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AISAN INDUSTRY CO., LTD.

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Securities code: 7283

<https://www.aisan-ind.co.jp/en/>

The corporate governance of AISAN INDUSTRY CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The Company considers steadily enhancing corporate value over the long term as its most important management issue. To achieve this, the Company believes that it is essential to build good relations with each of its stakeholders including shareholders, customers, business partners, local communities, and employees, and provide products that satisfy customers, thereby achieving steady growth over the long term. This view is based on the Company’s management principles, and is declared in and promoted through the AISAN Group Action Agenda and the Company’s vision, etc. The Company also supports the Corporate Governance Code established by the Tokyo Stock Exchange, and will endeavor to maintain and increase efficiency, fairness, and transparency in management under the following basic policy.

<Basic policy>

(1) Securing shareholders’ rights and ensuring equal treatment of shareholders

The Company respects shareholders’ rights and ensures equal treatment of shareholders, while also endeavoring to provide an environment in which shareholders can exercise their rights appropriately.

(2) Appropriate cooperation with stakeholders other than shareholders

Following the AISAN Group Action Agenda, the Company endeavors to maintain and enhance relationships of trust with each of its stakeholders (including customers, suppliers, employees, and local communities).

(3) Ensuring appropriate information disclosure and transparency

The Company endeavors to ensure transparency by appropriately making information disclosure in compliance with relevant laws and regulations, while also voluntarily providing information beyond what is required by laws and regulations.

(4) Responsibilities of the Board of Directors

To make decisions in a transparent, fair, and agile manner, the Company makes efforts to ensure that the Board of Directors appropriately fulfills its roles and responsibilities, such as the appointment of Outside Directors and the adoption of the Executive Officers system.

(5) Dialogue with shareholders

The Company endeavors to engage in constructive dialogue with shareholders by sharing the direction of its business to achieve steady long-term growth.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company has put into practice all of the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

Updated

[Principle 1-4 Cross-shareholdings]

(1) Policy on cross-shareholdings

To achieve sustained growth going forward in the automobile parts business in which it engages, the Company needs to have collaborative relations with various companies in the areas of production, development, sales, and others. Accordingly, the Company holds shares of some companies as cross-shareholdings, comprehensively considering business strategies and the strengthening of business relations with business partners, as well as the maintenance of relations with local communities and other relevant factors. The Company also regularly examines each of the cross-shareholdings it holds to assess the appropriateness of continuing to hold them.

(2) Standards regarding the exercise of voting rights carried by cross-shareholdings

When exercising its rights to vote on a proposal from the company whose shares it holds as cross-shareholdings, the Company decides to vote for or against the proposal by examining whether it will contribute to enhancing the corporate value of the company in question and whether it could impair the Company's own corporate value.

[Principle 1-7 Related party transactions]

When the Company engages in a transaction with a Director or Executive Officer of the Company, the Company presents important facts about the transaction to the Board of Directors and asks the Board to adopt a resolution approving the transaction in accordance with the Rules of the Board of Directors.

Regarding transactions with TOYOTA MOTOR CORPORATION, a major shareholder of the Company, the Company gives full consideration to prevailing market prices, offers a price, and finalizes the terms of the transaction through negotiations, as it does for transactions with other parties.

[Principle 2-4-1 Ensuring diversity]

[View on the current environment and the background]

The Company firmly believes that in order to continue to be a sustainable company by responding to customer needs that will become even more diversified going forward and changes in the social environment, each one of its employees should bring in diverse knowledge, experience, ideas, and values, and boldly take on the challenge of creating new value that is free from traditional customs or stereotypes and, by doing so, become the source of competitiveness of the Company. With this conviction, the Company has been working to advance diversity and inclusion (D&I) as one of the elements of its management strategy that is essential to achieving sustained growth.

[The pillars of D&I efforts]

Under the slogans of "acknowledging and leveraging each other" and "all employees should play a leading role," the Company focuses its D&I efforts on the three pillars of "culture reform," "human resource reform," and "participation of diverse human resources."

[Objectives]

The Company will step up its D&I efforts to bring about a transformation and create a workplace environment and a corporate culture in which diverse human resources varying in terms of gender, age, nationality, LGBTQ, and other backgrounds, as well as values and experiences, are able to play an active role, take on challenges, and show their originality and abilities to the full.

<Approach to ensuring diversity>

The Company promotes human resources, who have the potential to demonstrate their abilities globally, to managerial positions regardless of gender, nationality, or career path.

In recent years, the Company has stepped up efforts to promote the active participation of women, thereby continuing to expand the employment of women. In addition, the Company has made continuous efforts to hire employees regardless of nationality and to employ mid-career hires with diverse work experience.

<Voluntary and measurable targets for ensuring diversity>

(1) Promotion of women to managerial positions

The Company aims to ensure that 10 or more women will be in managerial positions at the Head Office by 2030.

(2) Promotion of foreign nationals to managerial positions

The Company will maintain the current level until 2030.

