

Sustainability Action

# Sustainable Management and Materiality



## Sustainability Committee

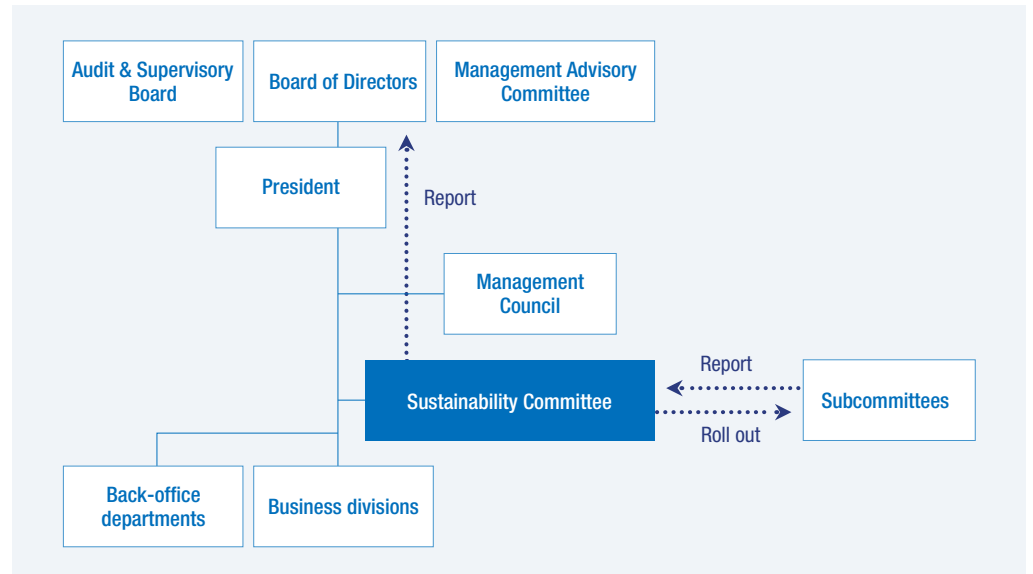
On October 22, 2021, the Board of Directors approved the establishment of the Sustainability Committee, which has since met as a general rule every three months. The committee formulates a basic policy on sustainable management and deliberates on sustainability-related issues. It also identifies risks and business opportunities related to climate change, and comes up with measures and policies to deal with these, which it reports to the Board of Directors.

The Board of Directors monitors progress on relevant management strategies and makes appropriate recommendations to business divisions. We have established a sustainability implementation structure, shown at right, which covers all Ashimori divisions and group companies for the purpose of thoroughly informing and executing sustainability policy and action throughout the Group.

## Overview of Sustainability Committee

<b>Purpose</b>	Promote management from the viewpoint of sustainability
<b>Role</b>	Formulate a basic policy on sustainable management, deliberate on sustainability-related issues, risks, and opportunities, and submit reports and recommendations to the Board of Directors
<b>Meeting frequency</b>	Quarterly (as a rule)
<b>Chair</b>	President
<b>Members</b>	Inside directors, executive officers, full-time Audit & Supervisory Board members, general managers of related departments, General Administration Department SDGs Promotion Unit

## Sustainability Implementation Structure

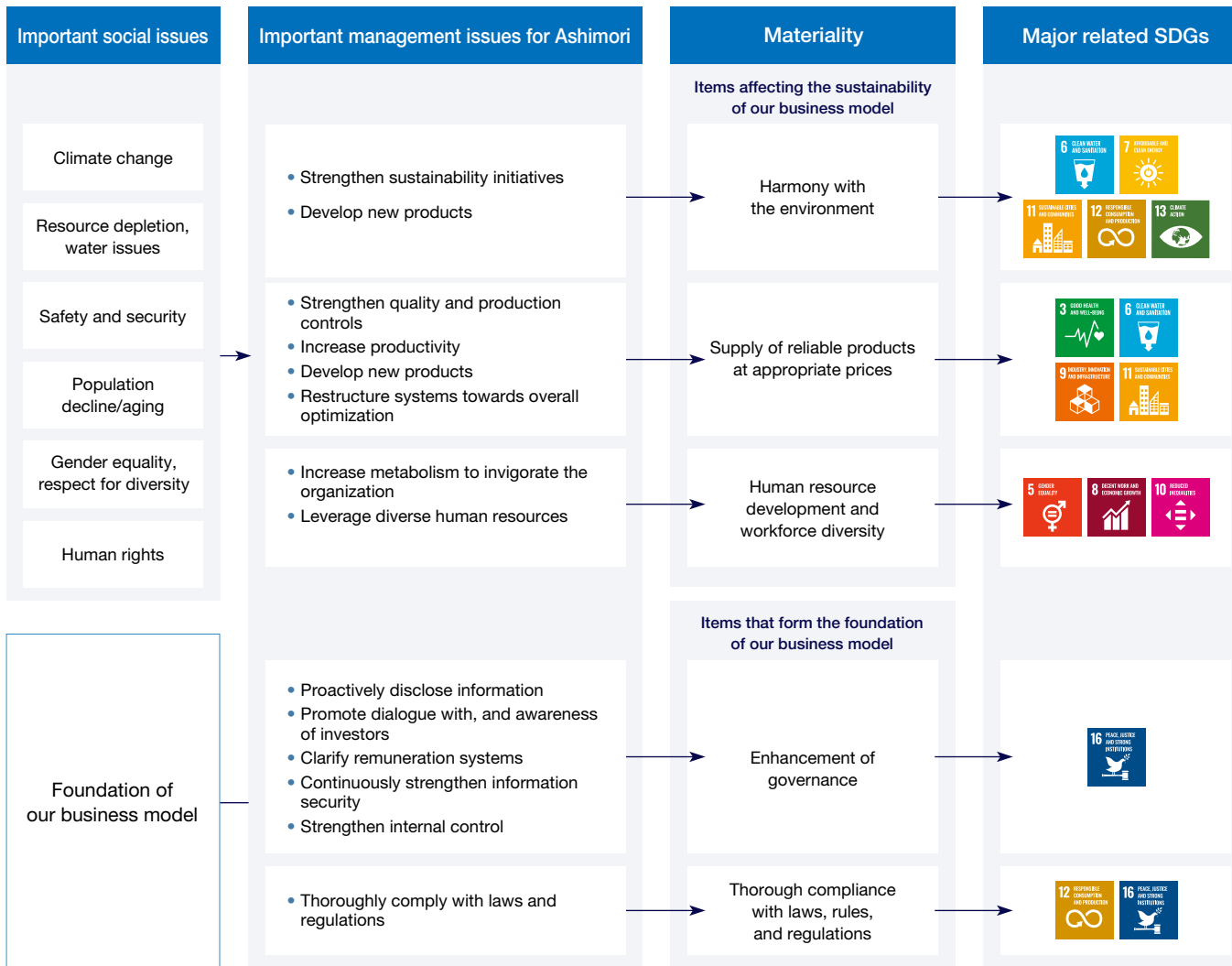


Sustainability Action

# Sustainable Management and Materiality

## Materiality

For materiality, Ashimori has selected: mainly non-financial items that may affect the sustainability of the company's business model and that are common to "important social issues" and "important management issues for the company" and; items related to the key management issues that form the foundation of the company's business model.



## 5 material issues

5 material issues

**Harmony with the environment**

**Main initiatives**

- Reduce CO<sub>2</sub> emissions
- Work towards a circular economy
- Carry out construction work in a green manner



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**Supply of reliable products at appropriate prices**

**Main initiatives**

- Strengthen quality management structure, establish quality assurance departments in all business divisions



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**Human resource development and workforce diversity**

**Main initiatives**

- Build a fair, transparent personnel evaluation system
- Foster employees to fit the ideals of the Ashimori Group HR Vision Statement



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**Enhancement of governance**

**Main initiatives**

- Strengthen corporate governance



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**Thorough compliance with laws, rules, and regulations**

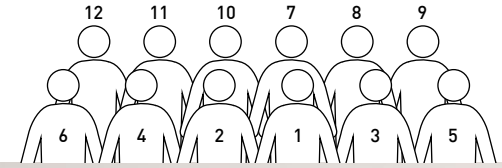
**Main initiatives**

- Improve and strengthen compliance management system
- Internal audits of the Ashimori Group, including all worldwide group companies



Sustainability Action

# Management Team



1 Representative Director,  
President, Chief Executive Officer  
**Hiromasa Zaitsu**

2 Director,  
Managing Executive Officer  
**Futoshi Makimoto**

3 Director,  
Managing Executive Officer  
**Kaoru Nagatomi**

4 Director, Executive Officer  
**Kazuyoshi Ito**

5 Director, Executive Officer  
**Akinori Koyama**

6 Director (Outside)  
**Haruo Shimizu**

7 Director (Outside)  
**Yasushi Okada**

8 Director (Outside)  
**Takashi Ogawa**

9 Director (Outside)  
**Kazuyoshi Furukawa**

10 Full-Time Audit &  
Supervisory Board Member  
**Hiroki Kane**

11 Audit & Supervisory Board Member  
(Outside)  
**Masami Oishi**

12 Audit & Supervisory Board Member  
(Outside)  
**Mitsuhiro Morikawa**

## Sustainability Action

## Management Team

**1** | Representative Director, President, Chief Executive Officer  
**Hirosama Zaitus**

April 1985 Joined Toyota Motor Corporation  
January 2010 General manager of Technology Administration Division, Toyota  
June 2013 General manager of General Administration Division, Toyota  
June 2017 Executive officer of Toyoda Gosei Co., Ltd.  
January 2024 Advisor of Ashimori Industry  
June 2024 President and chief executive officer (to present)

**5** | Director, Executive Officer  
**Akinori Koyama**

April 1988 Joined Ashimori Industry  
November 2018 General manager of Airbag Engineering Department, Automotive Safety Systems Business Division  
June 2019 President of Ashimori Industria de Mexico, S.A. de C.V.  
April 2023 General manager of Engineering Management Group, Automotive Safety Systems Business Division (to present)  
June 2023 Executive officer (to present)  
April 2024 General manager of Business Management Group, Automotive Safety Systems Business Division  
June 2024 Director, deputy division manager of Automotive Safety Systems Business Division (to present)

**9** | Director (Outside)  
**Kazuyoshi Furukawa**

April 1980 Joined Konoike Construction Co., Ltd.  
October 2013 Operating officer of Konoike  
October 2018 Director and senior executive officer of Konoike  
October 2020 Director and vice president of Konoike  
February 2021 Senior executive officer of Konoike  
March 2023 Standing advisor of Konoike  
June 2024 Outside director of Ashimori Industry (to present)

**2** | Director, Managing Executive Officer  
**Futoshi Makimoto**

August 1987 Joined Ashimori Industry  
June 2016 President of Ashimori Engineering Co., Ltd.  
June 2017 Executive officer of Ashimori Industry  
November 2018 General manager of PALTEM Management Group  
June 2019 Director, managing executive officer, division manager of High Performance Products Business Division (to present)  
June 2023 Head of Osaka Office (to present)

**6** | Director (Outside)  
**Haruo Shimizu**

February 1970 Joined Daikin Manufacturing Co., Ltd. (now Exedy Corporation)  
June 2006 President and CEO of Exedy  
April 2015 Chairman of Exedy  
June 2016 Senior advisor of Exedy  
June 2019 Outside director of Ashimori Industry (to present)

(Significant concurrent positions)  
Outside director of Suminoe Textile Co., Ltd.

