In fiscal 2018, we introduced initiatives to strengthen the competitiveness of our existing businesses, accelerate growth strategies that anticipate the next generation and reinforce the management foundation that supports our sustainable growth. These initiatives have produced solid results, enabling us to achieve record-high sales revenue and operating profit.

It is only thanks to our stakeholders that we have been able to achieve this, and we would like to express our warmest gratitude in this regard.

The automotive industry is currently faced with a once-in-a-century transformational period. Since the time of our founding, AISIN Group has adhered to the basic philosophy of “Quality First” to create attractive and appealing products that will bring joy and happiness to our customers. Moving forward, we will continue to advocate this basic philosophy as we aim to become a vibrant company that possesses true competitiveness and proposes new value. We ask for your continued support and cooperation in the future.

Kanshiro Toyoda
Chairman
Aisin Seiki Co., Ltd.

Kiyotaka Ise
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 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.

Message from the Chairman and President

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AISIN Group History

Birth, Growth and Group Consolidation

Now, AISIN Welcomes an Era of Major Reforms

AISIN Group has promoted the spinoff of companies into a network of subsidiaries and affiliates centered on Aisin Seiki, which was established in 1965, to effectively leverage its advanced technological capabilities in the diversifying auto industry. Optimizing each company into a specialized business domain has driven the advancement of AISIN Group as a whole.

As it approaches what is said to be a one-in-a-century transformational period, the entire Group is working as one to advance initiatives with the aim of achieving major reform and evolution.

1965 - 1974

Birth of Aisin Seiki

Aisin Seiki was established in 1965 through the merger of Nisshinbo Brake Inc., Hosei Brake Industry, Inc., and Nisshinbo Industries Co., Ltd. with the aim of strengthening its corporate structure and fostering innovative competitiveness as an auto parts manufacturer.

Establishment of mass production

Production capacity was increased and strengthened to respond to a rapid expansion of automobile production.

Pursuit of self-reliance in technologies

To establish independent technologies, Aisin Seiki began to conduct research and development in the diversified auto industry. Optimizing each company affiliates centered on Aisin Seiki, which was established in 1965, to effectively leverage its advanced technological capabilities in the diversifying auto industry. Optimizing each company affiliates centered on Aisin Seiki, which was established in 1965, to effectively leverage its advanced technological capabilities in the diversifying auto industry.

Building a foundation for overseas business

Proactively introducing technologies from European and American laboratories, building a proving ground and technology development preparation for an expansion in exports of auto parts and components.

1975 - 1984

Pursuit of “Quality First”

In order to achieve high-quality mass production, the company established an advanced Quality Control System in 1975, with Aisin Seiki serving as Head Company, which began in the Aisin Quality Control Project for Plant Maintenance (AQP) Prize and the FY1977 Final 100, and that resulted in the establishment of a new maintenance (TPM) category.

Toward the age of vehicle electronics

With the advent of electronic vehicle controls, Aisin Seiki launched a research and development program that incorporated electronics into traditional mechanical components.

Research network for future technology development

A global research network was established in 1975 to support the advancement of new technologies in the diversifying auto industry.

1985 - 1994

Full-fledged overseas production

In anticipation of vehicle 21st century society, built a new research and development network for future technology development.

New developments in leading-edge technology fields

Future-oriented technology research began to blossom in diverse fields such as electronics and medical device fields. Established a global research network.

1995 - 2004

Expanding and upgrading overseas business structure

Along with the globalization of business, further strengthened production and sales structures in North America, South America, Europe, Central and Eastern Europe, Asia, and other regions.

Initiatives for development in energy fields

Initiatives to strengthen the Group’s competitive edge technology development, focusing on new areas such as fuel cells and solar cells. Promoted efforts for commercialization to solve various environmental issues, beginning with global warming. Aiming for a sustainable society

Continuous company-wide initiatives that position global environmental protection as a social management issue based on recognition that realizing this mission to develop next-generation technologies and create the decisions to foster development resources held by the Group in these fields.

2005 - 2014

Expansion and independence of global businesses

Aisin Seiki pursued a sustainable society and new strategies focused on new fields.

Initiatives to strengthen the Group’s competitive edge technology development, focusing on new areas such as fuel cells and solar cells. Promoted efforts for commercialization to solve various environmental issues, beginning with global warming. Aiming for a sustainable society

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Major AISIN Group Events during Fiscal 2018

April

Aisin Seiki

Opened Daiba Development Center as a center for cutting-edge technology development

Aisin AW

Established AW Mizunami Co., Ltd., an automatic transmission manufacturing company

February

Aisin Seiki, Aisin AW

Established a joint-venture company, Toyota Research Institute-Advanced Development, Inc. (TRI-AD), together with DENSO Corporation

March

Aisin Seiki

Become shareholder in Toyota Motor Corporation’s new company, Toyota Research Institute-Advanced Development, Inc. (TRI-AD), together with DENSO Corporation

Aisin AW

Sign license agreement with the PSA Group regarding the manufacture of FF-6-speed automatic transmissions
Expanding Our Global Network and Building an Optimal Supply Structure

Based around its 14 core Group companies in Japan, AISIN Group has grown and developed through the application of advanced technological capabilities, supporting vehicle manufacturers around the world through its global network. Moving forward, the Group will continue to further enhance its production capabilities and build upon its development framework.

Revenue by region / Number of Group companies by region / Number of employees by region

As of March 31, 2018

*1 Including Aisin Seiki, in addition to 11 equity-method affiliates

*2 Brazil, Australia and South Africa are included in Asia & Others.

Refer to Business Report page 12
Advancing the Development of Next-Generation Technologies
While Strengthening Existing Operations in Four Major Business Areas

AISIN Group is accelerating the development of competitive new products by focusing on the resources of its 211 companies into the four business areas of Powertrain, Chassis & Vehicle Safety System, Body and ICT & Electronics.

AISIN Group Direction of Future Development of Three Areas of Focus

Zero Emissions
We are not only making advances in the conventional powertrain field by improving fuel efficiency and reducing substances with environmental impact, but also accelerating the development of motors and inverters compatible with electric vehicles and fuel cell vehicles.

Automated Driving
With a range of technologies for “Drive,” “Turn” and “Stop” in fields such as powertrain, braking, steering, etc., we are building on existing parking assist systems so as to achieve fully unmanned “Automated Valet Parking” by developing integrated “Vehicle Dynamics Control” technology that fully utilizes our strengths in actuator development.

Connected Cars
In the area of Connected Cars, AISIN Group is working to develop a comfortable moving space by providing Hospitality Services and the integration of various systems, such as control and the position of seats, doors, windows and sunroofs based on occupant preferences previously stored in the cloud. AISIN Group will also offer new amenities utilizing Location Based Services.

AISIN Group Main Product Lines

Automotive Parts Business

Powertrain
Transmissions in a wide-range of lineup from mini vehicles to ordinary cars and commercial vehicles are offered. In addition, functional parts and cast parts around the engine, and products that contribute to weight reduction and improved fuel efficiency are also provided.

Chassis & Vehicle Safety System
To realize a zero traffic accident society, we are constantly pursuing improvements in safety while also developing products to enhance driving comfort.

Body
Wide range of products with enhanced design and weight reduction as well as the pursuit of functionality are offered.

ICT & Electronics
In addition to market-leading Car Navigation Systems, we also offer ECUs, sensors and actuators.

Powertrain

Lifestyle & Energy Business

Life Style
With the goal of bringing joy to customers' daily routines, we manufacture and sell numerous products and amenities that improve standards of living.

Energy
We aim to contribute to the harmonization of lifestyles with the environment by offering products that maximize efficiency and minimize resource consumption.

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**AISIN is aiming for innovation through a change of thinking, unconstrained by conventional rules and old ways of doing things.**

**My Mission as President**

My name is Kiyotaka Ise, and I was appointed president of Aisin Seiki in June 2018. It is a momentous occasion for me to be charged with such a major role, and I aim to work to the very best of my abilities in order to answer to and exceed the expectations of our stakeholders.

So far in my career, I have worked at Toyota Motor Corporation, where I was mainly involved in technology development, before moving on to various positions of responsibility for Lexus in technology development, before moving on to the Lexus Development Center, and later to various positions of responsibility for Lexus Motor Corporation, where I was mainly involved in technology development, before moving on to the Lexus Development Center, and later to various positions of responsibility for Lexus Development Center.

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In particular, during my time as general manager of the Lexus Development Center, and for the Advanced Technology Development Division. In particular, during my time as general manager of the Lexus Development Center, and for the Advanced Technology Development Division. In particular, during my time as general manager of the Lexus Development Center, and for the Advanced Technology Development Division.

I believe that my mission as president is to help us ride out the waves of the so-called once-in-a-century transformational period that is currently upon the automotive industry, and to build a foundation for our company that will enable us to grow for the next 50 to 100 years. In order to achieve this, I would like to make effective use of my experience thus far in advancing structural reforms across the entire AISIN Group.


Currently, the automotive industry is said to be in the midst of a once-in-a-century transformational period. The shift toward electrification (i.e., electric vehicles) is progressing at a rapid pace against the backdrop of increasingly tough regulations on fuel economy and exhaust gas emissions in various countries around the world. So is automated driving, boosted by technological advances in areas such as computing, image processing and artificial intelligence. Moreover, competition is also intensifying due to the entry of a steady stream of companies from other industries into the automotive industry. The waves of technological innovation have even begun to influence the values of the general public, and a shift in awareness is beginning to take place, with cars being regarded less as things to be “owned” but rather “used.”

Amid these changes, AISIN Group is enjoying a growth in demand for mainstay products, such as automatic transmissions (AT), and is displaying a strong business performance. However, during this major transformational period, steadily increasing business results are not something that can be expected to continue in the long term, and with the progressive shift toward powertrain electrification, there is a risk that demand for AT may disappear altogether. We cannot hope to survive unless we advance the development of technologies for the future at a speedy pace. Additionally, if we examine AISIN Group’s current revenue structure, we can see that our earning power is still weak in comparison with other mega suppliers, and we need to direct significant business resources to maximize our competitive advantage and earning potential.

Our environment is changing greatly. We, too, must take advantage of our current situation with our strong business performance to adapt to these changes, to change ourselves and to build a foundation for sustainable growth.

**Formulating a Management Policy for Sharing a Sense of Crisis**

It is important that we don’t become content with our current situation and strong performance because we must continually maintain a sense of urgency as we look to the future. We must also be able to adapt to the changes taking place in the automotive industry. It is also crucial for all of us—not only certain members of top-level management but all employees including top management—to share this sense of crisis, and the strong sentiment that we must change.

We have incorporated these kinds of ideas into the Group Management Policy that we formulated in March 2018.

Below, I will introduce the three Action Guidelines that I conveyed to all employees in the Group Management Policy.

**Action Guideline 1: Initiative and Speed**

We must not adopt a passive attitude and simply wait for things to happen. We cannot survive among our rivals and competitors unless we work actively ourselves. The keyword here is “we.” As employees, I want us to think and act for ourselves, and to increase the speed with which we do so.

**Action Guideline 2: Scrap and Build (Workwise, Nothing is Sacred)**

Starting something new requires new resources which are often limited. Sometimes starting a new business means that we must carefully evaluate our existing businesses. Even if a business has contributed to the advancement of AISIN Group in the past, if it begins to lose competitiveness with the flow of the times, and further market growth cannot be anticipated, then we must be prepared to scrap that business with good grace, and to shift those resources into new business operations. I want to implement a scrap and build policy that fits with our organizational structure, with we as corporate officers evaluating and eliminating certain business operations and products, allowing employees to abandon wasteful meetings and the preparation of needless documentation and materials, and allowing all of us to concentrate on the work at hand.

**Action Guideline 3: For Sharing a Sense of Crisis**

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Message from Top Management

**Action Guideline 3: Break Down Barriers**

Unless we break down the barriers between our various departments and Group companies, and work together within the Group, we cannot hope to enhance the competitiveness of our products, or to improve productivity as a group. The policy that AISIN Group has implemented is advantageous in that it offers good maneuverability and enables speedy decision making, and it has supported the growth and advancement of the Group for a long time. But on the reverse side, it is also a fact that this policy has resulted in a lack of collaboration within the Group, and overlapping of management departments. Our Virtual Company (VC) System, which we launched in April 2017, is one mechanism for resolving these kinds of issues. Moving forward, it will be necessary for us to further energize our efforts toward breaking down barriers such as these.

**Driving a Large-Scale Shift of Resources into Growth Domains**

Moving on, I will explain my thinking with regard to the direction of our future business operations.

**Refining Our Future Technological Capabilities Centered around “Electrification”**

Utilizing the technologies that we have accumulated, we will work to further accelerate our product development efforts in the growth areas of electrification, automated driving and connected cars. Electrification, in particular, is the area where AISIN Group should fully focus its energies for a long time. But on the reverse side, it is also a fact that this policy has resulted in a lack of collaboration within the Group, and overlapping of management departments. Our Virtual Company (VC) System, which we launched in April 2017, is one mechanism for resolving these kinds of issues. Moving forward, it will be necessary for us to further energize our efforts toward breaking down barriers such as these.

