

Our approach to CO₂ reduction is all about moving from reduction of basic units to reduction of total quantities. AISIN is working hard to achieve this rigorous challenge.

In response to the Kyoto protocol, in 2007 AISIN changed its standards for CO₂ reduction targets from basic units per sales quantity to total amounts.

In the 14th meeting of the Aisin Consolidated Environment Committee held in February 2008, it was confirmed that all companies within the Group should work together to achieve the more rigorous target of a 7% reduction in total quantities of CO₂ emissions in comparison with 1990.



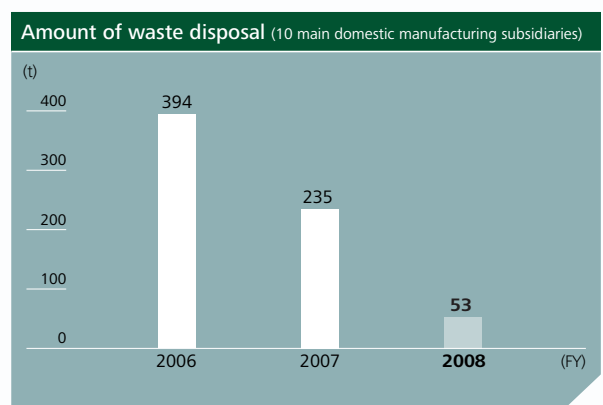
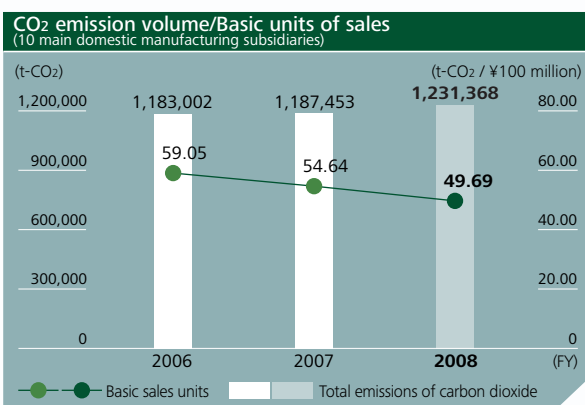
Bio-fuel made from refined used cooking oil is being used to power commuter buses.

Since May 2008 we have been using 100% bio-diesel fuel (B100) to power the commuter buses that link our head office with Meitetsu Chiryu railway station.

This fuel is created by collecting and refining the cooking oil used for deep fat frying in staff canteens at Aisin Seiki's bases throughout Aichi Prefecture. In the future our intention is to go one step further and recycle oil gathered from the homes of company employees.

Bequeathing a healthy global environment to the next generation

At AISIN we are doing our utmost to reduce wastefulness in our business activities. We place particular importance on dialogue and cooperation with stakeholders with the aim of promoting environmental conservation activities through society as a whole.



Holding forums at which people from local communities can study all about global warming.

The 34th "All AISIN Policy Systems Forum"* was held at the Anjo City Cultural Center in Aichi Prefecture in November 2007.

Lectures and a symposium took place on global warming, which has become the main environmental issue affecting us today. Participants were able to study how companies, administrative authorities and ordinary citizens can assist from their different perspectives in combating global warming.



* This forum has been held twice a year in spring and autumn since 1991 with the purpose of encouraging local government and companies to confront topics of major social and regional interest. These forums have been open to participation by the general public since the autumn forum of 1995.



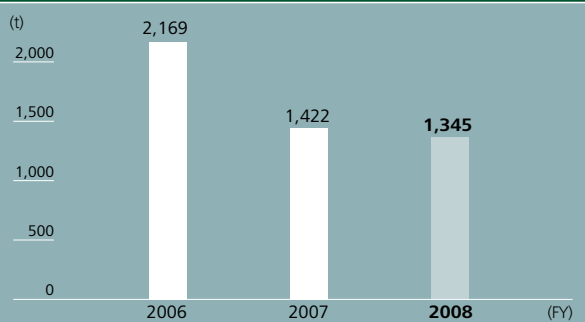
Tree-planting activities implemented together with Thai children.

Much of the forest in the northern region of Thailand has been destroyed, and in response to this situation, employees of Aisin Seiki and our local Thai affiliate in the Aisin Group have been cooperating with Thai children on the five-year forestation program "Aisin Children's Forest" Project that got under way in fiscal 2005.

