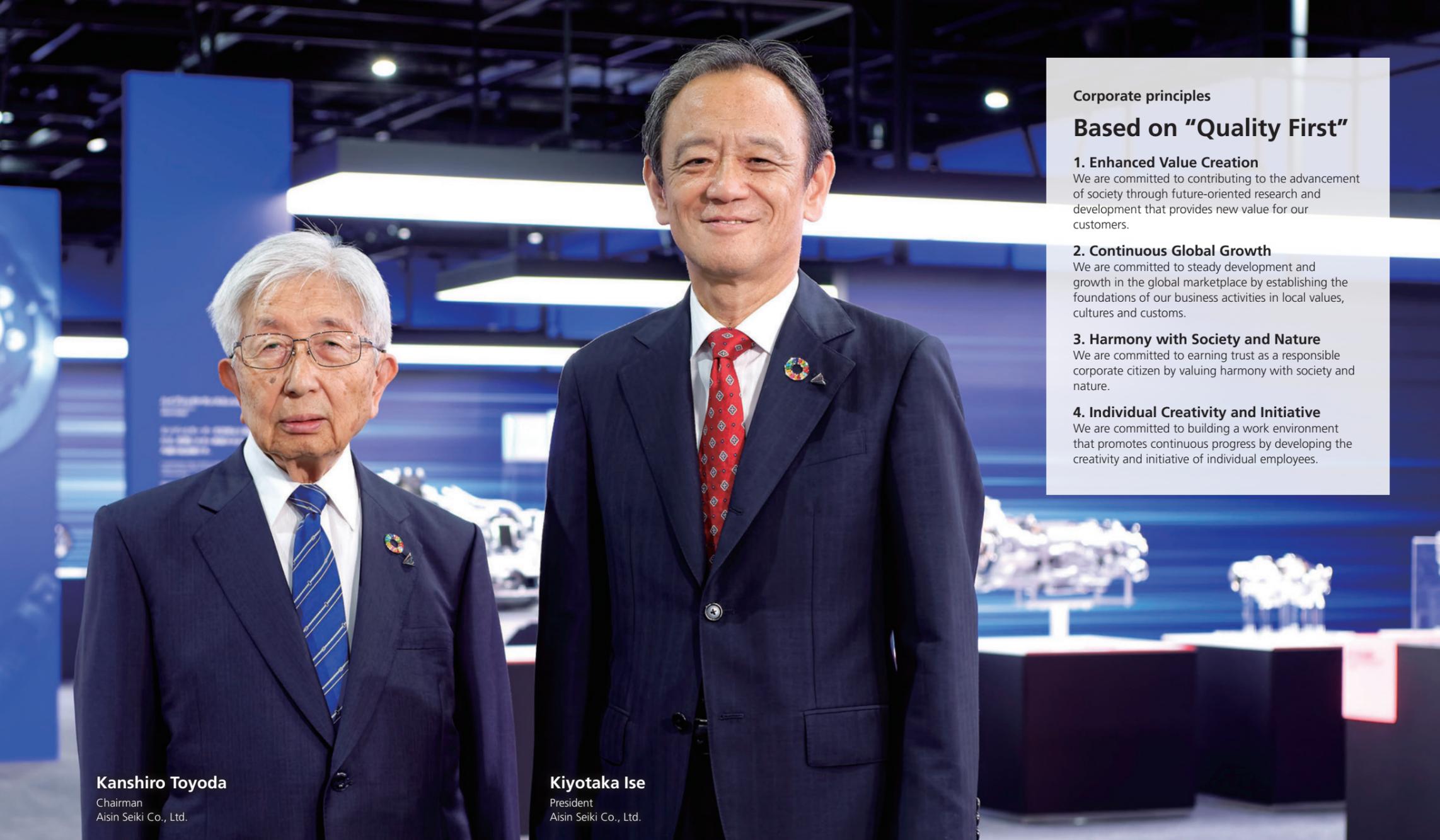


For a Better Tomorrow  
**AISIN GROUP**

# AISIN GROUP REPORT 2019

Integrated Report





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

**Kiyotaka Ise**  
President  
Aisin Seiki Co., Ltd.

**Corporate principles**

**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.

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**Message from the Chairman and President**

In fiscal 2019, we achieved record sales through initiatives to make our existing businesses more competitive, accelerate growth strategies with a view to the next generation and reinforce our management foundations for sustainable growth. It is thanks to our stakeholders that we have been able to achieve this, and we would like to express our warmest gratitude to you all.

The world’s automotive industry is currently facing the biggest period of change in 100 years. “Quality First” has been AISIN Group’s basic philosophy since we were first established. We continually approach our work with a customer-first mindset, striving to create safe and important, high quality products for our customers. This basic philosophy will continue to guide our work in the future as we aim to become a vibrant company that is truly competitive and provides new value.

We hope that you will continue to support us and work with us in the future.

**Editorial policy**

AISIN Group Report (Integrated Report) is issued by AISIN Group to provide shareholders, investors and other stakeholders with an understanding of our initiatives to increase our corporate value in the medium to long term. The report is edited according to the International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry to provide more important information on how we are increasing our corporate value. This information includes the history and strengths of AISIN Group, our strategies and business activities in the face of the biggest period of change in 100 years, and our ESG initiatives. Information on our ESG initiatives covers work that has a particularly significant impact on our corporate value from the perspective of priority. Other details can be found on our website.



**Period**

Primarily fiscal 2019 (April 1, 2018 to March 31, 2019). Some information is related to activities outside this period.

**Scope**

In principle, this report covers AISIN Group (Aisin Seiki Co., Ltd. and its consolidated subsidiaries). In cases where the scope of reporting differs, we indicate this using descriptors such as “13 main group companies”.

**Reference guidelines**

ISO 26000, Global Reporting Initiative (GRI) Standard, Environmental Reporting Guidelines (2012 Version) by Japan’s Ministry of the Environment

**Fiscal year**

April 1, 2018 to March 31, 2019  
The scope of consolidation covers consolidated subsidiaries and equity-method affiliates.

**Issued**

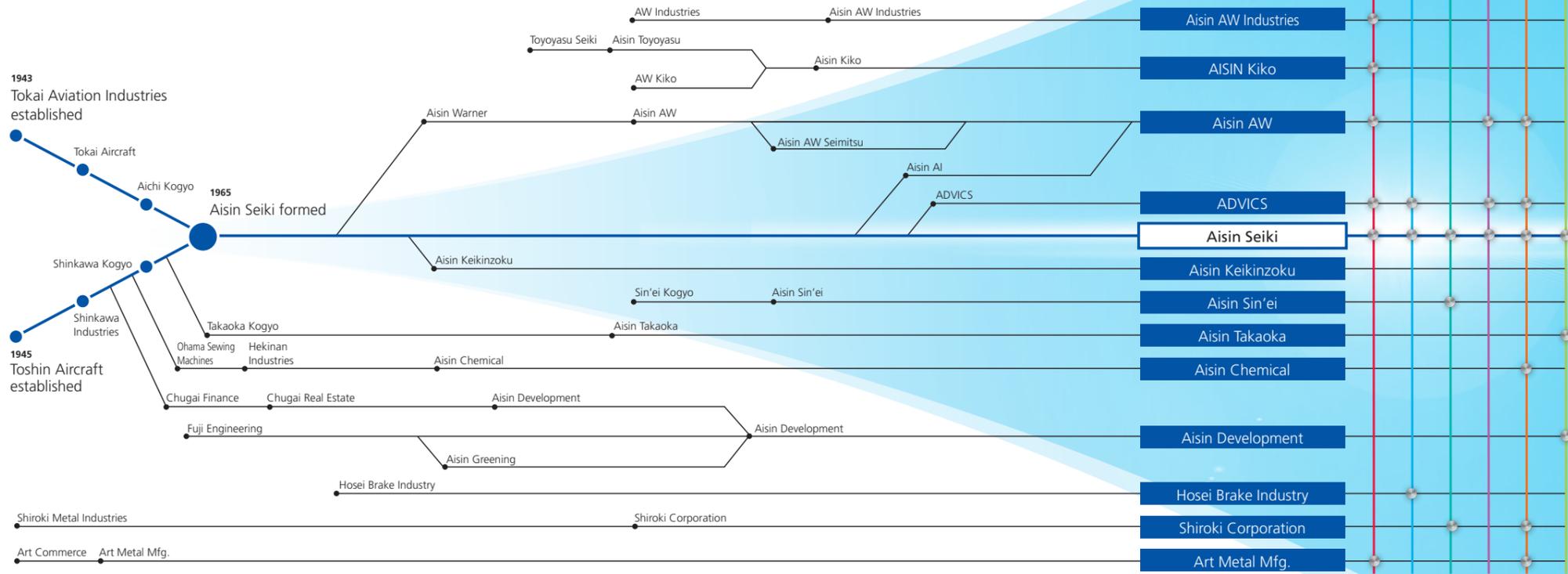
September 2019

**Framework for Disclosure of Information**

Financial Information	Other Information
<b>AISIN Group Report 2019</b>	
Includes:	Includes:
<ul style="list-style-type: none"> <li>• Financial Report</li> <li>• Securities Report</li> <li>• Shareholders’ Report</li> </ul>	<ul style="list-style-type: none"> <li>• Social and Environmental Initiatives</li> <li>• Environmental Data</li> <li>• Corporate Governance Report</li> </ul>
AISIN Group website <a href="https://www.aisin.com">https://www.aisin.com</a>	

# AISIN Group history

AISIN Group is composed of a vast collection of automotive companies led by Aisin Seiki, our core company which was founded in 1965. Throughout our history, we have strategically expanded and adapted our business operations to meet the ever-diversifying needs of the automotive industry. Each of our companies has a specialist-level team of professionals working with highly advanced technology. The changes taking place in the industry are the kind that come along once a century, but at AISIN Group, we are ready. In April 2017, we adopted a new Virtual Company System to maximize the vast potential among our global companies in a unified way. The success of the Virtual Company System inspires us to continually improve the way we do business to sharpen our competitive edge.



## Strengths of AISIN Group:

### Outstanding technology development

- Creative development of technology that is environmentally friendly, fuel efficient, safe and user-friendly
- Comprehensive evaluation of the functions and performance required for every vehicle
- Wide-ranging collaborations with partners for maximum potential
- Accurately assessing consumer needs with our extensive knowledge of BtoC business

### Excellent manufacturing

- Technology for the entire production process from raw materials to assembly, using a wide range of methods including die casting, pressing and cutting
- Supplying high-quality products worldwide
- Passing on our knowledge and techniques through training initiatives to assist with technology development around the world

### Cohesive strength as a group

- Wide-ranging business fields and highly specialized operations
- Flexibly adapting our core businesses to meet the needs of each new era

### 1965 - 1974 Birth of Aisin Seiki

Aisin Seiki was created in 1965 through the merger of Aichi Kogyo Co., Ltd. and Shinkawa Kogyo Co., Ltd. to strengthen corporate structure and fortify international competitiveness as an auto parts manufacturer.

### Established mass production framework to handle changes in the market

We expanded our production capacity to meet market needs as the automobile manufacturing industry rapidly expanded.

### Pursuit of self-reliance in technologies

As technology began to emerge as a trend in the automotive industry, Aisin Seiki implemented measures to raise its capabilities, including opening the Technology Development & Research Laboratory, building a new proving ground and proactively introducing technologies from European and U.S. markets.

### 1975 - 1984 Pursuit of "Quality First"

Aisin strengthened its corporate structure through total quality control (TQC), and won the Deming Prize, the Japan Quality Control Prize, the Plant Maintenance (PM) Prize and the PM Special Prize in the TQC and total productive maintenance (TPM) categories.

### Toward the age of vehicle electronics

We launched a new structure that incorporated electronics with traditional mechanics to respond to rapid advances in this industry segment.

### Research network for future technology development

As society began to look toward the 21st century, we developed a proprietary research network, establishing and then expanding laboratories for each of our core fields.

### 1985 - 1994 Full-fledged overseas production

In reaction to the Plaza Accord in 1985, AISIN Group also commenced full-fledged overseas production.

### New developments in leading-edge technology fields

Future-oriented technology research began to bloom with the creation of new products in the fields of energy and medical devices through the expansion of our global research network.

### 1995 - 2004 Expanding and upgrading overseas business structure

Driven by our mission to expand into new and emerging markets, we leveraged our full-fledged local production capabilities and strengthened our production and sales structures globally with a particular focus on North, South and Central America, Europe, ASEAN countries and China.

### Initiatives for development in energy fields

Aisin's corporate philosophy is deeply rooted in environmental protection, and we began to promote efforts for commercialization to solve various environmental issues such as global warming. This led to new areas of product development including fuel cells and solar cells.

### Aiming for a sustainable society

We launched company-wide initiatives that position global environmental protection as a crucial management issue because we believe that creating a sustainable society is the social responsibility of all companies.

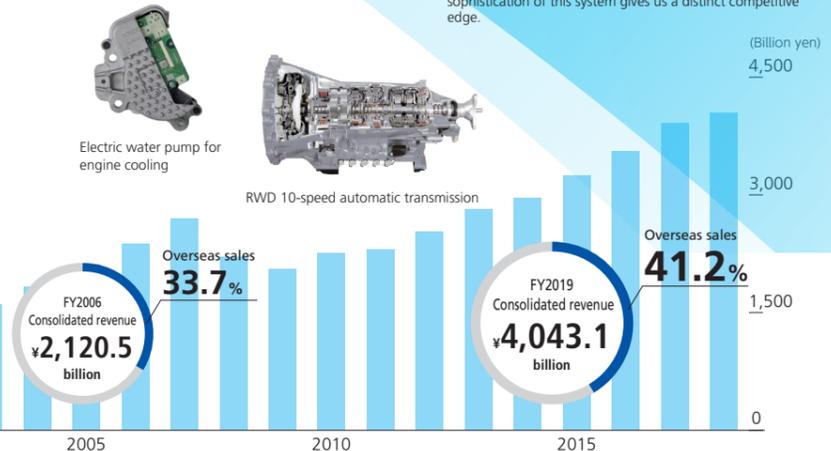
### 2005 - 2014 Expansion and independence of global business

Along with the globalization of business, we strengthened group collaboration and progressed with the creation of a business structure in each region that enables operations ranging from development and design to production and sales to be carried out independently.

### 2015 - present Initiatives to strengthen AISIN Group's competitiveness

- **Business restructuring**  
We created a new framework by restructuring our manual transmission, brake, body, seat frame and piston businesses to strengthen our production systems and build our other core businesses.
- **Accelerated development of future business fields**  
AISIN Group strategically chose to invest global development resources into three areas for future business expansion: zero emissions, automated driving and connected cars. These focus areas will drive our next-generation technologies.
- **Introduction of a Virtual Company System**  
The introduction of our Virtual Company System in 2017 created a more unified AISIN Group and accelerated our potential for growth in this rapidly changing industry. The unified direction, improved efficiency, new value creation and sophistication of this system gives us a distinct competitive edge.

■ Sales throughout Aisin's lifetime  
\*Sales up to 1992 are non-consolidated.  
\*Overseas sales: The figure used for this ratio overseas sales minus sales for items exported from Japan.





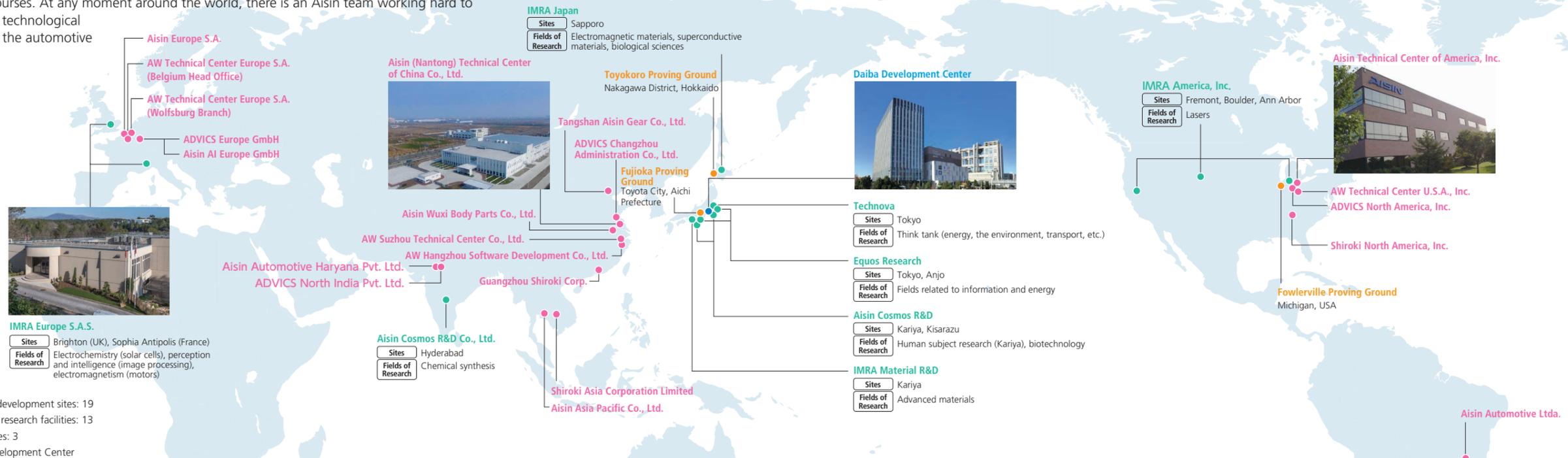
## Outstanding technology development

AISIN Group draws on a vast base of highly specialized technology in order to respond to the increasingly sophisticated and diverse needs of the automotive industry and the demands of society. From artificial intelligence to automated vehicles and cutting edge research to CASE\* product development, AISIN Group has the agility and ability needed to remain on the leading edge for the future while producing the products of today.

\*CASE is an acronym for "connected", "autonomous", "shared/service" and "electric", indicating the core trends of the automotive industry.

### Creative development of technology that is environmentally friendly, fuel-efficient, safe and user-friendly

We never lose sight of our vision to expand our existing products globally, and to develop products that will change the future of society. The 13 main companies in AISIN Group have 19 development sites and 13 advanced research facilities worldwide along with three test courses. At any moment around the world, there is an Aisin team working hard to discover the next technological breakthroughs in the automotive industry.



### Comprehensive evaluation of the functions and performance required for every vehicle

When it comes to proving grounds, AISIN Group was a trailblazer, beating our competitors to the punch by building a general proving ground including a circuit in 1970. Our proving grounds are an important part of our constant work to verify and improve the performance and durability of our products, with highly advanced facilities and test courses recreating road conditions around the world. Tests are conducted from a variety of angles, always with our users' experience in mind. The results of our evaluations are instantly applied to our product development work in an ongoing initiative to provide the reliability that the industry increasingly demands. We are always working to improve evaluations to accelerate development of next generation of products and make efficient use of our findings throughout the group.

▶ **Aisin builds automobile evaluation framework focused on manufacturers and users, with three domestic and overseas test courses**



**Fujioka Proving Ground**  
Toyota City, Aichi Prefecture  
Area: Around 670,000m<sup>2</sup>



**Toyokoro Proving Ground**  
Nakagawa District, Hokkaido  
Area: Around 7,480,000m<sup>2</sup>



**Fowlerville Proving Ground**  
Michigan, USA  
Area: Around 3,840,000m<sup>2</sup>

#### Recreating unique environments around the world in our evaluations



Evaluation of electromagnetic waves transmitted to electronic devices



Evaluation of automatic brake systems



Evaluation of vehicle stability on course with artificial ice

### Welcoming outside perspectives through wide-ranging collaborations with partners

AISIN Group has a long history of alliance with research institutes, universities and other partners for technical collaborations such as the historic Technova\* project. We continue to look outside our own practices to gather information from a variety of industries to best anticipate and respond to the rapidly changing demands of the industry. In January 2018, AISIN Group formed a consolidated subsidiary fund, the Fenox Venture Company in Silicon Valley, California, to maximize the resources of outstanding technical startups. We also signed a capital and business partnership with Idein Inc. in February 2018. This partnership will work to develop cutting-edge technology, making use of Idein's AI model designs and outstanding technology for mass-produced microcomputers to develop AI-based products.

\* Technova is a technical think tank that was established in AISIN Group in 1978.



Strengths of AISIN Group



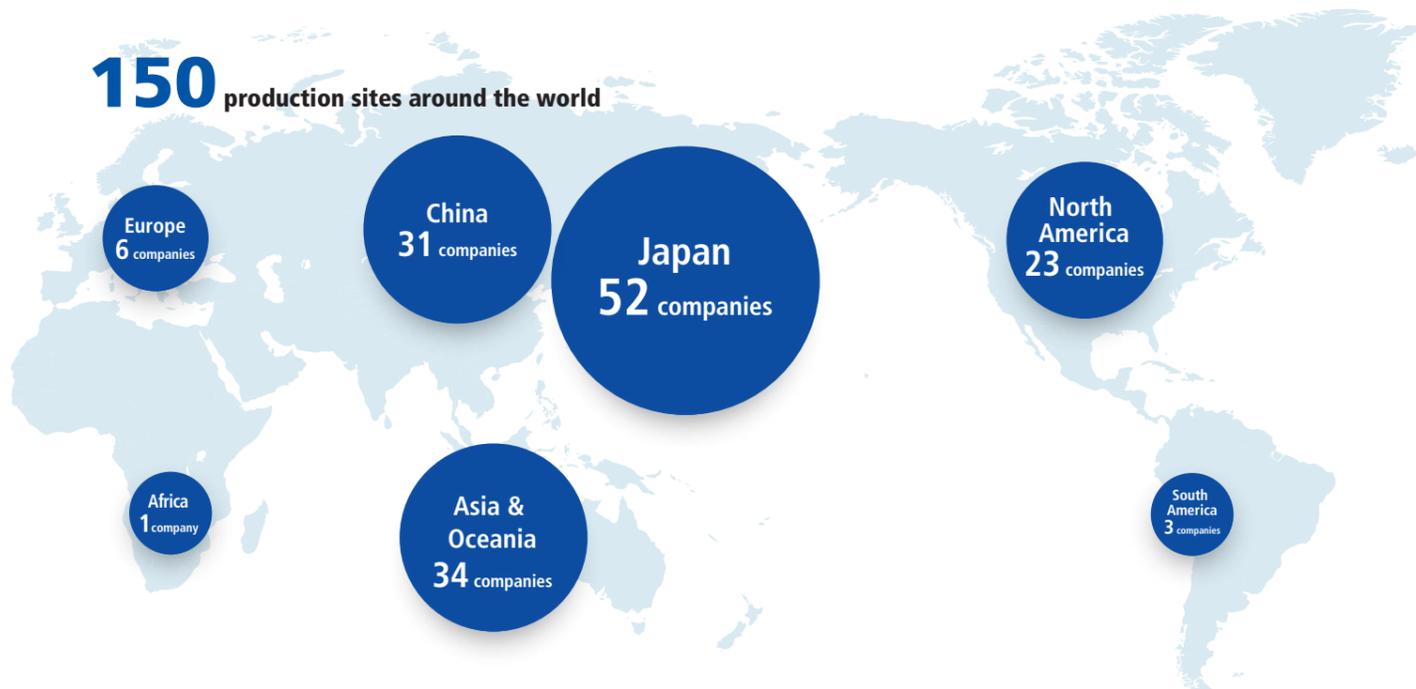
## Excellent manufacturing (production technology)

At AISIN Group, we give 110% to our manufacturing work, creating top-notch production technology to produce products with quality our customers can rely on. And we have no plans to rest on our laurels—we will continue to innovate in the creative methods and build production processes we have developed for the next generation of products, and we will build on our framework for our development of production technology so that every product in every region of the world has the best possible quality.

## Supplying high-quality products worldwide

We have built a global supply framework with 150 production sites around the world. We work closely with the world's major automotive manufacturers to develop and supply products that meet their diverse range of needs and provide a high degree of added value.

**150** production sites around the world



## Wide range of production methods and technology

With a wide range of production methods and technology, from die casting and pressing to cutting, raw material handling and assembly, AISIN Group is involved in the entire production process, and our products account for an enormous number of the parts in a vehicle.



## Sharing knowledge and techniques to contribute to global growth

We know that high-quality products come from highly skilled workers, and one of our most important initiatives is a global training program for our manufacturing team members. This enables us to pass on the knowledge and techniques that AISIN Group has developed over the years, and contributes to the development of the countries where AISIN's companies are located.



Workers learn how to operate an industrial robot



Our staff learn how to draw diagrams with CAD and by hand



## Cohesive strength as a group

With specialized expertise in a wide range of business fields, we are able to meet the wide-ranging needs of consumers—our end customers—in areas that range from our core automotive parts business to fields such as electronics and energy.

### Body product business

- AISIN** Aisin Seiki
- AN** Aisin Sin'ei
- SAFARI** Shiroki Corporation

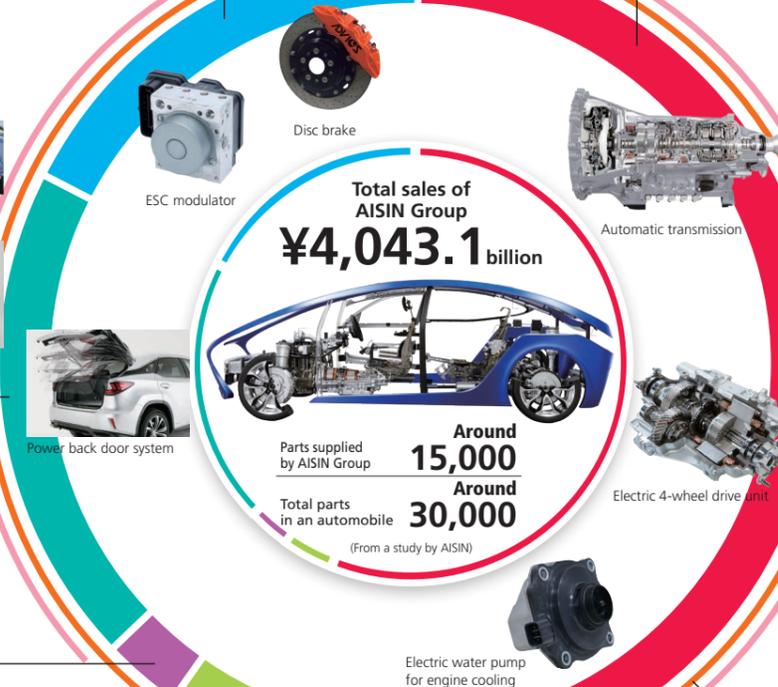
Ratio of total sales: **19.5%**  
Sales: **¥789.0 billion**



### Chassis & Vehicle Safety System business

- AISIN** Aisin Seiki
- H** Hosei Brake Industry
- ADVICS** ADVICS

Ratio of total sales: **17.9%**  
Sales: **¥724.1 billion**



### Powertrain Business

- AISIN** Aisin Seiki
- AW** Aisin AW
- AKK** Aisin Kiko
- AW-I** Aisin AW Industries
- ART** Art Metal Mfg.
- ADVICS** ADVICS

Ratio of total sales: **55.7%**  
Sales: **¥2,253.9 billion**



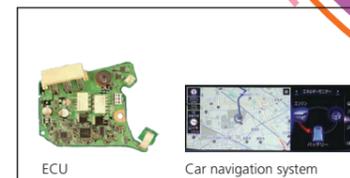
### Raw Materials Business



High-performance coating-type damping material

- AT** Aisin Takaoka
- AC** Aisin Chemical
- AK** Aisin Keikinokoku

### Aftermarket Business



### ICT & Electronics Business

- AISIN** Aisin Seiki
- AW** Aisin AW
- ADVICS** ADVICS

Ratio of total sales: **3.1%**  
Sales: **¥124.0 billion**

### Energy & Homes Business

- AISIN** Aisin Seiki
- AT** Aisin Takaoka
- AD** Aisin Development

Ratio of total sales: **3.8%**  
Sales: **¥152.1 billion**

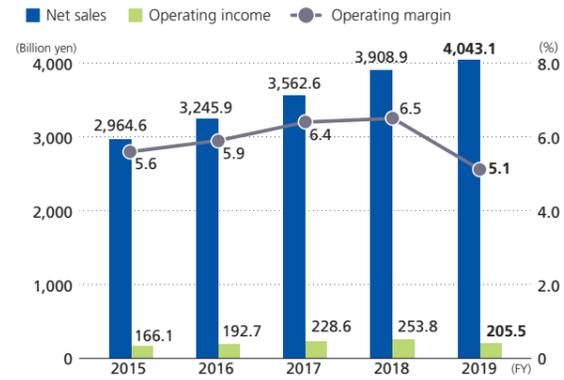


# Highlights

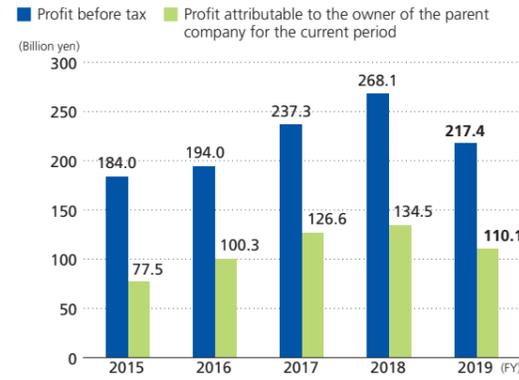
## Financial Highlights

\*Figures are indicated by Japanese standards for fiscal 2015 and according to IFRS for fiscal 2016 onward

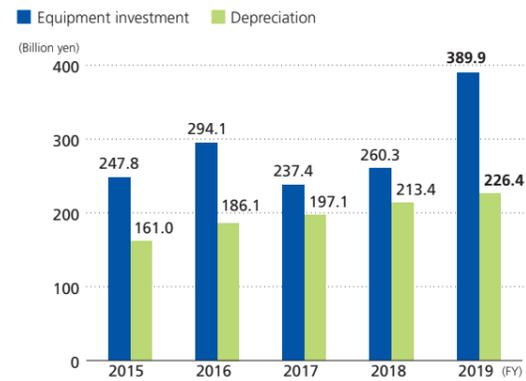
### Net sales, operating income and operating margin



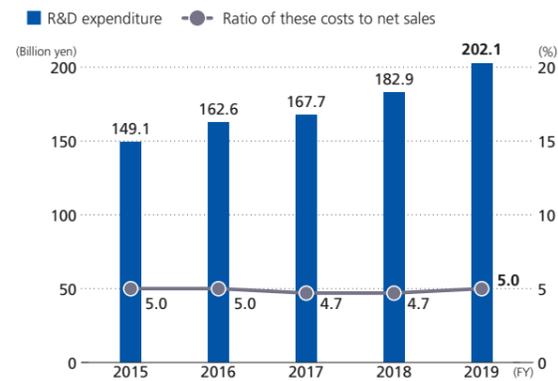
### Profit before tax and profit attributable to the owner of the parent company for the current period



### Equipment investment and depreciation



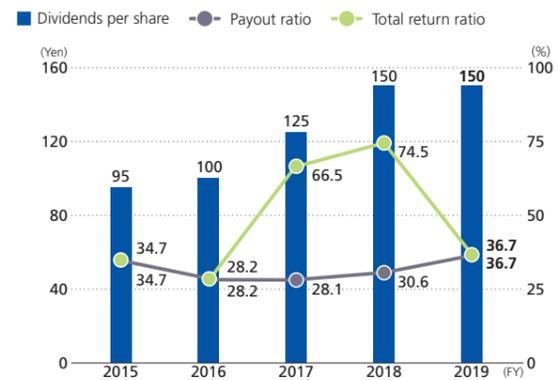
### R&D expenditure and ratio of these costs to net sales



### EPS (basic earnings for the current period per share)



### Dividends per share, payout ratio and total return ratio

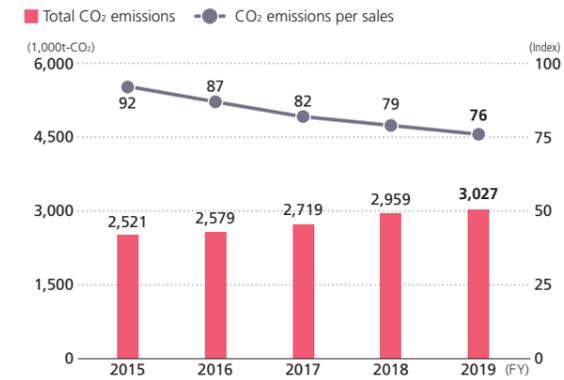


\*¥49 billion in shares in AISIN were purchased in fiscal 2017, and ¥59.4 billion in shares were purchased in fiscal 2018.

