

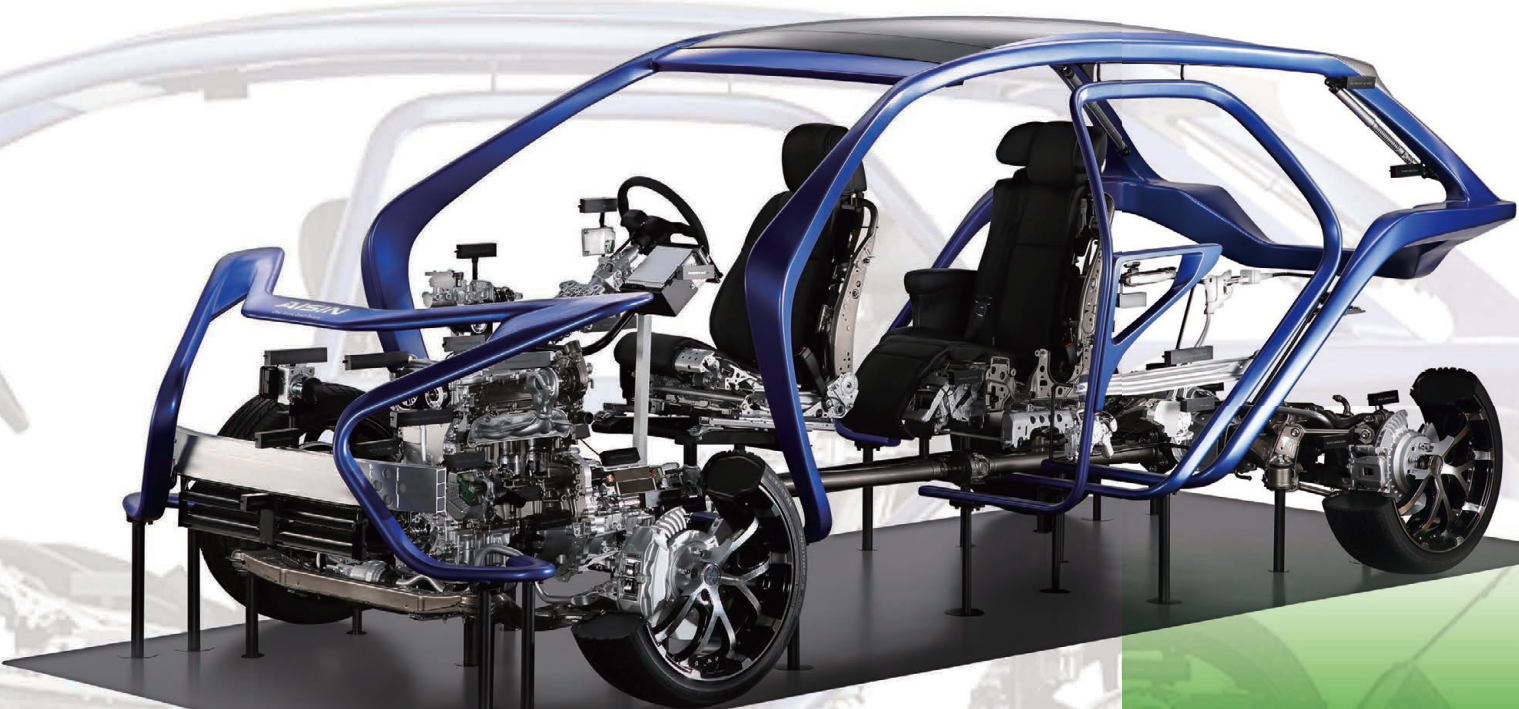


One Team, Best Future

AISIN GROUP REPORT 2014

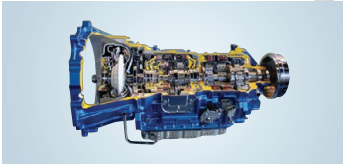
The AISIN Group offers extensive product lines, including components for virtually every part of an automobile.

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.



Drivetrain Related Products

We offer a line of transmissions unparalleled in the industry for vehicles ranging from compact and standard passenger cars to light- and medium-duty trucks, buses and commercial vehicles.



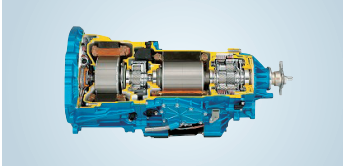
Automatic transmissions for commercial vehicles



Automatic transmissions for passenger cars



Continuously variable transmissions for passenger cars



Hybrid transmissions for passenger cars



Manual transmissions for passenger cars

Brake & Chassis Related Products

We offer high-performance products and systems that excel in terms of functionality and safety, with a focus on brake systems, steering and suspension systems.



Active rear steering (Actuators)



Air suspension systems (Compressors & Dryers)



Brake boosters and master cylinders



Disc brakes



ESC modulators

Body Related Products

We offer an extensive line of body related products that are not only functional but also superior in terms of compactness and design.



Sunroofs



Power sliding door systems



Power seats



Power door latches



Spray-type damping coat

Engine Related Products

We have developed a wide range of functional and cast parts for the engine and related areas which contribute to lighter vehicle weight and improved fuel efficiency.



Electric water pumps for cooling the engine



Variable valve timing



3-stage variable discharge oil pumps



Intake manifolds



Exhaust manifolds

Information Related Products

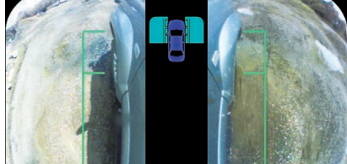
Leveraging cutting-edge technologies, we are developing car navigation systems, parking assist systems and other IT products.



Parking assist system



Wide-view front monitor



Multi-terrain monitor



Car navigation systems



Car navigation applications for smartphones

Lifestyle & Energy Related Products, Other Products

We offer products aimed at harmonizing lifestyles with the environment, including energy related products that maximize efficiency and minimize resource consumption.



Beds, bedding and furniture



Home-use sewing machines



Shower-toilet seats



Gas engine driven heat-pump air conditioners (Outdoor unit)

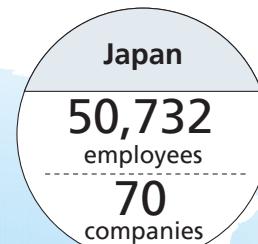


Fuel cell cogeneration system for residential use

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.



Aisin Seiki Co., Ltd.

ADVICS Co., Ltd.

Aisin Takaoka Co., Ltd.

Aisin AI Co., Ltd.

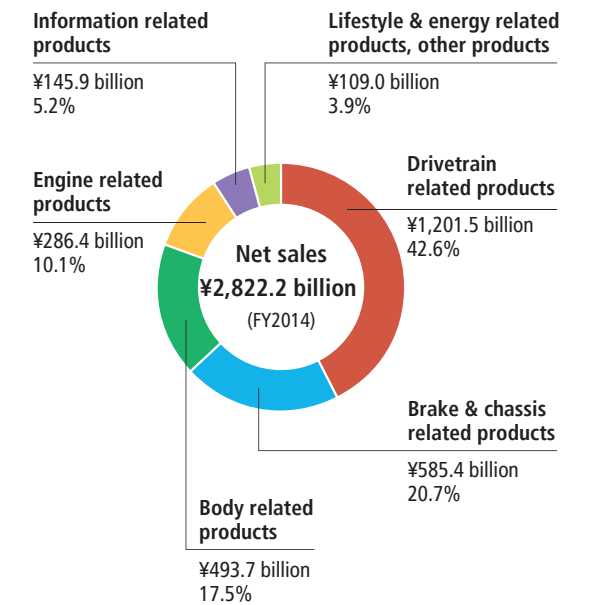
Aisin Chemical Co., Ltd.

Aisin AW Co., Ltd.

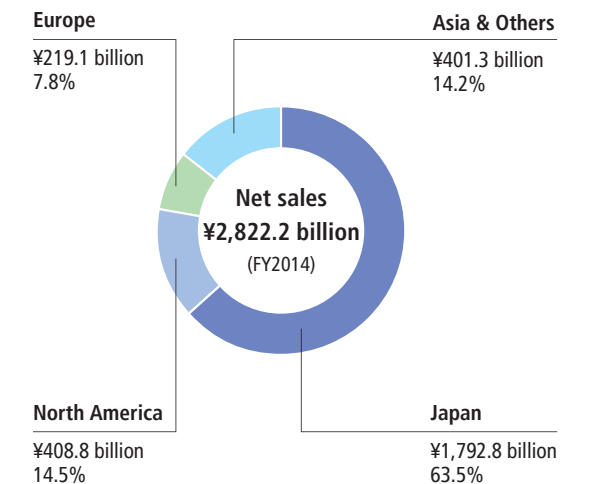
AISIN Group
187 companies*
in 21 countries and regions

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

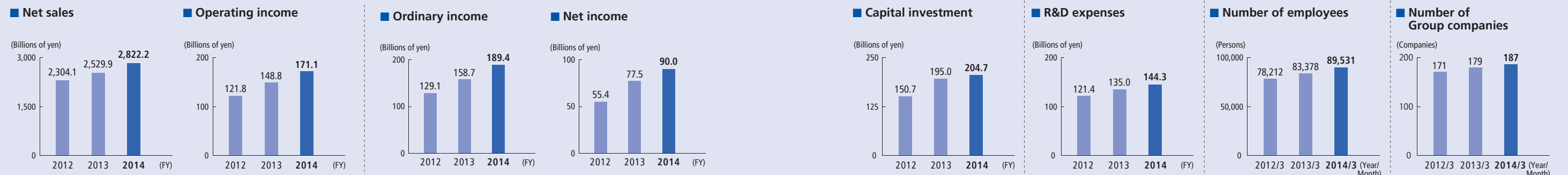
Sales Breakdown by Product Category



Sales Breakdown by Geographical Location



Highlights (Consolidated)



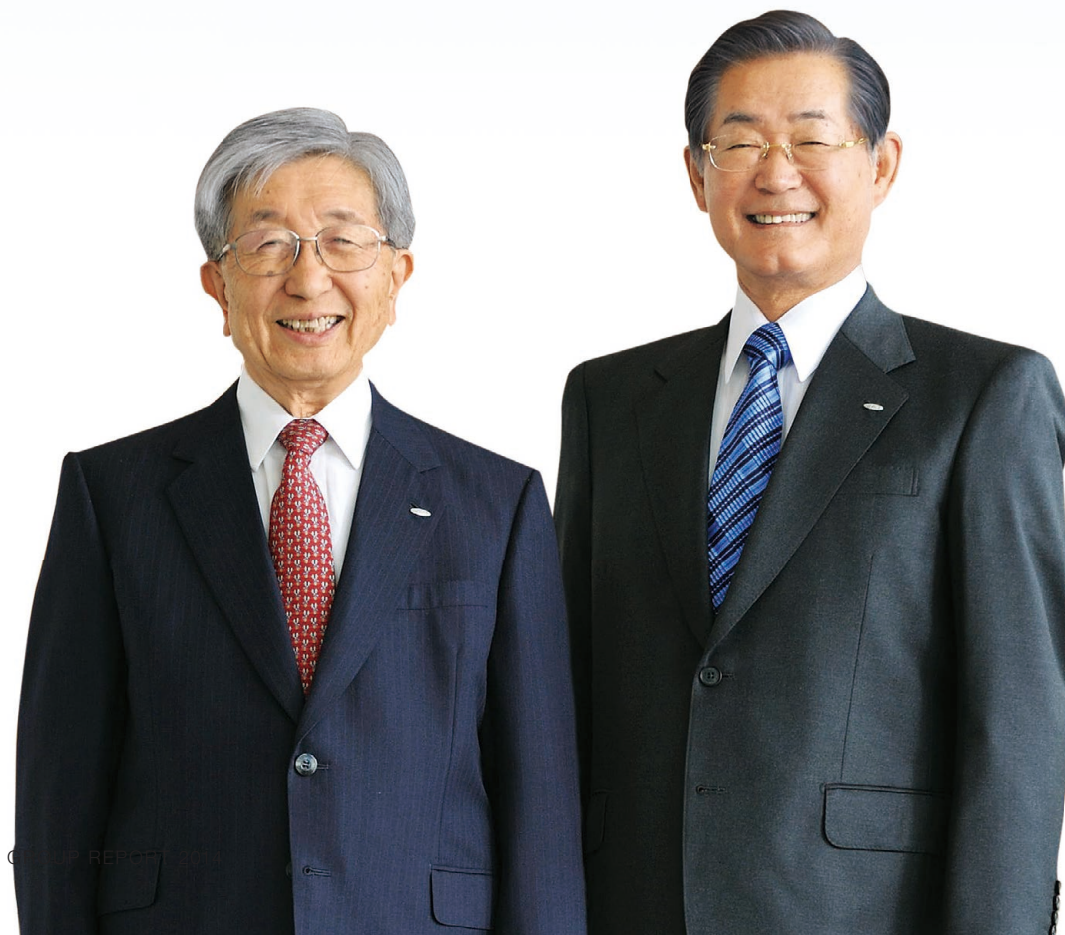
In fiscal 2014, the AISIN Group achieved an increase in sales for the fourth consecutive year and an increase in profit for the second consecutive year due primarily to an increase in production volume at automakers in Japan and overseas, as well as the impact of foreign exchange rate fluctuations. We 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.

