



**YAZAKI GROUP
CSR REPORT
2019**

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Report Outline

Editorial Policy

The Yazaki Group has been publishing the CSR Report since fiscal 2002* to disclose information on corporate activities aimed at achieving a sustainable society and to enlighten employees. In this report, we describe the Yazaki Group's year-round efforts and achievements in line with our priority issues for promoting CSR while centering on our five stakeholders: customers, local communities globally, the global environment, business partners, and employees based on our CSR policy. We hope that this report will contribute to a deeper understanding of the Yazaki Group's CSR activities.

* Published as the Environmental Report in fiscal 2002 and as the Social & Environmental Report from fiscal 2003 to fiscal 2015.

Reporting Period

Fiscal 2018 (June 21, 2018 to June 20, 2019)

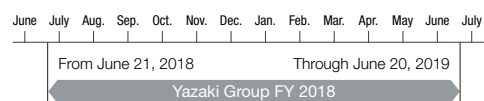
Organizations Covered

Yazaki Corporation and consolidated companies in Japan and overseas

How to Read This Report

Definition of fiscal year

The term fiscal year as used in this report means the period shown below:



Indication of organization responsible for each activity

Yazaki Corporation and consolidated companies in Japan and overseas are referred to as the Yazaki Group.

For activities conducted by other organizations, the responsible organization is specified in the text.

Reader Response Questionnaire

Please send us your comments on this report online through our website.



Please Visit our Website

While this report provides an outline of the activities of the Yazaki Group, our website presents more detailed information and data regarding all of our activities.

Please use the website together with this report.

<https://www.yazaki-group.com/global/csr/2019.html>

Cover Photos

Photos show a Group factory in Tunisia (upper left), which is the subject of a Special Feature, and the Susono Factory of Yazaki Parts Co., Ltd.



Yazaki Group Corporate Policy

A Corporation in Step with the World

A Corporation Needed by Society

Fundamental Management Policy

In fulfilling our Corporate Policy, Yazaki Group activities are founded upon the following principles:

- 1** Increase company efficiency and provide the most value to our customers worldwide through continuous effort and the implementation of new concepts.
- 2** Uphold the law, respect regional cultures, and contribute to economic and social development.
- 3** Contribute to a prosperous future society through business focused on the environment and security.
- 4** Conduct business openly and fairly, and aim for coexistence and co-prosperity.
- 5** Care for people by creating a corporate culture that prioritizes individuality and team-work, while empowering people's dreams.

Company Overview (As of June 20, 2019)

Company name	Yazaki Corporation
Established	October 8, 1941
Representatives	Yasuhiko Yazaki, Chairman Shinji Yazaki, President
Address	Headquarters 17th Floor, Mita Kokusai Building 4-28, Mita 1-chome, Minato-ku, Tokyo 108-8333 Japan World Headquarters (Y-CITY) Mishuku 1500, Susono City, Shizuoka Prefecture 410-1194 Japan
Capital	3.1915 billion yen (Yazaki Corporation is an unlisted company.)

Major Yazaki Group companies in Japan	Yazaki Meter Co., Ltd. (established 1950) Yazaki Parts Co., Ltd. (established 1959) Yazaki Energy System Corporation*1
Number of Yazaki Group companies*2	Group companies in Japan: 44 Group companies overseas: 99 Total: 143
Public interest incorporated foundation:	1
General incorporated association:	1
Number of Group employees*2	Employees in Japan: 18,557 Overseas employees: 231,110 Total: 249,667

*1 Established as Yazaki Electric Wire Co., Ltd. in 1963 and changed its name in 2012.

*2 Excludes equity-method subsidiaries, subsidiaries excluded from the scope of consolidation, affiliated companies, and related incorporated foundations (partial changes have been made in the corporations and employee categories counted since fiscal 2018)



NUMERIC DATA FOR THE YAZAKI GROUP

Numeric Data for the Yazaki Group



Consolidated net sales

1,945.4 billion yen



Number of countries and regions where Yazaki operates

45 countries

	Americas	Asia	Europe & Africa
Japan	10 countries	11 countries	23 countries



Number of employees

249,667

* Excludes equity-method subsidiaries, subsidiaries excluded from the scope of consolidation, affiliated companies, and related incorporated foundations (partial changes have been made in the corporations and employee categories counted since fiscal 2018)



Cumulative number of children taking part in Yazaki Summer Camp

17,083

* For details on camp activities, see "Yazaki Summer Camp" on p. 39.

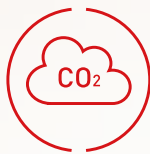


Lobby of World Headquarters (Y-CITY)



Percentage of net sales by region (consolidated)

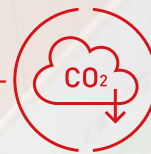
Japan	Americas	Asia	Europe & Africa
34.9 %	30.3 %	17.4 %	17.4 %



Contribution to reducing CO₂ through products

591,000 tons

* Cumulative total since fiscal 2011



Percentage reduction in CO₂ emissions per unit (Compared with fiscal 2010)

32.4 %



Rate of parental leave usage by qualified employees

Women **99 %**

* Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation



2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Nippon Kenko Kaigi

White 500 certification in the Large Enterprise category



Area of Yazaki Forest in Yusuvara Town, Kochi Prefecture

42 ha



CSR policy Number of translations

8 languages

Business Segments Supporting Society

Yazaki Products Supporting People's Safe and Eco-friendly Life



FOR CARS

Yazaki provides a wide range of products with a focus on wire harnesses, which function as the nervous system or blood vessels of a vehicle, meters, and other devices that support car electronics.

Wire Harness / Electronic Equipment

Wire harnesses, which are assemblies of electric wires, run throughout the car and carry electrical power and signals to the electronic equipment in a vehicle.



Wire harnesses



Smart junction blocks

Meters

Our meters, with excellent readability and well-thought-out design, bring safety and peace of mind to drivers and enhance driving pleasure.



Full-graphic meter

In-vehicle Safety & Service Systems

We are contributing to traffic accident prevention and environmental conservation through the provision of equipment that supports safe and eco-friendly driving.



DTG7 digital tachograph



Arofriend 27, a taxi meter compatible with wireless LAN

Charging Connectors

Yazaki's connectors, which are indispensable devices for charging electric vehicles and plug-in hybrid electric vehicles, are renowned for their reliability.

AC charging connector



DC charging connector



FOR DAILY LIVES

We provide products and services that can optimize the use of diverse forms of energy including electricity, gas, and solar heat.

Electric Wires

We provide lead-free general cables, environmentally friendly ecology cables, and halogen-free cables. Additionally, we were the first in the industry to acquire the Eco Leaf environmental label.



Yawaraka Cable
600 V lineup



Yazaki Slim Branch

Gas Equipment

We provide various gas devices such as gas meters and gas alarms that assure our customers' security and safety.



Arokko
LP gas alarm



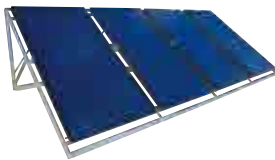
U-smart
ultrasonic gas meter



LPWA
wireless
equipment

Solar Equipment

We leverage solar heating technology refined over many years to provide solar heating products for household and commercial use that meet customers' needs.



Eco Solar Multi
split-type solar water heating system



Air-conditioning Equipment

Our absorption chiller-heaters that utilize exhaust heat and renewable energy are environmentally friendly air-conditioning systems.



Bio-Aroace
wood pellet-fired absorption chiller-heater



FOR COMMUNITIES

We actively endeavor to be a business needed by society through such means as reducing environmental impacts and contributing to local communities.

Environment & Recycling

We contribute to environmental conservation through businesses that reuse toner cartridges and recycle waste paper.



Reused
toner cartridges



Foamed paper
cushioning

Nursing Care

We operate community-based care centers at eight locations across the country.



Yazaki Care Center Kamifusen

Agriculture

We engage in community-based agribusiness. We manufacture agricultural machinery and rent farmland to grow regional specialty vegetables and rice.



Growing tomatoes in a
plastic greenhouse



A field of white
scallions

About Us
Offer Solutions to Increase Society's Prosperity
Build Healthy and Solid Supply Chains
Establish a Truly Strong Organization
Contribute to Development of Local Communities
Strengthen the Global Environmental Management System
Enhance Global Governance and Internal Control

We Aim to Be an Enterprise That Shares Its Values with Stakeholders and Keeps Offering Solutions for a More Prosperous Society

The Yazaki Group's Roles and Responsibilities in Society

At the Yazaki Group, pursuing Monozukuri (craftsmanship) that contributes to society is our purpose in life.

Since our founding in 1941, the Yazaki Group has conducted business with the ideal of contributing to society through manufacturing based on the Yazaki Group Corporate Policy, which calls on us to be “A Corporation in Step with the World” and “A Corporation Needed by Society.” As a result, we have continued growing along with society and members of the community.

The “manufacturing that contributes to society” that we have so carefully pursued all along is the manufacturing that pays close attention to stakeholders’ expectations and demands and contributes to society through products and services. This means that we carefully consider what kind of contribution we can make to protect the global environment, meet our customers’ expectations, grow together with our business partners, make our employees and their families happy, and promote development of local communities. We also closely consider what we can do to help solve issues for society and our stakeholders, and then act on it.

When we conduct enough such actions, it helps us live up to society’s trust and expectations and achieve the Yazaki Group Corporate Policy. The Yazaki Group will continue to manage according to the Yazaki Group Corporate Policy, pursue manufacturing that contributes to society, and thereby grow sustainably with society.

Recognition of and Response to the Business Environment and Social Issues

Facing Social Change and Issues Head-on to Find Solutions

The automobile industry is undergoing a once-in-a-century transformational period, and the business environment facing the Yazaki Group is likewise changing moment by the moment. Advanced technologies like CASE and MaaS are rapidly advancing. There are raising demands for solutions that use those technologies to solve social

issues. We are also seeing a shift in values from products to experiences. It is urgent for us to be able to respond to the change in times.

Technological progress is enriching people’s lives, but on the other hand, as the 17 goals set out in the SDGs suggest, global-scale social issues like poverty, disparity, discrimination and other issues of human rights, as well as climate change, loss of biodiversity, and issues of resources, are growing more serious. These issues are interrelated and become even more complex when combined with nations’ and local communities’ own issues. Moreover, the risks resulting from these issues threaten the stability of economies and markets, which means that the Yazaki Group, a global business, cannot turn a blind eye toward them.

At a time of profound transformation, do we take the business environment—in which social issues are growing more diverse and complex—as a risk or as an opportunity? I take it as an opportunity. Over its long history, the Yazaki Group has engaged in a wide range of businesses and built a global network. In this manner, we have built trusting relationships with stakeholders and maintained a steady dialogue with them. One of the strengths of the Yazaki Group is that, by doing so, we have been quick to perceive social trends and expectations as well as latent risks. My aim going forward is to ensure the Yazaki Group remains an enterprise that can resist and respond to risk and uncertainty and can proactively seek solutions to social issues to achieve a prosperous future.

Identifying Priority Issues for Promoting CSR

Priority Issues are a Yazaki Group Promise to Achieve Sustained Growth with Society

The state of an enterprise’s environmental and social initiatives has a greater and greater impact on its corporate reputation and value, as well as its trade, every year. Because we have such diverse stakeholders, the Yazaki Group recognizes that our sustained growth absolutely depends on taking a risk-or-opportunity perspective to verify the impacts the external environment has on us and the impacts our business activities have on society and carefully controlling these impacts.



Shinji Yazaki

President, Yazaki Corporation

In fiscal 2018, we identified six priority issues for promoting CSR. Our focus in this process was to simultaneously achieve solutions to social issues and the sustained growth of the Yazaki Group. To identify the priority issues, we first drew up a list of issues comprehensively, based on factors like social trends and stakeholder demands. Then, viewing these in light of the Yazaki Group Corporate Policy, our business strategy, and the like, we asked what kind of social issues we could help to solve if we used the Group's strengths. On the other hand, we identified impacts that our business activities have on society by convening a series of discussions that brought in our management team, managers from divisions concerned, and outside experts.

- Offer solutions to increase society's prosperity
- Build healthy and solid supply chains
- Establish a truly strong organization
- Contribute to development of local communities
- Strengthen the global environmental management system
- Enhance global governance and internal control

The priority issues identified by this process are critical for raising the Yazaki Group's corporate value and furthering its growth, and they constitute a promise to achieve sustained growth with society. Going forward, we will be linking the identified priority issues with our medium- to long-term business strategy and the policies and missions of each division, and we will practice target management. We will also use the CSR Report to faithfully report the outcomes of initiatives, issues that we encounter, contribution to SDGs, and so on. We will furthermore review and revise the priority issues as appropriate in light of social trends and the direction of the Yazaki Group.

Realizing a Sustainable Society
Ensuring Stakeholder Happiness is What Motivates Us to Grow

The pursuit of human prosperity and the ongoing history of business for the sake of expansion and growth are certainly

factors contributing to the social issues I mentioned above. To achieve sustainable development in step with the community and leave a prosperous society to the next generation, it is important not to have vision for the future that is based on society's expansion and growth, but to backcast from our long-term vision—what we hope to achieve in 10, 20, and 50 years. That way, we can consider what is necessary to get to a sustainable society. It is in this manner that the Yazaki Group will consider how we can contribute to the realization of a sustainable society, and we will act accordingly.

I am always telling people how important it is to “think globally, act locally.” I tell them constantly, “Ask yourself whether you really understand the root cause of the issues faced by each nation and region, or whether you are imposing your own ideas on the situation.” Taking a global view and understanding each country's and region's culture, history, customs, and values are important for developing sustainably with society. Not every country and region necessarily has the same social issues and ways of solving them. Therefore, in addition to looking at the issues themselves, understanding the background to each issue and using that as a starting point can lead to real solutions.

The Yazaki Group has grown to conduct business in 45 countries and employ about 250,000 diverse people around the world today thanks to the support of our stakeholders. As the scale of our business expands, so does our impact on society and stakeholders, as well as our social responsibility and the role we need to play. With the Yazaki Group Corporate Policy as our foundation, we will continue to join hands with the international community and our stakeholders to actively contribute to the realization of a sustainable society and the achievement of SDGs.

And nothing would make me happier than if these initiatives bring joy to our associates, friends, and family members around the world. The vision of happy and delighted stakeholders is what motivates us to grow.

The Yazaki Group's CSR Focus

Up to this point, the Yazaki Group has been steadily carrying out CSR activities while striving to embody our CSR Policy. Going forward, in order to contribute to the realization of a sustainable society, we will identify social issues that should be addressed as a priority issues throughout the Yazaki Group's business activities from a broad, long-term perspective. While concentrating our management resources toward the resolution of these social issues, we will work on the following areas based on the awareness that we need to practice CSR more actively.

CSR Policy

The Yazaki Group Corporate Policy of "A Corporation in Step with the World" and "A Corporation Needed by Society" will only be realized by responding to the trust and needs of our global society.

In implementing our Fundamental Management Policy, we will listen to the voices of our stakeholders and reflect them in our business activities.

Our goal is to contribute to the sustainable development of the society, and we will encourage our business partners to support this policy and work together with us toward its achievement.

Customers

- We will develop and provide safe and high quality products and services that meet the expectations of our customers, and comply with relevant laws and standards.
- We will provide necessary product information properly from the perspective of customers.
- We will protect our intellectual property rights. At the same time, we will respect the legitimate intellectual property rights of others.
- We will carefully manage and protect confidential information of our business partners that we may have acquired through business activities.
- We will take preventive measures against all foreseeable risks surrounding our business and conduct risk management so that in the event of an emergency, we will be able to protect the safety of our employees and local residents as well as maintain business continuity.

Global Environment

- Based on the Yazaki Global Environment Charter, we will actively promote environmental conservation activities to ensure that a rich global environment is passed on to the next generation.

Business Partners

- We will maintain a fair, just, and transparent relationship with our business partners and conduct transactions with integrity.
- We will comply with the laws and regulations of each country, region, or territory in order to maintain fair competition.
- In procurement activities, we will expect business partners to act in accord with this policy.

Local and Global Communities

- We will respect the culture and laws of each country and territory, and in conducting all corporate activities comply at all times with relevant laws as well as internal regulations, including this policy.
- We will comply with laws and regulations regarding import and export control of the country or region where we operate.
- We will prohibit the offering of bribes to public officials and politicians and maintain a sound and transparent relationship with government agencies.
- As good corporate citizens, we will endeavor to create an affluent society by promoting social contribution activities and proactive dialogue.

Employees

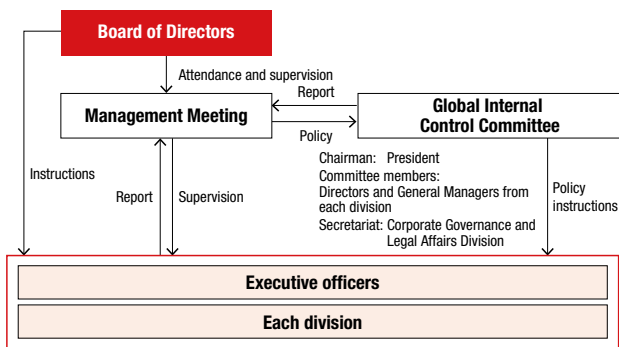
- We will build working relations of mutual trust through an open and sincere dialogue with our employees.
- We will respect the diversity of our employees, provide equal employment opportunities, and not conduct discriminatory practices.
- We will respect human rights and not tolerate human rights violations. We will not practice forced or child labor.
- We will comply with laws and regulations related to labor, including wages and working hours, and at the same time, and we will provide fair working conditions to all of our employees and maintain a safe and healthy working environment.
- We will actively pursue human resource development and improving the capacity and creativity of our employees.

Organizational Structure to Ensure CSR Promotion

Within the Yazaki Group in Japan, the Corporate Governance and Legal Affairs Division oversees CSR Liaison Meeting. Managers of divisions with CSR functions gather at these regularly held meetings, where they confirm the state of CSR in each division, learn what issues have occurred, and share CSR information.

In addition, the Global Internal Control Committee, chaired by the President and comprising company directors and General Manager from each division, studies and deliberates important CSR matter at the Yazaki Group.