## Other Highlights

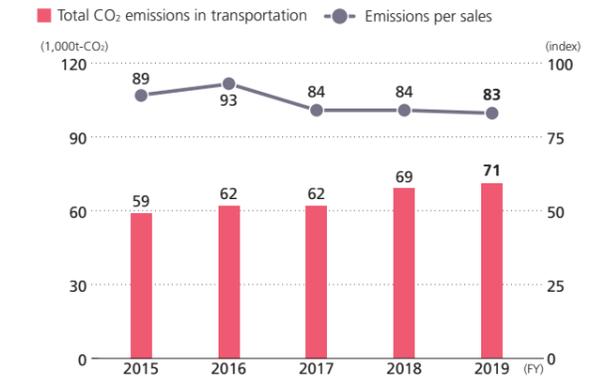
\*The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan

### Total CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per sales



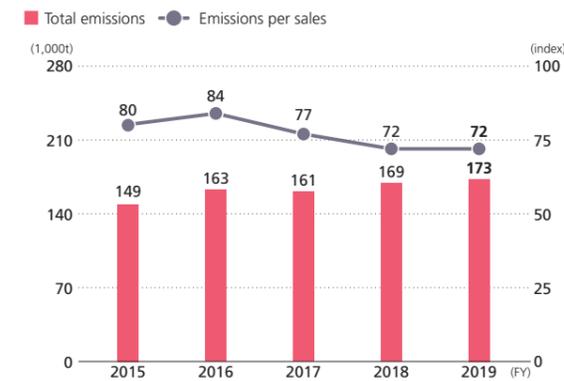
\* Past figures have been revised due to changes in the scope of calculation.

### Total CO<sub>2</sub> emissions in transportation and emissions per sales



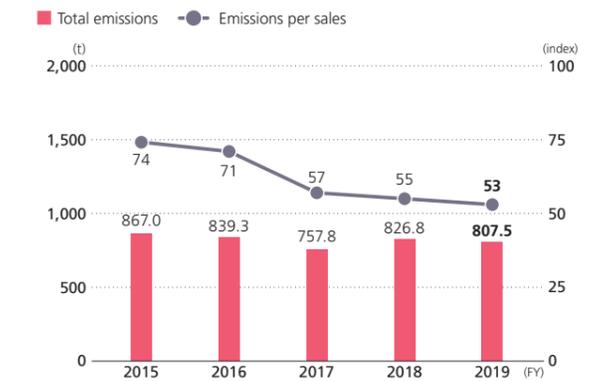
\* Past figures have been revised due to changes in the scope of calculation.

### Waste and waste per sales



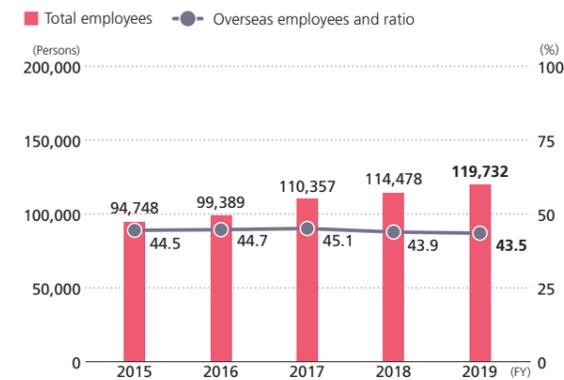
\* Past figures have been revised due to changes in the scope of calculation.

### VOC emissions per sales

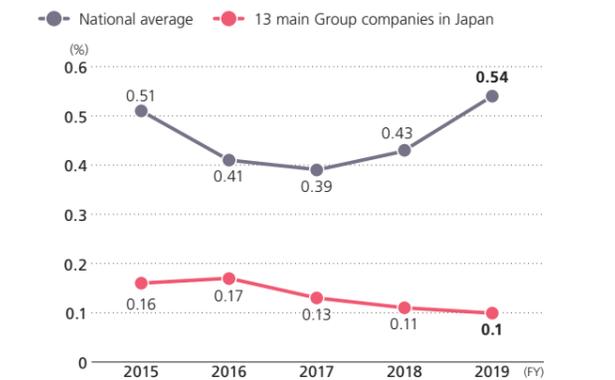


\* Past figures have been revised due to changes in the scope of calculation.

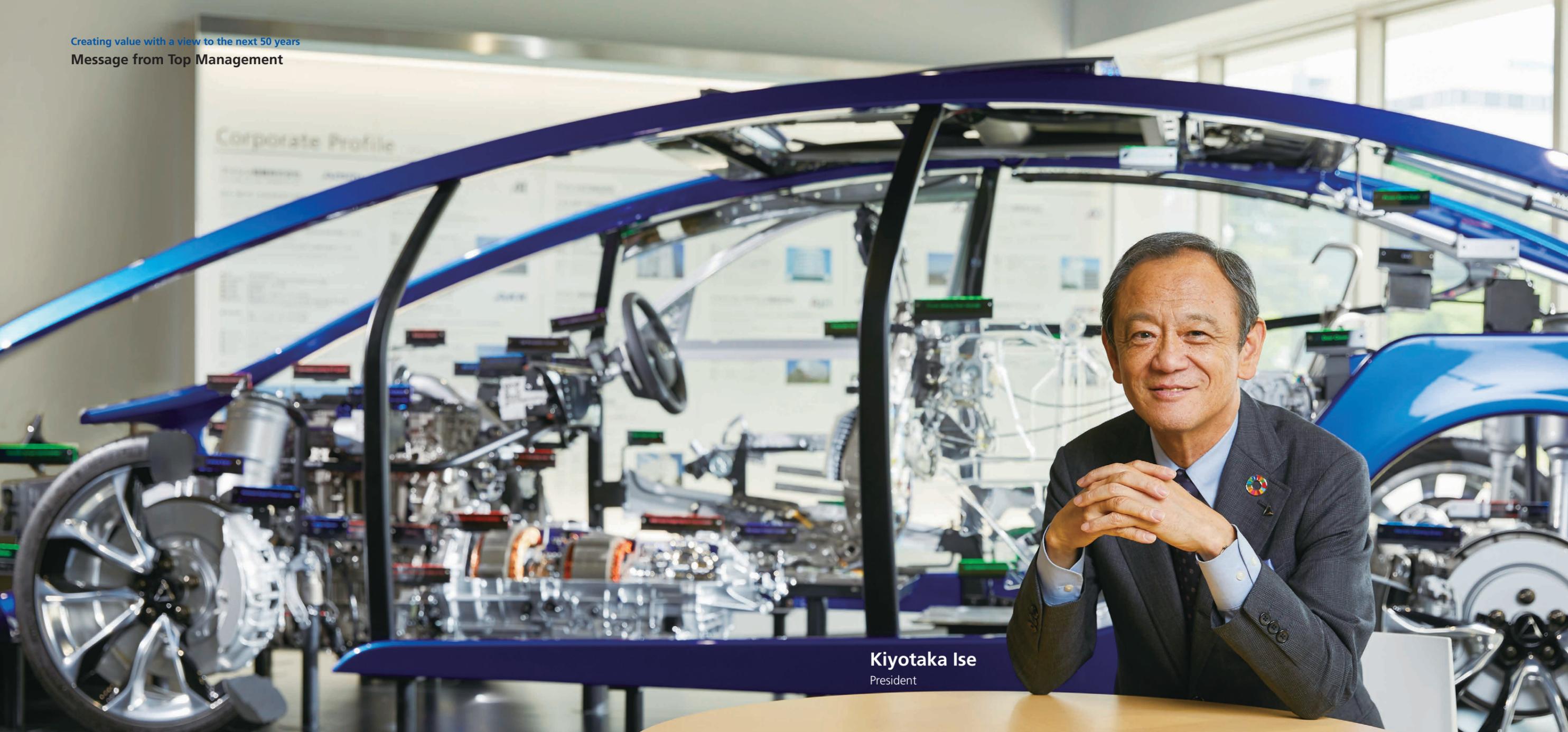
### Total employees, overseas employees and ratio



### Rate of disabling injuries occurring in the workplace



$$\text{Disabling injury frequency rate} = \frac{\text{fatalities and disabling injuries in the workplace}}{\text{Total working hours}} \times 1,000,000$$



**Kiyotaka Ise**  
President

## Laying the foundation for the next 50 years and beyond...

AISIN Group has contributed to the development of the automotive industry with advanced technology, superb manufacturing and cohesive strength as a group. Now, the industry is facing the biggest period of change in over a century with new advances including electrification and automated driving. We have the opportunity once again to contribute to the future of the industry by changing as a company, and here we will tell you about our plans and initiatives for sustainable growth.

# Commitment

## Based on “Quality First”

With “Quality First” as our corporate principle, AISIN Group continually strives to create appealing products for our customers. “Quality First” is at the heart of everything we do, and it is the guiding principle of our manufacturing processes. But with values becoming more and more diverse, the types of products and levels of quality that our customers are seeking are many and varied. We need to give each of our customers our full attention and provide the quality they are looking for. I want to look at our corporate principles through that lens as we build our business on those principles.

## To survive the biggest period of change in 100 years, we must change ourselves

### Rapid changes to the environment around us

It has been said that the automotive industry is experiencing the biggest period of change in 100 years. Fuel consumption and exhaust gas regulations are becoming more and more stringent around the world, prompting a shift to electric vehicles. Meanwhile, automated driving technology is advancing rapidly due to dramatic progress in components such as computers, image processing and AI. Companies from a wide range of industries such as electrical goods and IT have jumped at this demand, creating more intense competition in the automotive industry than ever before. The ripples

from this wave of technical innovation have extended deep into society. Technological innovation now influences the values of the general public, with cars now beginning to be regarded as things to be “used” rather than “owned”. In order to survive in the age of CASE, as these new technical fields are known in the automotive industry, we need to change the way we operate, and fast.

### Three policies for action with a shared sense of urgency

In order to make the drastic changes needed, each and every person at AISIN, from executives to employees, needs to properly understand the major changes that are taking place in the industry and approach this situation with the sense of urgency that it merits. We established three Action Guidelines that will serve as common philosophies for the group as a whole.

Our first Action Guideline is initiative and speed. We expect each person at AISIN to think for themselves and act quickly and proactively, rather than waiting passively.

The second guideline is to scrap and build with nothing considered untouchable. With resources, it is essential to choose carefully and focus on what we have chosen. Even in businesses that have contributed to AISIN Group’s growth in the past, we may lose our competitive edge and find no prospects for growth. If this happens, we need to assess the situation quickly, scrap these businesses and shift to areas where our resources are needed. The same is true in each of our individual operations: we need to prioritize our work, scrap the tasks with the lowest priority and shift to the work that truly needs to be done now.

The third is to break down barriers. Until now, AISIN Group has used branch management to achieve specialization and speed, but as the company has grown, redundancy has occurred in our business and management, while collaboration has sometimes been insufficient. To resolve these issues, we launched a Virtual Company (VC) System in April 2017. Areas of business that are duplicated between group companies all operate together as if they are one “company”. In future, we will think outside the VC system to further accelerate collaboration within the group.

Since I was appointed as President in June 2018, I have regularly explained the situation to all of our employees so that they can understand our policies for action and the sense of urgency they need to have about these major changes. We will need to carry out structural reforms quickly in order to adapt, and nothing is more essential than a change in our employees’ awareness in order to make those reforms happen. I want this to become entrenched in AISIN’s culture and make AISIN a strong company that can grow sustainably and bring new value to society.

## Aiming for growth through steady work on two reforms

In recent years, AISIN Group has continually performed well due to growth in demand for core products such as automatic transmission (AT), but the changes taking place mean that these increases in our figures will not last long-term—in fact, our profits decreased in FY2019 due to a decline in the Chinese market. We are still feeling the pinch in FY2020, and our profits are expected to decrease for the second year in a row. If the electrification of powertrains continues, demand for AT may never again be what it used to be—making it difficult to predict the future of this core business.

We need to increase our development of technology and investment in the future.

What we do have are Aisin’s three unique strengths: our advanced technology, superb manufacturing (production technology) and cohesive strength as a group (wide-ranging areas of business). We will strengthen these and address the issues we are experiencing through two reforms.



### AISIN Group’s three Action Guidelines



### Reform of corporate structure to handle CASE

AISIN Group's key strength is our wide-ranging areas of business - we make up to 15,000 of the approximately 30,000 parts a car is said to contain. This technology combined with our commitment to quality will enhance our development capabilities for the wide range of products required in the age of CASE.

By applying the technical base we've established with other products, we are tackling electrification through the development of 1-motor hybrid transmission, 2-motor hybrid transmission, and electric drive modules such as the eAxle series, along with other products involved in electrification of cars, such as electric pumps and our electronically controlled brake system.

We are also actively strengthening our frameworks for development, sales and production. In April 2019, we entered a joint venture with Denso Corporation to establish BluE Nexus Corporation to produce and sell electric drive modules such as eAxle. We also combined Aisin AW and Aisin AI to optimize our powertrain business as a whole and handle electrification more efficiently.

The area of automated driving provides many opportunities for us to show our strength, and by focusing our development resources on technology like our vehicle dynamics control, electronically controlled brake system, driver monitoring system, intelligent parking assist system and automated valet parking, we can significantly impact the autonomous future.

Other fields expected to bring major changes to the market are connected cars and sharing services. We are using the latest technology to develop products to meet the needs of shared users such as power sliding doors, smart door safety function, smart seating arrangement and cabin monitoring system.

Through these expansions of our product range, we intend to grow our stake in CASE-related products from 27% market share to approximately 50% market share by fiscal 2024.

We will also welcome outside perspectives in a variety of fields through technical collaborations with partners to rapidly expand into new areas of business.

### Reforming our corporate framework to become highly profitable

Changing our business structure to handle CASE will take some time and capital. We will need to reform the structure of our existing businesses to streamline and enhance profitability. This will mean scrapping and building existing businesses and cutting fixed costs to create a lean framework.

We are scrapping business areas and products that are not competitive and for which there are limited prospects for growth such as the recent closure of our sewing machine business, one of our original businesses. We also discontinued our bed business, a company that began over 50 years ago as Toyota Beds. These difficult decisions are evidence of our commitment to the future, and we are now turning our attention to any underperforming automotive parts businesses. Future resource creation will focus on the development of our CASE business.

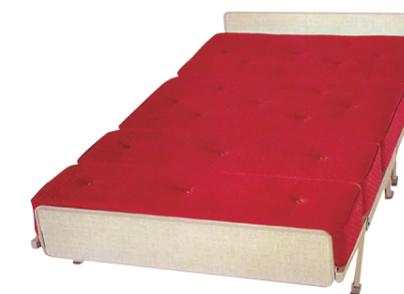
We will approach the cutting of fixed costs from two angles. The first is a reform of our working practices. In addition to making thorough use of IoT and RPA\*, we will revise the operations performed by every employee to ensure that no time is wasted on superfluous work. Combined with bold changes to the way we work, we can increase productivity by at least 20%.

The second is a revision of the branch management system that has been behind AISIN Group's growth thus far, thereby redefining the group's management for the needs of the future. Subsidiaries and management functions will be merged to eliminate redundant costs and use our resources more efficiently. We will also centralize head office functions such as management and procurement for the group, making these functions stronger and more efficient.

\* Robotic Process Automation, a system using a software robot in which high-performance recognition technology such as rule engines, AI and machine learning is used to automate operations or make them more efficient.



Our first sewing machine, the HA-1



The first Toyota Bed, the Split Type Sofa Bed

## TOPICS

Announcement on October 31, 2019

### Management Integration of Aisin Seiki and Aisin AW

October 31, 2019, Aisin Seiki Co., Ltd. (AI) and Aisin AW Co., Ltd. (AW) signed a basic agreement for the management integration of AI and AW.

In order for the Aisin Group to survive the once-in-a-century transformation of the automotive industry, which is ushering in the rapidly developing CASE-related fields and the entrance into the market by companies from other industries, it has become necessary to further strengthen our competitiveness, and to this end, in an effort to strengthen collaboration within the Group and improve management efficiency, the Aisin Group pushed forward with the introduction of the virtual company system in April of 2017.

Although there has been some progress over the past two and half years in collaboration and consolidation of management functions across company boundaries, changes in external business conditions are also accelerating and in order to proceed to a new level of structural reform, a decision was made to carry out an integration of AI and AW in the spirit of a merger on equal footing.

The new company resulting from the AI and AW merger will further accelerate a shift of resources to critical areas, with the objective of creating synergies in both operations and management and strengthen our competitiveness in CASE-related fields.

**AISIN**



**AW**



## Medium-term management plan for fiscal 2024

Our medium-term management plan for fiscal 2024 was created based on the initiatives we have described so far. Here we will explain the key points, including our predictions of future market trends.

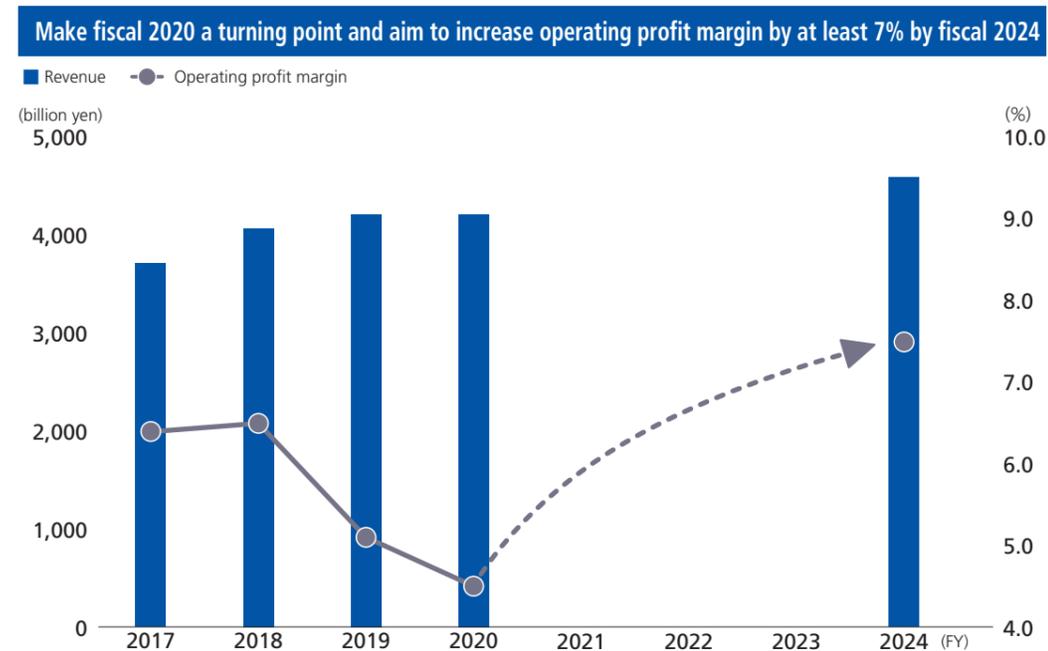
Growth in the automotive market is tailing off, and where global car sales used to grow every year, they have fallen in 2018 and 2019. As a result, it is expected to take three years longer than planned to reach the target of 13 million units that was set for fiscal 2021 in 2018 for core businesses such as our AT, HV transmission and driving modules such as eAxle. We have revised our sales plan to sell 13 million units by FY2024. This is still a challenging target that will require an increase of around 30% on our sales of 9.99 million units in FY2019, but

we will tackle this by identifying new demand in emerging countries and expanding our range for HV transmission and electric products such as eAxle. We plan to increase the role of electric products in our sales of driving modules, raising the ratio from 5% in fiscal 2019 to at least 20% in fiscal 2024.

We are also working to further reduce R&D costs and fixed costs (other than depreciation) by reforming our practices in the ways we mentioned earlier and making a strong shift from our previous branch management to our new group-wide management system. Our aim is for these costs to be lower in fiscal 2024 than they are in fiscal 2020.

Though profits decreased in both fiscal 2019 and fiscal 2020, AISIN Group is no stranger to surviving challenging times. By steadily carrying out our two reforms, we aim to achieve an operating profit margin of at least 7% and ROE of at least 12% in fiscal 2024.

### Management plan for fiscal 2024



## Becoming the corporate group that society needs

The global society is holding companies increasingly responsible for their impact – both good and bad – on various social issues. A particularly prominent example is the Sustainable Development Goals (SDGs) set by the United Nations in 2015.

We are responding to this call and working hard to achieve a sustainable society. In May 2019, we established AISIN Group Principles of Corporate Behavior as a guide to fulfilling our social responsibilities, with extensive standards for contributing to sustainable economic growth, identifying solutions to social issues and upholding the rights of all people.

Aisin has always been a company dedicated to meeting social needs, with international cooperation and existing harmoniously with society and nature as core tenets of our management principles. We selected seven priority issues to focus on as a group and have set long-term targets and KPIs for each issue to strengthen our initiatives to solve these social issues.

Because we have a special responsibility as an automotive company to address the significant strain that vehicles place on the environment, we are working to achieve zero CO<sub>2</sub> emissions in the entire life cycle of automobiles by 2050, developing emission-reducing products and introducing innovative new facilities to achieve zero CO<sub>2</sub> emissions in our plants.

We also believe that stringent corporate governance is the key to sound economic growth, and we are consistently working to strengthen our governance practices. On April 1, 2019, we reduced the levels and number of operating officers in the group to best expedite operations. We also reduced our board of directors from 14 to 9 in June 2019, with external directors now representing over a third of our board. These initiatives will clarify the roles of our management and operating officers and enable more stable, more transparent management.

## To all of our stakeholders

Since I was appointed President, I have been changing the way we think by looking outside our existing rules and operations and providing new ideas to make AISIN Group more innovative. My mission is to successfully steer this ship through the biggest sea of change in the automotive industry in the past century of the automotive industry. I am sharing my sense of urgency with all who work in AISIN Group and encouraging them to turn that urgency into energy applied to innovation that lays the foundation for growth over the next 50 to 100 years. In addition to a strong drive for structural reforms in AISIN Group, I will also improve our ESG management so that we can continue to be a company that society needs. You can expect a lot from AISIN Group in the future.





## Financial support for structural reform with for medium- to long-term value creation

**Makoto Mitsuya** Executive Vice President

### Introduction: My role as a financial officer

I began working for Aisin Seiki in 1981, in HR. I became involved in the “meat” of Aisin’s work in 1987, when I was transferred to accounting. In 1993, I transferred to an American production company of ours, where I gained a wide range of experience from business planning to accounting, HR and general affairs. I was made the deputy head of our Accounting Division in January 2002, and have worked my way up the ladder in accounting and finance since. In my current role in finance, I take a medium- to long-term view, working to achieve sustainable growth and improve our value by ensuring that our return on invested capital (ROIC)<sup>\*1</sup> is greater than our weighted average cost of capital (WACC)<sup>\*2</sup>. This sustainable growth will be achieved through three key practices. First, we will continue to plant plenty of seeds for the future while building a corporate framework that can cope with change and maintain profitability. The second practice is thorough risk management to prevent crises and minimize damage if a crisis does occur. Finally, our third practice is to carry out strong initiatives for ESG and achieve the SDGs based on AISIN Group’s activities.

\*1 An indicator of how efficiently a company is generating profit from the capital invested in its business activities. (Operating profit after income tax ÷ (inventories + property, plants and equipment + intangible assets))

\*2 Weighted Average Cost of Capital (WACC): A weighted average of the costs generated by loans (debt costs) and procurement costs generated by shares (capital stock costs). This is the minimum profitability that the company needs to achieve.

### Review of FY2019 and outlook for FY2020

While we achieved record sales in fiscal 2019, our operating profit decreased.

Despite actively expanding our business for CASE and powertrains such as AT and increasing investment in development, AT sales were lower than expected in the second half of the year due to factors such as a slowing of the Chinese market and temporary costs required to ensure quality.

As we continue to invest in development costs for CASE and the strengthening of our production framework in fiscal 2020, challenges remain in AT Sales, particularly in the Chinese market, and both revenue and profits are expected to be down.

The Chinese market still offers a lot of potential and the needs of this market are set to grow in the future, but the impact of issues such as the trade conflict between the USA and China are still of immediate concern.

Our ability to achieve increases in profit in the wake of the 2008 global financial crisis was driven by the expansion of our AT sales. As I mentioned before, this market is changing rapidly and cannot be solely relied upon during our current fiscal challenges. We also must address our stagnated productivity, an increase in our fixed costs and our undeniable dependency on sales to reverse the consecutive decrease in profit over the last two years. We are fully grasping the seriousness of this situation and we are taking the opportunity to make dramatic improvements to our framework in order to survive these once-in-a-century changes.

### Basic policies for our medium-term management strategies

Our strategy through fiscal 2024 is to streamline the structure of our company to create a lean company framework, adapt to the age of CASE, and achieve an operating profit margin of at least 7% and return on equity (ROE) of at least 12%.

The indicators of profitability that we will focus on are operating profit on sales, break-even point, ROE of the parent company and return on invested capital (ROIC). Another key focus will be further strengthening our earning power<sup>\*1</sup> from the current value of 15-16% to 19-20%.

#### Growth strategies

In order to stay ahead of the rapid changes in the industry, we need to actively invest in the development of next-generation fields,

eliminate waste wherever we can and sharpen our investments. With these principles in mind, we will make a drastic shift in our development investments and management resources to be ready for the dawning age of CASE. We plan to increase our spending on CASE-related development from 27% of our spending to around 50% by fiscal 2024 and increase our CASE-related facilities from 10% to around 40%. We will approach electrification by expanding our range of driving products such as eAxle and HV transmission and by accelerating our development to provide entire systems and packages. This approach capitalizes on the strengths presented through the wide range of suitable products produced by AISIN Group, such as cooperative regenerative brake systems and other electronically controlled brakes and electric pumps. Sharing is a core facet of today’s MaaS<sup>\*2</sup> society and this is changing the way cars are being used. Cars are being driven for longer periods of time and many different users are riding in them, resulting in completely different needs from what was expected of us in the past. We will accelerate development of our car body parts such as power sliding doors and seats to increase durability, and will create products and services that meet new needs for more comfortable and convenient driving. To make this development happen as quickly as possible, we will seek outside input, actively collaborating with companies, venture businesses and other outside parties.

#### Strengthening our corporate framework

$$\left[ \frac{\text{ROE}}{\text{Stock capital}} \right] = \left[ \frac{\text{Profit on sales}}{\text{Sales}} \right] \times \left[ \frac{\text{Total asset turnover}}{\text{Invested capital}} \right] \times \left[ \frac{\text{Financial coverage}}{\text{Stock capital}} \right]$$

**Strengthening our corporate framework**

- Reform and elimination of businesses**
  - Scrap and build
- Reform and elimination of organizations**
  - Virtual company system/physical merging and elimination
- Reform and elimination of operations**
  - Use of AI and robotics
  - Unification of platforms

**Improve ROIC (return on invested capital)**

**Capital policy**

Maintain capitalization ratio of around 25%

**Procure capital under favorable conditions**

### Refining our corporate framework

As we accelerate our development of the next generation of products, we need to refine our corporate framework. I want to thoroughly reduce fixed costs and decrease our break-even point to below 80% so that we can survive the major changes that are taking place in the market. To achieve this, we will carry out reforms in each of our businesses, organizations and practices, with “scrap and build” and “shifting from branch management to group-wide management” as our key phrases.

Scrap and build—with nothing considered untouchable—will be our basic policy as we reform and eliminate businesses. If it generates a loss or only a marginal profit, it has to go. A standout example of this is the elimination of our sewing machine and bed businesses, which have been a part of Aisin since we were first established. As we have said, nothing is untouchable, and the same will apply to our automotive parts business.

Next, there is the reform and elimination of organizations. Until now, the growth of AISIN Group has been ensured by branch management. However, as the group has expanded substantially, this management method has resulted in a lot of redundancy, waste and inefficiency in our businesses, products and core divisions. To turn this around, we established a Virtual Company (VC) System in 2017 to switch from branch management to group-wide management. We opened group headquarters to facilitate our VC system. This new format enables us to centralize and standardize our managerial administration divisions and our divisions for each function within the group, and to make effective use of the assets in each VC. We also merged Aisin AW and Aisin AI in April 2019 to promote these activities. We plan to spend fiscal 2020 merging, eliminating and streamlining organizations at our numerous sites around the world.

Our reforms and elimination of operations will consist of measures such as joint procurement, distribution and IoT development between the divisions for each of our functions and unification of platforms for operations such as HR and accounting in our managerial administration divisions to streamline and centralize our operations throughout the group. We are also taking stock of all of our operations, focusing on what really needs to be done and making use of AI and RPA to dramatically reduce the time that our work takes. Together with our reforms of our working practices, these measures will increase the overall productivity of our staff divisions by over 20%.

### Thorough risk management

Thorough risk management is essential to achieve sustainable growth. This means prevention and

limiting of crises during calm periods and taking initial measures in the event of a crisis to minimize damage, prevent secondary disasters and resume normal activities as quickly as possible. We assess risks by examining situations around the world and assessing the severity of a risk and the frequency with which the issue is likely to occur. We then determine the order in which risks should be dealt with and classify our responses into four categories: risk avoidance, risk control, risk shifting and risk retention.

\*1 Earning power is an index calculated by adding together a company's operating profit margin, depreciation cost ratio and development cost ratio. Operating profit margin indicates the company's current performance, depreciation cost ratio indicates the expansion of its businesses and development cost ratio indicates its investment in the future.

\*2 Mobility as a service, a new concept in which the mobility provided by various forms of transportation is consumed as a service.

### Capital policy

Our core capital policy is to improve the value of our company with a balance between safe finances and efficient use of capital. We approach this balance using capitalization ratio\*1 as an index. We believe that this ratio should be around 25% to achieve the ideal capital composition.