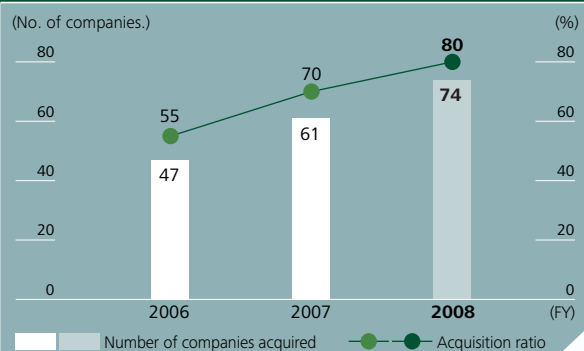
Approximately 12,000 seedlings were planted over nine hectares in fiscal 2008. We plan to plant a total of 60,000 seedlings over 45 hectares by the end of fiscal 2009.



Quantities of VOC substance (10 main domestic manufacturing subsidiaries)



Number of companies acquired ISO14001 certification/Acquisition ratio (All domestic Aisin Group manufacturing subsidiaries)





Message from Management



Norio Oku
Executive Vice President and chairman of
Aisin Consolidated Environment Committee

Working on reducing total emissions of CO₂ with a sense of urgency in the realization that delay in implementing environmental measures will make it impossible for us to develop as a company

Environmental issues, and in particular the question of how to prevent global warming, are issues that need to be debated on a global level and with the utmost urgency. I believe that the prevention of global warming is something that must be tackled by people working together all over the world and not just within the confines of their own respective countries.

With the aim of realizing the targets for reduction set out in the Kyoto protocol, in November 2007 the Aisin Group added new targets for cutting down on emissions of greenhouse effect gas (GHG) by the Group as a whole that involved moving from standards based on total emission quantities rather than basic units in line with sales figures as had been used previously. We set a target for reduction by 7% in comparison with the figure for fiscal 1991 as the five-year average for the period between 2008 and 2012. There are many difficulties that we have to overcome in order to achieve this target, but the Group intends to tackle these activities in a concerted manner in the realization that these targets must absolutely be achieved, since delay in implementing environmental measures will render corporate growth impossible.

In production, we are striving to cut back on CO₂ emissions through the introduction of simple, slim-line energy-reducing facilities, to reduce the substance of environmental concern, and to lower the quantity of emissions. So that the employees who are responsible for implementing these measures are able to tackle their duties with a strong awareness of their importance, we are encouraging their active participation by creating as many opportunities as possible for them to take part in activities aimed at protecting nature and the environment on a volunteer basis.

At the development stage, with the aim of contributing to conservation of the global environment through our products, we are tackling the development of technology aimed at improving the fuel efficiency of automobiles, reducing their weight and lessening the quantity of substances included in products that have an adverse effect on the environment.

In recent years we have been placing particular importance on activities that will contribute to improving the global environment in the future rather than just attempting to reduce the burden placed on the environment by the development and manufacture of products. In fiscal 2008 we opened a comprehensive environmental study facility by the name of "Aisin Ecotopia", consisting of an Eco center, an Ecotope and a civic garden. We hope that this facility will contribute to the creation of a bright future for the global environment as a venue where children, in whose hands the future lies, are able to learn about the environment and which can be used as a testing facility for environmental technologies related to recycling, solar batteries and rooftop greening.

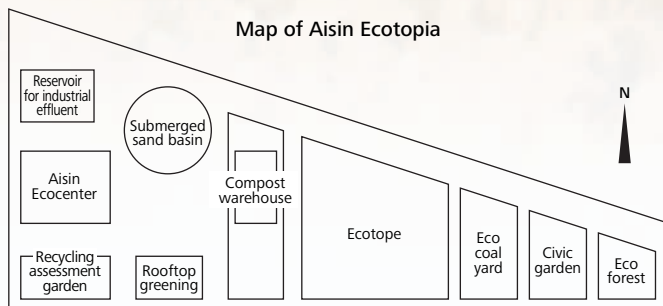
We hope that these activities will enhance the awareness of the environment possessed by all employees of the Aisin Group, and we intend to push forward with activities aimed at protecting the environment under the slogan of 'AISIN helps to save the world.'