**Promoting Scrap and Build with a View to Enhancing Our Competitiveness**

In order to achieve sustainable growth for the company, it is necessary to improve the competitiveness of our existing businesses. However, in the midst of intense competition with rivals over development it is difficult to enhance all of our existing business operations equally, and it will therefore be more necessary than ever before to take a scrap and build approach to our businesses. Looking ahead, we will use market growth potential and AISIN Group’s competitiveness as yardsticks to properly determine which businesses and products we should augment and those from which we should withdraw, in some cases making the bold move of scrapping some businesses and products where necessary.

Recently, we have made the decision to begin production of AT at Asin AI, which was dedicated to the manufacture of manual transmissions (MT). And it is easy to envisage a decrease in demand for AT as a consequence of this.

For this reason, we are driving the development of technologies such as hybrid transmissions and eAxle (electric-powered drive unit for EV) to support powertrain electrification. In particular, we have dedicated Group resources into the development of motors, inverters and other key electrification technologies. Moving forward, it will be necessary to further expedite the development of these technologies.

We also have various other electric-powered products such as cooperative regenerative brake systems and electric-assisted parking brakes being developed by our Chassis & Vehicle Safety System business and power sliding doors and sunroofs being developed by our Body product business, and further market growth is expected in the future. I would like us to bolster these development efforts and build a solid position for ourselves in the electrification market. In order to accelerate our development efforts, however, I know that we cannot do everything ourselves. We will seek to enhance our business operations with an emphasis on speed, while collaborating with outside partners.

**Efforts to Increase Productivity**

To increase the competitiveness of our products, it is essential for us to increase productivity in the manufacturing workplace.

AISIN Group manufactures the same products at numerous locations around the world. By sharing information and wisdom among fellow employees manufacturing those products, I believe that we can increase productivity in a short period of time. Additionally, we will carry out work style reforms such as the review and overhaul of existing work duties and operations, including the utilization of AI, IoT, robots, and other digitalization technologies, and the introduction of more flexible working systems. By creating an environment in which employees can work with greater motivation, I believe that this will also lead to further improvements in productivity and achieve a richer work-life balance.

In recent years, the widespread popularization of AT is progressing not only in developed countries but also in newly developed countries, and MT production is declining globally. Because of this, we have decided to reduce the scale of our MT production capabilities in line with the decrease in market demand, and shift those resources into AT production operations.

**Sharing a Sense of Crisis throughout the Entire Group and Accelerating Our Transformation**

I believe that we can only implement structural reforms if all of AISIN Group’s 110,000 employees share the same sense of crisis and take positive and swift action. The important thing is to affect a change in thinking, and change according to the times, rather than following the common sense and conventional rules that have guided us until now. Looking ahead, we will continue to further accelerate our transformation in order to survive the next 100 years and beyond.

Moving forward, I want the entire Group to come together as one team and work hard to achieve our goals. I hope that all of our stakeholders will continue to expect great things from us in the future.
Review of FY2018

In fiscal 2017, revenue amounted to a record high ¥3,908.9 billion, an increase of ¥346.3 billion in comparison with fiscal 2017. This was due to a growth in sales, the effects of activities to strengthen the Group’s earnings structure and foreign currency transaction gains, despite unfavorable factors that included a rise in raw material cost prices and an increase in depreciation and amortization costs.

In fiscal 2018, we are working to achieve our targets of revenue of ¥3,980 billion, an increase of ¥71.1 billion in comparison with fiscal 2017, and operating profit of ¥2.55 billion, an increase of ¥1.2 billion.

Consolidating the Total Capabilities of the Group with the Virtual Company (VC) System

The automotive industry is currently experiencing various changes, including the progressive evolution of zero emission and automated driving technologies, as well as the widespread popularization of connected cars. Consumer lifestyles are also changing, with cars shifting from being viewed as something you “own” to something you “use.” Competitors and rules in the industry are also changing drastically. Companies with no previous connection to the automotive industry, such as IT and electrical appliance manufacturers, have now entered the shared automotive marketplace. Another major challenge is the continued tightening of regulations on fuel economy and exhaust gas emissions.

Amid these environmental changes, in April 2017, we introduced a Virtual Company (VC) System as a means of consolidating the total capabilities of the Group with the aim of strengthening competitiveness and streamlining the Group’s earnings structure. It also serves as a means of strengthening the Group’s earnings structure.

<Chassis & Vehicle Safety System>

Enhancing the competitiveness of our brake-related products business

In our Chassis & Vehicle Safety System business, in order to build an efficient development and production framework for our brake-related business, we have reorganized our operations into a business operating structure centered mainly around ADVICS and seek to build optimal production capabilities to enhance our competitiveness.

With regard to electronically controlled brake systems, we have transferred development and production functionality from DENSO Corporation to ADVICS and consolidated Aisin Seiki’s production capabilities with ADVICS. With regard to basic braking systems, in August 2017 the decisions were made for Hose Brake Industry to become a consolidated subsidiary of ADVICS, and for ADVICS to acquire Nishinbo Brake Inc.’s drum brake operations. We are also consolidating our disk brake and passenger car drum brake operations.

Meanwhile, looking to the future, aside from the increase in demand for technologies such as cooperative regenerative brake systems (accompanying the shift toward EV) and electronically controlled brake systems used in automated driving, it will also be necessary for us to respond to an increase in demand for motors and electronic devices such as electronic control units (ECU). Therefore, from a perspective also including our ICT & Electronics business operations, the decision was made to expand the ADVICS Hnda Plant, which manufactures brakes, and to carry out the simultaneous reorganization of Aisin Seiki’s Hnda Plant and Hnda Electronics Plant, which produce vehicle safety system and electronics-related products. In this way, we are working to achieve medium-to-long-term growth with respect to future market expansion.

<Powertrain>

Responding to the increase in demand for AT and increasing production capabilities to 13.2 million units

In our Powertrain business, given the fact that demand for automatic transmissions (AT) is expected to continue increasing through 2020, we made the decision to carry out 10 projects to augment our production capabilities, primarily in Japan and China. Efforts are now underway in these projects, with a view to achieving a production capacity of 13.2 million units in order to meet the overall increase in demand for AT.

From 2020 onward, we believe that accelerating our response to vehicle electrification—the shift toward electric vehicles (EV)—will become an urgent priority due to the major tightening of regulations on fuel economy and exhaust gas emissions in countries around the world. To that end, we are working to enhance our product lineup, such as by accelerating the development of EV-oriented technologies including our 1-Motor Hybrid Transmission and eAxle.

Auto Parts Business

Technological development case study: The evolution of our parking assist systems

Working toward the goal of resolving parking-related issues such as general inconvenience, waiting times and accidents, we are advancing the development of systems for achieving completely unmanned parking. This system can be controlled by remote from the user’s home, and is achieved through increasing the precision of our parking assist systems and the evolution of route learning.

Through the further advancement of these basic technologies, we are also developing automated valet parking systems, which will automatically drive the car to a parking space and park it after the driver and passengers have exited the vehicle at the parking entrance.

<Body>

Enhancing the competitiveness of our body-related products business

In our Body business at Aisin Seiki, Aisin Sin’ei and Shiroki Corporation—the three companies that make up our Body Product VC—we are working to increase the efficiency of our production framework using the advantage of scale and to rebuild our supply network, seeking to make maximum effective use of the resources and capabilities of each development efforts in three areas of focus: zero emissions, automated driving and connected cars, while aiming to make further leaps ahead.
individual company. We are also conducting “best mix” activities, in which we thoroughly compare the equipment and production processes at each company to create the best possible combination, as well as working to enhance our competitiveness by achieving further cost reductions. For example, in the production of door frames, we have combined Aisin Seki’s high-speed fabrication with Shiroki’s parts conveyance technologies to develop an automated production line which has enabled us to improve and double our production speed and to achieve space and cost reductions of 10% and 15%, respectively. Moving forward, we will continue working to further increase the efficiency and sophistication of our production processes.

**Column**

Systems development toward achieving the realization of hospitality services

Aisin Group is working to achieve the goal of providing automotive hospitality services by combining technologies in which it has advanced the electrification of various car body-related products (such as power slide doors) with internal and external recognition technologies in navigation and positioning information. We are currently developing safety door technologies, such as door systems that protect passengers by blocking door operation when a hazard (such as another vehicle approaching from the rear) is detected as the passenger is trying to exit the vehicle, and door systems that automatically control the opening and closing of doors to prevent collisions by detecting the proximity of neighboring vehicles or obstacles.

**{ICT & Electronics}**

Enhancing competitiveness through innovation in production

In our ICT & Electronics business we are developing and manufacturing ECUs, sensors, actuators and other electronic components to control car navigation systems, AT, braking systems, power sliding door systems and various other systems to support comfortable lifestyles for car users. The fundamental electronic technologies that support the development of systems for car electrification, automated driving, hospitality services and similar technologies are expected to become even more important in the future, and the numbers of electronic components installed in cars are expected to increase.

In view of these market trends, and as a step toward shared standardization of electronic components, we have developed and introduced a “simple-slim” assembly line by condensing our existing 30m-long assembly line (comprised of various general-purpose equipment) into a highly-compact 1.5m line. This new assembly line achieves four times the production capacity for the investment, along with major space-saving benefits, enabling us to enhance the competitiveness of our ECU production capabilities.

**Strengthening our foundation with a view to next-generation development**

As a means of strengthening our development foundation to support our future competitiveness, we have established the Daiba Development Center, located in the Tokyo Waterfront City district. The center serves as base of operations for advanced development, with a primary focus on AI technologies, as well as information gathering and public relations activities. We have also formed a capital partnership agreement with Iden Inc., a company engaged in the development of image recognition technologies in the field of AI. Additionally, we have established Fenox Venture Company XX, L.P. in Silicon Valley in the United States as a fund for seeking out and discovering start-up companies from around the world.

**Main products adopted by car manufacturers**

**Toyota LEXUS LS500, LS500h**

**Rapid Vehicle Height Adjustment Air Suspension System**

This system adjusts the height of the vehicle when people get in and out, an example of Aisin “hospitality services” that offer users greater comfort and a more pleasant driving experience. We have also improved the durability of the system and implemented noise reduction technology during adjustment operations.

**Stop safety door system**

Watch over and protect safety door system

**Detects vehicle approaching from the rear**

Pneumatic Seat Systems

With 28 seat support adjustment varieties, the system contributes to improving hold and user comfort. The seats also include a “refresh” function, in which high-performance air bladders are inflated to apply pressure and support the user’s body.

**Toyota Camry**

**TNGA FF 8-Speed Automatic Transmission**

Multistage structure and the adoption of a compact, high-performance torque convertor help to achieve a direct-feeling driving experience. The transition also contributes to improving fuel economy due to its reduced weight and compact size.

**Sunroofs**

Aisin Group is expanding its sales of products aimed at Chinese domestic automobile manufacturers, offering products with the appropriate external appearance to cater to local needs, as well as reducing the numbers of components and overall weight.

**Lifestyle & Energy Related Business**

Supporting enriched lifestyles

In our Life & Amenity business, we have opened the COCON AGYAMA concept shop on Aoyama Street, Tokyo, in order to further increase recognition of our ASLEEP brand of beds and bedding. The shop introduces new products including our FINE REVO & Airweave mattresses.

In our energy-related business, we have focused our attention on the extent to which we can optimize energy costs. As part of this effort, we have developed a hybrid air-conditioning system combining a gas heat pump and electric motor-powered heat pump in a joint development effort together with Tokyo Gas Co., Ltd., Oiha Gas Co., Ltd. and Daikin Industries, Ltd. Moving forward, we will continue to contribute to energy saving and reducing environmental impact through the widespread popularization of these air-conditioning systems.
Driving AISIN Group: AISIN’s Powertrain Business Growth Strategies

AISIN’s powertrain business provides a wide-ranging lineup of transmissions and other powertrain solutions for vehicle manufacturers around the world, from compact to luxury cars, and from SUVs to small trucks. We will introduce initiatives in our powertrain business with the aim of achieving our medium-to-long-term growth.

A flagship business supporting the Group’s medium-to-long-term growth

Our powertrain business is a key flagship business that supports our medium-to-long-term growth. This fact is reflected in business results for fiscal 2018, in which the powertrain business generated revenues of ¥2.1867 trillion, accounting for 55.9% of AISIN Group revenues overall.

In this market, the demand for automatic transmissions (AT) is expected to increase mainly in developing countries by around 2020. In the future, it is presumed that the market share of electric powertrains will increase dramatically along with the toughening of regulations on fuel economy and exhaust gas emissions in countries around the world. In order to respond to these market trends, AISIN Group is promoting two business strategies: Expansion of shares, along with increasing demand for AT in developing countries and China, and advancement of electric transmission development utilizing accumulated technologies in AT and hybrid transmissions.

