The AISIN Group offers extensive product lines, including components for virtually every part of an automobile.

The AISIN Group handles product lines that comprehensively cover virtually every element of an automobile, from transmissions and other drivetrain related products to brake systems, chassis, engines, body parts such as sunroofs and door latches, and information technology products. Our products are incorporated into vehicles produced by automakers worldwide. AISIN is also leveraging its engineering expertise accumulated in the automotive parts field to offer products and services in other areas, including life related and energy related products. AISIN is dedicated to enriching society through its business activities.
Mobilizing the Outstanding Technical Competence of the AISIN Group to Support the Auto Industry

Aisin Seiki was established in 1965 with the merger of two auto parts manufacturing companies, Aichi Kogyo Co., Ltd. and Shinkawa Kogyo Co., Ltd. Since then, we have developed into a network of subsidiaries and affiliates to effectively deliver advanced technologies to the diversifying auto industry. By optimizing each company into a specialized business segment, we have become a corporate group able to process diverse materials such as steel, aluminum and resin into products that cover virtually all elements of driving and integrate the “operating,” “turning” and “stopping” functions of automobiles.

*Includes 10 equity-method affiliates
As of March 31, 2014

### About the AISIN Group

**Highlights (Consolidated)**

- **Net sales**
  - (Billions of yen)
  - FY 2014: ¥2,822.2 billion
  - FY 2013: ¥2,529.9 billion
  - FY 2012: ¥2,304.1 billion
  - Growth rates: 11.9% (FY 2014 vs. FY 2013), 11.9% (FY 2013 vs. FY 2012)

- **Operating income**
  - (Billions of yen)
  - FY 2014: ¥171.1 billion
  - FY 2013: ¥148.8 billion
  - FY 2012: ¥121.8 billion
  - Growth rates: 18.0% (FY 2014 vs. FY 2013), 22.9% (FY 2013 vs. FY 2012)

- **Ordinary income**
  - (Billions of yen)
  - FY 2014: ¥189.4 billion
  - FY 2013: ¥158.7 billion
  - FY 2012: ¥121.4 billion
  - Growth rates: 19.3% (FY 2014 vs. FY 2013), 29.9% (FY 2013 vs. FY 2012)

- **Net income**
  - (Billions of yen)
  - FY 2014: ¥90.0 billion
  - FY 2013: ¥77.5 billion
  - FY 2012: ¥55.4 billion
  - Growth rates: 16.1% (FY 2014 vs. FY 2013), 39.0% (FY 2013 vs. FY 2012)

- **Capital investment**
  - (Billions of yen)
  - FY 2014: ¥204.7 billion
  - FY 2013: ¥195.0 billion
  - FY 2012: ¥150.7 billion
  - Growth rates: 4.4% (FY 2014 vs. FY 2013), 30.9% (FY 2013 vs. FY 2012)

- **R&D expenses**
  - (Billions of yen)
  - FY 2014: ¥144.3 billion
  - FY 2013: ¥135.0 billion
  - FY 2012: ¥121.4 billion
  - Growth rates: 6.9% (FY 2014 vs. FY 2013), 11.1% (FY 2013 vs. FY 2012)

- **Number of employees**
  - FY 2014: 89,531
  - FY 2013: 83,378
  - FY 2012: 78,212
  - Growth rates: 7.4% (FY 2014 vs. FY 2013), 19.3% (FY 2013 vs. FY 2012)

- **Number of Group companies**
  - FY 2014/3: 250
  - FY 2013/3: 171
  - FY 2012/3: 119
  - Growth rates: 46.1% (FY 2014/3 vs. FY 2013/3), 51.3% (FY 2013/3 vs. FY 2012/3)

**North America**
- Employees: 10,545
- Companies: 31

**Europe**
- Employees: 2,150
- Companies: 12

**Asia & Others**
- Employees: 26,104
- Companies: 74

**Sales Breakdown by Product Category**

- **Information related products**
  - FY 2014: ¥145.9 billion (5.2%)

- **Brake & chassis related products**
  - FY 2014: ¥585.4 billion (20.7%)

- **Body related products**
  - FY 2014: ¥493.7 billion (17.5%)

- **Engine related products**
  - FY 2014: ¥286.4 billion (10.1%)

- **Lifestyle & energy related products, other products**
  - FY 2014: ¥109.0 billion (3.9%)

**Net sales**

- **Japan**
  - FY 2014: ¥1,792.8 billion (63.5%)

- **North America**
  - FY 2014: ¥408.8 billion (14.5%)

- **Europe**
  - FY 2014: ¥219.1 billion (7.8%)

- **Asia & Others**
  - FY 2014: ¥401.3 billion (14.2%)

**About the AISIN Group**

In September 2015, AISIN Group marks 50 years in business.
In fiscal 2014, the AISIN Group achieved an increase in sales for the fourth consecutive year and an increase in profit for the second consecutive year due primarily to an increase in production volume at automakers in Japan and overseas, as well as the impact of foreign exchange rate fluctuations. We would like to express our sincerest appreciation to you all.

Over the past two years, we have put all our efforts into creating a solid foundation for supporting growth as the first step to realize the AISIN Group VISION 2020, our new growth scenario introduced in April 2012. Fiscal 2015 will mark the culmination of these efforts. We hope to decisively work through the issues we need to address and effectively utilize the collective capabilities of the Group to meet the expectations of customers worldwide for future growth.

The year 2015 marks a key milestone as the 50th year since our founding. We ask for your continued guidance and support as we head into an era of new challenges.
Toward the Realization of the AISIN Group
VISION 2020 Integrating Group Capabilities
to Lead Us into the Next Stage

Aisin Chemical Co., Ltd.
Aisin Chemical provides chemical products, friction materials and plastic parts as the manufacturer in the AISIN Group engaged in chemical-related fields. In order to deliver appealing products that satisfy customers, we are working as one throughout the company to develop environmentally friendly products based on novel concepts. With the aim of becoming a global company with strong brand power, we will strive to generate sustainable corporate growth and contribute to the creation of an enriched society by strengthening our mono-zukuri (manufacturing) capabilities while nurturing our human resources and corporate culture.

Kanichi Shimizu, President

Aisin AI Co., Ltd.
Aisin AI’s core product of manual transmissions consists of hundreds of parts at a micron level. We cut and coat the gears and perform high-precision processing for the surfaces. In the drivetrain domain, where we are further honing these specialized skills and which is becoming increasingly systemized, we will supply products to the global market with exceptional economic, safety and environmental features in order to contribute to the realization of the vision. We will achieve this through collaboration with other companies in the AISIN Group.

Kazumichi Sugiuira, President

Aisin Takaoka Co., Ltd.
As a global materials manufacturer, Aisin Takaoka provides cast-iron products and metal-forming products in respective regions that can meet the needs of the area and our customers primarily through the development of new products and innovative manufacturing methods that leverage our material development capabilities. We will continue to grow into a company that is trusted by customers, local communities and employees based on ongoing efforts to create a culture of safety and quality as our base activity.

Haruhiko Amakusa, President

Aisin AW Co., Ltd.
Aisin AW was established as a specialist manufacturer of automatic transmissions within the AISIN Group in 1969. Since then, we have worked to create products with a thorough focus on quality and innovation, which has culminated in the production of the latest step automatic transmissions, continuously variable transmissions and hybrid products. We have grown into a position commanding the world’s largest market share. Moreover, we boast production volume at a world-class level in the car navigation system field, the second pillar of our operations. Going forward, we will swiftly provide products to customers around the world that benefit society and that are ahead of the times.

Mutsumi Kawamoto, President

ADVICS Co., Ltd.
ADVICS is working actively to create new value as a brake system supplier based on the keywords “environment” and “safety.” Amid dramatic changes in vehicles, including the introduction of hybrid vehicles, electric vehicles, automated operation and ultra-compact mobility, we aim to contribute to the creation of a more enriched society together with the AISIN Group. To this end, we pursue the ultimate in motion performance for vehicles and aim to further expand our technological domains while producing system products that provide peace-of-mind to people in different regions of the world.

Takeshi Kawata, President

The AISIN Group of companies have taken the next step toward our 50th anniversary by leveraging our combined strengths together with the 89,000 company members operating at our 187 Group companies. Fumio Fujimori, President of Aisin Seiki Co., Ltd., introduces various initiatives toward realizing the vision herein.
Definitive step taken toward 2020

In April 2012, we introduced the AISIN Group VISION 2020, a new growth scenario shared across the entire Group, as well as the Group’s target vision to become an “irreplaceable global partner.” As a premise to realizing this vision, we have set 2020 management targets of more than ¥3,300 billion in net sales and sales ratio outside Japan of more than 50%. The nine-year period from 2012 to 2020 has been broadly divided into three periods, specifically, a “period for creating foundations,” “period for growth” and “period for reaping the benefits.” Accordingly, we have been implementing a variety of activities aimed at achieving the vision.

Against this backdrop, we continued working to develop new products and expand sales as well as to create global business foundations in fiscal 2014, which was a key year for solidifying our foothold in the second year of the first stage of our vision as a “period for creating foundations.” As a result, net sales increased for the fourth consecutive fiscal year to ¥2,822.2 billion and operating income increased for the second consecutive fiscal year to ¥171.1 billion.

Four initiatives aimed at realizing the vision

Fiscal 2015 marks the final year of the “period for creating foundations.” In order to further reinforce the creation of these foundations for growth toward the realization of the vision, we aim to accelerate various initiatives and see them through to completion based on the following four perspectives: “Create new products that support growth,” “Strengthen competitiveness through product innovation,” “Build a global business structure” and “Cultivate business that will become the second pillar of our operations.”

Create new products that support growth

AISIN is taking various steps to create products that support growth based on the three key themes of “enhanced fuel efficiency,” “safety and security” and “comfort and convenience.”

In terms of “enhanced fuel efficiency,” we are pouring our efforts into developing products that are indispensable for hybrid vehicle functions as these types of cars become increasingly popular in the market. In particular, we recognize that drivetrain related products is one domain in which the AISIN Group should lead the world. To this end, we are pushing ahead with upgrading variations of hybrid transmissions for a wide range of vehicle types, from passenger cars to commercial cars. In addition, we are striving to develop advanced technologies and products to raise fuel efficiency in broad fields, including technologies to realize lighter weights, enable efficient use of waste heat from engines and minimize air resistance.

In the field of “safety and security,” which is viewed from the two perspectives of preventive safety and collision safety, we are pursuing the development of system products using diverse technology related to drive systems and intelligent transportation systems.

TOPICS

New products that leverage the capabilities of Group companies

![FWD 2-motor hybrid transmission](image)

**FWD 2-motor hybrid transmission**

- **equipped vehicle:** Axela Hybrid (Mazda)
- Realizes compact design and smooth acceleration

- **equipped vehicle:** Bolt (Yamaha)
- Equipped with this system expands models that could be exclusively for motorcycles and lightweight features through design

![Antilock Brake System for motorcycles](image)

**Antilock Brake System for motorcycles**

- **equipped vehicle:** Q3 Y1 (Honda)
- smooth acceleration
- **equipped vehicle:** Q3 Y1 (Honda)
- Brings out high performance

Target Vision

AISIN aims to become a corporate group viewed as an “irreplaceable global partner.”

1. Create new products that support growth
2. Strengthen competitiveness through product innovation
3. Build a global business structure
4. Cultivate business that will become the second pillar of our operations

Message from Top Management

Fumio Fujimori
President,
Aisin Seiki Co., Ltd.

