	• 0 cases of external thresholds being exceeded	• Measures to prevent contamination of groundwater at overseas sites • Regular confirmation of continuation of management at subsidiaries	• Continued cleaning of hexavalent chromium • Monitoring and detection of deterioration in barrier wells (Nishio) • Support for employees at subsidiaries • An environmental incident : Value in BOD agreement exceeded at Kyodokan, Aisin Seiki	Not achieved	• Renovation of 16 wells in reorganization of Nishio District (Nishio) • Strengthening prevention of environmental abnormal of waste water.
	14 Quality issues 15 Falsification of quality data	• 0 quality issues	• Thorough compliance with laws, regulations and quality agreements	• Promotion of activities to improve quality according to quality policies • Creation of workplaces ensuring compliance with laws, regulations and quality agreements	Achieved	• Strengthening of response through group-wide/global cooperation
	16 Suspension of suppliers' operations	• 0 stoppages of our own lines	• Use of system throughout group • Anticipation and prevention of impact on suppliers • Fast impact assessment and response in the event of a suspension	• Creation and commencement of use of manual detailing system operations • Environmental risk inspections • Identification of possible alternatives in BCP considerations	Achieved	• Reduction of cases of disruption of supply due to fire, water damage, etc. at supplier sites and minimization of impact • Establishment of response framework at each company
	17 Intellectual property disputes	• Completion of building of framework to handle lawsuits	• Creation of system for sharing information between group companies	• Handling of US patent violation lawsuits	Achieved	• Organizational framework, legal response, policy building (accompanying management merger)
	18 Fraudulent accounting 19 Theft of company assets	• 0 cases of this nature	• Thorough reiteration of rules and raising of awareness on replacement of employees	• Workshops for group subsidiaries • 10-point inspections at subsidiaries	Achieved	• Workshops for new accountants (target: 100% attendance)
Legal and HR risks	20 Violation of Antimonopoly Act	• 0 violations	• Raising the level of legal compliance throughout the group • Prevention of failures to check and report hazards due to decrease in awareness	• Establishment of rules for collaborations with competitor (BluE Nexus) • E-learning for domestic subsidiaries	Achieved	• Introduction of group-wide/global guidelines on the Antimonopoly Act • Broadening of scope of email checks
	21 Labor disputes	• 0 suspensions of operation due to labor disputes	• Smooth accomplishment of staffing strategies through business restructuring • Increasing level of labor management worldwide	• Revision of employee assessment tools • Guidance for group companies using knowledge base including Toyota Group's labor management guidebook, etc.	Achieved	• Assessment of employees' understanding of and agreement with company policies • Exchange of information through Toyota Group labor management training
	22 Violations of Personal Information Protection Act	• 0 major cases of leakage	• Ongoing compliance with laws and regulations in each country	• Establishment of fully consolidated policies, regulations and notifications in domestic companies	Achieved	• Handling of business restructuring, data mapping in each country • Revision of regulations and thorough communication through training
	23 Violations of export trade regulations	• 0 violations of regulations	• Uniform HS code judgments • Handling of export regulations in Thailand	• Standardization of operations according to guidelines for certificates of origin • Establishment and execution of overseas rules	Achieved	• 100% complete introduction of rules at overseas companies
	24 Public knowledge of a compliance violation	• 0 severe violations of laws and regulations as a result of measures to contain incidents	• A system for early detection of violations within the company is required	• Increasing employees' awareness of reporting service in domestic group companies • Training for reporting service personnel in domestic group companies	Achieved	• Appropriate external disclosure of scandals • Maintaining and improving percentage of employees aware of reporting service
Failure to handle incidents	25 Mishandlings of media situations	• 0 mishandlings of PR situations	• Enhancement of manual on handling media crises and use of the manual at remote subsidiaries	• Media training for top management at 13 group companies	Achieved	• Training for newly appointed presidents and officers at the 13 core group companies • Establishment of action plan to establish PR framework overseas

Environmental data

Results of activities for the Sixth Environmental Action Plan in fiscal year 2020