Diagram of Organizational Structure to Ensure CSR Promotion



Code of Conduct

The Yazaki Group has established a code of conduct that should be adopted by each and every employee to put our CSR Policy into practice.

The Yazaki Group in Japan has published the Code of Conduct Handbook, which combines the CSR Policy, code of conduct, and information on various consultation hotlines into one volume, and has distributed it to all employees, including those at subsidiaries. We have also produced localized versions for our overseas subsidiaries based on the Code of Conduct, which takes account of laws and regulations and customs in each country and region, and the regulations in each Yazaki workplace.

We engage in dialogue with some of our subsidiaries that have their own codes of conduct to share the standards of behavior that Yazaki employees should observe.

By ensuring the implementation of the Code of Conduct, we will promote unified action at the global level so that each and every employee fulfills their social responsibilities.



Various national editions of the Code of Conduct Handbook

Relationships with Stakeholders

The Yazaki Group does business in 45 countries, and as such our businesses are built upon relationships with all types of stakeholders. We will build trusting relationships with our stakeholders by practicing constructive dialogue and will endeavor to meet their expectations and demands.

Stakeholders	Examples of opportunities for dialogue
Customers	<ul style="list-style-type: none"> Sales initiatives Customer satisfaction surveys
Local and global communities	<ul style="list-style-type: none"> Yazaki Summer Camp Support to develop the next generation (study support, etc.) Stakeholder meetings
Global environment	<ul style="list-style-type: none"> Environmental education Biodiversity conservation efforts
Business partners	<ul style="list-style-type: none"> Global Suppliers Convention Yaei-kai Business partner briefings
Employees	<ul style="list-style-type: none"> Labor affairs review committee Employee satisfaction surveys Yazaki-juku Yazaki Corporate Culture Training

Contributing to SDGs

While recognizing that we are a corporation that operates businesses in various countries around the world, the Yazaki Group will contribute to the realization of the SDGs (Sustainable Development Goals).*

In fiscal 2018, we considered the SDGs when we identified priority issues. We identified the positive and negative impacts of Yazaki Group businesses and studied the business domains in which we have the potential to contribute through our business activities.



* The SDGs are a collection of 17 goals and 169 targets adopted by the United Nations in 2015 with the aim of resolving social issues such as poverty and hunger, energy and climate change by 2030. It is expected that all countries and their people will bear a sense of ownership of the goals and cooperate with each other to take action aimed at achieving the SDGs.

Yazaki Group Priority Issues for Promoting CSR

An enterprise's environmental and social initiatives have a greater and greater impact on its corporate value and its trade every year. Thus, the Yazaki Group believes it is important to determine and manage the impact that the external environment has on the enterprise and the impact that the enterprise's business activities have on society. As such, we have identified priority issues for promoting CSR (below, "priority issues"). In the process, we listened to opinions from experts and designed our priority issues to strike a balance between solving social issues and ensuring the sustained growth of the Yazaki Group.

Priority Issues Identification Process



STEP 4

Identify priority issues

- With approval from executive management at an August 2019 Management Meeting, the six fields (23 items) were established as the Yazaki Group's priority issues.

The Identified Priority Issues

		SDGs to which we can contribute
Offer solutions to increase society's prosperity	<ul style="list-style-type: none"> ● Provide safe, high-quality products and services ● Promote open innovation ● Solve social issues through our business 	
Build healthy and solid supply chains	<ul style="list-style-type: none"> ● Promote CSR Procurement ● Respect human rights 	
Establish a truly strong organization	<ul style="list-style-type: none"> ● Promote diversity ● Promote efficient work styles ● Increase employee satisfaction ● Develop the next generation of human resources ● Respect human rights ● Promote health management and strengthen occupational health and safety 	
Contribute to development of local communities	<ul style="list-style-type: none"> ● Contribute to development of local communities 	
Strengthen the global environmental management system	<ul style="list-style-type: none"> ● Strengthen the global environmental management system ● Prevent pollution ● Conserve biodiversity ● Closely manage harmful chemicals ● Mitigate and adapt to climate change ● Use resources effectively ● Respond to water problems 	
Enhance global governance and internal control	<ul style="list-style-type: none"> ● Ensure management soundness, efficiency, and transparency ● Strengthen risk management and BCM ● Practice thorough compliance ● Prevent all forms of corruption ● Foster the corporate culture 	

Looking Ahead

Going forward, we will be linking the identified priority issues with our medium- to long-term business strategy and the policies and missions of each division, practicing target management, and reporting initiative outcomes and progress on issues in our CSR Report. We will also review and revise the recently identified priority issues as appropriate in light of social trends and the direction of the Yazaki Group.


Special Feature 1

Aiming to Be a Corporation That Develops in Step with the Local Community

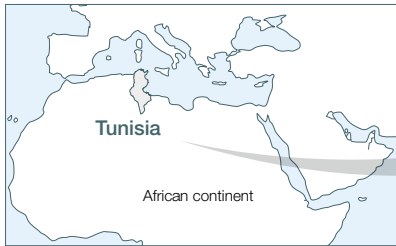
It has been ten years since the Yazaki Group expanded into Tunisia, and ever since then the Group has continued to develop together with the local people. However, on that road, there has been times to endure domestic turmoil. Nonetheless, in 2018, the Yazaki Group was recognized by the Tunisian government as a company that has made a significant contribution to the country, and, as a result, the Tunisian prime minister presented Yazaki with the Inclusive Award. The word “inclusive” refers to the economic development and expansion that includes socially vulnerable groups including the poor and women, and it is frequently used in the context of SDGs. In this section, we will introduce the Group’s activities in Tunisia, which have been highly valued as CSR practices that center on the YAZAKI Group Corporate Policy together with voices from the relevant stakeholders.

About the Republic of Tunisia

Area:
163,610 km² (approximately 2/5ths of the size of Japan)



Population: 11,570,000 (World Bank, 2018)
Capital: Tunis
Ethnic groups: Arab (98%), others (2%)
Languages: Arabic (official language), French
Main industries: service industry, manufacturing, mining, agriculture
Unemployment rate: 15.5% (World Bank, 2018)
* Referenced from the website of the Ministry of Foreign Affairs of Japan



Issues facing Tunisia

In early 2011, Tunisia transitioned into a democracy following the Arab Spring, a series of demonstrations that spread through the Arab countries. However, problems that were the cause of the demonstrations, including high unemployment rate and economic disparity, have remained.

Notably, after gaining its independent from France, Tunisia’s overall education level has become high through the spread of primary, higher, and specialized education. However, there are not enough employment opportunities for those who have completed higher education, as indicated by their high unemployment rate of 31.6% which is significantly higher than the country’s overall unemployment rate of 15.5%. As a result, youth unemployment has been recognized as a serious issue facing the country.

Furthermore, there is a large economic disparity between coastal urban areas, which have continued to develop thanks to tourist resorts and factories, and inland areas, which consist mostly of mountains and deserts, and still rely on agriculture and mining. This disparity is a problem. Yazaki Group will continue to contribute to the solving of these structural challenges in Tunisia through the value it offers through its business activities.

YAP-T
Tunis (Capital)

YTU

YAZAKI TUNISIA S.A.R.L. (YTU)
Location: Gafsa
Employees: 1,684

Yazaki Automotive Products Tunisia S.a.r.l. (YAP-T)
Location: Bizerte
Employees: 2,504

The Sahara Desert



Value Offered by Yazaki

Wire harnesses must be individually assembled by hand as their specifications differ based on the manufacturer, vehicle type and the existence of further customization. This makes them labor-intensive products that require significant manpower to manufacture.

Yazaki Group's founded Yazaki Tunisia S.A.R.L (YTU) in the Gafsa region as a European subsidiary to manufacture wire harnesses in 2009. Later, the Group acquired Italian wire harness maker in 2011 and subsidiary of the acquired company in Bizerte region started its operation as Yazaki Automotive Products Tunisia S.a.r.l (YAP-T) in Bizerte region. While over 150 foreign companies withdrew from Tunisia during and after the Arab Spring, Yazaki's two companies remained and continued to operate. While remembering YAZAKI Group Corporate Policies, "A Corporation in Step with the World" and "A Corporation needed by Society," the fact that Yazaki could continue its operations in Tunisia during the turmoil is the result of having an open dialogue with the local government, communities, and employees

with the attitude of wanting to maintain our trusted relationships with the local stakeholders.

The Yazaki Group has overcome many challenges together with Tunisia, and the Group continues to create employment opportunities for local residents, including opportunities for individuals who have completed higher education, that contributes to the improvement of the employment rate, which is a national problem. Furthermore, through manufacturing, the Group contributes to the development of human resources by collaborating with educational institutions. Moreover, the Group is contributing to the local economic development through its inland operation and by actively sourcing materials from local companies. In addition to creating a comfortable working environment for those who work at Yazaki, we also provide them with a workplace environment where the employees can work happily and actively through measures that are designed to give them a sense of satisfaction and achievement.

In the following pages, we will introduce three examples of the ways we provide value.



Gafsa, a gateway to the desert

1 New Industry Creation in the Gafsa Region

YTU operates in Gafsa region, which is a desertifying, scarcely industrialized inland region approximately 360km away from Tunis, the capital of Tunisia. In addition to the main industry of mining, there are only small private companies that employ tens of people. This results in a higher than the national average unemployment rate in the Gafsa region which is a severe problem. Furthermore, since employment opportunities for higher education graduates to apply their expertise are weak, young people have started to move away from the Gafsa region to search for employment in other regions.

Against this background, since its founding in 2009, YTU's operations have brought new industries to the region and created many new job opportunities in the labor-intensive manufacturing of wire harnesses. Moreover, young university graduates have been employed as manufacturing line leaders, among other roles, to utilize their specialized knowledge, thus enabling them to find employment in the Gafsa region.

Additionally, the companies surrounding YTU (e.g. cleaning and cafeteria services) have become revitalized, thus contributing to the economic development of local suppliers.



Above: scene from Gafsa City
Middle: employees enjoying lunch at the cafeteria
Below: scene at the manufacturing site



Appreciation for job creation in Gafsa

YTU's operations have provided employment opportunities for many local residents and made local employment possible. In this region familial ties are very strong so being able to work locally is very desirable. In the future, we expect Yazaki Group to continue and expand its business in the Gafsa region.

Chokri Mohamed Elfateh

Mayor of Gafsa

Voice of YTU's Employee

As a Gafsa native, if YTU had not been here, I would have gone to Tunis or another city to work. However, at the time of my graduation from high school, YTU had been established, and I was able to find employment in my local region. I currently work in operations, where my team really feels like another family, and the working environment is very good.



Bilel Buchetnia

Production

Voice of YTU's Plant Manager

YTU has very high name recognition in this region as the largest private company. Many companies withdrew from the country during the Arab Spring but YTU continued its operations. This became a point of recognition for YTU in the minds of the Gafsa people.

After starting its operations in 2009, YTU has steadily expand its business scale and continued to grow, and I think the development of YTU is directly connected with development of Gafsa. In addition to its contribution to the creation of employment in the region, I think that the growth of the company increases the appeal of Gafsa, which attracts other companies. If more companies expand to Gafsa, we could ask for infrastructure development support from the government. Additionally, the

transportation network connecting Tunis and Gafsa will be further improved and made more convenient. We will contribute to the development of Gafsa through the development of YTU also in the future.



Sofiene Sadkaoui

YTU Plant Manager



2 Local Partnerships

To promote friendly communication with the local community, and in addition to actively contributing to the region and strengthening partnerships with local suppliers, YTU and YAP-T are collaborating with local educational institutions on human resource development of students who will lead the future of Tunisia.

Collaboration between manufacturing and education

In the Bizerte region, since 2017 YAP-T has been offering internships for students attending ISET, an educational institution focused on learning highly specialized technologies. Furthermore, the two organizations have collaborated on a project to improve the skills of line leaders at production sites together with developing the skills of students and workers.

YTU has also continuously operated internships together with local universities, which has helped students discover job opportunities relevant to their expertise in Gafsa region, and provided them with an opportunity to experience real workplaces.

In the future also, we aim to grow in step with the local communities through partnerships with educational institutions.

Activities that appeal to students

Opportunities to gain internship experience at large, international organizations such as YAP-T, are very attractive and popular with the students. As an added effect of this project, we have been able to encourage other companies to also accept internships, which has led to an increase in opportunities for students to gain work experience. I want to continue these educational activities in the future together with YAP-T as a major partner.



Nabila Khlifi
ISET 4C Center Director



Above: together with Tunisia
Middle: ISET students taking part in training (YAP-T)
Below: university students who took part in gaining workplace experience (YTU)



A bridge spanning a canal in Bizerte city

3 Creation of a Comfortable Work Environment

Yazaki Group considers people as the biggest capital for manufacturing, and many of the Yazaki Group’s activities, including at YTU and YAP-T in Tunisia, are rooted in “One for All, All for One,” a slogan that the Group advocates and considers to be the foundation of its culture instead of just decorative words.

YTU and YAP-T are actively working to create a comfortable working environment to maintain and improve workers motivation. For example, the Group provides commuter shuttles and has established a medical center with stationed doctors and nurses for improving employee commuting convenience and considerations for employee health and safety. Additionally, suggestion boxes have been installed at the factories which enable anyone to make suggestions about work and working environment. By actively incorporating the received opinions into management practices, the Group is continuously working on improving and advancing the working environment.

Aiming for coexistence with the local communities and companies

Due to Yazaki Group’s operations in Tunisia, not only does the Group contribute to the reduction of unemployment through creating many jobs but I think that getting Yazaki’s original way of thinking and technologies to this region is also a great achievement. There are many women working at YAP-T, and I expect that in the future the company will engage in various initiatives, such as building a daycare close to the factory to establish an easy-to-work environment for female workers and educational support for local children among other social contribution activities.



Gouider Mohamed
Governor of Bizerte



Suggestion box where employees can submit their ideas



Medical center with stationed doctors and nurses



Employees at the cafeteria that was reopened in 2016

Inclusive Award

In 2018, the Yazaki Group (YTU, YAP-T) was recognized for its social and environmental activities up to now, creation of employment for university graduates and contributions to the local economy with the Inclusive Award given at the Investment Forum* organized by Tunisia’s Foreign Investment Promotion Agency. In particular, the Group’s expansion to the Gafsa region and, against a background of numerous European companies operating in Tunisia, the fact that a company all the way from Japan has been operating in the country for many years contributed to the Group’s selection for this award.

* Investment Forum, first held in 1995, has a history spanning twenty years. At the Forum, the Tunisian government biennially awards international companies that have made significant contributions to Tunisia.



2018’s Investment Forum Awards

Voice of YAP-T's employees

When I needed more time to recover from a long-term sickness, I could work from home for six months. Other companies in Tunisia would have not accommodated my needs. This is based on the Yazaki's philosophy of caring for people, and I really feel that Yazaki is one team, one family.

I think it would be good if Yazaki's way of thinking would spread throughout Tunisia.

At YAP-T, the company and the labor union share their opinions and strive to improve the working environment. It is not uncommon for strikes to occur in Tunisia so labor-management dialogue is very important for stable operations. At YAP-T, when a problem arises, we always seek a solution through discussion, so the relationship between labor and management is good.



Ahmed Ben Hassine

Local HR
Juridical supervisor



Sofien Ben Aziza

Labor union representative

Voice of YAP-T's Plant Manager

Yazaki Group considers its employees as family. The same is true for YAP-T. When employees and even their families are considered as "Yazaki family," a culture of looking after one another is fostered. After the Tunisian revolution, the social aspects of companies have become increasingly important. As such, Yazaki Group's organizational culture is an indispensable part of its business success, and Yazaki Group's way of thinking has gained support from the Tunisians.

At the time of YAP-T's establishment, its scale 'was not as big and well-known as it is today. However, in the last ten years, YAP-T has grown to be big enough to be recognized by the government with the Inclusive Award, and the Group has plans for further growth. These are points of pride and motivation for the employees. I think that as a company grows its social responsibilities grow and that its local contribution activities need to develop. In the future, I want the company to grow together with the local region so that employees can be even more proud of it.



Safouane Hakiri

YAP-T Plant Manager



Excursion with employees and their families



Quality Day is organized so that employees can showcase their ideas for improving quality

Yazaki Group's achievements and expectations for future in Tunisia

Tunisia is proactively attracting foreign companies with economic and employment measures, and Yazaki Group's execution of its business plan presented to the Tunisian government at the time of its expansion to the country is greatly appreciated. During the unstable period that followed the Arab Spring in 2011, many foreign companies withdrew from the country while Yazaki Group continued its operations, which is greatly appreciated not only by the government but also the local Tunisians. In the future, in addition to business activities, I want the Group to take on initiatives related to the promotion of social contribution activities, environmental conservation, and energy-saving and clean energy.

Hatem Essoussi

FIPA (Foreign Investment Promotion Agency)
Principal Director



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Strengthen the Global
Environmental Management System
Enhance Global Governance
and Internal Control

Special Feature 2

For More Joyful Community

The Yazaki Group's nursing care business currently operates in eight locations around Japan, following a policy of continuing to be a facility needed by society. Japan has become a so-called super-aged society, in which one of every four citizens is age 65 or older.

As such, the nation needs to build communities where senior citizens can live their chosen lifestyles in areas where they are accustomed to living.

This Special Feature introduces Yazaki Care Center Kamifusen, which is dealing with that issue.

Recognition of a Social Issue

There are presently 35.88 million senior citizens age 65 or older in Japan. They make up 28.4% of the general population, meaning that Japan has become a super-aged society, in which one of every four citizens is a senior citizen age 65 or older. Moreover, it is projected that in 2025, citizens age 75 or older will be 18% of the population in Japan. They, combined with the "early elderly" (ages 65–74), will surpass 30% of the population.

As people age, they lose connections with their communities, and more and more elderly are living alone. Isolation therefore is also becoming a problem for seniors.

For those reasons, places for seniors to interact, known as salons or community cafés,* are spreading around Japan. These try to solve the problem of seniors feeling isolated or becoming shut-ins and make it easy for them to gather in communities in which they already live.