We work to ensure the safety of our finances by using evaluations as one of our benchmarks and maintaining a trust rating of AA to A+ for debt on long-term loans to ensure that we are always able to procure outside capital at a low cost.

To use our capital efficiently, we make it a priority to only procure debt capital within the scope that allows us to maintain a high rating, and limit the scale of our capital to reduce our overall capital costs. We have also implemented a cash management system (CMS)\*2 to make effective use of our capital policies and the capital in AISIN Group on a consolidated basis.

At present, the ROIC for all of our businesses is around 8%, while the weighted average capital cost (WACC) is 5-6%. Our returns are higher than our procurement costs, which indicates that we have made AISIN valuable as a company, but it is also clear that we need to carry out initiatives to future increase our returns. To accomplish this, we need to actively work on strengthening our corporate framework in the ways that I mentioned earlier.

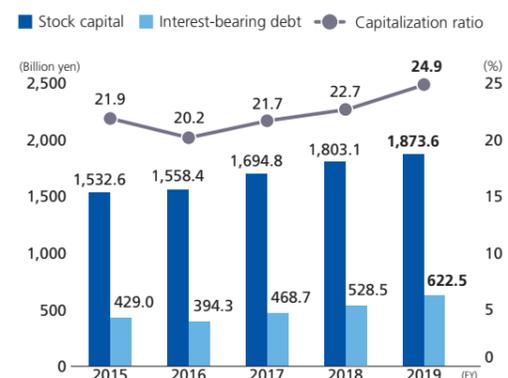
In terms of our return to shareholders, we have been able to achieve steady dividends with a dividend payout ratio of around 30%. We will continue to keep our capitalization ratio and future investment trends at the forefront of our minds, and are considering share buy-back.

\*1 An indicator of the balance between interest-bearing debt and capital (net assets). (Interest-bearing debt/(interest-bearing debt + stock capital))

\*2 A method in which the parent company or central company establishes dedicated accounts in the same bank for the group's capital and manages the capital centrally for efficient consolidated operations and use of capital. This term can refer to both the method and the system itself.

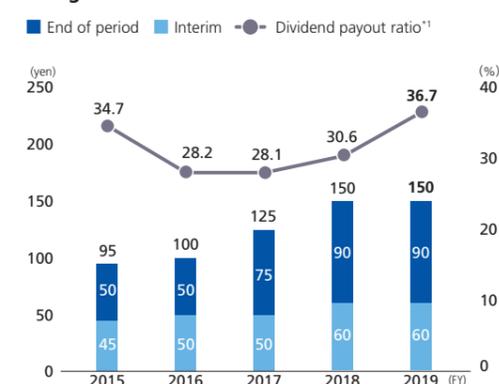
### Changes in Capitalization Ratio

Capitalization ratio = (interest-bearing debt/(interest-bearing debt + stock capital))



Figures are indicated by Japanese standards until fiscal 2015 and according to IFRS for fiscal 2016 onward

### Changes in dividends



	FY2015	FY2016	FY2017	FY2018	FY2019
Profit for the period (billion yen)	77.5	100.3	126.6	134.5	110.1
Total dividends (billion yen)	26.8	28.3	35.2	40.7	40.4
Repurchase of treasury stock (billion yen)	0	0	49.0	59.4	0
Total return ratio*2(%)	34.7	28.2	66.5	74.5	36.7

\*1 Dividends per share ÷ basic profit for the period per share

\*2 (Total dividends + Repurchase of treasury stock) ÷ profit for the period  
Figures are indicated by Japanese standards until fiscal 2015 and according to IFRS for fiscal 2016 onward

### Rating

(as of August 2019)

	Long-term	Short-term
S&P Global Rating	A+	A-1
Rating and Investment Information Center (R&I)	AA-	-

### Closing: To all of our stakeholders

In order to come out on top and survive the biggest period of change in 100 years, we must carry out structural reforms to handle the shift to CASE and make our corporate framework leaner. At the same time, it is essential to coexist harmoniously with the environment and society and share our prosperity with the world. The values in our corporate principles—“Enhanced Value Creation”, “Continuous Global Growth”, “Harmony with Society and Nature” and “Individual Creativity and Initiative”—fit very neatly with the Sustainable Development Goals (SDGs) that are currently in the spotlight. AISIN Group has always been aware that each and every one of us is responsible for building a relationship of trust with society at large through our corporate activities. “Be with” is our slogan as we work to protect the natural environment, nurture young people and contribute to the development of communities around the world. With globalization and increasing diversity exposing us to more new values, cultures, customs and situations than ever before, we need to pay even more attention to society and the people we interact with. In the mid-Edo period (the Edo period as a whole lasted from 1603 to 1868), people had a custom called *kasa-kashige* (offering an umbrella). Any time two people passed each other on a rainy day, they would move their umbrellas out of each other's way. People were conscious of giving way to each other a little so that they did not bump into others. They knew how to coexist, and this is the mindset that we need to adopt now. While we are of course seeking to grow our company through our business activities, we also keep our corporate principles at the forefront of our mind and carry out ongoing activities to ensure that we are growing together with our shareholders, investors and all of our other stakeholders.



## AISIN Group's value creation process

AISIN Group identifies priority issues to tackle social issues through our business practices. "Quality First" is our basic philosophy as we apply the strengths we have developed in everything we do. We supply a wide range of products and services in areas such as automotive parts, energy and homes. AISIN Group works to provide value to society, increase our value as a company and maintain the trust of our stakeholders, but we're also thinking bigger than that: we are contributing to the accomplishment of many of the UN's Sustainable Development Goals.

### Corporate principles

#### Based on "Quality First"

1. Enhanced Value Creation
2. Continuous Global Growth
3. Harmony with Society and Nature
4. Individual Creativity and Initiative

### Social issues

Climate change

Depletion of resources

Rapid urbanization

Environmental pollution

Growing social inequality

Accidents and disasters

Health problems

### Work Force Priority issues

- 3** **CLIMATE ACTION**
  - Prevention of global warming
  - Reduction of traffic accidents
  - Providing safe means of transportation for people and cargo
- 7** **AFFORDABLE AND CLEAN ENERGY**
- 11** **SUSTAINABLE CITIES AND COMMUNITIES**
  - Promoting a shift to clean energy
  - Working to improve health and welfare
- 13** **CLIMATE ACTION**
- 9** **INDUSTRY, INNOVATION AND INFRASTRUCTURE**
  - Technological innovation for sustainable industries
  - Prevention of pollution, reduction of environmentally unfriendly materials, recycling of resources and more efficient resource usage
- 12** **RESPONSIBLE CONSUMPTION AND PRODUCTION**
- 3** **GOOD HEALTH AND WELL-BEING**
  - Industrial health and safety, protecting human rights, promoting diversity, reforming working practices, work-life balance
- 8** **DECENT WORK AND ECONOMIC GROWTH**
  - Sustainable procurement

### Business capital Input

- Financial capital**
- Net assets: ¥1,873.6 billion
  - Interest-bearing debt: ¥623.8 billion
  - Cash on hand: ¥520.7 billion
  - Business cash flow: ¥354.9 billion
- Production capital**
- Through our well-oiled supply framework, we provide high-quality products worldwide
- 150 production sites
  - ¥389.9 billion invested in facilities
- Intellectual capital**
- We develop a wide range of technology, always thinking of our customers around the world
- R&D expenditure: ¥202.1 billion
  - Technical partners
  - 19,792 patents
  - 32 overseas research and development sites
- Human capital**
- Behind our global success in manufacturing are diverse personnel with extensive manufacturing expertise
- 119,732 employees
  - 52,065 overseas employees (43.5% of total)

### Products and services Output

#### Automotive parts

- Powertrain**
  - Hybrid transmission
  - Electric 4-wheel drive unit
- Chassis & Vehicle Safety Systems**
  - Electronically controlled brake system
  - Intelligent parking assist system



- Body**
  - Power sliding door
  - Sun roof
- ICT & Electronics**
  - Car navigation system
  - ECU
  - Sensors



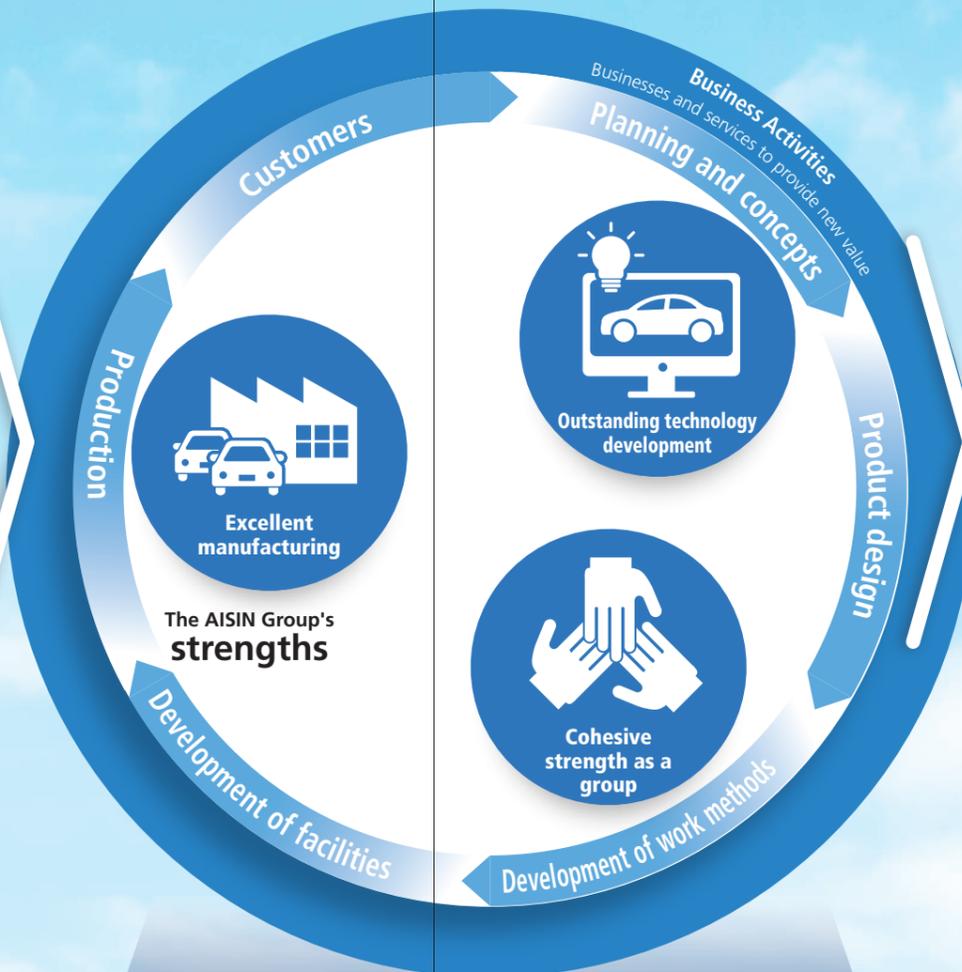
#### Aftermarket

#### Energy and homes

- Household co-generation systems
- Shower toilet

### Providing value to society Outcomes

- Shareholders and investors**
- Revenue: ¥4,043.1 billion
  - Dividends: ¥150
  - Aggregate market value: ¥1,065.8 billion
- Customers**
- We supply products to reduce traffic accidents
  - Our products are user-friendly and ensure our customers' comfort
  - Each vehicle is evaluated for quality you can count on
- Suppliers**
- We strive to coexist harmoniously with our suppliers and share our prosperity
- Employees**
- We make AISIN a fulfilling place for our employees to work
  - We promote diversity and inclusivity
  - We enable our employees to have a better work-life balance
  - We promote physical and mental health
- Local communities**
- We work on advances in mobility societies to improve safety
  - We contribute to local economies
  - We contribute to the development of local communities and the training of young people in those communities
- Environment**
- We work on popularizing electric products to reduce CO<sub>2</sub> emissions
  - Thorough resource recycling procedures are in place to reduce waste
  - We are contributing to the conservation of biodiversity



Corporate governance

Compliance Risk management

AISIN WAY

AISIN Group Principles of Corporate Behavior

## Identifying priority issues

Since its establishment, AISIN Group has adhered to the corporate principle of "Quality First", and has sought to offer appealing products that meet customers' needs. Furthermore, upholding our corporate principles of "Contributing to the advancement of society" and "Harmony with society and nature", the Group promotes corporate behavior that helps create a sustainable society.

The values and initiatives of AISIN Group dovetail neatly with the Sustainable Development Goals (SDGs) that were put into effect by the United Nations in January 2016, and we are confident that our business activities will continue to contribute to the accomplishment of the SDGs for decades to come.

We have chosen priority issues to focus on as we accelerate our initiatives in this area.



### Process to identify priority issues

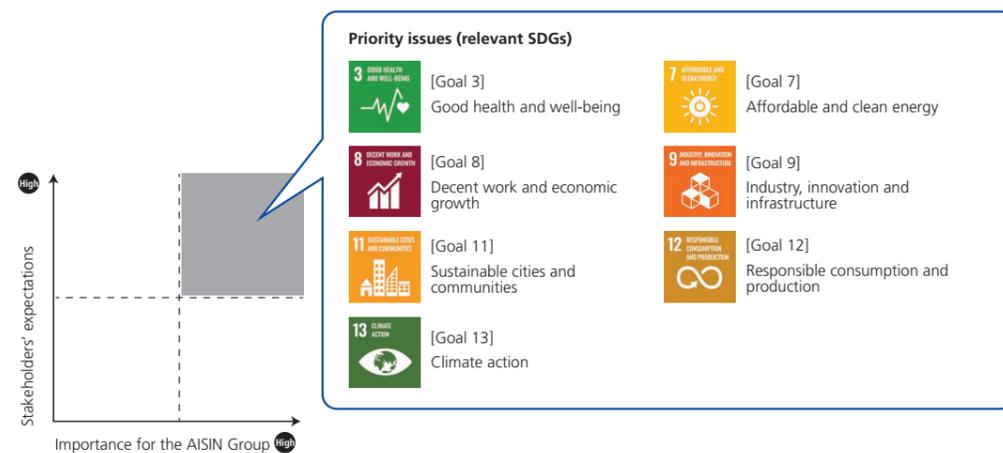


• Identify issues that are related to AISIN Group's business and supply chain centering on the 17 SDGs and 169 targets.

• Issues are prioritized based on the expectations and requests of stakeholders and importance to the Group, and a "priority matrix" is created (see below).

• Discussions by Group top management and related executives.  
• Opinion exchanges among external experts, external Directors, and external Audit & Supervisory Board Members.

• To approve priority issues based on opinions from external experts.



### Priority issues selected by AISIN Group

	Relevant SDGs	Priority item (materiality item)	Division responsible and ideal situation
Resolution of social issues through business activities	3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION	• Global warming control • Reduction of traffic accidents Providing safe means of movement/ transportation	<b>Automotive parts business</b> • Contributing to <u>creating a mobility society that is more friendly to the environment and people</u> by reducing energy consumption, utilizing clean energy, and providing safer and more comfortable means of transportation
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Promotion of transition to clean energy • Promotion of health and welfare	<b>Energy- and lifestyle-related products business</b> • Contributing to <u>creating a city that makes people's lives better and is more environmentally conscious</u> by spreading clean and highly-efficient energy-related products and providing comfortable housing spaces
	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	• Promoting sustainable industrialization by technological innovation • Preventing contamination, reducing substances of concern, resources circulation, and enhancement of resource efficiency	<b>Common to all business</b> • Contributing to <u>building a rich and sustainable society</u> by providing new values generated by future-oriented research and development • Contributing to <u>transition to a recycling-based society</u> by promoting efforts to eliminate burdens on the global environment
Management supporting foundation activities	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	• Health and labor safety sanitation, protection of human rights, promotion of diversification, work style reforms, and work and life balance • Sustainable procurement	<b>Common to entire group</b> • Promoting efforts to <u>secure working environment where a variety of employees can work with motivation and without anxiety</u> with the entire supply chain in mind

Corporate governance, compliance and risk management

### Main input from external experts

AISIN Group selected its priority issues and SDGs-related initiatives by plotting them on a graph with the Y axis indicating the expectations of stakeholders and the X axis indicating the importance of each priority issue to the company. The items that ranked the highest in both categories were selected as AISIN Group's priority issues. This method is considered an industry best practice and many companies then narrow their materiality issues down further. The seven final items that were selected by AISIN Group are extremely appropriate.

The key here is to set clear standards to determine how well each task has been accomplished and to indicate the outcomes of the company's initiatives in an objective manner. It is also important to be able to qualitatively or quantitatively measure the change that has taken place between how things were before tackling the SDGs and how they are after the initiatives are carried out, and to be able to indicate the degree to which the company has contributed to the accomplishment of the goals. Additionally, I think AISIN needs to be flexible about the priority issues they have selected today and revise them if the situation calls for it.

Finally, when it comes to overseas group companies, a top-down approach is not always the most effective. In many cases, more headway is made by using a bottom-up approach, where the people on the ground are given a set amount of authority and trusted to judge matters for themselves. I recommend listening to local wisdom and using that to achieve steady progress.



Ms. Makiko Akabane  
Director, CSR Asia (Japan)

Makiko Akabane has set up CSR departments at corporations such as Starbucks Coffee Japan, Salesforce.com and Nikko Asset Management, and has given talks to many other organizations, including the Ministry of the Environment, Keio University, the World Bank and Toyo Keizai. She has provided third-party input for many companies' CSR reports. She is also the chairwoman of WaterAid Japan, the advisor of JANIC's NGO Center for International Cooperation and a member of the Japan Football Association's Social Contribution Committee.



Ms. Akabane advises Executive Vice President Makoto Mitsuya

For more details, see our website.  
<https://www.aisin.com/csr/aisin-group/materiality/>

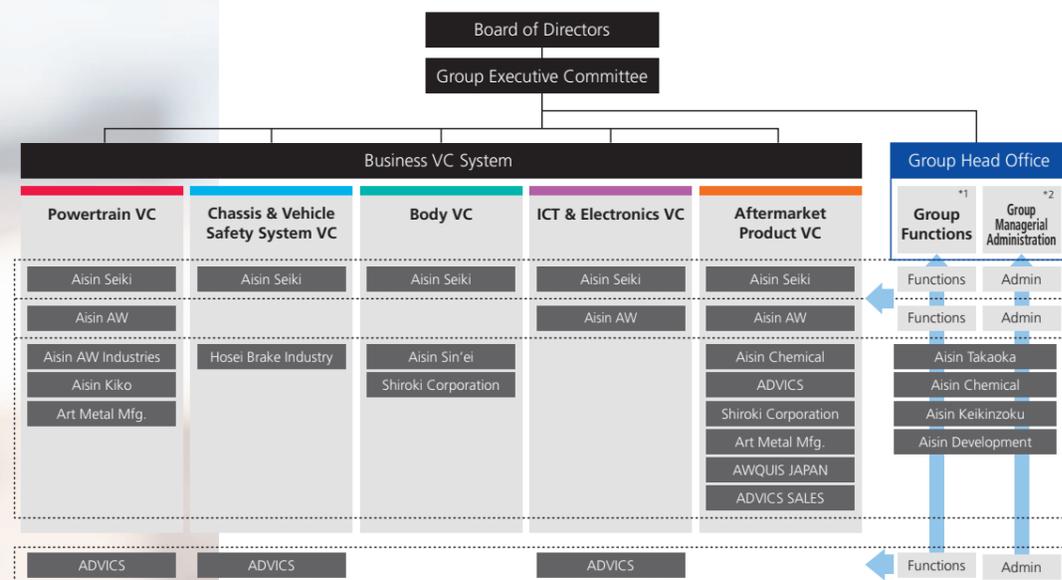


## Our Virtual Company (VC) System has provided the guidelines for our next generation of growth and take on the global automotive market as a cohesive group.

In April 2017, AISIN Group introduced a Virtual Company (VC) System to improve efficiency and centralize our businesses, two things that are greatly needed as we work to develop the next generation of technology and products.

In recent years, the automotive industry has seen a dramatic rise in CASE, with electrification prompted by stronger environmental regulations and advances in automated driving. Between this and an influx of companies from other industries such as IT and electrical devices, the very structure of the automotive industry is undergoing the biggest changes in 100 years.

To survive and thrive during this period of change, we have centralized AISIN Group's business into five VCs—Powertrain, Chassis & Vehicle Safety System, Body, ICT & Electronics and Aftermarket—in AISIN Group's headquarters. This will make the group more competitive than before. Other forward-looking initiatives include bold moves to scrap and build with nothing considered sacred, and finding guidelines for the next generation of growth.



\*1 Quality Assurance Division, Automotive Systems Sales & Marketing Division, Purchasing Division, Corporate R&D Division, Production Division  
\*2 Accounting, Personnel and other managerial / administration departments.

### Group Head Office

Bringing together the headquarters functions of every company in our group and guiding our VCs in each of our businesses to optimize the group as a whole



Makoto Mitsuya Executive Vice President

### Looking laterally to our VCs to make the whole group more efficient

With the automotive industry experiencing once-in-a-century changes in recent years, it is essential to find ways to grow in the future while also securing revenue in the here and now. Our Business VCs were introduced to make effective use of the group's resources to make each of our businesses more competitive. The role of AISIN Group's Head Office is to look laterally at these businesses and bring them together so that our businesses are more centralized and organized, and to create a framework to optimize our operations and make them more effective from a group-wide perspective.

We have restructured our organizations and built unified systems throughout AISIN Group to eliminate redundancy in the group. This has included centralization of our legal affairs and auditing functions, and merging of the management of two of our consolidated subsidiaries, Aisin Kyushu and Aisin Kyushu Casting, with the appointment of the same president for both companies. We also combined the management of Aisin AW and Aisin AI in April 2019 and will combine two specialist software companies in the same way in October 2019. Our HR and operational systems have been unified through moves such as unifying the qualification and evaluation system of our main 13 companies.

Functions such as purchasing, sales, distribution and production technology are now under group-wide management, with initiatives underway to condense and improve these functions and make them more advanced. We are incorporating the strengths of each group company and boosting efficiency across the group as a whole. In purchasing, for example, there were many cases where multiple companies were purchasing the same items separately. We knew that ordering these together would lower the purchasing costs and make purchasing operations much more efficient. Centralized purchasing is already being used for some raw materials and equipment. In distribution, we are working toward joint delivery for the group as a whole, both inside and outside Japan, to lower transportation costs and

reduce the CO<sub>2</sub> emissions generated by distribution. For example, we have opened intermediary sites in Aichi and Kanagawa for domestic deliveries to combine AISIN Group's freight. Combined deliveries via these sites with vehicles such as heavy-duty trucks have made our deliveries more efficient. We are currently working to further expand these facilities in the Kanto region, and have begun similar initiatives in overseas locations such as North America and China. We are also incorporating IoT into our production technology. Our production lines around the world are connected by a network to visualize our production information and perform comprehensive checks of our quality information and the operativity of our facilities, improving quality and productivity.

### Accelerating collaborations within the group to set the course for a more competitive AISIN Group

Even before we introduced our VC system, we were carrying out education and training at all levels and top-down awareness-raising such as presentations on our management policies, to ensure that everyone in AISIN Group knows our group-wide principles and the purpose of what we do. While our fundamental principles are clearly entrenched throughout our employee base, we need to find a way for them to be put into practice more quickly. Obviously this is something that requires discussion, but with the times changing so quickly, we must make sure that our decisions do not come too late. We need to simplify things as much as possible and discuss things up to a point but be able to come to a conclusion and act quickly when the situation calls for it.

We need to look further into the future and pursue innovation in the goals for each of our businesses. We are conscious that part of the job of AISIN Group's headquarters is to make decisions with a cross-sectional view of our businesses and come up with ideas that do not yet exist in our businesses. I will continue to make our headquarters functions more efficient and effective, with group-wide optimization at the forefront of my mind as I lead the VCs of our various businesses.

Powertrain VC

# Centralizing and sharing group resources to give us a competitive edge



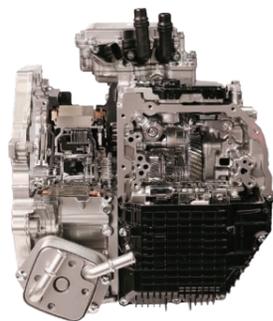
Kazuhisa Ozaki President, Powertrain VC

Overview of business

Boasting the largest range of transmission products in the industry, our Powertrain VC covers vehicles from compact cars to standard cars, small and medium trucks, buses and industrial vehicles, supplying automotive manufacturers around the world with advanced products and technology.

We also produce functional parts and cast parts peripheral to the engine, and we draw on this technical expertise to develop technology to improve fuel consumption, make exhaust gases cleaner and improve the performance of engines.

Main products



1-motor hybrid transmission

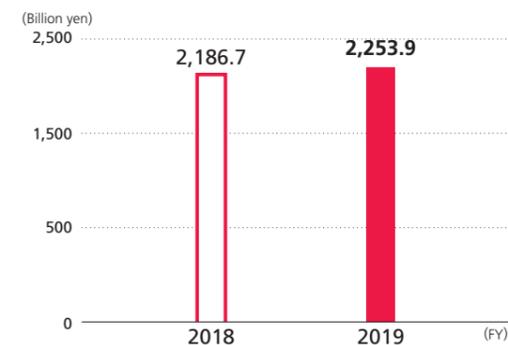
A hybrid transmission with a motor and engine cutoff clutch array installed in the torque converter section of the existing automatic transmission. Fuel economy is improved significantly with electric drive, and motor output is added to the engine to achieve powerful startup and acceleration.



Electric 4WD unit

This unit generates force for the electric 4WD system that drives the rear wheels with a motor. This contributes to safe driving on slippery surfaces such as snowy roads.

Sales



Improving efficiency and centralizing the business for a greater competitive edge

Our powertrain products such as engines and transmissions are an enormous business, currently accounting for around 60% of the group's sales. AISIN Group as a whole works together on activities for this business to achieve cohesion and smooth decision-making, with two main goals in mind: improving efficiency and centralizing the business, and keeping up with electrification. Our VC system has been a major stride toward improving efficiency and centralizing the business, in both the production and development spheres. The most pressing issue we are facing in the production arm of this business is the need to change the structure of the business as manual transmission (MT) becomes less widely used and the industry moves toward automation and electrification. We have prepared for these changes at Tangshan Aisin Gear in China and the Kira Plant of what used to be Aisin AI (Nishio City, Aichi Prefecture) by condensing the MT production lines and repurposing the remaining lines for automatic transmissions (AT). As part of this optimization of our resources, we combined Aisin AI, a specialist MT manufacturer, and Aisin AW, a top AT manufacturer, as one specialist powertrain company in April 2019. This enables us to make all-in-one decisions about which methods will be best for the group as a whole. And of course, the merging of the two companies gave the people from each company access to the other company's advanced production technology and techniques for efficient production, resulting in greater quality and productivity.

Our aim for the future is to accelerate the optimization of our resources to handle electrification, and make this business even more competitive.

Aisin's electrification strategies for the changing market

Handling electrification is a critical part of the work that is needed to achieve growth in the future. Advances in electrification mean different parts, and setting up a development framework for those parts is a major challenge. We plan to repurpose many of our resources for electrification in development, production and all of the other sections involved.

We are looking for ways to expand our range of electric products to meet our customers' needs. In addition to AT, MT, CVT and 2-motor hybrid transmissions (HV), we began mass producing 1-motor HV transmissions in February 2019 to handle the advances in electrification and hybrid vehicles. We are now preparing for sales from European

manufacturers. Our 1-motor HV transmissions have almost the same structure as conventional AT, but with a motor instead of a part called a torque converter. This will enable us to keep investments in facilities low as transmission production shifts from AT to 1-motor HV transmissions due to electrification. We are also working to create and market an electric drive module series called eAxle\*1, which can be customized to suit each model of car and each customer's needs. We are currently developing the second generation of this series, with a successive product plan aiming to create compact, high-output motors.

In April 2019, we established BluE Nexus jointly with DENSO. We aim to make BluE Nexus the world's number one supplier of electric products, and are working to further popularize our electric drive modules through this joint venture.

Our initiatives to expand our sales, including conformance\*2 of our electric products will enable us to meet the CAFE regulations for fuel consumption and electric vehicle regulations such as NEV and ZEV, and our development of these products will contribute to environmental conservation.

Working toward a stronger global development and supply framework

Our plans for the future are to expand our overseas production sites, primarily in North America and China, to handle the rise of electrification and hybrid vehicles. We will launch a new site for transmissions in North America. China has an increasing number of business opportunities to offer due to national policies to promote electrification. We are planning to shift from AT to HV transmissions to meet the needs of electric vehicles and improve the production capacity of our new electric products line. We are also switching to local procurement for the benefit of the communities where we operate.

All of these activities will be driven by the same "Quality First" mindset that lies at the heart of our corporate principles. The powertrain is an important component that is directly responsible for the feel of a car when driving and the car's general appeal. This calls for a high level of quality in every powertrain we produce. As products and technology become more and more advanced, it is important to pay close attention to quality and make sure a high level of quality is maintained. We will continue to carry out a wide range of initiatives to achieve that quality, looking at things through our customers' eyes.

\*1 eAxle is a BluE Nexus product.

\*2 A development process to verify that the product will meet each customer's needs and optimize control.

Chassis & Vehicle Safety System VC

# Strengthening our initiatives in electrification and automated driving for the age of CASE



Kiyotaka Ise President, Chassis & Vehicle Safety System VC

Overview of business

This business mainly develops and produces products such as brakes, steering and suspension—the components behind basic functions of a car such as driving, turning and stopping. We combine these products with a variety of control technology to provide systems that will contribute to safer driving societies and eventually eliminate traffic accidents. We also develop technology to make driving more enjoyable and improve the feel when driving and other facets of comfort.

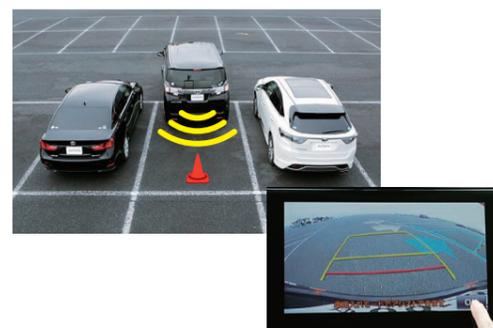
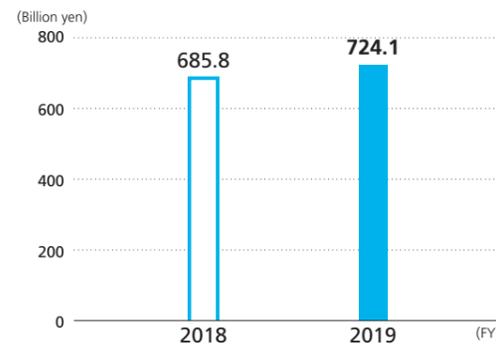
Main products



Electronically controlled brake system

Vehicles such as hybrids have a control system that combines hydraulic brake power and regenerative brake power recovered by the motor, and controls the recovery of driving energy during deceleration to ensure that it is as efficient as possible. Improving the hydraulic responsiveness gives the brakes a smooth feel and expands the energy recovery range, improving fuel consumption.

