

AISIN REPORT 2011

Annual Report for the Year Ended March 31, 2011



AISIN REPORT 2011

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About the report

We aim to actively share information and communicate with our stakeholders on the business and CSR activities of the Group. To this end, our philosophy, activities and our performance are reported through the following booklets and website.

• AISIN Report 2011 Digest

Reports only on the matters that are thought to be of high interest to society and the community.

• AISIN Report 2011

Reports on the overall philosophy and activities of our business and CSR.

• Website "CSR" and "Investors" sections

Reports on detailed CSR performance and financial information, in addition to the contents of AISIN Report 2011.

Period covered in the report:

Primarily FY2011 (April 1, 2010 to March 31, 2011). Some information is concerned with activities outside this period.

Organizations covered in the report:

In principle, the AISIN Group (Aisin Seiki Co., Ltd. and its consolidated subsidiaries) is covered in this report. The notations inside this report are as follows.

Notations	Companies covered in the report
Aisin Seiki	Aisin Seiki Co., Ltd.
AISIN	Aisin Seiki Co., Ltd. and consolidated subsidiaries
12 main Group companies	Aisin Seiki Co., Ltd. Aisin Takaoka Co., Ltd. Aisin Chemical Co., Ltd. Aisin AW Co., Ltd. Aisin AI Co., Ltd. ADVICS Co., Ltd. Aisin Keikinzoku Co., Ltd. Aisin Development Co., Ltd. Aisin Kiko Co., Ltd. Aisin Sin'ei Co., Ltd. Aisin AW Industries Co., Ltd. Hosei Brake Industry Co., Ltd.

Guidelines referenced:

- Ministry of the Environment
"Environmental Reporting Guidelines (2007)"
- GRI (Global Reporting Initiative)
"Sustainability Reporting Guidelines 2006"

Reporting Date

- October 2011 (previous reporting date: October 2010)
Note: A portion of the information is disclosed in August 2011

We convey our deepest condolences to all those affected by the Great East Japan Earthquake. Our Group aims to give our utmost support to the restoration of the areas affected by the disaster.

Rooted in our belief in “Quality First,” we strive to create appealing products that will please our customers. As the automobile industry has expanded, we have increased our business on a global scale, and we now enjoy a position as one of the world’s best comprehensive automotive parts manufacturers. We are also extending our businesses in lifestyle & energy related fields, providing a range of products that support prosperous lifestyles.

Recognizing that there is a need to share the philosophy and policies on CSR within the entire Group, AISIN enacted the AISIN Group Principles of Corporate Behavior in January 2010. The principles form the foundation for all the Group companies around the world to contribute to the creation of a better car society and living environment. In addition, in FY2012, to adequately deal with a dramatic change in the business environment including rapid growth in emerging markets and innovation in vehicle technologies, we have been working to formulate the AISIN Group Vision with the year 2020 in sight.

We aspire to becoming a corporate Group that works with its stakeholders around the world, including our customers and the community, to create a brighter future. We look forward to the continuing support and patronage of our shareholders, customers, suppliers, members of the local community and all our other stakeholders as we strive to realize this goal.



K. Toyoda
Kanshiro Toyoda
Chairman

F. Fujimori
Fumio Fujimori
President

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

③ HARMONY WITH SOCIETY AND NATURE

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

④ INDIVIDUAL CREATIVITY AND INITIATIVE

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

AISIN Group VISION 2015

Create with

We aim to generate new value that will contribute to the progress of society by joining the Group’s technological capabilities to develop highly functional system products that can be produced by none but AISIN.

Be with

We aim to be in harmony with our customers, local communities, and the environment at all times through continuous efforts to ensure trustworthy business practices.

Harmonize with

We aim to develop market- and region-based business approaches, and to become a truly global enterprise that works in harmony with the international community and global markets.

Excerpts from AISIN Group Principles of Corporate Behavior

Safety and quality / Compliance / Disclosure of information / Communication / Human rights and labor / The environment / Corporate citizenship activities / Top management leadership

We maximize our collective capabilities as a Group to conduct business around the world.

AISIN Group: 165 companies (in 20 countries)

Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin AI, ADVICS, etc.

Net sales ¥2,257.4 billion (consolidated)

Number of employees 74,671 (consolidated)

Aisin Seiki Co., Ltd.      

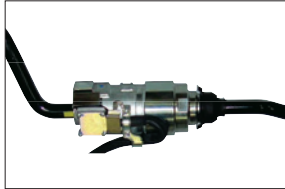
Operates a wide range of businesses as a core company of the Group



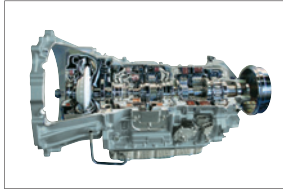
Power sliding door systems



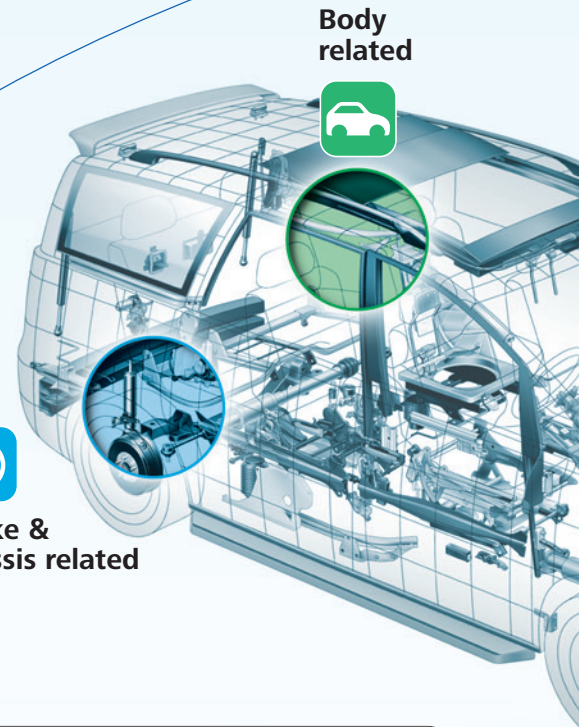
Electric water pumps for cooling the engine



Electric active stabilizer actuators




RWD 6-speed automatic transmissions for light duty trucks and buses



Body related



Brake & chassis related

AISIN TAKAOKA Co., Ltd.     

Leading manufacturer of cast products



Brake disc rotors



Stainless steel and cast iron composite exhaust manifolds



North America

Group companies
32
companies
Net sales
¥247.7
billion



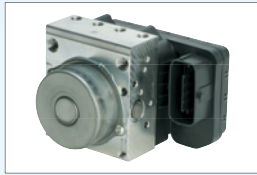
ADVICS Co., Ltd.



Cutting-edge brake system supplier



Brake boosters and master cylinders

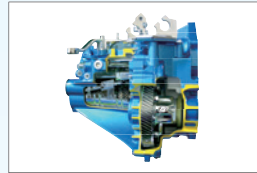


ESC modulators

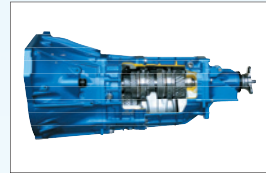
AISIN AI Co., Ltd.



Leading manufacturer of manual transmissions



FWD 6-speed manual transmissions

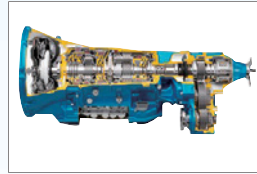


RWD 6-speed manual transmissions

Aisin AW Co., Ltd.



Leading manufacturer of automatic transmissions and car navigation systems



AWD 8-speed automatic transmissions



Car navigation systems

Aisin Chemical Co., Ltd.



Specialized manufacturer of chemical products, friction materials and plastic parts



Spray-type damping coats



Segment-type wet friction materials



Information related



Life related and other products



Drivetrain related



Engine related

Europe

Group companies
10
companies
Net sales
¥167.3
billion



Asia and other

Group companies
48
companies
Net sales
¥257.6
billion

Japan

Group companies
75
companies
Net sales
¥1,584.6
billion



Aiming towards solid growth

We are continuing to press forward with the development of products that contribute to reducing environmental impact, as well as striving to strengthen our business foundations in emerging markets.

Fumio Fujimori
President



FY2011 Summary

Favorable sales performance for products for hybrid cars and in the Asian market

Our net sales have grown by 9.9% over the previous fiscal year, to ¥2,257.4 billion, with an increase in overseas sales, particularly in Asia; as well as favorable performance for transmission-related products for hybrid cars and electric water pumps for cooling the engine.

Despite fluctuations in the price of raw materials and exchange rates, as well as production adjustments, as a result of the increase in net sales and improvements to the profit structure across management, we obtained operating income of ¥137.2 billion and net income of ¥69.6 billion, both representing increases over two consecutive fiscal years.

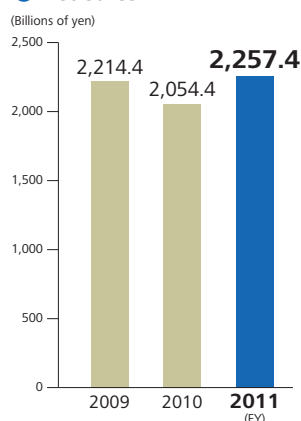
Focus Theme

“Anticipating changes, reacting quickly and executing at full speed” to ensure growth potential

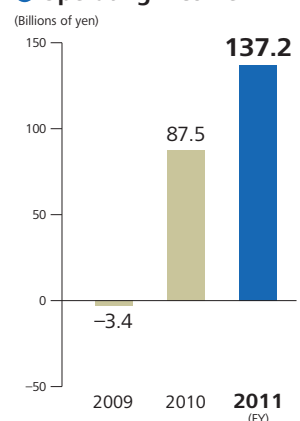
In order to tackle the future, AISIN strives to ensure its growth potential under the basic principle of “anticipating changes, reacting quickly and executing at full speed.”

In particular, we are making a Group-wide effort to strengthen our business foundations in emerging markets, ensure product competitiveness and strengthen management and human resources development from a global viewpoint.

Net sales



Operating income



AISIN leads the market in eco-friendly vehicles

The Group has been developing a variety of products to contribute to the popularization of hybrid vehicles. In particular, we believe that AISIN should lead the world in the field of drivetrain-related products. The number of vehicle models equipped with our industry-pioneering motor-installed transmission for hybrid vehicles is growing dramatically. Also, our regenerative brake system and electric water pump for cooling the engine are now indispensable to the functions of many hybrid vehicles.

Moving forward, we aim to expand our range of products by developing driving systems that are compatible with a wide range of vehicles, from small to large and commercial vehicles. We will also continue to leverage our signature innovativeness to develop new heat

management-related components, in which technologies such as heat-release control and exhaust heat utilization are used to optimize heat utilization in the entire vehicle.

In pursuit of fuel efficiency in gasoline-fueled cars

While hybrid and electric vehicles continue to attract attention as eco-friendly vehicles, we also believe that it is important, in terms of reducing CO₂ emissions, to improve fuel efficiency of conventional gasoline-fueled cars.

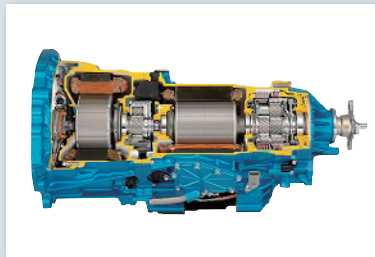
We are therefore also working to develop products that lead to higher fuel efficiency by improving the transfer efficiency of motive power and improving engine efficiency, as well as reducing vehicle weight.

Main products that are indispensable to hybrid vehicles



Electric water pumps for cooling the engine

In contrast to conventional mechanical pumps, these pumps control the cooling of the engine so as to be maintained at near-optimal levels, thus improving fuel efficiency.



Hybrid transmissions

Motor-installed transmissions, specifically designed for hybrid vehicles



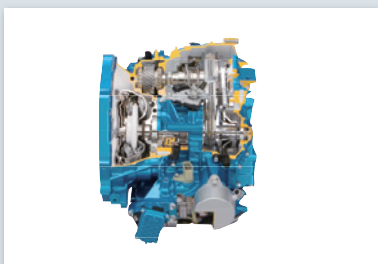
Regenerative brake systems

Recover energy generated by motor rotation as electrical energy



Toyota Prius

Products that contribute to improving fuel efficiency of conventional gasoline vehicles



Small torque capacity CVTs

Contribute to transfer efficiency of motive power



Variable intake manifolds

Contribute to improving engine efficiency



Lightweight seat adjusters

Help reduce vehicle weight

Positioning ourselves to survive accelerating global competition

With the continuing growth of automobile markets in emerging nations, we believe that our success in expanding sales in these markets will determine AISIN's growth in the future, and we are working towards increasing our business in countries such as China, Brazil, India, and ASEAN nations.

In China in particular, which is undergoing dramatic growth, we are taking measures to expand the market at a rapid pace. We have strengthened our production and supply structures and are aggressively working towards establishing new relationships with local automobile manufacturers.

Strengthening our business foundations in emerging markets

- 1 **Tangshan Aisin Chemical Co., Ltd.**
(Established July 2010) Manufacture of disc brake pads
- 2 **AW Suzhou Co., Ltd.**
(Established April 2011) Manufacture of automatic transmissions
- 3 **ADVICS Fuzhou Automobile Parts Co., Ltd.**
(Scheduled launch September 2011) Manufacture and sale of control brake products
- 4 **ADVICS Changzhou Management Co., Ltd.**
(Established June 2011) Overall management / development of brake components
- 5 **Aisin Seiki (China) Investment Co., Ltd.**
(Established July 2011) Regional management / development / sales
- 6 **Aisin Thai Automotive Casting, Co., Ltd.**
(Production launch in November 2010) Manufacture of engine components
- 7 **Toyota Boshoku Do Brasil Ltda.**
(Investment decision made August 2010) Manufacture of seat components
- 8 **Aisin Do Brasil Com. E Ind. Ltda.**
(Scheduled production launch in 2012 at a newly established plant) Manufacture of seat components, door frames, and other pressed items

We also believe that developing products that reflect the specific needs of each region is crucial in future expansion of sales in emerging markets, and are therefore making a Group-wide effort to develop quality at low cost.

Strength in diversity of business initiatives

AISIN's strength lies in its ability to develop a wide range of businesses in areas other than automotive parts, such as energy and lifestyle-related businesses. In the energy related business, we have been delivering products such as gas heat pump air conditioners with superb energy efficiency and gas cogeneration systems, in which power is generated by gas combustion and discharged heat is reused in an effective manner.

- Newly established manufacturing sites
- Newly established regional management / development sites



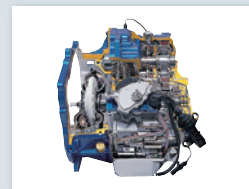
Highlight Participation in Auto Shanghai 2011

Group companies in Japan and China participated in Auto Shanghai, a motor show held in April 2011.



Highlight Launch of trade with Guangzhou Automobile Group

In FY2011, AISIN AW's high torque capacity FWD 5-speed automatic transmission was selected for use in Guangzhou Automobile Group's Trumpchi passenger model.



High torque capacity FWD 5-speed automatic transmission

We will continue to develop our energy related businesses to make full use of our techniques and know-how that have been developed over the years in the fields of automobiles, energy, and lifestyle, and in which we can achieve our signature strength in harmonizing technology and consumers' voices. Furthermore, against a background of increasing demand for efficient use of energy, we intend to continue developing products that contribute to "smart houses," in which the flow of energy and information is optimized in accordance with each and every lifestyle.



Ceremony marking the shipment of Coremo, the residential gas cogeneration system launched in May 2011

Our Commitment to CSR Activities

Pursuing "Quality First" and aiming for 100% non-defective products under a customer-first philosophy

With "Quality First" as one of AISIN's management principles, we implemented "AISIN Customer First (A-CF) activities" in pursuit of delivering 100% non-defective products under a customer-first philosophy.

One such activity is the "Defect-free Production Line" in which we aim to increase the number of production lines that produce zero defects. We were awarded the Recognition of Quality System Innovation by the Union of Japanese Scientists and Engineers in FY2011 in relation to these activities. This was in recognition of our quality improvement measures that strictly focus on production sites and our success in terms of developing human resources from a global viewpoint.



Awarding of Recognition of Quality System Innovation from the Union of Japanese Scientists and Engineers

Endeavoring to remain a corporate group that is trusted by society and develops with society

AISIN is working actively on corporate citizenship activities themed around "The Environment," "Fostering Youth" and "Community Building and Development."

We provided materials and donations to areas affected by the Great East Japan Earthquake as well as dispatching personnel to ironworks to help repair machinery rendered inoperable by the tsunami. We are also collecting donations from management and employees both in Japan and abroad, and are making a Group-wide effort to assist in the recovery of the affected areas.

We intend to continue such activities so that we remain a corporate group that is trusted by society and that develops with society.



Collection of donations by employees (at Tangshan Aisin Gear Co., Ltd., a Group company in China)



Manufacturing and selling T-shirts to raise money for donations (at Aisin Drivetrain, Inc. and Aisin Chemical Indiana, LLC; Group firms in the United States)

We ask our shareholders and other stakeholders for their continuing support going forward.

July 2011

Fumio Fujimori, President

Close up

Development of distributed energy systems

Towards the realization of an energy-saving and comfortable lifestyle

Aisin Seiki tackles environmental issues from an early stage, and drives energy-related projects forward towards realization of a lifestyle in harmony with the environment. Through development and provision of technologies such as our gas heat pump air conditioner (GHP), which is highly efficient and therefore economical and environmentally friendly, as well as our cogeneration system, which is a type of distributed energy system, we aim to meet the needs of an energy-saving and comfortable society.

History of energy-related device development by Aisin Seiki

1987

Commercial-use gas heat pump air conditioner (GHP)



2002

Commercial-use gas cogeneration system



2011

Residential gas cogeneration system



Future

Residential fuel cell cogeneration system



Commercial-use gas heat pump air conditioner

Development launched to resolve summer power shortages

With global warming accelerating, attention is growing on energy-saving devices that reduce CO₂ emissions.

Since the early 1980s, Aisin Seiki has been working on development of commercial-use air-conditioning devices that use gas engines, which increase energy efficiency and reduce CO₂ emissions.

The background at the time was similar to the one



GHP installed on a building rooftop

Japanese society is facing today—namely, summer electricity shortages. In the late 1970s, when Japan had recovered fully from the first oil crisis and the deepest recession since World War II, record high temperatures led annual sales of residential air conditioners to exceed 3 million units, resulting in a situation in which available power capacity was insufficient to meet rapidly growing summertime demand.

As a result, research and development of air-conditioning technology that uses gas was designated by the government as a “Strategic Technology Support Project.” Aisin Seiki, which had been working on technical development of Stirling engines*, launched a program to develop commercial-use gas heat pump air conditioners (GHP) in partnership with gas providers, leveraging its expertise in engine technologies. In 1987, Aisin Seiki launched a 7.5 horsepower-class GHP into the market.

Since then, we have been developing products to increase efficiency and reduce size and weight to respond to the needs of society. We have sold 140,000 GHPs, such as the Mato Multi, to which two outdoor units are

connected, and the High-Power Multi, which has a generator. Many schools, offices and retail premises currently use them. In the latest E-series, higher efficiency is achieved through optimal design of gas engines, compressors, heat exchangers and other principle components. The line-up also features compact models that can be transported in emergency elevators.

*Stirling engine: An engine in which a sealed cylinder is alternately heated and cooled, resulting in expansions and contraction of air (air pressure change) that move the piston.