* Salons and community cafés:

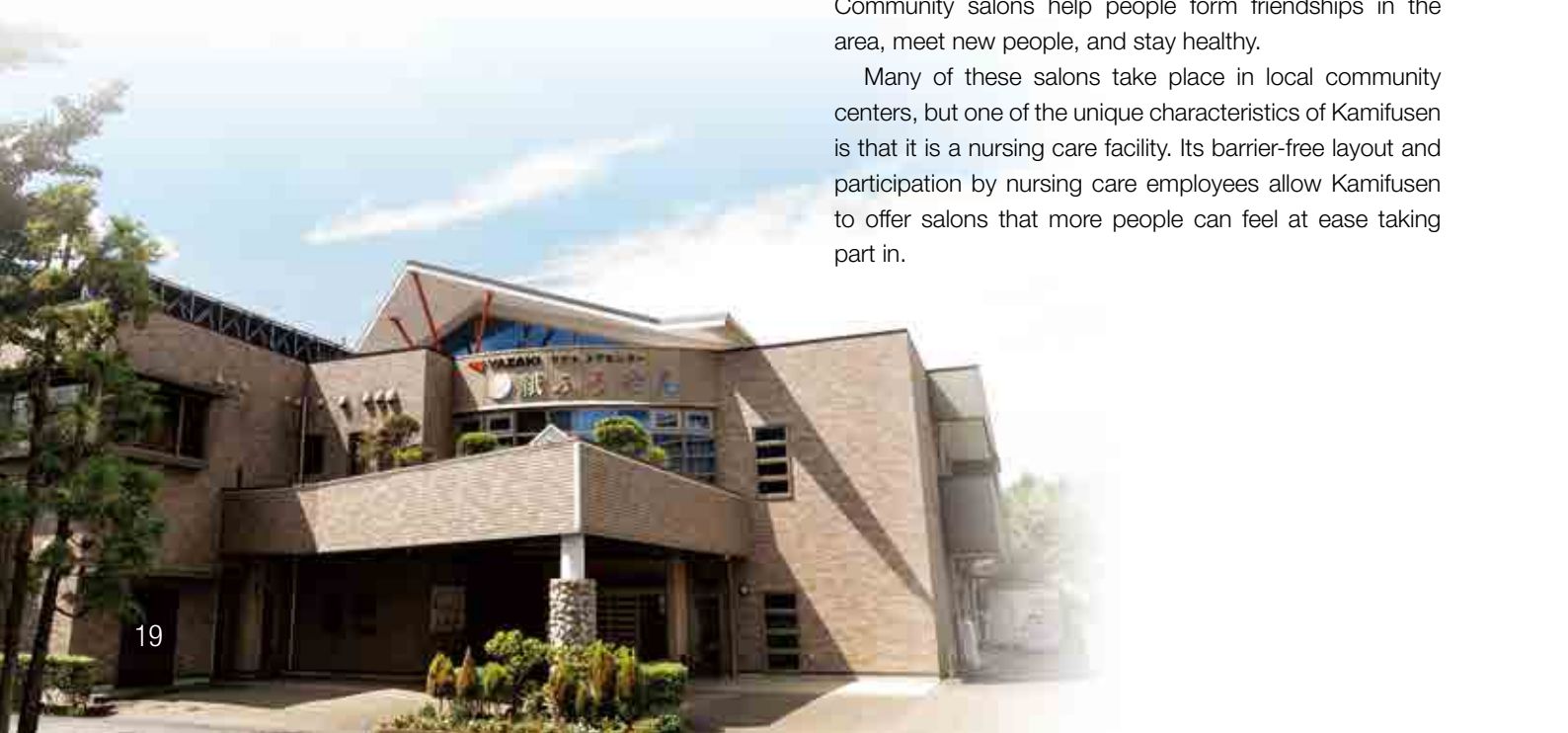
Community mingling places chiefly run by volunteers and other locals. Activities include exercise classes, hobby activities, and self-checks of cognitive function to prevent dementia and the need for nursing care.

Value Provided by Yazaki

Kamifusen is a nursing care facility that opened in June 2004 at Y-CITY in Susono City, Shizuoka Prefecture. It aims to provide an environment in which users can live active and healthy lives within their communities. Kamifusen provides a variety of services that can respond flexibly to the community's needs. It offers adult day care and home-visit care and plans and operates barrier-free day trips. Users can interact with children at the childcare center also located in Y-CITY. Among other events, there is an annual Kamifusen Festival, which is a chance for the community to mingle. Recently, it has been hosting a training course to increase understanding of dementia. This is geared towards those supporting people with dementia. New employees of the Yazaki Group in Japan started taking the course in fiscal 2017, and 111 employees took it in fiscal 2018.

Through activities like these, Kamifusen has built networks with members of the community. Using these networks, it has begun running events called community salons as a casual place for local people to come together. Community salons help people form friendships in the area, meet new people, and stay healthy.

Many of these salons take place in local community centers, but one of the unique characteristics of Kamifusen is that it is a nursing care facility. Its barrier-free layout and participation by nursing care employees allow Kamifusen to offer salons that more people can feel at ease taking part in.



Scenes from community salons



Games help to improve cognitive function.



An art class teaches seniors to express themselves.



Synapsology keeps the brain active.

Comment from a Volunteer Staff Member

Wanting to Give Back to the Community

I've joined community salon activities as a volunteer. I got to know about the salons because I was already using Kamifusen's home-visit care service. I wanted to give something back to the community, so I previously volunteered locally by reading aloud to people with visual impairments and also participated in other salon activities. My desire to give back overlaps with the Yazaki Group philosophy, and I find it extremely gratifying that I can do so through activities at Kamifusen.

I hope that Kamifusen will continue to hold these salon activities. Don't get stuck on fixed ideas about how to do them, but do them in Yazaki way while caring for the participants.



Nobuyasu Konishi

Comments from Users

A Place That Gives Me a Place to Enjoy Life

These users, who have participated in community salons since these were started in 2017, are now familiar faces.

Achiwa: "Coming here makes me smile. So I enjoy taking part each time."

Aizawa: "At salons, activities are arranged in one-hour timeframes, just like school classes. I enjoy learning about different fields like music, art, Japanese language, and arithmetic. The knowledge I learn here I can take home and use there."

Fujimaki: "Salons are a great place to exchange information. I enjoy chatting with my companions each time."



Tsuyoshi Achiwa



Atsuko Aizawa



Kazuo Fujimaki

Comment from an Employee | Looking Ahead

Kamifusen offers adult daycare service with functional training. Its goal is to help users recover their functions so they can "graduate." We originally considered hosting salons as a place for our functional training graduates to spend time. Now, I'm happy to say, we get participation not only from graduates but lots of people who live in the local community.

As the labor shortage in the nursing care industry shows, traditional nursing care services won't be able to support our elderly population in future. The community as a whole will have to support them. Kamifusen is training Yazaki employees and local residents as volunteer staff. We hope that our volunteer staff will eventually hold salons in the local communities where they live and expand our circle to new places. We too want to continue working to give back to the community.



Hiroko Tatara
Assistant Director for Nursing Care, Kamifusen
Head of New Services Planning Group
Long-Term Care Public Aid Worker

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Special Talk

Aiming to Be a People-Oriented Enterprise in the Community



Chairman, Yazaki Corporation
Yasuhiko Yazaki

President, Action against Child Exploitation (ACE)
Yuka Iwatsuki

Social issues are not only growing more diverse and complex, but also vary from community to community. Yazaki Corporation Chairman Yasuhiko Yazaki sat down for a conversation with Yuka Iwatsuki, President of Action against Child Exploitation (ACE), a non-profit organization working primarily to eliminate child labor.* Together, they discussed what social issues the Yazaki Group, as an enterprise doing business around the world, should focus on going forward.

* Child labor is defined as labor performed by children below the minimum working age defined by law (15 years as a general rule, or 18 years in the case of work likely to harm the health, safety or morals of children). Child labor is mentally, physically, socially, or morally harmful to children and interferes with their schooling. (Source: website of the ILO Office in Japan)

Yazaki The business activities of the Yazaki Group have long been guided by a desire to develop in step with the community in line with the Yazaki Group Corporate Policy. To pass down this way of thinking, we need people who are ready to receive it, so we have tried continually to foster people. We have particularly hoped to develop in people the idea of thinking not just about their own gain but the good of their counterparts and communities by giving them firsthand experience of diversity and different cultures while they are still young. The Yazaki Summer Camp for employees' children (see p. 39) is one initiative that embodies this approach. On the other hand, looking at the outside world, it breaks my heart to know that as of 2016, about one in 10 children around the world, or some 152 million individuals, are performing child labor. It reminds us just how lucky the children are who take part in our summer camps.

Iwatsuki I had plenty of schooling and all sorts of opportunities, so when I learned that there were so many people around the world for whom this was not the case, I realized how much inequality there was. I started wondering if there wasn't something we could do, and it got me thinking about child labor. ACE started initiatives in 1997 aiming to eliminate child labor, but there are still so many working children around the world.

Yazaki The Yazaki Group does business in more than a few so-called industrializing nations in Asia and Africa, so we certainly cannot say it's somebody else's problem. What are the factors that cause child labor to exist?

Iwatsuki There are so many reasons why children work. Often, of course, it is because their families are poor, but in some countries, if the parents never went to school, they may not understand what an education can mean. Local custom or the family's own way of thinking may say that girls don't need an education. These are factors that create child labor. Children themselves sometimes don't understand the significance of going to school and decide to work instead, so that's another pathway to child labor.

Yazaki I see. So sometimes people aren't even thinking of going to school or don't know much about school. This is a somewhat different topic, but something I noticed from summer camp and forest kindergarten* initiatives is that if children are allowed to play and think about rules by themselves, they will manifest some really wonderful powers.

* "Forest kindergarten" is a general term for child rearing and care during infancy and early childhood that is built around nature experiences. (Source: Forest Kindergarten Network)

Iwatsuki It's really important to respect children's own way of thinking, isn't it? We once invited a child to come from Ghana, where we do projects. We let them decide for themselves who would come to Japan. All of them wanted to go. They considered: Should it be someone who speaks well? Should it be a child with experience working on a cacao plantation? Ultimately, they decided according to their own standards. Children really do have the capacity to make decisions.

Yazaki That's a good lesson in itself. If an adult intervenes, the adult's intentions will inevitably affect the outcome. On the other hand, there are some things that adults need to teach children in order for them to enjoy healthy growth. The same applies to child labor: the way that adults get involved has a big effect on children.

Iwatsuki Child labor is a problem in terms of all sorts of children's rights: their right to express their own opinions, their right to receive an education, their right to be protected from dangerous and harmful labor, and the like.

Yazaki Child labor is an issue the Yazaki Group cannot ignore, given that we have so many employees and extensive supply chains. The Yazaki Group takes risk-lowering initiatives to prevent that kind of thing in our supply chains, but learning more background to the issue has reminded us how important those initiatives are. Would you tell me, from your perspective as a non-profit, what the Yazaki Group needs to think about to eliminate child labor and what your expectations are of enterprises?

Iwatsuki Human rights due diligence is increasingly becoming important. Companies are expected to protect the rights of people working not only in their company but in their supply chain. Likewise, determine in advance what risks there are in the company and their supply chain. The Yazaki Group has sites everywhere and a global supply chain for procuring components and materials from business partners around the world. So, what I hope you will do first is continue doing business that is deeply rooted in the community. Then, be aware of where risks may be lurking in your supply chains. Check for any risk of child labor and the like not only at your direct business partners but at the vendors who supply them as well.

Yazaki We have already begun acting in some of those ways, but I can tell from your remarks today that there are even more proactive initiatives we need to take.

Iwatsuki At the same time, as I've been learning about Yazaki Group initiatives, I've found that your bottom-up culture, by which I mean the way you cooperate with people in the community to think of new businesses, synergizes with your culture of caring for people. I really encourage you to keep that up. I think our initiatives at ACE also need to be deeply rooted in the community. In communities with a child labor problem, for example, it is often the case that the children themselves want to work so they can support their families economically, which means they stay away from school. We have to do more than use words to convince people how important education is; it's critical that we work together with them to find ways to make a living so they can get their lives on track.

Yazaki Listening to you, I realize how much your thinking has in common with the Yazaki Group's: really understand community issues and needs and then start by asking, "What can we do?" We will continue actively working to solve the social and community issue of child labor out of our desire to be deeply rooted in the community as we reach for sustained development in step with the community. Thank you for joining me today.

Profile

Yuka Iwatsuki, President, Action against Child Exploitation (ACE)

As a Sophia University student studying abroad in America, Ms. Iwatsuki passed through Mexico on her way back to Japan. Encountering begging children in Mexico, she went on to earn a master's degree in International Public Policy from the graduate school of Osaka University, where her research focused on child labor and education. She launched ACE while in school, inspired by the Global March Against Child Labour organized by Kailash Satyarthi, the 2014 Nobel Peace Laureate. At ACE, Ms. Iwatsuki makes recommendations for Japanese and global policy on causes that include the SDGs, child labor, and business and human rights.

Priority Issues for Promoting CSR



Solutions for a More Prosperous Society



Background and Recognition of Issues

As a business operating in 45 countries, the Yazaki Group must make a greater effort to develop in step with the community and realize a sustainable society.

We believe it is increasingly important to use the manufacturing we have cultivated since our founding to offer services and solutions that solve communities' issues and meet customer needs.

Vision

The Yazaki Group Corporate Policy, a constant anchor for our business, calls on us to be "A Corporation in Step with the World" and "A Corporation Needed by Society." In line with this, we believe that continuing to provide the highest value to customers all over the world and contributing to society through manufacturing is our mission and our purpose to exist.

The Yazaki Group has maintained the Yazaki Spirit (Fortitude, Service and Vision) since our founding. Therefore, we do not forget our origins as a manufacturing company and aim to make society more prosperous and offer solutions through our business activities.

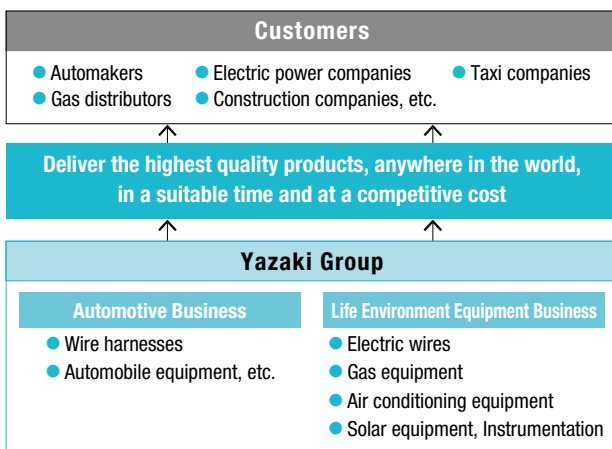


Responsibilities to Customers

Basic Concept

Ever since being founded in 1941, based on our desire to connect to society through manufacturing and to provide the highest value to customers all over the world, the Yazaki Group has continually engaged in business activities to live up to the trust and expectations of society. To fulfill our responsibility to deliver the highest quality products, anywhere in the world, in a suitable time and at a competitive cost, we provide products and services that constantly delight customers. With this goal in mind, each and every employee of the Group considers and acts from the customer's point of view and aims to continue to be the best partner for customers.

Business and Customers of the Yazaki Group



Initiatives in the Automotive Business

In order to identify changing social trends and customers' needs from a global perspective in real time and respond accurately to them, it is essential that all related departments cooperate with each other. To that end, the Yazaki Group pursues orders through an integrated effort by the development, production, sales, and Administration divisions for each customer. In regards to compliance with laws and regulations, we act to ensure that the activities are always conducted with completion including cross-divisional management.

Since fiscal 2016, we have standardized work processes in the development of vehicle products with the aim of accurately responding to the needs of customers all over the world. Based on these, we collaborate between divisions so that we can and take production preparation initiatives to respond promptly when our customers introduce a new model or make model changes. These work processes enable the Yazaki Group as a whole to achieve each of its QCDE goals in product development and effectively ensure the quality of work and help pave the way to improving customer satisfaction.

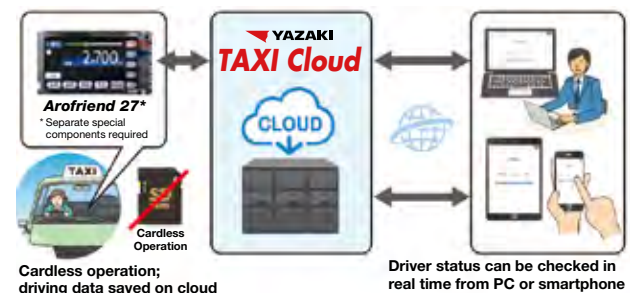
Initiatives in the Life Environment Equipment Business

Instrumentation Operations

Under the concept of connecting vehicles with infrastructure, the Yazaki Group contributes to the realization of a smart community-based, safe, low-carbon society by providing instrumentation system products that help solve the issues facing a motorized society, including safety and security, environment and energy conservation, and efficiency and convenience.

Since 1962 when we built a nationwide service network centering on tachographs, we have been enhancing our after-sales service, including the installation, component replacement, and repair of instrumentation devices in collaboration with distributors.

We have also contributed to the improvement of customers' businesses by improving the efficiency of vehicles and labor management, including safety and eco-friendly driving, with the *DTG 7*, a digital tachograph that matches the needs of each industry, the *Arofriend 27*, a digital tachograph with a built-in taximeter, and the taxi industry's first cloud service.



Providing customers with taximeter fare information and the like in real time through a cloud system makes things more convenient and efficient. We also achieved the industry's first fare revision via communications.

Electric Wire Operations

We exhibited at the JECA FAIR (Japan Electrical Construction Equipment and Materials Fair) held in May 2019. We have taken part in this event since 2013. This year, our seventh time to participate, we not only exhibited products but also introduced initiatives of the development divisions and our future directions. Displays included products listed in the Ministry of Land, Infrastructure, Transport and Tourism's New Technology Information System (NETIS),* and visitors could touch products directly to learn about them. We are utilizing the feedback and requests we received at the fair in our product development with the aim of improving customer satisfaction in the future.