Sales



Parking assist systems

Our parking assist systems use ultrasonic sensors and cameras to detect parking spaces. First, the system sets the target parking position automatically. Next, self-operation of the steering wheel is activated by flipping a switch, making it safe and easy to back into a parking space or parallel park while detecting obstacles.

Strengthening our development and production framework for electric products

Our Chassis & Vehicle Safety System VC is working to handle the global rise of CASE, particularly electrification and automated driving.

Our focus for electrification is on strengthening our development and production frameworks for areas where growth is expected in the future, such as electronically controlled brake systems and electric parking brakes.

To strengthen our development framework, we are scrapping and consolidating existing products for greater efficiency. To give a specific example, we have scrapped Aisin Seiki's chassis-related products. The personnel who used to work on these products now develop electronically controlled brakes for ADVICS. The development of our basic brakes (disc brakes, drum brakes, etc.) is now done entirely by ADVICS, instead of jointly by ADVICS and Hosei Brake Industries, to improve efficiency. The remaining personnel now develop electric parking brakes.

Our production framework has been strengthened by expanding our ADVICS Handa Plant by 61,600m<sup>2</sup> to 106,000m<sup>2</sup> in anticipation of an increase in demand for electronically controlled brake systems and electronic stability control (ESC), an essential component for automated driving. The expansion was completed in March 2019. In May 2019, we completed features such as a truck yard for efficient delivery, and we have successively reorganized our existing production lines and opened new ones.

Hosei Brake Industries became a subsidiary of ADVICS instead of Aisin Seiki in February 2018 to strengthen the management base of our brake business. This move will further strengthen the three companies responsible for our brake business (ADVICS, Hosei Brake Industries and AS Brake Systems) and accelerate our initiatives to build an efficient production framework.

Strengthening our development of the next generation of products for automated driving

Our Chassis & Vehicle Safety System VC is putting its development knowledge for components such as chassis and brakes to a new use in the development of automated driving technology.

In 2003, we were the first in the world to release low-speed automated driving technology centering on automated parking, and we are working on more innovations to follow it. In our current development of automated valet parking, we are working together with parking area providers on a proof of concept for automated valet parking designed for car sharing in standard parking areas. With this service, we are aiming to provide an autonomous, automated version of valet parking. Slated for release in 2020, our system will automatically drive through a large, unstaffed parking area and park in an available space.

Around 30% of car accidents in Japan reportedly occur in parking areas. We are working to have our automated valet parking system ready for practical use as soon as possible to help reduce accidents in parking areas.

In April 2019, we established J-QuAD Dynamics, a joint company that brings together the strengths of Aisin Seiki, ADVICS, JTEKT and DENSO to develop control software for automated driving and vehicle dynamics control. This company will play a central role in our future development work for technology such as vehicle dynamics control systems as AISIN Group works to develop driver monitoring systems, onboard monitoring systems and vehicle dynamics control.

To make our development of automated driving technology happen as quickly as possible, we will seek outside input, actively collaborating with outside parties. For example, we have accelerated our development of AI technology by working with TRI-AD (Toyota Research Institute Advanced Development) in the Toyota Group. In our development of compression technology for recognition software, we are sharing capital and working on joint operations with Idein, a startup company that is strong in AI model design and has technology for mass produced microcomputers, to further strengthen our technology development base.

We plan to continue our development of brake and chassis products for CASE and propose uses for them in systems to sharpen our competitive edge, increase our revenue and help to make driving societies safer.

Body VC

# Centralizing our resources in growth areas and leading the age of CASE with our system products

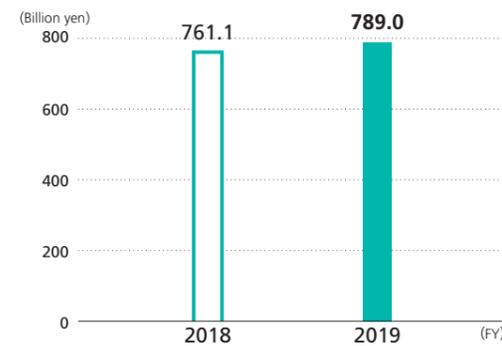


Masahiro Nishikawa President, Body VC

Overview of business

The Body VC develops and produces components of vehicle bodies such as door components, seat components and sunroofs. Vehicle bodies are the parts of a car that the user will look at and touch directly, so in addition to functionality such as comfort, user-friendliness and safety, we work to make the components lighter with a more appealing design. We are also developing new services using vehicle body products to meet users' increasingly wide-ranging needs.

Sales



Main products



Power sliding door system

The drive unit is built into the sliding door or floor, providing more space inside the car. The doors can be opened and closed automatically by operating a remote control. The power sliding door system has a safety feature that detects any obstructions such as fingers when the door is closing and automatically reopens the door. This system is utilized in a wide range of cars in Japan, including compact cars, minivans and station wagons.



Pneumatic seat

Our pneumatic seat system uses air bladders, a pump and a valve to provide adjustable support for various driving positions. It enables the driver to sit with a natural, comfortable posture, and provides a pleasant, refreshing massage.

Improving primary units through "best mix" activities

Our Body VC began when Shiroki Corporation merged with Aisin Seiki in 2016. Formerly competitors, the two Japanese companies merged to form a united front in the face of global competition. The creation of our VC system has strengthened communication further. Our work in this VC centers on "best mix" activities. In addition to combining each party's best practices for our conventional production lines, we incorporate the strengths of Aisin Seiki and Shiroki Corporation in our creation of new production lines for the new products we develop, achieving steady improvement of each of our primary units. These activities have had effects such as lower costs and significantly more efficient production, but the production framework within AISIN Group remains an issue. There are currently 47 domestic and overseas sites in the Body VC. In the last three years, we have almost completed our work to eliminate redundancy in the products produced at these sites. Our aim for the future is to improve efficiency worldwide through measures such as ensuring that sites in the same region complement each other, and condensing sites and setting up lines for next-generation products in the remaining space.

Distinguishing ourselves by focusing on system products

We will need to centralize our personnel in growth areas of our development arm. We are shifting around 10% each year, and are expecting to complete over 50% of this process in 2020. For particularly high-demand products such as our power sliding door system and sunroofs, we are working to create a cohesive data-based system for our procedures from development to pre-production by revising our operation procedures so that development and production technology are developed simultaneously, with the aim of improving development efficiency by at least 30%. At the same time, we are launching project to improve efficiency by breaking down the walls between processes. We are re-examining our operational procedures, examining how elements such as systems, data and CAE\* can be synchronized and using a flow chart to check for redundancy and determine which stages of our workflow can be connected to speed processes up.

Our products vary widely from functional products such as door latches and handles to system products such as power sliding doors. The VC as a whole plans to focus on system products, eliminating redundancies in Shiroki Corporation and Aisin Sin'ei's products. The entire VC is working to build on our expertise and knowledge about the development of these systems. Comprising six companies, including raw material companies Aisin Takaoka, Aisin Chemical and Aisin Keikinzo, the VC handles the entire development process, starting with raw materials and then combining components in systems and selling those systems as products. We wholeheartedly believe that supplying whole systems is a strength of ours, and this is a mindset that the whole VC brings to its work.

In the age of CASE, usage of cars is expected to shift from ownership to sharing. We see potential for systems such as our power sliding door systems in this new field, and see it as our mission to provide outstanding products. We are thinking forward to the age of CASE and MaaS and aiming to quickly launch advanced products, such as a sliding door system that opens automatically and deploys a ramp to improve accessibility for people with disabilities.

Our sales operations have also been improved with the introduction of the VC system, as the sales routes of each company can be combined effectively. In addition to each company bringing its own customer base, we have gained more new customers since the companies began working together, and we are working to increase our sales even further.

Now that the companies have joined forces in this VC, they work quickly and cohesively. We are also collaborating with other VCs. We will need to keep working together with other organizations, particularly the ECU Division of our ICT & Electronics VC, to meet customers' needs for services such as hospitality services in tomorrow's driving society. This will require us to cooperate with organizations such as our technical division even more quickly than before. In the future, we aim to consolidate our businesses to sharpen our competitive edge and adapt to the changes that we are seeing in automobiles today.

\* Computer Aided Engineering. A product design process where a computer is used to simulate usage of the product and verify that no issues will occur in its performance.

ICT & Electronics VC

# Incorporating ICT and electronics into other businesses to achieve group-wide optimization



Hiroshi Uenaka President, ICT & Electronics VC

Overview of business

The ICT & Electronics VC creates more functional, more accurate products using ICT, electronics technology and the latest technology brought about by advances in information infrastructure. This develops ECUs and sensors for all of the fields we work in, including Powertrain, Chassis & Vehicle Safety System and Body, to provide a comfortable driving experience. We have the top share in the world's car navigation system market.

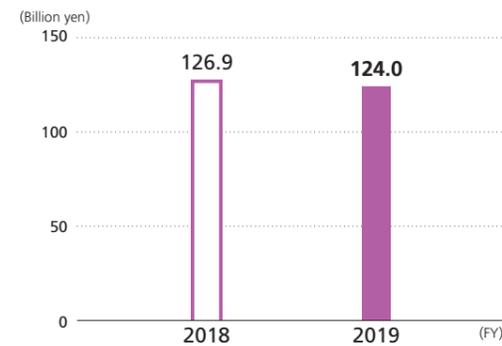
Main products



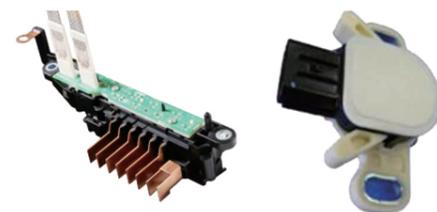
Car navigation with a smart eco-drive function

This car navigation system predicts information on the roads ahead and provides hybrid systems with information allowing it to charge and discharge the battery efficiently, improving fuel consumption in hybrid vehicles. This system achieves highly environmentally friendly driving without requiring any awareness from the driver.

Sales



ECUs



Sensors

Repurposing resources and combining operations to take our development to the next level

All of AISIN Group's wide-ranging businesses are closely linked to the ICT and electronics fields, and this work is part of the activities of every business in the group. After the introduction of the VC system, our ICT and electronics personnel work together, looking at all of our businesses and identifying directions to be taken and fields to be strengthened. This VC is repurposing resources for our strong businesses and combining development of our fundamental technologies. In software development, for example, we are working to create common parts and design structures for our product software and standardize software throughout the group to make development more efficient and maximize the benefits of each product. We are also standardizing our functional safety and security processes. To strengthen these activities and increase speed, we will merge two of AISIN Group's software companies in October 2019. We are carrying out similar initiatives in our production of electronic products and our procurement of electronic parts, incorporating the best practices of each company and the fields where each company is strong to perform more aggressively in these areas than ever before.

We are also repurposing our resources to the areas where they are most needed, such as the development of new sensors for hospitality services and electric powertrains, the creation of platforms using position information gathered in the development of our navigation systems and development of services using those platforms. In our future development work, we plan to reassign 50-60% of our development personnel to next-generation work such as the strengthening of our CASE products by around fiscal 2024. We will adopt a new framework for this. We are also carrying out initiatives to integrate the ECU development that had previously been carried out separately in each business as we embark on development for the products of the future. Our work for our overseas sites will address redundancies and inadequate areas in our production work. We are building an efficient development and production system where our sites and resources complement each other.

Becoming a pioneer in new businesses for the "C" and "S" of CASE

The C and S of CASE (Connected and Shared/Service) are crucial technology development trends

for our ICT & Electronics VC. With an influx of IT manufacturing giants into the automotive industry, it is crucial for us to restructure our businesses to play to our strengths. Our strengths lie in high-precision position information gained for our navigation systems and controls that combine a wide range of automotive systems and data. We will bring together these elements of information and controls to add more value to AISIN Group's vehicle and information systems, hardware and actuators. For example, the navigator with a smart eco-drive function that is installed in the Lexus UX plays to Lexus' strengths in high-precision position prediction technology and map information, using daily driving history and data along with information on traffic on the roads to predict the road and driving conditions so that users can conserve fuel while driving. We are also considering a service business that provides logistics support for delivery companies, and are collecting and analyzing information such as position and vehicle information to provide a system that creates driving plans according to real-time conditions and detects sources of delays. A proof of concept is underway to resolve delay issues and ensure that the driving plans created are realistic.

We also need to actively pursue fundamental electronic technologies that will be needed in the future, adopting outside resources through means such as joint operations to incorporate the necessary technology faster. We believe that it will be particularly crucial to strengthen our sensor technology, as this will be the backbone of connected technology. Our main areas so far have been speed sensors using magnetism, distortion and capacitance, occupant weight sensors and sensors for smart steering wheels. With the arrival of cars that connect to the cloud and the rise of electric vehicles, we will take our sensor development in new directions, working with outside parties on some initiatives. The increasing use of shared cars is also posing different challenges from personal cars when it comes to the mileage and life of cars. We will need to explore a wide range of new areas such as sensors that can detect imminent breakdowns or identify characteristics based on the needs of the people in the car.

The adaptability of the ICT & Electronics VC will be useful for cross-sectional activities throughout the group, helping us to form collaborations with other VCs. We are aiming to create new platforms for the future that will utilize our strength in position information, and then turn services with those platforms into new businesses. We will thoroughly incorporate our fundamental electronic technologies into our core components—Powertrain, Chassis & Vehicle Safety System and Body—to increase the appeal of our products.

Aftermarket VC

# Capitalizing on the product development and quick decision making made possible by the VC system as we enter the age of ride sharing



Hiroaki Tatematsu President, Aftermarket VC

Overview of business

We make use of our strengths as a Tier One automotive supplier to provide a wide range of Aftermarket parts such as clutches, water pumps and car accessories such as door stabilizers and motion control beams to the global market. We are building a framework to keep up with market needs and bring together the expertise of our headquarters and overseas sites to create strong product plans.

Main products

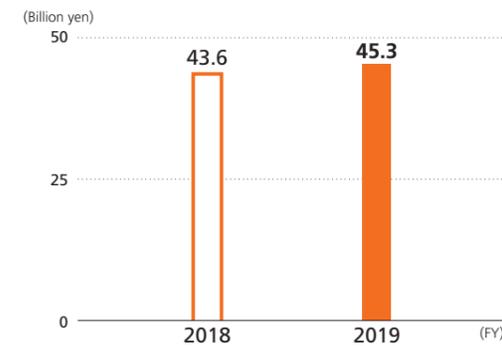


Aisin Seiki



ADVICS

Sales



Art Metal Mfg.

Strengthening our brand for all Aftermarket products, from consumables to electric products and accessories

Our Aftermarket VC handles the items that are needed after a vehicle is sold, including repair parts such as clutches, brake pads, pistons and accessories such as door stabilizers. The market for Aftermarket products still has room to grow worldwide, and we have not yet tapped its full potential. And with sharing, one of the items in CASE, becoming common, there will be more opportunities for our aftermarket business in the future. To achieve our potential in this area, we established our Aftermarket VC in August 2018 to strengthen our aftermarket business around the world.

Our aftermarket business supplies parts to garages for maintenance and repairs, and in recent years our range has grown to include accessories that can be installed. The latter are also known as before-market products, and can be installed in a new car at the time of purchase. Until now, our aftermarket business has mainly consisted of replacement parts for repairs of new vehicles, but we will need to turn more of our attention to accessories in future. We are now selling parts such as high-performance rear view cameras and door stabilizers to improve the driving performance of vehicles. These products are all marked with the AISIN logo to boost recognition of our brand among users and the market at large. We have also begun selling to overseas markets such as ASEAN countries, where motorization is growing, and are working to increase brand recognition further. Aisin Seiki and ADVICS have sites in four overseas locations: North America, ASEAN, China and Europe. In 2010, we opened a branch in Dubai as a base for re-exports to Africa, and in recent years we have opened new offices in Pakistan and Myanmar. We have also begun building a framework for effective use of our overseas bases. We began collaborating with a local dealership in Thailand in March 2018, and opened dealerships of our own in Shanghai and Panama in April and June 2019, respectively.

Achieving growth with a wide product range and quick product planning

Since the establishment of our VC system, we have set up working groups for each product type, sharing information so that we can slash the amount of time that product planning requires. Our competitors have grown their Aftermarket business by developing a wide product range and expanding into many locations. We cannot get left behind, and have begun tackling issues such as how to create a wide range of products quickly and at a low cost, and how to strengthen our presence in locations where it is still weak. The formation of our VC system has made it easy to identify the situation for each region and product and then act on what we have learned. We are conscious that applying our product planning to the aftermarket business and executing product plans quickly in this area is a key issue for the future for the group as a whole.

Another pressing order of business is to determine the kind of revenue model that the Aftermarket VC needs to build for the ride sharing that is slated to become a full-scale market by around 2025. One thing that is clear is that if car sharing becomes common, these shared vehicles will be used more often than a privately owned vehicle. Some business operators prefer parts that minimize downtime (the time during which a vehicle is out of operation for repairs or maintenance) while others prioritize low-cost parts due to low labor costs. To handle the rise of sharing, it will be important to build on our product range to meet both types of customers' needs and develop a strong framework to get those products into these customers' fleets. We will also need to lower operating costs by doing as much locally as possible. We are currently assessing the types of replacement parts we need to develop and supply to facilities that specialize in the repair of shared cars. We have opened numerous local sites and have begun conducting market research.

Our VC system enables us to make decisions more quickly. We are working to make the most of this new system and achieve aftermarket part sales on the same level as general part manufacturers in North America and Europe. We aim to double our sales for FY2019 and achieve sales of ¥80 billion in FY2023, and then grow those sales to ¥200 billion in FY2031.

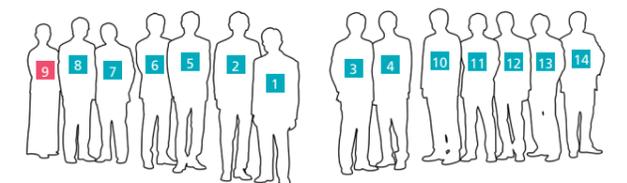


**Directors**

- |  |  |  |
|--|--|--|
| <p><b>1</b> Chairman<br/><b>Kanshiro Toyoda</b></p> <p><b>2</b> President<br/><b>Kiyotaka Ise</b></p> <p><b>3</b> Executive Vice President<br/><b>Makoto Mitsuya</b></p> | <p><b>4</b> Executive Vice President<br/><b>Toshiyuki Mizushima</b></p> <p><b>5</b> Director<br/><b>Kazuhisa Ozaki</b></p> <p><b>6</b> Director<br/><b>Tetsuya Otake</b></p> | <p><b>7</b> Director*<br/><b>Toshio Kobayashi</b></p> <p><b>8</b> Director*<br/><b>Tsunekazu Haraguchi</b></p> <p><b>9</b> Director*<br/><b>Michiyo Hamada</b></p> |
|--|--|--|

**Audit and supervisory board members**

- |  |   |
|--|---|
| <p><b>10</b> Standing auditor<br/><b>Toshikazu Nagura</b></p> <p><b>11</b> Standing auditor<br/><b>Masayoshi Hotta</b></p> <p><b>12</b> Auditor<br/><b>Mitsuhsa Kato</b></p> | <p><b>13</b> Auditor<br/><b>Ryo Kobayashi</b></p> <p><b>14</b> Auditor<br/><b>Hikaru Takasu</b></p> |
|--|---|



■ = male ■ = female

\* Outside board member under Japanese corporate law

## Director

## Kanshiro Toyoda,

Chairman

M

April 1965	Began working for Shinkawa Kogyo Co., Ltd.
June 1979	Became director of Aisin Seiki
June 1983	Became executive director of Aisin Seiki
June 1985	Became managing director of Aisin Seiki
June 1988	Became executive vice president of Aisin Seiki
June 1995	Became president of Aisin Seiki
June 2005	Assumed current role as chairman of Aisin Seiki

## Reason for appointment

Mr. Toyoda has many years of experience in leadership roles at Aisin Seiki and our group companies in Japan and overseas, serving as president before assuming his current role as chairman. His extensive management experience has equipped him with a wide range of insights about how Aisin Seiki can thrive.

## Kiyotaka Ise,

President

M

April 1980	Began working for Toyota Motor Industries
June 2007	Became executive officer of Toyota Motor Corporation
April 2013	Became managing officer of Toyota Motor Corporation
April 2013	Became Lexus International President at Toyota Motor Corporation
June 2013	Became director of Toyota Motor Corporation
June 2013	Became external auditor of Tokai Rika Co., Ltd.
January 2018	Became vice president and operating officer of Aisin Seiki
June 2018	Assumed current role as president of Aisin Seiki

## Reason for appointment

Mr. Ise has extensive management experience and insights gained through his work as the Chief Safety Technology Officer, managing officer and president of an advanced technology development company in the Toyota Group, along with his work as the president of Aisin Seiki from 2018.

## Makoto Mitsuya,

Executive Vice President

M

April 1981	Began working for Aisin Seiki
June 2005	Became executive officer of Aisin Seiki
June 2009	Became managing director of Aisin Seiki
June 2012	Became director and managing officer of Aisin Seiki
June 2013	Assumed current role as executive vice president of Aisin Seiki

## Reason for appointment

Mr. Mitsuya has extensive experience in our management divisions, including our overseas companies, and has extensive management experience and insights as a result of his appointment as director in 2009 and his current work as executive vice president from 2013.

## Toshiyuki Mizushima,

Executive Vice President

M

April 1981	Began working for Aisin Seiki
June 2005	Became executive officer of Aisin Seiki
June 2009	Became managing director of Aisin Seiki
June 2012	Became managing officer of Aisin Seiki
June 2014	Became executive vice president of Aisin Seiki
April 2015	Became director of Aisin Seiki and managing officer of Toyota Motor Corporation
January 2018	Became vice president and operating officer of Aisin Seiki
June 2018	Assumed current role as executive vice president of Aisin Seiki

## Reason for appointment

After serving as executive officer, managing officer and director at Aisin Seiki, Mr. Mizushima became executive vice president in 2014 before being appointed as a managing officer of Toyota Motor Corporation and the president of a powertrain company in the Toyota Group. He assumed his current role as executive vice president of Aisin Seiki in 2018, bringing a wide range of experience and insights in management.

## Kazuhisa Ozaki,

Director

M

April 1980	Began working for Aisin Warner Co., Ltd.
June 2005	Became director of Aisin AW Co., Ltd.
June 2009	Became executive director of Aisin AW Co., Ltd.
June 2011	Became managing director of Aisin AW Co., Ltd.
June 2013	Became director and managing director of Aisin AW Co., Ltd.
April 2015	Became director of Aisin AW Co., Ltd.
April 2015	Became managing officer of Aisin Seiki
June 2015	Assumed current role as director of Aisin Seiki
June 2017	Assumed current role as president of Aisin AW Co., Ltd.

## Reason for appointment

As the president of Aisin AW Co., Ltd., a subsidiary of Aisin Seiki, Mr. Ozaki is closely involved in our management and possesses extensive experience in technical development of automatic transmissions, one of the mainstays of AISIN Group. He also possesses extensive management experience and insights after being appointed as a director of Aisin Seiki in 2015 and president of our Powertrain VC in 2017.

## Tetsuya Otake,

Director

M

April 1983	Began working for Toyota Motor Corporation
April 2013	Became executive officer of Toyota Motor Corporation
April 2017	Became managing officer of Toyota Motor Corporation
January 2018	Assumed current role as president of ADVICS Co., Ltd.

## Reason for appointment

Mr. Otake combines extensive experience from Toyota Motor Corporation, particularly in management roles, with extensive experience and insights gained through his role as the president of ADVICS Co., Ltd., a subsidiary of Aisin Seiki, from January 2018.

## Toshio Kobayashi,

Director

I M

February 1986	Became professor at the Institute of Industrial Science, University of Tokyo
July 1996	Became professor at the Center for Collaborative Research, University of Tokyo
July 2000	Became member of the Science Council of Japan
July 2000	Became professor at the Institute of Industrial Science, University of Tokyo
May 2003	Became Vice Chairman and Director of Japan Automobile Research Institute
June 2003	Became Professor Emeritus of the University of Tokyo
April 2012	Became Chairman and Director of Japan Automobile Research Institute
October 2013	Assumed current role as Chief Advisor of Japan Automobile Research Institute
June 2014	Assumed current role as director of Aisin Seiki

## Reason for appointment

Mr. Kobayashi has specialized expertise in mechanical and calculation engineering and a wide range of experience through his work in roles such as professor at the Institute of Industrial Science, University of Tokyo and Chairman and Director of Japan Automobile Research Institute.

## Tsunekazu Haraguchi,

Director

I M

April 1970	Began working for the Ministry of Finance
May 1995	Became president of Nagoya Regional Taxation Bureau
July 1996	Became president of Kinki Regional Finance Bureau
January 2001	Became president of the Financial Bureau of the Ministry of Finance
July 2001	Became president of the Planning and Coordination Bureau of the Financial Services Agency
July 2002	Became vice president of National Life Finance Corporation
October 2007	Became president and CEO of AEON Bank Co., Ltd.
March 2010	Became chairman of AEON Bank Co., Ltd.
March 2010	Became joint CEO of the general financial business of AEON CO., LTD.
November 2012	Became director of AEON Credit Service Co., Ltd.
March 2013	Became operating officer of AEON Co., Ltd.
April 2013	Became chairman of AEON Financial Service Co., Ltd.
March 2014	Became chairman and president of AEON Financial Service Co., Ltd.
April 2014	Became director of AEON Bank Co., Ltd.
May 2014	Became director of AEON Reit Management Co., Ltd.
June 2014	Assumed current role as director of Aisin Seiki
June 2014	Became director of AEON Financial Service Co., Ltd.
June 2017	Became advisor of AEON Financial Service Co., Ltd.
March 2018	Assumed current role as special advisor of Wealth Brothers Co., Ltd.
June 2018	Assumed current role as advisor of AEON Bank Co., Ltd.

## Reason for appointment

Mr. Haraguchi has specialized knowledge and experience as a result of his work in roles such as president of the Financial Bureau of the Ministry of Finance and president of the Planning and Coordination Bureau of the Financial Services Agency, and has gained extensive experience and insights as a manager through his work at companies like AEON Financial Service Co., Ltd.

## Michiyo Hamada,

Director

I F

April 1974	Became Assistant Professor in Nagoya University's School of Law
April 1985	Became Professor at Nagoya University's School of Law
April 1999	Became Professor at Nagoya University's Graduate School of Law
June 2004	Became auditor for Aisin Seiki
April 2008	Became dean of Nagoya University's Graduate School of Law
April 2009	Became member of the Japan Fair Trade Commission
April 2009	Assumed current role as Professor Emeritus of Nagoya University
June 2014	Assumed current role as external auditor of Toho Gas Co., Ltd.
June 2014	Assumed current role as external auditor of Metropolitan Expressway Company Limited
June 2015	Assumed current role as external director of Sangetsu Corporation
June 2016	Assumed current role as director of Aisin Seiki

## Reason for appointment

Ms. Hamada has specialized knowledge and a wide range of experience in areas such as the Companies Act and Antimonopoly Act as a result of her experience in roles such as Professor in Nagoya University's School of Law and a member of the Japan Fair Trade Commission.

## Audit and supervisory board members

## Toshikazu Nagura,

Standing Auditor

M

April 1974	Began working for Aisin Seiki
June 2001	Became director of Aisin Seiki
June 2005	Became executive officer of Aisin Seiki
June 2007	Became managing director of Aisin Seiki
June 2011	Became executive vice president of Aisin Seiki
June 2016	Assumed current role as standing auditor of Aisin Seiki

## Reason for appointment

Mr. Nagura has extensive management experience and a wide range of expert insights on matters both inside and outside the company, gained through many years in roles such as executive vice president of Aisin Seiki.

## Ryo Kobayashi,

Auditor

I M

April 1986	Became Assistant Professor in Kyushu University's School of Law
April 1996	Became Professor in Nagoya University's School of Law
April 1999	Assumed current role as Professor at Nagoya University's Graduate School of Law.
June 2009	Assumed current role as external auditor of Aisin Seiki

## Reason for appointment

Mr. Kobayashi has specialist knowledge and a high level of expertise in law as a result of his experience in roles such as Professor at Nagoya University's Graduate School of Law.

## Hikaru Takasu,

Auditor

I M

October 1979	Began working for Ito Accounting Office, an auditing company
January 1984	Opened his own certified accounting office
July 2002	Assumed his current role as a representative of Hikaru Takasu Accounting Office
June 2010	Assumed current role as external auditor of Aisin Seiki

## Reason for appointment

Mr. Takasu is a certified accountant and possesses considerable knowledge of finance and accounting.

## Masayoshi Hotta,

Standing Auditor

M

April 1978	Began working for Aisin Seiki
June 2008	Became standing auditor of ADVICS Co., Ltd.
June 2012	Assumed current role as standing auditor of Aisin Seiki

## Reason for appointment

Mr. Hotta has extensive experience and insights as a result of his work as a standing auditor at ADVICS Co., Ltd., a subsidiary, and then a standing auditor of Aisin Seiki from 2012 onward.

## Mitsuhiro Kato,

Auditor

M

April 1975	Began working for Toyota Motor Industries
June 2004	Became executive officer of Toyota Motor Corporation
June 2006	Became president of Toyota Technocraft Co., Ltd.
June 2010	Became executive officer of Toyota Motor Corporation
June 2011	Became managing officer of Toyota Motor Corporation
June 2012	Became executive vice president of Toyota Motor Corporation
June 2013	Became director of Toyota Central R&D Labs, Inc.
April 2015	Assumed current role as CEO of Genesis Research Institute, Inc.
June 2015	Assumed current role as external auditor of Aisin Seiki
June 2015	Assumed current role as external director of Toyota Industries Corporation.
April 2016	Assumed current role as chairman of Toyota Central R&D Labs, Inc.
June 2017	Became advisor of Toyota Motor Corporation

## Reason for appointment

Mr. Kato has extensive experience and insights as a manager through his work at companies such as Toyota Technocraft Co., Ltd., Toyota Motor Corporation and Toyota Central R&D Labs, Inc.



## Governance

AISIN Group places importance on implementing fair and highly transparent management activities, and improving and enhancing its corporate governance, maximizing corporate value, and maintaining a high level of trust among all of its stakeholders.

### CSR Management

#### Group-wide CSR activities contribute to sustainable development of communities and the planet

CSR activities are at the heart of AISIN Group's management philosophy, and are the foundation of its initiatives for steady long-term growth. To put this principle into action, we have established AISIN Group Principles of Corporate Behavior to contribute to sustainable development of the planet and maintain and develop sound relations with our stakeholders. Various CSR activities are being carried out according to this charter.

CSR activities in our overseas group companies reflect both AISIN Group Principles of Corporate Behavior and the situation in each country and region.



A card distributed to all employees, containing information on the AISIN Group Principles of Corporate Behavior

#### Training and education to raise awareness of the Principles of Corporate Behavior and put it into action

AISIN Group has formulated and is promoting guidelines in compliance with social responsibility to provide concrete behavioral standards for all employees to fulfill AISIN Group Principles of Corporate Behavior.