Environmental axis	Evolutions	Measures	FY2020 results																															
Establishment of a low-carbon society	Reduction of CO ₂ emissions to zero over the entire life cycle of products, from manufacture and use to disposal	1 Promotion and expansion of development of products with new functions for substantial reduction of CO ₂ emissions	<ul style="list-style-type: none"> Began mass production of the eAxe electric drive unit (150kW) as part of initiatives to popularize EVs that emit no CO₂ at all while driving. The unit is used in Toyota's CH-R and IZOA EVs Began mass production of the next generation of cooperative regenerative brake systems, which enable reclamation of more energy (and are therefore more energy efficient) than conventional 4-wheel drive control as the front and rear wheels are controlled independently 																															
		2 Increased transparency of factors that cause environmental load	<ul style="list-style-type: none"> Completed draft of scenarios for AISIN Group in FY2031 with the aim of achieving the reduction targets set in our LCAs*1. Integration of scenarios for FY2031 at 4 design companies 																															
		3 Reduction of CO ₂ emissions in our production work Overseas: Establishment of a CO ₂ reduction system similar to the one currently in place for operations in Japan Japan: Maintenance and continuation of the high level of our current CO ₂ reduction system	<ul style="list-style-type: none"> Shared examples of energy conservation for the purpose of reducing CO₂ with local staff at personnel liaison meetings in China, Thailand, Europe and North America. Promoted energy conservation activities at each site <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2020</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>CO₂ emissions from production</td> <td>Global operations (consolidated CO₂ emissions from production in Japan and overseas)</td> <td>Emissions per sales</td> <td>FY2010</td> <td>20%</td> <td>18.2% reduction</td> <td>20.2% reduction</td> <td></td> <td>○</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2020		Evaluation	Goal	Target	Result	Result	CO ₂ emissions from production	Global operations (consolidated CO ₂ emissions from production in Japan and overseas)	Emissions per sales	FY2010	20%	18.2% reduction	20.2% reduction		○									
		Reduction coverage	Scope of business operations covered by reduction efforts					Item	Base year	FY2021			FY2020		Evaluation																			
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CO ₂ emissions from production	Global operations (consolidated CO ₂ emissions from production in Japan and overseas)	Emissions per sales	FY2010	20%	18.2% reduction	20.2% reduction		○																										
4 Establishment of an AISIN clean-energy factory and commencement of operation	<ul style="list-style-type: none"> Completed scenarios for reduction of CO₂ at 12 core manufacturing companies in AISIN Group by FY2031 Ascertained the current status of initiatives for renewable energy worldwide with the aim of optimal procurement for renewable energy within FY2021 																																	
5 Improvement of transportation efficiency in distribution activities Overseas: Improvement of CO ₂ reduction system in line with expansion of overseas operations Japan: Continuation of improvement activities through the shared use of specific CO ₂ reduction methods (know-how)	<ul style="list-style-type: none"> Expanded joint delivery for AISIN Group as a whole in the Kanto region and introduced full trailers Introduced 4 BDF*2 trucks <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2020</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>CO₂ emissions from distribution</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions per sales</td> <td>FY2010</td> <td>11%</td> <td>10.0% reduction</td> <td>15.2% reduction</td> <td></td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td colspan="6">Thorough understanding of results</td> <td></td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2020		Evaluation	Goal	Target	Result	Result	CO ₂ emissions from distribution	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	11%	10.0% reduction	15.2% reduction		○		Overseas companies	Thorough understanding of results								
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	Overseas companies	Thorough understanding of results																																
Establishment of a recycling-oriented society	Zero environmental load	6 Effective use of metallic resources during the development stage and all-out efforts to promote recycling	<ul style="list-style-type: none"> Completed activities to ascertain the current state of metallic resources that should be managed by AISIN Group, and confirmed that there is no problem at present 																															
		7 Promotion of recycling of resources in production and distribution, and consequent reduction of the use of resources Production: Promotion of reuse of materials within the group Distribution: Reduction of packaging materials Overall: Shared use of recycling methods and all-out intra-group efforts to promote such methods	<ul style="list-style-type: none"> Created and shared 12 representative examples of waste reduction and recovery of valuable matter from for AISIN Group Completed 7 examples of countermeasures against sources of issues overseas <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2020</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Waste materials</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions per sales</td> <td>FY2010</td> <td>28%</td> <td>25.5% reduction</td> <td>29.5% reduction</td> <td></td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td>Thorough understanding of results</td> <td>FY2016</td> <td>5%</td> <td>4% reduction</td> <td>—</td> <td>—</td> <td></td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2020		Evaluation	Goal	Target	Result	Result	Waste materials	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	28%	25.5% reduction	29.5% reduction		○		Overseas companies	Thorough understanding of results	FY2016	5%	4% reduction	—	—	
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	Overseas companies	Thorough understanding of results	FY2016	5%	4% reduction	—	—																											
8 Effective use of water resources and full-scale efforts to promote recycling of water resources	<ul style="list-style-type: none"> Set water reduction targets at high-risk sites and began deliberation of measures <table border="1"> <thead> <tr> <th>Reduction coverage</th> <th>Scope of business operations covered by reduction efforts</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td>Water</td> <td>Areas where there are many constraints</td> <td>Assessed drought risk in FY2018 and identified high-risk sites with an emphasis on the impact on our sites Completed numerical targets in FY2020 and began assessing current status</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Water	Areas where there are many constraints	Assessed drought risk in FY2018 and identified high-risk sites with an emphasis on the impact on our sites Completed numerical targets in FY2020 and began assessing current status																											
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*1 Life Cycle Assessment, an assessment of reductions in CO₂ emissions across product lifecycles as part of the product development process