(3) Promotion of mid-career hires to managerial positions

The Company will maintain the current level until 2030.

<Progress with efforts to ensure diversity>

(1) Promotion of women to managerial positions

Currently, about 380 female employees work at the Head Office, and 5 of them are playing an active role in managerial positions.

(2) Promotion of foreign nationals to managerial positions

Currently, about 20 foreign nationals work in the Head Office, and 3 of them are playing an active role in managerial positions.

(3) Promotion of mid-career hires to managerial positions

Currently, about 780 mid-career hires work at the Head Office, and 95 of them are playing an active role in managerial positions.

This is comparable to the promotion of new graduate hires to managerial positions.

<Human resource development policy and internal environment improvement policy to ensure diversity, and progress thereof>

(1) Human resource development policy and progress thereof

The Company is committed to making continuous efforts to ensure equal opportunity and fair assessment regardless of employees' gender, nationality, or career paths and continuing to develop human resources who have the potential to demonstrate their abilities globally.

The Company is stepping up efforts to develop global human resources regardless of gender, nationality, or career paths, offering and implementing training programs every year.

(2) Internal environment improvement policy and progress thereof

The Company is committed to creating a workplace culture in which all employees can play an active role and providing an environment in which employees can adopt various workstyles to help them deliver their best performance.

Under the diversity declaration issued by upper management, the Company is providing D&I and anti-harassment education programs to change employees' mindsets and develop a culture that advances D&I. In addition, the Company is enhancing its childcare and family care leave system, which serves as the base of its support systems that help employees balance work and life.

[Principle 2-6 Ensuring that the corporate pension fund fulfills its role as asset owner]

The Company has provided the corporate pension fund with support on the front of human resources as well as the operational

front to ensure that the fund can fulfill its expected role as an asset owner. This support includes assigning to and placing in the fund personnel who fully understand the objectives and processes of pension asset management, and establishing the asset management committee. In addition, the Company has concluded consulting service contracts with outside experts to augment the expertise in pension fund investment. Moreover, the Company has contracted out operations of the fund to multiple asset management companies, delegating the selection of investments and the exercise of voting rights. By doing so, the Company ensures that conflicts of interest arising between the pension fund beneficiaries and the Company are appropriately managed so that the interests of the beneficiaries are safeguarded.

[Principle 3-1 Enhancing information disclosure]

(1) Management principles, management strategy, and management plan

The Company formulated its Medium-term Management Plan in November 2022 with a view to achieving its management principles and VISION2030, and has been making efforts to achieve further growth of its existing businesses, develop new businesses, and advance sustainability management. In addition, the Company has newly established its financial capital strategy and shareholder return policy to manage its businesses with a greater awareness of cost of capital and the price of its stock. For details, please see the Company's website.

Medium-term Management Plan: https://www.aisan-ind.co.jp/en/ir/221129_en.pdf

Notice on the shareholder return policy: <https://ssl4.eir-parts.net/doc/7283/tdnet/2265687/00.pdf>

Progress in Medium-term Management Plan 2025: https://www.aisan-ind.co.jp/en/news/230523_en.pdf

(2) View and basic policy on governance

Please see "I-1. Basic Views" of this report.

(3) Remuneration for management executives and Directors

Please see "II-2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" of this report.

(4) Appointment and dismissal of management executives and nomination of Director and Audit & Supervisory Board Member candidates

Please see "II-2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" of this report.

(5) Explanations on appointment and nomination of each Director and Audit & Supervisory Board Member candidate

For Outside Directors and Outside Audit & Supervisory Board Members, the reason for appointment is described for each candidate in the Notice of the General Meeting of Shareholders.

Regarding the appointment and nomination of Directors and Audit & Supervisory Board Members, each candidate's career history is described in the Notice of the General Meeting of Shareholders.

[Principle 3-1-3 Disclosure of sustainability efforts, etc.]

The Company has formulated the Group's management vision "AISAN GROUP VISION2030 Beaming future is in our hands," incorporating the perspective of sustainability and following its management principles:

"1. Creating products and services with a focus on customers

2. Achieving "good quality" with innovative thinking and technology

3. Building a vital workplace with respect for individual employees

We contribute to society through global growth and environmental preservation."

For details, please see the Company's website.

Integrated Report 2023: https://www.aisan-ind.co.jp/en/news/aisan_report2023_en.pdf

In addition, the Company considers the problem of climate change one of its important management issues, and expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in May 2022, when the Company also identified through scenario analyses and made public the climate-related risks and opportunities that could impact AISAN INDUSTRY's management and businesses. In May 2023, the Company enhanced and updated the disclosures, including information on financial impacts. The Company will continue efforts to enhance information disclosure in the areas of governance, risk management, metrics and targets, and strategy as recommended by the TCFD. For details, please see the Company's website.