The action guideline contains questions and answers about the nine principles outlined in the Charter of Corporate Behavior—Safety, Quality and Contribution to the Creation of a Sustainable Society; Compliance; Disclosure and Communication; Respect for Human Rights; Promotion of Diversified Work Styles and Upgrading of Work Environments; Environment; Social Engagement and Contribution to Development; Thorough Crisis Management; and Company Leadership—providing a resource that is easy for everyone to understand and ensuring that all employees are notified and carry out their work correctly according to our policy.

The 13 main companies in AISIN Group carry out CSR training management-focused and basic CSR training for general employees so that everyone recognizes the importance of CSR and engages in company activities with an awareness that we are a valued corporate citizen within a larger community. The top management of our overseas sites receive training to equip them with an understanding of the AISIN Way that lies at the heart of all of our values and activities, in addition to improving their management skills.

### Revision of our Principles of Corporate Behavior

The global community is currently calling for specific action to solve environmental and social issues, and companies are being urged to work toward targets such as the United Nations' Sustainable Development Goals (SDGs) to build a sustainable society. AISIN Group revised its Principles of Corporate Behavior in May 2019 to be more in line with these requirements. Points such as contributing to sustainable economic growth and solutions to social issues and upholding the rights of all people are now clearly indicated, and the principles and standards for conduct outlined in our Charter of Corporate Behavior are now thoroughly communicated to all AISIN Group employees, both in Japan and overseas.

## Corporate Governance

### Working to ensure fair and transparent management

AISIN Group builds strong relationships with all of our stakeholders and achieves steady long-term growth and expansion to maximize our value as a company. In order to accomplish this, we believe that it is important to conduct our business activities in a fair and transparent way in order to be a trusted corporate citizen in the international community.

We have appointed three external directors and carry out comprehensive corporate governance activities according to the following five basic policies:

#### Basic Policy

1. AISIN Group respects the rights of shareholders, ensures shareholder equality and endeavors to create a suitable environment for ensuring the appropriate exercise and protection of rights.
2. AISIN Group endeavors to cooperate with other stakeholders aside from shareholders (i.e., customers, suppliers, employees and members of local communities), with sincerity and integrity, based on common sense and social values.
3. AISIN Group discloses information appropriately in accordance with applicable laws, and endeavors to proactively communicate information other than that disclosed in accordance with such laws, and to ensure transparency in its activities.
4. In order to ensure transparency, fairness and agility in its decision making, AISIN Group endeavors to ensure appropriate execution of the roles and responsibilities of its Board of Directors.
5. AISIN Group endeavors to hold constructive dialogues with its shareholders, based on a shared directionality for stable long-term growth.

This work is based on the Corporate Governance Code issued by the Financial Services Agency and the Tokyo Stock Exchange as part of growth strategies by the Japanese Government.

### Maintaining and strengthening internal governance

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.

The main 13 companies in AISIN Group belong to consolidated 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 carry out comprehensive notification and executive activities such as establishing and enacting basic policies to optimize operations and minimize risk, creating guides and carrying out training. The committees monitor operations throughout the company to ensure that all sites are operating effectively. 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 13 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.

### Restructuring our Board of Directors

On April 1, 2019, we restructured the composition of our Board of Directors for maximum effectiveness and efficiency. The board now comprises Executive Vice Presidents and Operating Officers. This enables all Operating Officers to become a familiar presence at our sites and carry out operations with a sense of urgency. We also slimmed down our management framework from 14 directors to 9 after the regular General Meeting of Shareholders held on June 18, 2019. This creates separation between decision-making and execution, enabling fast decision-making and greater supervision of operations. These changes reduced the number of officers (directors, auditors and operating officers) from 48 at the end of March 2019 to 32 after the regular General Meeting of Shareholders.

FY2019

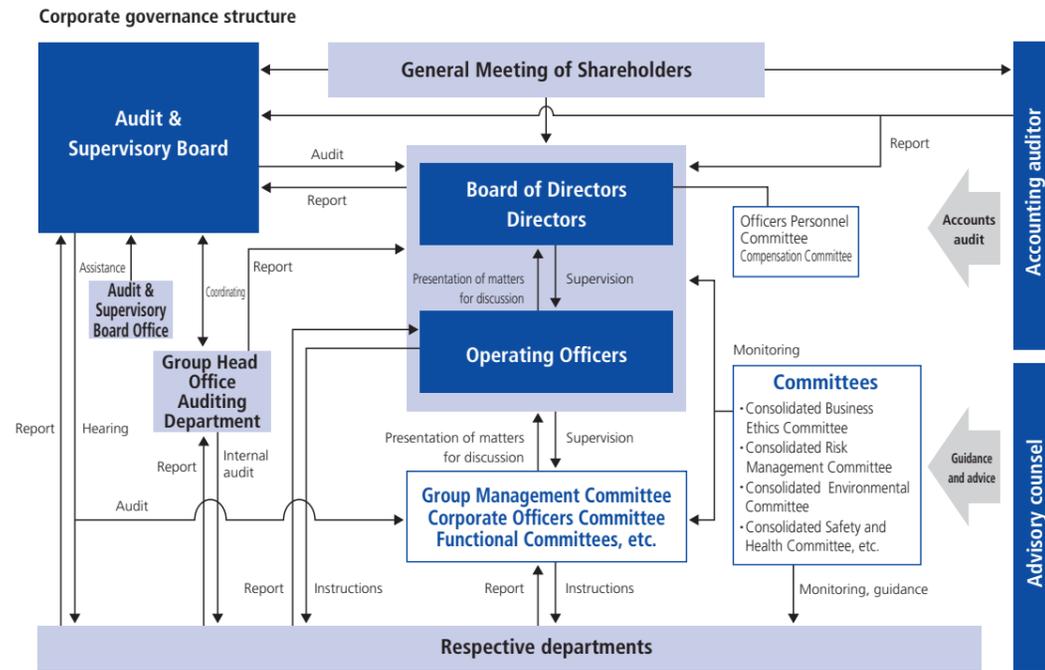
June 2019  
After regular General Meeting of Shareholders

Number of officers

48 ▶ 32

Number of directors

14 ▶ 9



**Aisin Seiki has adopted the Audit & Supervisory Board system and has established a General Meeting of Shareholders, Board of Directors and Audit & Supervisory Board as statutory bodies.**

- **Board of Directors:** The Board of Directors meets once a month and is responsible for overseeing the execution of business operations and passing resolutions on important management matters of Aisin Seiki and AISIN Group.
- **Audit & Supervisory Board:** The Audit & Supervisory Board is comprised of five members, including three external Audit & Supervisory Board members. Together with monitoring the execution of duties by directors, Audit & Supervisory Board members monitor the status of affairs in respective business divisions to ensure that management and the execution of business operations are being carried out properly.

**Average attendance of external directors at Board of Directors meetings**

	FY2017	FY2018	FY2019
Attendance at Board of Directors meetings	98%	96%	96%

**Average attendance of external Audit & Supervisory Board members at Board of Directors and Audit & Supervisory Board meetings**

	FY2017	FY2018	FY2019
Attendance at Board of Directors meetings	94%	92%	98%
Attendance at Audit & Supervisory Board meetings	92%	97%	97%

### Criteria and Characteristics of Independent External Directors

All independent external directors appointed by Aisin Seiki are expected to fulfill the following duties and obligations.

1. Apply specialized knowledge, wide-ranging experience and other assets gained from previous roles to their management at Aisin Seiki.
2. Provide warnings and advice about risks from an impartial and fair perspective in important decision-making settings such as meetings of the Board of Directors.

3. Preside over conflicts of interest between the company and parties such as its management or controlling shareholders
4. Appropriately represent outside views at meetings of the Board of Directors.

When selecting candidates for external director positions, we focus on specialized expertise and a wide range of experience that will enable the candidate to provide frank and constructive advice in their leadership, in addition to the requirements for independence set by the Companies Act and the Tokyo Stock Exchange.

### Appointment and Dismissal of Officers

When appointing and dismissing members of our Board of Directors, we seek the optimum balance of knowledge, experience and skills to ensure the suitable, swift and fair decision-making that is needed to achieve sustainable growth and increase our value as a company in the medium and long term. We take a comprehensive approach, including appointing multiple external directors with advanced expertise inside and outside the industry. We are conscious of the need for efficient consolidated management and appoint directors of key subsidiaries as directors of Aisin Seiki. Decisions to appoint or dismiss a director are ratified by a majority of over 50% in a meeting attended by at least 1/3 of shareholders with voting rights. Our articles of incorporation state that cumulative voting is not used to decide the appointment or dismissal of directors.

### Effectiveness Evaluation

Our Board of Directors includes multiple external directors to guarantee that functions performed by the Board of Directors, such as decision-making and the running of meetings, are executed effectively. All external directors and auditors are asked about the effectiveness of the Board of Directors as a whole and improvements are made based on their answers. In our interviews at the end of FY2019, our external directors expressed approval of the overall functioning of the Board of Directors.

### Diversity in our Board of Directors and Audit & Supervisory Board

		Company management	Industry knowledge	Technology development	Manufacturing (production)	Sales and procurement	Finance	Legal affairs/compliance	Global experience
Board of Directors	Chairman	Kanshiro Toyoda	○	○	○				
	President	Kiyotaka Ise	○	○	○				○
	Executive Vice President	Makoto Mitsuya	○	○			○	○	○
	Executive Vice President	Toshiyuki Mizushima	○	○	○				
	Director	Kazuhisa Ozaki	○	○	○				
	Director	Tetsuya Otake	○	○			○		○
	Director	Toshio Kobayashi		○	○	○			
	Director	Tsunekazu Haraguchi	○				○		
Audit & Supervisory Board	Director	Michiyo Hamada						○	○
	Standing auditor	Toshikazu Nagura	○	○		○			○
	Standing auditor	Masayoshi Hotta		○			○	○	○
	Auditor	Mitsuhisa Kato	○	○	○				
	Auditor	Ryo Kobayashi						○	
	Auditor	Hikaru Takasu					○		
	Vice President and Corporate Officer	Hiroaki Tatematsu		○			○		



## Remuneration of Officers

(1) Policy for determining the amounts and calculation method for remuneration of officers

### Remuneration structure and recipients

Officer category	Monthly salary	Bonuses	Stock options	Explanation
Directors (excluding external directors)	○	○	○	As directors oversee the operations of the company, their remuneration structure comprises a fixed monthly salary along with bonuses and stock options tied to results.
External directors	○	-	-	External directors receive only a monthly salary with no bonuses or stock options, as their role is to monitor and preside over the company's management from an independent position.
Auditors	○	-	-	Auditors receive only a monthly salary with no bonuses or stock options, as their role is to monitor and preside over the company's management from an independent position.

\* Revision of remuneration system for directors  
We revised our remuneration system for our directors at the 96th General Meeting of Shareholders on June 18, 2019. The ratio of budget : monthly salary (fixed remuneration) : bonuses (short-term incentives) is now roughly 50% : 35% : 15% for all non-external directors of Aisin Seiki, regardless of role.

### Policy for director remuneration and method for deciding director remuneration

Monthly salary reflects factors such as the director's duties and experience, along with trends among other companies. Bonuses are based on the consolidated operating profit achieved through our operations in each period, and are decided through a comprehensive assessment of dividends, the size of the bonuses given to our employees, trends among other companies and bonuses that were paid in the past. Stock options (shares with restriction on transfer) are given as an incentive for directors to boost the value of our stock by continuously improving our value as a company.

## Relationship with Stakeholders

### Emphasizing dialog with a wide range of stakeholders

AISIN Group focuses on dialog with a wide range of stakeholders, including customers, shareholders, investors, suppliers, employees and local communities, so that we can meet our stakeholders' expectations.

It was decided at the 96th General Meeting of Shareholders on June 18, 2019 that the total monthly salary and bonuses paid to all directors collectively must be no greater than 600 million yen per year (with no greater than 75 million yen paid to the external directors). It was also decided at the same meeting that the total shares with restrictions on transfer to be given to all non-external directors collectively must be worth no greater than 100 million yen per year.

The monthly salary, bonuses and stock options for directors are decided according to these policies by the president, relevant vice president and external directors at a Remuneration Council meeting. Amounts for each director are discussed by the Remuneration Council and then finalized at the Board of Directors' meeting.

### Policy for auditor remuneration and method for deciding auditor remuneration

Auditors' monthly salary reflects factors such as their duties and trends among other companies. It was decided at the 87th General Meeting of Shareholders on June 23, 2010 that the total monthly salary paid to all auditors collectively must be no greater than 15 million yen per month. The monthly salary for each auditor is decided upon discussion between the auditors.

(2) Total remuneration for each category of officer, totals for each type of remuneration and number of recipients

Officer category	Total remuneration (million yen)	Totals for each type of remuneration (million yen)		Number of recipients
		Base salary	Bonuses	
Director (indicates external directors)	687 (36)	438 (36)	248 (-)	17 (3)
Auditors (indicates external auditors)	124 (25)	124 (25)	- (-)	5 (3)
Total	812	563	248	22

Bonuses for this period were set based on 205.5 billion yen in consolidated operating profit.



Tour of Comm Center in exhibition hall after General Meeting of Shareholders

## Information Protection and Management

### 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 implementing countermeasures with regard to both physical and cyber aspects of information security, such as strengthening internal networks and other information systems and establishing more stringent rules on entry/exit management and on-site photography. It also conducts continuous education and awareness-building activities to increase visibility of these issues. In addition, the group seeks to improve its information security initiatives by carrying out regular inspections.

### Management of personal information

To comply with all laws and regulations related to protecting the personal information of customers, business contacts and employees that we encounter in our day-to-day operations, AISIN Group has established rules and systems to ensure appropriate handling and management of personal information.

With stronger laws and regulations on personal data protection being rolled out around the world, such as the EU's General Data Protection Regulation (GDPR), we are strengthening our rules on procedures such as the processing of personal data.

## Intellectual Property Activities

### Promoting the use of patent information and strengthening group collaborations

To sharpen AISIN Group's competitive edge, our intellectual property division is involved from the product planning stage, researching patent information to assess our competitors' patent portfolios and development trends. This not only steers our development but provides intellectual property support for group collaborations in up-and-coming growth areas.

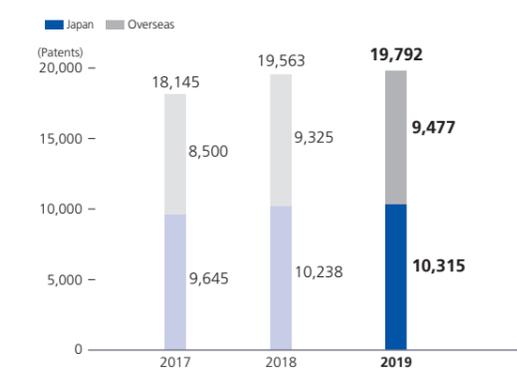
We are working to increase group collaboration in intellectual property management by consolidating work such as research, patenting and acquisition and updating of rights for all trademarks held by the 13 main group companies. We are also carrying out group-wide measures to streamline our trademark management and improve reliability in our processes.

We have established regulations and infrastructure for the handling of intellectual property at our overseas development sites to strengthen our intellectual property capabilities overseas. Local supervisors have been assigned in North America and Europe for over 40 years.

Clarivate Analytics has selected us for the Derwent Top 100 Global Innovators\* for five years running for our high number of patents and global development.

\* Clarivate Analytics analyzes intellectual property and patent trends based on its patent data and gives awards to companies and organization that demonstrate the best performance in the world in research and development and intellectual property management.

### Patents held by AISIN Group\*



\* These numbers are for the 13 main companies in the AISIN Group.  
\* Art Metal Mfg. is included in numbers from fiscal 2018 onward.

### Number of work tasks handling trademarks for FY2019

Applications	Rejection responses <sup>*1</sup>	Renewals <sup>*2</sup>	Requests for consideration of renewal
14	43	32	112

\*1 The number of tasks involving response upon receiving a notification from the Patent Office communicating the fact that a trademark/patent could not be registered. Typically, the response is to amend the content of the application and resubmit it for registration.

\*2 The registration period for trademarks is predetermined. Where the trademark holder wishes to maintain the trademark rights beyond this period, the trademark holder themselves is required to make an application for renewal procedures. This figure corresponds to the number of such renewal applications made.



## Risk Management

### Global risk management system

The Consolidated Risk Management Committee, which comprises senior management from the 13 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 the global risk management system, the Consolidated Risk Management Committee convenes top management of AISIN 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 personnel and frameworks that are resilient to disasters

As part of our group-wide efforts to build resilience against disasters, AISIN Group undertakes education and awareness-raising 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 disaster occurs) and during an emergency (when a disaster occurs).



AISIN Group BCP Conference (on the anniversary of the Kumamoto Earthquake)

### Initiatives for FY2019

- Activities included the securing of buildings, hanging objects, cranes, transformers, mold racks and other large facilities at the factories of companies in AISIN Group.

We carry out systematic measures to minimize damage caused by major earthquakes based on the AISIN Global Safety Standard (AGSS) and what we have learned from the earthquakes that occurred in Kumamoto, Osaka and Hokkaido over the last few years. To pass on lessons and observations from these earthquakes to all of our employees, an AISIN Group BCP Committee comprising the top management, officers and relevant managers in the group's 13 main companies meets each year on the anniversary of the Kumamoto earthquake.

### Enhancing initial response capabilities for large-scale disasters

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

To strengthen our response to disasters, we are building on the frameworks that are in place in each of our companies and sites, we are also building a group headquarters framework to unify information throughout the group to strengthen collaborative initiatives such as support for affected sites. Training is carried out with a simulation of a situation requiring a first response from the group headquarters. The group headquarters and the sites of our group companies must work together to address a hypothetical major earthquake in an exercise that cements the operations, information gathering and decision making that is needed in our first response to a disaster.

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 whether it is safe to enter buildings and daytime and nighttime evacuation drills).



Simulation-based training on first responses at AISIN Group headquarters

## Compliance

### Communication of our basic social responsibilities

We have declared our commitment to thorough compliance in 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. The president himself is leading our efforts to reinforce compliance.

### Building a group-wide compliance framework

AISIN Group established a Business Ethics Committee (also known as the Consolidated Business Ethics Committee) in April 2018 to assess matters concerning legal compliance and other important points of corporate ethics and make policies. Regular meetings of this committee are held. Comprising the presidents and compliance officers of each of the 13 main group companies, the Consolidated Business Ethics Committee sets policies on compliance activities and checks that everyone in AISIN Group is complying with laws and regulations such as Antimonopoly Act and anti-bribery regulations.

### Expansion of compliance training

Ultimately, the work of compliance is done by people. We provide training for employees at each level and additional training for our management and officers to ensure that everyone in AISIN Group is fully aware of their compliance responsibilities.

Since FY2019, members of the legal affairs division of our group headquarters have provided compliance training directly to representatives of each division of our consolidated domestic companies. Relevant divisions also receive training on points such as the Antimonopoly Act and safe and secure export management.

October is AISIN Group Business Ethics Campaign Month. It is a time for all employees to reflect on things they do on a daily basis and think about ethical corporate activities. All employees at our consolidated domestic companies are surveyed about their awareness of compliance during this month. The around 78,000 responses to the survey in FY2019 indicated that compliance awareness in our workplaces has become stronger and more widespread.



Training for compliance leaders

Employees at our overseas subsidiaries also receive training on ethical corporate behavior from their local compliance divisions. In North America, for example, training on points such as antimonopoly laws and harassment is carried out based on the local situation.

### Detecting and correcting unethical action early with our whistleblowing service

One of the points covered during AISIN Group Business Ethics Campaign Month is thorough communication about the service we have set up for reporting and questions about compliance. The service is available to everyone who works for AISIN Group and people connected to them, such as family members. Anonymous contact is accepted. We endeavor to detect and correct violations as quickly as possible with this service. We take thorough measures to ensure that people who make a report or comply with fact checks do not face reprisal. Confidentiality is maintained and all cooperating parties are notified first. In FY2019, 125 reports and requests for advice regarding compliance were made throughout AISIN Group, and all have been appropriately addressed.

Similar whistleblowing services are being set up overseas, and sites in other Asian countries and North America are able to use the main group service.

### Reports and requests for advice regarding compliance (whole AISIN Group)

FY2019 **125**

A breakdown of these reports and requests for advice is available on our website.



### The Antimonopoly Act

Training on the Antimonopoly Act is given to employees, site managers and officers in the relevant divisions of our consolidated domestic companies to ensure thorough awareness and understanding of this law. We plan to provide this training to more of our employees in future and tailor it to each of their various roles so that our employees receive more effective education about this topic.

### Bribery

Bribery is punishable by fines, penalties and termination of employment. Thus far, we have never encountered bribery in our group, but we remain vigilant, creating Guidelines for the Prevention of Bribery in multiple languages and distributing it to group companies both in Japan and overseas, in addition to providing training.

We verify the anti-bribery policies of our suppliers and perform a risk assessment based on our findings.



# Environment

Through 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 will 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, a 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 will be able to coexist in harmony with the environment far into the future.

1. Establish annual policies based on a long-term vision and carry out continuous improvements and periodical reviews of our 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 governments, customers, local communities, suppliers and our employees, as well as cooperation with our consolidated companies.
3. Promote innovative technology, enrichment of facilities, greater and more enlightened training and awareness by investing adequate management resources.
4. Promote the development of new earth-friendly products and technologies that take life cycle into account, as well as environmentally friendly manufacturing.
5. In addition to complying 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 CO<sub>2</sub> emissions over the entire life cycle of its products—from production and use to waste disposal—by 2050.



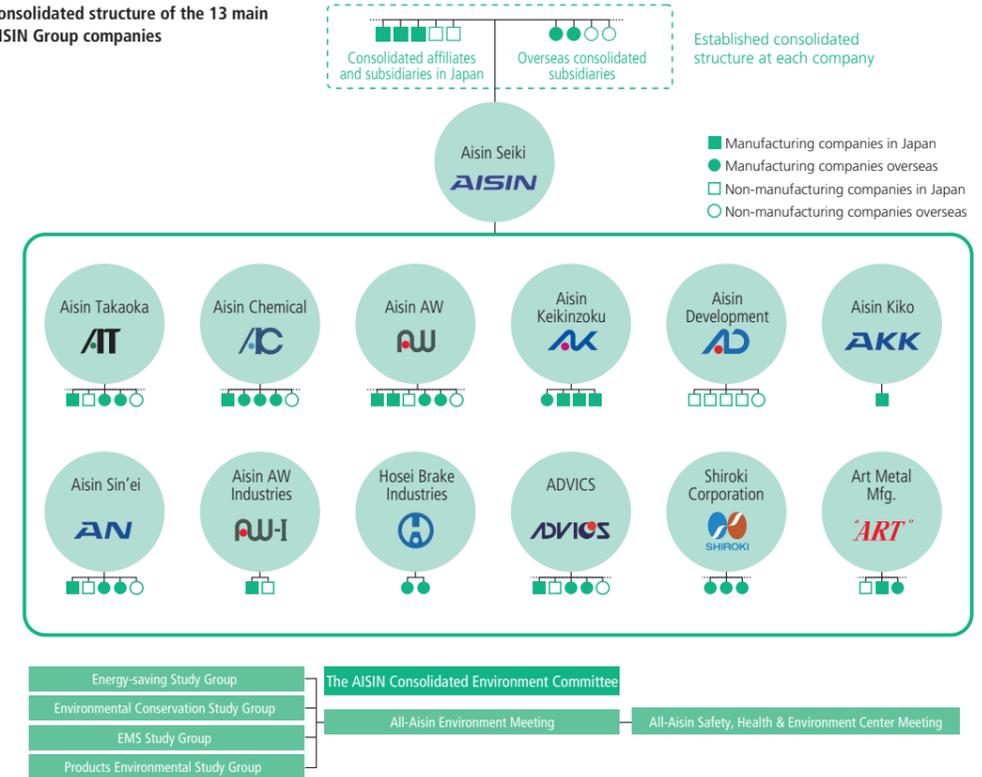
Environmental axes	Priority policy items
<p>Establishment of a low-carbon society</p>	<p><b>Evolution aimed at achieving zero CO<sub>2</sub> emissions over the entire life cycle of products</b></p> <ul style="list-style-type: none"> <li>• Promotion and expansion of development of new functional components that can contribute to significant reduction of CO<sub>2</sub> emissions</li> <li>• Establishment of a clean-energy factory system and manufacturing under such system</li> </ul>
<p>Establishment of a recycling-oriented society</p>	<p><b>Evolution aimed at achieving zero environmental impact</b></p> <ul style="list-style-type: none"> <li>• Measures to reduce waste materials</li> <li>• Effective use of water resources and promotion of recycling</li> </ul>
<p>Establishment of a society in which people coexist with nature</p>	<p><b>Evolution aimed at promoting harmony with nature</b></p> <ul style="list-style-type: none"> <li>• Adoption of a regional program aimed at preserving biodiversity and sharing of best practices</li> </ul>
<p>Fundamental activities</p>	<p><b>Evolution aimed at globalizing management and communication</b></p> <ul style="list-style-type: none"> <li>• Establishment and operation of a system to evaluate the consolidated global environmental management system (EMS)</li> </ul>



### Strengthening our top management

In FY2019, we established our Consolidated Environment Committee. Comprising the presidents of the 13 main companies in AISIN Group, the committee is our highest-level organizational structure for handling environmental matters, and will further accelerate AISIN Group's environmental activities.

Consolidated structure of the 13 main AISIN Group companies



### Study groups leading AISIN Group's environmental activities

Study groups play a crucial role in implementing AISIN Group's environmental activities globally. We currently have Energy-saving, Environmental Conservation, EMS and Products Environmental study groups (see the figure above). All of these consist largely of members from our 13 main group companies, with our affiliate companies also participating in these activities.

#### Common roles of study groups

- Creation of medium- to long-term activity plans for each study group based on our consolidated medium- to long-term activity plans
- Creation of annual activity plans based on the medium- to long-term activity plans for each study group and semiannual reporting of activities.
- Establishment of various relevant consolidated guidelines, standards, etc.

#### Initiatives of our study groups

##### Energy-saving

- Reduction of CO<sub>2</sub> emissions in our production work

##### Environmental conservation

- Outperforming every other company in each region by achieving zero abnormalities and complaints related to the environment
  - (1) Legal compliance activities
  - (2) Risk management such as activities to prevent environmental accidents

##### EMS

- Consolidated EMS training and training of consolidated auditors
- Reporting of assessment plans at the All-Aisin Environment Meeting
- Creation of EMS-related documents

##### Products Environmental

- Investigation and sharing of elements such as indexes for measuring a product's impact on the environment and methods for managing chemicals
- Visualization of the degree to which we are contributing to environmentally friendly products
- Investigation and sharing of trends in laws and regulations concerning the impact of products on the environment

## Results of activities for the Sixth Environmental Action Plan in FY2019

Environmental axis	Evolutions	Measures	FY2019 results																													
Establishment of a low-carbon society	Reduction of CO <sub>2</sub> emissions to zero over the entire life cycle of products, from manufacture and use to disposal	<ol style="list-style-type: none"> <li>Promotion and expansion of development of products with new functions for substantial reduction of CO<sub>2</sub> emissions</li> </ol>	<p>&lt;Automotive parts related&gt;</p> <ul style="list-style-type: none"> <li>Began mass-production of our 1-motor hybrid transmissions, which effectively switch between a motor and the engine, significantly improving fuel efficiency</li> <li>Jointly developed a car navigation with a smart eco-drive function with Toyota Motor Corporation to improve fuel efficiency in practical terms in hybrid vehicles</li> </ul> <p>&lt;Lifestyle industry related&gt;</p> <ul style="list-style-type: none"> <li>Made our SOFC cogenerator more compact, enabling it to be used in apartments, and expanded the range of supported fuels to achieve greater reduction of CO<sub>2</sub></li> </ul>																													
		<ol style="list-style-type: none"> <li>Increased transparency of factors that become environmental load</li> </ol>	<ul style="list-style-type: none"> <li>Completed integration of LCA<sup>*1</sup> calculation tool and implemented it throughout the group</li> <li>Created scenarios for 2030 to set targets for the reduction of LCA</li> </ul>																													
		<ol style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions in our production work [Overseas] Establishment of a CO<sub>2</sub> reduction system similar to the one currently in place for operations in Japan [Japan] Maintenance and continuation of the high level of our current CO<sub>2</sub> reduction system</li> </ol>	<ul style="list-style-type: none"> <li>Held personnel liaison meetings in China, Thailand, Europe and North America to give guidance for local staff in each region on the introduction of methods for managing reductions in energy usage. Each location started management of reductions in energy usage.</li> <li>Launched a Production Technology Sub-Committee<sup>*2</sup> workgroup on CO<sub>2</sub>, with a view to the establishing innovative technologies for the medium to long-term reduction of CO<sub>2</sub> emissions.</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2019</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>CO<sub>2</sub> emissions from production</td> <td>Global operations (consolidated CO<sub>2</sub> emissions from production in Japan and overseas)</td> <td>CO<sub>2</sub> emissions by sales</td> <td>FY2010</td> <td>20%</td> <td>16.4% reduction</td> <td>22.7% reduction</td> <td>○</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2019		Evaluation	Goal	Target	Result	Result	CO <sub>2</sub> emissions from production	Global operations (consolidated CO <sub>2</sub> emissions from production in Japan and overseas)	CO <sub>2</sub> emissions by sales	FY2010	20%	16.4% reduction	22.7% reduction	○								
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<ol style="list-style-type: none"> <li>Establishment of an AISIN clean-energy factory and commencement of operation</li> </ol>	<ul style="list-style-type: none"> <li>Defined scenarios for reducing CO<sub>2</sub> emissions by half at the 13 main AISIN Group manufacturing companies by 2030</li> <li>Assessed the current status of initiatives for renewable energy worldwide and the level of such initiatives at other companies</li> </ul>																															
<ol style="list-style-type: none"> <li>Improvement of transportation efficiency in distribution activities [Overseas] Improvement of CO<sub>2</sub> reduction system in line with expansion of overseas operations [Japan] Continuation of improvement activities through the shared use of specific CO<sub>2</sub> reduction methods (know-how)</li> </ol>	<ul style="list-style-type: none"> <li>Expanded joint delivery for AISIN Group as a whole in the Mikawa area of the Kanto region</li> <li>Introduced BDF<sup>*3</sup> trucks more widely</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2019</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>CO<sub>2</sub> emissions from production</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions by sales</td> <td>FY2010</td> <td>11%</td> <td>9.0% reduction</td> <td>17.3% reduction</td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td colspan="6">Thorough understanding of results</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2019		Evaluation	Goal	Target	Result	Result	CO <sub>2</sub> emissions from production	Consolidated subsidiaries in Japan	Emissions by sales	FY2010	11%	9.0% reduction	17.3% reduction	○		Overseas companies	Thorough understanding of results							
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Establishment of a recycling-oriented society	Zero environmental load	<ol style="list-style-type: none"> <li>Effective use of metallic resources during the development stage and all-out efforts to promote recycling</li> </ol>	<ul style="list-style-type: none"> <li>Completed activities to ascertain the current state of metallic resources that should be managed by AISIN Group, and confirmed that there is no problem at present</li> </ul>																													
		<ol style="list-style-type: none"> <li>Promotion of recycling of resources in production and distribution, and consequent reduction of the use of resources [Production] Promotion of group-wide recycling of materials [Distribution] Reduction of packaging materials [Overall] Shared use of recycling methods and all-out intra-group efforts to promote such methods</li> </ol>	<ul style="list-style-type: none"> <li>Shared 13 representative examples of waste reduction and recovery of valuable matter from waste within AISIN Group</li> <li>Held meetings to exchange opinions with specialized manufacturers and expanded waste processing routes to promote effective use of waste</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2019</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Waste materials</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions by sales</td> <td>FY2010</td> <td>28%</td> <td>23.0% reduction</td> <td>27.9% reduction</td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td>Thorough understanding of results</td> <td>FY2016</td> <td>5%</td> <td>2% reduction</td> <td>—</td> <td>—</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2019		Evaluation	Goal	Target	Result	Result	Waste materials	Consolidated subsidiaries in Japan	Emissions by sales	FY2010	28%	23.0% reduction	27.9% reduction	○		Overseas companies	Thorough understanding of results	FY2016	5%	2% reduction	—	—
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<ol style="list-style-type: none"> <li>Effective use of water resources and full-scale efforts to promote recycling of water resources</li> </ol>	<ul style="list-style-type: none"> <li>Formulated a drought risk assessment standard and identified locations with high drought risk. Also formulated action targets for reducing the drought risk at high-risk locations.</li> </ul> <table border="1"> <thead> <tr> <th>Reduction coverage</th> <th>Scope of business operations covered by reduction efforts</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td>Water</td> <td>Areas where there are many constraints</td> <td>Assessed drought risk in FY2018 and identified high-risk areas with an emphasis on the impact on our sites Set numerical targets for FY2020</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Water	Areas where there are many constraints	Assessed drought risk in FY2018 and identified high-risk areas with an emphasis on the impact on our sites Set numerical targets for FY2020																									
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\*1 Life Cycle Assessment, an assessment of reductions in CO<sub>2</sub> emissions across product lifecycles as part of the product development process