 **Kanshiro Toyoda**
Chairman
Aisin Seiki Co., Ltd.

 **Fumio Fujimori**
President
Aisin Seiki Co., Ltd.



Based on “Quality First”

1. Enhanced Value Creation

We are committed to contributing to the advancement of society through future-oriented research and development that provides new value for our customers.

2. Continuous Global Growth

We are committed to realizing steady development and growth in the global marketplace by establishing the foundations of our business activities in local values, cultures and customs.

3. Harmony with Society and Nature

We are committed to earning trust as a responsible corporate citizen by valuing harmony with society and nature.

4. Individual Creativity and Initiative

We are committed to building a work environment that promotes continuous progress by developing the creativity and initiative of individual employees.

Contents

01 AISIN Group Product Lines	18 AISIN Group CSR
02 About the AISIN Group	19 Organizational Governance
04 Message from the Chairman and President	22 Human Rights and Labor Practices
05 Corporate Principles	28 The Environment
06 Message from Top Management	38 Fair Operating Practices
	42 Consumer Issues
	44 Community Involvement and Development
14 Special Feature	
AISIN Group's Advanced Safety and Security Systems for Harmonious Coexistence between People and Cars	48 AISIN Group Profile

Editorial policy

AISIN Group Report 2014 is issued to provide stakeholders with information concerning the Group's various activities while promoting dialogue with stakeholders. Along with this report, please refer to the AISIN Group CSR site on our website for more detailed information.

■ Period covered

Primarily fiscal 2014 (April 1, 2013 to March 31, 2014). Some information concerns activities outside this period.

■ Scope of the report

In principle, the AISIN Group (Aisin Seiki Co., Ltd. and its consolidated subsidiaries) is covered in this report. In case the scope of reporting differs for each information category listed, we indicate as such using the terms six core Group companies and 12 main Group companies.

■ Reference guidelines

ISO 26000, Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* Version 3.1, Japan's Ministry of the Environment *Environmental Reporting Guidelines* (2012 Version)

■ Fiscal year

April 1, 2013 to March 31, 2014

All fiscal years mentioned in this report run from April 1 to March 31 of the following year based on the accounting fiscal period in Japan. Scope of consolidation covers consolidated subsidiaries and equity-method affiliates.

■ Issued

September 2014

■ Notations

AISIN Group	Aisin Seiki Co., Ltd. and consolidated subsidiaries
12 main Group companies	Aisin Seiki Co., Ltd.*
Six core Group companies	Aisin Takaoka Co., Ltd.
	Aisin Chemical Co., Ltd.*
	Aisin AW Co., Ltd.*
	Aisin AI Co., Ltd.*
	ADVICS Co., Ltd.*
	Aisin Keihin Co., Ltd.
	Aisin Development Co., Ltd.
	Aisin Kiko Co., Ltd.
	Aisin Sin'ei Co., Ltd.
	Aisin AW Industries Co., Ltd.
	Hosei Brake Industry Co., Ltd.

Cautionary statement with respect to forward-looking statements

The report contains statements concerning plans, prospects, strategies, convictions and business performance forecasts regarding the future of Aisin Seiki Co., Ltd., consolidated subsidiaries and equity-method affiliates. These statements are based on judgments made by AISIN from information that can be obtained at the present time and also involve risks and uncertainties.

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 Sugiura, President



Kazumichi Sugiura
President,
Aisin AI Co., Ltd.

Kanichi Shimizu
President,
Aisin Chemical Co., Ltd.

Fumio Fujimori
President,
Aisin Seiki Co., Ltd.

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.



Haruhiko Amakusa
President,
Aisin Takaoka Co., Ltd.

Mutsumi Kawamoto
President,
Aisin AW Co., Ltd.

Takeshi Kawata
President,
ADVICS Co., Ltd.

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

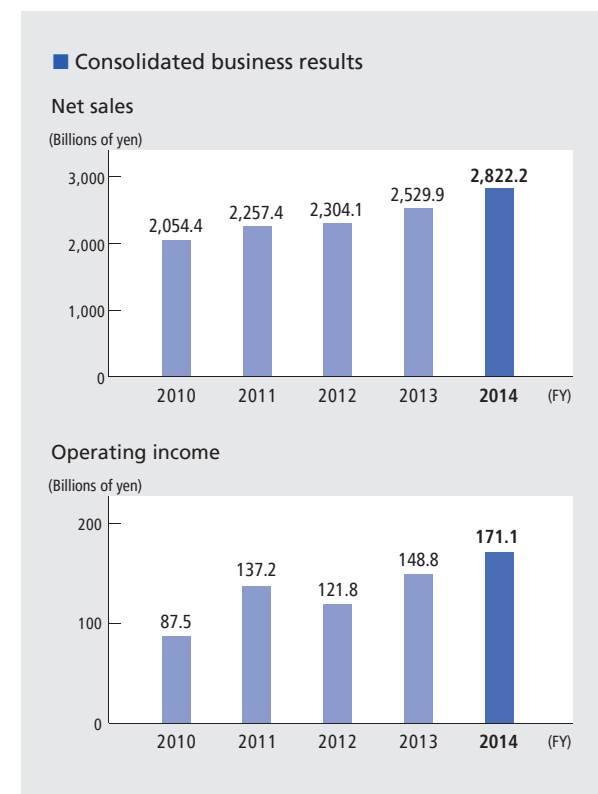


Fumio Fujimori
President,
Aisin Seiki Co., Ltd.

Definitive step taken toward 2020

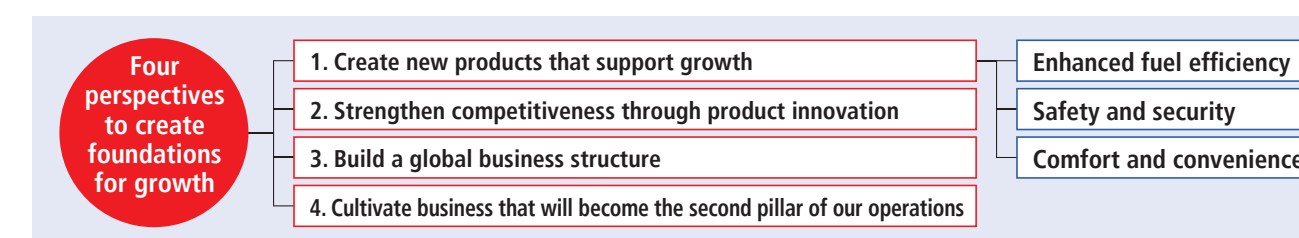
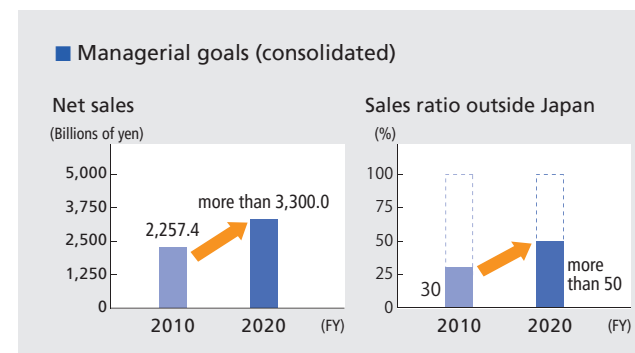
In April 2012, we introduced the AISIN Group VISION 2020, a new growth scenario shared across the entire Group, as well as the Group's target vision to become an "irreplaceable global partner." As a premise to realizing this vision, we have set 2020 management targets of more than ¥3,300 billion in net 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."



1 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



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

Antilock Brake System for motorcycles



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

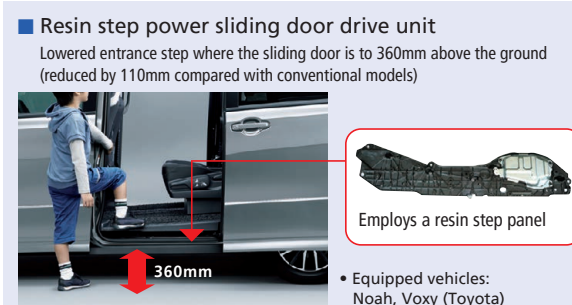
Target Vision

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

- A group that develops independent businesses rooted in each region around the world
- A group indispensable to the world in environmental and safety terms
- A group that motivates human resources around the world
- A group that seeks to become a model of CSR around the world

(ITS) possessed by respective Group companies. In particular, in preventive safety, we are endeavoring to develop products that enable even safer driving toward the realization of cars that do not crash as our ultimate goal. These products include systems that support driving while allowing for close monitoring of vehicle surroundings and systems that prevent unsafe driving.

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 vehicles 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.

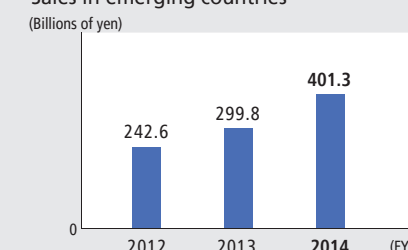
3 Build a global business structure

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

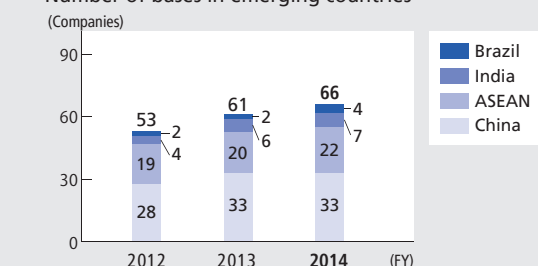
transmissions on a local basis in China. In addition, we are making bold moves to reinforce development staff in order to identify the market characteristics and business practices in the regions where we are making inroads so that we can propose appealing products ahead of other component makers. Through this initiative, we increased the number of products that can be ordered in each region and as a result sales in

■ Building a global business structure (production)

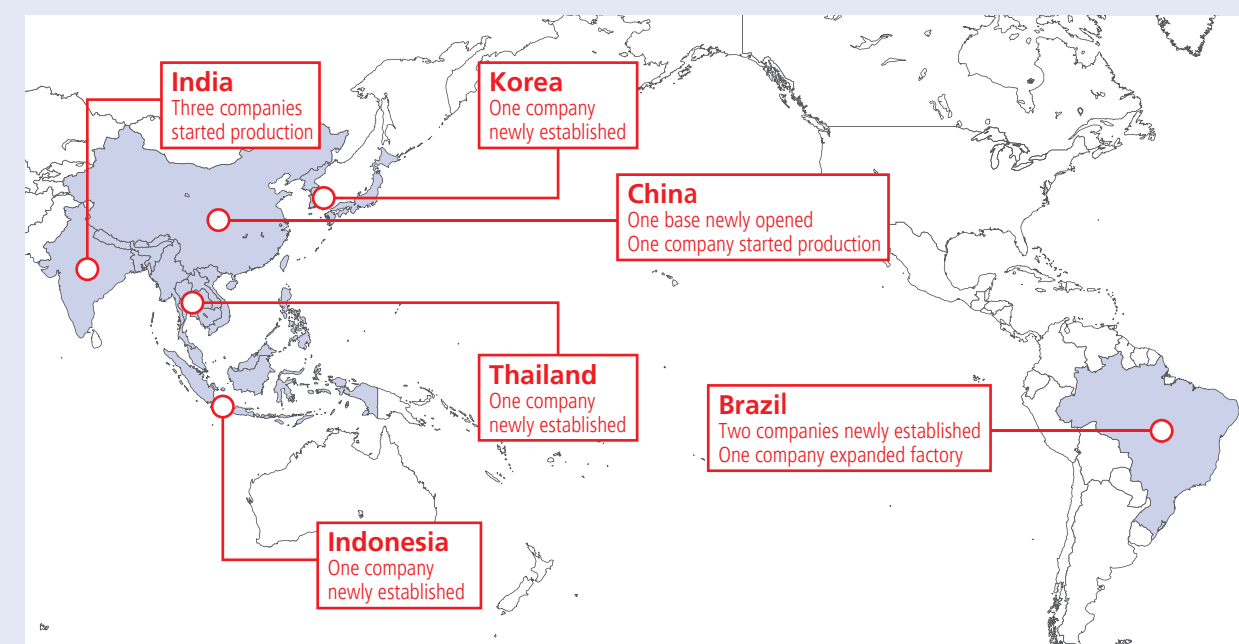
Sales in emerging countries



Number of bases in emerging countries



■ Strengthen sales and production systems in emerging countries toward creation of global business foundations [Newly established bases and sites that have started production (April 1, 2013 to March 31, 2014)]

