

**Safety and Freedom for the world  
through Mobility Onward  
with Astemo**

**Astemo**  
Mobility Beyond

**Sustainability Report  
2025**



**Astemo, Ltd.**

## Astemo's Vision for the Future

Providing advanced mobility solutions to bring safety and freedom of movement for all people, Astemo

### Advanced Sustainable Technologies for Mobility

**Freer. Safer. Greener.**

Looking to the future of people and mobility, Astemo aims to build a sustainable society through technological innovation.

To mobility users worldwide

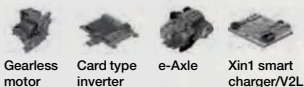
Promoting collaboration across four domains to provide innovative solutions for the software-defined vehicle (SDV) era

#### Internet of vehicles (IoV)

- Linking on-board systems and external clouds (back-ends) via cloud integration technology
- Integrating control with other domains by merging the technologies of electric powertrains, autonomous driving and advanced driver assistance systems (AD/ADAS), and advanced chassis

#### Electric powertrain

Contributing to our energy-based society through advanced electric powertrain packages and on-board power supply products



Gearless motor Card type inverter e-Axle Xin1 smart charger/V2L

#### AD/ADAS

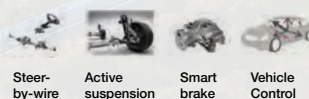
Realizing advanced safety systems through vehicle surroundings recognition and integrated electronic control



360° stereo vision Stereo camera ADAS ECU Map positioning unit

#### Advanced chassis

Pursuing outstanding safety and comfort through promotion of integrated vehicle dynamics control and electronic control



Steer-by-wire Active suspension Smart brake Vehicle Control



## Astemo's MVV and Materiality

### Positive impact toward a sustainable future

The Astemo Group aims to contribute to the realization of a sustainable society and enriched lives for people by positioning its MISSION, VISION, and VALUES, together with its materiality, as the foundation of its management.

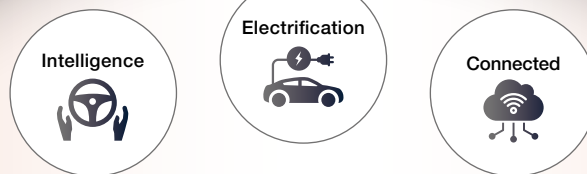
By practicing our six VALUES, we will create a positive impact on society.

#### Contributing to the achievement of the SDGs



Creating social impact  
leading to a sustainable future

#### Solutions



Respect human rights and  
contribute to local communities

Create value  
through DX and AI

Create sustainable and  
resilient supply chain

#### Materiality

Develop Astemo's  
advanced technologies

Enhance the value  
of human capital

Contribute to  
a recycling-oriented society  
and a society harmonized  
with nature

Improve workplace  
health and safety

Contribute to  
a decarbonized society

Strengthen governance  
and ensure compliance



#### MISSION

Our “reason to exist” and “mission to be fulfilled” in society

We will contribute to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions.

#### VISION

The ideal we strive to fulfill

Safety and Freedom for the world through Mobility  
Onward with Astemo

#### VALUES

Six “values” and “decision-making criteria” embraced by each individual

Innovation

D&I

Agility

Leadership

Integrity

Collaboration

## Astemo's History

# Inheriting the DNA and technologies of the four integrated companies and tackling the creation of new mobility solutions

Hitachi Automotive Systems, Keihin, Showa, and Nissin Kogyo have long supported Japan's automotive industry.

Building on the products and technologies of these four companies, we are committed to developing safe and comfortable mobility solutions.

### Hitachi Automotive Systems

#### Hitachi Automotive Systems, Ltd.

Originating from Hitachi, Ltd.'s initiative to domestically produce automotive electrical components, the company has developed innovative technologies such as the world's first in-vehicle electronic control unit. In autonomous driving, it has contributed to the improved performance and widespread adoption of driver assistance systems through the development of high-performance stereo cameras linked to automatic braking. In electrification, it has supported the industry with technologies such as high-efficiency inverters.

## 1930

**Hitachi, Ltd. advances into domestic production of automotive electric parts**



### 1935

Manufactures Japan's first brake cylinders



### 1979

Produces the world's first electronic concentrated engine control units



### 2008

Commences deliveries of stereo cameras



### 2015

Develops world-class high-output inverter with a double-sided cooling module

### KEIHIN

#### Keihin Corporation

Starting with the manufacture of carburetors for motorcycles, Keihin expanded its business in line with the evolution of mobility to include products for automobiles and electronic control systems. Through the provision of electrification systems, including inverters for electric and hybrid vehicles, Keihin has contributed to reducing environmental impact and advancing the mobility society.

## 1956

**Established in Kawasaki City to develop and manufacture carburetors for motorcycles**



### 1957

Begins production of carburetors for motorcycles



### 1974

Begins production of carburetors for CVCC engines



### 1999

Develops electronic control units for hybrid vehicles



### 2016

Begins production of inverters for hybrid vehicles

### SHOWA

#### Showa Corporation

Originally established as Showa Aircraft Precision Works to manufacture aircraft components, the company transitioned to automotive parts production after World War II. Leveraging precise damping control technology and lightweight, highly durable designs for motorcycle and automobile suspensions and steering systems, Showa has delivered products that balance comfort and safety.

## 1938

**Established in Itabashi Ward, Tokyo, to manufacture aircraft components**



### 1955

Begins production of shock absorbers for motorcycles



### 1962

Establishes the Saitama Plant and begins manufacturing shock absorbers for automobiles



### 1997

Begins mass production of the world's first rack-assisted electric power steering system



### 2008

Develops the front fork "BPF," featuring a world-first mechanism

### NISSIN

#### Nissin Kogyo Co., Ltd.

Nissin Kogyo began its business with the casting of aluminum brake components for automobiles and has since provided a wide range of brake systems, including Japan's first ABS for four-wheeled vehicles, disc brakes, and the electric servo brake (ESB) system. The company has also achieved a world-class market share in motorcycle brakes, contributing to the global mobility society through high-precision braking technology and lightweight aluminum component manufacturing expertise.

## 1953

**Established in Chuo Ward, Tokyo, to manufacture vehicle brake components**



### 1974

Begins production of motorcycle disc brakes



### 1982

Begins production of anti-lock braking system (ABS) for automobiles



### 1991

Begins production of ABS for motorcycles



### 2005

Begins production of ESB system



## Astemo's History

In April 2025, we changed our company name to Astemo, Ltd., marking the beginning of a new chapter.

Leveraging the technological integration and synergies from the merger, we are accelerating our efforts to create new value.



Develops high-precision trajectory planning technology

Develops the compact and lightweight direct drive system, Direct Electrified Wheel



Develops thin-profile inverter technology for EVs

Begins mass production of inverters for EVs at the Miyagi No. 4 Plant



Establishes an inverter production line for next-generation EVs at Astemo U.K.'s Bolton Plant (Production scheduled to begin in April 2027 or beyond)



# 2021

Integrated management under Hitachi Astemo

# 2022

# 2023

# 2024

# Apr. 2025

Changes company name to Astemo, Ltd.

## Astemo

Revises the capital structure following JIC Capital, Ltd.'s equity participation

Establishes Astemo Cypremos, Ltd. to expand SDV support

Conducts absorption-type merger with Hitachi Astemo Electric Motor Systems, Ltd.



Rendering of Astemo Americas' new regional headquarters by Kirco Manix Construction and Gensler Architects

Astemo Americas relocates its headquarters to Michigan, USA (Facility scheduled for completion in fall 2027)

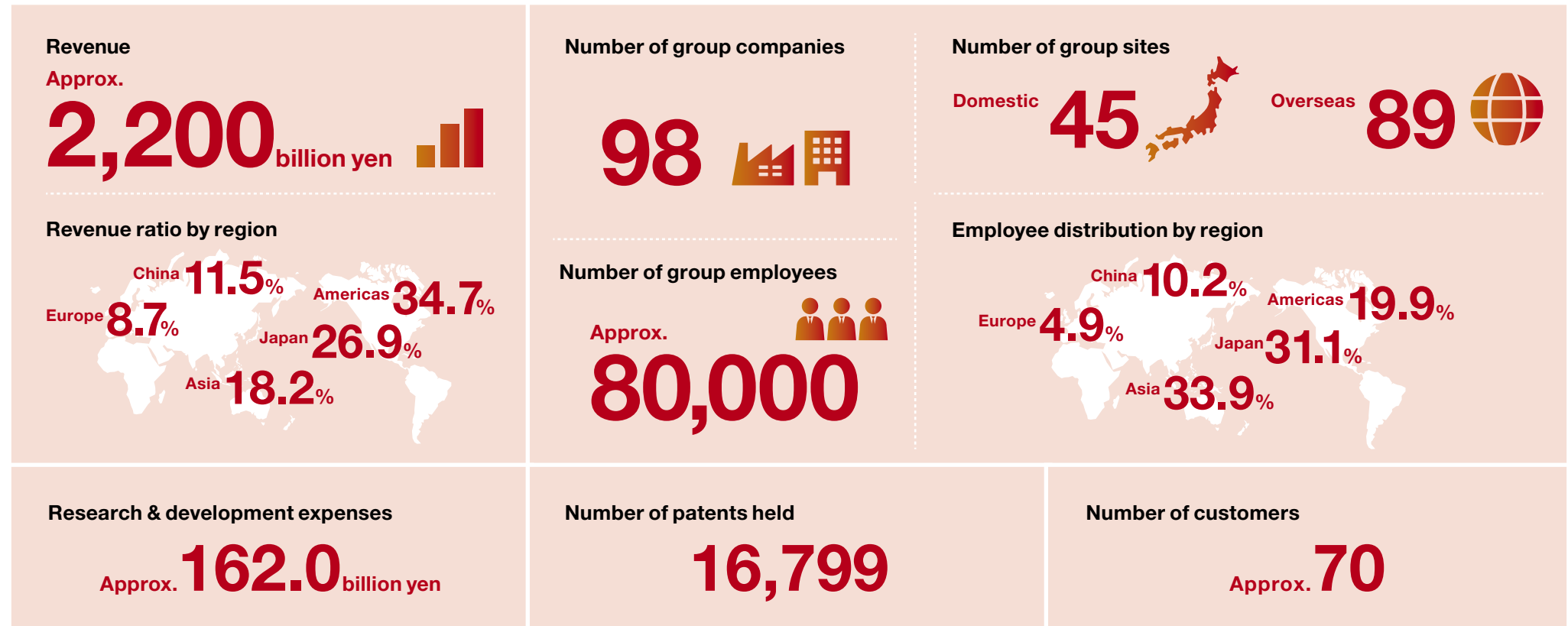


## Astemo in Numbers

### Operating worldwide as a global mega-supplier of automotive parts

Astemo operates with approximately 80,000 employees across Japan, the United States, Asia, China, and Europe.

While developing, manufacturing, selling, and servicing automotive parts as well as transportation and industrial machinery, equipment and systems, we work to realize a sustainable society and enhance corporate value.



Note: Figures as of the end of March 2025

### Company Overview

<b>Corporate name</b>	Astemo, Ltd.
<b>Business</b>	Development, manufacture, sales and services of automotive components, transportation and industrial machinery, equipment, and systems
<b>Representative</b>	President & CEO Kohei Takeuchi



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### Editorial Policy

Astemo has previously issued ESG reports, but from this report onward, these reports will be newly referred to as "Sustainability Reports," and we will aim for more advanced and transparent disclosure of the Astemo Group's sustainability strategy and initiatives. In considering and defining our information disclosure, we referred to domestic and international standards and frameworks such as the GRI Standards (Japanese version), the International Integrated Reporting Framework (IFRS Foundation), Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

#### Period:

FY2024 (April 1, 2024–March 31, 2025)

Some information on activities outside of this period is also included.

#### Companies:

Astemo, Ltd. and consolidated subsidiaries

#### Reporting cycle:

Published yearly as an annual report

### Forward-looking statements

With the exception of matters relating to past or present facts, the content of this To match green highlighted in Editorial Policy above report constitutes forward-looking statements based on future projections and plans. These forward-looking statements are based on information currently available at the time of planning, include various uncertainties, and hence may differ from actual results and performance.

## CEO Message

# Astemo

Astemo, Ltd.  
Astemo Cypremos, Ltd.

Creating a sustainable  
future through mobility

**Kohei Takeuchi**

Representative Director, President & CEO  
Astemo, Ltd.



(Photo taken at Shibuya Office)



## CEO Message

### Beyond evolution: Co-creating society through mobility

Our company name, Astemo, is derived from “Advanced Sustainable Technologies for Mobility.” The name embodies our strong commitment to providing safe, comfortable, and sustainable mobility life through technologies that contribute to an advanced and sustainable society. Mobility has helped overcome constraints of time and distance, supporting the development of society and culture. Now, we stand at the forefront of that evolution, bearing the mission of envisioning and realizing the next era of mobility with our own hands.

To clearly articulate this mission, we have formulated our MISSION, VISION, and VALUES (MVV) together with our associates around the world. The MISSION of “contributing to

a sustainable society and improved quality of life by providing world-leading advanced mobility solutions” represents our reason for existence, which remains a constant across time.

In pursuit of this MISSION, we defined the “desired state” we seek to achieve in 10 years as our VISION, and the “values” and “decision-making standards” that each associate should embrace to realize our VISION as the six VALUES.

Our corporate slogan, “Mobility Beyond” embodies our desire to transcend national borders, cultures, industries, and organizational boundaries to expand freedom and possibilities for movement.

We aspire to go far beyond the traditional role of a parts manufacturer, and aim to transform into a comprehensive mobility solutions provider. We will continue to relentlessly pursue advanced technologies and strive toward realizing a sustainable society and improved quality of life.

### Astemo’s strengths in responding to an era of transformation

The automotive industry is currently at a turning point that is said to be a once-in-a-century period of great change. Driven by accelerating structural change and advances in digitalization, the two major trends of electrification and intelligence are dramatically transforming the industry. Until now, battery electric vehicles (BEVs) and software-defined vehicles (SDVs)—in which the entire vehicle is controlled in an integrated manner via software to enhance safety and efficiency—have been developed in parallel.

Although the growth of the electric vehicle market has temporarily slowed, SDVs continue to attract attention, and this change is a major opportunity, as the Astemo Group’s competitive advantage lies in areas that are at the heart of this transformation.

For example, in addition to electrified products such as

e-Axles, inverters, motors, and electronic control units (ECUs), we have developed and possess a wide range of core technologies for the SDV era, including chassis technologies that provide high-precision control of driving, turning, and stopping, as well as advanced stereo cameras.

Furthermore, by utilizing the latest digital technologies, we’re differentiating ourselves in advanced areas such as over-the-air (OTA),\* cloud-based design, and advanced data utilization. Our newly established strategic software development base in Shibuya plays a central role in our integrated control technology.



## CEO Message

By controlling these technologies not individually, but in an organic and integrated manner, we can achieve safety and comfort that transcend traditional automotive paradigms. The Astemo Group's integration technology, which freely combines hardware and software, is our unique strength, and we are confident that it will be a source of overwhelming differentiation in the mobility society of the future.

\* Over-the-air (OTA): Technology for updating software via wireless communication

## Sustainable mobility driven by integration and innovation

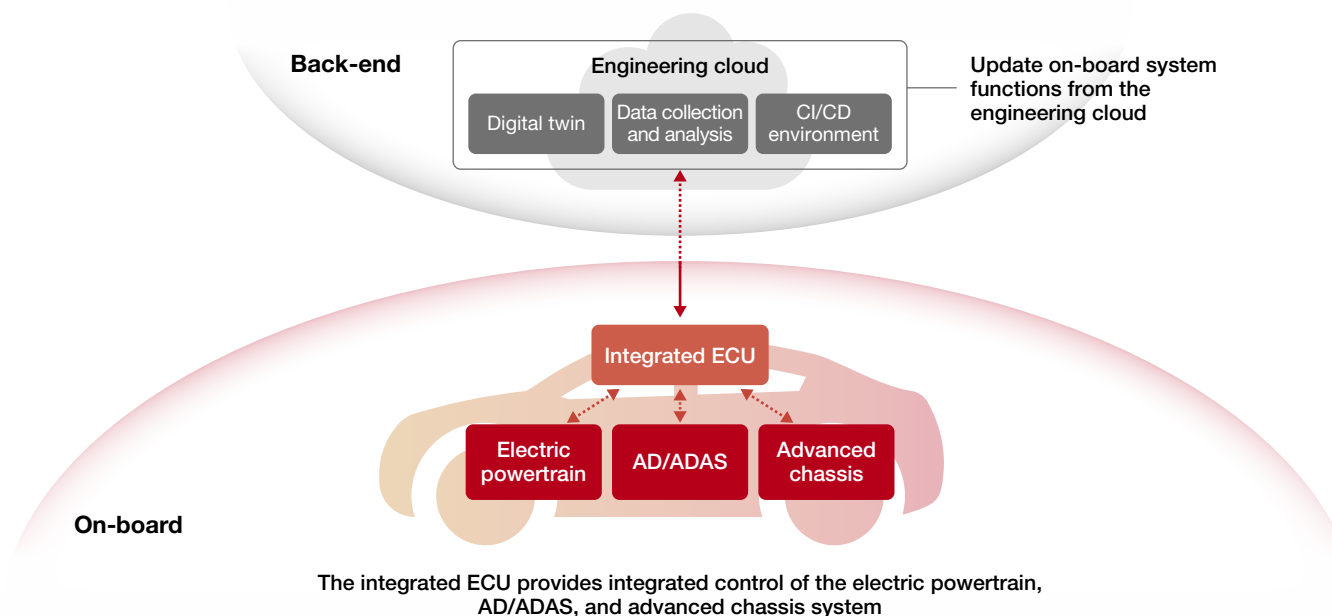
Born from the integration of Hitachi Automotive Systems, Keihin, Showa, and Nissin Kogyo, Astemo is strengthening collaboration and integration across a global production network of approximately 130 sites, promoting high-level standardization across the organization. As a result, the entire group's sense of unity and ability to execute has dramatically improved, building a more robust business foundation.

Moreover, by actively utilizing digital technologies throughout all processes from design to production and promoting concurrent engineering,\* we have achieved significant advancements in both development efficiency and product quality. These initiatives combine our technological and organizational strengths, serving as a driving force toward realizing sustainable mobility.

The Astemo Group continues to pursue advanced sustainable technologies, never ceasing its drive for innovation. In our manufacturing processes, we work to reduce CO<sub>2</sub> emissions and waste while promoting recycling, and actively incorporate highly reusable materials and structures from the design stage.

Furthermore, realizing a decarbonized and recycling-oriented society is a challenge that cannot be achieved by Astemo alone. Through close collaboration with automobile manufacturers and suppliers, we're steadily progressing toward the realization of a sustainable society across the entire value chain.

\* Concurrent engineering: A method of shortening development time and reducing costs by simultaneously advancing multiple phases of a product's development process while encouraging inter-departmental information sharing and collaboration



Providing optimal solutions for the SDV era and contributing to the realization of safe and comfortable mobility

## Trusted governance built on transparency and effectiveness

As a globally operating corporate group, the Astemo Group recognizes that sound supervisory functions and fair decision-making processes are the foundation of all corporate activities and sustainability. It positions the building and maintenance of a governance system with transparency and effectiveness as a top priority.

Based on this recognition, in October 2023, we transitioned to being a company with an Audit and Supervisory Committee, increased the proportion of



## CEO Message

outside directors, and strengthened the system for incorporating diverse perspectives and external expertise into the Board of Directors. Additionally, by establishing a Nomination Committee and a Remuneration Committee, both of which consist of a majority of outside directors, we have created a system that ensures greater transparency and fairness.

In addition to holding discussions among management when formulating our business strategy and medium- to long-term visions, we also receive numerous constructive opinions from outside directors through ongoing discussions at Board of Directors meetings. Going forward, we will continue to actively recruit human capital with the skills and expertise necessary for our company's growth, strengthen management supervision functions, and improve our organizational structure.



Moreover, we're working not only to establish formal systems, but also enhance governance as an integral part of our organizational culture. By fostering a corporate culture of open dialogue, where all officers and associates share a strong awareness of compliance and responsibility for quality, we have established a system where *Gemba* voices are reflected in management, enabling unified decision-making across the organization.

### Individual growth as the driving force for creating organizational value

Our business is supported by the strengths of each and every one of our approximately 80,000 associates, which is my source of pride. In the Astemo Group, which spans more than 20 countries worldwide, diverse human capital with various backgrounds are thriving by leveraging their respective expertise. I'm determined to build an inclusive organization where everyone can fully demonstrate their strengths and abilities.

In building this inclusive organization, we prioritize developing human resources who can refine their sensibilities and continue to take on challenges through collaboration with diverse colleagues. We share the message that "each associate should pursue self-fulfillment through the company" along with the belief that individual growth leads to organizational value creation.

As a specific measure, we are using our global "talent review" system to make the human resources in each organization visible and to formulate development plans. We provide robust support for the growth of talented and ambitious human resources through training and projects. To instill leadership values and awareness of their importance throughout the company, we're establishing a global coaching culture and implementing programs for managers.

Furthermore, to develop human resources capable of adapting to change, we have introduced a self-learning platform and are advancing DX human resource development

while providing reskilling opportunities. This creates an environment where associates can flexibly and proactively enhance their skills. We are investing heavily in DX human resource development, with the goal of training approximately 3,000 people by around 2030 to be able to use AI and other technologies to develop Astemo's advanced technologies while improving operational efficiency, ensuring the creation of business value.

Additionally, the health and safety of our associates are extremely high priorities, and I personally visit sites to listen to voices from the *Gemba*. I believe the workplace contains both challenges and possibilities. Through small-group activities and dialogue, we are promoting the creation of workplaces that bring out the full potential of each individual's insight and enthusiasm.

### Turning change into strength and connecting trust and value to the future

Although the business environment is expected to continue changing significantly, we will not fear these changes. Rather, we will view them as opportunities, respond flexibly, think creatively, and act boldly.

I believe it is important to have a B2C mindset that enables us to think quickly and deeply about what kind of society and products people around the world want. We aim to become a company that responds to diverse societal demands, resolves social issues through our business, and continuously creates new value.

To achieve this, it is essential to further enhance Astemo's brand value, while evolving the relationships of trust we build with all stakeholders so that they are deeper and more sustainable.

As a company pioneering the future of mobility, the Astemo Group, with all associates united as one, will continue to take on new challenges, driving transformation to earn the trust of and be relied upon by society. I sincerely ask for your continued warm support and guidance.

## CSuO Message

# Sustainability integrated with business strategy

## Koichi Tamura

Senior Vice President  
CSO, CDO, CSuO, and General Manager of  
Corporate Strategy &  
Planning Functional Division  
Astemo, Ltd.

### Taking on the challenge of creating new mobility solutions

The Astemo Group's mission is to "contribute to a sustainable world through mobility," and we believe our most important responsibility is to leave a better society for the next generation. To achieve this, we have placed sustainability management at the core of our business activities.

The mobility industry is currently at a historic turning point with the transition to software-defined vehicles (SDVs). This change is an opportunity for growth, and we aim to establish ourselves as a mobility solutions provider.

Specifically, we're building a platform for controlling the entire vehicle and establishing a simulation environment that utilizes virtual digital models as well as generative AI. Furthermore, we're working to create new mobility value by utilizing integrated data through the establishment of Astemo Cypremos, which is developing a virtualized environment for the Out-Car domain, and by strengthening our data acquisition and analysis infrastructure.

Furthermore, to respond to rapid changes in the industry, such as SDVs and electrification, we are working to enhance our customer service and product development, as well as



## CSuO Message

the quick decision-making and response capabilities of our production sites. To support these efforts, we are redesigning our business processes by promoting DX, such as enterprise resource planning (ERP) integration, and working to strengthen our business foundation with a unique operating model.

Our basic policy is to strategically reallocate the time and resources saved by productivity improvements to investments for future growth, and going forward, we aim to achieve even greater added value through the fusion of operational technology (OT) and information technology (IT).

### Promoting sustainability management based on materiality issues

FY2024 marked the inaugural year of full-scale sustainability management for the Astemo Group. We established a new Sustainability Strategy Group and regularly hold committees with the participation of executives, while also working to flesh out our company-wide strategy and action plan.

Among these efforts, identifying our materiality issues was of particular importance. In identifying materiality issues, we engaged in thorough dialogue including a survey of approximately 9,000 employees and a global workshop involving over 100 participants. We also received valuable feedback from numerous stakeholders, including external organizations focused on sustainability, academic institutions, local communities (municipalities), and customers. Based on this feedback, we identified nine material issues (see page 17). These material issues are the result of discussions from diverse perspectives on how the Astemo Group can contribute to society, and will form the core of our future management.

As both the Chief Sustainability Officer (CSuO) and Chief Strategy Officer (CSO), I am responsible for the entire process from formulating to implementing management and business

strategies. While envisioning our ideal future—our “North Star,” so to speak—I will implement specific measures to achieve it.

### Promoting decarbonization across the entire value chain

The Astemo Group is advancing an integrated approach to business and environmental strategy, positioning the realization of a decarbonized society as a key responsibility. We are actively working to reduce our own environmental footprint and optimize our entire value chain.

For Scope 1 and 2, we’re advancing efforts to introduce renewable energy and promote energy conservation, while also exploring the use of clean energy sources such as hydrogen. We have achieved 100 percent renewable energy at all domestic plants, and achieved Science Based Targets (SBT) certification in November 2023.

Regarding the reduction of Scope 3, that is, CO<sub>2</sub> emissions across the entire value chain, we contribute to society-wide CO<sub>2</sub> reduction by promoting the adoption of compact, lightweight inverters and other electrification products. We’re also working with thousands of suppliers to expand the use of recycled and environmentally friendly materials. Based on these efforts, we made a “GX Acceleration Declaration” in the GX League led by the Ministry of Economy, Trade and Industry, earning recognition at the Gold Grade level.

### Fostering a value creation culture through the use of non-financial KPIs

Advancing sustainability management requires a balanced pursuit of three values—economic, environmental, and social. To achieve this, it is essential to set and utilize non-financial KPIs alongside financial ones.

At the Astemo Group, we are advancing the identification of both financial and non-financial “value creation levers” that are intrinsically linked to corporate value—including key indicators such as human capital and carbon neutrality.

By clarifying the relationship between the KPIs to be achieved through daily operations and overall corporate value, we aim to share this framework across the organization as a unifying narrative that resonates with every employee. We believe that fostering a sense of purpose—where individuals recognize that their daily work contributes directly to value creation—will inspire autonomous action and serve as a driving force toward the realization of “One Astemo.”

By sharing this awareness of value creation, we aim to embed sustainability management not as a temporary initiative, but as the culture of the Astemo Group.

Embodying the spirit behind our name—Advanced Sustainable Technologies for Mobility—the Astemo Group is committed to realizing sustainability management under the unified vision of “One Astemo” by fostering a culture in which every employee contributes societal value through their daily work.



# Sustainability Management

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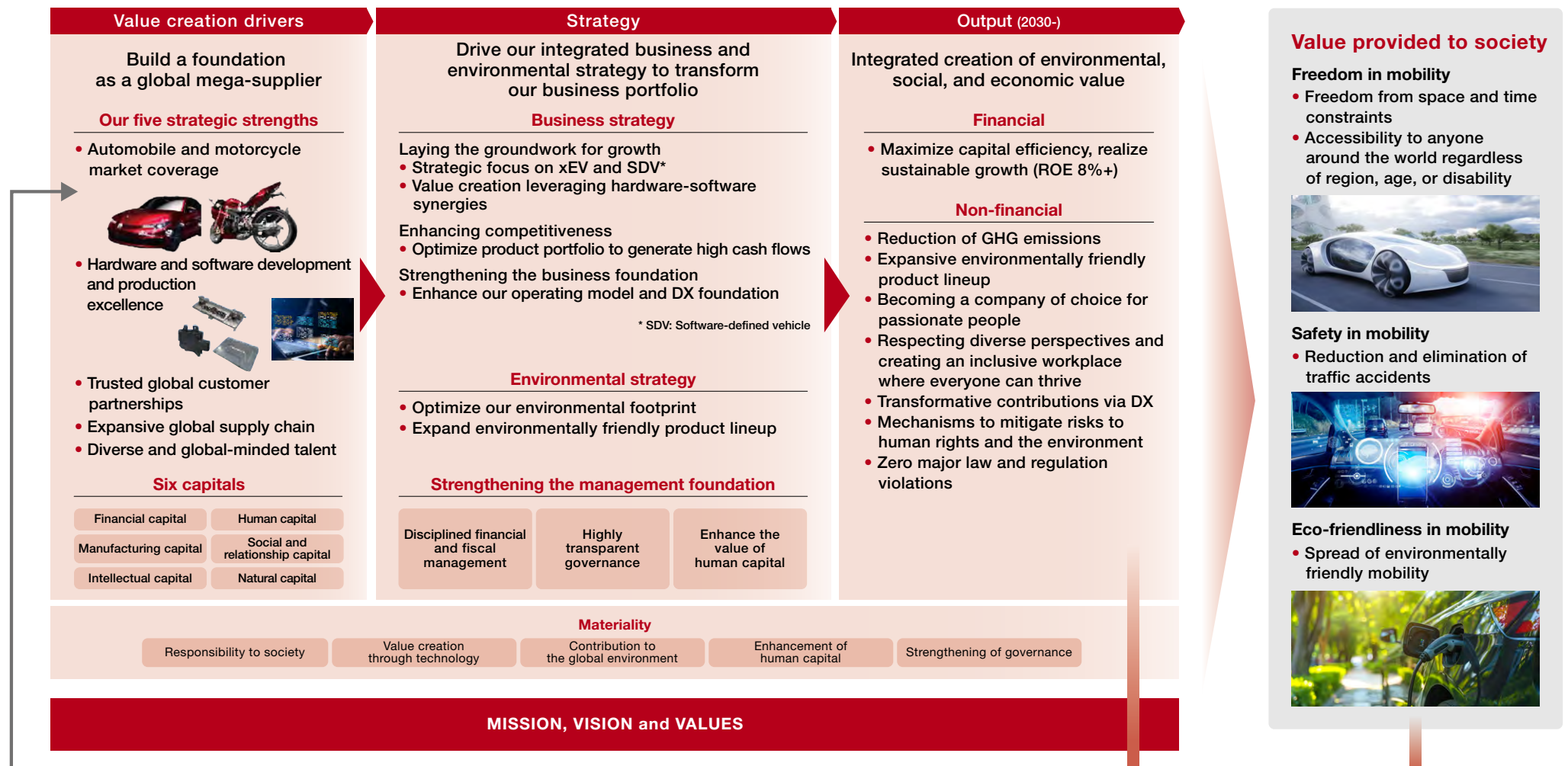




## Value Creation Story

# Leveraging our strengths to advance our business and environmental strategies as one and provide new value globally

Using the “five strengths” and “six capitals” we have cultivated as a global mega-supplier as our sources of value creation, we aim to continue providing new value to society and achieving sustainable growth as a group by advancing our business and environmental strategies as one.



