

AISIN aims to be a corporate citizen trusted by the international community by pursuing management transparency, sound policies and practices and legal compliance. To that end, AISIN will work to further enhance the level of corporate governance as a means of increasing competitiveness as a global company and raising long-term sustainable corporate value.

■ Developing Governance System and Internal Control System

AISIN introduced a new corporate governance system in 2005 that features a streamlined Board of Directors and newly appointed managing officers. Amid increasing globalization of business and subsequent intensified competition, this new system is geared toward addressing ever-growing pressures to strengthen domestic and overseas Group management and accelerate both decision-making and operational execution. Besides those duties mandated by law, the Board of Directors, which generally convenes once a month, makes decisions on such important management matters as the formulation of management policies and business plans, planning for capital expenditures in addition to the establishment of and investment in subsidiaries, while overseeing business execution by management.

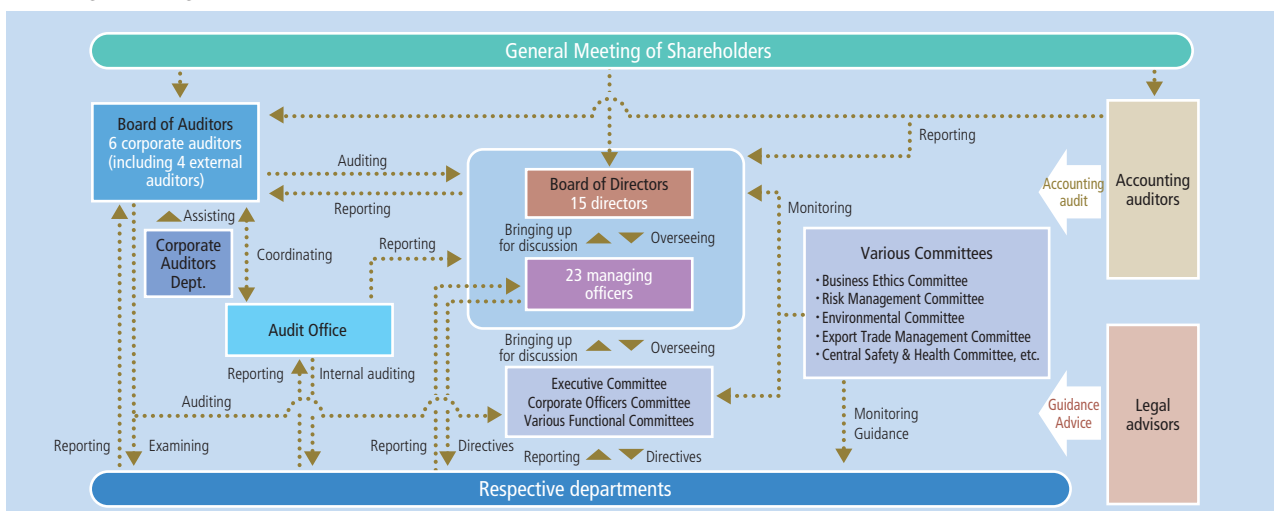
In order to monitor management, Aisin Seiki has adopted a Board of Auditors structure. The Board of Auditors, which generally meets four times a year, establishes audit policies and devises audit plans upon which auditors monitor the execution of duties by the Company's directors. Additionally, together with examining the status of business execution by each department, auditors work to ensure that management and operations are properly executed in accordance with the law and Articles of Incorporation. Aisin Seiki has augmented audit functions with the establishment of a specialist internal auditing department, and undertakes continual auditing throughout its entire operations that monitors operational management, appropriateness of business procedures and legal compliance.

To strengthen corporate governance, it is imperative to augment the Board of Auditors, which is an independent body from the Board of Directors. On June 22, 2006, the General Meeting of Shareholders approved to raise the number of auditors by one for a total of six corporate auditors (two internal auditors and four external auditors), who are responsible for stricter auditing of the activities of the directors, the operations of domestic and overseas subsidiaries as well as overall financial standing. In order to bolster internal controls, we expanded administrative and staff positions that assist the auditors and established a Corporate Auditors Department under the direction of the Board of Auditors to ensure autonomy from the Board of Directors.

