

# SOCIETY

## DIMENSION

As a good corporate citizen, we are actively engaged in social contribution activities. We also try to provide the optimum work-life balance to enable employees to lead well-rounded and fulfilling lives. We are also committed to creating a safe and healthy workplace where employees can work comfortably with peace of mind.

### TOP NEWS

#### Support for the Great East Japan Earthquake Victims

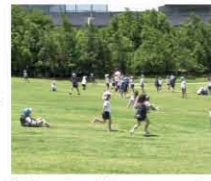
As part of our efforts to support the people and areas affected by the Great East Japan Earthquake of March 11, immediately after the earthquake, we sent relief supplies, including food, water, fuel, and generators to Ohira Village, Kurokawa-gun, Miyagi Prefecture, via our affiliated company in the Tohoku region. The 12 main companies of the Aisin Group donated contributions to the Central Community Chest of Japan. Furthermore, financial contributions from the directors and the Association of General Managers/Managers of the Aisin Takaoka Group, and funds collected from employees through union-management joint fund-raising activities were donated to the Chunichi Shimbun Community Service Administration. We sincerely hope that the affected areas and people will recover as quickly as possible.

## Social Contribution Activities

### In Japan

#### Community contribution activities

- **Clean-up activities around the plants**  
Clean-up activities were carried out at our business sites, including weeds mowing and cleaning of the river.
- **Company's golf course opened to the public**  
Local kindergarten children were invited to our golf course for an excursion.
- **Traffic safety promotion activities**  
Our employees stand on the streets to ensure that local elementary children get to their schools safely.



Kindergarten children on excursion

#### Environmental protection activities

- **Planting trees on Mt. Fuji**  
We planted *Salix integra* seedlings (a type of willow) on Mt. Fuji.
- **Exchange activities with local residents of Neba Village in Nagano Prefecture**  
Exchange events were held in summer and autumn, in which employees and their children participate.



Participants in a tree-planting event at Mt. Fuji

#### Other activities

- **Environmental briefing sessions**  
An environmental briefing session was held inviting representatives from local communities to exchange opinions.
- **Water Quality Protection Committee meetings**  
We conducted water quality protection activities in cooperation with local fisheries cooperative associations.
- **Monozukuri (manufacturing expertise in value-added products) promotion activities**  
We held hands-on workshops to teach local children how to make candles, etc.



Observation tour of the wastewater treatment facility at the Head Plant

### Overseas

#### Community contribution activities

- **Education support activities (USA: ATTC)**  
Donated scholarships and held *monozukuri* workshops for local high school students.
- **Donations for the Festival of Sacrifice (an annual Islamic event) (Indonesia: ATI)**  
Donated cows and goats to neighboring villages.
- **Exchange activities with local temples (Thailand: TEP)**  
Conducted cleaning around local temples and donated daily commodities to them.
- **Exchange activities with local schools (Thailand: SATI)**  
Donated computers, educational supplies, and sports equipment to local elementary schools.
- **Blood donation drives (Thailand: SNF)**  
Conducted blood donation drives at the company once every three months.
- **Visits to welfare facilities (China: ATL-T)**  
Visited and donated electrical appliances and daily commodities to nursing homes and orphanages.
- **Traffic safety awareness campaign (China: ATL-G)**  
Employees participated in a traffic safety awareness campaign and distributed leaflets to pedestrians in cooperation with the local police.



Donation presentation ceremony at the Festival of Sacrifice



Employees participating in a welfare facility visit

## Human Resources Development

### Overseas training to foster global human resources

With the increasing shift to overseas production, our overseas operations are expanding. It is crucial to secure overseas resident employees in terms of both quality and quantity. The development of human resources who have a global perspective is an urgent necessity for us. To develop capable human resources systematically, we launched the "Overseas Training Program" last year. To nurture talented employees to be posted abroad in the future, this program dispatches young employees to our overseas subsidiaries for about a year to gain work experience abroad. For example, in December 2010, Mr. Takahiro Murakami of the Corporate Planning Department started training at INTAT in the United States. We plan to regularly dispatch trainees from functional departments.

#### VOICE



Corporate Planning Dept.  
Takahiro Murakami

I have been receiving on-the-job training at INTAT. I am learning profit and loss management, including planning budgets (which serve as targets for profits and losses), checking financial statements and profit and loss analysis, while communicating with American staff members. I also have English conversation lessons twice a week from an American instructor to improve my language skills.

#### VOICE



General Affairs Dept.  
Mariko Kuze

I have two children, one five years old and the other two. I manage to combine my work with looking after my children by using the short-time working system. Thanks to this system, I have been liberated from time constraints and mental pressure. I have not only become able to spend more time with my children, but also my concentration at work has increased. My manager and colleagues are very supportive. I am very thankful to them. I will do my best to perform both work and family roles well.