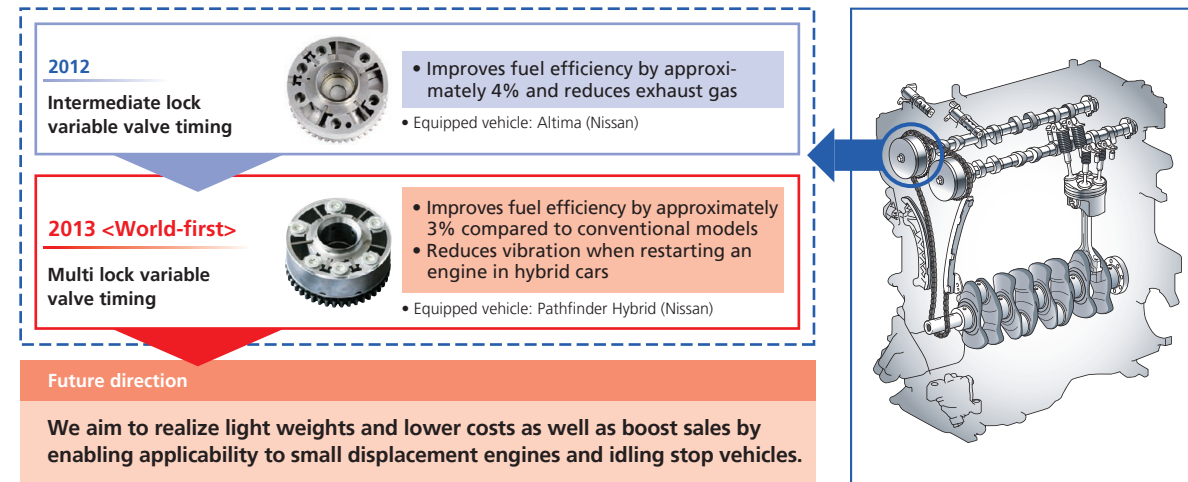


TOPICS

Commercialization of the world's first multi lock variable valve timing

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.

■ Development of variable valve timing



■ Bolster local business framework through Group collaboration

Indonesia

Established company for production of auto body parts and engine parts

- Company name: PT. Aisin Indonesia Automotive
- Production start: January 2015 (planned)
- Production items: Auto body parts (power sliding doors, etc.), Engine parts (die-cast parts such as engine front modules, oil pumps, etc.)

Established company for production of brake parts

- Company name: PT. ADVICS Manufacturing Indonesia
- Production start: December 2014 (planned)
- Production items: Brake boosters, Drum brakes, Parking brakes

Brazil

Construct new building to expand production items

- Company name: Aisin Automotive Ltda.
- Production start: February 2016 (planned)
- Production items added: Engine parts (oil pumps, water pumps, etc.)

Established company for production of manual transmissions

- Company name: AISIN AI Brasil Industria Automotive Ltda.
- Production start: August 2014
- Production item: Manual transmissions

Established company for production of brake parts

- Company name: ADVICS Automotiva Latin America Ltda.
- Production start: October 2015 (planned)
- Production item: Brake boosters and master cylinders

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 these 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.

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

4 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.

products desired by these automakers. The AISIN Group deals with almost all parts for the car. By leveraging Group collaboration to propose system

products, we aim to create a unique strength that other companies find hard to emulate.

In order to provide further momentum to this initiative, we have transcended walls between Group companies to gather together development staff who are pushing ahead with the development of advanced technologies and products. As an example, at the 20th ITS* World Congress held in 2013 we exhibited automatic brakes, an automated parking system and a system that integrates ITS-related technologies at a high level under a new concept for safety and security in low-speed areas, which is a strength of the AISIN Group. These are important examples of how the AISIN Group aims to create sophisticated, safe and secure driving systems in local communities and is the

first step toward commercialization.

We expect societal needs to continue growing in the field of advanced preventive safety and collision safety and by strengthening collaboration within the AISIN Group we can further maximize our collective capabilities.

* ITS: Intelligent Transport Systems



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 deploy programs within the Group as a whole.

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

Aisin Seiki 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.

AISIN Group's Advanced Safety and Security Systems for Harmonious Coexistence between People and Cars



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.

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.

The ITS*¹ World Congress is a worldwide event held every year in conjunction with ITS groups representing the 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.

Under the theme of “human-friendly mobility,” the project started from a thorough review of technology and systems held by each company. The result was a

A portrait of Nobuyuki Isono, a middle-aged man with dark hair and glasses, wearing a light blue shirt. He is speaking and looking slightly to the right. The background is a plain, light-colored wall.

"Once AISIN Group engineers came together and decided what needed to be done, we were able to share work processes and philosophies based on the same values of the AISIN Way," says Yu Tanaka of the same development group. "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."

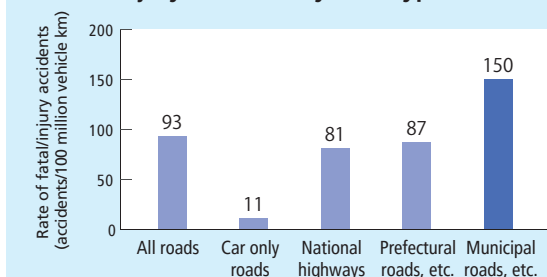
*2 Community roads: Also known as "Zone 30" in Japan, these roads have a recommended speed limit of 30km/h. The basis for this speed is a low fatality rate even if a car collides with a person, a short stopping distance and a wide visual range for the driver.



Nobuyuki Isono
Group Manager
2nd Development Group,
Chassis System
Development Department,
Aisin Seiki Co., Ltd.



Yu Tanaka
2nd Development Group,
Chassis System
Development Department,
Aisin Seiki Co., Ltd.



* Prepared by Ministry of Land, Infrastructure, Transport and Tourism using National Police Agency material

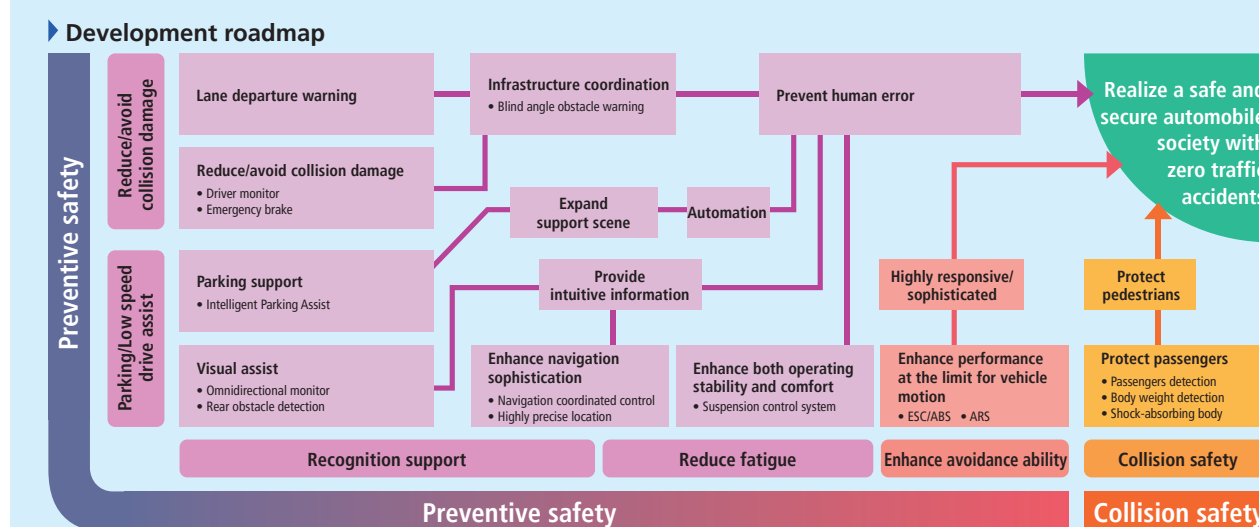
The graph displays three data series from 1967 to 2012:

- Fatalities (red line):** Measured on the left Y-axis (0 to 1,600 thousands). It starts at approximately 1,100 in 1967, peaks at 1,200 in 1970, and then shows a general decline to about 300 by 2012.
- Fatalities/injuries (blue line):** Measured on the right Y-axis (0 to 20 persons). It starts at about 11.5 in 1967, peaks at 13 in 1970, and fluctuates between 10 and 13 until 2012.
- Fatal/injury accidents (green line):** Measured on the right Y-axis (0 to 20 persons). It starts at about 8 in 1967, peaks at 10 in 1970, and fluctuates between 8 and 11 until 2012.

Source: * National Police Agency material

From Ministry of Land, Infrastructure, Transport and Tourism website
More efficient & effective countermeasures against traffic accidents "1. Current Traffic
Accident Conditions in Japan"

Looking at the condition of traffic accidents in Japan, the number of fatalities has been decreasing since 1993 following a period of increase due to various accident prevention measures, while the number of fatalities/injuries and fatal/injury accidents have also been declining since 2005. Despite this, the number of traffic accidents and the number of injuries remain at a high level. For instance, the rate of fatal/injury accidents (number of fatal/injury accidents \div vehicle



kilometers) on community roads is far higher than arterial roads and car only roads. Therefore, it can be said that a priority and key challenge is the realization of safety and security on community roads. The basis for this conclusion lies in a technical showcase the AISIN Group presented at the 20th ITS World Congress Tokyo 2013 using a demo car equipped with advanced safety and security features for community roads (Zone 30).

Many visitors to the venue rode in the demo car on a course representing a community road (Zone 30) and were able to experience first-hand the state-of-the-art safety features and highly automated parking system. Most people were surprised at the innovative functions. Among these, a pedestrian safety function developed through the integration of technology from

Aisin Seiki, ADVICS and IMRA Europe gained 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



Remy Bendahan
France Research Center,
IMRA Europe S.A.S.

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.

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 development themes for realizing automated driving in the future, since our focus was determining how to get the car to stop smoothly and in the perfect spot," says Kenji Asano, Manager of the Advanced Safety Development Section of the Chassis System



Kenji Asano
Manager
Advanced Safety
Development Section,
Chassis System
Development Department,
ADVICS Co., Ltd.

enhancing the accuracy of the stopping position by combining a signal from an image sensor made by Aisin Seiki with a signal from a wheel speed sensor included in ESC."

"We made effective use of know-how accumulated at Aisin Seiki in chassis control technology over the years to enable extremely smooth handling control," notes Kenji Koderu of the 2nd Development Group of the Chassis System Development Department at Aisin Seiki.

We believe that the smooth steering and braking proven in the demo car will become essential technologies in the near future for automated driving, a concept that is gaining social interest. This is because the functions are so streamlined that even passengers asleep in the car are not affected.



Kenji Koderu
2nd Development Group,
Chassis System
Development Department,
Aisin Seiki Co., Ltd.



Demo car on a course simulating a community road (Zone 30)

audio guide reporting the result. We also predict that cloud technology will be used to share traffic information with other drivers such as *Hiyari Hatto* ("near miss") while driving, congested areas and accidents. We are examining the possibility of a feature that provides guidance for the optimum route using information gathered from multiple cars.

"For the demo car, we spent a lot of time and effort on features concerning connectivity such as an automated reservation system for parking areas as well as basic features for navigation like audio guidance and precise vehicle positional information," explains Yuji Sato of the Product Planning Group 2, Advanced Product Planning Department, Vehicle Information Technology Division at Aisin AW.

"For Aisin AW, the first in the world to commercialize voice navigation, our aim is to contribute to a safe and secure automobile society that supports people while driving through functions that connect cars with the outside world. We seek to drive innovation in the functions we built into the demo car to create a system that is more sophisticated and even easier to use," says Sato as he discusses the direction for development he hopes to see going forward.

It could be said that the technical showcase at the ITS World Congress further accelerated system development related to safety and security by deepening ties within the Group. This result, however, does not end with the success of the demo car. The AISIN Group hopes to launch the advanced technology built into the demo car as soon as possible and deliver even more advanced safety and security related technology to society in order to make a solid contribution to the automobile world.

Project members are already pushing ahead with development of a more sophisticated driving safety system for the 21st ITS World Congress Detroit 2014.