In May 2006, the "Basic Policy Regarding Improvement of Internal Control" was resolved at a Board of Directors meeting to establish an internal control system. We are working to establish an appropriate internal control system and enhance various systems and organizations to improve the effectiveness and efficiency of business activities, ensure accurate financial summaries and thoroughly adhere to related laws and regulations. We are laying the groundwork in preparation of compliance with the Japanese version of the U.S. Sarbanes-Oxley (SOX) Act scheduled for implementation in fiscal 2009.

Aisin Seiki has also set up the Executive Committee and Corporate Officers Committee, which deliberate on individual matters as well as monitor, guide and assist management in accordance with decisions made by the Board of Directors.

● Management Organization (As of June 21, 2007)



■ Promoting More Thorough Compliance

AISIN established the AISIN Charter of Corporate Behavior, which outlines its fundamental management stance for fulfilling its social responsibilities as a good corporate citizen. With the goal of ensuring proper conduct in all corporate activities as a member of society, AISIN is strengthening its compliance while undertaking a host of other measures that include setting up the Business Ethics Committee and formulating the Business Ethics Guidelines, which are aimed at ensuring that employees adhere to laws and social rules and manners, as well as upgrading the education and training in legal affairs and establishing in-house and external consultation counters. In fiscal 2007, we designated July as the month dedicated toward strengthening business ethics, with work site discussions, lectures and other activities to firmly establish and promote widespread compliance.

To comply with the Personal Information Protection Act enacted in Japan as of April 2005, AISIN created the Personal Information Protection Policy outlining the protection of the personal information of customers, business partners and employees acquired over the course of daily business operations. This policy is aiding in building a set of rules and structure for employees to comply with laws and other regulations regarding personal information.

■ Reinforcing the Risk Management Structure

Management risks have diversified as AISIN expands its business scale and globalizes its business activities. As part of our risk management structure, we established the Risk Management Committee for appropriately responding to various internal and external risks. We also reinforced our risk management structure by formulating and distributing to related parties within and outside the AISIN Group the Risk Management Guidelines that contain preventive response categories, such as the prevention of anticipated risks and minimization of damage, and post-response categories for ensuring appropriate and quick action in the event of unforeseen circumstances. In addition, AISIN established the Corporate Risk Management Department to assess the scope and operational impact of defined risks and provide rapid and appropriate troubleshooting to reinforce risk management.

■ Disclosing Corporate Information in a Timely and Fair Manner

To have all stakeholders deepen their understanding of AISIN, it is important to disclose corporate information in a timely and fair manner. In disclosing information, persons responsible for information management convene an Assessment Conference immediately after information is obtained to ensure the comprehensiveness and appropriateness of critical information, and subsequently make a determination as to its importance and the level of need for prompt disclosure. Cognizant of the relevant laws and codes against insider trading and other crimes, AISIN discloses information in accordance with the Timely Disclosure Rule stipulated by the Tokyo Stock Exchange.

Additionally, we strive to achieve the fair disclosure of information in Japan and overseas by posting financial summaries and IR presentation documents on the Company's Japanese and English websites. AISIN is keenly aware of its responsibilities to provide detailed explanations to all stakeholders, and will continue to do its utmost to provide a wide range of information.

As of fiscal 2006, AISIN publishes detailed Group activities in the form of an easy-to-understand *AISIN REPORT*, which combines the previous annual report and sustainability report. We are working to enhance the level of information disclosure by gearing the content of this report to that of our website.

■ Respecting Shareholder Rights Including Maintaining Stable Dividends

To enable a large number of its shareholders to attend, AISIN aims for an early convening of the General Meeting of Shareholders. In addition, AISIN makes efforts to provide an easy-to-understand business report and respond to questions from shareholders.

Based on its policy of maintaining stable dividends, AISIN returns profits to shareholders by taking into consideration a comprehensive range of factors that include AISIN's business results and its payout ratio. In fiscal 2007, AISIN raised annual cash dividends by ¥8.00 per share over the previous fiscal year to ¥40.00, and total dividends paid for the year amounted to ¥11,500 million (US\$97.4 million).

In working vigorously to ensure that management's interests are consistent with those of the Company and to undertake activities aimed at maximizing corporate value, AISIN has adopted a system for providing stock options with subscription rights to directors and managing officers of Aisin Seiki and its affiliated companies.