Further enhancement of corporate value



## Value Creation Story | Six Capitals and Strengths

# Further enhancing our strengths by reinforcing each capital

By strategically enhancing its six capitals, the Astemo Group aims to strengthen its technological capabilities that combine hardware and software, expand its broad coverage of automobiles and motorcycles, and evolve into a company that provides innovative value in the mobility society of the future.

## Focusing on reinforcing the capitals that support value creation

The Astemo Group is working to further reinforce each capital to create innovative value.

### Social and relationship capital

#### A customer base stretching across the globe

As a group, we do business with approximately 70 customers across 26 countries, pursuing further growth in the global market by meeting the diverse needs of each country, region, and industry. We appoint a global account manager for each major customer, contribute to the improvement of the customer's corporate value, and work to build a relationship as true value-creation partners.

### Intellectual capital







#### Qualitative enhancement and strategic utilization of the IP portfolio

We are focusing on IP as a key component of intellectual capital, advancing its reinforcement by aligning business strategy with IP strategy. Specifically, we have established the Intellectual Property Strategy Meeting and the Patent Committee to strengthen and secure competitive advantage through the effective utilization of IP and the enhancement of brand value. In particular, by increasing the proportion of patents in the areas of electrification and SDVs, we are steadily building a solid foundation for establishing leadership in the next-generation mobility sector.

### Human capital

#### Developing human resources to realize our business strategy

To create social value through advanced technologies, we have designated "creating new value through DX and AI, and taking proactive measures against the risks" as one of our materiality issues, and formulated a human resource strategy aligned with our business strategy. Additionally, as we promote DX across the company, we are focusing on developing human resources. These individuals will be responsible for creating future business value. We are increasing the number of employees who can use digital technology to drive the development of Astemo's advanced technologies and the improvement of operational efficiency to approximately 3,000 by around 2030.

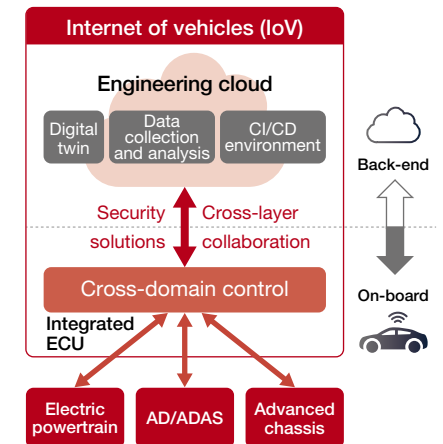
<b>Financial capital</b> Revenue: <b>2.2 trillion yen</b> 	<b>Human capital</b> Global human resources: Approx. <b>80,000</b> employees 	<b>Manufacturing capital</b> Number of plants: <b>134</b> 
<b>Social and relationship capital</b> Customer base of approx. <b>70</b> customers across <b>26</b> countries 	<b>Intellectual capital</b> Number of domestic and international patents: <b>16,799</b> (as of March 2025) 	<b>Natural capital</b> Promotion of renewable energy use at production sites (100% renewable energy achieved domestically) 

## Establishing competitive advantage through technology integration and business portfolio management

The Astemo Group aims to further establish a competitive advantage by strategically leveraging the strength of having motorcycle and automobile businesses, as well as its hardware and software integration technologies, which are based on its long-cultivated vehicle systems and electronic control technologies. We are striving to create innovative value in the next-generation mobility society by building a foundation for sustainable growth through the synergistic advancement of technology integration and business portfolio management.

### Creating added value through the integration of hardware and software

While conventional vehicles are controlled by distributed ECUs for different functions, integrated control using an integrated ECU and a vehicle OS is expected to advance, leading to the development of IoV platforms that enable flexible software updates via cloud connectivity. The Astemo Group is a rare presence in the industry, possessing both hardware and software technologies. Leveraging this unique strength, we are advancing high-value-added technological development.



### Broad coverage in automobile and motorcycle businesses, and portfolio management

Through a balanced combination of our diverse strengths, including dominant market share in the motorcycle business, high profitability in the internal combustion engine (ICE) business, and resilience (stability) in the chassis business, we achieve high margins and strong cash flow generation. Using cash flows obtained from these businesses, we are accelerating investment towards evolving into a system provider in the areas of electrification and SDVs, and will grow into a core player in next-generation mobility.

Value Creation Story | Business Strategy and Environmental Strategy

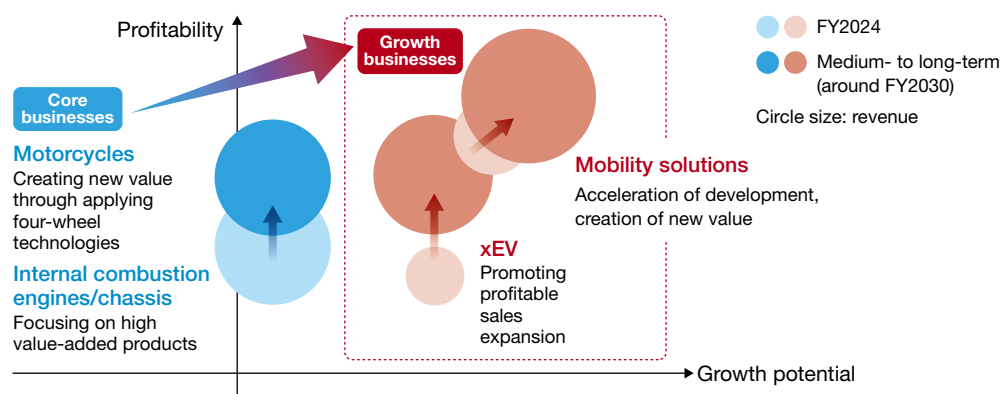
# Strengthening competitiveness with a solid management foundation and accelerating investment in growth businesses

The Astemo Group uses cash flow generated from core businesses as a driving force to accelerate the transformation of its business portfolio and is working to create new environmental and social value. We are also seeking to further enhance our competitive advantage in global markets by strengthening our operating model and system foundation.

## Creating environmental and social value through a growth strategy centered on electrification and software-defined vehicles (SDVs)

The Astemo Group sees the major shift in the automotive industry toward electrification and intelligence as a prime opportunity for medium- to long-term value creation and is formulating a strategy to achieve sustainable and competitive growth. First, in the area of electrification, we will expand our presence in the electrification market with a focus on core products such as inverters and motors. By establishing and expanding sales of competitive standard models and developing energy management systems, we will contribute to the realization of a decarbonized society. In addition, in the area of SDVs, by improving integrated ECUs and software, we will be able to integrate the control of the powertrain, brakes, suspension, steering, and other functions, enabling safer and smoother driving. Furthermore, by building an IoV platform, we will develop fundamental technologies for mobility services, leading to improved safety, comfort, and quality of life. Through these initiatives, we will transform our business portfolio and transition into a solutions provider that supports all aspects of mobility through advanced technologies, creating economic, environmental, and social value in an integrated manner.

### Business portfolio visualized



## Strengthening our business foundation through OPM 2.0, AI utilization, and DX

We are working to transform the entire Group to build a robust operational structure that supports sustainable business growth and further enhances our competitiveness in global markets. By evolving our previously deployed “OPM (operating model) 1.0” into “OPM 2.0” from FY2024, we have achieved even more flexible and resilient business operations. In parallel, by promoting the “TOPPAKO Project” as one of our DX measures, we are enhancing our entire supply chain business process—including demand-driven production planning, production and inventory management, shipping and delivery, and accounting—and accelerating decision-making, thereby improving overall organizational productivity and value creation capacity. Additionally, we are accelerating technological innovation and operational reform through active AI utilization. In addition to utilizing AI in product development and manufacturing, we are also using it to automate and streamline indirect operations, creating an environment where employees can focus on more creative activities.

## Promoting an environmental strategy integrated with our business strategy

Through an environmental strategy integrated with its business strategy, the Astemo Group is working to reduce risks and create business opportunities toward the realization of a decarbonized society. We have obtained SBT certification and have set greenhouse gas emission reduction targets that are aligned with the Paris Agreement. With an eye toward the future introduction of a carbon pricing system, we are promoting Scope 1 and 2 CO<sub>2</sub> emission reductions for both cost competitiveness and risk management. We are also working to reduce the environmental impact of our business activities by introducing renewable energy and engaging in energy-saving activities.

For Scope 3, we aim to contribute to reducing society’s overall CO<sub>2</sub> emissions by expanding the supply of electrified products, improving efficiency and energy conservation in vehicle development through SDV technologies, and managing energy via engine control and driver assistance system optimization. We are also working to contribute to a recycling-oriented society by actively using recycled and environmentally friendly materials. We are dedicating resources to each of these activities, which align with our Group’s material issues.

## Materiality

# Identifying nine material issues for realizing our MVV

Aiming for sustainable corporate growth and to contribute to a sustainable society and enriched lives for people, we have identified nine material issues across five domains—“technology,” “society,” “global environment,” “human capital,” and “governance”—and are promoting initiatives that contribute to sustainability and are aligned with these material issues across the group.

### MISSION

## Contributing to a sustainable society and improved quality of life

#### Material issues relating to technology

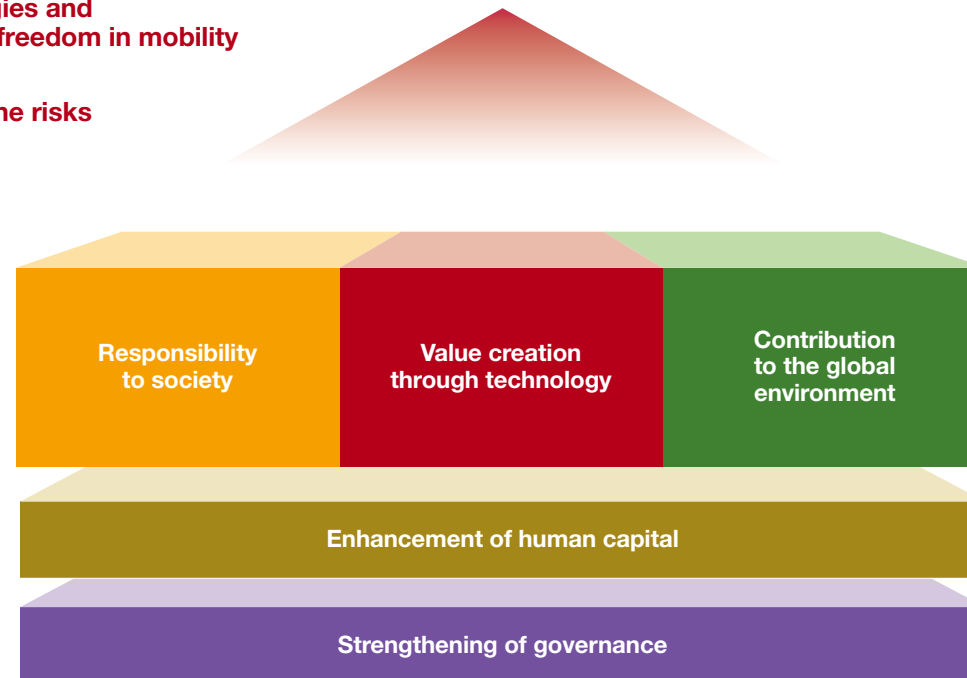
- Develop Astemo's advanced technologies and provide solutions to realize safety and freedom in mobility
- Create new value through DX and AI, and take proactive measures against the risks

We will lead the industry with mobility solutions that utilize advanced technologies. We will promote the cultivation of DX human resources to support the development of Astemo's advanced technologies and the improvement of operational efficiency and to lead these initiatives.

#### Material issues relating to society

- Respect human rights and contribute to local communities
- Create a sustainable and resilient supply chain trusted by society

We will establish mechanisms to mitigate risks related to human rights, the environment, and the supply chain, and contribute to the realization of a sustainable society as a member of the local community.



#### Material issue relating to governance

- Strengthen corporate governance and ensure compliance

We will continue to grow as a company trusted by stakeholders by ensuring zero major law and regulation violations through highly transparent management.

#### Material issues relating to the global environment

- Contribute to a decarbonized society through actions that lead by example and advanced technological innovations
- Contribute to a sustainable recycling-oriented society and a society harmonized with nature

With the target of achieving carbon neutrality by 2050, we will work to reduce CO<sub>2</sub> emissions throughout our value chain. We will also work to utilize sustainable materials, reduce waste, and make effective use of water resources.

#### Material issues relating to human capital

- Enhance the value of human capital as a source of the company's growth and competitiveness
- Create a working environment where employee health, safety, and well-being are prioritized

We aim to be a company of choice for people passionate about providing mobility solutions, and we will work to create a diverse, safe, and healthy workplace environment and improve employee well-being.

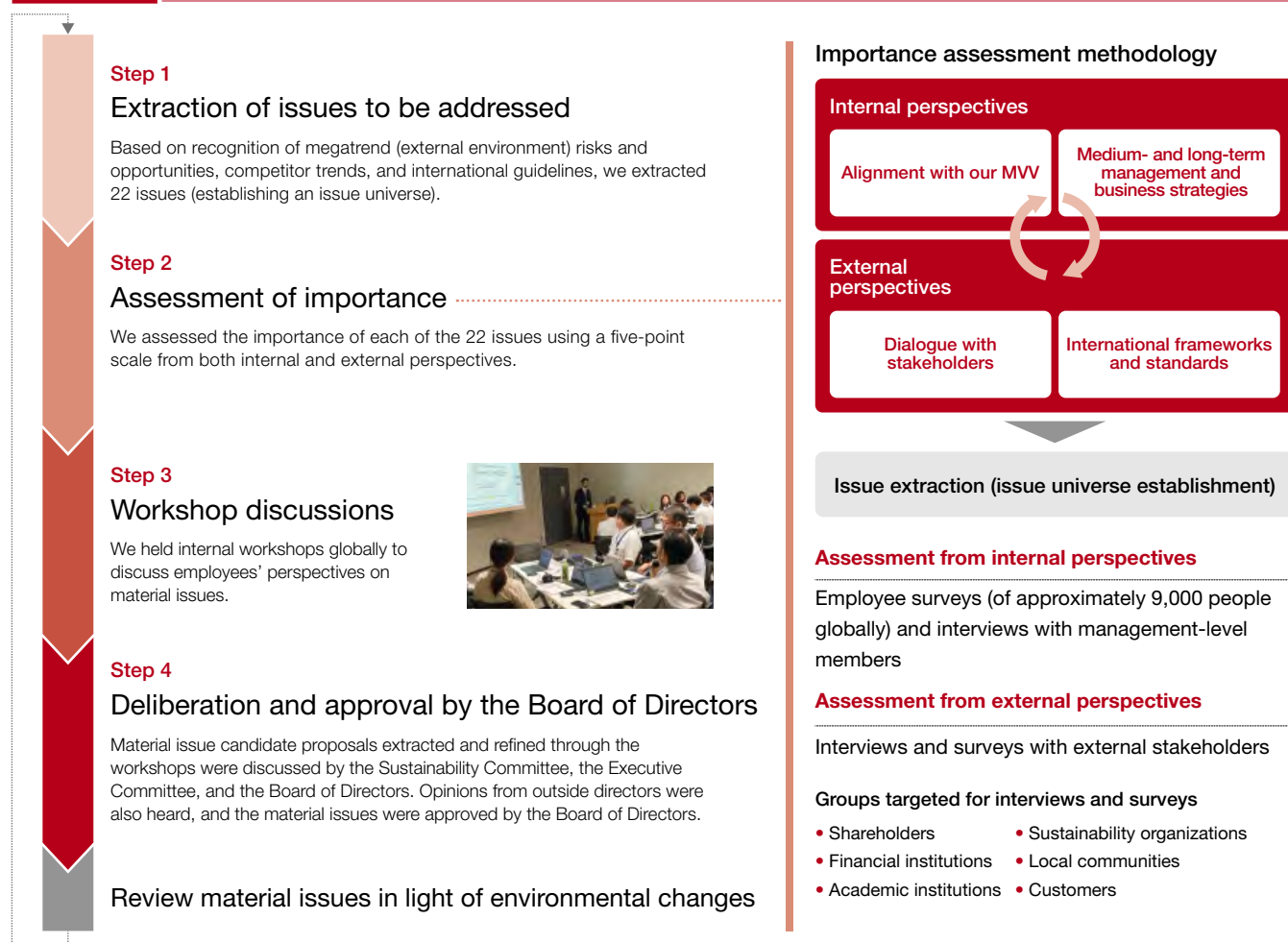


## Materiality | Identification Process

# Identifying material issues starting from recognizing megatrend risks and opportunities

We established an issue universe starting from recognizing megatrend risks and opportunities. Based on assessments of importance from internal and external perspectives and workshop discussions, we narrowed down the material issue candidates. Following deliberation and approval by the Board of Directors, we identified nine material issues for sustainable growth.

## Identification Process



## Opinions from external stakeholders (excerpts)

When selecting material issues, it is essential to accurately capture trends in environmental constraints and prioritize feasible measures, while maintaining a stance that avoids excessive adaptation that could undermine business activities. From that perspective, contributing to a recycling-oriented society requires a broad spectrum of measures, technologies, and supplier engagement—from product design to institutional framework design. We regard this as a domain uniquely suited to your company's strengths. Business activities that prioritize this material issue are likely to gain social consensus and trust.

### Sustainable Management Promotion Organization

Technological developments that were pursued in the past without sufficient consideration of their environmental impact have contributed to current climate change and global warming. This is why there is a strong demand for environmentally friendly technological development. Contributing to a decarbonized society is a key sustainability issue for global companies, and as a company that manufactures and sells mobility-related parts globally, we expect your company to further contribute by incorporating diverse perspectives and leveraging your international network and advanced technological capabilities to take a comprehensive approach to the entire value chain.

### Institute of Fluid Science, Tohoku University

One of the challenges facing our town is the high level of greenhouse gas emissions from transportation (automobiles). Based on this, we believe that contributing to a decarbonized society throughout the product life cycle is your company's most important sustainability issue, and our town has high expectations for your efforts to reduce greenhouse gas emissions through advanced mobility technologies.

### Takanezawa Town, Tochigi Prefecture

## Materiality | Vision and KPIs

# Setting medium-term KPIs for each of the nine material issues

Based on each material issue, we have defined, from medium- and long-term perspectives, the “Vision for 2030” for the Astemo Group and set strategic KPIs. The Sustainability Committee and the Executive Committee monitor and follow up on our progress. Through initiatives addressing our material issues, we will realize our vision for the entire group and create new environmental and social value.

Material issues	Vision for 2030	KPIs	FY2024 results	FY2025 targets	FY2026 targets	FY2027 targets	2030- targets
Contribute to a decarbonized society through actions that lead by example and advanced technological innovations	<ul style="list-style-type: none"> <li>Reduce Scope 1 and 2 emissions by 80% and Scope 3 emissions by 25% by 2030, and achieve carbon neutrality across the entire value chain (Scope 1, 2, and 3) by 2050</li> <li>Develop and supply products with low environmental impact using advanced technologies</li> </ul>	Scope 1 and 2 GHG emissions from production (compared to FY2021)	-52%	-53%	-58%	-63%	-80%
		Sales ratio of electrification-related products	11.5%	13%	13%	18%	Over 25%
Contribute to a sustainable recycling-oriented society and a society harmonized with nature	<ul style="list-style-type: none"> <li>Utilize sustainable materials (recycled and environmentally friendly materials) and supply products with maximized circular design</li> <li>Effectively utilize waste and water resources</li> </ul>	Waste effective utilization rate	Managed using indicators based on the Hitachi Group's Environmental Action Plan	78.1%	80.5%	82.9%	90.0%
		Total waste generation reduction rate (compared to FY2021)		-8.90%	-8.92%	-8.94%	-9.0%
		Total water usage reduction rate (compared to FY2021)		-2.5%	-2.6%	-2.7%	-3.0%
Develop Astemo's advanced technologies and provide solutions to realize safety and freedom in mobility	<ul style="list-style-type: none"> <li>Contribute to society by providing mobility solutions using advanced technologies</li> <li>Supply products equipped with advanced technologies through DX and AI</li> <li>Increase to 10%* the development of DX human resources who lead and promote development of Astemo's advanced technologies and improved operational efficiency.</li> </ul>	Sales ratio of SDV-related products	To strengthen future competitiveness, we will aim for a sales ratio of over 10%. (The target for FY2024 has already been achieved.)				Approximately 20%
Create new value through DX and AI, and take proactive measures against the risks		Ratio of DX human resources leading and promoting DX*	0.4%	1%	3%	5%	10%

\* Proportion of employees in indirect departments

Materiality | Vision and KPIs

Material issues	Vision for 2030	KPIs	FY2024 results	FY2025 targets	FY2026 targets	FY2027 targets	2030- targets
Respect human rights and contribute to local communities	<ul style="list-style-type: none"> <li>Respect human rights, and establish a system that minimizes human rights risks as much as possible.</li> <li>Gain recognition as a good corporate citizen in the local communities in which we operate.</li> </ul>	Human rights due diligence implementation	Preparing for implementation	Implementation of due diligence pilot	Implementation of due diligence	Implementation of due diligence	Implementation of due diligence and following up
		Number of CSR activities	2,275 activities	2,300 activities	Consider effective indicators to enhance collaborative value with local communities		
Create a sustainable and resilient supply chain trusted by society	<ul style="list-style-type: none"> <li>Establish a system that minimizes supply chain risks as much as possible.</li> <li>Achieve a robust network that contributes to sustainable economic and social activities.</li> </ul>	Implementation of human rights and environmental due diligence for suppliers	Developing an execution plan	Implementation of supplier research	Implementation of due diligence pilot	Implementation of due diligence	Implementation of due diligence and following up
Enhance the value of human capital as a source of the company's growth and competitiveness	<ul style="list-style-type: none"> <li>Through a strong, values-driven Astemo culture, became a company of choice for people passionate about providing the world's best mobility solutions.</li> </ul>	Positive response rate in global employee engagement survey	66%	68%	70%	72%	79%
Create a working environment where employee health, safety, and well-being are prioritized	<ul style="list-style-type: none"> <li>Ensure that each employee experiences well-being in a safe and healthy work environment.</li> </ul>	Number of occupational accidents	94	Improvement compared to previous fiscal year			Achieve leading level Zero
		Frequency (TRIFR)	0.111				
		Employee well-being indicators	78.5 points	Improvement compared to previous fiscal year			10% improvement (compared to FY2024)
Strengthen corporate governance and ensure compliance	<ul style="list-style-type: none"> <li>Be widely recognized as a transparent company trusted by stakeholders.</li> </ul>	Number of major law and regulation violations	0 violations	0 violations			0 violations



## Stakeholder Engagement

### Creating new value together with diverse stakeholders

We have established a multi-stakeholder policy and are committed to creating new value by addressing the needs and challenges of people across diverse countries and regions, together with a wide range of stakeholders.

#### Main initiatives

Create better products and services, handle complaints, and disclose appropriate product and service information.

##### Communication channels

- Customer satisfaction (CS) activities
- Sales activities
- Website

#### Main initiatives

Smooth information sharing to create fair business relationships and better partnerships.

##### Communication channels

- Procurement activities

#### Main initiatives

Promote fair working conditions and occupational health and safety, and improve employee engagement.

##### Communication channels

- Dedicated employee website (Astemo Times) / Intranet / company newsletter
- Various training programs
- Town hall meetings between management and employees
- Employee surveys



#### Main initiatives

Compliance with domestic as well as international laws and regulations; strengthening of industrial infrastructure; attracting companies; and contributing to a decarbonized, recycling-oriented society

##### Communication channels

- Liaison with international agencies, national government bodies, and local governments
- Managing engagement with industry associations
- Participation in industry-government-academia initiatives

#### Main initiatives

Promote technological innovation and participate in collaborative projects between industry, government, and academia.

##### Communication channels

- Open innovation (joint research)

#### Main initiatives

Fulfill responsibilities as a corporate citizen and participate in the local community.

##### Communication channels

- Contributing to local communities through business
- Participation in volunteer activities

**Multi-Stakeholder Policy**  
<https://www.astemo.com/jp/sustainability/policy/multistakeholders/>  
 (in Japanese only)

## External Evaluation and Participation in External Initiatives

# Advancing sustainability in line with international standards

The Astemo Group is advancing initiatives that ensure transparency and reliability, including obtaining certifications under international climate change initiatives, to contribute to a sustainable future. In addition, by collaborating with sustainability-related initiatives both in Japan and overseas, we contribute to decarbonization across society as a whole.

### Obtained Science Based Targets initiative (SBTi) certification

The Astemo Group's greenhouse gas (GHG) reduction targets for 2030 have been set in accordance with the GHG Protocol, an international standard for calculating and reporting GHG emissions, to increase the transparency of the targets based on scientific evidence. As a result, we have obtained certification from the SBTi\*, an international climate change initiative for our short-term target of reducing emissions by at least five years and up to 10 years from the base year.

\* SBTi: Launched in 2015 as a joint initiative by the United Nations Global Compact, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and CDP.

#### FY2030 GHG reduction target (SBTi-certified target)

- Scope 1\*<sup>1</sup>, Scope 2\*<sup>2</sup>  
Reduce GHG emissions by 80% (excluding carbon offsets [emissions trading])
- Scope 3\*<sup>3</sup>  
Reduce GHG emissions by 25% (Base year for both is 2021)

#### 2050: Achieve carbon neutrality

- Achieve carbon neutrality across the entire value chain

\*1 Scope 1: Direct GHG emissions from the company's own operations

\*2 Scope 2: Indirect GHG emissions from the energy (electricity, etc.) consumed by the company

\*3 Scope 3: Indirect GHG emissions related to activities outside the company, excluding Scope 1 and Scope 2 (purchased goods and services [Category 1], fuel- and energy-related activities [Category 3], and GHG emissions from the use of sold products [Category 11])

### Sustainability initiatives we participate in

#### GX League

The Ministry of Economy, Trade and Industry (METI) promotes the GX League, a framework for companies pursuing green transformation (GX) to work with government and academia toward sustainable growth, with a view to achieving carbon neutrality and societal transformation by 2050. Astemo has made the "GX Acceleration Declaration" and earned recognition at the Gold Grade level.



#### Circular Partners

Based on the "Growth-Oriented Resource Autonomous Economy Strategy" developed by the METI in March 2023, the partnership was established to promote collaboration among industry, government, and academia.



#### CDP

A non-profit organization that operates an environmental disclosure system. More than 24,800 companies disclose environmental information through CDP.



#### EcoVadis

An organization that provides evaluation services for suppliers' CSR policies, initiatives, and performance, assessing more than 100,000 companies across 175 countries worldwide.



# Sustainability Promotion Structure

## Sustainability Committee established to drive group-wide initiatives

### Newly created Sustainability Committee led by the CSuO

Astemo established the Sustainability Committee in October 2024 to drive group-wide sustainability initiatives and generate integrated environmental, social, and economic value. The committee is chaired by the Chief Sustainability Officer (CSuO), with executives responsible for environmental, social, and other sustainability issues participating as members. In principle, the committee meets once per quarter; in FY2024, it convened twice.

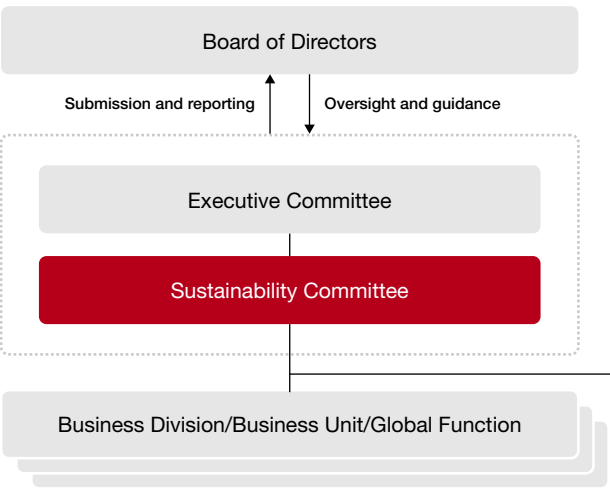
The committee is responsible for formulating group-wide sustainability policies and strategies, monitoring the latest domestic and international sustainability trends, and overseeing initiatives by each business division and global function based on material issues. In addition, the committee reviews the resources required to advance each initiative and discusses the disclosure of information to internal and external stakeholders. Key topics discussed by the committee are submitted to and reported at the Executive Committee and the Board of Directors as appropriate, where they receive oversight and guidance from the Board.

The Astemo Group has also established the Sustainability Strategy Group.

This Group serves as the secretariat for the Sustainability Committee, supporting its operations while also overseeing and assisting with specific initiatives aligned with the group-wide sustainability policies and strategies.

The Astemo Group, centered on the Sustainability Committee, is steadily implementing plan-do-check-act (PDCA) cycles for each initiative to continuously strengthen its sustainability management.

### Sustainability promotion structure



### Overview of the Sustainability Committee

#### Chair

Chief Sustainability Officer (CSuO)

#### Members

Division heads responsible for sustainability issues

#### Meeting frequency

In principle, once per quarter (twice in FY2024)

### Key discussion topics of the Sustainability Committee

Timing	Discussion topics
December 2024 (First meeting of FY2024)	<ul style="list-style-type: none"> <li>Materiality and sustainability promotion structure</li> <li>KPIs and action plans based on materiality</li> </ul>
February 2025 (Second meeting of FY2024)	<ul style="list-style-type: none"> <li>KPIs related to carbon neutrality and the circular economy</li> <li>Action plans on cross-organizational themes, including environment, human rights, supply chain, human capital, and information disclosure</li> </ul>
May 2025 (First meeting of FY2025)	<ul style="list-style-type: none"> <li>Promotion structure for circular economy activities</li> <li>Policy for preparing the sustainability report</li> <li>Approach to ESG ratings and evaluation agencies</li> </ul>
August 2025 (Second meeting of FY2025)	<ul style="list-style-type: none"> <li>Strengthening carbon neutrality initiatives</li> <li>Review of the human rights policy</li> <li>Response to European regulations</li> </ul>



# Astemo Sustainability Stories

The Astemo Group is developing competitive, advanced technologies in response to the rapid transformation of the mobility industry, offering electric powertrain products for EVs and HEVs, as well as autonomous driving (AD) systems, advanced driver assistance systems (ADAS), and cloud services essential for SDVs. By providing advanced products and services, we contribute to building a sustainable society and enhancing people's lives.

Leveraging strengths cultivated in Tier 1 business to challenge the future of automotive development as a proposal-oriented system supplier



Toru Kamioke Head of Electrification Business Division

The Electrification Business Division is continuously pursuing technological innovation and business expansion to meet the rapidly growing and evolving markets, such as EVs and SDVs, in preparation for the future of automotive development.

At the core of this approach is the integration of hardware and software. By combining the hardware expertise cultivated through our manufacturing experience with the latest software technologies, we aim to become a system supplier capable of providing complete vehicle systems, including both In-Car and Out-Car. Furthermore, building on the strong relationships of trust established with automobile manufacturers through our Tier 1 business, we define and propose vehicle specifications from the manufacturer's perspective, while also providing services in the Out-Car domain utilizing cloud technologies, thereby fulfilling our role as a comprehensive, proposal-oriented system supplier.