* A database system established to share and provide information relating to new technologies to promote their use

Gas Equipment Operations

Since 1963 when we first started selling LP gas meters in Japan, the Yazaki Group has been providing products and services that ensure the safe use of gas by customers. Moreover, we have our own qualification system in place for designated gas equipment service shops (GSS) which sell our gas equipment and provide services related to it. The system aims to encourage GSS employees to acquire and maintain knowledge and skills related to gas equipment.

The Yazaki Gas Equipment Training Center, established in 1981, was designated as a training facility for authorized LP-gas facilities managers by the Ministry of Economy, Trade and Industry, and has been providing the education required for LP gas plumbing. In fiscal 2018, we held four seminars and a total of 67 trainees passed the authorized LP-gas facilities manager test. So far, a total of 1,667 trainees have passed the test. Through these efforts, we will continue to provide safe services to customers.



Trade fair visitors experience product characteristics directly



Lecture for engineers

TOPICS

Development of Yawaraka Cable Meeting Customer Needs

Yawaraka cable has been hugely popular with customers since its launch in May 2010. Thicker gauges in particular have contributed to safety and workability in wiring tasks owing to their flexibility and ability to retain the desired shape in spite of their wider size. There have been customers, however, who asked for further improvements. Some noted that the cable became rigid and hard to bend in cold conditions. Others said that the sheath and insulator were too stiff, so they were hard to peel off. Yet others wanted a product that was just as easy to work with at low temperatures as at ordinary temperatures.

We developed the improved *Yawaraka Cable Premium 600V-CVT* in response. With enhanced flexibility, the cable maintains its properties even at low temperatures. Sales, which are limited to the Hokkaido and Tohoku (Northeast) areas, continued in fiscal 2018. We will continue to listen earnestly to customer comments as we contribute to the development of the electrical construction industry.



Yawaraka Cable Premium

Environmental System Operations

Environmental System Operations meets a wide range of customer needs through the provision of products and services that utilize renewable energy, such as solar heat and wood biomass, and unused energy, such as waste heat, aimed at the dawn of a new society based around natural capital.

In the wood biomass sector, we are pursuing an integrated public-private approach to the construction of a district heat supply system and its efficient operation. In Nishiwakura Village, Okayama Prefecture, Techno Yazaki Co., Ltd., a subsidiary responsible for the design and supervision of the system is working together with the village to promote a district heat supply system maintenance business.

In fiscal 2018, we largely finished introducing heat supply facilities. The only tasks remaining are to adjust the communications and measurement systems. For fiscal 2019 and beyond, we are collaborating with the village government to study the supply of wood fuel and planning initiatives to ensure quality.

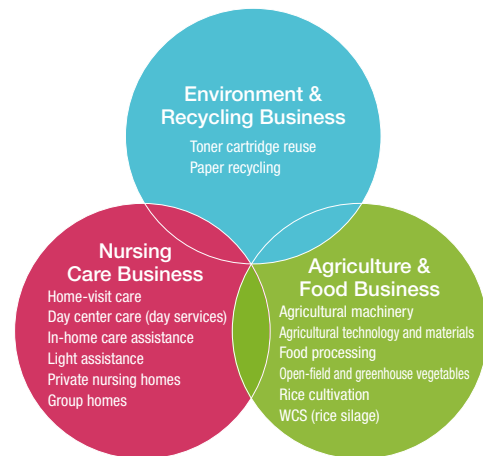


District heat supply biomass boiler

Initiatives in New Businesses

As we move more of our production overseas, the Yazaki Group is making fewer wire harnesses in Japan, creating a challenge to protect employment for those employees who sustained production up to now. To meet that challenge, the Yazaki Group is actively working on new businesses in the sectors of environment and recycling, nursing care, and agriculture. In the Environment & Recycling business, we are working on the reuse of toner cartridges from printers and on paper recycling, namely, the recycling of postcard cutting waste to make foamed paper cushioning. In the nursing care business, we operate nursing care services through Yazaki Corporation and seven subsidiaries. In the agriculture and food business, we not only grow agricultural produce but also sell processed goods using the produce we grow as we promote “sixth industrialization” in the field of agriculture. Particularly with vegetables, we are taking non-standard goods that would have been discarded in the past and instead using them to make processed goods, thereby reducing waste.

The Yazaki Group's New Businesses



TOPICS

Development of Baby Leaf Dog Food

Kumamoto Parts Corp. produces 60 tons of Baby Leaf annually. Until recently, it discarded any oversized leaves and any non-standard product such as leaf fragments that occurred during hand-picking. After listening to employee opinions, the company developed *Baby Leaf Dog Food* from the non-standard product. This initiative embodies the spirit of avoiding waste, a spirit the Yazaki Group has passed down since its founding. Developers of the dog food focused on pet health, given that there are so many older pets in recent years. After coming up with recipes, conducting mass production tests, and taste-testing with pets, sales began in September 2019.



Baby Leaf harvesting



Dog food

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Priority Issues for Promoting CSR



Build Healthy and Solid Supply Chains



Background and Recognition of Issues

The further we globalize, the more our supply chains get spread around the world. As an enterprise, we have to build optimal supply chains with the QCDE (quality, cost, delivery, and environmental attributes) that will let it outlast the competition. However, supplier behavior that runs counter to corporate ethics gives enterprises the problem of having to manage their contractors and often causes enterprises to lose society's trust. In light of that, enterprises must practice responsible procurement and undertake CSR initiatives that are conditioned on fair and just trade with their suppliers and consider human rights and labor practices, quality, safety, the environment, and the prevention of corruption throughout the supply chain.

Vision

With social issues growing more diverse and complex, it is important for us to practice CSR not only within our Group but throughout the supply chain. The Yazaki Group aims to try to solve social issues by sharing its CSR policies and targets with its suppliers and collaborating with them. Fair, just, and sincere trade with suppliers is fundamental to this effort. In order to survive the intense competition in the global data market, moreover, we will work for coexistence and co-prosperity with our suppliers, build solid strategic partnerships with them, and establish systems enabling us to respond quickly to changes in the management environment.



Responsibilities to Business Partners

Basic Concept

Based on the principle “Conduct business openly and fairly, and aim for coexistence and co-prosperity” as found in our Fundamental Management Policy, the Yazaki Group Purchasing Guideline sets out that employees work to make full use of the possibilities of trade, establish and share medium- to long-term targets with our suppliers, make cooperative investments with them, and share with them the benefits derived from new development and cost-cutting.

Action Guidelines Specified in the Purchasing Guideline

1. Conduct business openly and fairly
2. Strengthen competitiveness together with purchasing business partners
3. Aim for co-existence and co-prosperity with purchasing business partners
4. Share issues and target in cost reduction activity and its achievement
5. Ensure interactive communication based on mutual trust

Initiatives in the Supply Chain

Efforts for CSR Procurement

The Yazaki Group formulated the Supplier CSR Guidelines and the Supplier CSR Self-Assessment Check Sheet in November 2015 in order to have a common understanding of CSR with suppliers and to conduct CSR activities together with them. We have distributed the guidelines to approximately 570 companies in Japan and overseas. In addition to requesting our suppliers to promote CSR activities in accordance with the Guidelines, we have asked suppliers to also promote CSR activities with their own suppliers based on the Guidelines.

In fiscal 2018, we distributed the Supplier CSR Self-Assessment Check Sheet to approximately 400 suppliers in Japan and 250 overseas and requested them to carry out self-assessments to confirm the state of their overall CSR initiatives, including safety, quality, human rights, labor, compliance, the environment, and risk management. We also shared study results with our suppliers as feedback.

In addition, we prioritized setting up opportunities for direct dialogue with those suppliers needing improvement, according to their scores, and took action to help them improve their efforts.

We will continue collaborating with suppliers to promote CSR procurement.

Yazaki Global Suppliers Convention

The Yazaki Global Suppliers Convention is held annually to share procurement policies and issues and seek co-existence and co-prosperity with our suppliers through two-way communication.

At the convention held in July 2018, 149 domestic and overseas suppliers of raw materials, electronics, instrumentation, and wire harness parts, and facilities, materials, and logistics participated. The President of Yazaki explained the business environment of the Yazaki Group and the priority measures based on the concept of “Establish a Foundation as a Monozukuri (craftsmanship) Company.”

The General Manager of the Purchasing Division shared wire harness production trends and demand trends for various parts and raw materials as well as procurement policies of the Yazaki Group, namely “Reconsideration of BCP,” “Thorough compliance,” and “Improving earning capacity.” He asked suppliers to return to their origins and master the basics in the spirit of “walking together and growing together.”

Moreover, in an effort to deepen mutual cooperation with suppliers, a technology exchange meeting was held to provide a venue to interact with suppliers and “notice things” that could lead to new business. We received



Global Suppliers Convention

proposals from the participating suppliers for reinforcing the competitiveness of the Yazaki Group's component business. The meeting also served as an opportunity for participating suppliers to exchange views with other suppliers in addition to highlighting examples of activities aimed at the optimization of global procurement and products in development from the Yazaki Group.

Efforts for Co-existence and Co-Prosperity with Suppliers

The Yazaki Group encourages suppliers to promote CSR throughout the supply chain and ensure constant management through regular meetings and information exchange meetings at *Yaei-kai*, a group of suppliers for co-existence and co-prosperity.

Yaei-kai has also held a study session based on the procurement policies of the Yazaki Group as part of its activities as we work to enhance each other's corporate value.

We also invited an outside instructor to a regular meeting and held a study session on the theme of "Understanding CSR-based management and key points concerning increasingly necessary CSR procurement."

We will continue our efforts for coexistence and co-prosperity in close communication with our suppliers.

Conflict Minerals Survey

The Yazaki Group conducts an annual Conflict Minerals Survey throughout the supply chain to fulfill its social responsibilities in procurement and to meet the customers' requests, including automobile manufacturers. Also, as a member of the Responsible Minerals Initiative (RMI), an international organization addressing Conflict Minerals, we contribute to activities to identify smelters around the world, for example by participating in regular meetings and smelter audits.

In the future, we will continue to aim for conflict-free procurement of raw materials while pursuing further collaboration with our suppliers and various industry groups.

 **Yazaki Global Conflict Mineral Policy**
<https://www.yazaki-group.com/global/ser/conflict.html>

 **TOPICS**

Supplier Briefing on Quality Standardization

Following revision of the quality manual, we held a supplier briefing on quality standardization in November 2018. At this briefing, we mainly discussed four key aspects of the changes resulting from this revision: quality management, production process management, production preparation, and management of environmentally hazardous substances. The explanation relating to quality management included addressing the requirements of IATF 16949.* We additionally explained the Yazaki Green Purchasing Guidelines revised in September 2018.

We will continue working with suppliers to improve quality.

* IATF 16949: an international standard on quality management systems, specifically for the automobile industry



Supplier Briefing on Quality Standardization

Priority Issues for Promoting CSR



Establish a Truly Strong Organization



Background and Recognition of Issues

At a time of rapidly accelerating business globalization, enterprises are expected to promote decent work, which is to say, work that is humane and rewarding. This includes respecting basic human rights such as national and local cultures and customs, providing a working environment where employees can work in safety and health, providing fair labor conditions, and paying fair and just compensation.

At the same time, as competition intensifies between enterprises and the working population is predicted to decline over the medium- to long-term, especially in the industrialized nations, establishing an environment in which diverse personnel can participate and developing global human resources are critical management issues.

Vision

The employees that will provide value to customers and the community must grow if we are to survive the competition of the global market and attain sustained growth.

The Yazaki Group believes that realizing our Fundamental Management Policy principle “Care for people by creating a corporate culture that prioritizes individuality and team-work, while empowering people’s dreams” will allow us to grow as an enterprise. In keeping with this belief, we aim to establish a satisfying working environment in which all employees can work to the best of their abilities and diverse work styles can be accommodated, and we aim to continually increase our organizational capability and productivity.

We will also focus on promoting diversity, developing human resources that can work globally, and securing excellent personnel with outstanding skills.



Responsibilities to Employees

Basic Concept

The Yazaki Group believes that realizing our Fundamental Management Policy will lead to our growth as an enterprise. The Yazaki Group works to prepare its personnel system and workplace environment in order to respond to social change and the needs of employees based on the five employee related policies in our CSR Policy.

Sincere Dialogue with Employees

The Yazaki Group values mutual understanding and trust between labor and management in aiming for further development and improvement of its personnel system and workplace environment in collaboration with the All Yazaki Union of Japan. A labor affairs review committee meeting and branch office labor-management conferences are held monthly in addition to an annual labor council to examine regulations and verify performance. We also strive for the exchange of opinions between labor and management through biannual branch office visits. We focus on the realization of one of the declarations, "Creation of a corporate atmosphere and culture that fosters workers' mental and physical health," included in the Yazaki Group Labor-Management Joint Declaration. We will continue to promote activities aimed at a better working environment through the collaboration of labor and management.

Establishing a Comfortable Workplace

The Yazaki Group is endeavoring in several ways to manage labor and raise awareness of work style reform. We are enforcing the upper limits on overtime work and making sure that employees take five days of annual paid leave every year as required by Japan's work style reform legislation as of April 2019. We have an attendance management system in place to help workers and their superiors see plainly how many overtime hours workers have put in and whether they have taken their paid leave.

Further Enhancement of Personnel System

We operate a personnel system called Rewarding Employees Who Worked Hard to properly evaluate employees who are motivated in their roles and produce results. In fiscal 2018, our initiatives focused heavily on enhancing training for management and our evaluation manual with the aim of furthering the practice of setting appropriate goals for evaluations. We will continue to constantly enhance our personnel system so that all our employees can work with a sense of motivation.

Respect for Human Rights

Basic Concept

In keeping with our Fundamental Management Policy, the Yazaki Group respects the human rights of our employees, noting international norms and national laws and customs, and works to establish an environment to enable each and every employee to fulfill their potential.

Preventing Discrimination and Harassment

The CSR Policy of the Yazaki Group stipulates that we shall respect diversity and work to eliminate discrimination. Our Code of Conduct for employees, moreover, states that we shall eliminate discrimination in all its forms, including those based on nationality, race, sex, sexual orientation, age, place of origin, educational background, family relationships, disabilities, religion, and differences in form of employment.

Specific initiatives include diversity training and harassment training in order to foster a culture that prevents harassment from happening. We have also set up a harassment hotline where people can report incidents of abuse of authority, sexual, and other harassment, and we have means in place to quickly discover and respond to situations that violate human rights.

Preventing Child Labor and Forced Labor

The Yazaki Group takes a variety of initiatives to prevent child labor and forced labor in our supply chains. To combat child labor, we survey overseas sites on their compliance with minimum working age under international norms and national laws and ordinances. We also do site audits of subsidiaries in Japan who host technical interns. In these, we are auditing their internship programs using a check sheet that includes items relating to child labor and forced labor.

Responding to the UK Modern Slavery Act

In October 2015, the UK Modern Slavery Act 2015 came into force in order to eradicate modern slavery. Yazaki Corporation and Yazaki Europe Limited published statements against modern slavery in our supply chains on our websites to ensure compliance with the requirements of the legislation.



Slavery and Human Trafficking Statement

https://www.yazaki-group.com/global/pdf/statement2018_e.pdf

Developing the Next Generation of Human Resources

Basic Concept

The Yazaki Group is in the business of manufacturing goods, but our ideal of Monozukuri can only be achieved by developing people. Since the development of people is the starting point of everything, we support it through a variety of programs and systems. Our CSR Policy, moreover, states that we will actively pursue human resource development for our employees, and we provide diverse training programs to enhance their skills and creativity.

Under the Yazaki Group training system, employees who voluntarily choose to do so can participate in Yazaki Summer Camp as instructors or take job promotion training, language training, and more. One characteristic of the Yazaki Group's training system is that it provides environments suited to those wishing to grow.

Training System Overview

Yazaki Summer Camp	Overseas summer camps
	Summer Camp in Japan
	Domestic summer camps
Global leadership training	YAZAKI Leadership Development Seminar
	YAZAKI Global Leadership Program
Management training	Trainings for executives
	Management Roundtable Conferences
	Trainings for managers
	Position-specific study sessions
Study abroad system / overseas training	Overseas trainee program
	Toyota Technological Institute study program
	MBA study program (in Japan and overseas)
Rank-specific training	Training when joining the company
	Job promotion training
	Follow-up workshops
Language / overseas assignment training	On-the-job training for workplace English
	Training prior to overseas transfer
Worksite HR development	Workplace training (on-the-job training, off-the-job training, personal development)
	Common training for divisions and workplaces

New employees → Management

Yazaki Leadership Development Seminar

The Yazaki Leadership Development Seminar, which we have conducted since fiscal 2011, is for young managers and manager candidates, who were recommended by their superiors. The seminar aims to develop basic management knowledge, the business skills and mindset to play an active role globally under diverse environments.

In fiscal 2018, a total of 20 people from 11 countries participated in the seminar and engaged in project work based around the theme of the vision and core business for the Yazaki Group in 10 years' time. On the final day, we held a proposal presentation session, which included the division managers involved with the trainees from Japan and overseas. Obtaining advice from a managerial point of view enhanced the perspective of the trainees.



A presentation session

Yazaki Corporate Culture Training

Yazaki Corporate Culture Training celebrated its 24th anniversary in 2019. It is a personnel development program for employees of overseas Group companies to learn the Japanese language and culture, and deepen their understanding of Yazaki's corporate culture by experiencing work in Japan.

In fiscal 2018, six people took part in the program, which has been completed by 230 people to date. During the program, participants deepen their communication with Japanese staff during their one-year stay in Japan and serve as intermediaries between Japan and branch offices in their own countries after returning home.



A trainee experiences Japanese culture

Yazaki-juku (Dialogue with Top Management)

We organized *Yazaki-juku* as a place for employees to exchange views directly with top management, deepen mutual understanding, and get a wider perspective. In the Follow-up Workshop, first held in 1983, employees who have been working for Yazaki for over five years discuss the principles and objectives of the Yazaki Group with the Chairman. In the Management Roundtable Conference, first held in 1999, department managers exchange views with the president on their visions of how to manage a workplace. In fiscal 2018, the Follow-up Workshop was held nine times with 132 participants, and the Management Roundtable Conference was held five times with 30 participants.



