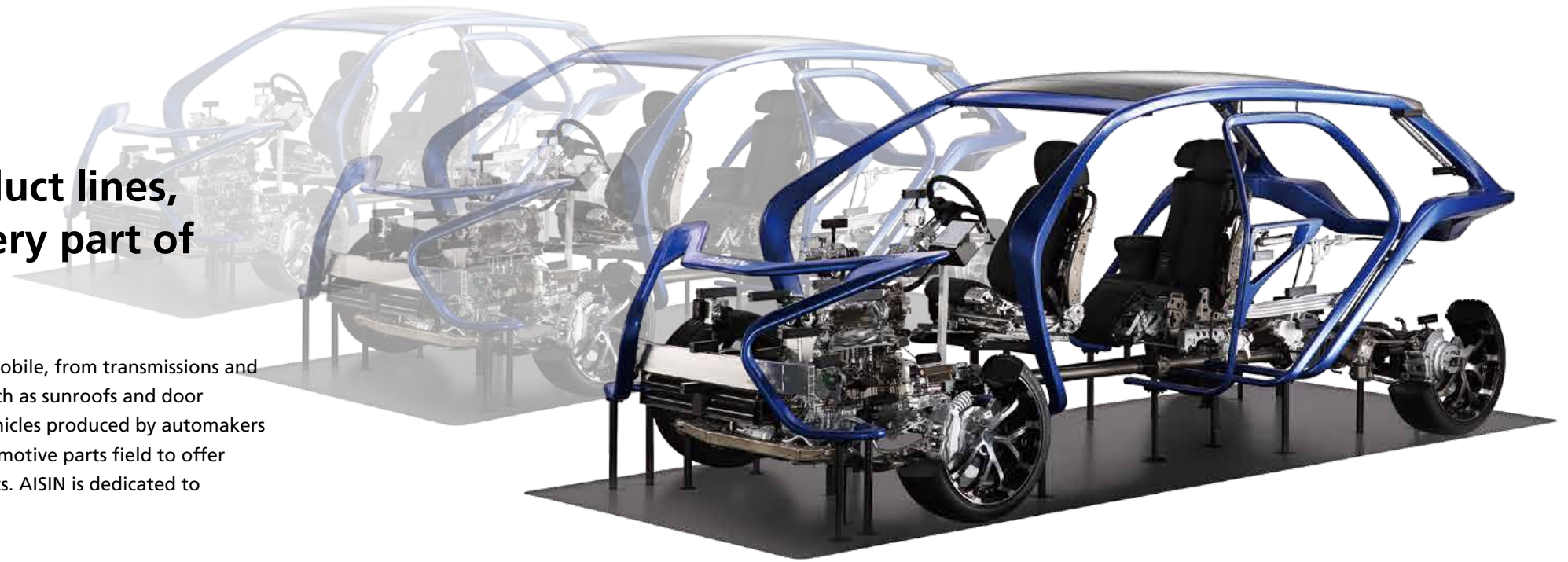


## AISIN GROUP REPORT 2015

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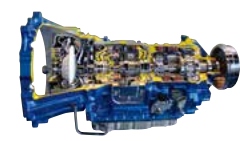
## The AISIN Group offers extensive product lines, including components for virtually every part of an automobile.

The AISIN Group handles product lines that cover virtually every element of an automobile, from transmissions and other drivetrain related products to brake systems, chassis, engines, body products 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.



### Powertrain Domain

**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

**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



Engine front modules



Intake manifolds



Exhaust manifolds

### Body Product Domain

**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



Rear-seat relaxation systems



Power door latches



Spray-type damping coat

### Chassis & Vehicle Safety System Domain

**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

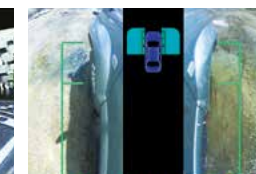
**Information Related Products** | Leveraging cutting-edge technologies, we are developing car navigation systems, parking assist systems and other IT products.



Parking assist systems



Wide-view front monitor



Multi-terrain monitor



Car navigation systems



Car navigation applications for smartphones

### L&E Domain

**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



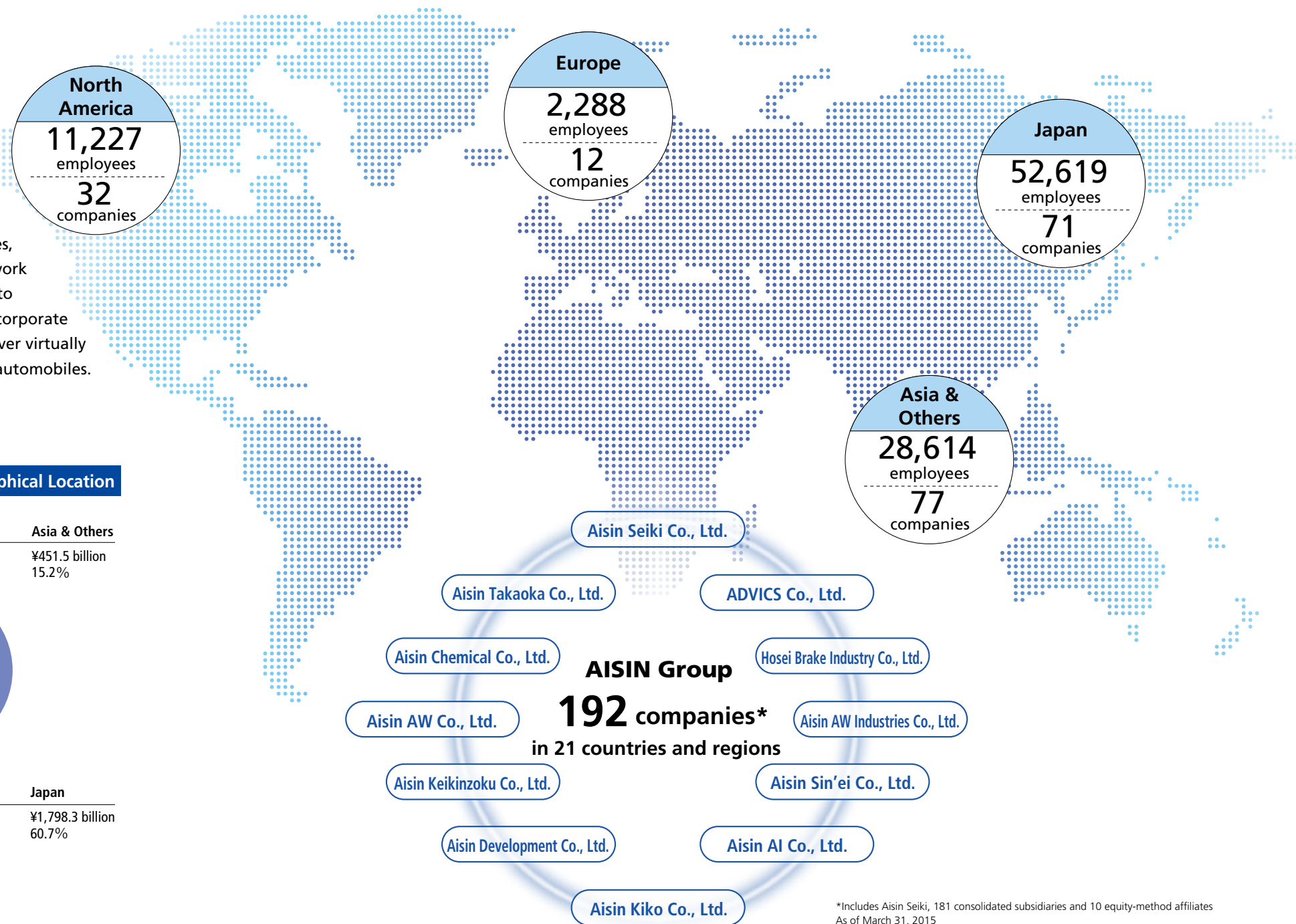
Gas engine driven heat-pump air conditioners (Outdoor unit)



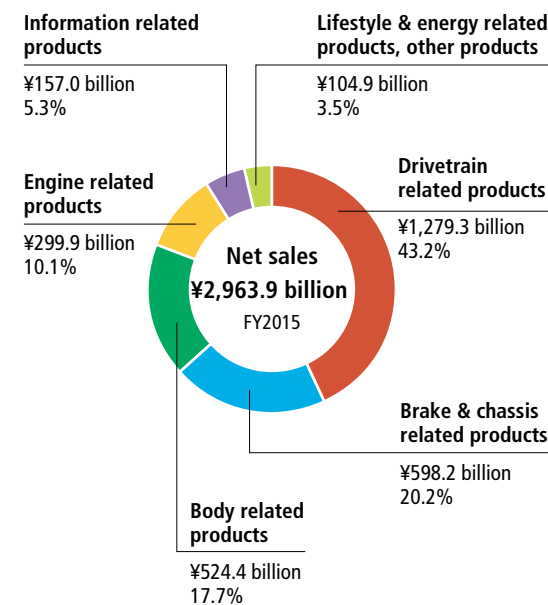
Fuel cell cogeneration system for residential use

# Mobilizing the Outstanding Technical Competence of the AISIN Group to Support the Auto Industry

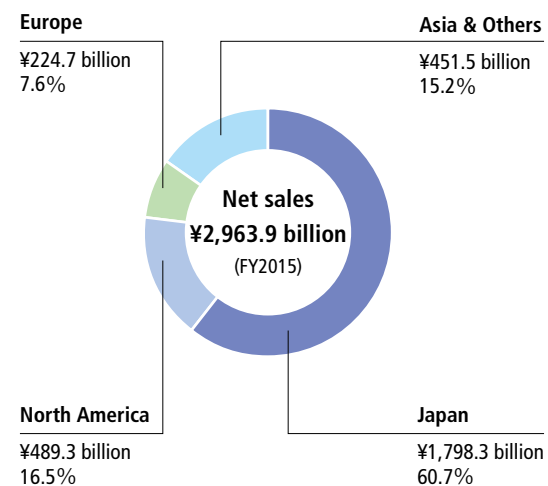
Aisin Seiki was established in 1965 with the merger of two auto parts manufacturing companies, Aichi Kogyo Co., Ltd. and Shinkawa Kogyo Co., Ltd. Since then, we have developed into a network of subsidiaries and affiliates to effectively deliver advanced technologies to the diversifying auto industry. 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.



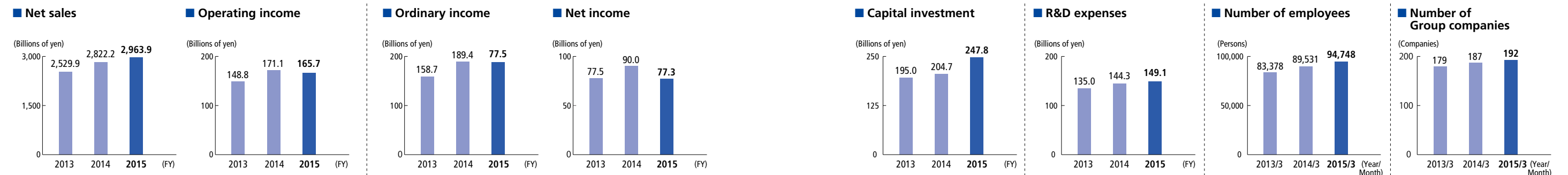
## Sales Breakdown by Product Category



## Sales Breakdown by Geographical Location



## Highlights (Consolidated)





As we embark on the final stages of the period for creating foundations to achieve the AISIN Group VISION 2020, we undertook efforts in fiscal 2015 to strengthen our underlying operations and solidify and expand our capabilities. In fiscal 2016, which marks our 50th anniversary, we intend to build on these initiatives while concentrating on the next phase of growth.

Although the business environment surrounding the global auto industry remained positive on the whole during fiscal 2015, domestic sales volumes fell short of the previous year. In addition, operating income, ordinary income and net income were all down due to factors such as increases in R&D expenses and depreciation.

Yet, because of the strategic thinking of our international team, we focused on developing and increasing sales of new AISIN Group products and worked to establish a global business platform. As a result of these efforts we experienced an increase in net sales.

We appreciate your continued guidance and support as we continue to take on challenges aimed at continued growth and success.

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

 **Yasumori Ihara**  
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.

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## Editorial policy

*AISIN Group Report 2015* 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 2015 (April 1, 2014 to March 31, 2015). 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, 2014 to March 31, 2015  
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 2015

## ■ 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 Keihin Co., Ltd.
	Aisin Development Co., Ltd.
	Aisin Kiko Co., Ltd.
	Aisin AI Co., Ltd.*
	Aisin Sin'ei Co., Ltd.
	Aisin AW Industries Co., Ltd.
	Hosei Brake Industry Co., Ltd.
	ADVICS 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.

# Achieving Further Growth through Globally Competitive Capabilities and Solutions



As the AISIN Group marks its 50th anniversary, I feel a solemn sense of responsibility in taking over the role of President at such a momentous time.

Over the course of the past 50 years, the AISIN Group has grown into a global corporate entity, with 181 consolidated subsidiaries in 21 different countries (66 in Japan, 115 overseas) and a workforce numbering over 90,000 employees. Given our vast scope of our

operations and products, and our growth of the Group through the addition of several companies, I wonder whether some of our products have become less competitive in recent years in the face of increasingly fierce competition from mega-suppliers and specialized suppliers. I am ever-mindful of our susceptibility to “big company syndrome.”

That is why I intend to take the AISIN Group in a new direction in terms of management as “a

competitive company capable of providing real solutions.” To achieve that, I have made it my mission to transform the AISIN Group into a more vibrant company and to increase cohesion throughout the Group, and am committed to tackling a whole host of issues along those lines.

To strengthen competitiveness and increase cohesion across the AISIN Group, we intend to restructure our brake, manual transmission and body parts operations while at the same time accelerating activities such as reviewing overlapping sectors and business frameworks. We are also challenging ourselves to develop inimitable products that will set us apart from our competitors, offering high added value in terms of the environment, security and safety, and comfort and convenience. From an environmental standpoint, for example, we intend to focus on technological innovation. This will include further improvements in thermal and fuel efficiency throughout engines in general, with a particular emphasis on our specialist field of electric pumps. We also intend to enhance our *monozukuri* (manufacturing) capabilities, establishing an unrivaled edge in areas such as production methods, material selection, and simplification and streamlining of equipment and dies. For instance, we will be clearly outlining product competitiveness and setting targets to work toward. With sales, design, production technology, procurement and manufacturing working together as a collaborative team, we will dedicate ourselves to our core priorities for specific functions and segments, including producing innovative designs, improving productivity, enhancing quality and reducing costs.

All of these initiatives depend on the capabilities of our employees. If we all have our own ambitions in mind as we work toward the goal of creating “a competitive company capable of providing real



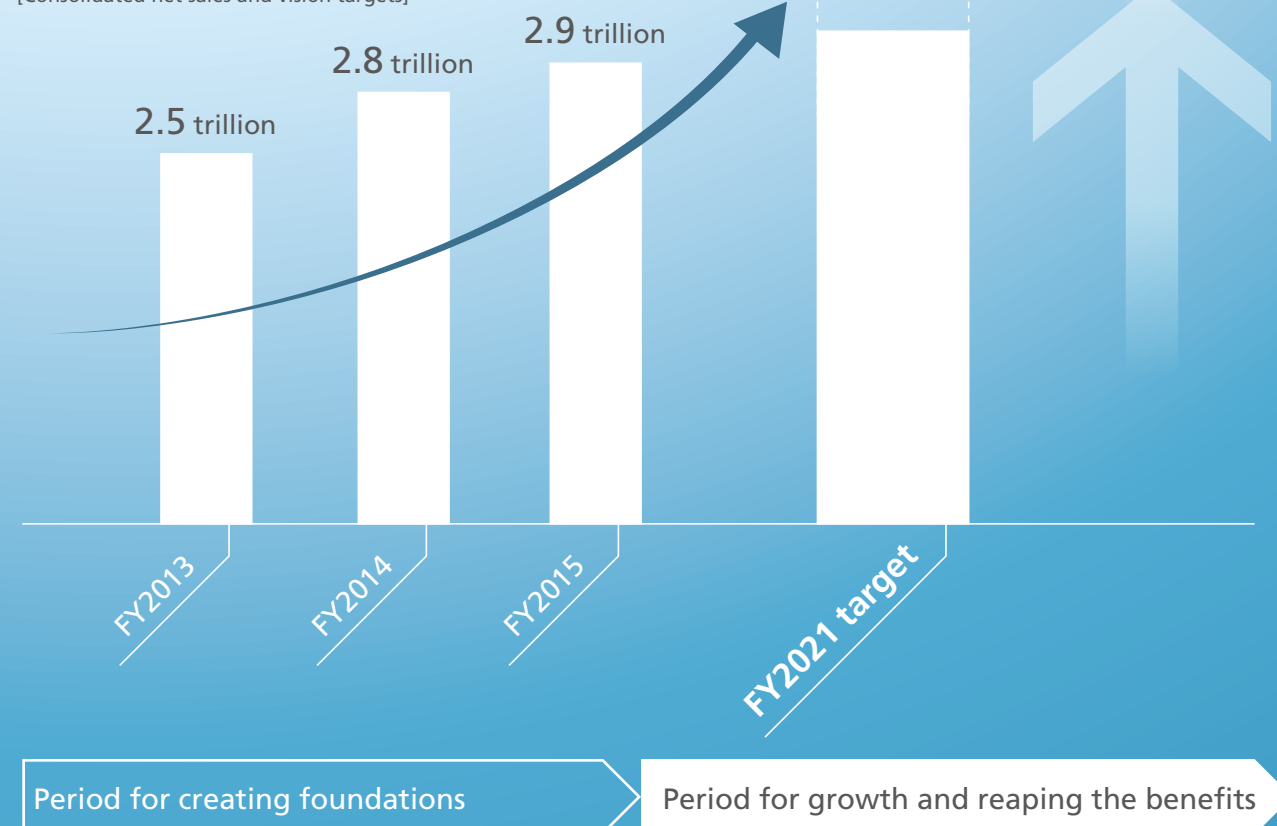
solutions,” and do everything we can to achieve those ambitions, together we can definitely make the AISIN Group into a better company. I am determined to do my utmost to maintain vibrant and sustainable growth as we look ahead to the next 50 years. I look forward to working with you all.