Promoting 10 projects for increasing demand for automatic transmissions

With regard to our response to increasing demand for automatic transmissions, we are bolstering our production capacity by 3.4 million units (with respect to our fiscal 2018 production volume of 9.8 million units) by implementing 10 projects focused primarily on Japan and China. These projects include the establishment of new production locations and bolstering of production capabilities at existing facilities. In this way, we have determined that we will establish a production system of 13.2 million units by fiscal 2021. In particular, in China, which is growing rapidly, we have formed alliances with local vehicle manufacturers in aiming to build long-term partnerships and are determined to establish joint companies with Guangzhou Automobile and Geely Automobile to produce FF6 automatic transmissions.

10 projects with the goal of 13.2 million units of AT production

- Europe: 300,000 units
  - PSA group licensed production: 300,000 units

- ASEAN: 200,000 units
  - AW (Thailand) expansion of capacity: 200,000 units

- Japan: 1.4 million units
  - AW Mizunami establishment: 400,000 units
  - AW Mizunami expansion of capacity: 300,000 units
  - Aisin AW expansion of capacity (existing plant): 300,000 units
  - Aisin AI Kira Plant AT production: 400,000 units

- China: 1.5 million units
  - Tianjin AW expansion of capacity: 300,000 units
  - Merger with Guangzhou Automobile, establishment of new production company: 400,000 units
  - Merger with Geely Automobile, establishment of new production company: 400,000 units
  - Yangtian Aisin Gear AT production: 400,000 units

- Signing ceremony of merger contract with Guangzhou Automobile
- Signing ceremony of merger contract with Geely Automobile
Enhancement of product lineup for electrification

In response to major toughening of regulations on fuel economy and exhaust gas emissions in countries around the world, the development of a variety of electric vehicles, such as hybrid electric vehicles (HEV), plug-in hybrid electric vehicles (PHEV), battery-electric vehicles (BEV) and fuel cell electric vehicles (FCEV) is in progress. However, it is difficult to predict which electric vehicles will be adopted in the market and to what extent. AISIN Group will accelerate the development of electric powertrains based on its basic policy of enhancing its product lineup to be able to handle any type of electric vehicle and contribute to the realization of a sustainable society.

For HEV and PHEV, we have developed a 1-motor hybrid transmission based on the accumulated technologies in 2-motor hybrid transmissions, which we have provided for Toyota hybrid cars. In addition, for PHEV, BEV and FCEV, we are advancing the development of eAxle (electric drive unit) based on the accumulated technologies in the electric 4WD driving unit, which we have provided for the Toyota Prius.

<table>
<thead>
<tr>
<th>Electric vehicles</th>
<th>Market</th>
<th>Product lineup</th>
<th>Development situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong HEV</td>
<td>BEV / FCEV</td>
<td>eAxle series</td>
<td>Under development</td>
</tr>
<tr>
<td></td>
<td>PHEV, HEV</td>
<td>eAxle series</td>
<td>In mass production/under development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2-motor hybrid transmissions</td>
<td>In mass production</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1-motor hybrid transmissions</td>
<td>Mass production to be started in January 2019</td>
</tr>
<tr>
<td>Mild HEV</td>
<td></td>
<td>AT</td>
<td>Under consideration</td>
</tr>
<tr>
<td>Gasoline-fueled vehicles</td>
<td></td>
<td>AT</td>
<td>In mass production</td>
</tr>
</tbody>
</table>

1-motor hybrid transmission development initiatives

The 1-motor hybrid transmission adopts a simple structural design, placing a motor and engine cut-off clutch instead of the torque converter in existing AT.

For low-speed driving with low engine efficiency, engine output is separated by means of a clutch to realize BEV driving using a motor. For high-speed driving, a transmission is used to facilitate acceleration without waste. Using a motor or engine at the appropriate timing during low- and high-speed driving yields a dramatic improvement in fuel economy and contributes to a straightforward and sporty drive.

In addition, because the transmissions are produced using existing AT facilities, past production resources and expertise can be utilized, which reduces additional capital investments and development costs and improves product competitiveness.

By combining a motor, gear box and power control unit, eAxle can provide the optimal electric drive module that satisfies customer needs.

For example, in the case of motors, eAxle can adapt to any type of car, from compact cars to buses and trucks, by providing the capacity that meets a customer’s car model and needs, combining a coaxial or parallel shaft reducer with an integrated-type or separate-type power control unit.
Driving a change in business structure toward electrification, and achieving further growth

Forecast in the powertrain market
AISIN Group has formulated future growth strategies envisaging three different patterns based on BEV and FCEV total adoption rates of 10%, 20% and 30% in the year 2030. These market predictions are based on the assumption that vehicle manufacturers successfully clear the fuel economy and exhaust gas emission regulations established in various countries around the world. The following will introduce patterns based on the BEV adoption rates of 10% and 30%.

When the BEV and FCEV total adoption rate is 10% (pattern 1)
In this pattern, where the adoption rate of BEV and FCEV with good fuel economy and environmental friendliness is low, for vehicle manufacturers to clear the fuel economy and exhaust gas emission regulations, it is necessary to reduce sales of gasoline-fueled vehicles, which are inexpensive but have low fuel efficiency, and increase sales of HEV instead. This means that the changeover from AT to hybrid transmissions will be in powertrains. However, it is presumed that a certain number of hybrid transmissions will be 1-motor hybrid transmissions based on AT.

Therefore, in this pattern, we forecast that a certain level of demand for AT-based transmissions will continue. In addition to existing AT, AISIN Group will launch 1-motor hybrid transmissions and 2-motor hybrid transmissions, aiming to expand our market share.

When the BEV and FCEV total adoption rate is 30% (pattern 3)
On the other hand, when BEV and FCEV are adopted for approximately 30%, vehicle manufacturers can pass the fuel economy and exhaust gas emission regulations. Therefore, there is no need to reduce sales of gasoline-fueled vehicles, whose prices are low, which means the adoption rate of AT will not decrease dramatically.

In this pattern, we also forecast that a certain level of demand for AT will continue. In addition to maintaining our market share in the existing AT market, AISIN Group will launch eAxle for the BEV and FCEV markets, aiming to expand our market share.

Sales target in the powertrain business
Based on the information above, we have developed the following sales plan by product in the powertrain business:

- When the BEV and FCEV total adoption rate is 10% (pattern 1)
- When the BEV and FCEV total adoption rate is 30% (pattern 3)

Sales plan in the powertrain business (BEV adoption rate: 20%)

* Mild HEV: It utilizes engines as the main source of driving power and uses comparatively small batteries and motors to assist during engine-powered driving, such as when the vehicle comes to a stop or drives away from a stopped position.
* Strong HEV: Compared with the mild HEV, it uses comparatively large batteries and motors and enables the vehicle to run on stored electrical power, even when the engine is stopped.
* AT: Automatic transmission
* CVT: Continuously variable transmission
* DCT: Dual clutch transmission
* MT: Manual transmission

Powertrain business revenue targets

Driving a change in the business structure toward electrification, achieving further growth
## Ten-Year Consolidated Financial Summary

(Units: Million yen)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Operating profit (loss) [Operating income (loss)]</td>
<td>(3,489)</td>
<td>87,546</td>
<td>137,266</td>
<td>121,832</td>
<td>148,892</td>
<td>171,196</td>
<td>166,103</td>
<td>176,435</td>
<td>192,722</td>
</tr>
<tr>
<td>Profit (loss) before income taxes</td>
<td>(14,983)</td>
<td>57,665</td>
<td>147,894</td>
<td>129,140</td>
<td>158,725</td>
<td>189,462</td>
<td>184,062</td>
<td>186,887</td>
<td>194,060</td>
</tr>
<tr>
<td>Profit for the period attributable to owners of the parent [Profit (Loss) attributable to owners of parent]</td>
<td>(25,149)</td>
<td>16,605</td>
<td>69,643</td>
<td>55,497</td>
<td>77,518</td>
<td>90,089</td>
<td>77,550</td>
<td>96,974</td>
<td>100,332</td>
</tr>
<tr>
<td>Total equity [Net assets]</td>
<td>814,506</td>
<td>871,889</td>
<td>917,704</td>
<td>869,307</td>
<td>1,136,343</td>
<td>1,328,503</td>
<td>1,532,776</td>
<td>1,477,990</td>
<td>1,558,468</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,731,689</td>
<td>1,981,988</td>
<td>1,978,225</td>
<td>2,073,836</td>
<td>2,248,100</td>
<td>2,587,623</td>
<td>2,931,175</td>
<td>2,864,816</td>
<td>3,009,377</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>220,223</td>
<td>83,821</td>
<td>133,283</td>
<td>150,798</td>
<td>195,032</td>
<td>204,736</td>
<td>247,815</td>
<td>294,188</td>
<td>294,188</td>
</tr>
<tr>
<td>Depreciation</td>
<td>182,057</td>
<td>169,667</td>
<td>144,831</td>
<td>137,757</td>
<td>139,220</td>
<td>149,038</td>
<td>161,028</td>
<td>188,213</td>
<td>186,197</td>
</tr>
<tr>
<td>R&amp;D expenditure</td>
<td>115,994</td>
<td>101,102</td>
<td>111,430</td>
<td>121,449</td>
<td>135,067</td>
<td>144,383</td>
<td>149,132</td>
<td>162,635</td>
<td>162,635</td>
</tr>
</tbody>
</table>

### Per Share Data

- **EPS** (Basic earnings per share [Earnings (losses) per share]) (yen): 89.36, 59.00, 247.46, 197.04, 275.05, 319.48, 342.67, 354.53, 444.46
- **BPS** (Equity attributable to owners of the parent per share) (yen): 2,202.86, 2,328.68, 2,440.39, 2,573.95, 3,038.88, 3,542.60, 4,109.21, 4,861.68
- **Cash dividends per share** (yen): 40.00, 30.00, 50.00, 50.00, 75.00, 95.00, 100.00, 100.00, 12,005, 150.00

### Consolidated Cash Flows

- **Cash flows from operating activities** | 114,668 | 303,788 | 273,627 | 167,291 | 286,606 | 239,771 | 292,193 | 394,812 | 311,542 |
- **Cash flows from investing activities** | (223,752) | (331,630) | 14,833 | (195,165) | (265,405) | (261,354) | (237,260) | (22,437) | (229,109) |
- **Cash flows from financing activities** | 75,743 | 34,817 | 133,283 | 150,798 | 195,032 | 204,736 | 247,815 | 294,188 | 294,188 |
- **Cash and cash equivalents** | 143,804 | 152,727 | 372,179 | 275,656 | 298,197 | 328,024 | 294,692 | 263,217 | 394,559 |

### Consolidated Financial Indicators

- **Operating profit (loss) margin (%)**: (0.2), 6.1, 5.3, 5.9, 6.1, 5.6, 5.4, 5.9, 6.4
- **ROIC (Return on Invested Capital) (%)**: 35.8, 33.1, 34.7, 35.0, 38.1, 38.6, 39.6, 38.5, 38.8, 37.0, 10.6, 11.5
- **Number of Employees**: 73,201, 73,213, 74,671, 78,212, 83,378, 89,531, 94,748, 99,389, 110,357, 114,478

[3] Because revenue recognition standard has been changed from fiscal 2016 onwards, figures shown for fiscal 2015 were obtained by applying the accounting policy retroactively.
Promoting ESG to Support Medium-to-Long-Term Corporate Value

Under its Corporate Principles based on “Quality First,” 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.

In recent years, primarily among institutional investors, attention is gathering around initiatives to evaluate corporate activities from the three perspectives of ESG (Environment, Society, and Governance) and to utilize such evaluations in making investment decisions. AISIN Group is also promoting its CSR activities from an ESG standpoint to build a foundation to underpin medium-to-long-term growth. In the future, while keeping in mind the Sustainable Development Goals (SDGs), a set of common goals for international society to work toward achieving by the year 2030, AISIN Group will aim to contribute to solving social issues.

AISIN Group will promote its CSR activities from an ESG perspective.
AISIN Group places importance on implementing fair and highly transparent management activities, and is striving to improve and enhance its corporate governance with a view to maximizing its corporate value, as an organization trusted by all of its stakeholders.

CSR Management

AISIN Group CSR activities contribute to the sustainable development of society and the earth. We believe that CSR is an essential aspect of corporate governance as the cornerstone that underpins the stable long-term growth of AISIN Group. To put that into practice, we have established the AISIN Group Principles of Corporate Behavior, outlining our commitment to 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 promote CSR activities based on these principles in overseas Group companies in light of the circumstances in respective countries and regions.

Implementing corporate principles through education and enlightenment

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, Environment, Corporate Citizenship Activities and Top Management Leadership. This document serves to ensure that these principles are both easily understood and 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 management training (for managers) and basic CSR training (for employees) are conducted at the six core Group companies. Training for managers of top management is also conducted at overseas locations for the purpose of improving management capabilities and instilling an understanding of the AISIN Way, which conveys our values and behavioral principles.