To accelerate these efforts, Astemo established a new company, Astemo Cypremos, in November 2024 to focus on software and cloud services. This will further strengthen our capabilities in the In-Car domain while also leading the transformation of digital engineering in the Out-Car domain. In addition, in July 2025 we decided to establish a new production line for next-generation EV inverters at our U.K. plant, further enhancing our competitiveness in the EV market.

Through developing next-generation vehicles that enable safe, free, and eco-friendly mobility, we continue to pursue innovation aimed at building a sustainable society and enriching people's lives.

Electrification  
Business Division

## xEV Business Unit

This unit develops electric powertrain systems for EVs and HEVs that deliver both high environmental performance and outstanding driving performance.

## SDV Solution Business Unit

This unit develops a broad range of hardware and software, including AD/ADAS, as well as electronic control units (ECUs). It is also engaged in providing engineering cloud solutions and system services for the mobility sector.

**Feature 1 Value Creation through Technology**

# Providing safety and freedom of movement for the world through SDVs

## Development of more sophisticated AD/ADAS

### Responding to the once-in-a-century transformation in the automotive industry

As the automotive industry shifts toward SDVs, where vehicle functions and performance are determined primarily by software, the Astemo Group views this transformation as an opportunity and is taking on the challenge of creating new value. By leveraging our long-standing expertise in automotive parts and system development

and effectively integrating software, we are advancing the provision of enhanced performance and flexible functions that meet diverse needs, contributing to the realization of a society where people enjoy safe and unrestricted mobility.

### Astemo's solutions

#### Harnessing the full potential of AI to create entirely new value

In SDVs, multiple ECUs that were previously distributed throughout the vehicle are being consolidated into a centralized, high-performance computing platform. Integrating various automotive components, including ECUs developed and manufactured by the Astemo Group, across domains, enables more advanced and complex vehicle control. In the course of this development, we

leverage AI to maximize development efficiency and deliver new functions and value for more sophisticated AD/ADAS. We are also working to build a development environment that aggregates data collected from vehicles operating in society and uses it to improve and enhance software in a data-driven manner.

### Impact

#### Financial impact

#### Continuing existing businesses and expanding new businesses

Alongside ECU products for ICE/HEV vehicles, which are projected to account for 70% of the global market by 2030, we aim to expand our AD/ADAS products as well as our Internet of vehicles (IoV) platform business, targeting an approximately 30% increase in the share of SDV-related product revenue compared to FY2024.

#### Value provided to society

#### Promoting “safe” and “freedom” for mobility

We aim to lead the industry with a software development environment that leverages automation and generative AI, while drawing on our accumulated system expertise to quickly deliver unprecedented new functions, contributing to a mobility society that is safer, offers greater freedom of movement, and is more environmentally friendly.



## Passion for development

## Aiming to enhance ADAS performance using AI

I currently work in the Driving System Design Department, focusing on research and development for ADAS that leverage AI. Previously, algorithms were manually developed and implemented on individual CPU cores for each ADAS function. By using AI to integrate multiple functions, we can reduce development effort and the number of cores required, which also helps lower power consumption. Additionally, AI enables us to expand the application range of

LKAS\*1 and ACC\*2, providing further value by reducing driver fatigue and stress.

In my role overseeing development projects, I take great satisfaction in supporting team members, helping them engage actively in their work while continuing to grow as engineers.

\*1 Lane Keeping Assist System

\*2 Adaptive Cruise Control



Rie Katsuki

Manager  
Driving System Design Department  
Mobility System Design Group

## Looking toward the future

## Transitioning to a software-centric development system

Our department's goal is to provide ADAS solutions that balance quality and development efficiency while enhancing scalability through standardization. Developing peripheral technologies that support high intelligence is also a key objective. Maintaining the traditional hardware-dependent development process limits flexibility and increases the workload required for customer-specific customization. We continue advancing the transition to a software-centric development system, leveraging software technologies as a database of assets to achieve our objectives. In addition, as an AI instructor, I support the improvement of AI skills across the department, contributing to Astemo's vision of a sustainable mobility society.

Together with colleagues who bring deep expertise and a collaborative spirit, we strive to create a safer and more comfortable mobility society through the development of innovative solutions.

## Background of the new company establishment

## Maximizing cloud technologies in the Out-Car domain

Achieving a sustainable society—through CO<sub>2</sub> reduction, zero traffic accidents, and ensuring safe mobility in an aging society—requires transforming conventional automotive development and operations using digital technologies. To lead this transformation, Astemo Cypremos was established as a new entity equipped not only with highly skilled IT talent and a fast decision-making framework but also with a corporate culture that embraces the mindset necessary for innovation.

While Astemo has long cultivated expertise and processes in the In-Car domain, with a strong reputation for reliable manufacturing, the new company is now planning and building the engineering cloud, a development and verification environment for the IoV platform in the Out-Car domain. By designing and verifying various automotive systems and updating software on the cloud, it can shorten development lead times, reduce resources such as parts for verification, respond flexibly to regulations and other societal needs, and extend product lifetimes. In particular, the ability to safely test scenarios that are difficult to reproduce in real-world conditions, such as collision avoidance or emergency maneuvers, offers significant advantages for automotive software development.

## Looking toward the future

## Plans to expand into broader mobility and energy domains

Going forward, we plan to further develop the platform and provide verification services in a digital environment that encompasses not only automobiles but also broader mobility and energy domains. By improving the efficiency of energy use across society and addressing various mobility-related challenges, we can further enhance quality of life. Personally, I aim to develop software businesses in the SDV and energy domains with a human-centered perspective, delivering intuitive experiences and a sense of reassurance to users.

Even as technology continues to evolve and grow in complexity, my goal is to maintain a user-focused approach and contribute to building a sustainable and safe mobility and energy society.



Yoshiharu Motomura

Manager  
Business Planning & Strategy Department  
Astemo Cypremos, Ltd.



**Feature 2 Contribution to the Global Environment**

# Creating eco-friendly mobility in an eco-friendly way

## Development of motors and inverters for electric axles (e-Axles)

### Electrification of vehicles driving the shift toward a carbon-neutral society

Vehicle electrification is a key factor in achieving a carbon-neutral society. In addition, it is essential to reduce environmental impact across the production processes for electrified vehicle products. By developing innovative EV products with advanced technologies and

implementing initiatives to reduce environmental impact, the Astemo Group aims to contribute to society, enhance corporate value, and remain a company trusted by society.

### Astemo's solutions

#### Developing e-Axles that achieve industry-leading efficiency with low vibration and noise

Astemo's e-Axle serves as the heart of an electric vehicle, integrating the motor, inverter, and gearbox into a single unit. This integration enables a more compact and lightweight design compared with conventional products, significantly increasing flexibility in vehicle design. In addition, its high-efficiency, low-vibration design extends driving range while ensuring a quiet and comfortable cabin environment. Despite its compact size, the e-Axle delivers high power and smooth yet robust acceleration performance.



### Impact

#### Financial impact

#### Improving profitability in the xEV sector

By expanding our presence in the electrification market, establishing and promoting competitive standard models, and developing energy management systems, we aim to more than double the share of electrification-related product revenue by 2030 compared to FY2024.

#### Value provided to society

#### Promoting eco-friendly mobility

In addition to improving the overall efficiency of products and systems, we reduce losses in the manufacturing process to lower resource and electricity consumption. By combining this with renewable energy, we aim to promote the widespread adoption of low-environmental-impact mobility.

## Employee messages

## Passion for development

## Aiming for mass production of e-Axles in collaboration with diverse team members

I am currently leading the development project for the compact, high-efficiency electric power unit “Gen1 e-Axle,” designed for electric vehicle platforms. This product is a subsystem combining the motor, inverter, and gearbox, featuring a compact, high-output, high-efficiency, and low-profile design. It enhances vehicle layout flexibility for customers while enabling long-range driving with lower energy consumption through improved efficiency.

This project is particularly challenging, as it involves developing a broad-scope subsystem with team members from different cultural backgrounds after a corporate integration. It also marks Astemo's first mass production of this product and its first production at an overseas facility. Nevertheless, I am leveraging each team member's strengths to drive development forward.



Seiichiro Abe

Director  
eAxle Design Department  
eAxle Products Group

## Looking toward the future

## Toward a clean mobility society through electrification

As electrification spreads across mobility, motors and inverters—areas in which we have long held expertise—remain essential components for all electric vehicles. We believe that by equipping even more electric vehicles with the Gen1 e-Axle, we can help extend driving range and deliver more attractive vehicle performance.

Building on the technologies and experience gained from the ongoing Gen1 e-Axle development, we will continue to develop world-class compact, high-efficiency electric power units, contributing to our customers, end users, and the realization of a sustainable society. I, too, will support the team by collaborating with relevant departments to maximize our collective results.

## Reducing environmental impact in the production process

Cutting production process losses and CO<sub>2</sub> emissions through IoT

I am responsible for designing and launching the assembly line process, as well as selecting and implementing the equipment for the e-Axle motor, inverter, and gearbox integration. In this role, I focus on utilizing IoT technologies to monitor equipment operation data and defect trends, helping to reduce losses. These efforts contribute to lowering environmental impact through more efficient equipment operation and reduced waste disposal costs. We are also reinforcing initiatives to reduce CO<sub>2</sub> and hazardous substance emissions during production by electrifying actuators and parts transport systems and adopting oven-free curing processes. Furthermore, components deemed defective during production are centrally managed through a traceability system, properly treated, and reintroduced into the production line to conserve resources.

The e-Axle production process incorporates many new and unprecedented methods, and we often encounter challenges along the way. However, with a strong sense of purpose to contribute to a society where future generations can live prosperously, we continue to take on these challenges in close collaboration with team members in Japan and overseas.

## Looking toward the future

## Creating human- and eco-friendly factories through smart factory initiatives

The electrification of mobility contributes not only to reducing CO<sub>2</sub> emissions during product use but also to lowering environmental impact in the production process. Electric powertrains have a simple structure and fewer components, which reduces machining and assembly steps and helps limit energy consumption.

Going forward, we will further promote smart factory initiatives leveraging IoT, conducting simulations of environmental impact and energy use when modifying production lines or introducing new products, and implementing real-time management. In addition, by continuously monitoring equipment conditions and introducing preventive maintenance before failures occur, we aim to reduce equipment disposal and further enhance production sustainability.



Tsunehisa Iwanami

Senior Manager  
eAxle Production Technology Department  
eAxle Products Division



# *E*nvironment

- 30 Environmental Governance
- 34 Realizing a Decarbonized Society (TCFD-Based Disclosure)
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# Environmental Governance

## Environmental philosophy & policy

Recognizing that addressing environmental challenges helps reduce negative impacts on stakeholders and our business risks, the Astemo Group positions sustainability promotion as a strategic pillar and engages in environmental management. Aiming to reduce environmental impact from business activities and contribute to lowering society's overall environmental burden through our products and services, we are working on issues such as GHG emissions reduction, environmental pollution countermeasures, waste reduction, and water usage reduction.

To ensure the implementation of these initiatives, we have established an "Environmental Policy" as a guide for environment-related matters, and actions based on this policy are consistently implemented by everyone from top management to employees.

## ENVIRONMENTAL POLICY

**"We help build a sustainable society in harmony with nature by taking action to protect the global environment."**

### Environmental Vision

Working in line with our corporate Mission: "We will contribute to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions that satisfy our customers", we make active efforts to protect the global environment with an awareness of how our business operations, products, and services are deeply related with it.

### Environmental Action Guidelines

#### 1. Complying with environmental laws and regulations while preventing pollution

We will:

1. Comply with laws and regulations related to the environment and develop voluntary standards needed to ensure compliance;
2. Implement measures designed to meet the needs of local communities and minimize the impact our global manufacturing operations may have on their environment whenever possible;
3. Fulfill the environmental requirements of customers and other third parties once we have decided to agree to them;
4. Assess the possibility of environmental problems, work to prevent pollution, and take appropriate measures to minimize the impact of any environmental problem that should arise.

#### 4. Enhancement of biodiversity

To realize a society that coexists with nature, we promote the maintenance, restoration, and creation of biodiversity through both business activities and community-based social contribution activities.

#### 2. Enhancing environmental management functions and making continual improvements

We will:

1. take action aimed at achieving our environmental impact reduction targets utilizing an ISO 14001-compliant environmental management system, environmental regulations, and the capacity to implement environmental initiatives;
2. take action aimed at continual improvement of environmental performance;
3. help the Group enhance its management system with these actions above.

#### 5. Education, Training and Awareness Raising

We will ensure that all Astemo Group employees as well as everyone who works with the Group are aware of this policy and provide them with training on protecting the global environment from every angle, with an eye to ensuring legal compliance with environmental laws and regulations and raising environmental awareness.

#### 3. Promoting global manufacturing throughout the product life-cycle

We will promote global manufacturing aimed at minimizing environmental impact at every stage of the product life-cycle from R&D and design to procurement, production, distribution, sales, use, and disposal.

We will:

1. develop and design environmentally friendly products;
2. work to conserve energy to stop global warming;
3. strictly control chemical substances and reduce emissions;
4. promote the conservation and recycling of resources to help build a closed-loop society.

#### 6. Information Disclosure

We will share information about our environmental initiatives with stakeholders and maintain lines of communication with them to further mutual understanding and build stronger relationships.

Environmental Governance

Environmental Action Plan and actual results

The Astemo Group has formulated an Environmental Action Plan based on its Environmental Policy. In response to societal demands to transition to a decarbonized and recycling-oriented society, we promote environmental management from a long-term perspective through multi-year planning.

Specifically, we have set goals in five categories: “environmental management,” “decarbonized society,” “resource efficient society,” “society harmonized with nature,” and “collaboration with stakeholders.” We have set medium-to long-term target years and single-year numerical targets (indicators) for the GHG emission reduction rate in the decarbonized society category and for the total waste generation reduction rate, total water usage reduction rate, and waste effective utilization rate in the resource efficient society category. Starting in FY2025, we shifted the management of waste and water usage from a per-unit basis to total amounts, in light of social trends.

In FY2024, we achieved our targets for five of our major environmental indicators (covering total CO<sub>2</sub> reduction rate, improvement rate of waste and valuables generation per basic unit, landfill waste rate, improvement rate of water use per basic unit, effective utilization rate of plastic waste, and improvement rate of atmospheric chemical substance emission per basic unit). Additionally, centralized management of environmental data via an environmental data management system (EDMS) and global implementation of environmental e-learning contributed to improved management systems and awareness.

On the other hand, we did not achieve our target for the improvement rate of waste and valuables generation per basic unit, and further improvement is necessary in our waste reduction and resource utilization measures. An exhaust gas treatment facility malfunction at our Yamanashi No.1 Plant led to an incident where hexavalent chromium leaked into internal wastewater. In response, we immediately implemented measures to prevent external discharge of wastewater and halted all production lines, investigated the cause in cooperation

with relevant authorities, and formulated recurrence prevention measures. Production has since resumed.

In FY2025, we will strengthen responses to key issues including compliance assurance based on this incident, further promotion of resource recycling, advanced use of the EDMS, and alignment with the SBTi and CDP.

Environmental management promotion

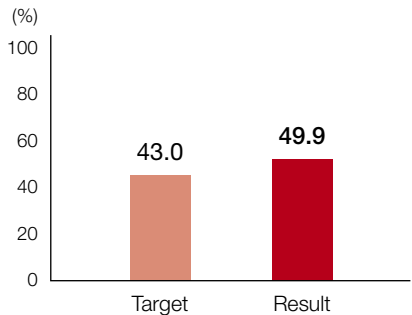
Astemo promotes environmental activities under a unified environmental management system across the group. Domestic and overseas business sites and group companies

have obtained certification under ISO 14001, an international standard. As of March 2024, approximately 76% of global sites, 86% of domestic sites in Japan, and 91% of Astemo stand-alone sites have obtained certification. In Japan, 32 business sites and 11 consolidated subsidiaries have obtained certification, excluding the Shibuya Office, Shinonome Office, and Yokohama Office.

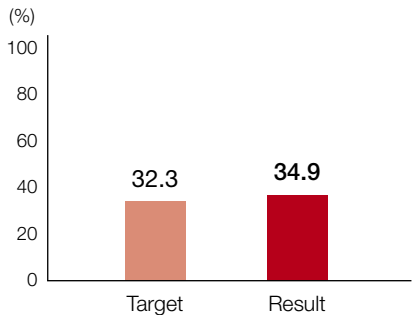
In addition to obtaining this certification, we have established regional management systems globally, and in Japan, business sites conduct mutual audits under the supervision of the Environmental Strategy Officer. Through these initiatives, our group aims to improve and standardize management levels.

Actual results in FY2024

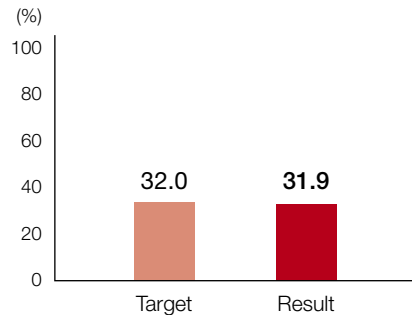
Total CO<sub>2</sub> reduction rate (compare to FY21)



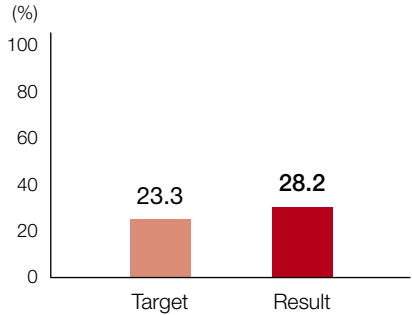
Improvement rate of water use per basic unit



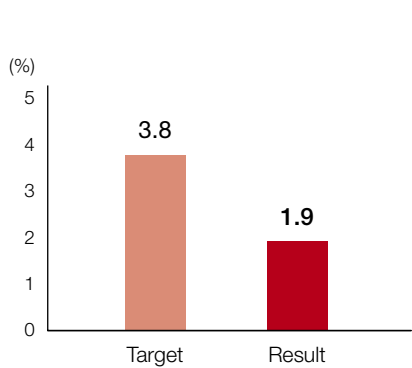
Improvement rate of waste and valuables generation per basic unit



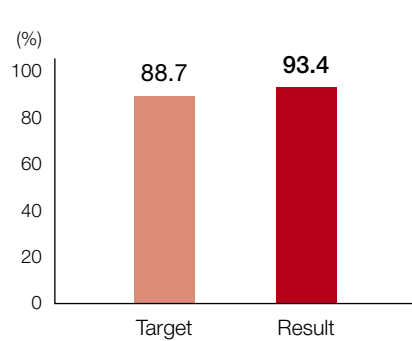
Improvement rate of atmospheric chemical substance emission per basic unit



Landfill waste rate

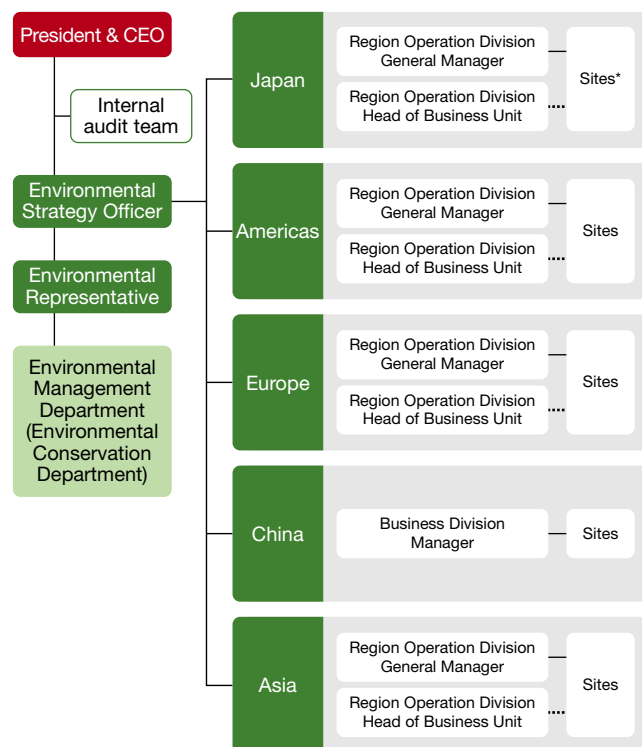


Effective utilization rate of plastic waste



## Environmental Governance

### Environmental management structure

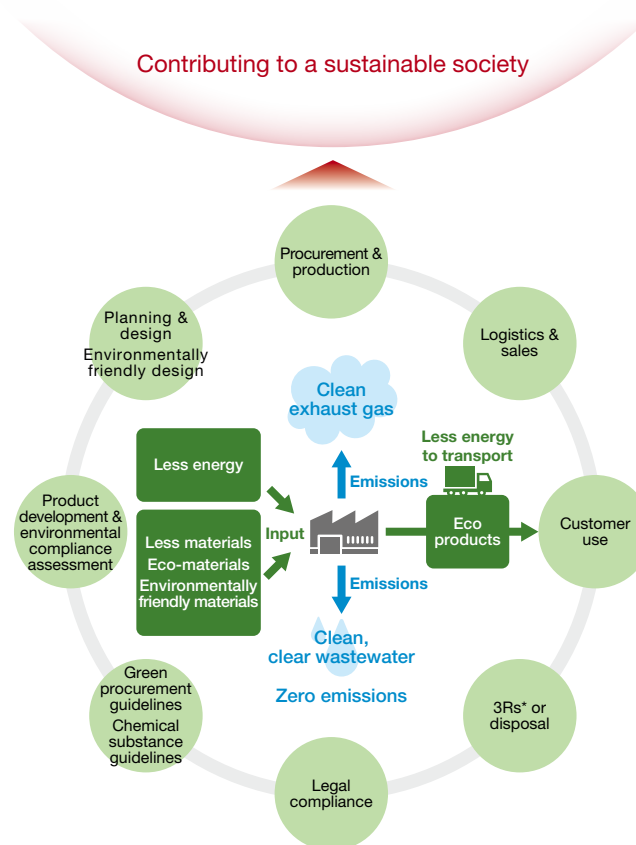


\* General term for plants, business sites, etc.

### ISO 14001 certification status (as of March 2024)

Region	Certified companies	Total companies	Certification rate
Japan	13	15	86.7%
Americas	9	13	69.2%
Europe	10	15	66.7%
China	19	23	82.6%
Asia	26	35	74.3%
Global	77	101	76.2%

### Environmental management circle diagram



\* 3Rs: Reduce, reuse, and recycle

### Environmental education for employees

Astemo implements systematic environmental education under the belief that raising employee awareness and promoting understanding are essential to invigorating environmental activities. In April 2024, we conducted “environmental and eco-mind” training for new employees in Japan, and in September of the same year, we provided internal auditor training, education on environmental laws and

regulations, and specialized training.

In addition, in FY2024, we conducted environmental education via e-learning for all our executives and employees. By encouraging a deeper understanding of climate change issues, the framework of the Paris Agreement, and our total CO<sub>2</sub> reduction targets and initiatives, we promote concrete actions both in the workplace and at home.

### Regarding serious environmental incidents and accidents

In March 2025, at the Yamanashi No.1 Plant, hexavalent chromium (0.07 mg/L) exceeding the regulatory limit (0.05 mg/L) was detected in the plant's outlet wastewater. Investigation revealed that the cause was untreated water vapor being discharged outside the plant building because of a combination of the piping that draws in water vapor containing hexavalent chromium generated during plating processes being clogged and a malfunction in the water spray process in the exhaust gas treatment facility. This water vapor adhered to ducts and the roof, and hexavalent chromium leached by rainfall mixed into the plant's internal wastewater.

In response, Astemo immediately halted external discharge of wastewater and suspended all production lines. Astemo also fully cooperated with the investigation by Yamanashi Prefecture and worked on identifying the cause, implementing corrective measures, and preventing recurrence. On March 10, operations resumed for lines other than the plating line, and on April 11, we were notified that the prefecture lifted its request to suspend the plating line.

As measures to prevent recurrence, we have reviewed the inspection items and frequencies for the exhaust gas treatment facility and are strengthening our environmental management system by regularly inspecting the suction air speed into the exhaust gas treatment facility and checking the amount of water supplied for water spray every time work starts.



## Environmental Governance

### Astemo Group 2025–2027 Environmental Action Plan/FY2030 Medium-Term Targets

Category	Focus		Action targets and target values				Medium-term targets
			Details	FY2025	FY2026	FY2027	FY2030
Environmental management	Compliance	Comply with laws and regulations	Promotion of zero violations of laws and regulations	0	0	0	—
		Reduce complaints	Promotion of zero environmental accidents and complaints	0	0	0	—
	Development of environmental talent	Promote education of environmental talent	Development of environmental human capital • Education of environmental experts, enhancement of statutory qualified persons, etc.				—
		Promote environmental education	Cultivation of eco-mindedness among all employees • Improvement of environmental e-learning attendance rate (aim for a participation rate higher than the previous year)				—
Decarbonized society	Factories and offices	Reduce GHG emissions	GHG emission reduction rate (compared to FY2021)	53%	58%	63%	Scope 1+2 GHG emissions: 80% reduction (compared to FY2021)
	Products and services	Promote ecological design	Environmentally conscious design assessment (ECDA) implementation rate	100% implementation	100% implementation	100% implementation	
Resource efficient society	Factories and offices	Improve resource use efficiency	Total waste generation reduction rate (compared to FY2021)	8.90%	8.92%	8.94%	9.00%
			Total water usage reduction rate (compared to FY2021)	2.5%	2.6%	2.7%	3.0%
			Waste effective utilization rate	78.1%	80.5%	82.9%	90.0%
A society harmonized with nature	Chemical substance	Minimize chemical substance risks	Promotion of proper chemical substance management				—
	Ecosystem conservation	Contribute to ecosystem conservation	Contribution to biodiversity enhancement				—
Collaboration with stakeholders	Social contribution	Promote environmental social contribution activities	Promotion of social contribution activities through environmental initiatives, light-down campaigns, and the like				—
	Information dissemination	Strengthen information disclosure and dissemination	Enhancement of environmental brand value through disclosure and mutual communication				—

# Realizing a Decarbonized Society (TCFD-Based Disclosure)

## Addressing climate change

As part of our corporate social responsibility, the Astemo Group is working to reduce the environmental impact of our business activities and striving to help reduce society’s impact on the environment through our products and services. We also recognize that understanding the risks and opportunities posed by climate change and disclosing them with increased transparency are important steps in gaining stakeholder trust, and we are advancing initiatives while utilizing international guidelines and frameworks.

## Governance

The Astemo Group has identified responding to climate change as one of its material issues and is taking action accordingly.

We review progress on climate change initiatives and issues in quarterly Sustainability Committee meetings and submit important decision-making matters to the Executive Committee for discussion. We also work to strengthen risk management through regular oversight by the Board of Directors.

## Strategy

As a leading provider of mobility solutions to the automobile and motorcycle industries, the Astemo Group believes its primary mission is to contribute to the realization of a sustainable, decarbonized society. We aim to create business opportunities by expanding our provision of products that help reduce environmental impact, and we are working to reduce greenhouse gas emissions and mitigate future risks by further promoting energy conservation and the use of renewable energy.

## Scenario analysis

To understand the impact of climate change on business, risks, and opportunities, we referred to the latest scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) and analyzed future projections under 1.5°C and 4°C scenarios.

### Scenarios considered

- 1.5°C: IEA NZE, IPCC SSP1-1.9
- 4°C: IEA STEPS, IPCC SSP3-7.0 and SSP5-8.5

### 1.5°C scenario

Anticipating a world where stringent measures and regulations will be implemented to help realize a decarbonized society, we conducted analysis on the premise of carbon neutrality by 2050.

### 4°C scenario

We conducted analysis under the assumption of limited regulatory progress and frequent climate change-related disasters.

### Business environment outlooks under the 1.5°C and 4°C scenarios

1.5°C scenario	<ul style="list-style-type: none"><li>• Electric vehicles will rapidly become widespread due to stricter laws and regulations, such as fuel efficiency and environmental performance regulations, as well as rising prices of fossil fuels.</li><li>• The market for automobiles and motorcycles that use non-fossil fuels, such as hydrogen and biofuel vehicles, will also expand.</li><li>• There will be an increase in the number of countries/regions with almost zero internal combustion engine vehicles based on sales.</li></ul>
4°C scenario	<ul style="list-style-type: none"><li>• Fuel efficiency laws and regulations will remain lax globally, and internal combustion engine vehicles will remain a major mode of transport.</li><li>• The modal shift will be slow, as conventional automobiles and motorcycles will remain predominant.</li><li>• Typhoons, floods, and other natural disasters caused by climate change will rise sharply.</li></ul>

## Realizing a Decarbonized Society (TCFD-Based Disclosure)

### Risks, opportunities, and financial impacts

The Astemo Group has implemented integrated and comprehensive enterprise risk management (ERM). Based on the top risks for each department, we extract corporate-level top risks and have relevant executives act as risk owners to implement countermeasures, thereby promoting company-wide risk management (see page 80).

Regarding climate-related risks, we incorporate

environmental risks into the top risks, and we use the same risk evaluation criteria as in ERM for scenario analysis.

We identify risks and opportunities using scenario analysis, calculate financial impacts across short-, medium-, and long-term time frames, and classify financial impacts into large, medium, and small impacts. The results are shown below.

Financial impacts include many potential risks, uncertainties, and assumptions, and actual outcomes may differ significantly.

### Indicators and targets

The Astemo Group has formulated greenhouse gas emission reduction targets that are scientifically aligned with the goals set by the Paris Agreement and obtained SBTi certification in November 2023.

These targets are also aligned with the medium- and long-term KPIs and environmental action plans set for each material issue.

### Financial impacts under 1.5°C and 4°C scenarios

		Financial impact (amount of change)		
		Short-term (FY2025)	Medium-term (FY2030)	Long-term (FY2040)
Risks				
Transition risks (1.5°C scenario)	Policy and regulatory risks – Increased costs due to accelerated introduction of carbon pricing and carbon taxes	0	Large	Large
	Technology and market risks – Decreased sales due to the rapid spread of electric vehicles reducing demand for internal combustion engine vehicles	Medium	Large	Large
Physical risks (4°C scenario)	Acute risks – Decreased sales due to typhoons, floods, and other natural disasters caused by climate change	Limited	Medium	
Opportunities				
Transition opportunities (1.5°C scenario)	Increased sales due to significant market growth in the domain of software-defined vehicle (SDVs), which are expected to be a new step toward reducing environmental impact	Small	Large	Large
Energy sources/ products/ service markets	Increased sales due to expansion of the electric vehicle market	Medium	Large	Large
	Increased sales due to expansion of the motorcycle electrification market	Small	Medium	Medium

Notes: Impact on revenues: Small: Up to 10.0 billion yen, Medium: 10.0 billion to 100.0 billion yen, Large: 100.0 billion yen or more (base year: FY2023)  
Impact on costs: Small: Up to 1.0 billion yen, Medium: 1.0 billion to 10.0 billion yen, Large: 10.0 billion yen or more (base year: FY2023)

### SBTi certified targets

**Target year: 2030**

**Reduction targets:**

**Scope 1 and 2: 80% emission reduction**

**Scope 3: 25% emission reduction**

(Base year for both is 2021)



## Realizing a Decarbonized Society (TCFD-Based Disclosure)

### Specific initiatives

#### Reducing Scope 1 and 2

In anticipation of the future introduction of carbon pricing, we are promoting CO<sub>2</sub> emissions reduction from both cost competitiveness and risk management perspectives, aiming to reduce environmental impact in business activities.