Establishing Aisin Ecotopia, a comprehensive study facility intended to contribute to the future of the global environment

Aisin Ecotopia has been created on a 10,000 square meter site inside the factory grounds to serve as a place where children can come into contact with nature and learn about the environment and as a testing facility in connection with recycling and reuse.

The budding talents in whose hands the global environment of the future lies will be able to start their environmental education here.



Biotope created together with locals

Aisin Seiki opened Aisin Ecotopia in September 2007. A highly varied range of environmental facilities that provide the opportunity to study about the environment while gaining first-hand experience of nature are housed in a site extending over 10,000 square meters set inside our Handa plant in Aichi Prefecture. They include "Ecotope", a biotope where visitors can come into contact with many different types of living creatures in the midst of nature; "Eco center", a facility where waste products from the factory are recycled into resources; "Eco farm", where compost made from organic waste is used to cultivate vegetables; and "Eco forest", which contains trees that were transplanted without cutting them when the factory was built.

Ecotope is situated on an extensive site covering 2,800 square meters. 6,850 stakeholders, including employees, people from the local community, members of NPOs, civic group and primary school pupils cooperated to create this facility on a "hand-made" basis since 2006.

As the various plants began to grow and a true biotope environment came into being, so the place became a habitat for frogs, killifish, dragonflies, fireflies and all kinds of small animals. The environment then became frequently visited by pheasants and herons in search of prey, thus creating a vivid ecosystem.

A testing facility created in the image of the global environment of the future

Today, when the need for conservation of the global environment





is being felt more acutely than ever, companies are expected to make every effort to reduce the burden that their business activities place on the environment.

Reducing waste emissions is one of the requirements. Ecotope also serves as a testing facility for the recycling and reuse of waste emitted from the factory. For instance, the crystal clear water that flows through the stream is in fact purified industrial effluent. Finely powdered bricks that were previously used as the wall of the aluminum melting furnace are reused in part of the soil.

Timber from forest thinning at Neba in Nagano Prefecture, which is upstream from a local river in Aichi, has been used for the monument, the bridge and the benches, while trees that had to be transplanted when the factory was expanded are used for forestation. Compost is obtained from leftovers and organic waste obtained from the canteen.

We have so far managed to reduce the amount of waste being emitted by 2,900 tons thanks to these efforts being made toward recycling and reuse at Ecotopia.

At Eco center, waste matter from each factory is rigorously sorted, broken down and returned to its original form as a single material. As well as striving to restore value to these materials, we are making constant efforts to reduce the actual quantity of waste products.

A place where the children in whose hands the future of the global environment lies can study

Companies are being required not just to reduce their activities of environmental concern but also to provide society with

information that will prove useful for environmental conservation. By making the environmental technology and information they have acquired over the years available to society, they should be able to increase the public's environmental consciousness and bring about action.

AISIN is engaged in a variety of environmental communication activities, one of which involves educating children in local communities all over Japan. The "Aisin Environmental Study Program" involves lectures and talk sessions at local primary and junior high schools with the idea of conveying the knowledge needed for environmental conservation to the children to whom the future of the planet will be entrusted. In addition to such environmental education in the classroom, we provide all kinds of opportunities for study through hands-on experience of nature because of the importance we place on children being able to observe and come into contact with living things outside the classroom.

As a venue for the practical study of nature, Aisin Ecotopia has been open to local primary and junior high schools so that children are easily able to experience natural environments. During fiscal 2008, a total of 2,400 pupils observed marine animals in Ecotopes and dug up potatoes on Eco farms. We are considering a variety of projects to allow even more children and other members of local communities to visit Ecotopia.

We are making use of Aisin Ecotopia as a testing station for environmental technology and as a place where children can study the environment in order to explore the global environment of the future.



Environmental Management

We are striving to expand the Environmental management system applying to the Group as a whole and raise levels.

Basic approach

As a company with a major role to play in the automobile industry, AISIN believes that environmental issues such as global warming, atmospheric pollution and industrial waste are important managerial topics that need to be tackled by the Group as a whole, and for this reason we place “coexistence between society and nature” at the heart of our corporate principles.

In order to put this ideal into practice, in February 2006 we drew up our “Fourth Environmental Action Plan”, a five-year plan aimed at tackling environmental issues. We are currently tackling five priority issues (see below) including expansion of the Aisin consolidated environmental management.