**10** | Full-Time Audit & Supervisory Board Member  
**Hiroki Kane**

April 1988 Joined Ashimori Industry  
May 2015 General manager of Accounting Department  
June 2017 General manager of Internal Audit Office  
June 2022 General manager of Finance Department  
June 2023 General manager of Business Administration Department, Automotive Safety Systems Business Division  
June 2024 Full-time Audit & Supervisory Board member (to present)

**3** | Director, Managing Executive Officer  
**Kaoru Nagatomi**

January 2019 Joined Toyoda Gosei Co., Ltd.; section head, Safety Systems Engineering Division  
June 2021 Executive officer of Ashimori Industry; in charge of development under division manager of Automotive Safety Systems Business Division  
April 2022 Managing executive officer, division manager of Automotive Safety Systems Business Division (to present)  
June 2023 Director (to present)

**7** | Director (Outside)  
**Yasushi Okada**

April 1993 Joined Toyoda Gosei Co., Ltd.  
June 2020 Deputy chief, Product Development Center, Toyoda Gosei  
June 2021 Outside director of Ashimori Industry (to present)  
June 2022 Deputy chief, SS Headquarters, Toyoda Gosei (to present)  
June 2023 Corporate officer of Toyoda Gosei (to present)  
January 2024 Chief of Europe and Africa Regional Headquarters of Toyoda Gosei (to present)

(Significant concurrent positions)  
Corporate officer, deputy Chief of SS Headquarters, chief of Europe and Africa Regional Headquarters of Toyoda Gosei

**11** | Audit & Supervisory Board Member (Outside)  
**Masami Oishi**

April 1990 Joined Ministry of Foreign Affairs of Japan (MOFA)  
March 2005 Left MOFA  
December 2010 Registered as attorney, joined Osaka International Law Offices  
June 2022 Outside Audit & Supervisory Board member of Ashimori Industry (to present)  
October 2022 Joined Progress Law Firm (to present)

**4** | Director, Executive Officer  
**Kazuyoshi Ito**

March 1988 Joined Ashimori Industry  
April 2014 General manager of PALTEM Sales Department  
June 2019 Executive officer, general manager of PALTEM Management Group, president of Ashimori Engineering Co., Ltd.  
June 2021 Head of Tokyo Office (to present)  
June 2022 Director (to present)

**8** | Director (Outside)  
**Takashi Ogawa**

April 1982 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)  
April 2015 Executive officer, AE Engineering Group general manager, Fujitsu Ten Ltd. (now Denso Ten Ltd.)  
April 2019 Director, senior executive officer, Denso Ten  
June 2023 Outside director of Ashimori Industry (to present)  
October 2023 Outside director of Central Engineering Co., Ltd. (to present)

(Significant concurrent positions)  
Outside director of Central Engineering Co., Ltd.

**12** | Audit & Supervisory Board Member (Outside)  
**Mitsuhiro Morikawa**

April 1982 Joined Unitika Ltd.  
June 2009 General manager of Business Administration Office, Management Department; general manager of Polymerization Division  
July 2012 Executive officer, general manager of Management Department  
July 2013 Senior executive officer  
June 2018 Full-time Audit & Supervisory Board member  
June 2022 Corporate advisor  
January 2023 Retired as corporate advisor  
June 2023 Outside Audit & Supervisory Board member of Ashimori Industry (to present)

## Sustainability Action

# Outside Director's Message



**By enhancing overall capabilities, including strategic planning, Ashimori aims to be a manufacturer that can demonstrate its unique strengths.**

Outside Director  
**Takashi Ogawa**

Ogawa joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation) in 1982. In 2015, he became executive officer and group general manager of AE Engineering Group of Fujitsu Ten Ltd. (now Denso Ten Ltd.); in 2019 he became senior executive officer and director of Denso Ten; and, in 2023, he became an outside director of Central Engineering Co., Ltd. Ogawa has been an outside director at Ashimori since 2023.

## Enhancing planning capabilities to become a trailblazing manufacturer

I believe that Ashimori is a typical Japanese manufacturer with outstanding technological capabilities. Its engineers are very passionate about making superb products, and I believe they are confident in their ability to efficiently create cost-effective products. However, these abilities and knowledge are highly specific to each individual, and efforts to improve skills that are not directly related to manufacturing, such as passing technical know-how on to the next generation or improving planning capabilities for creating new products that generate demand, appear to be lackluster. This is not unique to Ashimori; it is something often seen in Japanese manufacturers.

For Ashimori to grow further, it needs to efficiently and explicitly codify and deploy the knowledge associated with its high-level technology, as well as improve its problem-solving and human resource development capabilities, which are fundamental for a company. In the automotive industry, which I have been involved in for a long time, Japanese manufacturers are in a position to lead a once-in-a-century period of transformation, and bringing about this change will require the ability to look ahead and plan. Change is accelerating not only in the automotive industry but in many other industries as well, where planning skills and negotiating skills (political power) are becoming more important than ever before. I believe that, if it keeps these things in mind, Ashimori can expect significant growth.

## Ensuring effectiveness through spirited discussions among directors who possess different experience and knowledge

At each board meeting, directors with a variety of backgrounds exchange frank opinions, including opposing views, and these discussions get so lively that they tend to extend the meeting time. By the way things are done, I believe the business execution departments take these discussions seriously.

The purpose of the Board of Directors is to increase the company's added value in the medium to long term and to consider the direction to take towards that end. Thus, I think it will be difficult to assess whether or not the board is effective until some time has passed. However, although I have only been an outside director for one year, I believe that this process is ensuring the effectiveness of the Board of Directors.

This fiscal year marks the final year of the current medium-term management plan. Although I was not involved in the discussions for formulating this plan, I would like to take an active role in the discussions leading up to the formulation of the next plan in order to further enhance the effectiveness of the Board of Directors.

## Capitalizing on many years in the automotive industry to offer ideas for strengthening collaboration with partner companies

Having worked in an OEM and tier 1 supplier in the automotive industry, I believe that my role at Ashimori is to offer recommendations on how to strengthen collaboration between Ashimori and Toyota Gosei, based on a thorough understanding of the positions of OEMs and tier 1s, whose interests differ slightly.

Toyota Gosei is a trusted partner and a major shareholder, so it would normally be assumed that there would be no problems if one followed their guidance. Because their guidance is usually correct, it allows Ashimori to concentrate on making its products without having to think about extraneous matters. However, if Ashimori continues on like this, its ability to think ahead and develop products will become diminished, and I believe that this risks a loss of balance in terms of maintaining Ashimori's development, growth, and distinctiveness over the medium to long term. I think this is an important focus for discussion going forward so that Ashimori does not lose its originality and its employee vitality.

## Anticipating corporate development through improved overall strength and synergy between the two business divisions

Towards that end, as I mentioned at the beginning, I would like to propose that Ashimori cultivate managers with problem-solving and human resource development skills, and that it improve its overall capabilities as a manufacturer and as a company, including its strategic planning capabilities. When a problem occurs, it is necessary to identify the root cause and prevent it from reoccurring. I would like to see a process developed that advances this from both a technical and managerial perspective, and I am considering how, and to what extent, I can contribute in my role as an outside director.

Finally, in the future, if Ashimori can successfully create synergy between its two major businesses, automotive safety systems and high performance products, I believe it will be able to expand into a variety of other businesses. I think there are a variety of possibilities, such as synergy in basic technology, synergy in work processes, or synergy in production methods, and as we are doing business in the same company, my hope is that Ashimori finds good synergies.

## Sustainability Action

# Outside Audit & Supervisory Board Member's Message



**As an Audit & Supervisory Board member who is also a lawyer, I want to foster a proactive approach in addressing potential risks.**

Outside Audit & Supervisory Board Member  
**Masami Oishi**

Oishi joined the Ministry of Foreign Affairs in 1990. She became a registered attorney in 2010 and joined the Progress Law Firm in 2022. Since June 2022, she has been an outside Audit & Supervisory Board member at Ashimori.

## Cultivating a heightened sensitivity for leveraging steadily honed and distinctive technology in the modern era

My impression of Ashimori's corporate culture is that it is laid-back, in both a good and bad sense. I believe the reason Ashimori has been able to cultivate technological capabilities over the years that demonstrate such a high degree of originality is because it has steadily honed these capabilities free from a sense of pressure to keep up with the ever-changing times. At the same time, however, in order to use these technologies to contribute to society in the future, Ashimori must be more sensitive to those trends for which these technologies can be leveraged. To achieve this, it is important to interact with people from a variety of industries, rather than being confined to just those within the same company.

In terms of reforming Ashimori's corporate culture, employee group activities have been held for the past three years as a way of creating an open work environment and improving work efficiency. This initiative seems to be helping employees communicate better with each other and to develop an awareness of their roles and responsibilities. I hope that these group activities will transcend departmental and sectional boundaries so that Ashimori's different business divisions do not become disconnected from the outside world or each other, like the proverbial frog in a well.

## Responding to frank questions from different sectors in order to strengthen governance

The atmosphere at board meetings is such that people feel free to frankly and openly express their opinions. Outside directors with management experience often have insightful questions and advice about business planning and execution, based on their own experience, to which the business execution members provide clear replies. My assessment is that governance is functioning effectively in terms of both decision-making and oversight.

On the other hand, in order to have effective discussions at board meetings, all directors must understand the company's business activities and the issues it faces. But because Ashimori's business is diverse, it sometimes seems that people from other industries do not receive sufficient advance input. I also believe that effectiveness can only be achieved if discussions are properly reflected in business execution, but due to time constraints, I sometimes feel that the reporting on business execution is insufficient.

Regarding the skills matrix of executives, there has been a slight increase in those with business experience. Those with executive or management experience tend to focus on figures like sales and profits and are also proactive about tackling new products and other initiatives. In such situations, I think someone with a different background like myself is needed, especially as an audit and supervisory board member, to apply the brakes a little and ask whether pushing ahead as-is is the right thing to do. I believe that governance is functioning properly, as even the frank questions I have are answered and addressed sincerely.

## Handling the issue of diversity with real action and not just appearance

As a lawyer, I understand that I am expected to strengthen governance, particularly in terms of compliance with laws and regulations. I am now in my third year as an outside Audit & Supervisory Board member, and I have gained a general understanding of Ashimori's operations and the issues it faces. Going forward, I want to go beyond dealing with everyday operational issues and be more active in addressing other matters, such as potential risks.

When it comes to diversity at Ashimori, I believe what is needed is not just to improve appearance, but to give advice and foster activities that promote real action in responding to the diversification of society.

Looking at the percentage of female managers, it's clear that Ashimori is lagging behind in terms of gender equality and diversity. However, over the past 10 or so years, the company has been actively hiring women, and the number of female managers will likely increase in the future. I hope that, in the future, Ashimori will have female and non-Japanese executive officers who have been promoted from within the company. As a female executive myself, I hope to contribute in providing opportunities and motivation for breaking through the glass ceiling within Ashimori.

## Bringing in a fresh wind with the hope that 1 + 1 produces a result greater than 2

Under the leadership of new president Hiromasa Zaitzu, who took office in June, collaboration between Toyoda Gosei and the automotive safety systems business will see even further development. This is a great opportunity to learn about the world-renowned Toyota Production System, but Ashimori also has its own advantages that have allowed it to stay in business for some 150 years. Rather than simply implementing the Toyota Production System, my hope is that, through close collaboration that takes into consideration employee sentiment, the result of this 1 + 1 effort is something greater than 2.

