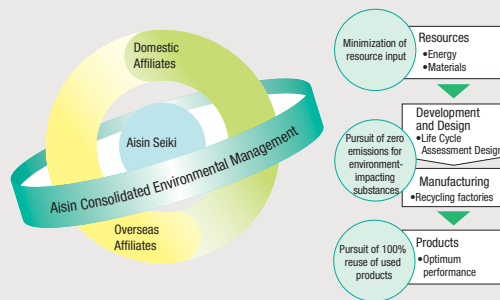


Corporate Social Responsibility

Aisin Seiki's corporate principles are to maintain "harmony with society and nature," and management efforts to undertake its fundamental role of ensuring the continued growth of the Company while simultaneously fulfilling its social responsibilities as a member of society. Based on this role, AISIN is proactively conducting activities for local communities in ways exemplifying a respected corporate citizen in seeking to be a Company that is caring toward individuals, communities and the environment.

Environmental Activities

One of AISIN's prime missions is to pass down a pristine environment to future generations. In the midst of daily operations, the Group abides by environmental regulations and pollution control agreements. While pursuing Groupwide environmental preservation activities centered on energy conservation, recycling and reduction of environmental load, we concurrently develop future technologies and products that will have less impact on the earth.

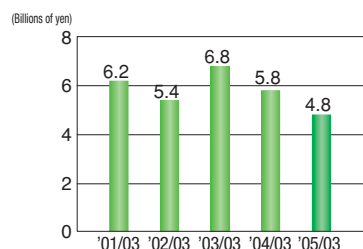


Environmental Accounting

Aisin Seiki is working to ensure that people understand its environmental preservation activities by actively disclosing information on its environmental accounting. Accounting data is summarized based on guidelines set forth by Japan's Ministry of the Environment.

During the fiscal year under review, environmental conservation costs declined 15%. While investments were made in such facilities as water treatment emergency storage tanks at the Nishio Plant, the decline was mostly attributed to the large disparity in investment compared with the previous fiscal year, in which waste material incinerators were upgraded and cogeneration systems were installed at the Nishio

Annual Environmental Conservation Costs



Plant. In fiscal 2006, environmental conservation costs are projected to reach ¥5,000 million.

The annual savings from environmental conservation measures for fiscal 2005 totaled ¥270 million, with most of that amount stemming from energy savings efforts. The change in waste emissions volume from the previous term was a mere 21 tons, owing to the fact that existing available technologies are presently incapable of conserving more materials.

Improving the Environmental Friendliness of Products during Design and Development and Reducing the Environmental Load

Improving the Environmental Friendliness of Automobile Components

Aisin Seiki is conducting product development with the goals of improving transmission and engine efficiency as well as such environmental properties as lighter weight for various vehicle models.

6-speed ATs for Light-duty Commercial Vehicles

Aisin Seiki developed 6-speed ATs for light-duty commercial vehicles to replace the previous 4-speed ATs. The new AT enhances acceleration, driving power and fuel efficiency in order to employ engine output efficiently and improve start velocity through an optimal gear ratio that relies on newly developed multi-disk lock-up converters and a new gear train structure (3 to 6-speed cross-gear ratio).

Improving the Environmental Friendliness of Life Related Products

Development is already underway to achieve such environmental features as energy conservation, resource consumption reduction and air and water pollution alleviation.

Residential Fuel Cell Cogeneration Systems

Aisin Seiki is developing fuel cells, which are being called the energy device of the 21st century, and promoting development of home-use cogeneration systems that are highly energy efficient and effective in reducing CO₂ emissions. The system not only offers a home-supply of energy, but stores the thermal energy emitted from the fuel cell reaction in the form of hot water, which can then be used for bathing and cooking for minimal waste.



Residential fuel cell cogeneration system (jointly developed with Toyota)

■ Environmental Activities During Production

Environmental activities during production focus on the four elements of measures to counter global warming, reduction of waste materials, management and reduction of environment-impacting substances and streamlining of logistics, and are directed toward addressing both historical environmental load issues such as groundwater purification as well as future issues.

In order to alleviate global warming from CO₂ emissions, Aisin Seiki is actively conducting energy conservation activities with the goal of reducing the total amount of emissions by 5% by fiscal 2006 compared to fiscal 1991 levels, as outlined in the Third Environmental Action Plan.