Follow-up workshop participants

FY 2018 HR development results (no. of persons)

Program	No. of persons completing
Training for persons joining company in mid-period	472
Training when joining the company	640
Training for Rank 4 promotion	69
Training for Rank 6 promotion	274
Training for Rank 8 promotion	306
Seminar for New Assistant Managers	96
Seminar for New Managers	61
Seminar for New Division Managers/ New Subsidiary Presidents	29
Seminar for Associate Directors	19
Seminar for New Executive Officers	6
Follow-up Workshops	132
Management Roundtable Conferences	30
Yazaki Corporate Culture Training	6
Trainings for executives	36
YAZAKI Leadership Development Seminar	20
On-the-job training for workplace English	36
Toyota Technological Institute study program	1*

* Graduates in April 2019: 1

Promotion of International Understanding Support Center Project

The Yazaki Group believes that it is important for employees to combine their skills of creativity, autonomy, language, and understanding of different cultures and to foster global personnel who challenge themselves and take on challenges. We would like to expand our support activities for international understanding and education by supporting the development of global personnel in local educational institutions and companies.

The Adventure School, started in 1993, is a part of the internationalization project. So far, more than 1,300 people in 44 host countries have participated. In fiscal 2018, seven future fulltime employees participated before starting work at the company and engaged in activities with people from all over the world for one year.



More Information about Adventure School

https://www.yazaki-group.com/75th_en/episode/spirits/004/



Adventure School participants

Respecting Employee Diversity

Basic Concept

The Yazaki Group respects the diversity of our employees and provides equal employment opportunities. Specifically, we work to establish a working environment in which all employees can work to their full potential, regardless of nationality, race, sex, sexual orientation, age, place of origin, educational background, and the like.

Promoting Work-life Balance and Active Roles for Women

We are working on a variety of initiatives to create a workplace where all employees can work with high motivation and satisfaction. The Yazaki action plan for responding to the Act on Promotion of Women's Participation and Advancement in the Workplace (enforced on April 1, 2016) set a target of doubling the number of female management candidates and females in expert jobs compared to fiscal 2015 by fiscal 2020. In fiscal 2018, we reached that target ahead of schedule. Going forward, we will continue to respect the diversity of employees and strive to enhance systems and create a corporate culture that encourages workplace participation and self-improvement.

Childcare / Nursing Care Support System

We established and began operating by rules that create opportunities for superiors to explain our childcare support system to their subordinates. This is to create a culture that makes it easy for employees to use childcare-related systems.

Number of employees who took leave for childcare, nursing care, and elderly care

Category	2014	2015	2016	2017	2018
Parental leave	98	99	105	84	72
Short working hours due to childcare	155	177	172	190	222
Nursing care leave	67	64	74	86	85
Continuous elderly care leave	3	1	5	2	1
Short working hours due to elderly care	1	1	2	2	4
Elderly care leave	2	1	9	11	11

Utilizing Older Workers and Passing on Expertise

The Yazaki Group strives to re-employ retired employees in order to contribute to securing employment for older workers and to pass on their advanced skills and techniques to the next generation. In fiscal 2018, we employed 452 employees, including 100 new employees, for Anchor* positions, and 153 employees, including 36 new employees, for Elder* positions.

* Anchor targets permanent employees while Elder targets contract employees.

TOPICS

Yazaki Mommies Program

Eight Yazaki Group corporations in four South American countries have run mothering courses for pregnant employees in all their factories since 2006. The course took place 152 times in fiscal 2018, with 397 individuals participating. The program offers sessions to learn the basics of motherhood. Outside experts teach women how their bodies change during pregnancy, how to care for themselves after giving birth, and how to care for their infants, among other topics. We additionally provide an environment in which pregnant women can work with confidence at each site. For example, we take steps to lessen workloads in production processes so they are less physically demanding.



Employees of YBM (Brazil)



At a study session

Expanding Employment and Occupations of Persons with Disabilities

In our CSR Policy, the Yazaki Group has pledged to respect diversity, and we strive to create a working environment that enables all employees to make the most of their skills and aptitude and work with enthusiasm.

In terms of promoting employment of persons with disabilities, the Yazaki Group has standardized operations and reinforced follow-up systems along with creating a disability-friendly working environment. In fiscal 2018, 290 persons* with disabilities, including those newly hired, were working for the Yazaki Group. The employment rate of persons with disabilities was 2.38%.*

Moreover, 28 employees with disabilities are employed at special subsidiary Yazaki Business Support Co., Ltd. in Susono City, Shizuoka Prefecture, where they are mainly engaged in management and cleaning of welfare facilities and collective waste management services. To enable them to continue working, we have arranged and developed qualified personnel, such as an in-house job coach and an employment counsellor, to strengthen our support systems.

* Total of Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation, and Yazaki Business Support Co., Ltd. calculated based on the Act on Employment Promotion of Persons with Disabilities.

TOPICS

Shizuoka Prefecture Special Subsidiary Liaison Council

The Shizuoka Prefecture Special Subsidiary Liaison Council was established in 2016 to boost hiring and employment of persons with disabilities, help special subsidiaries share information, knowledge, and experience with each other, and support businesses planning to hire persons with disabilities. Endorsing the council's mission, Yazaki Business Support Co., Ltd. has been a member since its founding. In 2018, it became one of the five organizing companies for the council, thereby starting new duties as a member studying ways to promote employment of persons with disabilities in Shizuoka Prefecture. The role of an organizing company includes reporting to the Shizuoka prefectural government on programs related to the improvement of workplaces employing persons with disabilities. Yazaki Business Support will continue to fulfill its role as an organizing company for the benefit of the 30 participating companies.

Shizuoka "Abilimpics" Professional Skills Championship for People with Disabilities

The Shizuoka "Abilimpics" Professional Skills Championship for People with Disabilities took place in June 2018. One Yazaki Business Support employee with disabilities competed in the Office Assistant division. The employee took third place in a field of 20 competitors from enterprises and special-needs schools.

Promoting Health & Productivity Management

Basic Concept

The Yazaki Group* aims to establish maintenance of good health among all employees as a part of its corporate culture. We work with Group companies and our employees' insurer (our health insurance society) to take physical and mental health measures that respect employees' individuality and independence.

As a result of these initiatives, in 2018 and again in 2019, the Yazaki Group was recognized in the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500), which is jointly run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. We will continue to implement health management and strive to maintain and promote good health for our employees.

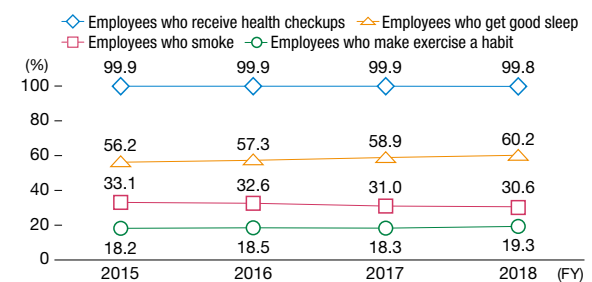
* Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation

Improving Mental and Physical Health

Regular health checkups are a basic measure for physical health, so we ensure that 100% of Yazaki Group employees get them. If an employee is found to be at high risk, we recommend a follow-up checkup and try to get the results. We run a lifestyle improvement program for employees with mild hypertension who wish to join. We also actively take steps against smoking. That includes initiatives to prevent passive smoking and others to lower the percentage of employees who smoke.

As a mental health measure, we have been providing stress checks, designed to promote self-care, since 2009, before they became mandatory under the Industrial Safety and Health Act. Based on stress check results, nurses actively offer health advice to employees with high stress levels. To try to improve workplaces at the departmental level, we work to prevent mental health issues by encouraging communication based on original workplace improvement plans.

State of Health Management



Major Initiatives on Health Measures

Action item	What is being done
Lifestyle Disease Improvement Program	A voluntary program for employees with mild hypertension, it guides them with an exercise program and dietary advice to prevent hypertension from worsening. The program is being gradually expanded to more sites.
Lunch cost assistance	Employees are given assistance with lunch costs, regardless of whether there is a cafeteria, to encourage good physical health by getting proper meals.
Stress check workplace improvement	We use original workplace improvement plans to try to improve departments that have many issues according to stress check results. By observing over time, we also try to prevent mental illness by confirming whether the workplace improvements are effective.
Passive smoking prevention initiatives	We listen to opinions of both smokers and non-smokers as we work to prevent passive smoking. On World No Tobacco Day (May 31) in particular, we make an effort to prevent passive smoking throughout the Group.

Wellness Promotion Project

We launched the Wellness Promotion Project for the purpose of creating a corporate culture in which employees can develop and nurture healthy ways of living and working, and are currently operating a range of programs under it.

In fiscal 2018, we began a unique training to increase communication in the workplace. We invited Ms. Aya Obayashi from Wellbeing Communication Laboratory to lead the training, which used Cx3 BOOSTER* in fun team-building exercises. Participants said they felt closer to other participants after the training and that they saw sides of each other that they had not expected.

Under the Wellness Promotion Project, we will continue to work on new initiatives to balance the health and job satisfaction of employees.

* A game-like communication tool that draws out each member's personality to enhance teams' creativity and ability to cooperate.

Health Management for Those on Overseas Assignments

For employees working abroad, we practice health management at the same or even higher level than in Japan, because these individuals must live long-term in places very different from Japan in terms of health care, sanitation, food, and the like. They undergo very thorough medical exams once a year from the start of their overseas assignment until they return. Our goal is that with the advice of occupational physicians for employees working abroad, employees will come back even healthier than when they left Japan. Employees working abroad also receive mental health checks once a year so that any changes in condition can be detected early and an occupational physician for employees working abroad can check on them if necessary.

We also have a 24-hour advice line just for these workers, who can access the service at any hour from any country.

TOPICS

Customized wellness training

We are getting more calls for advice about a number of workplace issues (e.g., workplaces say their stress check numbers are too high or they want to deepen communication), and there is a growing need to support each workplace in a way suited to their issues.

In fiscal 2018, therefore, we started customized training in which members of the Wellness Promotion Project sit down with employees to think about their workplace issues relating to healthy work styles and arrange the optimal content for them.

These trainings were given 11 times in fiscal 2018.



At a training

About Us
 Offer Solutions to Increase Society's Prosperity
 Build Healthy and Solid Supply Chains
 Establish a Truly Strong Organization
 Contribute to Development of Local Communities
 Strengthen the Global Environmental Management System
 Enhance Global Governance and Internal Control

Creating a Safe and Comfortable Workplace

Yazaki Group 78th Period Health and Safety Policy



Director and Executive Vice President,
Yazaki Corporation

- 1 Top management and all employees take unified action to conduct health and safety initiatives anchored in legal compliance as we seek to firmly establish a safety culture.
- 2 We work to maintain and strengthen our workplaces' independent health and safety systems and continually make improvements as we seek to eliminate accidents.
- 3 We work to further enhance workplace communication and maintain and promote employees' physical and mental health with new measures.

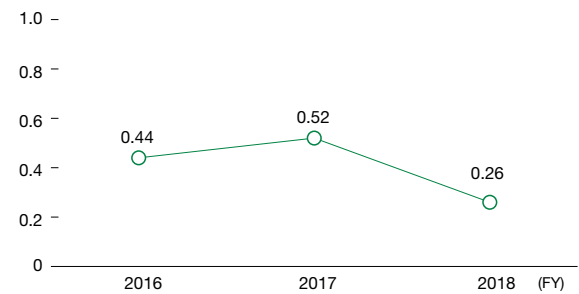
Occupational Health and Safety System

At domestic production sites, we are working to improve the safety awareness of our employees by conducting risk assessment activities to detect and prevent potential risks in the workplace through activities such as risk prediction and risk sensitivity training. We are also making efforts to improve the working environment by prioritizing the safety of not only employees but also temporary staff and external contractors at all of our sites through such means as conducting workplace diagnoses to evaluate the level of safety and health management. In the event of an industrial accident, we respond immediately and ensure that information, including countermeasures, is shared within the company in an effort to prevent the recurrence of similar accidents. As a result of these efforts, the industrial accident frequency rate (lost work time) at the Yazaki Group was 0.26 in fiscal 2018. In fiscal 2019, we aim to further reduce the number of industrial accidents by working Group-wide against minor industrial accidents, which have been rising. Further, in our global safety and health activities, we also strive to prevent similar accidents and raise awareness of safety by sharing information on industrial accidents.

Occupational Health and Safety Training

The health and safety promotion department gives health and safety classes to new employees and newly appointed managers as well as practical safety courses and study sessions on health and safety laws and regulations for employees. On top of these, a variety of trainings are given at each site.

Number of Occupational Accidents, Frequency



Health and Safety Training System Diagram *Includes outside training

Aims / time Rank (grade)	Personal development			Workplace creation	System building
	Entry	Promotion	Specialized	Priority items	Company-wide advancement & follow-up initiatives
Officials & managers		Seminar for New Managers Seminar for New Assistant Managers	Training given when work changes Foreman training* Practical safety training Practical safety training instructor development training General lifesaving workshop* General lifesaving instructor development training Training for earning various qualifications (health officer, etc.)* Traffic safety education Trainings unique to workplaces* Self-care training Line care training RTP training	SC circle activities Risk assessment initiatives Site health and safety diagnosis Health and safety legal compliance checks	Factories Safety committees, meetings of persons in charge Branch offices/management Health and safety liaison councils Follow-up meeting for health management staff Nurses' training
General employees	Training for persons joining company in third-period	Job promotion training			
New employees	Training for persons joining company				

Priority Issues for Promoting CSR



Contributing to Development of Local Communities



Background and Recognition of Issues

Aside from global-scale social issues like climate change, individual countries and regions face worsening problems of their own, such as poverty, disparity, water and food problems, and changing population structures. The problems facing communities are growing increasingly diverse and complex. As a member of society, enterprises are expected to collaborate with stakeholders to work on the various issues affecting local communities.

Enterprises that do business globally cannot afford to turn a blind eye to the issues faced by individual countries and regions, because those issues affect employment and raw materials procurement in the regions where enterprises operate.

Vision

Local communities provide a foundation for the continued survival of enterprises. As such, an enterprise's growth cannot be separated from the economic and social development of its local communities.

Doing business in 45 countries, the Yazaki Group is thankful to people in many countries and regions that have supported us and enabled us to grow. Therefore, we strive to bring joy and happiness to our colleagues, friends, and families around the world by actively addressing problems faced by each country and region and taking initiatives to contribute to society and communities.

We also make every effort to support the nurturing of children, who will be the drivers of future development in each country and region.



Responsibilities to Local Communities

Basic Concept

At the Yazaki Group, we believe it is important not only to contribute to society through manufacturing but also to contribute to the development of local communities in partnership with people living in them. That is why we first listen to each community's challenges, expectations, and demands and then take ongoing initiatives for contributing to the community and region. Initiatives like the summer camp, moreover, help to nurture the next generation.

Nurturing the Next Generation

Yazaki Summer Camp

In order to provide children, who will lead the future, with the opportunity to have diverse experiences, we have held a summer camp for the children of our employees since 1977. This is an initiative that embodies the Yazaki Group Corporate Policy and Fundamental Management Policy. We not only have a program for children of employees in Japan, but also one that invites children of employees from overseas workplaces to Japan. Every year, children of many nationalities participate. The camp provides children with opportunities to make new friends and have new experiences in addition to increasing their interest in protecting the global environment and deepening mutual understanding through international exchanges.

The camp, through the advance trainings and the camp

event itself, also serves as a place to develop the leadership and communication skills of employees who participate in the camp as instructors. There have even been people who participated in the summer camp as an employee's child in the past, then grew up to join the Yazaki Group and participate as an instructor because they wanted other children to have the same experience.

We partner with schools in the local communities and government agencies to put on the summer camp, so it is also an important way to build relationships with stakeholders.



Yazaki Summer Camp in Japan participants

FY 2018 Yazaki Summer Camps

	Domestic	Overseas	In Japan
Target	Domestic employees' children (Elementary 5th and 6th grade)	Domestic employees' children (Junior high 8th grade)	Overseas employees' children (14-year old children)
Location	Yusuhara Town, Kochi Prefecture (July 30 to Aug. 3) Eastern Shizuoka Prefecture (July 30 to Aug. 2)	China (Aug. 5 to Aug. 10) Vietnam (Aug. 17 to Aug. 22)	Chiba, Tokyo, Shizuoka (July 21 to July 27)
Number of participants	Children: 220 Instructors: 32	Children: 138 Instructors: 19	Children: 319 (35 countries) Instructors: 41
Cumulative total	41 camps/ 7,598 persons	32 camps/ 5,022 persons	29 camps/ 4,463 persons

VOICE

Comment from Guardian of Child Taking Part in Summer Camp in Japan 2018

Yazaki has an environment that cares not only about employees but employees' family. My son participated in Yazaki Summer Camp in Japan 2018. He had been longing to go to Japan from 2 years before the camp. He used to remind me each time about the remaining period for him to participate in Yazaki summer camp. This is really a familial company that is motivating me to work for. Now after the camp, he starts taking care of himself and working on 5S. He told me that he wants to go to Japan again someday. The camp has changed him in a good way and it is a wonderful memory for all of my family.

Sadik Hamidi YMM (Morocco)



Employee children and instructor enjoying camp

Initiatives in FY 2018

First Read-Aloud Event in Library

Y-CITY (Susono City, Shizuoka Prefecture) has a library containing books and textbooks from countries of the world, including those where the Yazaki Group does business. Employees are free to use it, but we also open it to the community. In fiscal 2018, with help from a community volunteer group, we held an event in the library where picture books were read aloud to children. There were 61 people in attendance, including children from newborn to elementary school age. The children got lost in the stories, watching and listening with intense looks on their faces whenever a volunteer started reading. We look forward to holding more events like this to deepen our ties to the community and build better relationships with them.



At the read-aloud event

Book Donations and Other Community Contributions

Since its founding in 1995, YEV (Vietnam) has taken actions to contribute to the sustainable development of the local community. In fiscal 2018, it donated books to 87 schools in Binh Duong and Tra Vinh, provinces where YEV has locations. It also gave gifts to economically struggling persons and people with disabilities for Tet, the Vietnamese New Year. YEV aims to continue such activities to be a business needed by society.