Consolidated business results

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Sales (Billions of yen)</th>
<th>Operating Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,044.4</td>
<td>97.5</td>
</tr>
<tr>
<td>2011</td>
<td>2,057.4</td>
<td>137.2</td>
</tr>
<tr>
<td>2012</td>
<td>2,061.5</td>
<td>171.8</td>
</tr>
<tr>
<td>2013</td>
<td>2,304.1</td>
<td>148.8</td>
</tr>
<tr>
<td>2014</td>
<td>2,822.2</td>
<td>171.1</td>
</tr>
</tbody>
</table>

Managerial goals (consolidated)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Sales (Billions of yen)</th>
<th>Sales ratio outside Japan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,044.4</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>2,057.4</td>
<td>20</td>
</tr>
<tr>
<td>2012</td>
<td>2,061.5</td>
<td>40</td>
</tr>
<tr>
<td>2013</td>
<td>2,304.1</td>
<td>60</td>
</tr>
<tr>
<td>2014</td>
<td>2,822.2</td>
<td>80</td>
</tr>
</tbody>
</table>

Enhanced fuel efficiency

Safety and security

Comfort and convenience
resin step power sliding door drive unit that makes it of the slide door rail and step section, and developed a lower floor in a minivan through the integrated design. As an example, in power sliding doors, we achieved a working to improve the ease of boarding and alighting.

In the field of “comfort and convenience,” we are working to improve the ease of boarding and alighting and to create a more comfortable interior car space. As an example, in power sliding doors, we achieved a lower floor in a minivan through the integrated design of the slide door rail and step section, and developed a resin step power sliding door drive unit that makes it easier to board and alight for children and elderly persons. We also worked to lower the cost of power seats that can be adjusted electrically and continued development toward application in small and light vehicles. Through these and other efforts we hope to deliver a series of products that achieve a level of comfort and convenience desired by vehicle passengers.

2 Strengthen competitiveness through product innovation

As a means to “strengthen competitiveness through product innovation,” we are responding to the module strategy being implemented by leading global automakers. Module strategy is a new concept that refers to the sharing of parts, units and modules across vehicle types and regions to realize significantly lower costs and the creation of vehicles that meet needs for individual regions and customers.

In response to such initiatives by automakers, the AISIN Group actively develops and proposes core products that will become the future global standard. In basic functionality and products that can meet the individual needs of regions and customers by participating from the planning stage for automobiles. In addition, we are striving to ensure efficient design to minimize the number of components and processes, standardization of constituent parts and optimization of production processes. As an example, in developing electric water pumps, we expect to see the realization of a series of next-generation models with product appeal far exceeding the capability and cost competitiveness of existing products.

Going forward, we seek to contribute to the development of new automobiles for the world’s automakers through initiatives such as these under a variety of themes and to translate this into greater competitiveness on a global scale and better management efficiency.

3 Build a global business structure

A key pillar of our future growth strategy is to “build a global business structure.” The AISIN Group has been actively making capital investments to establish business foundations in emerging countries in recent years and has set up bases at a rapid rate. As a result, the amount of capital investment overseas exceeded that made in Japan for the first time in fiscal 2014. For example, we created a framework enabling conformity assessment through to the production of automatic transmissions on a local basis in China. In addition, we are making bold moves to reinforce development staff in order to identify the market characteristics and business practices in the regions where we are making inroads so that we can propose appealing products ahead of other component makers. Through this initiative, we increased the number of products that can be ordered in each region and as a result sales in

Variable valve timing enables the optimal adjustment of timing for opening and closing the intake and exhaust valve of an engine corresponding to driving conditions and contributes to improved engine output and vehicle fuel efficiency while reducing exhaust gas.

We aim to realize light weights and lower costs as well as boost sales by enabling applicability to small displacement engines and idling stop vehicles.
the four emerging regions of China, India, ASEAN nations and Brazil expanded by over ¥150 billion in only two years.

Integrating Group capabilities is indispensable in further promoting global development. From this perspective, in Indonesia and Brazil, for instance, multiple Group companies established production entities on the same premises, which has enabled the sharing of buildings, equipment and human resources while reducing initial investment costs. Also, coordinating in this same manner within the Group to enter respective regions has provided us with a platform to manufacture an array of products locally and meet diverse customer needs in the regions we operate. As a result, we are encountering an increasing number of business opportunities never before pursued.

The AISIN Group will continue to develop business on a global scale through such means as strengthening local business systems and working to expand business with new customers by establishing a local product supply system.

Cultivate business that will become the second pillar of our operations

To “cultivate business that will become the second pillar of our operations,” we will strive to continue developing energy related business. Among these efforts, we expanded our lineup of residential-use cogeneration systems aimed at driving future growth, including the release of new models of two basic types, namely the COREMO gas engine cogeneration system and ENE-FARM fuel cell cogeneration system. Through this, we have responded to needs for self-reliant power generation enabling electricity during a blackout and made the most of the growing market by making optimum proposals that meet respective residential energy usage conditions. Building on these results, we will endeavor to further expand business for residential-use cogeneration systems. In industrial-use gas engine driven heat-pump air conditioners, we have expanded sales volume close to threefold over the past three years and are gradually increasing market share. Moving ahead, our policy is to strongly nurture the business field for gas engine driven heat-pump air conditioners, which includes strengthening sales in overseas markets.

Another leap forward in personal growth and creating a dynamic corporate culture

Asian Seki will celebrate 50 years in business in 2015. This milestone provides the impetus for the AISIN Group to make a major leap forward. Fiscal 2015 is an important year for solidifying our foothold to make this leap forward, and the key to determining our success or failure lies in our people and the creation of a dynamic corporate culture. First, it is vital that we strengthen the capabilities of all personnel working in the AISIN Group. Our aim is to be an attractive corporate group in which the creativity and individuality of each person is allowed to shine through irrespective of age, gender or nationality and in which capabilities are harnessed to optimal effect. To achieve this, we will make every use of the capabilities possessed by employees worldwide and undertake concerted efforts into developing personnel and creating a corporate culture that fosters motivation and growth on a daily basis.

As we head toward our 50th anniversary and the milestone year of 2020, the AISIN Group aims to be a corporate group that garners an even deeper level of trust from stakeholders, including customers and suppliers around the world, local communities, shareholders, investors and employees.

Efforts to develop new products by enhancing Group collaboration

Currently, we are strongly promoting products combined in a system rather than individual items to major global automakers and taking steps to propose system products desired by these automakers. The AISIN Group deals with almost all parts for the car. By leveraging Group collaboration to propose system

Expand CSR activities throughout the Group

In promoting business activities worldwide, we aim to conduct corporate social responsibility (CSR) activities closely connected to local communities while maintaining a global outlook. We have consistently implemented various actions over the years in Japan and abroad, including appropriate corporate behavior, environmental management and corporate citizenship activities. Among our domestic activities in fiscal 2014, the AISIN Environmental Education Program, which teaches the importance of environmental protection to elementary school students, was awarded the Minister’s Prize of the Ministry of Economy, Trade and Industry. Our regional child-rearing support program conducted in conjunction with the government was also awarded the Minister of State for Special Missions Award. These results are very encouraging.

Going forward, we will implement initiatives to reduce environmental burden in global business activities and make efforts related to human rights in the supply chain as well as take meaningful measures as a corporate citizen in the communities in which we do business. We will reaffirm the importance of CSR activities together with Group companies operating in respective regions around the world and aim to develop programs within the Group as a whole.
AISIN Group’s Advanced Safety and Security Systems for Harmonious Coexistence between People and Cars

There are things that are possible only with the AISIN Group, that is, creating next-generation cars and contributing to the realization of a safe and secure automobile society with zero accidents by mobilizing its unique technologies and ideas of respective Group companies.

At the 20th ITS World Congress Tokyo 2013 in October 2013, we exhibited an advanced safe driving system integrating technology for monitoring vehicle surroundings, a car navigation system and a brake system. This demonstrated the efforts we are undertaking as a Group toward the realization of a safe and secure automobile society.

Aiming to realize a safe and secure automobile society with zero accidents

The AISIN Group, which has contributed to development of the automobile society, has formulated a theme that is placing major emphasis on terms of technological development, specifically, the realization of a safe and secure automobile society with zero traffic accidents.

Various AISIN Group companies have been providing products and technologies to achieve safety and security. These include Intelligent Parking Assist (IPA), which was jointly developed by AISIN Seiki and Toyota Motor Corporation, and a driver monitor system to which was jointly developed by AISIN Seiki and Toyota Motor Corporation, and a driver monitor system to which was jointly developed by Aisin Seiki and Toyota Motor Corporation, and a driver monitor system.

Several enhancements of car navigation systems using mobile telecommunication technology (Aisin AW), and an enhancement of car navigation systems using mobile communications technology (Aisin AW), and an Antilock Brake System (ABS) and Electronic Stability Control (ESC), which are effective for reducing traffic accidents.

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Group companies collaborate ahead of ITS World Congress Tokyo 2013

The ITS*1 World Congress is a worldwide event held every year in conjunction with ITS groups representing three regions of Europe, Asia Pacific and the United States. The aim of the congress is to exchange information from broad standpoints in such areas as technological development and measures for resolving traffic problems through the proliferation of ITS.

For ITS World Congress Tokyo 2013, which was held in Tokyo for the first time in nine years, the AISIN Group planned the Demo Car Production Project with the aim of presenting to the world a new system for achieving traffic accidents by coordinating multiple systems.

This enabled us to forge deep relationships and concentrate fully on the project with maximum motivation. As a result, we were able to complete the demo car at a pace that other companies would find difficult to match.

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The ITS*1 World Congress is a worldwide event held every year in conjunction with ITS groups representing three regions of Europe, Asia Pacific and the United States. The aim of the congress is to exchange information from broad standpoints in such areas as technological development and measures for resolving traffic problems through the proliferation of ITS.

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Realizing highly precise and smooth steering and stopping with a view to automated driving

One further area that attracted attention in the technical showcase was the precision and comfort of the automated parking function developed through the integration of technologies from Aisin Seiki and ADVICS. “We wanted people to experience automated parking, which was one of our technological challenges over the years to enable highly precise and smooth steering and braking proven in Europe to gain a great deal of attention. For this function, in case the stereo camera detects pedestrians and at the same time the driver monitor system detects the driver looking away, the system will give a warning to the driver. If the level of danger is high, the brakes will automatically be applied. The system will only be activated if the driver is not aware of the pedestrian, which is a welcome function and has been well received by drivers for not being an excessive interference. The stereo camera, which serves as the core of the pedestrian safety function, was developed by R&D personnel in the field of image recognition technology, led by Remy Bendahan at IMRA Europe, and engineers from Aisin Seiki. The functionality of the camera enables recognition of multiple objects at the same time and in real time, which was previously difficult to achieve. It is critical that safety and security systems for community roads (Zone 30) incorporate functions to recognize and evaluate risk inside and outside the vehicle, as well as control the automobile. Our technology promotes preventive measures by analyzing the risk of a pedestrian taking a particular course of action, which is difficult for the driver to predict, while the driver monitor system contributes to risk avoidance associated with such things as driver fatigue or a sudden heart attack, for instance. Expectations are high for further advancements in these technologies.

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AISIN Group CSR

Aiming to Become an Irreplaceable Global Partner

The AISIN Group is developing corporate activities in accordance with its Principles of Corporate Behavior, the code of conduct established in January 2010, as a means of fulfilling its corporate social responsibility (CSR). Initiatives are also being carried out under the AISIN Way, established in April 2007, which conveys the values and behavioral principles to be shared among current and future AISIN generations.

Additionally, under the AISIN Group VISION 2020 formulated in April 2012, we aspire to become “a role model of CSR around the world” while implementing and promoting initiatives by establishing specific action plans supported by “global CSR development.”

Organizational Governance

The AISIN Group places importance on developing fair and highly transparent management activities and is striving to strengthen organizational governance as a corporate citizen trusted by all stakeholders.

Corporate Principles

- Based on “Quality First”
  1. Enhanced Value Creation
  2. Continuous Global Growth
  3. Harmony with Society and Nature
  4. Individual Creativity and Initiative

AISIN Way

1. Value
2. Behavioral Principles
3. Contributing to society and customers
4. Continuous improvement
5. Respect for each person

To further promote management that emphasizes CSR, AISIN Group Report 2014 incorporated reporting that draws upon the seven core themes of ISO 26000, an international standard that provides guidance on the social responsibility of organizations.