\*2 An organizational body that engages in activities and shares resources (including knowledge, technologies and equipment) with the aim of improving AISIN Group's production technology capabilities and the competitiveness of its manufacturing processes

\*3 Biodiesel Fuel, a type of fuel made by collecting and refining food oils

Environmental axis	Evolutions	Measures	FY2019 results																													
Establishment of a society in which people coexist with nature	Harmony with nature	<ol style="list-style-type: none"> <li>Advanced action ahead of the official enforcement of regulations of harmful chemical substances contained in products</li> </ol>	<ul style="list-style-type: none"> <li>Created a master for laws and customer standards (15 items) for fiscal 2020</li> </ul>																													
		<ol style="list-style-type: none"> <li>All-out efforts to prevent abnormal environmental situations</li> </ol>	<ul style="list-style-type: none"> <li>Conducted exercises utilizing Environmental KYT<sup>*4</sup> (danger prediction) manuals and case studies at personnel liaison meetings held in various overseas regions, and carried out trial implementations of these measures at representative workplace locations</li> <li>Formulated rules for environmental risk management when sharing common premises as an AGES<sup>*5</sup> global standard</li> </ul>																													
		<ol style="list-style-type: none"> <li>Reduction from production of chemical substances that become environmental load [Overseas] Establishment of a reduction system similar to the one that is currently in place for operations in Japan [Japan] Maintenance and continuation of the current high-level reduction system</li> </ol>	<ul style="list-style-type: none"> <li>Made preparations for the gathering of data to compile a list of chemical substances subject to overseas laws and regulations with a view to global expansion</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Reduction coverage</th> <th rowspan="2">Scope of business operations covered by reduction efforts</th> <th rowspan="2">Item</th> <th rowspan="2">Base year</th> <th colspan="2">FY2021</th> <th colspan="2">FY2019</th> <th rowspan="2">Evaluation</th> </tr> <tr> <th>Goal</th> <th>Target</th> <th>Result</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>VOC</td> <td>Consolidated subsidiaries in Japan</td> <td>Emissions by sales</td> <td>FY2010</td> <td>19%</td> <td>15.6% reduction</td> <td>47.3% reduction</td> <td>○</td> </tr> <tr> <td></td> <td>Overseas companies</td> <td colspan="6">Thorough understanding of results</td> </tr> </tbody> </table>	Reduction coverage	Scope of business operations covered by reduction efforts	Item	Base year	FY2021		FY2019		Evaluation	Goal	Target	Result	Result	VOC	Consolidated subsidiaries in Japan	Emissions by sales	FY2010	19%	15.6% reduction	47.3% reduction	○		Overseas companies	Thorough understanding of results					
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<ol style="list-style-type: none"> <li>Implementation of regional programs aimed at preserving biodiversity</li> </ol>	<ul style="list-style-type: none"> <li>Conducted nature protection activities in five regions of Japan that are home to AISIN Group sites (Aichi, Hokuriku, Hokkaido, Tohoku and Kyushu)</li> </ul>																															
Fundamental activities that cover all themes		<ol style="list-style-type: none"> <li>Reinforcement of environmental compliance through the establishment of a system to centralize the collection of relevant information</li> </ol>	<ul style="list-style-type: none"> <li>Distributed information at personnel liaison meetings held in various regions with regard to laws and regulations that will have an impact and/or need to be addressed</li> <li>Encouraged joint handling of PCB waste throughout the group to complete disposal of all highly concentrated PCB waste under the ownership of AISIN Group in Japan by the end of FY2021, and completed disposal of waste for FY2019 as scheduled.</li> </ul>																													
		<ol style="list-style-type: none"> <li>Establishment and operation of a globally consolidated EMS evaluation system</li> </ol>	<ul style="list-style-type: none"> <li>Identified weaknesses and achievable improvements in each of our sites and conducted more stringent consolidated environmental assessments than those set in the Fifth Environmental Action Plan at both our domestic and overseas sites based on our findings</li> </ul>																													
		<ol style="list-style-type: none"> <li>Reinforcement of environmental management regarding supply chains and promotion of environmental activities in collaboration with suppliers</li> </ol>	<ul style="list-style-type: none"> <li>Conducted environmental inspections at 52 suppliers of AISIN Group and carried out follow-up activities after the inspections</li> </ul>																													
		<ol style="list-style-type: none"> <li>Reinforcement of environmental education to develop globally competitive human resources</li> </ol>	<ul style="list-style-type: none"> <li>Shared our vision for 2020 and the principles of our training framework, and carried out activities to build training frameworks at our affiliated companies in Japan</li> </ul>																													
		<ol style="list-style-type: none"> <li>Promotion of social contribution activities in the field of the environment in cooperation with local communities</li> </ol>	<ul style="list-style-type: none"> <li>Pseudorasbora pugnax raised at Hekinan Seaside Aquarium for 25 years were released into a biotope created by purifying household wastewater at Aisin Sin'ei's plant in an initiative to protect the natural environment</li> <li>Aisin Seiki's Nishio Plant examined wildlife in the river where the plant's water is disposed and worked with local elementary school students to share AISIN Group's environmental activities</li> <li>Other group companies also continued to devise and engage in environmental activities with local communities</li> </ul>																													
		<ol style="list-style-type: none"> <li>Enhancement of communication with various stakeholders in the environmental field</li> </ol>	<ul style="list-style-type: none"> <li>Promoted greater understanding of environmental activities by holding events such as AISIN Group Consolidated Environmental Symposium for AISIN Group employees and suppliers and AISIN Group Eco Spot Tour for group employees and their families</li> <li>Promoted AISIN Group's environmental activities by taking ecological action and conducting biological surveys for local elementary school students.</li> </ul>																													
<ol style="list-style-type: none"> <li>Worldwide management of office environment</li> </ol>	<ul style="list-style-type: none"> <li>Verified that environmental activities tailored to various functions are being conducted in each workplace each year</li> </ul>																															

\*4 Kiken Yochi Training, a form of danger prediction training designed to enable employees to predict risks that could lead to environmental accidents and abnormalities

\*5 AISIN Global Environmental Standard

## Establishment of a Low-Carbon Society

### Aiming to reduce life cycle CO<sub>2</sub> emissions to zero

AISIN Group is aiming to reduce CO<sub>2</sub> emissions to zero throughout the life cycle\* of our products by 2050. We see this as part of our duty to create a sustainable society where people exist harmoniously with the planet, and the entire group is working together to create medium- to long-term reduction scenarios and carry out activities to reduce emissions.

We are accelerating our development of products that help to improve fuel efficiency, such as electrification units and parts such as brakes, chassis and bodies for electric and fuel cell vehicles.

We are also working to drastically reduce CO<sub>2</sub> emissions throughout the production process, building on previous activities with (identification of) production technology innovation topics and the adoption of renewable energy.

\* Every process including extraction of resources, processing of raw materials and the manufacturing, consumption and disposal of the product

	FY2016	FY2017	FY2018	FY2019
SF6	11,400	5,700	4,560	<b>1,195</b>

Total CO<sub>2</sub> emissions\*<sup>1</sup> and CO<sub>2</sub> emissions per sales (Global)



\*1 CO<sub>2</sub> emissions of energy consumption from stationary combustion sources.  
 \*2 The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan.  
 Note: Past figures have been revised due to changes in the scope of calculation.

**Calculation method**

Total CO<sub>2</sub> emissions = Σ (fuel consumption × CO<sub>2</sub> emission factor) + Σ (purchased electricity consumption × CO<sub>2</sub> emission factor)

**CO<sub>2</sub> emission factor**

**In Japan**

Fuel Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures

Purchased electricity Emission factor set in accordance with the Federation of Electric Power Companies of Japan 2009 (Environmental Action Plan for Electricity Businesses 2013)

**Overseas**

Fuel Emission factor set in accordance with the Act on Promotion of Global Warming Countermeasures

Purchased electricity Emission factor set in accordance with IEA 2009 (CO<sub>2</sub> Emissions from Fuel Combustion 2013 Edition)

**Scope of calculation**

Aisin Seiki Co., Ltd. and 129 main consolidated manufacturing subsidiaries (see p. 59 for details)

Data indicated with received the independent practitioner's assurance.

## Establishment of a Recycling-Oriented Society

### Reducing environmental impact of development, production and logistics to zero

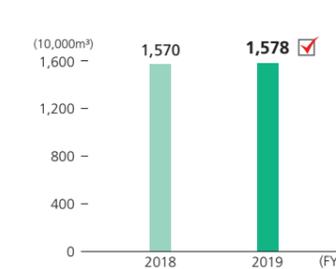
AISIN Group is working to reduce its environmental impact to zero, chiefly through the Environmental Conservation Study Group. This includes developing products that make effective use of resources and can be recycled; stepping up resource recycling at the production and logistics stages; and making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

Waste and waste per sales (consolidated figures for Japan)



\* The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan.  
 Note: Past figures have been revised due to changes in the scope of calculation.

Water intake amount



**Calculation method**

Water intake amount = Σ (purchased from water facilities + groundwater intake)

**Scope of calculation**

Aisin Seiki Co., Ltd. and 129 main consolidated manufacturing subsidiaries (see p. 59 for details)

Data indicated with received the independent practitioner's assurance.

AISIN Group	Aisin AW
<p><b>Reducing CO<sub>2</sub> through effective use of renewable energy</b></p> <p>AISIN Group is introducing renewable energy such as solar energy in an active initiative to reduce CO<sub>2</sub> both in Japan and overseas.</p> <ul style="list-style-type: none"> <li><b>China and Taiwan</b>                      Aisin Seiki Foshan Automotive Parts Co., Ltd. (installed FY2019)                      Generation capacity: 16,000kW                      CO<sub>2</sub> reduction: 2,000t per year</li> <li><b>Japan</b>                      Shioda Plant, Art Metal Mfg. (installed FY2013)                      Generation capacity: 1,005kW                      CO<sub>2</sub> reduction: 532t per year</li> <li><b>Elite Sewing Machine Mfg. Co., Ltd. (installed FY2019)</b>                      Generation capacity: 351kW                      CO<sub>2</sub> reduction: 23t per year</li> <li><b>Thailand</b>                      Aisin AI (Thailand) Co., Ltd. (installed FY2018)                      Generation capacity: 600kW                      CO<sub>2</sub> reduction: 469t per year</li> <li><b>Aisin Takaoka Foundry Bangpakong Co., Ltd. (installed FY2019)</b>                      Generation capacity: 670kW                      CO<sub>2</sub> reduction: 580t per year</li> <li><b>The Nawaloha Industry Co., Ltd. (installed FY2019)</b>                      Generation capacity: 670kW                      CO<sub>2</sub> reduction: 580t per year</li> </ul>	<p><b>Promotion of improvement activities through the visualization of air leakage</b></p> <p>Aisin AW's Shiroyama Plant (formerly belonging to Aisin AI) has mapped air leakage to clearly visualize the current state of air leakage at all of Aisin's plants. This makes it easy to manage air leakage at each of our production sites and is contributing to various reduction activities such as the formation of more QC circles to address various points. As a result, annual energy loss caused by air leakage has been slashed by 2/3 and CO<sub>2</sub> emissions have been reduced by 346 tons. We will continue actively working to reduce CO<sub>2</sub> in our plants.</p>
<ul style="list-style-type: none"> <li><b>Nishio Plant, Aisin Seiki (installed FY2018)</b>                      Generation capacity: 480kW                      CO<sub>2</sub> reduction: 300t per year</li> <li><b>India</b>                      Aisin Automotive Karnataka Pvt. Ltd. (installed FY2019)                      Generation capacity: 950kW                      CO<sub>2</sub> reduction: 700t per year</li> </ul>	<p><b>Aisin Seiki</b></p> <p><b>Awarded the Energy Conservation Grand Prize in 2018*<sup>1</sup></b></p> <p>Aisin Seiki and six other companies were awarded in the Products and Business Model category of the Special Jury Prize at the Energy Conservation Grand Prize in 2018 for Smart Multi*<sup>2</sup>, a hybrid personal air conditioning system. Smart Multi is operated by a gas heat pump (GHP) and electric motor heat pump (EHP) using IoT technology, achieving the optimal balance between the two for easy operation by the user. The system achieves energy-efficient operation and reduces energy costs in light of factors such as variance in energy prices depending on energy demand and the season and time of day.</p> <p>*1 Tokyo Gas Co., Ltd., Osaka Gas Co., Ltd., Toho Gas Co., Ltd., Daikin Industries, Ltd., Panasonic Corporation, Yanmar Energy Systems Co., Ltd.                      *2 A hybrid system combining GHP (gas engine heat pump) and EHP (electric motor heat pump) technologies. Driving control is optimized by IoT-based remote control.</p>

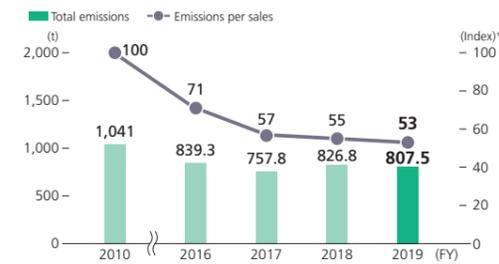
AISIN Group	Aisin Sin'ei
<p><b>Measures against plastic in the oceans</b></p> <p>AISIN Group is working to solve the global issue of plastic in the oceans by actively using eco bags and reducing disposal bags at registers.</p> <p>1.15 million register bags were used by Aisin Seiki and Aisin AW in FY2019.</p> <p>To reduce register bag usage to zero by FY2021, AISIN Group launched four initiatives in FY2020: no longer actively distributing plastic register bags, putting up posters in our stores to raise awareness, selling eco bags and sharing eco bags.</p> <p>Employees in our stores actively refuse to give register bags that are not needed</p> <p>Shared eco-bags are placed by the register so that those who need them can grab them</p>	<p><b>Recycling of all wastewater from plant processes</b></p> <p>Aisin Sin'ei's Kouta Plant has implemented initiatives to reduce water usage. Water-saving valves have been installed in the basins in the plant and a laser separation system that uses no water has been introduced to remove electrodeposition tools. An RO membrane was also added to the system for treating wastewater from the electrodeposition line, enabling ions to be removed too. All wastewater has been recycled since October 2018, with none disposed of.</p> <p>Our RO device filters water through holes several nanometers wide</p> <p>Our evaporative condenser reduces high concentrations of impurities in wastewater</p>

## Establishment of a Society in Which People Coexist with Nature

### Achieving harmony with nature

To achieve harmony with nature, 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.

VOC emissions per sales (Consolidated companies in Japan)



\* The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan. Note: Past figures have been revised due to changes in the scope of calculation.

### Actions ahead of official enforcement of regulations on the management of chemicals

We act strategically when regulations on the management of chemicals are announced, actively gathering information on regulations and assessing their impact so that we can enact them ahead of official enforcement. We also operate Global AisinMACS, a proprietary global system for the management of chemicals in products that we built to ensure quick and accurate reporting in the IMDS\*, a global materials database for the automotive industry that is used to set conditions for automotive certifications.

\* International Material Data System. The system was primarily developed 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.

#### Overview of Global AisinMACS

Global AisinMACS automatically obtains information from manufacturing and technical databases and uses it to identify suppliers, request procurement, make decisions about customers and determine whether the chemicals in a product need to be investigated. It is used in AISIN Group companies both in Japan and overseas as it enables automatic, accurate regulation of materials.

### AISIN Group

#### Biotores

Biotores have been set up in the grounds of our plants to promote coexistence with nature, with an awareness that the land used to be untouched woodland. In these biotores, purified wastewater from the plants is used to grow aquatic species that are native to the area but are now rare, such as Hemigrammocypis rasborella, Pseudorasbora pugnax, Oryzias, in a joint initiative with a local aquariums.

We use these to teach local elementary school students about the environment and regularly monitor the movements of the various wildlife found in the biotores. A fox was seen for the first time in the biotope at Aisin Seiki's Handa Plant in February 2019.

## Promotion of 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.

- Naka-ikemi Wetland, Fukui Prefecture**  
Maintaining chemical-free rice fields to protect the environment of rare plants such as Marsilea quadrifolia and rare wildlife such as the Japanese fire-belly newt
- Lake Utonai, Hokkaido**  
Eradicating the invasive plant species Populus alba to protect the lakeside ecosystem
- Mouth of the Yahagi River, Aichi Prefecture**  
Activity with Hekinan Aquarium and local children to carry out biological surveys and clean up the mouth of the Yahagi River
- Aso region, Kumamoto Prefecture**  
Clearing underbrush to protect Lychnis kiusiana Makino, a rare plant
- Hanamaki, Iwate Prefecture**  
Protecting the rare and endangered fish species Acheilognathus typus by removing bottom weeds and eradicating the non-indigenous red swamp crawfish

## Fundamental Activities: Environmental Management

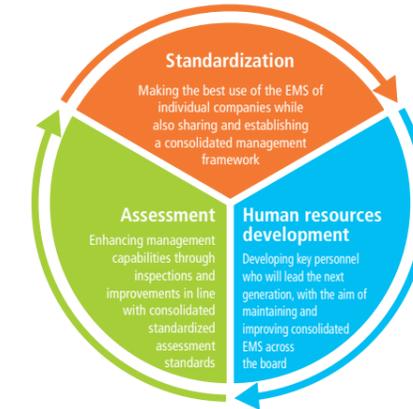
### Consistently improving our environmental management system (EMS)

AISIN Group is continually improving its EMS to become one of the most environmentally friendly companies in existence. In addition to gaining the international ISO14001 standard, we have devised our own, more stringent management targets to work toward.

Our EMS Study Group carries out the following three activities to promote environmental management throughout the group.

- 1. Standardization** Revision of the AISIN Consolidated EMS Manual and AISIN Group Green Procurement Guidelines
- 2. Assessment** Effective use of these resources to conduct inspections and standardize improvement activities at our companies in Japan and overseas
- 3. Human resources development** Active initiatives to improve the skills of environmental management personnel in our group companies, such as presentations with talks by experts

Three pillars of EMS activities



### Activities under AISIN Group Green Procurement Guidelines

AISIN Group carries out various activities to promote understanding and cooperation of AISIN Group Green Procurement Guidelines among our suppliers. The members of AISIN Group (13 companies) Suppliers' Environmental Inspection Liaison Meeting conducted risk inspections at 53 supplier companies in FY2019. We are working to assess the current situation and carry out improvements for issues in our supplier companies.

We will continue to provide continuous support to help ensure supplier compliance with laws, regulations and byelaws, etc., and properly manage substances that have an environmental impact.

AISIN Group Green Procurement Guidelines



### Promoting environmental activities around the world

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.

- (1) Participating Group affiliates (figures in parentheses indicate the number of participating affiliates)  
(2) Activities taking place (photo)

#### North America

- (1) 28 companies (8 group companies)
- (2) Promotion of energy conservation activities



#### Europe

- (1) 6 companies (3 group companies)
- (2) Activities to prevent environmental issues



#### India

- (1) -
- (2) Activities halted due to labor issues

#### China and Taiwan

- (1) 39 companies (8 Group companies)
- (2) Energy conservation workshops



#### Thailand

- (1) 19 companies (8 Group companies)
- (2) Environmental KYT activities taking place



#### South America (Brazil)

- (1) 3 companies (3 group companies)
- (2) Workshop on environmental management system



#### Indonesia

- (1) 8 companies (7 group companies)
- (2) Activities to reduce toxic waste







## Society

As a global Tier One supplier, AISIN Group creates working environments that respect the working practices of employees with diverse values and enable each of those employees to thrive. As our employees grow together, they raise the value of the company and contribute to the building of a sustainable society.

### Human Rights

#### Basic policy regarding respect for human rights

Under AISIN Group Principles of Corporate Behavior, following international directives such as the UN's Universal Declaration of Human Rights, we established a basic policy for respecting the human rights of all employees: "We respect the character, individuality and diversity of our employees and provide a safe, enjoyable and productive work environment in order to help them achieve a balanced and fulfilling life". The Guidelines in Compliance with Social Responsibility provide a specific code of conduct to ensure that our principles of corporate behavior are adhered to, including clear statements prohibiting forced labor and child labor.

Additionally, the AISIN Way clarifies timeless, global values and principles of conduct to be shared among AISIN Group.

#### The AISIN Way

Think about how to serve society and our customers	Harmony with society and nature Customer first
Always keep improving	New challenges Kaizen Genchi genbutsu gennin (go and see for yourself)
Everyone is important	Personnel training Teamwork involving everyone

#### Affiliated groups and involvement in initiatives

AISIN Group is a member of the Industrial Federation for Human Rights, Aichi, an organization comprising 26 companies in Aichi Prefecture that works with relevant administrative bodies and organizations such as the Aichi prefectural government and labor board to raise awareness about human rights. We also work with the Corporate Federation for Dowa and Human Rights Issues in various regions to carry out training and awareness-raising activities in companies to create a society where human rights are respected.

#### Thorough implementation of education on the protection of human rights for all employees

AISIN Group takes all employees' human rights seriously and takes every opportunity to educate our employees on human rights, from initial training for new employees to additional training for those receiving a promotion or being appointed as a director.

#### Initiatives for FY2019

- 3,152 employees attended CSR training for the 13 main companies of AISIN Group
- Invited a guest lecturer from the Aichi Labor Bureau and held a training seminar on fair recruitment by group companies

### Labor Practices

#### Basic stance with regard to stable employment

We are conscious of the fact that in order for AISIN Group to provide stable employment, it needs to be and remain a corporate group that is valued by society. To accomplish this, we ask every employee to take an active role, grow as an employee and contribute to achieving sound and sustainable business growth. This will lead to stable employment in the long term.

#### Building fulfilling workplaces through respectful relationships between management and employees

Fundamental labor principles and rights are of the utmost importance to AISIN Group. We comply with all relevant laws and regulations and take principles such as freedom of association and the right to collective bargaining seriously. We have built a framework in which regular discussions are held between employees and management in each division to share policies and issues and foster mutual trust and cooperation. We stringently adhere to the UN's Guiding Principles on Business and Human Rights, with procedures in place to identify, prevent, alleviate and correct human rights issues and fulfill our responsibility as a company to uphold human rights.

We are actively adopting IT tools to shorten working hours and have built systems that enable flexible work formats such as teleworking from home. We also work to ensure that all of our employees take 100% of their annual paid vacation by fostering a workplace culture where employees can take leave easily, led by messages from the top management of each company. And of course, this includes programs for our employees posted overseas, with measures in place to reduce their working hours and invest in their health.

#### Stable employment

We believe that standardization of our basic stance and systems concerning personnel and labor affairs is essential to ensure stable employment. AISIN Group develops measures based on this principle and on the laws and regulations of respective countries and regions to reduce related risks and build sound relations between our management and our employees. A turnover rate of 1.21%\* was achieved in FY2019 as a result of these initiatives.

\* The number of employees who left (by choice) between April 1, 2018 and March 31, 2019 ÷ the total number of employees as of April 1, 2018.

## Human Resources Development

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

At AISIN Group, we are committed to developing globally-minded employees who are capable of viewing matters from a broad perspective and possess a diverse range of values, irrespective of gender, nationality or age. We respect the individuality of our employees as part of 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.

#### Initiatives for FY2019

- Provide career development training to support our employees as they embark on a career with AISIN
- Carry out group-wide training with a curriculum designed to provide a deeper understanding of AISIN Group's history

### Development of globally-minded employees who increase our competitiveness

AISIN Group is continuing to accelerate our development of employees who are capable of engaging in global business. We conduct top management training for personnel of our 13 main Group companies who work in management or executive positions at AISIN locations around the world. Aisin Seiki also runs an overseas employee exchange system designed to develop young local employees at AISIN locations around the world and a training program that assigns 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.

Total number of employees receiving training each year	Average hours of training per employee per year
27,963	38

### Nurturing technical personnel who can contribute to development in each country

We are continuing to strengthen our education for local technical personnel throughout AISIN Group in line with our global expansion. To cultivate future leaders of manufacturing operations, we operate 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 5,800 members from group companies in Japan have graduated from these academies. AISIN Group has accepted overseas trainees from 22 locations in 11 countries, and these graduates are now playing key roles at overseas subsidiaries in supervisory or technical capacities.



Aisin Technical Academy  
This facility provides practical education to cultivate leaders of manufacturing operations

### 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 turned rules that need to be observed and actions that need to be taken by technical personnel into explicit knowledge. Through AISIN Basic Seminars, in which supervisors instill this now-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 AISIN Group.

### Promoting reforms of our working practices

Reforms of working practices are one of AISIN Group's management policies, and we are carrying out activities to improve the way we work. The aim of these activities is to improve productivity, create a better work-life balance, energize our employees and achieve even better results.

Specific initiatives center on improving the practices and operations at our sites, including the promotion of digital technology throughout the company, reforming and scrapping underperforming committees and implementing flexible systems such as work-from-home systems to support the work we do.

#### Vision for reforms of our working practices



## Harnessing a Diverse Range of Human Resources

### Promotion of diversity

AISIN Group actively promotes the diversity and inclusion that is needed to achieve sustainable growth. A variety of measures are in place to foster a work culture that accepts diverse values and enables each of our employees to make maximum use of their abilities and live a fulfilling life.

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. By FY2018, there were Iku Boss Academy graduates in every department performing staff functions. From FY2019, we have expanded our activities into our technical workplaces, making the general premise of this work more firmly entrenched and deeply understood throughout the whole company.

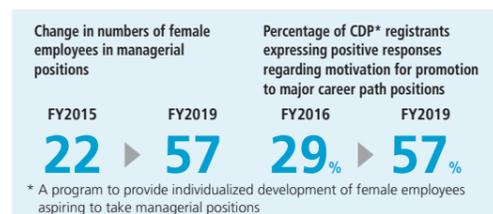
We also began working on initiatives to promote understanding of the LGBT community, and are actively working to build inclusive environments.

### Promoting more active roles for female employees

AISIN Group actively supports career development and work-life balance for our growing number of female employees to enable them to actively take advantage of career opportunities in AISIN Group and continue working in rewarding positions.

#### Initiatives for FY2019

- Career Development Program for Women (CDP) designed to foster individualized development of female employees aspiring to take managerial positions
- Social events with women from the Toyota Group for professional development of female management
- Initiatives to promote understanding of the LGBT community among all of our management, including e-learning and workplace meetings



### Work-life balance support

AISIN Group creates an environment in which employees can choose from a wide range of work styles to suit the stage of life they are currently in. In recent years, Aisin Seiki launched a telecommuting system and short working hour system for family care, along with a leave and short working hours system for employees undergoing fertility treatments, to further enhance measures to support work-life balance.

### Creating a workplace in which people with special needs can thrive

AISIN Group is working to develop a working environment in which people with special needs can thrive, and increase the number of employment opportunities available to people with special needs.

AISIN Group has continuously held joint interview sessions for people with disabilities since FY2018. The third session was held in February 2019, and was attended by representatives from 20 companies in AISIN Group.

A special subsidiary called Aisin Well Smile Co., Ltd. will be established in October 2019, with plans to begin operations in April 2020. In addition to putting in place working conditions that are better suited to the needs of people with special needs and creating and building on employment opportunities, we are providing operational support for employees with special needs in each of our companies.

Looking ahead, AISIN Group members will continue to promote collaborative activities, and work 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 want

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. We re-employ all interested personnel, observing all relevant laws and regulations.

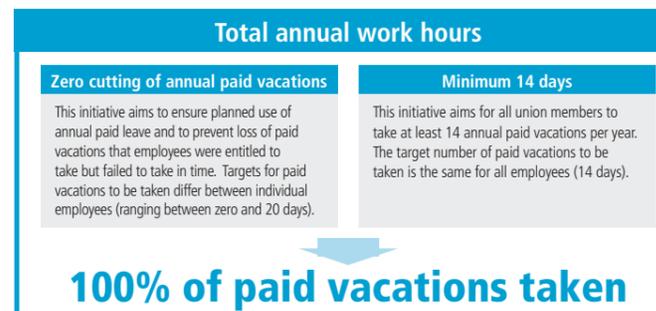
The five core companies in AISIN Group hold seminars for employees in their 50s, providing advice on points such as our re-employment system, health and the pension and retirement allowance system to help them plan the continuation of their career and their lifestyle after they reach retirement age.

We are also working to increase motivation for re-employed individuals through initiatives such as establishing technical legacy coaching sessions to pass on their advanced skills as part of efforts to further expand the re-employment of retirees.

## Measures for work-life balance

### Shortening work hours

To encourage a work-life balance, concerted measures are taken between our management and employees with the aim of encouraging more employees to take shortened working hours and annual paid vacations.



Monthly average overtime worked (Aisin Seiki) (Hours)				
	FY2016	FY2017	FY2018	FY2019
Overall	36.1	35.9	31.5	29.7

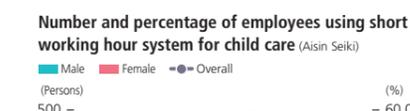
Annual paid leave taken (Aisin Seiki) (%)				
	FY2016	FY2017	FY2018	FY2019
Overall	98.1	98.9	98.2	98.9

### Work-life balance support system

In addition to schemes stipulated by law, we are also advancing work style reforms that will enable employees to create career paths without excessive stress or strain.