A YEV book donation

English Camp in YAZAKI

The Yazaki Parts Co., Ltd. Monozukuri Center in Makinohara City, Shizuoka Prefecture, working with the Makinohara City Board of Education, offers English Camp in YAZAKI, an intercultural exchange event for area third- and fourth-grade elementary school students. Its purpose is to help children be better prepared to live in a globalized society and become comfortable with the English language. Employees on loan from PET (Philippines) to the Connector Development and Design Center served as instructors on the day of the event. The 24 children in attendance enjoyed learning English through recreational activities. We will continue striving to fulfill the Yazaki Group Corporate Policy by working with community members to help support the education of the next generation.



Children having fun as they learn English

Support for Mexico Earthquake Damage Relief

In September 2017, an earthquake occurred in Chiapas, Mexico. It caused immense damages and destroyed many homes. Many local residents suffered. Based on the Yazaki Group Corporate Policy, Arnecom (Mexico) always supports employees and the neighborhood communities that support Yazaki. In accordance with this policy, Arnecom has been carrying out supporting activities such as donating to the employees of the company/ neighborhood residents and contributing to the reconstruction of about 130 households.



Employees offering support

Priority Issues for Promoting CSR



Strengthening the Global Environmental Management System



Background and Recognition of Issues

As the global population grows and the world economy develops, environmental risks increase. Risks like climate change, resource depletion, and loss of biodiversity could have major impacts on our lives and the world's future. The international community has formed compacts like the SDGs and Paris Agreement to deal with this reality. It is not just nations but private enterprises, local governments, and other actors who have an important role to play.

The Yazaki Group recognizes how critical it is to harmonize our business activities with the environment to ensure we hand down a rich earth to the next generation.

Vision

The Yazaki Group recognizes that the preservation of the global environment and its resources is a serious concern shared by all mankind. In line with our Fundamental Management Policy, we will strive to make the world a better place and work to enrich our society through environmentally sound business activities and employee volunteerism.

The Yazaki Group aims to help solve global problems and realize a sustainable society by reducing CO₂ emissions throughout our supply chain, using resources effectively, strictly managing environmentally hazardous substances, and developing and offering environmentally friendly products and services.



Environmental Management

Yazaki Global Environment Charter (Adopted in 1997; revised in 2002, 2006, and 2012)

Environmental Policy

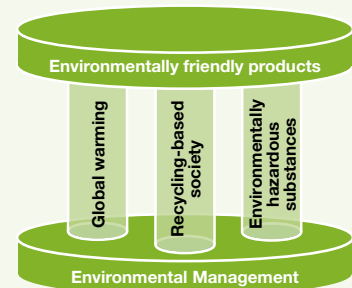
The Yazaki Group recognizes that the preservation of the global environment and its resources is a serious concern shared by all mankind.

In line with our Fundamental Management Policy, we will strive to make the world a better place and work to enrich our society through environmentally sound business activities and employee volunteerism.

Action Guidelines

- 1 Enhance environmental management**
Raise environmental awareness among all employees and empower them as individuals to take responsible actions for environmental preservation.
- 2 Take action to prevent global warming**
Reduce greenhouse gas emissions at the production process and by the contribution of energy-saving product.
- 3 Promote the efficient use of resources towards the formation of a recycling-based society**
Utilize resources by promoting waste recycling and reduce discharges.
- 4 Manage and reduce environmentally hazardous substances**
Improve the management of environmentally hazardous substances in the products and the production process.
- 5 Develop environmentally friendly products**
Consider global warming, recycling, and environmentally hazardous substances when developing products.

Organization of the Action Guidelines



Basic Concept

The Yazaki Group formulated the Yazaki Global Environmental Charter based on the Fundamental Management Policy. It sets out our policies for environmental initiatives and guides our efforts at all sites throughout the world. We write up a Yazaki Environment 5-Year Plan based on the philosophy and policies of the Charter. We carry out this medium-term environmental conservation plan throughout the world. We build ISO 14001-based environmental management systems at sites in Japan and overseas as the foundation for our management system. We also establish Green Purchasing Guidelines and work to reduce environmental impact throughout the supply chain.



Green Purchasing Guidelines

https://www.yazaki-group.com/pdf/csr_green.pdf

https://www.yazaki-group.com/global/pdf/csr_green_e.pdf

Global Environmental Management

Organizational Structure for Environmental Management

At the Yazaki Group, we have established and operate a global environmental management system to ensure that we meet the expectations and demands for environmental conservation from stakeholders worldwide. We convene the Yazaki Environmental Committee, the decision-making body for environmental management, every year in April to discuss how to respond to issues in Japan and overseas.

The issues discussed at the Yazaki Environmental Committee are shared in the Global Environmental Committee with people who have responsibility for environmental issues and with people in charge of practical environmental operations in each region around the world in order to coordinate the activities to solve the issues. Specifically, we share the priority themes that need to be addressed at a global level, such as alleviation of climate change and management of chemical substances in products, and discuss the responses to the issues in order to promote environmental conservation activities throughout the supply chain while encouraging inter-regional collaboration.

The Yazaki Group has also established local environmental management systems that consider the laws and regulations, culture, and customs in each region. In Japan, in order to consider actionable policies for the issues in each field, we have established the Environment Product Design Assessment Committee, the Production Environment Committee, and the Non-Production Environment Committee to promote company-wide initiatives.

Thorough Compliance with Environmental Laws and Regulations

The Yazaki Group implements periodic environmental audits at factories, sales branches, and offices in Japan as well as overseas factories to ensure thorough compliance with law. In fiscal 2018, we implemented audits at 31 sites in North and Central America, 20 in Europe and Africa, 6 in the ASEAN region, 5 in the China region, and 35 in Japan.

In addition, in fiscal 2018 we began conducting cross-audits as part of environmental audits at factories in Japan. During cross-audits, employees with environmental jobs check each other's sites. Employees in charge of environmental initiatives always find points in need of improvement and discuss how to make those improvements with each other, it strengthens the check function and capacity for improvement.



An environmental cross-audit in Japan

Environmental Risk Management

Local Pollution Prevention

Air and water quality problems, noise, and vibration can be uncomfortable for local communities even if they are within the regulations set by laws and local ordinances. That is why the Yazaki Group takes steps like controlling these nuisances at their origin and building soundproof walls. We also hold periodic stakeholder meetings to listen to people from local communities and governments as part of our work to prevent local pollution.

Environmental Education

In an effort to develop people who can think and carry out environmental efforts on their own, we conduct companywide training and specialized environmental training based on the training system of the Yazaki Group.

Companywide training is geared to persons being promoted to specific grades and those being assigned to overseas sites. The training is conducted to deepen the employees' understanding of the significance of environmental conservation and the environmental conservation initiatives of the Yazaki Group.

We also conduct specialized environmental training geared towards employees who supervise and engage in environmental work with the aim of ensuring that they have the skills needed to carry out specialized work related to the environment. This training includes education on environmental laws and regulations and education for ISO 14001 internal auditors.

Biodiversity Conservation Efforts

Our lives rest on the benefits derived from ecosystems in which diverse living things are intertwined. Protection and sustainable use of biodiversity are vital not only for ourselves but also for the sake of future generations. The Framework Convention on Climate Change and the Convention on Biological Diversity were concluded at the Earth Summit in Rio de Janeiro, Brazil in 1992. Also, the Aichi Biodiversity Targets which are common targets to protect biodiversity and the Nagoya Protocol which ensures access to genetic resources and sharing of their benefits were adopted at the 10th Conference of the Parties (COP10) in 2010.

The Yazaki Group considers local characteristics even as it acts globally. Activities include forest maintenance and tree plantings in collaboration with local communities and efforts to eradicate exotic species that harm original ecosystems.

TOPICS

Environmental Representative Conference Begin in China Region

Until fiscal 2017, there were committee meetings of those responsible for environmental issues at each site in the China region, but there were no events where people in charge of practical environmental operations could share information. Therefore Plant Environmental Representative Conference began in fiscal 2018 as a way to increase understanding of practical operations and encourage the spread of best practices to each other's sites. Staff in charge of practical environmental operations at 9 factories in the China region participate in this event.

3 meetings took place in fiscal 2018. Speakers introduced best practices and measures they were taking against legal and other environmental risks, while participants debated other issues as well. Factories take turns hosting meetings. By observing case studies of improvement at actual worksites with actual things, all members increase their skills.



Meeting members observing a worksite

Yazaki Environmental Plan (Results and Evaluations for FY 2018 and Targets for FY 2019)

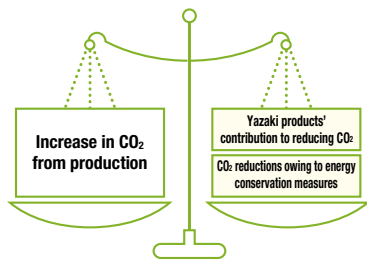
Ongoing: ongoing improvements Evaluation standard ○: 100% achieved △: at least 90% achieved ✕: less than 90% achieved

Item	Target state or value	Target year	Results for FY 2018	Evaluation	Target for FY 2019
Enhance Environmental Management					
Environmental communication	Ensure improvements are implemented continuously while carrying out two-way communication with stakeholders	Ongoing	● Factories have issued site reports and held stakeholder meetings	○	● Continue to issue site reports and hold stakeholder meetings
Environmental education	Ensure that environmental awareness permeates to all employees, and they voluntarily take on environmental initiatives	Ongoing	● Implemented specialized training in each region, site, and division (13,969 employees attended training)	○	● Continue specialized training in each region, site, and division
Environmental compliance	Ensure that the compliance system is strengthened by implementing periodic audits to improve systems and operations	Ongoing	● Implemented audits in each region based on the plan	○	● Introduce cross-audits between sites ● Audit chemical substance management based on risk assessments
Strengthening the environmental management in the supply chain	Ensure that issues concerning environmental management are shared with suppliers and that the PDCA cycle is implemented	2022	● Deployed the Yazaki Green Purchasing Guidelines to suppliers in Japan	○	● Deploy the Yazaki Green Purchasing Guidelines to suppliers overseas
Responding to the revisions of ISO 14001	Ensure that structures are reviewed in light of ISO 14001:2015	2022	● Completed transition to ISO14001:2015 in all regions and sites	○	● Promote unification of environmental management systems
Considering and contributing to biodiversity	Ensure that efforts for biodiversity are continuously conducted according to the characteristics of each region and site	Ongoing	● Implemented planned activities in each region and site	○	● Continue implementing planned activities in each region and site
Take Action to Prevent Global Warming					
Reduction of CO₂ emissions	Ensure that global CO ₂ emissions per unit is reduced by 20% from FY 2010 by FY 2020	2020	● Reduced global CO ₂ emissions per unit by 32.4% from FY 2010	○	● Reduce global CO ₂ emissions per unit by 19% from FY 2010
Promote the Efficient Use of Resources Towards the Formation of a Recycling-based Society					
Reducing waste	Ensure that waste reduction is continuously promoted in each region	Ongoing	● Achieved targets established in each region ● Waste emissions at all sites in Japan increased by 11.2% from FY 2010 (because of overseas regulations on imports of waste plastic)	△	● Continue achieving targets established in each region ● Reduce waste emissions at all sites in Japan by 9.1% from FY 2010
Effectively utilizing and minimizing impact on water resources	Ensure that water resources (quantity and quality) are effectively utilized in each region and improvement activities are conducted continuously	Ongoing	● Achieved targets established in each region	○	● Continue planned activities in each region
Manage and Reduce Environmentally Hazardous Substances					
Responding to the EU-ELV Directive and EU-RoHS Directive	Ensure compliance with Annex II of the EU-ELV Directive	2022	● Decided to prohibit use of aluminum alloy containing up to 0.4% lead in newly developed products	○	● Confirm the non-use of aluminum alloy containing up to 0.4% lead in newly developed products
Responding to substances restricted by REACH Regulation	Ensure the prohibition of the use of 4 specific phthalate esters subject to authorization in raw materials and products	2023	● Implemented substitution based on plans	○	● Check and isolate inventory
Reducing VOC emissions (Sites)	Ensure that VOC emissions are reduced by 30% from FY 2000 at factories	2020	● Reduced total VOC emissions by 54% from FY 2000	○	● Reduce total VOC emissions by 30% from FY 2000
Develop Environmentally Friendly Products					
Promoting environmentally friendly design	Ensure that product development is conducted with consideration for global warming, recycling of resources, and environmentally hazardous substances	Ongoing	● The number of environmentally friendly products approved: 24 ● Began performing LCA evaluation at the product usage stage	○	● Continue practicing environmentally friendly design

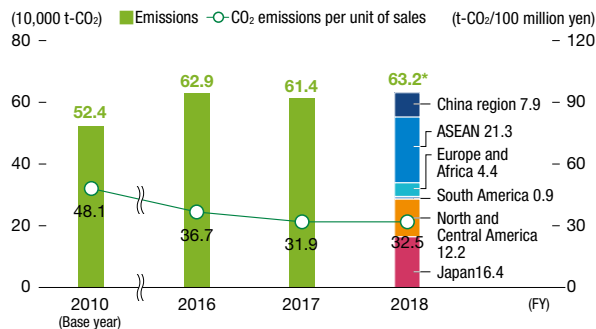
Responding to Climate Change

Basic Concept

The Yazaki Group is taking actions to help lower CO₂ at the global scale in response to global warming issue that needs to be dealt with globally. For example, we are working to reduce CO₂ at our sites through energy saving measures and we are also promoting Yazaki Group products that help to lower CO₂.



Change in CO₂ Emissions (Globally)



* Total emissions may differ from sum of regional emissions because of rounding to the first decimal place.

Energy Saving Activities at Factories and Offices

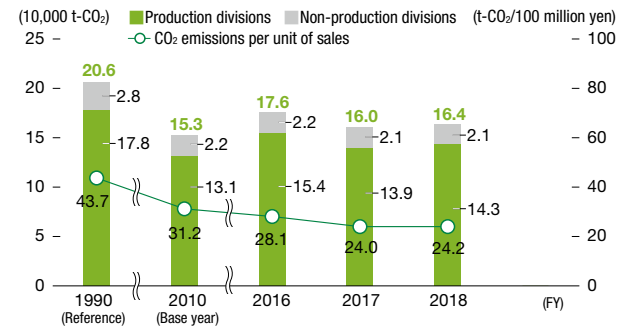
The Yazaki Group is working on energy saving activities with its target of reducing global CO₂ emissions per unit by 20% from FY 2010 by FY 2020.

Specific initiatives include equipment measures like putting LEDs in lighting equipment, updating air conditioning equipment and compressors, and optimizing operation time of facilities. We are also promoting the use of renewable energy by installing solar panels. We also continually implement specific initiatives such as ensuring that lighting is turned off during lunchtime and breaks and using the eco mode for PCs to raise the awareness of each and every employee.

Through these initiatives, we reduced CO₂ emissions by approximately 6,500 tons globally in fiscal 2018.

CO₂ emissions per unit of sales in fiscal 2018 were 32.5 tons-CO₂/100 million yen globally, which is 32.4% less than that of fiscal 2010. The figure in the domestic Yazaki Group was 24.2 tons-CO₂/100 million yen, which is 22.4% less than that of fiscal 2010.

Change in CO₂ Emissions (Japan)



TOPICS

Energy Saving Measures at Yazaki Energy System Corporation Numazu Factory

Yazaki Energy System Corporation Numazu Factory in Numazu City, Shizuoka Prefecture is systematically rebuilding its aging facilities. During rebuilding in 2018, it placed 2,508 solar panels on its roof to make effective use of renewable energy. The panels generate 730 MWh of electricity annually, which is expected to lower CO₂ emissions by 365 tons each year.

The factory's production facilities, moreover, are working on a way to generate electricity while manufacturing products. Traditional electric wire twisters use a brake to adjust tension. During braking, kinetic energy is vented as thermal energy, causing an energy loss. The factory's new electric wire twister uses regenerative brakes* that generate electricity from the kinetic energy that was wasted in the past. That electric power can then be used as supplementary electricity to drive the electric wire twister. The resulting approximately 307 MWh of electricity generated annually could lower CO₂ emissions by 155 tons each year. After the new electric wire twister is proven effective at Numazu Factory, it will be rolled out to other factories. The Yazaki Group will continue initiatives to reduce CO₂.



Solar panels

* Brakes that use kinetic energy from braking to generate power that the motor recovers or consumes as electric energy

Contribution to Reducing CO₂ Emissions with Our Own Products

Solar equipment and air conditioning appliances using wood pellets are products that contribute to reducing CO₂ emissions. The *Bio-Aroace* wood pellet-fueled absorption chiller-heater is an air-conditioning appliance based on a carbon neutral* concept. Taking into consideration the volume of CO₂ absorption during the growth of the wood used as raw material for the wood pellets, there is an annual reduction of approximately 30 tons of CO₂ emissions per unit compared with using fossil fuels.

Equipping automobiles with in-vehicle safety & service systems like a digital tachograph not only makes driving more efficient and safer but also contributes to reducing CO₂ emissions, leading to improvements in fuel economy.

The contribution to CO₂ emissions reductions due to these products in fiscal 2018 was 102,000 tons, and the cumulative reduction in CO₂ emissions since fiscal 2011 is 591,000 tons.

* Carbon neutral: the condition in which the amount of CO₂ emitted by burning and decomposition is equal to the amount of CO₂ absorbed from the atmosphere by forests and plants in the natural world

Promoting Green Logistics

The Yazaki Group in Japan works continually to reduce energy consumption per unit of transportation in accordance with the Law Concerning the Rational Use of Energy. CO₂ emissions from domestic logistics in fiscal 2018 were 18,000 tons, a reduction of 2.5% from the previous fiscal year. CO₂ emissions per transportation amount (ton-kilometer) were 118 g-CO₂/ton-kilometer, a reduction of 4.0% from the previous fiscal year.

In fiscal 2018, transit systems around Japan were cut off by natural disasters, with railroads in western Japan particularly hard hit. However, we were able to minimize increases in CO₂ emissions by stepping up the use of consolidated cargo and revising the number of trips made.

We will continue working to reduce CO₂ emissions in fiscal 2019.