**Yasumori Ihara**  
President

# Building on Business Foundations to Achieve Our Vision and Achieve Further Growth

## AISIN Group VISION 2020 (Announced April 2012)

[Consolidated net sales and vision targets]



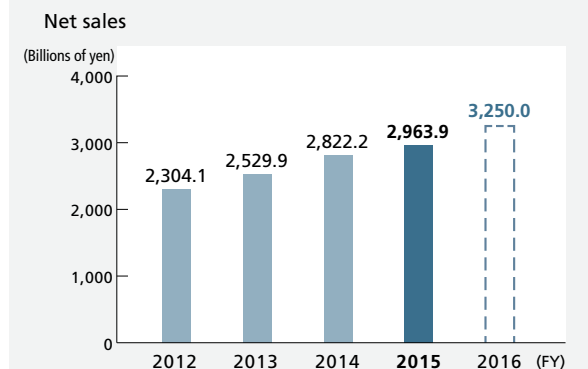
## Review of Fiscal 2015, the Final Year as a Period for Creating Foundations

In April 2012, we announced the AISIN Group VISION 2020 ("our vision") as a new growth scenario for the AISIN Group. Our goal as a Group is to be an "irreplaceable global partner." We have set management targets of ¥3.3 trillion in net sales and an overseas sales ratio of 50% by the year 2020 and are implementing a range of initiatives to achieve these objectives.

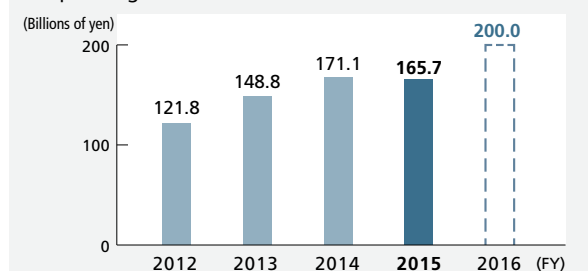
In particular, we earmarked the three years from 2012 to 2014 as a period for creating foundations to enable us to achieve our management targets. During that time, we have been working to strengthen the competitiveness of our core businesses, to establish a global business platform, to cultivate business that will become the second pillar of our operations and to reinforce our Group business structure.

We are making progress toward our management targets as a result, having achieved net sales of ¥2.9639 trillion and an overseas sales ratio of 45%. In fiscal 2016, we are projecting record results, with net sales and operating income totaling ¥3.25 trillion and ¥200 billion, respectively.

### Consolidated business results



### Operating income



## Strengthening the Competitiveness of our Core Businesses

At the AISIN Group, we believe that business competitiveness relies on product development that utilizes outstanding technical capabilities and responds to and anticipates customers' needs. With that in mind, we have continued to employ the AISIN Group's wide-ranging technologies to enable product solutions and technical development based on our key themes of the environment and enhanced fuel efficiency, security and safety, and comfort and convenience.

The environment and enhanced fuel efficiency are areas in which our wide-ranging products and technologies can make a real difference. We have continued to develop products and technologies from a range of different angles, including powertrain electrification, energy management, enhanced power transmission efficiency and weight reduction.

Once again this year, we have developed

automatic transmission products capable of significantly improving fuel efficiency due to enhanced power transmission efficiency and weight reduction. AISIN Group products such as our air valve module and regenerative cooperation braking system have also been used in the Toyota MIRAI fuel cell vehicle, which represents a turning point in automotive history.

In terms of security and safety initiatives, we have been focusing on the development of system products designed to make effective use of drive systems and electronic systems, with the ultimate aim of eliminating traffic accidents.

In an effort to improve accident prevention capabilities, we have been working to improve our range of controlled braking systems, including emergency brakes and ESC\* compatible with idling stop systems from the dual perspective of enhancing performance

\*Electronic Stability Control: Safety device designed to prevent vehicles from skidding or wheels from spinning



and broadening the range of models fitted with our systems.

Also, having been the first in the world to launch such a system onto the market in 2003, we have continued to refine our Intelligent Parking Assist (IPA) system in order to continually improve safety and convenience. These days, IPA systems are both safer and easier to use thanks to advances such as increased

vehicle turn ratios and emergency braking capabilities.

To improve comfort and convenience, we have developed the world's first electronic parking brake system for drum brakes that are used in compact vehicles. This enables drivers to apply and release the parking brake simply by pressing a button even in smaller vehicles, which are popular with female and elderly drivers.

## TOPICS New Product Development

### Air valve module installed in MIRAI fuel cell vehicle

Valves help to consistently generate power by controlling air flowing in and out of the generation unit.



Air valve module

### Apply the parking brake at the touch of a button Electronic parking brake system for drum brakes

Drivers of smaller vehicles can now apply the parking brake at the touch of a button, making driving easier and offering added peace of mind.

### Intelligent Parking Assist 2\* systems to detect dangers and automatically stop the vehicle

Systems automatically determine the required parking position and assist the driver in parking, and are now safer than ever due to the addition of features such as automatic braking in an emergency.

\*Jointly developed with Toyota Motor Corporation and DENSO Corporation



Automatic emergency braking upon detection of obstacles



Installed in the Toyota ALPHARD and VELLFIRE

Simply press a button to start parking assistance



Installed in the Honda N-BOX SLASH

World First

## Sales promotion activities and establishing a global business platform

As part of our global operations, we have been working to increase business with overseas auto manufacturers, capitalizing on our wide range of products as one of the AISIN Group's key strengths. As a result, we have successfully established new partnerships in Europe and emerging markets, among others. BMW has started to use our FWD 8-speed automatic transmission and FWD 6-speed manual transmission, as

well as our FWD 6-speed automatic transmission. In India, we have commenced production of related products for Tata Motors Limited and Mahindra & Mahindra Limited.

Elsewhere, we have particularly been working to establish production systems in the ASEAN region, which is expected to see market growth in the future. In Indonesia, we have commenced production at new companies manufacturing body related parts and brake parts. In Thailand, we have established a new company

to manufacture automatic transmission products.

In addition to strengthening production systems, we have also been working to further reinforce and expand development systems. In China, we have commenced full-scale activities at AW Suzhou Technical Center Co., Ltd., which we established for the purpose of developing and evaluating automatic transmissions in line with customers' needs and carrying out technical surveys. We have also established the Kyushu Development Center to handle the

development of elemental technologies in the field of safety and security and the Tokyo IC (Integrated Circuit) Center to design semiconductors and develop devices for electronic control systems for electric pumps, power sliding doors and other such systems. The aim is to build upon our success in technical advances in response to vehicle electrification and the development of increasingly sophisticated system controls.

## TOPICS Sales Promotion Activities

### Expanding sales to European automakers – Increasing range of products used by BMW

Our automatic and manual transmission products are now being used in the BMW 2 Series Active Tourer.



FWD 8-speed automatic transmission

FWD 6-speed manual transmission

BMW 2 Series Active Tourer

## TOPICS Establishing a Global Business Platform

### Strengthening our development system in China AW Suzhou Technical Center Co., Ltd. opened

The center started activities in April 2014, with the aim of strengthening our automatic transmission development system for the Chinese market and increasing sales.



### Strengthening our development system for automotive electronic systems Kyushu Development Center opened

We have opened the Kyushu Development Center at the Kitakyushu Science and Research Park. It will be tasked with stepping up technical development in areas such as spatial recognition and image processing directed toward security and safety based on increased visibility and collision avoidance.

### Strengthening our production system in Thailand AW (Thailand) Co., Ltd. established

We have established an automatic transmission production company in Chonburi Province, Thailand, to cater to growing demand throughout the ASEAN region in the future.

### Strengthening our production system in Indonesia Commencing production at PT. Aisin Indonesia Automotive

Deliveries commenced in January 2015 as a production and sales base for body related and engine related parts.



## Cultivating business that will become the second pillar of our operations

In an effort to cultivate business that will accompany automotive parts to become the second pillar of our operations, we also operate lifestyle and energy

related businesses based on our mission of "delivering smiles in customers' everyday lives."

In the energy related business, our focus is on cogeneration systems for residential use that offer outstanding environmental and economic

performance. This year we have continued to focus on the individual housing technology market, but have expanded our scope to include growth in sales to housing complexes. In fact, our ENE-FARM TYPE S fuel cell cogeneration system for residential use has been used by Hankyu Realty Co., Ltd. at its Geo Seishin Chuo development.

In the lifestyle related business, we have launched the new OEKAKI50 sewing machine, which enables users to embroider freely similar to drawing a picture. The OEKAKI50 has won design awards in Japan and Germany in recognition of its superior design that ties in perfectly with home interiors.

## TOPICS Lifestyle and Energy Related Business

### Fuel cell cogeneration system for residential use ENE-FARM TYPE S employed at housing complex

Launched in 2012, our ENE-FARM TYPE S fuel cell cogeneration system for residential use has been selected for use in an apartment complex scheduled for completion in March 2016.



Rendering of the completed entrance to an apartment at Hankyu Realty Co., Ltd.'s Geo Seishin Chuo development

### Home sewing machine OEKAKI50 wins design awards in Japan and Germany

The OEKAKI50 has won a Good Design Award and Red Dot Design Award, a German award regarded as an international authority on design, in recognition of its combination of functions in terms of enabling users to embroider freely similar to drawing a picture as well as remarkable design that ties in perfectly with home interiors.



## Establishing a framework to ensure that our operations are globally competitive

Market competition is expected to continue intensifying in the future, characterized by increasingly fierce competition to develop systems on a global scale, integration of competing manufacturers to create larger entities and the rise of suppliers in emerging markets.

With that in mind, at the end of 2014 we began to work on restructuring our operations with the aim of strengthening product competitiveness in the powertrain, chassis & vehicle safety system and body product domains in an effort to achieve further growth.

In the powertrain domain, we are consolidating development and production capabilities for Toyota Motor Corporation's manual transmission products under Aisin AI. Consolidating overlapping capabilities at both companies will enable us to meet global demand and strengthen the competitiveness of our manual transmission business.

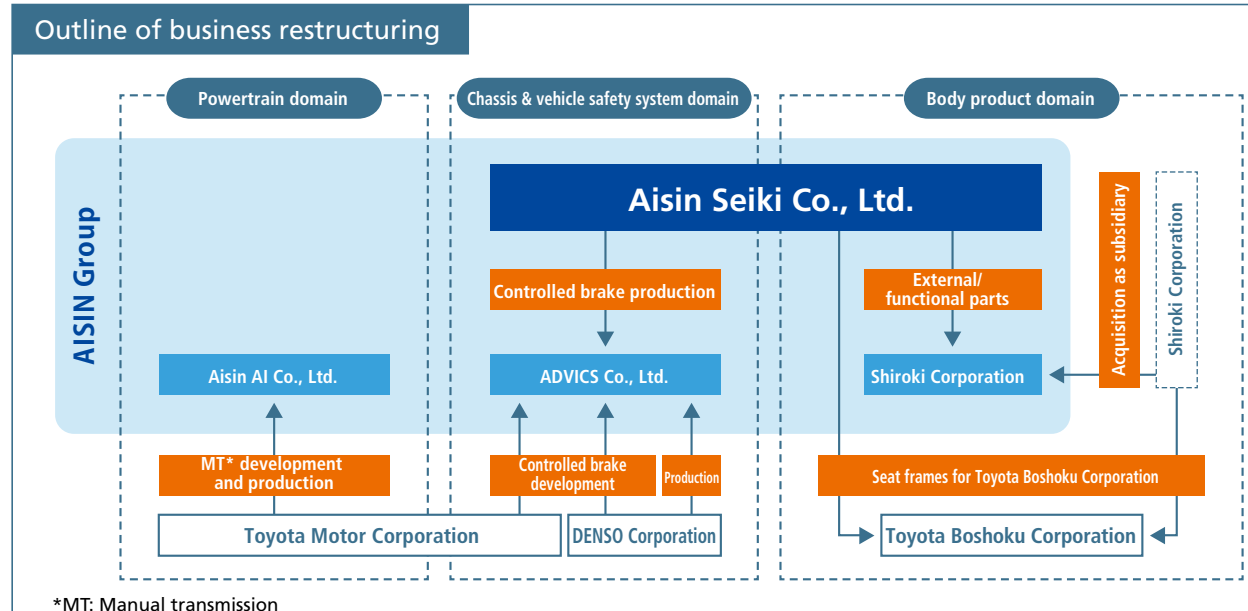
In the chassis & vehicle safety system domain, we are consolidating development and production capabilities for Toyota Motor Corporation, DENSO Corporation and Aisin Seiki controlled brakes under ADVICS. Our aim is to establish an integrated system for development, production and sales of controlled brakes to give us a global competitive advantage over rival suppliers.

In the body parts domain, we will be going ahead with integration of management through a share exchange with Shiroki Corporation, which will then become a wholly owned subsidiary. Given Shiroki's expertise with external and functional parts and Aisin Seiki's own expertise in system and module products, we intend to consolidate operations in such a way that makes the most of both companies' strengths. Along with further enhancing product competitiveness, this will enable us to exploit new markets by making effective use of both companies' facilities and

customer bases.

In order to implement business strategies such as these quickly and effectively, we have also reconfigured the various organizations that make up Aisin Seiki into five businesses and introduced a Product Division-based system as a basic unit of management.

As a result of these business and organizational restructuring measures, we are aiming to enhance global competitiveness and achieve further growth, as we continue to take on new challenges in our quest to become an "irreplaceable global partner" for customers all over the world.



## Promoting global and group-wide corporate social responsibility (CSR) activities

To ensure that the AISIN Group can continue to develop as a company that is trusted by all of its stakeholders, we have adopted a basic approach to management that is aimed at creating a sustainable society.

We develop a range of environmentally friendly products as part of our environmental activities, including products that help to reduce CO<sub>2</sub> emissions. We also take steps to preserve biodiversity onsite at our plants, including providing habitats (biotopes) to facilitate the healthy growth of local wildlife.

As part of our social activities, we organize community-focused corporate citizenship activities with an emphasis on three key points, namely, Protection of Nature and the Environment, Fostering Youth and Community Building and Development. We have continued to work as a group to promote global community-focused activities as well. Examples include planting trees in the Inner Mongolia

Autonomous Region as a means of preventing desertification, donating to non-profit organizations and raising money for breast cancer research.

We intend to continue actively promoting activities such as these in the future so that we can serve as an example to other corporate groups in terms of CSR.

This is a momentous year because it marks our 50th anniversary, but it is also the first year of the next 50 years in our history. With each and every one of our employees around the world working together, we are committed to making our vision a reality and achieving further growth in the future.



## Transforming the AISIN Group Looking to the Next 50 Years — Business and Organizational Restructuring as the First Step toward the AISIN Group's Future —

Aisin Seiki is working to strengthen cooperation throughout the Group in order to enhance global competitiveness through measures such as establishing a Product Division-based system and promoting exchange between executive personnel within the AISIN Group. Senior Managing Officer Kazuhisa Ozaki and Senior Managing Officer Shinji Mio from Aisin Seiki and Senior Managing Officer Masato Shimei from Aisin AW share their thoughts on group cooperation and prospects for the future in the powertrain domain.