#### Examples at Aisin Seiki

<b>Telecommuting system</b>	Allows employees in administrative or engineering positions who have a child aged 11 or younger as of April 1 or a family member requiring nursing care to work a part of or full day from home.
<b>Short working hour system for child care</b>	Allows employees who have a child aged eight or younger as of April 1 to work reduced hours in accordance with the age of the child.
<b>Parental leave</b>	Allows employees to take a leave of absence for a requested period until the child reaches the age of two.
<b>Family-care leave</b>	Allows employees to take a leave of absence for a requested period to care for a family member. Maximum three years in total per family member.
<b>Short-term family-care leave</b>	Allows employees to take leave of 10 days a year for one person requiring nursing care or leave of 20 days if there are two or more persons requiring nursing care.
<b>Anshin (secured) holidays</b>	Employees can carry over up to 20 days of unused annual paid leave to cover personal illness, nursing care, childbirth or child care.
<b>Family allowances</b>	AISIN Group pays allowances for children and family members requiring nursing care, disability assistance or other support



Number of regular employees/managerial personnel (Aisin Seiki)					
		FY2016	FY2017	FY2018	FY2019
Employees (regular)	Administrative workers in management track position <sup>1)</sup>	47	39	33	25
	Technical workers in management track position <sup>1)</sup>	167	144	125	118
	Workers in professional track positions at production sites, etc. <sup>1)</sup>	189	185	276	253
	Workers in practical work positions <sup>1)</sup>	30	18	17	16
Number of managerial personnel <sup>2)</sup>		1,870	1,922	2,007	2,130
		2.1%	2.4%	2.9%	2.7%

Average length of service (Aisin Seiki) (Years)					
		FY2016	FY2017	FY2018	FY2019
Overall		14.8	15.1	15.2	16.3
	Male	15.3	15.7	15.8	16.7
	Female	11.1	11.4	11.4	13.5

<sup>1)</sup> The lower numbers indicate the percentage of female out of all employees.  
<sup>2)</sup> The lower numbers indicate the percentage of female out of all managerial personnel.

## Employee Health and Safety

### A core principle of placing health and safety above all else

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

### Initiatives to prevent recurrence of accidents

AISIN Group is committed to ensuring that accidents at our sites do not occur again. Group-wide safety standards have been established and facility safety, risk assessment and safety training initiatives have been thoroughly strengthened throughout the group since 2016 to ensure that no lives are lost on our premises.

AISIN Global Safety Standard (AGSS) has also been established to prevent STOP6\* accidents, and risk assessments and safety inspections are carried out when equipment is received or modified. In FY2019, the top management of each company in AISIN Group thoroughly surveyed their respective companies' sites and implemented occupational health and safety activities according to an action plan.

\* The six causes of the most serious accidents  
(1. getting caught in machinery, 2. contact with heavy objects, 3. contact with vehicles, 4. falls, 5. electrocution, 6. contact with high temperature objects)

Serious accidents at the 13 main companies in AISIN Group



STOP6 accidents resulting in lost work in the 13 main companies of AISIN Group



### Activities to improve safety standards in AISIN Group

To ensure that no lives are lost on AISIN Group premises, a Consolidated Health and Safety Committee has been established. Comprising the presidents of every company in AISIN Group, the committee works to unify policies and standards to ensure the safety of everyone who works on

our premises. In March 2019, we asked a third-party organization to provide safety seminars for the officers in charge of our safety operations. We believe that all injuries and occupational illnesses are preventable, and the whole of AISIN Group works together to improve our awareness of safety and build a safety-first culture. We consistently maintain high safety standards and use a mutual teaching system to build safety-consciousness, and all of our officers use felt leadership\* to raise awareness of safety and build a culture of safety throughout the group.

Specialist safety training is also provided to ordering staff to prevent serious accidents in contracted work and ensure that the ALL TOYOTA Safety Standard for Contractor Work on the Premises is enacted correctly by the contractor and our ordering staff.

As a result of these measures, the 13 main group companies maintained a rate of injuries from occupational accidents resulting in lost work time that was lower than the national average for the manufacturing industry in FY2019. AISIN Group will continue to build on these initiatives to become the world's safest business conglomerate.

\* A form of leadership in which the top management have a passionate awareness about safety.

### Activities to maintain and promote the health of employees

Aisin Seiki has gained accreditation as a Healthy Business and has implemented a variety of measures to promote the physical and mental health of our employees.



### Initiatives to maintain and improve physical health

A public health nurse provides specific advice for our employees about ways to prevent lifestyle diseases, including information on diet, exercise and quitting smoking. Care and consideration is given to employees at a high risk of neurological or cardiac diseases.

We also provide health checkups for employees providing overseas and implement necessary post-checkup measures.

### Initiatives to maintain and improve mental health

We take various measures, including mental health education, stress checks and an employee assistance program, to help our employees prevent mental health issues and detect any issues that arise as quickly as possible. We have also built a framework to provide support to employees on long-term leave with a Return to Work Trial and follow-up support to help make their return as smooth as possible.

## Safety Activities in the 13 Main Group Companies in Japan

### Aisin Seiki

#### Promotion of safety inspections and on-the-spot reporting by plant managers

In addition to company-wide safety and fire prevention inspections, the managers of our plants watch work taking place. If an issue is found, our technical employees are alerted and an improvement plan is made. Improvements are made visible throughout the company and expanded into other plants.

### Aisin Chemical

#### Building a safety culture with involvement of top management

Aisin Chemical is working to build a safety culture throughout the entire company by holding safety meetings, observing work and actively seeking suggestions about near misses. They are fostering an awareness of safety among everyone who works on their premises, from the most fundamental work upward.

### Aisin Keikinzoku

#### Conducting health and safety activities with an understanding of workplace needs

Aisin Keikinzoku is improving its working practices to ensure even greater safety. Managers and supervisors work with safety instructors to improve and standardize difficult work, and officers and safety instructors from other departments are asked to carry out safe roller inspections. This provides an inside and outside view of hazards, enabling these risks to be fixed to ensure the greatest possible level of safety.

### Aisin Kiko

#### Officers taking the lead in safety activities for everyone in the company

Aisin Kiko has carried out activities to assess workplace needs for four years. The company's officers listen to the concerns of each technical employee and carry out activities to address all concerns, from smaller points to major issues in the working environment of the company's plants. This year, Aisin Kiko worked to make improvements more quickly and implement activities to achieve zero accidents.

### Aisin Sin'ei

#### Activities to improve safety awareness through cooperation between all levels

In addition to initiatives by plant managers to gain insights about workplace needs and day-to-day instructions by safety instructors about unsafe practices, Aisin Sin'ei carries out interactive training for all workers. Team leaders run monthly KYT (Kiken Yochi Training, Japanese for "hazard prediction training") with workplace photos to improve safety awareness through cooperation between all levels.



### Hosei Brake Industry

#### Implementing safety awareness, ensures compliance with laws and rules to prevent past accidents from reoccurring

After an accident caused by falling that resulted in lost work time, Hosei Brake Industry has added interactive training about tripping and falling. Each year, new practices are added to educate everyone from the newest to the most experienced employees about compliance with rules and measures to prevent STOP6 accidents. This impresses upon employees the importance of complying with these rules, increasing their consciousness of safety requirements.



### Shiroki Corporation

#### Introduction of safety support based on an understanding of workplace needs

In FY2017, Shiroki Corporation introduced a system for safety support based on an understanding of workplace needs to more clearly define its activities to assess what is needed in its workplaces. Managers and supervisors ask on-site workers about their daily work and concerns, and monitor the progress of any new measures until implementation is complete. This makes our workers confident that their management knows what they need, and increases awareness of safety.



### Aisin Takaoka

#### On-site checks and unification of global safety initiatives

Aisin Takaoka has carried out safety checks every other year since 2016 to prevent STOP6 accidents and ensure safety at all of its sites around the world. Check items are set for all of its plants inside and outside Japan, and top management from multiple companies work together with each manufacturing division and our safety promotion office to perform on-site checks and learn about any concerns that local safety supervisors have about Aisin Takaoka's activities. Activities to assess initiatives to ascertain workplace needs, such as determining whether good practices are being expanded to other sites, are called "third-party observation sessions". Each workplace is observed by employees who work on different operations to unify Aisin Takaoka's measures to improve the caliber of its safety practices.

### Aisin AW

#### Leading by example in initiatives to assess workplace needs

Safety leadership training is carried out for all levels of management so that they can take the lead in safety initiatives. Aisin AW's management lead by example in activities to resolve day-to-day issues and raise awareness of safety.



### Aisin Development

#### Promotion of activities to assess workplace needs and KY work by each employee

Dialog-based patrolling is used to learn about the day-to-day work of Aisin Development's on-site employees and make improvements in their working environment. KY (Kiken Yochi, Japanese for "hazard prediction") procedures are implemented so that each employee detects and eliminates hazards in the areas where they work.



### Aisin AW Industries

#### Creating a workplace culture of prioritizing health and safety

In addition to continuous activities to gain greater insight into workplace needs (including patrols by top-level management personnel and activities to identify problematic issues), Aisin AW is constantly working on safety activities that involve every employee, including workplace safety meetings and risk assessment patrols.



### ADVICS

#### ADVICS Global Conference on Safe Working Environments

ADVICS holds a global conference on safe working environments, where staff in North America and China who are in charge of implementing safety measures travel to Japan to learn about ways to improve the safety of their working environments and reduce accidents.



### Art Metal Mfg.

#### Building a culture of mutual awareness-raising where everyone notices more

Art Metal Mfg. is implementing initiatives prompting employees to notice more, so that each employee is conscious of safety and on the lookout for hazards. These initiatives are in place in every workplace throughout the company.

## Our commitment to quality

### Quality is one of our basic corporate principles

“Quality First” is one of AISIN Group’s basic corporate principles. We believe that one of the most crucial requirements for staying in business is increasing the quality of our products and our work in every way we can, and all of our employees work together with a customer-first mindset under management policies aiming to improve the framework of our company and TQM (total quality management) practices.

To define this principle in more specific terms, the 4th All-AISIN TQM Conference was held in FY2019. Attended by 489 people including the top management of each company, the conference instilled a thorough awareness of quality in every attendee.

In FY2019, “Top Prioritization of Safety and Compliance and Quality First.” became a universal principle at the foundation of AISIN Group’s management policies.



The All-AISIN TQM Conference

### Global, group-wide activities to put customers first

With the automotive industry experiencing the biggest period of change in 100 years, customers’ attitudes about quality and approaches to quality assurance are changing. In April 2017, AISIN Group established the All-Aisin Quality Assurance Center. A new group quality policy was established at the beginning of the year to set a single, common direction for all of the companies in AISIN Group. To prevent quality issues from occurring, AISIN Group is seeking to share experience and know-how among group companies and developing mechanisms to make effective use of their equipment and human resources. In 2019, we established and began using an all-AISIN system for autonomous auditing of special processes.

Aisin Seiki is engaged in global quality assurance activities to improve quality, with the company’s head office working in collaboration with counterparts in each region, mainly 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 employees who are able to perform swift and effective quality analyses.

### Making sure the same failures do not happen again

In April 2016, AISIN Group established the Quality Learning Zone for the purpose of learning from past failures. In July 2018, AISIN 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, to further improve quality awareness. AISIN Group also plans to create a new simulator, present feedback from people who have experienced quality issues in the past and hold various exhibitions of expertise gained from past faults and defects at various group companies.



The “tunnel for learning how scary quality problems can be”

### Raising awareness of quality with involvement from all employees

AISIN Group companies conduct QC circle activities that engage all personnel in each workplace, and activities to propose innovative improvement ideas to achieve higher product quality and work quality. Our companies also promote employee development through these activities.

There are now a total of 2,677 QC circle groups around the world. After a selection process at regional conferences, the outcomes of the successful circles are announced at the Global QC Circle Conference. In FY2019, a total of 206 members from 47 group companies in 14 countries participated in Aisin Seiki’s conference and passionately reported on their activities. Our activities to propose innovative improvement ideas have also been a success—AISIN Group remains at the highest level in terms of the number of awards for the Minister of Education, Culture, Sports, Science and Technology Awards recognizing outstanding examples of improvement.



The Global QC Circle Conference

### 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 2019, 31,339 employees from the 13 main group companies had acquired the certification. To cultivate scientific problem-solving capabilities, AISIN Group is promoting the practical use of a fact- and data-based scientific approach by conducting training in SQC methods and sharing information on examples of improvements.

### Initiatives to ensure reliability

AISIN Group thoroughly surveys how our products are used to increase the level of our performance evaluations and ensure safe and reliable products as a result.

To ensure the reliability of our automotive parts, AISIN Group operates three large-scale proving grounds, where we conduct repeated adaptability tests using actual vehicles from the standpoint of actual users. The test tracks at the proving grounds have been updated to recreate various road conditions around the world, enabling us to reflect changes in the marketplace. We also repeat tests across the world based on stringent conditions that accurately reflect different natural environments and ways in which vehicles are used in different countries, and incorporate our findings into quality assurance and improvement of evaluation technologies.

In FY2019, Aisin Seiki and Aisin AW adopted five vibration testing machines that can withstand vibration between 35 and 125kN/G, enabling timely improvements in initiatives to improve our strength evaluations, strength models and simulations for products such as our panoramic sunroof and automatic transmissions. We plan to strengthen

these functions even more in future to accelerate our development of CASE technology.

### Responding to customers

AISIN Group takes feedback from customers seriously. To facilitate and respond to customer feedback, we organize large exhibitions featuring examples of our excellent quality, and have set up permanent booths to handle complaints from customers. For lifestyle-related products, we have renewed our telephone response system and improved workability for the operators. All of the operators are working to obtain Level 2 certification in the “Moshi Moshi” proficiency test, which tests an employee’s skills in handling telephone calls.

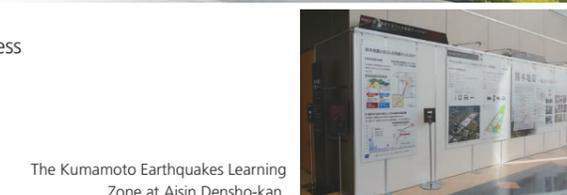
### Developing human resources and systems from a consumer-oriented perspective

Our Customer Support Department works to ascertain information on 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. There are currently 30 employees in AISIN Group who hold lifestyle advisor qualifications. These employees work to build connections between consumers and the company. AISIN Group will continue to support employees taking examinations to obtain these qualifications in fiscal 2020.

### Aisin Densho-kan: A place to learn about the importance of safety, quality and unfiltered customer feedback

Aisin Densho-kan (Educational Center) is a place for all AISIN Group employees to learn about workplace safety and disaster-prevention initiatives and unfiltered feedback received from customers. The center also picks up lessons from past incidents and passes on valuable insights gained from problems that have occurred in the past to foster an awareness of quality and improve the caliber of our work. For example, the Kumamoto Earthquakes Learning Zone is an educational space for ensuring that insights and lessons learned from AISIN Group’s responses to the 2016 Kumamoto Earthquakes are properly passed on our employees. This zone features easy-to-understand exhibits designed to increase awareness about disaster prevention and readiness by presenting efforts made from directly after the occurrence of the disaster until recovery, along with impressing upon employees the importance of initiatives to reduce earthquake damage.

\* Aisin Densho-kan is not open to the general public.



The Kumamoto Earthquakes Learning Zone at Aisin Densho-kan.

## Co-Existence and Co-Prosperity with Suppliers

### Building trust as a good business partner

As part of its manufacturing activities, AISIN Group procures a wide variety of items, including parts and materials, from numerous suppliers around the world. In each of these transactions, AISIN Group works to increase collaboration and establish trusting relationships with our suppliers based on our basic philosophy of seeking growth and prosperity as good business partners.

#### ■ FY2019 Group Procurement Policy

##### Basic procurement policies

- Coexist harmoniously and share prosperity with suppliers with a view to stability in our trades in the long term
- Carry out open and fair trades

##### 1. Making safety and compliance the top priority and putting quality first

##### 2. Innovative measures to make AISIN Group more competitive

- (1) Making AISIN Group more competitive with the aim of being top in the industry
- (2) Strengthening mutual communication
- (3) Improvements through cooperations between AISIN Group and its suppliers
- (4) Support for activities to strengthen our global procurement base

##### 3. Strengthening the procurement base that provides fundamental support for our corporate activities

- (1) Promoting reforms of our working practices
- (2) Compliance with AISIN Green Procurement Guidelines
- (3) Strengthening our BCP activities

### AISIN Group's procurement principles

AISIN Group believes in coexisting and sharing prosperity with our suppliers, and strives to achieve mutual development. To ensure that all of our procurement activities comply with AISIN Group's policies along with relevant laws and regulations, we have translated AISIN Group Principles of Corporate Behavior into our suppliers' languages, distributed the translations to our suppliers and asked that they comply with the principles. The principles include policies on points such as human rights, labor practices, the environment and compliance, covering both social issues, including child labor, forced labor, equal opportunities and prohibition of discrimination, freedom of association, collective bargaining, reduction of long working hours, minimum wage and health and safety, and environmental issues such as water usage and biodiversity. We have particularly stringent standards about the environment, asking our suppliers to reduce GHG emissions, recycle waste materials and resources, reduce water usage and preserve biodiversity according to our revised version of AISIN Group Green Procurement Guidelines.

All of our suppliers are certified with ISO 9001 and ISO14001, and safety, environmental and earthquake-proofing inspections are carried out. AISIN Group has inspected its suppliers for environmental risks according to AISIN Group Green Procurement Guidelines since FY2007 to prevent environmental issues from occurring at our suppliers' sites. We also confirm that our 56 main suppliers are complying with environmental laws and regulations, and carry out initiatives to identify and address hazards.

In FY2019, autonomous inspections were carried out at 20 companies, and inspection visits were completed at 100% of the companies where they were planned. In the future, our management will work with our Safety, Health and Environment Department to visit our suppliers and give instructions.

When selecting new suppliers, we carry out careful investigations including investigations based on ISO 9001 and ISO14001, credit checks, quality audits and account checks.

### Affiliated groups and involvement in initiatives

Aisin Seiki's Executive Vice President and Executive Officers belong to the general committee and the procurement and production division of Japan Auto Parts Industries Association (JAPIA). The officer in charge of our procurement planning and management division is a member of the Working Group for the Handling of Conflict Mineral Regulations in the Procurement and Production Subcommittee of JAPIA's procurement and production division. Through this work, AISIN Group gathers information and implements measures against conflict minerals in our supply chain.

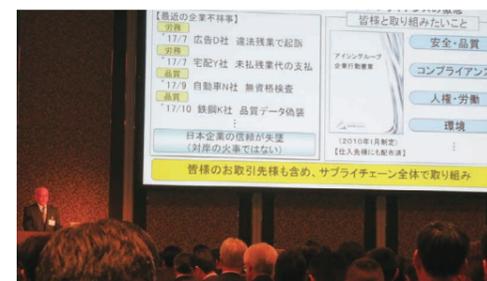
### Jointly undertaking CSR initiatives with suppliers

AISIN Group is promoting CSR procurement activities jointly with suppliers, beginning with primary suppliers and going as far up the supply chain as possible. With its suppliers, AISIN 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 FY2019, AISIN Group enhanced its management of substances that have an environmental impact, based on the Green Procurement Guidelines, to ensure a reliable response to environmental laws and regulations, which are becoming more stringent increasingly year by year in countries around the world. In order to accomplish this, AISIN Group requested surveys of chemicals contained in items purchased from our suppliers and had them disclose

and register relevant information in a shared system for recording data on chemical substances.

AISIN Group is also engaged in initiatives as a group, such as making payments to all small- to medium-sized domestic suppliers in cash, with a view to achieving future-oriented trade practices with its suppliers. Additionally, AISIN Group has established a contact point for suppliers to make inquiries and seek advice on matters related to business ethics.



Presentation outlining our procurement policy for FY2019

### Risk assessment and monitoring of suppliers

In AISIN Group, we conduct checks of our quality system to improve the quality provided by our suppliers. In FY2019, we gave 150 suppliers feedback about their compliance with our standards and provided the support they needed to make improvements by listing the issues discovered during our audit and creating an improvement plan. When we work with our suppliers on compliance issues, we identify the cause of each issue and set a schedule for corrective action, then provide advice and check the supplier's progress until the issue is resolved.

### Improving our suppliers' skills

AISIN Group provides its main suppliers with training support to improve their technical skills and strengthen their corporate framework.

Aisin Seiki has established an apprenticeship program in Japan for our main suppliers, where future management from our main suppliers work in the division of their choice at Aisin Seiki, usually for two years. A total of 68 people have made use of this program. Employees are accepted based on the needs of the supplier.

Aisin Seiki also provides suppliers with support in various safety activities, environmental activities and activities aiming to improve productivity and quality through the Aisin Suppliers Network, an organization formed to enable Aisin Seiki's suppliers to learn from each other's best practices and help each other to improve. In FY2019, we continued the activities we worked on in FY2018, including training on cases under the Industrial Health and Safety Act and safety instruction.

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

With numerous disasters such as natural disasters and fires significantly impacting the stability of our production and procurement activities in recent years, AISIN Group has worked on a daily basis to ready itself for the occurrence of such disasters and to enable initial responses and recovery protocols to be implemented 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 us to receive data on parts and raw materials purchased 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 FY2019, Aisin Seiki made use of this information to consider countermeasures for each individual product that it produces, envisaging the occurrence of various incidents. In particular, Aisin Seiki considered the level of impact on customers and formulated specific countermeasures to enable 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 to bolster our production and supply structure and increase its stability.

In FY2019, AISIN Group engaged in activities to promote greater mutual understanding with suppliers' top-level management, with a focus on the prevention of water pollution. Through these activities, we identified issues in the workplace and linked these to various improvements. Looking ahead, AISIN Group will continue to engage in water pollution prevention activities with suppliers, with the aim of creating a positive upward spiral.

### Measures against conflict minerals

Automakers listed on the U.S. stock exchange, which are Aisin Seiki's end customers, are required to report to the U.S. Securities and Exchange Commission (SEC) regarding conflict minerals. In FY2019, AISIN Group once again worked with business partners and industry groups to conduct surveys to confirm the origin and history of minerals used in our products and ensure that conflict minerals are not used.

## Social Contribution Activities

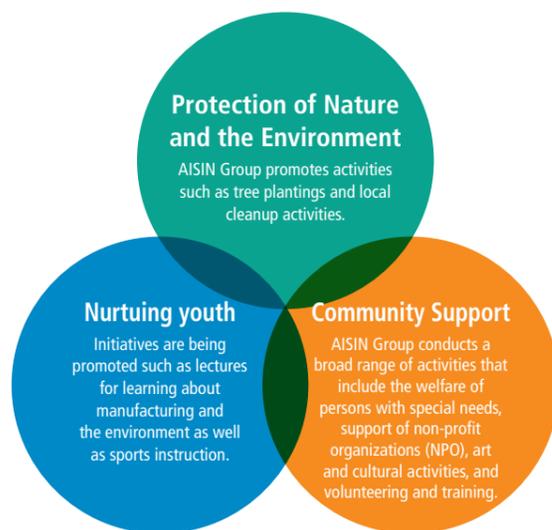
### Initiatives to “Be With” local communities

“Harmony with Society and Nature” is a core corporate principle of AISIN Group, with AISIN Group Principles of Corporate Behavior pledging to actively engage with society and contribute to sustainable development based on an awareness that companies are members of society.

Our activities are guided by the motto “Be With”. We work with local communities to build a richer society.

### The three pillars of our social contribution activities

AISIN Group develops a wide range of social contribution activities together with our stakeholders, through the three pillars of protection of nature and the environment, nurturing 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

### Tree-planting activities in Japan and China

In Japan, 13 main AISIN Group companies engage in tree planting activities on Mount Fuji every May. In China, AISIN Group has been working together with the public interest incorporated foundation Aste to conduct tree-planting activities in the Xilinhot district of the Inner Mongolia Autonomous Region. In May 2018, 54 employees from Japanese and overseas AISIN Group companies and 31 local junior high school students participated in these activities, planting approximately 110,000 saplings and learning the importance of tree planting through environmental education.



Planting saplings including yellow willow

### “Aisin no Mori (Forest of Aisin)” forest development 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 parent agreement” with Neba, a municipality in Nagano Prefecture, and has been engaging in maintenance of the walking path and promoting “Aisin no Mori” forest development by planting rhododendrons in the area. AISIN Group holds environmental events to provide an opportunity for many children and their parents to realize the importance of water and the beauty of nature in an enjoyable manner in summer and to enhance environmental awareness by participating in forest management activities in fall. In FY2019, a total of 403 employees and their families from 11 group companies joined the summer and fall events and learned the wonders of the environment in a fun way.



Maintenance of the walking path

## Nurturing Youth

### 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 cities and towns where Aisin’s sites are located. To date, a total of about 26,850 students at 319 elementary schools have learned about the environment in a structured manner through the program, which focuses on topics such as forests, waterside environments and living.



Environmental education

### Outreach seminar on *monozukuri* (manufacturing)

AISIN Group conducts seminars on *monozukuri* involving classroom lectures and hands-on lessons that enable children to develop a scientific perspective through manufacturing. The seminars mainly consist of an outreach seminar on *monozukuri*, where we visit 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 12,900 children have participated in 127 events on 28 themes held to date in 13 cities and towns around Aichi Prefecture.



Experiencing *monozukuri*

### Project for refining automobile manufacturing (Kurumazukuri Kiwameru Project)

AISIN Group dispatches instructors to participate in a “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 also learning about vehicle structure and developing a sense of achievement and of doing a worthwhile job. In FY2019, 131 children enjoyed participating in fun *monozukuri* experiences through this project.

## Community Building and Development

### Efforts to solve social issues

#### Aiding the activities of organizations supporting the employment of people with disabilities

Aisin Seiki, Aisin Takaoka, Aisin Chemical, ADVICS and Hosei Brake Industry provide organizations with opportunities to sell bread and sweets in their cafeterias.

#### Taking part in TABLE FOR TWO

Aisin Seiki, Aisin Takaoka, Aisin Sin’ei, Hosei Brake Industry, Aisin Chemical, ADVICS, Aisin Kiko and Aisin AW have been taking part in TABLE FOR TWO (TFT), an activity aiming to provide food to developing countries and eradicate obesity and lifestyle diseases in industrialized countries, with a focus on imbalances in world food consumption. In FY2019, the companies raised enough money to provide around 216,000 meals and achieved “Platinum Supporter” status, the highest level awarded by TFT, for the sixth consecutive year.

#### Employee participation in TABLE FOR TWO

FY2019 **215,627**  
Cumulative total **871,491**

#### Donations by AISIN Group to support the activities of NPOs

To deepen our trust relationships with local communities, AISIN Group raises money through charity concerts and employee donations to support organizations performing volunteer work and welfare activities. In FY2019, we supported 22 organizations in Aichi, Fukui, Toyama and Nagano prefectures.

#### Spending on social contribution activities (million yen)

Category	Amount
Activity costs	228
Donations	223
1. Social welfare	12
2. Health and medicine	33
3. Science, research and education	74
4. Culture, arts and sports	58
5. Coexistence with the environment	4
6. Support for regions affected by disasters	15
7. Other	24

Consolidated summary of financial and non-financial information over the last 11 years

	Japanese accounting standards (JGAAP)								International Financial Reporting Standards (IFRS)				(Reference)*1	
	(FY)	2009	2010	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019	2019
		(Million yen)								(Million yen)				(Million U.S. dollars)
<b>Financial condition and operations results</b>														
Revenue (Net sales)	¥ 2,214,492	¥ 2,054,474	¥ 2,257,436	¥ 2,304,168		¥ 2,529,964	¥ 2,822,215	¥ 2,964,619	¥ 3,243,178	¥ 3,245,985	¥ 3,562,622	¥ 3,908,937	¥ 4,043,110	\$ 36,427
Revenue ratio of overseas locations (%)	31.9	26.7	29.8	29.4		31.9	36.5	39.3	43.8	43.7	41.8	41.2	41.2	
Operating profit	-3,489	87,546	137,266	121,832		148,892	171,196	166,103	176,435	192,722	228,691	253,808	205,562	1,852
Profit before income taxes (Income before income taxes and non-controlling interests)	-14,983	57,665	147,894	129,140		158,725	189,462	184,062	186,887	194,060	237,311	268,171	217,486	1,959
Profit for the period attributable to owners of the parent	-25,149	16,605	69,643	55,497		77,518	90,089	77,550	96,974	100,332	126,653	134,551	110,123	992
Total equity (Net assets)	814,506	871,889	917,704	969,307		1,136,343	1,328,503	1,532,776	1,477,990	1,558,468	1,694,864	1,803,129	1,873,627	16,881
Total assets	1,731,689	1,981,988	1,978,225	2,073,836		2,248,100	2,587,623	2,931,175	2,864,816	3,009,377	3,338,339	3,527,910	3,751,880	33,803
Capital expenditure	220,223	83,821	133,283	150,798		195,032	204,736	247,815	294,188	294,188	237,449	260,315	389,932	3,513
Depreciation	182,057	169,667	144,831	137,757		139,220	149,038	161,028	188,213	186,197	197,168	213,430	226,418	2,039
R&D expenditure	115,994	101,102	111,430	121,449		135,067	144,383	149,132	162,635	162,635	167,719	182,900	202,190	1,821
R&D expenses to revenue ratio (%)	5.2	4.9	4.9	5.3		5.3	5.1	5.0	5.0	5.0	4.7	4.7	5.0	
<b>Per share information (unit: Yen, U.S. dollar)</b>														
EPS (Basic earnings per share [Earnings Per Share]) (Yen)	¥ -89.36	¥ 59.00	¥ 247.46	¥ 197.04		¥ 275.05	¥ 319.48	¥ 274.69	¥ 342.67	¥ 354.53	¥ 444.46	¥ 490.22	¥ 408.64	\$ 3.68
BPS (Equity attributable to owners of the parent per share [net assets per share]) (Yen)	2,202.86	2,328.68	2,440.39	2,573.95		3,038.88	3,542.60	4,109.21	3,891.58	4,127.31	4,426.12	4,861.68	4,997.99	45.03
Dividends (Yen)	40	30	50	50		75	95	95	100	100	125	150	150	1.35
Dividends payout ratio (%)	—	50.8	20.2	25.4		27.3	29.7	34.7	29.2	28.2	28.1	30.6	36.7	
<b>Cash flow</b>														
Net cash provided by (used in) operating activities	¥ 114,668	¥ 303,788	¥ 273,627	¥ 167,291		¥ 256,343	¥ 286,606	¥ 239,771	¥ 292,193	¥ 294,184	¥ 394,812	¥ 311,542	¥ 354,942	\$ 3,197
Net cash provided by (used in) investing activities	-223,752	-331,630	14,833	-195,165		-198,693	-265,405	-261,354	-237,260	-228,437	-229,109	-229,346	-414,494	-3,734
Net cash provided by (used in) financing activities	75,743	34,817	-63,932	-66,537		-43,967	-1,886	-17,734	-77,163	-88,162	-31,617	-73,634	13,164	118
Free cash flow	-109,084	-27,842	288,460	-27,874		57,650	21,201	-21,583	54,933	65,747	165,703	82,196	-59,552	-536
Cash and cash equivalents	143,804	152,727	372,179	275,656		298,197	328,024	294,692	263,217	263,217	394,559	406,508	357,195	3,218
<b>Consolidated financial indicators</b>														
Operating profit margin (%)	-0.2	4.3	6.1	5.3		5.9	6.1	5.6	5.4	5.9	6.4	6.5	5.1	
Ratio of equity attributable to owners of the parent (Net assets excluding subscription rights to shares and non-controlling interests as a percentage of total) (%)	35.8	33.1	34.7	35.0		38.1	38.6	39.6	38.5	38.8	37.0	37.1	35.9	
ROE (Ratio of profit for the period to equity attributable to owners of the parent [Return on Equity]) (%)	-3.6	2.6	10.4	7.9		9.8	9.7	7.2	8.6	8.4	10.5	10.6	8.3	
ROIC (Return on Invested Capital) (%)*2	-0.3	6.1	10.8	9.0		11.6	11.4	9.0	9.7	9.8	11.5	11.6	8.4	
<b>Other</b>														
Exchange rate (U.S. dollars)	100	91	86	79		83	100	110	120	120	109	111	111	
<b>Non-financial data</b>														
Total CO <sub>2</sub> emissions (1,000t-CO <sub>2</sub> ) and CO <sub>2</sub> emissions per sales*3	—	1,919 / 100	2,126 / 99	2,077 / 96		2,305 / 98	2,474 / 96	2,521 / 92	2,579 / 87	2,579 / 87	2,719 / 82	2,959 / 79	3,027 / 76	
Total CO <sub>2</sub> emissions in transportation (1,000t-CO <sub>2</sub> ) and emissions per sales*3	—	53 / 100	53 / 93	57 / 97		59 / 95	59 / 92	59 / 89	62 / 93	62 / 93	62 / 84	69 / 84	71 / 83	
Waste (1,000t) and waste per sales*3	—	146 / 100	146 / 91	148 / 90		164 / 94	159 / 88	149 / 80	163 / 84	163 / 84	161 / 77	169 / 72	173 / 72	
VOC (t) emissions per sales*3	—	1,041 / 100	870.7 / 80	783.5 / 73		855.0 / 75	902.8 / 77	867.0 / 74	839.3 / 71	839.3 / 71	757.8 / 57	826.8 / 55	807.5 / 53	
Employees	73,201	73,213	74,671	78,212		83,378	89,531	94,748	99,389	99,389	110,357	114,478	119,732	
Overseas employees/Ratio (%)	27,352 / 37.4	26,172 / 35.7	27,554 / 36.9	30,049 / 38.4		34,136 / 40.9	38,799 / 43.3	42,129 / 44.5	44,444 / 44.7	44,444 / 44.7	49,747 / 45.1	50,235 / 43.9	52,065 / 43.5	
Rate of disabling injuries occurring in the workplace (%)	0.13	0.21	0.21	0.16		0.16	0.21	0.16	0.17	0.17	0.13	0.11	0.1	

[ ] Indicates Japanese accounting standards (JGAAP).