#### CO<sub>2</sub> emission reductions at business sites (factories and offices)

We are implementing a number of initiatives to reduce CO<sub>2</sub> emissions at all our business sites, including energy-saving activities and streamlining manufacturing processes (see page 38).

#### Promoting renewable energy use

We are striving to reduce CO<sub>2</sub> emissions by purchasing electricity generated from natural energy sources, such as solar, hydroelectric and wind power (also known as green power), and installing solar power generation systems.

#### Reducing Scope 3

We are promoting transformation of our business portfolio to contribute to the reduction of CO<sub>2</sub> emissions across society through expansion of the supply of electrified products, efficiency and energy conservation in vehicle development using SDV technology, and improved fuel efficiency through optimization of engine control and driving support systems (see pages 16, 24, and 25).

In addition, we will contribute to the preservation of the global environment by promoting a circular economy through active use of recycled materials and environmentally friendly materials.

## Realizing a Resource-Efficient Society

### For a resource-efficient society

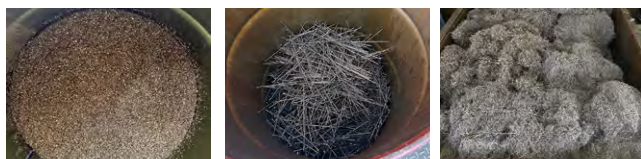
The Astemo Group considers contributing to the realization of a recycling-oriented society to be an important mission and is actively working on the effective use of resources and waste reduction. In our manufacturing processes, we use materials such as aluminum and iron that can be reused as raw materials for the same product while maintaining their original properties, thereby reducing the input of new natural resources and the emission of environmentally hazardous substances.

To steadily advance these initiatives, we have set medium-term targets through FY2030 for our total waste generation reduction rate, total water usage reduction rate, and waste effective utilization rate, and we are promoting resource recycling from a circular economy perspective.

### Effective use of resources

To advance effective use of resources and waste reduction, the Astemo Group has set medium-term targets for FY2030 of reducing waste generated by 9.0% compared to FY2021 and achieving a waste effective utilization rate of 90.0%.

As part of these efforts, we recycle some alternators and starters collected from car dealerships at our own plants and reship them as rebuilt products. We also promote effective resource use by recycling scrap metal and other by-products generated during the manufacturing process. As a result of these initiatives, we achieved an 8.1% reduction in total waste generated in FY2024 (compared to FY2021).



Recycled materials collected at a plant in the Miyagi area

### Initiatives with the government and the industry association to utilize recycled plastic materials

As a member of the Japan Auto Parts Industries Association (JAPIA), Astemo participates in the activities of the Circular Economy Task Force Pilot Study Team, established by JAPIA to promote the realization of a recycling-oriented society.

As one of these activities, we cooperated in a waste plastic collection event organized by Sendai City and analyzed the material properties and identified issues concerning recycled materials made from waste plastic products provided by citizens. Going forward, based on these results, we will support the formulation of action plans and the

development of systems by government agencies, with the aim of applying recycled plastic materials to automobiles.



Plastic products donated by citizens

### Examples of initiatives at business sites

#### Gotemba No. 1 Plant

#### Reducing waste oil

Using water-soluble oily waste fluid treatment devices, we have reduced the amount of cutting fluid used in production equipment and cleaning fluid for factory floors to approximately one-tenth of the previous level, thereby reducing waste disposed.

#### Waste oil reduction process

Water-soluble oily waste fluid  
1,000 L/day



#### Installed devices

Water-soluble oily waste fluid treatment devices (2)



Operating time  
Approx. 18 hours/day

Renewable water  
900 L/day

90%

Concentrated liquid  
100 L/day

10%

Waste disposed reduced to approximately one-tenth



Wastewater treatment plant (in-house treatment)



Industrial waste treatment

Waste reduction amount: **144.0 tons/year**

#### Akita Plant

#### Reducing waste disposed by compressing grinding powder and polishing sludge

Waste disposed is reduced by compressing and solidifying the grinding and polishing sludge used in the grinding process to form briquettes, and the separated grinding fluid is reused. We sell the briquettes as valuables, and this contributes to the effective use of resources.

Waste reduction amount (grinding fluid): **11.6 tons/year**



Grinding and polishing sludge compression device



Briquettes after grinding and polishing sludge compression

## Realizing a Resource-Efficient Society

### Examples of initiatives at business sites

#### Miyagi No. 3 and No. 5 Plants Reducing plastic waste

We have reduced waste disposed by replacing the stretch film that was used to prevent empty containers from shifting during transport with hook-and-loop fastener-type cargo restraint bands.

Waste reduction amount: **1.5 tons/year**



Using stretch film



Using hook-and-loop fastener-type cargo restraint bands

### Effective use of water resources and water risk management

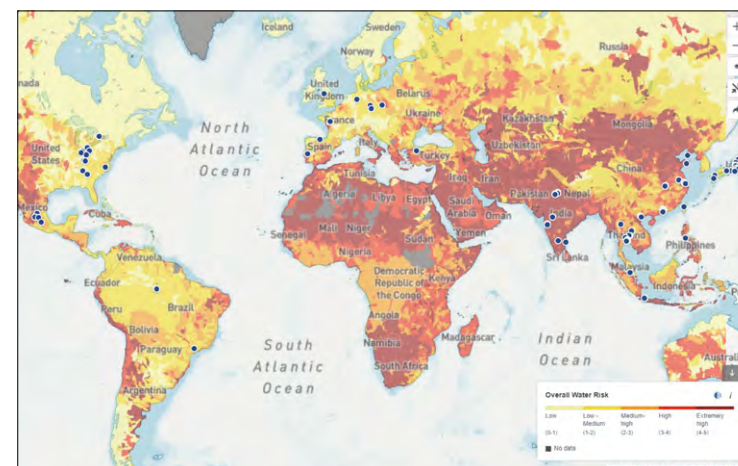
The Astemo Group regards the effective use of water resources and water risk management as key challenges in realizing a recycling-oriented society and is advancing systematic initiatives to address these challenges. We have set a long-term target for FY2030 of reducing water usage by 3.0% compared to FY2021. Each plant and business site regularly monitors water usage and wastewater discharge, maintaining ongoing oversight of actual environmental impact and progress toward reduction goals. As a result of these initiatives, we achieved a 3.2% reduction in total water usage in FY2024 (compared to FY2021).

In our assessment of water risks, we used the

international water risk assessment tool Aqueduct to identify regions where water scarcity is a concern. The assessment revealed that our sites in Mexico, China, Thailand, India, and Indonesia may face water risks, and we will therefore further optimize water resource use and enhance water risk management at these locations.

In addition, we are also implementing a comprehensive approach to water risk management, which includes addressing the potential impacts of natural disasters such as floods on our business operations.

### Water risk assessment with Aqueduct



### Examples of initiatives at business sites

#### Miyagi No. 5 Plant Reducing water usage and CO<sub>2</sub> emissions through air-conditioning upgrade

By upgrading the air-conditioning system from a system using auxiliary equipment to an air-cooled heat-pump system, we reduced water consumption and, as an additional benefit, also lowered CO<sub>2</sub> emissions.

Water usage reduction amount: **850 m<sup>3</sup>/year** CO<sub>2</sub> reduction amount: **173 t-CO<sub>2</sub>/year**



Air-cooled heat-pump air-conditioning system

#### Gunma No. 1 and No. 2 Plants Reducing water usage through rainwater harvesting

As a summer energy-saving and heat mitigation measure, we installed green curtains, and we use rainwater to water them. We are working to reduce water usage.

Water usage reduction amount (green curtain implementation period): **5 m<sup>3</sup>/season (June to September)**



Growing a green curtain using rainwater

## Achieving a Harmonized Society with Nature

### To preserve ecosystems and biodiversity

Committed to promoting the maintenance, restoration, and creation of ecosystems and biodiversity, the Astemo Group is implementing a variety of environmentally friendly initiatives, as well as community and social contribution activities.

### Reduction of chemical substance emissions

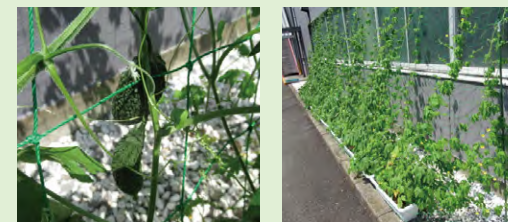
In pursuit of the realization of a sustainable society in harmony with nature, the Astemo Group actively works to prevent environmental pollution caused by chemical substances.

For the design stage, we have built a system for accurately understanding and adhering to legal and customer requirements regarding the chemical substances to be used in our products. In the production stage, we carefully ensure proper handling and emission management of chemical substances, thereby continuously tracking atmospheric emission amounts of volatile organic compounds (VOCs), and the like.

### Examples of initiatives at business sites

#### Hadano Plant Participating in the Green Curtain Project

By participating in the “Green Curtain Project” organized by Hadano City, we are promoting greenery in the city and contributing to the prevention of global warming. Led by members of the Environmental Management Committee, employees take turns cultivating bitter melons, helping raise environmental awareness among employees.



Bitter melons grown at the plant

#### Akita Plant and Astemo Akita Misato Participating in the “Forest of Water” tree-planting project

We have been participating in Misato Town’s “Forest of Water” tree-planting project in Akita Prefecture, working with local elementary school students to plant beech trees. To date, the total area planted through this ongoing effort stands at 1.4 hectares.



Planting beech trees in mountain forest

#### Astemo Watari Environmental improvement activities with everyone’s participation

As part of our environmental beautification and volunteer activities, we pick up trash on roads near the plant once a month. By encouraging each employee to be more aware of trash and the local environment, we contribute to creating a comfortable and safe community and maintaining an environment where humans and wildlife can coexist.



Employees picking up trash on roads



# Social

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## Innovation Management

### Research & development policy

As initiatives to address global climate change and achieve the Sustainable Development Goals (SDGs) accelerate, the question of what form mobility should take to contribute to the realization of a sustainable society has come to the forefront. The Astemo Group is pursuing technological innovation with the MISSION of “contributing to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions.”

In response to the three trends of “Green,” “Safety,” and “Digitalization,” we are working to provide environmental and social value through: [Green] contribution to carbon neutrality and a circular economy through efficient powertrains and innovative construction methods; [Safety] contribution to zero traffic accidents through autonomous driving (AD), advanced driver assistance systems (ADAS), and advanced chassis; and [Digitalization] contribution to mobility in the software-defined vehicle (SDV) era through vehicle architecture and Internet of vehicles (IoV) platforms.

In terms of environmental value, we are contributing to the realization of a better global environment through the development of highly efficient electrified products and technologies that reduce CO<sub>2</sub> emissions. In terms of social value, we are striving to improve safety, comfort, and quality of life through AD/ADAS and advanced chassis technologies. Through these initiatives, we will contribute to improving people’s quality of life and our customers’ corporate value as a “global mobility solutions provider that contributes to a sustainable society.”

### Research & development themes

#### Environmental value

Contributing to a better global environment with highly efficient electrified products and technologies that reduce CO<sub>2</sub> emissions

#### Green

Highly efficient powertrains and innovative construction methods for carbon neutrality and circular economy

# Astemo

Global mobility solutions provider that contributes to a sustainable society

#### Digitalization

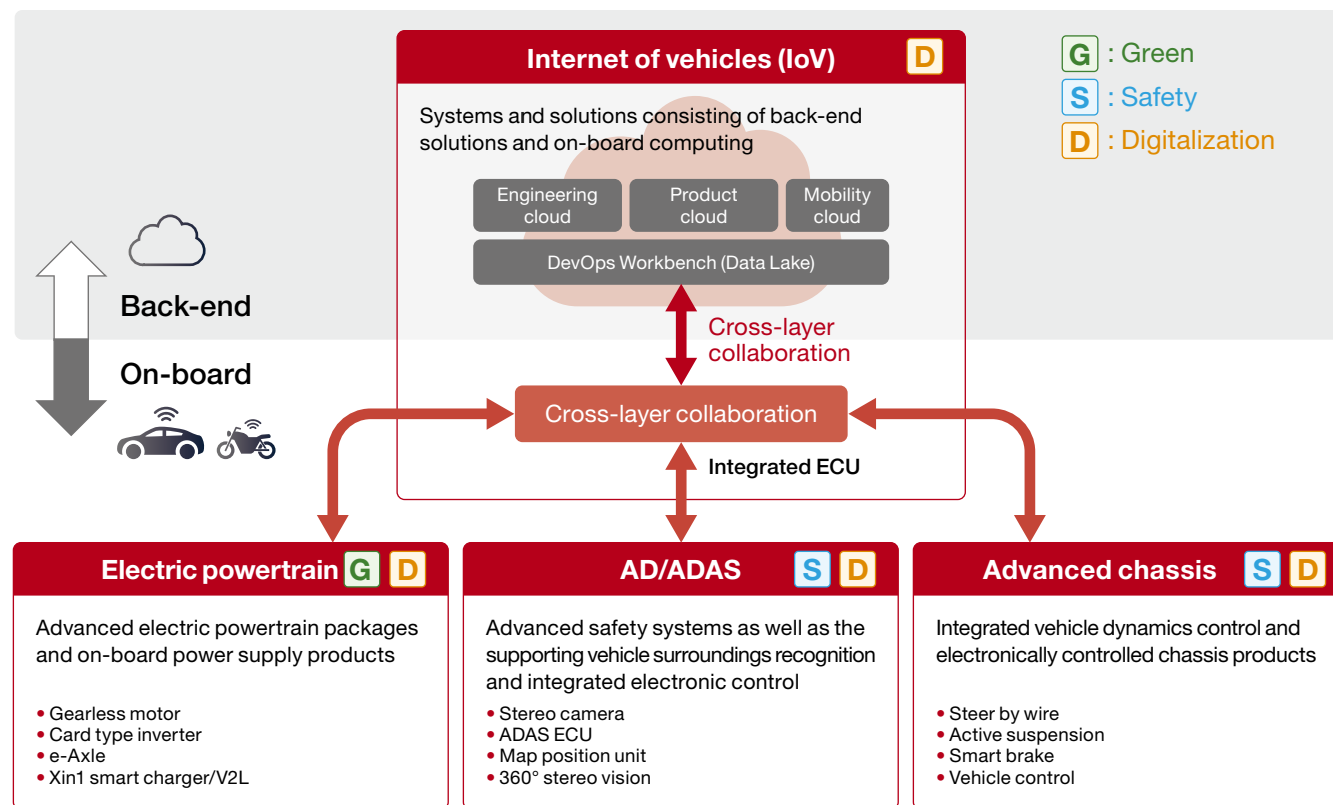
Contribution to mobility in the SDV era through vehicle architecture and IoV platforms

#### Safety

Contributing to the realization of zero traffic accidents through AD/ADAS and advanced chassis

#### Social value

Improving safety, comfort and quality of life with the AD/ADAS and advanced chassis



AD: Autonomous driving / ADAS: Advanced Driver / Assistance systems / DGM: Detailed Geometry Map / e-Axle: Electric axle  
 ECU: Electronic control unit / SOC: State of Charge / VSOC: Vehicle Security Operation / V2L: Vehicle to load

## Innovation Management

### Research & development system

To implement our research & development policy, we have established the Technology Development Functional Division, which is responsible for creating new products and technologies, developing products and systems across business divisions, and developing fundamental technologies (analysis, material technologies, etc.) that are shared throughout the entire company.

At the Astemo Group, with the Technology Development Functional Division playing a central role, development teams from business divisions, including those at global sites, collaborate closely to efficiently and quickly develop cutting-edge technologies that meet global customer and market needs.

### Group initiatives

With an eye toward the SDV era, the Astemo Group operates in four domains: electric powertrain, AD/ADAS, advanced chassis, and IoV. We will promote research and development to provide innovative products and system solutions, while contributing to the creation of environmental and social value.

### Internet of vehicles (IoV)

We will develop an IoV platform that leads the development of the SDV era, utilizing advanced computing technology as well as advanced network and digital technology. We are contributing to the continuous evolution of automobiles. We are also creating new value by leveraging our strengths in advanced sensing technology and cross-domain integrated control, which integrates all motion control functions, including driving, stopping, and turning.

We are building an IoV platform that separates software and hardware, and providing a centralized zone architecture and an engineering cloud that accelerates continuous evolution. Furthermore, in the long term, we aim to revolutionize the vehicle development process by utilizing

digital consulting technologies. We will contribute to realizing value creation through our overwhelming speed.

### Electric powertrain

We are leveraging advanced power electronics and power management technologies to achieve component evolution and integrated systems. We aim to contribute to an energy-based society through total management that extends beyond the vehicle itself.

We are accelerating the development of high-efficiency, high-output motors, high-power-density in-vehicle inverters, and highly efficient, compact e-Axles that utilize these technologies, and are promoting their application in various products. We are enhancing added value through the development of an electric powertrain energy management system that integrates the functions of the integrated charger and electric components.

From 2022, we have been participating in the “Development of Highly Efficient Electrification Systems” under the Green Innovation Fund of the New Energy and Industrial Technology Development Organization (NEDO), and are accelerating the development of motor and inverter technologies that achieve high efficiency, compactness, reduced weight, and resource conservation. In the long term, we will contribute to improving customer value by achieving integrated energy management for vehicles through vehicle-to-everything (V2X) external power linking.

For motorcycles, we will also work on developing new, high-performance EV systems with new, price-competitive manufacturing methods and structures.

### AD/ADAS

We will evolve 3D sensing and risk prediction technologies to achieve advanced environmental awareness and human-like autonomous driving functions for AD/ADAS, which will contribute to zero fatalities and stress-free mobility.

In addition, we will contribute to zero fatalities on non-highway roads through advanced environmental

understanding via 360-degree 3D sensing technology and continuously evolving functionality. In the long term, we will develop risk prediction technology using next-generation AI technology, and contribute to realizing Level 2+ autonomous driving on non-highway roads as well as Level 3 autonomous driving on expressways.

In motorcycles, we also aim to contribute to zero fatal accidents through the fusion of camera-based detection technology and vehicle control technology. Also, we will prevent human error through V2X cooperation.

### Advanced chassis

We are evolving chassis-related product technology, including with electrification and by-wire technology, while combining cross-domain vehicle integrated control. This contributes to providing differentiated customer value in the SDV era, which includes outstanding safety, security, and comfort. In the long term, we will contribute to providing new driving experiences (personalization) through more advanced next-generation chassis products, cross-domain vehicle integration control, and cloud linkage.

### Fundamental technologies for carbon neutrality and a circular economy

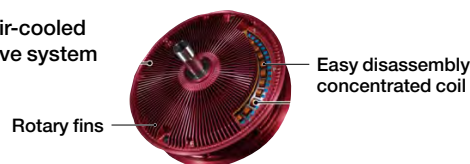
To help realize carbon neutrality and a circular economy, we are developing energy-saving process technologies for our manufacturing processes, alternative energy utilization technologies, and materials technologies such as sustainable materials development and material recycling technologies. We are contributing to environmental value by developing lightweight materials technologies, including functional resin materials and advanced composites, that help reduce CO<sub>2</sub> emissions.

## Innovation Management

### Examples of development in FY2024

#### Development of a compact, lightweight, and efficient direct-drive system for in-wheel EVs using a new air-cooled structure

12-inch air-cooled direct-drive system



Astemo has developed a 12-inch air-cooled direct-drive system for compact vehicles such as Kei cars. By directly transferring the driving force of the built-in motor to the wheels and employing a simple air-cooling system, the system achieves compactness, light weight, and high efficiency, and delivers a continuous rating of 5.5 kW. This product will join our existing 16 and 19-inch lineup and is targeted for implementation around 2030.

The newly developed 12-inch model improves heat dissipation performance with a “rotary fin-structure” having heat-dissipation fins arranged on the entire outer surface of the motor. It achieves a continuous rating of 5.5 kW per wheel and a maximum output of 13 kW, providing the drive performance requirements of Kei car EVs in a four-wheel configuration.

This structure—which was developed in collaboration with Hitachi, Ltd.’s Research & Development Group—is simplified compared to oil-cooled systems, helping to eliminate issues such as layout complexity and increased costs. In addition, this system uses “easy disassembly concentrated coils,” which were developed through Green Innovation Fund Projects / Next-Generation Motor Development (JPNP21026) commissioned by NEDO. Achieving higher motor efficiency and designed to be recyclable, these coils have a high space factor and are easy to disassemble. We have also deployed this technology across our 16- and 19-inch models, allowing for broad applicability in various EVs.



News Releases

<https://www.astemo.com/en/news/20250516-01/>

#### Focusing on the development of plastic upcycling technology

Astemo is working to establish plastic upcycling technology that reduces waste and promotes resource recycling by combining its proprietary “high-speed degradation diagnosis technology” researched in collaboration with Hitachi and the National Institute for Materials Science (NIMS), and “material property restoration technology,” researched in collaboration with Tohoku University.

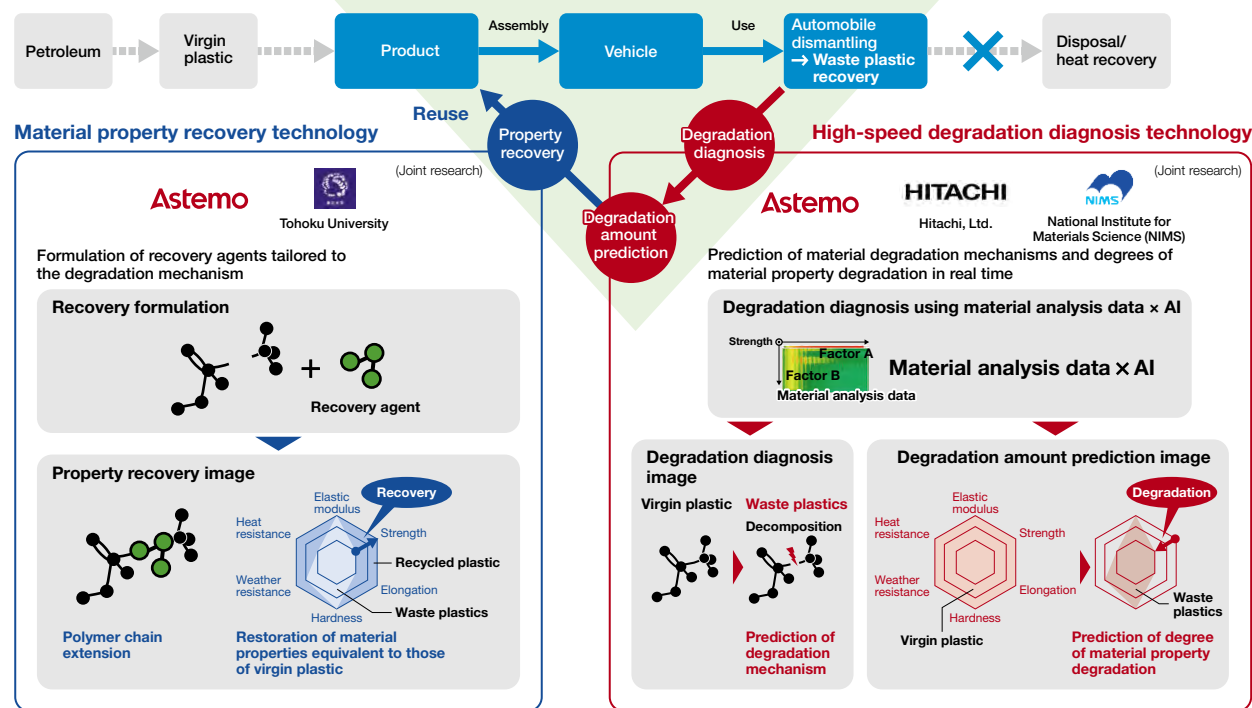
In this initiative, we use chemical analysis data from recovered used plastics (waste plastics) to predict material degradation mechanisms and degrees of material property degradation in real time using AI. In addition, we are working on the development of

technology (recovery formulations) for restoring the material properties of waste plastics to levels comparable to virgin plastic, making it reusable in products. Combining these two technologies makes it possible to reuse waste plastics that was previously difficult to reuse due to severe degradation. This not only reduces waste but also enables the reuse of plastic from various sources.

Furthermore, it produces a stable supply of recycled materials, leading to a significant reduction in CO<sub>2</sub> emissions compared to producing new materials.

Through this technology, we will build a recycling-oriented society and promote the use of recycled materials, contributing to the creation of a sustainable future.

#### Increasing the recycling rate of waste plastics through degradation diagnosis and property recovery





# Commitment to Motorsports

Technology development and talent cultivation through sponsorship and product supply

## Leveraging racing experience to drive product development for the next-generation mobility society

Astemo promotes brand awareness, advanced technology development, and human capital development through motorsports sponsorships and product supply. In addition, supporting races helps enhance employee engagement and foster a sense of unity, making it a key initiative toward realizing “One Astemo.”

In automobile racing, Astemo is the main sponsor of Team Penske in North America’s top-tier formula series, and of Astemo REAL RACING in the SUPER GT 500 class. In motorcycle racing, Astemo is the main sponsor of Astemo Pro Honda SI Racing in Japan’s premier road racing series. In particular, Astemo supplies key components, such as suspension, brakes, and powertrains, to Astemo Pro Honda SI Racing. From the development stage onward, we collaborate closely to create a system that fully leverages Astemo’s technical strengths. We also supply products to the world’s top-level races, including the Superbike World Championship (WSBK), Motocross World Championship (MXGP), and the Dakar Rally, bolstering both our technological capabilities and human resources through on-site technical support.

Astemo utilizes feedback gained from these real-world competitions to enhance product performance and drive technological development, while also using them to validate cutting-edge technologies and unique designs, and to create synergistic products that integrate its three core technology areas. Through the extreme environment of motorsports, Astemo further strengthens its technical capabilities, human capital, and on-site expertise, contributing to the realization of the next-generation mobility society.



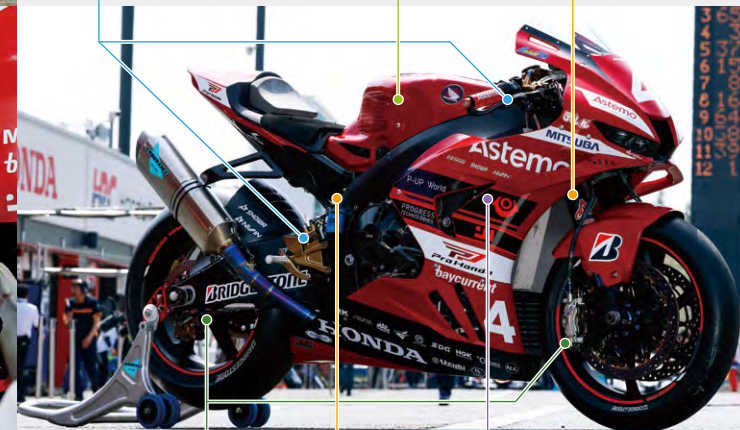
Brake master cylinder (front and rear)



Electronic control unit



Front fork



Rear cushion



Multi-cylinder electronic throttle body



Disc brake caliper (front and rear)



## Latest results

### Racing results (2025)

#### Team Penske

2025 INDYCAR SERIES, USA

Series ranking: 12th / Winner of the final race

#### Astemo REAL RACING

SUPER GT 500 Class

Annual team ranking: 10th

#### Astemo Pro Honda SI Racing

2025 MFJ All Japan Road Race Championship

JSB1000 Class

Kota Nozane – Overall 4th

ST1000 Class

Taiga Hada – Overall 1st

Kohta Arakawa – Overall 5th

Nakarin Atirathphuvapat – Overall 6th



## Commitment to Motorsports



### Suspension

**Leveraging strengths to provide precise support to the team**

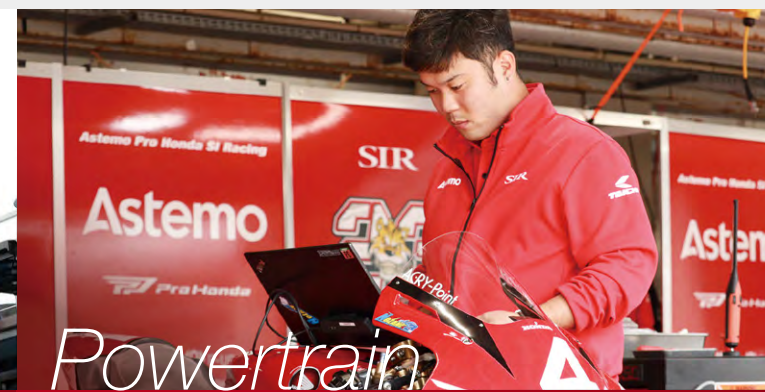
Jinpei Yoshimura  
Motorsports Section 3, Motorsports Development Department



### Brakes

**Constantly updating products to perfect the basics**

Yoshitomi Ikeda  
Motorsports Section 2, Motorsports Development Department



### Powertrain

**Unlocking the potential of carbon-neutral fuels and electronic control**

Ryuichi Ono  
Powertrain Development Section 1, System Development Department

We develop suspensions for motorcycles intended for public roads with the assumption that riders will have varying skill levels and physical builds. It is also essential to ensure safety even under unexpected environmental changes, such as weather conditions. In contrast, race suspensions present the challenge of adjusting setups to suit individual riders' preferences and the characteristics of each track. On race weekends, speed is crucial: for the events I handle, I arrive on-site Friday to perform maintenance, make adjustments on Saturday based on rider and team feedback, and aim for peak performance on Sunday. While racing may seem glamorous, I've realized that results are built through steady, behind-the-scenes efforts—developing core performance within the company and accumulating trial-and-error testing on the course.

Having raced as a rider myself, I bring an advantage: in addition to engineering knowledge, I understand rider sensations and how suspension changes affect vehicle dynamics. Being able to personally evaluate the performance of newly developed components on the track before proposing them to the team also gives me confidence in my work.

Riders primarily control the vehicle's movement using the throttle and brakes. Brakes not only regulate speed but also work closely with the tires and suspension, playing a critical role in overall vehicle performance. Braking techniques differ from circuit to circuit, and in tense moments where positions are decided by fractions of a second, the amount of force a rider applies to the brake lever can vary. Our development focuses on delivering consistently high performance under any operating environment or condition.

It's rare for us to receive praise for the brakes in post-run feedback.