**Shinji Mio**  
Previously served as Senior Managing Officer (concurrently held the position of Director) at Aisin AI before being appointed as Senior Managing Officer at Aisin Seiki, tasked with promoting strategic group management



**Kazuhisa Ozaki**  
Previously served as Senior Managing Officer (concurrently holds the position of Director) at Aisin AW before being appointed as Senior Managing Officer (concurrently holds the position of Director) at Aisin Seiki, tasked with reinforcing group cooperation and enhancing competitiveness in the powertrain domain



**Masato Shimei**  
Previously served as Managing Officer at Aisin Seiki before being appointed as Senior Managing Officer (concurrently holds the position of Director) at Aisin AW, tasked with improving technical and development capabilities in the powertrain domain

### Group cooperation at present

**Ozaki:** When I was at Aisin AW (AW), I was involved in cooperation with Aisin Seiki in relation to technical development. For example, one of the things we achieved was to maintain a joint working group for research and development of new products.

**Mio:** I was responsible for production engineering at Aisin AI (AI), where I worked on initiatives such as sharing technical information via the All AISIN Production Engineering Subcommittee. In the powertrain domain, there was a lot of common ground in terms of production engineering between AW, which handled automatic transmission products, and AI, which developed and manufactured manual transmission products. That meant that we interacted with one another a great deal and shared information and technologies as well.

**Shimei:** Since cars have become systemized, products are also becoming systemized. We may have improved group cooperation in various respects, including development and market data, but we still need to strengthen cooperation throughout the AISIN Group if we want to offer system products.

### Strengths in the powertrain domain

**Ozaki:** Over 40% of the AISIN Group's overall sales come from the powertrain domain, so we have real strengths in this sector within the global market. We boast a comprehensive lineup of transmission products, in particular, with products ranging from automatic to manual, compact to standard passenger cars, small to large commercial vehicles and even hybrid and industrial vehicles.

**Mio:** Within the powertrain domain, for instance, Aisin Seiki, AW and AI all have their own unique development and production capabilities in terms of control or drive systems. If we can combine these capabilities organically, I'm sure we could develop every drive component into a single system product from engines to wheels.

**Ozaki:** Even the so-called mega-suppliers in Europe don't yet have a full range of products in the powertrain domain. If we can cooperate on a deeper level within the AISIN Group, however, we could offer all of those components on a system basis.

**Shimei:** We are also improving related technologies in terms of engines. Besides transmission products, we also have expertise in areas such as differential gears, which connect to the rear wheels. I think we could build on those strengths even further across the entire powertrain domain in the future from engine systems to drive systems.

**Ozaki:** We have the necessary strengths, so the key question is how do we bring those strengths together and develop them in the future.

### Vision for group cooperation

**Mio:** We have already achieved global brand recognition for our transmission products. In the future, we also need to build on that and effectively harness our capabilities across the entire AISIN Group to strengthen our brand in areas other than transmissions.

**Ozaki:** On the development front, we need to be producing products that are more distinctive. For example, our world-first multi lock variable valve timing is a truly outstanding product. We should be taking products that make the most of unique technologies like that and rolling them out more aggressively across the global market.

**Shimei:** Personally, I think we need to focus more on reinforcing engine systems. They may still be a lower priority compared with transmission products at the moment, but they will be important in the future.

**Ozaki:** Nobody is really focusing on establishing a competitive edge with regard to engine systems at the moment, so it would be great if we could develop a more distinctive, stand-out product that our competitors couldn't imitate. If we could come up with a product like that, we could really concentrate on marketing it to Toyota Motor Corporation and other automakers around the world.

**Mio:** Rather than thinking about whether something will sell or not, we need to put things out there so that we can get a clear picture of their value as products. In addition, the market will always evaluate products harshly, which will help to strengthen our capabilities.

**Shimei:** I agree. We should be creating products that are competitive enough to be recognized and used by a wide range of automakers around the world.

### Comprehensive capabilities are key

**Mio:** We also have strengths within the AISIN Group in terms of production engineering. We obviously have a full lineup of transmission products, but we have the ability to produce transfer units for four-wheel drive vehicles as well. Right now, technical development and production engineering are spread out between individual Group companies. If we could share those capabilities and cooperate, however, we could say to the world, "leave all of your powertrain needs to us."

For instance, AI has the technology to design and manufacture hypoid gears (bevel gears) while Aisin Seiki and AW have technologies relating to motors and all other types of gears. Aisin Seiki also has the capacity to mold materials such as aluminum and resin. Growth in the future depends on how effectively we can coordinate production engineering such as these.

**Ozaki:** Mega-suppliers in Europe are already bringing their comprehensive capabilities to the fore in an effort to expand their business. Across the AISIN Group, too, there is a growing determination to combine all of our capabilities, from human to technical capabilities, so that we can stand up to powerful competitors such as these.



### Taking the next step

**Ozaki:** Even though we appreciate the importance of group cooperation, the AISIN Group consists of 192 companies\*, all of which have their own personalities, cultures and histories. Bringing them all together is easier said than done. To achieve that, we have started by organizing exchanges between personnel at the executive level, such as ourselves, in fiscal 2016. We need to perform our own individual roles, acting as bridges connecting the group together so that we can help the AISIN Group to achieve further growth.

**Shimei:** As we push ahead with restructuring, the one thing we need to do in order to increase group cooperation is to set clear targets. We need to dynamically align our ideal vision for each Group company with our ideal vision for the AISIN Group as a whole.

**Mio:** I want to see us translating the results of group cooperation and successful initiatives in the powertrain domain into products and systems as soon as possible so that we can showcase them to the rest of the Group and to customers the world over. If we can do that, it will make it easier to combine all of our strengths.

**Ozaki:** If we can change our products, people will also change, and the market will recognize that "the AISIN Group has really changed."

**Shimei:** Yes, we need to show everyone that we are serious.

**Mio:** We should continue to step up cooperation while maintaining our current spirit of competition between Group companies.

**Ozaki:** You're right. That's also important. From a market point of view, however, I would like to see us bringing together the AISIN Group as a single corporate entity in the powertrain domain so that we can establish a powerful competitive advantage and continually offer attractive products and services. We should make it our mission to establish ourselves as a group that is capable of competing with mega-suppliers in Europe.

\*Includes Aisin Seiki, 181 consolidated subsidiaries and 10 equity-method affiliates





## Solutions to Energy Issues in Emerging Countries — Developing a Compact Biogas Generation System

Within an expanse of paddy fields, roughly an hour and half by car from Uttara in the northern outskirts of Bangladesh's capital city Dhaka, Aisin Seiki is conducting verification tests on a compact biogas generation system that is supporting the development of the local community. Given the AISIN Group's aspiration to become an "irreplaceable global partner," contributing to development in emerging countries is one of our corporate social responsibilities, together with expanding operations in new business fields. We take a look at this challenging initiative, underpinned by core technologies that the Group has developed to date.

### Confronting energy issues that create an economic divide between urban and rural areas

As the majority of emerging countries undergo rapid economic growth, people in urban areas are leading richer, more convenient lives. On the other hand, many people in rural areas have yet to experience the benefits of economic development as social infrastructure continues to lag behind. The same is true here in Bangladesh, where around 76% of households in urban areas have power while 72% in rural areas do not. In some cases, there are power failures lasting 9-12 hours a day. As most rural communities are still not connected to a gas supply, many households cook using firewood. This poses the issue that such differences in the level of infrastructure are creating an economic divide.

In 2011, Project General Manager Yoshimi Kushiro and Project Manager Tomokimi Mizuno from the Planning & Development Group of the Innovation Center in Aisin Seiki began developing a compact biogas generation system for emerging countries using technology from the cogeneration systems for residential use that Aisin Seiki was already manufacturing and selling in Japan. The idea was that, if more rural communities could be provided with biomass generators, they could use the resulting power to enrich the lives of local people who have been left behind by economic growth. In April 2014, they commenced full-scale verification testing at a local farm.



Hasan Kamrul (left), Project Manager Tomokimi Mizuno (center) and Project General Manager Yoshimi Kushiro (right) of Planning & Development Group, Innovation Center

### Solving issues facing local communities in order to harness their potential

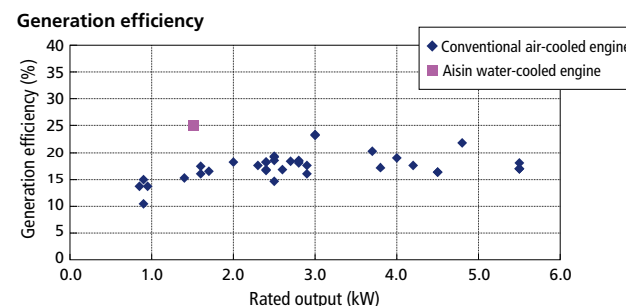
The compact biogas generation system consists of a fermentation tank (biodigester), desulfurizer and gas engine generator with a rated output of 1.5kW. First, chicken droppings from the poultry farm are put into the fermenting tank, where they ferment and produce methane gas. Once moisture and hydrogen sulfide have been removed, the gas is then used to power the gas engine generator. The resulting electricity is used to power fans and lighting for the poultry farm, as well as for household electricity. Any excess biogas is piped out and sold to other farms in the surrounding area, where it is used as a cooking fuel.



A typical poultry farm

In actual fact, before Kushiro and his colleagues installed this system, many farms in the area used inexpensive compact generators manufactured overseas. They often tended to break around six months after installation, however, resulting in wasted efforts on the part of the farms. As there is considerable interest in biogas generation, some farms had even installed foreign-made fermentation tanks. Again, these proved to be insufficient in terms of both durability and size.

"We confronted the issues that these farms were facing and developed a system using technology that would contribute to sustainable development. First of all, we needed a highly durable engine that could be used over a prolonged period. Our engines are water cooled so that they can run continuously without overheating, even in hot climates. They are also high performance engines with a generation efficiency of almost 25%, enabling them to



make effective use of biogas once it has been fermented," explains Kushiro.

"With a maintenance interval of 6,000 hours, engines can run for 10 years or even longer, ensuring durability over 30,000 hours. When it comes to compact gas engines, we have truly exceptional technologies at Aisin Seiki," says Mizuno confidently.

"In Bangladesh, it is common for a single chicken coop to house around 3,000 birds. Our generation system can turn the chicken droppings they produce into enough power for both the shed and the farmhouse, thereby helping to promote agriculture. They can also generate enough biogas for use in nearby homes, within a radius of 200m," explains Mizuno.



A woman cooking using firewood and straw

"Using excess gas for cooking places significantly less strain on women and children in terms of gathering firewood, for instance," continues Kushiro. "This gives women more free time and helps them gain more independence. It similarly gives children more time to study, which can contribute to the development of the local community. So these systems are also worthwhile from a social point of view."

Another issue facing the compact biogas generation system was the development of a gas desulfurizer. Hydrogen sulfide is an inevitable by-product of the biogas production process. If it gets into the engine, however, it causes low-temperature corrosion and shortens the engine's lifespan.

"None of the desulfurizers we purchased locally had the level of performance we needed, so we developed something ourselves that would enable farmers to use generation systems over a longer period of time. Not only did we have no experience in this field, but there were no domestic facilities capable of conducting large-scale desulfurization tests either. That made it particularly difficult to achieve the required level of performance," recalls Kushiro. Nonetheless, the desulfurizer they came up with can run for six months at a time without requiring maintenance. The aim was to reduce levels of hydrogen sulfide to 20ppm or less. In tests, it turned out the actual total was close to zero. Tests also proved that the unit could maintain that level of

performance for 1,500 hours.

### Our mission

"Our system uses available biomass resources to generate electricity in areas where there is no energy source. This enables local energy production for local consumption in such a way that improves people's lives and helps the local community to develop," comments Mizuno.

"Large-scale biogas generation plants such as those supplied by advanced manufacturers cost hundreds of millions, or even billions, of yen to install and also require a power distribution grid. In comparison, our system keeps initial investment and running costs to a bare minimum. Furthermore, as we have developed the entire system ourselves, including the engine, desulfurizer and fermentation tanks, we can provide total engineering services based on an extensive knowledge at every stage. There are hardly any manufacturers in the world that can do that," says Kushiro.

"We have core technologies that other companies cannot imitate in the form of our durable, reliable gas engine technology and high performance, compact desulfurization technology. Combined with our growing expertise in fermentation tanks and fermentation technology, we take pride in the fact that we can provide direct benefits for people in rural areas in emerging countries," says Mizuno, underlining the system's advantages. In practice, the farms taking part in these tests and benefiting from gas supplies have really appreciated the convenience it has given them, suggesting that systems are likely to become increasingly widespread in the future.

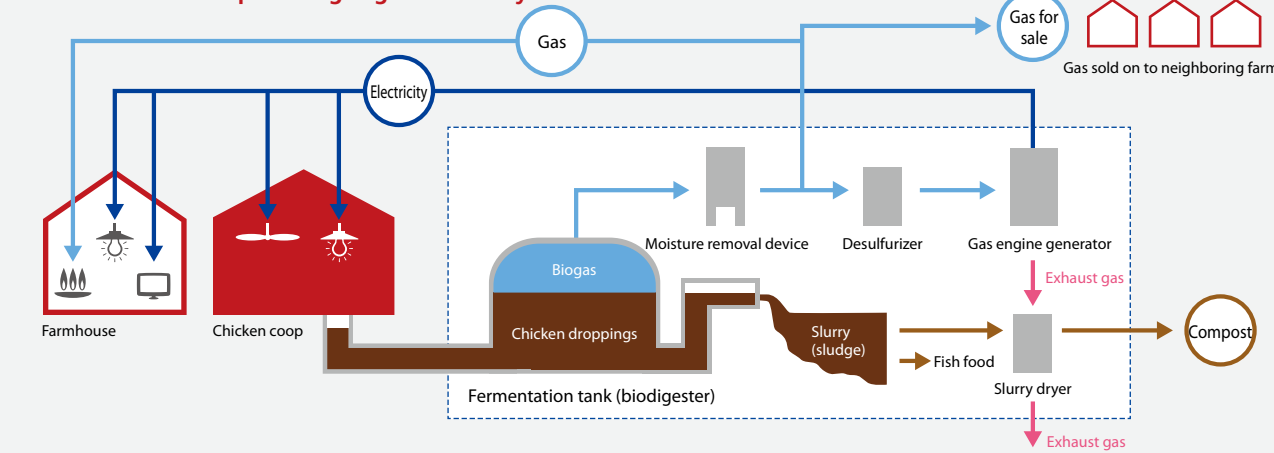
"What I like most about this job is that projects like this bring smiles to people's faces. I want to see this succeed so that we can help improve the lives of local people." These are the aspirational words of Hasan Kamrul from Bangladesh, who has been part of the project since 2015.

Looking ahead, there are high hopes that this project will grow even further, going beyond existing concepts and technical capabilities to contribute to development in Africa as well as across Asia.



In front of the test system

### Outline of the compact biogas generation system

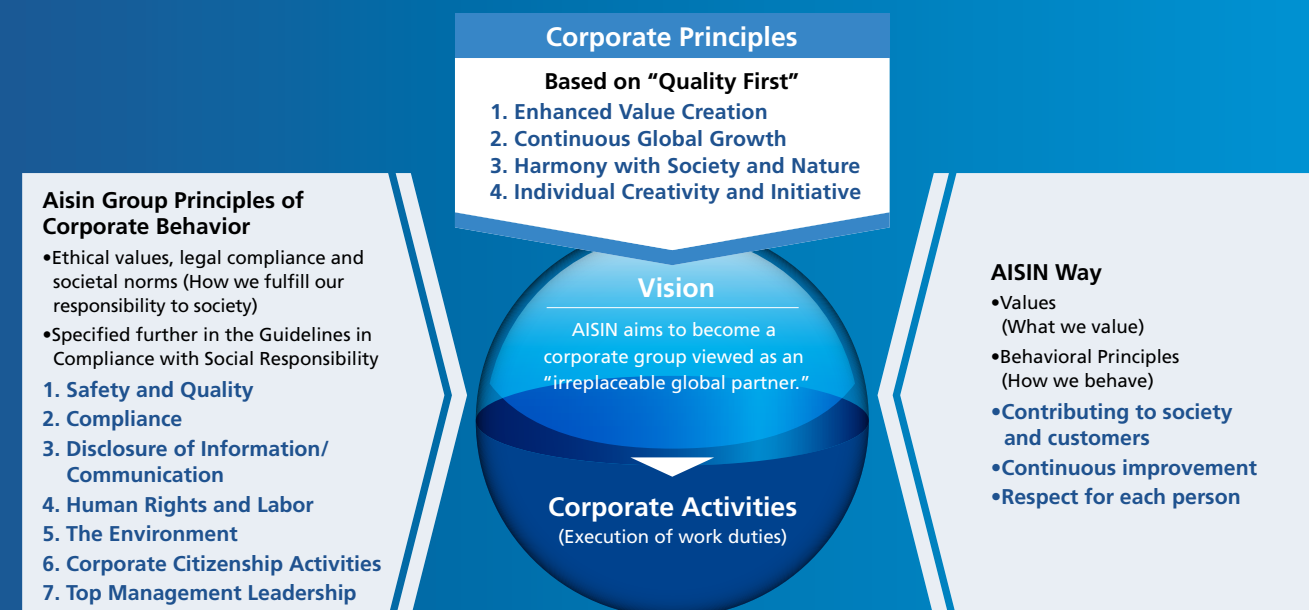


# AISIN Group CSR

## Aiming to Become an Irreplaceable Global Partner

The AISIN Group strategically develops 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” by implementing and promoting initiatives and establishing specific action plans.