18 AISIN Group CSR

19 Organizational Governance
22 Human Rights and Labor Practices
28 The Environment
38 Fair Operating Practices
42 Consumer Issues
44 Community Involvement and Development

CSR Management

Contributing to the sustainable development of society and the earth

Aisin Group Principles of Corporate Behavior

The Aisin Group Principles of Corporate Behavior include guidance on contributing to the sustainable development of society and the earth; respecting each employee’s character, individuality and diversity; and developing and maintaining sound relationships with stakeholders based on active communication. We promote CSR activities based on these principles of corporate behavior under various themes, which extend not only in Japan but also to overseas Group companies in light of the circumstances in respective countries and regions.

The Aisin Group Principles of Corporate Behavior are introduced via the AISIN Group CSR website.

Putting the principles into action through education and training

The AISIN Group has formulated and is promoting the Guidelines in Compliance with Social Responsibility to provide concrete behavioral standards for all employees to fulfill the objectives of the Aisin Group Principles of Corporate Behavior.

These guidelines have a Q&A section for each of the seven principles defined under the Aisin Group Principles of Corporate Behavior, namely safety and quality, compliance, disclosure of information and communication, human rights and labor, the environment, corporate citizenship activities and top management leadership. By doing so, we will ensure that these principles are easy to understand and easily accessible in a booklet printed for all employees.

Additionally, to promote employees’ awareness of CSR and encourage business practices with CSR in mind, CSR training (for regular employees) and CSR management training (for managers) are conducted as part of rank-specific training programs. Training for members of top management (Photo 1), which instills an understanding of the AISIN Way and promotes CSR activities globally, is also conducted at overseas locations.

We hold training for managerial-level employees at overseas bases.

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Corporate Governance

Aiming to operate with fairness and transparency

Aisin strives to develop amicable relations with all stakeholders as well as steadily grow and expand over the long term as a means to maximize its corporate value.

To realize these objectives, the AISIN Group believes that undertaking fair and highly transparent management activities is of paramount importance and is striving to enhance its corporate governance as a corporate citizen trusted by the international community.

System

Aisin Seiki has established an Audit & Supervisory Board system and has set up General Meetings of Shareholders, Board of Directors, and Audit & Supervisory Board as statutory institutions.

- Board of Directors
  The Board of Directors meets once a month to pass resolutions on important management matters and is also responsible for overseeing the execution of business operations.

- Audit & Supervisory Board
  The Audit & Supervisory Board is comprised of five members, which includes three external Audit & Supervisory Board members. Together with monitoring the execution of duties by directors, Audit & Supervisory Board members monitor the status of the execution of operations of respective business divisions to ensure that management and the execution of business operations are being carried out properly.

Improvement and strengthening of internal control system

Aisin Seiki is strengthening measures based on the Basic Policy Concerning the Establishment of Internal Control, as approved by a resolution of the Board of Directors.

Specifically, after formulating activity policies through committees such as the Business Ethics Committee, the Risk Management Committee, the Company-wide Environmental Committee, the Export Trade Control Committee, and the Central Safety and Health Committee, employees are informed of these policies through guidance and training. Aisin Seiki then carries out monitoring by committee members and internal auditing to verify the effectiveness of such activities through genchi genbutsu (go and see for yourself).

These series of activities are implemented on a global basis through meetings among AISIN Group companies and information sharing between functional departments in charge.

Additionally, a summary of such activities geared toward improving and strengthening internal controls is reported at a meeting of the Board of Directors held at the end of the fiscal year to verify the adequacy of these initiatives.

Global audits and risk management

The AISIN Group identifies any risks that could have a serious influence on its corporate management. Group companies collaborate globally in strengthening the risk management system and enhancing risk response capabilities to prevent these risks from materializing and to create a company with a strong resistance to risk.

In response to the rapid globalization of business, we convene the Managing Officers Conference, comprised of audit managers and risk management officers from the six core Group companies. Initiatives are led by the Enterprise Risk Management (ERM) Department as the supervisory department in charge of auditing and risk management.

The ERM Department confirms risks and issues that are common throughout the AISIN Group. Information is shared to ensure that countermeasures are effectively implemented. Aisin also regularly convenes the Practical Business Conference and the Liaison Conference consisting of persons in charge of auditing and risk management at the 12 main Group companies, as we work to improve and standardize our skills and know-how in this area.

Since fiscal 2014, Aisin Seiki has carried out activities that integrate auditing and risk management on a global basis and undertakes the synergistic activity of locally confirming from an auditing perspective the actual state of risk evaluated through risk management. Additionally, the six core Group companies have formed a hybrid team composed of their respective auditing managers to perform mutual audits of common risks as well as audits of subsidiaries.

Dialogue with Stakeholders

Promoting CSR management through dialogue with various stakeholders

The AISIN Group promotes CSR activities by placing an emphasis on dialogue with our stakeholders, including customers, shareholders and investors, suppliers, employees and local communities.

Example of Aisin Seiki

Customers

Main customer contact point: Customer Support Department

Through its Customer Support Department, Aisin Seiki strives to respond promptly, accurately and politely to inquiries received from customers regarding its lifestyle related products, including sewing machines and beds.

Shareholders and Investors

Main contact point: Finance & Accounting Department

In addition to holding presentations on business performance and the announcement of financial results on a quarterly basis, we appropriately respond to individual interviews in a timely manner. Presentations on business results are also held for overseas investors in respective regions in Europe, North America and Asia.

Suppliers

Main contact point: Purchasing Planning & Administration Department, Components Purchasing Department, Material & Machinery Purchasing Department

Exchange meetings are held in order to deepen cooperation with suppliers based on such themes as technology (new production methods and new materials), quality and safety.

Employees

Main contact point: Human Resources Management Department

Effective communication is promoted at respective workplaces based on reporting and consultation in daily operations as well as at meetings. Additionally, we are placing importance on reflecting employees’ opinions in measures by conducting company-wide cross-interaction extending beyond the organizational framework such as tank-based meetings, workplace interviews with supervisors and subordinates, and an employee awareness survey. Newsletters are also issued as a key means of disseminating information to employees and their families.

Local communities

Main contact point: General Administration Department

We are developing community-based corporate citizenship activities unique to the AISIN Group at bases in Japan and overseas.
Respect for Human Rights

Basic policy regarding respect for human rights

Under the Aisin Group Principles of Corporate Behavior, we established the basic policy of respecting employees’ human rights: “We respect the character, individuality and diversity of our employees and provide a safe, enjoyable and productive work environment in order to help them achieve a balanced and fulfilling life.” Additionally, the Aisin Way clarifies values and behavioral principles to be shared among the Group that extend beyond the times, generations and regions. Furthermore, the Guidelines in Compliance with Social Responsibility provide specific behavioral principles so that all Group employees may realize the principles of corporate behavior. They also indicate appropriate examples of behavior with regard to human rights and labor by making clear statements prohibiting forced labor and child labor, thereby establishing action guidelines that are essential for developing businesses on a global basis.

Education on respect for human rights

In addition to respecting employees’ basic human rights, the Aisin Group conducts human rights education on various occasions so that employees are able to take actions by respecting basic human rights for developing global business activities. Human rights must be taken into consideration in all aspects of corporate activities. Among these, issues of foremost importance are carrying out fair hiring practices and assuring equality, which serve as the keystone in joining the company.

In September 2013, we invited an outside lecturer for a lecture presentation on fair hiring selection that featured training for employees at various stages of their careers, including when they enter the company and when they receive job promotions, and by doing so, raise their awareness of respect for human rights. (Table 1) (Photo 1)

Stable Employment

Basic stance

It is assumed that the Aisin Group is expected by society to provide stable employment. To achieve this, we consider that active roles and the growth of each and every employee contributing to the sound and sustainable development of the company will lead to stable employment over the long term.

Activities from CSR standpoint

It is essential for the Aisin Group to perpetually exist in society to fulfill its responsibilities as a corporate citizen. In this respect, the Aisin Group strictly observes international rules and various laws and regulations of respective countries and regions in which we operate.

At overseas bases, we are building labor-management relations based on laws and regulations of respective countries and regions by sharing the basic stance on personnel and labor relations.

Personnel development that supports stable employment

The development of human resources that become a source of growth is indispensable for the Aisin Group to realize sustainable development and ensure stable employment. Based on this understanding, we are working to nurture human resources from a long-term perspective while also encouraging active roles and the growth of each and every employee.

Human Resources Development

Supporting the growth of each person by respecting individuality

The Aisin Group is working to develop human resources capable of viewing matters from a broad perspective and who possess diverse values needed for playing active roles globally. For example, as prescribed in the Guidelines in Compliance with Social Responsibility, the Aisin Group respects the individuality of employees and supports the creation of their career paths and the development of their capabilities so that they can fully exert their abilities. The Aisin Group has formulated education programs and is implementing education and training based on the Aisin Way.

Our six core Group companies implement joint training targeted at various job levels, beginning with new employee training, to foster a sense of solidarity and to nurture human resources capable of thinking about matters from a Group perspective. With Group collaboration set to expand in the future, in February 2014 we implemented joint training for staff promoted to management positions, who are expected to play central roles in carrying out future business operations, as we strive to raise Group awareness and Group synergies. (Photo 2)

Nurturing staff at development bases making progress in global expansion

In line with rapid business expansion in recent years, the Aisin Group is making efforts to nurture staff capable of developing new products and implementing on-site technological support in ASEAN, emerging countries such as Brazil, China and India, as well as in North America and Europe. In fiscal 2014, we deepened our personnel exchanges between Japan and local overseas bases and strengthened on-the-job training (OJT) for local staff. In fiscal 2015, we will accelerate the development of local human resources by actively utilizing the overseas employee exchange system while further strengthening local OJT provided by staff dispatched from Japan.

Development of global human resources

To respond to rapidly expanding global business, the Aisin Group provides top management training for managerial-level employees at overseas bases and for local human resources aspiring to reach managerial positions. This training features two educational courses, the business course and the policy course, and aims to raise the management capabilities of managerial-level staff to promote the independence of local overseas subsidiaries while...
ensuring managers understand the AISIN Group’s values and behavioral principles and can make proper decisions. In fiscal 2014, 10 persons took the business course targeted at managers.

Aisin Seiki also accepts local overseas staff to spend one year in Japan for the purposes of raising the executive capabilities of key personnel at local subsidiaries, mainly those in emerging countries, as well as for promoting the internationalization of employees at the head office. In fiscal 2014, we accepted 10 staff from China and other countries and in fiscal 2015 we plan to accept 25 staff from countries that include India and Thailand.

To nurture Japanese staff capable of playing active roles around the world, Aisin Seiki operates an overseas training program for young employees, in which individuals mainly in their 20s and 30s are sent overseas for one year. This training is aimed at quickly developing global response capabilities by gaining business experience overseas through OIT. A total of 13 people were sent overseas in fiscal 2014 and 30 people will be dispatched in fiscal 2015.

**Globally nurturing technical personnel in the Group**

The AISIN Group is collaborating in strengthening educational functions for local technical personnel. In fiscal 2014, the six core Group companies created group-wide uniform development tools for technical personnel with the aim of quickly and reliably strengthening the human resources development foundations at overseas bases. In China, based on practical case examples, a rank-specific training program for technical personnel and an infrastructure for technical personnel education were shared across the Group. This type of sharing can also be applied for the smooth startup of operations at new bases and at existing bases, and can also be utilized for making unified Group responses to the rapid globalization of businesses.