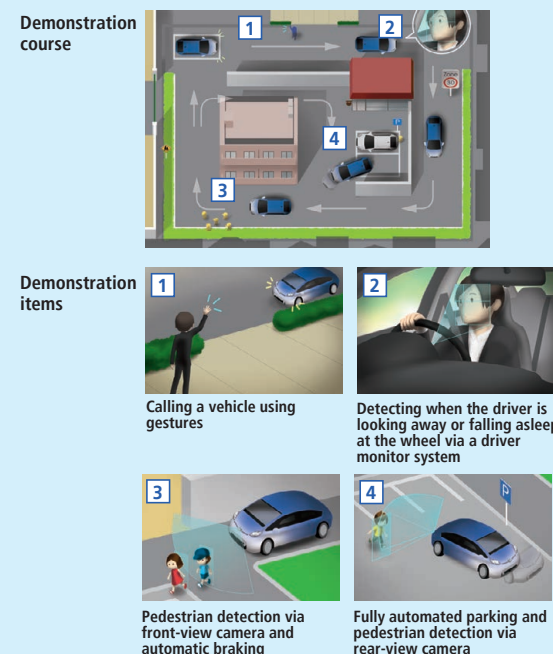


Yuji Sato
Product Planning Group 2,
Advanced Product Planning
Department,
Vehicle Information
Technology Division,
Aisin AW Co., Ltd.

Features of demonstration car



Supports safety in community zones



Features connecting people, cars and society that open the door to a future of safety and comfort

In Japan, ITS started from efforts to enhance safety in individual automobiles in order to make road traffic safer and has since evolved to efforts to connect cars and roadway infrastructure using telecommunications and to realize safety by further connecting cars with cars and cars with people.

Against this backdrop, the AISIN Group is pouring its efforts into features that connect people, cars and society using telematics in addition to driving safety systems to realize safety and security. Specifically, we provide safety and convenience not only while on the move but also from various lifestyle-related perspectives based on the concept of "navigating both the car and people's lifestyles."

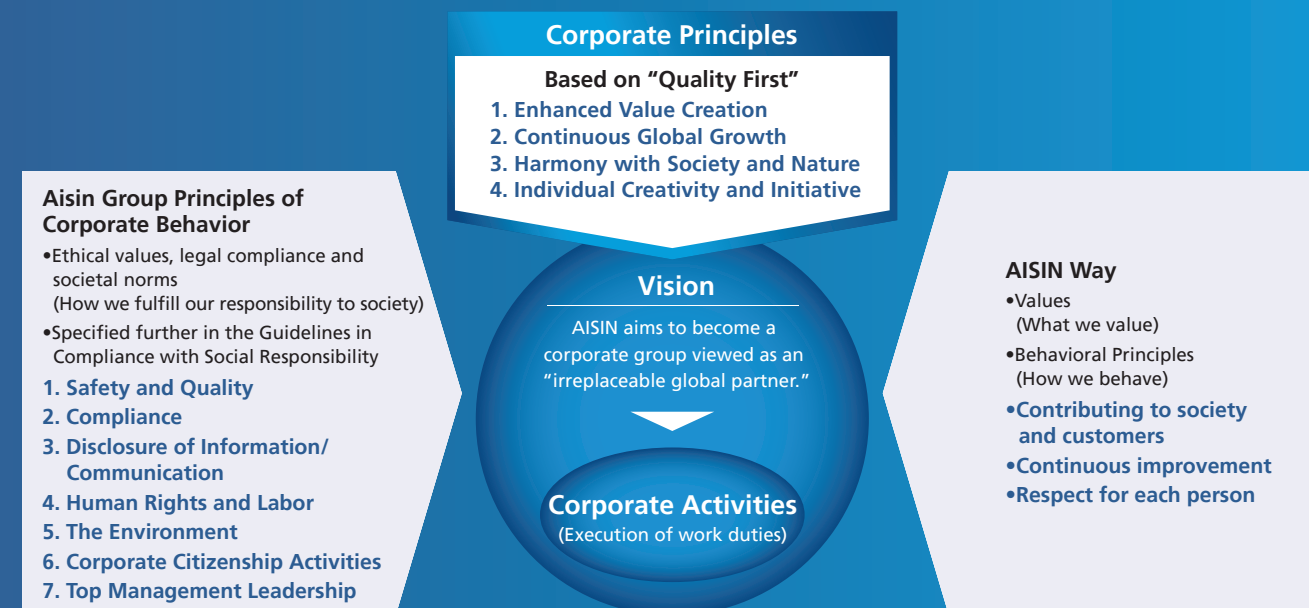
In the technical showcase, when a visitor having a tablet with a driving schedule entered gets in the demo car, the device would then automatically reserve a parking space at the designated destination with an

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.”



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

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.

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.

Principles of Corporate Behavior



English poster

Chinese poster

Photo 1 Top management training



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

Establishing respective committees to promote CSR activities

The AISIN Group has also set up committees within Aisin Seiki tasked with promoting management that addresses the interests and concerns of all stakeholders, including 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.

These committees monitor activities inside the Group in accordance with their respective topics and report on the results to the Board of Directors in seeking to improve relevant corporate activities.

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 adopted the Audit & Supervisory Board system and has established a General Meeting 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, which was 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 auditors 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 rank-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.

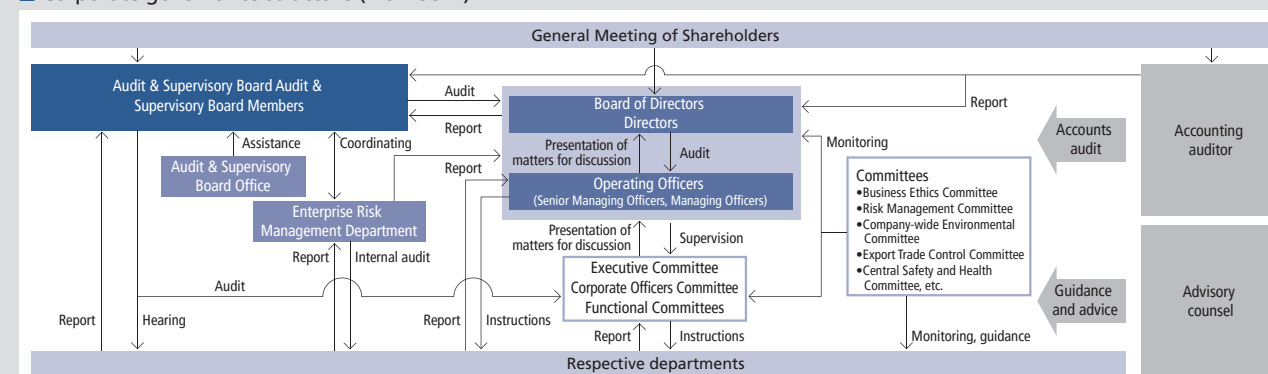


Local communities

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.

■ Corporate governance structure (Aisin Seiki)





Human Rights and Labor Practices

In developing its business globally, the Aisin Group complies with international standards related to human rights and labor practices, as well as laws and regulations of respective countries and regions, while striving to create workplaces that are enjoyable and satisfying.

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 the participation of 16 Group companies. Meanwhile, in November training on human rights was held at the Human Resources Functional Liaison Committee with the participation of 30 Group companies. As one of our rank-specific training initiatives, we provide human rights 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

■ Table 1 Training recipients regarding human rights (Aisin Seiki) (Persons)

	FY2012	FY2013	FY2014
Newly appointed managers	588 (100%)	684 (100%)	717 (100%)
New hires	266 (100%)	290 (100%)	296 (100%)
Temporary hires	352 (100%)	55 (100%)	70 (100%)
Mid-career hires	100 (100%)	141 (100%)	149 (100%)

Figures in parentheses show training recipients as a percentage of personnel targeted for training.

■ Photo 1 Human rights training



We implement training on companies and human rights.

■ Photo 2 Joint training



We hold training for persons promoted to management positions.

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 business execution capabilities of key persons 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 OJT. 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 developmental 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 had 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.

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.

<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 his/her 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 Kariya 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 Kariya. In July 2013, Aisin Seiki opened a new daycare center and thereby further enhanced its support structure for employees who work while raising children.

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.

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 varied 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.

Photo 3 Technical personnel education



We implement practical education at production sites.

Table 2 Promotion of diversity (Aisin Seiki)

	FY2012	FY2013	FY2014
Female	1,441	1,482	1,467
Percentage versus regular employees	11.29%	11.22%	10.92%
Re-employment after retirement	438	434	413
Percentage versus all employees	2.78%	2.75%	2.50%
Persons with disabilities	177	186	192
Percentage versus all employees	1.95%	2.04%	2.07%
Foreign nationality	96	112	119
Percentage versus regular employees	0.75%	0.85%	0.89%

Table 3 Number of employees using parental and family-care support systems (Aisin Seiki)

		FY2012	FY2013	FY2014
Parental leave	Female	72	65	83
	Male	8	5	4
Family-care leave	Female	0	4	0
	Male	0	2	2
Short working hour system for child care (*Number of people who have used the system more than once)	Female	168	179	192
	Male	28	40	46
Short working hour system for child care (Registrants)	Female	181	198	209
	Male	207	250	306

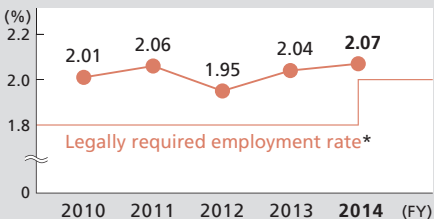
* Number of persons taking parental and family-care leave is calculated based on the year in which the leave has started.

Table 4 Number of females employed and number of female managers (Aisin Seiki)

		FY2012	FY2013	FY2014
Employment (regular)	Administrative staff*1	3 (13.6%)	3 (11.1%)	6 (17.1%)
	Engineer*1	7 (5.6%)	7 (5.1%)	7 (5.0%)
	Technical and skilled worker*1	13 (11.5%)	17 (14.7%)	7 (6.3%)
	Clerical worker	4	10	11
Number of managers	Team leader or higher*2	43 (20)*2 (1.0%)	47 (20)*2 (1.1%)	29 (23)*2 (1.1%)

*1 Figures in parentheses show the percentage of women versus the number of females employed.
*2 Figures in parentheses show the number of people in management positions or above.

Table 5 Employment rate of persons with disabilities (Aisin Seiki)



*Revised legally required employment rate to 2.0% from April 2013

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

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 to 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 All AISIN Safety and Health Conference 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: Six worst major cause of disasters in Toyota Group
(1. Caught between machinery, 2. contact with heavy objects, 3. contact with vehicles, 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 Work 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 Residual 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.

Aisin Keikinzoku	Make <i>Hiyari Hatto</i> ("near miss") Incident Proposals and Implement Risk Assessment Activities Take quick countermeasures for making proposals for <i>Hiyari Hatto</i> incidents and implement risk assessments with emphasis on nonroutine work.
Aisin Development	Unified Safety Activities with Cooperating Companies Perform risk assessment for collaborative work operations with cooperating companies and raise safety awareness through safety simulator education.
Aisin Kiko	Promote Internal Factory-to-factory Safety Inspection Strategy Eliminate accidents caused by facilities through mutual inspections, with managers and supervisors at the front lines of workplaces serving as leaders.
Aisin AI	Thoroughly Implement Safety and Health Basic Actions Implement basic 5 actions, including strict enforcement of holding handrails when climbing and descending stairs, with the participation of all employees.
Aisin Sin'ei	Eliminate Accidents Caused by Facilities Strengthen improvements to unsafe areas through comprehensive inspections of existing facilities.
Aisin AW Industries	Promote Activities to Prevent Risk Leakage Expose hidden risks through risk assessments that add environmental elements.
Hosei Brake Industry	Strengthen Danger Sensory Drills Raise safety awareness through sensory drills that increase realistic sensations.
ADVICS	Promote "Find and Improve" Activities Actively identify sources of risk through local KY activities (danger prediction) and risk assessments for all facilities.

Regarding overseas bases, two staff were dispatched from Japan to the North American region for safety purposes and while engaging in operations for overall improvements of safety and health, they promoted the creation of a North American version of the AISIN Global Safety Standards.

In Europe, the various bases in the United Kingdom, the Czech Republic, Turkey and Belgium took turns in holding the Pan European Safety Meeting quarterly, in which safety staff from each country gathered to improve their knowledge on safety.

Moreover, 14 companies* besides the 12 main Group companies formed the AISIN Affiliated Company Consolidated Safety and Health Liaison Committee and held a risk assessment workshop in fiscal 2014.