With regard to Ashimori's collaboration with Toyoda Gosei, while much of the attention is focused on the automotive safety systems business, I believe even more attention needs to be spent on unifying Ashimori's corporate values as a whole and fostering a sense of unity across all of businesses.

I hope that, by bringing in a different perspective from Toyoda Gosei, the high performance products business will be able to pursue a fresh approach that lets it leap forward.

Sustainability Action

# Governance

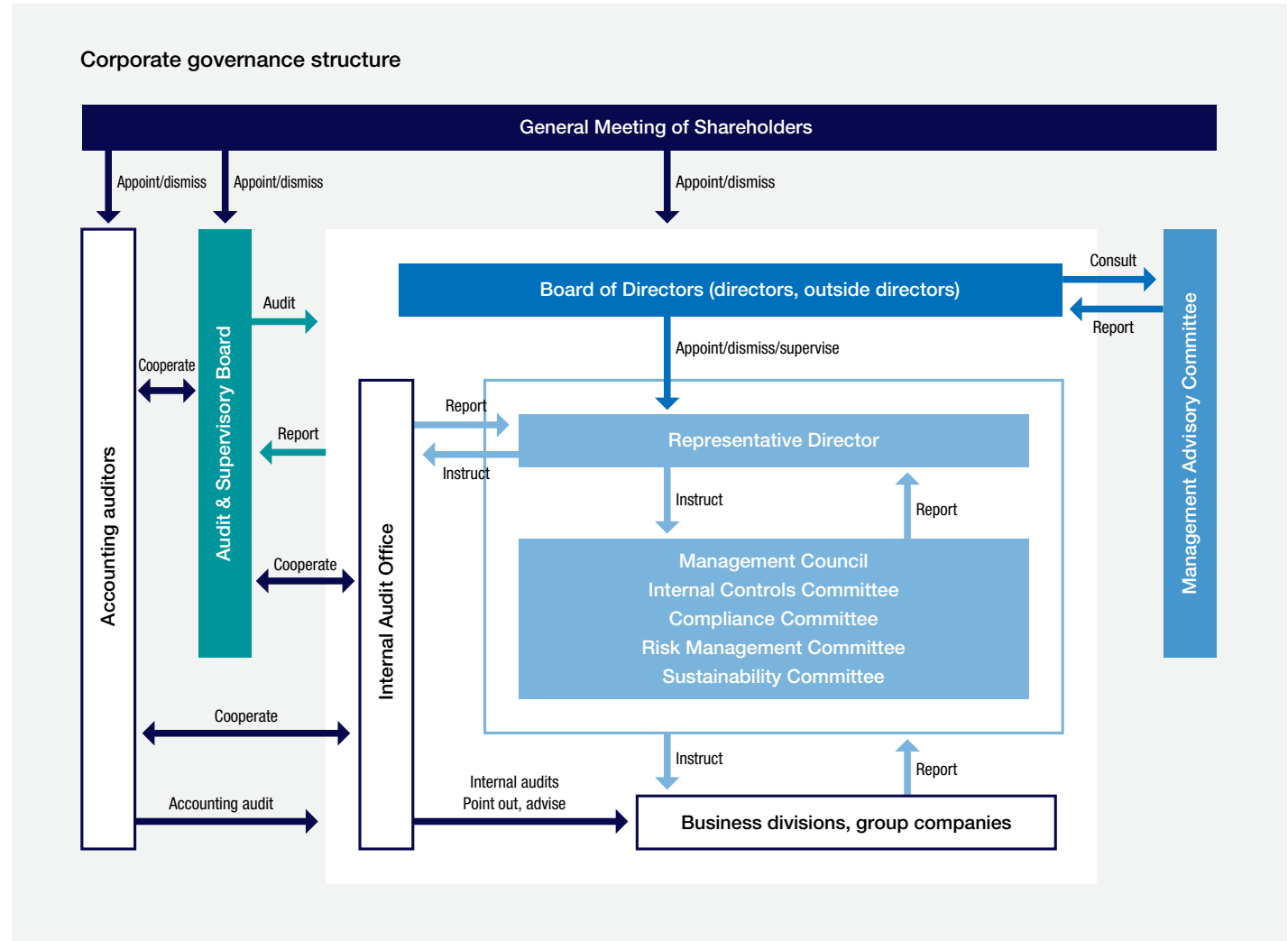
## Corporate Governance

### Basic Approach

Ashimori understands the importance of strong corporate governance in improving the efficiency and transparency of management and maximizing corporate value.

That's why we strive to realize strong corporate governance through the following basic policy.

- 1 Respect shareholder rights by ensuring equality among shareholders, creating an environment conducive to the execution of their rights, and protecting these rights.
- 2 Cooperate in a fair and socially decent manner with all stakeholders, including shareholders.
- 3 Disclose information in accordance with the law, and ensure transparency by proactively disclosing information not required by law.
- 4 Have the Board of Directors properly exercise its roles and duties so that we can carry out transparent, fair, and flexible decision-making.
- 5 Carry out constructive dialogue with shareholders in sharing a direction for long-term, stable growth.

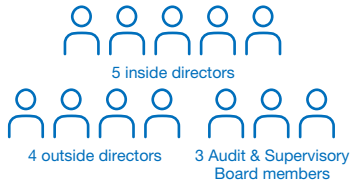


Sustainability Action

Governance

Overview of Board of Directors, Audit & Supervisory Board, and Committees


**Board of Directors 9 directors**



5 inside directors  
4 outside directors  
3 Audit & Supervisory Board members

The Board of Directors is comprised of nine directors (including four outside directors) who make resolutions on important matters based on the rules of the Board of Directors, in addition to matters stipulated by law, regulations and the Articles of Incorporation, and it supervises how each director executes his or her duties. Additionally, all Audit & Supervisory Board members attend meetings of the Board of Directors, allowing them to monitor how the directors execute their duties.

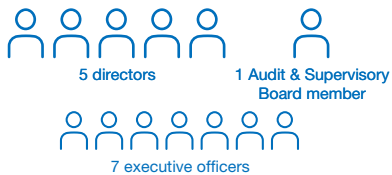
**Audit & Supervisory Board 3 members**



1 full-time member  
2 part-time members (including 2 outside members)

The Audit & Supervisory Board is comprised of one full-time member and two part-time members (including two outside members). In addition to meetings of the Board of Directors, the full-time member of the Audit & Supervisory Board attends important meetings, such as those of the Management Council, expressing their opinions as necessary to enable them to continually monitor how the directors execute their duties. Also, Audit & Supervisory Board members work closely with the Internal Audit Office and accounting auditors, periodically exchanging information and opinions in an effort to improve auditing functions.


**Management Council**



5 directors  
1 Audit & Supervisory Board member  
7 executive officers

The Management Council is comprised of five directors, one Audit & Supervisory Board member, and seven executive officers. It deliberates on Board of Directors' resolution matters and other important matters related to management and strives to improve the efficiency of management activities.

**Management Advisory Committee 4 directors**



1 inside director  
3 outside directors

The Management Advisory Committee is comprised of four directors (of which, three are outside directors), and its aim is to further strengthen Ashimori's corporate governance by increasing the fairness and objectivity of decision-making regarding important management matters, such as director nomination and remuneration.

Appointment and Dismissal of Directors

Management Advisory Committee

Ashimori has established a Management Advisory Committee as an advisory body to the Board of Directors. The aim of the Committee is to further strengthen the company's corporate governance by increasing the fairness and objectivity of decision-making regarding important management matters, such as director nomination and remuneration.

- Chair: Haruo Shimizu (outside director)
- Members: Hiromasa Zaitzu (president), Takashi Ogawa (outside director), Kazuyoshi Furukawa (outside director)

Appointment and Dismissal of Directors

With regard to the nomination of director candidates and executive officers, in order to ensure transparency and fairness, standards and policies regarding candidate selection, as well as candidate selection proposals, are discussed by the Management Advisory Committee, a majority of which is outside directors. The results of these discussions are reported to the Board of Directors, and decisions are made by the Board of Directors based on the Management Advisory Committee's recommendations, taking into account knowledge, experience, ability, performance evaluation, and other relevant criteria.

With regard to the nomination of Audit & Supervisory Board member candidates, those individuals, who the Audit & Supervisory Board agree are suitable candidates possessing the requisite expertise, experience, and skills to fulfill the duties of an Audit & Supervisory Board member, if chosen by a vote of the Board of Directors, are proposed as Audit & Supervisory Board member candidates at the General Meeting of Shareholders.

If a director or executive officer commits an act that violates laws, regulations, the Articles of Incorporation, internal regulations, etc., or if it is found that they are unable to properly perform their duties due to mental or physical breakdown or lack of ability, the Board of Directors will, upon receipt of a recommendation from the Management Advisory Committee, deliberate on whether to dismiss said director or executive officer.



## Sustainability Action

## Governance

## Reason for Directors' Appointment

	Name	Reason
Directors	Hiomasa Zaitzu	Zaitzu worked for many years at Toyota Motor Corporation and Toyoda Gosei Co., Ltd., mainly in human resources and general administration, and has served as a corporate advisor to Ashimori Industry since January 2024. He has a wealth of experience and wide-ranging knowledge of the automotive industry.
	Futoshi Makimoto	As a director, Makimoto has appropriately supervised management and decided important matters, while, as managing executive officer and division manager of the High Performance Products Business Division, he has promoted the expansion and restructuring of the production system and implementation of technological improvements for the purpose of increasing sales and profitability.
	Kaoru Nagatomi	As a director, Makimoto has appropriately supervised management and decided important matters, while, as managing executive officer and division manager of the High Performance Products Business Division, he has promoted the expansion and restructuring of the production system and implementation of technological improvements for the purpose of increasing sales and profitability.
	Kazuyoshi Ito	As a director, Ito has appropriately supervised management and decided important matters, while, as general manager of the PALTEM Management Group and representative director and president of Ashimori Engineering Co., Ltd., a group company, he has promoted the expansion of production and sales systems and technological improvements in the field of pipeline rehabilitation.
	Akinori Koyama	Koyama has been involved with the development and design of automotive safety systems for many years and has accrued extensive knowledge of the automotive safety systems business in general. He has also been involved in corporate management, including serving as president of one of Ashimori's overseas group companies, and currently serves as general manager of the Engineering Management Group, Automotive Safety Systems Business Division.

	Name	Reason
Directors (outside)	Haruo Shimizu	Shimizu has a wealth of experience and wide-ranging knowledge, including from his many years as the CEO of Exedy Corporation, and he has provided appropriate advice to, and independent supervision of, the Board of Directors. In addition, as a member of the Management Advisory Committee, which is an advisory body to the Board of Directors and representative director, he is actively involved in strengthening the independence and objectivity of procedures related to officer nomination and remuneration, and in expanding corporate governance.
	Yasushi Okada	Having served as a corporate officer, deputy chief of SS Headquarters, and chief of Europe and Africa Regional Headquarters at Toyoda Gosei Co., Ltd., Okada is well-versed in the field of automotive components, particularly safety systems, and, as an outside director, he performs supervision of the Board of Directors, as well as provides advice regarding Ashimori's automotive safety systems business.
	Takashi Ogawa	Having been involved in the development of automotive electronic components for many years at other companies, Ogawa is well-versed in the field of automotive components, and, as an outside director, he performs supervision of the Board of Directors, as well as provides advice regarding Ashimori's automotive safety systems business. In addition, as a member of the Management Advisory Committee, which is an advisory body to the Board of Directors and representative director, he is actively involved in strengthening the independence and objectivity of procedures related to officer nomination and remuneration, and in expanding corporate governance.
	Kazuyoshi Furukawa	Having been involved in civil engineering for many years at Konoike Construction Co., Ltd., Furukawa is well-versed in the civil engineering and construction industries, and, having served as director and vice president of the same company, he has a wealth of experience and wide-ranging knowledge.