*2 Biodiesel Fuel, a type of fuel made by collecting and refining food oils

*3 AISIN Global Environmental Standard

Environmental axis	Evolutions	Measures	FY2020 results																															
Establishment of a society in which people coexist with nature	Harmony with nature	9 Advance action ahead of the official enforcement of regulations of harmful chemical substances contained in products	<ul style="list-style-type: none"> Created a road map for the transition between now and FY2025 and shared it with group companies 																															
		10 All-out efforts to prevent abnormal environmental situations	<ul style="list-style-type: none"> Completed written deliberation of AGES*3 (exhaust) Created AGES proposal (soil and groundwater) 																															
		11 Reduction from production of chemical substances that cause environmental load Overseas: Establishment of a reduction system similar to the one that is currently in place for operations in Japan Japan: Maintenance and continuation of the high level of our current emission reduction system	<ul style="list-style-type: none"> Began building a chemical substances management system with a view to the merger between Aisin Seiki and Aisin AW Introduced to eliminate VOCs in the Chugoku district in response to regulations <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2020</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>VOC</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions per sales</td> <td>FY2010</td> <td>19%</td> <td>17.3% reduction</td> <td>47.3% reduction</td> <td></td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td colspan="6">Thorough understanding of results</td> <td></td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2020		Evaluation	Goal	Target	Result	Result	VOC	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	19%	17.3% reduction	47.3% reduction		○		Overseas companies	Thorough understanding of results						
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VOC	Consolidated subsidiaries in Japan	Emissions per sales	FY2010	19%	17.3% reduction	47.3% reduction		○																										
	Overseas companies	Thorough understanding of results																																
12 Implementation of regional programs aimed at preserving biodiversity	<ul style="list-style-type: none"> Conducted nature protection activities in five regions of Japan that are home to AISIN Group sites (Aichi, Hokuriku, Hokkaido, Tohoku and Kyushu) 																																	
Fundamental activities that cover all themes		13 Reinforcement of environmental compliance through the establishment of a system to centralize the collection of relevant information	<ul style="list-style-type: none"> Distributed information at personnel liaison meetings held in various regions with regard to laws and regulations that will have an impact and/or need to be addressed Continued to promote treatment of high-density PCB waste jointly within group Completed treatment according to our plan in FY2020 																															
		14 Establishment and operation of a globally consolidated EMS evaluation system	<ul style="list-style-type: none"> Identified weaknesses and achievable improvements in each of our sites and conducted more stringent consolidated environmental assessments than those set in the Fifth Environmental Action Plan at both our domestic and overseas sites based on our findings. The targets were achieved by 47 companies in FY2020 																															
		15 Reinforcement of environmental management regarding supply chains and promotion of environmental activities in collaboration with suppliers	<ul style="list-style-type: none"> Conducted environmental inspections at 38 suppliers of AISIN Group and carried out follow-up activities after the inspections 																															
		16 Reinforcement of environmental education to develop globally competitive employees	<ul style="list-style-type: none"> Reiterated our vision for FY2021 and the principles of our training framework, and carried out training with the aim of building training frameworks at our affiliated companies in Japan 																															
		17 Promotion of social contribution activities in the environmental field in cooperation with local communities	<ul style="list-style-type: none"> Aisin AW Industries has been carrying out conservation activities in Nakaikemi Marsh since FY2015. From FY2020, the company has worked together with local junior high school students with a keen interest in the rice fields and their biodiversity Aisin Keikinzoku's Ariso Plant caught and released native fish that live in nearby rivers as an initiative to breed and protect these fish Other group companies also continued to devise and engage in environmental activities with local communities 																															
		18 Enhancement of communication with various stakeholders in the environmental field	<ul style="list-style-type: none"> Held events such as AISIN Group Consolidated Environmental Symposium for AISIN Group employees to promote awareness and understanding of our environmental activities Promoted AISIN Group's environmental activities by taking ecological action and conducting biological surveys for local elementary school students 																															
19 Worldwide management of office environment	<ul style="list-style-type: none"> Verified that environmental activities tailored to various functions are being conducted in each workplace each year 																																	

HR data

HR data

Item		Unit	FY2016	FY2017	FY2018	FY2019	FY2020		
Employees*	Aisin Seiki Co., Ltd.	Persons	14,089	13,591	14,198	14,439	14,986		
	Total for 5 AISIN Group companies*1		36,340	38,225	40,457	42,013	44,606		
Regular recruitment	Aisin Seiki	General administrative positions	Total (male and female)	Persons	47	39	33	25	23
			Ratio of women	%	23.4	25.6	24.2	32.0	30.4
		General technical positions	Total (male and female)	Persons	167	144	125	118	147
			Ratio of women	%	13.1	9.0	11.2	11.0	8.2
		Skilled positions	Total (male and female)	Persons	189	185	276	253	395
			Ratio of women	%	7.9	17.1	10.5	13.4	17.5
	Practical positions	Total (male and female)	Persons	30	18	17	16	13	
		Ratio of women	%	100.0	100.0	100.0	100.0	100.0	
	5 companies	General administrative positions	Total (male and female)	Persons	104	91	86	86	89
			Ratio of women	%	22.1	24.2	31.4	29.1	34.8
		General technical positions	Total (male and female)	Persons	398	360	347	325	453
			Ratio of women	%	8.8	8.9	11.0	10.8	8.6
		Skilled positions	Total (male and female)	Persons	666	938	1,059	1,217	1,567
			Ratio of women	%	13.7	21.6	17.3	17.2	20.8
Practical positions		Total (male and female)	Persons	52	47	33	30	26	
		Ratio of women	%	100.0	97.9	100.0	93.3	100.0	