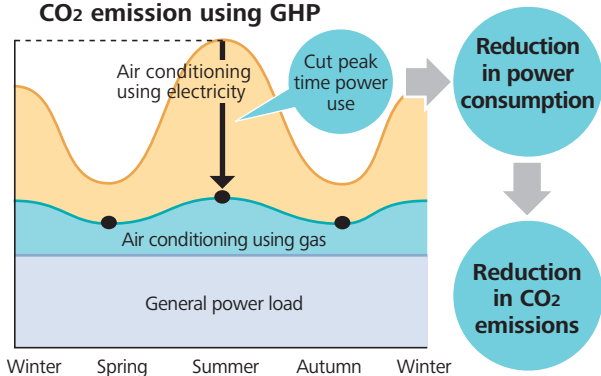
Commercial-use gas cogeneration system

Distributed energy system that generates electricity and heat at locations of use

GHPs are not the only gas-fueled energy devices provided by Aisin Seiki that contribute to reduction of environmental load; we also provide gas cogeneration systems, in which electricity is generated using a gas engine, and heat generated during this process is utilized to provide hot water or room heating. Gas cogeneration systems are a type of distributed energy system in which two types of energy, namely electricity and heat, are generated at the location in which they are used. Aisin Seiki launched the first such system in 2002 with a 6 kW commercial-use model.

In the case of commercial electricity generated at large-scale power plants, the long distance between generators and end users means heat generated during power generation cannot be utilized. The utilization rate of primary energy is approximately 40%, taking into account energy lost during transmission of power to end users such as homes and workplaces. In contrast, gas cogeneration systems enable the use of heat generated during power generation to provide hot water or room heating,

Reduction of power consumption and CO₂ emission using GHP



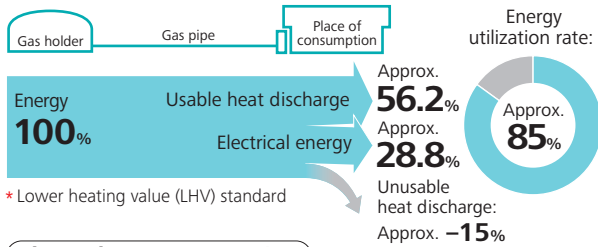
Commercial-use gas cogeneration system installed in a commercial facility



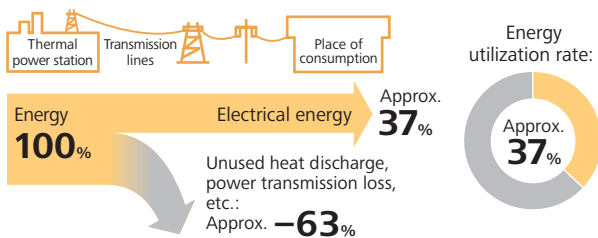
allowing energy to be utilized in a more effective manner with the total energy efficiency, including electricity and heat use, reaching 70% to 90%.

Comparison of total energy efficiencies of distributed and centralized power generation

Aisin Seiki's 6 kW gas cogeneration system



Thermal power generation



* 1 kW = 9,760 kJ: Calculated according to the Energy Saving Act

Residential gas cogeneration system

Coremo — a system that suits the needs of colder regions

In recent years, we have also been driving forward with the development of residential gas cogeneration systems. May 2011 saw the launch of Coremo, the first of such systems, in regions supplied by Hokkaido Gas Co., Ltd. This system is used in combination with the Eco-Jozu* energy-saving water heater, and provides electricity, room heating, and

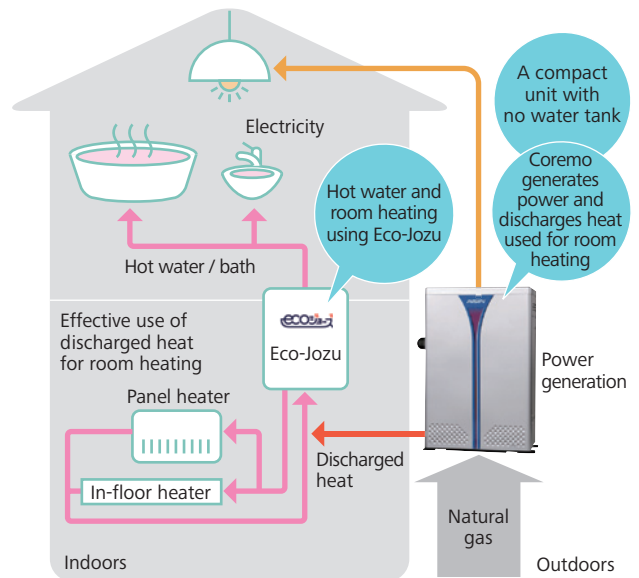
hot water in an efficient manner.

Upon switching on the room heating, Coremo's gas engine automatically starts to generate up to 1.5 kW of power according to household electricity requirements. Heat generated in the process is immediately used by Eco-Jozu to heat water and for room heating, resulting in significant reduction in energy consumption and costs.

In general, the heat energy generated by the gas cogeneration system is greater than the amount of electrical power produced. Therefore, the key to increasing the overall energy efficiency is to utilize as much of the generated heat as possible. For this reason, we focused on Hokkaido, where demand is high for room heating using in-floor heaters and panel heaters, with approximately half

* Eco-Jozu is a registered trademark of Tokyo Gas Co., Ltd.

How Coremo works



Coremo is designed to be installed outdoors, and has been verified to remain operational even in extremely cold regions. We guarantee 10 years of durability.



of annual energy consumption in an average household going to heating. Thus, Coremo was developed as a system that caters to the lifestyle in Hokkaido, and allows energy to be utilized as efficiently as possible.

Use of Coremo and Eco-Jozu together reduces annual CO₂ emissions by approximately 1 ton compared to a conventional gas-powered water and room heating system. Also, utilizing generated heat immediately and exclusively for room heating removes the need for a water storage tank, thereby saving space.

Fuel cell cogeneration system for residential use

Driving forward with development of fuel cell cogeneration systems

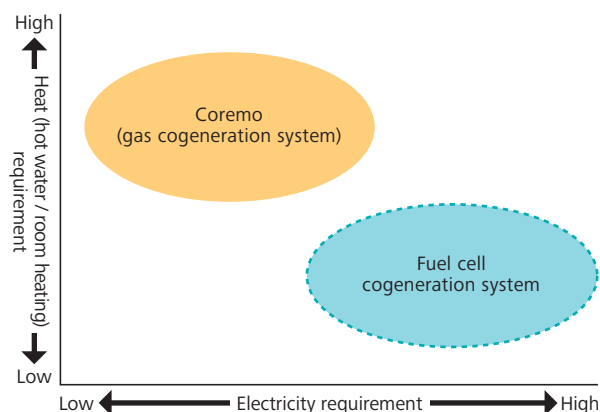
Since the late 1990s, we have focused on fuel cells, which have attracted interest as a next-generation energy source, and worked on developing fundamental technologies.

A cogeneration system that uses fuel cells generates electricity and heat from a chemical reaction between

oxygen and hydrogen extracted from gas, making it possible to significantly reduce CO₂ emissions. Aisin Seiki has developed a fuel cell cogeneration system for residential use in partnership with Toyota Motor Corporation, Osaka Gas Co., Ltd. and Kyocera Corporation, providing prototypes for large-scale demonstration experiments from 2009, with a targeted commercial launch in 2012.

Fuel cell cogeneration systems generate more power than gas engine systems, making them suitable for use in households with high electricity requirements. In contrast, gas cogeneration systems generate a large amount of heat energy, making them suitable for use in households with high heating requirements. This allows Aisin Seiki, which develops both systems, to provide a products that suits the requirements of individual households.

System selection based on lifestyle



Responding to greater energy-saving requirements in post-disaster Japan

The recent earthquake has pushed society's need for effective energy utilization to an even higher level. Aisin Seiki aims to build on its technical strength nurtured in the field of automobiles and its track record of energy related business to continue developing effective energy utilization techniques. In the future, we will strive to provide solutions for optimum total energy use across the whole household, centered on cogeneration systems.

COMMENT

From a Member of the Coremo Development Team

Our aim was to deliver an ideal energy-saving product

Hiroshi Kamiya

Cogeneration Group Energy Technology Division, Aisin Seiki Co., Ltd.

The principle that we followed all through development of Coremo was to create a system that delivers 100% customer satisfaction. With an aim to deliver a product with which all users would benefit from energy savings irrespective of family makeup or lifestyle, we arrived at the concept of a system that is dedicated to room heating and which generates power on demand, as needed. This focus led us to develop a system for use in the cold climate of Hokkaido.

Once we had the prototypes, they were put into trial use in multiple residences in Hokkaido. We made numerous improvements based on the feedback collected through trial use, and as a result, we were able to deliver a product that is suitable for life in Hokkaido in every aspect, from system control to measures against powder snow. We cannot

forget the joy we felt in receiving positive feedback from the trial users, who reported noticeable drops in their electricity bills and even expressed an emotional affection for our system that works hard for them even when buried under snow.

Our next goal is to develop systems that reach out to a larger number of customers living in many different regions.



Kitchen remote control device for the Coremo prototype installed for trial use. Amount of power generated, CO₂ reduction and cost-saving data can all be viewed.

2

Close up

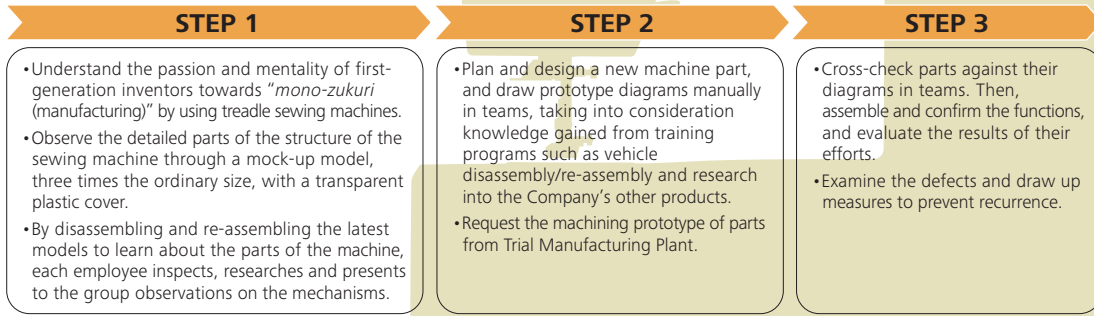
Developing human resources to ensure superior product quality

Ensuring that AISIN's "mono-zukuri (manufacturing)" concepts are handed down to employees in Japan and overseas.

Disassembling the latest model sewing machine to understand the structure

AISIN believes that the basis of its business is to contribute to society through "mono-zukuri (manufacturing)." Therefore, we focus on nurturing human resources in connection with "mono-zukuri (manufacturing)" and impart the concepts, methods and practical skills of "mono-zukuri (manufacturing)" so that we can continue to provide products of assured quality.

Flow of the "Product Design Practicum" for technical employees



Training new engineers

Learning the basics of product development and design through the sewing machine

In FY2011, AISIN started the "Product Design Practicum" to educate new engineers about the elements and structure of machines using as an example the Group's sewing machine—the point of origin for AISIN—which illustrates the basics of "mono-zukuri (manufacturing)." Trainees go through the planning of their ideas to creation and evaluation of their work to learn first-hand the basics

of "mono-zukuri (manufacturing)."

In the practicum, trainees first experience sewing using the first-generation treadle sewing machine of Aisin Seiki and examine its mechanisms. Next, they use a mock-up machine that is three times the ordinary size, with a transparent plastic cover, to learn how a sewing machine functions. Then, three to a team, they disassemble the latest model machine down to the last piece and re-assemble everything, so as to understand the elements and structure of the machines. After that, they draw



Using treadle sewing machines first hand instills an understanding of the passion and mentality of the inventor.



Mock-up sewing machine three times the ordinary size with a transparent plastic cover.

COMMENT

From the Lecturer



What is important is teamwork.

Osamu Ando

Technology Management Department, Aisin Seiki Co., Ltd.

Picking up knowledge and skills is of course important, but so is recognizing the importance of teamwork. Becoming a cohesive team leads to better craftsmanship.

We keep reminding the trainees to think independently and leverage individual strengths, to consult other trainees and lecturers when facing a problem, and to help each other, so that each and every trainee is equally involved. Furthermore, during the sessions, I talk about my own past failures and tell trainees to be flexible in their thinking, and not to be embarrassed about raising questions when they do not know something. I hope thereby to instill in the trainees the importance of having the right working attitude.



diagrams of the parts by hand instead of using CAD, and have prototypes made at the Group's Trial Manufacturing Plant. Two months later, the teams come together again when their prototype components are ready, and assemble the parts which they designed themselves, check the functions of their work and evaluate the results. When there are defects, the team comes up with measures to prevent recurrence. By experiencing a series of such practical steps, the employees learn the basics of "mono-zukuri (manufacturing)."

Another characteristic of the practicum is that newly promoted section heads are appointed as assistants to the lecturers. By sharing stories during the training session about the situation at the production sites and past failures, they help new employees adopt positive attitudes towards their jobs.

Training overseas employees at in-house training academy

Developing the local leaders who will spearhead "mono-zukuri (manufacturing)" abroad

Overseas expansion one major change concerning "mono-zukuri (manufacturing)" for Japanese companies, including Aisin.

We established our first overseas production base in Mexico in 1973, and the number of overseas production bases increased every year since then. Now the number has reached 60.

Aisin focuses on nurturing local manpower into leaders in "mono-zukuri (manufacturing)" in these overseas production bases. In FY2002, the in-house training school Aisin Technical Academy started to receive employees from

overseas production bases to teach them practical skills over the course of one year. When tackling problems in groups, the curriculum provides for mixed grouping of trainees from Japan and other countries to enable teamwork across nationalities and cultures. In FY2011, 20 trainees from China, Brazil, Thailand, Turkey, Indonesia and Taiwan were included.

Among the overseas trainees who have completed their training and returned to their countries, some have become section heads or managers in manufacturing divisions, spearheading "mono-zukuri (manufacturing)" in their countries. Aisin will continue with this training to impart our "mono-zukuri (manufacturing)" concepts to people around the world.



Overseas trainees learning practical skills

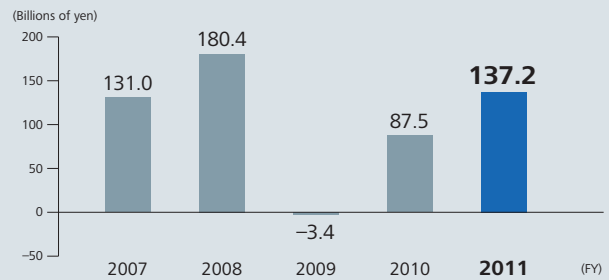


Financial Highlights

Net sales



Operating income (loss)



Conditions and Results by Product Category

(New products launched in FY2011 are marked with a ★)

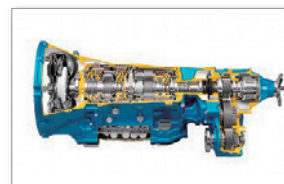


Drivetrain related products

AISIN offers the largest range in the industry, from devices designed for light vehicles to those for small- and medium-sized trucks, buses and industrial vehicles. The Company maintains one of the largest market shares worldwide in both automatic transmissions (ATs) and manual transmissions (MTs).

Main fields of sales expansion and new products

- Hybrid transmissions
- High-efficiency small torque capacity CVTs
- 6-speed sequential MTs for Lexus LFA ★

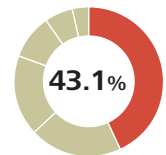


AWD 8-speed automatic transmissions

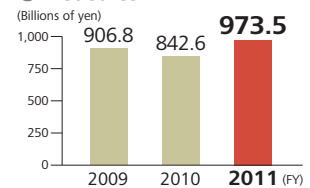


FWD 6-speed manual transmissions

Proportion of drivetrain related sales to net sales (FY2011)



Net sales

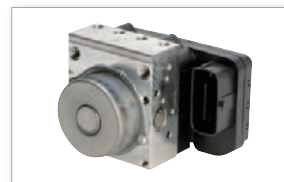


Brake & chassis related products

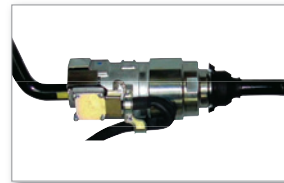
AISIN provides products such as brake systems and components, and steering and suspension systems that produce smooth maneuverability and comfort, in which safety and functionality have been pursued from every angle.

Main fields of sales expansion and new products

- Regenerative brake systems
- Electronic Stability Control (ESC) modulators

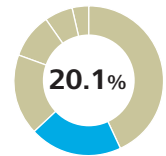


ESC modulators

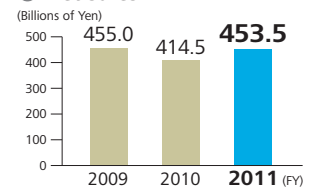


Electric active stabilizer actuators

Proportion of brake & chassis related sales to net sales (FY2011)



Net sales



Body related

AISIN provides superbly designed exterior and interior products that excel in terms of functionality, offering safety, comfort and convenience.

Main fields of sales expansion and new products

- Die quench roof reinforcement*
- Large-opening panorama electric roll sunshades ★

*A technique in which steel is heated immediately before fabrication and rapidly cooled during pressing. High strength can be obtained using a thin steel plate, allowing the weight of components to be reduced.

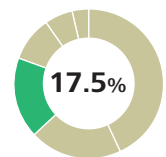


Power sliding door systems

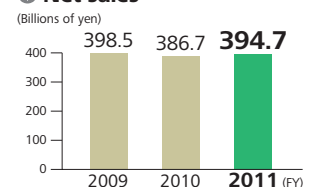


Sunroofs

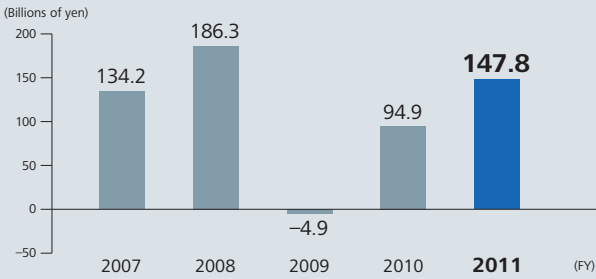
Proportion of body related sales to net sales (FY2011)



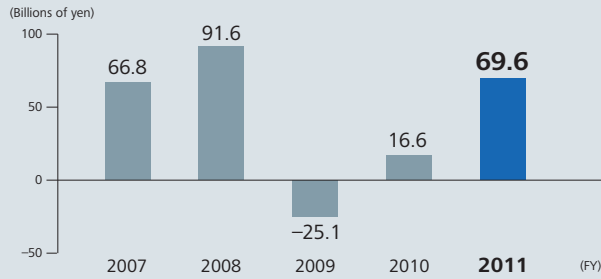
Net sales



Ordinary income (loss)



Net Income (loss)

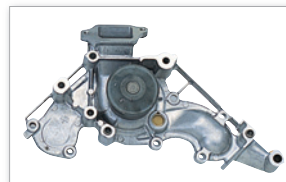


Engine related products

AISIN offers a wide range of functional and molded components around the engine, and provides products that contribute to weight reduction, cleaner emissions and improved fuel efficiency.

Main fields of sales expansion and new products

- Electric water pumps for cooling the inverter
- DC/DC converter housing (for EVs) ★

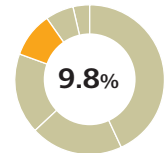


Water pumps

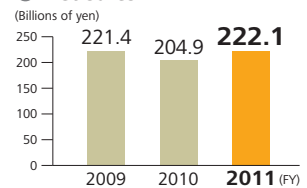


Variable valve timing

Proportion of engine related sales to net sales (FY2011)



Net sales



Information related products

AISIN offers a car navigation system and parking assist system that employ image-processing technologies, providing support for safe and comfortable automobile usage. AISIN's market share in sat-navs is among the largest in the world.