## Skills Matrix

	Name	Corporate management	Legal/compliance	HR/labor	Finance/accounting	Production technology	Global
Directors	Hiomasa Zaitzu	●	●	●			
	Futoshi Makimoto	●				●	
	Kaoru Nagatomi					●	
	Kazuyoshi Ito	●				●	
	Akinori Koyama					●	●
Directors (outside)	Haruo Shimizu	●				●	●
	Yasushi Okada					●	
	Takashi Ogawa	●				●	
	Kazuyoshi Furukawa	●				●	
Audit & Supervisory Board member	Hiroki Kane		●		●		
Audit & Supervisory Board members (outside)	Masami Oishi		●				●
	Mitsuhiro Morikawa			●	●		

Note: The table above does not represent all the knowledge and skills of each person.

## Sustainability Action

## Governance

## Officer Remuneration

## Basic policy on officer remuneration

The following is Ashimori's basic policy regarding the determination of remuneration for directors.

- The level of remuneration is sufficient to secure excellent human resources from within and outside the company and ensure they remain motivated to improve business performance.
- The level of remuneration shall reflect changes in the business landscape and external, objective data, as well as take into account the balance between public standards, the details of management, and employee salaries.
- The total amount of officer remuneration, including bonuses to officers, shall be paid within the annual remuneration limit approved at the General Meeting of Shareholders.

## Performance-linked remuneration

- The total amount of payment is capped at 150 million yen per year.
- The individual payment amount shall be calculated by multiplying the base payment amount determined for each position by a payment rate ranging from 25% to 200%, depending on the category of consolidated operating profit for the relevant fiscal year (excluding the performance-linked remuneration) of between 500 million yen or more and 4,000 million yen or more, and then adding or subtracting based on factors such as performance evaluation using segment ROIC as an indicator and the budget achievement rate for the relevant fiscal year.
- No payment will be made if there is a consolidated ordinary loss or a consolidated net loss attributable to owners of the parent in the relevant fiscal year.
- The specific amount of payment to each eligible director will be determined at a set time, taking into account his or her position, responsibilities, and stock price.
- Company stock compensation will be in the form of restricted stock compensation, the total number of which will be capped at 20,000 shares per year, and the total amount of compensation paid for the grant of restricted stock compensation will be capped at 18 million yen per year.
- The amount of company stock compensation included in the individual payment amount shall be between 1 million yen and 3 million yen, depending on the category of consolidated operating profit for the relevant fiscal year (excluding the performance-linked compensation) of between 1,250 million yen or more and 2,250 million yen or more. The number of shares to be granted shall be determined by resolution of the Board of Directors.
- Bonuses will be paid in the amount of individual payments minus the amount of company stock compensation.

## Remuneration determination process

Remuneration for executive directors consists of basic remuneration provided as a fixed monthly payment and performance-linked remuneration.

The amount of individual remuneration is calculated based on the officer remuneration regulations passed by the Board of Directors, and, after deliberation by the Management Advisory Committee, the amount to be paid is decided by the representative director, who is delegated by the Board of Directors.

The following are the specific details for the different types of remuneration.

## Basic remuneration

- A fixed monthly payment is provided, which is commensurate with the duties performed by each position.

## Officer Remuneration

Total amount of remuneration by officer category, total amount of remuneration by type, and number of eligible officers

Category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration by type (million yen)				Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Non-monetary compensation	
Directors (excluding outside directors)	190	118	68	—	3	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	16	16	—	—	—	1
Outside officers	16	16	—	—	—	8

Note: All non-monetary compensation paid to directors (excluding outside directors) is performance-linked and consists of company shares.

## Sustainability Action

## Governance

## Compliance

## Compliance Management Structure

We have a Compliance Committee chaired by our president. It meets twice a year, in principle, to report on progress in compliance activities and scheduled plans.

## Education and Training

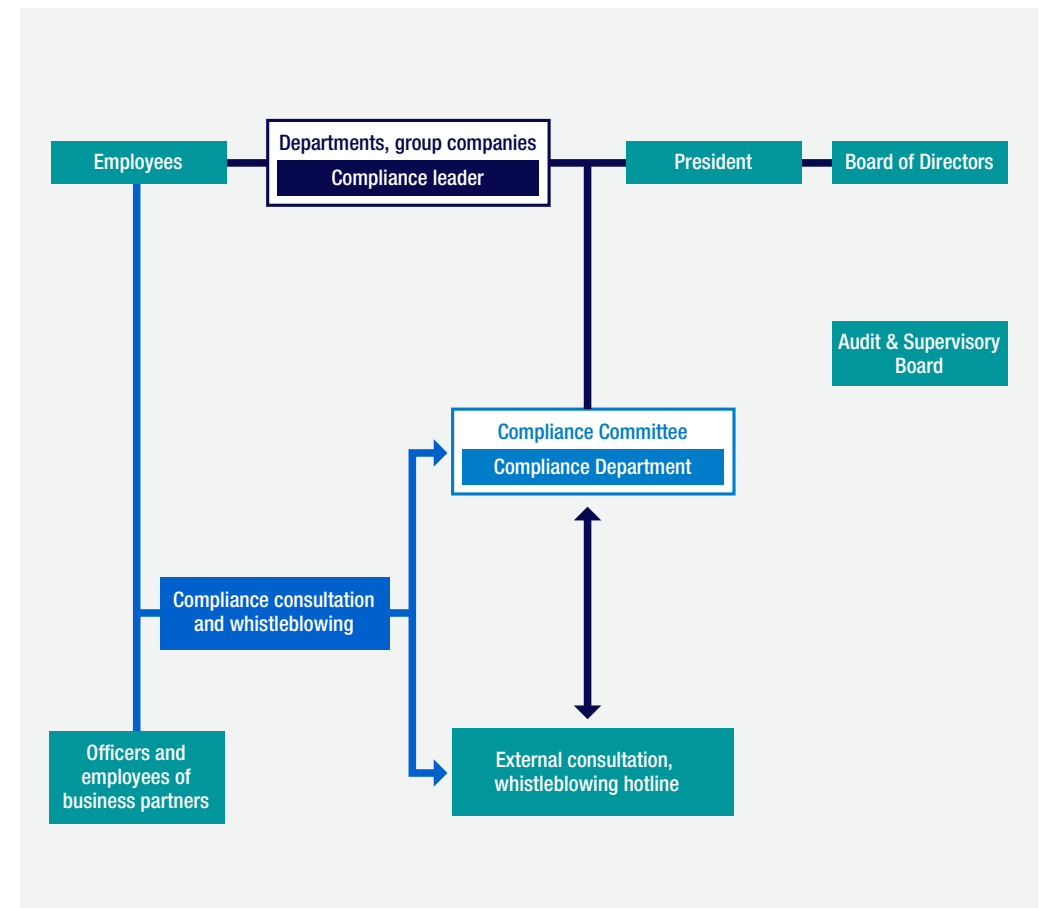
The Compliance Department holds ongoing training and education. In fiscal 2023, it used an e-learning system to hold a total of 13 sessions on laws and regulations related to company operations, including quality fraud, harassment, anti-bribery, and the invoice system. Certain training is mandatory for all relevant employees in Japan and overseas. At overseas group companies, training specific to each country and region is held in order to improve compliance in the workplace. Compliance guidebooks containing fundamental guidelines to follow in conducting business activities have been revised and updated seven times since they were first published in 2009 and are distributed to group companies both inside Japan and out.

## Reforming Our Corporate Culture: Employee Group Activities

We began activities to reform our corporate culture in 2022 and have created the Ashimori Group Employee Code of Conduct as a guideline. We facilitate employee group activities in which all employees participate, so that behavior in accordance with the code of conduct becomes the norm. In employee group activities, employees read through the Employee Code of Conduct and compliance guidebooks together while engaging in activities that raise employee awareness and improve conduct by ensuring that employees are aware of and following basic work practices in the workplace.

## Whistleblowing System

We have established internal regulations regarding whistleblowing (Whistleblowing Guidelines), and have established whistleblowing contact points in the Compliance Department, as well as at an external specialized organization (a law firm). When a whistleblower report is received, the Compliance Department instructs the relevant departments to investigate the matter and formulate and implement countermeasures. It reports the response to the whistleblower and confirms the corrective actions taken. The results of whistleblower reports are also reported to the Compliance Committee.



## Risk Management

### Risk Management System

We have established the Ashimori Group Risk Management Regulations, and, based on these, we convene a Risk Management Committee, which is chaired by the president, covers all group companies in Japan and overseas, and deliberates on risk identification and response, among other related topics.

### Internal Control

We have two internal control policies: the Basic Policy on Internal Control; and the Implementation Policy for Internal Control Assessment Related to Financial Reporting (Basic Plan Document). Based on these, the Internal Audit Office, under the direct supervision of the president, conducts internal audits of the Ashimori Group, including all worldwide group companies.

The internal control implementation standards were revised in April 2024 to require the inclusion of qualitative importance among the criteria for the selection of important business locations. Additionally, in light of recent fraud and scandals, measures and action to address fraud-related risks are needed. From fiscal 2024, we have added our overseas subsidiary Ashimori Korea Co., Ltd. as an important business location, given its qualitative importance, and we will conduct a comprehensive quality and safety inspection to address fraud-related risks and will work to improve the effectiveness of internal controls.

## Information Security and Cyber Security

We have formulated in-house information security standards for all group companies in Japan as we strive to strengthen information security measures.

In order to be prepared in the event of damaging ransomware infections and targeted attacks, which could pose significant business risks, we are taking ongoing measures in terms of both system improvements and employee education, such as by introducing additional security systems and conducting training on business email compromise attacks for all employees.

We make the necessary, relevant investments in strong and stable information security systems to ensure customer trust is our top priority. We also constantly work closely with business partners to strengthen information security, including cybersecurity measures.

Sustainability Action

# Environmental

## Basic Environmental Policy

We have established the following Basic Environmental Policy and will engage in environmental conservation activities.

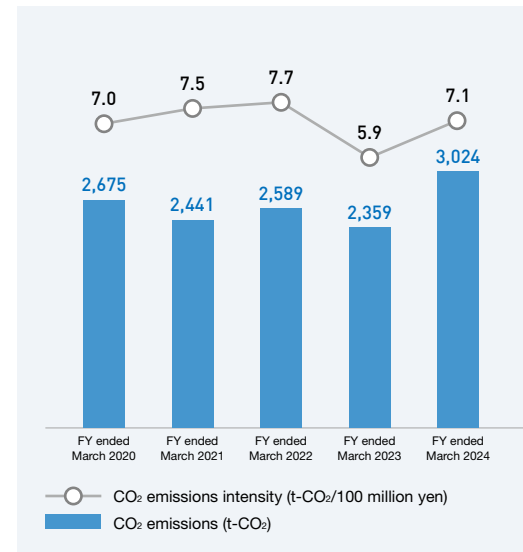
1. We will consider the impact of our business activities on the environment, set goals and targets for environmental conservation, and pursue environmental conservation.
2. In addition to complying with environmental laws and agreements, we will also establish internal regulations, work to prevent pollution, and strive to ensure our customers feel satisfied with regard to the environment.
3. We will treat the following items as environmental priorities.
  - (1) Reducing the amount of industrial waste sent to landfills and reducing the amount of product loss.
  - (2) Reducing environmental pollutant emissions.
  - (3) Conserving energy and preventing global warming.
  - (4) Developing environmentally friendly products.
4. Through education and training on environmental conservation, as well as internal public relations activities and other means, we will work to raise the environmental awareness of people associated with our company and will engage in environmentally friendly activities.