Key themes	Item		Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Respect for human rights	Employees who answered the employee CSR survey	Aisin Seiki	%	—	—	—	—	100.0	
		5 companies	%	—	—	—	—	100.0	
Investment in employees	Annual hours of training per employee	Aisin Seiki	Hours	—	—	—	38.0	38.0	
		5 companies	Hours	—	—	—	32.0	31.3	
Fulfillment (engagement)	Fulfillment (according to results of employee awareness survey)	Aisin Seiki	%	3.5	3.4	3.5	3.4	3.5	
		5 companies	%	—	—	—	3.4	3.4	
	Turnover (resignation)	Aisin Seiki	%	1.0	0.9	1.0	1.2	1.3	
		5 companies	%	1.0	1.0	1.2	1.8	2.4	
Diversity and inclusion	Managers and ratio of female managers	Aisin Seiki	Male	Persons	1,831	1,876	1,952	2,067	2,178
			Female	Persons	39	46	51	57	69
			Ratio of women	%	2.1	2.4	2.6	2.7	3.1
		5 companies	Male	%	3,915	4,077	4,240	4,441	4,845
			Female	%	47	56	60	69	87
			Ratio of women	%	1.2	1.4	1.4	1.5	1.8
	Local employees in executive positions (head of division or higher) at overseas companies	Aisin Seiki	%	47.1	54.3	56.3	55.3	52.8	
		5 companies	%	47.9	57.1	57.0	56.5	56.9	
	Re-employment	Aisin Seiki	Employees with advanced qualifications	%	68.8	67.7	76.6	76.9	73.3
			Members of union	%	76.7	75.8	71.9	81.2	83.2
			Overall	%	74.8	73.8	73.9	79.7	79.4
		5 companies	Employees with advanced qualifications	%	69.7	67.3	84.1	79.6	76.5
			Members of union	%	78.3	89.1	85.9	81.3	89.5
			Overall	%	76.2	84.0	85.3	80.7	85.5
Hiring of employees with disabilities*2	Aisin Seiki	Persons	216	229	227	236	244		
		%	2.06	2.16	2.17	2.20	2.16		
	5 companies	Persons	570	601	682	697	780		
		%	2.06	2.12	2.10	2.14	2.16		
	Source: Statutory Employment Rates	%	2.0	2.0	2.0	2.2	2.2		
Work-life balance	Work hours	Aisin Seiki	Hours	2,191	2,200	2,142	2,117	2,061	
		5 companies	Hours	2,171	2,182	2,154	2,129	2,071	
	Paid leave taken	Aisin Seiki	%	98.1	98.9	98.2	98.9	98.7	
		5 companies	%	93.0	95.4	93.8	95.7	95.9	

Key themes	Item		Unit	FY2016	FY2017	FY2018	FY2019	FY2020	
Work-life balance	Number of employees using parental leave systems	Aisin Seiki	Male	Persons	11	11	25	35	50
			Female	Persons	115	101	132	103	118
			Total	Persons	126	112	157	138	168
		5 companies	Male	Persons	17	26	48	69	118
			Female	Persons	323	341	412	386	439
			Total	Persons	340	367	460	455	557
	Number of employees working reduced hours to accommodate childcare	Aisin Seiki	Male	Persons	108	116	113	129	153
			Female	Persons	316	310	333	346	409
			Total	Persons	424	426	466	475	562
		5 companies	Male	Persons	112	124	161	149	190
			Female	Persons	597	617	691	728	848
			Total	Persons	709	741	852	877	1,038
Number of employees using family-care leave support systems	Aisin Seiki	Male	Persons	3	1	10	8	1	
		Female	Persons	1	1	3	6	5	
		Total	Persons	4	2	13	14	6	
	5 companies	Male	Persons	5	5	14	12	11	
		Female	Persons	2	6	6	8	16	
		Total	Persons	7	11	20	20	27	
Healthy business practices	Employees receiving stress checks	Aisin Seiki	%	—	96.6	96.1	95.5	93.2	
		5 companies	%	—	97.2	97.1	97.4	95.2	
	Employees undergoing mental health training*3	Aisin Seiki	Persons	213	155	150	144	198	
		5 companies	Persons	—	—	—	303	404	
	Nonsmoking employees	Aisin Seiki	%	67.2	67.8	69.2	69.3	71.7	
		5 companies	%	63.6	63.9	64.9	65.0	66.5	

*1 5 companies including Aisin Seiki Co., Ltd., Aisin Takaoka Co., Ltd., Aisin Chemical Co., Ltd., Aisin AW Co., Ltd. and ADVICS Co., Ltd.

*2 Figures for each year are recorded on June 1.

*3 Company-wide training commenced in fiscal year 2019.

Career support for women

Measure	Details
Kirari project to support women in the workplace	A working group involving all job types (management, administrative, technical, skilled and practical positions), led by our executive vice president. Feedback from local employees is sought and reflected in our measures (building of infrastructure, awareness raising, systemic improvements, etc.)
Ikubosu Academy	A program in which managers learn about the principles of diversity and inclusion and the unique qualities that women bring to management positions, gain an understanding of health issues and learn through experience about how to support their female employees and get the best from them
Ikubosu Exam	An online test for all managers to promote an understanding of diversity and inclusion
Trailing Spouse Leave System	A leave system for employees who cannot work due to their spouse relocating for reasons such as a transfer
Career Comeback System	A system for rehiring employees who leave for unavoidable reasons such as raising children or caring for a family member
Awareness-raising Talks	Regular talks to raise awareness among employees and supervisors about various topics
Seminars to Support Employees Returning to Work	Training attended by employees and their spouses during parental leave to encourage couples to think about how they will share housework and childcare duties and how they will balance work with their home lives after parental leave ends
Individual Training for Prospective Managers	Training to provide management experience on a planned basis to employees hoping to become managers
Career Mentor System	A system in which employees who are concerned about how to balance their careers and home life can receive advice from a more experienced employee
Career Declaration System	A system in which employees create their own medium- to long-term career and life plan and then meet with their supervisor for encouragement in building a career
Career Development Training	Training providing employees with the support they need to build their career
Position Change System	A system enabling employees to choose from many different career options
Company Day Care	Two day care centers are available to serve employees in various locations. Employees can also use the Toyota Group's day care centers.
Mama, Papa, Ikubosu Guide (a guidebook on balancing work and home life)	This book is available for employees balancing work with raising children or caring for a family member
Various other systems	Teleworking, paternity leave, Anshin (secured) holidays, reduced hours, flex time, support for employees receiving fertility treatment, etc.