Main fields of sales expansion and new products

- Intelligent parking assist with easy-setting function ★
- NAVielite navigation application for smartphones ★

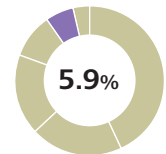


Car navigation systems

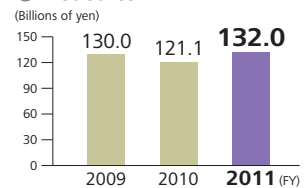


Intelligent parking assist

Proportion of information related sales to net sales (FY2011)



Net sales



Life related and other products

AISIN utilizes technologies developed in the field of automobile components to provide consumer products for everyday use and those that contribute to energy efficiency and prevention of global warming.

Main fields of sales expansion and new products

- CREMO residential gas engine cogeneration system ★
- ASLEEP J Concept series new-type coil spring mattress ★

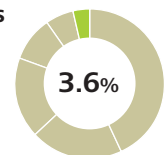


Beds and bedding

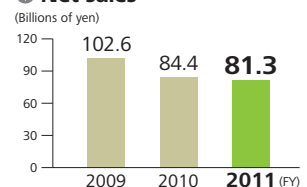


Gas engine driven heat-pump air conditioners (GHP)

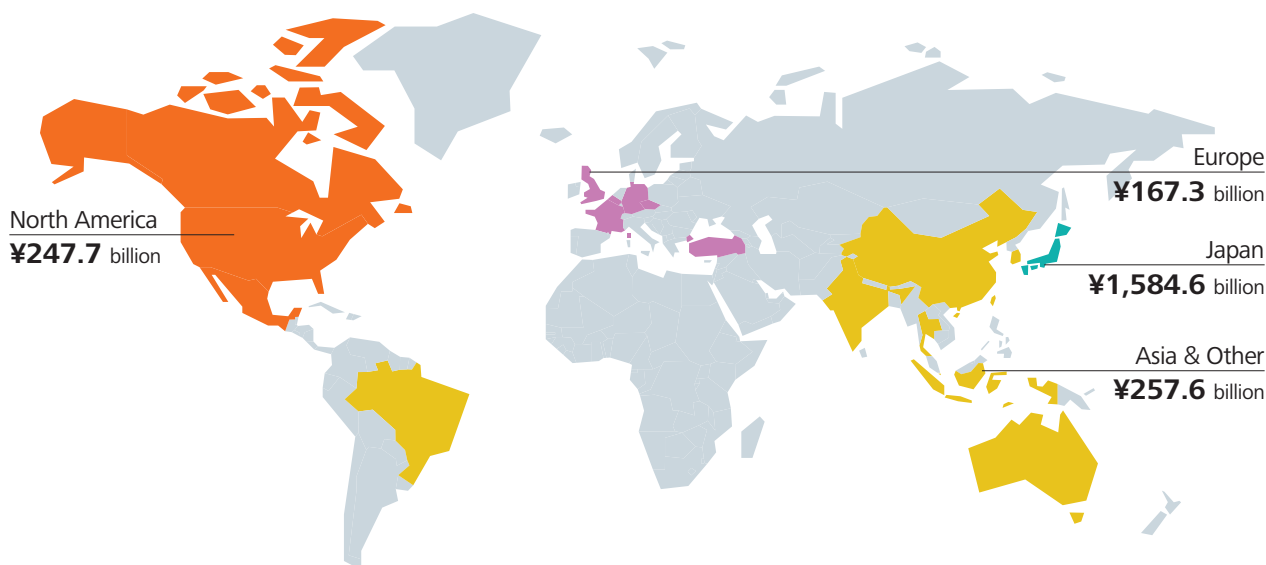
Proportion of life related and other sales to net sales (FY2011)



Net sales



Conditions by Location

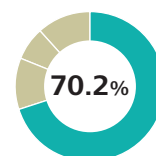


Japan

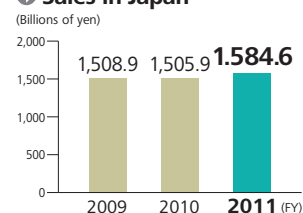
Production was adjusted at the end of the fiscal year in some plants in accordance with the operational status of major clients following the earthquake and tsunami. However, favorable sales of products for hybrid vehicles, such as transmission-related products and electric pumps for cooling the engine, contributed to sales in Japan of ¥1,584.6 billion, an increase of 5.2% over the ¥1,505.9 billion reported for the previous fiscal year.

Operating income of ¥90.9 billion (compared to ¥63.7 billion in the previous fiscal year) was recorded due to the increase in sales as well as factors such as success in improving the corporate structure and a decrease in depreciation costs.

Proportion of sales in Japan to net sales (FY2011)



Sales in Japan (Billions of yen)

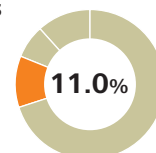


North America

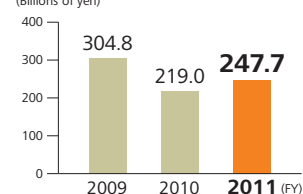
Despite sales in North America exchange rate fluctuations, factors such as an increase in the number of vehicles manufactured by clients contributed to sales in North America of ¥247.7 billion, an increase of 13.1% over the ¥219 billion reported for the previous fiscal year.

Operating income amounted to ¥5.9 billion (compared with an operating loss of ¥2.8 billion in the previous fiscal year) due to the increase in sales as well as factors such as success in improving the corporate structure and a decrease in depreciation costs.

Proportion of sales in North America to net sales (FY2011)



Sales in North America (Billions of yen)



Consolidated sales rankings of the world's leading manufacturers of automotive parts Aisin Seiki ranked fourth worldwide among manufacturers of automotive parts

Top 100 Global OEM Automotive Parts Suppliers Sales Ranking in 2010 (Top 10 companies)

Ranking	Company	Sales (Automotive Parts) (Millions of dollars)	Previous Year's Ranking
1st	Robert Bosch GmbH (Germany)	\$ 34,565	2
2nd	Denso Corporation (Japan)	32,850	1
3rd	Continental AG (Germany)	24,819	4
4th	Aisin Seiki Co., Ltd. (Japan)	24,613	3
5th	Magna International Inc. (Canada)	23,600	5
6th	Faurecia (France)	18,220	7
7th	Johnson Controls Inc. (United States)	16,600	8
8th	ZF Friedrichshafen AG (Germany)	15,748	10
9th	LG Chem Ltd. (South Korea)	15,500	6
10th	Hyundai MOBIS (South Korea)	14,433	12

* Source: "Top 100 Global OEM Automotive Parts Suppliers Sales Ranking in 2010 (January to December 2010)" by *Automotive News*

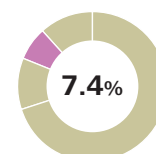


Europe

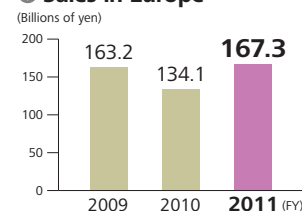
Despite exchange rate fluctuations, factors such as an increase in sales of automatic transmissions contributed to sales in Europe of ¥167.3 billion, an increase of 24.8% over the ¥134.1 billion reported for the previous fiscal year.

Operating income of ¥2.9 billion (compared to ¥1.3 billion in the previous fiscal year) was recorded due to the increase in sales as well as factors such as success in improving the corporate structure and a decrease in depreciation costs.

Proportion of sales in Europe to net sales (FY2011)



Sales in Europe (Billions of yen)

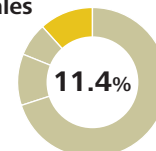


Asia & Other

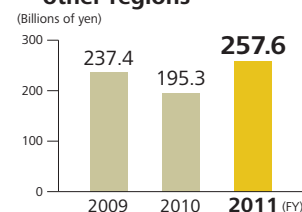
Factors such as an increase in the number of vehicles manufactured by clients sales in Asia and other regions contributed to sales in Asia and other regions of ¥257.6 billion, an increase of 31.9% over the ¥195.3 billion reported for the previous fiscal year.

Operating income of ¥38.4 billion (compared to ¥26.8 billion in the previous fiscal year) was recorded due to the increase in sales as well as factors such as success in improving the corporate structure.

Proportion of sales in Asia and other regions to net sales (FY2011)



Sales in Asia and other regions (Billions of yen)



Environmental Report

Environment

Masuji Arai

Executive Vice President and Chairman of the AISIN Consolidated Environment Committee

Message from Management

We aim to return to the basics and move towards a sustainable, recycling-oriented society.

Against a global background of increasing resource and energy prices and issues concerning the supply of rare-earth metals, the Great East Japan Earthquake in March is forcing society to review its energy policies and global warming prevention strategies. We believe that in order to resolve global environmental issues, it is crucial to squarely face real-world problems, return to the basics, and respond in a faithful manner.

For a better future, we are acting towards the realization of an ideal society.

In 2011, we experienced first-hand the fragility of the power supply system. In order to reduce risk and improve the efficiencies of energy supply, we believe that it is necessary to shift towards local production for local consumption. Accordingly, demand for distributed generators, cogeneration systems, and gas air conditioners continues to increase. We aim contribute to the development of industry and people's lifestyles through R&D and the launch of energy-efficient products that are vital for eco-friendly cars, as to well as to carry out production using energy-efficient facilities by dramatically improving productivity.

We are consolidating the strength of the Group and stepping up our initiatives to tackle environmental issues.

We believe that it is important for environmental issues to be tackled by Group companies around the world in a unified manner. Accordingly, we formulated the Fifth Environmental Action Plan in April 2011, in which all Group companies take a unified action for the first time. In order to gain even deeper trust from all of our stakeholders, including local communities, we will continue to make a Group-wide effort, not stopping at compliance with legislation but pushing forward towards sustainable development of society through our core business of "mono-zukuri (manufacturing)."



Environmental Action Plan

Summary of the Fourth Environmental Action Plan

To achieve coexistence between society and nature, adopted as a goal in our corporate principles, in February 2006 AISIN formulated the Fourth Environmental Action Plan, which forms environmental guidelines and plans from FY2007 to FY2011, and has moved towards achieving the Group's environmental goals.

As a result of these activities, we were able to achieve all the targets set, such as in emissions of CO₂ through manufacturing, per net sales unit, and in overall emissions per net sales unit.

Formulating a new environmental action plan

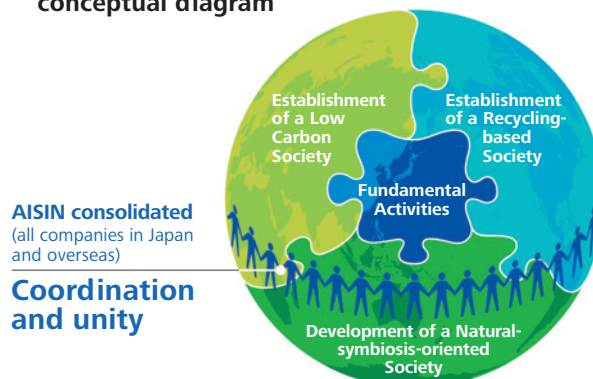
In April 2011, we formulated the Fifth Environmental Action Plan, which forms the basis of our activities from FY2012 to FY2016, to move towards the realization of a sustainable society where humans coexist with the earth and the environment.

The Action Plan consists of four key environmental measures, namely establishment of a low carbon society, establishment of a recycling-based society, development of a natural-symbiosis-oriented society, fundamental activities. Focusing on activities aimed at coexistence with the local surroundings, as well as management and communication activities, AISIN sets priority projects and formulates specific

implementation plans and targets for each AISIN business activity (development and design, production, logistics, sales, etc.), so as to promote overall environmental management. In addition, the environmental activities are not limited to within Japan but are expanded globally through the environment committee in each country.

Furthermore, to impart to society the technology and expertise that is accumulated within the Company, AISIN will also strive to implement new and reinforced measures such as enhancement of global environmental management system, promotion of development and sales of products through the formulation of eco-certification standards, enhanced dissemination of technologies and know-how of environmental management by communicating with external sources and expansion of new businesses which contribute to the cyclic use of resources.

◉ The Fifth Environmental Action Plan conceptual diagram



◆ The Fifth Environmental Action Plan

Under our company-wide collaboration, the AISIN brings forward our commitment to the protection of the global environment through manufacturing of reliable products and we aim at achieving growth and development which harmonizes with our society.

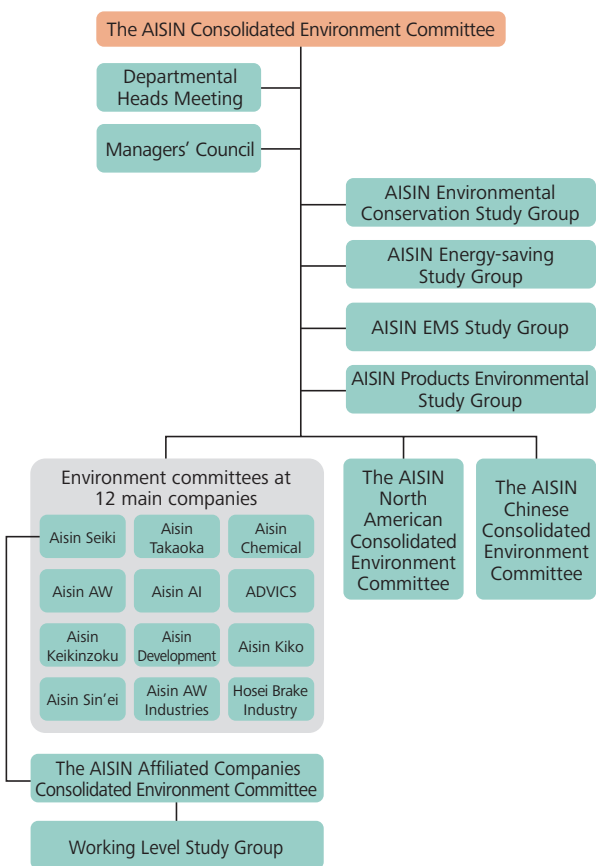
Environment-related	Function-related	Specific Actions and Goals	Items to be implemented/Targets																								
Establishment of a Low Carbon Society	Development and Design	1) Promotion of development/design of products oriented for a low-carbon society	<ul style="list-style-type: none"> ● [Automobile] Promotion of design/development of automobile parts which contribute to improvement of fuel efficiency ● [Automobile] Development of parts for next-generation automobiles ● [Others] Development of low-carbon, environment-conscious products ● [All products] Promotion of implementation of LCA on all products and group-wide development of the implementation 																								
	Production	2) Thorough commitment for reduction of greenhouse effect gases at offices and global development of the commitment	<ul style="list-style-type: none"> ● Thorough commitment for reduction of greenhouse effect gases by improvement of production processes and introduction of the energy of nature ● Thorough commitment to energy-saving activities in daily business ● Development of best practices in Japan for overseas operating bases ● Expansion of the range of organizations to which greenhouse effect gas reduction targets are applied <table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Production</td> <td>AISIN Group</td> <td>Amount of emission per amount of sales</td> <td>12% reduction compared to FY2007</td> </tr> <tr> <td>Domestic affiliates</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> <tr> <td>Overseas affiliates</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> <tr> <td rowspan="3">Distribution</td> <td>AISIN Group</td> <td>Amount of emission per amount of sales</td> <td>13% reduction compared to FY2008</td> </tr> <tr> <td>Domestic affiliates</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> <tr> <td>Overseas affiliates</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> </tbody> </table>		Region	Item	Target	Production	AISIN Group	Amount of emission per amount of sales	12% reduction compared to FY2007	Domestic affiliates	Shift to objective managed after performance recognized		Overseas affiliates	Shift to objective managed after performance recognized		Distribution	AISIN Group	Amount of emission per amount of sales	13% reduction compared to FY2008	Domestic affiliates	Shift to objective managed after performance recognized		Overseas affiliates	Shift to objective managed after performance recognized	
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Logistics	3) Thorough commitment for reduction of greenhouse effect gases during distribution and global development of the commitment	<ul style="list-style-type: none"> ● Reduction of total running distance by joint transportation and improvement in loading ratio ● Promotion of modal shift ● Improvement of fuel efficiency by introduction of fuel-efficient cars and driving practices to save fuel. 																									
Establishment of a Recycling-based Society	Development and Design	4) Promotion of development/design of products oriented for a recycling-based society	<ul style="list-style-type: none"> ● Visualization of degree of contribution to resources recycling by LCA in the entire lifecycle ● Promotion of resources-recycling-type development/design based on visualization ● Reduction of the amount of final disposal by easy-to-recycle design and miniaturization ● Implementation of designs which reduce occurrence of inferior goods during production ● Implementation of designs which reduce impact of exhaustion of Resources 																								
	Production and Logistics	5) Thorough utilization of resources at offices and during distribution and global development of the commitment	<ul style="list-style-type: none"> ● [Production] Reduction of occurrence of inferior goods, thorough commitment for 3Rs concerning wastes, and development of the commitment to overseas operating bases ● [Production] Reduction of water usage considering regional characteristics ● [Production] Expansion of the range of organizations to which waste reduction targets are applied ● [Distribution] Reduction of packaging materials <table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Applicable Items</th> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Production</td> <td>AISIN Group</td> <td>Wastes</td> <td>Amount of emission per amount of sales</td> <td>17% reduction compared to FY2007</td> </tr> <tr> <td>Domestic affiliates</td> <td>Wastes</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> <tr> <td>Overseas affiliates</td> <td>Wastes</td> <td>Shift to managed objectives after performance is recognized</td> <td></td> </tr> </tbody> </table>		Region	Applicable Items	Item	Target	Production	AISIN Group	Wastes	Amount of emission per amount of sales	17% reduction compared to FY2007	Domestic affiliates	Wastes	Shift to objective managed after performance recognized		Overseas affiliates	Wastes	Shift to managed objectives after performance is recognized							
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Sales	6) Expansion of new businesses which contribute to the cyclic use of resources	<ul style="list-style-type: none"> ● Promotion of rebuilt automobile parts business ● Promotion of fixing defective parts 																									
Development of a Natural-symbiosis-oriented Society	Development and Design	7) Enhancement of management of environmentally hazardous materials contained in products	<ul style="list-style-type: none"> ● Compliance with laws and regulations such as REACH concerning environmentally hazardous materials contained in products ● Promotion of reduction of environmentally hazardous materials contained in products 																								
	Production	8) Thorough commitment for elimination of environmental risks and reduction of emission of environmentally hazardous materials and global development of the commitment	<ul style="list-style-type: none"> ● Promotion of actions to prevent occurrence of abnormal environments in local/overseas operating bases ● Thorough commitment for reduction of emission of environmentally hazardous materials discharged in production activities <table border="1"> <thead> <tr> <th></th> <th>Region</th> <th>Applicable Items</th> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Production</td> <td>AISIN Group</td> <td>VOC</td> <td>Amount of emission per amount of sales</td> <td>31% reduction compared to FY2007</td> </tr> <tr> <td>Domestic affiliates</td> <td>VOC</td> <td>Shift to objective managed after performance recognized</td> <td></td> </tr> <tr> <td>Overseas affiliates</td> <td>VOC</td> <td>Shift to managed objectives after performance is recognized</td> <td></td> </tr> </tbody> </table>		Region	Applicable Items	Item	Target	Production	AISIN Group	VOC	Amount of emission per amount of sales	31% reduction compared to FY2007	Domestic affiliates	VOC	Shift to objective managed after performance recognized		Overseas affiliates	VOC	Shift to managed objectives after performance is recognized							
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Harmony with Society	9) Cross-group development of regional symbiotic activities which contribute to biodiversity	<ul style="list-style-type: none"> ● Monitoring and publication of impacts on biodiversity in the regional ecosystem ● Conservation of local living organisms and implementation of group-wide tree-planting activities to preserve biodiversity 																									
Fundamental Activities	Management	10) Enhancement of global environmental management system	<ul style="list-style-type: none"> ● Expansion of environmental management system to overseas operating bases ● Activation of activities of the Global Environment Committees of each region in the world ● Establishment and promotion of operation of new EMS according to the trends of international standards 																								
		11) Promotion of environmental practices through cooperation with suppliers	<ul style="list-style-type: none"> ● Steady promotion of group-wide green procurement utilizing the Green Procurement Guidelines ● Support for suppliers for a higher level of commitment to environmental conservation by offering incentives and assistance for the commitment 																								
		12) Enrichment and promotion of ecological education	<ul style="list-style-type: none"> ● Cultivation of highly skilled human resources for promotion of global environmental management ("super-environment" human resources) ● Continuation of systematic group-wide ecological education 																								
	Communication	13) Enhanced dissemination of technologies and know-how of environmental management by communicating with external sources	<ul style="list-style-type: none"> ● Enhancement of communicating environmental management know-how with external sources and deliberation for commercialization 																								
		14) Enrichment and global development of community-based activities which contribute to the environment/society	<ul style="list-style-type: none"> ● Promotion of activities which contribute to the environment/society based on cooperation with communities ● Expansion of activities which contribute to the environment/society based on cooperation with communities to overseas operating bases 																								
		15) Implementation of proactive environment related communication	<ul style="list-style-type: none"> ● Deepening of two-way communication with communities ● Publication of environmental information by CSR report 																								

Environmental Management

Organizational structure

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

➔ AISIN consolidated environmental management structure



ISO 14001 certification

We are advancing certification under the ISO 14001 standard for environmental management systems. As of the end of FY2011, 94% of AISIN's consolidated manufacturing companies, or 84 companies, had acquired ISO 14001 certification.