We obtained environmental management system (ISO 14001) certification in 2002 and have developed a quality and environmental management manual and environmental management regulations, as well as regularly report on our activities at meetings of the Management Council.

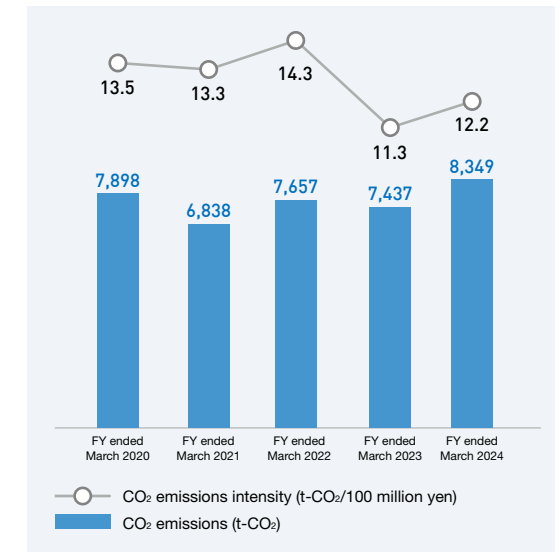
## Reducing CO<sub>2</sub> Emissions

The following are the trends in CO<sub>2</sub> emissions (Scope 1 and Scope 2) for Ashimori and its consolidated group (domestic and overseas) for the period encompassing the fiscal year ended March 2020 to the fiscal year ended March 2024.

Ashimori Industry (non-consolidated)



Ashimori Group (consolidated)



Sustainability Action

Environmental

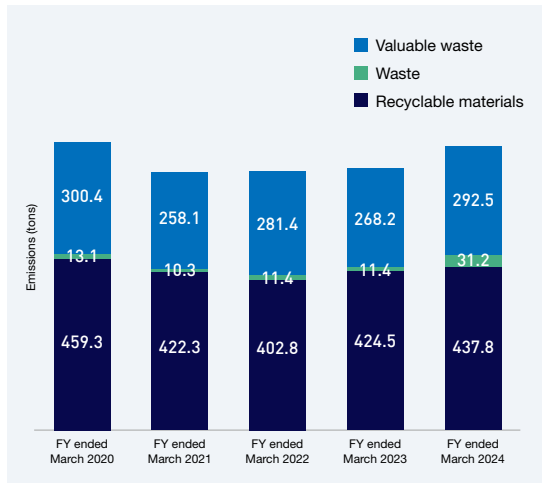
Toward a Circular Economy

Reducing Industrial Waste

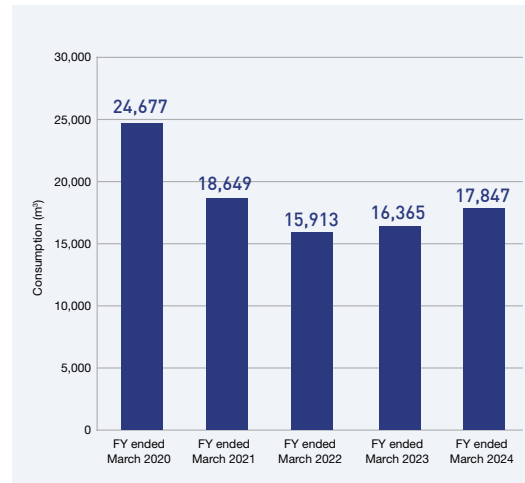
Within the Ashimori Group, we are making ongoing efforts to help with the realization of a circular economy by stressing the 3Rs (reduce, reuse, and recycle) in an effort to reduce waste. For example, we are working to reduce industrial waste by dissolving some discarded documents as valuable waste.

Also, helping secure water resources is another important issue for us. We are working to reduce the amount of water we use, such as by utilizing industrial-use water recycling technology.

Amount of valuable waste, industrial waste, and recyclable materials emitted at the Osaka Plant and the Sasayama Plant



Amount of industrial-use water consumed at the Head Office and Osaka Plant



Saving Energy and Reducing Environmental Impact

Using Renewable Energy

The Ashimori Group has installed solar power generation equipment on the roofs of some of its factories. At group companies (in India and Mexico), we are striving for decarbonization by using this solar power toward running the factories. In Japan (Yamaguchi Prefecture), we operate as a solar power provider to help reduce environmental impact and contribute to protecting the environment.



Ashimori India Private Limited



Ashimori Industria de Mexico, S.A. de C.V



Ashimori Industry Yamaguchi Co., Ltd.

Sustainability Action

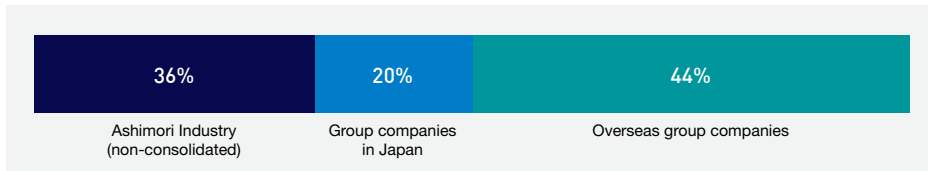
Environmental

Carbon Neutrality Initiatives

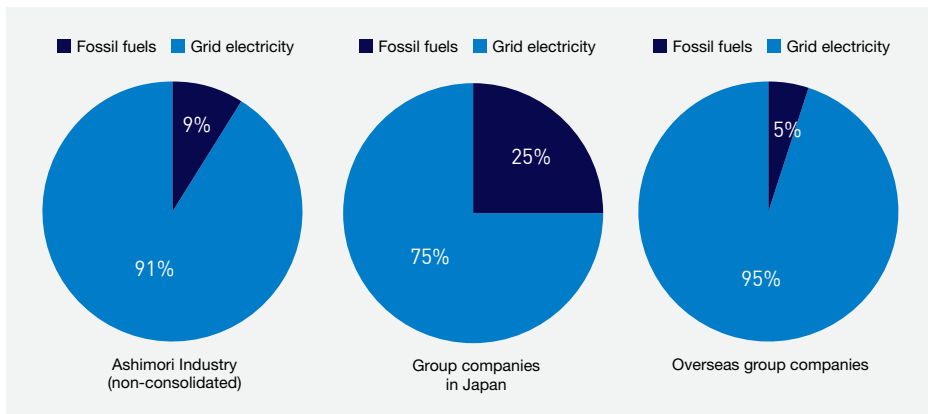
Ascertaining the Current State of Greenhouse Gas Emissions (≈ CO<sub>2</sub>)

For our entire Group, approximately 36% of CO<sub>2</sub> emissions come from Ashimori Industry (Head Office and Osaka Plant, Sasayama Plant, etc.), approximately 20% from domestic group companies, and approximately 44% from overseas group companies. The proportion of grid power (electricity supplied from the power company's transmission and distribution network) is high at all of our locations, and this proportion is particularly noticeable at Ashimori Industry and overseas group companies.

Non-Consolidated and Domestic/Overseas Group Company CO<sub>2</sub> Emission Ratio (FY2023)



Fossil Fuel and Grid Electricity CO<sub>2</sub> Emissions Ratio (FY2023)



Carbon Neutrality Roadmap

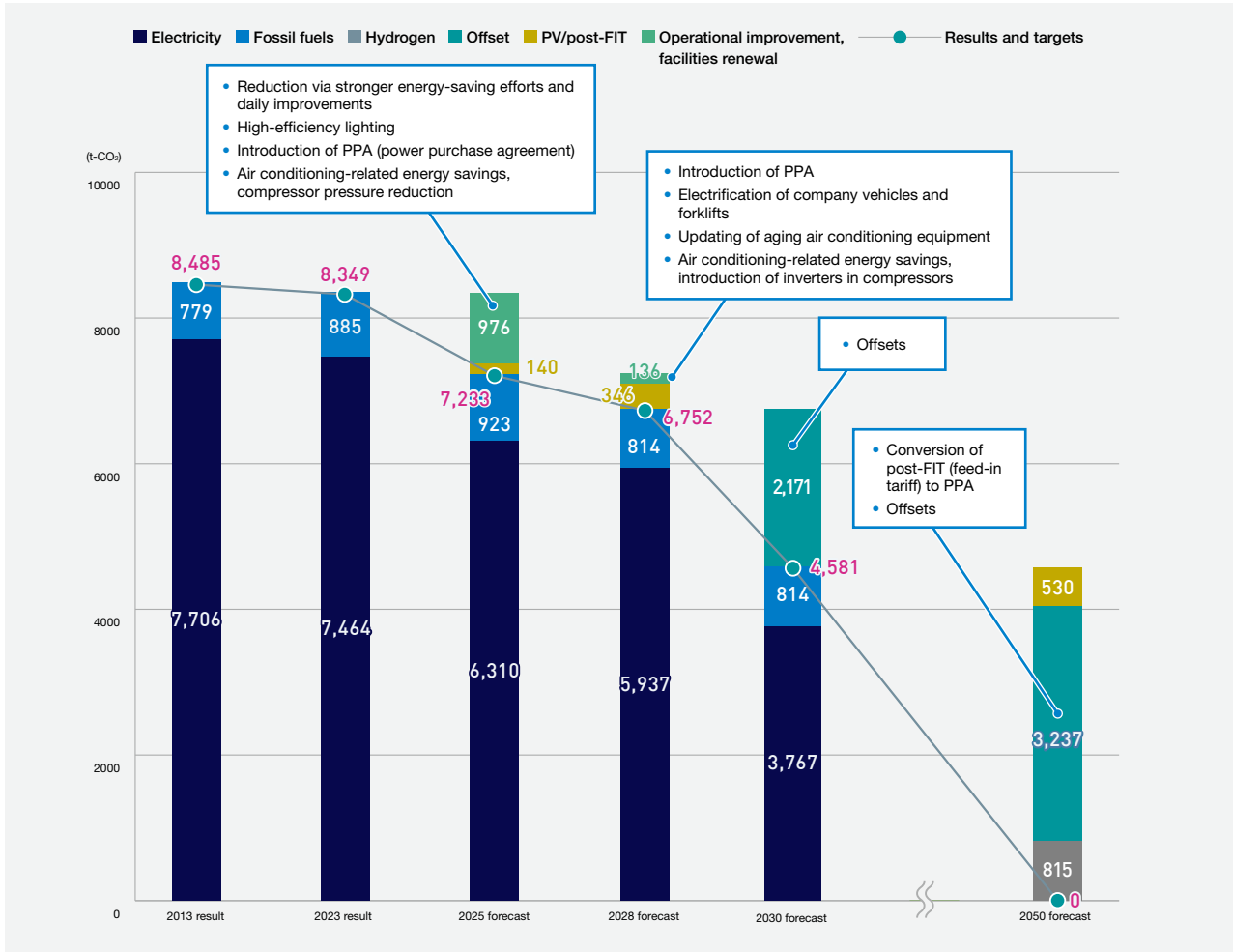
We calculated and disclosed greenhouse gas (≈ CO<sub>2</sub>) emissions for the first time in 2022 and have created a draft roadmap to reduce this in the future and achieve carbon neutrality, based on on-site surveys at major domestic plants in September 2022.