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

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 primary 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 health-care 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 employee efforts 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)

Photos 4, 5 Factory-to-factory Safety Inspection Strategy



Aisin AW Industries

Aisin Chemical

Table 6 Rate of lost work time injuries resulting from work accidents (15 AISIN companies in Japan*)

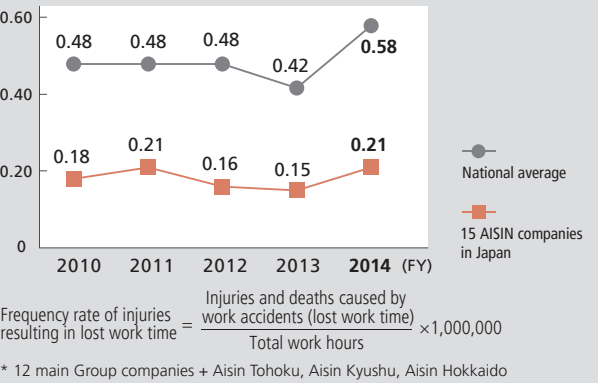


Table 7 Severity ratio of work accidents (15 AISIN companies in Japan*)

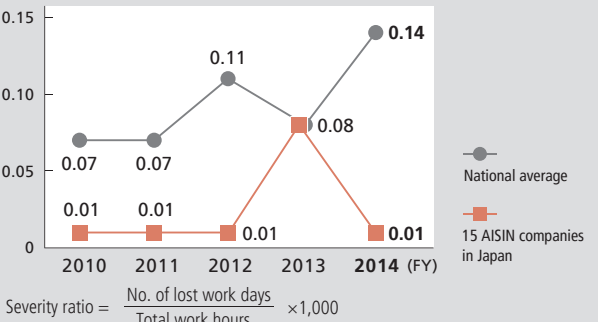


Photo 6 Return to Work Trial



The level of recovery is confirmed before participants return to work.

Photo 7 Well-Center examination room



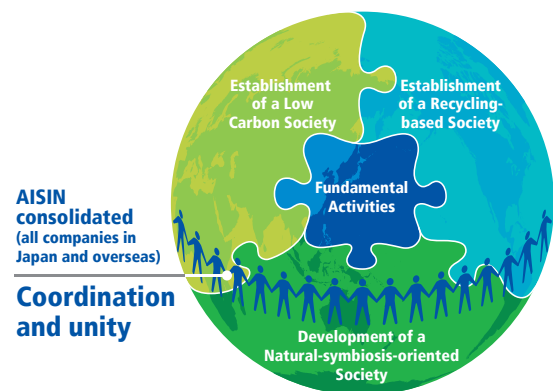
Interview with a physician and medical examination



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.

■ The Fifth Environmental Action Plan conceptual diagram



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 *monozukuri*, we are contributing to the creation of a sustainable society in which people can coexist in harmony with the environment far into the future.

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 environment management system with a view to realizing our objectives.
2. As well as ensuring detailed 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 linkage 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, procure materials that impose 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 context of efforts to minimize the use and scrapping of materials.
7. We are striving to promote activities aimed at conservation of nature and the environment on a global basis.

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 four 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 Aisin Seiki to be leaders in executing environmental efforts on a global scale.

■ AISIN consolidated environmental management structure

Environment-related	Function-related	Specific Actions and Goals	Items to be implemented/Targets																								
Establishment of a Low Carbon Society	Development and Design	1) Promotion of development/design of products oriented for a low-carbon society	<ul style="list-style-type: none">● [Automobile] Promotion of design/development of automobile parts which contribute to improvement of fuel efficiency● [Automobile] Development of parts for next-generation automobiles● [Others] Development of low-carbon, environment-conscious products● [All products] Promotion of implementation of LCA*1 on all products and group-wide development of the implementation																								
	Production	2) Thorough commitment for reduction of greenhouse effect gases at offices and global development of the commitment	<ul style="list-style-type: none">● Thorough commitment for reduction of greenhouse effect gases by improvement of production processes and introduction of the energy of nature● Thorough commitment to energy-saving activities in daily business● Development of best practices in Japan for overseas operating bases● Expansion of the range of organizations to which greenhouse effect gas reduction targets are applied <div>Action 1 ▶ P.32</div> <div>Action 2 ▶ P.32</div> <table><tr><th></th><th>Region</th><th>Item</th><th>Target</th></tr><tr><td rowspan="3">Production</td><td>AISIN Group</td><td>Amount of emission per amount of sales</td><td>12% reduction compared to FY2008</td></tr><tr><td>Domestic affiliates</td><td>Shift to objective managed after performance recognized</td><td></td></tr><tr><td>Overseas affiliates</td><td>Shift to objective managed after performance recognized</td><td></td></tr><tr><td rowspan="3">Distribution</td><td>AISIN Group</td><td>Amount of emission per amount of sales</td><td>13% reduction compared to FY2009</td></tr><tr><td>Domestic affiliates</td><td>Shift to objective managed after performance recognized</td><td></td></tr><tr><td>Overseas affiliates</td><td>Shift to objective managed after performance recognized</td><td></td></tr></table>		Region	Item	Target	Production	AISIN Group	Amount of emission per amount of sales	12% reduction compared to FY2008	Domestic affiliates	Shift to objective managed after performance recognized		Overseas affiliates	Shift to objective managed after performance recognized		Distribution	AISIN Group	Amount of emission per amount of sales	13% reduction compared to FY2009	Domestic affiliates	Shift to objective managed after performance recognized		Overseas affiliates	Shift to objective managed after performance recognized	
		Region	Item	Target																							
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Distribution	AISIN Group	Amount of emission per amount of sales	13% reduction compared to FY2009																								
	Domestic affiliates	Shift to objective managed after performance recognized																									
	Overseas affiliates	Shift to objective managed after performance recognized																									
Logistics	3) Thorough commitment for reduction of greenhouse effect gases during distribution and global development of the commitment	<ul style="list-style-type: none">● Reduction of total running distance by joint transportation and improvement in loading ratio● Promotion of modal shift● Improvement of fuel efficiency by introduction of fuel-efficient cars and driving practices to save fuel																									
Establishment of a Recycling-based Society	Development and Design	4) Promotion of development/design of products oriented for a recycling-based society	<ul style="list-style-type: none">● Visualization of degree of contribution to resources recycling by LCA in the entire lifecycle● Promotion of resources-recycling-type development/design based on visualization● Reduction of the amount of final disposal by easy-to-recycle design and miniaturization● Implementation of designs which reduce occurrence of inferior goods during production● Implementation of designs which reduce impact of exhaustion of resources																								
	Production and Logistics	5) Thorough utilization of resources at offices and during distribution and global development of the commitment	<ul style="list-style-type: none">● [Production] Reduction of occurrence of inferior goods, thorough commitment for 3Rs concerning wastes, and development of the commitment to overseas operating bases● [Production] Reduction of water usage considering regional characteristics● [Production] Expansion of the range of organizations to which waste reduction targets are applied● [Distribution] Reduction of packaging materials <div>Action 3 ▶ P.33</div> <div>Action 4 ▶ P.33</div> <table><tr><th></th><th>Region</th><th>Applicable Items</th><th>Item</th><th>Target</th></tr><tr><td rowspan="3">Production</td><td>AISIN Group</td><td>Wastes</td><td>Amount of emission per amount of sales</td><td>17% reduction compared to FY2008</td></tr><tr><td>Domestic affiliates</td><td>Wastes</td><td>Shift to objective managed after performance recognized</td><td></td></tr><tr><td>Overseas affiliates</td><td>Wastes</td><td>Shift to objective managed after performance recognized</td><td></td></tr></table>		Region	Applicable Items	Item	Target	Production	AISIN Group	Wastes	Amount of emission per amount of sales	17% reduction compared to FY2008	Domestic affiliates	Wastes	Shift to objective managed after performance recognized		Overseas affiliates	Wastes	Shift to objective managed after performance recognized							
		Region	Applicable Items	Item	Target																						
	Production	AISIN Group	Wastes	Amount of emission per amount of sales	17% reduction compared to FY2008																						
		Domestic affiliates	Wastes	Shift to objective managed after performance recognized																							
Overseas affiliates		Wastes	Shift to objective managed after performance recognized																								
Sales	6) Expansion of new businesses which contribute to the cyclic use of resources	<ul style="list-style-type: none">● Promotion of rebuilt automobile parts business● Promotion of fixing defective parts																									
Development of a Natural-symbiosis-oriented Society	Development and Design	7) Enhancement of management of environmentally hazardous materials contained in products	<ul style="list-style-type: none">● Compliance with laws and regulations such as REACH*2 concerning environmentally hazardous materials contained in products● Promotion of reduction of environmentally hazardous materials contained in products																								
	Production	8) Thorough commitment for elimination of environmental risks and reduction of emission of environmentally hazardous materials and global development of the commitment	<ul style="list-style-type: none">● Promotion of actions to prevent occurrence of abnormal environments in local/overseas operating bases● Thorough commitment for reduction of emission of environmentally hazardous materials discharged in production activities <table><tr><th></th><th>Region</th><th>Applicable Items</th><th>Item</th><th>Target</th></tr><tr><td rowspan="3">Production</td><td>AISIN Group</td><td>VOC*3</td><td>Amount of emission per amount of sales</td><td>31% reduction compared to FY2008</td></tr><tr><td>Domestic affiliates</td><td>VOC</td><td>Shift to objective managed after performance recognized</td><td></td></tr><tr><td>Overseas affiliates</td><td>VOC</td><td>Shift to objective managed after performance recognized</td><td></td></tr></table>		Region	Applicable Items	Item	Target	Production	AISIN Group	VOC*3	Amount of emission per amount of sales	31% reduction compared to FY2008	Domestic affiliates	VOC	Shift to objective managed after performance recognized		Overseas affiliates	VOC	Shift to objective managed after performance recognized							
		Region	Applicable Items	Item	Target																						
	Production	AISIN Group	VOC*3	Amount of emission per amount of sales	31% reduction compared to FY2008																						
		Domestic affiliates	VOC	Shift to objective managed after performance recognized																							
Overseas affiliates		VOC	Shift to objective managed after performance recognized																								
Harmony with Society	9) Cross-group development of regional symbiotic activities which contribute to biodiversity	<ul style="list-style-type: none">● Monitoring and publication of impacts on biodiversity in the regional ecosystem● Conservation of local living organisms and implementation of group-wide tree-planting activities to preserve biodiversity																									
Fundamental Activities	Management	10) Enhancement of global environmental management system	<ul style="list-style-type: none">● Expansion of environmental management system to overseas operating bases● Activation of activities of the Global Environment Committees of each region in the world● Establishment and promotion of operation of new EMS*4 according to the trends of international standards																								
		11) Promotion of environmental practices through cooperation with suppliers	<ul style="list-style-type: none">● Steady promotion of group-wide green procurement utilizing the Green Procurement Guidelines● Support for suppliers for a higher level of commitment to environmental conservation by offering incentives and assistance for the commitment																								
		12) Enrichment and promotion of ecological education	<ul style="list-style-type: none">● Cultivation of highly skilled human resources for promotion of global environmental management ("super-environment" human resources)● Continuation of systematic group-wide ecological education <div>Action 5 ▶ P.35</div>																								
		13) Enhanced dissemination of technologies and know-how of environmental management by communicating with external sources	<ul style="list-style-type: none">● Enhancement of communicating environmental management know-how with external sources and deliberation for commercialization																								
	Communication	14) Enrichment and global development of community-based activities which contribute to the environment/society	<ul style="list-style-type: none">● Promotion of activities which contribute to the environment/society based on cooperation with communities● Expansion of activities which contribute to the environment/society based on cooperation with communities to overseas operating bases																								
		15) Implementation of proactive environment related communication	<ul style="list-style-type: none">● Deepening of two-way communication with communities● Publication of environmental information by CSR report																								

*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, Authorization and Restriction of Chemicals (REACH): An EU regulation concerning registration, evaluation, authorization and restriction of chemical substances
*3 Volatile Organic Compounds (VOC): Chiefly refers to manmade synthetic substances that can easily be released into the atmosphere at room temperature and under normal pressure.
*4 Environmental Management System (EMS)