Financial review

Analysis of financial condition, financial results and cash flow status by management

Overview of status of business results

The overview of the group's financial condition, business results and cash flow status in the current consolidated fiscal year are as follows.

1. Status of financial condition and business results

Looking at the business environment surrounding the automotive industry during this consolidated fiscal year, the downturn in consumers' inclination to purchase products due to factors such as trade frictions between the USA and China are being compounded by the COVID-19 pandemic, creating grim economic conditions around the world. This is a crisis for the automotive industry. Automobile sales have plummeted, falling behind last year's figures in all major markets including China, North America and Europe.

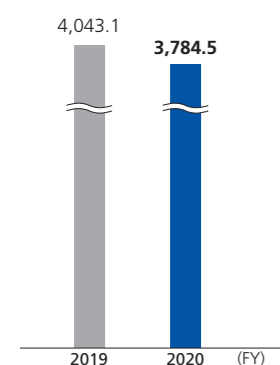
To overcome these circumstances, AISIN Group is aiming to become a vibrant company that is truly competitive and provides new value. We have accelerated our existing initiatives to reform our corporate structure to handle CASE and to strengthen our corporate framework, and have been building a framework that will enable use to survive the next era.

Revenue was ¥3,784.5 billion, a 6.4% decrease on the previous consolidated fiscal year (¥4,043.1 billion), due to a decrease in sales for automatic transmissions in markets such as China along with the impact of COVID-19.

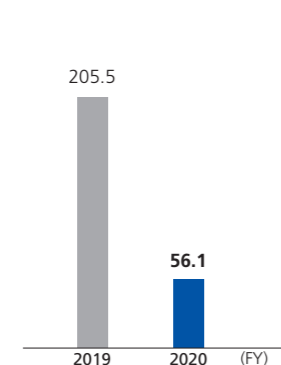
Operating profit was ¥56.1 billion, a 72.7% decrease over the previous consolidated fiscal year (¥205.5 billion). Profit before income taxes was ¥53.3 billion, a 75.4% decrease over the previous consolidated fiscal year (¥217.4 billion). Profit attributable to the owners of the parent for the period was ¥24.0 billion, a 78.2% decrease over the previous consolidated fiscal year (¥110.1 billion). While structural reforms are progressing steadily, sales have decreased while expenses such as depreciation charges on prior investments are increasing and business process costs such as impairment have been posted, resulting in a decrease in profits.

Assets at the end of this consolidated fiscal year were ¥3,922.6 billion, a 6.4% increase over the end of the previous consolidated fiscal year (¥3,751.8 billion), due to an increase in cash and cash equivalents. Debt at the end of this consolidated fiscal year was ¥2,196.9 billion, a 17.0% increase over the end of the previous fiscal year (¥1,878.2 billion), due to an increase in corporate bonds and loans. Capital at the end of this consolidated fiscal year was ¥1,795.6 billion, a 4.2% decrease over the end of the previous fiscal year (¥1,873.6 billion).

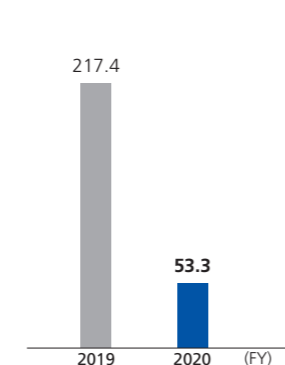
Revenue (billion yen)
¥3,784.5 billion
 6.4% decrease YOY



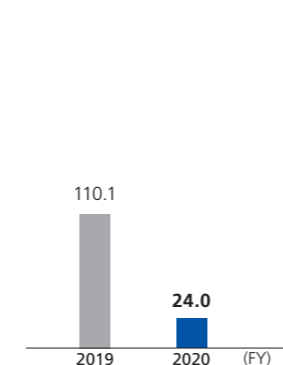
Operating profit (billion yen)
¥56.1 billion
 72.7% decrease YOY



Profit before income taxes (billion yen)
¥53.3 billion
 75.4% decrease YOY



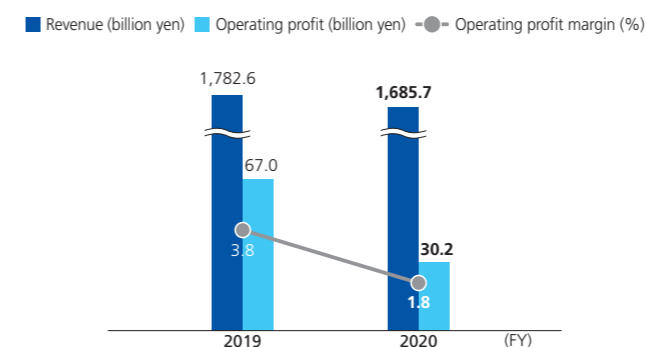
Profit attributable to the owners of the parent for the period (billion yen)
¥24.0 billion
 78.2% decrease YOY



Results by segment are as follows.