Corporate Governance

Aiming to operate with fairness and transparency

AISIN Group 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 three external 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.

Improvement and strengthening of the 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, group-wide committees such as the Consolidated Business Ethics Committee, the Consolidated Risk Management Committee, the Consolidated Environmental Committee and the Consolidated Safety and Health Committee, which include participants from the 14 main Group companies, formulate and implement basic policies for ensuring appropriate execution of duties and minimizing risks. Employees are then made thoroughly aware of these policies and encouraged to implement them in their work duties through the use of written guides and training seminars. The committees then conduct monitoring to verify the effectiveness of these activities through genchi genbutsu (go and see for yourself).

With regard to auditing activities conducted by internal auditing departments, as of January 2018, the Group has sought to enhance its auditing structure by consolidating auditing functionality for its 14 main Group companies within Group headquarters. Moving forward, it plans to audit all of the Group’s consolidated subsidiaries on a regular basis using the genchi genbutsu approach.

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

Establishment of an Advisory Committee

AISIN Group has established an Advisory Committee, through which it receives a range of advice from experts with extensive experience and knowledge of management and economic issues. The committee receives advice and exchanges opinions regarding topics such as the regional economic outlook, the impact that the shift toward electric-powered vehicles and restrictions such as those on fuel and exhaust gas will have on the automotive industry, along with various other local issues affecting each business region.
Compliance

Communication of our basic social responsibilities

We have declared our commitment to thorough compliance in the AISIN Group Principles of Corporate Behavior. We have also formulated and communicated to all employees the Guidelines in Compliance with Social Responsibility to put the philosophy underpinning these principles into practice. Moreover, the president himself is leading our efforts to reinforce compliance.

Promoting compliance group-wide

AISIN Group has established a Business Ethics Committee or a similar committee which is tasked with leading the discussion about matters related to corporate ethics, compliance and policy.

In April 2018, the Group held a meeting of the Consolidated Business Ethics Committee, with top-level management and compliance officers from each of the 14 main Group companies. Looking ahead, we will seek to further enhance coordinated efforts within the Group and work to improve the level of our compliance activities.

Compliance education and training

Based on the belief that people are the key driving force in all compliance activities, AISIN Group provides information on the various laws and regulations through risk management activities from a global perspective. Looking ahead, we will seek to further raise the level of its training programs, conducting training courses for management personnel in relevant departments of its 14 main Group companies on topics such as the Antimonopoly Act (the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) and the Product Liability Act. In October, AISIN Group Business Ethics Campaign Month was held, creating an opportunity for all employees to reflect on their normal routine and consider business ethics.

During our Business Ethics Campaign Month, we conducted compliance awareness surveys of all employees at all of the consolidated Group companies in Japan. In fiscal 2018, we received around 70,000 responses, and confirmed that compliance awareness is spreading and increasing in the workplace.

Risk Management

Global risk management system

AISIN Group’s Consolidated Risk Management Committee, which includes participants who are senior management from the 14 main Group companies, identifies risks that could have a serious impact on the Group’s corporate operations. Group companies work together to strengthen the risk management system and enhance risk response capabilities. The goal is to expose and prevent risks and create a company with a strong resistance to risk under the leadership of the Chief Risk Officer (CRO).

In our global risk management system, the Consolidated Risk Management Committee convenes a meeting of members of top management of Group companies in Japan, as well as those overseeing operations in North America, China, Europe and Oceania, to share information regarding the Group’s common risks and risks specific to each country and/or region, and implement measures in an effective manner to counter these risks.

Looking ahead, we will seek to further raise the level of cooperation within the Group and enhance our risk management activities from a global perspective.

Developing human resources and a framework resilient to disasters

As part of group-wide efforts to build resilience against disasters, AISIN Group undertakes education and enlightenment activities to enable each and every employee to take appropriate action in accordance with the Risk Management Guide when risk events occur. This guide stipulates procedures to be followed in ordinary times (before a risk occurs) and during an emergency (when a risk occurs).

As a countermeasure to mitigate damage in the event of a major earthquake, we are implementing the AISIN Global Safety Standards (AGSS), together with planned disaster mitigation measures based on experiences from the Kumamoto earthquakes in 2016. Furthermore, in order to effectively communicate our realizations and lessons learned from the Kumamoto earthquakes, we also hold the AISIN Group Business

Compliance hotline contacts (Aisin Seki)

Internal and external contacts

FY2016 FY2017 FY2018

97 113 135
Continuity Plan (BCP) Conference every year on the same date upon which the earthquake occurred, with top-level management, corporate officers and employees from relevant departments of the 14 main Group companies participating.

Disaster mitigation measures implemented during fiscal 2018

- Secured buildings, hoists, cranes, power transformers, storage racks and large-scale equipment, etc., at factories of all Group companies.

Enhance initial response capabilities for large-scale disasters

AISIN Group is enhancing its response capabilities in preparation for responding to the occurrence of earthquakes and other large-scale disasters, with the basic policies of saving lives, ensuring safety, contributing to local communities and restoring production.

In November 2017, in addition to the response headquarters system that was already in place at each Group company, we also established a Group General Headquarters system for the purposes of centralizing information and enhancing collaborative efforts for giving and receiving aid with the aim of enhancing our practical capabilities in the event of a disaster situation, and conducted a Group General Headquarters initial response simulation training drill.

This training drill simulated the occurrence of a large-scale “megathrust” earthquake originating in the Nankai Trough, and verified operational and information gathering methods and decision-making content required in order for the response headquarters to make an effective initial response, based on coordination between the Group General Headquarters and other Group company locations.

Individual locations also enhanced their initial response capabilities by conducting practical training drills required in order to reliably implement initial response measures (including firefighting, rescue, emergency aid, peripheral damage surveys, judgment of safety to enter buildings and daytime and nighttime evacuation drills).

Group General Headquarters training drills

Practical drills

- Initial reaction simulation training
- Peripheral damage survey drill

Intellectual Property Activities

Promoting utilization of patent information and strengthening Group collaboration

To contribute to increasing the competitiveness of AISIN Group, we engage intellectual property teams early on from the product planning stage to check patent portfolios and development activities of other companies based on patent information and guide the direction of our development efforts. In addition, we have initiated collaborative efforts within the Group to provide support to next-generation growth fields from the perspective of intellectual property.

In fiscal 2018, with the aim of increasing group-wide collaboration in the field of intellectual property, we sought to consolidate all work duties relating to trademark research, applications, acquisition and renewal of rights handled by the 14 main Group companies, contributing to the streamlining and increased reliability of trademark management duties as a united group. We also completed the development of regulations and infrastructure for the handling of intellectual property for the purpose of enhancing intellectual property capabilities at overseas development locations.

In particular, for more than 40 years we have posted local personnel overseas in the North American and European regions, and are working to further advance

Information and Management Protection

Strengthening information security

**<Basic stance>**

AISIN Group regards protecting company, client and customer information from threats such as information leaks and cyber-attacks as an important risk management issue and is engaged in efforts to strengthen information security.

**<Specific initiatives>**

AISIN Group has applied the All Toyota Security Guidelines (ATSG) to all of its consolidated Group companies, as well as implemented countermeasures with regard to both physical and cyber aspects of information security, such as strengthening internal networks and other information systems as a mechanism against cyber-attacks along with establishing more stringent rules on-site, entry/exit management and on-site photography. It also conducts continuous education and enlightenment activities to increase employee awareness with regard to these issues. In addition, the Group seeks to improve its information security initiatives by conducting regular inspections.

Managing personal information

To comply 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, AISIN Group has established rules and systems to ensure the appropriate handling and management of personal information.

In fiscal 2018 as the toughening of various legal frameworks for the protection of personal data continues to progress globally, 22 locations at 11 of our Group companies worked to develop rules on the processing of personal data and transferal of personal data to locations outside of the European Union (EU) region in readiness for the EU’s General Data Protection Regulation (GDPR), which was enforced in May 2018.

ICP Activities

- Number of participants in the ordinary shareholders’ meeting
  - 2016: 257
  - 2015: 181

- Number of work tasks handling trademarks for fiscal 2018

<table>
<thead>
<tr>
<th>Applications</th>
<th>Rejection responses</th>
<th>Renewals*2</th>
<th>Requests for consideration of renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,290</td>
<td>73</td>
<td>50</td>
<td>47</td>
</tr>
</tbody>
</table>

*1 Rejection responses: The number of tasks involving rejection upon receiving a notification from the Patent Office communicating the fact that a trademark/patent could not be registered.

*2 Renewals: The registration period for trademarks is predetermined. Where the trademark holder is required to make an application for renewal procedures. This figure corresponds to the number of such renewal applications made.

Relationship with Stakeholders

Placing an emphasis on dialogue with stakeholders

In response to the expectations of stakeholders, AISIN Group places an emphasis on dialogue with our stakeholders, including customers, shareholders and investors, suppliers, employees and local communities.

Main points of contact for dialogue with stakeholders (Aisin Seiki)

<table>
<thead>
<tr>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through its Customer Support Department, Aisin Seiki strives to respond promptly, accurately and politely to customer inquiries regarding its lifestyle-related products.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to promote collaboration with suppliers throughout the Group, we hold presentations on our Global Procurement Policy, technology exhibitions and other gatherings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders and Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>In addition to holding presentations on business performance and the announcement of financial results, we respond to individual inquiries. After the ordinary shareholders’ meeting, we hold a tour of our exhibition pavilions, com-center and factories.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ meeting</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Local communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>As active members of our local communities, we engage in social contribution activities, including a number of activities in partnership with our communities, such as traffic safety, fire prevention and crime prevention initiatives. We also hold local community gatherings to hear and respond to the voices of members of our local communities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
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<tbody>
<tr>
<td>We value dialogue with employees and are working to facilitate such dialogue by promoting communication in daily operations and through company-wide personnel exchanges, supervision-subordinate interviews in the workplace, periodic labor-management gatherings and employee awareness surveys.</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology exhibition for suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gathering for corporate officers and employees</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>Local communities</th>
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</thead>
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<tr>
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</tr>
</tbody>
</table>
Environment

Through our business activities designed to ensure coexistence with society and nature, we are contributing to the management of climate change, protection of the ecosystem and resources of the land and sea, and 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 Corporate Principles, which are based on “Quality First,” our approach is rooted in contributing to society and customers, continuous process of improvement and respect for each and every person. Through business activities centering on MONOZUKURI (manufacturing expertise in value-added products), we contribute to the 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 periodic 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 government, customers, local communities, suppliers and our employees, as well as cooperation with consolidated companies.
3. Promote innovation 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 life cycle into account as well as environmentally 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.

Four areas of evolution and priority policy items with a view to 2050

Through collaborative efforts among Group members, AISIN Group seeks to achieve further evolution in its four key areas, with the aim of achieving zero CO2 emissions over the entire life cycle of its products—from production and use to waste disposal—by 2050.

<table>
<thead>
<tr>
<th>Environmental axes</th>
<th>Priority policy items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of a low-carbon society</td>
<td>Evolution aimed at achieving zero CO2 emissions over the entire life cycle of products.</td>
</tr>
<tr>
<td>Establishment of a recycling-oriented society</td>
<td>Evolution aimed at achieving zero environmental impact.</td>
</tr>
<tr>
<td>Establishment of a society in which people coexist with nature</td>
<td>Evolution aimed at promoting harmony with nature.</td>
</tr>
<tr>
<td>Fundamental activities</td>
<td>Evolution aimed at globalizing management and communication.</td>
</tr>
</tbody>
</table>

Study groups take a leadership role in AISIN Group’s environmental activities

Study groups form an essential part of implementing AISIN Group’s environmental activities globally. We currently have Energy-saving, Environmental Conservation, EMS and Products Environmental study groups—all of which consist largely of members from our 14 main Group companies, with our affiliate companies also participating in these activities.

Energy-saving


Environmental Conservation

The Environmental Conservation Study Group aims to expand the scope of its activities globally, and make AISIN a corporate group that pleases its local communities in terms of environmental aspects.

Secretary General of Each Study Group

Environmental

The members of the Products Environmental Study Group seek as a team, and engage in activities with the mission of delivering environmentally-friendly products that consider the health and safety of customers.

Studies

The BOS Study Group aims to make AISIN Group an environmental friendly company, by approaching its three key activities with a mixture of both respect for and protection of the environment, life and safety.