Conversely, if performance is lacking, we receive sharp criticism. Since brakes are expected to function flawlessly, being told there were no problems is the highest compliment we can receive.

With the rapid advancement of vehicle performance and rider skills, we must continuously observe these changes and supply updated products. When the objectives of our development align with the riders' and teams' evaluations, it brings a deep sense of satisfaction and motivation.

In the premier class of the All Japan Road Race Championship, JSB1000, carbon-neutral fuels have been used since 2023, leading the world. Using the facilities at our Tochigi Office, we optimize the settings for these fuels, which differ from conventional gasoline, to improve engine output and drivability.

Modern motorcycles rely not only on fuel injection but also on electronic control of vehicle dynamics, including traction\*1 and wheelies\*2. Winning races requires mastering these systems, and at the track, we also propose optimal electronic control unit (ECU) settings. By analyzing data from loggers and rider feedback, we assess vehicle behavior and suggest settings tailored to the day's track and weather conditions. Making these adjustments under the short time frames of race day is a high-pressure task, but the sense of accomplishment and professional growth as an engineer is immense when a bike reaches the podium or secures pole position using settings I helped determine, or when riders give positive feedback on the adjustments.

\*1 Traction: the force transmitted to the road

\*2 Wheelie: a state in which only the rear wheel is in contact with the ground while the front wheel is lifted

## IP Management

### IP policy

The Astemo Group promotes IP governance following a code of conduct built on two pillars: “protect our own IP and respect the IP of other companies” and “enhance our own brand value.” Furthermore, in line with Astemo’s MISSION, VISION, and VALUES and the policies of the Technology Development Functional Division, we have adopted a policy of “enhancing corporate value and contributing to the growth of stakeholders by using the IP of the entire Astemo Group,” and we are focused on “ensuring freedom of business and design,” “utilizing and applying IP information,” and “creating and enhancing IP value that contributes to society.”

### Promotion system for IP activities

Astemo has established the Intellectual Property Group under the Technology Development Functional Division. To promote independent IP activities within the Astemo Group, the Global IP Strategy Department, IP Operations Management Department, and IP Development Department have been established within the Intellectual Property Group. These departments are divided into eight domestic locations and three overseas locations where major design and development departments are located and support the IP activities of the Technology Development Functional Division and the design and development departments of each business unit.

The Global IP Strategy Department is responsible for supporting the resolution of IP issues related to contracts, disputes, strategies, information dissemination, trademarks, brand protection, and the like, for the Astemo Group’s IP around the world. The IP Operations Management Department is responsible for carrying out all aspects of IP management (planning, IP business support, management of cases and budget and performance data, procurement, accounting, IP rewards, etc.). The IP Development Department is responsible for planning and implementing IP

strategies for businesses and products, from patent applications to the acquisition of rights, patent clearance, the utilization of IP information, as well as supporting IP disputes and litigation.

From a governance perspective, we have also established the IP Strategy Meeting, which proposes and approves IP strategies and annual IP activity plans, and the Patent Committee, which implements annual IP activity plans and monitors their progress. The IP Strategy Meeting, which is held once a year for each business unit, primarily consists of the head of the business unit and Patent Committee members. At this meeting, the company-wide IP strategy, along with business unit-specific IP strategies that are each customized to align with both the company-wide IP strategy and the individual business unit business strategy, are jointly shared and executed by each business unit and the Intellectual Property Group. This is how we work to promote active engagement in IP initiatives across all business units. The Patent Committee, which meets regularly for each business unit, consists of the Patent Committee Chairman and Patent Committee members selected from the design and development department, as well as members selected

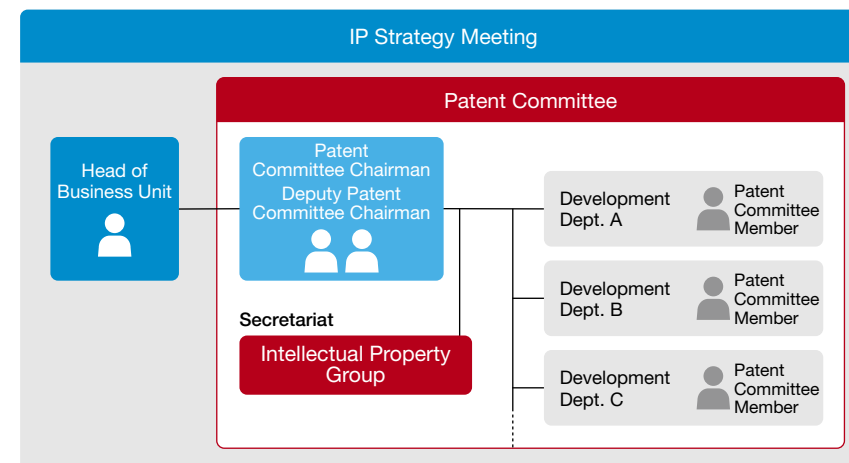
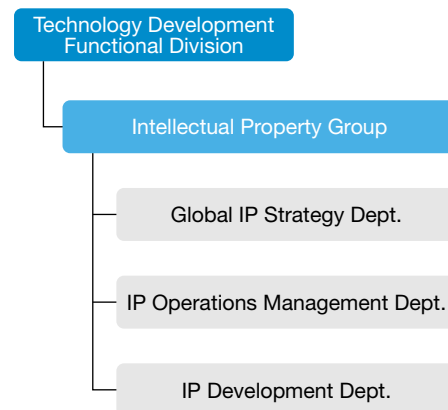
from the IP department. The committee promotes IP activities based on the IP strategy approved by the IP Strategy Meeting, and responds to issues while monitoring progress.

In addition to planning and implementing IP competitive strategies and responding to IP issues that impact business, we are also promoting IP activities in line with the business of each business unit. This is accomplished through measures such as human capital development, as well as responding to company-wide or cross-sectional issues—including the unification of global operations—while ensuring reliable and efficient business execution.

### Strengthening our IP portfolio

We believe that human capital and high-quality inventions are essential for enhancing corporate value and contributing to the growth of stakeholders through IP. To this end, the Astemo Group provides engineers with tools to help them understand how to conceptualize and expand their inventions, gain deeper insight into their own inventions, and express them through documentation and drawings, and holds training sessions and other engineer education to

#### IP management structure



## IP Management

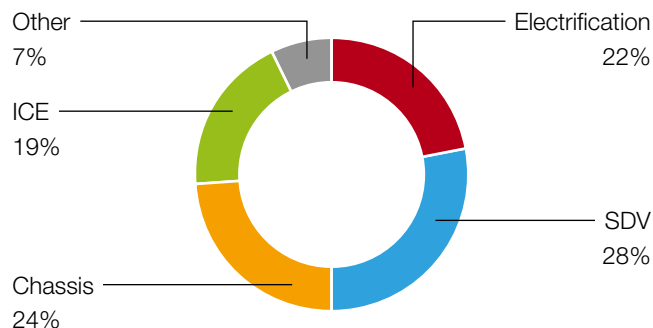
ensure that engineers can master the use of these tools.

In the actual practice of creating inventions, the IP personnel provide support in differentiating from prior art, leading to patent applications. Before filing an application, we hold invention improvement meetings, where not only inventors but also design development experts participate to improve the quality of the technology and the invention from a business perspective and the perspective of synergy with related technologies, while confirming the invention can contribute to the business.

In addition, we are promoting the utilization of IP information for technology strategies, business strategies, and the creation of new value. To accelerate and spread this initiative, we introduced a new information analysis tool and are sharing case studies.

In this way, the Astemo Group is working to strengthen its IP portfolio, placing particular emphasis on patents. In particular, we aim to remain a company that earns support from our stakeholders by strengthening IP as a management resource through the securing of IP rights for technologies that address social challenges and contribute to the environment.

Patent breakdown by technology area (FY2024 disclosure base)



## Brand protection

The protection of each brand owned by the Astemo Group is critical to promoting social innovation business and expanding global business. Therefore, we are taking firm measures against the manufacture and sale of counterfeit products disguised as Astemo Group brands and against fraudulent trademark application registration.

In recent years, the methods used to manufacture and sell counterfeit goods have become more sophisticated and diverse. In response, we are strengthening our countermeasures, including by trying to uncover the counterfeiters' networks. We are also working with website operators to implement measures against counterfeit products on cross-border e-commerce sites.

The Astemo Group's brands include not only the corporate brand "Astemo," but also a wide range of product brands, primarily for automotive and motorcycle products. Each Astemo Group brand is a testament to the technical capabilities and trust we have cultivated over many years. Because they are highly valued by our customers, we will continue to promote IP activities that contribute to the improvement of the value of each brand.

### Corporate brands



### Product brands



## Award achievements

Astemo is continuously promoting application activities for the National Commendation for Invention and the Local Commendation for Invention sponsored by the Japan Institute of Invention and Innovation.

At the 2024 Kanto Local Commendation for Invention, we received four Invention Encouragement Awards for "Sign Recognition Device for Communicating Appropriate Sign Information (Patent No. 7145227)," an invention related to a low-noise inverter for electric vehicles, an invention related to a mechanical variable damping suspension, and an invention related to a control device for detecting misfires in internal combustion engines.

We will continue to focus on inventions related to technologies that contribute to a sustainable society—such as technologies that resolve social issues, technologies that improve people's quality of life, and technologies that produce products and manufacturing methods with low environmental impact—while also contributing to society by creating new value through IP.

### Technologies that received Invention Encouragement Awards at the Kanto Local Commendation for Invention (FY2024)

- Sign Recognition Device for Communicating Appropriate Sign Information (Patent No. 7145227)
- Low-Noise Inverter for Electric Vehicles (Patent No. 6416250)
- Mechanical Variable Damping Suspension (Patent No. 7012783)
- Control Device for Detecting Misfires in Internal Combustion Engines (Patent No. 6484298)



## Quality Assurance

### Approach to quality assurance activities

The Astemo Group promotes concurrent engineering\*, in which all relevant departments work together to improve product quality and strengthen our business foundation.

In delivering products and services, we strive to ensure quality and safety by meeting customer needs and specifications, complying with relevant laws and standards, and, where necessary, establishing our own internal standards. The Astemo Global Quality Manual also sets out the principles of quality management, and we are promoting quality assurance activities from the perspectives of organization and management, technology, and human capital in all processes—from product planning and development to design, manufacturing, testing, delivery, and maintenance services. Furthermore, based on the understanding that “prevention is the essence of quality assurance,” we are strengthening our efforts not only to prevent defect recurrence but also to prevent defects from occurring in the first place.

When a major defect occurs, we rigorously discuss and analyze not only technical causes but also process-related, organizational, and motivational causes, aiming to improve reliability and achieve the highest level of customer satisfaction.

\* Concurrent engineering: A method of shortening development time and reducing costs by simultaneously advancing multiple phases of a product's development process and encouraging inter-departmental information sharing and collaboration

### Quality assurance system

To ensure thorough quality governance, Astemo has created a system in which each company's quality assurance department is independent and separate from manufacturing departments. This ensures an organizational structure that prioritizes customer safety and security and achieves quality assurance based on objectivity and reliability.

To effectively and consistently implement company-wide quality management, we have established a Quality Management Functional Division at our headquarters that brings together specialized knowledge and skills and works in close collaboration with each business division and region to strengthen quality assurance and promote its continuous improvement.

The Quality Management Functional Division promotes the basic philosophy of quality assurance activities globally while also developing quality assurance regulations and strengthening systems for quality information sharing and quality improvement activities. We aim to further strengthen our quality assurance system through total global expansion of quality assurance reporting lines that connect the Quality Management Functional Division with each business division and the quality assurance departments of each region.

### Major quality activities for FY2024

- Strengthening the quality compliance system
- Improving customer delivery quality evaluations
- Constructing a global Astemo quality management system (QMS)
- Strengthening the global supplier quality management system
- Strengthening the company-wide quality assurance system

### Quality activity plans for FY2025 and beyond

- Strengthening quality compliance
- Eliminating critical defects
- Establishing and implementing concurrent engineering
- Reducing cost of poor quality (CoPQ) and improving customer delivery quality
- Establishing and optimizing a global QMS
- Strengthening the supplier quality assurance system
- Promoting quality culture reform through collaboration with customers

### Quality assurance structure



When there is a product defect, the product department takes the lead in responding promptly. In the event of a major defect, Asterno not only reports the defect directly to its customer companies, but also promptly shares the situation with management, enabling the entire company to work together to take swift and appropriate measures.

In addition, upon determining that retroactive measures are necessary, we similarly consult with customer companies and take measures such as repair or replacement. We also report to the relevant authorities when necessary and endeavor to act with integrity.

Focusing on engineers involved in manufacturing, we offer technical courses by field to improve technologies related to manufacturing, quality assurance, and maintenance. We also offer technical courses tailored to proficiency levels, such as “applied” and “basic,” to systematically improve skills.

In response to the cybersecurity and software update regulations enacted by the World Forum for Harmonization of Vehicle Regulations (WP29) in June 2020, the Astemo Group is promoting compliance activities and continuous improvement of the processes involved in those activities based on a compliance management system.

To ensure safety, we strive to reduce risk through three means: “design (intrinsic safety design),” “protective measures (safeguards),” and “usage information.”

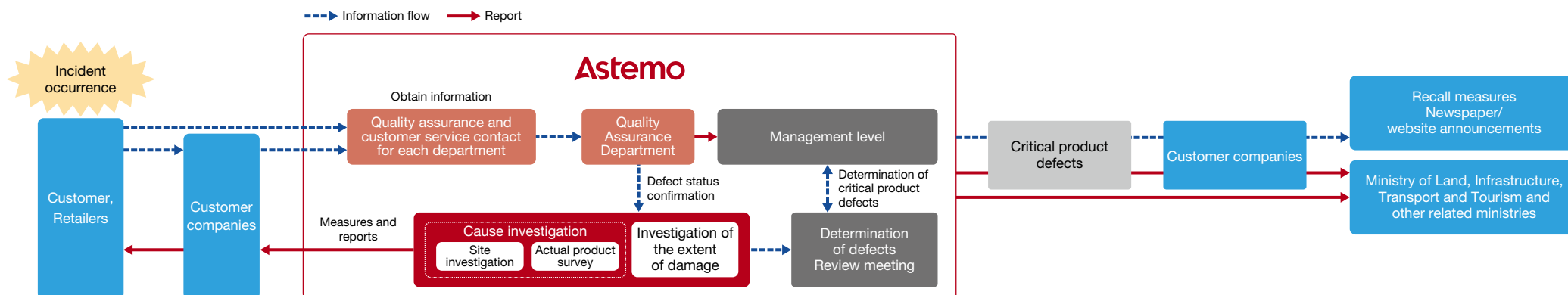
In product development, we design products with the safety of life, body, and property as our top priority, and we thoroughly verify safety in all processes—from development to production, sales, and maintenance.

Regarding the inappropriate conduct (announced on December 22, 2021) involving periodic testing of brake components manufactured at the Yamanashi Plant (Minami-Alps City, Yamanashi Prefecture) and suspension components manufactured at the Fukushima Plant (Koori-machi, Date-gun, Fukushima Prefecture): In addition to the fact-finding and root-cause investigation carried out by the Special Investigation Committee, we conducted our own internal investigation. We then announced the results and recurrence prevention measures on May 19, 2023. We also announced disciplinary action of executives on August 4, 2023.

As a result of the investigation, we have become deeply aware that our culture of compliance and management and supervisory systems had been deficient over a significant period of time. In response to these findings, we have formulated company-wide improvement measures to prevent recurrence and are working to provide related training, review processes, and invest in human resources and facilities.

We take the findings of the investigation seriously and will continue to develop and promote a strong compliance culture.

## Response flow when a serious problem occurs



# Pursuing Customer Satisfaction

## Framework to apply customer feedback to our business

The Astemo Group does business with approximately 70 customers across 26 countries, and this widespread global customer base is one of our strengths. We appoint a global account manager for each major customer to build a strong partnership, leverage customer input in business management, products, and solutions, and link this to the improvement of the customer's corporate value.

Global account managers act as liaisons between our worldwide group and our customers, working to strengthen relationships by coordinating with regional global account teams and the product sales departments in business divisions and units.

To promote global sales activities, our Sales Department includes a Sales Planning Group that plans and proposes global sales policies, guidelines, and priorities, etc., and a Technical Sales Group that drives marketing and promotional activities from a technical perspective based on our global customer strategy. Thanks to these organizational frameworks, we are able to propose advanced technologies

and conduct technical verification through technical meetings and actual vehicle demonstrations, thereby quickly and reliably understanding customer needs and improving product value.

In recent years, we have improved our responsiveness to various sustainability-related evaluations and requests. In FY2024, we responded to customer requests for sustainability assessments through survey responses. As a carbon neutrality initiative, we responded to requests for CO<sub>2</sub> emissions disclosure and reporting.

In addition, in response to requests from customers for global assessments, we are planning to expand EcoVadis,\* which provides international sustainability ratings, from a regional to a global service from FY2025.

In addition, with respect to sustainability regulations in Europe, such as the Carbon Border Adjustment Mechanism (CBAM), we are closely monitoring regulatory trends and responding step by step in line with customer requests.

\* EcoVadis: A sustainability assessment service platform that comprehensively evaluates four areas: environment, labor and human rights, ethics, and sustainable procurement of materials



Test drive of an actual vehicle at the “Astemo Tech Show” technology exhibition and experience event

### Examples of activities to address customer needs

Initiatives	Objectives
Technical meeting	Propose advanced technology development aligned with industry trends and our customers' technology roadmaps and needs.
Actual vehicle demonstration	Understand the direction of advanced technology development by gathering candid feedback from customers through test drives of actual vehicles, leading to proactive joint development proposals.



## Respect for Human Rights

### Human rights policy and human rights promotion system

The Astemo Group's MISSION is to "contribute to a sustainable society and improved quality of life by providing world-leading advanced mobility solutions." To realize our VISION of "Safety and Freedom for the world through Mobility—Onward with Astemo," we place respect for human rights at the core of our management and promote business practices that are honest, fair and inclusive.

We recognize and respect internationally accepted human rights principles and have established a human rights policy to advance initiatives for respect for human rights at the highest standards. Under our human rights policy commitments, all individuals—including employees, contractors, and local community members—are to be treated with dignity and respect. We require not only employees in every country and region, but also business partners, including contractors, to comply with the policy, promoting respect for human rights throughout the entire value chain.

As part of our system for promoting respect for human rights, we have established a global specialist team, headed by the CHRO, with oversight by the Executive Committee. We take comprehensive measures to ensure that our business activities do not contribute to human rights violations and actively work to prevent such violations.

### Astemo Human Rights Policy

#### Core elements

- Commitments
  - Promoting diversity, inclusion, and non-discrimination
  - Eliminating forced labor and child labor
  - Respecting freedom of association and collective bargaining
  - Ensuring safe working conditions
- Governance Structure
- Grievance mechanism
- Training and awareness
- Response to conflicts between international human rights standards and national laws
- Due diligence
- Stakeholder Engagement
- Reporting and transparency

#### International frameworks underpinning this human rights policy

- United Nations Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Universal Declaration of Human Rights; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights

### Human rights due diligence

The Astemo Group conducts regular human rights impact and risk assessments to identify, prevent, and mitigate acts of human rights violation.

Specifically, we comprehensively evaluate potential human rights risks across our businesses and supply chains. We also share concerns and perspectives on human rights violations through collaboration with stakeholders and work with external experts to gain insights and advice on our human rights performance.

For identified human rights risks, we implement corrective actions, continuously monitor their effectiveness, and conduct audits and evaluations of business partners to ensure adherence to our human rights policy. Issues and gaps identified through these activities are addressed through continuous improvement processes.

Notably, no serious human rights incidents occurred in FY2024.



#### Human Rights Policy

<https://www.astemo.com/en/sustainability/policy/>

## Respect for Human Rights

### Outreach to procurement partners

The Astemo Group makes it clear that it does not tolerate child labor nor forced labor in its own operations or in its supply chain, in accordance with the human rights policy. As the globalization of business increases, the likelihood of the risk of forced labor, as well as the importance of preventing forced labor and human trafficking as a company, is also explained in an e-learning course on human rights for employees.

To share these basic stances with our procurement partners, we have distributed the “Astemo Group Sustainable Procurement Guidelines” to ensure that they are well understood throughout the supply chain. We have also introduced the third-party evaluation platform EcoVadis.

### Raising awareness and offering education on human rights

The Astemo Group provides all employees and business partners with comprehensive education and training programs, including basic mandatory training and specialized training based on risk level and job position. Additionally, we are working to raise awareness of human rights throughout the company and comply with our human rights policy through awareness-raising activities on International Human Rights Day (December 10) and the ongoing provision of educational resources.

### Grievance mechanism

The Astemo Group has established easily accessible and highly confidential channels for reporting human rights concerns, such as a whistleblower hotline and grievance procedures. To ensure that reporters can feel at ease when reporting, we have established rules prohibiting retaliation, and we ensure transparency and prompt processing of all reports.

### Overview of the grievance mechanism

- Ensuring multiple reporting channels (such as phone, email, and in-person) accessible to all stakeholders
- Well-defined, transparent processes for managing complaints, covering both timelines and communication with reporters
- Protection of reporters (prohibition of retaliation against reporters)
- Regular reviews to ensure the effectiveness and accessibility of the grievance mechanism

# Global Human Capital Management

## Approach to global human capital management

The Astemo Group aims to enhance its corporate value by going beyond the boundaries of a traditional parts manufacturer and positioning itself as a comprehensive mobility solutions provider. To that end, we are focusing on creating an inclusive organization where employees with diverse backgrounds, including different nationalities and skill sets, can fully leverage their abilities.

Furthermore, we are working to propose innovative solutions to society and customers with the aim of realizing a better mobility society. To make it through this once-in-a-century transformation, secure a position as a global leader, and evolve into a solutions provider, we are developing human capital who will take ownership of social issues and lead diverse change through times of transition.

**Global human capital management strategy**

Based on our business strategy, the Astemo Group’s vision is “to become an ‘Employer of Choice’ in the global marketplace by attracting human capital who are committed to contributing to society,” and to be an organization where they can thrive. To achieve this vision, we are promoting various measures under the four pillars of “People,” “Mindset,” “Organization,” and “Foundation.”

### Key measures





# Optimizing Personnel Placement and Enhancing Engagement

## Leveraging the human capital management platform

Since 2022, the Astemo Group has operated its group-wide human capital management platform, to promote the global recruitment, placement, and development of talent. This platform enables cloud-based sharing of up-to-date information on each employee's skills and career aspirations, supporting integrated talent identification and development worldwide, as well as career planning and both individual and team performance.

Going forward, we will seek to increase the utilization of the platform among both managers and employees, while enhancing data integration to enable more advanced, AI-driven analysis of workforce information and more efficient human resource processes—thereby strengthening our human capital.

## Introduction of the Global Grade system

Effectively leveraging diverse talent to drive our business requires human capital management that is aligned with roles and responsibilities. As one of the means to achieve this, the Astemo Group has implemented a global standard grading system, Astemo Global Grade. For all positions in all organizations, job evaluations are conducted based on group-wide standards, ensuring consistent grading.

## Employee placement through talent reviews

To drive our talent strategy in alignment with business objectives, the Group is actively promoting the recruitment and placement of human capital on a global scale. As part of this effort, the Group has conducted talent reviews since FY2021 to guide the placement and development of employees in line with their individual aptitudes and career aspirations. In addition, in FY2023, we created the Astemo Standard Job Catalog to visualize the jobs that are common to the Group and globally.

## Ensuring fair evaluations and compensation

To enable diverse talent to succeed on a global scale, it is essential to build a system that ensures fair performance evaluation and equitable treatment. At Astemo, we have established a management framework for compensation based on our Global Compensation Philosophy, which is guided by the principles of ensuring market competitiveness, pay-for-performance, and maintaining transparency.

In determining compensation, we comply with the laws and regulations of each country and region, while establishing appropriate and competitive pay structures aligned with local labor markets. Each year, we evaluate the performance of all employees and determine compensation based on the results. Evaluation results are shared with each employee to support their ongoing growth.

For non-regular employees, we ensure fair treatment regardless of employment type by basing compensation and benefits on roles and responsibilities. When establishing working conditions, we comply with applicable laws and set regular employees with the most comparable job responsibilities as reference points, striving to ensure appropriate treatment.

## Enhancing engagement

The Astemo Group views the enhancement of employee engagement as a critical investment in driving business performance. To this end, all managers are required to implement concrete actions aimed at improving employee engagement.

Furthermore, aiming to foster an environment in which employees can thrive and harness diverse perspectives for growth, we are continuously enhancing the employee experience through five key dimensions: Reputation, Well-being, Growth, Recognition, and Engagement.

## The five key dimensions of the employee experience

- Reputation**  
 We translate our corporate values into organizational actions and behaviors, fostering a workplace where employees can take pride. Grounded in our sustainability initiatives, we uphold rigorous compliance and maintain competitive advantages within the industry, striving to establish Astemo as a company trusted by society.
- Well-being**  
 We take a holistic approach to fostering employee well-being. By ensuring a safe workplace, physical and mental health and psychological safety, and supporting work-life balance, we create an environment where employees can consistently perform at their highest potential.
- Growth**  
 We focus on creating opportunities for career development and skill enhancement, providing continuous feedback and coaching, and cultivating leadership capabilities. We foster a culture that encourages challenge and embraces both success and failure to develop a value-creating enterprise driven by initiative.
- Recognition**  
 We promote D&I and create a workplace where all employees are respected and their contributions are fairly acknowledged. By ensuring equal opportunities to voice opinions, maintaining transparency in communication, and appropriately evaluating each contribution, we cultivate a culture of respect and recognition.
- Engagement**  
 We foster a workplace where every employee feels connected and empowered to actively contribute to shaping the future of mobility. Through annual engagement surveys and the formulation and execution of action plans, we continuously work to enhance employee engagement.

## Optimizing Personnel Placement and Enhancing Engagement

### Actual results in FY2024

Strategy and policy	Monitor the progress of existing measures			
	Established a new employee experience and culture policy			
Committees	Reorganize employee experience and culture committees by region and coordinate with existing committees / establish a global steering committee			
	Held monthly meetings with global Center of Excellence members and human resource executives			
Campaigns	Launch campaigns to engage employees and support employee experience and culture initiatives / revamp the Astemo Corporate Culture Portal			
	Campaigns conducted: Astemo Corporate Culture Month (November), Human Rights Day (December), International Day of Persons with Disabilities (December), International Women's Day (March)			
Education and training	Develop employee experience and culture training materials / utilize and improve existing materials on the Astemo Corporate Culture Portal			
	Training themes: unconscious bias, intergenerational understanding			
Employee experience survey	FY2024 survey <ul style="list-style-type: none"> <li>• Create survey result communication package for managers (for their subordinates)</li> <li>• Conduct survey-related communication and analysis, and formulate and implement action plans</li> </ul>			
Projects and initiatives	Participated in online D&I seminars (case studies, benchmarking)	Established an employee experience and culture policy	Set KPIs and targets for employee experience and culture activities	Restructured and reorganized region- and global-level meetings related to employee experience and culture
	Supported the MVV project	Implemented an inclusive career development program (researched and selected support tools)	Conducted intergenerational understanding e-learning	Prepared the human rights policy document

## Optimizing Personnel Placement and Enhancing Engagement

### FY2025 plan

Strategy and policy	Execute the employee experience and culture strategy					
	Review current human resource systems (recruitment, promotion and advancement, performance evaluation, education and training, compensation and benefits)					
Committees	Operate employee experience and culture regional networks and global committees					
	Conduct monthly meetings with global Center of Excellence members and quarterly employee experience and culture meetings					
Campaigns	Launch communication campaigns to raise awareness and support the employee experience and culture strategy					
	Campaigns conducted: World Day for Safety and Health at Work (April), World Youth Skills Day (July), Pink Ribbon Day (October), Blue November (November), International Day for Tolerance (November), Human Rights Day (December), Astemo Corporate Culture Month (February), Pride Month (June), International Day of Charity (September), World Mental Health Day (October), International Day of Persons with Disabilities (December), International Day of Education (January), International Women’s Day (March)					
E-Learnings	Deliver training using the Astemo Corporate Culture Portal / Newly implement and improve employee experience and culture training					
	Unconscious bias training	Training to promote intergenerational understanding		Human rights training	Inclusive leadership	
Employee experience survey	FY2024 survey Communication, analysis, and action planning and execution		FY2025 survey <ul style="list-style-type: none"><li>• Design the new Astemo employee experience survey</li><li>• Communicate the newly established employee experience pillars and objectives</li><li>• Expand the target group to all employees</li></ul>			
Projects and initiatives	Develop the human rights policy and conduct due diligence	Organize global performance management objectives	Ensure time for learning and development	Support branding and talent attraction enhancement projects	Review the employee life cycle to ensure equal opportunities	Conduct global employee experience and culture meetings
						Conduct leadership training



# Human Capital Development

## Approach to human capital development

The Astemo Group emphasizes the development of human capital, and in addition to on-the-job (OJT) training in the workplace, we are developing training programs globally to improve individual abilities, skills, and expertise. Going forward, we will continue to support the growth of each and every employee, aiming to develop human capital who can contribute to the realization of a sustainable society and enriched lives for people by providing advanced mobility solutions.

## Development of management leadership

The Astemo Group is working on medium- to long-term development of management leaders who will lead change and transformation.

To develop candidates for CEO, CxO, Business Division Heads, and other senior management positions in the next and subsequent terms, we select several hundred people from our human capital around the world and conduct OJT

and off-the-job training and coaching (Off-JT) that incorporate tough assignments.\* In addition, from the talent pool of management leadership candidates, we select outstanding candidates and provide opportunities for direct discussions with outside directors.

\* Tough assignments: Assigning highly difficult tasks

## Fostering a coaching and feedback culture

The Astemo Group is implementing initiatives to instill a culture of coaching and feedback with the aim of managers leading teams more effectively and achieving organizational goals.

From FY2022, we have been implementing situational leadership training on a global scale for managers with subordinates, conducted by in-house instructors. By FY2024, approximately 1,500 people had participated in the training. We will continue training for in-house instructors and training for managers to further foster and establish a coaching and feedback culture.

## Development of digital human capital

Since FY2021, the Astemo Group has been implementing its own initiatives to develop DX human capital in support of its business plan.

In FY2024, we defined the roles necessary for DX promotion (leaders, promoters, and users). With the aim of improving employees' digital skills and fostering a digital culture within the company, we conducted training that included strengthening leadership, understanding digital tools, and learning about business transformation case studies. This initiative is planned to continue until 2029.

