TCFD endorsement and disclosure

Aisin announced its endorsement of the TCFD recommendations in November 2019 and Aisin World corp. of America hereafter known as (AWA) discloses information for North and Central American region based thereon.

TCFD recommended disclosures and implementation status at AWA (summary)

Governance

<table>
<tr><th>Recommended Disclosure</th><th colspan="2">Status of Implementation</th></tr>
<tr><td>(a) Board oversight of climate-related risks and opportunities</td><td rowspan="2">Page 4</td><td rowspan="2">[Headquarters]
• Sharing medium-to-long-term sustainability challenges and setting policies and KPIs for the sustainability conference
• Strategy review, promotion, deliberation, and monitoring conducted at the Environmental Committee CN/CE promotion council chaired by the Chief Carbon Neutral Officer, based on top-level policies and KPIs
• Climate-related material issues submitted for deliberation or reporting through the sustainability conference and reviewed by the board of directors
[North America]
• Strategy promotion, deliberation, and monitoring conducted at CN/CE promotional meeting chaired by Promotion Chief of the North American Carbon Neutral Promotion Center.
• Progress is deliberated at Officer Meetings and Monday Meetings.</td></tr>
<tr><td>(b) Management's role in assessing and managing climate-related risks and opportunities</td></tr>
</table>

Strategy

Recommended Disclosures		Status of Response
(a) Short-, medium-, and long- term climate-related risks and opportunities identified by the organization	Page 5	• Identified response to climate change as an urgent global concern and selected it as a material issues • Extracted short-, medium-, and long- term transition and physical risks, as well as opportunities for all Aisin's North America businesses using 1.5°C and 4°C scenarios
(b) Impact of climate-related risks and opportunities on operations, strategy, and financial plans		
(c) Resilience of the organization's strategy under different climate-related scenarios, including a 2°C or lower scenario		

Risk Management

Recommended Disclosures		Response Status
(a) Process for identifying and assessing climate risk	Page 6 & 7	• Identification, isolation, and review of individual risks affecting the Company as North and Central America by the Officer meeting (Once per year) • Climate risk is regularly monitored and managed by the CN/ CE Promotional Meeting
(b) Organizational processes for managing climate risk		
(c) Integration of processes for identifying, assessing, and managing climate- risk into companywide risk management system		

Metrics and targets

<table>
<tr><th>Recommended disclosures</th><th></th><th>Response status</th></tr>
<tr><td>(a) Disclosure of metrics used by the organization to assess climate-related risks and opportunities in line with its own strategy and risk management</td><td rowspan="3">Page 8</td><td rowspan="3">• In FY2022, declared goals of CO2 carbon neutrality of manufacturing operations by FY2036 and carbon neutrality by FY2051
• Set decarbonization metrics based on materiality issues. Climate initiatives advanced according to three thematic pillars:
  • power sources, heat sources and waste reduction
  • clean energy
  • aspirational zero-waste resource circulation.

• [Goals] global and regional
  • in FY2036: CO2 carbon neutrality of manufacturing operations
  • in FY2051: Total carbon neutrality

• [Indicators (FY2031) *SBTi Certified]
• Aisin Group globally (not regional specific targets)*
  • Scope 1 and 2: 46.2% reduction compared to FY2020
  • Scope 3 (Categories 1 and 11): 27.5% reduction compared to FY2020</td></tr>
<tr><td>(b) Disclose greenhouse gas emissions and related risks for Scope 1, 2, and 3</td></tr>
<tr><td>(c) Targets and performance used by the organization to manage climate-related risks and opportunities</td></tr>
</table>