Secretary General

Corporation

Energy-saving

Tomioka H. & E. Environment Department

Toshiba

H. & E. Environment Department

Katsuyoshi Ito

Aisin Chemical

Aisin Seiki

Aisin Takaoka

Aisin KIKO

Aisin Development

Aisin Keikinzoku

Aisin AW Industries

Aisin Sin’ei

Aisin Kiko

Aisin Chemical

Aisin Seiki

Aisin Takaoka

Aisin KIKO

Aisin Development

Aisin Keikinzoku

Aisin AW Industries

Aisin Sin’ei

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Aisin KIKO

Aisin Chemical

Aisin Seki
Sixth Environmental Action Plan and Results of Fiscal 2018 Activities

Environmental area | Measures | FY2018 results
--- | --- | ---
- **Automotive parts related** - Mass-produced the FWD 8-speed Automatic Transmission, which contributes to improved fuel economy through improved technologies and aerodynamic characteristics
- **Effective use of water resources** - Formulated a drought risk assessment standard and identified locations with high drought risk. All developed action targets for reducing drought risks in high-risk locations

Environmental area | Measures | FY2018 results
--- | --- | ---
- **Improvement of a factory using renewable energy in Japan** - Launched a green energy factory in a factory using renewable energy
- **Establishment of an ideal definition for globally competitive environmental human resources** - Established an ideal definition for globally competitive environmental human resources

Environmental area | Measures | FY2018 results
--- | --- | ---
- **Reduction of CO2 emissions from in Japan** - Created a new benchmark for factors using renewable energy
- **Improvement of a CO2 reduction system** - Held personalization learning sessions in China, Thailand, Europe and North America, and gave guidance for local staff in each region on the introduction of methods for managing CO2 emissions in energy usage. Each location started management of reductions in energy usage
- **Establishment of an "AISIN carbon-free factory" and its system** - Created a new system similar to the one currently in place for operations in Japan and overseas

Environmental area | Measures | FY2018 results
--- | --- | ---
- **All-out efforts to prevent all adverse environmental situations** - Conducted exercises utilizing Environmental KTY (danger prediction) manuals and case studies at personnel liaison meetings held in various overseas regions, and trial implementations of these measures at representative workplace locations
- **Implementation of regional programs aimed at controlling biodiversity** - Conducted nature conservation activities in five regions of Japan that are home to AISIN Group locations

Environmental area | Measures | FY2018 results
--- | --- | ---
- **Establishment of effective measures that correspond to all themes** - Promoted greater understanding of environmental activities by holding events such as the AISIN Group Global Environmental Symposium for AISIN Group employees and suppliers and AISIN Group Eco Spot Tour for Group employees and their families. Promoted the Group’s activities to reduce CO2 emissions via internal newsletters at each Group company as a means of raising employees’ environmental awareness
- **Worldwide management of office environment** - Verified that appropriate environmental activities matching various functions such as waste management activities and beautification activities are being conducted in each workplace every year
Establishment of a Low-Carbon Society

Aiming to reduce life cycle CO2 emissions to zero

Our efforts to reduce life cycle* CO2 emissions to zero by 2050 revolve primarily around the Energy-saving Study Group and the Production Technology Sub-Committee. We are working to reduce emissions by developing medium-to-long-term emission reduction scenarios, and production technologies that emit less CO2.

Working in collaboration with JAPIA (Japan Auto Parts Industries Association), we have created an LCA calculation tool for assessing life cycle CO2 reductions during product development and begun to conduct assessments of our major products.

We have also begun to examine our existing activities, identify production technology innovation topics and formulate reduction scenarios with the introduction of renewable energy, with a view to reducing overall CO2 emissions by 2030. We are also advancing the installation and introduction of photovoltaic (solar) power generation and other renewable energy technologies at Group companies, as one important source of power for the future.

*Every process including extracting resources, processing raw materials, manufacturing, consuming and disposing of products.

Effective utilization of solar energy

[Art Metal Mfg.]

Nagano-based Art Metal Mfg. and four other Japan-based Art Metal Mfg. group companies utilize the geographical characteristics of their local areas—long daylight hours and low rainfall—to engage in photovoltaic solar power generation. Making use of sloped surfaces on factory roofs and parking areas, the companies combine to generate a total power output of 1.72 MW. In fiscal 2018, the group generated 2,100 kWh of power, achieving an effective reduction of approximately 870 tons in CO2 emissions.

Reducing office power usage using a geo-power system

[Aisin Seiki]

At Shinkawas Plant, Aisin Seiki has introduced a geo-power system that makes of geothermal heat—which remains stable throughout the year—to reduce other energy usage.

The system uses heat exchangers to cool (or heat) outside air, which is sucked down to a depth of 5m underground, and then uses fans to deliver the air to rooms in its office buildings as a form of auxiliary air conditioning. By supplementing conventional air conditioning in this way, the system achieves reductions in main power usage. Passing the air through the end of underground pipes also enables the system to deliver a clean, comfortable airflow, thereby contributing to improving the workplace environment.

Clean energy plant that has introduced renewable energy and energy-saving technologies

[Aisin Seiki]

In August 2017, Aisin Seiki constructed an additional south building within the premises of its Nishio Die-Casting Plant to increase production capacity. The new building was designed to improve product quality, increase productivity, and ensure safety and a better working environment for its employees, with the aim of "achieving a world-leading die-casting plant through technological and human innovation."

In terms of global environmental aspects, despite handling die-casting processes that typically consume large amounts of energy and emit large volumes of CO2, the new building significantly reduces energy consumption in terms of both building facilities and production equipment. As a result of these improvements, Aisin Seiki expects to reduce CO2 emissions for the other die-casting plants by over 50% in comparison with fiscal 2015.

Reducing CO2 emissions through the introduction of BDF

AISIN Group is working to reduce CO2 emissions by utilizing Biodiesel Fuel (BDF)—made by collecting and refining food oils used in employee cafeterias—in its transport vehicles.

Since 2008, AISIN Group has utilized commuter buses that transport employees between the nearest station (or employee dormitory) and the workplace during commuting hours. We currently operate two BDF buses, achieving an annual CO2 reduction of around 25 tons per year.

Additionally, in fiscal 2018, we also commenced trial operation of BDF for trucks used to transport parts and other products manufactured by AISIN Group. With the full-scale introduction of these BDF trucks in fiscal 2019, we expect to reduce annual CO2 emissions by approximately 105 tons per year (with two trucks). In addition to reducing CO2 emissions, BDF transport vehicles make effective use of waste and are also friendly to the atmosphere. Moving forward, we will continue to further expand their use within the Group.
Developing a low-cost, high-efficiency new type of solar cell [Aisin Cosmos R&D]

Aisin Cosmos R&D conducts research and development in various technological areas, including biological, chemical and human technologies. The company is currently engaged in R&D efforts to develop Perovskite solar cells, which have already achieved power generation efficiency in excess of 15%, reaching a level that is comparable with silicon solar cells.

Moving forward, Aisin Cosmos R&D will continue utilizing organic pigment synthesis technologies accumulated thus far to develop organic semiconductor materials for use in solar cells that offer durability at low cost, while clearing various issues such as cost, durability and material safety.

Developing software to achieve reductions in CO2 emissions [Aisin ComCruise]

Aisin ComCruise, which develops and evaluates control software for automobile onboard hardware and other devices, develops software for various products. In particular, the software is greatly contributing to reducing CO2 emissions at the product usage stage, in which a lot of CO2 is emitted. The company will continue to advance development of the software.

<table>
<thead>
<tr>
<th>Product name</th>
<th>Details of energy savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hybrid transmission</td>
<td>6.8% reduction in CO2 emissions in comparison with previous models</td>
</tr>
<tr>
<td>High-capacity 8-speed Automatic Transmission</td>
<td>6% reduction in CO2 emissions in comparison with 8-speed transmission</td>
</tr>
<tr>
<td>Reducing CO2 emissions with high-efficiency ENE-FAR</td>
<td>Power plant: 40% energy usage efficiency → ENE-FAR: 87% energy usage efficiency or higher, and approximately 1.5 ton reduction in annual CO2 emissions</td>
</tr>
</tbody>
</table>

To industrial waste yard

Reuse: Internal reuse

Industrial waste processing operator

Eco Product certification

To facilitate the development of environmentally friendly products, Aisin Seiki has established a scheme whereby it self-certifies products with superior environmentally friendly characteristics as Eco Products. In fiscal 2018, the COREMO B2 Model household cogeneration system was certified as an Eco Product under the scheme. Looking ahead, we will continue to increase the number of Eco Products and work on development that is more conscious of the global environment.

<Features>
COREMO can reduce CO2 emissions by approximately 1.0 ton annually, compared with conventional hot-water heaters (gas hot-water supply heaters) for use in cold regions. The B2 model reduces the volume of consumed resources by achieving approximately a 13% weight reduction from the B1 model, becoming a more environmentally friendly product.

<Details of resources conserved>
Reduction in volume of resources consumed due to weight reduction

| Titanium | 282.5 | 225.5 |
| Life cycle resource consumption (kg) | 282.5 | 225.5 |
| Improved resource conservation efficiency | 8.47 | 10.94 |
| Resource conservation factor (Index) | 1.30 | 1.30 |

<Comment from developer>
In the B2 model, we have improved the exhaust heat recovery circuit and control system for heating devices, abandoned the use of a cooling water tank for heat accumulation and significantly reduced the volume of coolant used, which presented difficulties in terms of recycling. We also sought to reduce the amount of resources consumed by advancing weight reduction of the system, such as by integrating the chassis components and engine air intake/heat exchanger components. As a result of these efforts, we have achieved a reduction in resources consumed while at the same time maintaining product performance.

Establishment of a Recycling-Oriented Society

Reducing environmental impact of development, production and logistics to zero

We are working to reduce AISIN Group’s environmental impact to zero, chiefly through the Environmental Conservation Study Group. This includes developing products that make effective use of resources and can be recycled; stepping up resource recycling at the production and logistics stages; and making effective use of water resources.

Selecting business locations at high risk of drought

Using the water-related risk assessment tool Aqueduct, and by formulating our own original assessment standard reflecting the results of interviews with personnel to determine the actual situation at the various Group companies, we selected 13 high-risk locations from among a total of 158 locations both in Japan and overseas.

To set targets that match actual conditions at high-risk locations, in fiscal 2019 we will conduct on-site checks at the 13 selected locations, and set targets and promote activities to match the situation at those sites.

Actions Toward achieving appropriate disposal of high-concentration PCB devices by the prescribed deadline

To ensure the disposal of PCBs (polychlorinated biphenyls) by the deadline stipulated by law (the end of March 2027), AISIN Group in Japan has formulated a Group Integrated Disposal Plan*, which sets earlier arbitrary deadlines ahead of the date stipulated by law.

After ascertaining the number of devices with high concentrations of PCBs stored and/or currently in use by the Group, as of June 2018, we have now disposed of 70% of high-concentration PCB devices. This was achieved through initiatives such as negotiating to obtain joint disposal allotments and outsourcing consolidated transportation of PCB devices across the Group.

Moving forward, we will continue to drive disposal activities as a united Group, with a view to the total eradication of all PCBs.

*Disposal of high-concentration PCBs is expected to be completed by the end of fiscal 2021 and low-concentration PCBs by the end of fiscal 2025.
Establishment of a Society in Which People Coexist with Nature

Achieving harmony with nature
To achieve harmony with nature, the AISIN Group’s Products Environmental Study Group develops products in which chemical substances are rigorously controlled and works to reduce chemicals used at the production stages. The Environmental Conservation Study Group is also committed to preventing abnormal environmental situations and preserving biodiversity in the interest of protecting the natural environment.

Advanced actions ahead of official enforcement of regulations on the management of chemicals in products
AISIN Group actively gathers information on regulations and carries out impact assessments in order to strategically replace chemical substances prior to becoming officially regulated.

The Group has also created its own proprietary system, Global AisinMACS, for managing chemical substances contained in products. By launching the operation of this system in Japan, it has become able to submit IMDS* declarations faster and more accurately. Since fiscal 2018, the Group has also begun to deploy the system in the United States and other countries. Moving forward, Aisin Group will expand the use of this system to other regions, and continue to ensure thorough legal compliance globally.

*IMDS (International Material Data System) It was developed primarily by the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA). It is a global materials database aimed mainly at the automotive industry and operated by members comprising of major automobile manufacturers from countries around the world, including Japan.

Protecting local indigenous species with Ariso Plant biotope [Aisin Keikinzoku]
In fiscal 2017, Aisin Keikinzoku began developing the Ariso Fureai Park using idle land at its Ariso Plant, with the purpose of conserving biodiversity. The park’s biotope has been stocked with Japanese kitanomeda (or “rice fish”), an indigenous species of the region that is now endangered, and Japanese ash trees have been planted. In fiscal 2018, it was confirmed that these species were reproducing and had firmly established themselves within the park. Efforts will continue, with a primary focus on protecting the area’s local indigenous species, with a view to the completion of Ariso Fureai Park in fiscal 2021.

Fundamental Activities: Environmental Management

Continuously raising the level of our Environmental management system (EMS)
Responsible for promoting group-wide environmental management, the EMS Study Group’s activities are based on three pillars: (1) standardization, (2) assessment and (3) human resources development.

Following revisions to the international environmental management standard ISO 14001 in 2015, the entire AISIN Group is now expected to obtain ISO 14001 certification during fiscal 2019. In aiming to become an environmental front-runner, AISIN Group aims to achieve a strict level of management above that stipulated in the standard.