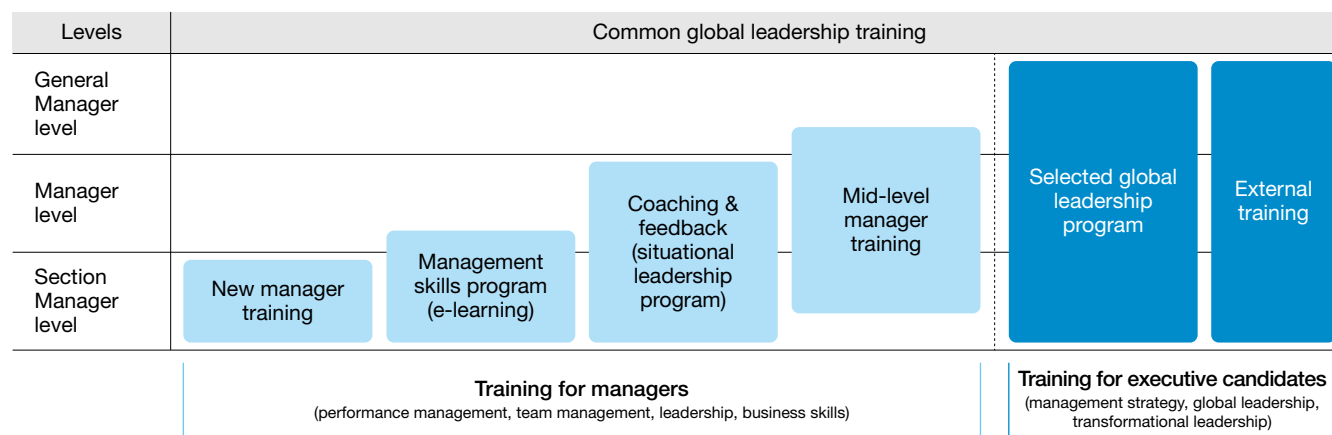
## Utilization of the learning platform

At the Astemo Group, we provide an environment where each employee can use the learning platform to check their learning history, consult with their manager about the training necessary to achieve goals and future career advancement, and take appropriate training when necessary.

In addition, we have expanded educational opportunities by, for example, converting some traditionally group-based training into e-learning, with over 20,000 employees worldwide participating in company-wide programs. In 2024, we also began introducing external learning tools to further cultivate a culture of continuous learning.

Going forward, we will continue utilizing the learning platform to promote global education initiatives and encourage self-driven talent development starting from the workplace.

## Leadership training framework



## Human Capital Development

### Conducting skills assessments for engineers in Japan

Skill assessments to regularly evaluate engineers' skills are being implemented in Japan. This system allows managers to objectively understand the skill levels that engineers have self-assessed, enabling the formulation of effective training plans tailored to each individual and facilitating sharing and discussing with engineers during feedback interviews. It also enables the identification of organizational (company-wide, departmental, etc.) strengths and weaknesses, allowing integration with sustainable human resource development plans at the organizational level.

These skill assessments, which began in the software field, have been expanded to hardware fields (mechanical, electrical/electronic, and motors), and from FY2022, to the manufacturing (production engineering) and quality assurance fields. Additionally, based on the "system for visualizing skills required for each product" that was previously introduced in the software development department, preparations began in FY2024 to systematize skill assessments including visualization of skills required for each job and product. Implementation of assessments using the new system is planned for 2026.

### Career development support

To promote career development, we hold regular career interviews for employees in indirect departments, with the aim of fostering an attitude of self-driven career development and supporting sustainable career formation. These interviews encourage each person to consider their medium- to long-term career goals and share them with their manager, leading to mutual understanding and agreement on efforts toward those goals and thereby contributing to ongoing career development.

# Creating an Inclusive Workplace Where Everyone Can Thrive

## Our approach

The Astemo Group is committed to fostering a workplace where every individual is respected, valued, and empowered to contribute. We recognize that creating an environment where people with diverse backgrounds, perspectives, and experiences can thrive together leads to innovation and improved organizational performance, and we do not tolerate discrimination of any kind.

Guided by this philosophy, we strive to ensure equal opportunities through inclusive practices, fair policies, and continuous education across the organization.

## Specific initiatives

The Astemo Group aims to create an inclusive workplace where all employees are treated equally and valued for their differences. We conduct training with themes such as unconscious bias and multi-generational awareness. We have also established an employee experience and culture regional network to promote strategies and activities and share best practices across regions. In addition to these initiatives, we are also supporting empowerment of all employees through webinars and panel discussions. We're developing a system for allocating self-development time to boost learning culture.

### Main initiatives in FY2024

Category	Description	Date
Governance	Held a Global Steering Committee meeting attended by the CEO and management to share D&I policies and strategies, progress updates, and best practices.	June/November 2024
Campaigns	Provided ongoing information related to D&I, including the latest topics and news, through our internal "Culture Portal."	October 2024
E-Learnings	Held trainings on the themes of unconscious bias and mutual understanding among different generations.	June/December 2024
Employee Survey	Assessed questions related to inclusive culture in the engagement survey to measure our progress.	November 2024



Screen of training (e-learning) on the theme of mutual understanding among different generations

# Occupational Health and Safety

## Basic principles of occupational health and safety

The Astemo Group shares the “Astemo Group health and safety policy” with all group companies worldwide, and the entire group is working together to create a safe, secure and healthy workplace free from accidents.

In addition, based on the belief that “all occupational accidents can be prevented,” all group employees share this thinking and actively take actions to ensure their own safety and health, while also working to foster a workplace culture of mutual edification.

## Establishment of a health and safety management system

The Astemo Group has established a global health and safety management system, is working toward “zero” work-related accidents, and is strengthening employee health management. In addition, to ensure “occupational safety” and “occupational health,” we have built an organizational structure that supports employees’ autonomous safety activities and are working to promote health management that supports both physical and mental health.

The “Safety and Health Manager’s Meeting” held every month is attended by the safety and health leaders of each department of each group company. It is used to check the progress of health and safety activities, training, etc., in each

department, as well as to set and follow up on group-wide KPIs, which are reported to the Board of Directors and other organizations for oversight.

The meeting is led by the Safety and Health Manager and also reports and shares matters discussed and reported at the Board of Directors and the Sustainability Committee, ensuring awareness among relevant departments. A system has been established in which the safety and health leaders of each department disseminate meeting deliberations and reports to their workplaces and employees and relay information on accidents and other incidents reported from the field to the meetings. This two-way information sharing promotes consistent safety and health management from the on-site level to the company-wide level.

### Key agenda items for FY2024 Safety and Health Manager’s Meetings

- KPI achievement status (TRIFR, near misses, well-being, etc.)
- Work-related accidents, traffic accidents, and fire accidents
- Safety and health education and awareness-raising activities (position-specific training, etc.)
- Training activities (emergency drills, safety confirmation in the event of a disaster, etc.)

### Safety and health activity plans for FY2025 and beyond

- Enhancement of the safety and health management system (strengthening the system through SASG [Global Safety and Health Manual] registration and global audit system development)
- Promotion of next-generation safety measures and safety awareness cultivation
  - Raising awareness through leadership by executives
  - Implementing safety activities that involve everyone, including using online methods
  - Enhancing mutual learning and risk identification through cross-checks between sites
  - Sharing safety awareness using posters

### Astemo Group health and safety policy

Safety, health, and well-being of our employees are top priorities

#### Basic policy

We at the Astemo Group commit to creating “Healthy, Safe, and Comfortable Workplaces” where all employees are engaged and full of energy with peace of mind, globally as one, under the enduring principle that “Preservation of health & safety precedes everything else” with the belief that “There is no compromise on health and safety.”

#### Fundamental initiatives

1. Compliance with voluntary control standards as well as applicable laws and regulations,
2. Raising health & safety consciousness (a workforce and workplace that observe rules) and prevention of work accidents, fires, traffic accidents, etc. through precautionary measures against various risks,
3. Maintaining and improving health & safety actions based on the industrial health & safety management system,
4. Preservation/improvement of mental and physical health by systematic health care and acting in a detailed manner, and
5. Minimizing damages by taking response measures against various risks in both normal times and in emergencies.



## Occupational Health and Safety

### Establishment of the Central Safety and Health Committee

In Japan, the Central Safety and Health Committee, which is held jointly by the company and labor union, meets twice a year to discuss and share information on health and safety activities, including analysis of occupational accident causes and the status of employees on sick leave.

The company's CHRO and CCO and the union's Central Executive Committee Chairman serve as leaders. They review activities from the previous period and offer their views and responses to questions and requests. The committee holds effective discussions including the Human Resources Functional Division, Safety and Health Department Manager on the company side and the Central Vice Executive Committee Chairman and executive officers on the union side.

In FY2024, the committee met with the main agenda of eliminating occupational accidents and creating a safe and secure work environment. We plan to continue and expand these efforts in FY2025 and beyond while taking into consideration labor union requests.

#### Safety and health KPIs and performance (FY2024)

Item	FY2024 KPI	Actual results	Evaluation
TRIFR*1	0.126	0.111	Achieved
LTIFR*2	0.045	0.040	Achieved
Number of near-miss proposals	180,000 cases (2 cases per year/person)	236,921 cases	Achieved
Number of fire accidents and FFR*3	13 cases 0.015	32 cases 0.038	Not achieved

\*1 TRIFR (Total Recordable injury frequency rate): The number of all occupational accidents per 200,000 total labor hours.

\*2 LTIFR (Lost time injury frequency rate): The number of lost-time injuries per 200,000 total labor hours.

\*3 FFR (Fire accident frequency rate): The number of fire accidents per 200,000 total labor hours.

### Measures to foster a health and safety mindset

The Astemo Group is implementing a variety of global measures to foster safety and health awareness and behavior. We foster safety and health awareness at the workplace level through various forms of workplace inspections and the horizontal deployment of countermeasures, measures to improve communication when working from home, risk assessments and global inspections of facilities and workplace environments, and continuous risk mitigation for hazardous machinery and operations.

We also hold a "Health and Safety Week" at the beginning of each fiscal year, where case study presentations are given to horizontally deploy measures and theme-based team discussions are conducted across all sites. Excellent initiatives are shared at the "Global Health and Safety Forum."

Regarding training, we provide position- and job-specific education based on our global activity plan. We provide coaching training for managers, certification-based training for abnormality response specialists, self-care and line-care education, and traffic safety training using driving simulation, with a participation rate of roughly 90% in Japan for each program.

Furthermore, with the aim of improving occupational health and health awareness, we raise awareness of shared global values and principles, promote health through health promotion measures such as stretching exercise videos, and hold various seminars on topics such as metabolic syndrome, sleep, and cancer prevention. We also implement creative and original activities in each region, such as a safety quiz at our EU Regional Operations Division, a Safety Olympics in the Asia region, and a safety pledge meeting at our Japan Region Operation Division.

To inform employees, we have translated texts such as "10 tips on safety" and "high-risk equipment, Stop 5" into 15 languages. We share these texts with employees all over the world via our intranet.

#### Global Health and Safety Forum agenda (December 2024)

- Reports from each region
  - Summary reports: Americas, China, Europe, and Japan
  - Keynote report: Asia
- Free discussion
- CHRO comment



### Contributing to the SDGs through health and safety

The Astemo Group's corporate activities contribute to a vibrant society and the enrichment of people's lives. In particular, to contribute to achieving SDG 8, "decent work and economic growth," we are promoting the active participation of diverse human capital and the creation of healthy and safe workplaces within the group.

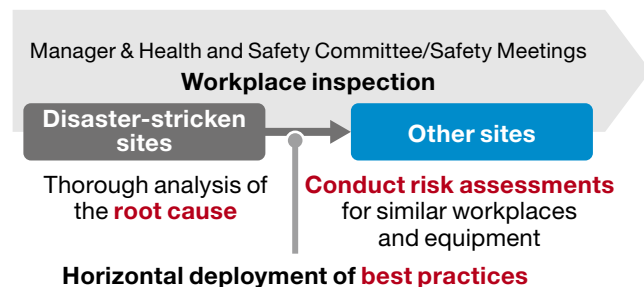
### The Astemo Group's goal of a sustainable safety system

To protect employee safety, we are working to establish a robust management system that identifies risks, analyzes root causes in detail, and strengthens countermeasures across all sites. In the unlikely event of a disaster, we respond swiftly (assessing the situation, preventing damage from spreading, and reporting). In addition to keeping track of the actual number of accidents, we also track the injury rate per total number of actual labor hours (TRIFR, LTIFR) in an effort to grasp the actual situation regardless of the site size.

By sharing this risk information between sites, standardizing processes to improve efficiency, accurately understanding the status of accidents, regularly inspecting and auditing equipment and workplaces, and investing in safety, we aim to meet global standards for safety and health and achieve sustainable management.

## Occupational Health and Safety

### Safety system enhancement through horizontal deployment of best practices



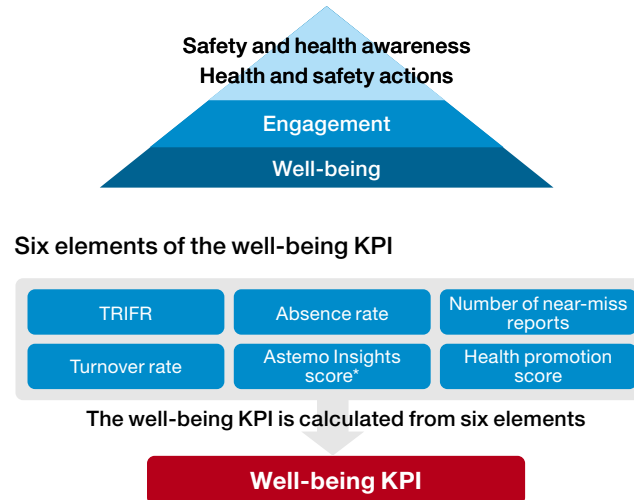
### Enhancing well-being through a safety and health approach

Health and safety share a common foundation that is workplace satisfaction, or happiness and well-being. The Astemo Group has set TRIFR, near-miss incident reports, and turnover rate as global safety and health KPIs and implements a PDCA cycle for continuous improvement.

These KPIs are monitored on the basis of monthly data reported by each global site. The Safety and Health Department shares this data with executives and relevant departments and regularly reports it at company-wide meetings. Each site promotes improvement activities in alignment with the policies of executives and company-wide meetings.

Furthermore, we have established a well-being KPI composed of multiple indicators, including global KPIs, and monitor the conditions at each workplace to improve employee well-being. Through this KPI management, we strengthen engagement with safety and health in the workplace and promote the global creation of workplaces that foster high safety and health awareness and appropriate safety and health behaviors.

### Relationship between well-being and safety and health awareness and behavior



\* Astemo Insights score: Questions related to safety, health, and well-being are extracted from a global employee survey, and the responses are quantified.

### Examples of well-being improvement measures related to safety and health



### Initiatives to improve employee health

The Health and Safety Committee, the Safety and Health Department, and the Occupational Health Department at each site in Japan take the lead in implementing employee health promotion measures, in cooperation with the Health Insurance Association that we are a member of and various internal departments. We have established an appropriate management framework for working hours. For example, we have concluded labor-management agreements under the 36 Agreement and set labor-management control standards to reduce excessive working hours, and we discuss matters related to working hours in the Health and Safety Committee.

### Promotion of medical checkups

Within Japan, the Astemo Group has implemented a subsidy system through the Health Insurance Association to support the cost of health examinations, and particularly encourages employees aged 35 and above to undergo comprehensive medical checkups that also satisfy legal health screening obligations. We also encourage age-appropriate screenings to promote the early detection and treatment of lifestyle-related diseases and cancer.

As part of our efforts to address metabolic syndrome, not only do we implement the specific health guidance mandated by health insurance associations, but also proactively advance initiatives to prevent the onset and progression of diseases such as diabetes, stroke, and myocardial infarction.

### Initiatives to promote the health of employees and their families

The Astemo Group uses a personal health portal site operated by the Health Insurance Association that we are a member of to support healthy behavior among employees and their families. This website provides various support for increasing health awareness, understanding one's own health status, and behaving in a healthier way, including introducing a risk simulator, providing healthy living incentives, and enabling the viewing of health check-up results.

## Occupational Health and Safety

### Promotion of collaborative health\*

The Astemo Group implements its own health promotion measures tailored to the characteristics of each site and organization and is also working to maintain and promote the health of its employees by making maximum use of the services provided by the Health Insurance Association that it is a member of. Through these efforts, we are working to continuously obtain certification as a corporation with excellent health management from the Ministry of Economy, Trade and Industry.

\* Collaborative health: An initiative in which insurers such as the Health Insurance Association and employers work together to effectively and efficiently promote disease prevention and health enhancement for members (employees and their families) in a favorable work environment



**Health and Productivity**

<https://www.astemo.com/en/sustainability/health-and-productivity/>

### Mental health support

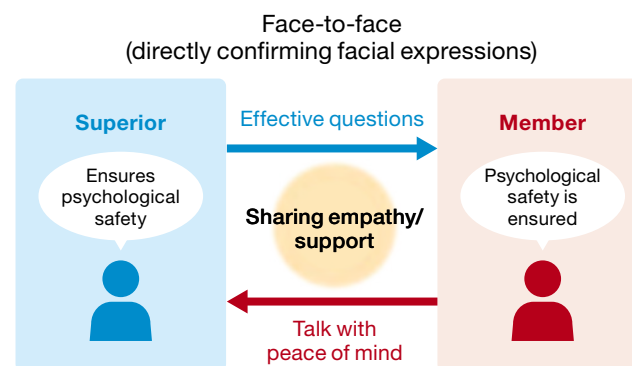
The Astemo Group has established mental health support measures for employees, workplace managers, industrial health staff, and human capital departments, and is working to disseminate basic knowledge about mental health and stress management while strengthening employees' ability to deal with stress in each position.

In addition, to address the increasing mental burden associated with diversifying work styles and changes in the workplace, we are using the results of stress check group analysis and the opinions of industrial physicians to promote proactive measures for those requiring caution

(interviews with high-stress individuals based on stress check results, warnings based on attendance information, mental health education, individual consultations, etc.). Furthermore, we are promoting the global rollout of symptom (predictive) management and one-on-one communication as measures to enhance support for employees with mental health problems.

We will continue to implement global measures that contribute to improving well-being so that employees can feel safe and secure both physically and mentally.

### Mental health care through one-on-one communication



Communication frequency: Once/day, week, month

### Mental health support measures

- Regular one-on-one consultations
- Mental health education
- Introducing and promoting the use of the EAP\* consultation desk
- Detecting health issues and improving the workplace environment using stress check group analysis results

\* EAP: Employee Assistance Program

### Initiatives in FY2024

1. Occupational health services were provided in healthcare rooms where occupational health staff such as occupational physicians, public health nurses, and nurses are stationed.
2. Implemented various health-assurance measures to prevent severe ailments based on the results of regular health checkups, etc.
3. Implemented early detection of physical and mental disorders through medical interviews and consultations with workers that log long hours.
4. Supported the mental and physical health of employees through health consultations and health guidance provided by occupational health staff.
5. Actively promoted measures to prevent mental health problems, such as conducting stress checks, and intervened in the workplace.
6. Through meetings and training sessions conducted by industrial health staff and health-and-safety supervisors, improved the quality of industrial health activities and provided opportunities for human capital development.

## Freedom of Association and Collective Bargaining

### Respect for basic employee rights

The Astemo Group respects the basic rights of all employees, and in Japan, we protect the formation and activity of labor unions in accordance with laws and regulations. At Astemo, a labor agreement has been concluded between the CHRO, who represents the company, and representatives of the Astemo labor union, the company's in-house labor union, officially recognizing the union's three labor rights (the right to organize, the right to collective bargaining, and the right to collective action).

The Astemo labor union membership rate\* is approximately 97.7 percent (as of March 31, 2025).

\* This is the percentage of all non-managerial employees. Managerial employees are not eligible for union membership.

### Dialogue between employees and management

At Astemo and its group companies in Japan, employees and management actively engage in various discussions. Astemo has established the Central Management Council and Division Management Council, which meet regularly to promote smooth management and business development through the cooperation of employees and management and improve working conditions for union members.

Additionally, we hold regular discussions with the local labor union branches at each site and engage in ongoing dialogue between employees and management on a variety of issues affecting union members, such as personnel transfers and work hour management.

Overseas group companies also deepen mutual understanding by engaging in active dialogue based on laws and regulations in each country and region.

### Notification of business transfers and secondments

At Astemo, the labor agreement with the labor union stipulates that a decision to transfer or second an employee for business reasons must be made after thorough consideration of the individual employee's circumstances and that the labor union must be notified promptly after the decision has been made. The agreement also mandates prior consultation with the labor union regarding the fundamental aspects of large-scale reassignments and transfers.

### Employee-management cooperation to improve health and safety standards

At Astemo, the labor agreement with the labor union stipulates health and safety measures, the establishment of a Health and Safety Committee, and the implementation of education, training, and medical examinations. Employees and management cooperate to improve workplace health and safety standards.

To achieve a safe and healthy work environment, the Health and Safety Committee formulates annual health and safety activity plans and monitors their progress, considers measures to prevent workplace accidents and their recurrence, keeps track of health checkup status and employee health conditions, and shares and discusses employee health measures.



## Supply Chain Management

### Promoting sustainability with procurement partners

The Astemo Group positions sustainability as a key foundation of its procurement activities and aims to contribute to the realization of a sustainable society in collaboration with its procurement partners. We place great importance on fair and long-term partnerships with our procurement partners and are continuously working to build and maintain mutual understanding and relationships of trust.

Building on this commitment, we have established a comprehensive basic policy aimed at advancing ethical and responsible business activities throughout our global supply chain. Specifically, we have established the Astemo's Expectations of Business Partners, Astemo Group Sustainable Procurement Guidelines, Astemo Group Green Procurement Guidelines, and Astemo Group's Policy for Responsible Supply Chain of Minerals. We require all procurement partners to engage in comprehensive initiatives that uphold business ethics, respect human rights and work environments, promote environmental conservation, and protect information and IP.

In our transactions with procurement partners, we conduct comprehensive evaluations that include quality, delivery time, price of the materials they provide, reliability, technological capabilities, and sustainability considerations. These multifaceted evaluations allows us to build true partnerships and work together to create new value.

**WEB Procurement Information**  
<https://www.astemo.com/en/procurement/>

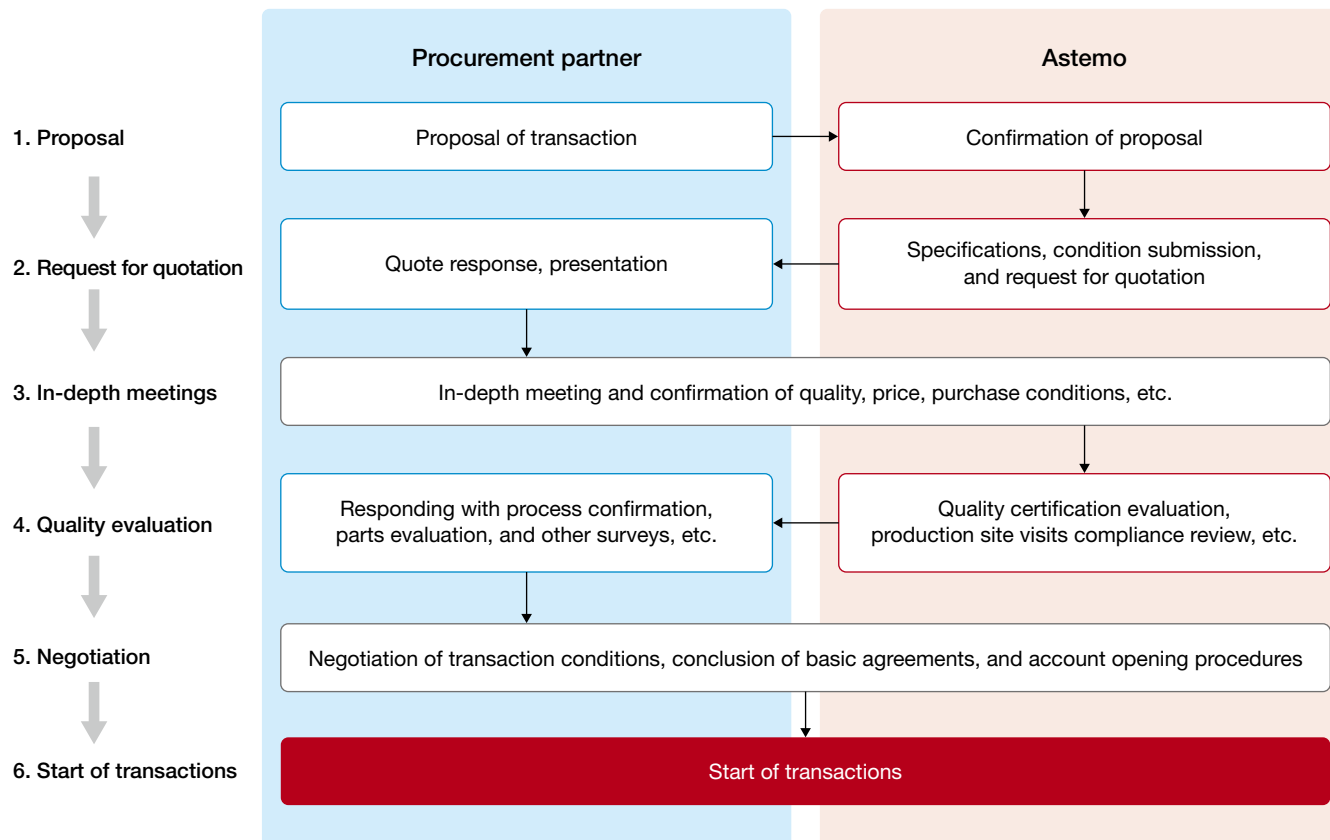
### Procurement partner selection process

The Astemo Group employs a comprehensive evaluation process for selecting procurement partners, incorporating not only economic rationality but also sustainability considerations.

This process ensures that all companies—regardless of

nationality, size, or past performance—are given fair opportunities to participate, and that all transactions are conducted in a fair and transparent manner. We value long-term partnerships built on relationships of trust, and work together with partners who embody both innovation and sustainability to create global value.

#### Process leading up to the commencement of transactions



## Supply Chain Management

### Engaging with procurement partners

To build long-term partnerships based on mutual understanding and relationships of trust, the Astemo Group actively creates opportunities for dialogue with its procurement partners.

For example, we hold an annual Global Partner Day that strengthens ties with partners through sharing of strategies by management, supplier recognition, and networking. The Global Partner Day held on November 14, 2024, was attended by approximately 80 people from Astemo and 174 people from our procurement partners. We shared our views with each other to keep our partnerships robust.



Global Partner Day 2024

### Establishment of a consultation hotline

The Astemo Group has established a Compliance Hotline, which allows stakeholders, including procurement partners, to anonymously report any compliance violations they become aware of. The hotline is accessible online and by phone and is available to receive reports 24 hours a day, 365 days a year.

When a report is made to the hotline, the details are shared with the department in charge of compliance, which reviews the matter. If necessary, an in-house investigator will conduct a fact-finding investigation and determine the appropriate response. Our operational rules prohibit harassment, discrimination, and retaliation against reporters, while safeguarding their privacy. The rules also stipulate that procurement partners are not to be disadvantaged as a result of any report.

## Contribution to the Community

### Promotion of social contribution activities

The Astemo Group regards social contribution activities as vital for the sustainable development of society and business, and encourages employees to actively participate in such activities. We are working to realize a sustainable society together with our stakeholders—including customers, partners, employees, and local communities—through activities in the three areas of “safety,” “environment,” and “people (next-generation human capital development).”

#### Case studies (Japan)

##### Safety

#### Support for disaster-affected areas and facilities for persons with disabilities

Activities we engage in to support areas affected by natural and other disasters include fundraising and donations, providing land for the construction of temporary housing, and collecting food and clothing and distributing them to local governments. In addition, we provide the sales support of items made at facilities for persons with disabilities.

##### Environment

#### Participation in ecosystem conservation and greening activities

We actively participate in activities such as ecosystem conservation, greening, and forest maintenance in the regions where we have business sites. Through these activities, we are deepening our engagement with local communities.

##### People

#### Supporting the development of the next generation of engineers

We are working to utilize the specialized knowledge and experience of our employees to support the learning of the next generation of engineers. We support the development of engineers who will lead the future by running a kid engineer development project for elementary school students (in Yokohama and Sendai) and by providing products and technical support to university teams participating in Formula SAE Japan activities.

#### Astemo Rivale Ibaraki

#### Support for the Noto Peninsula earthquake disaster area

Former players now working as Astemo Rivale administrative staff took part in the Nippon Foundation’s “HEROs Sportsmanship for the future” athlete social contribution project. In July 2024, they participated in a sports exchange event held at Noto High School as part of support activities for the Noto Peninsula earthquake disaster area, and shared the importance of having courage and hope by enjoying sports together.



#### Abukuma River cleanup and beautification activities

In March 2025, 70 members from the Astemo Miyagi site participated in a cleanup of the Abukuma River. After reviewing precautions, participants went down to the riverbed and collected several truckloads of waste, including plastic bags, Styrofoam, and PET bottles.



#### Support for JSAE Formula 2024

In September 2024, the Society of Automotive Engineers of Japan (JSAE) hosted the “Formula SAE Japan 2024—Manufacturing/Design Competition—” at the Aichii Sky Expo. Astemo supported the competition through operational assistance and product provision, while also showcasing various company initiatives.



#### Astemo Rivale Ibaraki

#### Fundraising for Ofunato City forest fire relief

Astemo Rivale Ibaraki held a tournament in Akita in March 2025. At the tournament, a fundraising campaign was held to send donations to victims of the forest fire in Ofunato City, Iwate Prefecture. Since one of the Rivale players is from Iwate, the team voluntarily initiated the effort and donated the collected funds to the Japanese Red Cross Society via Hitachinaka City in Ibaraki Prefecture.



#### Exhibition at JSAE Kids Engineer 2024

In August 2024, Astemo held a hands-on workshop for children at “Kids Engineer 2024,” hosted by JSAE at Pacifico Yokohama. With the theme “Together with Parents! Let’s tour tourist spots in an automated vehicle!” we conducted mechatronics workshops for 4th–6th grade students. In November of the same year, we also exhibited at the “9th Kids Engineer in Tohoku 2024 Sendai,” hosted by the JSAE Tohoku Branch at the 3M Sendai City Science Museum. We have participated every year since the first event, and this time presented “Can a car run on salt water? Let’s make one and see if it works!”—a workshop on assembling and racing fuel cell minicars. We shared the joy of making things with 40 children.



Astemo booth at Kids Engineer 2024



Astemo booth at Kids Engineer in Tohoku 2024 Sendai

## Contribution to the Community

### Case studies (global)

#### Initiatives in the Americas

In February 2025, five employees from the Queretaro Plant visited the facility of AMANC, a support group for childhood cancer patients and their families, and volunteered to help run a bazaar as part of a fundraising campaign. Another group of volunteers also participated in an event held by AMANC to provide some fun and relaxation for children battling cancer.



#### Initiatives in China

In December 2024, employees of Guangzhou Plant No. 2 and their families participated in a charity event combining pleasant hiking with trash collection along mountain trails, aiming to “enjoy nature, join forces, clean the environment, and share a greener future.” Participants experienced the beauty of nature while contributing to local environmental conservation.