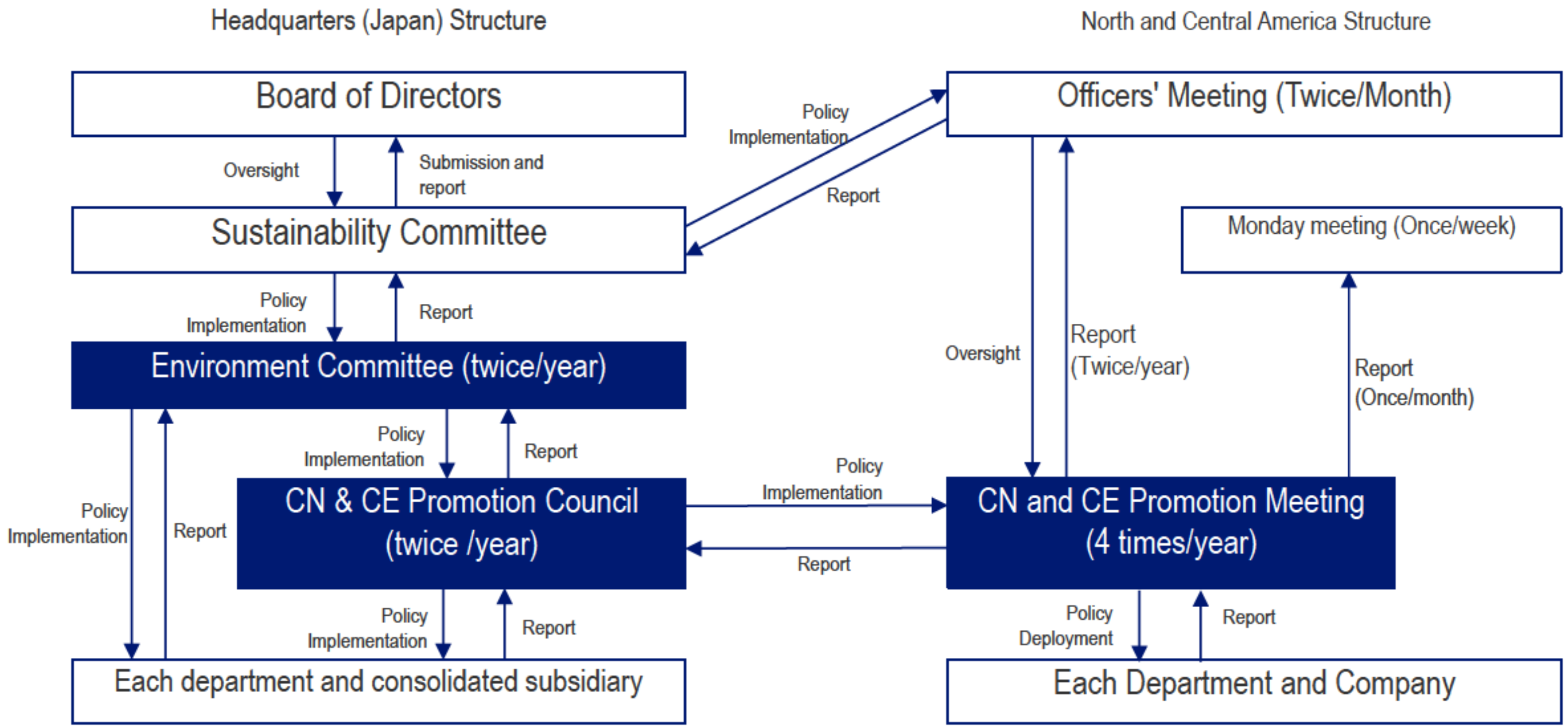
** The SBTi-certified reduction values shown are Aisin Corporation's global targets. AWA has not yet established a North and Central America–specific emissions baseline or regional reduction targets. AWA's operations currently support the global FY2036 and FY2051 goals, and AWA is developing region-specific baseline data and targets and will update this disclosure when they are established.*

TCFD recommended disclosures and implementation status at Aisin World corp. of America (detail)

Governance

Aisin shares medium-to-long term sustainability challenges and sets policies and KPIs under the auspices of its Sustainability Conference. In accordance with these high-level policies and KPIs, the Company regularly convenes the Environmental Committee and the CN/CE Promotion Council to discuss, advance, review and monitor strategies for environmental infrastructure development, decarbonization, resource circulation and harmonizing with nature, leading to agile decision-making.

Moreover, climate-related material issues submitted for deliberation or reported through the Sustainability Conference are reviewed by the Board or Directors. Where necessary, business strategies and plans are revised to optimize management strategy.
Based on the policies and KPIs established at global headquarters, AWA reviews regional climate issues and then set KPIs for North America that incorporate region specific conditions.
AWA hold regular CN/CE Promotional meetings to promote, deliberate, advance and monitor performance of strategies.



Strategy

Aisin recognizes the climate change countermeasures as an urgent global concern and has selected this as a materiality issues. To understand the impact of climate change on our business and identify climate-related risks and opportunities, we conducted analyses using the scenarios below.

Analysis scope and scenario setting

Analysis scope:
Locations: All AWA sites in North and Central America
Business: All AWA businesses operating in Central and North America (powertrain, body, aftermarket)

Assumptions of the scenario:
Viewed from a short-, medium-, and long-term perspectives from a global level and regional level, transition and physical risks impacts of climate and a low carbon economy plus opportunities of new business became plainly obvious. Consequently, we have selected and analyzed the following two scenarios:

	1.5°C scenario	4°C scenario
Societal outlook	**[Policy]** Bold policies to reduce GHG emissions, such as carbon taxes and renewable energy promotion, are implemented **[Market shifts]** Electrification shift in the mobility market	[Global Environment] Temperature rise exceeds 4°C, with significant negative effects on business operations caused by extreme weather events
Reference	- IEA World Energy Outlook [NZE] - Scenarios in the automobile industry	- IPCC AR6 SSP5-8.5
Related risks	- Transition Risks	- Physical Risks

Identification of Risks and Opportunities

We identified potential risks and opportunities, conducting detailed analysis particularly for items with high-risk concerns.