- (1) In line with the Japanese government's goals, we have formulated a plan for our Group to reduce greenhouse gas emissions by 46% in fiscal 2030 compared to fiscal 2013 and achieve carbon neutrality by fiscal 2050.
- (2) We cover Scope 1 (direct emissions) and Scope 2 (indirect emissions, such as purchased electricity), which include those of all group companies in Japan and overseas, but we do not cover Scope 3 (indirect emissions at other companies during the production process of purchased raw materials, parts, etc.).
- (3) The main means of achieving this plan are (1) operational improvements and updates to energy-saving equipment, (2) energy creation (solar power generation), and (3) offsets.
- (4) The current estimated total investment for these is 1,874 million yen for a cumulative total of 28 years from fiscal 2023 to fiscal 2050, and the cumulative cost reduction effect (reducing the amount of purchased electricity through solar power generation and switching to LED, etc.) is 1,498 million yen.
- (5) The effects of operational improvements and the amount of additional investment are calculated only for the Osaka Plant, Sasayama Plant, and Ashimori Industry Yamaguchi Co., Ltd., where the on-site surveys were conducted.

Sustainability Action

Environmental

CO<sub>2</sub> Emissions



Note: The PPA potential of overseas group companies is not reflected.

Measures

Application of a thermal barrier coating to the roofs of our Head Office and Osaka Plant was completed by the end of June 2024, and we are continuing to repaint the older buildings throughout this fiscal year.

We are also steadily converting the lighting at our Head Office and Osaka Plant to LED, and we plan to switch over all lighting in the plant, except for some parts of the warehouse, to LED by the end of fiscal 2024.

In addition, we are steadily updating the air conditioning equipment in the plant that is over 20 years old. This is scheduled to be completed by the end of fiscal 2024.

Regarding the main compressors at the Head Office and Osaka Plant, two of the three have been updated to inverter-type units. The remaining compressor is scheduled to be updated to an inverter-type unit by the end of fiscal 2024.





## Addressing Climate Change

In order to assess the impact of climate change-related risks and opportunities on our Group's business, we primarily relied upon the IPCC (Intergovernmental Panel on Climate Change) 6th Assessment Report and the IEA (International Energy Agency) World Energy Outlook 2022, as well as *Climate Change in Japan 2020* (detailed version) by the Ministry of Education, Culture, Sports, Science and Technology and the Japan Meteorological Agency.

As a general guide for the periods, the short term is until 2028, the medium term is 2035, and the long term is 2050.

### 1. Physical risks

Regarding physical risks, we examined the risks of the SSP1-1.9 scenario, which has very low greenhouse gas emissions, and the SSP5-8.5 scenario, which has very high greenhouse gas emissions, from the IPCC 6th Assessment Report.

The results were that, although the increase in physical risk is limited under the SSP1-1.9 scenario, the SSP5-8.5 scenario made us recognize, once again, the importance of regularly reviewing measures to prepare for natural disasters at multiple sites, not only in the long term but also in the medium term.

For the process of identifying the location of risks, we investigated the impact on business operations and factory operations over the past 20 years at all locations of our company, and all group companies, in Japan and overseas (focusing on business offices and factories, but excluding sales offices) of events that have the potential to become more severe and increase risks due to climate change, specifically the acute risks of heavy rain, floods, landslides, storm surges, typhoons, and heavy snow, and the chronic risk of power shortages, which are primarily associated with droughts, high temperatures, and cold waves.

We found that there have been a total of three operational outages at multiple locations in Japan and overseas due to weather events such as typhoons and heavy snow, but none of these lasted more than a day and the impact of each was minor, resulting in no economic loss.

For flood, landslide, and storm surge risks at all sites, encompassing both our company and domestic group companies, we found that, based on the Ministry of Land, Infrastructure, Transport and Tourism's hazard map, there are six business sites in

flood-prone areas, two in storm surge-prone areas, and one in landslide-prone areas.

Since 2000, our Chinese plant has ceased operations due to blackouts caused by power outages a total of seven times (all for one day), but the impact was minimal and there was no economic loss.

Also, there were no power outages in 2023.

Together with our group companies, we are taking measures to minimize the impact of disasters through comprehensive risk management, including business continuity plans that include replacing branch operations at the Head Office and alternative production at other factories.

### 2. Transition risks

We considered transition risks by sorting and discussing them according to the different categories of "policy and legal," "technology," "market," and "reputation," along with opportunities, with our main references being the IEA's NZE2050 (which focuses on a scenario in which global CO<sub>2</sub> emissions become virtually zero by 2050) and STEPS (Stated Policies Scenario).

#### Policy and legal

In the NZE scenario, which requires the strongest efforts, there is a risk that production costs will rise further due to the introduction of a carbon tax and electricity costs rising or remaining high. We recognize that further reductions in manufacturing costs will lead to stronger resilience. (Short- to long-term)

## Sustainability Action

## Environmental

**Technology**

In both the NZE and STEPS scenarios, if we are unable to reduce GHG (greenhouse gas) emissions associated with production, there may be a risk of losing competitiveness. On the other hand, we believe that promoting comprehensive GHG measures, including energy conservation, will increase opportunities to improve profitability. (Medium- to long-term)

**Market**

In both the NZE and STEPS scenarios, because the main products in the automotive safety systems business are automotive seatbelts, airbags, and interior parts, we believe that the direct impact of the shift away from fossil fuels in the market and the increasing share of electric vehicles and other vehicles will be limited. (Short- to long-term)

On the other hand, if the growth of new car sales is inhibited by the growth in car sharing, there is a risk that sales and production facilities will be affected, which could affect our finances. (Long-term)

In the high-performance product business, under both the NZE and STEPS scenarios, it is possible that demand for large-scale rainwater drainage pipe construction, which uses our PALTEM pipeline rehabilitation technology developed over the years, and existing products like drain hoses and disaster tents may expand, especially as part of measures against flooding during heavy rains and torrential rains in urban areas. (Short- to long-term)

**Reputation**

By creating and steadily implementing a roadmap toward carbon neutrality, developing new disaster prevention-related products, and improving the quality and functionality of existing products, we believe that whether we will be able to contribute to society through disaster prevention and mitigation, and to disclose accurate information is both a risk and opportunity in terms of reputation. (Short- to medium-term)



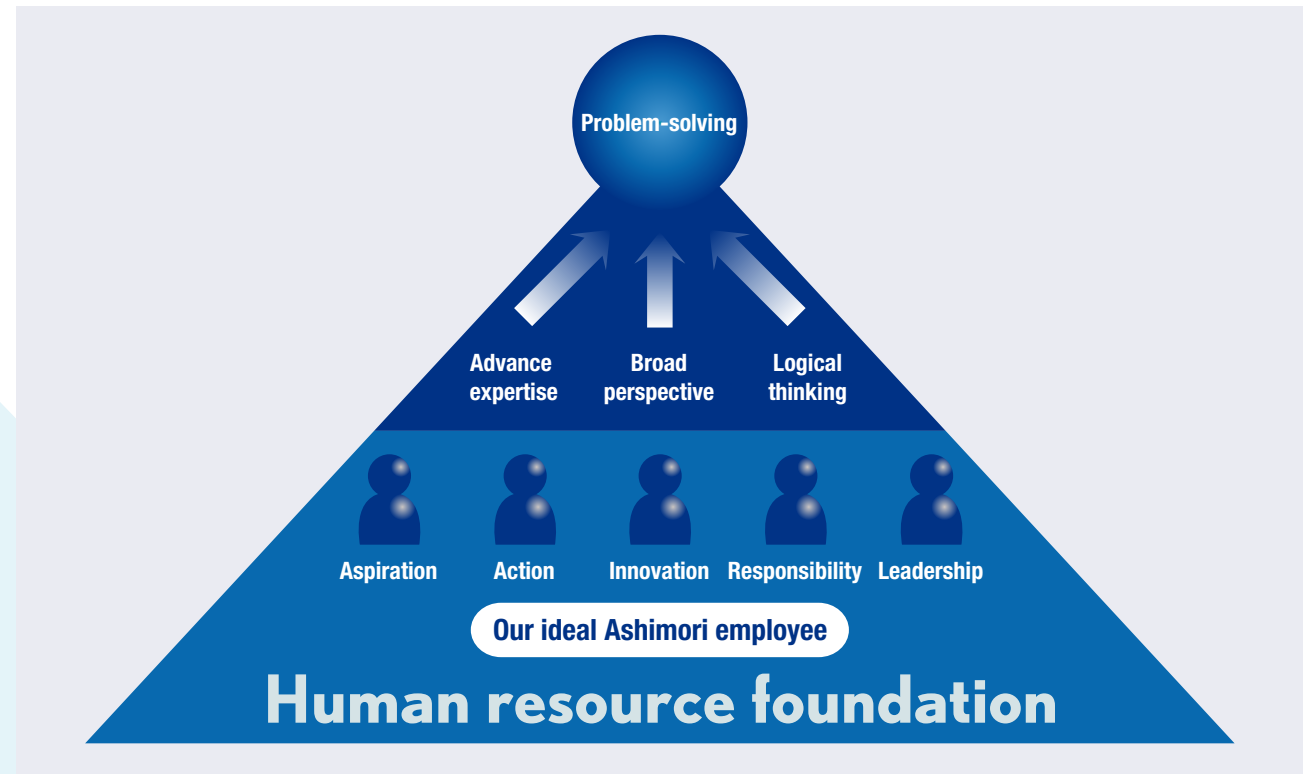
## Sustainability Action

# Human Resource Strategy

## Strengthening our human resource foundation

Human resources are the foundation of the Ashimori Group, and strengthening our human resource foundation is essential if we are to respond to changes in the market and achieve further growth. The recruitment market is becoming increasingly tight, and, in an environment where it is difficult to expect personnel numbers to increase in line with our company's growth, it is essential that we grow our current human resources. While there still exists a need for improved employee education, we have begun

efforts to establish a new organizational culture in which employees are encouraged to identify and solve problems on their own. Starting this fiscal year, President Zaitzu himself is an instructor, providing QC story-based training on problem-solving methods to all union members and their superiors. By repeating this process of training to disseminate knowledge, we will strengthen our human resource foundation by cultivating individuals who are continually focused on identifying and solving problems.



General Manager, Human Resources Department

## Hirofumi Takahashi

Fostering a sense of unity and building an organizational foundation that is resilient to change by creating a work environment in which our corporate vision resonates with employees as they pursue rewarding work and opportunities for growth

## Sustainability Action

## Human Resource Strategy

### Disseminating our HR vision

We have developed the New Ashimori Vision 2028 in order to achieve the goals of the three-year medium-term management plan, which began in 2022. The ideal Ashimori employee is one with advanced expertise and a broad perspective who can think logically and solve problems quickly. Cultivating such employees requires refinement of personal competencies and abilities, particularly those of aspiration, action, innovation, responsibility, and leadership. The company has yet to develop a common understanding about this among its employees, and the challenge we have is to deepen this understanding and put it into practice so that we can achieve the goals of our next medium-term management plan. To address this, we launched a working group to promote the HR Vision Statement. It is working to identify current issues within Ashimori and the obstacles hindering full understanding of the HR Vision Statement, and it is examining measures that will get all employees moving in the same direction. Based on the belief that ensuring our corporate philosophy resonates with employees, that they feel involved as a member of the company both inside and outside it, and that receiving gratitude as feedback will provide them with an absolute sense of job satisfaction, we will implement the specific measures formulated by the working group with regard to fair evaluation and treatment, creating educational opportunities, and improving the workplace environment.