Fifth Environmental Action Plan Activities and Fiscal 2014 Results

Theme	Activities	FY2014 Results	Page
Establishment of a Low Carbon Society	1) Reduction of greenhouse gas emissions from products •Increase visualization of environmentally friendly products through eco-products certification system	■ Product-related action example Products certified as eco-products •Developed and certified hybrid automatic transmission for commercial vehicles •Developed and certified home-use sewing machine enabling embroidery with pictures	▶ P.31
	2) Reduction of greenhouse gas emissions in production	■ Production-related action example •Reduced CO ₂ by controlling coolant pump circulation amount in processing machine axis	▶ P.32
	Scope Item Base Year FY2014 Target Aisin Group Amount of CO ₂ emission per amount of sales FY2008 10.3% reduction	FY2014 Result Evaluation Base year = 100 86.9 13.1% reduction ○	
Establishment of a Recycling-based Society	3) Reduction of greenhouse gas emissions in logistics	■ Logistics-related action example •Shortened transport distance through joint deliveries between AISIN Group plants	▶ P.32
	Scope Item Base Year FY2014 Target Aisin Group Amount of CO ₂ emission per amount of sales FY2009 8.6% reduction	FY2014 Result Evaluation Base year = 100 89.8 10.2% reduction ○	
	4) Reduction of waste in products •Increase visualization of environmentally friendly products through eco-products certification system	■ Product-related action example •Environmental impact evaluation: Considered environment in product design stage (Shared framework for LCA evaluation and management of products containing chemical substances) •Eco-products certification	▶ P.33
Development of a Natural-symbiosis-oriented Society	5) Reduction of waste in production •Thoroughly employ 3Rs for waste •Reduce packaging materials	■ Production and logistics related action example •Reused waste by regenerating (distilling) and processing wastewater used to wash fixtures •Reduced weight of waste by substituting cardboard boxes for overseas	
	Scope Item Base Year FY2014 Target Aisin Group Amount of CO ₂ emission per amount of sales FY2008 23.9% reduction	FY2014 Result Evaluation Base year = 100 68.7 31.4% reduction ○	
	6) Contribution to resource reuse and recycling	■ Resource recycling related action example •Operated commuter bus using biofuel	▶ P.34
Fundamental Activities	7) Strengthening of management of products containing environmentally hazardous substances	■ Compliance with respective country regulations such as EU REACH •Managed substances in compliance with auto industry rules	
	8) Reduction of VOC emissions in production	■ VOC emission reduction related action example •Switched to low VOC coating •Improved yield ratio of adhesives	
	Scope Item Base Year FY2014 Target Aisin Group Amount of VOC emission per amount of sales FY2008 39.6% reduction	FY2014 Result Evaluation Base year = 100 47.5 52.5% reduction ○	▶ P.35
Fundamental Activities	9) Initiatives for biodiversity •Protect local living organisms to preserve biodiversity	■ Protection of local living organisms •Started participating in protection activities in Nakaikemi-shicchi (Fukui Prefecture) •Released and nurtured endangered species golden venus chub in biotope	
	10) Strengthening of global management system	■ Establishment of environmental management in Japan and overseas •Issued and distributed consolidated EMS manual 3rd edition •Conducted mutual audit and newly attained ISO 14001 at sites in Japan and overseas (ATAC, AAL, AT Kyushu) ATAC: Aisin Thai Automotive Casting Co., Ltd. AAL: Aisin Automotive Ltd. •Created and deployed environmental performance management system (A-GLOBE)	
Fundamental Activities	11) Promotion of activities in connection with suppliers	■ Promotion of environmental activities with business partners •Conducted environmental risk inspections based on Green Procurement Guidelines •Continued to permeate chemical substance management system	▶ P.35
	12) Providing environmental education	■ Improved environmental skills •Systematically fostered human resources via environmental education •Conducted awareness-raising activities in Environment Month and Energy Conservation Month •Started AISIN Group Consolidated Environmental Symposium	
	13) Promotion of dissemination of technology, know-how	■ Contributed to auto parts industry •Promoted activities of Product Environmental Committee, Japan Auto Parts Industries Association (JAPIA) •Formulated LCI* tool in conjunction with member companies	
Fundamental Activities	14) Promotion of environmental contribution activities	■ Protected natural environment of surrounding area •Planted trees at foot of Mt. Fuji and in upstream area of Yahagi River •Planted trees on regional basis and cleaned up areas	▶ P.35
	15) Disclosure of environmental information	■ Disclosure of environmental information •Issued AISIN Group Report 2013 •Exhibited at Eco Products 2013 •Connected with local communities through roundtable discussions	

* Life Cycle Inventory (LCI) is the basic data for LCA (Life Cycle Assessment).

Eco-products Developing products that are kind to the earth

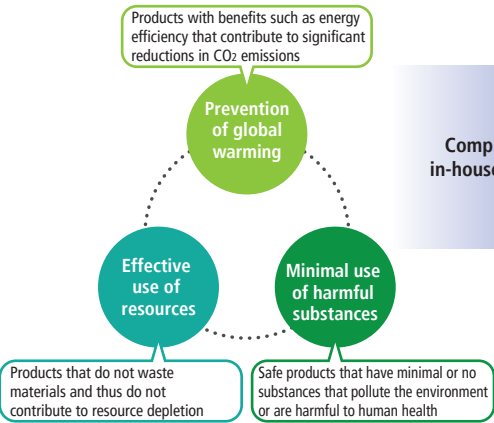
To ensure that its products are environmentally friendly, the AISIN Group develops and produces them with the three specific goals of preventing global warming, making effective use of resources and using minimal harmful substances.

Eco-product certification system

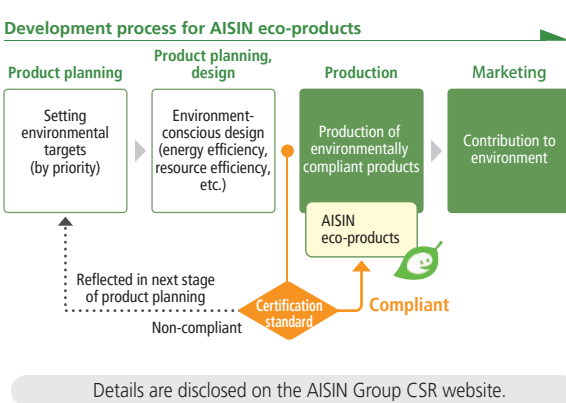
Aisin Seiki has established a system for the in-house certification of products that are kind to the earth and the environment as eco-products and is promoting the development of these products.

In fiscal 2014, hybrid automatic transmissions for commercial vehicles and the OEKAKI 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 progressively apply this system to all products by fiscal 2016.

AISIN eco-products concept

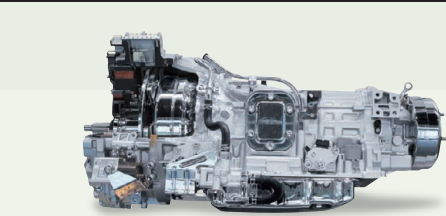


AISIN eco-product certification system



Products certified in fiscal 2014

Hybrid automatic transmissions for commercial vehicles



Prevention of global warming	Factor: 1.31 Increases CO ₂ emissions by 22%	•The combination of a hybrid unit with a built-in clutch that decouples the engine and six-speed automatic transmission (AT) for commercial vehicles improves fuel efficiency by 30%
Response to environmental contamination	•Complies with state and regional laws and regulations •Confirmed non-content of SOC	

(Compared with standard model: Six-speed AT for commercial vehicles)

- Features
- A hybrid unit has been added on to the existing AT in pursuit of hybrid functionality
 - The engine load is isolated when energy is being regenerated, thus increasing the amount of energy regenerated
 - The hybrid unit has a short shaft length, which helps minimize the increase in power line length

OEKAKI (free-motion embroidering) series of home-use sewing machines



Prevention of global warming	Factor: 1.41 Reduces CO ₂ emissions by 6%	•Reduces CO ₂ emissions throughout the life cycle mainly through a change to the electrical system
Resource saving	Factor: 1.48 Reduces resource consumption by 10%	•Reduces resource consumption throughout the life cycle primarily by shared components that use fewer resources
Response to environmental contamination	•Complies with state and regional laws and regulations •Confirmed non-content of SOC	

(Compared with standard model: RS2000 series)

- Features
- Adds the following functions so that people can enjoy free-motion embroidering
- Variable stitch width via a foot controller (for broader expression)
 - Thread tension disc opening/closing mechanism (for easy, smooth fabric movement)

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 result 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.

*11 main Group companies excluding Aisin Development Co., Ltd.

Initiatives in fiscal 2014

Reducing heater power by lowering cleaning temperature

(Aisin AW Industries Co., Ltd.)

Action 1

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.)

Action 2

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 waste/energy saving with full employee participation, development of cold forging technology that boasts exceptional energy efficiency, and operation of a cogeneration utility 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 tons, which meant we achieved our target of 5.1 tons. (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.)

Action 3

Aisin Keikinzoku, which develops and produces aluminum automobile parts, has taken strong steps to recover and separate waste oil and wood chips and promoted initiatives to sell these as valuable resources with the aim of reducing industrial waste generated on-site. Previously, the company contracted a specialist to dispose of the wooden pallets as industrial waste, but now these are separated into reusable resources and sold. Similarly, 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.)

Action 4

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 onerous 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 alkali 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 effluent treatment and reusing used nitric acid in other processes.

Initiatives in fiscal 2015

In fiscal 2015, we will 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 Total emissions of CO2 per sales unit (From the Group's 11 main manufacturing companies in Japan)

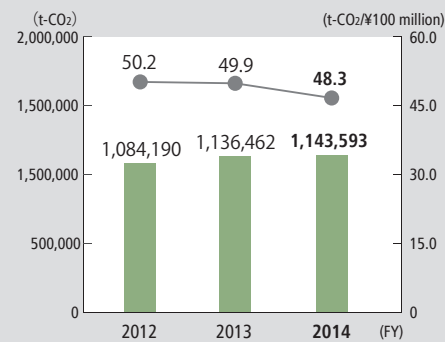


Table 2 Total CO2 emissions due to transport per sales unit (From the Group's 11 main manufacturing companies in Japan)

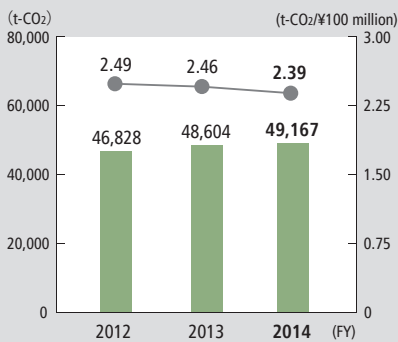


Table 3 Emissions of non-CO2 greenhouse gases (From the Group's 11 main manufacturing companies in Japan)

	FY2012	FY2013	FY2014
HFCs*1	104	148	162
SF6*2	12,906	16,252	5,497

*1 Hydrofluorocarbons (HFCs): A greenhouse gas with a warming effect estimated to be from 140 to 14,800 times that of CO2.
*2 Sulfur hexafluoride (SF6): A greenhouse gas with a warming effect estimated at 23,900 times that of CO2.

Photo 1 Chubu Bureau of Economy, Trade and Industry Director's Award



Table 4 Waste emissions per sales unit (From the Group's 11 main manufacturing companies in Japan)

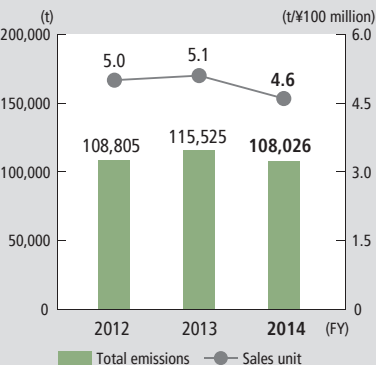


Photo 2 Recovery of wooden pallets and waste oil



Photo 3 Reduction of waste



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 effluent treatment facilities

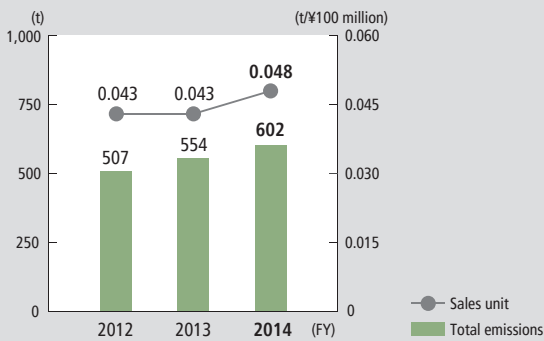
The AISIN Group is striving to ensure zero abnormalities and claims in order to reduce environmental risk. We regularly monitor effluent from our plant's effluent treatment facilities and transmit warnings the moment we predict an abnormality as part of a management framework enabling early identification 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 (Table 5) 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.