To that end, the EMS Study Group has revised the AISIN Consolidated EMS Manual and AISIN Group Green Procurement Guidelines (1) standardization), which are both being utilized as effective tools used to standardize inspection and improvement activities across all companies in Japan and overseas.

Improving environmental activity frameworks worldwide
AISIN Group has divided the world into seven regions, within which it holds regular liaison meetings to share activities on environmental issues for personnel who promote environmental initiatives. In this way, we are driving these activities both in Japan and overseas.

Moving forward, the Group will continue to expand the scope and scale of its activities in regions around the world.

AISIN Group’s biodiversity activities
AISIN Group engages in community-oriented biodiversity preservation activities at five locations around Japan, mainly in regions where we have bases. Looking ahead, we will continue to contribute proactively to local communities through environmental conservation activities, work in close contact with members of those communities.
AISIN Group Green Procurement Guidelines

AISIN Group is engaged in various activities to secure the understanding and cooperation of suppliers with regard to the AISIN Group Green Procurement Guidelines.

In fiscal 2018, it launched the AISIN Group (13 companies) Suppliers’ Environmental Inspection Liaison Meeting. Through this meeting, the Group aims to share information regarding the status of suppliers ascertained at the present time, and improve upon problems and issues faced by those suppliers. AISIN Group also provides continuous support to help ensure supplier compliance with laws, regulations and byelaws, etc., and properly manage substances that have an environmental impact.

Conducting environmental training for Chinese and Taiwanese staff in Japan [Aisin Seiki]

In August 2017, Aisin Seiki conducted a three-day educational program on safety and the environment for 28 local (i.e., overseas) staff from 13 companies responsible for safety and environmental issues in China and Taiwan. The program was conducted at the Aisin Seiki head office, as well as at its mother plant and other relevant facilities.

In terms of waste management, staff learned the roles that environmental management departments should fulfill, as well as methods of waste management and reduction. With the cooperation of waste disposal operator Sanei, they then sought to improve their knowledge by participating in genchu genbotsu gennin (go and see for yourself) of actual disposal sites.

In the future as well, we will continue to hold environmental training sessions in Japan to match current needs, with the aim of helping overseas staff from regions around the world to improve the level of their environmental management and skills.

Holding Environmental Experience Study Tours at construction sites [Aisin Development]

Aisin Development held its first AD Group Environmental Experience Study Tour, with the aim of enabling employees involved in construction work and their families learn about environmental initiatives relating to AD Group business operations.

Tour participants visited the Shimoyama Test Course of the constructor, AD Green, to observe how felled trees and crushed stone generated by the construction site is recycled, and to learn about countermeasures for preventing discharge of muddy/contaminated water. Participants also visited Shimoyama Bark Park, an environmental experience facility operated by an AD Group partner company, to observe local living creatures in the woods and streams of the park’s biotope.

Moving forward as well, the AD Group will continue to conduct activities to promote greater environmental awareness along with providing a place for families to interact with one another and with nature.

Environmental Accounting

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business operation costs</td>
<td>9.51</td>
<td>7.64</td>
<td>8.00</td>
<td>9.02</td>
<td>9.36</td>
</tr>
<tr>
<td>Management costs</td>
<td>1.05</td>
<td>1.05</td>
<td>1.11</td>
<td>1.17</td>
<td>1.16</td>
</tr>
<tr>
<td>Special profit/deterrent costs</td>
<td>4.68</td>
<td>4.93</td>
<td>7.03</td>
<td>4.72</td>
<td>4.97</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>16.56</td>
<td>17.44</td>
<td>16.05</td>
<td>18.68</td>
<td>17.58</td>
</tr>
<tr>
<td>Total contribution activity costs</td>
<td>0.14</td>
<td>0.15</td>
<td>0.21</td>
<td>0.14</td>
<td>0.15</td>
</tr>
<tr>
<td>Environmental remediation costs</td>
<td>0.12</td>
<td>0.08</td>
<td>0.05</td>
<td>0.13</td>
<td>0.09</td>
</tr>
<tr>
<td>Total</td>
<td>33.01</td>
<td>34.29</td>
<td>35.27</td>
<td>33.80</td>
<td>35.22</td>
</tr>
</tbody>
</table>

Environmental remediation costs:

- 37.3t-CO2/33.80
- 7.08
- 1.16
- 0.05
- 0.05
- 32.2
- 6.83
- 27.2

Effects of environmental conservation measures:

- 37.3t-CO2/33.80
- 7.08
- 1.16
- 0.05
- 0.05
- 32.2
- 6.83
- 27.2

Note: These figures are based on Environmental Accounting Guidelines 2000, issued by Japan’s Ministry of the Environment.

*1 Indirect Group companies (13 companies) excluding Aisin Development, a non-manufacturing company.
*2 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, solid waste) and 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.
*3 CO2 (Carbon dioxide): A greenhouse gas whose global warming effect is considered to be 23,900 times higher than that of CO2.
AISIN respects the workstyle of each employee’s diverse values and seeks to establish an environment where they can work actively. We will raise our corporate value through mutual growth and contribute to the creation of a sustainable society.

Human Rights

Basic stance with regard to stable employment

In order for AISIN Group to provide stable employment, it needs to become and remain a corporate group that is valued by society. Toward this goal, every employee needs to take an active role, grow personally and contribute to achieving sound and sustainable business growth. This, we believe, will lead to stable employment over the long term.

Stable Employment

In terms of ensuring stable employment, AISIN Group has standardized its basic stance and systems concerning personnel and labor affairs. By developing measures based on this standard and on the laws and regulations of respective countries and regions, the Group is striving to reduce related risks and build sound labor-management relations.

Human Resources Development

Supporting the growth of each person by respecting individuality

At AISIN Group, we are committed to developing global human resources who are capable of viewing matters from a broad perspective and possess the diverse range of values irrespective of gender, nationality or age. We respect the individuality of our employees as stated in our Guidelines in Compliance with Social Responsibility and provide education and training so that employees can make the most of their abilities based on the AISIN Way.

Development of global human resources who increase our competitiveness

AISIN Group is continuing to accelerate its development of human resources who are capable of engaging in global business. We conduct top management training for personnel at the 14 main Group companies in management or executive positions at AISIN locations around the world. Asin Seiki runs an overseas employee exchange system designed to develop young local employees at AISIN locations around the world, a training program aimed at assigning young employees in Japan to overseas locations so that they can gain skills through on-the-job training (OJT), and promotes initiatives such as Global Management Training, in which employees learn about different cultural environments before embarking on overseas postings.

Top management training

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 managers to understand the AISIN Group’s values and behavioral principles and be able to make appropriate decisions.

Overseas training program for young employees

Aimed at developing Japanese employees capable of playing a key role across borders, we send young employees mainly in their 20s and 30s overseas for one year to foster global capabilities through OJT and by living in a different culture.

Overseas employee exchange system

We accept local personnel from other countries for 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 in Japan.

Global Management Training

Global Management Training enables management personnel scheduled to be posted overseas to learn how to think, act and express themselves in different cultural environments. Participants also work to enable them to exercise effective leadership with greater flexibility and creativity upon taking their overseas posts.
Nurturing technical personnel who can contribute to development in each country

We continue to strengthen educational capabilities for local technical personnel throughout AISIN Group and in line with global expansion. To cultivate future leaders of manufacturing operations, we operate the AISIN Technical Academy and Aisin AW Advanced Skill Training Academy to provide education on practical technical skills for one year to staff members who have entered AISIN Group in Japan and trainees dispatched from overseas. To date, a total of 5,600 members from Group companies in Japan have graduated from these academies. As for overseas trainees, AISIN Group has accepted trainees from 20 locations in 10 countries, and these graduates are now playing key roles at overseas subsidiaries in supervisory or technical capacities.

Initiatives in fiscal 2018

• Accepted 41 trainees dispatched from China, Taiwan, Thailand, Indonesia, Turkey, Mexico, the United States and Canada

Nurturing production staff by passing on knowledge and skills

To ensure that knowledge and skills specific to each workplace are passed on reliably, we are working to visualize and systemize knowledge and skills that are regarded as “implicit” knowledge, and the experience and judgment of individual employees.

We have also transformed rules that should be observed and actions that should be taken by technical personnel into “explicit” knowledge. Through the AISIN Basic Seminars, in which supervisors instill the explicit knowledge in trainees with thorough, on-site guidance, we have been expanding our system and framework to pass on Aisin-style skills globally throughout the Group.

Harvesting a Diverse Range of Human Resources

Promotion of diversity

AISIN Group regards the proactive promotion of diversity management as an important strategy in achieving sustainable growth. We have therefore implemented various initiatives to enable employees to make maximum effective use of their abilities regardless of their life stage.

Aisin Seiki also holds the Iku Boss Academy for managers to engage each workplace in the task of promoting diversity. Through initiatives such as this, we are driving the development of management-level employees who can achieve a healthy balance between ease of working and higher productivity. In fiscal 2018, we have reached a stage where managerial personnel who act as role models for other employees are now present in every department, as well as deepened the level of understanding and instillation of the main premise. Moving forward, we plan to expand this initiative to encompass technical and engineering roles.

Examples of initiatives to systematically support active roles for female employees (Aisin Seiki)

• Established a mentoring scheme that enables female employees to consult with senior employees regarding their concerns about issues such as career building or finding a work-life balance

MISSED THE “Work-life Balance Support Guide for Mothers, Fathers and Iku Bosses,” a handbook aimed at management personnel and female employees offering support for finding a healthy work-life balance, for the purpose of promoting a greater understanding of our work-life balance support system.

Promoting more active roles for female employees

To enable female employees, who are increasing in number, to actively take advantage of career opportunities at AISIN Group, and continue working in rewarding positions, the Company supports their career development and work-life balance.

Work-life balance support

At AISIN Group, we provide an environment in which employees can choose from a wide range of work styles according to individual life stages. We are promoting initiatives to create an environment that makes it easier for employees to strike a balance between work and home. In recent years at Aisin Seiki, the Company launched a telecommuting system and short working hour system for family care to further enhance measures to support work-life balance and encourage the use of available systems.

Creating a workplace in which persons with special needs can thrive

On the basis of an approach rooted in the concepts of “normalization and harmonious coexistence,” AISIN Group aims to develop a working environment in which persons with special needs can thrive, and increase the number of employment opportunities available to persons with special needs. To enable persons with special needs to consult at any time and work with security and peace of mind, we have assigned a total of 150 working life counselors to work in workplaces throughout the Group. These counselors listen to the voices of employees, and their insights are used to make improvements to our working environments.

AISIN Group companies are also working together to resolve issues concerning the employment of persons with special needs. In November 2017, AISIN Group held its first joint interview session for persons with special needs. A total of 23 Group companies participated, with 72 employees attending. Looking ahead, Group members will continue to promote collaborative activities, and continue working to improve workplace environments and expand the range of areas in which people with special needs can thrive.

Establishment of an environment where our employees can work as long as they like

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. While observing relevant laws and regulations, we 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. It supports regular employees who are five years before retirement by promoting a widespread understanding of employ-ment 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 their advanced skills and by introducing a new retirement benefit system as part of efforts to further expand the re-employment of retirees.

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<thead>
<tr>
<th>Employment rate of persons with special needs (Aisin Seiki)</th>
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<tbody>
<tr>
<td>2016</td>
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<tr>
<td>(%)</td>
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<tr>
<td>2.08</td>
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<td>Legally required employment rate</td>
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<tr>
<th>Change in numbers of female employees in managerial positions</th>
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<tr>
<td>FY2015</td>
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<tr>
<td>Percentage of CDF registrants expressing positive responses regarding motivation for promotion to major career positions</td>
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<td>FY2016</td>
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<td>22%</td>
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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, AISIN Group continues to strive to enhance the safety and health of all employees.

Aspiring to be the world’s most safety-conscious corporate group

In April 2017, AISIN Group appointed the All-Aisin Safety, Health & Environment Center, with the aim of promoting key activities and achieving a safer corporate group. In fiscal 2018, top-level management at each Group company made efforts further in fiscal 2019.

Rate of lost work time injuries resulting from work accidents

We continue these efforts further in fiscal 2019.

In fiscal 2018, the 14 main Group companies continued to maintain a frequency rate for injuries from occupational accidents resulting in lost work time that was lower than the national average for the manufacturing industry.

Activities to maintain and the promote the health of employees

In seeking to create a vibrant workplace, in which employees can remain healthy both physically and mentally and talk with each other openly, Aisin Seiki has been undertaking initiatives in the three phases of “prevention of occurrence,” “early discovery and early treatment” and “prevention of recurrence.”

Initiatives to maintain and improve physical health

We provide specific health guidance to employees at high risk of developing a lifestyle disease. We also pay care and consideration to employees at high risk of developing illnesses affecting the brain or heart, such as by applying working restrictions. We also conducted checkups for detecting stomach and bowel cancers, with 99.3% of eligible employees receiving these checkups. We carried out regular health checkups for employees posted overseas, and implemented necessary post-checkup measures, under the guidance of industrial physicians.