At the Aisin Technical Academy, an in-house, live-in training institute, staff who have entered the AISIN Group in Japan and trainees dispatched from overseas take a year of study to raise their practical technical skills with the aim of developing human resources playing a central role at production sites. In fiscal 2014, we accepted numerous trainees from countries and areas such as China, Taiwan, Indonesia, India, Turkey and Thailand. (Photo 3)

**Respect for Diversity**

**Promotion of diversity**

In order to address economic globalization, various aspects of diversity such as employees’ individuality and abilities that make up a company are essential. Additionally, amid the situation in which the composition of the working population is changing significantly due to various factors such as the declining birthrate and aging society in Japan, companies are expected to heighten their vitality by promoting an environment in which personnel such as women or older people, who have relatively less opportunities of taking active roles, can exert their abilities and in turn promote diversity. The AISIN Group is working to enhance its personnel and benefit systems so that various employees are able to establish their individuality as a “social being” and carry out their respective duties with pride. (Tables 2, 3, 4)

**Work-life balance support**

The AISIN Group is developing an environment in which employees are able to select various work styles according to their individual life stages and is promoting initiatives to create an environment in which it is easier to balance company life and home life.

[Measures to shorten work hours]

As part of work-life balance initiatives, concerted measures are taken between the management and employees with the aim of increasing the acquisition of shortened working hours and annual paid holidays.

[Work-life balance support system]

In addition to improving systems stipulated by laws and regulations, the AISIN Group establishes systems in order to further balance work and life.

**Creating a workplace in which persons with disabilities can also work together with a sense of satisfaction**

On the basis of an approach rooted in the concepts of "normalization and harmonious coexistence," the AISIN Group is aiming to create a working environment in which persons with disabilities can also work with a sense of satisfaction. We hold regular consultation sessions by plant to respond to their concerns related to work and their daily lives, and are actively promoting activities such as improving the workplace environment. The Group holds training sessions for managers and supervisors in the workplace so that they are better able to comprehend the situation of and give advice to persons with disabilities. Education and other relevant training are also conducted for the workplaces in which persons with disabilities are accepted. Additionally, the 12 main Group companies and 35 affiliated companies host a joint conference on the employment of persons with disabilities and are building an operating structure that includes respective affiliated companies. (Table 5)

**Re-employment after retirement**

The AISIN Group establishes systems for the re-employment of workers after retirement, including programs for limited hours or days of work in response to various requests from retirees. Initiatives are being introduced that are intended to re-employ all interested personnel.

The six core Group companies are introducing the Power Up Seminar, which seeks to improve the abilities of employees who wish to be re-employed. This seminar targets all regular employees who have reached the age of 55, which is five years before reaching the retirement age, and is aimed at promoting a widespread understanding of employment systems, identifying individual career paths and strengths, and supporting various aspects such as creating individual study plans for the future.

**Examples at Aisin Seiki**

- **Short working hour system for child care**
  - Until the child reaches the third year of elementary school
  - Parental leave
  - Until the child reaches the age of 18 months or until the end of the fiscal year (March 31) in which the child reaches the age of one
  - Family care leave
  - Maximum of one year.
  - Leave of absence to accompany spouses
  - Employees can take leave and move with their spouse while the spouse is relocated in Japan or overseas. Career development support is provided for personnel after resuming their work.
  - Anshin (secured) holidays
  - Employees can carry over paid holidays that have not been used for a period of two years to a maximum of 20 days as paid sick leave or nursing care leave.
  - Additionally, AI Mommy’s Support daycare center established within the Aisin Seiki head office premises in Kanagawa city, Aichi Prefecture, provides child care service suited to the needs of its employees. The daycare center is also available for employees of Group companies located in Kanagawa. In July 2013, Aisin Seiki opened a new daycare center and thereby further enhanced its support structure for employees who work while raising children.

**Table 1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>96</td>
<td>112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>181</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>277</td>
<td>310</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Figures in parentheses show the percentage of persons in management positions or above.

**Table 4**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative staff</td>
<td>61.5%</td>
<td>62.7%</td>
<td>65.8%</td>
</tr>
<tr>
<td>Engineer</td>
<td>71.5%</td>
<td>72.5%</td>
<td>75.8%</td>
</tr>
<tr>
<td>Engineer and skilled worker</td>
<td>71.5%</td>
<td>72.5%</td>
<td>75.8%</td>
</tr>
<tr>
<td>Total</td>
<td>71.5%</td>
<td>72.5%</td>
<td>75.8%</td>
</tr>
</tbody>
</table>

**Table 5**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment rate of persons with disabilities (AISIN Group)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.01</td>
</tr>
<tr>
<td>2011</td>
<td>2.06</td>
</tr>
<tr>
<td>2012</td>
<td>2.19</td>
</tr>
<tr>
<td>2013</td>
<td>2.04</td>
</tr>
<tr>
<td>2014</td>
<td>2.07</td>
</tr>
</tbody>
</table>

*Figures are based on the year in which the leave has started.

*1 Figures in parentheses show the percentage of persons who have used parental and family-care support services.

*2 Figures in parentheses show the percentage of women versus the number of females employed.
Employee Safety and Health

A core principle of placing safety and health above all else

The AISIN Group is working to enhance the safety and health of all employees on the basis of the core principle of placing safety and health above all else.

[Action Plan]

Promotion of workplace environment improvement with the highest priority on safety and health

[Three Year Development Phase Policy 2012-2014]

Build management at bases throughout the world and create workplaces in which employees can work with assurance through everyone’s participation.

[FY2014 Company-wide Policy]

Promote creating safe, healthy and dynamic workplaces through everyone’s participation.

Aspiring to be the world’s foremost corporate group in terms of safety

Fifteen Group companies in Japan* are retaining a frequency rate and severity ratio of work accidents that is below the national average for the industry. (Table 6) (Table 7) Among these, 12 Group companies in Japan have undertaken the Factory-to-factory Safety Inspection Strategy in which thorough inspections of respective plants are carried out. In fiscal 2014, these companies also implemented a method in which members of the inspection teams not only verify safety-related equipment but also actually confirm highly hazardous work, and problem areas are pointed out and relevant guidance is provided. (Photos 4, 5)

Going forward, the AISIN Group aspires to be the “safest corporate group in the world,” and to firmly establish a safety culture, will promote relevant occupational health and safety activities by further improving education, training and activities to enhance awareness.

* 12 main Group companies + Aisin Tohoku, Aisin Kyushu, Aisin Hokkaido

Reform of employees’ mindset aimed at achieving zero work accidents

From fiscal 2011, Aisin Seiki has conducted a safety awareness survey for all employees. In fiscal 2014, this survey was also implemented at the 11 main Group companies besides Aisin Seiki. The results of the survey revealed a gap in safety awareness among the various Group companies. In response, we decided to form the Subcommittee for Improving the Workplace Safety Culture within the AISIN Safety and Health Committee formed by the 12 main Group companies and to carry out activities based on the common slogan “Conform to rules, protect your own selves and protect your co-workers.”

Initiatives at respective companies and regions

The 12 main Group companies have been developing Kodawari (“commitment”) activities toward improving safety and health suited to the characteristics of each company to eliminate accidents through STOP 6*.

For example, Aisin Seiki prescribed rules and is providing education concerning “nonroutine work,” which has a high percentage of STOP 6 accidents, and safety patrols have confirmed the state of rule observance and provided necessary guidance. As a result, Aisin Seiki has significantly reduced accidents for nonroutine work.

* STOP 6: To avoid major cause of disasters in Toyota Group

(Caught between machines, 2. contact with heavy objects, 3. contact with walls, 4. falls, 5. electrocution, 6. contact with high temperature objects)

[Activity Details of 12 Main Group Companies]

Aisin Seiki

Activities for Preventing Accidents in Nonroutine

Prescribe rules and educate relevant persons and use safety patrols even on holidays to confirm the state of adherence to rules and provide relevant guidance.

Aisin Takaoka

Promote Activities for “Correctly Stopping”

Provide education for “correctly stopping” equipment and hold drills for pressing emergency stop buttons at all bases, including overseas bases.

Aisin Chemical

Reduce and Manage Residential Risk

Implement activities to reduce risk after risk assessments of all production lines and provide education on work for residual risk to assure safety.

Aisin AW

Activities to Enhance Safety of Facilities, Including Existing Facilities

Promote safety countermeasures for doors and openings through retrospective confirmations of existing facilities and perform follow-ups.

Mental health care activity for employees

At Aisin Seiki, we believe that the foundation of mental health care is building a vibrant workplace where employees are sound in body and mind and problems can be discussed freely. Based on this thinking, we strive to foster strong people, a high level of awareness and physical well-being.

The purpose of activities is to set up a structure for enabling the quick discovery and quick response to any mental distress and provide care, secondary care and tertiary care. Primary care is promoting an understanding of mental health through self-care education targeted at all employees in their second year after joining the company. Secondary care consists of providing education for so-called “listeners,” who raise people’s ability to become aware of issues within workplaces and help solve various issues, in addition to operating consultation contact points inside and outside the Company as well as providing interviews with industrial physicians. Tertiary care consists of the operation of the Return to Work Trial, a system for supporting the return of employees to their workplaces and aims at the prevention of recurrence. In fiscal 2014, 183 persons participated in training for raising the skills of persons involved in promoting listener activities. Support was provided to persons participating in the Return to Work Trial from both workplace and healthcare perspectives. Approximately 90% of the participants successfully returned to their workplaces. (Photo 6)

Safeguarding the health of employees—“Well-Center”

The AISIN Group conducts regular physical exams of its employees to monitor as well as maintain and enhance their health. The Well-Center is a base serving as the core of Aisin Seiki’s commitment to supporting employees in an effort to maintain, manage and improve their health. The center is leading our efforts to enhance our health management system and undertake mental health countermeasures. (Photo 7)

* Aisin Seiki, Aisin Takaoka, Aisin Kyushu, Saitama Kogyo, Kotobuki Industry, Ashigabara, Yamagata Clutch, Aisin Hokkaido, Sinsan, Aisin Engineering, Konan Kogyo, Hekinan Unso, Sanetsu Unyu, Aisin Maintenance

Table 6

Rate of work accident (15 AISIN companies in Japan)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency rate of injuries resulting in lost work time</th>
<th>Frequency rate of injuries and deaths caused by work accidents (lost work time)</th>
<th>Severity ratio of work accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.18</td>
<td>0.01</td>
<td>0.00</td>
</tr>
<tr>
<td>2011</td>
<td>0.27</td>
<td>0.07</td>
<td>0.15</td>
</tr>
<tr>
<td>2012</td>
<td>0.19</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>2013</td>
<td>0.16</td>
<td>0.08</td>
<td>0.01</td>
</tr>
<tr>
<td>2014</td>
<td>0.21</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

* 12 main Group companies + Aisin Takaoka, Aisin Kyushu, Aisin Hokkaido

Table 7

Severity ratio of work accidents (11 AISIN companies in Japan)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency rate of injuries resulting in lost work time</th>
<th>Frequency rate of injuries and deaths caused by work accidents (lost work time)</th>
<th>Severity ratio of work accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.18</td>
<td>0.01</td>
<td>0.00</td>
</tr>
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<td>2011</td>
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<td>0.07</td>
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</tr>
<tr>
<td>2013</td>
<td>0.16</td>
<td>0.08</td>
<td>0.01</td>
</tr>
<tr>
<td>2014</td>
<td>0.21</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

* 12 main Group companies + Aisin Takaoka, Aisin Kyushu, Aisin Hokkaido

Photo 4 Return to Work Trial

Photo 5 Well-Center examination room

The level of recovery is confirmed before participants return to work. Interview with a physician and medical examination

* The Environment

Fair Operating Practices

Governance

Community Involvement

Human Rights and
Environmental Policy

AISIN's consolidated environmental policy

In order to realize our business ideals, which are based on "Quality First," we adopt an approach rooted in thinking about how to benefit society and our customers, making constant improvements and placing importance on each individual. Through business activities centering on mone

1. We lay down an annual policy based on our long-term vision and are engaged in regular reviews conducted on a global basis of our ongoing improvement and environmental management system with a view to realizing our objectives.

2. As well as ensuring assured and constant exchange of information with the administrative authorities, clients, local communities, suppliers and employees, we engage in efficient operational activities on the basis of mutual collaboration with individual consolidated companies and in linking with our original business activities.

3. By introducing appropriate management resources we aim to promote technical innovation, to improve our facilities and equipment, improve our educational and training facilities and enhance awareness.