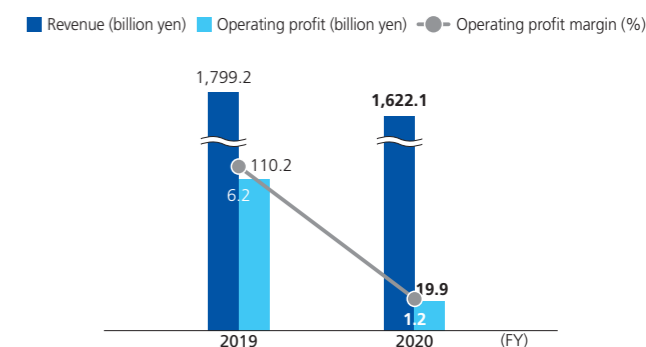
• Aisin Seiki Group

Revenue was ¥1,685.7 billion, a 5.4% decrease over the previous consolidated fiscal year (¥1,782.6 billion), due to a decrease in sales to domestic and overseas customers. Operating profit was ¥30.2 billion, a 54.9% decrease over the previous consolidated fiscal year (¥67.0 billion), due to a decrease in sales and the posting of business process costs such as impairment, despite factors that increased profit, such as rationalization efforts.



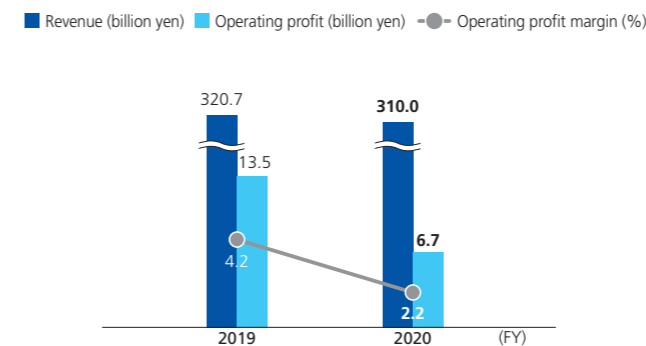
• Aisin AW Group

Revenue was ¥1,622.1 billion, a 9.8% decrease over the previous consolidated fiscal year (¥1,799.2 billion), due to a decrease in sales to domestic and overseas customers. Operating profit was ¥19.9 billion, an 81.9% decrease over the previous consolidated fiscal year (¥110.2 billion), due to a decrease in sales and the posting of business process costs, despite factors that increased profit, such as rationalization efforts.



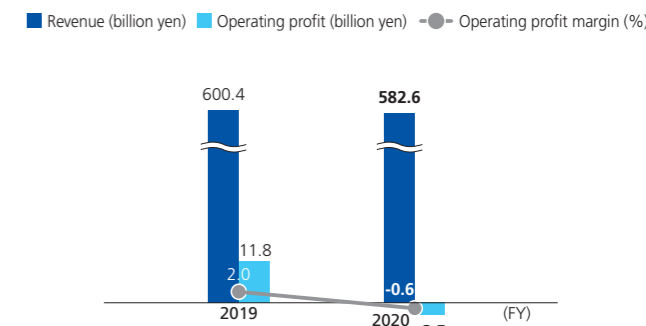
• Aisin Takaoka Group

Revenue was ¥310.0 billion, a 3.3% decrease over the previous consolidated fiscal year (¥320.7 billion), due to a decrease in sales to domestic and overseas customers. Operating profit was ¥6.7 billion, a 50.4% decrease over the previous consolidated fiscal year (¥13.5 billion), due to a decrease in sales and the posting of business process costs such as impairment, despite factors that increased profit, such as rationalization efforts.



• ADVICS Group

Revenue was ¥582.6 billion, a 3.0% decrease over the previous consolidated fiscal year (¥600.4 billion), due to a decrease in sales to domestic and overseas customers. Despite factors that increased profit such as rationalization efforts, factors such as a decrease in sales and the posting of depreciation of prior investments led to a ¥3.5 billion decrease in operating profit over the previous consolidated fiscal year (¥11.8 billion).



• Other

Revenue was ¥65.6 billion, a 4.8% decrease over the previous consolidated fiscal year (¥68.9 billion), and operating profit was ¥1.9 billion, a 49.6% decrease over the previous consolidated fiscal year (¥3.8 billion), due to a decrease in sales to domestic and overseas customers.

Financial review/consolidated financial statements

2. Status of cash flow

Regarding the status of cash flow, the balance of cash and equivalents (hereafter "capital") for the current consolidated fiscal year shows an increase of ¥327.5 billion due to operating activities, a decrease of ¥273.8 billion due to investing activities, an increase of ¥275.3 billion due to financing activities and a decrease of ¥11.0 billion due to exchange differences on capital. The balance at the end of the current consolidated fiscal year was ¥675.1 billion, a ¥317.9 billion (89.0%) increase over the end of the previous consolidated fiscal year (¥357.1 billion).