North America Consolidated Activities — Zero landfill waste achieved by three companies

The AISIN North American Consolidated Environment Committee meeting was held in September 2010, with 31 participants from 12 local Group companies. Case studies of environmental activities by each of the companies were presented, and technical lectures were held with regard to restrictions on greenhouse gas emissions.

In addition, in FY2011, three companies in the Marion region of Illinois achieved zero landfill waste production as a result of continued waste reduction activities.



Members of the AISIN North American Consolidated Environment Committee

China Consolidated Activities — Rationalization of waste water treatment process

In China, where rapid economic growth is accompanied by growing environmental concerns, the AISIN Chinese Consolidated Environment Committee was established in FY2010 involving 18 local Group companies. At a committee meeting held in FY2011, companies shared information to enable exceptional activities implemented independently by each of the companies to be carried out by other companies.

The Group's Aisin Seiki Foshan Automobile Parts Co., Ltd. has implemented measures to rationalize its waste water treatment process. For example, machine oil used at its plant has been switched to synthetic oil that readily separates from water, allowing the COD* level in waste water to be reduced. This makes it possible to reduce the number of cycles in the waste water treatment process from eight down to just one, which keeps the COD level below the regulatory threshold.

* Chemical oxygen demand (COD): A standard measure of water quality that uses the amount of compounds susceptible to oxidation that is present in water, expressed as the amount of oxygen required to oxidize the compounds. Also known as oxygen consumption.

Assessment of all business bases worldwide conducted by Aisin Takaoka

In FY2011, Aisin Takaoka launched an environmental assessment of all of its business bases in Japan and abroad. Environmental division personnel dispatched to the business bases inspected the legal compliance and environmental management status of each workplace and issued recommendations as required. In particular, in overseas business bases, issues and concerns particular to each local area were highlighted through discussions with local employees, and approaches to tackle them were recommended.

Aisin Takaoka will continue to perform environmental assessments of its business bases in Japan and abroad as well as seek to energize the environmental conservation activities of each going forward.



Environmental assessment staff meeting

Establishment of a Low Carbon Society

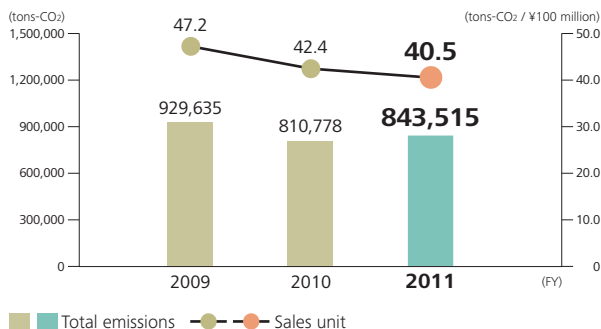
Reducing greenhouse gas emissions through manufacturing

In FY2011, the Group pressed forward with a variety of energy-saving measures, including countering air leakage in machining lines, aluminum melting furnaces, and heat-treatment furnaces; and ensuring facilities are switched off when not in operation. As a result, the amount of CO₂ emitted per ¥100 million in net sales fell by 4.4% compared to the previous fiscal year, to 40.5 tons.

Moving forward, AISIN will strive to reduce CO₂ emissions, aiming for a 12% reduction in emissions per ¥100 million in net sales by FY2016 compared to FY2008 levels.

Total emissions of CO₂ / sales unit

(From the Group's 10 main manufacturing companies in Japan*1)



Emissions of non-CO₂ greenhouse gases

(From the Group's 10 main manufacturing companies in Japan)

(tons-CO ₂)	FY2009	FY2010	FY2011
HFCs*2	531	429	14
SF ₆ *3	82,455	3,585	8,365

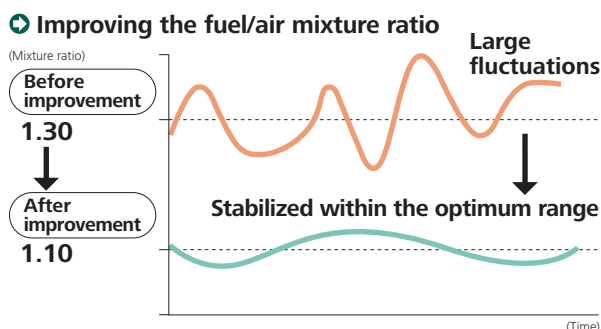
*1 The Group's 10 main manufacturing companies in Japan: Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikin-zoku, Aisin Kiko, Aisin AI, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry

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

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

Reducing CO₂ emissions from aluminum melting furnaces (Aisin Seiki)

Aisin Seiki introduced a system that automatically optimizes the fuel gas/air mixture ratio for burners for five aluminum melting furnaces.



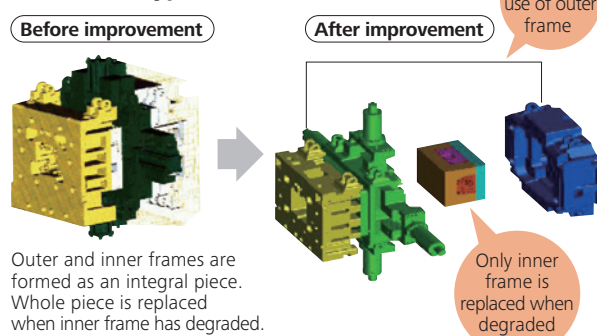
This made it possible for the Company to reduce fuel gas use and lower annual CO₂ emissions by 1,125 tons.

Reducing amount of materials for metal molds to lower CO₂ emissions (Aisin Seiki)

Outer frames of metal molds degrade considerably more slowly than inner frames, which come into direct contact with the molded material. However, in conventional molds, the outer and inner frames are formed as an integral piece, making it necessary to replace the mold in its entirety, including the undamaged outer frame, when the inner frame has degraded.

Aisin Seiki therefore modified the molds so that they have a cassette-type structure in which the outer and inner frames are provided as separate elements. This configuration makes it possible to replace the inner frame only when it has degraded, without having to replace the outer frame as well. This allowed the Company to reduce the amount of energy used in the plant to manufacture the outer frame, thereby reducing annual CO₂ emissions by 292 tons.

Cassette-type mold structure



Outer and inner frames are formed as an integral piece. Whole piece is replaced when inner frame has degraded.

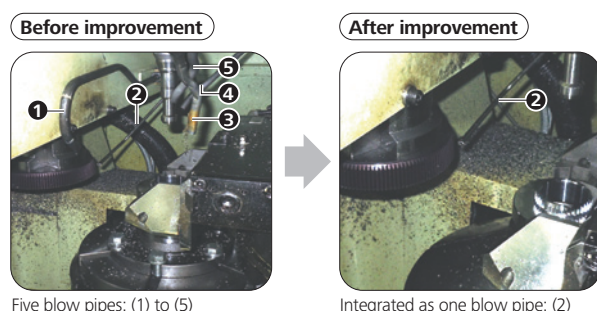
Only inner frame is replaced when degraded

Air-blowing technical adjustments to reduce CO₂ emissions (Aisin AI)

Conventionally, a substantial amount of energy was used for air-blowing to remove spent chips during cutting processes.

Aisin AI reduced the number of air-blow pipes from five to one by establishing an aggregate configuration in which all spent chips are blown in a predetermined direction. As a result, the quantity of air used was reduced to less than a quarter, allowing the amount of CO₂ emitted through energy consumption to be reduced by 1.32 tons per year.

Blow pipes



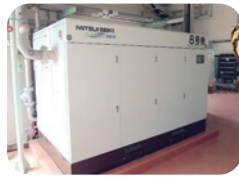
Five blow pipes: (1) to (5)

Integrated as one blow pipe: (2)

Compressors upgraded to energy-efficient models (Hosei Brake Industry)

Hosei Brake Industry has been updating its transformers and boilers in order to reduce CO₂ emitted during production processes.

In FY2011, the company updated its compressors with energy-efficient inverter-driven compressors in an effort to reduce CO₂ emissions.

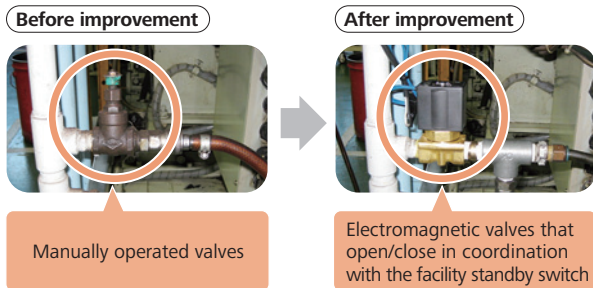


Newly introduced inverter-driven compressor

Coordinated air valve shutdown to reduce CO₂ emissions (Aisin Chemical)

Aisin Chemical linked the facility standby switch to the opening and closing of the air valves so that the supply of air is automatically halted when the facility is not in operation.

This reduced the amount of energy consumed by the air compressors, lowering CO₂ emissions by 6 tons a year.



Eco-friendly factory design (Aisin Chemical)

October 2010 saw the launch of the third factory for disk brake pads, which was designed with the environment in mind.

The factory was awarded rank A (the second highest of five ranks) according to CASBEE Aichi* due to its energy-saving measures, such as standardization of the duct replacement cycle, in order to maximize the energy efficiency in air conditioning, as well as lighting designed to minimize wasted energy. In particular, the factory was awarded rank S, the highest rank possible, in relation to contributions to preventing global warming.

* CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Aichi: A comprehensive environmental performance evaluation system for buildings in Aichi Prefecture, established to promote eco-friendly measures in the field of residential construction



Third factory for disk brake pads

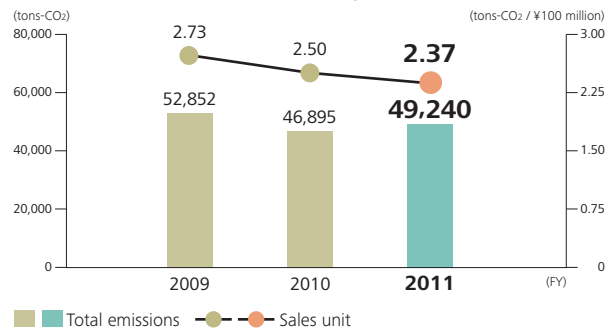
Location: Toyota, Aichi Prefecture
Building: 2 stories
Floor area: 8,586 m²
Main products: Automotive disk brake pads

Cutting CO₂ emissions from distribution

In FY2011, AISIN launched measures to reduce the number of truck journeys and the distance over which goods are transported. The Group also switched some of its goods distribution from road to rail. As a result, the amount of CO₂ emissions per ¥100 million in net sales was reduced by 5% over the previous fiscal year, to 2.37 tons.

Moving forward, AISIN will continue its efforts to reduce CO₂ emissions, aiming for a 13% reduction in emissions per ¥100 million in net sales by FY2016 compared to FY2009 levels.

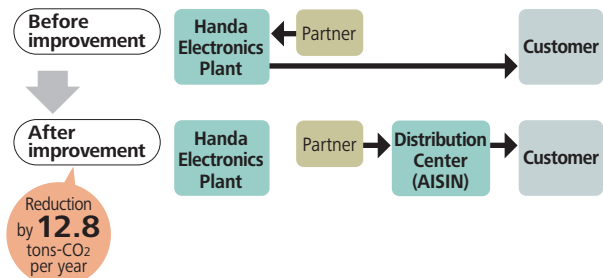
● Total CO₂ emissions due to transport / sales unit (From the Group's 10 main manufacturing companies in Japan)



Reducing transportation distance through route changes (Aisin Seiki)

Items from Aisin Seiki's partner companies are now delivered to its distribution center, which is located in close proximity to its customers. This makes it possible to reduce transportation distances and improve distribution efficiency.

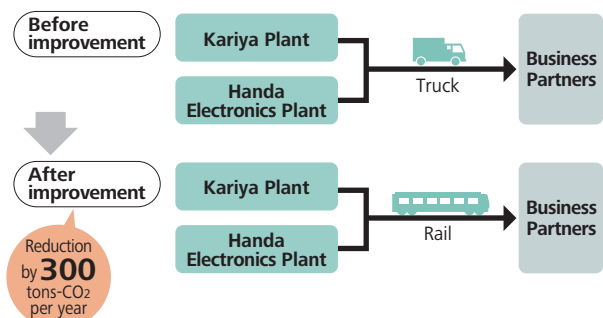
● Reducing transportation distances to reduce CO₂ emissions



Implementation of modal shift (Aisin Seiki)

Aisin Seiki reviewed the transportation of goods from its plants in Aichi Prefecture to its partner company in the Kyushu region, and switched some of the transportation from road to rail.

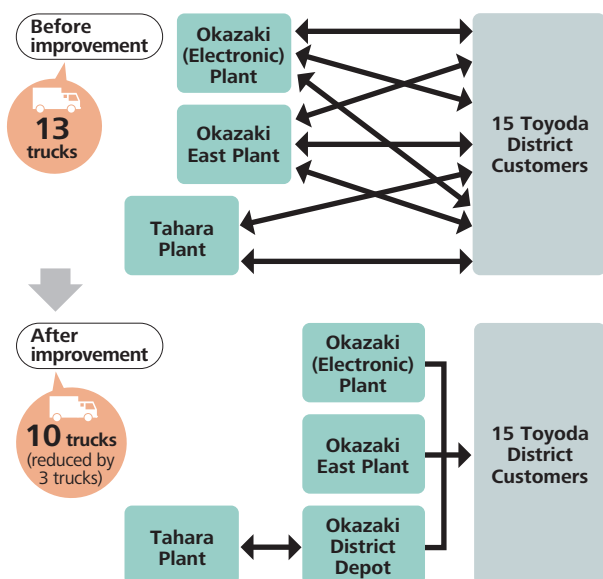
● Switching method of transport to reduce CO₂ emissions



Reducing number of truck journeys to cut CO₂ emissions (Aisin AW)

Aisin AW is working to reduce CO₂ emissions by making distribution more efficient through measures such as selecting the appropriate vehicle size according to load and reducing the number of journeys through cargo consolidation.

Improvement example: Truck number reduction



Reducing the environmental impact of products

Trial usage of eco-product certification system

AISIN has established an in-house certification system for environmentally friendly eco-products. According to this system, the degree of contribution to prevention of global warming and conservation of resources is quantified along with factors such as function and performance. Products whose score shows an improvement over conventional products by a certain extent are certified as "AISIN eco-products."

In FY2011, two products in the lifestyle and energy related segment were certified as eco-products. The Group is expanding the system in stages, aiming to cover all products including automobile-related parts by FY2016.

Eco-product evaluation using environmental factors of products

$$\text{Environmental factor of product} = \frac{\text{Environmental efficiency of product under evaluation}}{\text{Environmental efficiency of reference product}}$$

$$\text{Ratio of improvement in product value} \times \text{Ratio of improvement in environmental performance and impact}$$

$$\text{Global warming prevention factor} = \text{Ratio of improvement in product value} \times \text{Ratio of improvement in preventing global warming}$$

Degree of improvement in function/performance, reliability, and quality of service

Ratio of improvement in reducing CO₂ emissions over lifecycle

$$\text{Resource conservation factor} = \text{Ratio of improvement in product value} \times \text{Ratio of improvement in resource conservation}$$

Degree of improvement in function/performance, reliability, and quality of service

Ratio of improvement in reducing resource consumption over lifecycle

Launch of GHP that reduces CO₂ emissions by approximately 16% (Aisin Seiki)

Aisin Seiki developed the E2 series GHP XAIR, the latest gas heat pump air conditioner (GHP*¹) model, jointly with Tokyo Gas Co., Ltd., Osaka Gas Co., Ltd., and Toho Gas Co., Ltd., and released it in the market in July 2011.

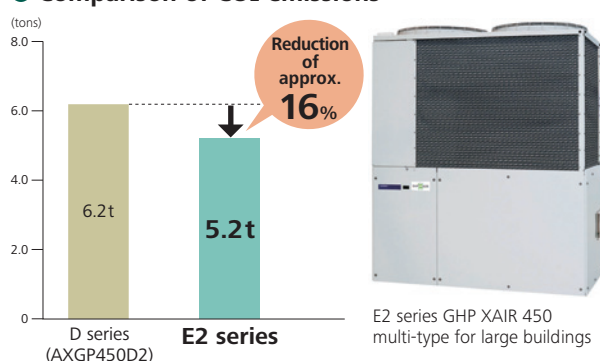
The product boasts high energy efficiency by an annual performance factor of 2.28*², and reduces CO₂ emissions by approximately 16%*³ compared to the D series launched in 2007.

*¹ Gas engine driven heat pump (GHP): An air conditioner in which the compressor is driven by a gas-fuelled engine.

*² According to energy consumption per unit time calculation standards formulated in JIS B 8627

*³ For a 45 kW multi-type for large buildings. See below for estimation conditions.