4. We promote the development of earth-friendly new products and technologies that take account of the life-cycles and manufacturing activities with consideration to environmental issues.

5. As well as complying with international standards and observing the laws and agreements, etc., stipulated by individual countries, we institute our own autonomous standards and are striving to prevent pollution.

6. We are attempting to cut down on the use of resources and energy, precise materials that improve the lowest possible burden on the environment and expand our activities aimed at introducing greater efficiency into the distribution process, and reusing materials in the course of efforts to minimize the use and scrapping of materials.

7. We are trying to promote activities aimed at conservation of nature and the environment.

We ensure that individual employees worldwide are fully aware of this policy. As well as challenging the achievement of ambitious targets, we do all we can to bring this policy into the public arena.

Fifth Environmental Action Plan

Toward the realization of a sustainable society where humans coexist with the earth and the environment

In April 2011, the AISIN Group formulated its Fifth Environmental Action Plan, which covers fiscal 2012 to 2016 and is aimed at realizing a sustainable society where humans coexist with the earth and the environment.

The plan comprises five environmental themes: (1) Establishment of a Low Carbon Society, (2) Establishment of Recycling-based Society, (3) Development of a Natural-symbiosis-oriented Society, and (4) Fundamental Activities carried out across the entire AISIN Group to achieve the first three. Based on these themes, AISIN has established actions and targets as part of its comprehensive environmental management.

In order for the 187 companies of the AISIN Group to steadily implement the plan, we have assigned the 12 main Group companies led by Asain Seiki to be leaders in executing environmental efforts on a global scale.

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The Environment

Through our business activities that aim to ensure coexistence with society and nature, we will contribute to the creation of a sustainable society in which people live in harmony with the environment well into the future.

■ AISIN consolidated environmental management structure

<table>
<thead>
<tr>
<th>Environment-related</th>
<th>Function-related</th>
<th>Specific Actions and Goals</th>
<th>Items to be implemented/Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of a Low Carbon Society</td>
<td>Development and Design</td>
<td>Promotion of development/design of products intended for a low carbon society</td>
<td>(Automatically) Promotion of design/development of automobile parts which contribute to improvement of fuel efficiency</td>
</tr>
<tr>
<td>Production</td>
<td>Through commitment for reduction of greenhouse gas emissions at plants and global development of the commitment</td>
<td>Thorough commitment for reduction of greenhouse gas emissions by improvement of production processes and introduction of energy-saving measures in business activities</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>Through commitment for reduction of greenhouse gas emissions at distribution and global development of the commitment</td>
<td>Thorough commitment for reduction of greenhouse gas emissions by introduction of distribution systems</td>
<td></td>
</tr>
<tr>
<td>Establishment of a Recycling-based Society</td>
<td>Development and Design</td>
<td>Promotion of development/design of products intended for reuse and recycling</td>
<td>Establishment and promotion of operation of new EMS*4 according to the trends of international standards</td>
</tr>
<tr>
<td>Production and logistics</td>
<td>Through utilization of resources at off-site and during distribution and global development of the commitment</td>
<td>Thorough commitment for reduction of material waste through recycling and reuse</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>Promotion of reuse of recycling processes in the cycle of raw materials and products</td>
<td>Thorough commitment for reduction of waste generation at distribution and in reuse processes</td>
<td></td>
</tr>
<tr>
<td>Development of a Natural-symbiosis-oriented Society</td>
<td>Development and Design</td>
<td>Establishment of management of environmentally hazardous materials contained in products</td>
<td>Compliance with laws and regulations such as REACH*2 concerning environmentally hazardous materials contained in products</td>
</tr>
<tr>
<td>Production</td>
<td>Through commitment for reduction of environmental risks and reduction of emission of environmentally hazardous materials and global development of the commitment</td>
<td>Thorough commitment for reduction of emission of environmentally hazardous materials discharged in production activities</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>Through promotion of recycling of parts from internal/external sources and waste reduction projects</td>
<td>Thorough promotion of recycling of parts from internal/external sources</td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>Promotion of design/development of automobile parts which contribute to improvement of fuel efficiency</td>
<td>Thorough promotion of design/development of automobile parts which contribute to improvement of fuel efficiency</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>Through commitment for reduction of greenhouse gas emissions at distribution and global development of the commitment</td>
<td>Thorough commitment for reduction of greenhouse gas emissions by introduction of distribution systems</td>
<td></td>
</tr>
</tbody>
</table>

*1 Life Cycle Assessment (LCA): A method for comprehensively assessing the total environmental impact and load during the production, use and disposal of products.
*2 Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH): An EU regulation concerning registration, evaluation, authorisation and restriction of chemical substances.
*3 Volatile Organic Compounds (VOC): Generally refers to inorganic compounds that can easily be volatile into the atmosphere at room temperature and under normal pressure.
*4 Environmental Management System (EMS)
Fifth Environmental Action Plan Activities and Fiscal 2014 Results

<table>
<thead>
<tr>
<th>Establishment of a Low Carbon Society</th>
<th>Fiscal 2014 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase reduction of CO2 emissions per product</td>
<td><strong>AISIN Group</strong> amount of CO2 emissions per amount of sales</td>
</tr>
<tr>
<td>Reduces CO2 emissions by 10%</td>
<td><strong>FY2014 Result</strong> 8.9% reduction</td>
</tr>
<tr>
<td>Establishment of a Recycling-based Society</td>
<td><strong>FY2014 Result</strong></td>
</tr>
<tr>
<td>Fiscal 2014 Targets</td>
<td><strong>FY2014 Result</strong> 8.9% reduction</td>
</tr>
</tbody>
</table>

**Eco-products**

Developing products that are kind to the earth

To ensure that its products are environmentally friendly, the AISIN Group develops and produces them with the three specific goals of preventing global warming, making effective use of resources and using minimal harmful substances.

**Eco-product certification system**

Aisin Seki has established a system for the in-house certification of products that are kind to the earth and the environment as eco-products and is promoting the development of these products.

In fiscal 2014, hybrid automatic transmissions for commercial vehicles and the OKEAKI series of home-use sewing machines were certified as eco-products. A total of nine product groups have been certified to date. Going forward, we plan to proactively apply this system to all products by fiscal 2016.

**AISIN eco-products concept**

AISIN has set a target of developing products that are kind to the earth in all product groups by fiscal 2016. The concept of an eco-product is as follows:

- Products with features such as energy efficiency that contribute to significant reduction in CO2 emissions.
- Products that do not use materials and fluids that do not contribute to resource depletion.
- Products that do not use hazardous or toxic substances that pollute the environment or harm human health.
- Products that maximize the use of resources and use minimal harmful substances.

**Products certified in fiscal 2014**

Hybrid automatic transmissions for commercial vehicles

- **OEKAII** (free-motion embroidery) series of home-use sewing machines

**Hybrid automatic transmissions for commercial vehicles**

This product is certified as an eco-product that helps prevent global warming. The hybrid unit has a short shaft length, which helps minimize the increase in power line length.

**OEKAII** (free-motion embroidery) series of home-use sewing machines

This product is certified as an eco-product that helps prevent global warming. The hybrid unit has a short shaft length, which helps minimize the increase in power line length.
 Establishment of a Low Carbon Society

Aiming to contribute to the prevention of global warming

In order to help prevent global warming, the AISIN Group is working to reduce greenhouse gases associated with fossil energy consumption, which is viewed as a major cause of global warming, and is promoting business activities aimed at creating a low carbon society. Most of the greenhouse gas emissions stemming from the AISIN Group’s operations come from energy consumed during manufacturing. In response, we are consistently putting into practice energy-saving initiatives at manufacturing sites not only in Japan but also at many sites overseas. Moreover, we are designing products intended for a low carbon society and undertaking exhaustive efforts to reduce greenhouse gases in logistics, while rolling out these initiatives on a global scale.

Targets and results of reducing greenhouse gas emissions in manufacturing

By fiscal 2016, the AISIN Group is aiming for a 12% reduction in CO₂ emissions (versus fiscal 2008) per ¥100 million in sales.

In fiscal 2014, we virtually achieved our target of reducing CO₂ emissions per ¥100 million in sales by 49.9t-CO₂ at the 11 main manufacturing companies* in Japan with a ratio of 48.3t-CO₂.* (Table 1) One specific initiative was to further promote energy conservation by sharing cases of successful initiatives with Group companies and holding study groups on airless technology.

Initiatives in fiscal 2014

Reducing heater power by lowering cleaning temperature (Aisin AW Industries Co., Ltd.)

Aisin AW Industries, which is engaged in the development and production of components for automatic transmissions, continuously variable transmissions and transmissions for hybrid vehicles, is using grease for cleaning components. The grease previously used was warmed to 60-80°C using a heater since a low temperature reduces cleaning ability. The company then looked into changing grease to reduce annual power consumption from heater use. A new type of grease was decided on and it was confirmed that the effects remain unchanged even when cleaning at 20°C, which led to a 62% reduction in annual power consumption by making this switch. This result is equivalent to reducing CO₂ by 400 tons a year.

Awarded Chubu Bureau of Economy, Trade and Industry Director’s Award for excellence in energy management (Aisin Kiko Co., Ltd.)

The Kira Plant of Aisin Kiko, which produces automobile parts such as functional components for automatic transmissions, was awarded the Chubu Bureau of Economy, Trade and Industry Director’s Award in February 2014. The company has been promoting CO₂ reduction and energy conservation over the years, including continuous efforts related to ISO 14001 and zero wastestreaming with full employee participation, development of cold forging technology that boasts exceptional energy efficiency, and operation of a cogeneration unit with high total efficiency. The award recognizes the company’s tireless efforts and contribution to streamlining energy use through these activities. (Photo 1)

Initiatives in fiscal 2015

In fiscal 2015, energy conservation technology in the manufacturing phase accumulated at the 11 main manufacturing companies and affiliates in Japan will be rolled out to Group companies. Efforts will also be made to establish activities to reduce greenhouse gases by strengthening energy conservation management along with seeking to increase employee comprehension and cooperation through education related to energy conservation.

Establishment of a Recycling-based Society

In order to effectively utilize resources supporting a sustainable society

In order to ensure the sustainable use of valuable resources into the future, the AISIN Group uses resources as effectively as possible in the manufacturing phase. We also make steady efforts to recycle and reuse waste at all manufacturing sites and to maintain zero emissions as products get more diversified, sophisticated and complex.

Targets and results in waste reduction

The AISIN Group is aiming for a 17% reduction in waste emissions per ¥100 million in sales by fiscal 2016 compared with fiscal 2008 levels.

In fiscal 2014, waste emissions per ¥100 million in sales for the 11 main manufacturing companies in Japan amounted to 4.6 t, which meant we achieved our target of 5.1 t. (Table 4) In terms of actual initiatives, we promoted the sale of waste plastic as a valuable resource through 3R activities, worked to reduce sludge by stabilizing operation of effluent treatment facilities, reduced waste and promoted recycling.

Initiatives in fiscal 2014

Recovered valuable resources by separating waste oil and wood chips (Aisin Keikinzoku Co., Ltd.)

Aisin Keikinzoku, which develops and produces aluminum automobile parts, has taken strong steps to recover and reuse waste oil used in equipment repairs, which was also separated into reusable resources and sold. Similarly, the company contracted a specialist to dispose of the waste oil used in equipment repairs, which was also disposed of by a contractor after being removed, is now recovered in a way that ensures no foreign objects are mixed in and sold as part of a new system. As a result, the company is now able to reduce waste by 13 tons annually. (Photo 2)

Reduced waste by regenerating fuel from alkaline degreasing waste solution (Aichigiken Co., Ltd.)