### Human resource development policy

We will conduct a review of our personnel system, which emphasizes seniority, to move toward a fairer system that reflects individual effort and achievement in employee compensation. Without changing our commitment to

valuing people, we will encourage early advancement of talented personnel, regardless of age or years of service, in order to promote individual growth and organizational revitalization. To achieve this, since managers have a large role to play in developing and evaluating their subordinates, this term we are providing education for all line managers to review the basics of management. In order to strengthen team management capabilities and maximize the capabilities of each employee in pursuit of company-wide goals, we are placing an even greater emphasis on communication. This involves clarifying the roles and goals expected of each employee and communicating them to their subordinates, and providing many opportunities for employees to feel a sense of accomplishment and growth by providing feedback on results and evaluations.



### Direction for human capital

As the workforce becomes more mobile, companies cannot place excessive expectations on hiring to achieve

business results, and many companies are facing labor shortages. Rather than looking here and there to try and secure the necessary number of people, we need to focus on how to increase the number of current employees who can fulfill the roles the company expects of them. This term, we started training for managers, and the most pressing task facing the Human Resources Department is to develop talent at each level in line with our HR Vision Statement and to strengthen and raise the overall level of our human resource foundation.

We will utilize internal and external resources to create an educational system for each level of employment, to create a culture in which employees seek growth by themselves, and to review and implement a system in which the evaluation of employee growth and performance leads to compensation. We will spare no effort in investing in human resources, wherever necessary, to be a company where employees find it rewarding to work.

## Sustainability Action

# Employee Roundtable

## A Challenge for Our People— Towards the Realization of a Safe, Secure, and Comfortable Society

In our New Ashimori Vision 2028, which was created in preparation for 2028, the 150th anniversary of our founding, we have formulated the Ashimori Group HR Vision Statement, which describes what we expect of our employees. We asked Ashimori personnel who are active at the forefront of their departments to talk about the challenges they take on in pursuit of the realization of a safe, secure, and comfortable society.



—  
Manager, Industrial Materials  
Technology Development Department,  
High Performance Products

### Miho Enomoto

Enomoto joined Ashimori in 2019. After graduating from university, she was involved in the development of fabrics for industrial materials, but, in 2019, she joined Ashimori so that she could better balance work and family life. Her current work involves the development of timing belts.

—  
Manager, Airbag  
Engineering Department,  
Automotive Safety Systems

### Yuta Minami

Minami joined Ashimori in 2006. His motivation for joining was to find work near Suita, where he spent four years of university. He is currently involved in airbag design.

—  
Sales Department,  
Automotive Safety Systems

### Ryo Endo

Endo joined Ashimori in 2011. Because Ashimori operates globally, he joined with the hope of working in sales where he could utilize his English skills. He is currently involved in sales of seatbelts, airbags, and other products to automakers.

—  
Manager, PALTEM Technology  
Development Department, High  
Performance Products

### Takayuki Morio

Morio joined Ashimori in 2004. He studied civil engineering at university and decided to join Ashimori after becoming interested in PALTEM, which allows repairs to be made to underground pipelines without digging them up. He was previously involved with PALTEM-related design and construction but is currently working on the development of new construction methods.

## The 5 abilities required of the ideal Ashimori employee

The Ashimori Group HR Vision Statement lists five abilities that ideal Ashimori employees—“our people”—should hone: aspiration, action, innovation, responsibility, and leadership. What skill are you particularly focused on honing?

**Minami** The automotive industry is constantly evolving, and I feel that we need the skill of innovation in order to keep up. This is because continually meeting customer requests within a short development period requires flexible, outside-the-box thinking. With technological innovations, such as self-driving, changing the way cars are driven, the driver's seat may no longer need to face forward. We also need to be more competitive with our own ideas.

**Endo** For me, it's responsibility and action. I think having a sense of responsibility is another way of saying having a sense of ownership. Doing work because you're told to do it isn't fun, but work that you think about and take the lead in doing on your own is meaningful, and it's a great joy when you can contribute to the company in that way. This is what will motivate me for my next job. And, when it comes to putting your sense of responsibility into practice, this naturally pairs with the ability to take action.

**Enomoto** I think all five abilities are important, but I would say that aspiration and action are especially important. First of all, being in the development department means that our main job is to create new things, so we need the innovation that Mr. Minami mentioned, but we also need the

## Sustainability Action

## Employee Roundtable

**Enomoto** aspiration to cultivate a wealth of knowledge and experience that serves as the foundation for innovation. And then there's action, which is the ability to get people involved, lead, and see things through when it comes to turning your ideas into reality.

**Morio** What I'm particularly conscious of is leadership. The existing PALTEM method has been in use for nearly 35 years, so the development of a new method is urgently needed. The development team consists of four people, including me, and each of us is assigned a specialized area, such as resins and base materials for material development, production equipment development, and construction system development aimed at labor-saving construction. If we're not on the same page, the schedule will fall behind, so the most important thing for me right now is being able to communicate closely with and lead team members.



## What a "safe, secure, and comfortable society" means for Ashimori employees

What kind of society do you envision when you think of a safe, secure, and comfortable society that is directly related to our business?

**Minami** I envision a society where economic stability ensures jobs and salaries, with little crime and good public safety. And, in terms of my work, it would be a society in which systems are in place to respond to unexpected circumstances such as accidents. Airbags are an example of something that contributes to this. When it comes to protecting people's lives, for example, if someone dies in a traffic accident and their surviving family members fall into financial difficulty, they will also lose their safety, security, and comfort.

**Endo** When I think about what "security" means, because the things I fear most are disasters and accidents, I think of a society without accidents (including non-automobile-related accidents) and of a society with advanced disaster preparedness. Disasters can't be prevented, but I think the best thing is that we can create a society where people's lives are not severely disrupted in the event of an emergency. The chances of preventing accidents can be increased by paying close attention and putting various systems in place. But there's a dilemma: if we could create a society where there are no accidents, the airbags and other safety systems that we make would no longer be necessary.

**Enomoto** A secure society is one where people can feel confident that the future will not be worse than the present, and even that it will be better. A safe society is one that is free from physical, mental, and environmental harm. And a comfortable society is one where people can lead

pleasant lives with peace of mind. Children move in ways that adults can never imagine, so as a mother, I hope for something that can anticipate this and protect their lives.

**Morio** I believe that ensuring safety and security is what leads to a comfortable society. For example, while it's impossible to completely prevent crime, accidents, disasters, and disease, I believe that a safe and secure society is one that has systems in place to prevent these things before they happen and to respond when they do. On top of this, a comfortable society is one in which people have more leeway with their time when it comes to work and life. Making the workplace comfortable includes improving the work environment and labor practices and improving people's work-life balance, such as by enabling them to take childcare leave.

How do you think you can contribute to the realization of that safe, secure, and comfortable society?

**Minami** My ambition is to provide affordable, high-quality airbags. Airbags are already common in developed countries, but they are still not very widespread in developing countries. I'd like to increase their popularity by producing them at the lowest possible cost, while, of course, ensuring high quality. Additionally, I'd like to establish specifications that can meet all of the increasingly stringent standards for occupant restraint performance that are being adopted by automakers in their efforts to achieve zero fatal accidents.

**Endo** As a manufacturer of safety systems, we need to understand the needs of society in order to provide better products. The low cost aspect mentioned earlier is also important to us in sales. Automobile manufacturing costs continue to rise due to advances in electronic functions and other factors, but prices cannot be raised accordingly, so the competitiveness of our safety components is directly linked to how we can manufacture them at the lowest possible cost.

**Enomoto** The products I work on only perform to their full potential once they have been processed at the customer's site and are, thus, not directly related to safety, security, and comfort. But if our products are used in, for example, a robot arm and contribute to improving the performance of the customer's products, such as by improving workability, then I believe that this ultimately increases comfort. I also believe that reducing environmental impact by reviewing and revising the raw materials and manufacturing processes for our products contributes to a better life.

**Morio** PALTEM helps protect essential utilities from disasters. Also, our rehabilitation technique reduces the burden on the surrounding environment by not digging up pipelines, thereby maintaining the integrity of the pipeline so that it can be used indefinitely. This I believe contributes to safety and security. Furthermore, the construction equipment and facilities currently under development are designed to operate with less fuel and be carbon neutral, while also reducing the labor required. In the future, I'd like us to come up with equipment and facilities that are even safer and that anyone can install.



## Sustainability Action

## Employee Roundtable

**Morio** Personally, I try to raise my environmental awareness by, for example, participating in the environmentally themed LOHAS Festa event and making a conscious effort to purchase tableware made from recycled resources.

## Changes felt by Ashimori employees regarding the new organization

**Hiromasa Zaitzu took office as president in June and will further collaboration with Toyoda Gosei. What changes do you notice?**

**Endo** First of all, something that I personally liked was that Mr. Zaitzu asked us to refer to him by his name rather than by his job title. Now, we even drop the titles when referring to the division heads. It makes it easier to talk to them now, and I feel the office atmosphere has improved.

**Enomoto** I sometimes pass by the president's office, and the door is always half open, letting us know that he's there. It makes him feel more approachable.

**Endo** There's a sense of strictness, but I mean that in a good way. It's the determination to see things through to completion once we've set a goal.

**Minami** I feel the people at Toyoda Gosei are very good at identifying problems and also very capable of solving them, so I'd like to learn from them. At the same time, I want to protect the good characteristics that Ashimori has. There are quite a few customers for whom we are essential, and I want to keep it that way while also incorporating those crucial elements that will help ensure we are always able to provide our customers with great proposals.

**Enomoto** Once we have established to a certain extent how to proceed with business in automotive safety systems, I think this will then have an impact on our high performance products business. However, our customers are all quite different, ranging from automakers to civil engineering and construction companies to, even, fishermen and more, so I'm a bit worried about whether we can do things in the same way. I hope we can all absorb what we need to learn so that the resulting synergy will lead to the birth of a new Ashimori.

**Morio** Instead of the seniority-based system of the past, the atmosphere has changed to one where competent and capable employees are being promoted. I think this motivates everyone and is a good thing. Toyoda Gosei has shared technical knowledge with us about an issue in the construction method development I was in charge of. Moving forward, I believe there will be a lot to learn, not just technical knowledge, and I want to absorb it all. On the other hand, in the PALTEM division, even the smallest complaints are handled by everyone in sales to technology, and this is considered one of our strengths that I want us to continue to value.



## About the ideal Ashimori employee for the future

**What do you think the ideal Ashimori employee is for the future?**

**Minami** I guess things can't just stay the way they are. Having "good people" is what you'll hear about Ashimori a lot, but that alone won't be enough. A new essence has now been introduced into our company, and I believe that, if we can extract the best from each other, we'll be able to cultivate even better human resources.

**Enomoto** There isn't much connection between departments in our company; it's more like a collection of SMEs. So, it would be great if we could foster positive connections and relationships between people in different departments such that, if one department's performance drops, we do our best to support them.