Information disclosure based on the TCFD recommendations:

https://www.aisan-ind.co.jp/en/news/2023/07/17/TCFD_230523en.pdf

[Principle 4-1-1 Clarifying the scope of the matters delegated to management]

The Company has established the Rules of the Board of Directors to clarify the matters that the Board of Directors judges and resolves at its discretion. Other matters are delegated to Executive Officers. Executive Officers engage in management based on their decision-making authority defined in the Regulations of Management Meeting Bodies and the Rules of *Ringi* Consensus Decision Making.

[Principle 4-9 Independence standards for independent Outside Directors]

In nominating an Outside Director candidate, the Company considers the requirements for independent directors and officers stipulated in the Companies Act and the independence standards of the Tokyo Stock Exchange, and also attaches importance to possessing a high level of expertise and diverse experience that enable the candidate to provide the Company's management with candid and constructive advice and supervision.

[Principle 4-10-1 Establishing independent nomination and remuneration committees to ensure appropriate engagement by

independent Outside Directors and obtain their advice]

Matters regarding the appointment of and remuneration for Directors and officers are deliberated in advance by the Officer Appointment and Remuneration Committee, in which Outside Directors hold the majority, in order to ensure appropriate engagement by Outside Directors and obtain their advice, thereby ensuring both fairness and transparency.

[Principle 4-11-1 View on the composition of the Board of Directors, etc.]

The Company ensures that the Board of Directors is composed of members who understand the principle of *Genchi Genbutsu* or onsite hands-on experience, which is fundamental to manufacturing. The Company also ensures that the Board of Directors has a well-balanced composition, so that the members can share their duties with divisions based on the matrix of businesses and foundations and endeavor to perform their duties speedily and efficiently, while also endeavoring to perform their duties properly by leading one another. In addition, the Company appoints two or more independent Outside Directors to strengthen the Board's function of supervising the performance of duties by Directors and Executive Officers.

[Principle 4-11-2 Directors and Audit & Supervisory Board Members concurrently serving in important positions in other organizations]

Every year, the Company discloses information on important positions that each of the Directors and Audit & Supervisory Board Members concurrently holds in other organizations in its Business Report and reference documents for the General Meeting of Shareholders.

[Principle 4-11-3 Evaluation of the effectiveness of the Board of Directors]

The Company evaluates the effectiveness of the Board of Directors every year to assess if the Board is functioning appropriately and to improve the function of the Board. At Board of Directors meetings, results of the effectiveness evaluation are shared in a report to the Board and discussed to review the systems and management of the Board for future improvement, as part of the efforts to enhance the effectiveness of the Board and thereby strengthen the Company's governance. In the FY2022 Board of Directors effectiveness evaluation, evaluation using a scoring system and evaluation using a descriptive survey were both conducted in April 2023. As the results of the evaluation and feedback obtained in the evaluation were generally positive for each evaluation item, the Company determined that the Board of Directors maintained its effectiveness. Meanwhile, as several proposals were made in the evaluation, the Company will implement concrete measures to address them and continue efforts to enhance the effectiveness of the Board of Directors.

[Principle 4-14-2 Training of Directors and Audit & Supervisory Board Members]

The Company provides newly elected Directors and Audit & Supervisory Board Members with training programs offered by outside organizations as an opportunity for them to acquire necessary knowledge and deepen their understanding of their roles and responsibilities. In addition, as an opportunity to update their knowledge, the Company holds discussion sessions inviting Directors and Audit & Supervisory Board Members as well as Executive Officers and other programs as needed to help them work together to enhance their knowledge.

[Principle 5-1 Constructive dialogues with shareholders]

The Company is committed to providing accurate information for shareholders and investors in a fair manner, engaging in constructive dialogues with them, and building long-term relationships of trust.

(1) IR system

The Corporate Planning Dept. conducts IR activities, and the officer in charge of the department serves as the person in charge of such IR activities. The Corporate Planning Dept. cooperates with the departments responsible for accounting and finance, marketing and sales, technology, and other functions in preparing disclosure materials, etc.

(2) Approach to dialogue with shareholders and investors

The Company holds a financial results briefing session for securities analysts and institutional investors every quarter. For individual investors, the Company holds a company information briefing session as needed, while also posting on its website information on its businesses, management policy, operating results, etc. in an easy-to-understand format. In addition, the Company holds briefing sessions on its management strategies, such as the Medium-term Management Plan, as needed. Going forward, the Company will endeavor to further enhance dialogue with investors.

FY2022 Financial Results Briefing Session: <https://www.aisan-ind.co.jp/ir/230426.pdf>

(3) Internal feedback

The officer in charge of the Corporate Planning Dept. reports details of dialogue held with shareholders and investors to meeting bodies comprising Directors and officers, etc. as needed.

(4) Management of insider information

The Company has established regulations regarding insider information, and makes efforts to appropriately manage this information. When insider information is generated in the Company, the parties concerned sign the insider information management registry, and necessary measures are taken to ensure that the insider information is managed appropriately. In addition, the Company has made the period from the day following the closing date to the date of announcement of the financial results for each fiscal quarter its quiet period, during which the Company restricts dialogue and interviews with investors, etc.