Table 5 VOC emissions per sales unit (11 main manufacturing companies in Japan)

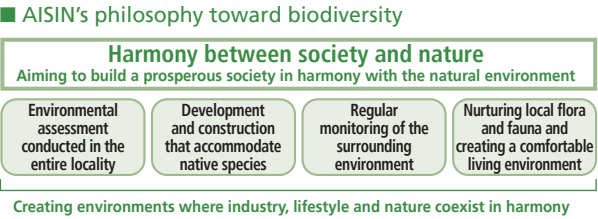


Initiatives for chemical substance management

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

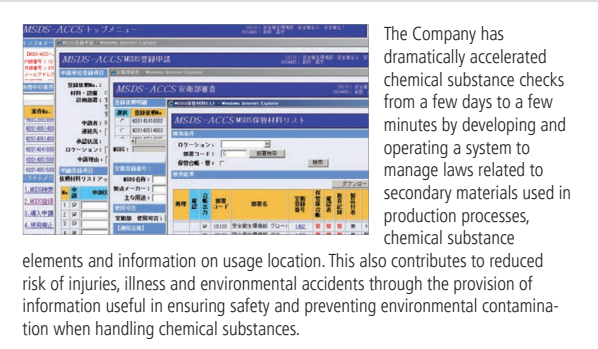
The AISIN Group has established a biotope on the factory premises in order to protect biodiversity and create an environment in which local plants and animals can thrive. The biotope utilizes effluent from effluent treatment facilities at the factory to make small streams and facilities are being developed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



Initiatives in fiscal 2015

Aiming to achieve zero environmental anomalies in fiscal 2014, we will develop danger prediction training that makes use of *Hiyari Hatto* ("near miss") incidents with the potential to affect the environment and work to improve the level of daily management at respective companies and ensure legal compliance. Further, we will standardize the management of chemical substances at the 11 main manufacturing companies in Japan and their affiliates as well as continue to roll out successful cases for reducing chemical substances at respective companies.

Photo 4 MSDS-ACCS system for managing chemical substances in the production system



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 *genchi 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.

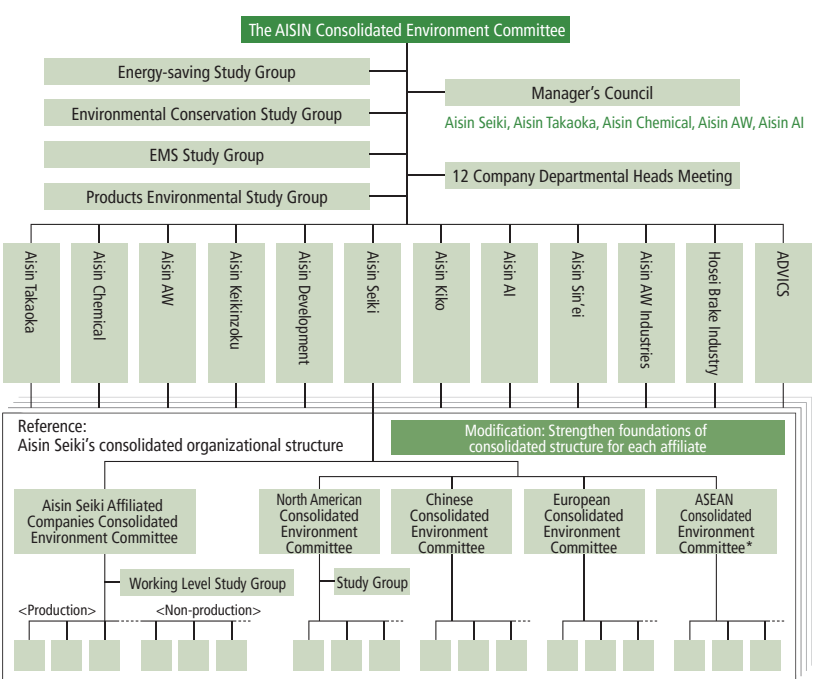
Initiatives in fiscal 2014

Resolving issues in collecting and transporting waste electric and electronic devices

(Aisin Europe Manufacturing Czech s. r. o.) **Action 3**

Aisin Europe Manufacturing Czech, which produces such

AISIN consolidated environmental management structure



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 worth 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 worth 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)

Photo 5 Releasing golden venus chub



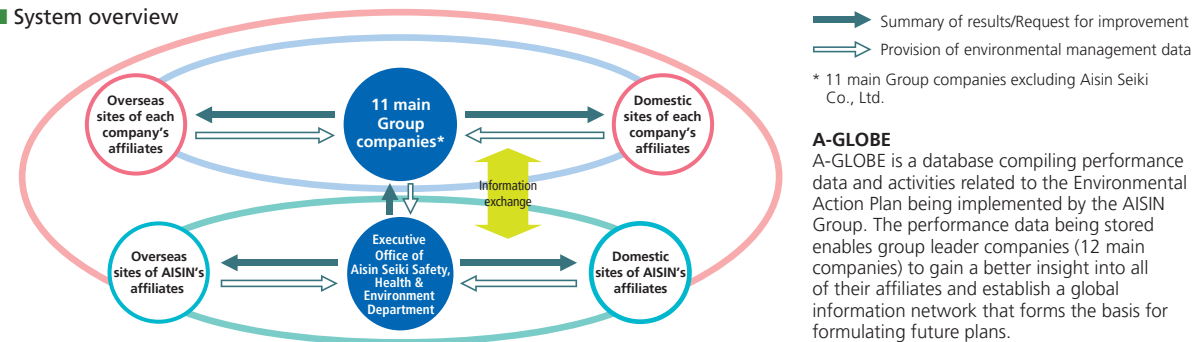
Photo 6 Initiative by Aisin Europe Manufacturing Czech



Started operation of A-GLOBE system for managing environmental performance

The AISIN Group is pushing ahead with the creation A-GLOBE, a system for comprehensively managing environmental performance that can be accessed from any business site worldwide with the aim of promoting activities laid out in the Fifth Environmental Action Plan on a group-wide basis. The system was started in earnest within the AISIN Group in Japan in fiscal 2015. Overseas, consolidated affiliates of Aisin Seiki in Taiwan, Indonesia, Australia and Brazil started trial operation with the goal to introduce the system from fiscal 2016 in other countries.

System overview



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 measures and contributes to AISIN's consolidated environmental activities.

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 "Own company," and an e-mail function enabling communication between persons in charge of environment worldwide.

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

Introducing A-GLOBE

Tsung Ming Lin (third from right in group photo)

Increasing social interest in environmental issues has prompted the need for corporations to fulfill obligations such as environmental preservation activities. The first step in making environmental improvements is for everyone to be alert and sensitive. Using A-GLOBE allows accurate understanding of the environmental impact of business activities, which has enabled proactive efforts in environmental management, including prevention of environmental contamination and reduction of environmental burden. I hope to play a part in creating environmentally friendly automobile parts and driving technological innovation from an environmental perspective by valuing limited resources and the environment.

Hsueh Hui Liao (far right in group photo)

The introduction of A-GLOBE has made it possible to easily identify the state of all energy consumption in a company. Work has become smoother for persons in charge, particularly in enabling them to search for data and make graphs by just inputting figures. I hope to become more proficient with this

Elite Sewing Machine Mfg. Co., Ltd. (Taiwan)

exceptional tool and use it for energy conservation activities and environmental protection.

Po June Lai (fourth from right in group photo)

A-GLOBE is a multilingual portal site with a lot of handy features. It is extremely user-friendly and has been well received by members who have used it. I hope the introduction of the system helps us save energy and reduce CO₂ and thus contribute to environmental preservation.

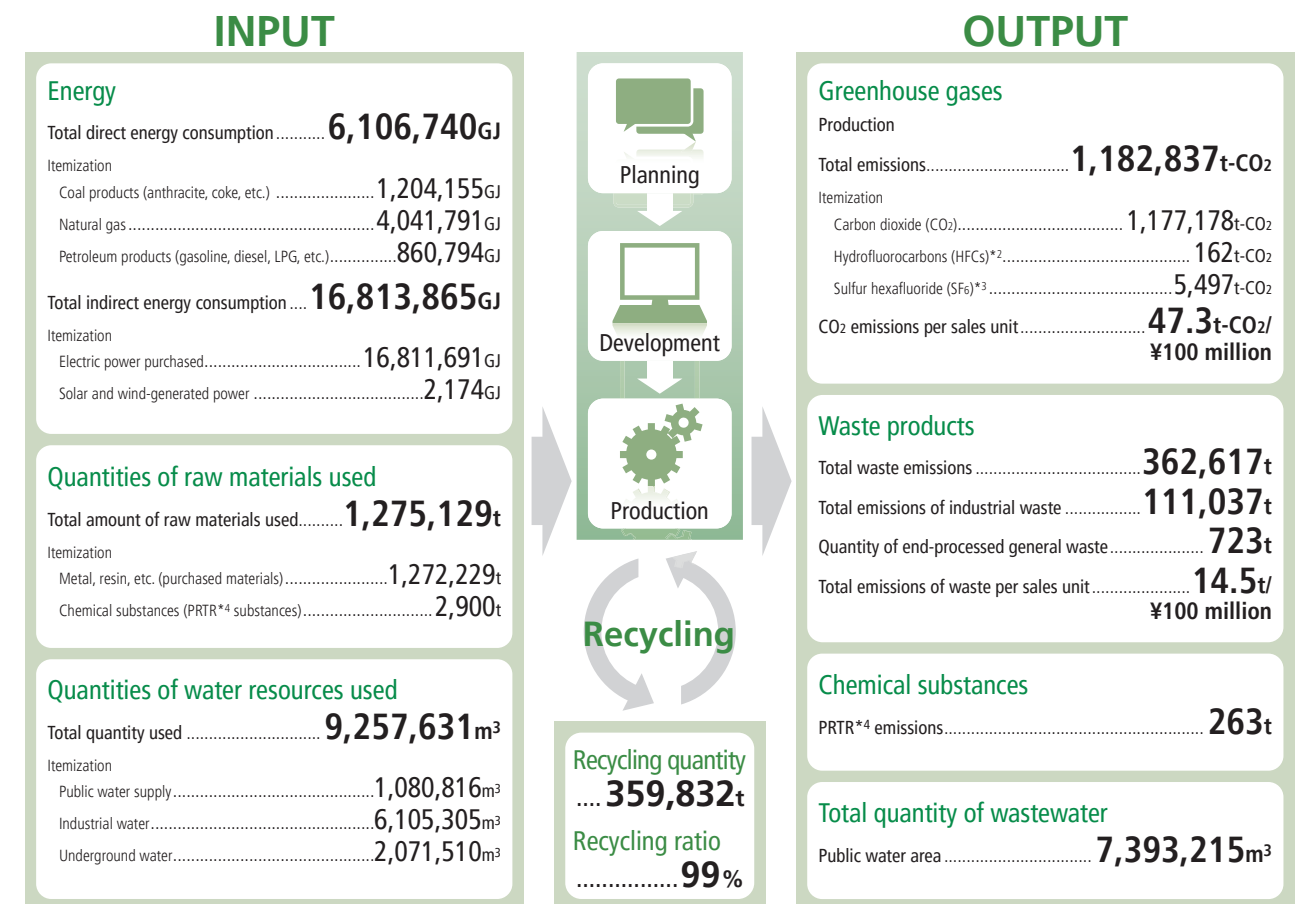


Members from Elite Sewing Machine Mfg. Co., Ltd. involved in the project



Providing education on the system

Resources Used and Emissions Released (FY2014) 26 main companies in Japan*1



*1 Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikinzoku, Aisin Kiko, Aisin AI, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, ADVICS, Aisin Development, Aisin Tohoku, Aisin Kyushu, Aisin Hokkaido, Saitama Kogyo, Kotobuki Industry, Aichigiken, Aisin Maintenance, Aisin Engineering, Sinsan, Konan Kogyo, Hekinan Unsou, Sanetsu Unyu, Yamagata Clutch, Technova

*2 Hydrofluorocarbons (HFCs): A greenhouse gas with a warming effect estimated to be from 140 to 14,800 times that of CO₂

*3 Sulfur hexafluoride (SF₆): A greenhouse gas with a warming effect estimated at 23,900 times that of CO₂

*4 Pollutant Release and Transfer Register (PRTR): A system requiring businesses to identify the amount of various hazardous chemical substances released from business sites to the environment (air, water, soil) and the amount transferred outside as waste, as well as report the data to the national government. Based on the data submitted, the national government estimates and announces to the public the amounts of release and transfer.