To further promote management that emphasizes CSR, *AISIN Group Report 2015* incorporated reporting that draws upon the seven core themes of ISO 26000, an international standard that provides guidance on the social responsibility of organizations.

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## 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 CSR activities

We believe that CSR is an essential aspect of corporate governance as the cornerstone that underpins the stable long-term growth of the AISIN Group. To put that into practice, we have established the Aisin Group Principles of Corporate Behavior, outlining our commitment to the sustainable development of society and the earth as a whole, and to developing and maintaining sound relationships with all of our stakeholders. These principles form the basis for a wider range of CSR activities.

We also extend these principles 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.

#### Principles of Corporate Behavior



English poster

Chinese poster

#### 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 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. This document serves to ensure that these principles are easily understood and easily

accessible in a booklet that is distributed to 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 is also conducted at overseas locations, instilling an understanding of the AISIN Way and further promoting CSR activities globally.

#### 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 addressing 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 amid its steady growth and expansion over the long term in order to maximize its corporate value. To achieve that, we believe that maintaining fair and highly transparent management activities is of paramount importance in our role as a good corporate citizen trusted by the international community. We are committed to enhancing corporate governance through measures such as appointing two outside directors and actively complying with the Corporate Governance Code, which the Tokyo Stock Exchange has brought into effect as part



of a long-term strategic initiative implemented by the Japanese government.

## 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 and is responsible for overseeing the execution of business operations and passing resolutions on important management matters.

### Audit & Supervisory Board

The Audit & Supervisory Board is comprised of five members, including three external Audit & Supervisory Board members. Together with monitoring the execution of duties by directors, Audit & Supervisory Board members monitor the status of affairs in 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 educated on 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).

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

Additionally, a summary of all 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.

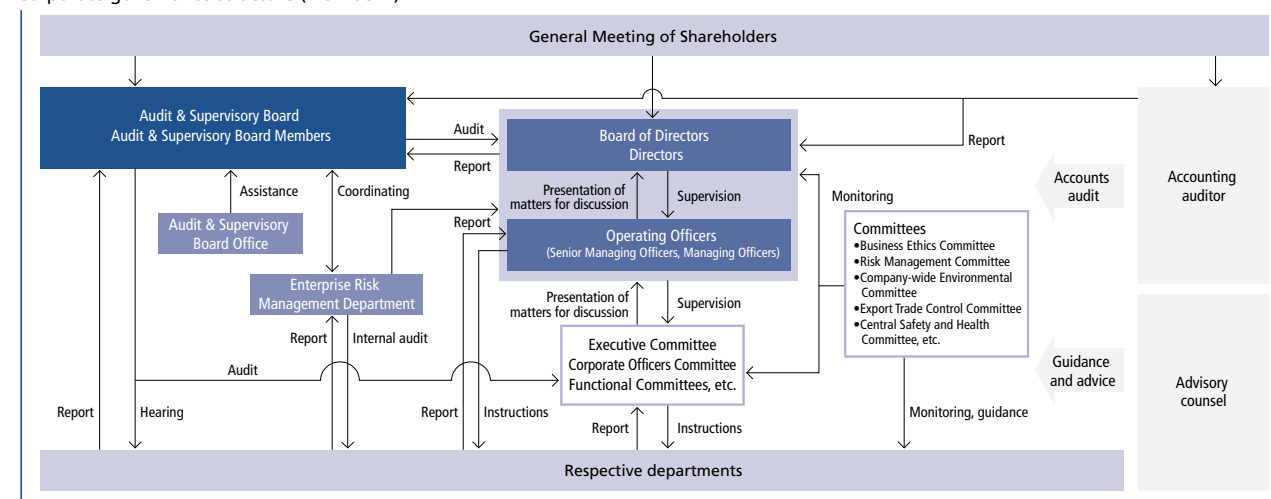
## Global audits and risk management

The AISIN Group identifies any risks that could have a serious impact on its corporate operations. 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 capabilities in this area.

Looking ahead to the future, we intend to further encourage cooperation through Aisin Seiki, as well as deploy integrated global activities combining auditing and risk management.

Corporate governance structure (Aisin Seiki)



## 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 customer inquiries regarding its lifestyle related products, including sewing machines and beds.



### Shareholders and Investors

#### Main contact point: Finance & Costing 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, Materials & Machinery Purchasing Department, Purchasing Group of Planning Department in respective product divisions

Technical exchange meetings are held to increase 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 and meetings. We value the input and opinions of all employees and have implemented measures such as rank-based meetings, workplace interviews with supervisors and subordinates and an employee awareness survey to better gauge their feedback. 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.

# 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 are timeless and global. 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, affording employees the ability to take actions.

Human rights, particularly fair hiring practices and assurance of equality must be taken into consideration in all aspects of corporate activities.

In September 2014, we invited a lecturer from the Aichi Labor Bureau to give a talk on fair recruitment practices, in which 18 Group companies participated in total. In July, 15 Group companies took part in a training seminar on human rights in Aichi, the largest-scale event in the prefecture. 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, ensuring a continual focus on and awareness of respect for human rights.

Training recipients regarding human rights (Aisin Seiki) (Persons)

	FY2013	FY2014	FY2015
Newly appointed managers	307 (100%)	176 (100%)	191 (100%)
New hires	290 (100%)	296 (100%)	351 (100%)
Temporary hires	55 (100%)	70 (100%)	43 (100%)
Mid-career hires	141 (100%)	149 (100%)	137 (100%)

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

### Human rights training

We implement training on corporate activities and human rights.



## 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.

## Human Resources Development

### Supporting the growth of each person by respecting individuality

At the AISIN Group, we are committed to developing human resources who are capable of viewing matters from a broad perspective and possess the diverse range of values needed to play an active role globally irrespective of gender, nationality or age. For example, we have

set out educational programs and provide education and training based on the AISIN Way, which emphasizes respect for the individuality of our employees so that they can make the most of their abilities, as stated in our Guidelines in Compliance with Social Responsibility. To ensure that employees continue to find their work rewarding, we also implement initiatives such as devising suitable career plans for each individual and expanding areas of activity.

### Fostering a sense of unity through human resources development

We organize joint training for new recruits, management staff and newly promoted employees at our six core Group companies, with the aim of enhancing group-wide cooperation for the future, fostering a sense of unity and developing human resources capable of viewing matters from a Group perspective. In fiscal 2015, we expanded the scope of joint training to include department managers and new executives and focused on teaching trainees the importance of working together as a Group. Over 9,000 people also took part in our annual AISIN Relay Race as either athletes or supporters, enabling them to appreciate the importance of Group cooperation from the planning stages onwards while also having a good time together as a team.

AISIN Relay Race



### Development of global human resources

We are continuing to accelerate global human resources development in line with the AISIN Group's rapidly expanding global business. We are promoting three separate initiatives at Aisin Seiki, specifically top management training for local personnel aiming to secure management or executive positions at AISIN locations around the world, an overseas employee exchange system designed to develop young local employees at AISIN locations around the world and a training program for young employees aimed at assigning young employees in Japan to overseas bases so that they can gain skills through on-the-job training (OJT).

### Top management training

Featuring a business course and a policy course, the aim of this training is to raise the capabilities of managerial-level staff so that overseas subsidiaries can operate more independently. This education also ensures that managers have an understanding of the AISIN Group's values and behavioral principles and are able to make appropriate decisions. In fiscal

2015, 12 persons took the business course targeted at management personnel and 22 persons took the policy course.

### Overseas employee exchange system

We accept local personnel from other countries for a period of one year, with the aim of improving the operational capabilities of young key employees at overseas subsidiaries, particularly in emerging countries, and promoting internationalization among employees working at the head office. We accepted 16 staff from China and other countries in fiscal 2015 and are planning to accept 25 staff in fiscal 2016 from countries such as Thailand and India.

### Overseas training program for young employees

Aimed at developing Japanese employees capable of playing a key role across borders, this program involves sending young employees overseas for one year to expedite the process of acquiring global capabilities through overseas business experience based on OJT. We assigned 16 employees to this program in fiscal 2015, including two female employees, and are planning to assign 30 employees in fiscal 2016.

### Globally nurturing technical personnel in the Group

We continue to work together to strengthen our educational capabilities for local technical personnel throughout the AISIN Group in line with global expansion. 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, 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 members who have entered the AISIN Group in Japan and trainees dispatched from overseas take a year of study to raise their practical technical skills. The academy has already produced over 200 graduates, all of whom are playing key roles at overseas subsidiaries in supervisory or technical capacities. A total of 27 trainees graduated in fiscal 2015, including employees from the United States and Canada for the first time, as well as those from China, Taiwan, Indonesia, Thailand and Mexico.



Technical personnel education

We implement practical education at production sites.



Harnessing a Diverse Range of Human Resources

Promotion of diversity

As economic globalization continues to gather pace, it is crucial that we promote diversity management so that we can transform into a genuinely global company and ensure the continued existence of the AISIN Group. To put diversity management into practice, we are committed to securing and providing more prominent roles for our diverse employee base. We aim to create a suitable climate and mechanisms to enable our employees to make the most of their abilities and actively take on new challenges in their work.

Our wide-ranging activities at Aisin Seiki include changing work styles, modifying management practices and altering how individual employees think. In Japan, in particular, it is becoming a requirement to provide environments in which a full range of human resources, including female and elderly employees, can put their abilities to good use in order to create more vibrant companies. We continue to enhance our personnel and benefit systems so that a diverse range of employees can establish their own presence as a “social being” and carry out their respective duties with pride.

Promotion of diversity (Aisin Seiki)		(Persons)		
		FY2013	FY2014	FY2015
Female		1,482	1,467	1,492
	Percentage versus regular employees	11.22%	10.92%	10.97%
Re-employment after retirement		434	413	413
	Percentage versus all employees	2.75%	2.50%	2.37%
Persons with disabilities		186	192	195
	Percentage versus all employees	2.04%	2.07%	2.04%
Foreign nationality		112	119	124
	Percentage versus regular employees	0.85%	0.89%	0.91%

Number of female employees hired and number of females in managerial positions (Aisin Seiki)		(Persons)		
		FY2013	FY2014	FY2015
Employment (regular)	Administrative staff*1	3 (11.1%)	6 (17.1%)	4 (11.4%)
	Engineer*1	7 (5.1%)	7 (5.0%)	7 (4.9%)
	Technical and skilled worker*1	17 (14.7%)	7 (6.3%)	11 (7.7%)
	Clerical worker	10	11	30
Number of persons in managerial positions*2		20 (1.3%)	23 (1.4%)	32 (1.8%)

\*1 Figures in parentheses show the percentage of females versus the number of employees hired.  
\*2 Figures in parentheses show the percentage of female employees in managerial positions.

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

		FY2013	FY2014	FY2015
Parental leave	Female	65	83	74
	Male	5	4	5
Family-care leave	Female	4	0	2
	Male	2	2	2
Short working hour system for child care (*Number of people who have used the system more than once)	Female	179	192	263
	Male	40	46	72
Short working hour system for child care (Registrants)	Female	198	209	292
	Male	250	306	387

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

Average length of service (Aisin Seiki)		(Years)		
		FY2013	FY2014	FY2015
Overall		15.1	15.1	15.4
	Male	15.5	15.5	15.8
	Female	12.1	11.6	12.2

Average overtime worked (Aisin Seiki) (Hours/month)

	FY2013	FY2014	FY2015
Overall	35.5	36.7	35.9

Annual paid leave taken (Aisin Seiki) (%)

	FY2013	FY2014	FY2015
Overall	100.5	96.3	97.7

Promoting more active roles for female employees

To enable motivated female employees to make the most of their abilities and continue working in rewarding positions, we have introduced career support and work-life balance support strategies.

Based on a commitment made by top management at Aisin Seiki, in fiscal 2015 we launched the Kirari Project aimed at promoting more active roles for women selected from across all functions company-wide. Since then, we have been working to identify issues and devise solutions to increase the numbers of female employees, improve work conditions, raise awareness among employees and supervisors, expand job categories and development opportunities, and promote a work-life balance. We aim to triple the number of female managers from 22 in 2014 to 66 by 2020 and are making great progress in achieving that target.

Work-life balance support

At the AISIN Group, we provide an environment in which employees can choose from a wide range of work styles according to their individual life stages. We are promoting initiatives to create an environment that makes it easier for employees to strike a balance between their lives at work and at home. At Aisin Seiki, we began providing parenting support to male employees in fiscal 2016 and are also expanding leave options for the purpose of childcare. We encourage male employees to participate in raising children and have set the target of 30% of male employees taking parental leave by the end of fiscal 2018.

TOPICS Launching the Kirari Project to promote more active roles for women

Established in 2014, the first stage of the Kirari Project to promote more active roles for women involved conducting a company-wide questionnaire, analyzing the results and identifying issues in an effort to pinpoint challenges and suggest improvements. Having submitted suggested improvements to the Board of Directors, groups have been set up to work on individual measures and various

initiatives are now underway. In fiscal 2015, we set up job-specific working groups and organized workshops for employees and supervisors in an effort to raise awareness on a company-wide basis.



Kirari Project



Workshop for supervisors

Schedule of activities to promote a more active role for female employees

	FY2015	FY2016	FY2017
Increasing numbers of female employees	Increasing new graduates, mid-career recruits and job opportunities for females		
	Strengthening recruitment of females in the science field	Participating in the Toyota Female Engineer Development Foundation	
Expanding job categories and development opportunities	Creating new opportunities for female employees to be promoted to section manager positions	Setting targets for promotion of female employees to managerial positions	Identifying candidates for promotion and providing individual development
			Career development training/company-wide career vision management
Improving conditions and raising awareness among employees and supervisors	Workshops and seminars for female employees	Actively providing experience, stepping up developmental transfers and overseas training for young employees	
	Workshops for managers	Personal development during periods of absence	
	Publishing messages from top management and promoting more active roles for female employees via in-house newsletters		
	Working group on female-led technical product development (2009 onwards)	Establishing female team as part of the establishment of the Innovation Center (2015 onwards)	
Promoting a work-life balance		Interviews with females in technical positions/identifying issues	
	Reviewing work styles (rectifying long work hours, improving productivity, working from home, etc.)		
		Encouraging male employees to participate in raising children	
		Introducing personnel systems that allow for a wider range of work styles	
		Support to help employees return to work sooner	

[Measures to shorten work hours]

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

- Annual work hours  
Target: 2,100 hours by the end of fiscal 2018

[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.

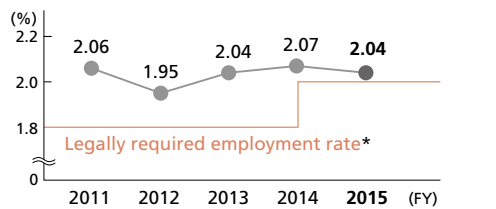
<Examples at Aisin Seiki>

- 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 up to 20 days of unused annual paid leave to cover personal illness or nursing care.
- Company daycare facilities  
Childcare services to suit the realities of work (two locations)  
Also available to employees from Group companies
- Subsidies for childcare/nursing services  
Option-based subsidies for welfare or benefit systems

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 at each plant to respond to 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 is conducted for the workplaces that employ persons with disabilities. We also organize conferences as necessary to share information between our 12 main Group companies and 35 affiliates. The aim is to work out solutions to current issues and establish an operating structure that includes individual affiliates.

Employment rate of persons with disabilities (Aisin Seiki)



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



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. We are also working to increase motivation for re-employed individuals through initiatives such as establishing technical legacy coaching sessions aimed at passing on the advanced skills of re-employed individuals.

Employee Safety and Health

A core principle of placing safety and health above all else

Based on the core principle of placing safety and health above all else, the AISIN Group continually strives to enhance the safety and health of all employees.