[Measures to manage businesses with a greater awareness of cost of capital and the price of the Company's stock]

The Company set the goals of achieving an operating profit margin of 5% and a return on equity (ROE) of 8.0% by FY2025 in the Medium-term Management Plan announced in November 2022. In May 2023, the Company formulated its financial capital strategy to meet these targets, which comprises the three pillars of (i) improvement of capital efficiency, (ii) shareholder returns, and (iii) financial soundness, each of which is summarized below:

(i) Improvement of capital efficiency: Pursuing an optimal capital structure and ensuring efficient management to generate

- returns above the cost of capital
- (ii) Shareholder returns: Ensuring the continuous and stable distribution of dividends and returning profits to shareholders with a greater awareness of capital efficiency
- (iii) Financial soundness: Balancing investment for growth with financial soundness and ensuring efficient asset and cash management

In this way, we aim to raise corporate value by conducting management with conscious of cost of capital. The above policy and analysis of the current situation are reported to the Board of Directors, and future initiatives are discussed. For details, please see the following:

[URL]

Medium-term Management Plan (2023 to 2025):

https://www.aisan-ind.co.jp/en/ir/221129_en.pdf

*Announced on November 29, 2022. Please see page 14 to page 42.

Materials for the IR Briefing Session for Institutional Investors and Securities Analysts (Financial Capital Strategy):

https://www.aisan-ind.co.jp/en/news/230523_en.pdf

*Announced on May 23, 2023. Please see pages 13-14.

Integrated Report 2023 (for the Year Ended March 31, 2023):

https://www.aisan-ind.co.jp/en/news/aisan_report2023_en.pdf

*Announced on November 6, 2023. Please see page 24.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
TOYOTA MOTOR CORPORATION	18,107,958	29.01
DENSO CORPORATION	5,500,000	8.81
TOYOTA INDUSTRIES CORPORATION	4,767,918	7.64
The Master Trust Bank of Japan, Ltd.(trust account)	4,573,600	7.33
Custody Bank of Japan, Ltd. (trust account)	1,988,300	3.19
AISAN INDUSTRY Employee Stock Ownership Plan	1,626,443	2.61
Sumitomo Mitsui Banking Corporation	1,580,230	2.53
RE FUND 107-CLIENT AC	1,030,900	1.65
STATE STREET BANK AND TRUST COMPANY 505223	999,018	1.60
DFA INTL SMALL CAP VALUE PORTFOLIO	766,630	1.23

Name of Controlling Shareholder, if applicable (excluding Parent Companies)

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Name of Parent Company, if applicable

None

Supplementary Explanation

1.Aisan holds treasury stock of 917,500 shares, but is excluded from the list of major shareholders above.

2."Shareholding Ratio" is calculated after excluding the treasury stock of 917,500 shares.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo, and Premier Market, Nagoya
Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	10	Updated
Directors' Term of Office Stipulated in Articles of Incorporation	1 year	
Chairperson of the Board	President	
Number of Directors	9	
Election of Outside Directors	Elected	
Number of Outside Directors	3	
Number of Independent Directors	3	

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yuichi Oi	From another company								△			
Satoe Tsuge	CPA								△			
Yurie Iribe	Academic											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yuichi Oi	○	Mr. Yuichi Oi was an executive of Toyota Tsusho Corporation, which has business relations with the Company, but left the position in June 2019. The Company has business relations with Toyota Tsusho Corporation in logistics operations, etc.	The Company appointed Mr. Yuichi Oi as Outside Director to leverage in its management decisions his extensive international experience and broad knowledge cultivated through his career at a general trading company, and because the Company judged that he satisfies the requirements for independent officers set out by the stock exchanges, that he would be able to ensure objectivity and neutrality in performing the management supervision function, and that conflicts of interest would not arise between him and general shareholders.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Satoe Tsuge	○	Ms. Satoe Tsuge belonged to Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC), which is the accounting auditor of the Company, but left the company in December 1998.	The Company appointed Ms. Satoe Tsuge as Outside Director to leverage in its management decisions her expertise in accounting and finance as a certified public accountant and a financial planner, and because the Company judged that she satisfies the requirements for independent officers set out by the stock exchanges, that she would be able to ensure objectivity and neutrality in performing the management supervision function, and that conflicts of interest would not arise between her and general shareholders.
Yurie Iribe	○	—	The Company appointed Ms. Yurie Iribe as Outside Director to leverage in its management decisions her high level of expertise mainly in the field of information science cultivated through her experience in various positions, such as an Associate Professor, School of Information Science and Technology, Aichi Prefectural University, and because the Company judged that she satisfies the requirements for independent officers set out by the stock exchanges, that she would be able to ensure objectivity and neutrality in performing the management supervision function, and that conflicts of interest would not arise between her and general shareholders.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson
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	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Officer Appointment and Remuneration Committee	5	0	2	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Officer Appointment and Remuneration Committee	5	0	2	3	0	0	Inside Director

Supplementary Explanation

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Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	5

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board Members regularly receive reports from the Accounting Auditor about audit plans, as well as audit methods and results.
In addition, the Audit & Supervisory Board Members and the Accounting Auditor exchange views on matters about audits in general as needed.
The Audit & Supervisory Board Members and the section in charge of internal audits established in the Corporate Planning Dept. regularly hold liaison meetings to exchange views on the status of internal audit implementation.