In April 2008 we drew up the “Aisin Consolidated Environment Policy”, an action plan aimed at getting 149 companies in Japan and overseas consolidated environmental management system to work together on environmental conservation activities, and we also formulated the “Aisin Consolidated Environment Vision 2010”, which is intended to enshrine the approach that we hope will be shared by all company employees.

Environmental management system

AISIN has set up an “Aisin Consolidated Environment Committee” consisting of the environmental officers of twelve leading companies and chaired by the

chief environmental management officer (the executive vice president of Aisin Seiki). The committee is engaged in the formulation of policy and strategy for the Group as a whole and in management of consolidated environmental activities.

On the basis of this system, 74 of the 92 production companies included among the 149 companies that make up the Aisin Group as of the end of March 2008 have acquired ISO14001 certification, the international standard of environmental management systems (EMS). The remaining 18 production companies will be gaining recognition by the end of fiscal 2010.

An Aisin Consolidated EMS Manual was created in fiscal 2008 with the aim of achieving management targets in excess even of those in ISO14001. On the basis of this manual, we intend to build an EMS on a level in excess of ISO in the separate fields of factories, offices, products and logistics, and to enhance our EMS level to included nonproduction companies by confirming that such a system has indeed been created.

We made a start with consolidated environmental assessment on a trial basis in fiscal 2008. This involves mutual assessment by establishments employing the same standards throughout the Group, and this is scheduled to come into effect from fiscal 2009.

WEB

“Aisin Consolidated Environment Policy”

“Aisin Consolidated Environment Vision 2010”

Results of activities during fiscal 2008 in connection with the Fourth Environmental Action Plan (2007-11)

Priority items	Activities	Targets for FY2008	Results of activities	Assessment	Page
Promote the development of earth-friendly new products and technologies	Develop environmentally friendly products	(1) Reducing weight and improving performance by means of greater compactness and replacement of materials	Reduction in size of organization-related products Improvements in performance of hybrid products	○	—
	Promotion of environmental influence assessment at the development stage	(2) Reduction of CO ₂ by means of LCA assessment of priority development products in the development process	Average 20% CO ₂ reduction over previous model in products: 10 of 13 products	○	P.44
Reducing the substance of environmental concern in production activities	Reduction of emissions Reduction of PRTR	(1) Standard year ratio: 93 or less of basic unit (2) Standard year ratio: 26 or less of total quantity	Emissions: Basic unit 91 PRTR: Total quantity 23	○	P.45 P.45
	Prevention of global warming	(3) CO ₂ consolidated standard year ratio: 78 or less of basic unit (4) Addition of total quantity targets (Nov. 2007) CO₂: Change in target values to reduction in total quantity	CO ₂ consolidated Standard year ratio: basic unit 71 CO₂: Shared awareness of setting target values for total quantities Setting target values and drafting reduction plan Implementation: 10 of 10 production companies	○	P.45 P.37,45
	Logistical CO ₂ emissions	(5) Modal shift of long-distance transportation and improvements in loading efficiency	Use of railways (JR) for transportation in Hokkaido Encouraging changeover from exclusive load transportation to mixed load transportation	○	P.46
Expansion of environmental management	Operation/development of consolidated EMS, audit, training system	(1) Issue of consolidated EMS manual: Feb. 2008	Study: Feb. 2008, Issue and implementation: From Mar. 2008	△	P.43
		(2) Implementation of consolidate EMS audit: 5 companies	Five companies (AI, AT, AC, AW, AI-A)	○	—
		(3) Consolidated EMS training: Aug 2007, group production companies, 50 persons	Held in Aug. 2007, 67 people from 19 companies (11 group companies, 8 subsidiaries, including nonproduction)	○	—
Further raise environmental awareness of individual employees worldwide	Communication with stakeholders of all kinds	(1) Issue of Aisin report and improvement in website (2) Communication with NPOs and local communities	(1) Issue of report with focus on consolidation (Jul. 2007) (2) Holding local discussion meetings and environmental symposiums, display in eco-product exhibitions	○	—
Further encouragement of activities aimed at conserving nature and the environment	Natural environmental conservation activities	(3) Improvements in environmental study program	(3) Grand opening of Aisin Ecotopia (Sep. 2007), open to primary school pupils in the vicinity (2,465 pupils)	○	P.38,46

WEB See “Fourth Environmental Action Plan: Results of Activities in FY2008” for details on the results of activities.

