

## Risk Management

### Basic approach

AISIN strives to keep any risks that may have a serious influence on corporate management from materializing. In order to create a corporate constitution with strong resistance to risks, we consider that one of our priority management tasks is to reduce any damage to the minimum and ensure that rapid restoration is possible in the event of a risk actually occurring.

Moreover, we work to strengthen the risk management system and enhance risk responsiveness under a coordinated Group framework.

### System

As part of its risk management and advancement system, Aisin Seiki has set up a Risk Management Committee chaired by the Vice President. The committee advances and strengthens risk management activities, such as monitoring of progress on measures against important companywide risks, consideration of risks that may warrant greater safeguards in the coming fiscal year, and continual follow-up on implementation status at each department in charge of risks.

In order to promote such practical activities in an efficient manner throughout the company, we have set up a Corporate Risk Management Dept. to deal exclusively with this matter, and we are striving to enhance responsiveness, whether trouble is present or absent.

### Ensuring full awareness on the part of employees

AISIN has created a Risk Management Guide that expounds on the basic approach of the company, on the behavioral principles to be adopted by employees, and on how to respond in the event of an urgent situation actually arising. Efforts are made to ensure full awareness on the part of employees through annual practical activities and hierarchically differentiated training.

### Business Continuity Plan (BCP)

Continuity of important business activities in emergency situations such as natural disasters and accidents is indispensable for corporate management.

AISIN considers it to be an urgent priority to put together a business continuity plan (BCP) to respond to earthquakes on a magnitude similar to that of the Tokai Earthquake. We are working on creating an action plan concerned with ensuring the safety of employees, preserving assets in the forms of buildings and equipment, and enabling a full return to production in the briefest possible period.

We are also advancing countermeasures and creating BCPs to respond to major outbreaks of new strains of influenza and other highly dangerous risks that could result in a cessation of business activity. In our efforts, we place the highest value on human life, and give full consideration to our social obligations and how such situations would affect local communities.

## Message from Newly Appointed External Auditor

### I will emphasize legal compliance, ensuring fairness and transparency, and fulfilling responsibility for explanation in my auditing duties.

Although I am engaged in business law research at Nagoya University focusing the Companies Act, I have recently taken the position of external auditor for Aisin Seiki. The most fundamental of the various regulations governing joint-stock companies in Japan is the Companies Act, which was passed in 2005 and enacted in 2006. As its framers intended, this law is characterized by its flexibility and neutrality. Under the Companies Act, the scope of actions companies can freely undertake is substantially broader than under previous regulatory structures. However, such freedom naturally necessitates that fairness and transparency of procedures be ensured when taking actions, and that the responsibility of explanation to shareholders and society on the reasons for such actions be fulfilled.

Related to these issues is the already frequently mentioned problem of the widespread hollowing out of boards of directors, which were originally intended to thoroughly consider important

business management issues. In my audit duties, I will naturally emphasize legal compliance as a researcher in business law, and from my independent perspective I aim to devote special attention to the issues of whether thorough discussion is taking place at board of directors meetings, whether the fairness and transparency of procedures is being maintained, and whether the responsibility for explanation is being fulfilled.



**Ryo Kobayashi**, Auditor  
Professor, Nagoya University Graduate School of Law  
Assumed the position of outside auditor in fiscal 2010