Appointment of Outside Audit and Supervisory Board Members	Appointed		
Number of Outside Audit and Supervisory Board Members	3		
Number of Independent Audit and Supervisory Board Members	2	Updated	

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Updated

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshinori Hirano	CPA										△			
Takami Kato	From another company							○		○				
Shinya Yazaki	lawyer													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshinori Hirano	○	Mr. Yoshinori Hirano belonged to Deloitte Touche Tohmatsu LLC, which is the accounting auditor of the Company, and was in charge of auditing the Company from the year ended March 31, 2007 to the year ended March 31, 2011, and left the company in September 2015.	Mr. Yoshinori Hirano has expertise in accounting and finance as a certified public accountant, and the Company has judged that by leveraging his extensive experience and knowledge, he can offer fair and objective opinions in various areas, such as financial strategy and internal audits. In addition, the Company has judged that he satisfies the requirements for independent officers set out by the stock exchanges, that he can ensure objectivity and neutrality in performing the management supervision function, and that conflicts of interest would not arise between him and general shareholders.

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Takami Kato		—	Mr. Takami Kato engaged in the production management and purchasing divisions of TOYOTA MOTOR CORPORATION for many years, and has extensive experience and knowledge in these fields. The Company has judged that by leveraging his extensive experience and knowledge, he can offer fair and objective opinions across various fields, such as supply chain management and global production, for the AISAN Group to strengthen its value chain as global competition intensifies further going forward.
Shinya Yazaki		—	Mr. Shinya Yazaki has expertise in legal affairs and compliance as an attorney, and the Company has judged that by leveraging his extensive experience and knowledge, he can offer fair and objective opinions in various areas, such as corporate governance and business strategy. In addition, the Company has judged that he satisfies the requirements for independent officers set out by the stock exchanges, that he can ensure objectivity and neutrality in performing the management supervision function, and that conflicts of interest would not arise between him and general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has designated all qualified Outside Directors and Outside Audit & Supervisory Board Members as independent Directors and independent Audit & Supervisory Board Members.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

Please see “II-2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total amount of remuneration for all Directors is disclosed in the Company's securities report, Business Report, etc., and also posted on the Company's website.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Please see “II-2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

When holding a Board of Directors meeting, meeting materials are distributed to Outside Directors and Outside Audit & Supervisory Board Members in advance, and a Director or full-time Audit & Supervisory Board Member gives Outside Directors and Outside Audit & Supervisory Board Members a briefing about important items of the Board of Directors meeting agenda in advance.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has introduced the Executive Officers system and put various internal control systems in place, in addition to the mandatory functions of the General Meeting of Shareholders, the Board of Directors, the Audit & Supervisory Board and its Members, the Accounting Auditor, etc., thereby striving to speed up its management processes and ensure fair and transparent management.

The Company has put the Board of Directors and the Audit & Supervisory Board in place, and has appointed three Outside Directors and three Outside Audit & Supervisory Board Members.

Each of the Directors and Executive Officers share their duties with divisions based on the matrix of businesses and foundations and endeavor to perform their duties speedily and efficiently, while also endeavoring to perform their duties properly through mutual supervision.

The Audit & Supervisory Board Members conduct audit activities based on the audit policy and implementation plan formulated by the Audit & Supervisory Board.

[Remuneration for Directors and Executive Officers (Officers)]

(1) Policy

The Company determines the remuneration for Officers according to each Officer's position, responsibilities, etc., and by considering the Company's performance, business environment, etc., with the aim of motivating Officers to strive to continuously improve the Company's performance over the medium to long term and enhance the Group's corporate value.

a. Monthly salary:

The monthly salary is fixed remuneration, determined regularly, and set according to each Officer's position and at an appropriate level that reflects the Company's business environment, etc.

b. Monetary bonus:

The monetary bonus is performance-linked remuneration, determined by referring to consolidated operating profit for the business year in question as an indicator, and adjusted based on individual performance assessment results.

c. Restricted stock remuneration:

The Company decided to introduce a restricted stock remuneration plan for Directors (excluding Outside Directors) based on the resolution adopted at the Company's 119th Ordinary General Meeting of Shareholders held on June 15, 2021, in order to further promote value sharing with shareholders and encourage continuous enhancement of the Company's corporate value. The Company has also introduced a similar restricted stock remuneration plan for Executive Officers.

* Monetary remuneration (monthly salary and monetary bonus):

300 million yen or less per year in total (including 30 million yen or less for Outside Directors)

Stock remuneration (restricted stock remuneration):

25 million yen or less per year and 30,000 shares or less per year in total

(2) Process

Remuneration is determined by the Board of Directors based on a report from the Officer Appointment and Remuneration Committee.