	Risk/ opportunity type	Impact stage	Impact on AWA	Time horizon: *Short/Medium/ Long	Financial Impact: **Medium/ High	Response
Transition risks	Market	Purchasing	Rising procurement costs due to rising prices of necessary raw materials caused by increased demand for low-carbon raw materials impact competitiveness and increase company burden.	Medium	High	-Reducing raw materials used by reducing weight and replacing raw materials at the product design stage -Reducing purchased raw materials by promoting circular economy
	New Regulations	Direct operations	Increased costs due to policies such as introduction of new regulations, carbon taxes, and renewable energy.	Medium	High	-Promotion of energy-saving activities to minimize energy use -Introduction of renewable energy that takes advantage of regional characteristics
	New Regulations	Sourcing	Suppliers not compliant for Environmental law. SCOPE 3 impact resulting in increased emissions, taxes, or possible fines.	Medium	High	-Working with Product Development Center to identify critical specifications and targeted suppliers -Finding alternative designs/specs to meet compliant supplier's capabilities
	New Regulations / Market	Demand for products	The regional demand for conventional gasoline power vehicles is decreasing slower than planned while transitioning to Electric and Electric Hybrid types. More product variation may increase cost, inventory, and manpower to maintain demand. This requires more materials, production equipment, and space.	Medium	High	-Shifting the product mix to electric and hybrid vehicle products, with a view to increasing electrification rate of powertrain unit sales by 2030 -Enhancing sales of products that contribute to carbon neutrality through the electrification and increased efficiency of mobility and energy solutions with a wide range of products, including high-efficiency/ small-size electric hybrid, and conventional units, cooperative regenerative brakes, thermal management systems, and aerodynamic devices

Short: through FY2027, Medium: through FY2031, Long: through FY2051

*** Medium: $6M USD to $60M USD, High: Greater than $60M USD*

Disclosure Based on the Task Force on the Climate-related Financial Disclosures (TCFD) recommendations

	Risk/ opportunity type	Impact stage	Impact on AWA	Time horizon: *Short/Medium /Long	Financial Impact: **Medium/ High	Response
Physical risks	Acute	Direct operations	Disruption of supply chains and temporary suspension of business because of larger and more frequent weather disasters (heavy rain, Hurricane, Tornado, floods, etc.)	Short	Medium	-Establishment of action guidelines and rules in the event of an extreme weather event -Enhancement of Business Continuity Plan for procurement and logistics -Identification of at-risk sites and regular monitoring (Risk Assessment) -Formulation and implementation of a weather event impact plan (flood, wind damage, infrastructure damage, etc.)
Opportunity	Demand for products	Products and services	Increase demand for electric, and electric hybrid vehicle technologies to support efficiency and electrification increase revenue with high value products.	Medium	High	-Speedy market launch of electric, hybrid, and conventional units with higher efficiency and smaller size, which will contribute to increased power consumption efficiency -Cost reduction by standardizing units by vehicle model, and reducing material usage -Improving the cruising range of electric vehicles through the evolution of cooperative regenerative brake systems -Expansion of production capacity for related products
	Resource efficiency	Direct operations	Energy efficiency gains reduce energy consumption and cut energy procurement costs lowering costs.	Medium	High	- Energy savings achieved through thorough implementation of power sources, heat sources, and waste reduction - Development of innovative production technologies

**Short: through FY2027, Medium: through FY2031, Long: through FY2051*

*** Medium: $6M USD to $60M USD, High: Greater than $60M USD*

Risk Management

To minimize damage and ensure business continuity in a rapidly evolving business environment, the Risk Management Committee identifies and isolates risks affecting our Group. Among these, climate change risk is positioned as the top priority and regularly monitored and managed through the Environmental Committee and other channels.
Moreover, in response to laws and regulations as well as customer trends in North and Central America, risks and opportunities specific to this region are extracted and regularly monitored and managed by the CN/CE Promotion Committee. At the same time, growing demand for electrification and other products and services that contribute to CO2 reduction represents an opportunity for the Company. By integrating this into our management and business strategies, we will further enhance our corporate value.

Indicators and targets

Aisin Corporation declared in FY2022 its commitment to achieving carbon neutrality regarding CO2 production by FY2036 and total carbon neutrality by FY2051. Based on degree of materiality issues, we have set the following decarbonization indicators and targets.
To achieve these targets, we are undertaking various initiatives centered on three thematic pillars: Energy reduction (power sources, heat sources and waste reduction), clean energy, and resource circulation ideally leading to zero waste.