Initiatives to maintain and improve mental health

We provided self-care education to 545 employees in their second year of employment with the Group to promote greater understanding of mental health. We also established an internal consultation desk that not only accepts consultations from individual employees with mental health issues but also responds swiftly to consultations in coordination with managerial personnel. We also provided consulta-

Overall

In fiscal 2018, mutual safety inspections were conducted at all business locations in each global region, with the target of eradicating STOP6 accidents. Moving forward, we will seek to further strengthen collaboration with regional management companies and parent companies and raise the level of these activities.

AISIN GROUP REPORT 2018
Aisin Seiki
Driving activities to increase understanding of all personnel working on-site at Aisin Seiki
Top-level management and supervisors conduct on-site checks of day-to-day work activities, discuss employees' roles and guidelines, and also conduct safety training for those working on-site. Supervisors hold meetings with their subordinates to discuss on-site work management, any problems, actions resulting from discussions, and the improvements to be made. By involving all personnel in management meetings, the company is working to improve efficiency in the workplace environment.

Aisin Chemical
Creating a "safety-first" culture with participation of managerial personnel in all departments
Throughout general meetings, Aisin Chemical is driving activities conducted by corporate officials, management personnel in relevant departments (e.g., manufacturing, product quality, and production management) and employees to work together to deal with areas of danger that lead to STOP6 incidents. In terms of fire-prevention activities, the company aims to achieve greater linkages between local ventilation equipment and equipment using organic solvents, and reviewed the installation positions for its fire-prevention dampers and inspection hatchs. These improvements were completed during fiscal 2018.

Aisin Keikinzoku
Conducting health and safety activities with an understanding of workplace needs
Aisin Keikinzoku conducts continuous local-specific danger simulation training to promote safety awareness and encourage safe behavior for all employees. Moreover, in order to enable all employees to enjoy their jobs and work in a safer and more energetic manner, the company also engages workplace counselors in activities to gain a proper understanding of workplace needs, with the aim of creating a network for checking the needs of employees with mental health issues.

Aisin Kiko
Conducting accident prevention activities with top-level management participation
At Aisin Kiko, the entire company works together to prevent accidents, with top-level personnel and other departments holding advance meetings to consider the risks involved in outsourced on-site construction work and conducting work safety patrols. The company is working to reduce construction-related accidents and risks, with the aim of creating a completely accident-free workplace.

Aisin Sin’ei
Mutual safety patrols by top-level plant management personnel
Plant managers conduct monthly mutual safety patrols at Aisin Sin’ei’s four plants. By speaking with workers and asking directly whether there are any tasks that they consider difficult to perform, managers verify whether plant conditions enable standard work practices to be properly observed and adhered to. Moreover, in the occurrence of an accident, managers share the findings from on-site checks and issues identified and take that information back to their own plants in order to implement suitable countermeasures.

Hosel Brake Industry
Continuing safety activities with an understanding of workplace needs
Hosel Brake Industry listens directly to the opinions of employees who have experienced a near-miss or suggested a problematic issue, and implements the findings of on-site checks and issues identified and take that information back to their own plants in order to identify and improve upon problematic issues.

Shiroki Corporation
Emerging communication with contracted-on-site-construction personnel
Shiroki Corporation has launched a program of safety lectures for external contractors to raise the level of safety of on-site-construction work. Through these lectures, the company is seeking to improve safety awareness by preventing the sentiments of top-level management with regard to safety and case studies of recent accidents.

Aisin Takaoa
Conducting activities with an understanding of workplace needs
In 2014, Aisin Takaoa expanded the scope of its activities to a global scale, and began a process of standardization. Since fiscal 2017, it has advanced a program of outsourced construction activities, with a remit to carry out activities that require a greater understanding of employee needs in the workplace. The company utilizes a “near-miss” system to identify problematic issues and implements on-site improvement activities (a worker perspective, using insights gained through morning meetings held prior to commencing work and regular workplace observations). The company also seeks to share information on these activities through reports made at the local plant-level committee and company-wide plant safety meetings.

Aisin AW
Establishing problem identification and improvement activities for understanding on-site needs
Aisin AW identifies problematic issues by listing the opinions of each and every one of its employees and implementing day-to-day improvement activities based on those insights. The top-level management personnel identify problems by controlling the workplace and engaging in activities to understand the needs of workers better by speaking directly to them. In this way, they seek to energize and firmly establish these improvement activities.

Aisin Development
Improving comprehension to understand workplace needs and prevent occurrences of accidents
Top-level management personnel, officers, department heads, on-site supervisors and safety department personnel all review the on-site company’s fire-prevention damper, and inspection hatchs containing accidental cases of fire to improve safety awareness by holding workplace safety meetings and having employees make personal action pledges.

ADVIS
Driving safety activities to improve workplace capabilities
In order to prevent the occurrence of STOP6 accidents, ADVIS is implementing safety checks and improvement activities for its equipment, such as preventing startup by third-party personnel at all locations globally. By ensuring safety, improving cooperation, and encouraging mutual communication, ADVIS is driving activities to ensure that things are done properly and completely.

Art Metal Mfg.
Safety activities to gain a greater understanding of workplace needs
Top-level management personnel, corporate officers and other managerial personnel at Art Metal Mfg. continue to conduct activities requiring nightlife working hours. Top-level management and officers identifying problematic issues such as darkness, danger and difficulty in performing work tasks, and managerial personnel exercising appropriate leadership lead to various improvements with regard to these issues.

Quality First
Management philosophy
Aisin Group has advocated the philosophy of “Quality First” and believes that enhancing the quality of its products and work forms the basis of its existence. In addition, it promotes 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, the Group held the third All-Aisin TQM Conference in fiscal 2018, in which 461 participants, including members of top-level management from various Group companies, directly shared their commitment of Aisin Group’s top management to TQM activities. Aisin Group continues to develop human resources capable of maintaining and improving quality standards throughout the Group. As part of our efforts to protect quality and raise the level of our human resources development, from both a Group-wide and global perspective, Aisin Group also invited lecturers from JR East to speak at the conference.

In fiscal 2018, it established “No. 0,” which forms the foundation for the Group management policy, as “Top Prioritization of Safety and Compliance and Quality First.”

All-Aisin TQM Conference
A Group-wide and worldwide effort to put customers first
With the arrival of a major period of transformation for the automotive industry, which is said to take place once in a century, customer attitudes with regard to quality and approaches to quality assurance are changing. In April 2017, the Group established the All-Aisin Quality Assurance Center, and is now driving various quality-related initiatives based on the implementation of the Group quality policy aimed to make the Group companies face a single, common direction. In terms of activities to prevent the occurrence of quality-related issues, Aisin Group is seeking to share experi- ence and know-how among Group companies and has sought to improve efficiency by developing mechanisms for making effective use of their equipment and human resources. In fiscal 2019, it will shift toward full-scale operation of these mechanisms at Group Companies. Aisin Seiki is engaged in global quality assurance activities working to enhance quality, with the Company’s head office working in collaboration with counterparts in each region—the core of these consisting of Overseas Regional Quality Improvement Committees in North America, Europe, Australasia, China, India and South America. Moreover, QA (Quality Analysis) Centers in North America, Australasia and China are driving the development of local human resources in those regions who are able to perform swift and effective analyses moving forward, we will seek to achieve Group-wide “All-Aisin” collaboration as we continue to advance these efforts.

Avoiding a repeat of the same failures
In April 2016, Aisin Group established the Quality Learning Zone for the purpose of “learning from past failures.” In July 2018, with the aim to further improve quality awareness, the Group installed a “tunnel for learning how scary quality problems can be” based on the theme of knowing and feeling the importance of quality at a company. Aisin Group also plans to create a new simulator, present the voices of people who have managed on-site construction and make various improvements, at the end of October 2018. The new simulation will allow people to experience the fear of quality problems, as shown in the pictures of the exhibition, and the Group also plans to develop a program of assimilated activities, with a central focus on activities to gain greater insight into workplace safety.

Raising awareness of quality through full employee participation
Aisin Group companies conduct QC circle activities that engage all personnel in each workplace, and activities to promote innovative improvement activities, achieving higher product quality and work quality. They also promote human resources development through these activities.

The company’s head office working in collaboration with counterparts in each region—the core of these consisting of Overseas Regional Quality Improvement Committees in North America, Europe, Australasia, China, India and South America. Moreover, QA (Quality Analysis) Centers in North America, Australasia and China are driving the development of local human resources in those regions who are able to perform swift and effective analyses moving forward, we will seek to achieve Group-wide “All-Aisin” collaboration as we continue to advance these efforts.

AISIN GROUP REPORT 2018
50

Society

Quality First
These QC circle activities are now widespread throughout Group companies in and outside Japan, with a total of 2,595 circle groups participating. After a regional conference as part of the selection process, the outcomes of successfully selected circles are announced at the Global QC Circle Conference. In fiscal 2018, a total of 47 circles with 200 members from 47 Group companies in 15 countries participated in Aisin Seiki’s conference and reported keenly on their activities. As for activities to propose innovative improvement ideas, Aisin “Moshi Moshi” maintains 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.

Developing professionals in quality
Aisin Group promotes the nurturing of quality professionals capable of using statistical quality control (SQC) methods in their work and encourages employees throughout the Group to attain QC certification (levels 1-4) issued by the Japanese Standards Association. By the end of fiscal 2018, 30,139 employees from the 14 main Group companies had acquired the certification. Additionally, to cultivate scientific problem-solving capabilities, the Group is promoting the practical use of a fact-and-data-based scientific approach through training in SQC methods and by sharing information in improvement examples.

Initiatives to ensure reliability
Aisin Group thoroughly surveys actual product usages to increase the level of its performance evaluation, and consequently, ensure safety and reliability in products. In an effort to ensure the reliability of automotive parts, the Group operates three large-scale proving grounds, and from the standpoint of users, conducts repeated adaptability tests using actual vehicles. Each grounds, and from the standpoint of users, conducts repeated adaptability tests using actual vehicles. Each

Responding to customers
Aisin Group listens seriously to the voices of its customers and responds to their requests. In order to do so, it organizes large-scale quality example exhibitions regularly and sets up permanent booths where employees can listen to complaints from customers. For lifestyle related products, the Group has renewed its telephone response system and improved workability for its operators. In order to improve their skills at handling telephone calls, all of the operators are working to obtain Level 3 “Moshi Moshi” proficiency test certification. The opinions that the Group receives from customers are communicated to relevant corporate officers and departments, and analyzed and distributed internally.

Developing human resources and systems with a consumer-oriented perspective
The Customer Support Department works to ascertain information regarding the latest revisions to relevant laws and regulations, such as the Act Against Unjustifiable Premiums and Misleading Representations and the latest trends at the Consumer Affairs Agency, and incorporates this information into internal education and training programs. In its screenings of user manuals and sales promotion tools, the department seeks to improve and enhance the content of its screenings by obtaining overseas-oriented screening know-how, and by preparing and distributing glossaries for preventing proofreading errors. In fiscal 2019, the department clarified key screening points in order to respond better to the increase in the number of sales promotion tools utilizing web and video-based approaches. These points will be incorporated into future screening processes. Aisin Group currently has 30 consumer lifestyle advisor qualification holders in-house, who work to build connections between consumers and the company. In fiscal 2019, as well, it will continue to support employees taking examinations to obtain these qualifications.

Co-Existence and Co-Prosperity with Suppliers
Trust developed as a good business partner
Aisin Group is promoting CSR procurement activities jointly with suppliers, beginning with primary suppliers and growing as far up the supply chain as possible. With its suppliers, the Group promotes fair procurement activities based on the spirit of openness and fairness, and mutually concludes basic transaction agreements with suppliers placing greater emphasis on CSR-related clauses.

In fiscal 2018, Aisin Group enhanced its management of substances that have an environmental impact, based on the Green Procurement Guidelines that the Group has worked to implement until now to ensure a reliable response to environmental laws and regulations, which are becoming more stringent year by year in countries around the world. In order to accomplish this, Aisin Group requested surveys of chemicals contained in items purchased from its suppliers and had them disclose information regarding relevant laws and regulations, such as the Act Against Unjustifiable Premiums and Misleading Representations and the latest trends at the Consumer Affairs Agency, and incorporates this information into internal education and training programs. In its screenings of user manuals and sales promotion tools, the department seeks to improve and enhance the content of its screenings by obtaining overseas-oriented screening know-how, and by preparing and distributing glossaries for preventing proofreading errors. In fiscal 2019, the department clarified key screening points in order to respond better to the increase in the number of sales promotion tools utilizing web and video-based approaches. These points will be incorporated into future screening processes. Aisin Group currently has 30 consumer lifestyle advisor qualification holders in-house, who work to build connections between consumers and the company. In fiscal 2019, as well, it will continue to support employees taking examinations to obtain these qualifications.
AISIN Group has worked proactively to further procure-ment from minority-owned businesses.