[Appointment of Officers]

(1) Nomination of Director candidates and Executive Officers

The Company nominates as a Director candidate and an Executive Officer a person who understands the principle of *Genchi Genbutsu* or onsite hands-on experience, which is fundamental to manufacturing, can contribute to realizing the Company's vision, and is considered to be qualified in terms of (a) the ability to make effective management decisions, (b) innovative mindset, (c) leadership, (d) the ability to solve issues, (e) personality, (f) health, etc.

(2) Nomination of Outside Director candidates

The Company nominates as an Outside Director candidate a person who has extensive experience and deep insight in specialized areas such as the automobile industry and finance, and can contribute to the Company's manufacturing and the strengthening of the Company's management capabilities from a fair standpoint.

(3) Nomination of Audit & Supervisory Board Member candidates

The Company nominates as an Audit & Supervisory Board Member candidate a person who has broad experience and great insight, and can audit the state of the performance of duties and offer the Company's management opinions and advice from a fair and neutral standpoint.

(4) Process

The appointment of Officers is determined by the President based on reports from the Officer Appointment and Remuneration Committee, and proposed to the General Meeting of Shareholders and the Board of Directors for approval.

3. Reasons for Adoption of Current Corporate Governance System

The Company considers it essential to ensure that the Officers system is one that enables the Company to enhance its corporate value based on the spirit of *Genchi Genbutsu* or onsite hands-on experience, which is fundamental to manufacturing. In addition, the Company has appointed three Outside Directors and three Outside Audit & Supervisory Board Members, expecting them to supervise and monitor the Board of Directors from a professional, neutral, and fair standpoint.

With this system in place, the Company endeavors to improve transparency in management and speed up its decision-making processes.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sends shareholders its Notice of the General Meeting of Shareholders 15 days before the date of the meeting or earlier, while also posting the notice on the Company's website prior to the date of sending the notice.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Since 2004, the Company has scheduled its General Meeting of Shareholders on a non-peak day.
Electronic Exercise of Voting Rights	The Company has enabled shareholders to exercise voting rights on the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting system platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company posts an English version (summary) of its Notice of the General Meeting of Shareholders on its website and the electronic voting system platform.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	The Company holds company information briefing sessions for individual investors as needed, while also posting on its website information on its businesses, management policy, operating results, etc. in an easy-to-understand format.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefing sessions for securities analysts and institutional investors every quarter. In addition, the Company holds briefing sessions on its management strategies, such as the Medium-term Management Plan, as needed.	Held
Online Disclosure of IR Information	The Company has an IR section on its website, on which it posts summaries of consolidated financial results, the Notice of the General Meeting of Shareholders, financial results briefing session materials, the Medium-term Management Plan, and other information that is considered useful for investors.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Dept. is designated as the department in charge of IR, serving as the contact point for IR. The Corporate Planning Dept. conducts IR activities in cooperation with related departments such as the Accounting & Finance Dept.	
Other	The Company conducts interviews with securities analysts and one-on-one meetings with investors as needed. The Company also posts on its website an English version of financial results briefing session materials for securities analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	In AISAN GROUP VISION2030 “Beaming future is in our hands,” the Company has declared its commitment to creating new values with proven technology and quality to enrich society and providing products and services that go beyond expectations for all stakeholders including shareholders, customers, employees, business partners, and local communities. VISION2030 is posted and made public on the Company’s website.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company considers protecting the rich natural environment of the Earth and passing it down to children in the future to be foundational to the continued existence of humankind and the sustainable development of companies. Based on this awareness, the Company has positioned environmental efforts as one of the most important issues in its business activities. Specifically, the Company has established the Environmental Policy to set out medium-term targets and initiatives, and continues its environmental efforts. It also publishes its integrated report every year to make public its initiatives to fulfill its social responsibility, including environmental efforts.
Formulation of Policies, etc. on Provision of Information to Stakeholders	To improve transparency in management as a listed company, the Company has declared in its Employees Guidelines for Action a commitment to disclosing and providing company information in an appropriate and timely manner to shareholders, customers, and society, and has been implementing such disclosure.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

With the manufacture and sale of automobile parts as the Company’s main area of business, it has been conducting business activities under the management principle “We contribute to society through global growth and environmental preservation.”

The Company operates its businesses based on the following concepts:

- The Company follows the principle of putting people first, and as such has in place a system that maximizes the goodwill, enthusiasm, and individual initiative of the people who execute the business of the Company, making it the basis of its management.
- The Company ensures that internal control systems are embedded in the business execution processes for its people and organizations, so as to enable mutual supervision in addition to appropriate management and oversight.
- The Company properly maintains its foundations such as safety and quality, and also has in place cross-functional systems in each business to support its internal control systems.
- With the Executive Officers system in place, the Company endeavors to speed up its management decision-making processes and ensure efficient business execution.