Comparison of CO₂ emissions



(Estimation conditions)

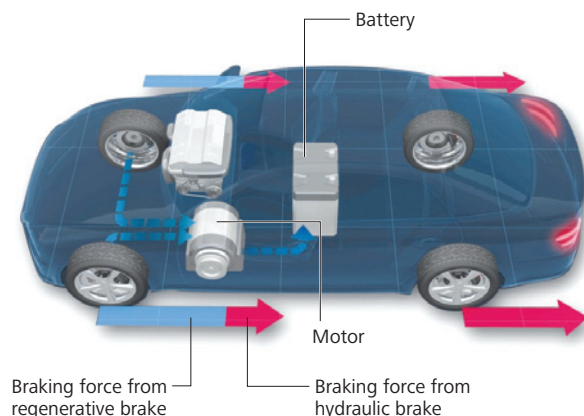
- Product: 450 multi-type for large buildings
 - Annual efficiency: Average of efficiency at rated output and when 50% capacity indoor units are connected (cooling/heating average)
 - Assumed electrical consumption when 50% capacity indoor units are connected equals at rated capacity load
 - Operation time: 1,000 hrs/year (Cooling: 600 hrs, Heating: 400 hrs)
 - Fuel: City gas
 - CO₂ emissions factors*: Electricity = 0.69kg-CO₂/kWh / City gas = 0.0509kg-CO₂/MJ
- *Japan Gas Association, "Factors for proper evaluation of CO₂ emissions and its reduction from electricity use," Augst 2010

Launch of regenerative brake system (ADVICS)

ADVICS provides a regenerative brake system for use in hybrid vehicles.

The system controls the balance between hydraulic braking and regenerative braking, ensuring adequate braking force and optimizing energy recovery, thereby contributing to improving fuel efficiency.

Illustration of the regenerative brake system

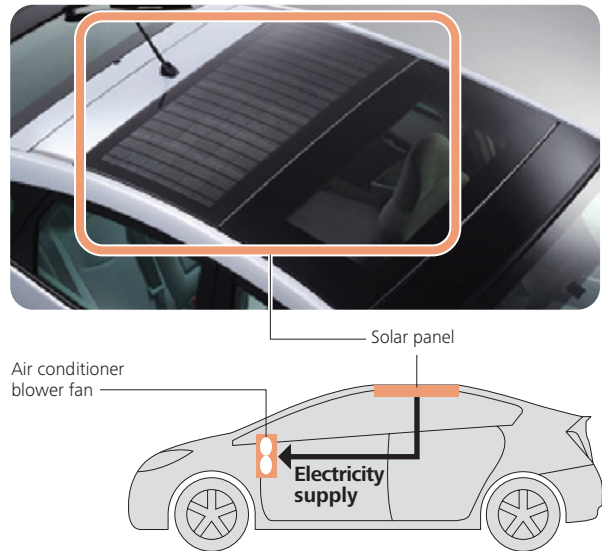


FOCUS

Using power from solar panels to prevent an increase in vehicle cabin temperature

The interior temperature of an automobile can rise as high as 80°C when the vehicle is parked over an extended period of time under the intense summer sun. In order to counter this temperature increase, Toyota Motor Corporation installed a solar panel, jointly developed by Kyocera Corporation and Asahi Glass Co., Ltd., onto the moon roof of its Prius models. Subsequently, Kyocera, Asahi Glass and Aisin Seiki jointly improved the function and efficiency of the system, and launched, as a new product, a moon roof with a solar panel.

Power generated by solar panels mounted on the vehicle roof is used to operate air conditioner blower fans to take in air from the exterior and discharge hot air, thereby lowering the interior temperature. The system can reduce the temperature by approximately 10°C compared to conventional Prius models.



Establishment of a Recycling-based Society

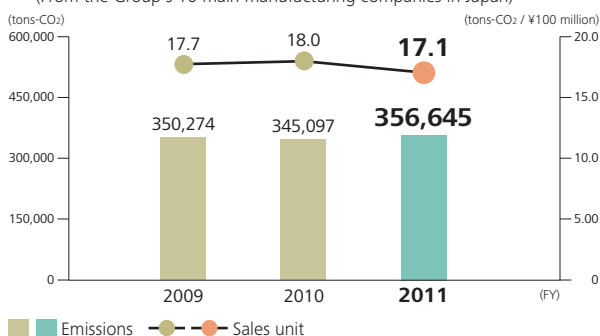
Managing and reducing waste material

AISIN is implementing thorough measures to ensure legal compliance with regards to handling of waste, and working on reducing the amount of waste emissions.

In FY2011, the Group pressed forward with measures to reduce waste emissions, including expansion of in-house reuse of waste plastic produced during plastic-molding processes and in-house recycling of rubble produced by dismantling of aluminum melting furnaces. As a result, waste emissions per ¥100 million in net sales in FY2011 fell by 5% from the previous fiscal year, to 17.1 tons. The Group is aiming for a 17% reduction in waste emissions per ¥100 million in net sales by FY2016 compared to FY2008 levels.

Waste emissions / sales unit

(From the Group's 10 main manufacturing companies in Japan)



Complete elimination of landfill waste (Aisin AW Industries)

Aisin AW Industries worked on reducing industrial waste through thorough separation of waste and measures to promote 3R* activities, and thereby succeeded in completely eliminating output of landfill waste, at an early stage, in FY2003.

The Company has continued to recycle and reuse waste in its plants, and maintained its zero landfill waste output.

* 3R: Reduce, reuse and recycle

Recycling case studies



Use of waste grindstone as decorative display material



Reuse of waste bricks around plant entrance



Conversion of waste plastic and sludge into molten slag, used as subbase material



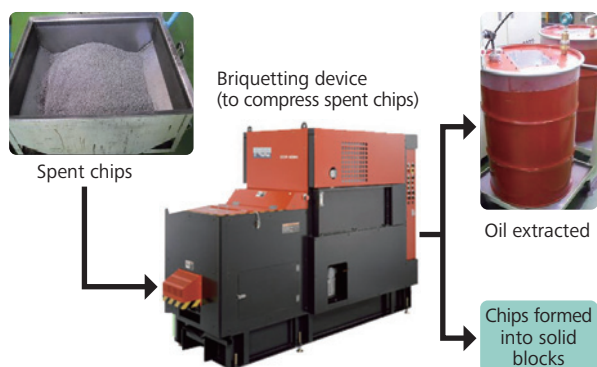
Conversion of waste plastic into RPF* used as fuel for boilers

* Refuse paper & plastic fuel (RPF): Solid fuel formed mainly from refuse paper and waste plastic

Collecting and recycling 3,200 liters of cutting oil per month (Aisin AI)

Aisin AI has established a system for recovering and recycling cutting oil. Spent chips ejected from cutting devices are compressed to collect oil content. The collected oil is reused after impurities have been removed.

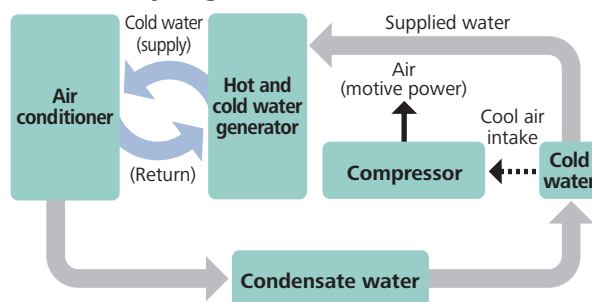
▶ Cutting oil recycling process



Recycling condensate water generated within air conditioners (Aisin Kiko)

Aisin Kiko has built a system for recovering cold condensate water generated within air conditioners, and is reusing it to cool intake air in compressors and to supply hot and cold water generators. The system has been successful in improving compression efficiency of the compressors and in reducing power consumption.

▶ Water recycling flow chart



FOCUS

Establishing a system for recycling spring mattresses

In FY2011, Aisin Seiki embarked on establishing a system for recycling spring mattresses.

Spring mattresses contain iron, which constitutes 55% to 60% of the total weight. However, spring mattresses in their original form cannot be crushed using shredder machines due to their low density. Therefore, it has not been conventionally possible to recover the iron contained in the mattresses.

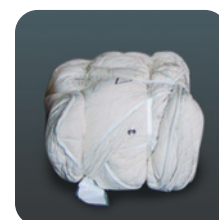
To address this, the Company developed a device that compresses mattresses into small cubes that can be crushed using shredder machines. In addition, in partnership with a waste-processing company equipped with automobile-related recycling facilities, the company established a system that can recycle 300 mattresses a year.



Newly developed and built mattress compression device

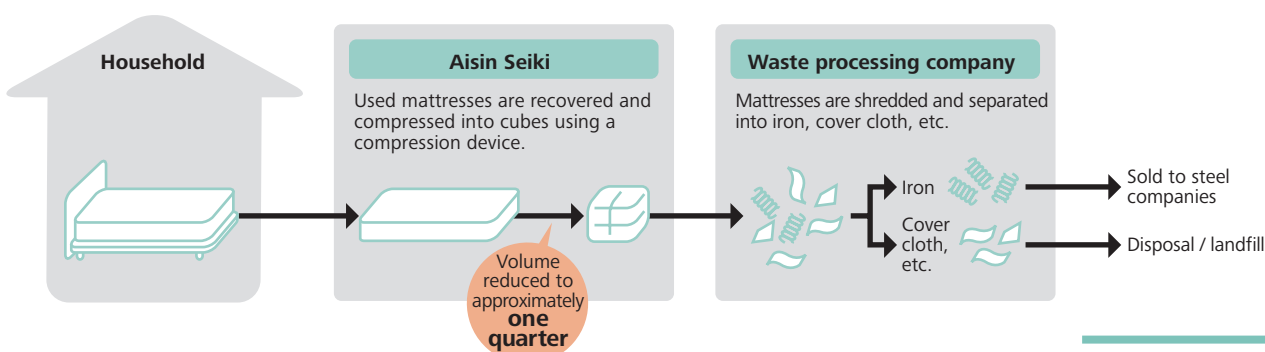


Bed built with spring mattress produced by Aisin Seiki



Compressed mattress

▶ Spring mattress recycling system



Development of a Natural-symbiosis-oriented Society

Conservation of water environment

Oil spillage accident and response (Aisin Seiki)

There was an accident in which fuel containers loaded on a construction contractor vehicle toppled, spilling light oil into a river.

Upon discovery, Aisin Seiki contacted the relevant authorities and began clearing the oil slick. Although the effect on the environment was minimal, the company formulated measures to prevent recurrence such as notifying all of its construction contractors of the precautions required when transporting fuel containers.

Expansion of the E-Volante system (Aisin Seiki)

Aisin Seiki is working on expanding its water quality management system known as E-Volante. Using this system, the Company is integrating management of waste water data, such as pH values, measured at each of its business bases and communicating information to those bases for risk minimization. In FY2011, the Company implemented the system at two plants and one proving ground.

Regular monitoring of groundwater (Aisin Keikinzo)

Aisin Keikinzo installed observation wells at five locations within the premises of its main plant, through which groundwater is regularly monitored so that it can promptly respond in the event of any contamination.

Managing and reducing chemical substances

In FY2011, to respond to the revision of the PRTR^{*1} Act, AISIN requested the latest version of the MSDS^{*2} and collected information on materials containing newly listed substances from its partner companies. The Group updated its own MSDS based on the collected information and completed its response to the revision.

With regard to the REACH^{*3} regulation, to submit notifications regarding substances of very high concern for 2011, AISIN contacted its partner companies to collect information regarding the relevant substances contained within products.

^{*1} Pollutant release and transfer register (PRTR): A system in which businesses identify the amount of chemical substances released into the environment or transferred in waste, and report the data, through local government intermediaries, to the central government minister having jurisdiction over the business.

^{*2} Material safety data sheet (MSDS): A form containing information necessary for safe handling of chemical substances and raw material containing the chemical substances.

^{*3} The registration, evaluation, authorization & restriction of chemicals (REACH): An EU regulation concerning registration, evaluation, authorization, and restriction of all chemical substances (of 1 ton per year or above) in manufactured or imported items, which came into force in June 2007.

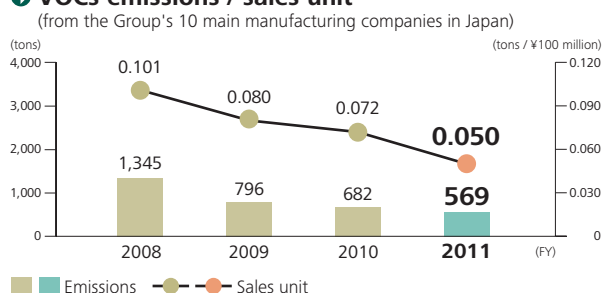
Reducing emissions of VOCs*

AISIN is taking measures to reduce emissions of VOCs, which are contained in solvents used in the painting of vehicle body parts and coatings of electronic components, and have the potential to pollute the atmosphere. In FY2011, the Group implemented initiatives such as the recycling of paint thinners, use of high-solid paints, and incineration of emitted gases containing VOCs using cogeneration. As a result, emissions in FY2011 were 569 tons, representing an 83% reduction compared to FY2004 levels.

Moving forward, AISIN will continue reducing the emissions of VOCs, aiming for a 31% reduction in emissions per ¥100 million in net sales by FY2016, compared to FY2008 levels.

* VOCs: Volatile organic compounds

VOCs emissions / sales unit



Conservation of Biodiversity

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

AISIN is committed to biodiversity conservation based on a philosophy of building a prosperous society in harmony with the natural environment.

The Group's activities aiming towards biodiversity conservation include conducting environmental assessments and taking measures to prevent damage to the native ecosystem when building plants, and conducting regular surveys of the surrounding environment after construction in order to keep track of the state of local biodiversity. In addition, AISIN has built biotopes on the premises of some factories to create an environment in which local plants and animals can thrive.

Going forward, the Group will continue with its mission of creating environments where industry, lifestyles, and nature can coexist in harmony.

AISIN's philosophy toward biodiversity

Harmony between society and nature

Aiming to build a prosperous society in harmony with the natural environment

Environmental assessment conducted in the entire locality

Development and construction that accommodate native species

Regular monitoring of the surrounding environment

Nurturing local flora and fauna and creating a comfortable living environment

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

Environmental Communication

Together with our business partners

Steadily expanding green procurement (Aisin Seiki)

Aisin Seiki works with its business partners to implement green procurement initiatives. To this end, the AISIN Group Procurement Guidelines were published in FY2010 and distributed to all 1,700 of our tier-one partners. In FY2011, the Company worked to disclose and communicate a variety of information, including information on the latest trends in environmental laws and regulations, to our business partners.

Examples of actual communication initiatives with our main business partners in FY2011

- **Providing of information on the latest trends in environmental laws and regulations (May and October 2010)**

Disseminated information to 210 companies on the enactment of and revisions to laws and regulations as well as the Company's response.

- **Environmental management inspection (August 2010)**

Established a plan to inspect over a three-year period all 80 business partners that have yet to acquire ISO 14001, as well as compiled a check sheet for each to complete voluntarily. When necessary, staff also visited the business partner's place of business to confirm progress and provide guidance.

- **Environmental risk inspection (August 2010)**

Established a plan to inspect over a three-year period all 150 business partners that retain equipment and work processes with a high degree of environmental risks, and requested voluntary inspections of legal compliance as well as management of equipment and facilities. When necessary, staff also visited the business partner's place of business to confirm progress and provide guidance.

- **Presentation on the chemical substance registration system (November to December 2010)**

Presentations were given on GADSL*, and requests made for business partners to register with the Company's chemical substance registration system. This system went into operation in January 2011.

* Global automotive declarable substance list (GADSL): A list used by the automotive industry containing substances which require reporting, as well as prohibited substances.

Together with local communities

Hosting briefings and round-table talks at plants (Aisin Seiki)

Aisin Seiki actively hosts presentations and round-table talks at its plants for members of the local community as a means to disclosing information about the Company.

In FY2011, the Company held a total of six presentations and round-table talks.

Hosting liaison conferences to report the latest information (Hosei Brake Industry)

Hosei Brake Industry hosted a liaison conference that involved representatives from community associations as well as city councilors in order to extend its gratitude

for their daily cooperation as well as provide updates on the latest information about the Company.

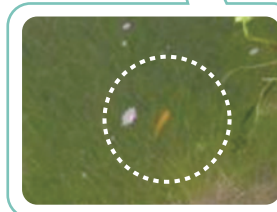
During the meeting, representatives from neighborhood community associations praised the fact that nighttime lighting of Hosei Brake Industry's plant made nearby roads brighter, which helped boost traffic safety and prevent crime.

Coexisting with nature: the Okazaki East Plant's biotope (Aisin AW)

The biotope located on the grounds of Aisin AW's Okazaki East Plant provides an ecosystem for local plants and animals to live centered around a brook created using effluent from a water treatment facility.



Okazaki East Plant's biotope



Medaka (Japanese killifish)



Kawamutsu (Dark chub)

Promoting "eco-forest" initiatives (Aisin AW Industries)

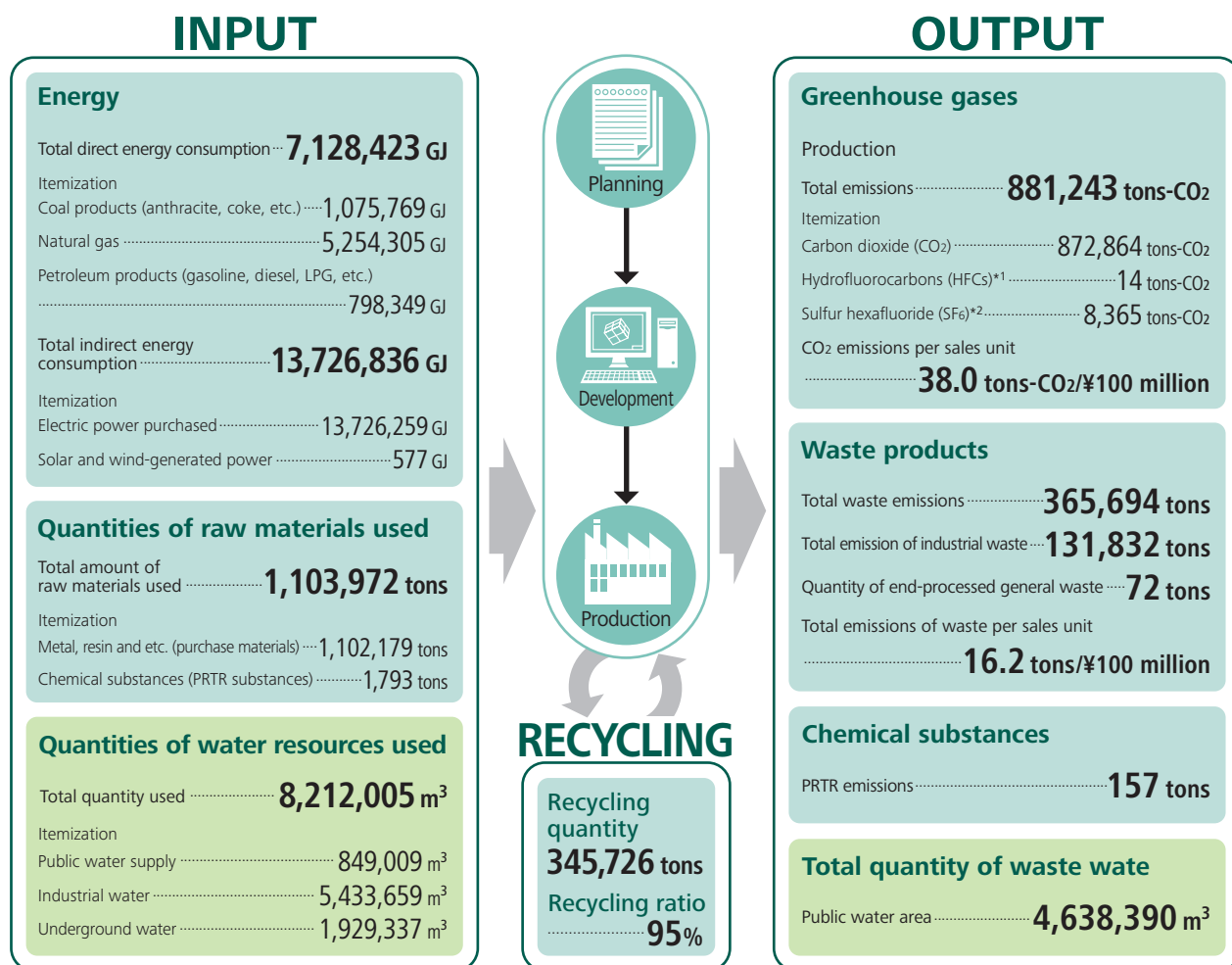
In the upstream greenbelt around Masutani Dam located in Minami Echizen in Fukui Prefecture's Nanjo County, Aisin AW Industries works together with members of the local community to help develop an "eco-forest."