Establishing a supply chain that is resilient to risks
In recent years, amid the occurrence of numerous natural disasters and fires, etc., that have a significant impact on stable production and procurement activities, AISIN Group has worked during peaceful times to ready itself for the occurrence of such disasters, and to enable itself to implement initial response and recovery protocols swiftly and reliably in the event of such incidents.

For many years, Aisin Seiki has worked to develop a supply chain data management system that enables it to receive data regarding parts and raw materials purchase from suppliers tracing back as far as details of individual manufacturing processes. The system makes it possible to utilize this information in conjunction with map data and disaster information, 24 hours a day, 365 days a year.

In fiscal 2018, Aisin Seiki made use of this information in considering countermeasures for each individual product that it produces, envisaging the occurrence of various incidents. For example, the Company considered the level of impact on customers and formulated specific countermeasures for particularly high-priority products with a view to early-stage recovery, based on considerations of the distinct characteristics of manufacturing processes and raw materials used. We are also working to expand these activities to other Group companies, and working as a Group to bolster and increase the stability of our production and supply structure.

In fiscal 2018, AISIN Group also engaged in activities to promote greater mutual understanding with suppliers’ top-level management, with a focus on fire prevention. Through these activities, it identified problematic issues in the workplace and linked this to various improvements. Looking ahead, the Group will continue to engage in fire-prevention activities with suppliers, with the aim of creating a positive upward spiral.

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) regarding conflict minerals. In fiscal 2018, Aisin Seiki 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. The Group has since provided customers with feedback on its findings, and its customers can use its products with confidence.

Social Contribution Activities

“Be With” local communities
AISIN Group establishes “Harmony with Society and Nature” under the Corporate Principles and vows to respect the culture and customs of each country and territory in which it operates, and actively contributes to activities closely connected to local communities under the AISIN Group Principles of Corporate Behavior.

Three pillars of social contribution activities
AISIN Group develops social contribution activities that are closely linked to local communities through the three pillars of Protection of Nature and the Environment, Fostering Youth and Community Support. Through these activities, the Group is working proactively to contribute to the achievement of the Sustainable Development Goals (SDGs), a set of common goals for international society to work toward achieving by the year 2030.

Protection of Nature and the Environment
AISIN Group promotes activities such as tree plantings and local cleanup activities.

Fostering Youth
Initiatives are being promoted such as lectures for learning about manufacturing and the environment as well as sports instruction.

Community Support
AISIN Group conducts a broad range of activities that include the welfare of persons with special needs, support of non-profit organizations (NPO), art and cultural activities, and volunteering and training.

Protection of Nature and the Environment

Conducting tree-planting activities in Japan and China
In Japan, the 14 main AISIN Group companies engage in tree planting and supplementary planting activities on Mount Fuji every May, using saplings we planted in nursery beds in the previous year.

In China, together with the public interest incorporated foundation Aste, the Group has been conducting tree-planting activities in the Xilinhot district of the Inner Mongolia Autonomous Region. In July 2017, 51 employees from Japan and overseas AISIN Group companies and 32 local junior high school students participated in these activities, planting approximately 100,000 saplings and learning the importance of tree planting through environmental education.

“Aisin no Mori” forest-making to contribute to the conservation of the natural environment along the Yahagi River
AISIN Group has been conducting environmental conservation activities in the basin of the Yahagi River, which Group companies in Aichi Prefecture use to obtain water for industrial and domestic purposes. AISIN Group has also concluded a “forestry foster par-tner agreement” with Neba, a municipality in Nagano Prefecture, and has been engaging in maintenance

Activities to promote greater mutual understanding with suppliers.

Learning the importance of safety, quality and the voices of customers at Aisin Densho-kan
Aisin Densho-kan (Educational Center) is a place for all AISIN Group employees to learn about workplace safety and fire-prevention initiatives, the importance of safety and raw unified feedback received from customers. For example, the Kumamoto Earthquakes Learning Zone is an educational space for ensuring that realizations and lessons learned from the Group’s responses to the 2016 Kumamoto Earthquakes are properly passed on its employees.

In the United States, there are demands to increase volumes of goods purchased from businesses owned by social minorities (minority-owned businesses). In addition to the challenges of promoting the growth and improving the competitiveness of these companies, since expanding its operations into North America, AISIN Group has worked proactively to further procure-ment from minority-owned businesses.

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AISIN Environmental Education Program
AISIN Group is working together with the NPO ASK-NET 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 14 cities and towns in Aichi Prefecture, which also encompasses the city of Kariya where AISIN’s corporate head office is located. To date, a total of about 24,000 students at 282 elementary schools have learned about the environment in a structured manner through the program, which focuses on topics such as forests, watershed environments, and living.

Outreach seminar on monozukuri (manufacturing)
AISIN Group conducts seminars on monozukuri that involve classroom lectures and hands-on lessons and enable children to develop a scientific perspective through manufacturing. The seminars mainly consist of the outreach seminar on monozukuri, which is held by visiting nearby local communities; AISIN Monozukuri Hiroba (Manufacturing Forum) events in Kariya City; and weekend workshops held at the Toyota Commemorative Museum of Industry and Technology (Aichi Prefecture). Approximately 10,600 children have participated in 108 events on 32 themes held to date at 13 cities and towns around Aichi Prefecture.

Project for refining automobile manufacturing
AISIN Group dispatches instructors to participate in the refining automobile manufacturing project, run by the city of Toyota in Aichi Prefecture, in which children experience first-hand the basics of automobile manufacturing, while at the same time learning about vehicle structure, and developing a sense of achievement and of doing a worthwhile job. In fiscal 2018, 131 children enjoyed participating in fun monozukuri experiences through this project.

Project for supporting young people in obtaining high school diplomas to increase employment opportunities
AISIN Group continues to participate in an initiative to collect plastic bottle caps in order to donate vaccines to children in developing countries through the NPO Japan Committee Vaccines for the World’s Children.

Donating uniforms to local junior high schools
In addition to making annual donations of second-hand clothes to social welfare facilities as part of its CSR activities, AISIN Automotive Haryana (Rohtak, Haryana State, India) began a new initiative by presenting winter jackets to all 350 students at local elementary schools in March 2018.

During the winter season, Rohtak experiences cold weather conditions with minimum temperatures of around 5°C. Because schools do not supply winter clothing and many children come from families with many children that cannot afford to purchase these clothes themselves, the company launched this initiative in the hope of contributing to improving the educational environment for these children. Moving forward as well, the company will aim to contribute to the local community by continuing to conduct activities in line with community needs.

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Outline of 14 Main AISIN Group Companies

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<tr>
<th>Company Name</th>
<th>Businesses</th>
<th>Sales</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aisin Seiki Co., Ltd.</td>
<td>Automotive parts (Powertrain, Chassis &amp; Vehicle Safety System, Body, ICT &amp; Electronics), housing, lifestyle and energy fields</td>
<td>¥152.421 billion (non-consolidated)</td>
<td>114,478 (consolidated), 14,198 (non-consolidated)</td>
</tr>
<tr>
<td>Kariya, Aichi, Japan</td>
<td>Casting of iron, machining, plastic working and development, design, manufacture and sale of audio products</td>
<td>¥119.473 billion (non-consolidated)</td>
<td>15,292 (consolidated), 2,572 (non-consolidated)</td>
</tr>
<tr>
<td>Toyota, Aichi, Japan</td>
<td>Development, design, manufacture and sale of automotive products, friction materials and iron parts</td>
<td>¥52.961 billion (non-consolidated)</td>
<td>2,045 (consolidated), 1,280 (non-consolidated)</td>
</tr>
<tr>
<td>Aisin AW Co., Ltd.</td>
<td>Development, design, manufacture and sale of AT, hybrid systems and car navigation systems</td>
<td>¥164.21 billion (non-consolidated)</td>
<td>32,178 (consolidated), 18,817 (non-consolidated)</td>
</tr>
<tr>
<td>Aisin Keikinzoku Co., Ltd.</td>
<td>Manufacture of aluminum die-cast products for automotive parts and aluminum extrusion-molded products</td>
<td>¥82.852 billion (consolidated)</td>
<td>2,198,204 (consolidated), 2,046 (non-consolidated)</td>
</tr>
<tr>
<td>Imizu, Toyama, Japan</td>
<td>General contractor, real estate, renovation and living merchandise, insurance agency</td>
<td>¥48.863 billion (consolidated)</td>
<td>5,270 (consolidated), 348 (non-consolidated)</td>
</tr>
<tr>
<td>Aisin Kiko Co., Ltd.</td>
<td>Manufacture of functional automatic transmission components, drivetrain-related and body-related components</td>
<td>¥102.416 billion (non-consolidated)</td>
<td>¥102.37 billion (non-consolidated)</td>
</tr>
<tr>
<td>Nishio, Aichi, Japan</td>
<td>Development, design, manufacture and sale of MT, transfers and related components and accessories</td>
<td>¥7,12 billion (non-consolidated)</td>
<td>3,798 (consolidated), 2,112 (non-consolidated)</td>
</tr>
<tr>
<td>Aisin AI Co., Ltd.</td>
<td>Development, design, manufacture and sale of MF, body exterior and component parts</td>
<td>¥42.176 billion (consolidated)</td>
<td>¥39.317 billion (non-consolidated)</td>
</tr>
<tr>
<td>Nishio, Aichi, Japan</td>
<td>Stamping of automotive parts, painting and manufacture of body-related components</td>
<td>¥1,340 (consolidated), 1,276 (non-consolidated)</td>
<td></td>
</tr>
<tr>
<td>Hekinan, Aichi, Japan</td>
<td>Development and manufacture of AT components</td>
<td>¥168.399 billion (consolidated)</td>
<td>¥168.915 billion (non-consolidated)</td>
</tr>
<tr>
<td>Echizen, Fukui, Japan</td>
<td>Manufacture of drum brakes, disc brakes, axle housings and other automotive parts</td>
<td>¥81.685 billion (non-consolidated)</td>
<td>1,770 (consolidated), 3,130 (non-consolidated)</td>
</tr>
<tr>
<td>Toyota, Aichi, Japan</td>
<td>Development, design, manufacture and sale of automotive brake systems and their components</td>
<td>¥586.568 billion (non-consolidated)</td>
<td>¥547.119 billion (non-consolidated)</td>
</tr>
<tr>
<td>ADVICS Co., Ltd.</td>
<td>Automatic interior functional parts, body exterior parts, production of seats for rail vehicles</td>
<td>¥10.310 billion (consolidated), 3,590 (non-consolidated)</td>
<td></td>
</tr>
<tr>
<td>Kariya, Aichi, Japan</td>
<td>Development, design, manufacture and sale of pistons for gasoline engines, pistons for diesel engines and piston pins</td>
<td>¥266.137 billion (consolidated)</td>
<td>¥182.468 billion (non-consolidated)</td>
</tr>
<tr>
<td>Topkawa, Aichi, Japan</td>
<td>Development, design, manufacture and sales of pistons for gasoline engines, pistons for diesel engines and piston pins</td>
<td>¥5,964 (consolidated), 2,299 (non-consolidated)</td>
<td></td>
</tr>
<tr>
<td>Gida, Nagano, Japan</td>
<td>Development, design, manufacture and sale of life style and energy fields</td>
<td>¥44.691 billion (charged)</td>
<td>¥29.256 billion (non-consolidated)</td>
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<tr>
<td>Toyota Motor Corporation</td>
<td>¥168.92 billion (consolidated)</td>
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Head Office
2-1 Asahi-machi, Kariya, Aichi 448-8650, Japan
Aisin Seiki Co., Ltd.
Tel: +81-566-24-8441 (main)

Established
August 31, 1963

Common stock
Authorized common stock: 700,000,000 shares
Issued and outstanding common stock: 294,574,634 shares
Including 25,184,075 shares of treasury stock

Share unit number: 100 shares
Issued and outstanding common stock: 294,674,634 shares
Authorized common stock: 700,000,000 shares

Capital
¥45 billion

Investor Information

Major Shareholders

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Note: 1. The table above excludes 25,184 thousand shares of treasury stock held by Aisin Seiki Co., Ltd.
2. The voting ratio has been calculated by deducting the treasury stock from issued and outstanding common stock.

Distribution of shares

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Executive Management

Board of Directors

Chairman
Kamihito Toyoda
Director
Hiroshi Uenaka

President
Kiyotaka Ito
Executive Vice President
Makoto Mitsuhashi
Executive Vice President
Toshiyuki Mizushima
Executive Vice President
Hitoshi Okabe
Director
Masahiro Nishikawa

Executive Vice President
Kazumi Usami
Director
Toshihiko Akita

Executive Vice President
Toshihiko Usami
Director
Michio Hamada

Audit & Supervisory Board Members

Takemitsu Hara
Chief Executive Officer
Toshikazu Nagura
Chairman
Hiroshi Uenaka
Director
Tsunekazu Haraguchi
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Haruhiko Amakusa
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