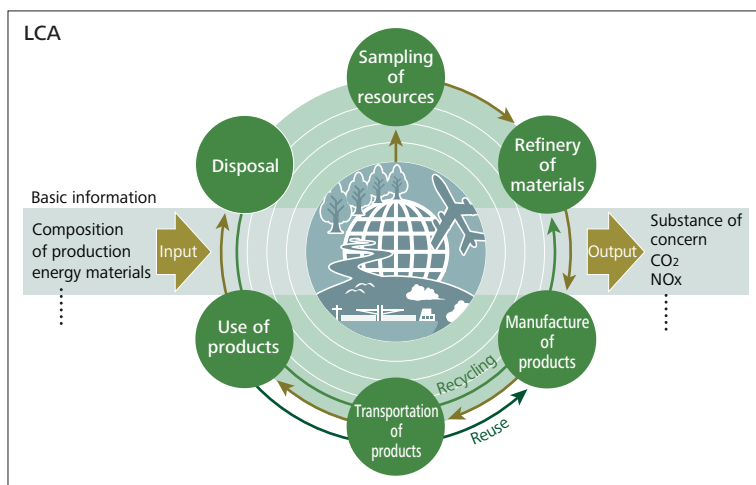
Design and Development

In addition to assessing the energy load in the product lifecycle, efforts are being made to reduce the amount of substance of environmental concern.

Lifecycle assessment (LCA)

In order to develop products that are considerate to the planet, we need to gain an accurate picture of the type of burden that they may place on the environment and at which stage of the product lifecycle.

In fiscal 2007 AISIN created an "Aisin LCA template", the aim of which is to make it possible to calculate the effects that project activities may have on the environment at every stage from the gathering of the materials needed to make the products in question through to manufacture, transportation, use and disposal in connection with 34 representative product categories. Use of this template at the development stage enables us to grasp and reduce the quantities of CO₂ generated by products



throughout their lifecycle.

Reducing substances of environmental concern included in products

A dedicated subcommittee has been established to ensure that the ELV*1 and RoHS*2 directives are strictly observed in connection with substances included in products that concerned with environment. Efforts are thus being made to reduce use of lead, mercury, cadmium and hexavalent chrome. Use of mercury, cadmium and hexavalent chrome has already been totally abandoned. With the exception of a few metals including lead for which exceptions have been prescribed, use of lead was entirely abandoned in fiscal 2008 and we are currently substituting the materials corresponding to these exceptional materials with other materials.

With regard to the REACH regulations*3, a REACH coordinating committee was set up in fiscal 2008 to enable all companies within the Group to share information. In the future we intend to create a system for managing the enormous quantities of data in connection with chemical substances that are targeted by these regulations.

- *1 ELV Directive. A European Union directive that came into force in October 2000 in connection with the recycling of end-of life vehicles and prohibiting the use of harmful substances.
- *2 RoHS Directive. A European Union directive that came into force in July 2006 prohibiting the use of harmful substances included in electrical and electronic devices.
- *3 REACH Regulations. European Union regulations that came into force in June 2007 in connection with the registration, assessment, authorization and restriction of all chemical substances (1 ton per year and above) in products and imports.

Development of new automobile paints that greatly reduce volatile organic compounds (VOC)

Paints are used throughout cars in order to prevent them from rusting. However, most paints used in the past have included volatile organic compounds (VOC*1), which have an adverse effect on the environment since they can turn into substances that cause photochemical smog in the air.

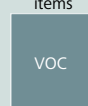
In fiscal 2007, Aisin Chemical Industries developed a "fast-drying water-based high-performance anti-corrosive paint" that greatly reduces the content of VOCs while maintaining their outstanding anti-corrosive properties. These new paints dry even more rapidly than previous paints that include VOCs. Not only do they prevent air pollution, but they also bring about a dramatic reduction in the energy costs required for drying purposes.

*1 VOC (Volatile Organic Compounds).

This is the generic name for substances that readily volatilize in the air at normal temperatures and under normal atmospheric pressure. The term generally refers to artificially synthesized substances of this nature. VOCs can become the cause of photochemical smog.