During the fiscal year under review, Aisin Seiki targeted reduction of CO₂ emissions to 187,000 tons. In undertaking energy-saving activities, while the Company endeavored to reduce CO₂ emissions by 11,400 tons, emissions actually increased 12,000 tons as a result of increased production in aluminum die casting operations at the Nishio Plant as well as a heat wave. Index of sales per unit declined 1.5 percentage points from the previous term to 84.6% in fiscal 2005, whereby the peak year was fiscal 1999, with a decrease recorded for each consecutive year since that time.

Efforts to conserve energy included automation of plastic molding machinery band heaters, employing wet drip blowers after component washing as well as using inverters on prototype motors. Further, February to March is "Energy Conservation Month," in which various activities are planned and awareness of energy conservation is raised through educational activities.

In recognition of its efforts to streamline energy use, the Nishio Plant was awarded the METI Award for Factory Energy Management (Thermal Division). Two other examples of recognition include the Exemplary Award for Excellence in Energy Management and the awarding of three employees with the Energy-saving Branch Manager's Award.

In waste reduction activities, Aisin

Seiki worked to promote zero waste of materials by the end of fiscal 2005, and achieved zero waste at 10 of its 11 plants during the term. As an environmental risk measure, Aisin Seiki added emergency storage tanks at the Nishio Plant to prevent leakage of chemicals and anomalous liquids outside the facilities during earthquakes.

Increase in Waste Treatment Emergency Storage Tanks in Preparation for Large-scale Earthquake

In line with the Tokai region being designated as an area in need of reinforcement in preparation for an projected large-scale earthquake, Aisin Seiki is promoting earthquake measures for environmental equipment based on the principle of "holding human life as paramount and not inconveniencing society." With the aim of preventing leakage of oils, chemicals and anomalous liquids from plant sites during earthquakes, Aisin Seiki installed emergency storage tanks on the Nishio Plant site, bringing its total emissions storage capacity to 1,800 m³. The tops of the tanks are grass-covered, which aid in reducing the effects of heat islands.



Waste Emission Emergency Storage Tanks (Nishio Plant)

■ Consolidated Environmental Management Activities

Expanding Environmental Management Activities

AISIN conducts environmental management activities at both its

domestic and overseas consolidated production companies, and is working to reduce environmental load within the AISIN Group in every process from product development to production and logistics.

Establishment of Consolidated Environmental Committee in North America

In May 2004, AISIN established the North American Consolidated Environmental Committee, which organizes 16 Group production companies in North America, including companies of Aisin AW and Aisin Takaoka, to conduct environmental activities independently. This committee has resolved to mutually support each of its member companies by compensating for weaknesses in their personnel and expertise using environmental specialists trained in Japan, and pursue activities in the three stages of "legal compliance," "pollution prevention and waste reduction" and "prevention of global warming." Through this committee, the member companies are able to improve the environmental awareness of their managers and employees and improve their environmental activities.

Publishing Children's Environmental Report for Elementary Students

AISIN published the first *Children's Environmental Report* in 2004 to refashion the information found in the annually released sustainability reports into a format easy for children to understand. Many illustrations are used in this report to make AISIN's environmental activities easier to understand, and the report is divided into five leaflets introducing the specific activities AISIN carries out in seeking to preserve the global environment. *Eco Activities to Save the Forests*

is also published separately and introduces such activities as tree thinning and tree planting.



Children's Environmental Report

Ties to the Community (CSR)

Harmony between Society and Nature

With regard to corporate citizenship activities, in order to be a company that is caring toward both people and the earth, we are voluntarily conducting corporate citizenship activities closely tied to local communities under the slogan of “Be With” (Living Harmoniously Together), to inspire each employee to fulfill their social responsibility as a respected corporate citizen.

In AISIN’s corporate citizen activities, a wide range of activities are being undertaken within the three spheres of “community and urban development,” “preserving the natural environment” and “nurturing youth.” AISIN aims to be a respected corporate citizen by widening the “Circle of Harmony” on a local and then global scale.



Fiscal 2005 Activities

Community and Urban Development

Third Aisin Sawayaka (“Refreshing”) Concert

During the term, AISIN held a concert featuring members of the Nagoya Philharmonic Orchestra in which employees, families and local members of volunteer groups were invited to enjoy a superb music performance.