Recycling of Resources

Basic Concept

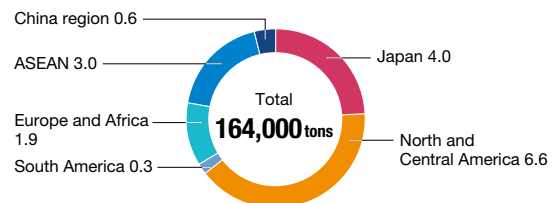
As the global population grows and economies develop, environmental risks like that of resource depletion increase. Environmental pollution caused by marine plastics is also raised as a worldwide problem. The Yazaki Group is working to build a resource recycling society by reducing loss in manufacturing processes, promoting recycling, and other measures to reduce emissions based on the 5R* concept. We are also dealing with water risks. We endeavor to minimize water use by recycling and conserving water. Additionally, we are protecting water resources by practicing stronger management to ensure that factory water discharges do not impact the surrounding environment.

* 5R: Reduce/Reuse/Recycle/Refuse/Repair

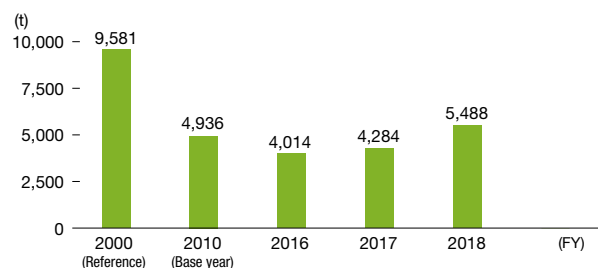
Activities to Reduce the Total Amount of Waste

The Yazaki Group works on measures to reduce the amount of waste through activities including reducing loss in manufacturing processes, promoting recycling, and further subdividing waste separation based on the 5R concept. In fiscal 2018, the amount of waste was 164,000 tons globally. In addition, the amount of waste at Yazaki Group companies in Japan in fiscal 2018 was 5,488 tons, an increase of 11.2% compared with fiscal 2010, owing to restrictions that China and other countries have put on imports of waste plastic from abroad. We will continue our waste reduction initiatives and endeavor to solve the worldwide problem which is one of the global issues to be tackled.

The Amount of Waste by Region (10,000 tons)



Change in the Amount of Waste (Japan)



Reusing Products and Using Recycled Material

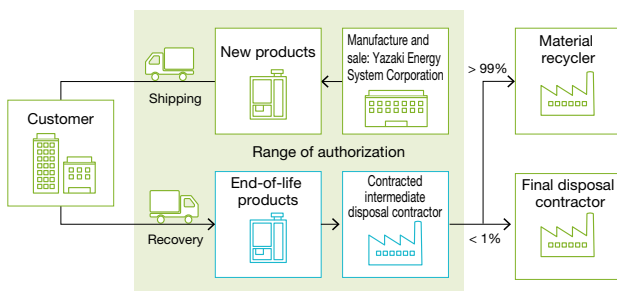
The Yazaki Group uses approximately 50 million *Polytainer* containers and 1.5 million plastic pallets in Japan and overseas. They are discarded as waste if they break after repeated use. Sho Unyu, Inc., a Yazaki Group shipping company, collects plastic *Polytainer* containers and pallets that are broken or unneeded for other reasons. These are then crushed and used as material for recycled plastic pallets. This allows plastic to be recirculated and accounted for a reduction of approximately 200 tons of waste in fiscal 2018.

Reduce Environmental Impact of End-of-Life Products

The Yazaki Group recovers, reuses, and recycles used electric wires, wooden drums, gas meters, absorption solution from absorption chiller-heaters, and more. Under the wide-area certification system,* the Hamamatsu Factory recovers *Aroace* absorption chiller-heaters when they are used up and reuses and recycles their components. By separating and reusing the steel plates that make up the product proper, the copper tubes that make up the heat exchangers, and absorption solution, we were able in fiscal 2018 to recycle more than 99% of these products by weight, just as we did the year before.

* A system designed to enable manufacturers authorized by the Minister of the Environment to collect their own products that have been discarded over a wide area so they can be appropriately processed and recycled

Recovery of Air-Conditioning Equipment under the Wide-Area Certification System



Protecting water resources

Awareness of Water Risks

The Yazaki Group has used the WRI AQUEDUCT* to evaluate water risks at our sites. The results showed that none of our major sites faced a high risk. However, we recognize water risks to be a worldwide issue which we need to work on as an enterprise, so we have set voluntary targets that we are working toward.

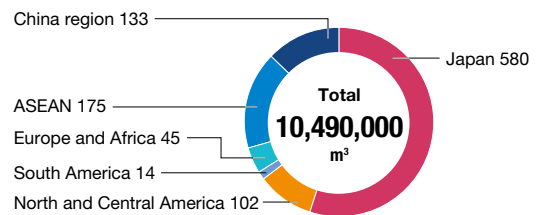
* A water risk assessment tool developed by the World Resources Institute (WRI)

Initiatives to Conserve Water Resources

The manufacturing of electric wires, one of the Yazaki Group's representative products, and the manufacturing of resin components that make up our wire harnesses use a lot of water in cooling and other processes. Therefore, at the Yazaki Group, we are making efforts to reduce water consumption by identifying global water consumption and reusing discharged water as much as we can.

In fiscal 2018, water consumption was 10.49 million m³ globally, a decrease of 3.9% from the previous fiscal year. We engage in water conservation efforts while considering the water environment in each country and region. These water conservation efforts include reusing cooling water in equipment, preventing water leakages through regular maintenance of equipment, and using rainwater and discharged water from canteens for watering plants. We also engage in educational activities, including educating our employees about water conservation. Besides reducing water consumption, we strive to preserve water resources by addressing water risks, including dealing with the discharge of polluted water.

Water Consumption by Region (10,000 m³)



TOPICS

Environmental Education for Children

Staff members from YBM in Brazil visit an elementary school close to their site to provide environmental education. They teach children topics such as the importance of conserving water resources and reducing waste. A class in April 2019 included putting on a fun play that taught the importance of water. YBM will continue activities like these to raise children's environmental awareness.



Children learning the importance of water

Management of Chemicals

Basic Concept

At the World Summit on Sustainable Development^{*1} in 2002, the 2020 Goals^{*2} on chemical management were proposed and management worldwide has grown stronger since then.

The Yazaki Group has established and operates systems worldwide to ensure compliance with the laws and regulations related to chemical substances in each country and to meet customer requests for the management of chemicals.

We demand that our suppliers ensure that chemicals prohibited from being in products do not end up in ours. We also practice thorough management internally of the chemicals used in our products. As for chemicals handled during manufacturing processes, we manage their emissions, set voluntary standards, and work to reduce them.

*1: World Summit on Sustainable Development (WSSD), commonly known as the Johannesburg Summit

*2: 2020 Goals: targets that aim to minimize significant adverse impacts that the manufacture and use of chemicals has on human health and the environment by 2020

Managing Chemicals in Products

The Yazaki Group collects information on the revisions and enforcement of laws and regulations in each country and is ready to respond promptly to cases where chemical substances may be regulated in the future.

In fiscal 2018, we strengthened our systems for ELV, RoHS, and new chemical reporting regulations in each country, regularly collected the latest information on the relevant laws and regulations, and worked to organize a system for sharing information between regions of the world. We also regularly checked the state of chemical management at suppliers presenting a high risk of contamination and started an initiative to support their building of chemical management systems.

Appropriate Disposal of PCB Waste

The Yazaki Group in Japan promotes the appropriate storage and disposal of PCB waste in our possession in accordance with the Act on Special Measures concerning the Promotion of Proper Treatment of Polychlorinated Biphenyl (PCB)* Waste. At sites storing PCB waste, we

appoint responsible persons and make efforts to prevent loss, damage, or leakage by locking the storage site, conducting regular inspections, and taking earthquake countermeasures.

As of fiscal 2018, we had 36 transformers and condensers and 898 stabilizers in storage. We have established a plan for processing these ahead of the legal deadline and are promoting to dispose these items by authorized contractors.

* Polychlorinated biphenyl: previously used for various purposes, such as insulating oil for electric equipment, including transformers and condensers. However, its manufacture and import have been prohibited since 1975 as the material was found to be harmful to human health and the environment.

Reducing and Managing Chemical Emissions

The Yazaki Group in Japan is making design changes and production process improvements to reduce emissions of volatile organic compounds (VOCs) that generate suspended particulate matters and photochemical oxidants that cause air pollution.

Major initiatives include reducing VOC use by switching to VOC-free cleaning solution for jigs and equipment and minimizing coated areas, as well as reusing previously used solvent.

Owing to these initiatives, VOC emissions in fiscal 2018 were 163 tons, a 54% decrease from fiscal 2000.

Additionally, emissions of designated chemical substances from 6 factories^{*1} in Japan subject to control of the PRTR Law^{*2} amounted to 10,410 kg and the transfer amount, caused for example by substances adhering to products, was 3,147 kg.

*1 Factories required to submit a report: Susono Factory, Ohama Factory, Shimada Factory, Numazu Factory, Fuji Factory, and Tenryu Factory

*2 PRTR Law: a law related to identifying the emissions of specific chemical substances released into the environment and to promote improvements in the management of the substances

TOPICS

Training for Responding to a Chemical Substance Leak

FSY in China gave the training in how to respond in the event of a chemical substance leak in order to increase the knowledge of staff in charge of chemical management. The company invited an external instructor who helped participants check emergency response procedures and taught them how to use eyewashing equipment and other parts of the emergency response kit. The participants then taught what they learned to everyone in their departments to share their knowledge about chemical management. FSY will continue working to prevent chemical substance leaks.

Environmentally Friendly Design

Basic Concept

The Yazaki Group has established its original certification standards for environmentally friendly design. All development divisions strive to reduce the environmental impact of products from the design stage and to enhance the added value of products.

We additionally evaluate the environmental impact of our products across their life cycles (the stages of production and use^{*1}), using LCA^{*2} techniques. Those products that meet our internal certification standards are certified as environmentally friendly products.

^{*1} Applies to automotive components ^{*2} Life cycle assessment

Case Studies of Environmentally Friendly Products

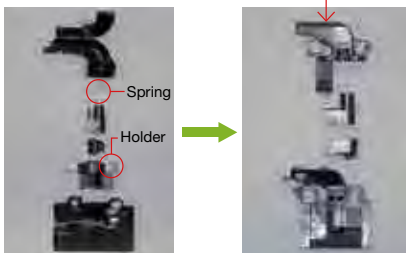
Lightweight Constant Power Supply Units for Power Sliding Doors

As sliding doors have taken on more and more functions, the need for compact and lightweight constant power

Newly developed product



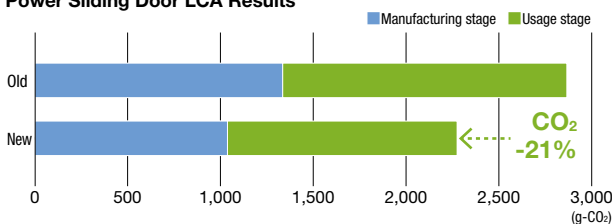
The portion in the red circle consists of the components shown below.



Conventional product

Newly developed product (no spring or holder)

Power Sliding Door LCA Results



supply units for sliding doors has grown. These units help to open and close doors. They use a variety of parts, such as springs, to cause a wire harness that is ordinarily secured to follow the door. Other means are in place to keep the wire harness from touching the auto body and persons getting in and out.

In this newly developed product, resin components that regulate the course of the wire harness are placed in a corrugated tube that protects it. That eliminates the need for components that had a spring as their main constituent. Reducing the total number of components from 13 to 9 has resulted in a product approximately 20% lighter than conventional one.

Development of Top-Fastened Battery Terminal

In most conventional battery terminals, the bolt fastens horizontally or at an angle. This necessitates a certain amount of space when assembling batteries, and that creates layout and design limitations in the area around the battery.

The Yazaki Group developed a battery terminal that fastens from the top. This keeps surrounding components from interfering with tools during installation, and gives more flexibilities to design the components around the battery and facilitates installation work. By additionally switching manufacturing process from existing cast molding to a press molding, we also reduced the weight by approximately 40% over a conventional product.

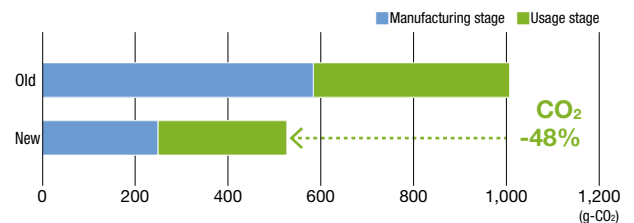


Conventional product (made by cast molding)



Newly developed product (made by press molding)

Top-Fastened Battery Terminal LCA Results

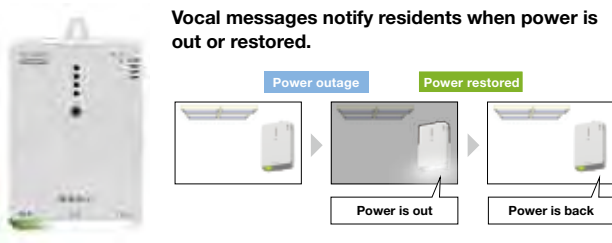


Development of Gas Alarm with Emergency Light and Night Light

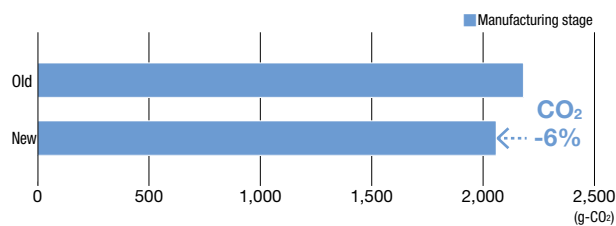
To prevent electricity fires in the event of a major earthquake, the Japan Electric Association recommends installing residential distribution boards with an isolating function that works when shaking is detected. The Japanese government, moreover, recommends having emergency lighting for use at night in case a natural disaster causes a power outage.

Given these concerns, the Yazaki Group developed the YP-756FE, the industry's first gas alarm with emergency

light and night light, ensuring customers are safe and secure in emergencies. By using an energy-efficient chip LED, it additionally consumes 80% less energy than a conventional light bulb-using product when the emergency light or night light is on.



Gas Alarm with Emergency Light and Night Light LCA Results



Development of DTG3α Digital Tachograph

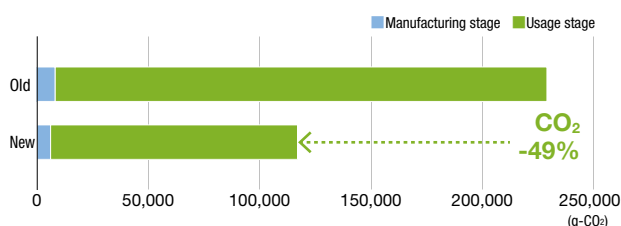
Yazaki's previously existing product, the DTG3, consisted of the main unit and peripheral devices (GPS unit and interface box*1). Putting such devices on a vehicle meets the customer's needs such as managing time and quickly determining work locations. On the other hand, with more constituent devices, more harnesses have to be wired and more space is needed to put the devices, creating more installation work.



We responded by developing the DTG3α, which brings the functions of the peripheral devices into the main unit. This ensures enough installation space and facilitates installation. The new digital tachograph is also 30% lighter and 17% more compact compared to the conventional one.*2

*1 Interface box: an interface device for installing tachographs as an after-market device in vehicles of various types
 *2 When comparing weight and size for the same function

DTG3 Digital Tachograph LCA Results



Environmental Activities

Activities at Sites

Initiative to Reduce Plastic Waste (TYE)

The impact that plastic waste has on the environment has become a great problem in recent years. In November 2018, TYE in Thailand began an initiative in its employee store that lowers the price of drinks for employees who bring in their own reusable bottle. In addition, employees who bring their own shopping bags earn eco-points, which can be saved up to get a reusable bottle. Through these initiatives, TYE is raising employee awareness and helping to reduce plastic waste.



An employee with his reusable bottle purchasing a drink at the employee store

Planting Green Curtains

The Washizu Branch Factory (Kosai City, Shizuoka Prefecture) has been planting green curtains since 2011 to lower room temperatures and protect the environment. In fiscal 2018, "environmental ambassadors" appointed by each workplace studied how to create and care for green curtains and each planted bitter melon seedlings in his or her assigned area. During their approximately six-month terms, the environmental ambassadors manage the green curtains and take initiatives like raising environmental awareness and leading cleanups. Their activities primarily involve promoting environmental initiatives in each workplace.



Planting bitter melon seedlings

About Us
 Offer Solutions to Increase Society's Prosperity
 Build Healthy and Solid Supply Chains
 Establish a Truly Strong Organization
 Contribute to Development of Local Communities
 Strengthen the Global Environmental Management System
 Enhance Global Governance and Internal Control

Priority Issues for Promoting CSR



Strengthening Global Governance and Internal Control



Background and Recognition of Issues

Realizing a prosperous society necessarily requires sound development of market economies, which are the foundation of growth for businesses. Working within a free and fair market economy, a business needs to meet its stakeholders' wishes, offer value to society, and make an appropriate profit.

Additionally, enterprises doing business globally amidst rising social uncertainty have to put systems in place that allow them to appropriately manage and respond flexibly to increasingly diverse risks and management issues.

Vision

A business must establish a sound management foundation to grow sustainably.

The Yazaki Group Corporate Policy calls on us to be “A Corporation in Step with the World” and “A Corporation Needed by Society.” To that end, we seek to increase our corporate value by endeavoring continually to build a sound, efficient, and transparent global governance system, strengthening internal control, and building good stakeholder relationships that emphasize dialogue.