**[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 workplaces

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

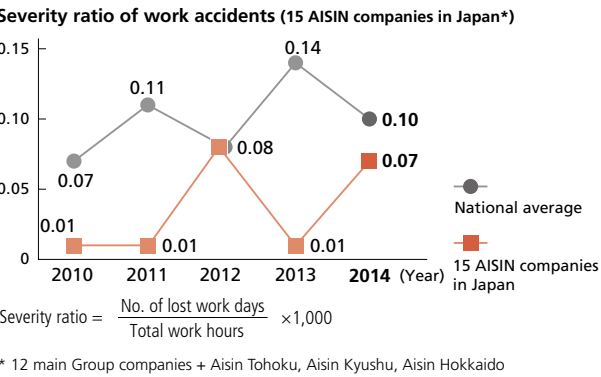
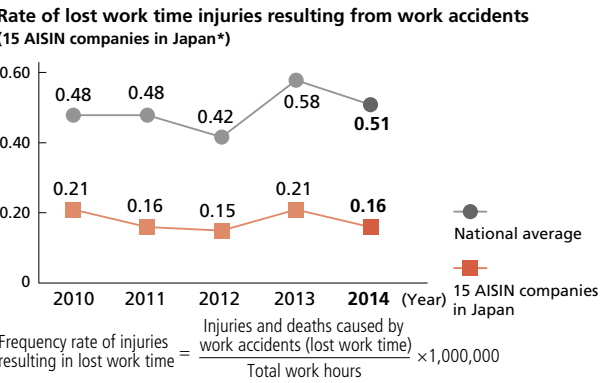
Fifteen Group companies in Japan\* are retaining a frequency rate and severity ratio of work accidents that is well below the national average for the industry.

In fiscal 2015, we continued to work on activities aimed at eliminating accidents resulting in serious injury, due to employees getting stuck or caught in equipment for instance.

Of all the potential causes of accidents, we are particularly focusing on accidents due to failure to operate and stop equipment as required. We are therefore reinforcing planning and implementation of activities to ensure that equipment is operated in the appropriate manner, particularly as it relates to equipment shutoff.

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

Visualizing the extent of emergency shutdowns

Aisin Keikinzoku



Reform of employees' mindset aimed at achieving zero work accidents

We have had a standard safety slogan in place across the entire AISIN Group since fiscal 2014; "Follow the guidelines, protect yourselves and protect your co-workers." We dedicated July 1 as the first day of Safety Week for fiscal 2015 and as the date for the ALL AISIN Declaration, in which we organized activities aimed at raising safety awareness throughout the Group and simultaneously appealed to employees at our 12 main Group companies to comply with safety requirements.

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\*.

\* 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	<b>Creating a safety management structure with an emphasis on subcontractors</b> Establish a permanent Works Division to improve management of subcontractors in an effort to train project managers and raise the abilities persons overseeing contracted work.
Aisin Takaoka	<b>Using moveable fences to isolate melting processes</b> Use moveable fences as a means of preventing melting furnaces from falling over and reduce overall risks through process isolation.
Aisin Chemical	<b>Taking steps to minimize residual risks highlighted by risk assessments</b> Capture high risk processes and procedures on video and inspect footage in order to identify potential risks and carry out improvements.
Aisin AW	<b>Providing training in emergency shutdown procedures aimed at eliminating accidents caused by failure to turn off equipment</b> Provide training in the use of emergency shutdown buttons using standardized company-wide methods in order to eliminate accidents caused by failure to turn off equipment.
Aisin Keikinzoku	<b>Identifying and improving processes that are difficult to carry out or hard to stop</b> Use video confirmation and regular observation to identify and improve processes that are difficult to carry out or hard to stop.
Aisin Development	<b>Working with partner companies to promote "zero accident" activities</b> Work with partner companies to establish a shared and elevated awareness and training on safety issues.
Aisin Kiko	<b>Establishing a safety culture aimed at eliminating accidents</b> Establish a safety culture in which regular safety patrols are carried out by company executives and activities are spear-headed by safety instructors in their capacity as safety professionals.
Aisin AI	<b>Working to eliminate similar accidents</b> Carefully analyze accidents and the process by which they occurred via the Safety Response Committee. Reconstruct accidents, share footage and facilitate training to prevent similar accidents from happening.
Aisin Sin'ei	<b>Conducting process safety inspections</b> Eliminate unsafe processes in relation to irregular or infrequent procedures by getting three plant managers to carry out mutual improvement-based patrols.
Aisin AW Industries	<b>Focusing on safety activities</b> Visualize remaining hazards even after an emergency shutdown and ensure that equipment is correctly stopped in order to eliminate accidents caused by employees getting stuck.
Hosei Brake Industry	<b>Providing regular education to eliminate accidents caused by non-compliance with rules and equipment not being turned off</b> Create a culture of compliance with the rules through patrols by safety officers and education and provide irregular operators with ongoing training to eliminate accidents caused by equipment not being turned off.
ADVICS	<b>Promoting "find and improve" activities</b> Minimize risks through ongoing "find and improve" activities, based on identifying hazards through risk assessments on all equipment and hazard prediction.

As part of our activities at overseas bases, we have established the China Safety and Environmental Specialist Liaison Committee consisting of safety and environmental specialists in the China region. This has enabled us to commence standardized activities throughout the region by rolling out priority activities and exchanging information.



Case report

Also, in North America and Europe, we have been providing activities to be carried out while exchanging information, in the interests of mutual improvement.

We have also formed the AISIN Affiliated Company

Consolidated Safety and Health Liaison Committee, consisting of 14 companies\* other than our 12 main Group companies. In fiscal 2015, the committee focused on activities designed to eliminate hazards that could cause serious accidents as a result of employees getting stuck or caught in equipment.

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

Mental health care activity for employees

At Aisin Seiki, we believe that the foundation of mental health care is building a vibrant work environment where employees are sound in body and mind and problems can be discussed freely. Based on this thinking, we strive to foster strong people and develop a high level of awareness regarding mental health and we are building systems to achieve both.

The purpose of these systems is to enable 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 of employment. Secondary care consists of providing education for "listeners," who serve as counselors to raise people's ability to become aware of issues within workplaces and help them solve those issues, enlisting the support of industrial physicians as necessary. Tertiary care consists of the operation of the Return to Work Trial, a system for supporting the return of employees to their workplaces aimed at the prevention of recurrence.

In fiscal 2015, 183 employees participated in mental health early intervention training. We also provided support as part of a Return to Work Trial from both workplace and healthcare perspectives. Around 88% of participants successfully returned to their workplaces.

Return to Work Trial

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



Safeguarding the health of employees—"Well-Center"

The AISIN Group conducts regular physical exams of its employees to monitor, 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 improve their health. The center is leading our efforts to enhance our health management system and undertake mental health countermeasures.

# The Environment

Through our business activities designed 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.

## Environmental Policy

### AISIN Consolidated Environmental Policy

In order to realize AISIN's 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 (manufacturing expertise in value-added products), we contribute to creation of a sustainable society in which people can coexist in harmony with the environment far into the future.

1. Establish annual policies based on a long-term vision and carry out continuous improvement and periodical review of the environmental management system toward achieving targeted objectives all over the world.
2. Promote efficient environmental management linking to original operations, through the sharing of information with the government, customers, local communities suppliers and our employees, as well as cooperation with consolidated companies.
3. Promote innovative technology, enrichment of facilities, greater and more enlightened training and awareness by investing adequate management resources.
4. Promote the development of new earth-friendly products and technologies that take lifecycle into account as well as environment-friendly manufacturing.
5. In addition to conformity with international standards, laws and regulations and pollution control agreements stipulated by respective countries, establish voluntary standards in an effort to prevent pollution.
6. Minimize usage and waste through resource and energy savings, procurement of materials with minimal environmental impact, logistics streamlining and expansion of recycling activities and other initiatives.
7. Promote global nature and environmental conservation activities.

We are undertaking initiatives in environmental management by ensuring the full awareness and understanding of this policy among all our employees working at business sites worldwide, along with actively disclosing the status of such activities.

### 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.

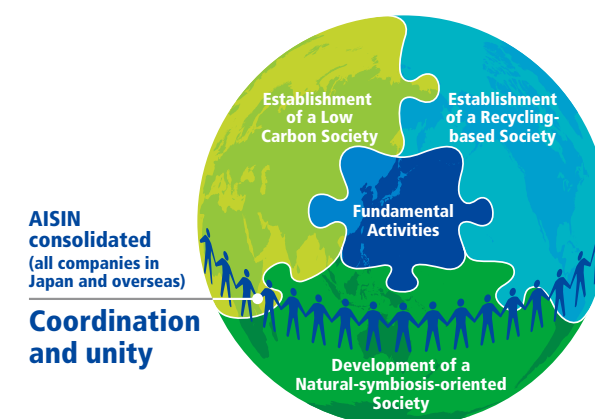
The plan comprises four environmental themes:

- (1) Establishment of a Low Carbon Society,
- (2) Establishment of a 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 183 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 Seiki, 181 consolidated subsidiaries and Nakagawa Mold & Design, Inc. (equity-method affiliate)

The Fifth Environmental Action Plan conceptual diagram



AISIN consolidated environmental management structure

Environment-related	Function-related	Specific Actions and Goals	FY2015 Results	Page
<b>Establishment of a Low Carbon Society</b>	Development and Design	1) Promotion of development/design of products oriented for a low carbon society	■ Expansion of eco certified products ● First shower-toilet seat to be granted eco-product certification (model: CW-RG) <b>Action 1</b>	▶ P.32
	Production	2) Thorough commitment for reduction of greenhouse effect gases at offices and global development of the commitment Region: AISIN Group Item: Amount of emission per amount of sales Target: 12% reduction compared to FY2008	■ Production-related action example ● Improvements in energy efficiency of equipment and air conditioning <b>Action 2</b> ● Installation of renewable energy facilities <b>Action 3</b> ● Sharing information via conferences <b>Action 4</b> FY2015 Target: 12.2% reduction FY2015 Result: 15.6% reduction * Achieved targets for FY2016	▶ P.30/31
	Logistics	3) Thorough commitment for reduction of greenhouse effect gases during distribution and global development of the commitment Region: AISIN Group Item: Amount of emission per amount of sales Target: 13% reduction compared to FY2009	■ Logistics-related action example ● Reduction in distances travelled through joint transportation between AISIN Group plants ● Improvement in loading ratios through appropriate assignment of vehicle classes in line with loads ● Reinforcement of eco-driving practices through training for drivers FY2015 Target: 12.3% reduction FY2015 Result: 13.5% reduction	
<b>Establishment of a Recycling-based Society</b>	Development and Design	4) Promotion of development/design of products oriented for a recycling-based society	■ Product-related action example ● Extension of eco-product assessments to Group companies and implementation of assessments for key products	
	Production and Logistics	5) Thorough utilization of resources at offices and during distribution and global development of the commitment Region: AISIN Group Applicable Items: Wastes Item: Amount of emission per amount of sales Target: 17% reduction compared to FY2008	■ Production-related action example ● Reuse of scrap metal, used oil and waste fluids (extension of lifespan) and recycling into valuable resources <b>Action 5</b> ● Simplification of packaging and improvements in storage efficiency for products for overseas markets FY2015 Target: 32.4% reduction FY2015 Result: 35.7% reduction * Achieved targets for FY2016	▶ P.33
	Sales	6) Expansion of new businesses which contribute to the cyclic use of resources	■ Resource recycling related action example ● Establishment of sales structure for rebuilt parts for automatic transmission ● Operation and maintenance of commuter buses using bio-fuels	
<b>Development of a Natural-symbiosis-oriented Society</b>	Development and Design	7) Enhancement of management of environmentally hazardous materials contained in products	■ Compliance with national legislation, including EU CLP regulations ● Management of mechanisms to identify applicable substances	
	Production	8) Thorough commitment for elimination of environmental risks and reduction of emission of environmentally hazardous materials and global development of the commitment Region: AISIN Group Applicable Items: VOC*1 Item: Amount of emission per amount of sales Target: 31% reduction compared to FY2008	■ Reduction of VOC emissions ● Promotion of anti-scattering production technologies and introduction of recovery equipment <b>Action 6</b> FY2015 Target: 31.0% reduction FY2015 Result: 52.8% reduction * Achieved targets for FY2016	▶ P.34
	Harmony with Society	9) Cross-group development of regional symbiotic activities which contribute to biodiversity	■ Protection of local living organisms ● Started participating in protection activities in Nakaikemi Marsh (Fukui Prefecture) <b>Action 7</b> ● Establishment of a project to nurture an endangered species of golden venus chub and provision of environmental education	
<b>Fundamental Activities</b>	Management	10) Enhancement of global environmental management system	■ Establishment of environmental management in Japan and overseas ● Establishment of regulations based on consolidated environmental management systems (EMS) manual ● Improvements in assessment (auditing) levels at domestic and overseas bases <b>Action 8</b> ● Introduction of environmental management system (A-GLOBE) at all domestic bases ● Establishment of an official liaison committee for the China region <b>Action 9</b> ● Organization of environmental health and safety (EHS) meetings in the North America region <b>Action 10</b>	▶ P.36
		11) Promotion of environmental practices through cooperation with suppliers	■ Promotion of environmental activities with business partners ● Conducted environmental risk inspections based on Green Procurement Guidelines and provided information on legislation	
		12) Enrichment and promotion of ecological education	■ Improved environmental skills ● Systematically fostered human resources via environmental education ● Conducted awareness-raising activities in Environment Month and Energy Conservation Month (222 awareness slogans and posters) ● Held AISIN Group Consolidated Environmental Symposium	
		13) Enhanced dissemination of technologies and know-how of environmental management by communicating with external sources	■ Contributed to auto parts industry	
	Communication	14) Enrichment and global development of community-based activities which contribute to the environment/society	■ Protected natural environment of surrounding area	
		15) Implementation of proactive environment related communication	■ Disclosure of environmental information ● Issued AISIN Group Report 2014 ● Connected with local communities through roundtable discussions	

\* 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.



## Establishment of a Low Carbon Society

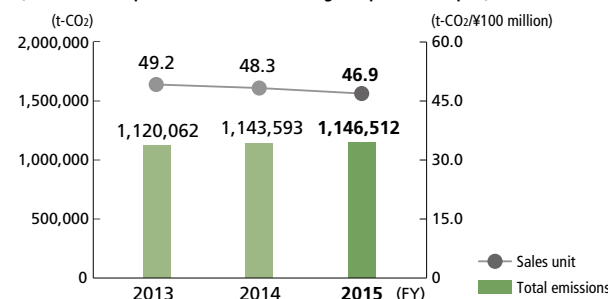
### Aiming to contribute to the prevention of global warming

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.

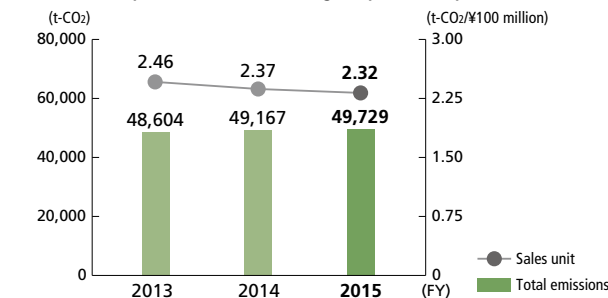
### Targets and results of reducing greenhouse gas emissions in manufacturing

By fiscal 2016, the AISIN Group is aiming for a 12% reduction in CO<sub>2</sub> emissions (versus fiscal 2008) per ¥100 million in sales.

**Total emissions of CO<sub>2</sub> per sales unit**  
(From the Group's 11 main manufacturing companies in Japan)



**Total CO<sub>2</sub> emissions due to transport per sales unit**  
(From the Group's 11 main manufacturing companies in Japan)



**Emissions of non-CO<sub>2</sub> greenhouse gases**

(From the Group's 11 main manufacturing companies in Japan) (t-CO<sub>2</sub>)

	FY2013	FY2014	FY2015
HFCs	148	162	157
SF <sub>6</sub>	16,252	5,497	4,302

In fiscal 2015, we exceeded our target of reducing CO<sub>2</sub> emissions per ¥100 million in sales by 48.9t-CO<sub>2</sub> at the 11 main manufacturing companies\* in Japan with a result of 46.9t-CO<sub>2</sub>.

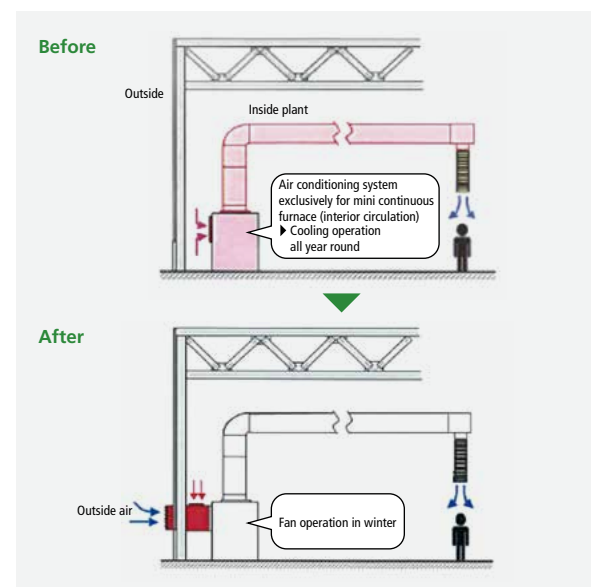
Specific initiatives included actively focusing on key themes at individual companies via the Energy-saving Study Group, namely "rolling out improvements to all companies," "sharing information and improvement methods related to the mechanism of heat release" and "specific reduction initiatives for air conditioning systems" in order to make improvements.