1. From FY2017 onward, consolidated financial reports have been prepared based on the International Financial Reporting Standards (IFRS). For FY2016, figures converted to IFRS-based values are also provided.

2. Because the revenue recognition standard has been changed from FY2016 onwards, figures shown for FY2015 were obtained by applying the accounting policy retroactively.

3. Past figures have been revised due to changes in the scope of calculation.

\*1 As a reference, values for FY2019 are also provided in USD, converted at the exchange rate on March 31, 2019.

\*2 ROIC (Return on Invested Capital): Operating profit after income tax ÷ (inventories + property, plant and equipment + intangible assets)

\*3 The index used for emissions per sales is calculated as a percentage of the figure for the baseline year (FY2010) of targets set out in the Sixth Environmental Action Plan.

## Analysis of financial condition, financial results and cash flow status by management

### Overview of status of business results

The overview of the group's financial condition, business results and cash flow status (hereafter "business results") in the current consolidated fiscal year are as follows.

#### 1. Status of financial condition and business results

The business environment surrounding the automobile industry in the current consolidated fiscal year showed a decline in new vehicle sales in large markets such as North America and China, and there was a decline worldwide over the previous period. However, sales in Japan increased over the previous period due to increased sales of new models.

In these conditions, the group promoted efforts to strengthen its competitiveness, develop innovative technology and improve manufacturing capabilities, becoming an energetic company that can master competitiveness and propose new value.

Revenue was 4,043.1 billion yen, a 3.4% increase on the previous consolidated fiscal year (3,980.9 billion yen) and our highest yet. Although revenue declined due to a slowdown in the second half of the fiscal year in the Chinese market, sales of automatic transmission and body parts were strong in the first half.

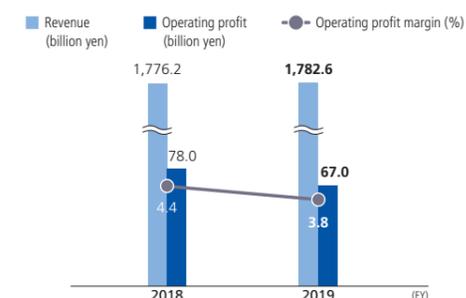
Operating profit was 205.5 billion yen, a 19% decrease from the previous consolidated fiscal year (253.8 billion yen). Profit before income taxes was 217.4 billion yen, a 18.9% decrease from the previous consolidated fiscal year (268.1 billion yen). Profit attributable to the owners of the parent for the period was 110.1 billion yen, a 18.2% decrease from the previous consolidated fiscal year (134.5 billion yen). Despite factors that increased profit, such as increased sales and rationalization efforts, increased fixed costs such as quality-related expenditures, depreciation of prior investments and increased research and development costs outpaced profits, resulting in this decline.

Assets at the end of this consolidated fiscal year were 3,751.8 billion yen, a 6.3% increase over the end of the previous consolidated fiscal year (3,527.9 billion yen), due to an increase in property, plants and equipment. Debt at the end of this consolidated fiscal year was 1,878.2 billion yen, an 8.9% increase over the end of the previous fiscal year (1,724.7 billion yen), due to an increase in loans. Capital at the end of this consolidated fiscal year was 1,873.6 billion yen, a 3.9% increase over the end of the previous fiscal year (1,803.1 billion yen).

Results by segment are as follows.

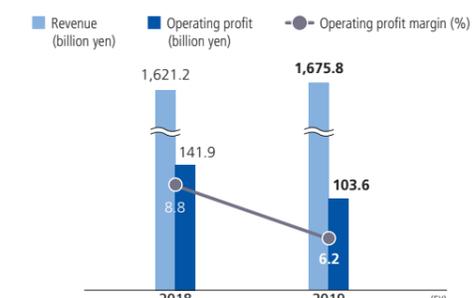
#### • Aisin Seiki Group

Revenue was 1,782.6 billion yen, a 0.4% increase over the previous consolidated fiscal year (1,776.2 billion yen), due to an increase in automobile body part sales. Operating profit was 67.0 billion yen, a 14.1% decrease over the previous consolidated fiscal year (78.0 billion yen). Despite factors that increased profit such as increased sales and rationalization efforts, increased fixed costs such as quality-related expenditures, depreciation of prior investments and increased research and development costs outpaced profits, resulting in this decline.



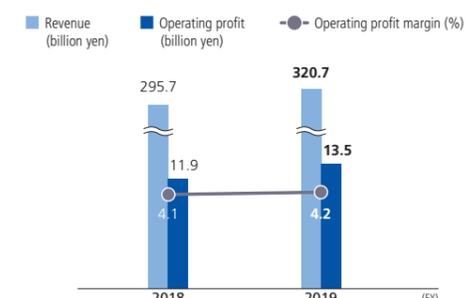
#### • Aisin AW Group

Revenue was 1,675.8 billion yen, a 3.4% increase of the previous consolidated fiscal year (1,621.2 billion yen). This was because although revenue declined due to a slowdown in the second half of the fiscal year in the Chinese market, sales of automatic transmission were strong in the first half. Operating profit was 103.6 billion yen, a 27.0% decrease over the previous consolidated fiscal year (141.9 billion yen), due to increased research and development costs and production preparation costs, despite factors that increased profit, such as rationalization efforts.



#### • Aisin Takaoka Group

Revenue was 320.7 billion yen, a 8.5% increase over the previous consolidated fiscal year (295.7 billion yen), due to an increase in sales to domestic and overseas customers. Operating profit was 13.5 billion yen, a 12.9% increase over the previous consolidated fiscal year (11.9 billion yen), due to an increase in sales and rationalization efforts.



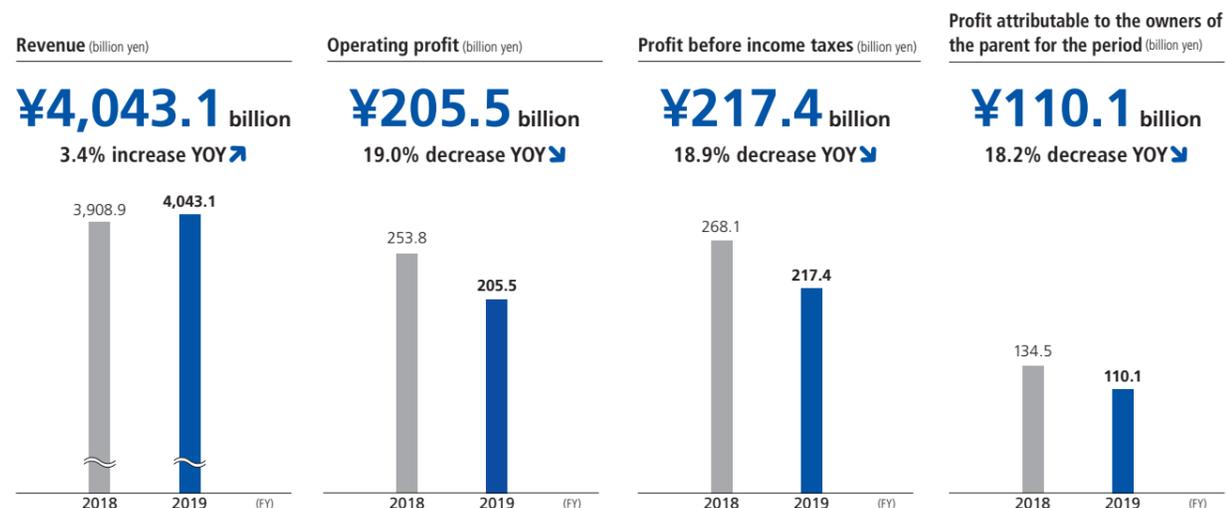
#### • ADVICS Group

Revenue was 600.4 billion yen, a 2.4% increase over the previous consolidated fiscal year (586.5 billion yen), due to an increase in sales to domestic and overseas customers. Operating profit was 11.8 billion yen, a 17.1% increase over the previous consolidated fiscal year (10.1 billion yen), due to an increase in sales and rationalization efforts, despite factors that decreased profits, such as an increase in research and development costs.



#### • Other

Revenue was 235.7 billion yen, a 6.4% increase over the previous consolidated fiscal year (221.5 billion yen), and operating profit was 10.4 billion yen, a 16.4% decrease from the previous consolidated fiscal year (12.5 billion yen), due to an increase in sales to domestic and overseas customers.



## 2. Status of cash flow

Regarding the status of cash flow, the balance of cash and equivalents (hereafter "capital") for the current consolidated fiscal year shows an increase of 354.9 billion yen due to operating activities, a decrease of 414.4 billion yen due to investing activities, an increase of 13.1 billion yen due to financing activities and a decrease of 2.9 billion yen due to exchange differences on capital. The balance at the end of the current consolidated fiscal year was 357.1 billion yen, a 49.3 billion yen (12.1%) decrease from the end of the previous consolidated fiscal year (406.5 billion yen).

- **Cash flow due to operating activities**

Capital gained from operating activities was 354.9 billion yen, a 43.3 billion yen (13.9%) increase over the previous consolidated fiscal year (311.5 billion yen). This was mainly due to an increase of 66.9 billion yen in trade and other payables as well as a decrease of 51.9 billion yen in trade and other receivables, despite a decrease in profit before income taxes of 50.6 billion yen and an increase of 26.5 billion yen in inventories.

- **Cash flow due to investment activities**

Capital gained from investing activities was 414.4 billion yen, a 185.1 billion yen (80.7%) increase over the previous consolidated fiscal year (229.3 billion yen). This was mainly due to an increase of 121.8 billion yen in purchasing of property, plants and equipment, an increase of 42.0 billion yen in saving accounts as well as an increase of 11.0 billion yen in purchasing of investment securities.

- **Cash flow due to financing activities**

Capital gained from financing activities were 13.1 billion yen, an 86.7 billion yen (117.9%) increase over the previous consolidated fiscal year (73.6 billion yen decrease). This was mainly due to an increase of 39.7 billion yen in the balance of loans and repayment and a decrease of 59.4 billion yen in acquisition of treasury stock, despite an increase of 9.9 billion yen in redemption of bonds.

## Consolidated statements of financial position

(Unit: million yen)

	FY2018	FY2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	406,508	357,195
Trade and other receivables	621,863	620,630
Other financial assets	88,575	137,433
Inventories	295,787	341,506
Other current assets	51,093	66,722
Total current assets	1,463,828	1,523,488
Non-current assets		
Property, plant and equipment	1,294,225	1,479,621
Intangible assets	40,045	40,702
Investments accounted for using the equity method	112,979	107,854
Other financial assets	485,108	449,982
Deferred tax assets	109,646	120,525
Other non-current assets	22,075	29,707
Total non-current assets	2,064,082	2,228,392
Total assets	3,527,910	3,751,880
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	796,318	850,616
Bonds and loans payable	86,893	86,148
Other financial liabilities	37,381	38,416
Provisions	25,660	23,703
Income tax payables	30,774	23,198
Other current liabilities	33,083	29,664
Total current liabilities	1,010,112	1,051,748
Non-current liabilities		
Bonds and loans payable	430,650	524,193
Other financial liabilities	9,603	9,212
Retirement benefit liabilities	190,679	215,946
Provisions	3,650	5,446
Deferred tax liabilities	72,206	62,222
Other non-current liabilities	7,879	9,482
Total non-current liabilities	714,669	826,504
Total liabilities	1,724,781	1,878,252
<b>Equity</b>		
Capital stock	45,049	45,049
Capital surplus	71,826	70,043
Treasury stock	-115,835	-115,844
Other components of equity	147,874	121,429
Retained earnings	1,161,260	1,226,224
Equity attributable to owners of the parent company	1,310,176	1,346,902
Non-controlling interests	492,952	526,725
Total equity	1,803,129	1,873,627
Total liabilities and equity	3,527,910	3,751,880

## Consolidated financial statements

## Consolidated statements of income

(Unit: million yen)

	FY2018 (Apr. 1, 2017 through Mar. 31, 2018)	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)
Revenue	3,908,937	<b>4,043,110</b>
Cost of revenue	-3,371,980	<b>-3,545,278</b>
Gross profit	536,957	<b>497,832</b>
Selling, general and administrative expenses	-289,542	<b>-306,591</b>
Other income	18,408	<b>27,186</b>
Other expenses	-12,014	<b>-12,865</b>
Operating profit	253,808	<b>205,562</b>
Finance income	14,241	<b>15,742</b>
Finance expenses	-12,083	<b>-11,335</b>
Equity in earnings of affiliates	12,204	<b>7,517</b>
Profit before income taxes	268,171	<b>217,486</b>
Income tax expenses	-72,825	<b>-58,361</b>
Profit for the period	195,346	<b>159,124</b>
Profit for the period attributable to:		
Owners of the parent	134,551	<b>110,123</b>
Non-controlling interests	60,794	<b>49,000</b>
Total	195,346	<b>159,124</b>

## Consolidated statements of comprehensive income

(Unit: million yen)

	FY2018 (Apr. 1, 2017 through Mar. 31, 2018)	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)
Profit for the period	195,346	<b>159,124</b>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-1,945	<b>-6,715</b>
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	35,453	<b>-25,584</b>
Share of other comprehensive income of associates accounted for using the equity method	31	<b>-163</b>
Total	33,540	<b>-32,463</b>
Items that may be reclassified subsequently to profit or loss		
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	181	<b>-122</b>
Cash flow hedges	581	<b>180</b>
Exchange differences on translating foreign operations	4,687	<b>-1,274</b>
Share of other comprehensive income of associates accounted for using the equity method	-841	<b>314</b>
Total	4,609	<b>-902</b>
Other comprehensive income total	38,149	<b>-33,365</b>
Comprehensive income for the period	233,495	<b>125,759</b>
Comprehensive income for the period attributable to:		
Owners of the parent	170,091	<b>78,941</b>
Non-controlling interests	63,404	<b>46,817</b>
Total	233,495	<b>125,759</b>

## Consolidated statements of changes in equity

(Unit: million yen)

	Equity attributable to owners of the parent							Total
	Capital stock	Capital surplus	Treasury stock	Other components of equity				
				Remeasurements of defined benefit plans	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	
Balance at beginning of period	45,049	71,826	-115,835	-	193,212	-1,429	-43,908	147,874
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-4,960	-25,436	179	-964	-31,182
Comprehensive income for the period	-	-	-	-4,960	-25,436	179	-964	-31,182
Acquisition of treasury stock	-	-	-10	-	-	-	-	-
Disposal of treasury stock	-	0	0	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-
Changes in the ownership interest in subsidiaries	-	-1,782	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	4,960	-223	-	-	4,736
Total transactions with owners	-	-1,782	-9	4,960	-223	-	-	4,736
Balance at end of period	45,049	70,043	-115,844	-	167,551	-1,249	-44,872	121,429

(Unit: million yen)

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at beginning of period	1,161,260	1,310,176	492,952	1,803,129
Profit for the period	110,123	110,123	49,000	159,124
Other comprehensive income (loss)	-	-31,182	-2,183	-33,365
Comprehensive income for the period	110,123	78,941	46,817	125,759
Acquisition of treasury stock	-	-10	-	-10
Disposal of treasury stock	-	1	0	1
Dividends	-40,423	-40,423	-21,517	-61,940
Change in scope of consolidation	-	-	3,413	3,413
Changes in the ownership interest in subsidiaries	-	-1,782	5,059	3,276
Transfer from other components of equity to retained earnings	-4,736	-	-	-
Total transactions with owners	-45,160	-42,215	-13,044	-55,260
Balance at end of period	1,226,224	1,346,902	526,725	1,873,627

Note: Figures here are rounded to the indicated unit by truncation.

### Consolidated statements of cash flows

(Unit: million yen)

	FY2018 (Apr. 1, 2017 through Mar. 31, 2018)	FY2019 (Apr. 1, 2018 through Mar. 31, 2019)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income tax	268,171	<b>217,486</b>
Depreciation and amortization	213,430	<b>226,418</b>
Decrease (increase) in trade and other receivables	-47,194	<b>4,758</b>
Decrease (increase) in inventories	-15,939	<b>-42,520</b>
Increase (decrease) in trade and other payables	-26,007	<b>40,903</b>
Other, net	-684	<b>-21,246</b>
Subtotal	391,776	<b>425,799</b>
Interest income received	2,537	<b>2,689</b>
Dividend income received	14,690	<b>16,287</b>
Interest expenses paid	-7,030	<b>-7,513</b>
Income taxes (paid) refund	-90,431	<b>-82,321</b>
Net cash provided by (used in) operating activities	311,542	<b>354,942</b>
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	-1,210	<b>-43,266</b>
Purchase of property, plant and equipment	-255,245	<b>-377,075</b>
Proceeds from sales of property, plant and equipment	6,318	<b>6,185</b>
Purchase of intangible assets	-10,004	<b>-13,528</b>
Purchase of investment securities	-8,194	<b>-19,219</b>
Proceeds from sales and redemption of investment securities	20,107	<b>18,703</b>
Proceeds from collection of lease receivables	15,837	<b>15,743</b>
Other, net	3,045	<b>-2,037</b>
Net cash provided by (used in) investing activities	-229,346	<b>-414,494</b>
<b>Net cash provided by (used in) financing activities</b>		
Increase (decrease) in short-term bank loans and commercial papers	4,392	<b>4,409</b>
Proceeds from long-term loans payable	69,751	<b>119,635</b>
Repayment of long-term loans payable	-30,872	<b>-41,063</b>
Proceeds from issuance of bonds	20,000	<b>12,000</b>
Redemption of bonds	-35	<b>-10,017</b>
Repayment of lease payables	-11,998	<b>-12,792</b>
Acquisition of treasury stock	-59,465	<b>-10</b>
Cash dividends paid	-37,437	<b>-40,456</b>
Cash dividends paid to non-controlling interests	-24,387	<b>-21,521</b>
Other, net	-3,582	<b>2,980</b>
Net cash provided by (used in) financing activities	-73,634	<b>13,164</b>
Effect of exchange rate change on cash and cash equivalents	3,386	<b>-2,924</b>
Net increase (decrease) in cash and cash equivalents	11,949	<b>-49,312</b>
Cash and cash equivalents at beginning of period	394,559	<b>406,508</b>
Cash and cash equivalents at end of period	406,508	<b>357,195</b>

### Major shareholders

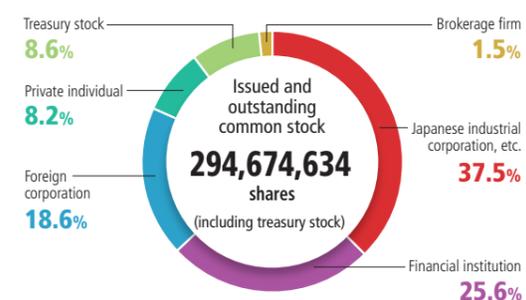
As of March. 31, 2019

Shareholder's name	Number of shares held (thousand shares)	Voting ratio (%)
Toyota Motor Corporation	66,863	24.81
Toyota Industries Corporation	20,711	7.68
DENSO Corporation	12,964	4.81
The Master Trust Bank of Japan, Ltd. (trust account)	11,430	4.24
Japan Trustee Services Bank, Ltd. (trust account)	10,263	3.80
Towa Real Estate Co., Ltd.	6,344	2.35
Nippon Life Insurance Company	6,300	2.33
Sompo Japan Nipponkoa Insurance Inc.	3,700	1.37
Meiji Yasuda Life Insurance Company	3,675	1.36
Japan Trustee Services Bank, Ltd. (trust account 9)	3,617	1.34

(Note) 1. The table above excludes 25,184,000 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

As of March. 31, 2019



### Stock price transition/total shareholder returns (TSR)

#### Stock chart



Year	Stock price*1 (yen)	Dividend (yen)	Total shareholder returns*2 (%)
2019/3	3,955	150	122.8
2018/3	5,780	150	167.8
2017/3	5,470	125	155.4
2016/3	4,240	100	119.1
2015/3	4,360	95	119.6
2014/3	3,725		

\*1 Stock prices indicate values at the end of the fiscal year  
\*2 Calculated based on March 2014

## Outline of 13 Main AISIN Group Companies

\*Sales and employee figures current as of March 2019

### Aisin Seiki Co., Ltd.

Develops the automobile part business as the core company of the AISIN Group. Also utilizes technologies cultivated in the production of vehicles to develop business in various fields such as energy and housing and lifestyles.

Established..... Aug. 31, 1965

Capital..... ¥45 billion

Head Office..... 2-1 Asahi-machi, Kariya, Aichi, Japan  
Tel: +81-566-24-8441

Representative ... Kiyotaka Ise, President

Sales..... ¥4,043.1 billion (consolidated),  
¥873.268 billion (non-consolidated)

Employees..... 119,732 (consolidated), 14,439 (non-consolidated)

Businesses ..... Automotive parts (Powertrain, Chassis & Vehicle Safety System, Body, ICT & Electronics), housing, lifestyle and energy fields

URL ..... <https://www.aisin.com>

Securities code... 7259

### Aisin Takaoka Co., Ltd.

As one of the largest manufacturers of casting/plastic working in the world, develops and manufactures various automobile parts using materials such as iron and stainless steel.

Head Office..... 1 Tennoh, Takaokashinmachi, Toyota, Aichi, Japan

Representative ... Nobutaka Uchida, President

Sales..... ¥320.768 billion (consolidated), ¥154.51 billion (non-consolidated)

Employees..... 15,699 (consolidated), 2,557 (non-consolidated)

Businesses ..... Casting of iron, machining, plastic working and development, design, manufacture and sale of audio products

### Aisin Chemical Co., Ltd.

The only dedicated manufacturer of chemical products in the group. Develops and manufactures friction materials, disc brake pads, and resin parts, as well as chemical products such as automobile coating agents, adhesives, and damping materials.

Head Office..... 1141-1 Okawagahara, Fujioka-Iino-Cho, Toyota, Aichi, JAPAN

Representative ... Shigeki Fuji, President

Sales..... ¥68.928 billion (consolidated),  
¥53.819 billion (non-consolidated)

Employees..... 2,084 (consolidated), 1,323 (non-consolidated)

Businesses ..... Development, design, manufacture and sale of chemical products, friction materials and resin parts

### Aisin AW Co., Ltd.

The top manufacturer of transmissions. Utilizes transmission and position information technologies cultivated in the past to contribute to the safety, comfort, and environment of the motorized society, and always aims for cutting edge technologies such as electrification and connectivity.

Head Office..... 10 Takane, Fujii-cho, Anjo, Aichi, Japan

Representative ... Kazuhisa Ozaki, President

Sales..... ¥1,675.8 billion (consolidated),  
¥1,438.7 billion (non-consolidated)

Employees..... 34,916 (consolidated), 19,890 (non-consolidated)

Businesses ..... Development, design, manufacture and sale of AT, hybrid systems, MT, transference and car navigation systems

(Note) Formerly Aisin AI Co., Ltd.

\*Not included in sales and employee numbers of Aisin AW Co., Ltd.

Sales..... ¥166.7 billion (consolidated),  
¥109 billion (non-consolidated)

Employees ..... 2,965 (consolidated), 1,686 (non-consolidated)

### Aisin Keikinzoku Co., Ltd.

A manufacturer that plans, develops, and produces mostly automobile parts based on aluminum materials. Works on the development of various materials and products in order to achieve lightweight products, safety, and environmental conservation.

Head Office..... 12-3 Nagonoe, Imizu, Toyama, JAPAN

Representative ... Ryuji Nakamura, President

Sales..... ¥87.015 billion (consolidated),  
¥75.143 billion (non-consolidated)

Employees..... 2,241 (consolidated), 2,093 (non-consolidated)

Businesses ..... Manufacture of aluminum die-cast products for automotive parts and aluminum extrusion-molded products

### Aisin Development Co., Ltd.

As the only developer in the group, contributes to the creation of a better social environment via the construction business, urban development business, and insurance business.

Head Office..... 3-3 Aioi-cho, Kariya, Aichi, Japan

Representative ... Yoshihiko Kaneda, President

Sales..... ¥72.869 billion (consolidated),  
¥67.03 billion (non-consolidated)

Employees..... 531 (consolidated), 369 (non-consolidated)

Businesses ..... General contractor, real estate, renovation and living merchandise, insurance agency

### Aisin Kiko Co., Ltd.

Manufactures drive system components by utilizing precision machining technologies such as cutting and plastic working, as well as flexible assembly that can handle multiple models.

Head Office..... 70-6 Ikegami, Tomokuni, Kira-cho, Nishio, Aichi, Japan

Representative ... Makoto Hirano, President

Sales..... ¥108.173 billion (consolidated),  
¥108.061 billion (non-consolidated)

Employees..... 3,255 (consolidated), 3,104 (non-consolidated)

Businesses ..... Manufacture of functional automatic transmission components, drivetrain-related and body-related components

### Aisin Sin'ei Co., Ltd.

Utilizes a consistent production system to manufacture various vehicle exterior parts and functional components. Pursues further improvements to the top core technologies in the industry (plastic working, resin forming, and coating).

Head Office..... 2-8-12 Konan-machi, Hekinan, Aichi, Japan

Representative ... Takashi Enomoto, President

Sales..... ¥47.496 billion (consolidated),  
¥46.323 billion (non-consolidated)

Employees..... 1,492 (consolidated), 1,416 (non-consolidated)

Businesses ..... Stamping of automotive parts, painting and manufacture of body-related components

### Aisin AW Industries Co., Ltd.

Handles the production of transmission components and torque converters, which are the heart of automatic transmissions.

Head Office..... 38 Ikenokami-cho, Echizen, Fukui, Japan

Representative ... Koichi Ota, President

Sales..... ¥168.77 billion (consolidated),  
¥168.77 billion (non-consolidated)

Employees..... 3,290 (consolidated), 3,003 (non-consolidated)

Businesses ..... Development and manufacture of AT components

### Hosei Brake Industry Co., Ltd.

Boasts a production capacity equal to the top brake component manufacturers in the world, and handles products that utilize press and welding technologies.

Head Office..... 10 Michigami, Kazue-cho, Toyota, Aichi, Japan

Representative ... Shuzo Matsumoto, President

Sales..... ¥78.855 billion (consolidated),  
¥60.525 billion (non-consolidated)

Employees..... 2,322 (consolidated), 1,348 (non-consolidated)

Businesses ..... Manufacture of drum brakes, disc brakes, axle housings and other automotive parts

### ADVICS Co., Ltd.

As a global manufacturer of brake systems, develops and produces safe and reassuring products that are provided to please our customers over the world.

Head Office..... 2-1 Showa-cho, Kariya, Aichi, Japan

Representative ... Tetsuya Otake, President

Sales..... ¥600.464 billion (consolidated),  
¥369.186 billion (non-consolidated)

Employees..... 11,056 (consolidated), 3,804 (non-consolidated)

Businesses ..... Development, design, manufacture and sale of automotive brake systems and their components

### Shiroki Corporation

Manufactures automobile parts such as window regulators, door frames, and seats. Also manufactures seats for rail vehicles.

Head Office..... 35-1 Shimono Ichiba, Chigiri-cho, Toyokawa, Aichi, Japan

Representative ... Hitoshi Okabe, President

Sales..... ¥290.739 billion (consolidated),  
¥183.92 billion (non-consolidated)

Employees..... 6,418 (consolidated), 2,944 (non-consolidated)

Businesses ..... Automotive interior functional parts, body exterior parts, production of seats for rail vehicles

### Art Metal Mfg. Co., Ltd.

In addition to the design and manufacturing of products, handles design to manufacturing of production machinery to provide pistons that boast the highest level of technology in the world.

Head Office..... 2-2-43 Tokiwagi, Ueda, Nagano, Japan

Representative ... Mitsunori Ishihara, President

Sales..... ¥44.276 billion (consolidated),  
¥28.88 billion (non-consolidated)

Employees..... 3,452 (consolidated), 1,023 (non-consolidated)

Businesses ..... Development, design, manufacture and sales of pistons for gasoline engines, pistons for diesel engines and piston pins

# Aisin Seiki Co., Ltd.

2-1 Asahi-machi, Kariya, Aichi  
448-8650, Japan  
Phone 0566-24-8441 (main)  
<https://www.aisin.com>