## Work Support System

### Creating a working environment where employees can enjoy a healthy work-life balance

We are implementing various measures and activities to create an ideal working environment where employees can achieve a good work-life balance. Major activities include:

- ① Encouraging the taking of paid annual leave
- ② Reducing overtime work hours by complying with the Agreement on Overtime Work and Work on Days off
- ③ Introducing a short-time working system for employees with children under third grade in elementary school

# AISIN TAKAOKA REPORT 2011



### Company Outline

Established : March 8, 1960  
 Head Office : 1 Tenno, Takaokashinmachi, Toyota, Aichi 473-8501 Japan  
 Capital : 5,396 million yen  
 Net Sales : 123.6 billion yen (as of end of March 2011) (Consolidated sales: 210.5 billion yen)  
 Employees : 2,929 (as of end of March 2011)  
 Business Activities : Iron casting, machining and metal-forming operations mainly for automotive products; manufacture and sale of audio products

Domestic Production Bases : Head Plant, Kira Plant, Higashiura Plant

Sales Offices : Tokyo, Chubu, Osaka, Hiroshima

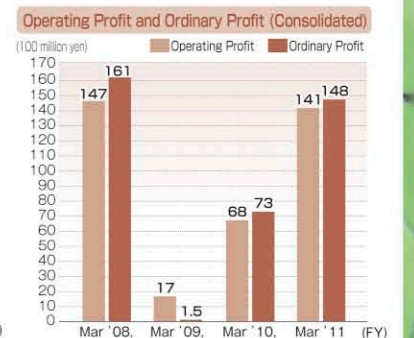
Consolidated Subsidiaries:

<In Japan> Aisin Takaoka Engineering Co., Ltd., Aisin Sinwa Co., Ltd., AT Kyushu Co., Ltd. Aisin Takaoka Tohoku Co., Ltd.  
 Hirabayashi Industry Co., Ltd., Inatetu Co., Ltd., Nakagawa Mold & Design Inc.

<Overseas> USA: INTAT, ATTC, AT-USA  
 Thailand: AT-A, SNF, NIC, ATFB, SATI, TEP  
 Indonesia: ATI China: ATL-T, ATL-G, ATL-Y

Editorial Policy : We publish the AISIN TAKAOKA Report as an important communication tool for our stakeholders. This year's report features a Top News section, which highlights the latest news and information in an easy to understand format.

Period Covered by the Report : April 2010 to March 2011



## AISIN TAKAOKA REPORT 2011

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<http://www.at-takaoka.co.jp/>  
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First of all, I would like to extend my deepest condolences and sympathy to all those affected by the Great East Japan Earthquake, and sincerely hope that the affected areas and people will recover as quickly as possible.

The environment surrounding the automotive industry has been changing rapidly, due to factors such as the dramatic growth of emerging countries and the consumer shift towards environment-friendly and smaller cars. To remain competitive in today's tough business environment, in fiscal 2010 we launched the "AT Group New Three-Year Management Plan," which was developed aiming to establish a new growth path for our business. Our group has taken a systematic approach to improving productivity and resource efficiency throughout our global production network. Thanks to these efforts, we have achieved record financial results in fiscal 2010, despite the impact of the terrible earthquake at the end of the fiscal year. In addition to these management efforts, we are actively working to continue earning trust from our customers, employees, local communities, and society as a whole.

In the environmental area, we have enthusiastically promoted the development and horizontal deployment of production equipment that contributes to CO<sub>2</sub> emissions reduction, as well as environment-friendly technologies. We are also actively engaged in social contribution activities, and have provided relief and support for the victims of the Great East Japan Earthquake. Each of our group companies in Japan and overseas considers what they can and should do as a member of the community, actively participating in activities to contribute to the local community and enhance the local environment.

We hope this report provides you with a better understanding of our efforts. We welcome your candid comments and opinions, for which we most sincerely thank you in advance.



President,  
AISIN TAKAOKA Co., Ltd.  
**Toshiyuki Ishikawa**

## MANAGEMENT DIMENSION

As a world-leading casting manufacturer, AISIN TAKAOKA has built an extensive international production network and conducts its business on a global scale. We produce a wide range of products by flexibly using diverse materials and innovative technologies.