Goals (KGI)	Indicators (KPI)	FY2031 target values
[Carbon Neutrality] FY2036: Achieve CO2 Carbon Neutrality from manufacturing FY2051: Achieve total Carbon Neutrality	Scope 1 and 2 Emissions	*46.2% reduction compared to FY2020
	Scope 3 Emissions	*27.5% reduction compared to FY2020

** The SBTi-certified reduction values shown are Aisin Corporation's global targets. AWA has not yet established a North and Central America–specific emissions baseline or regional reduction targets. AWA's operations currently support the global FY2036 and FY2051 goals, and AWA is developing region-specific baseline data and targets and will update this disclosure when they are established.*

Addendum

1. This report contains forward-looking statements regarding AWA's climate-related goals, targets, strategies, and projections, including statements concerning greenhouse gas emissions reductions, energy transition timelines, product electrification rates, and carbon neutrality commitments. These statements reflect current beliefs and assumptions as of the date of this report and are subject to risks, uncertainties, and changes in circumstances that could cause actual results to differ materially.

2. Factors that could affect outcomes include, without limitation: changes in applicable law and climate-related regulation; the pace of electrification in the North American automotive market; availability and cost of renewable energy and low-carbon materials; physical climate impacts on AWA's facilities and supply chains; macroeconomic conditions; and AWA's ability to execute its strategies within projected timeframes and at projected costs.

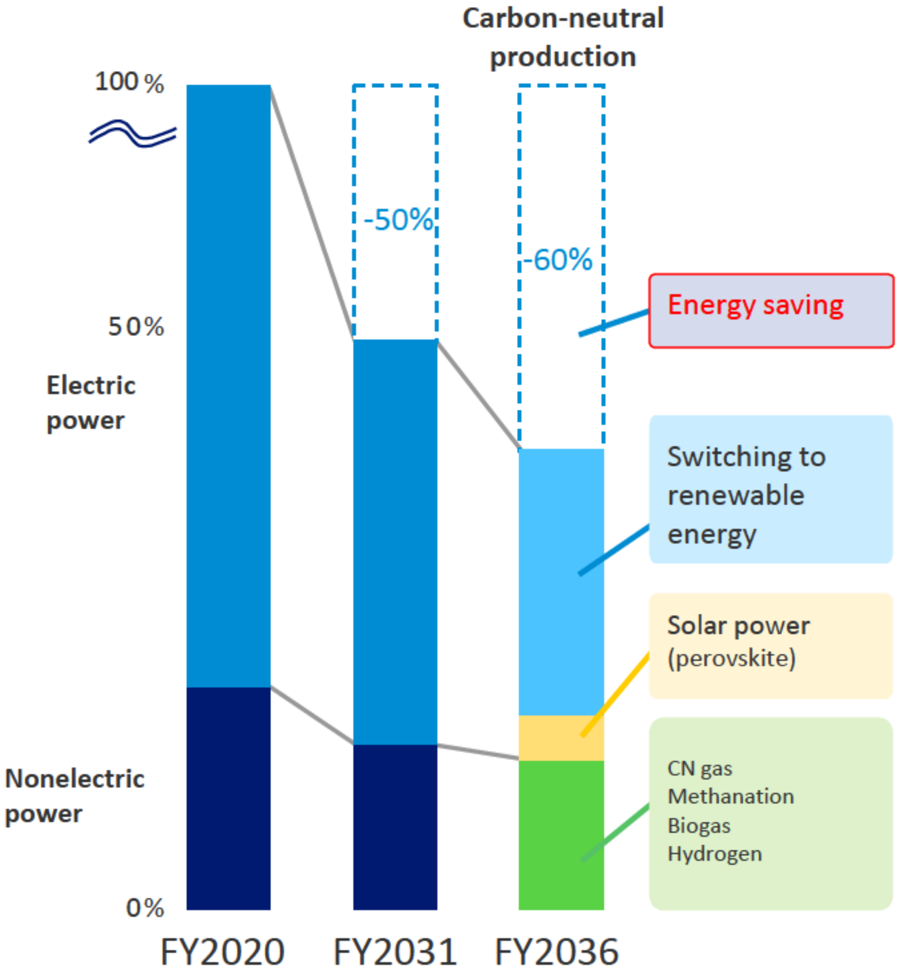
3. Climate scenario analyses presented herein are analytical tools intended to inform risk identification and strategic planning. They are not predictions of future events, and actual outcomes may differ materially from those modeled.

4. Certain metrics and targets referenced in this report reflect AISIN Corporation group-level commitments that have not yet been fully disaggregated to the North American regional level. AWA is continuing to develop region-specific baseline data and targets and will update its disclosures accordingly.

5. AWA undertakes no obligation to update any forward-looking statement except as required by applicable law.

Roadmap toward carbon neutrality

Production CO2 reduction scenario



Comprehensive Cross Functional Activity