As it strives to provide good products for customers around the world and achieve healthy and sustained development, the Company considers maintaining and operating effective internal control systems as an important management issue, and has established its Basic Policy on the Internal Control Systems as follows. The Company will endeavor to ensure effectiveness, efficiency, and appropriateness in operations and thereby enhance its corporate value.

[Legal compliance of Directors, Executive Officers, and employees]

- (1) The Company ensures through the management principles, the AISAN Group Action Agenda, etc. that Directors, Executive Officers, and employees act with sincerity and uphold ethical values.
- (2) The Company makes decisions, and provides oversight and mutual supervision through company-wide, cross-functional meeting bodies, such as Management Advisory Council, Management Council, Sustainability Committee, Business Feasibility Review Meeting, and Foundation Meeting.
- (3) The Company properly maintains its foundation for legal compliance by ensuring that Directors, Executive Officers, and employees are fully informed of and thoroughly understand relevant laws, regulations, etc., and also ensures that they thoroughly understand the AISAN Group Action Agenda through awareness-raising initiatives and position-based training programs.
- (4) The Company has in place a hotline and helpline regarding ethical and legal compliance.
- (5) The Company has established internal control systems to ensure the reliability of its financial reporting and evaluates the status of development and operation thereof.

[Information storage and management]

- (1) The Company establishes and observes rules on the storage and management of information related to decision-making at important meetings and information concerning the decisions of Directors.

[Management of risk of loss]

- (1) Based on the relevant internal regulations, each department in charge prevents the materialization of risks related to safety, quality, etc. that could have a material impact on the Company.
- (2) The Company appropriately manages capital based on a budget system.
 - The Company makes and executes decisions based on deliberation and decision-making processes defined in the *Ringi*

consensus decision-making system.

- Matters related to major cash flows are brought to the Board of Directors for discussion based on the criteria for the submission of agenda items to the Board of Directors.

(3) The Company has prepared a contingency response manual, implements drills, and takes measures to diversify risks.
[Efficiency of the performance of duties by Directors and Executive Officers]

- (1) Directors and Executive Officers conduct mutual supervision and cooperate by sharing their duties with divisions based on the matrix of businesses and foundations.
- (2) Directors and Executive Officers perform their duties by observing relevant policies, and conduct a quarterly review for improvement.

[Appropriateness of the operations of the corporate group]

- (1) The Company shares its management principles, vision, Action Agenda, Medium-term Management Plan, and fiscal year policy across the Group.
- (2) The Company establishes rules related to receiving reports and collecting information from subsidiaries, and exchanges information with subsidiaries regularly or as needed.
- (3) The Company clearly defines the authority of subsidiaries, and holds discussions on important matters with subsidiaries before making decisions.
- (4) The Company ensures the appropriateness and efficiency of subsidiaries' operations by managing their risks through the Head Office, while also making sure appropriate risk management systems are in place

[Employees supporting Audit & Supervisory Board Members]

- (1) At the request of Audit & Supervisory Board Members, the Company appoints employees to support their work.
- (2) The Company obtains consent from Audit & Supervisory Board Members before taking measures related to the appointment/dismissal and treatment of the employees who support the work of the Audit & Supervisory Board Members.

[Reports to Audit & Supervisory Board Members]

- (1) When found, any matters that could cause significant damage to the Company are immediately reported to the Audit & Supervisory Board Members.
- (2) The Company reports on its operations to the Audit & Supervisory Board Members regularly or as needed.
- (3) The Company guarantees in its internal rules that employees will not be given disadvantageous treatment on the basis of submitting a report to the Audit & Supervisory Board Members.

[Treatment of expenses arising from the performance of duties by Audit & Supervisory Board Members]

- (1) The Company budgets for an appropriate level of audit expenses, etc., based on proposals from Audit & Supervisory Board Members.
- (2) The Company bears expenses based on claims from Audit & Supervisory Board Members.

[Ensuring the effectiveness of audits by Audit & Supervisory Board Members]

- (1) The Audit & Supervisory Board Members and President hold regular meetings.
- (2) The Audit & Supervisory Board Members attend important meetings, review important documents, and examine subsidiaries.
- (3) The Company ensures an environment in which the Audit & Supervisory Board Members can collaborate with lawyers and certified public accountants, etc.
- (4) The Company cooperates to help the Audit & Supervisory Board Members communicate with and collect information from subsidiaries' Directors, etc.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Based on the AISAN Group Action Agenda, the Company makes it its basic policy to shut away, take a firm stance against, and avoid having any relations with antisocial forces that threaten social order or security.

[Department supervising response to antisocial forces and the state of appointment of the person in charge of avoiding unreasonable demands]

- (1) The Company has selected the General Administration & Human Resources Dept. as the department supervising responses to antisocial forces, and appointed a manager in charge of overseeing these activities.
- (2) Any unreasonable demands, etc., from antisocial forces are reported to the department supervising responses to antisocial forces for consultation.

[Cooperation with outside specialist organizations]

- (1) The Company asks the police, its legal counsel, etc. for guidance and advice.
- (2) The Company has attended liaison meetings hosted by the police, etc., and joined relevant associations.