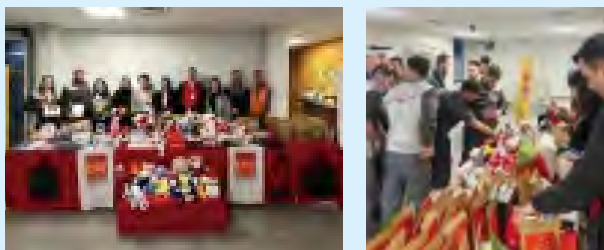
#### Initiatives in Asia

Approximately 30 employees from various sites across Thailand gathered to volunteer in mangrove planting activities in November 2024. They planted 600 mangrove seedlings at the Bangpu Nature Education Center, which is one of the few remaining natural mangrove forests in the inner Gulf of Thailand and is jointly managed by the Royal Thai Army and WWF Thailand.



#### Initiatives in the EU

In January 2025, employees from the Bursa Plant attended a seminar hosted by LÖSEV, a nonprofit supporting children with leukemia and their families. At the seminar venue, handmade items made by the mothers of children undergoing treatment were exhibited and sold, and participants supported LÖSEV's activities by purchasing the items.



### Expenses related to social contribution and number of participants

The Astemo Group is involved in community-based social contribution activities, initiatives to nurture the younger generation, and support for disaster-affected areas. In the promotion of social contribution activities for FY2024, we spent 16.93 million yen in Japan. In addition, a total of 7,134 people participated in social contribution activities.



# Astemo Rivale Ibaraki



Contributing to local communities and enrichment of the next generation through sports

## Creating an environment where children can play sports while having fun

Astemo Rivale Ibaraki was founded in 1980 in Hitachinaka City, Ibaraki Prefecture as the “Hitachi Sawa Women’s Volleyball Team.” The team advanced from the regional league to the corporate league, achieved an undefeated championship in the 29th corporate league, and earned promotion to the V.LEAGUE (now SV.LEAGUE). Since then, the team has been runner-up in the Emperor’s Cup and Empress’s Cup, and they reached the finals for the first time in the 2015–16 V.PREMIER LEAGUE.

From 2024, as a top team competing in “SV.LEAGUE,” which is a domestic top league aiming to be the world’s premier volleyball league, the team has been actively engaged in social contribution activities. To create an environment where children can enjoy physical activity and sports, the team collaborates with municipalities where Astemo has business sites—including the team hometown of Hitachinaka City—to host gymnastics and volleyball classes led by the players. In addition, to nurture children’s spirit of challenge, the team supports and sponsors volleyball tournaments held around the country, including a volleyball tournament having a rule stating that coaches must not get angry. These efforts help children become familiar with sports and open up opportunities for their future.



## 2024 Highlights

### Participation in the DAIDO LIFE SV.LEAGUE

#### Contributing to building momentum for “One Astemo”

In the 2024–25 DAIDO LIFE SV.LEAGUE WOMEN’s regular season, the team finished 8th with 23 wins and 21 losses. Total attendance by employees and their families throughout the season reached 5,612, contributing to building a sense of unity among employees. Middle blocker Brionne Butler won three individual awards: the “Top Spiker Award,” “Top Blocker Award,” and “Regular Season Best 6 Middle Blocker Award.”

### Social contribution activities

#### Support for disaster-affected areas

In July 2024, the team collaborated with the Nippon Foundation’s “HEROs Sportsmanship for the future” project, which aims to expand efforts to resolve social issues together with athletes. To support areas affected by the Noto Peninsula earthquake, former players now working as Astemo Rivale administrative staff participated in a ball game tournament at Noto High School. Additionally, at the Akita Tournament held in March 2025, the team conducted a fundraising campaign for disaster relief following a large-scale forest fire in Ofunato City, Iwate Prefecture the previous month, and donated the collected funds to the Japanese Red Cross Society through Hitachinaka City.

#### Holding community volleyball classes

The team held volleyball classes at five locations nationwide. In Hitachinaka City, the team held volleyball classes for elementary and junior high school students, as well as volleyball experience sessions at kindergartens and nursery schools. In August 2024, the players participated as supporters in the “Coaches Must Not Get Angry Tournament.” This tournament is a volleyball event designed to allow children to play freely and enjoyably and to help coaches with anger management, with the rule that “coaches must not get angry.” Astemo Rivale is the first SV.LEAGUE team to have participated in this event.

# *G*overnance

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## Corporate Governance

### Strengthening the governance framework

Astemo has adopted a company with an Audit and Supervisory Committee. We aim to delegate the decision-making on key business execution matters to executive directors and executive officers responsible for those decisions, thereby promoting faster decision-making. At the same time, with half of the Board of Directors being outside directors, we enhance the supervisory function. Additionally, we strengthen the auditing and supervisory functions by establishing an Audit and Supervisory Committee, which has the authority to audit the execution of duties by directors, excluding directors who are Audit and Supervisory Committee members.

The Audit and Supervisory Committee, as an independent body, will audit and supervise the execution of duties by directors (excluding those who are Audit and Supervisory Committee members) and executive officers through attending Board of Directors meetings and reporting on the deliberation results of important meetings such as an Executive Committee. Additionally, to ensure the independence and neutrality of the audit system, the committee is composed of three outside directors, thereby enhancing governance and further increasing corporate value through supervising corporate management with an external viewpoint.

In addition to the Articles of Incorporation, basic matters concerning the governance and management of the company are stipulated in the Board of Directors Regulations, the Audit and Supervisory Committee Regulations, and other related regulations.

### Composition of the Board of Directors

The Board of Directors comprises eight members, including three directors who serve as Audit and Supervisory Committee members, all of whom are outside directors, and five directors who do not serve as Audit and Supervisory Committee members. Among these five directors, three concurrently serve as executive directors, while two are non-executive directors, one of whom is an outside director.

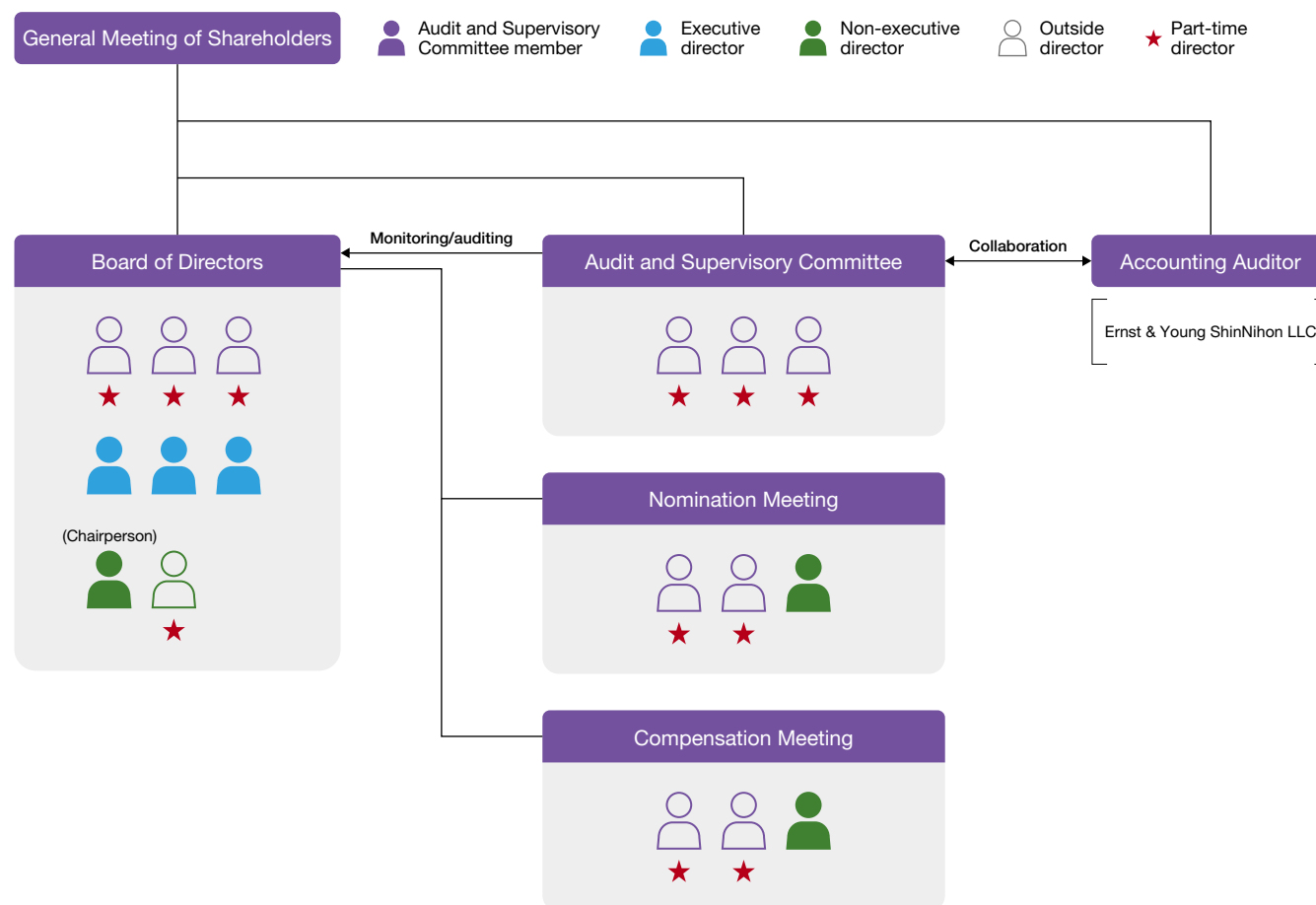
In total, there are four outside directors. The chairperson of the Board is a non-executive director.

We have two representative directors, who are selected designated from among the directors by a resolution of the Board of Directors.

The Board of Directors has established a Nomination Meeting and a Compensation Meeting as voluntary advisory bodies. The Nomination Meeting, in accordance with its

regulations, deliberates on matters such as the appointment of director candidates and the selection of executive officers, and provides recommendations to the Board of Directors. The Compensation Meeting, in accordance with its regulations, deliberates on the remuneration of directors (excluding those who are Audit and Supervisory Committee members) and executive officers, and provides recommendations to the Board of Directors.

### Governance at the Board of Directors' level



## Corporate Governance

### Framework to ensure the efficient execution of duties by directors

Astemo's Board of Directors decides on the development of frameworks to ensure the appropriateness of operations. Among these resolutions, the following resolution was adopted as a "framework to ensure the efficient execution of duties by directors."

- To ensure the efficient execution of duties, directors clearly separate management supervision functions from business execution functions and promote the efficiency of the execution of duties.
- The Executive Committee shall be organized and deliberate on important matters affecting Astemo and its Group companies as a whole, in order to make careful decisions based on multifaceted considerations.
- To operate our business systematically and efficiently based on our management policy, we formulate a medium-term management plan and annual budget, and manage business performance based on these plans.
- We have established an Investment Strategy Committee to improve asset efficiency by allocating investments appropriately and ensuring the profitability of individual projects.

### Evaluation of the Board of Directors' effectiveness

We conduct an annual evaluation to enhance the effectiveness of the Board of Directors.

In FY2023, a survey was conducted targeting all directors. Upon analyzing the results and discussing the identified issues, an annual Board of Directors plan was developed to address key priorities and enhance Astemo's corporate value.

In FY2024, the same survey process was carried out. The evaluation items have remained largely the same in order to track changes over time.

The Board of Directors reviews the evaluation results and identified issues, and incorporates the findings into the annual Board plan for the following year.

### Overview of the Board of Directors' effectiveness evaluation (FY2024)

#### Key survey items

- Overall: Contribution of the Board to company-wide strategy decisions and corporate culture transformation
- Board composition: Diversity of members; ratio of internal to outside directors
- Board operations: Quality and level of discussions; clarity and usefulness of information and materials; meeting frequency
- Audit and Supervisory Committee, Nomination Meeting, and Compensation Meeting: Expected roles of the committee and meetings; appropriateness of membership
- Directors' responsibilities and engagement: Leveraging each director's expertise; contribution to discussions; awareness of environmental, social, and governance issues in relation to enhancing corporate value

### Key issues and response policies

Identified issues	Response policies
Appropriateness of agenda items and themes addressed	Aligning Board agendas with strategy meetings and discussions
Encouraging more active discussions on strategy	Securing sufficient time for in-depth deliberation
Revitalization of the Board of Directors	Conducting site visits to key facilities
Improving deliberation time and meeting materials	Ensuring adequate discussion time across all meetings and reviewing methods for information sharing and distribution

### Operational status of the Audit and Supervisory Committee

In FY2024, 18 meetings of the Audit and Supervisory Committee were held on the same day as or close to the Board of Directors meetings, and in addition to matters stipulated in laws and regulations, the Articles of Incorporation, or the Audit and Supervisory Committee Regulations, etc., the committee verified and extracted risks through prior deliberation of important proposals to be submitted to the Board of Directors. In addition, 11 monthly meetings were held to discuss the results of deliberations at the Executive Committee and other important meetings, as well as important matters of execution. Dedicated Audit and Supervisory Committee support staff are assigned to the Board of Directors' Office to assist the committee in carrying out its responsibilities.



## Corporate Governance

### Executive remuneration

Astemo has established the following policy regarding the determination of details of remuneration, etc., of directors (excluding those who are Audit and Supervisory Committee members).

#### Basic policy

Astemo's pay philosophy for directors includes market competitiveness, pay-for-performance, and the maintenance of transparency. Remuneration is determined individually based on market benchmarking, giving comprehensive consideration to the market salary increase rates, the market competitiveness of remuneration, etc., and individual performance.

#### Pay mix

The pay mix differs between (a) directors who do not concurrently serve as executive officers and (b) directors who concurrently serve as executive officers.

##### (a) Directors who do not concurrently serve as executive officers (excluding those who are Audit and Supervisory Committee members)

- Compensation consists of fixed base salary only.

##### (a) Directors who concurrently serve as executive officers (excluding those who are Audit and Supervisory Committee members)

- Fixed base salary
- Short-Term Incentive and Long-Term Incentive are paid based on performance.
- The pay mix is generally set as follows. However, the Compensation Meeting determines the specific amounts after considering the director's responsibilities and the circumstances of their appointment.

Base salary : STI : LTI = 54% : 23% : 23%

### Method of calculating remuneration

#### (a) Base salary

A fixed monthly base salary is paid each month. Remuneration is determined individually based on market

benchmarking, giving comprehensive consideration to the market revision rates, the market competitiveness of remuneration before revision, and individual performance.

#### (b) STI

The Short-Term Incentive (STI) is performance-linked monetary remuneration paid once a year based on performance, in light of corporate and business targets in a single fiscal year, and each director's individual performance. It is paid each June after the fiscal year's results have been evaluated.

#### Performance evaluation weighting

##### i. President & CEO

Company-wide performance 80% + Individual performance 20%

##### ii. Executive officers

Company-wide performance 50% + Business Division/BU/Region / Functional Division performance 30% + Individual performance 20%

- **Payout range** 0%–200% depending on performance achievement
- **KPI and evaluation method for company-wide and Business Division/BU/Region performance**  
KPIs and evaluation methods are set at the beginning of the fiscal year, taking the business plan into account, and achievement is assessed after the fiscal year ends.
- **KPI and evaluation method for individual performance**  
Targets and KPIs are set at the start of the fiscal year under the Global Performance Management (GPM) system, and achievement is assessed after the fiscal year using the GPM evaluation method.

#### (c) LTI

The Long-Term Incentive (LTI) is designed to provide incentive-based remuneration for the sustainable growth of the Company's corporate value. The plan consists of two components: a phantom share unit plan and a performance share unit plan. Virtual share units are granted at the beginning of the plan period, with rights vesting upon completion of the period.

##### i. Phantom share unit

Virtual share units are granted, and monetary remuneration equivalent to the market value of the units held is paid on the

condition that the recipient remains employed throughout the three-fiscal-year plan period. Payment is generally made in June of the year following the end of the plan period.

##### ii. Performance share unit

Virtual share units are distributed as rights to receive shares based on the achievement level of performance targets. After the three-fiscal-year plan period ends, restricted shares are distributed as non-monetary remuneration. The number of shares distributed varies depending on the performance achievement rate, and the restrictions are lifted upon retirement. Once the plan period has ended and performance results have been confirmed, the number of restricted shares to be distributed is finalized and awarded.

- **Payout range**  
0%–200% depending on performance achievement rate
- **KPI and evaluation method**

To promote the sustainable improvement of corporate value, medium- to long-term KPIs and evaluation methods are set at the beginning of the plan period, and achievement is assessed upon completion of the period. To reinforce the "One Astemo" mindset, the same KPIs and evaluation methods are applied to all participants.

#### Financial indicators (70%)

Revenue growth rate (vs. competitors) / Operating income margin (budget achievement rate) / Profit after taxes (budget achievement rate)

#### Non-financial indicators (30%)

Total CO<sub>2</sub> reduction rate / Employee engagement score, etc.

### Method of determining remuneration

To ensure objectivity, fairness, and transparency, the Compensation Meeting, delegated by the Board of Directors, determines individual director remuneration, etc. Remuneration for directors who are Audit and Supervisory Committee members is determined through consultation among those directors rather than by the Compensation Meeting. The Compensation Meeting establishes the overall remuneration framework and policy for directors and sets individual remuneration amounts based on company performance, responsibilities, and results, in accordance with the Board-approved policy for determining director-specific remuneration.

## List of Executives



**Kohei Takeuchi**  
Representative Director,  
President & CEO

Date of birth:  
February 10, 1960

- Apr. 1982 Joined Honda Motor Co., Ltd.
- Apr. 2005 General Manager of Regional Operation Planning Office for Regional Operations (North America), Honda Motor Co., Ltd.
- Apr. 2007 General Manager of Finance Division for Business Management Operations, Honda Motor Co., Ltd.
- Apr. 2010 General Manager of Accounting Division for Business Management Operations, Honda Motor Co., Ltd.
- Apr. 2011 Operating Officer, Honda Motor Co., Ltd.
- Apr. 2013 Chief Officer for Business Management Operations, Honda Motor Co., Ltd.
- Jun. 2013 Operating Officer and Director, Honda Motor Co., Ltd.
- Apr. 2015 Managing Officer and Director, Honda Motor Co., Ltd.
- Apr. 2016 Senior Managing Officer and Director, and Chief Officer for Traffic Safety Promotion Operations, Honda Motor Co., Ltd.
- Apr. 2017 In Charge of Finance and Administration (Accounting, Finance, Human Resources, Corporate Governance, and IT), Honda Motor Co., Ltd.
- Jun. 2017 Senior Managing Director, Honda Motor Co., Ltd.
- Apr. 2019 Director in Charge of Finance and Administration (Accounting, Finance, Human Resources, Corporate Governance, and IT) and Compliance Officer, Honda Motor Co., Ltd.
- Apr. 2021 Chief Financial Officer, Honda Motor Co., Ltd.
- Jun. 2021 Director and Senior Managing Executive Officer, Honda Motor Co., Ltd.
- Apr. 2022 Director, Executive Vice President and Representative Executive Officer, and Risk Management Officer, Honda Motor Co., Ltd.
- Jul. 2023 Representative Director, President & CEO, Astemo, Ltd. (Present)



**Toru Kamioke**  
Representative Director  
Senior Executive Vice  
President

Date of birth:  
February 28, 1962

- Apr. 1984 Joined Hitachi, Ltd.
- Nov. 2004 General Manager, 1st International Sales Department, 3rd Sales Division, Sales Management Division, Automotive Systems Group, Hitachi, Ltd.
- Apr. 2009 Deputy General Manager, Sales Management Division, Automotive Systems Group, Hitachi, Ltd.
- Jul. 2009 Deputy General Manager, Sales Management Division, Hitachi Automotive Systems, Ltd.
- Apr. 2011 General Manager, International Sales Division, Sales Management Division, Hitachi Automotive Systems, Ltd.
- Apr. 2013 Corporate Officer, Head of Regional Headquarters (America), Hitachi Automotive Systems, Ltd. / President, Hitachi Automotive Systems (Americas), Inc.
- Apr. 2016 Managing Officer and Director of Sales Management Division, Hitachi Automotive Systems, Ltd.
- Apr. 2018 Representative Director and Executive Vice President, Hitachi Automotive Systems, Ltd.
- Oct. 2018 Representative Director, Executive Vice President and Division Director, Aftermarket Division, Hitachi Automotive Systems, Ltd.
- Nov. 2018 Representative Director, Executive Vice President, Hitachi Automotive Systems, Ltd.
- Apr. 2019 Executive Vice President, Head of Powertrain & Safety Systems Business Division, Hitachi Automotive Systems, Ltd.
- Jan. 2021 Representative Board Director, Executive Vice President, Head of Powertrain & Safety Systems Business Division, Hitachi Automotive Systems, Ltd.
- Oct. 2023 Representative Board Director, Senior Executive Vice President, Head of Electrification Business Management Division
- Apr. 2024 Representative Board Director, Senior Executive Vice President, Head of Electrification Business Division (Present)



**Yoshikado Nakao**  
Board Director  
Senior Executive Vice  
President

Date of birth:  
March 13, 1965

- Apr. 1987 Joined Honda Motor Co., Ltd.
- Apr. 1999 Honda Siel Cars India Ltd.
- Apr. 2002 Automobile Purchasing 2nd Unit, Purchasing Operations, Honda Siel Cars India Ltd.
- May 2011 Honda of America Manufacturing, Inc. (on assignment)
- Apr. 2014 Director, Asian Honda Motor Co., Ltd. (on assignment)
- Apr. 2016 Head of Automobile Purchasing Supervisory Unit, Purchasing Operations, Honda Motor Co., Ltd.
- Apr. 2019 Operating Officer, Honda Motor Co., Ltd.
- Apr. 2020 Operating Executive, Honda Motor Co., Ltd.
- Jan. 2021 Board Director, Hitachi Astemo, Ltd.
- Apr. 2022 Honda Development & Manufacturing of America, LLC
- Oct. 2023 Board Director, Senior Executive Vice President, Head of Chassis & ICE Business Management Division, Hitachi Astemo, Ltd.
- Apr. 2024 Board Director, Senior Executive Vice President, Head of Chassis & ICE Business Division
- Apr. 2025 Board Director, Senior Executive Vice President, Head of Vehicle Business Division (Present)



**Hideaki Seki**  
Board Director

Date of birth:  
March 10, 1957

- Apr. 1979 Joined Hitachi, Ltd.
- Apr. 1999 Manager of Sales Engineering Department, Sales Management Division, Elevator Group, Hitachi, Ltd.
- Apr. 2001 General Manager of Sales Engineering Division, Building Systems, and Acting Manager of East Sales Engineering Department, Sales Engineering Division, Hitachi, Ltd.
- Apr. 2004 General Manager of Business Planning Division, Urban Planning and Development Systems, Hitachi, Ltd.
- Oct. 2006 Deputy General Manager, Electric Power Application Promotion, Hitachi, Ltd.
- Apr. 2010 Deputy General Manager of Electric Power Application Promotion, Hitachi, Ltd., and Deputy Director of Powertrain & Electronic Control Systems Division, Hitachi Automotive Systems, Ltd.
- Apr. 2011 Board Director and Director of Powertrain & Electronic Control Systems Division, Hitachi Automotive Systems, Ltd.
- Apr. 2013 Vice President, Board Director of Powertrain & Electronic Control Systems Division, Hitachi Automotive Systems, Ltd.
- Apr. 2014 Executive Vice President, Board Director, Hitachi Automotive Systems, Ltd.
- Apr. 2015 President & COO, Representative Director, Hitachi Automotive Systems, Ltd.
- Apr. 2016 President & CEO, Representative Director, Hitachi Automotive Systems, Ltd.
- Apr. 2018 Senior Vice President and Executive Officer, Hitachi, Ltd. and President, Representative Director, Hitachi Building Systems Co., Ltd.
- Jul. 2020 Director, Hitachi, Ltd.
- Jul. 2023 Board Director, Hitachi Astemo, Ltd. (Present)

## List of Executives



**Osamu Itabashi**

**Board Director  
(Non-executive)**

Date of birth:  
May 23, 1974

Apr. 1997 Joined Tokio Marine Fire Insurance Co., Ltd.  
(Currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)  
Nov. 2002 Joined Boston Consulting Group  
Nov. 2008 Joined Hudson Japan K.K.  
Feb. 2012 Joined Investment Business Group,  
Innovation Network Corporation of Japan (Currently INCJ, Ltd.)  
Jun. 2012 External Board Director, ENAX, Inc.  
Oct. 2016 Outside Director, JTOWER Inc.  
Jan. 2017 Outside Director, EDOTCO Group Sdn Bhd  
May 2018 Outside Director, Oji Fibre Solutions (NZ) Ltd.  
Mar. 2019 Outside Director, Vehicle Energy Japan Inc.  
Oct. 2020 Managing Director, JIC Capital, Ltd. (Present)  
Oct. 2023 Outside Director, Hitachi Astemo, Ltd. (Present)  
Jun. 2024 Outside Director, JSR Corporation (Present)  
Jun. 2025 Director of Board, SHINKO ELECTRIC INDUSTRIES CO., LTD. (Present)



**Mitsuaki Nishiyama**

**Board Director  
(Non-executive),  
Audit and Supervisory  
Committee member**

Date of birth:  
September 25, 1956

Apr. 1979 Joined Hitachi, Ltd.  
Apr. 2008 General Manager, Finance Department I, Hitachi, Ltd.  
Apr. 2011 Executive Officer, Hitachi Cable, Ltd.  
Jun. 2012 Board Director and Executive Officer, Hitachi Cable, Ltd.  
Apr. 2013 Board Director, Vice President and Executive Officer, Hitachi Cable, Ltd.  
Jul. 2013 Vice President and Managing Officer, Hitachi Metals, Ltd.  
(Currently Proterial, Ltd.)  
Apr. 2014 Vice President and Executive Officer, Hitachi Metals, Ltd.  
Apr. 2015 Managing Executive Officer and General Manager,  
Financial Management Division, Hitachi, Ltd., concurrently serving as Project  
Leader, Indirect Business Reform Project, Smart Transformation Project  
Enhancement Division  
Apr. 2016 Managing Executive Officer and General Manager,  
Financial Management Division, Hitachi, Ltd., concurrently serving as Project  
Leader, Indirect Business Reform Project, Smart Transformation Project  
Enhancement Division  
Apr. 2020 Representative Executive Officer, Chairperson and CEO, Hitachi Metals, Ltd.  
Jun. 2020 Representative Executive Officer, Chairperson, President and CEO,  
Hitachi Metals, Ltd.  
Jan. 2023 Representative Director, Executive Chairman, Proterial, Ltd.  
Apr. 2023 Associate, Hitachi, Ltd.  
Jun. 2023 Director, Hitachi, Ltd. (Present)  
Jun. 2025 Outside Director, Hitachi Astemo, Ltd. (Present)



**Yumiko Ichige**

**Board Director  
(Non-executive),  
Audit and Supervisory  
Committee member**

Date of birth:  
March 13, 1961

Apr. 1989 Registered as Attorney-at-Law  
Apr. 1989 Legal Department, IBM Japan, Ltd.  
Apr. 2007 Partner, Nozomi Sogo Attorneys at Law (Present)  
Apr. 2012 Outside Director, NEC Networks & System Integration Corporation  
Apr. 2014 Outside Corporate Auditor, AEON MALL Co., Ltd.  
Apr. 2014 Outside Director & Audit and Supervisory Committee Member,  
Sanyo Trading Co., Ltd.  
Apr. 2016 Outside Director and Audit and Supervisory Committee Member,  
FOOD & LIFE COMPANIES LTD.  
Apr. 2018 Outside Director, ITOHAM YONEKYU HOLDINGS INC.  
Apr. 2018 Member of Review Committee, National Research and Development Agency,  
Ministry of Land, Infrastructure, Transport and Tourism  
Apr. 2019 Member of Information and Communications Council,  
Ministry of Internal Affairs and Communications (Present)  
Jun. 2020 Outside Director, ASKUL Corporation (Present)  
Jun. 2022 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd.  
(Present)  
Oct. 2023 Outside Director and Outside Audit and Supervisory Committee member,  
Hitachi Astemo, Ltd. (Present)  
Mar. 2024 Member of the Bidding Monitoring Committee, Cabinet Office (Present)  
Jun. 2025 Outside Audit & Supervisory Board Member, OMRON Corporation (Present)



**Yasuhiro Yamauchi**

**Board Director  
(Non-executive),  
Audit and Supervisory  
Committee member**

Date of birth:  
February 2, 1956

Apr. 1981 Joined Nissan Motor Co., Ltd.  
Apr. 2002 General Manager, Organization Development Department,  
Nissan Motor Co., Ltd.  
Apr. 2003 General Manager, Project Purchasing Department 1, Nissan Motor Co., Ltd.  
Apr. 2006 Executive Officer and General Manager of Material and  
Parts Purchasing Department, Nissan Motor Co., Ltd.  
Apr. 2008 Managing Executive Officer, Nissan Motor Co., Ltd.  
Apr. 2014 Senior Managing Executive Officer, Nissan Motor Co., Ltd.  
Apr. 2015 Executive Vice President, Nissan Motor Co., Ltd.  
Jan. 2016 Executive Vice President and Managing Director,  
Renault-Nissan Purchasing Organization, Nissan Motor Co., Ltd.  
Nov. 2016 Chief Competitive Officer / Member of the Management Committee,  
Monozukuri Division (Development, Production and Purchasing),  
Nissan Motor Co., Ltd.  
Jan. 2017 Chief Competitive Officer / Member of Management Committee,  
Monozukuri Division (Development, Production and Purchasing) and  
Director of Renault, Nissan Motor Co., Ltd.  
Apr. 2019 Representative Director and Chief Operating Officer, Nissan Motor Co., Ltd.  
Sep. 2019 Acting Chief Executive Officer and Chief Operating Officer,  
Nissan Motor Co., Ltd.  
Feb. 2020 Resigned from Nissan Motor Co., Ltd.  
Oct. 2023 Outside Director and Outside Audit and Supervisory Committee member,  
Hitachi Astemo, Ltd. (Present)

## Director Skills and Expertise

The Astemo Group has defined the fundamental skills required of directors to appropriately monitor management execution in pursuit of its VISION and the realization of its medium- and long-term management and business strategies. The Group has also identified the skills necessary to strengthen initiatives related to materiality, which are essential for promoting sustainability management. The skills and areas of expertise possessed by each director are as follows. Going forward, we will develop the skills and structures required for each phase of management and business, and continue to strengthen governance.