### TOP NEWS

**Aisin Takaoka Tohoku Co., Ltd. commences machining business.**

In December 6, 2010, Aisin Takaoka Tohoku Co., Ltd., which was established to serve as a supply base of cast drive/engine components to customers in the Tohoku and North Kanto regions, commenced its disc and drum machining business. Locating production close to customers brings various benefits, including improved supply performance, transportation cost reduction, and environmental benefits such as CO<sub>2</sub> emissions reduction. In fiscal 2012, Aisin Takaoka Tohoku plans to start a casting business by introducing Aisin Takaoka's cutting-edge technologies. Aisin Takaoka Tohoku seeks to be the number one cast component supplier in the Tohoku region, by achieving high quality, low costs, and low carbon emissions.



## Segment Report by Region

### Japan

We are promoting the consolidation and reallocation of production resources to build an optimum and strong system of local production in the Tohoku, Kyushu, and Mikawa regions. To further enhance our competitiveness, we are vigorously pursuing the development of new materials and technologies, anticipating market changes. We are committed to leading the global growth and expansion of our group.

### ASEAN (Indonesia, Thailand)

To meet the needs of an ever-expanding market, we have installed new casting lines and expanded processing plants. To create a global, mutually complementary production system, unhampered by national and regional boundaries, we are working to improve the technological capabilities of each plant by encouraging them to engage in the manufacture of technically challenging components.

## Corporate Governance

With the aim of enhancing our corporate value through sustainable growth and development, we seek to build good relations with all our stakeholders. To this end, we have introduced an Operating Officer system to expedite the decision-making process and the execution of business operations. We have also adopted an auditing system and organized various cross-sectional conferences to discuss important issues and monitor business management from various perspectives.

### North America

To effectively respond to the U.S. automobile market, which has been gradually recovering from the aftermath of the Lehman Shock, and to local procurement needs, we are vigorously implementing management reforms and streamlining initiatives, such as manpower saving. We are also undertaking activities to develop new business opportunities.

### China

Amid intensifying competition in the fast-growing Chinese market, we are speeding up our efforts to improve product quality and cost competitiveness. Furthermore, to increase sales and expand business, we are actively introducing new technologies that help us in attracting new customers and satisfying existing ones.

## Reports by Business Field

### Cast Iron

Cast iron is the leading business in the Aisin Takaoka Group, accounting for approx. 70% of total sales. We will further expand and strengthen the cast iron business, focusing on brakes, chassis, and drive and engine components for automobiles, by developing innovative technologies that utilize the excellent functionality and characteristics of cast iron.



### Metal Forming

We launched our metal forming business in 1994 to respond to the needs of lightweight exhaust systems (made of stainless steel). We produce composite products by using innovative welding technology to join cast iron and other metals, and strong and lightweight body components by using the die-quench method. Our composite product and body component businesses are growing steadily.

## Compliance

We publish the *Aisin Group Principles of Corporate Behavior / Action Guidelines Based on Social Responsibilities* to ensure that all members of our company fully understand and abide by these important rules. We established the Internal Control Promotion Committee to promote company-wide compliance. We have also set up the Corporate Ethics Consultation Desk to respond to employees' concerns and questions regarding compliance matters. To raise employees' compliance awareness, we conduct various compliance training programs (hierarchical training, theme seminars, etc.). Furthermore, we designate October as Corporate Ethics Month, during which a compliance slogan contest and lectures are held.



## ENVIRONMENT DIMENSION

In accordance with the Aisin Takaoka Environmental Policy, we are promoting company-wide activities to protect the global and local environments. We are actively pursuing energy and resource saving, waste reduction, and recycling efforts in all aspects of our business activities.

### TOP NEWS

**Development of High-Efficiency Cast Iron Melting Furnace is Underway.**

With the aim of reducing CO<sub>2</sub> emissions and energy consumption during the melting process, which causes a significant environmental impact, we are currently working on the development of a new cast iron melting furnace. In conventional cupolas, iron is melted in a high-temperature atmosphere produced by burning coke. The new melting furnace is designed to melt iron directly using the high-temperature flames of the burners. Utilizing funding from the NEDO Innovation Promotion Program, we have installed a demonstration furnace at the Head Plant, delivering a 30% improvement in melting thermal efficiency and a 66% reduction in CO<sub>2</sub> emissions. The new melting furnace has also enhanced the removal of impurities, contributing to reduced raw material costs. We are planning to introduce this new melting furnace to our affiliated companies.



## Global Warming Prevention Activities

We are an integrated manufacturer of cast iron and aluminum products. Our manufacturing process—from casting to machining—consumes a lot of energy. Placing the highest priority on CO<sub>2</sub> reduction through energy saving, we are promoting company-wide energy saving activities.