Corporate Governance System and Internal Control

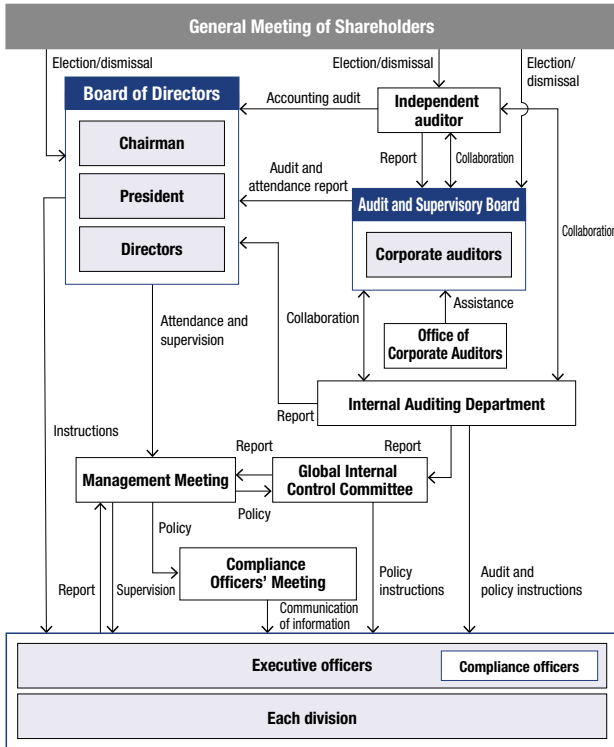
Basic Concept

As we continue our quest to be “A Corporation in Step with the World” and “A Corporation Needed by Society” as called for in the Yazaki Group Corporate Policy, we will build sound relationships with stakeholders, fulfill our social responsibility as an enterprise, aim for sustained growth and higher corporate value, and work to strengthen corporate governance.

Corporate Governance

We are a company with corporate auditors, and have established a Board of Directors, an Audit and Supervisory Board, and Management Meetings.

Diagram of Governance System



The Board of Directors meeting is held every month (if necessary, an additional ad-hoc meeting is held), and the Board decides on matters stipulated by law and regulation in addition to other important matters regarding management. It also supervises the performance of directors' duties. To ensure prompt decision-making and execution of duties, matters to be discussed by the Board of Directors are specifically laid out in the Board of Directors guidance of the same. Matters deliberated and decided at Board of Directors meetings include, for example, mid-to long-term business plans, annual budgets, and any asset or funds-related matter that concerns more than a certain value. To ensure directors can properly fulfill the roles and responsibilities expected of them, they receive training to ensure their understanding of those roles and responsibilities and acquire the necessary knowledge. This training is also received by directors of Yazaki Group subsidiaries in Japan and overseas.

Management Meetings are attended by the Chairman, President, Vice President, and division managers, among others and are held every month as a place for decision-making and information sharing on matters concerning business operations.

Strengthening Internal Control

Based on the Internal Control Policy specified by the Board of Directors, we strive to create and strengthen the internal control system to secure the execution of duties of the corporate group in accordance with the Companies Act of Japan.

In fiscal 2016, we dissolved the CSR Committee, the Compliance Committee, and the Risk Management Committee, which had previously been established as individual committees, and established the Global Internal Control Committee, chaired by the President, to be the highest body at Yazaki Group concerned with internal control. This Committee monitors and evaluates the effectiveness of internal control in the Yazaki Group.

In fiscal 2018, the Global Internal Control Committee met twice. It established a working group headed by the Executive Vice President for management divisions and took actions more frequently under the Committee's auspices to further strengthen internal control. The focus for the working group is to respond to urgent issues. Management divisions conducted cross-sectional analysis of issues and an intensive study of how to respond. We also finished establishing new internal control committees in each region, preparing a system to strengthen internal control throughout the Yazaki Group.

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Compliance

Basic Concept

The Yazaki Group sets forth “Uphold the law, respect regional cultures, and contribute to economic and social development” as the goals in our Fundamental Management Policy. To achieve these goals, we will roll out our compliance activities based on four pillars: 1) clarification of laws and regulations that we must comply with; 2) compliance education; 3) establishment of a system for consultation and inquiries; and 4) monitoring.

Organizational Structure to Ensure Compliance

The Yazaki Group’s Global Internal Control Committee regularly deliberates on important compliance matters. We also hold a Global Legal Conference for legal officers at regional headquarters overseas. The conference is held once a year to strengthen collaboration between each location and share information globally. The conference in May 2019 featured reports and discussions on the current state of compliance system building activities and related issues, the state of contract management in each country, and problems relating to the operation of internal reporting systems.

Further, the Yazaki Group in Japan introduced the Compliance Officer System aiming to ensure autonomous compliance activities in each division. Through this system, we have been working to instill compliance awareness among employees.



Global Legal Meeting participants

Clarifying Laws and Regulations We Must Comply With

We have clarified the rules that we must comply with as a business using the Yazaki-wide Legal Compliance Control Item Table, which lists the laws and regulations commonly related to the Yazaki Group’s businesses. Additionally, the compliance officers of the relevant business offices update laws and regulations applied to specific businesses and local governments and incorporate them into compliance activities.

Compliance Training

The Yazaki Group provides training for specific job levels and grades, including training on various laws, and compliance seminars for directors, which are aimed at top management. Training seeks to deepen understanding of the relevant laws and regulations and raise compliance awareness by incorporating seminars on harassment and corporate misconduct.

Additionally, we hold the Yazaki Legal Conference for the president of domestic subsidiaries every year. In fiscal 2018, we shared information on important compliance matters internally and brought in an external lawyer to give a talk on Tax Compliance. We also hold a Compliance Week each year in each division and worksite for the purpose of raising employees’ compliance awareness. In fiscal 2018, events included inviting employees to submit compliance slogans. These helped to raise compliance awareness and stimulate workplace communication.

Thorough Corruption Prevention

The Yazaki Group has long banned the provision and acceptance of bribes and benefits to/from politicians and public employees. Likewise, the Yazaki Group Code of Conduct Handbook demands that employees comply with the law and maintain a sound and transparent relationship with public officials, politicians, and government agencies.

Establishment of a Whistle-blower Protection System

The Yazaki Group has established and operates *Yazaki ai*, a whistle-blower protection system, for the early detection and prevention of legal violations and other problems. Under this system, in addition to an internal hotline, there is also an external hotline at an outside law office whose independence is guaranteed. Because of this, there is a promise of anonymity and protection for whistle-blowers so that they are not retaliated against or otherwise treated unfairly due to raising a concern.

Monitoring

To ensure the effectiveness of our compliance activities, we identify the high-risk items from the Legal Compliance Control Item Table to prioritize initiatives. We also conduct regular self-checking using a Compliance Check Sheet that contains requirements from the item list in a form that makes them possible to check. We also make efforts to ensure the achievement of legal compliance through the multi-layered implementation of site checks by divisions in charge of laws and regulations, such as personnel, financial, and legal divisions, and a regular audit conducted by the Internal Audit Department.

Risk Management

Basic Concept

The risks that could seriously impact management are changing all the time. Enterprises have to respond quickly and flexibly to changes in the risk environment.

The Yazaki Group responds appropriately to the various risks facing Yazaki Corporation and its Group companies, based on the nature and severity of each risk. We promote risk management PDCA (appropriately identifying the risk, controlling it, monitoring it, and making corrections) Group-wide, thereby appropriately lowering risk levels.

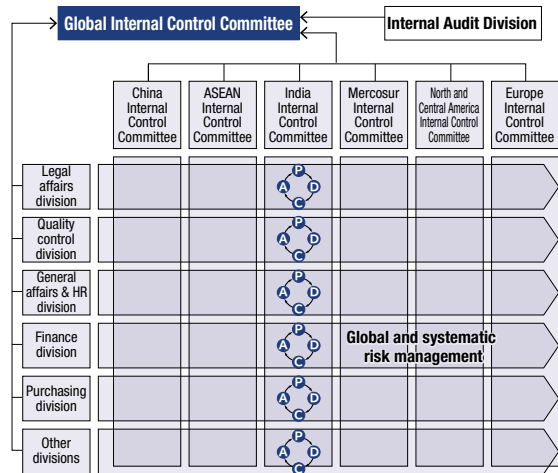
Organizational Structure to Ensure Risk Management

Based on the basic policy on Risk Management, the Yazaki Group builds risk management systems in each region and manages risk Group-wide.

Management divisions and Internal Control Committees in each region overseas report important risk management items to the Global Internal Control Committee. The Committee regularly deliberates on important management risks and the effectiveness of measures taken against them.

By also establishing an initiatives system for the entire Group, including subsidiaries, and through appropriate collaboration with the Internal Audit division, the Committee takes highly effective measures for lowering risk.

Organizational Structure to Ensure Risk Management



A risk management workshop in India

Disaster Mitigation Measures

Developing Natural Disaster Mitigation

We are developing mitigation methods for natural disasters with a priority on ensuring the safety of employees in the event of a disaster.

To date, we have prepared the Wind and Flood Response Manual to respond to typhoons, torrential rain, and storm surges, the Earthquake Response Manual to respond to earthquakes and tsunamis, and the Eruption Response Manual to respond to volcanic eruptions. By establishing a disaster management system and giving training based on these manuals, we promote understanding of disaster management and readiness to respond appropriately to emergencies.

Fire Prevention Measures

In order to prevent fires caused by electrical equipment and chemicals, we have enhanced the fire control regulations in addition to establishing a fire management system for all domestic sites, and we perform checks to make sure fire control is appropriate.

Moreover, we hold regular study sessions on laws and regulations for all fire marshals at domestic sites, and are working to promote understanding of fire service laws and regulations and fire prevention.

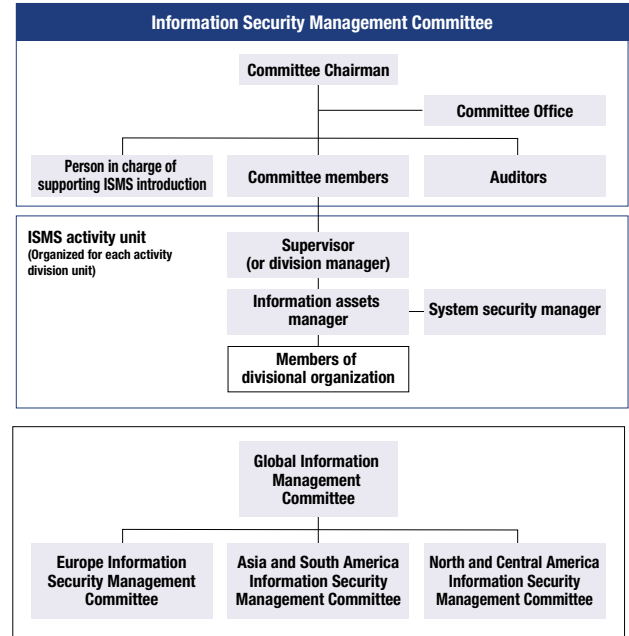
Information Security

Basic Concept

In recent years, cyberattacks by organized professional groups have increased, and their targets include both nations and corporations. The methods of their attacks are complex and hard to detect, and any incident or accident involving the leakage of information due to a cyberattack will damage the trust of customers and other stakeholders in the company, and lead to lost profits.

The Yazaki Group protects a broad range of confidential information, including the personal information of customers obtained in the course of business. We have also established a variety of rules, including our privacy policy, and focus our efforts on information security in order to manage the necessary information on our products appropriately from the perspective of customers.

Organizational Structure to Ensure Information Security



Organizational Structure to Ensure Information Security

The Yazaki Group has established the Information Security Management Committee whose members are posted in each division. At Committee meetings held every other month, the 27 committee members check the status of information security activities in each division and consider standardization, common measures, and training with the goal of striving to maintain a high level of information security.

We also have an organizational structure in place in each region around the globe (Europe, Asia and South America, and North and Central America) to respond to Europe's GDPR* and each nation's personal information protection laws and security requirements.

We will keep working to gain the trust of customers and other stakeholders through the promotion of information security activities in the future.

* GDPR: General Data Protection Regulation

Operation

We work to maintain and strengthen security by continually implementing a PDCA cycle over the course of a year through the information security management system (ISMS).

In addition, we report any security accidents to the Information Security Management Committee to expedite the initial response and to ensure the prevention of reoccurrence.

We are stepping up measures against cyberattacks, for example giving training on phishing emails, monitoring logs and networks, and evaluating vulnerabilities.



Third-Party Opinion

Mariko Kawaguchi, Senior Principal, Research Division, CMA, Daiwa Institute of Research Ltd.

Mariko Kawaguchi completed a master's degree in environmental economics at Hitotsubashi University Graduate School. She is involved in research related to sustainability at Daiwa Institute of Research. Before starting as the Chief Researcher in the Research Department at Daiwa Institute of Research in April 2012, she served as head of the CSR group and general manager in charge of CSR in the Corporate Communication Department at the headquarters of Daiwa Securities Group since 2010. Her responsibilities include all areas of sustainability, including CSR and ESG investment and ethical consumption. She is a Chartered Member of the Securities Analysts Association of Japan, Guest Assistant Professor at Waseda University, Director of the UN Global Compact Network Japan, Joint Representative Director of Japan Sustainable Investment Forum, extraordinary member of the Central Environment Council, Ministry of the Environment (since 2018), and member of the Tokyo Cap & Trade Committee. She is an author of Social Finance no Kyokasho (Social Finance Textbook) published by Seisensei Shuppan, and others.

I was invited to give a third-party opinion to this report for the first time last year. As a result I got to see management that embodies Yazaki Corporation's Fundamental Management Policy that says, "Care for people." This year I had the opportunity to visit Y-CITY, that serves as Yazaki's World Headquarters, as well as the Susono Factory and a nursing care facility. It reconfirmed for me the state of Yazaki's management that I came to see last year from the information in its report. I sensed how the manufacturing of wire harnesses requires a lot of labor-intensive craftsmanship. Presently, while many enterprises are embracing AI and automation, in competition the Yazaki Group is embracing the labor intensive nature of its work. It has a strategy of actively dispersing manufacturing processes internationally, as evidenced by the fact that it operates in 45 countries, and it is winning market share as a result. At the same time, it is making a big contribution to local employment. I'm convinced this is a perfect blending of the Group's business characteristics and the Yazaki Group Corporate Policy. In light of that experience, I noticed some good things about the report, and some that need improvement.

I was most impressed by the fact that the President's Message honestly addressed the conflicts between the SDGs and management issues. From companies here and there, you can find management messages saying that they aim to practice management that incorporates SDGs, but there is bound to be some inconsistency and friction if one is sincerely trying to achieve the SDGs. When the President pointed this out so honestly, I got a sense of how resolute Yazaki's management is.

Special Feature 1 gives us a case study of Yazaki advancing into another country, in this case Tunisia. Japanese people are not very familiar with Tunisia. Choosing such a country is commendable enough, but Yazaki went further: it made the bold decision to go to an area without much industry and far from the capital. This is the very embodiment of the management philosophy that says Yazaki expands into a place where people want employment and aims to develop in step with the community. Depending on the case, you might be able to leverage to have a greater economic development benefit for the community than that by ODA or other assistance. Additionally in this report, Chairman Yazaki has a conversation with the leader of one of Japan's most progressive NGOs specializing in children's rights. I hope that this will be more than a simple conversation and that the suggestions that came out of this talk will have a positive impact on Yazaki's overseas businesses and domestic nursing care business going forward. Training 1,000 skilled workers in a country with a different culture, language, and religion is a challenging mission, but I could sense Yazaki's enthusiasm to make this a management driver to overcome the high hurdle of achieving SDGs.

Special Feature 2, "A More Joyful Community," looked at Care Center "Kamifusen." The facility's director, who had previously worked in a Yazaki Group production division, puts the needs of local citizens and facility residents first. Management takes a very maternal approach, thinking about what would be fun for the residents. For example, they published a healthy recipe book and hold frequent onsite events and outings for residents. The management policy is actively needs-based. Residents obviously like the trainees from Sri Lanka and the whole atmosphere is very congenial. I came to see that the Yazaki attitude of caring for people is very consistent.

The wire harness factory and nursing care facility are at opposite ends of Yazaki's business spectrum, but one thing they have in common is that they are both labor-intensive. Perhaps Yazaki Corporation's greatest strength is its human resources management, with which it employs a vast number of people with diverse languages and cultures as skilled workers.

There were, however, some problems here and there.

First, a look at the data under "Numeric Data for the Yazaki Group" shows that net sales, contribution to CO₂ reduction, percentage reduction in CO₂ emissions per unit, and other measures all improved over the previous year. When you present quantitative data in the future, however, I would like to see the change over time, because it is hard to judge the trends of your efforts if the only data you show is for a single year. You should also consider adding explanations about why data figures have gone up or down, as well as providing a self-evaluation. I would especially like to know some background when there is a big change in an important KPI.

Also, under priority issues, plans for adapting to climate change are one item within an environmental management system, but if you look for example at the typhoon damage happening nowadays, how to respond to disasters is a big risk for an enterprise. The need to ensure employee safety and safe operations and maintain the supply chain are among factors that significantly influence corporate activities. Particularly if you operate in 45 countries, you are going to have all sorts of climate change risks. Going forward, I believe that you will have to take initiatives on adapting to climate change, anticipating typhoons, droughts, and more, treating this as an issue that directly concerns your business strategy.

I noticed that in the section entitled "Building a Truly Strong Organization," all you do is talk about rules and structures concerning labor. This seems out of character for Yazaki, where there is so much emphasis on caring for people. Activities like your summer camp for employees' children count as human resources training and global communication, so that too is a social initiative, I think. You ought to call more attention to your true Yazaki character.

When I saw the report, I had my doubts about whether the content of your initiatives was for real. That is because there are so many reports that try to make the enterprise look good. In this case, however, when I visited Yazaki, I felt that you had actually understated all the good you do. I understood the reason why when I visited Y-CITY recently. This place is a utopia, in a sense. Clearly, this is a workplace that cares for its employees. It has everything people need for their lives so that they can do all they have to do in their everyday life within this utopia. Thinking of diversity, Yazaki operates in 45 countries, and it has a scattering of similar communities around the world. Employees living within these communities are so comfortable that they become less sensitive to what is happening in the wider world outside. Similarly, executive management runs the risk of gradually becoming unable to look objectively at Yazaki Corporation businesses and values, and that could lead to a serious error of business judgment in future. What will make Yazaki Corporation stronger going forward will be not only cultivating yourselves internally but also a multi-faceted knowledge of the outside world. I encourage Yazaki to make broad use of this report as a tool for communicating with those outside.

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