In May 2010, the Company held the 2nd Forest Development Project, in which 132 employees helped plant trees and clear underbrush.



The 2nd Forest Development Project

Resources Used and Emissions Released (FY2011)



Note: ■ represents the total of the 10 main manufacturing companies in Japan. Other figures represent the total of the 23 main companies in Japan.

23 Group companies in Japan: Aisin Seiki, Aisin Takaoka, Aisin Chemical, Aisin AW, Aisin Keikinzo, Aisin Development, Aisin Kiko, Aisin AI, Aisin Sin'ei, Aisin AW Industries, Hosei Brake Industry, Aisin Tohoku, Aisin Kyushu, Saitama Kogyo, Kotobuki Industry, Aichi Giken, Aisin Maintenance, Aisin Engineering, Sinsan Corporation, Konan Kogyo, Hekinan Unsou, Sanetsu Unyu, Yamagata Clutch

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

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

Environmental Accounting

(Billions of yen)

	10 main manufacturing companies in Japan			23 main companies in Japan			
	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011	
Environmental conservation costs	Cost for business operation	10.74	7.67	6.81	11.46	8.21	7.43
	Costs of management activities	0.83	0.72	0.78	0.90	0.87	0.94
	Upstream and downstream costs	2.56	1.93	2.79	2.63	2.01	2.89
	Research and development costs	8.81	8.93	8.40	8.81	8.94	8.41
	Costs of community involvement	0.24	0.59	0.37	0.24	0.59	0.37
	Environmental damage countermeasure costs	0.15	0.07	0.07	0.15	0.07	0.07
	Total	23.33	19.91	19.22	24.19	20.69	20.11
Effects of environmental conservation measures	Energy saving	0.73	0.97	0.82	0.75	0.99	0.84
	Resource saving	0.22	0.25	0.15	0.23	0.26	0.16
	Effects of reducing waste materials	0.06	0.06	0.04	0.06	0.07	0.04
	Sale of valued property	7.97	3.51	4.41	8.18	3.61	4.57
	Total	8.98	4.79	5.42	9.22	4.93	5.61

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

Third-Party Observation

Experiencing first hand Aisin Seiki's enhanced initiatives as a frontrunner in environmental protection and conservation

April 2011 marks the start of the first fiscal year under the Fifth Environmental Action Plan being implemented by the 12 main companies of the AISIN Group. Amid a national crisis from the devastation brought about by the Great East Japan Earthquake, the AISIN Group has begun to launch activities for the environment under a stricter set of targets than ever before. I visited the head office of Aisin Seiki for the first time in one year to see again first hand how the Company is tackling environmental issues, given the severe social environment we face today.

Eco-friendly initiatives seen in the KYODOKAN

Prior to my visit, I had heard that the KYODOKAN, completed in May 2010, is an energy and resource conserving building that represents the culmination of Aisin Seiki's expertise and professional workforce. As I am currently providing energy conservation consulting services for commercial buildings and manufacturing plants, I was very much looking forward to visiting the building.

Not only are countless eco-technologies being implemented that likely cannot be implemented in existing buildings, but wide-ranging environmental consideration extends to the building's operational side as well. For example, placing the employee cafeteria in the middle of the building on the seventh floor to rationalize the number of elevators operating represents one of these reasonable considerations.

During the presentation from the Environmental Department, it was explained that these eco considerations help the building reduce its annual CO₂ emissions by 53% compared to other buildings. Although a long string of data has yet to be collected because the building is only one year old, I believe the building can become a model for Japan's large-scale buildings of the future, and for this I offer my highest commendation.

When I went outside the building, I found a curtain of green with bitter melon growing quite healthily. The site of this Japanese-inspired green space gave me a sense of peace.

The Environmental Analysis Laboratory — a symbol of Aisin Seiki's social responsibility

My visit to Aisin Seiki's Environmental Analysis Laboratory was the first in two years. I was able to examine first hand and in close detail the Company's advanced monitoring and measurement system that provides information on the environmental load of six of its plants in real time. I was told that the system will be expanded to cover eight plants and two facilities before the end of 2011.

I found myself once again surprised by the fact that this extraordinarily complex system is run by only four professional staff and felt the utmost respect for the night-and-day efforts of the staff. The chemical laboratory's motto is to be an environmental frontrunner. I believe they have already established a leading presence in environmental protection and conservation within the main companies of the Toyota Group.

Aisin Seiki plans to establish a comprehensive system where they can control the environmental load of the Group's 12 main companies in real time by 2020. But what really struck me was the words of the laboratory chief, who said that the key to accurately monitoring and giving orders to control emissions lies in human judgment. While this statement is something that those outside the Company rarely see, it also represents AISIN's corporate strength and embodies the very spirit of its corporate social responsibility.



Seiji Mukai

Representative officer of the Japan Carbon & Technology Exchange
Executive director of the Green Energy NPO Promotional Organization
Part-time lecturer in Environmental Management at Nihon Fukushi University

Society

Societal Issues

Shunichi Nakamura

Executive Vice President in Charge of
Corporate Planning & Managerial Administration

Message from Management

Aspiring to make contributions to society through "mono-zukuri (manufacturing)"

Based on its founding principle of contributing to society through "mono-zukuri (manufacturing)," AISIN makes every effort to create exciting products that satisfy its customers, and places "Quality First" as a basic principle of its management to provide products that are reliable and safe. Therefore, we focus on securing safe and comfortable workplaces as well as maintaining or enhancing the health of our employees, who are the driving force behind these activities, to ensure that they are motivated and can fully demonstrate their skills and competencies.

Promoting CSR activities using an integrated, Group-wide approach

Recognizing that there is a need to share the philosophy and policies on CSR within the entire Group, in line with its further globalization, AISIN enacted the Aisin Group Principles of Corporate Behavior in January 2010. Since then, we have strived to share this philosophy and set of standards across the entire Group through educational and promotional activities, resulting in CSR awareness among our employees gaining a steady foothold. Following the Great East Japan Earthquake that struck in March 2011, employees from Aisin Seiki and other Group companies throughout Japan and overseas participated in relief activities, as the Group came together to help support the recovery effort in disaster-affected regions. Moving forward, the 165 Group companies and 70,000 employees of the AISIN Group stand firmly committed to promoting CSR activities together and working together with stakeholders to unlock sustainable growth.



Together with Customers

Automotive parts

Towards thorough implementation of our "Customer First" principle

In order to continue delivering 100% non-defective products under a customer-first philosophy, Aisin Seiki has established the AISIN Customer First (A-CF) Committee, with the company president as the head of the committee. Established under this committee are four Quality Improvement Committees in charge of design, manufacturing, suppliers and the market, respectively, each chaired by a senior managing director.

Each of these committees defines targets and action plans, the progress statuses of which are reviewed by the chairpersons; and also makes decisions regarding improvement measures and resource allocation. In addition, a Global Quality Committee was established in March 2010, collecting customer information from around the world and transmitting information regarding the basic "running, turning and stopping" qualities of automobiles. This information is utilized for the actions of each of the committees.

100% non-defective products through perfect design and defect-free production lines.

In pursuit of 100% non-defective products, key focuses of the activities of A-CF are "Perfect Design" and "Defect-free Production Lines." With regards to design, we aim to create perfectly designed, fail-safe drawings, which enable us to produce quality products simply by following them, and strive to thoroughly implement measures to prevent defects by gathering user feedback, verifying defect mechanisms,

and establishing solid evaluation systems.

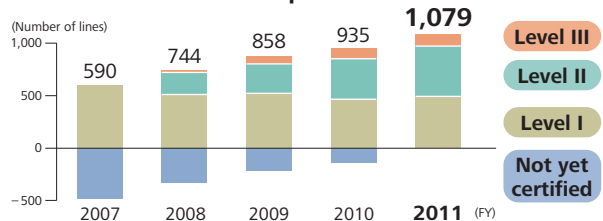
In production technology and manufacturing, we are working to create "Defect-free Production Lines" through workplace vitalization, enhanced human resource development and process management. Under the "Defect-free Production Line" certification initiative, production lines are evaluated based on internally defined standards according to continued zero-defect shipments to customers and reduction of defects within processes.

As of FY2011, all production lines are certified as Level I Defect-free Production Lines. Going forward, we intend to increase the number of lines certified as Level II and III, which require even higher standards.

Such initiatives have resulted in an approximately 80% decrease in the defect rate in shipments in FY2011 compared to FY2006 levels.

Furthermore, acknowledging these initiatives, we have been awarded the Recognition of Quality System Innovation (as part of the Japan Quality Recognition Award) in FY2011 by the Union of Japanese Scientists and Engineers.

Number of defect-free production line certifications



Certification standards for each level

- Level I : Zero defects in shipments for 3 months or more
- Level II : Zero defects in shipments for 6 months or more and a process flow defect rate of 1/3
- Level III: Zero defects in shipments for 6 months or more and a process flow defect rate of 1/10

Evaluation of finished vehicles at three automotive test facilities

AISIN was among the first automotive parts manufacturers to establish test tracks for trial vehicles installed with its products in order to perform comprehensive quality evaluations. We opened our Fujioka Proving Ground in Aichi Prefecture in 1970 and another Proving Ground at Toyokoro in Hokkaido in 1992.

Overseas, in 2005 we became the first Japanese automotive parts manufacturer to open a proving ground in North America, in Michigan.

In recent years, automotive parts have become increasingly systemized and complex. AISIN decided therefore to install a new general purpose track at the Toyokoro Proving Ground in 2005, in order to create a testing environment identical to a real driving environment. We have also prepared environments for testing poor driving conditions, including Japan's first artificially frozen surface and a rough, unpaved road 17 kilometers long. In addition, through the installation of testing facilities related to radio wave interference and intelligent transport systems (ITS), it is now possible to evaluate the various functions and performance required of vehicle.



Fujioka Proving Ground (established in 1970)

Location: Mitsukuri-cho, Toyota, Aichi, Japan
Land Area: approx. 670,000 m²
Track: 2.4 km / lap
Rough road track: 4.6 km / lap



Toyokoro Proving Ground (established in 1992)

Location: Toyokoro-cho, Nakagawa-gun, Hokkaido, Japan
Land area: approx. 7,480,000 m²
General purpose track: 7.9 km / lap
Rough road track: 17.0 km / lap



Fowlerville Proving Ground (established in 2005)

Location: Fowlerville, Michigan, U.S.A
Land area: approx. 3,530,000 m²
Track: 4.8 km / lap
Dynamic pad: 150R

COMMENT

From Toyokoro Proving Ground

A test track that replicates road surfaces from around the world

The Toyokoro Proving Ground is designed based on information about road surfaces from around the world. For example, unlike ordinary roads, the general purpose track features unbanked curves, and replicates driving environments of expressways such as the New Tomei Expressway and the German autobahn. Some tracks, known as special road surfaces, replicate road surfaces of freeways in western countries or suburban roads in Europe.

Masaaki Sugiura (Right)

Takahiro Sogawa (Left)

Product Evaluation Group, Toyokoro Evaluation Team
Aisin Seiki Reliability Technology Division



- ① Simulation of autobahn driving environment (general purpose track)
- ② Frozen road surface
- ③ Uneven concrete road simulating European freeways (general purpose track)
- ④ Rough off-road tracks, commonly found in North America and Australia

Obtaining certification for quality management system standards

Aisin is working to expand its certification under the ISO/TS 16949*1 global standard for quality management systems in the automotive sector. The certification covers 49 companies*2 in Japan and overseas as of July 10, 2011.

*1 This standard applies automotive industry-specific requirements to the international ISO 9001 standard for quality management systems.

*2 Excluding AISIN Group subsidiaries

Global QC Circle Conference

In October 2010, a Global QC Circle Conference was held at Aisin Seiki's Human Resources Development Center.

Employees who are engaged in QC activities (quality improvement activities carried out in small groups) gathered from manufacturing sites across the globe and presented 30 case studies. Certificates of commendation were presented by Chairman Fumio Fujimori to excellent cases.



Global QC Circle Conference

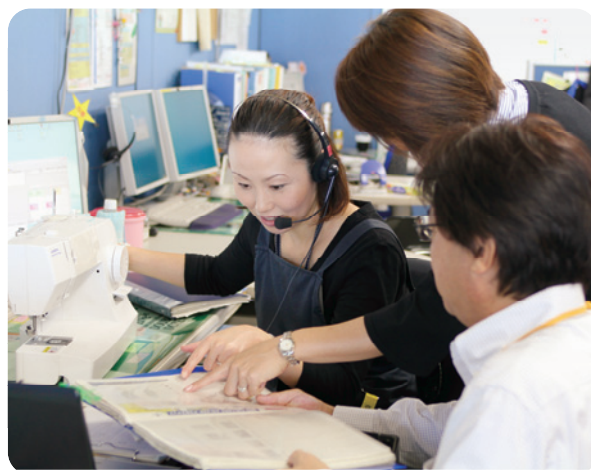
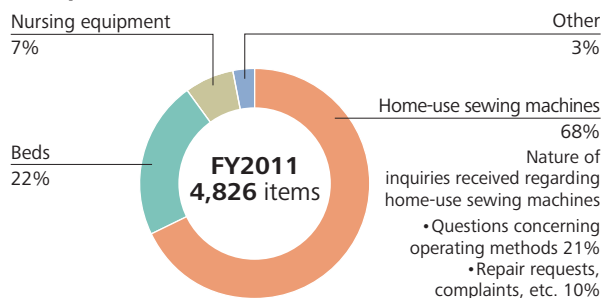
Reflecting customer feedback in product improvements

Developing activities based on a "Customer First" approach

Through its Customer Support Department, Aisin Seiki strives to respond promptly, accurately and politely to inquiries received from customers regarding its life and amenity related products, including sewing machines and beds. When responding to inquiries about products such as our sewing machines and wheelchairs that receive a larger volume of calls, customer service agents examine the actual product first hand so that they can respond in an easy-to-understand manner.

Inquiries are shared with our development division in the form of requests for product improvements and are also utilized in new product development.

Inquiries in FY2011



Responding to an inquiry at the Customer Support Department

Screening and improving product descriptions from a consumer-centric perspective

Aisin Seiki has established a screening committee that examines written descriptions appearing in product manuals and catalogues as well as its corporate website to help customers to correctly and safely use its products. The screening committee consists of members from the Customer Support Department as well as from the legal affairs, quality assurance, R&D, and sales and marketing departments who meet to review product descriptions. Members also include employees that have acquired certification as an Advisory Specialist for Consumer Affairs, as the committee strives to conduct screenings from a consumer-centric perspective.

Screenings are held not only for new products but also whenever a design is changed or the production location changes, and suggest replacing difficult-to-understand concepts and terminology with easy-to-understand illustrations and charts. Screenings also require that warnings and cautions be described with greater visibility and emphasis. The screening committee met 138 times in FY2011.

In addition, workshops are held regularly to enhance the writing skills of persons in charge of producing catalogs and other promotional materials.



Product catalogs

Product development based on customer feedback

NAVelite car navigation application for the iPhone

Aisin AW released a full-fledged car navigation application for the iPhone in January 2011 called "NAVelite." The app comes with map data, including detailed information on intersections, and provides users with the ability to search for their destination even in locations with no network signal, as well as car navigation functions such as route selection and guidance. In addition, the app provides door-to-door direct guidance as well as lane guidance while driving, which are popular features of in-car navigation systems,



NAVelite

and real time traffic congestion updates, which ensures accurate and easy-to-understand route guidance.

Since its release, the Company has regularly incorporated customer feedback to further enhance the appeal of the app by making the map screen clearer and improving the clarity of voice guidance.

Areas in which customer feedback was reflected in improved product usability

- Sharpened map screen images (for the iPhone 4)
- Improved the clarity of voice guidance
- Incorporated pinch and zoom features to change the size of the map
- Improved response times
- Changed the expected arrival time from an analog to a digital display
- Improved the speed of identifying any deviation from the selected route

TAO LIGHT II electric wheelchair

Aisin Seiki's welfare division has been selling the TAO LIGHT II electric wheelchair since 2004. This foldable wheelchair ensures easy stowage in most cars.

Based on customer feedback that specifically focused on the battery connection and recharger, the Company made minor changes to the wheelchair in April 2010.



The connector and battery can now be connected from the seated position



A refresh function was added to the recharger so that the full capacity of the battery can be utilized



TAO LIGHT II

Cautionary reminders that ensure safety

Alert issued for toilet seats with a warm-water shower feature

Toilet seats with a warm-water shower feature are electronic appliances, and as such, if the device continues to be used after it breaks down, the internal electronic components may become disconnected or emit heat, which has the potential to cause a fire.

Beginning in November 2008, Aisin Seiki issued an alert through its corporate website to prevent accidents for consumers who had been using its toilet seat with a warm-water shower feature for an extended period of time.



A link was posted in a highly visible location on the top page of the Company's website (<http://www.aisin.co.jp>, Japanese only) that brought visitors to a page providing further details on the alert.

Together with Employees

Occupational health and safety

Employee safety and health a top Priority

Under the core principle of placing safety and health above all else, Aisin Seiki is doing its utmost to prevent occupational accidents from occurring by carrying out regular, voluntary workplace inspections under an occupational safety and health management system (OSHMS). The Company also performs risk assessments for all facilities, including newly built, renovated and existing facilities, and work processes.

Furthermore, the Company has formulated the AISIN Global Safety Standards (AGSS), which set out detailed safety standards for all equipment and tasks, and which guide the plant staff in making improvements to the Company's equipment safety measures and workflow procedures. AGSS applies to all Group companies, including those outside of Japan.

Aiming to eliminate serious work accidents through the "Safety Roller Strategy"

Beginning in FY2010, Aisin Seiki launched the "Safety Roller Strategy," in which, led by the managing officer in charge of the production promotion, the factory sub-chief as well as the head of manufacturing and the head of production engineering set up a team to undertake thorough inspections of each production plant on a monthly basis with the mission to completely eliminate serious equipment-related work accidents*.

Although cases of equipment malfunctions in FY2011 totaled 1,135, remedial measures for each have already been completed.

* Serious work accidents: Caught between machinery, contact with heavy objects, contact with vehicles, falls, electrocution, contact with high temperature objects

Developing health and safety activities at Group companies

The AISIN Group's 12 main companies organized the All AISIN Health and Safety Working Group through which they undertake health and safety activities. In addition, the All AISIN Health and Safety Conference is held every year in July during nationwide safety week, when safety awards and case studies are presented. In addition, the Safety Study Group and Health Study Group Subcommittee held under the Working Group share a variety of information and also seek to raise the bar of activities across all Group companies.