### 《Specific Activities》

#### Energy saving education

We are conducting a range of environmental activities, focusing on energy saving. In fiscal 2010, as part of our efforts to increase employee awareness and commitment to energy saving, we conducted seminars to educate plant managers and supervisors about the effective use of limited resources and the necessity of reducing energy consumption in order to reduce CO<sub>2</sub> emissions, which contribute to global warming. A total of 287 plant managers and supervisors attended the seminars.

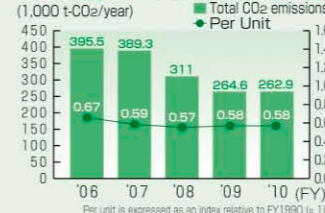


Energy Saving Seminar

#### Development of a new die-quench method using current-carrying heating

We have developed a new die quench method for mass production to press mold super high-strength materials (1,500-MPa class) by using current-carrying heating. This new die-quench method is the first of its kind in the world, and not only reduces CO<sub>2</sub> emissions by 35% compared with conventional methods, but also contributes to product weight reduction.

#### Changes in CO<sub>2</sub> emissions



## Waste Reduction Activities

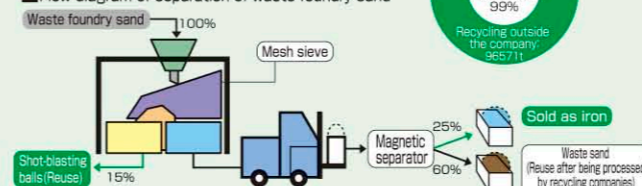
All of our domestic production sites achieved zero landfill waste in August 2002. We have been actively carrying out waste reduction activities, including recycling. To further reduce waste generation, we place a strong emphasis on basics, such as the 3Rs and thorough waste separation, ensuring that recyclable materials are not disposed of as waste.

### 《Specific Activities》

#### Waste reduction through separation of waste foundry sand

All castings are shot blasted to remove residual sand on the surface. The shot-blast process generates waste foundry sand, which contains iron particles. This waste foundry sand is then passed through a sieve and magnetic separator to separate out the sand and iron particles. Although in the past iron particles were disposed of as waste, they are now recycled.

#### Flow diagram of separation of waste foundry sand



#### Promotion of recycling

We ensure that waste materials sent for disposal outside the company are recycled to the maximum possible.

#### Status of waste disposal



## Local Environmental Protection Activities

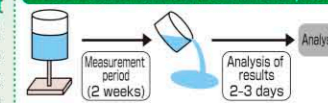
Our production involves the burning of fossil fuel and the use of various chemicals, causing adverse impacts on the environment. To reduce the environmental impact of our operations and make all our manufacturing sites "green factories" coexisting in harmony with local communities, we are implementing environmental monitoring and conservation activities.

### 《Specific Activities》

#### Constant monitoring of airborne dust

Although dust measurement required more than two weeks in the past, the introduction of a constant monitoring system has enabled us to make real-time measurements of airborne dust. The measurement data is published on the Web to enable each site to undertake prompt and effective countermeasures. The constant monitoring system contributes greatly to reducing environmental impacts on local communities.

#### Measurement methods in the past

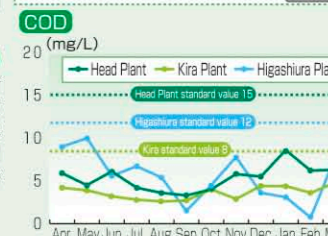


#### Constant monitoring system



#### Emissions data (FY2010)

We regularly conduct measurements of water quality, air quality, odor, noise, and vibration, and confirm that all measurements are below the Aisin Takaoka Environmental Standards, which are stricter than the relevant legal standards.



## Consolidated Environmental Activities

As a member of the Aisin Group, Aisin Takaoka participates in the Aisin Consolidated Environmental Committee, and promotes environmental protection initiatives through various study group activities. We are conducting environmental activities aiming to reduce the environmental risks of all the companies connected with our group, including subsidiaries and suppliers in Japan and overseas.

### 《Specific Activities》

#### Environmental assessment

In fiscal 2010, we commenced environmental assessments at all affiliates in Japan and overseas. We sent an assessment team (comprising members of the Environmental Division) to each company to inspect their compliance status and workplace environment and provide guidance on the necessary improvements. In overseas sites, we held discussions with local staff, through which we identified the specific problems and concerns of each company and formulated solutions. The assessments were well received as being very useful in improving environmental management; we have received requests from some companies to conduct environmental

assessments several times a year. It has been decided that as part of consolidated environmental activities, environmental assessments will be conducted annually at all consolidated companies. We will further strengthen our environmental protection activities at all business sites.



Environmental assessment meeting at a site in Thailand