VOC (Volatile Organic Compounds)

Previous items



VOCs that have a harmful effect on the environment have been reduced by

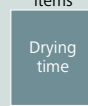
60%.

Developed items



Rapid-drying properties (energy-saving properties)

Previous items



The drying time for the paint is

halved

with a dramatic reduction in the costs of energy required for drying purposes.



WEB For further examples, see "Raising the environmental performance of motor vehicles" and "Raising the environmental of products used in the home."



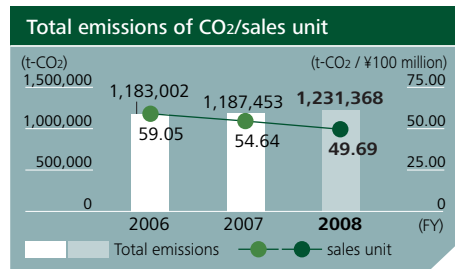
Production

Working on reducing emissions of greenhouse gases, reducing waste, and cutting back on substances of environmental concern.

Reducing CO₂ and other greenhouse gases

We've been increasing our production quantities year-on-year in response to increased demand for motor vehicles all over the world, but we've also succeeded in making major reductions in CO₂ emissions in terms of sales units.

In November 2007 we set an additional emissions reduction target involving a 7% reduction over figures for 1990 in total emissions with a view to achieving the targets set out in the Kyoto Protocol. The Group as whole is working on changing over to facilities with high levels of energy efficiency and on activities aimed at totally stopping lines when they are out of operation. Everyone is also checking on detailed points such as air leaks. The combined effect of these efforts to energy conservation amounted to a reduction in CO₂ emissions of 65,800 tons in fiscal 2008.



With regard to greenhouse gases other than CO₂, we used to make use of sulfur hexafluoride (SF₆) with a warming coefficient of 23,900 (i.e., possessing 23,900 times the warming effect of carbon dioxide) as a flame-proofing gas in the magnesium die casting manufacturing process.

However, since June 2007 we have been working on replacing SF₆ with fluoroketone, which has a warming coefficient of one, and we completed the changeover in March 2008.

Reducing waste

At the end of March 2008, all the companies in the Aisin Group had succeeded in totally eliminating landfill waste (less than 1% in 2000).

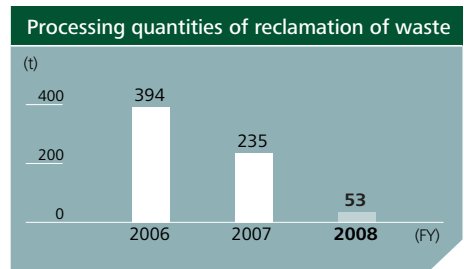
We are attempting to reduce emissions of waste by recycling waste emitted from factories by taking a thorough approach to separate

collection according to type of waste, increasing the life of grease and oil, and, at the Eco center, recycling waste plastics.

Since fiscal 2007 we have been attempting to reduce the total quantity of waste including industrial waste, general waste and valued property.

We have raised the yield of raw materials and encourage activities aimed at reducing the quantity of defective materials. These activities have enabled us to reduce the total quantity of waste.

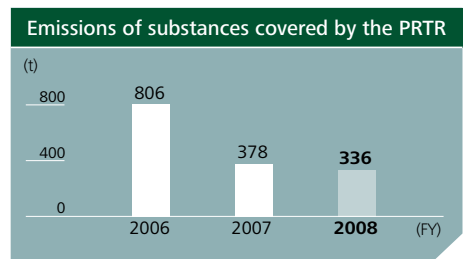
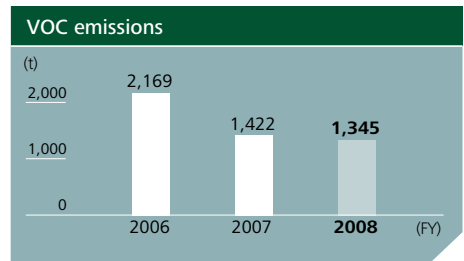
We intend from now on to engage in reduction activities with the priority on scrap forging from the casting and mechanical processes.



Reducing substances of environmental concern

AISIN is concentrating on reducing substances subject to PRTR*1 and especially VOC*2.