Environmental Accounting

		(Billions of yen)					
		11 main manufacturing companies in Japan*5			26 main companies in Japan*1		
		FY2012	FY2013	FY2014	FY2012	FY2013	FY2014
Environmental conservation costs	Business operation costs	7.73	9.34	8.11	8.49	10.20	8.60
	Management costs	1.01	1.11	1.00	1.17	1.26	1.08
	Upstream/downstream costs	2.42	3.33	3.88	2.52	3.39	3.91
	Research and development costs	9.03	14.89	15.51	9.05	14.90	15.51
	Social contribution activity costs	0.37	0.55	0.64	0.38	0.56	0.64
	Environmental remediation costs	0.13	0.10	0.14	0.13	0.10	0.14
Total		20.69	29.32	29.28	21.74	30.41	29.88
Effects of environmental conservation measures	Energy saving	0.87	0.85	0.82	0.88	0.88	0.85
	Resource saving	0.36	0.32	0.61	0.37	0.35	0.65
	Effects of reducing waste materials	0.08	0.05	0.03	0.08	0.54	0.06
	Sale of valued property	5.43	4.32	5.39	5.56	4.47	5.58
	Total	6.74	5.54	6.85	6.89	6.24	7.14

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

*5 11 main Group companies excluding Aisin Development Co., Ltd.



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.

Compliance

Declaration of thorough compliance

The AISIN Group endeavors to ensure compliance best practices under the Aisin 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 Aisin 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 3) 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.

Photo 1 Compliance meeting



Photo 2 Poster to enhance ethical business activities



Poster in Japanese



Poster in Portuguese

Table 1 Compliance hotline contacts (12 main Group companies)

	FY2012	FY2013	FY2014
Internal contacts	164	192	178
External contacts	21	19	31
Total	185	211	209

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

Photo 3 Initial response training for a major earthquake



Headquarters set up in the KYODOKAN hall

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 of trust with suppliers and grow in mutual prosperity alongside them as a good business partner. (Photo 4)

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 distributed 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 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. (Photo 5)

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. (Photo 6)

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 Unfair Competition Prevention Act and insider trading regulations in Japan.

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. (Photo 7) 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.

Intellectual Property Management

Establishing a dedicated structure for intellectual properties

Amid the growing importance of intellectual properties, The AISIN Group has established a specialized intellectual property management organization to support the safe-guarding and protection of intellectual properties, and efforts are made to enhance awareness of intellectual property activities for persons in charge of development.

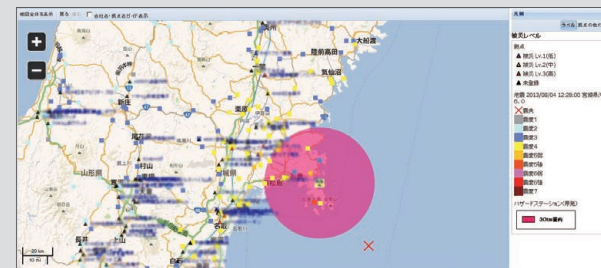
In the initial phase of development, we analyze trends in technical fields pursuing development and the patents of other companies based on pertinent intellectual property information and propose a development direction to persons in charge that can reduce the risk of patent violation and disputes. Also, we are undertaking activities that contribute to business expansion and securing profits of each Group company by acquiring rights and effectively utilizing candidates for patents, generated as a result of development, as intellectual property. The AISIN Group is also striving to realize the full potential of its intellectual property right activities through a liaison program among Group companies.

■ Photo 4 Presentation meeting on supplier procurement policy



Dissemination of basic policy

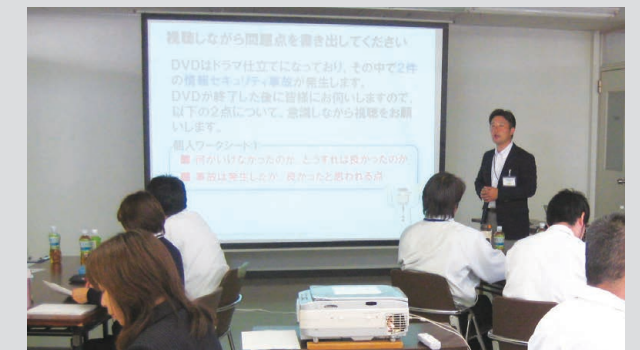
■ Photo 5 Risk management system in the supply chain



■ Photo 6 BCP training session



■ Photo 7 AISIN Group joint education on confidential information management





Consumer Issues

In order to contribute to society through our business activities while meeting the expectations and trust of customers worldwide, we are pursuing the highest level of quality and endeavoring to develop human resources who can further enhance this quality so that customers can use our products safely all of the time.

■ Photo 1 Global QC Circle Conference



A large number of employees from overseas take part

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, Aisin 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

■ Comprehensive evaluation of function and performance at Toyokoro Proving Ground



The Toyokoro Proving Ground has multiple circuits that reproduce road surfaces found around the world such as synthetic ice. The area of the venue is approximately 748 hectares (around 1,000 soccer fields) and it is here that we conduct comprehensive testing to evaluate function and performance required in a vehicle from a user perspective. Evaluation results are immediately fed back into product development so we can meet the need for guaranteed reliability.

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 Fujioka 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, Aisin 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 CS 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.

■ Photo 2 Quality lecture meeting





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.

■ Concept image of the three pillars of corporate citizenship activities



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



Saplings are planted including *salix flavia* (a type of willow) trees to stop desert sand from being blown away.

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



Learning the wonder of nature while helping develop the AISIN Forest

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. (Photo 1) 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

■ Photo 3 AISIN Environmental Education Program



Learning about the environment at AISIN Ecotopia

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 Kariya 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 Forums) 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.

■ Photo 4 Outreach seminar on *mono-zukuri* (manufacturing)



Classroom lecture and hands-on lessons on manufacturing

Holding the Junior High Basketball Tournament

The AISIN Group has men's and women's basketball teams* in Japan's top leagues, and players and coaches regularly conduct basketball clinics for elementary and junior high school students. Additionally, the AISIN Cup and AW Cup tournaments are held annually to contribute to raising the level of junior high school basketball players, thus focusing on nurturing youth through sports. (Photo 5)

* AISIN SeaHorses MIKAWA (Aisin Seiki) and Aisin AW Wings (Aisin AW)

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.

Aisin Seiki, Aisin Chemical and Aisin AW have taken part in the Ecocap Movement. Under this initiative, conducted by the NPO Ecocap Movement, participants send the plastic bottle caps they collect and the NPO sells these and uses the money to buy vaccines for children in

developing countries. In fiscal 2014, this contributed to donation of vaccines for 1,620 people.

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 7) 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 Sichuan 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.

Highlights of activities overseas

The spirit of "Be With" remains unchanged at the overseas operations of AISIN Group in seeking social integration in the regions in which we operate and building an even better society together with local communities. We are actively involved in numerous events with local communities and employees' families as well as making donations to further our contribution in respective regions.

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.



ATCA engineers support robot design presented by high school students

UK Supporting Movember



Aisin Europe Manufacturing (UK) Ltd. This company raises money for organizations aiming to eliminate prostate cancer and testicular cancer by encouraging men to grow a mustache for the month of November each year.

Australia Donated sewing machines



Aisin (Australia) Pty. Ltd. This company donated sewing machines to assist with plans to establish a support center and school for young women in the Solomon Islands.

Indonesia Planting trees



PT. Aisin Indonesia This company conducted conservation activities and planted around 5,000 trees surrounding the nearby Cimabang River together with roughly 100 local citizens, including children from local elementary schools.

Canada Cleaned up the Thames River



Aisin Canada, Inc. This company conducted a cleanup of the local Thames River in Stratford City. The fifth such event was held in 2013 and was broadcast widely in local newspapers, thereby raising the profile of the company's regional contribution activities.

China Provided comfort and donations to an elderly care facility



Fengai (Guangzhou) Automotive Seat Parts Co., Ltd. This company donated small gifts to the elderly as part of efforts to provide comfort for people living in a local elderly care facility.

China Took part in traffic safety volunteer activities



Aisin Seiki (Foshan) Body Parts Co., Ltd. Aisin Seiki (Foshan) Automotive Parts Co., Ltd. Employees at these companies took part in a traffic safety campaign at city intersections.

Photo 5 AW Cup 2013 basketball tournament for junior high school students



Contributing to youth development and sports promotion through sports

Photo 6 TABLE FOR TWO



Providing a menu for TABLE FOR TWO at a company dining hall

Photo 7 All AISIN NPO Activities Support Fund



Assistance and support for volunteers and regional groups conducting welfare activities



AISIN Group Profile (12 Main Companies)

Aisin Seiki Co., Ltd.

Established..... August 31, 1965
Head office..... 2-1 Asahi-machi, Kariya, Aichi 448-8650 Japan
URL <http://www.aisin.com>
Representative Fumio Fujimori, President
Scope of business..... Manufacture and sales of automotive parts (drivetrains, bodies, brakes and chassis, engines, information technology related), life and energy related products (sewing machines, beds, gas heat pump products, etc.) and wellness related products
Capital ¥45,000 million
Net sales ¥2,822.2 billion (consolidated), ¥796.1 billion (non-consolidated)
No. of employees 89,531 (consolidated), 12,945 (non-consolidated)

Aisin Takaoka Co., Ltd.

Established..... March 8, 1960
Head office..... 1 Tennoh, Takaokashin-machi, Toyota, Aichi 473-8501 Japan
URL <http://www.at-takaoka.co.jp/english/>
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 ¥115.4 billion
No. of employees 2,605

Aisin Chemical Co., Ltd.

Established..... February 12, 1952
Head office..... 1141-1 Okawagahara, Fujioka-lino-cho, Toyota, Aichi 470-0492 Japan
URL <http://www.aisin-chem.co.jp/english/index.html>
Representative Kanichi Shimizu, President
Scope of business..... Manufacture and sales of chemical products, friction materials and plastic parts
Capital ¥2,118 million
Net sales ¥46.0 billion
No. of employees 1,151

Aisin AW Co., Ltd.

Established..... May 15, 1969
Head office..... 10 Takane, Fujii-cho, Anjo, Aichi 444-1192 Japan
URL <http://www.aisin-aw.co.jp/en/index.html>
Representative Mutsumi Kawamoto, President
Scope of business..... Manufacture and sales of automatic transmissions, hybrid systems and car navigation systems
Capital ¥26,480 million
Net sales ¥939.1 billion
No. of employees 14,369

Aisin AI Co., Ltd.

Established..... July 1, 1991
Head office..... 1 Shiroyama, Ojima-cho, Nishio, Aichi 445-0006 Japan
URL <http://www.aisin-ai.co.jp/english/index.html>
Representative Kazumichi Sugiura, President
Scope of business..... Development, design, manufacture and sales of manual transmissions, transfers, component parts and accessories
Capital ¥5,000 million
Net sales ¥97.3 billion
No. of employees 2,042

ADVICS Co., Ltd.

Established..... July 3, 2001
Head office..... 2-1 Showa-cho, Kariya, Aichi 448-8688 Japan
URL <http://www.advics.co.jp/eng/index.html>
Representative Takeshi Kawata, President
Scope of business..... Development, manufacture and sales of automotive brake systems and system components
Capital ¥7,040 million
Net sales ¥315.0 billion
No. of employees 1,840

Aisin Keikinzoku Co., Ltd.

Established..... February 1970
Head office..... Imizu, Toyama, Japan
URL <http://www.aisin-ak.co.jp/english/>
Scope of business..... Manufacture of aluminum die-casting products for automotive parts and aluminum extrusion products

Aisin Development Co., Ltd.

Established..... December 1993
Head office..... Kariya, Aichi, Japan
URL <http://www.aisin-ad.co.jp> (Japanese)
Scope of business..... Real estate, general construction (architecture, civil engineering, landscaping, facilities transfer), insurance agency services, home remodeling and lifestyle commodities (Aisin Livelan)

Aisin Kiko Co., Ltd.

Established..... June 1956
Head office..... Nishio, Aichi, Japan
URL <http://www.aisin-kiko.jp> (Japanese)
Scope of business..... Manufacture of functional automatic transmission components, drivetrain related and body related components

Aisin Sin'ei Co., Ltd.

Established..... July 1961
Head office..... Hekinan, Aichi, Japan
URL <http://www.aisin-sinei.co.jp> (Japanese)
Scope of business..... Stamping of automotive parts, painting, and manufacture of body related components

Aisin AW Industries Co., Ltd.

Established..... March 1983
Head office..... Echizen, Fukui, Japan
URL <http://www.aw-i.co.jp> (Japanese)
Scope of business..... Development and manufacture of automatic transmission components

Hosei Brake Industry Co., Ltd.

Established..... May 1968
Head office..... Toyota, Aichi, Japan
URL <http://www.hosei.co.jp/english/index.html>
Scope of business..... Manufacture of drum brakes and other automotive brake parts

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

Aisin Seiki Co., Ltd. <http://www.aisin.com>