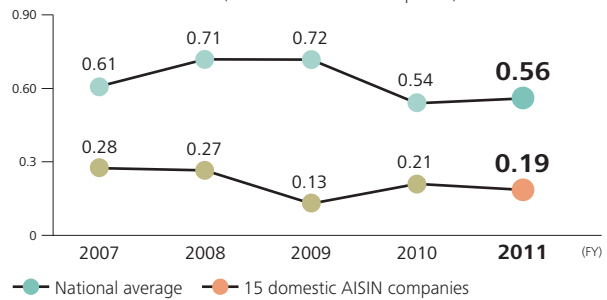
All AISIN Health and Safety Conference



Safety Roller Strategy (Aisin AW Industries)

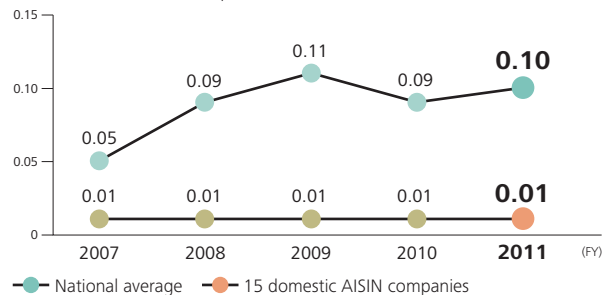
Starting in February 2011, the coverage of the Safety Roller Strategy, which had initially covered only Aisin Seiki, was expanded to include other Group companies. Through this initiative, AISIN is striving to reduce work accidents across the entire Group in Japan. As a result, the Group's 15 domestic companies, including Aisin Seiki, were able to achieve a frequency rate and severity ratio of work accidents that fell significantly below the national average for the industry.

Rate of lost work time injuries resulting from work accidents (15 domestic AISIN companies)



Frequency rate of injuries resulting in lost work time = $\frac{\text{injuries and deaths caused by work accidents (lost work time)}}{\text{Total work hours}} \times 1,000$

Severity ratio of work accidents (15 domestic AISIN companies)



Severity ratio = $\frac{\text{No. of lost work days}}{\text{Total work hours}} \times 1,000$

Reforming employee mindsets with the aim of achieving zero work accidents

The results of Aisin Seiki's safety activities to date have been a drop in work accidents from equipment-related factors each year. The next challenge the Company faces is addressing careless work accidents from human factors, such as coming into contact with objects or tripping, and as such the Company will continue to undertake relevant activities for this cause.

Specifically, Aisin Seiki has established four fundamental safety behaviors including (1) no running; (2) walk only in designated areas; (3) do not walk with hands in pockets; and (4) stop momentarily to check both directions for safety. The Company decided to implement a safety declaration performed by employees participating in meetings and conferences in which participants verbally state these four behaviors, which each and every employee must follow, in an act of reaffirming our safety-first philosophy.

AISIN aspires to be the world's foremost corporate group in terms of safety and to this end it promotes relevant occupational health and safety activities.

Safeguarding the health of employees — Wellness Center established



① Examination room
② Waiting room
③ Exterior view of the Wellness Center

To support employee efforts to maintain, manage and enhance their health, Aisin Seiki made the Health Promotion Center an independent entity by separating it from the Health Promotion Group of the Safety & Health Department in January 2011, and established the Wellness Center in April 2011 as a focal point of the center's activities.

Aisin Seiki conducts regular physical exams of its employees to monitor as well as maintain and enhance their health. The Health Promotion Center stands at the core of our activities to enhance our health management system so as to maintain the physical and mental health of our employees and also undertakes mental health countermeasures. In particular, the Company focuses on preventative measures and activities to ensure that employees maintain a healthy work and private life.

Wellness Center (established April 2011)

- 1F: Health clinic
- 2F: Health promotion center and massage room
- 3F: Mental health consultation room

Maintaining or enhancing employee health

A multifaceted approach to mental health care

Aisin Seiki conducts simplified surveys on workplace stress during employees' regular physical exams to identify and treat mental health issues at an early stage. Employees showing signs of illness are asked to speak directly with a mental health specialist.

As part of our mental health countermeasures, the Company has implemented a listener system and has been conducting a specialized training course to develop personnel capable of listening to and discussing issues employees face. After completing this course, employees are registered with each workplace as listener system leaders and encouraged to talk to fellow employees to identify problems. Through this system, the Company is striving to develop workplaces where employees are able to freely approach and discuss physical and mental health issues with their specially trained colleagues. In addition, the Company holds listener training courses

for managers and supervisors that enable them to identify changes in as well as discuss issues with their junior staff, and when necessary refer them to the Health Promotion Center.



Listener education

Respect for human rights and diversity

A declaration for respecting human rights

The Aisin Group Principles of Corporate Behavior declares our intent to act as a corporation with full respect for human rights.

We endeavor to secure safe and comfortable work environments that achieve affluence and peace of mind, while respecting the character, individuality and diversity of our employees.

Developing workplaces where people with and without disabilities can work together easily

On the basis of an approach rooted in the concepts of normalization and harmonious coexistence, Aisin Seiki aims to create working environments in which people with and without disabilities can work together comfortably.

The Company holds regular consultation sessions for employees with disabilities and does all it can to respond to their concerns in connection with work and everyday life. The Company also holds training sessions for managers and supervisors so that advisors and superiors in the workplace are better able to understand the concerns of disabled employees.

The 12 main AISIN Group companies host a liaison conference on the employment of persons with disabilities and have built up an operating structure where each of these companies also supports their own affiliated companies.

The Group also focuses efforts on providing technical

training for our employees with disabilities. In FY2011, the results of these activities helped an employee of Aisin Seiki's Machinery & Equipment Plant win a gold medal in the mechanical CAD division at Japan's national Abilitympics competition (a vocational skills competition for people with disabilities).

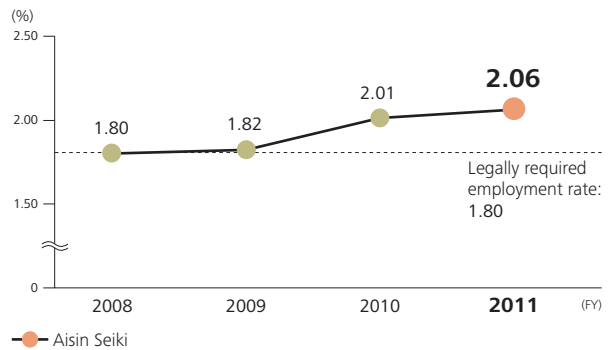


Abilitympic gold medal winner Mr. Ryo Tamayose Machinery & Equipment Plant, Aisin Seiki Co., Ltd.



Mr. Tamayose at work during the Abilitympics

Employment Rate of Persons with Disabilities



FOCUS

Lecture on human rights for executive officers

Aisin Seiki provides human rights education in training programs for new hires, including mid-career hires, as well as employees that have been promoted. The training emphasizes the fact that respect for the diversity of all people leads to respect for human rights, and covers a wide spectrum of issues as they relate to the human rights of

minorities, women, and the physically challenged. A total of 733 employees took part in this program in FY2011.

In addition, a new initiative was launched in FY2011 in the form of a lecture on human rights for executive officers. The Company plans to hold this lecture on an annual basis moving forward.

Number of employees taking part in human rights education in FY2010

New hires	302
Mid-career hires	92
Employees receiving a promotion	285
Employees prior to new appointment to a managerial position	54

Overview of the lecture on human rights for executive officers in FY2011

Speaker: Professor Suehiro Kitaguchi, Kinki University Center for Human Rights

Theme: Corporations and Human Rights in a Era of Change: As Seen from a Compliance Perspective

Audience: All Aisin Seiki executive officers as well as presidents and executive officers of the Corporate Planning & Managerial Administration Department of Group companies

Attendees: 197



Lecture on human rights for executive officers

Work-life balance

Supporting compatibility between work and home life

With the structure of Japan's labor force undergoing changes as a result of the country's aging society and declining population due to a falling birthrate, companies now more than ever need to find ways to spur on their corporate activities by both providing work environments for each and every employee to leverage their skills and abilities to the maximum extent possible, as well as ensuring diversity in the work force. To this end, AISIN believes it is critical to support the work-life balance of its employees by developing work environments that enable employees to select a variety of different work formats. As such, to ensure an optimal balance between employees' work activities and private lives, Aisin Seiki coordinates closely with labor representatives for shortened work hours and an array of other benefits. Past initiatives include the establishment of reduced working hours and childcare leave programs, as well as the opening of an in-house nursery.

In June 2010, the Company augmented its programs in conjunction with revisions to Japan's laws on family and medical leave. As a result, the Company has sought to develop workplace environments that balance employees' jobs with their childcare or nursing care commitments, such as the introduction of new leave for the care of family members in need, the expansion of applicable hours for reduced-hour work programs and increasing the number of days granted for a child's medical care.

Moreover, with the opening in October 2007 of the AI Mommy's Support nursery within the Aisin Seiki headquarters grounds, the Company is able to address the needs of its employees by providing childcare services for a total of 32 infants and children up to the age of five (as of June 30, 2011).



AI Mommy's Support

Number of employees using childcare and nursing care support systems (Aisin Seiki)

(Persons)

		FY2009	FY2010	FY2011
Childcare leave	Female	53	72	63
	Male	2	0	6
Nursing care leave	Female	2	3	0
	Male	2	3	4
Shortened working hours for childcare	Female	152	129	153
	Male	13	13	20

Overview of childcare and nursing care support systems

Name	Summary
Leave before and after childbirth	As stipulated in Japan's labor laws, employees may take six weeks (14 weeks for multiple birth pregnancies) of leave prior to and eight weeks of leave after childbirth.
Childcare leave	Employees may take childcare leave either until the end of the fiscal year (March 31) in which the child reaches the age of one, or before the child reaches the age of 18 months.
Shortened working hours for childcare	Employees with a child who has yet to enter elementary school may shorten their working hours within the following scope (see below). In addition to shortening some of their working hours, employees may also make use of eight-hour increments, subtracted from their allotted quota, as a day off. Child up to 2 years as of April 1: 488 hours per year Child between the age of 3 and 5 as of April 1: 244 hours per year
Temporary leave for child health issues	Employees with a child who has yet to enter elementary school may take up to five days a year for child nursing reasons. (Employees with two or more pre-elementary school aged children may take up to 10 days a year.)
Nursing care leave	Employees who are providing nursing or care services to a family member in need may take up to one year of leave per family member requiring care services.
Temporary leave for nursing care	Employees who are providing nursing or care services to a family member in need may take up to a total of five days a year per family member requiring care services. (Employees with two or more family members requiring care services may take up to 10 days a year.)
Reassurance leave	Employees can carry over paid leave that has not been used for a period of two years to a maximum of 20 days. Reassurance leave can be taken to recover from an injury or illness or to provide nursing care and comfort to family members in need.
Full-day and half-day paid leave	Employees are given between 17 and 20 days of paid leave per year. Paid leave can also be used in half-day increments. (Employees using the flex-time system are not eligible to take half-day paid leave.)
Limitations on overtime, work on holidays and late-night work	Employees with a child who has yet to enter elementary school (junior high school for employees working late-night shifts) and employees with family members in need of nursing care services are eligible to use this system.

Together with Suppliers

Basic Policy on Procurement

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

Green procurement

Helping suppliers raise the bar of environmental management practices

AISIN, based on the standardized AISIN Group Green Procurement Guidelines, promotes environmental activities together with its suppliers.

The Company also provides assistance to its suppliers in their development of environmental management systems to help raise the bar of their environmental management practices. In FY2011, the Company asked 225 suppliers of the Group to take part in voluntary inspections using a specially compiled check sheet. The Company also visited suppliers' places of business and helped promote improvements on the production floor.

Occupational health and safety

Verifying the safety of equipment

In FY2010, Aisin Seiki began working with the Safety and Environmental Committee of the AISIN Suppliers Network* to conduct equipment safety inspections. Under a structured five-year plan, the Company will inspect a total of 12,000 pieces of equipment at the manufacturing plants of 66 suppliers. In FY2010, the second year of this plan, the Company inspected 3,250 pieces of equipment.

* AISIN Suppliers Network: Launched as a friendship association for all AISIN suppliers, the network currently promotes information exchange and mutual study through lectures and workshops.



Equipment safety inspection

Mutual development led by mutual trust

Helping suppliers resolve business challenges

Aisin Seiki encourages activities that help promptly identify supplier business challenges, as well as visits suppliers' places of business to discuss issues and provide advice aimed at problem resolution.

In FY2011, six full-time staff held a total of 416 interviews with suppliers. As a result, the Company was able to achieve solid results in terms of improving the quality of suppliers' products.

Promoting localized procurement

Cultivating new suppliers locally

Aisin Seiki is looking to cultivate new suppliers locally as a means to expanding its business presence in emerging nations.

In FY2011, the Company evaluated, in terms of quality and costs, a Chinese manufacturer with which it plans to begin a business relationship, and the Company conducted studies in Brazil and Indonesia to identify new supplier partners.

Compliance with laws and regulations

Education aimed at full compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors

In order to fully comply with Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, which forms the basis of accountability to subcontractors, AISIN regularly holds training lectures for purchasing managers in its procurement division.

In FY2011, the Group held training programs in other divisions, as well as at several Group companies, to ensure full compliance with this law.



January 2010 training lecture on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors with 150 participants

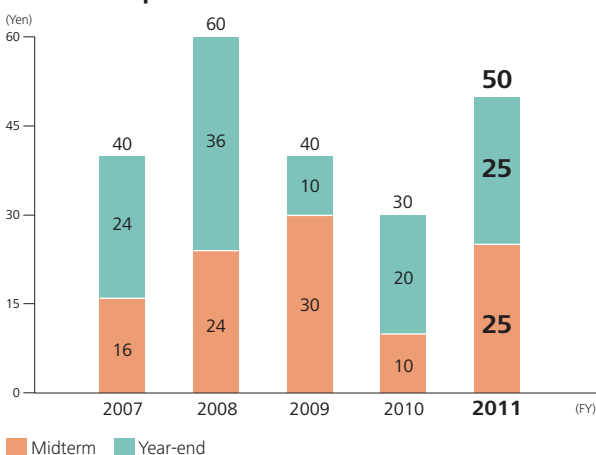
Together with Shareholders and Investors

Distribution of profits

Pursuing the stable increase in dividends

While Aisin Seiki aims to stably increase dividends, the Company also recognizes that effective forward-looking investment is necessary for the continued growth of the Company and to secure profits for investors. Aisin Seiki endeavors to strike a balance in achieving both of these goals.

Dividend per share



Information disclosure

Fair, timely and appropriate disclosure

AISIN strives to disclose information in a fair, timely and appropriate manner in order for all stakeholders, including investors and shareholders, to accurately understand the business activities of the Group.

Internal rules governing the disclosure of information define the management of important internal information as well as procedures and systems for disclosing information in a timely manner. Based on these rules, proposals and subjects brought up during meetings as well as material facts occurring both within and outside AISIN are immediately reported to information controllers (general managers of each division within Aisin Seiki; executive class officers in Group companies). After receiving a report, information controllers convene individual councils to report to the president of their company and take measures to disclose said information in a timely manner.

In addition, the Company holds announcements in Japan and abroad of quarterly business results, and widely publishes useful information using a variety of media, including the AISIN Report, reports published for shareholders, and a corporate website which includes the latest information on the Company.

General Meeting of Shareholders

Holding shareholders' meetings before other companies to increase attendance

Aisin Seiki holds shareholders' meetings early, avoiding dates crowded with other company shareholder meetings so that as many shareholders as possible can attend.

In 2011, the 88th General Meeting of Shareholders was held on June 21 and welcomed 285 persons, which exceeded the number from 2010.



General Meeting of Shareholders

Investor relations activities

Communicating with investors through presentations and our corporate website

In addition to announcements of quarterly business results and Company presentations to analysts and institutional investors held quarterly, Aisin Seiki responds to individual media coverage as required. The Company also holds presentations for overseas investors in Europe, North America and Asia roughly once per year.

In FY2010, Aisin Seiki launched a new website for individual investors. This site provides an easy-to-understand introduction to our Company and products. The Company updates the site regularly and delivers news releases and information updates by email.

Feedback and requests acquired through these communication routes are reflected in our business activities where possible.



Individual investor website (Japanese only)

<http://www.aisin.co.jp/finance/personal/index.html>

Together with Local Communities

Basic approach

Working under the key phrase “Be With”

AISIN is working actively on corporate citizenship activities closely linked to the regions in three prioritized areas, namely Protection of Nature and the Environment, Fostering Youth and Community Building and Development.

As fellow citizens, it is important for companies to work together with local communities in fulfilling their responsibilities to society, and it is this ideal of cooperation that motivates our activities in this regard. Such activities are spreading to our overseas bases and Group companies, and AISIN’s “ring of harmony” is expanding throughout the world at a growing pace.

Encouraging employees to participate in volunteer activities

Providing employees with a range of easy options

Aisin Seiki provides its employees with a range of easy options for participating in volunteer activities through its dedicated department, the Volunteer Promotion & Welfare Consultation Center. This has enabled the Company to raise awareness among its employees toward volunteer opportunities and encourage them to get actively involved. The Group’s other main companies have also set up departments or deployed staff internally to promote employee participation in volunteer activities.

List of volunteer activities for employees

In local communities

- “Traffic Safety Watch” advocates for traffic safety in areas around the Company
- “Clean Activities” undertakes clean-up activities in areas around the Company
- “All AISIN NPO Activities Support Fund” uses proceeds from charity concerts and donations to support the efforts of NPOs

At the employee cafeteria

- Sales of snacks and deserts made by local workshops for persons with disabilities
- “Table for Two” is a program that helps provide food aid to developing nations (¥20, the equivalent to the cost of one meal, is donated to developing nations when a participating employee orders a specific low-calorie item from the menu).

Together with the family

- Outreach seminar on “*mono-zukuri* (manufacturing)”
- Tree-planting on Mt. Fuji
- Parent-child nature experience in Neba Village (forest conservation activity in Neba Village, Nagano Prefecture)



“Table for Two” menu available at our employee cafeteria

FOCUS

Promoting corporate citizenship activities across the entire AISIN Group



The 8th tree-planting event on Mt. Fuji

The 12 main AISIN Group companies act as one in promoting a variety of corporate citizenship activities.

One such activity is a greenery restoration project started in FY2004 that aims to restore the forest of Mt. Fuji. In May 2010, more than 260 employees and their families joined forces with people from the local community in the eighth tree-planting event on Mt. Fuji.

In addition, the Company continues to promote the All AISIN NPO Activities Support Fund, which offers assistance to NPOs in the local community through donations from Group employees and proceeds from the annual All AISIN Charity Concert held each autumn. In FY2011, the fund provided donations to 12 organizations.

Environmental education program for elementary school pupils organized jointly with an NPO

Aisin Seiki has worked together with ASK-NET (a specified nonprofit corporation) since FY2007 to host the AISIN Environmental Education Program for elementary school students.

This program is part of an integrated study class of fourth and fifth graders at elementary schools in the Nishi-mikawa region, which also encompasses the city of Kariya, Aichi Prefecture, where our corporate head office is located. In order for students to learn in a fun and exciting format, the program uses a variety of methods, including classroom lectures and hands-on learning experiences in rivers around schools, as well as the Sympathy Workshop, which uses original learning materials, and Eco Discussions in which families and people from the local community talk about the environment. The program has also been held by Group company Aisin AW since FY2009.

In FY2009, this education program resulted in extensive conservation activities aimed at protecting rare species locally.

A survey on living organisms in rivers conducted during a hands-on learning program at Yatsuomote Elementary School in the city of Nishio discovered *Nepa hoffmanni*, an insect species protected by Aichi Prefecture. This finding was presented during the Eco Discussion, and through the assistance of a city councilor that was invited to attend the discussion, the city of Nishio began conservation activities to protect the local *Nepa hoffmanni*. Later, student participants in the program visited social welfare facilities locally to advocate the need to protect the species. Activities like these and other initiatives have served to spread awareness among city residents about environmental conservation.