- **Cash flow due to operating activities**

Capital gained from operating activities was ¥327.5 billion, a ¥27.3 billion (7.7%) decrease over the previous consolidated fiscal year (¥354.9 billion). This was due to factors such as a ¥76.8 billion increase in the category "Other" due to causes such as an increase in impairment loss on property, plants and equipment, along with a ¥164.0 billion decrease in profit before income taxes despite a ¥67.3 billion decrease on trade and other receivables.

- **Cash flow due to investment activities**

Capital gained from investing activities was ¥273.8 billion, a ¥140.6 billion (33.9%) decrease over the previous consolidated fiscal year (¥414.4 billion). This was mainly due to a decrease of ¥64.2 billion in purchasing of property, plants and equipment, a decrease of ¥63.1 billion in savings accounts and a decrease of ¥1.2 billion in purchasing of investment securities.

- **Cash flow due to financing activities**

Capital gained from financing activities was ¥275.3 billion, a dramatic increase over the previous consolidated fiscal year (¥13.1 billion). This was due to a ¥188.0 billion increase in proceeds from issuance of bonds and an ¥81.7 billion increase in the balance of loans and repayment despite an ¥11.9 billion increase in repayment of lease liabilities. One reason for this is that some cash flow related to operating leases is now indicated as cash flow due to financing activities after applying IFRS 16 Leases. Before this standard was applied, this cash flow was indicated as cash flow due to operating activities.

Consolidated statements of financial position

(Unit: million yen)

	FY2019	FY2020
Assets		
Current assets		
Cash and cash equivalents	357,195	675,162
Trade and other receivables	620,630	533,577
Other financial assets	137,433	107,774
Inventories	341,506	369,251
Other current assets	66,722	61,105
Total current assets	1,523,488	1,746,871
Non-current assets		
Property, plants and equipment	1,479,621	1,463,084
Intangible assets	40,702	36,741
Right-of-use assets	–	57,831
Investments accounted for using the equity method	107,854	112,515
Other financial assets	449,982	414,543
Deferred tax assets	120,525	141,685
Other non-current assets	29,707	19,378
Total non-current assets	2,228,392	2,245,780
Total assets	3,751,880	3,992,652
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	850,616	778,466
Bonds and loans payable	86,148	102,760
Lease liabilities	8,031	17,103
Other financial liabilities	30,385	31,031
Provisions	23,703	21,030
Income tax payables	23,198	14,843
Other current liabilities	29,664	36,037
Total current liabilities	1,051,748	1,001,272
Non-current liabilities		
Bonds and loans payable	524,193	849,228
Lease liabilities	4,131	36,432
Other financial liabilities	5,081	5,292
Retirement benefit liabilities	215,946	236,843
Provisions	5,446	3,193
Deferred tax liabilities	62,222	51,001
Other non-current liabilities	9,482	13,693
Total non-current liabilities	826,504	1,195,684
Total liabilities	1,878,252	2,196,957
Equity		
Capital stock	45,049	45,049
Capital surplus	70,043	67,070
Treasury stock	-115,844	-115,770
Other components of equity	121,429	78,351
Retained earnings	1,226,224	1,205,465
Equity attributable to owners of the parent company	1,346,902	1,280,165
Non-controlling interests	526,725	515,529
Total equity	1,873,627	1,795,695
Total liabilities and equity	3,751,880	3,992,652

Consolidated financial statements

Consolidated statements of income

(Unit: million yen)

	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)
Revenue	4,043,110	3,784,585
Cost of revenue	-3,545,278	-3,400,414
Gross profit	497,832	384,170
Selling, general and administrative expenses	-306,591	-300,582
Other income	27,186	26,181
Other expenses	-12,865	-53,640
Operating income	205,562	56,129
Finance income	15,742	15,101
Finance expenses	-11,335	-27,053
Equity in earnings of affiliates	7,517	9,217
Profit before income taxes	217,486	53,395
Income tax expenses	-58,361	-23,859
Profit for the period	159,124	29,536
Profit for the period attributable to:		
Owners of the parent	110,123	24,061
Non-controlling interests	49,000	5,474
Total	159,124	29,536

Consolidated statements of comprehensive income

(Unit: million yen)

	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)
Profit for the period	159,124	29,536
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-6,715	-7,014
Net changes in revaluation of equity financial assets measured at fair value through other comprehensive income	-25,584	-20,102
Share of other comprehensive income of associates accounted for using the equity method	-163	-402
Total	-32,463	-27,518
Items that may be reclassified subsequently to profit or loss		
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	-122	-31
Cash flow hedges	180	407
Exchange differences on translation of foreign operations	-1,274	-35,299
Share of other comprehensive income of associates accounted for using the equity method	314	-135
Total	-902	-35,058
Other comprehensive income total	-33,365	-62,577
Comprehensive income for the period	125,759	33,041
Comprehensive income for the period attributable to:		
Owners of the parent	78,941	-24,544
Non-controlling interests	46,817	-8,497
Total	125,759	-33,041

Consolidated statements of changes in equity

FY2020 (Apr. 1, 2019 through Mar. 31, 2020)

(Unit: million yen)