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

### Initiatives in fiscal 2015

#### Reducing energy from air conditioning in winter through intake of outside air **Action 2**

Aisin AW Industries Co., Ltd., which handles development and production of automatic transmission components, continuously variable transmission (CVT) components and transmission components for hybrid vehicles, has reduced energy consumption by incorporating an air circulation system which utilizes outside air during winter months. As heat from the furnaces in the mini continuous furnace area raises the temperature of the surrounding air, cooling equipment stays in operation all year round even in winter. Air is circulated around the interior to keep the area cool. By connecting an exterior duct to the intake side of the air conditioning system, it is now possible to use outside air for direct cooling, enabling the system to be improved by switching from cooling operation to fan operation during the winter months. The result has been an annual reduction of 23 tons of CO<sub>2</sub>.



### Renewable energy initiatives **Action 3**

Aisin Development Co., Ltd., which provides real estate, general construction, insurance agency and home remodeling and lifestyle commodity services, has harnessed renewable energy by installing a solar power system in an effort to make effective use of idle land and protect the environment in Kariya, Aichi Prefecture.

Completed in October 2014, the solar power system is capable of reducing CO<sub>2</sub> emissions by a total of 85 tons per year.

### Making effective use of idle land



### Awards for energy saving initiatives

The CS (Comfortable Space) Center at Aisin Takaoka Co., Ltd. won the Energy Conservation Center Chairman's Prize at the 2014 Energy Conservation Grand Prize. The award was presented for "saving energy from welfare facilities by using waste heat from an automotive parts plant" in recognition of the company's efforts to improve welfare via its new CS Center welfare facility and its unfailing commitment to safety, convenience and saving energy while also being an earthquake-resistant facility.

**Energy Conservation Center Chairman's Prize**



The Kariya Plant of ADVICS Co., Ltd. won the Chubu Bureau of Economy, Trade and Industry General Director's Award for excellence in energy management in fiscal 2014. The award was presented in recognition of the Kariya Plant's energy saving activities across the entire plant under the banner of "eco-harvest" activities including human resources development and awareness activities as well as equipment installation. The plant also gave a presentation after receiving the award and generated a great deal of interest.

**Chubu Bureau of Economy, Trade and Industry General Director's Award**



### ALL AISIN Energy Saving Conference **Action 4**

We have been organizing annual conferences since fiscal 1994 aimed at bringing together the results of our energy saving activities over the course of the year and helping to raise awareness of energy saving activities throughout the AISIN Group.

The 22nd conference in fiscal 2015 featured panel displays and speeches and was attended by approximately 300 people including suppliers. Besides activities within

the AISIN Group, we also made an effort to promote energy reduction activities at affiliates outside the Group.

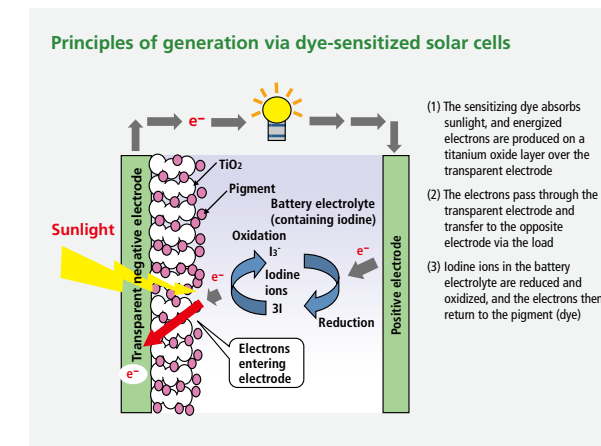
### ALL AISIN Energy Saving Conference



### Development of new pigments for dye sensitized solar cells

Aisin Cosmos R&D Co., Ltd., which carries out research and development of bio, chemical and human technologies, has been working with Aisin Seiki since 1998 on the development of high efficiency, low cost dye-sensitized solar cells as an alternative to silicon solar cells. Dye-sensitized solar cells can generate power efficiently even from weak light, including sunlight coming in at an angle, dispersed sunlight during cloudy conditions or even indoor lighting. As they also consume less energy at the manufacturing stages, there are high hopes that this technology will contribute to a low carbon society.

Aisin Cosmos R&D intends to continue focusing on design and synthesis technologies capable of absorbing light across a wide range of wavelengths and efficiently generating power in the future alongside cell element technologies to get the maximum possible performance from pigments.



**Dye-sensitized solar cells**





## Development of superconducting motor-driven low carbon transport equipment

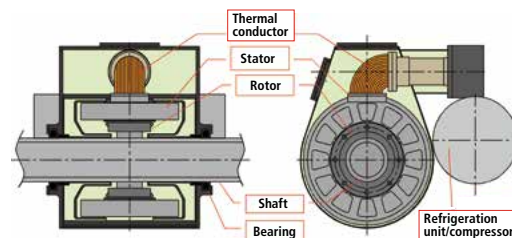
IMRA Material R&D Co., Ltd., which handles research and development of advanced technologies, has continued to take on the challenge of creating high efficiency superconducting rotating systems to support the low carbon society of the future. Harnessing the properties of superconducting wires, which can pass high currents at low loss, the company has completed development of a high torque, high efficiency motor and is aiming to achieve a significant energy saving effect by using the motor in electric vehicles and ships. It has been working toward that goal since 2012 in partnership with Kyoto University, Aisin Seiki, Niigata University and the National Institute of Advanced Industrial Science and Technology (AIST).

IMRA Material R&D is also working on development in areas such as low loss coil technology, insulation and cooling technologies, and control technologies in an effort to create a commercially viable motor with a unique structure unlike anything else in the world.

Superconducting induction/synchronous motor



Outline of the system under development



## Initiatives in fiscal 2016

In fiscal 2016, we intend to make the most of our expertise in insulation to improve efficiency across production processes that act as heat sources, including casting and aluminum melting processes. We will also be carrying out energy saving diagnoses throughout the Group and starting to implement phased improvement activities at overseas production companies.

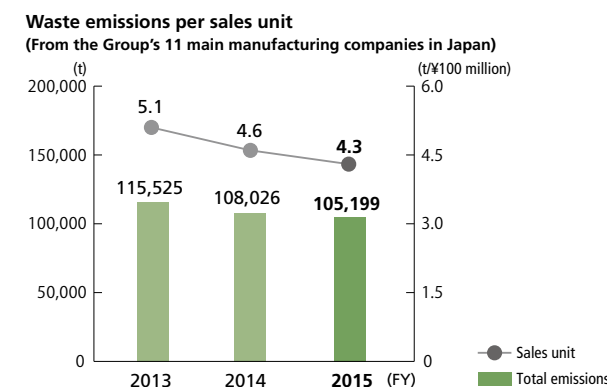
## Establishment of a Recycling-based Society

### 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 become 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 2015, waste emissions per ¥100 million in sales for the 11 main manufacturing companies in Japan amounted to 4.3 tons, which meant we achieved our target of 4.5 tons. In terms of actual initiatives, we sorted and separated composite items containing metal and resin, promoted the recovery and reuse of lubricant oil from cutting processes, and promoted waste reduction and recycling.

### Initiatives in fiscal 2015

#### Recycling scrap metal into valuable resources

Action 5

Hosei Brake Industry Co., Ltd., which develops and manufactures brake components for products such as drum brakes, has been working to recycle composite items containing metal into valuable resources, using materials that the company's plant previously disposed of as metallic plastic waste. Having investigated the needs of its contractors, arranged onsite confirmation meetings and determined the grade of new scrap for composite items containing metal, the company reviewed separation methods and service providers and has managed to reduce waste by 10 tons as a result.

### Successfully improving separation of metallic plastic waste

Separating waste from electrical components in line with scrap grades (right)



### Reviewing coolant replacement procedure to reduce waste

Aisin Kyushu Casting Co., Ltd. handles casting and processing of aluminum die-cast products and has been focusing on coolant and cleaning fluids, which account for 18% of overall waste produced by the company. Having analyzed the contents of its coolant fluid, it became apparent that it would no longer be necessary to replace coolant on a regular basis if it could just remove the sludge (deposits including cutting powder, solids from machine oil, metal dust, etc.). Doing this has enabled the company to reduce waste by 72 tons per year.

#### Sludge recovery system



#### Sludge recovered from processing machinery



## Activities for fiscal 2015

## Eco-product certification

Action 1

We have established our own eco-product certification system for Aisin Seiki products that are eco-friendly in an effort to promote environmentally sound product development. Having previously granted certification to nine products, in fiscal 2015 we newly certified our CW-RG shower-toilet seat.

We will continue to increase the number of eco products that we offer in the future as part of our commitment to environmentally friendly product development.

### Products certified in fiscal 2015

#### Shower-toilet seat

(Model: CW-RG)



#### Features

- Enhanced basic functionality and energy saving capabilities with outstanding cost performance
- Hygienic toilet seat with no joints and a clean and simple design for ease of cleaning

#### Prevention of global warming

Factor: **1.33**  
Reduces CO<sub>2</sub> emissions by **25%**

- Reduces CO<sub>2</sub> emissions over life cycle by maintaining seat temperature in line with ambient temperature and by changing controls in energy saving mode

#### Resource saving

Factor: **1.09**  
Reduces resource consumption by **9%**

- Reduces resource consumption over life cycle thanks to compact, screwless plumbing parts in hot water tank, etc.

#### Response to environmental contamination

- Complies with state and regional laws and regulations
- Confirmed non-content of SOC

(Compared with standard model: CW-H23)

#### Comments

**Confidence in superior energy saving performance as well as design**

We used a stylish lid to cover the entire shower-toilet seat. As well as reducing heat loss from the heated seat, we included power saving capabilities for the first time so that the seat temperature is automatically adjusted in line with room temperature around the toilet. The addition of enhanced basic functionality offers even greater energy saving performance compared to conventional models.

**Makoto Oda**  
Life & Amenity  
Engineering  
Department



## Development of a Natural-symbiosis-oriented Society

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

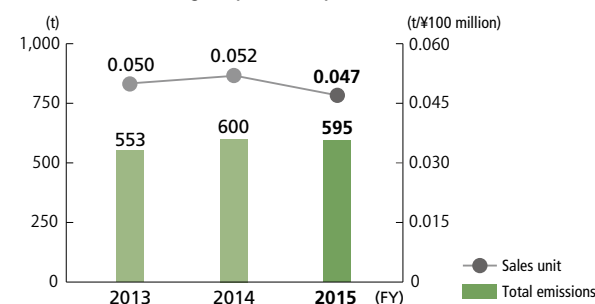
The AISIN Group works to boost understanding among employees and spread awareness through education while also creating various frameworks enabling compliance with laws and regulations. Regulations governing water and air quality and chemical substance management are becoming increasingly strict, requiring more attention to adherence. 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.

### Targets and results of reducing VOC emissions

Action 6

The AISIN Group aims to reduce VOC emissions by 31% by fiscal 2016 versus fiscal 2008 per sales unit of ¥100 million.

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



In fiscal 2015, we achieved our target of limiting VOC emissions per ¥100 million in sales at our 11 main domestic manufacturing companies to 0.069 tons or less, with a result of 0.047 tons. By way of specific initiatives, we implemented a range of anti-scattering activities, including altering the composition of fluids used in coating processes.

### Initiatives in accordance with the Act for Rationalized Use and Proper Management of Fluorocarbons

To ensure compliance with the Act for Rationalized Use and Proper Management of Fluorocarbons, which came into effect in April 2015, we have organized workshops for officials at AISIN Group companies. Workshops have been led by Konan Kogyo Co., Ltd., which handles air conditioning systems. By sharing information on legal compliance, we have established a framework that will enable management to be put in place at each company as soon as possible.

### Checking group-wide management of wastewater standards

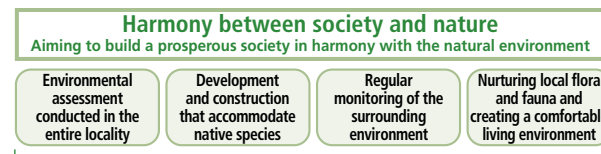
At the AISIN Group, we carry out mutual inspection activities in which members of the Group check actual management standards at one another's premises based on case examples of *Hiyari Hatto* ("near miss") incidents. We set up inspections at each company, including management rules for wastewater treatment and the accuracy of measuring instruments, in order to bring management levels at each company into line with one another. Getting experts to carry out checks at each company has enabled companies to review any inconsistencies in their own management practices and has also helped to prevent incidents from happening or recurring.



Carrying out onsite checks

### Initiatives for biodiversity

#### AISIN's philosophy toward biodiversity



Creating environments where industry, lifestyle and nature coexist in harmony

### Initiatives in fiscal 2015

#### Clearing waterways\* in Nakaikemi Marsh

Action 7

The AISIN Group carries out activities to preserve the natural environment in line with the characteristics of each local area.

In fiscal 2015, we cleared waterways at Nakaikemi Marsh in Fukui Prefecture, where Aisin AW Industries Co., Ltd. is based. Thirty-one employees from 23 companies belonging to the AISIN Group from Kyushu to Hokkaido took part in these activities. After learning about the need for marshes and how they tie in with biodiversity, participants used scythes and hoes to clear out waterways in the area.



Clearing waterways alongside members of the NPO that manages the marsh

\*Clearing waterways is an important task in order to maintain the precious water environment in the marsh.

### Initiatives in fiscal 2016

In fiscal 2016, we intend to install VOC recovery systems and reinforce management to help reduce environmentally hazardous substances.

We will also continue to carry out wildlife preservation activities and promote environmental preservation activities throughout Japan, focusing on the areas where AISIN Group bases are located. We will be expanding activities to the Kyushu region, in particular, in fiscal 2016.

## 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 have previously occurred within the AISIN Group do not recur. 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) and execute action items at each company across the organization after establishing improvement measures. Specialists follow up until the measures have been completed.

### Initiatives in fiscal 2015

#### Providing environmental education at individual companies

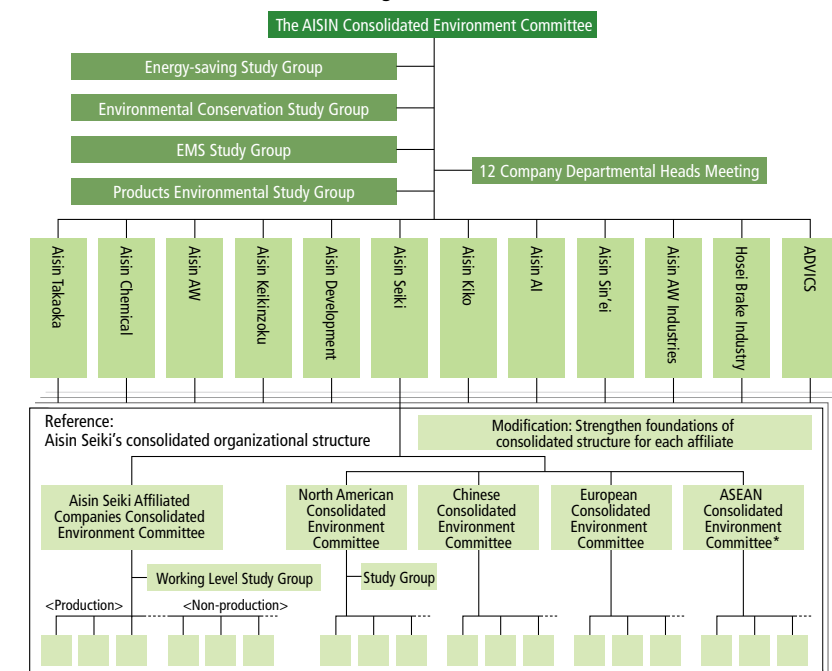
The AISIN Group provides environmental education in line with the characteristics of various regions and industries. Sanetsu Unyu Co., Ltd., which ships products from Group companies in the Hokuriku region, organizes educational initiatives for managerial staff every year, covering areas such as environmental legislation, compliance and pollution prevention activities.