Name	Position		Skills and expertise							
			Corporate management Includes elements of risk management and transformation/organizational change	Finance and accounting	Legal and compliance	R&D and manufacturing	Human resources and talent development	Global	IT and digital	Sustainability and ESG
Kohei Takeuchi	Representative Director	President & CEO	✓	✓	✓		✓	✓	✓	✓
Toru Kamioke			✓					✓		
Yoshikado Nakao	Director		✓					✓		
Hideaki Seki	Director		✓			✓		✓		
Osamu Itabashi	Director		✓					✓		
Mitsuaki Nishiyama	Directors who are Audit and Supervisory Committee members		✓	✓				✓		
Yumiko Ichige					✓					✓
Yasuhiro Yamauchi			✓			✓		✓		

### Definitions of skills and expertise

- Corporate management: Knowledge and experience in top management or equivalent corporate/business operations. Particularly, experience in corporate transformation (CX), including risk management in corporate operations and the review of management strategies and organizational structures.
- Finance and accounting: Knowledge and practical experience in financial and accounting fields necessary for medium- to long-term value creation (approximately 10 years), or possession of a relevant professional qualification such as Certified Public Accountant.
- Legal and compliance: Knowledge and practical experience in legal and compliance fields essential for sustainable corporate growth (approximately 10 years), or possession of a relevant professional qualification such as lawyer.
- R&D and manufacturing: Knowledge and practical experience in research on technology utilization and application of new technologies to industries, product design and development, or manufacturing and production (approximately 10 years).
- Human resources and talent development: Knowledge and practical experience in human resources and talent development necessary for medium- to long-term value creation (approximately 10 years).
- Global: Business experience outside Japan (approximately 10 years), or management experience in globally operating companies or equivalent experience.
- IT and digital: Specialized knowledge in IT, software, or digital fields, or practical experience in industry, academia, or government (approximately 10 years).
- Sustainability and ESG: Experience in promoting sustainability management. Specialized knowledge and practical experience in the fields of environment, CSR, and governance (approximately 10 years).



# Compliance

## Compliance promotion framework

Positioning thorough compliance as the foundation of its corporate management, the Astemo Group has established the “Compliance Committee”—chaired by the President & CEO and vice-chaired by the Chief Compliance Officer (CCO)—and promotes comprehensive compliance activities of the entire Group led by this committee. The committee, which includes Executive Committee members and the heads of each business area, is responsible for deliberating and making decisions on important matters such as the development of the compliance system, planning and implementation of measures, and responses to audits and violations. Highly significant compliance issues—such as corruption, bribery, transactions with antisocial forces, and violations of competition law—are reported to and deliberated on by an Executive Committee or the Board of Directors, depending on the nature of the issue.

The committee met twice in FY2024 and discussed matters including the Group’s overall compliance promotion status and individual compliance issues.

Additionally, each region operation division has appointed a regional compliance officer, who shares regional activity policies and key measures. Similarly, compliance managers at each group company in the region are responsible for education and awareness-raising activities and information sharing and promote autonomous initiatives tailored to local conditions. We monitor the implementation status of measures through individual dialogue with regional compliance officers and group companies and take appropriate action based on our findings. We also conduct

regular compliance audits across the Group and use the results to promptly implement corrective measures for any items identified as requiring improvement.

In FY2024, there were no cases of prosecution or sanctions from authorities related to bribery, competition law or export controls. Regarding tax compliance, each site complies with the laws and regulations of its country and region, and we have not received any fines or other sanctions for violations of laws and regulations that have had a significant impact on business performance.

## Compliance reporting framework

The Astemo Group has established and globally operates a compliance reporting framework called the Astemo Group Compliance Hotline to prevent illegal or inappropriate conduct, enable early correction, and improve its self-cleaning capabilities. This framework functions as a consultation and reporting hotline for actual and suspected compliance violations, including the provision of improper benefits to domestic and overseas public officials, as well as harassment, corruption, bribery, and human rights issues in general. It is available not only to Group employees, but also to business partners such as temporary staff, suppliers, and distributors. Anonymous reports are also accepted.

We are engaged in active communication efforts to further increase awareness and usage of the hotline. In FY2024, approximately 400 reports were received. When a report is received, relevant departments across business sites, plants, and group companies work together to promptly investigate and verify the facts. We communicate the results of the investigation to the person who made the report, and strive to respond appropriately, including taking corrective measures as necessary.

## Compliance education

The Astemo Group delivers annual compliance education to its global workforce—including executives and employees with diverse cultural and educational backgrounds—to further instill conduct based on corporate ethics and compliance awareness.

## Compliance

### Preventing corruption and bribery

Preventing corrupt practices related to business activities is one of the key challenges companies face. Under the direction and supervision of the Compliance Committee, the Astemo Group has established a global Anti-Bribery and Anti-Corruption Policy. These rules clearly stipulate that executives and employees must not exceed the limits permitted by anti-bribery laws and regulations and must comply with internal company rules when offering or receiving entertainment or gifts, or when making donations or political contributions.

In addition, the rules also set specific limits on the amount and frequency of entertainment and gifts to public officials, as well as prohibit facilitation payments and stipulate rules for business partner screening and approval procedures. In addition, we thoroughly comply with the Foreign Corrupt Practices Act (FCPA) in the United States and other anti-bribery laws in each country and region, which have become stricter in recent years.

We actively promote anti-bribery efforts among our suppliers by sharing the “Astemo’s Expectations of Business Partners,” which includes guidance on bribery prevention, and encouraging self-assessments.

To ensure thorough understanding of these policies and related rules, we develop multilingual training materials and promote anti-bribery awareness and effective implementation among all executives and employees.

### Prevention of antisocial transactions and money laundering

As a basic policy, the Astemo Group prohibits any connection with antisocial forces. Our Code of Conduct clearly states that we will reject all unreasonable demands and fraudulent transactions and will never engage in antisocial transactions. We conduct regular eligibility screenings not only for new business partners but also for existing ones. In Japan, as a precaution against the possibility of a counterparty being identified as an antisocial force after the commencement of business, we take measures such as including organized crime exclusion clauses in contracts. Moreover, we are working with external specialized organizations, such as the police and the National Center for Removal of Criminal Organizations, to eliminate access by antisocial forces.

Furthermore, we have established regulations regarding the prevention of money laundering to clarify our group-wide stance of not tolerating money laundering and to strengthen specific efforts to prevent it.

### Compliance with competition laws

The Astemo Group upholds “acting based on laws and correct corporate ethics” and “fair and free competition” as the basic policy for its business activities. We work to conduct our business properly by developing and strictly adhering to internal rules relating to this basic policy.

We also conduct training globally and ensure strict compliance with relevant internal rules, business standards, and guidelines. We have also established overseas guidelines regarding interactions with competitors and communicate practical considerations to relevant personnel.

## Compliance

### Tax policy

The most important policy of the Astemo Group is compliance with international tax standards such as the OECD Transfer Pricing Guidelines and the BEPS Action Plan\*, as well as related laws and regulations, and we strive to maximize shareholder value while fulfilling our social responsibility.

To ensure the implementation of this policy, we have established the “Global Tax Management Regulations” and “Detailed Rules for Transfer Pricing Management,” which apply to all employees involved in tax management. In addition, under the Chief Financial Officer (CFO), who has overall responsibility for tax governance, we have established a Tax Department at Astemo’s headquarters to strengthen tax management and risk management across the Group. Furthermore, through our regional head office, we assign tax managers to each group company, ensuring the development and operation of the necessary systems, processes, and control frameworks for fulfilling tax obligations, while also enforcing proper management and disclosure of supporting documentation.

Furthermore, to ensure tax transparency, we prepare and manage the necessary transfer pricing documentation in accordance with the requirements of the OECD BEPS project and respond to investigations and other matters in good faith while building cooperative relationships with tax authorities in countries where we do business. Our basic approach to the elimination of double taxation is to resolve issues through mutual agreement procedures, and we make use of advance pricing agreements and external experts as necessary.

\* An action plan summarizing measures to address base erosion and profit shifting by multinational enterprises

### Export control

The Astemo Group’s basic policy for export control is to comply with laws and regulations related to imports and exports globally and to conduct appropriate management in accordance with internal regulations to contribute to the maintenance of international peace and security.

In accordance with this basic policy, Astemo has established the “Security Export Control Regulations.” We strictly control all export goods and technologies based on laws and regulations, and after examining the destination countries and regions, customers and uses. We also share this policy with our group companies, providing guidance on establishing rules and systems to ensure that export control is carried out in accordance with the laws and regulations of each country and region, and supporting their activities through education and other means.

Through these efforts, we strive to thoroughly implement export control throughout the entire Group.

### Political donations

The Astemo Group has established an appropriate management system for political donations. Our donation regulations include a section on “provision of political funds,” which requires prior approval through internal procedures, and we strictly control donations made in the Group’s name. In addition, to ensure transparency and traceability, monetary donations to political funds can only be made by bank transfer. Cash donations are prohibited.

When executives or employees donate to political funds in a personal capacity, they are prohibited from representing the Group or seeking its approval, thereby ensuring a clear distinction between individual and corporate actions.

# Risk Management

## Enterprise risk management

In an era characterized by volatility, uncertainty, complexity, and ambiguity, it is essential to anticipate emerging risks and respond swiftly in order to survive and grow as a business entity. With this in mind, Astemo is working to strengthen company-wide risk management to enhance corporate value.

As part of these efforts, we have taken a holistic approach to risk management through integrated and comprehensive enterprise risk management (ERM). The heads of each Business Division, Business Unit, Functional Division, and Region Operation Division serve as Risk Management Officers (RMOs), bearing responsibility for risk management. In collaboration with Risk Managers (RMs), who provide operational support, they identify the top risks within their respective areas. Based on these identified risks, we identify corporate-level top risks and have relevant executives act as risk owners to implement countermeasures, thereby promoting company-wide risk management.

### Key corporate-level top risks

- Natural disasters
- Product price competition
- Geopolitical risks
- Cybersecurity
- Product quality
- Supply chain
- Competition for talent, etc.

## Initiatives for business continuity

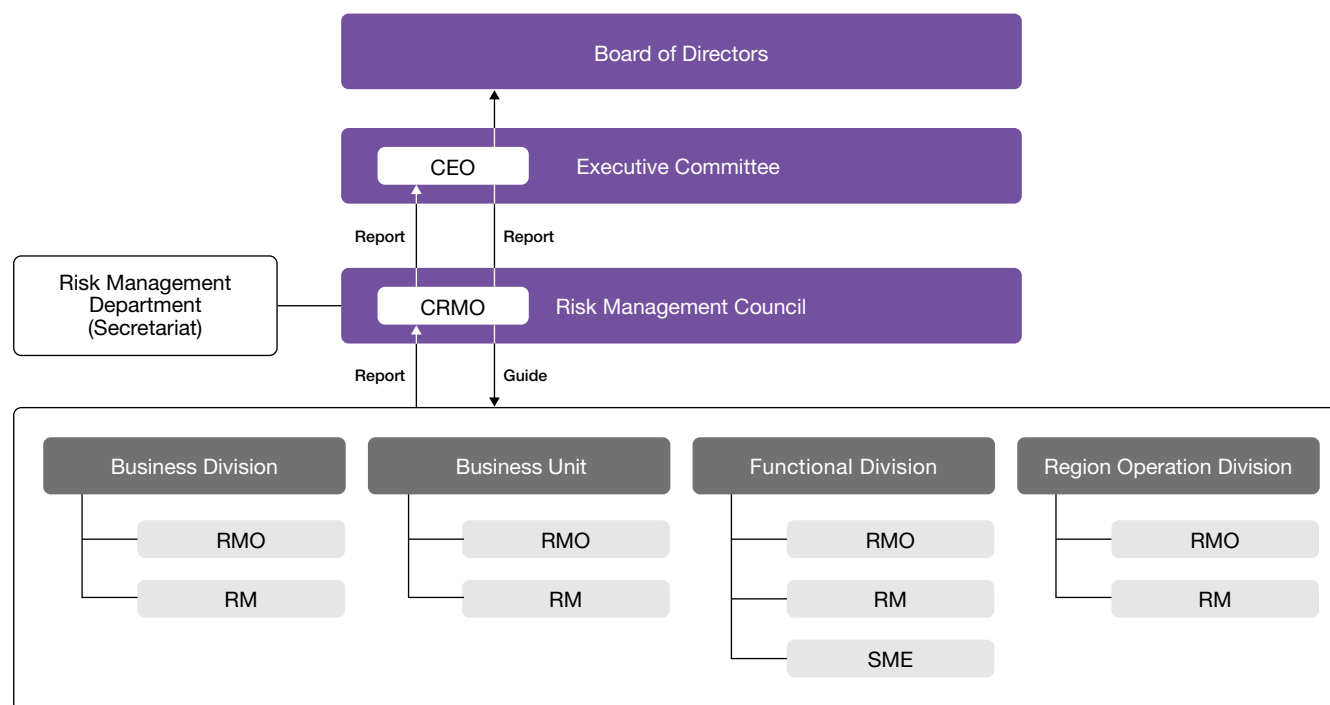
The Astemo Group's basic policy is to proactively prevent anticipated risks from materializing and, in the event of a crisis, to ensure employee safety and minimize damage through prompt response, while maintaining business continuity through rapid recovery. A crisis management center has been established as the organization responsible for promoting initiatives in line with this policy.

The center serves as a global command hub, overseeing cross-group crisis detection, information sharing, and

response coordination. Using dedicated external services, it continuously monitors surrounding events at all of the Group's sites. When an anomaly is detected, information is promptly shared with crisis response headquarters' members at the global level, the Region Operation Division, and each site according to the severity of the impact, and coordinated response measures are taken.

In addition, regular training is conducted for employees of the crisis response headquarters to continuously enhance their crisis response capabilities.

### Risk management structure



RMO: Risk Management Officer RM: Risk Manager SME: Subject Matter Expert



## Information Security

### Information Security Policy

To minimize critical risks such as information leaks and operational shutdowns caused by cyberattacks, Astemo, as a globally operating company, clearly recognizes cybersecurity as a management risk and has established a company-wide response policy that is aligned with our management policy.

This policy demonstrates our attitude toward information security both inside and outside the company and promotes the strengthening of systems centered on cybersecurity risk management.

#### Information Security Policy

1. Formulation and Continuous Improvement of Information Security Management Rules
2. Protection and Continuous Management of Information Assets
3. Compliance with Laws and Regulations
4. Education and Training
5. Incident Prevention and Response
6. Ensuring the Optimization of Operations in the Corporate Group

### Framework for promoting information security

At Astemo, the Chief Information Security Officer (CISO) is responsible for the implementation and operation of information security and personal information protection, and works to promote company-wide information security for all products, services, and internal systems and equipment.

Policies and key measures for information security and personal information protection are decided by the “Product and Information Security Committee,” chaired by the CISO. At each business site and business unit, the head of the site generally serves as the person responsible for information

security and implements on-site measures and educates employees through a dedicated department. We have established a similar system at our group companies, and are working to strengthen information security across the entire group while promoting cross-departmental cooperation.

Furthermore, we have formulated global information security management regulations based on the international standard ISO/IEC 27001 and are working to enhance our management system by adhering to the U.S. government standard NIST SP 800-171. These regulations are applied globally to our headquarters and group companies. We have also been promoting acquisition of the Trusted Information Security Assessment Exchange (TISAX) certification, which is widely used by the German automobile industry.

Measures decided by the Product and Information Security Committee are rolled out to each business site and group company through the Information Security Promotion Committee and other bodies, with each responsible person working to ensure their thorough implementation.

### Enhancing information security to a global standard through TISAX certification

To meet the demands of its client companies, primarily in Europe, Astemo is actively promoting the acquisition of certification under TISAX, an information security assessment standard widely used in the automotive industry.

In FY2024, we acquired TISAX certification at a total of 21 locations in Japan and overseas. A third-party assessment organization confirmed that we satisfy rigorous requirements for handling confidential data and safeguarding prototypes.

Going forward, we will continue to promote compliance with TISAX throughout the company, thereby further strengthening relationships of trust with customers and business partners and contributing to improving the level of information security throughout the supply chain.

### Education on information security

Astemo conducts annual e-learning training on information security and personal information protection for all officers and employees. We also provide multi-tiered security awareness training tailored to job content and risk awareness levels, such as group training for new employees and newly appointed managers.

As part of our cyber-attack countermeasures, we regularly conduct training using simulated attack emails (phishing simulations) to improve our ability to respond to targeted attack emails. We are working to raise the security awareness of each individual employee. We also provide information system administrators with practical training on how to respond to cyberattacks.

These educational programs and materials are shared across the entire Astemo Group, and we are working to raise information security awareness and improve behavior.

## Information Security

### Preventing of information leaks

Astemo has identified measures against information leakage risk as a critical management issue and is working to strengthen its technical control measures. Specifically, we strive to reduce risks such as unauthorized access and erroneous transmissions by encrypting devices, controlling access to and managing revocation of electronic documents, managing IDs and access using an authentication infrastructure, and implementing filtering systems for email and the web.

Furthermore, as a countermeasure against cyberattacks, including targeted email attacks, we are sharing threat information through public-private partnerships and are taking advanced IT measures based on multi-layered defense.

To prevent information leaks via suppliers, when outsourcing work that involves the handling of confidential information, we check and review the supplier's management system in advance based on our own information security requirement standards. These standards are consistent with the security guidelines established by the Japan Automobile Manufacturers Association (JAMA) and the Japan Auto Parts Industries Association (JAPIA) and meets the standard security level in the automotive industry.

Thanks to these efforts, no serious security incidents requiring public disclosure occurred in FY2024.

### Security monitoring

To detect cyberattacks early and respond quickly, Astemo monitors risks 24 hours a day, 365 days a year through its Security Operations Center (SOC), and our Computer Security Incident Response Team (CSIRT) collects, analyzes, and deploys threat intelligence and responds to incidents.

Cyberattack techniques are becoming more advanced and sophisticated each day, making it increasingly difficult to defend with conventional measures alone. To respond to these new risks, we are enhancing our security monitoring environment with advanced technologies, while using

penetration testing and Attack Surface Management (ASM) to identify system vulnerabilities in advance and implement effective countermeasures.

These measures are implemented through quantitative monitoring using KPIs and continuous improvement based on the PDCA cycle, with the aim of improving the security maturity of the entire organization.

### Thorough information security audits and inspections

Astemo conducts regular audits once a year to ensure that its information security and personal information protection systems are functioning properly. These audits are conducted from an independent standpoint by a Chief Audit Officer appointed by the President & CEO, and the independence and fairness of the audits are ensured by an internal rule preventing auditors from auditing their own departments.

Additionally, we have implemented a globally standardized self-checking system for our overseas group companies and have established self-inspection systems for each site. Through consistent implementation of shared standards throughout the group, we strive to maintain and improve levels of information security and privacy protection.

## ESG Data

This section presents ESG-related data for the Astemo Group.

### Environment

		Unit	FY2022	FY2023	FY2024	Subject to third-party assurance for FY2024	Notes
Environmental action target indicators							
Number of violations of environmental laws and regulations		Cases	1	1	1		
Number of environmental accidents and complaints			0	6	2		
Development of environmental human capital			Education of environmental experts, enhancement of statutory qualified persons, etc.				
Total CO2 reduction rate		%	17.8	30.6	49.9		Scope: Factories and offices • Total CO2 reduction rate: For FY2022 and FY2023 results, compared to FY2010; for FY2024 results, compared to FY2021 Scope: Astemo Group • Improvement rate of transportation energy per basic unit: Year-on-year comparison Scope: Astemo (non-consolidated)
Improvement rate of transportation energy per basic unit			-19.1	15.1	5.6		
Eco-design implementation rate			—	—	100		Number of products assessed in the current fiscal year / Number of products subject to assessment in the current fiscal year
Landfill waste rate			5.2	4.1	1.9		
Improvement rate of waste and valuables generation per basic unit (compared to BAU)			27.4	30.2	31.9		
Improvement rate of water use per basic unit (compared to BAU)			30.0	33.7	34.9		
Effective utilization rate of plastic waste			81.2	91.9	93.4		
Improvement rate of atmospheric chemical substance emission per basic unit (compared to BAU)			20.0	28.0	28.2		
Energy							
Direct energy consumption		GJ	—	—	2,876,551		
Indirect energy consumption			—	—	14,410,732		
Amount of renewable energy adoption		GWh	—	—	955		
Greenhouse gases (GHG)							
GHG emissions		1,000 t-CO2e	1,268	931	557*		
CO2 emissions from energy use	Total	1,000 t-CO2	1,031	895	508		
	Scope 1		199	184	146	✓	
	Scope 2 (market-based)		832	711	362	✓	
	Scope 2 (location-based)		906	889	771	✓	
Non-energy-related CO2 and other GHG emissions	Total	1,000 t-CO2e	—	—	49		
	Sulfur hexafluoride (SF6)		—	—	41		
	Perfluorocarbons (PFCs)		—	—	0		
	Hydrofluorocarbons (HFCs)		—	—	2		
	Nitrous oxide (N2O), nitrogen trifluoride (NF3), methane (CH4)		—	—	5		
	Non-energy-related CO2		—	—	0.5		

\* From FY2024, the Cikarang Plant #2 and Karawang Plant #2 (both in Indonesia) were excluded from the scope of consolidation.

## ESG Data

### Environment

		Unit	FY2022	FY2023	FY2024	Subject to third-party assurance for FY2024	Notes
Greenhouse gases (GHG)							
Other indirect CO2 emissions (Scope 3)	Total	1,000 t-CO2	18,976	20,878	22,778		
	1 Purchased goods and services		12,442	13,646	14,854		
	2 Capital goods		229	314	319		
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2		80	70	52		
	4 Upstream transportation and distribution		99	114	129		
	5 Waste generated in operations		21	19	18		
	6 Business travel		11	11	10		
	7 Employee commuting		30	30	27		
	8 Upstream leased assets		No holdings	No holdings	No holdings		
	9 Downstream transportation and distribution		Excluded due to low ratio	Excluded due to low ratio	Excluded due to low ratio		
	10 Processing of sold products		Excluded due to low ratio	Excluded due to low ratio	Excluded due to low ratio		
	11 Use of sold products		6,064	6,674	7,369		
	12 End-of-life treatment of sold products		Excluded due to low ratio	Excluded due to low ratio	Excluded due to low ratio		
	13 Downstream leased assets		No holdings	No holdings	No holdings		
	14 Franchises		No holdings	No holdings	No holdings		
15 Investments	Excluded due to low ratio	Excluded due to low ratio	Excluded due to low ratio				
Waste / Water							
Total waste generated		1,000 t	193	181	177		
Plastic waste amount			6.4	6.4	6.7		
Total water usage (total input volume)		1,000 m³	8,548	7,859	7,387	✓	

### Social

		Unit	FY2022	FY2023	FY2024	Notes
Employees						
Number of group employees (Male/female ratio)	Total	%	88,113	87,100	78,449	Astemo Group
	Male		75.8	74.1	74.3	
	Female		24.2	25.9	25.7	



## ESG Data

### Social

		Unit	FY2022	FY2023	FY2024	Notes
Employees						
Number of group employees (Breakdown by region)	Japan		25,005	24,872	24,435	Astemo Group
	Americas		15,414	15,748	15,599	
	Europe		3,666	3,847	3,820	
	Asia		33,780	33,544	26,575	
	China		10,248	9,090	8,020	
Male/female ratio of domestic employees (regular staff)	Male	%	87.5	86.9	86.5	Astemo (non-consolidated)
	Female		12.5	13.1	13.5	
Employment						
Number of new graduates hired	Total		255	265	255	Astemo (non-consolidated)
	Male		207	208	198	
	Female		48	57	57	
Number of mid-career (experienced) hires	Total		243	326	675	
	Male		211	273	550	
	Female		32	53	125	
Contract employee rate		%	8.9	9.5	9.8	
Turnover rate			11.2	11.8	6.9	
Employment rate of persons with disabilities			2.08	2.11	2.19	
Number of re-employed retirees			345	414	466	Astemo (non-consolidated)
Gender pay gap	All employees	%	—	—	77.2	
	Regular employees		—	—	77.0	
	Part-time and fixed-term employees		—	—	73.1	
Engagement						
Engagement survey results		%	66.7	67.2	66.1	Positive response rate in global engagement survey
Employee development						
Total training expenses		Millions of yen	1,394	1,391	1,592	Astemo Group
Work-life balance						
Average annual overtime hours per employee		Hours	238	227	216	Astemo (non-consolidated)
Annual paid leave utilization rate		%	85.2	88.7	86.2	
Male childcare leave uptake rate			—	—	78	
Number of employees using shortened working hours for childcare			134	147	143	
Number of employees taking caregiving leave			241	277	295	

## ESG Data

### Social

	Unit	FY2022	FY2023	FY2024	Notes
Occupational health and safety					
Total recordable injury frequency rate (TRIFR)	%	0.21	0.14	0.11	Total recordable work-related incidents per 200,000 actual working hours Astemo Group
Lost time injury frequency rate (LTIFR)		0.05	0.05	0.04	Lost-time work-related incidents per 200,000 actual working hours Astemo Group
Number of fatalities from work-related accidents		0	0	0	Astemo Group
ISO 45001 certification rate	%	—	—	35	Scope: Production sites
Social contribution activities					
Amount contributed to social contribution activities (CSR activities)	Millions of yen	97.70	98.31	71.34	Astemo (non-consolidated)
Number of participants in social contribution activities (CSR activities)		90.87	42.31	16.93	

### Governance

		Unit	FY2022	FY2023	FY2024	Notes
Corporate governance						
Number of directors	Total		6	8	8	All figures are as of the end of each fiscal year. From October 2023, the company transitioned from a company with auditors to a company with an Audit and Supervisory Committee.
	Of which, outside directors		0	4	4	
	Of which, women		0	1	1	
Composition of the Board of Directors	Executive directors		3	3	3	
	Non-executive directors (Of which, directors who are Audit and Supervisory Committee members)		3 (—)	5 (3)	5 (3)	
Number of directors who are Audit and Supervisory Committee members			—	3	3	
Number of Board of Directors meetings held			12	14	13	
Attendance rate at Board of Directors meetings		%	100.0	96.7	99.0	
Number of Audit and Supervisory Committee meetings held			—	7	18	From October 2023, the company transitioned from a company with auditors to a company with an Audit and Supervisory Committee.
Attendance rate of Audit and Supervisory Committee members		%	—	95.2	100.0	
Number of Nomination Meetings held			6	10	10	Prior to June 2024, meetings were held as the Nomination and Remuneration Committee.
Number of Compensation Meetings held			6	10	10	
Compliance						
Number of reports to the Compliance Hotline		Cases	312	407	396	
Number of significant violations of laws and regulations, etc.			0	0	0	
Number of corruption incidents and individuals involved		Cases/ Persons	0	0	0	
Fines and settlement amounts related to corruption cases		Yen	0	0	0	

# Third-Party Assurance

## About third-party assurance

To ensure the transparency and reliability of our environmental data, we have obtained third-party assurance from Ernst & Young ShinNihon LLC. Numerical data that has received third-party assurance is marked with a “✓” mark in this report.

## Scope of assurance, and calculation standards and methods

### I. Account period

FY2024 (April 1, 2024–March 31, 2025)

### II. Scope

GHG emissions (Scope 1 & 2), water usage (tap water, industrial water, groundwater, surface water): Astemo, Ltd. and 95 consolidated subsidiaries

### III. Subject matter, calculation methods, referenced guidelines, etc.

Item	Unit	Definitions and calculation methods	Sources for emission factors, etc.
Scope 1	1,000 t-CO <sub>2</sub>	Emissions from energy consumption (city gas, LP gas, LNG, heavy oil, etc.) Greenhouse gas (GHG) emissions = Energy consumption × GHG emission factor	Japan <ul style="list-style-type: none"> <li>Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (Energy Conservation Act)</li> <li>Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act)</li> </ul> Americas <ul style="list-style-type: none"> <li>Emission factors from the U.S. Environmental Protection Agency's "GHG Emission Factors Hub"</li> </ul> Other Global Regions <ul style="list-style-type: none"> <li>Factors from the GHG Protocol, "Emission Factors for Cross-Sector Tools"</li> </ul>
Scope 2	1,000 t-CO <sub>2</sub>	Emissions from energy consumption (electricity, cold water, steam, hot water) <ul style="list-style-type: none"> <li>Electricity (market-based): Electricity usage × Market-based emission factor</li> <li>Electricity (location-based): Electricity usage × Location-based average emission factor</li> <li>Cold water, steam, hot water: Energy consumption × GHG emission factor</li> </ul>	Japan <ul style="list-style-type: none"> <li>Energy Conservation Act</li> <li>Global Warming Countermeasures Act</li> </ul> Americas <ul style="list-style-type: none"> <li>Emission factors from the U.S. Environmental Protection Agency's "GHG Emission Factors Hub"</li> </ul> Other Global Regions <ul style="list-style-type: none"> <li>IEA Emissions from Fuel Combustion Draft</li> </ul>
Total water usage (total input volume)	1,000 m <sup>3</sup>	<ul style="list-style-type: none"> <li>Tap water: Aggregated from invoices issued by the water utility</li> <li>Industrial water: Aggregated from invoices issued by the water utility and operating companies</li> <li>Groundwater and surface water: Aggregated based on measurements from on-site meters</li> </ul>	—



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working world

*Translation*

*The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.*

**Independent practitioner's assurance report**

**Mr. Kohei Takeuchi  
President & CEO  
Astemo, Ltd.**

**Scope**

We have been engaged by Astemo, Ltd. (hereafter the "Company") to perform a "limited assurance engagement," as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Company's Sustainability Information (the "Subject Matter") contained in the Company's "Astemo Sustainability Report 2025" (the "Report") for the period from April 1, 2024 to March 31, 2025. The Subject Matter for which assurance procedures were performed has been marked with a (✓) in the relevant sections of the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

**Criteria applied by the Company**

In preparing the Subject Matter, the Company applied the Criteria as presented on the Report.

**The Company's responsibilities**

The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error. In addition, Greenhouse gas (the "GHG") emissions are estimated using emissions factors, and the scientific knowledge on which such emission factors are based has not been established, thus being subject to inherent uncertainty.

**EY's responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter described in the Report based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)") and with respect to GHG emissions, the International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board, and the terms of reference for this engagement as agreed with the Company on May 27, 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether anything has come to

1

our attention that causes us to believe that the Subject Matter is not prepared in all material respects in accordance with the Criteria. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

**Our independence and quality management**

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- \* Making enquiries regarding the Company's own criteria that it determined with consideration of laws and regulations applicable to the Company, and evaluating the appropriateness thereof;
- \* Inspecting relevant documents with regard to the design of the Company's internal controls related to the indicators, and enquiring of personnel responsible thereof at the Company and sites visited (Atsugi No.1 Plant and Sawa Plant);
- \* Performing analytical procedures concerning the indicators at the Company and sites visited (Atsugi No.1 Plant and Sawa Plant); and

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- \* Testing, on a sample basis, underlying source information, matching the indicators with the evidence and conducting relevant re-calculations at the Company and sites visited (Atsugi No.1 Plant and Sawa Plant).

We also performed such other procedures as we considered necessary in the circumstances.

**Conclusion**

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter of the Company for the period from April 1, 2024 to March 31, 2025 is not prepared in all material respects in accordance with the Criteria.

Shuhei Okuma  
Kaori Onuma  
Engagement Partners  
September 12, 2025  
Ernst & Young ShinNihon LLC  
Tokyo, Japan

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## **Astemo, Ltd.**

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