

Message from the President

Since the 1992 Earth Summit was held in Rio De Janeiro, significant progress has been made in protecting the environment and pursuing sustainable development around the world. However, many difficult challenges still lie ahead of us.

At Aisin Seiki Co., Ltd., we are fully aware of our impacts upon the environment. All of our business operations have direct and indirect environmental consequences. As a manufacturer of automotive parts and other industrial products, our production processes use a great amount of electricity, gas and fuel oil derived from nonrenewable energy sources. The emission of carbon dioxide (CO₂) ultimately contributes to global warming. In addition, the end uses of our products extend the chain of harmful environmental impacts. For example, automobiles built with our automotive parts also consume fossil fuels and emit pollutants, thereby creating environmental burdens.

Based on our recognition of these ecological effects, our environmental preservation activities focus on both reducing environmental burdens during production and improving the environmental friendliness of our products. The Environmental Report 2003 outlines our major achievements for the fiscal year ended March 31, 2003. We strove hard to reduce CO₂ emissions from our production processes, a major priority; nonetheless, we fell short of our fiscal 2003 goal. CO₂ emissions totaled 194,000 tons, 4,000 tons more than our target of 190,000 tons. However, we are aggressively pursuing our original reduction goals for fiscal 2006. On the brighter side, we continued to make notable advances in preventing and reducing waste generation. Having achieved our goal of reducing landfill wastes by more than 95 percent from fiscal 1998 levels at all our plants during fiscal 2002, this year we significantly reduced the generation of all industrial wastes, including those destined for incineration. The volume of combined wastes for landfills and incineration was reduced by more than 95 percent from fiscal 1998 levels at five plants during fiscal 2003, as part of our "Zero Emission" program. Meanwhile, our ECO Center, established in April 2002 to fortify our recycling activities, has begun research and development work on recycling technologies to further reduce and recycle wastes from our facilities. We also met our goal of reducing harmful chemical substances listed under the Pollutant Release and Transfer Register (PRTR) program by 30 percent from fiscal 1999 levels three years ahead of the original schedule, including a 40 percent reduction in volatile organic compounds (VOCs).

We have also made quite a few gains in designing and producing more environmentally friendly products. For example, we significantly reduced the weight of many automotive parts, contributing to lighter weight vehicles that improve fuel economy. At the same time we introduced new products that impose lower environmental burdens, such as the automated manual transmission, a manual transmission that features an additional automated mode. This product combines the ease of operation an automatic transmission with the enhanced fuel economy and sporty driving performance of a manual transmission. We are making the utmost companywide efforts to reduce the use of substances of environmental concern in our products, and will continue striving to make our products "greener" and more environmentally sound.

Although we are proud to report favorable results from our environmental conservation activities, we are always reminded of the complexity of preserving natural resources and respecting the environment. Environmental problems are not easy to solve. For instance, chlorofluorocarbons (CFCs) were once considered harmless, but turned out to be a major culprit in damaging the ozone layer. Vinyl chloride was also regarded as safe until very recently. That substances once believed safe may be later proven to be harmful illustrates the inherent difficulties in discerning the proper path when tackling environmental issues. We must be humble to learn from nature, and remain committed to seeking the truth through scientific advances.

This year's report upgrades the information on company safety and hygiene policy and related measures as well as corporate citizenship activities, which we first included last year. We hope the Environmental Report 2003 will deepen our readers' understanding of our activities. We welcome feedback and comments so that we may further improve our efforts, helping to lead the way to an environmentally and economically sustainable future.



July 2003

Aisin Seiki Co., Ltd.

A handwritten signature in black ink that reads "K. Toyoda". The signature is written in a cursive, flowing style.

Kanshiro Toyoda, President