#### Emergency response drill based on a simulated leak into a river



Konan Kogyo Co., Ltd., which provides a range of services for service stations, automotive plants, industrial

AISIN consolidated environmental management structure



\*Scheduled to start trial operation in fiscal 2016

petroleum products, air conditioning equipment, and gas and other household appliances, organizes basic environmental education at the beginning of each fiscal year, covering how to prevent oil leaks and what to do in the event of a leak.

#### Emergency response drill based on a simulated oil leak



Aisin Hokkaido Co., Ltd., which manufactures aluminum die-casting products, also organizes environmental workshops for outside contractors prior to extended holidays in spring, summer and winter, and carries out activities designed to prevent environmental accidents as a result of contracted work.

#### Environmental workshop for subcontractors



Aisin Collabo Co., Ltd., which provides human support and services across a wide range of fields linked to personnel, administration, education and improving people's lives, has started study groups where



participants can learn the basics in an effort to raise environmental awareness among all employees.

The AISIN Group remains committed to educating people about the environment as we continue to carry out activities that are both safe and environmentally friendly.

Establishing a study group for officials in the China region

At the AISIN Group, we are dedicated to regional environmental activities the world over. In March 2015, Aisin Seiki (China) Investment Co., Ltd. organized the 1st China Safety and Environmental Specialist Liaison Committee. Twelve bases in China took part in the event with the aim of rolling out priority activities, setting shared targets for activities and sharing information in order to upgrade our framework for environmental activities in the region. We will continue with activities such as these in the future so that we can become a regional leader.

China Safety and Environmental Specialist Liaison Committee



Deploying activities to enhance environmental management systems (EMS) at bases worldwide

We continue to carry out environmental assessments (audits) at all AISIN Group domestic and overseas bases to check on improvements in the level of environmental performance at respective companies. In fiscal 2015, environmental assessors (auditors) who had received special training in Japan went to 61 sites in 10 countries, including Japan, the Americas, Europe, China and Australasia, to check and provide guidance on legal compliance and environmental conservation. While visiting overseas bases, they held discussions with local staff in order to identify specific issues and concerns and help find solutions.

Status check of environmental conservation by an environmental assessor



We have set the target of conducting environmental assessments to even stricter standards than ISO 14001, the international standard for environmental management, and are aiming to assess levels at all AISIN Group bases by fiscal 2016. We are joining forces throughout

the Group to establish all of our bases worldwide as leading environmental companies.

Organizing environmental health and safety meetings in North America

As part of the AISIN Group's activities in North America, we organize the North America Environmental Health Safety Meeting twice a year in order to share information relating to environmental health and safety. Meetings are attended by around 30 environmental staff members from 20 companies. Along with outlining safety and environmental activities at individual companies and organizing activities such as tours of waste treatment facilities, we make every effort to implement preventive activities to stop safety-related or environmental incidents or accidents from happening or recurring around North America.

North America Environmental Health Safety Meeting



Support for the establishment of environmental management systems following the launch of a new base in Indonesia

When launching new overseas bases, Aisin Seiki establishes systems for everything from essential procedures through to management to ensure compliance with environmental legislation and provides support to help operate those systems effectively. We have confirmed that systems have been effectively established at PT. Aisin Indonesia Automotive, an unit and auto body parts production and sales company established in March 2014.

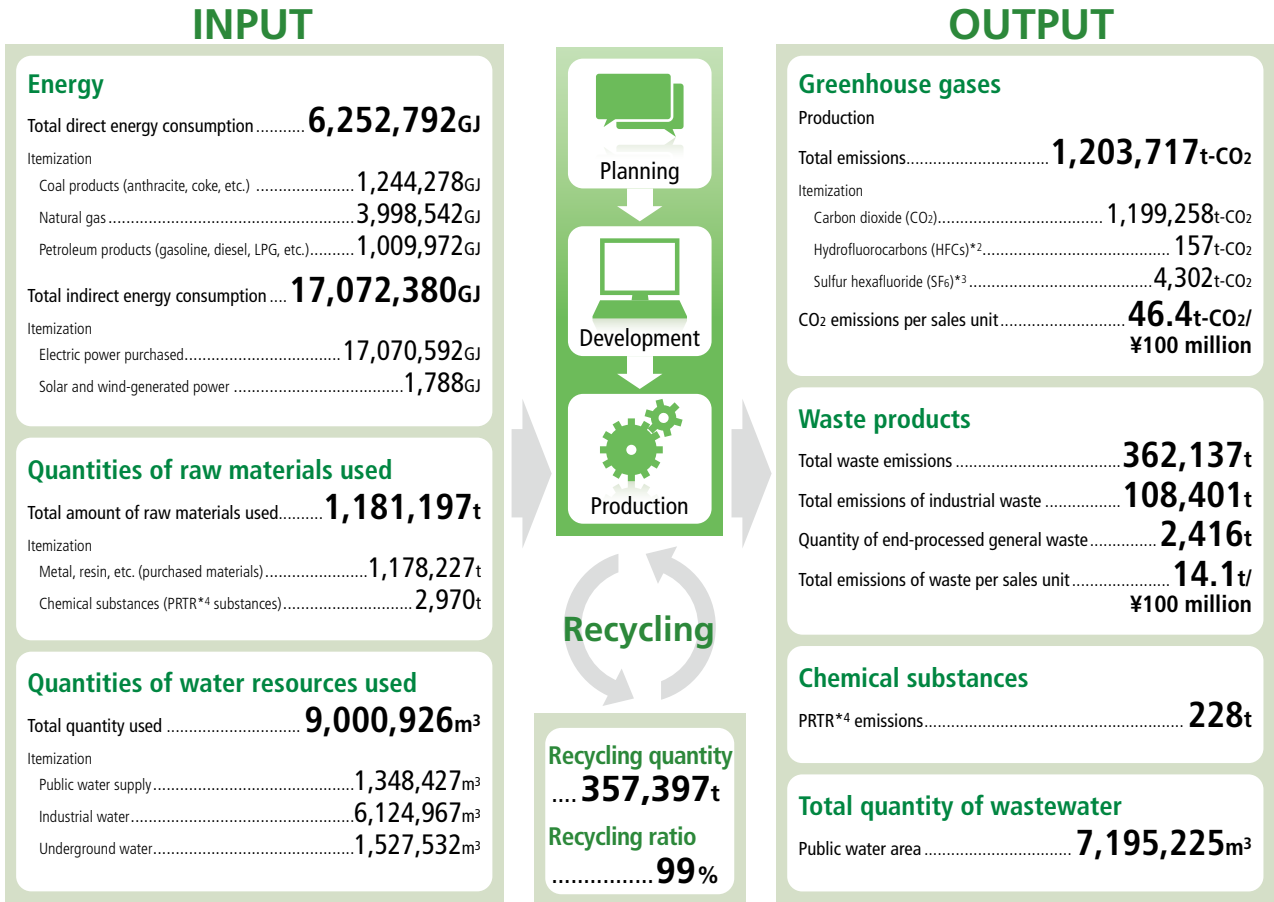
Onsite confirmation meeting



Initiatives in fiscal 2016

In fiscal 2016, we intend to go back to the basics of environmental management and carry out comprehensive inspections based on environmental standards and rules. We are also planning to improve global activities, share information and clarify rules, as well as proceed with environmental conservation activities to enable us to achieve specified management levels at all production sites.

Resources Used and Emissions Released (FY2015) 33 main companies in Japan\*1



\*1 Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikinzoku, Aisin Development, Aisin Kiko, Aisin AI, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, ADVICS, Aisin Tohoku, Aisin Kyushu, Aisin Kyushu Casting, Aisin Hokkaido, Saitama Kogyo, Kotobuki Industry, Aichigiken, Yamagata Clutch, Aisin Maintenance, Aisin Engineering, Aisin ComCruise, Aisin Infotex, IMRA Material R&D, Aisin Cosmos R&D, Technova, FT Techno, Aisin Collabo, Sinsan, Konan Kogyo, Hekinan Unsou, Sanetsu Unyu

\*2 Hydrofluorocarbons (HFCs): A greenhouse gas with a warming effect estimated to be from 140 to 14,800 times that of CO<sub>2</sub>

\*3 Sulfur hexafluoride (SF<sub>6</sub>): A greenhouse gas with a warming effect estimated at 23,900 times that of CO<sub>2</sub>

\*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			33 main companies in Japan*1		
		FY2013	FY2014	FY2015	FY2013	FY2014	FY2015
Environmental conservation costs	Business operation costs	9.70	8.53	9.46	10.56	9.01	9.93
	Management costs	1.14	1.01	0.90	1.29	1.10	1.08
	Upstream/downstream costs	3.33	3.89	5.14	3.39	3.91	5.18
	Research and development costs	15.57	16.13	17.79	15.58	16.13	17.94
	Social contribution activity costs	0.14	0.14	0.13	0.15	0.14	0.14
	Environmental remediation costs	0.10	0.14	0.13	0.10	0.14	0.13
	Total	29.98	29.84	33.55	31.07	30.43	34.40
Effects of environmental conservation measures	Energy saving	0.87	0.85	0.93	0.90	0.88	0.96
	Resource saving	0.34	0.63	0.44	0.37	0.66	0.47
	Effects of reducing waste materials	0.05	0.03	0.04	0.54	0.06	0.04
	Sale of valued property	7.25	8.43	6.98	7.40	8.62	7.19
	Total	8.51	9.94	8.39	9.21	10.22	8.66

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

We have declared our commitment to thorough compliance on a global scale in the form of the Aisin Group Principles of Corporate Behavior. We have also formulated the Guidelines in Compliance with Social Responsibility to put the philosophy underpinning these principles into practice. The guidelines introduce specific laws and regulations to be adhered to during the execution of work duties in an easy-to-understand manner and are provided to all employees. We are also committed to continually reinforcing compliance throughout the Group and have adopted an even tougher stance on key universal issues such as antitrust laws and the prevention of bribery.

### Creation of a framework to promote compliance group-wide

The 12 main Group companies have established 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. This enables the sharing of information and focus on integrated compliance activities as a Group.

#### Compliance meeting



### 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 2015, we held training twice for workplace managers and three times for executive officers concerning such topics as antitrust laws and the prevention of bribery. 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. 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.

#### Training for executives



We also use AISIN Group Business Ethics Campaign Month to conduct a group-wide survey regarding compliance awareness for all employees. In fiscal 2015, we once again received around 50,000 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

Our 12 main Group companies have each set up a compliance hotline with internal contact points to receive inquiries and notices on matters relating to compliance as a means of ensuring that employees are aware of programs such as AISIN Group Business Ethics Campaign Month and promptly identifying and correcting inappropriate conduct.

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.

#### Poster to enhance ethical business activities



Poster in Japanese

Poster in Portuguese

#### Compliance hotline contacts (12 main Group companies)

	FY2013	FY2014	FY2015
Internal contacts	192	178	207
External contacts	19	31	21
Total	211	209	228

## 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). Concurrently, the 12 main Group companies provide education on risk management primarily to management-level employees. 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 risk events occur. 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.

### Strengthening capabilities in the event of a major disaster

To guard against the risk of a large earthquake or other major disaster, we are working to develop a business continuity plan (BCP) with the aim of safeguarding people's lives, while also enabling us to continue with our core business and restore operations as quickly as

possible. At the same time, we are constantly exchanging information with Group companies via Aisin Seiki.

As part of our BCP initiatives, in fiscal 2015 we formulated a new set of Group BCP Guidelines in order to clearly set out countermeasures, an order of priority and response levels.

Of those measures, we are particularly focusing on ongoing training to improve our employees' skills and strengthen practical capabilities in the event of an emergency. For example, we organize simulation drills so that employees can take action in real scenarios. Our drill schedule includes 24 items in the initial response section alone, including effective evacuation and initial measures (putting out fires, rescuing people, administering first aid) and learning to assess and determine whether it is safe to re-enter plant buildings after an earthquake. We also organize drills for emergency headquarters in order to strengthen our capabilities based on gathering and sharing information in an emergency, making the right decisions and acting in unison. We stage drills such as these in conjunction with Group companies that have sites in the same area in order to enhance our cooperative capabilities as a Group.

#### Initial response training for a major earthquake

Headquarters set up in the KYODOKAN hall



#### Simulation drill

Joint drill with Group companies to determine whether or not it is safe to re-enter the building



In addition to the aforementioned drills, we are also working on a range of measures designed to prevent fatalities or injuries and remove obstacles to recovery, including measures for earthquake-resistant buildings and equipment, IT Business Continuity Planning (ITBCP) measures, production and operation recovery measures and supply chain measures.

We also have adopted a clear stance on contributing to the local community through measures such as concluding emergency relief agreements with related local authorities, thus underlining the fact that we take our social responsibilities and impact on the community seriously.

## 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. As part of our procurement activities, we aim to establish trusting relationships with our suppliers so that we can grow and prosper together as good business partners, and to ensure responsible CSR procurement in accordance with our Global Procurement Policy, maintain stable procurement and enhance competitiveness.

#### Global Procurement Policy

Working together with suppliers	
1. CSR procurement	Reinforce CSR
2. Stable procurement	Establish a supply chain that is resilient to risks
3. Competitiveness	Produce globally competitive components and materials

#### Presentation outlining our Global Procurement Policy

Dissemination of basic policy



### Strengthening CSR initiatives

We are committed to strengthening CSR initiatives as part of our procurement activities throughout the AISIN Group.

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 that underpins the relevant principles. We also promote fair procurement activities, including renewing contracts with suppliers after adding and reinforcing CSR-related clauses regarding compliance with antitrust laws and initiatives to prohibit bribery within basic transaction agreements.

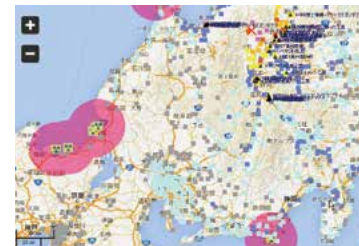
As part of our procurement activities, we place particular importance on safety, the environment and compliance. We therefore require suppliers to bolster initiatives in those areas throughout the supply chain under the leadership of our primary suppliers.

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

### Establishing a supply chain that is resilient to risks

In an effort to visualize risks throughout the supply chain, Aisin Seiki has created and operates a risk management system that connects data relating to components and materials purchased from suppliers with geographical and disaster information. This system is operated 24 hours a day, 365 days of the year, and if 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. We have already completed introducing the system in Japan and are looking to deploy it to overseas subsidiaries in the future.

#### Risk management system in the supply chain



### Encouraging suppliers to formulate BCP

Aisin Seiki provides support to ensure that suppliers are prepared for a major earthquake through measures such as formulating BCP and carrying out seismic diagnoses on buildings and equipment.

Whereas support for suppliers to date has concentrated on areas such as seismic diagnosis and securing evacuation routes, we took the next step in fiscal 2015 and began checking areas such as reinforcements to buildings and equipment and repair plans. As part of these activities, we have visited major suppliers and confirmed progress with plans directly with top management. We also facilitated four BCP training sessions and intend to continue organizing BCP presentations for suppliers in the future to help them complete their BCP.

#### BCP training session



### Response to conflict minerals

Automakers listed on the U.S. stock exchange, which are our end customers, are required to report to the U.S. Securities and Exchange Commission (SEC) concerning conflict minerals. In fiscal 2015, we once again worked with business partners and industry groups to conduct surveys to confirm the origin and history of minerals used

in products and to ensure the avoidance of use of conflict minerals. We have since provided customers with feedback on our findings, and our customers can use our products with confidence.

As a key member of the auto parts industry, Aisin Seiki is also cooperating to promote initiatives at other companies.

## 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.

Having continued to work on reinforcing management systems for entering and exiting buildings, strengthening information management systems and promoting security education and awareness at domestic Group companies, we continued to strengthen initiatives throughout the AISIN Group in fiscal 2015.

#### AISIN Group joint education on confidential information management



### 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

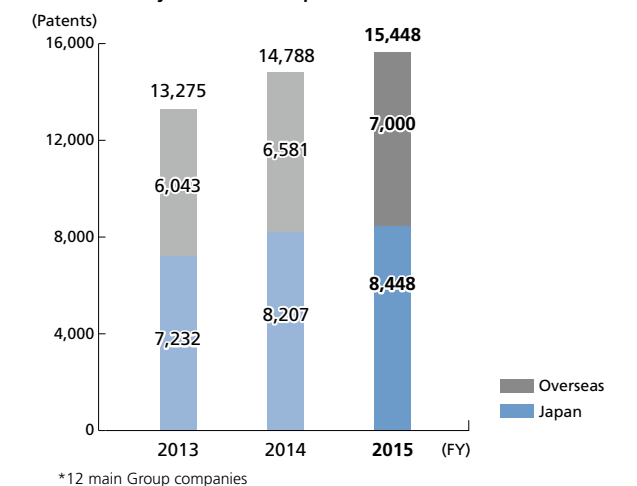
### Intellectual property management and promotion of the utilization

Amid the growing importance of intellectual properties, the AISIN Group has established a specialized intellectual property management organization to support the safeguarding and protection of intellectual properties. We are also working to establish a global network through measures such as appointing dedicated intellectual property staff at key overseas development bases.