Sumo Demonstration in Thailand

In February 2005, the Aisin Seiki Sumo Club invited students from an elementary school near local subsidiary Siam Aisin Co., Ltd. to a sumo demonstration. A Thai-Japan children’s sumo tournament was also held jointly with the Thai Sumo Federation.



Preserving the Natural Environment

Aisin Forestry Project

To protect the upriver forest of the Yahagi River in Nishi Mikawa, where AISIN operates, AISIN entered into a forest adoption contract



with Neba village in Nagano Prefecture, and cooperated in joint forest management through various activities.

In October 2004, AISIN held the *Oyako Wanpaku Tankentai* (“Parent-Child Expedition”) in Neba village to raise awareness of nature and environmental preservation among employees and their families through nature watching as well as hands-on experience for tree thinning and pruning.

Afforestation Study Camp in Thailand

In December 2004, 10 employees of Aisin Seiki and nine employees of Thailand bases held tree planting activities chiefly for local-area children. Over the course of five years, plans call for working with local children to plant 45 hectares of trees.



Nurturing Youth

Aisin Mono-zukuri Hiroba

In September 2004, AISIN held the third *Aisin Mono-zukuri Hiroba* (“Making Things Plaza”) to encourage children to learn about scientific principles, and get a small taste for the fun and wonder of *mono-zukuri*. Children learned about the principles of buoyancy to build airships based on this knowledge.



Environmental Lessons in Cooperation with Local Youth

Aisin Seiki cooperated with local elementary schools learning about the environment on the occasion of the 2005 World Exposition, Aichi, Japan by hosting a field trip to Aisin Seiki's Handa Eco-center in December 2004. A variety of environmental learning programs were available, including tree planting on Mt. Fuji along with tree thinning activities, thereby giving children an opportunity to learn about what makes for a healthy environment.

In June 2005, representatives of the elementary schools gave visual presentations and reports in a news program format on what they learned and what environmental activities are being conducted at the home area of the 2005 World Exposition, Aichi, Japan.



"Eco-talk Session" held in the Nagakute area of the 2005 World Exposition, Aichi, Japan

Employee Relations

Based on the core philosophy of valuing people and their limitless potential as well as supporting employees who are working to fulfill their potential, AISIN is conducting a variety of measures and work environmental activities to enable employees to work with a sense of energy and vitality.

Employee Training—*Mono-zukuri*

Aisin Seiki handles a variety of products as a manufacturer of automobile components, life related products and energy related products. For that reason, based on the notion of valuing *hito-zukuri* ("human develop-



ment"), which is the foundation for *mono-zukuri*, AISIN conducts a technological apprentice program at factories in order to preserve the accumulated technologies and skills of experienced employees. Moreover, an internal testing system based on Japanese testing standards has increased the seven occupational categories from the previous term to 16, thereby increasing the skills and technologies that must be preserved. In fiscal 2005, one employee was awarded the Contemporary Master Craftsman Award and eight employees were awarded the Aichi Prefecture Contemporary Master Craftsman Award by the Ministry of Health, Labour and Welfare.

Employment of Persons With Disabilities and Training Support

Aisin Seiki supports people with disabilities so that they can take an active role in the workplace in various ways. For example, people with hearing difficulties have acquired a wide range of knowledge by having access to a sign language interpreter during training, in which discussions include interpreters to facilitate communication with superiors and co-workers. Each plant holds

meetings for providing advice as well as recommendations on their job and daily life. In this way, AISIN is developing a working environment where employees can work with a sense of security.

Aisin Seiki was designated by the Ministry of Health, Labour and Welfare as a "2004 Excellent Workplace for the Disabled" in response to its active efforts to make the workplace disabled-friendly and easy for those persons with and without disabilities to work well together.



Award for "2004 Excellent Workplace for the Disabled"

Contributing to the Proliferation of Sports Activities

AISIN's male basketball team, the Aisin Seahorses, won the 80th All Japan Championship (the Emperor's Cup) in January 2005, gaining its fourth consecutive victory.

As a means of promoting community interaction and basketball as a sports activity, Aisin Seahorses members offer workshops for junior high school athletes.