Aichigiken, which is engaged in plating such as electroless nickel phosphorus alloy plating and zinc plating for automobile parts, as well as assembly, previously outsourced the disposal of alkaline degreasing waste solution that includes oil and fat content from machine processing as industrial waste via an inverse oneness contract. As a result of a calorie investigation, it was discovered that the amount of heat in oil content floating on the surface is more than 3,000kcal, which demonstrated the possibility of selling it as regenerated fuel if it could be separated from the alkaline degreasing waste solution. An initiative got underway in July 2013 and we managed to reduce waste by 10 tons for the year through separation and sale. (Photo 3)

The company actively promotes activities to reduce waste that include making concrete material out of sludge, employing used hydrochloric acid in chemicals for efficient treatment and using nitric acid in other processes.

Initiatives in fiscal 2015

In fiscal 2015, we aim to make ongoing reductions in waste by promoting recycling at the generation source and enhance separation. We will also share information aimed at the proper storage and treatment of equipment containing polychlorinated biphenyls (PCBs)* at the Group’s 11 main manufacturing companies and affiliates in Japan and continue to roll out cases of waste reduction that have produced good results to each company.

* PCBs were previously used in a variety of applications such as insulating oil in transformers and condensers. Due to concerns of leakage from old equipment, businesses are required in Japan to safely store and detoxify all remaining amounts of PCBs by the end of March 2027.

### Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Total emissions</th>
<th>Total emissions per sales unit (¥100 million in sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,938</td>
<td>1,104,190</td>
</tr>
<tr>
<td>2013</td>
<td>2,299</td>
<td>819,462</td>
</tr>
<tr>
<td>2014</td>
<td>2,177</td>
<td>783,793</td>
</tr>
</tbody>
</table>

### Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Total CO₂ emissions</th>
<th>Total CO₂ emissions per sales unit (¥100 million in sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10,681</td>
<td>3,987</td>
</tr>
<tr>
<td>2013</td>
<td>11,482</td>
<td>4,161</td>
</tr>
<tr>
<td>2014</td>
<td>10,307</td>
<td>3,702</td>
</tr>
</tbody>
</table>

### Table 3

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions of non-CO₂ greenhouse gases</th>
<th>Emissions of non-CO₂ greenhouse gases per sales unit (¥100 million in sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>509.9</td>
<td>183.9</td>
</tr>
<tr>
<td>2013</td>
<td>49.9</td>
<td>17.5</td>
</tr>
<tr>
<td>2014</td>
<td>49.9</td>
<td>17.5</td>
</tr>
</tbody>
</table>
Development of a Natural-symbiosis-oriented Society

Creating environments where industry, lifestyles and nature can coexist in harmony

The AISIN Group works to boost understanding among employees and spread awareness through education, while also creating various frameworks enabling compliance with laws and regulations including water quality regulations and chemical substance management, which are becoming increasingly strict. Moreover, we aim to contribute to the protection of biodiversity primarily by researching aquatic organisms around our plants and implementing the operation of a biotope on the premises based on a philosophy of harmony with the natural environment aimed at building an abundant society.

Strengthening management system for efficient treatment facilities

The AISIN Group is striving to ensure zero abnormalities and claims in order to reduce environmental risk. We regularly monitor effluent from our plant’s effluent treat-ment facilities and transmit warnings the moment we predict an abnormality as part of a management framework enabling early identification of problems and swift response. Going forward, we will seek to strengthen the management system at our own facilities through analysis of cases of failure at other companies.

Targets and results of reducing VOC emissions

The AISIN Group aims to reduce VOC emissions by 31% by fiscal 2016 versus fiscal 2008 per sales unit of ¥100 million. In fiscal 2014, we achieved our target of 0.061 tons with a result of 0.048 tons from sales unit of ¥100 million in terms of VOC emissions per sales unit of ¥100 million at the 11 main manufacturing companies in Japan. With regard to specific initiatives, we will work to switch to low VOC coatings, conduct measures to improve the yield of adhesives and reduce chemical substances.

Initiatives for chemical substance management

The AISIN Group introduced the MSDS-ACCS system of managing chemical substances used in production processes and is conducting appropriate screenings in order to reinforce legal compliance in the fields of occupational health and safety and the environment. (Photo 4) We only use items in the introductory phase that have been screened from safety and environmental perspectives, particularly secondary materials used at production sites. At the same time, we have created a system to quickly specify applicable secondary materials when legal provisions change and take appropriate steps.

Initiatives for biodiversity

The AISIN Group has established a biotope on the factory premises in order to protect biodiversity and create an environment in which local plants and animals can thrive. The biotope utilizes effluent from effluent treatment facilities at the factory to make small streams and facilities are being developed that use recycled materials generated from waste. (Photo 5)

| Photo 5 | Initiatives by Aisin Europe Manufacturing Czech |

Fundamental Activities: Environmental Management

Strengthen global environmental management

The AISIN Group has established the AISIN Consolidated Environment Committee, composed of the environmental management officers of the 12 main Group companies and headed by the chief executive for environmental management (a vice president of Aisin Seiki). The committee formulates policy and strategy for the Group as a whole to manage consolidated environmental activities and clarifies the environmental impact of business activities and risk, taking preventive measures as required.

Review of framework for deploying cross-organizational initiatives within the Group when environmental abnormalities occur

A review of the framework for deploying cross-organizational initiatives was conducted to ensure that environmental abnormalities that occur within the AISIN Group do not recur. Although previously only the company where the anomaly occurred would investigate the cause and implement countermeasures, currently specialists from the AISIN Group confirm conditions through gennchi genbutsu (go and see for yourself), execute action items at each company across the organization after establishing improvement measures and follow up until the measures have been completed.

Initiatives in fiscal 2014

Resolving issues in collecting and transporting waste electric and electronic devices (Aisin Europe Manufacturing Czech s. r. o.)

Aisin Europe Manufacturing Czech, which produces such items as timing chain cases, water pumps and oil pumps, supplies used nickel hydrogen/alkaline batteries collected from employees since 2009 to a waste electronic device collector. Around 120kg of batteries were collected in 2013. In addition, home electronics and electronic devices discarded by employee family members and companies were collected, with around 2,196kg of waste electronic devices provided to the collector. Through these activities, the company can properly process batteries and electronic devices used by employees and secure a route for reuse, which has prompted recognition as a “Green Company.” (Photo 6)
Further promoting global environmental management
As business expands on a global scale, corporate social responsibility regarding the environment logically increases. In order to fulfill this responsibility, it is necessary to accurately understand environmental performance data and take appropriate steps.

Operating A-GLOBE helps improve the level of the consolidated environmental management system, led by the AISIN Consolidated Environment Committee. It is possible to extract a large volume of performance data as required, compare it with targets and manage progress easily on a monthly basis. Identifying progress in a timely manner enables appropriate implementation of future plans and contributes to AISIN’s consolidated environmental activities.

Introducing A-GLOBE

A-GLOBE enhances the motivation of persons in charge
A-GLOBE, which can be used in Japanese, English, and Chinese, enables the transmission and sharing of information related to daily activities at respective companies and by persons in charge in addition to environmental performance data. It functions as a network for two-way communication via posting to a bulletin board with such sections as “Worldwide,” “Group,” “Regional” and “Plant company,” and an e-mail function enabling communication between persons in charge of environmental worldwide.

Going forward, we will make effective use of A-GLOBE with the aim of achieving the objectives of the Fifth AISIN Group Environmental Plan and we will work to expand the scope of operation by further improving the system.

AISIN GROUP REPORT 2014

AISIN GROUP REPORT 2014

A-GLOBE

A-GLOBE is a database compiling performance data and activities related to the Environmental Action Plan being implemented by the AISIN Group. The performance data being stored enables group leader companies (12 main companies) to gain a better insight into all of their affiliates and establish a global information network that forms the basis for formulating future plans.

The introduction of A-GLOBE has made it possible to easily inputting figures. I hope to become more proficient with this exceptional tool and use it for environmental conservation activities and environmental protection.

Po June Liao

Tsung Ming Lin

Environmental Accounting

<table>
<thead>
<tr>
<th>Resources Used and Emissions Released (FY2014) 26 main companies in Japan*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
</tr>
<tr>
<td>Total direct energy consumption: 6,106,740GJ</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

| **Greenhouse gases** |
| | Total emissions: 1,182,837t-CO2 |
| | Carbon dioxide (CO2): 1,177,178t-CO2 |
| | Methane (CH4): 5,497t-CO2 |
| | Sulphur hexafluoride (SF6): 5,397t-CO2 |
| | CFC emissions per sales unit: 47,340t-CO2 |
| | Reduction rate: 100% |

| **Waste products** |
| | Total waste emissions: 362,617t-CO2 |
| | Total emissions of industrial waste: 111,037t-CO2 |
| | Quantity of end processed general waste: 723t-CO2 |
| | Total emissions of waste per sales unit: 14,521t-CO2 |

| **Chemical substances** |
| | Perfluorooctanoic acid (PFOA) emissions: 263t-CO2 |

| **Recycling** |
| | Recycling rate: 99% |

| **Environmental Accounting** (Billions of yen) |
| **11 main manufacturing companies in Japan** |
| FY2013 | FY2014 |
| Business operation costs | 77.4 | 93.4 |
| Management costs | 1.01 | 1.11 |
| Inventory adjustment costs | 2.42 | 3.35 |
| Research and development costs | 9.03 | 14.90 |
| Total | 20.69 | 29.32 |

| **Environmental conservation costs** |
| | Total emissions of industrial waste: 111,037t-CO2 |
| | Reduction rate: 100% |

| **Effects of environmental conservation measures** |
| | Energy saving: 0.87 |
| | Resource saving: 0.36 |
| | Effects of reducing waste materials: 0.05 |
| | Total: 0.87 |

Note: These figures are based on Environmental Accounting Guidelines 2005, issued by Japan’s Ministry of the Environment.

*1 11 main Group companies excluding Aisin Seiki Co., Ltd.

AISIN GROUP REPORT 2014

AISIN GROUP REPORT 2014

AISIN GROUP REPORT 2014
Compliance

Declaration of thorough compliance

The AISIN Group endeavors to ensure compliance best practices under the Asin Group Principles of Corporate Behavior. We also formulated the Guidelines in Compliance with Social Responsibility to realize the philosophy behind these principles. The guideline introduces specific laws and regulations to be adhered to during the execution of work duties in an easy-to-understand manner and is provided to all employees. In fiscal 2014, we established the Anti-Bribery Policy as a means to further enhance compliance.

Creation of a framework to promote compliance group-wide

The 12 main Group companies have set up a Business Ethics Committee or equivalent committee at each company as a structure whose function is to discuss important matters related to corporate ethics and compliance and to decide on policy in this regard. Each committee is chaired by a member of top management such as the vice president and convenes between one and three times a year.

The 12 main Group companies regularly host the All Asin Legal Affairs Committee comprising compliance function supervisors and the Group Compliance Committee comprising compliance managers. (Photo 1) We are enhancing Group ties by sharing information and other means.

Deployment of compliance education and training

Based on the belief that people are the key to promoting CSR, the AISIN Group provides information on the various laws and regulations through rank-specific education for employees and training for workplace managers and executive officers.

In fiscal 2014, we held training twice for workplace managers and three times for executive officers concerning such topics as antitrust laws, prevention of bribery and harassment. In addition, October of each year has been designated as AISIN Group Business Ethics Campaign Month, fostering opportunities for each and every employee to reflect on his or her normal routine and consider business ethics.  (Photo 2) We also use the intranet to disseminate case studies compiled from various instances related to compliance. These and other efforts enhance awareness of compliance at the workplace level.

AISIN Group Business Ethics Campaign Month is used to conduct a group-wide survey regarding compliance awareness for all employees. In fiscal 2014, we once again received around 40,000 responses, confirming more widespread knowledge of internal contact points and a deeper level of awareness toward compliance.

Establishing a whistle-blowing system to promptly identify and correct inappropriate conduct

The 12 main Group companies have each set up a compliance hotline with internal contact points to receive inquiries and notices on matters pertaining to compliance as a means of promptly identifying and correcting inappropriate conduct. (Table 1)

Consultation is available to employees and their families as well as business partners. Regulations clearly stipulate that the name of the person filing a complaint or seeking consultation as well as the content be kept confidential, and the Group adheres strictly to this rule. Also, manager training programs are conducted to ensure that an employee, as a result of filing a complaint, will incur no retribution, such as dismissal from work or a reduction in salary.