In terms of specific activities during the initial phase of development, we analyze trends and other companies' patents in technical fields in which we are currently engaged in development based on information relevant to intellectual property and suggest directions for development staff so that they can minimize any risk of patent violations or disputes. When development yields potential patents, we acquire the necessary rights so that we can use them effectively as intellectual property as part of our activities aimed at expanding Group companies' businesses and helping them to secure profits.

We are also committed to realizing the full potential of intellectual property rights throughout the AISIN Group through activities such as organizing education, training and seminars for relevant members of staff and through a liaison program between Group companies.

#### Patents held by the AISIN Group\*





# Consumer Issues

To provide products of sufficient quality to meet the expectations of our customers around the world, we are constantly pursuing the highest level of quality and endeavoring to develop human resources who can further enhance quality so that customers can use our products safely at all times.

## 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.

To reinforce our “Quality First” and “Customer First” philosophies, we have established a global quality assurance system and continue to develop human resources capable of maintaining and improving quality standards throughout the AISIN Group.

### A worldwide effort to put customers first

The AISIN Group shares information related to quality 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. Under this committee, executive officers in charge of quality carry out weekly assessments based on targets and action plans in individual areas – design, manufacturing, suppliers and the market – in order to determine the right direction for improvement measures and allocation of resources. We are also working on a framework to integrate quality along product lines so that we can deal with products that are being jointly developed between Group companies as we continue to step up group-wide cooperation pertaining to quality.

In an effort to establish a global quality assurance system, we are working to strengthen quality assurance

in line with market expansion, revolving primarily around quality improvement committees in North America, China, Oceania, Europe and India. We have also launched a QA Center in North America similar to the one in Japan, equipped with the necessary research and analytical capabilities to make sustained improvements in quality and respond quickly to the needs of local customers and markets. We established our Chinese center in fiscal 2015 and have plans for doing so in Thailand in the future, as we continue to join forces as a group to share and fully utilize quality-related information in regions all over the world.

### 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.

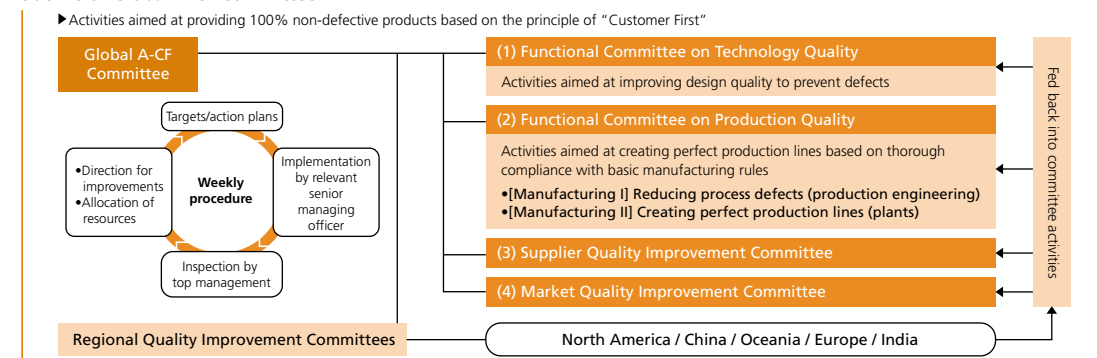
These QC circle activities are now widespread throughout overseas Group companies in addition to domestic Group companies, and the results of efforts are announced at the Global QC Circle Conference. The AISIN Group pours its efforts into activities proposing innovative improvements and remains at the highest level in terms of the number of awards for the Minister of Education, Culture, Sports, Science and Technology Awards recognizing outstanding examples of improvement.

Global QC Circle Conference

A large number of employees from overseas take part.



### Outline of Global A-CF Committee



### Developing professionals in quality

The AISIN Group develops human resources who are able to safe guard 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 2015, 24,124 employees had acquired the certification at the 12 main Group companies. We are also working to attain advanced knowledge related to quality and put it into practice along with QC certification 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. We organize AISIN Basic Seminars as part of our efforts to develop human resources to work in production, with the aim of improving knowledge and skills essential for production staff, including quality.

### 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.

In an effort to ensure the reliability of automotive parts from the standpoint of finished vehicles rather than individual components, we conduct repeated vehicle testing using test tracks designed to recreate various road conditions around the world, namely the Fujioka Proving Ground (Aichi Prefecture, Japan), Toyokoro Proving Ground (Hokkaido, Japan) and Fowlerville Proving Ground (Michigan, USA). In addition to testing and assessments at our test tracks, we also conduct repeated tests in locations such as North America, South America, Europe, India and China based on stringent conditions that accurately reflect different natural environments and ways in which vehicles are used in different countries. This enables us to develop unique knowledge and data, which we then incorporate into development and quality assurance. We also put the resulting expertise to good use in terms of recreating road conditions at our test tracks and raising the standard of assessments.

Comprehensive functional and performance evaluation at the Toyokoro Proving Ground

Covering an area of approximately 748 hectares (roughly the size of 1,000 soccer pitches), the Toyokoro Proving Ground consists of a comprehensive circuit that recreates road surfaces around the world, including roads covered in artificial ice. It is here that we conduct comprehensive testing to evaluate vehicles' functional and performance requirements from the user's perspective. Evaluation results are immediately fed back into product development so that we can meet demand for guaranteed reliability.



For lifestyle 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 enables us to conduct tests to evaluate performance and determine how products will perform in the actual market so that we can create products that are both 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, beds and nursing care products. Responses are fed back to the relevant departments in the form of product or service improvement requests and are subsequently incorporated into new product development.

We also organize exhibitions twice a year to showcase quality initiatives to our own employees and employees from Group companies. At these exhibitions, we set up booths so that employees can listen to recorded complaints from customers, thereby providing an opportunity to listen directly to what customers have to say.

### Developing human resources and systems with a consumer-oriented perspective

At the AISIN Group, we maintain a consumer-oriented perspective and aim to develop human resources and systems that embody our commitment to protecting consumer rights.

We provide training for employees responsible for compiling product manuals via Aisin Seiki's Customer Support Department, covering essential areas such as our responsibilities as a manufacturer. In terms of sales promotion tools, we provide guidelines for formulating sales tools based on an understanding of current social trends. We then use those guidelines as educational platforms for managers and staff responsible for producing sales materials. We also encourage employees to obtain certification as Advisory Specialists for Consumer Affairs, with the aim of developing more human resources capable of promoting our Customer First approach and incorporating consumer perspectives into their work. We currently have 28 certified employees.

As part of educational activities for employees, in May 2014 we held a lecture meeting, inviting a member of the quality assurance department from Mizuno Corporation to speak. This enabled employees to learn about Mizuno's philosophy on manufacturing and valuing customers.

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. Working as a team throughout the AISIN Group, our aim is to carry out activities as a good corporate citizen rooted in the local community as we continue to work toward our AISIN Group VISION 2020.

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.

### 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 Xilinhote district of the Inner Mongolia Autonomous Region in China. These are important activities to stop the rapid desertification of the grasslands due to issues such as global warming. We are working on plans to plant saplings across 20 hectares of land over the course of 10 years. Species include yellow willow, which acts as an effective windbreak. At the same time, we are also organizing environmental education and exchange events for local elementary school students.

We planted around 100,000 trees in April 2013 and participated in the second round of activities in April 2014 as well. Collectively, 13 employees from domestic

### 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



AISIN Group companies and 43 from local subsidiaries planted trees across two hectares of land. Employees then got to know a group of around 30 local elementary school children and helped to improve their understanding of what causes desertification through experiments and other exercises. In April 2015, we took part in the third round of tree-planting activities to ensure that activities take root in the local community.

#### Tree-planting activity in Inner Mongolia, China

Saplings are planted including yellow willow to stop desert sand from being blown away.



#### 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. This agreement serves to protect 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.

In 2014, we organized activities such as making planters and chopsticks from thinned wood and using

models to help children understand the need for thinning trees. These experiences educate children about the environment and help them develop an appreciation for its importance.

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

Parents and children making planters from thinned wood



### Examples of Corporate Citizenship Activities 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.

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 180 schools and nearly 16,000 elementary school students have taken the course thus far. The children learn about the environment in a structured manner based on a 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.

#### AISIN Environmental Education Program

Classes and practical activities to help children learn about sorting garbage



#### Outreach seminar on monozukuri (manufacturing)

The outreach seminar on *monozukuri* involves classroom lectures and hands-on lessons and enables children to develop a scientific perspective through manufacturing. The seminars mainly consist of the outreach seminar on *monozukuri*, which is held by visiting local elementary

schools, AISIN *Monozukuri* Hiroba (Manufacturing Forum) events in the area around the Aisin Seiki head office in Kariya, and weekend workshops held at the Toyota Commemorative Museum of Industry and Technology (Aichi Prefecture). A total of 5,535 children have participated in 62 events from 2002 up to 2014.

#### Outreach seminar on monozukuri (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.

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

#### AW Cup 2014 basketball tournament for junior high school students

Contributing to youth development and sports promotion through sports





## Examples of Corporate Citizenship Activities

### Community Building and Development

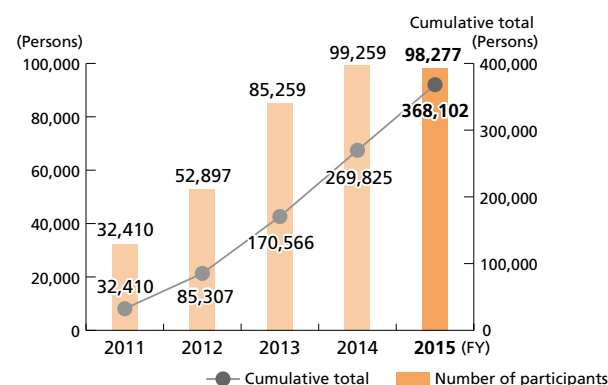
#### Efforts toward social issues

The AISIN Group is actively implementing activities targeting social issues.

For several years at sites around the world, including Japan, we have continued with a traffic safety program to protect the safety of the automobile society. In fiscal 2015, a large number of employees took part in the program at different locations worldwide.

Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin Kiko and ADVICS are actively purchasing such items as machine parts and food from organizations supporting the employment of persons with disabilities. Aisin Seiki, Aisin Takaoka, Aisin Sin'ei and Hosei Brake Industry have been taking part in TABLE FOR TWO (TFT), 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 2015, we raised enough money to provide around 100,000 meals and achieved "Platinum Supporter" status, the highest level awarded by TFT.

#### Employee participation in TABLE FOR TWO



#### TABLE FOR TWO

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



The AISIN Group has also signed up to an initiative organized by the NPO Japan Committee Vaccines for the World's Children, which donates vaccines for children in developing countries for every plastic bottle cap they receive.

#### Activities that are closely linked to local communities

The AISIN Group launched the All AISIN NPO Activities Support Fund (Aichi, Fukui and Toyama regions) 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. It operates using proceeds from the All AISIN Charity Concert held every year in autumn and supported 26 NPO groups in fiscal 2015.

#### All AISIN NPO Activities Support Fund

Assistance and support for volunteers and regional groups conducting welfare activities



In conjunction with Toyota Industries Corporation, Aisin Seiki invites people from local welfare facilities to attend "Friendship Farm" harvest festivals, which it organizes in spring and autumn every year. The year 2014 marked the 33rd such 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 2015, 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 non-governmental organization Japan Platform to support efforts following major earthquake damage in Yunnan Province, China.

## 2014 Spotlight on Global Activities

We maintain the spirit of "Be With" in seeking social integration and working with local people to create a better society in global regions where our bases are located. We contribute to local communities through activities such as donations and blood drives and actively organize events that also get local communities and employees' families involved.

### North America

#### Charity event to combat breast cancer

Organized across all bases in North America, spearheaded by Aisin World Corp. of America, Aisin Technical Center of America, Inc., FT Techno of America, LLC and Aisin Holdings of America, Inc.

To coincide with Breast Cancer Awareness Month in October, we organized an event in North America aimed at raising awareness of employees with breast cancer and collecting donations to help survivors and support breast cancer research. Participants raised money by making items featuring pink ribbons and selling them to employees. In fiscal 2015, we donated a total of \$10,670 to hospitals and organizations carrying out breast cancer research.



#### Environmental improvement activities at the mouth of Rouge River

Aisin World Corp. of America (AWA), Aisin Technical Center of America, Inc. (ATCA)

Thirty-two employees from AWA and ATCA and their families took part in cleanup and tree-planting activities along the nearby Rouge River. They planted over 300 native trees and sowed grass seeds in order to improve the environment around the river mouth.



#### Donating team uniforms to Cienega little league baseball team

Aisin Mexicana S.A. De C.V.

As part of its support activities to help improve education for local children, Aisin Mexicana donated team uniforms to a local Cienega little league baseball team. Many employees also go to support the team when they play league matches.



#### Providing driving training for local high school students

FT Techno of America, LLC

FT Techno has provided driving lessons for students from the local Fowlerville High School. A total of 35 teachers and students participated. After driving around the test course in their own vehicles, they learned about maintenance before learning the basics of driving with dynamic pads and on slippery surfaces on the test track.



### UK

#### Donating OEKAKI50 sewing machines to universities



Aisin Europe S.A.

Aisin Europe has donated OEKAKI50 sewing machines, which enable users to embroider freely similar to drawing a picture to universities in the UK. Feedback from teachers and students using the machines in class has been very positive.

### China

#### Organizing kindergarten classes on safety and protecting the environment



Tangshan Aisin Gear Co., Ltd.

Tangshan Aisin Gear organized classes on safety and protecting the environment for kindergarten children.

### India

#### Getting all employees involved in local cleanup activities



Aisin Automotive Haryana Pvt. Ltd.(AHL), ADVICS North India Pvt. Ltd.(ADSNI)

AHL and ADSNI get all of their employees involved in cleanup activities in the large area around the perimeter of their premises as part of their commitment to preserving the local environment.

**| Aisin Seiki Co., Ltd.**

Established.....August 31, 1965  
 Head office.....Kariya, Aichi, Japan  
 URL.....<http://www.aisin.com>  
 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

**| 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-molded products

**| 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 Takaoka Co., Ltd.**

Established.....March 8, 1960  
 Head office.....Toyota, Aichi, Japan  
 URL.....<http://www.at-takaoka.co.jp/english/>  
 Scope of business ...Manufacture and sales of casting, machining and metal-forming products and audio products

**| Aisin Development Co., Ltd.**

Established.....December 1993  
 Head office.....Kariya, Aichi, Japan  
 URL.....<http://www.aisin-ad.co.jp> (Japanese)  
 Scope of business ...Construction (architectural design and building of factories and office buildings), housing services (detached home and apartment remodeling), real estate services, insurance agent services

**| Aisin AW Industries Co., Ltd.**

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

**| Aisin Chemical Co., Ltd.**

Established.....February 12, 1952  
 Head office.....Toyota, Aichi, Japan  
 URL.....<http://www.aisin-chem.co.jp/english/index.html>  
 Scope of business ...Manufacture and sales of chemical products, friction materials and plastic parts

**| 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

**| 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, disc brakes, axle housings and other automotive brake parts

**| Aisin AW Co., Ltd.**

Established.....May 15, 1969  
 Head office.....Anjo, Aichi, Japan  
 URL.....<http://www.aisin-aw.co.jp/en/index.html>  
 Scope of business ...Manufacture and sales of automatic transmissions, hybrid systems and car navigation systems

**| Aisin AI Co., Ltd.**

Established.....July 1, 1991  
 Head office.....Nishio, Aichi, Japan  
 URL.....<http://www.aisin-ai.co.jp/english/index.html>  
 Scope of business ...Development, design, manufacture and sales of manual transmissions, transfers, component parts and accessories

**| ADVICS Co., Ltd.**

Established.....July 3, 2001  
 Head office.....Kariya, Aichi, Japan  
 URL.....<http://www.advics.co.jp/eng/index.html>  
 Scope of business ...Development, manufacture and sales of automotive brake systems and system components



**Shizuo Shimanuki**  
 President  
 Hosei Brake Industry Co., Ltd.

**Shinji Itakura**  
 President  
 Aisin Sin'ei Co., Ltd.

**Makoto Hirano**  
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 Aisin Kiko Co., Ltd.

**Yoshifumi Kawahara**  
 President  
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 Aisin Chemical Co., Ltd.

**Yasumori Ihara**  
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**Sadao Ito**  
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**Kazumichi Sugiura**  
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Aisin Seiki Co., Ltd. <http://www.aisin.com>