	Equity attributable to owners of the parent							
	Capital stock	Capital surplus	Treasury stock	Other components of equity				Total
				Remeasurements of defined benefit plans	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translating foreign operations	
Balance at beginning of period	45,049	70,043	-115,844	-	167,551	-1,249	-44,872	121,429
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-4,618	-20,319	409	-24,076	-48,605
Comprehensive income for the period	-	-	-	-4,618	-20,319	409	-24,076	-48,605
Acquisition of treasury stock	-	-	-4	-	-	-	-	-
Disposal of treasury stock	-	-19	77	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiaries	-	-2,954	-	-25	-	-	1,157	1,131
Transfer from other components of equity to retained earnings	-	-	-	4,644	-248	-	-	4,396
Total transactions with owners	-	-2,973	73	4,618	-248	-	1,157	5,527
Balance at end of period	45,049	67,070	-115,770	-	146,983	-839	-67,792	78,351

(Unit: million yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at beginning of period	1,226,224	1,346,902	526,725	1,873,627
Profit for the period	24,061	24,061	5,474	29,536
Other comprehensive income	-	-48,605	-13,971	-62,577
Comprehensive income for the period	24,061	-24,544	-8,497	-33,041
Acquisition of treasury stock	-	-4	-	-4
Disposal of treasury stock	-	58	2	61
Dividends	-40,424	-40,424	-11,253	-51,677
Changes in the ownership interest in subsidiaries	-	-1,822	8,551	6,728
Transfer from other components of equity to retained earnings	-4,396	-	-	-
Total transactions with owners	-44,820	-42,193	-2,698	-44,891
Balance at end of period	1,205,465	1,280,165	515,529	1,795,695

Consolidated financial statements/major shareholders

Consolidated statements of cash flows

(Unit: million yen)

	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)	FY2020 (Apr. 1, 2019 through Mar. 31, 2020)
Net cash provided by (used in) operating activities		
Profit before income taxes	217,486	53,395
Depreciation and amortization	226,418	255,549
Decrease (increase) in trade and other receivables	4,758	72,110
Decrease (increase) in inventories	-42,520	-37,933
Increase (decrease) in trade and other payables	40,903	-30,159
Other	-21,246	55,574
Subtotal	425,799	368,535
Interest income received	2,689	3,014
Dividend income received	16,287	14,795
Interest expenses paid	-7,513	-8,204
Income taxes (paid) refund	-82,321	-50,588
Net cash provided by (used in) operating activities	354,942	327,552
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	-43,266	19,895
Purchase of property, plants and equipment	-377,075	-312,776
Proceeds from sales of property, plants and equipment	6,185	4,712
Purchase of intangible assets	-13,528	-12,837
Purchase of investment securities	-19,219	-7,124
Proceeds from sales and redemption of investment securities	18,703	20,983
Proceeds from collection of lease receivables	15,743	13,866
Other	-2,037	-595
Net cash provided by (used in) investing activities	-414,494	-273,876
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans and commercial papers	4,409	6,121
Proceeds from long-term loans payable	119,635	181,630
Repayment of long-term loans payable	-41,063	-22,971
Proceeds from issuance of bonds	12,000	200,000
Redemption of bonds	-10,017	-20,000
Repayment of lease liabilities	-12,792	-24,783
Cash dividends paid	-40,456	-40,412
Cash dividends paid to non-controlling interests	-21,521	-11,253
Other	2,980	7,052
Net cash provided by (used in) financing activities	13,164	275,382
Effect of exchange rate change on cash and cash equivalents	-2,924	-11,091
Net increase (decrease) in cash and cash equivalents	-49,312	317,967
Cash and cash equivalents at beginning of period	406,508	357,195
Cash and cash equivalents at end of period	357,195	675,162

Major shareholders

As of March. 31, 2020

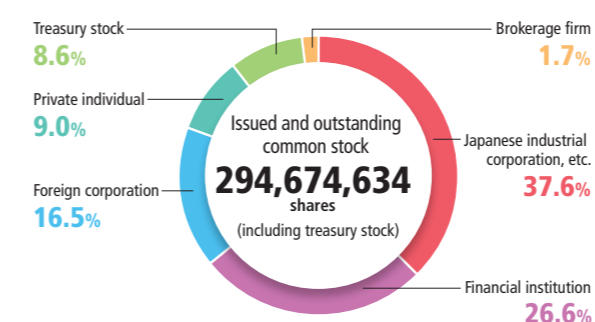
Shareholder's name	Number of shares held (thousand shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.80
Toyota Industries Corporation	20,711	7.68
The Master Trust Bank of Japan, Ltd. (trust account)	13,139	4.87
DENSO Corporation	12,964	4.81
Japan Trustee Services Bank, Ltd. (trust account)	11,911	4.41
Towa Real Estate Co., Ltd.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Japan Trustee Services Bank, Ltd. (trust account 9)	4,256	1.57
Aisin Seiki Shareholding Association	3,781	1.40
Meiji Yasuda Life Insurance Company	3,675	1.36

(Note) 1. The table above excludes 25,170,000 shares of treasury stock held by Aisin Seiki Co., Ltd.

2. The voting ratio has been calculated by deducting the treasury stock from issued and outstanding common stock.

Distribution of shares

As of March. 31, 2020



Stock price transition/total shareholder returns (TSR)

Stock chart



Year	Stock price*1 (yen)	Dividend (yen)	Total shareholder returns*2 (%)
2020/3	2,664	120	75.9
2019/3	3,955	150	102.8
2018/3	5,780	150	141.2
2017/3	5,470	125	130.6
2016/3	4,240	100	99.5
2015/3	4,360		

*1 Stock prices indicate values at the end of the fiscal year

*2 Calculated based on March 2015

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