Building a company resilient to crises

Developing human resources capable of coping with crises

The AISIN Group has created a Risk Management Guide that stipulates the basic approach of the company on the behavioral principles to be adhered to by employees and how to respond in ordinary times (before risk occurs) and urgent times (when risk occurs). At the same time, the 12 main Group companies provide education on risk management primarily to management-level employees. In addition, for latent risks facing employees such as vehicle collisions or a large earthquake, AISIN distributes a portable guidebook and manual to all employees and conducts training and awareness-raising sessions to help employees take the appropriate action when danger arises. We also work to improve responsiveness on the part of employees through risk management activities for each functional supervisory department and rank-specific training as well as education to personnel being transferred abroad to enhance responsiveness to risk overseas.

Formulation of Business Continuity Plan (BCP), preparation and policy execution

In order to address the serious risk of a disruption to business operations such as a large earthquake, AISIN is pushing ahead with the creation of a BCP in ordinary times to ensure continuous operation or swift restoration of core business operations, while Aisin Seiki takes the lead in exchanging information with Group companies. In developing preparedness and contingency plans, we remain fully aware of our social responsibility, the impact on communities and regional contribution, with a focus on safeguarding human life.

Group-wide preparation for a major earthquake or tsunami

In November 2013, the 12 main Group companies coordinated efforts to conduct company-wide initial response training assuming a large earthquake in the Nankai Trough region and an ensuing major tsunami. (Photo A) In fiscal 2015, the AISIN Group will again conduct initial response training in preparation for a major earthquake or tsunami.

The main objective of initial response training is to create a system that prioritizes the safeguarding of people’s lives and to make sure that all employees keep this foremost in mind. It’s not enough to merely understand the content of the initial response manual, but rather the aim is for people to react in a natural manner as set forth in the manual.

Fair Operating Practices

The AISIN Group promotes free and fair competition in conducting its business activities in different countries and regions of the world and endeavors to fulfill its social responsibility with all stakeholders related to its operations.

Poster in Portuguese

People who may use the compliance hotline differ slightly by Group company.

<table>
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<tr>
<th>Photo 1</th>
<th>Compliance meeting</th>
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<td>Photo 2</td>
<td>Poster to enhance ethical business activities</td>
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In order to establish a response procedure and make it easy to identify problem areas, training in fiscal 2014 consisted of setting a single base to act as a model and then conducting a simulation. The results of the simulation were used in training at other production sites at a later date. In accordance with the training, the AISIN Group regularly holds meetings with Group companies to realize information sharing on earthquake measures, problem resolution and stronger ties. A promotion system with the inclusion of executive officers created with each company first of all aims to protect the lives of employees while ongoing combined exercises and efforts to strengthen disaster prevention measures ensure that employees can become “key support figures” early on.

In terms of future exercises, we seek to enhance production restoration training in line with the BCP on top of initiatives to protect human life in the initial response phase. In the production restoration phase, we plan to have core departments take the lead in enhancing the accuracy of training concerning restoration of the production equipment, production system and information system.

Relationship with Suppliers
A good business partner seeking mutual prosperity

As part of its manufacturing activities, the AISIN Group procures a wide variety of parts and materials from numerous suppliers around the world. Based on the Basic Policy on Procurement, we aim to create relationships with suppliers and grow in mutual prosperity alongside them as a good business partner.

**Basic Policy on Procurement**
1. Mutual advancement through mutual trust
2. Fair and open competition
3. Promotion of green procurement
4. Promotion of localization to be a good corporate citizen
5. Compliance with laws and regulations

**Complying with laws in terms of procurement**
The AISIN Group provides education for all employees involved in procurement transactions so that they can improve their knowledge of laws and realize the importance of abiding by these laws.

The AISIN Group Principles of Corporate Behavior are disseminated not only to primary suppliers but as far up the supply chain as possible to promote CSR activities in line with the philosophy of the charter. Moreover, we promote fair procurement activities including renewing contracts with suppliers after adding and strengthening CSR-related clauses regarding such areas as compliance with antitrust laws and initiatives to prohibit bribery within the basic transactional agreement.

The AISIN Group has established a contact point for the AISIN Group Principles of Corporate Behavior as the body handling complaints from suppliers.

**Risk assessment and management ensures stable procurement**
Aisin Seiki has created and is operating a risk management system in the supply chain that connects data related to components and materials purchased by suppliers with map information and disaster information. This system is operated 24 hours a day, 365 days of the year, and in case of an earthquake or other disaster strikes we can swiftly identify data on suppliers and components in the relevant region and make the required response quickly.

Going forward, we will examine the possibility of expanding this risk management system to Group companies.

**Supporting suppliers’ quality, safety, environment and BCP**
Aisin Seiki promotes activities supporting the education of employees at suppliers such as holding various workshops related to creating quality, ensuring a safe workplace, environment and other initiatives. In these activities, we work to enhance the level at respective companies by collaborating with major suppliers in inspections of suppliers’ factory equipment and making improvements on-site. We also support response to a major earthquake such as with the formulation of a BCP for suppliers and seismic diagnosis for buildings and equipment.

**Response to conflict minerals**
Automobile manufacturers listed on the U.S. stock exchange that are our customers must report to the U.S. Securities and Exchange Commission (SEC) concerning conflict minerals. The AISIN Group conducted a survey related to conflict minerals in 2013 and conveyed the results to relevant customers in January 2014.

In fiscal 2015, we will cooperate with business partners and industry groups and continue to conduct surveys to confirm the origin and history of minerals used in products and ensure the non-use of conflict minerals so that our customers can use our products with reassurance. In this way, we fulfill our social responsibility related to conflict minerals.

**Information Protection and Management**

**Strengthening information security**
The AISIN Group verifies the value of all the information it handles and manages corporate information as confidential. At the same time, we work to appropriately obtain, utilize, disclose, manage and protect information as well as comply with all pertinent laws and regulations such as the U.S. law.

In fiscal 2014, we strengthened our management system for entering and exiting buildings as well as the information management system and provided education and awareness-raising programs on security in social networking services (SNS) for Group companies in Japan.

Going forward, we plan to strengthen initiatives at Group companies overseas.

**Managing personal information**
The AISIN Group complies with all laws and regulations related to protecting the personal information of customers, business contacts and employees that we handle in our day-to-day operations. We have also established rules and systems to ensure the appropriate handling and management of personal information.
Quality First
As a basic management philosophy

The AISIN Group has advocated the philosophy of “Quality First” and believes that safeguarding and enhancing quality forms the basis of our existence. In addition, we promote Total Quality Management (TQM) as a corporate activity to improve the constitution of the Group based on a “Customer First” mindset, in which everyone involved in work within the Group cooperates with each other to achieve management goals. The “Quality First” and “Customer First” philosophies have been passed down as the basic philosophies of the AISIN Group that have remained resolute despite products evolving and changing with the times.

A worldwide effort to put customers first

The AISIN Group shares information related to quality in Group companies at Group quality assurance meetings and will continue to discuss and deliberate on this matter. In order to continue delivering 100% non-defective products under a Customer First philosophy, Asin Seiki has established the Global AISIN Customer First (A-CF) Committee chaired by a vice president of the company. Under this committee are four Quality Improvement Committees in charge of design, manufacturing, suppliers and the market, with each chaired by a senior managing director. In these committees, executive officers in charge of quality conduct weekly assessments based on targets and action plans and each committee makes decisions regarding improvement measures and resource allocation.

We are working to strengthen quality assurance to support our expansion in worldwide markets centered on quality improvement committees in the regions of North America, China, Asia, Oceania and Europe. In North America, we established a base to promote quality improvement as in Japan and set up a system enabling swift response to the needs of local customers and market. In 2014, we plan to expand this to China as well. In Japan, we provide education on work procedures and skills at a skills training space set up inside factories, as well as training to create products and enabling experience of risks to safety caused by defects as a means to build awareness of quality among employees.

Ensuring the quality of products through full employee participation

AISIN Group companies engage in QC circle activities in which all personnel from each level of the organization work to improve product quality and work quality. These QC circle activities are now widespread at overseas Group companies in addition to domestic Group companies, and the results of efforts are announced at the Global QC Circle Conference（Photo 1）.

The AISIN Group pours its efforts into activities proposing innovative improvements and continues to be number one nationwide in terms of the number of awards for the Minister of Education, Culture, Sports, Science and Technology Awards recognizing outstanding examples of improvement.

Developing professionals in quality

The AISIN Group develops human resources who are able to protect and enhance quality. As part of these efforts, AISIN encourages employees throughout the Group to attain QC certification（levels 1-4）issued by the Japanese Standards Association.

By the end of fiscal 2014, 19,014 employees had acquired the certification at the 12 main Group companies, thereby heightening their knowledge and awareness toward quality. In addition, we are working to attain advanced knowledge related to quality and put it into practice along with QC certification, particularly by promoting activities to resolve key issues through training in statistical quality control（SQC）methods and individual registration of quality-based themes, with briefing sessions held to announce the results of the activities.

Initiatives to ensure reliability

In testing and evaluating new products, the AISIN Group conducts surveys on how customers in different parts of the world use its various products and under what kind of conditions in order to ensure safety and reliability in products.

We are working to ensure the reliability of automotive parts through repeated vehicle testing using proving grounds that reproduce the various road conditions found around the world, namely the Fujoka Proving Ground (Aichi Prefecture, Japan), Toyokoro Proving Ground (Hokkaido, Japan) and Fowlerville Proving Ground (Michigan, U.S.A.). In addition to testing and assessments on proving grounds, we actively conduct tests in such places as North America, South America, Europe, India and China to ensure quality that factors in the way products are used locally. We also work to reproduce the road environment for assessment in tests by directly understanding changing global road conditions in each location.

For lifestyle related and energy related products, we evaluate performance using large-scale equipment such as an environmental chamber to assess resistance to sunlight, wind and rain, and temperature change. This leads to the creation of products that are safe and reliable.

Responding to customers

Through its Customer Support Department, Asin Seiki strives to respond promptly, accurately and politely to inquiries received from customers regarding its lifestyle related products, including sewing machines and beds.

In addition, we hold exhibitions to present case examples of quality twice a year for engineers inside the company and throughout the Group. At the exhibitions, we set up a booth so that we can listen to recorded complaints from customers, thereby providing opportunities to sincerely hear what customers have to say face-to-face.

Taking a consumer-centric perspective

The AISIN Group implements ongoing quality improvement activities based on a stance to protect the rights of the consumer from a consumer-centric perspective. As an example, Aisin Seiki’s Customer Support Department encourages the acquisition of certification as an Advisory Specialist for Consumer Affairs to uphold the company’s Customer First approach. Currently 31 employees have attained the certification.

In May 2013, in order to further deepen the Quality First philosophy of the AISIN Group, we held a lecture meeting and invited members of the C5 Enhancement Department of Tokyo Disney Resort, which practices a Customer First approach（Photo 2）. Through this, we learned the basic philosophy of a company that emphasizes the brand over profit as well as its ideas behind hospitality aimed at satisfying customers.
Community Involvement and Development

Based on “Be With” as the key message, the AISIN Group is committed to carrying out corporate citizenship activities closely linked to regions in order to earn the trust and meet the expectations of everyone in local communities.

Basic Corporate Citizenship Activities

“Be With” local communities

The AISIN Group established “Harmony with Society and Nature” under the Corporate Principles and stated that “we respect the culture and customs of each country and territory in which we operate, and we actively contribute to civic activities closely connected to local communities” under the AISIN Group Principles of Corporate Behavior. Concurrently, under the AISIN Group VISION 2020, we established the aspiration to “become a corporate group viewed as an ‘irreplaceable global partner’.”