In FY2011, 21 elementary schools from nine cities, representing 1,621 pupils, participated in the program. Moving forward, the Company plans to convey the importance of living organisms to students through the environmental education program.

Environmental education program flow



COMMENT

From a Partner NPO

Whenever a school considers implementing a new program, the fact that we work together with Aisin Seiki, a major company with roots in the local community, gives us greater credibility when making a proposal. In addition, I believe we can convey a greater public nature to the program when we present to schools because it is organized not by Aisin Seiki alone, but together with our NPO. Moving forward, I hope to leverage our networks and expertise as well as assist one another in developing more useful activities for the local community. I am very grateful to be working alongside such a wonderful partner as Aisin Seiki.



Masako Shirakami
Representative Director and Education Coordinator
ASK-NET (specified nonprofit corporation)

Japan: Conveying the joy of “*mono-zukuri* (manufacturing)” to children

AISIN is engaged in social contribution activities that allow children to experience the excitement of science and technology through “*mono-zukuri* (manufacturing).” One such activity is the “AISIN *Mono-zukuri* Hiroba (Manufacturing Forum),” a craft class taught by volunteers consisting of AISIN employees and retirees.

The forum held in FY2011, which was the ninth installment, was based on the theme of buoyancy and propulsion. It hosted about 100 local elementary school students. The children first learnt the principles behind the hovercraft, then built and operated a mini-hovercraft under the supervision of AISIN employees and retirees. Tasks such as finely adjusting the position of the motor to ensure the hovercraft moves fast and in a straight line allowed the children to gain first-hand experience of the excitement of building and improving their creations.



AISIN Mono-zukuri Hiroba (Manufacturing Forum)

USA: Sponsorship of a team of high school students in robotics competitions

Aisin Technical Center of America, Inc., based in Livonia, MI, sponsors the Livonia Warriors, a team of local high school students taking part in robotics competitions. Since FY2010, we have been supplying the team with components and funds for participating in robotics competitions hosted by FIRST*, as well as sending employees to help the team in building their robots.

* A US non-profit organization that supports science and technology education



Team of high school students in a robotics competition

China: Supporting school education for children

In March 2010, Zhejiang Aisin-Hongda Automobile Parts Co., Ltd. established a fund to support school education for children from poorer backgrounds to mark the launch of production by its subsidiary, Taizhou Aisin Ruifeng Automobile Parts Co., Ltd.



Scholarship presentation ceremony

Australia: Donation of sewing machines to tsunami-hit region

In May 2010, Aisin (Australia) Pty., Ltd. donated 10 sewing machines, used for vocational training, to assist in the recovery of a school in the Solomon Islands that was seriously damaged by a tsunami.



Students undergoing training using sewing machines

Turkey: Donation of stationery and clothing to an elementary school

Aisin Otomotiv Parcalari Sanayi Ve Ticaret A.S. is providing support for an elementary school in eastern Turkey, near the Iranian border.

Since FY2010, we have been donating equipment and stationery, as well as providing financial support for this school, whose educational programs had been interrupted due to armed conflict. In FY2011, we continued to collect donations from all employees and donated stationery, clothes and toys.



Children attending the newly reopened school in October 2009

Assistance to regions affected by the Great East Japan Earthquake

Group provides all-out assistance effort

The Great East Japan Earthquake on March 11, 2011, inflicted extensive damage in northeast Japan. AISIN is making an all-out effort across the entire Group to assist Group companies, clients and residents in the regions affected by the disaster.

Donation of relief funds

The 12 main AISIN Group companies jointly donated ¥100 million through the Central Community Chest of Japan to aid in the recovery of the devastated regions.

Delivery of relief goods

In response to the disaster, AISIN Group companies coordinated to collect relief goods such as bottled drinks, instant foods like instant noodles, and everyday items including blankets and batteries. Delivery of relief goods by trucks commenced on the day after the earthquake. A total of 45 tons of goods were sent to the disaster regions, client companies and AISIN Group companies.



Supplies arriving in the city of Rikuzentakata being offloaded by employees dispatched to the region

Providing assistance through our own products

We modified our gas cogeneration units to build a system that can supply power and hot water in regions without power, and installed this system, along with shower rooms, onto trucks. Since in June 2011, we have been dispatching these “energy vehicles” to isolated evacuation centers to provide electricity and hot water showers.

In particular, the private shower rooms are proving to be extremely popular with evacuees.



“Energy vehicle” at work in the town of Otsuchi, Iwate Prefecture



Shower room

Personnel assistance in the disaster area

Immediately after the disaster, we dispatched a team of personnel from the general affairs, production management, production technology, maintenance, and other divisions, to provide recovery assistance to our partners and subsidiaries and distribute relief goods in the disaster region.

From June, Aisin Seiki employees participated as volunteers in a relief assistance initiative jointly organized by 15 Toyota Group companies. The participants underwent initial training to deepen their understanding of local conditions and then took part in tasks such as debris removal or drain clearance. The Toyota Group had dispatched six volunteer teams as of the end of July 2011. We intend to continue dispatching volunteers in response to the needs of the regions.



Clearing drains in a residential area (Ofunato, Iwate Prefecture). The mud is packed in sandbags.

Fund-raising activities by employees

We collected donations from employees of AISIN Group companies both in Japan and abroad. In addition, members of the AISIN Sea Horses, our basketball team, took part in street fund-raising. Approximately ¥57 million was raised, which was donated as relief funds.



Collecting donations in the Company cafeteria

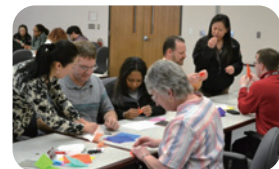


Street fund-raising by AISIN Sea Horses basketball players

Donations and other assistance from overseas employees



UK: Donations from neighbors and employees



USA: Participation in a campaign in which a piece of children’s clothing is donated for each origami crane



USA: Sale of T-shirts to raise funds



China: Donations from employees

Governance

Board of Directors and Auditors (as of June 21, 2011)

<u>Chairman</u>	<u>Directors</u>
Kanshiro Toyoda	Yutaka Miyamoto
<u>President</u>	Shinsuke Yagi
Fumio Fujimori	Toshiyuki Ishikawa
<u>Executive Vice Presidents</u>	Takeshi Kawata
Shunichi Nakamura	Tsutomu Ishikawa
Masuji Arai	<u>Standing Corporate Auditors</u>
Shinzo Kobuki	Norio Oku
Toshikazu Nagura	Toshihiro Gonda
<u>Senior Managing Directors</u>	<u>Corporate Auditors</u>
Naofumi Fujie	Shoichiro Toyoda
Takashi Morita	Ryo Kobayashi
Shizuo Shimanuki	Hikaru Takasu
Makoto Mitsuya	
Toshiyuki Mizushima	
Takashi Enomoto	
Kazumi Usami	



Kanshiro Toyoda
Chairman

Fumio Fujimori
President



Shinzo Kobuki
Executive Vice President

Shunichi Nakamura
Executive Vice President

Masuji Arai
Executive Vice President

Toshikazu Nagura
Executive Vice President

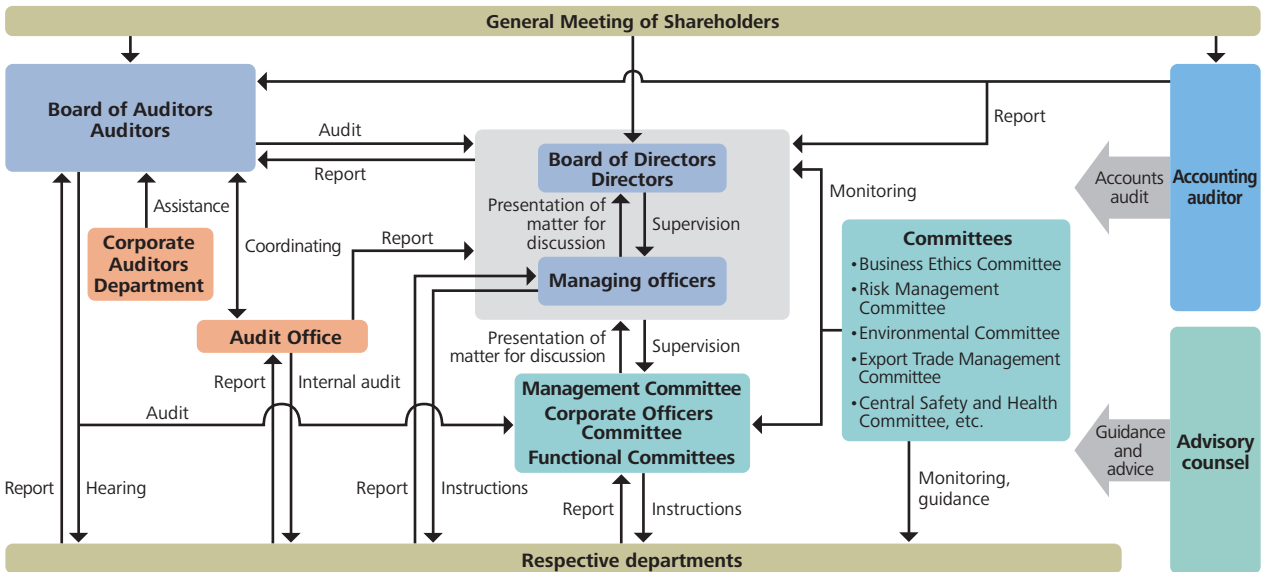
Corporate Governance

Aiming to operate with fairness and transparency

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

To this end, Aisin Seiki believes it is crucial to conduct business operations with fairness and transparency as a reliable corporate citizen of international society, and strives to enhance its corporate governance program.

Corporate Governance Structure



Aisin Seiki has adopted an auditor system stipulated in the Companies Act of Japan and has established General Meetings of Shareholders, a Board of Directors and a Board of Auditors as statutory institutions.

Board of Auditors (5 corporate auditors)

The Board of Auditors is comprised of five auditors, three of whom are external corporate auditors. Auditors audit the execution of work

performed by directors and keep track of how each business area is performing its work. They thus verify whether management and business activities are being carried out properly.

Board of Directors (18 directors)

The Board of Directors meets once a month to pass resolutions on important matters related to management affairs, and it is also responsible for supervising the execution of work processes.

CSR Management

Principles and guidelines

Aiming to contribute to the sustainable development of society and the earth under the Aisin Group Principles of Corporate Behavior

The Aisin Group Principles of Corporate Behavior, enacted in January 2010, include entries on contributing to the sustainable development of society and the earth, respecting each employee's character, individuality and diversity, and developing and maintaining sound relationships with stakeholders based on active communication. A number of CSR programs under various themes are implemented following these principles.

By FY2011, 23 companies located overseas, including in North America, have adopted these principles, in addition to the 71 subsidiaries in Japan. In FY2012, AISIN will continue to implement these principles while keeping up with the local conditions in each country and region.



The Aisin Group Principles of Corporate Behavior is available in Japanese, English, Spanish, and Portuguese.

Promoting greater awareness and execution of the Principles through the Guideline in Compliance with Social Responsibility

The Guideline in Compliance with Social Responsibility was established to provide concrete behavioral standards for all employees to fulfill the objectives of the Aisin Group Principles of Corporate Behavior. At the same time, seminars are held to provide more information at the Company's headquarters, plants and business locations.

Moreover, the guideline is summarized in a booklet that is distributed to all employees.

Organizational structure

Establishing a variety of committees in promoting CSR

AISIN has also set up committees tasked with promoting management that addresses the interests and concerns of internal and external stakeholders, including the Business Ethics Committee, the Environmental Committee and the Central Safety and Health Committee.

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

Education and training

Promote the firm establishment of CSR programs

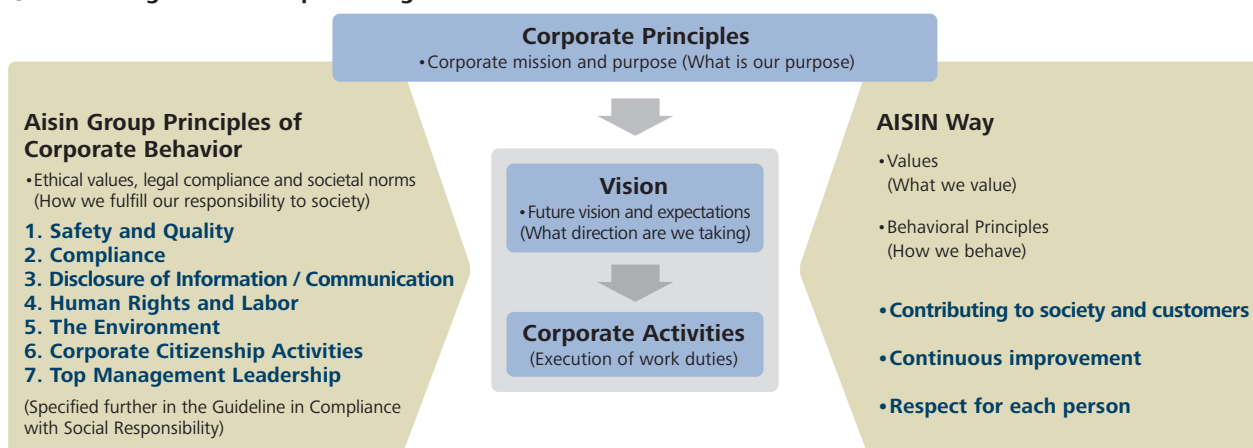
To promote employees' awareness of CSR and encourage business practices with CSR in mind, CSR training (for regular employees) and CSR management training (for managers) are conducted as part of rank-specific training programs.

In addition, top management training targeting senior managers at overseas locations is conducted. Through this training, emphasis on the AISIN Way, which outlines the Group's corporate philosophy, and a global approach to CSR is promoted.



Top management training (targeting top managers in overseas locations)

CSR management conceptual diagram



Compliance

Principles and guidelines

Declaration of thorough compliance

AISIN endeavors to ensure compliance best practices under the Aisin Group Principles of Corporate Behavior. In addition, the Guideline in Compliance with Social Responsibility uses a question-and-answer format to provide employees with concise information on specific laws and regulations to pay heed to during the execution of work duties.

Summary of the Guideline on Compliance

(Excerpt from the Guideline in Compliance with Social Responsibility)

- Legal compliance among all employees
- Open and honest behavior
- Become a true open-minded global corporation
- Open and fair competition
- Establishment of appropriate business policy
- Transparent purchases and procurement
- Sound public-private relationships
- Information management and protection
- Safeguard intellectual property assets

Organizational structure

Establishment of a Business Ethics Committee

The 12 main companies have set up a Business Ethics Committee or equivalent committee at each company as a structure whose function is to discuss important matters related to corporate ethics, compliance and to decide on policy in this regard.

Each committee, chaired by a member of top management such as the vice president, has met one to three times each year to deliberate since 1992.

Promoting widespread recognition of the whistle-blowing system

The 12 main Group companies have established a compliance hotline with internal contact points in each Group company, such as legal affairs departments and at external law offices to receive inquiries and notices on matters pertaining to compliance to promptly identify and correct inappropriate conduct.

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

In FY2011, a focused effort was made to notify more employees of the compliance hotline and encourage its use through the use of internal newsletters and posters.

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

Compliance hotline contacts (12 main Group companies)

	FY2009	FY2010	FY2011
Internal contacts	234	209	195
External contacts	20	24	24
Total	254	233	219

Education and Training

Ensuring full awareness on the part of Employees

Among its rank-specific and theme-focused training programs, AISIN conducts compliance training as a means to raise awareness of relevant laws and regulations among employees.

In FY2011, training focused on the fundamentals of the Antimonopoly Law as well as the management of export duties and contracts.

In addition, October of each year has been designated as Business Ethics Campaign Month. During this month, a call for new banner ideas and group discussions at workplaces fosters opportunities for each and every employee to reflect on their normal routines and consider business ethics.

To spread awareness of compliance, workplaces conduct case studies. Using challenging examples of compliance issues posted on the Group intranet, members of workplaces discuss what the problem is and how to prevent it. Case study examples are also made available in Portuguese.

Number of compliance training program participants (12 main Group companies)

(Persons)	FY2009	FY2010	FY2011
Officers	145	215	157
Managers	842	2,035	672
General employees	2,509	2,855	2,026
By rank (Number of new hires and mid-career hires)	(1,299)	(996)	(666)
Agency workers	172	74	184
Total of rank-specific training	3,668	5,179	3,039
Total of theme-focused training	1,958	4,521	5,284

Poster to enhance ethical business activities



Poster in Japanese



Poster in Portuguese

In addition to Japanese, posters are also being made and displayed in English and Portuguese.

Moreover, continual efforts are put into raising awareness of compliance among the Group's employees such as through providing compliance related examples and explanations in an ongoing article series in the internal newsletters of each Group company.



Reviewing compliance case studies during workplace meetings

Compliance awareness survey

In FY2011, a compliance awareness survey targeting employees was conducted throughout the entire Group, to which 35,243 employees responded. The results of the survey indicated that all Group companies share a similar understanding of the compliance hotline system and awareness towards workplace harassment.

From FY2012, AISIN will further implement Group-wide measures to create a bottom-up structure across the Group.

Information Security

Fundamental policy and organizational structure

Formulating guidelines, and establishing a system to prevent information leakage

Aisin Seiki has established the following guidelines, among other measures, to prevent the leakage of confidential and personal information. These guidelines require that confidential and personal information of employees, customers and business partners be handled in full compliance with relevant laws and societal norms.

Under a Company-wide system, Aisin Seiki places confidentiality managers in each department to take measures to prevent information leakage. To respond to any information leaks or suspected leaks that should occur, the Company has established an Emergency Countermeasures Headquarters to investigate each leak, prevent secondary damage and provide for the parties affected.

Guidelines Concerning Information Security

- Aisin Group Principles of Corporate Behavior
- Confidential Information Management Rules
- Personal Information Protection Policy
- Personal Information Protection Rules
- Cyber Information Security Management Rules

Cyber information security

Thorough management to prevent information leakage

Aisin Seiki specifies procedures for protecting its information and information systems in its Cyber Information Security Management Rules. The Company designates security levels for each building according to the importance of the information housed, and manages the facilities and monitors who enters and exits based on the respective security levels.

To prevent information leakage, the Group has established a strict registration system for company-owned computers and external storage media such as USB devices, and requires that employees receive permission when taking these items from the premises. All computers are secured using wire locks. In addition, data in important digital documents are protected using security software such that they cannot be viewed by external parties.

AISIN SEIKI Co.,Ltd.
<http://www.aisin.com>

Concerning future plans and forecasts

Current plans, prospects, strategies and convictions indicated in this brochure in connection with Aisin Seiki Co., Ltd. and its consolidated subsidiaries and affiliates (hereinafter AISIN) are forecasts of future results unless they are historical facts. These are based on judgments made by senior management at AISIN obtained from information that can be obtained at the present time and they inevitably include risk and uncertainty. It should be appreciated that a variety of factors may result in a situation where the actual results differ from these forecasts. The following are among the risk and uncertainty factors that may have an influence on actual results: 1) Changes in economic conditions, exchange rates, laws, regulations, policies or political conditions affecting the main business sectors in which AISIN is involved; 2) Environmental changes affecting AISIN's ability and capacity to develop new products in a timely manner and in line with the expectations of customers; 3) Fuel supply shortages, paralysis of traffic functions, strikes, interruption of work and difficulty of obtaining sufficient manpower in the markets for AISIN products and in regions where parts, materials and equipment are procured; 4) Consequences of fortuitous events. However, factors that may have an influence on results are not exclusively restricted to the above factors.