We are working toward replacing VOCs such as toluene and xylene used in solvents in the chassis parts painting process with other substances, and as a result we are seeing a year-on-year decrease in substances covered by the PRTR and in VOC emissions.



Improvements in facilities
Reducing fuel in die-cast aluminum molten holding furnaces employing heat exchange integrated burners



Improvements in control
Thorough measures to prevent the non-operation of mechanical processing facilities in accordance with facilities suspension lists

*1 PRTR (Pollutant Release and Transfer Register).
A system involving notification of release and transfer quantities of chemical substance of environmental concern as provided for in law.

*2 VOC (Volatile Organic Compounds).
This is the generic name for substances that readily volatilize in the air at normal temperatures and under normal atmospheric pressure. The term generally refers to artificially synthesized substances of this nature.

Total emissions of greenhouse gases other than carbon dioxide (t-CO₂ / ¥100 million)

	FY2006	FY2007	FY2008
CH ₄ (methane)	0	0	0
N ₂ O (dinitrogen monoxide)	0	0	0
HFCs (hydrofluorocarbons)	1,464	1,533	1,673
PFCs (perfluorocarbons)	0	0	0
SF ₆ (sulfur hexafluoride)	299,945	381,205	326,235

Transportation

Working towards modal shift (changing methods of transportation), improving loading ratios, and reducing the volume of packaging.

Reducing transportation by trailer by improving loading efficiency



Before improvement



After improvement

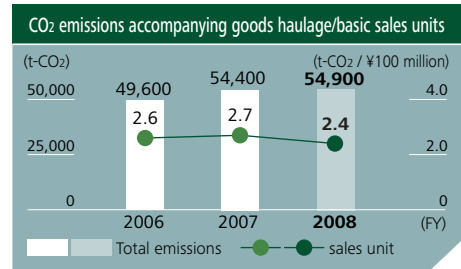
Reducing emissions of CO₂

At AISIN, we're working on modal shift in order to reduce emissions of carbon dioxide accompanying the transportation of products and parts. Rather than use trucks, we're trying to switch over to carriage by ships and railways in the case of journeys to far-away locations involving a one-way distance of more than 400 kilometers.

On the basis of cooperation between factories and individual group companies, we're also working on improving loading ratios so that cargo from more than one base can be loaded on the same truck. Hekinan Unsou and Sanetsu Unyu are educating their drivers in environmentally friendly driving methods involving avoidance of sudden starts and braking. Digital tachographs are also being used to monitor driving.

There was an increase in cargo transportation in fiscal 2008 accompanying the increase in production that year, resulting in an increase in

CO₂ emissions. However, thanks to the efforts we made along these lines, we succeeded in reducing emissions in terms of sales units.



Resource conservation

We're also trying to cut back on the amount of packaging material used when transporting products and parts.

For example, we're making efforts to ensure that there are as few gaps as possible between separate packages, to simplify containers, and to reduce the amount of material used.

Environmental Communication

Doing all we can to explain risks to people living in the vicinity of our factories and to cooperate and enter into a dialogue with stakeholders.

Communication in factories

In order to fulfill our responsibility to explain environmental risks to people living in the vicinity of our factories, each AISIN factory invites representatives of neighborhood associations to an annual meeting at which business activities and the results of environmental measurements

are explained to them.

These meetings also provide the opportunity for local people to inspect our environmental response facilities and to gain a better understanding of how AISIN is dealing with environmental questions.

We try as far as possible to reflect any opinions and wishes expressed on these occasions in our business activities and environmental conservation activities.

Working together with local communities to protect forest as a water source

AISIN has concluded a "forestry foster parent agreement" with Neba, the municipality in Nagano Prefecture, with the aim of protecting the forest that is the source of the Yahagi River, which we use to obtain water for industrial purposes.

We sponsored the fourth Neba-mura family adventure project in November 2007 in this forest. 80 employees and their family members got together to thin trees and to repair the paths through the forest. Local people from Neba-mura gave the participants practical instruction in how to dye fabric using natural dyes obtained from the forest. This was a great opportunity to learn all about the importance of the natural environment.



Activities contributing to society

At AISIN we're doing everything we can to cooperate with local residents and NPOs on greening and forest conservation projects. We hope that our efforts along these lines will deepen the relationship of trust that we enjoy with our stakeholders.