Based on these concepts, the AISIN Group is actively working to promote corporate citizenship activities closely linked to respective regions and countries. We consider it important that employees who participate in activities volunteer on their own initiative and share the same view as local people in carrying out operations. “Be With” goes hand in hand with our activities. On this basis, The AISIN Group hopes to fulfill its social responsibility as a global corporate citizen together with all members of local communities.

Three pillars of corporate citizenship activities

The AISIN Group develops corporate citizenship activities that are closely linked to local communities through the three pillars of Protection of Nature and the Environment, Fostering Youth and Community Building and Development.

- **Protection of Nature and the Environment**: We promote activities such as tree plantings and local cleanup activities.
- **Community Building and Development**: We promote activities that enable us to enjoy the wonder of nature while helping develop the environment.
- **Fostering Youth**: Children are being promoted such as lectures for learning about manufacturing and the environment, as well as sports instruction.

Examples of Corporate Citizenship Activities

**Protection of Nature and the Environment**

Rolling out tree-planting activities in Inner Mongolia, China

Six core Group companies together with the public interest incorporated foundation Aste are conducting tree-planting activities in the desert area in the Xilinhot district of the Inner Mongolia Autonomous Region in China. This is an important activity to stop the rapid desertification of the grasslands due to global warming and grazing. Plans are in place to plant trees on 20 hectares of land over 10 years.

In April 2013, 52 employees from AISIN Group companies, including a local subsidiary in China and six core Group companies, participated in the volunteer activity. Around 100,000 low trees were planted to stop the desert sand being blown away by the wind. We also took part in the second round of tree planting in April 2014. This project has helped raise awareness of global environmental issues.

**Environmental education event: “Parent-child nature experience in Neba Village”**

The AISIN Group has concluded a “forestry foster parent agreement” in 2004 with Neba, a municipality in Nagano Prefecture, with the aim of protecting the upstream forest that is the source of the Yahagi River, which we use to obtain water for industrial and domestic purposes. Since then, the AISIN Group has been cooperating in forest development activities through various initiatives. The “Parent-child nature experience in Neba Village” is an environmental event that started as part of such initiatives. This event is held every year during the children’s summer holidays to enhance environmental awareness while enabling children and parents to realize the importance of water and the beauty of nature in an enjoyable manner. (Photo 2)

In 2013, a forest inside “Forest Station Neba-Land,” a complex in Neba Village, was presented as an AISIN Forest by the village. An agreement was signed with Neba Village stating that AISIN Group would take care of developing the environment over the long term. In the future, we plan to plant trees and introduce walkways so that many tourists can enjoy the natural beauty of the area that includes a type of wild rhododendron.

**Fostering Youth**

Environmental education program for elementary school students

Six core Group companies are working together with ASK-NET (a specified non-profit corporation) to host the AISIN Environmental Education Program for elementary school students.(Photo 3)

The program is part of an integrated study class of fourth and fifth graders at elementary schools in Aichi Prefecture, which also encompasses the city of Nagoya where our corporate head office is located. A total of 150 schools and nearly 14,000 elementary school students have taken the course thus far. The children learn about the environment in a structured manner based on the program that incorporates classroom lectures and hands-on learning, a sympathy workshop, eco action and an eco discussion.

In February 2014, six core Group companies were presented with the First Award for Excellence (Ministry of Economy, Trade and Industry (METI) Minister’s Awards) at the Forth Career Education Awards for regional collaboration sponsored by METI.

**Outreach seminar on mono-zukuri (manufacturing)**

The outreach seminar on mono-zukuri involves classroom lectures and hands-on lessons and enables children to develop a scientific perspective through manufacturing. (Photo 4)

The seminars mainly consist of the outreach seminar on mono-zukuri, which is held by visiting local elementary schools, the AISIN Mono-zukuri Hiroba (Manufacturing Forum) held at the AISIN Com-Center (Aichi Prefecture) and weekend workshops held at the TOYOTA Commemorative Museum of Industry and Technology (Aichi Prefecture). A total of 3,874 children have participated in these events that have been held on 47 occasions, starting from 2002 up to 2013.

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*Photo 1* Tree-planting activity in Inner Mongolia, China

*Photo 2* Environmental education event: “Parent-child nature experience in Neba Village”

*Photo 3* AISIN Environmental Education Program

*Photo 4* Outreach seminar on mono-zukuri (manufacturing)
Indonesia  Planting trees

Activities that are closely linked to local communities

The AISIN Group launched the All AISIN NPO Activities Support Fund (Aichi region) through the 12 main Group companies as one part of activities that are closely linked to local communities. The fund assists actions taken by NPO groups. (Photo 6) It operates using proceeds from charity concerts held every year in autumn and supported 14 NPO groups in fiscal 2014.

Aisin Seiki invites people from welfare facilities throughout the region to harvest festivals, which have been taking place every year in spring and autumn, with 2013 marking the 30th occasion for the event. A potato harvest and sweet potato harvest were held in June and October, respectively, in which participants with little chance to feel the land experienced harvesting by directly seeing and touching agricultural crops.

Disaster support efforts

The AISIN Group promotes disaster relief activities around the world.

In fiscal 2014, seven AISIN Group companies with sites in China and local subsidiaries in China such as Aisin Seiki (China) Investment Co., Ltd. donated a total of ¥5 million to the Japanese Red Cross Society to support major earthquake damage in Schuan Province, China. Also, the 12 main Group companies donated a total of ¥4 million (approx. 1,740,000 pesos) through the NGO Japan Platform in support of the destruction wrought by typhoon No. 30 in the Philippines.

Providing school lunches and on-site education on garbage separation in Thailand

Aisin Thai Automotive Casting Co., Ltd. (ATAC) ATAC provides lunches three times a year to elementary schools in Nongki, Kabinburi, where we have operations. Employees stay and enjoy lunch with the students. The company also uses this opportunity to conduct education on garbage separation. The activity has been staged five times since 2012, with illustrations and photos used to make it fun for the kids to remember how to separate garbage. Going forward, plans are in place to conduct on-site education at three other schools in the town as well as elementary schools in neighboring towns.

Engineers support a high school team in First Robotics Competition

Aisin World Corp. of America (AWA), Aisin Technical Center of America, Inc. (ATCA) AWA and ATCA have supported a team at the First Robotics Competition consisting of 30 high school students from three schools in Livonia each year since 2009. First Robotics is an NPO created to foster children’s interest in science and technology and connect this with career and character building. There are 2,000 competing teams across the United States with over 50,000 high school students taking part. A total of US$19 million is allocated for the best robot teams, making for some intense competition.

Community Building and Development

Efforts toward social issues

The AISIN Group is actively implementing activities targeting social issues.

At sites around the world, including Japan, we have continued for many years with a traffic safety program to protect the safety of the automobile society. In fiscal 2014, a large number of employees took part in the program at different locations worldwide.

Aisin Seiki, Aisin Takaoka, Aisin Chemical and Aisin Kiko are actively purchasing such items as machine parts and food from organizations supporting the employment of persons with disabilities.

Aisin Seiki, Aisin Takaoka and Hosei Brake Industry have been taking part in TABLE FOR TWO (TFT) (Photo 6), which is an organization dedicated to providing food to developing countries and eradicating obesity and lifestyle diseases in industrialized countries with a focus on imbalances in world food consumption. Whenever an Aisin Seiki employee orders an item from the healthy foods menu in the company cafeteria, the employee as well as the company and the cafeteria association donate ¥10, or a total of ¥20, to TFT. This ¥20 goes toward providing a child in developing countries in Africa with a meal. In fiscal 2014, enough money was raised to provide 100,729 meals.

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# AISIN Group Profile (12 Main Companies)

**Aisin Seiki Co., Ltd.**
- **Established:** August 31, 1965
- **Head office:** 2-1 Asahi-machi, Kariya, Aichi 448-8690 Japan
- **URL:** [http://www.aisin.com](http://www.aisin.com)
- **Representative:** Fumio Fujimori, President
- **Scope of business:** Manufacture and sales of automotive parts (axles, brakes, and related systems), machine tools, and other industrial equipment
- **Capital:** ¥5,750 million
- **Net sales:** ¥2,822.2 billion (consolidated), ¥978.1 billion (non-consolidated)
- **No. of employees:** 89,531 (consolidated), 12,945 (non-consolidated)

**Aisin AW Co., Ltd.**
- **Established:** May 15, 1969
- **Head office:** 10 Takane, Fujitacho, Aichi 444-1192 Japan
- **Representative:** Mutsushi Kawamori, President
- **Scope of business:** Manufacture and sales of automatic transmissions, hybrid systems, and car navigation systems
- **Capital:** ¥204.4 billion
- **Net sales:** ¥939.1 billion
- **No. of employees:** 14,369

**Aisin Keikinzoku Co., Ltd.**
- **Established:** February 1970
- **Head office:** 1-10, Iizuka, Toyama, Japan
- **URL:** [http://www.aisin-keikinzoku.co.jp/english/](http://www.aisin-keikinzoku.co.jp/english/)
- **Scope of business:** Manufacture of aluminum die-casting products for automotive parts and aluminum extrusion products

**Aisin Sin’ei Co., Ltd.**
- **Established:** July 1961
- **Head office:** 2-1 Asahi-machi, Kariya, Aichi 448-8650 Japan
- **URL:** [http://www.aisin-sinei.co.jp](http://www.aisin-sinei.co.jp)
- **Scope of business:** Stamping of automotive parts, painting, and manufacture of body-related components

**Aisin Takaoka Co., Ltd.**
- **Established:** March 8, 1960
- **Head office:** 1 Tonomi, Takaokachin-machi, Toyota, Aichi 473-8591 Japan
- **Representative:** Haruhiko Amakusa, President
- **Scope of business:** Manufacture and sales of casting, machining, and metal-forming products and audio products
- **Capital:** ¥5,396 million
- **Net sales:** ¥114.4 billion
- **No. of employees:** 2,605

**Aisin Development Co., Ltd.**
- **Established:** December 1983
- **Head office:** Kariya, Aichi, Japan
- **URL:** [http://www.aisin-dev.co.jp/](http://www.aisin-dev.co.jp/)
- **Representative:** Takeshi Kawata, President
- **Scope of business:** Development, manufacture, and sales of manual transmissions, brakes, and related components
- **Capital:** ¥2,110 million
- **Net sales:** ¥40.0 billion
- **No. of employees:** 1,151

**Aisin Chemical Co., Ltd.**
- **Established:** February 12, 1952
- **Head office:** 1-14-1 Ojima, Kariya, Aichi 448-8688 Japan
- **Representative:** Kanichi Shimizu, President
- **Scope of business:** Manufacture and sales of chemical products, friction materials, and plastic parts
- **Capital:** ¥2,110 million
- **Net sales:** ¥40.0 billion
- **No. of employees:** 1,151

**Aisin Kiko Co., Ltd.**
- **Established:** June 1965
- **Head office:** Kariya, Aichi, Japan
- **URL:** [http://www.aisin-kiko.co.jp/](http://www.aisin-kiko.co.jp/)
- **Representative:** Takeshi Komura, President
- **Scope of business:** Manufacture of functional automatic transmission components, drivetrain related and body related components
- **Capital:** ¥2,110 million
- **Net sales:** ¥315.0 billion
- **No. of employees:** 1,151

**ADVICS Co., Ltd.**
- **Established:** July 3, 2001
- **Head office:** 2-1 Shosha-cho, Kariya, Aichi 448-8688 Japan
- **URL:** [http://www.advics.co.jp/](http://www.advics.co.jp/)
- **Representative:** Takeshi Katayama, President
- **Scope of business:** Development, manufacture, and sales of automotive brake systems and systems components
- **Capital:** ¥7,040 million
- **Net sales:** ¥315.0 billion
- **No. of employees:** 1,151

**Hosei Brake Industry Co., Ltd.**
- **Established:** May 1968
- **Head office:** Toyota, Aichi, Japan
- **URL:** [http://www.hosei.co.jp/](http://www.hosei.co.jp/)
- **Scope of business:** Manufacture of drum brakes and other automotive brake parts

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*Capital amount and no. of employees as of March 31, 2014*