[Collection and management of information concerning antisocial forces]

- (1) The Company shares up-to-date information concerning antisocial forces with outside specialist organizations.
- (2) This information is used for issuing alerts in the Company, among other purposes.

[Development of a response manual]

The Company has developed the Employee Handbook, which illustrates concrete examples of appropriate responses, and has shared it across departments.

[Implementation of training programs]

The Company regularly participates in outside training programs and shares the content of these programs with the relevant departments.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

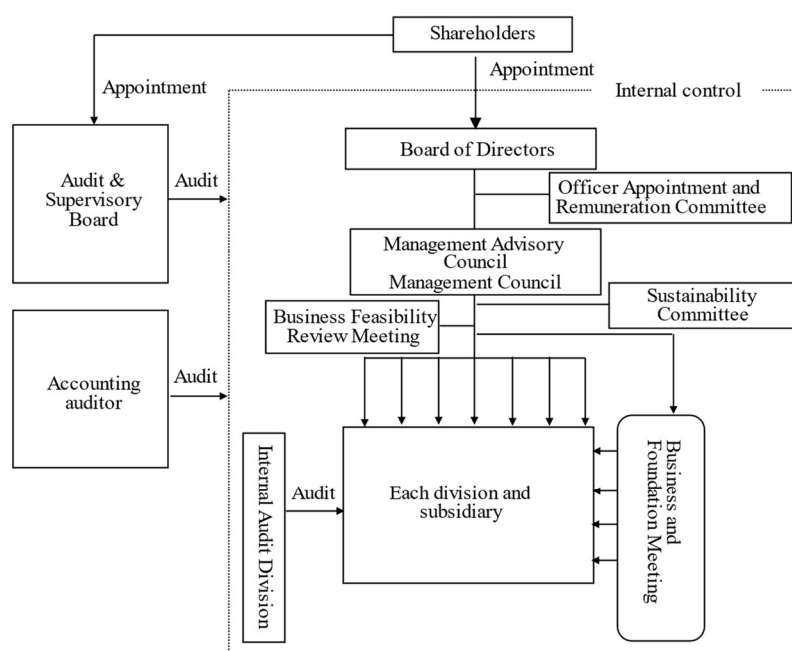
The Company does not have any plans to adopt anti-takeover measures.

2. Other Matters Concerning the Corporate Governance System

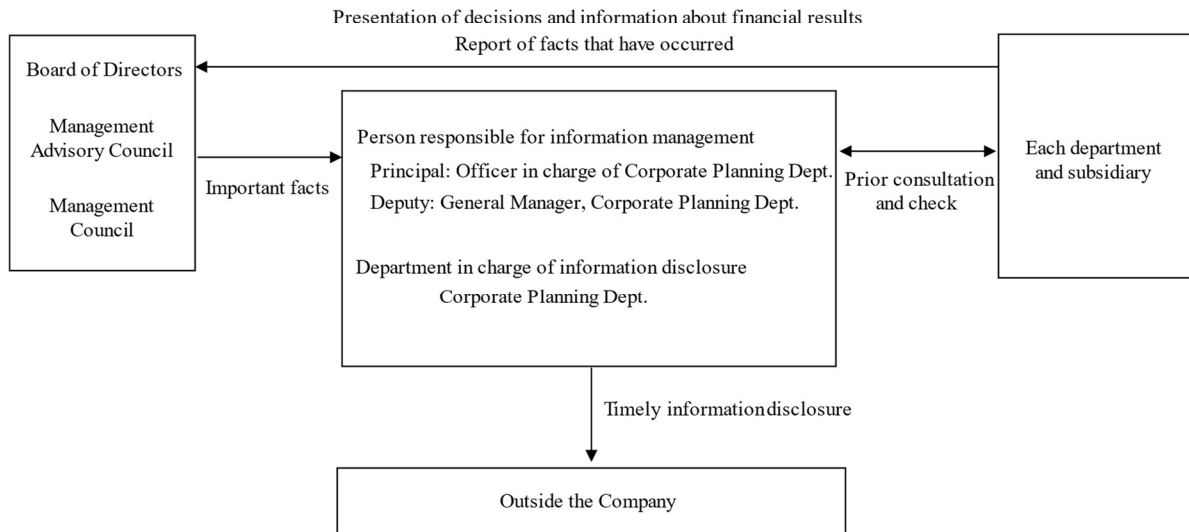
The Company is committed to securing society's trust and approval as a corporate citizen, as outlined in its management vision. As part of its action agenda to achieve this objective, the Company has committed to timely information disclosure and accurately and immediately disclosing information and facts that should be made public.

Specifically, the Company has appointed the officer in charge of the Corporate Planning Dept. as the person responsible for information management, and endeavors to collect information about the Company and its subsidiaries and make timely disclosure based on its internal criteria.

AISAN INDUSTRY's Corporate Governance Structure



[Outline of Timely Disclosure Structure]



END