**Endo** I think it's very important that you are able to enjoy yourself, and ideally, even in tough situations, you want to remember to laugh and take a break, rather than frowning your brow. I hope to create a sense of camaraderie not only between business divisions but also between departments, where everyone wants to work hard together. Personally, if I see someone at work who looks distressed, I make a conscious effort to talk to them. Mr. Minami is normally a very active leader, but sometimes he walks around with a scary look on his face, so I make him laugh. (Laughs)

**Minami** Thanks for helping me out. (Laughs) Sometimes it's the other way around, and I make him laugh.

**Morio** I don't think people can change their personalities instantly. The same goes for the ideal Ashimori employee. But nothing will change if you don't want it to. I think company-wide education, such as seminars on how to change, are also necessary.

**Endo** In fact, there's an HR Vision working group that discusses what's needed to fully realize the Ashimori Group HR Vision Statement. Ms. Enomoto and I are both members.

**Enomoto** The group is made up of 14 people of different ages, genders, and positions from four departments, and we meet every two weeks to discuss issues. I think this will be reflected in the next medium-term management plan, which will be formulated next year.

**Endo** This is something new for Ashimori, and I'm excitedly looking forward to what changes might come of it.

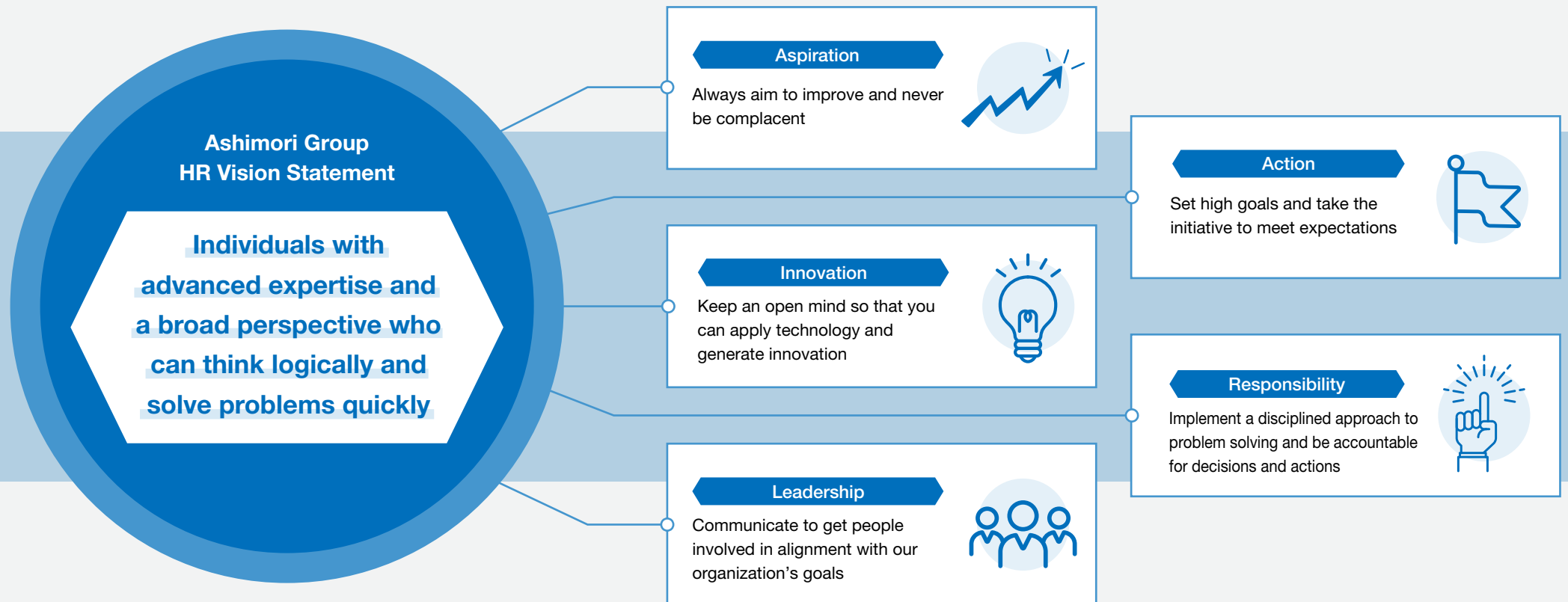


Sustainability Action

# Social

## Ashimori Group HR Vision Statement

Someone strongly committed to our company principles, who takes the appreciation they receive for their efforts inside and outside the company to make their job more rewarding—this is the ideal Ashimori employee. We have thus formulated the Ashimori Group HR Vision Statement to foster this ideal.





## Sustainability Action

## Social

## Human Resources

## Human Resource Development

We provide necessary training for each level of employees: managers, mid-level employees, and younger employees. Employees are able to learn and deepen their understanding of leadership and other skills: for managers through appraiser training and new manager training, and for mid-career employees through mid-career training. We also provide training for younger employees, starting with new employee training and training for employees up to their fifth year in the company, in order to facilitate employee development contributing to the realization of the Ashimori Group HR Vision Statement.

## Diversity and Inclusion

Period: April 1, 2023 to March 31, 2024; reference date: March 31, 2024

Item	Non-consolidated	Consolidated	Note
Percentage of women among new graduate hires	20.0%	14.3%	Employees who joined our companies in Japan in April 2023
Percentage of women among mid-career hires	15.4%	41.2%	Employees in Japan
Percentage of women	16.7%	53.8%	Full-time employees
Percentage of female managers	4.3%	10.5%	
Percentage of female section chiefs*	17.2%	27.1%	
Ratio of overseas employees	-	69.9%	Full-time employees
Gender wage gap			
All workers	56.4%	56.5%	Employees in Japan
Full-time employees	75.3%	68.3%	Employees in Japan
Part-time and fixed-term workers	49.3%	63.0%	Employees in Japan

\*Team leader job position under supervision of a manager

## Work-Life Balance

Period: April 1, 2023 to March 31, 2024; reference date: March 31, 2024

Item	Non-consolidated	Consolidated	Note
Men's childcare leave acquisition rate	66.7%	62.4%	Employees in Japan
Percentage of female employees returning to work after taking childcare leave	100.0%	100.0%	Employees in Japan
Percentage of female employees quitting their jobs after taking childcare leave	0.0%	0.0%	Employees in Japan
Number of employees who worked from home	197	-	Total number: 2,838
Number of employees using staggered working hours system*	440	-	Total number: 2,280

\*We have a system that allows full-time employees to take paid leave in hourly increments.

## Human Rights Policy

This Human Rights Policy Statement was approved by the Board of Directors of Ashimori Industry Co., Ltd. on April 26, 2023.

### Ashimori Group Human Rights Policy Statement

The Ashimori Group (Ashimori Industry Co., Ltd. and its domestic and overseas group companies, hereinafter referred to as “we”) has been supported for many years since our founding in 1878 by numerous people including local communities, suppliers, and customers of the countries and regions in which we operate, and we have grown and expanded our business by tackling new challenges continuously. We are committed to endeavoring to respect human rights in our business activities and we hereby set forth the Ashimori Group Human Rights Policy Statement, which every person in the Ashimori

Group should observe based on the Ashimori Group Code of Conduct, guided by the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the Declaration on Fundamental Principles and Rights at Work (International Labour Organization [ILO]), the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights, in order for us to be beneficial continuously to society especially in manufacturing products to keep people safe and make them feel secured.

#### 1 | Commitment to respect for human rights

We understand that our business activities may directly or indirectly affect human rights. We recognize that respect for human rights is an important issue to be addressed in the management of our business, and we are committed to making every effort to fulfill our responsibility to ensure that human rights are respected in all of our business activities.

#### 2 | Scope of responsibility

This policy statement is applied to all executives and employees of the Ashimori Group. We are committed to acting responsibly so that all stakeholders understand and agree with this policy statement. We will strive to respond in an appropriate manner to human rights abuse by our suppliers, business partners, or customers.

#### 3 | Human rights of our executives and employees

We will secure a workplace free from all discrimination and harassment of any form on the grounds of nationality, race, ethnicity, gender, age, creed, religion, disability, sexual identity and orientation, or otherwise. Likewise, we will not tolerate any type of human rights abuse, such as forced labor and child labor. We respect the freedom of association and the right to collective bargaining.

#### 4 | Education and training

We will provide appropriate education and training to all our executives and employees in order to ensure that this policy statement is established firmly and implemented effectively in all aspects of our business.

#### 5 | Human rights due diligence

We understand that we must identify and prevent or mitigate any actual or potential adverse impacts on human rights associated with our business activities through our human rights due diligence process.

#### 6 | Remedy

In case it is certain that we have caused or been implicated to adverse impacts on human rights by our business activities, we take appropriate remedial action.

#### 7 | Disclosure

We will disclose information on our human rights actions appropriately.

#### 8 | Stakeholder engagement

We will conduct dialogue and consultation with relevant stakeholders on our efforts for this Human Rights Policy Statement in course of promoting our actions for respecting human rights.

## Human Rights Due Diligence

This was conducted for all group companies in Japan and overseas in fiscal 2022. There were several group companies that had insufficient related internal regulations, but improvements were completed in fiscal 2023. We are also gradually conducting human rights due diligence on our business partners.

## Sustainability Action

## Social

## Community Contribution

**Contributing to Education: Factory Tours for Children and Visiting Elementary Schools**

For many years, the Ashimori Head Office and Osaka Plant (Settsu, Osaka Prefecture) have been featured as an example of a manufacturing company in supplementary textbooks for third- and fourth-grade elementary school students in Settsu City. In fiscal 2023, multiple elementary schools in Settsu City visited our Head Office and Osaka Plant and took a plant tour. We also continued our visits to schools to give lessons for students in lieu of plant tours.

For fiscal 2024 and beyond, we want to continue communicating, through various activities rooted in local communities, our business as well as the importance of manufacturing.



Touring the factory

**Crime and Disaster Prevention: Company Fire Brigade**

Ashimori has its own fire brigade, which operates as a fire and rescue division within the organization of the municipality of Settsu, where Ashimori's Head Office and Osaka Plant are located.

The skills and knowledge built up through periodic drills and exercises are put to work by our fire brigade to help secure safety in the event of fires or other disasters at Ashimori or in the community.

## Occupational Safety and Health

We have developed a safety and health policy grounded on the basic principle of “Think on your own, act on your own.”

## Action Policy

- Aim for zero accidents (occupational accidents, fires, and traffic accidents) and zero dangers.
- Work with the 5S and 5-Constants in mind.
- Promote mental and physical health.
- Expand and enrich safety and health education and management systems.
- Ensure a safe and comfortable working environment.
- Comply with laws, regulations, and societal rules, and strive to coexist with local communities.

## Action Policy

For workplace accidents, regardless of severity, an accident report is promptly prepared, the cause is separately investigated, and measures are taken to prevent reoccurrence. The graph shows the numbers of occupational accidents that have occurred at the Head Office and Osaka Plant, the Sasayama Plant, and Ashimori Industry Yamaguchi. (These figures include accidents such as falls on bicycles on the way to work.)

In response to the high number of workplace accidents taking place up through October 2023, we issued a state of emergency declaration on November 1 and conducted safety and health awareness activities with the aim of achieving zero accidents.

Specifically, activities included morning workplace visits using safety and health awareness materials, which were read aloud at each workplace, as well as providing e-learning and hazard awareness training.

