

# Social & Environmental Report



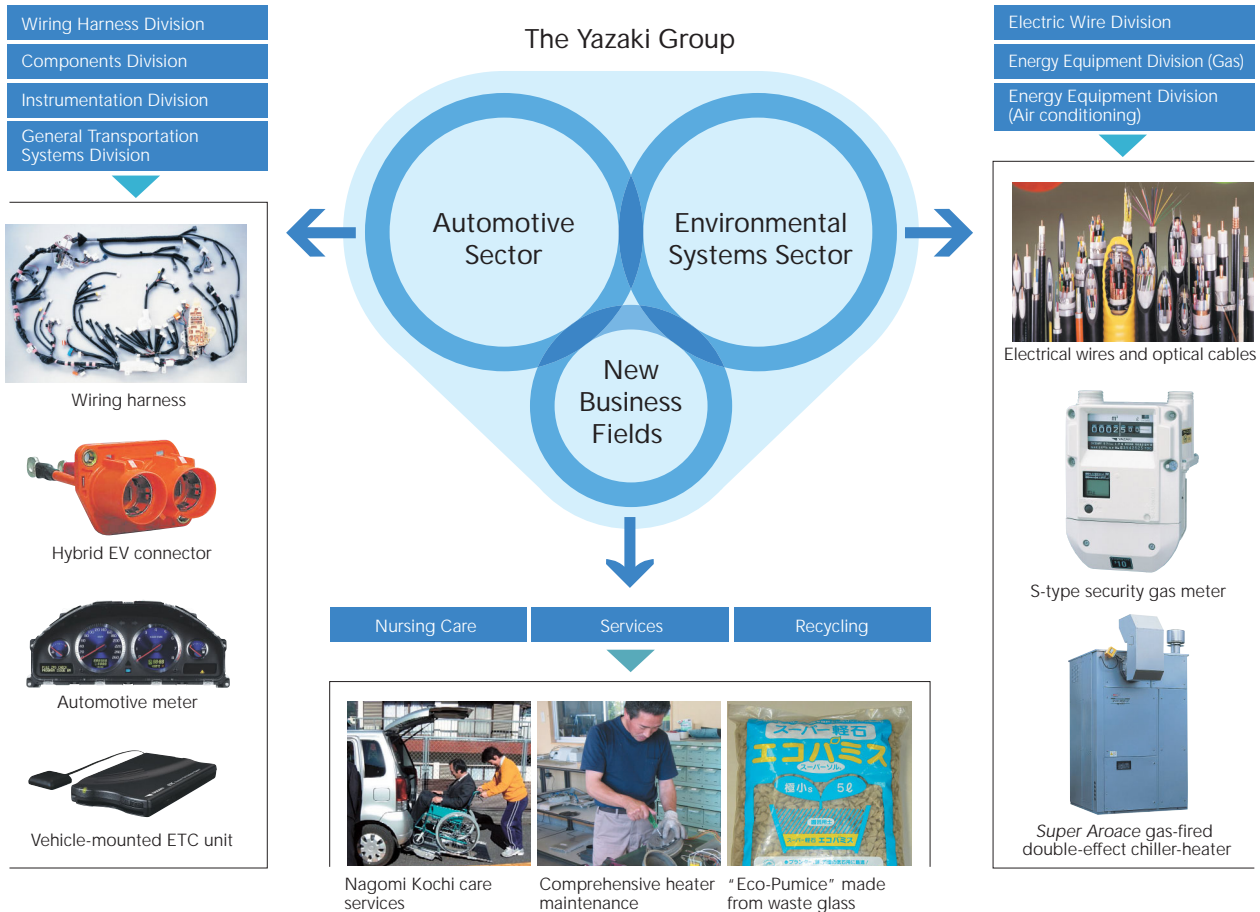
Children at the Yazaki Irati Plant Crèche in Brazil

# 2005

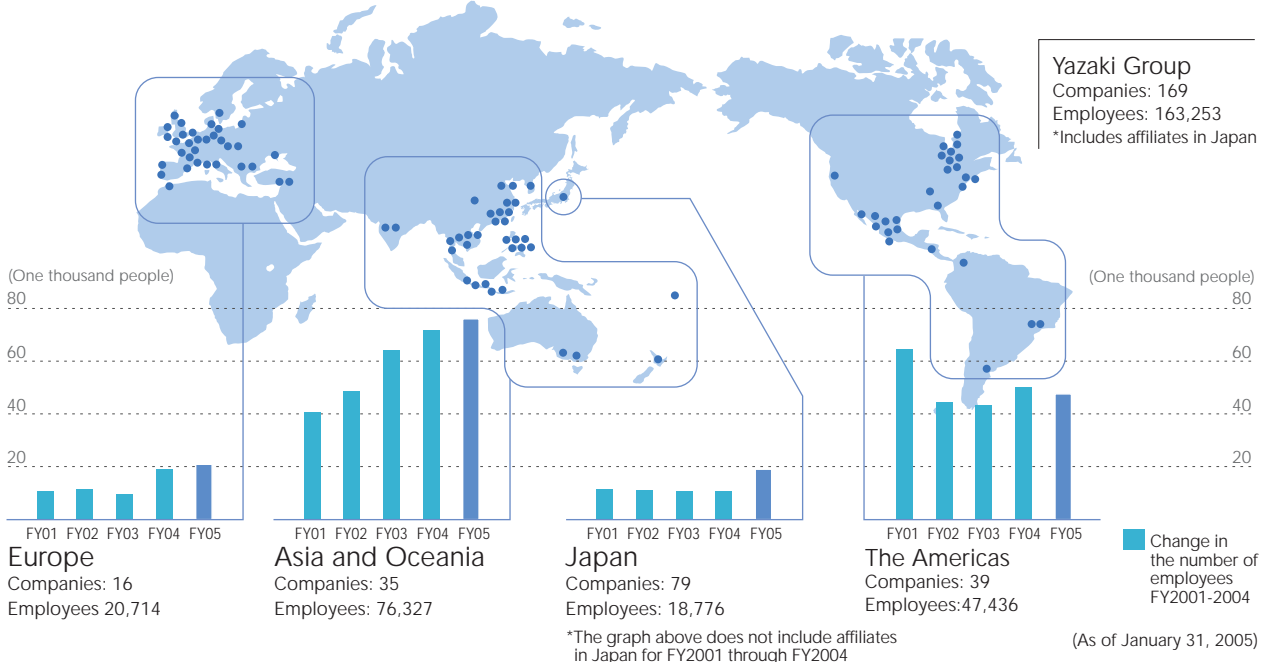
## Business Overview

The Yazaki Group boasts a diverse range of products in the global Automotive and Environmental Systems sectors, holding a leading position in the worldwide wiring harness market. The Group has achieved a significant global presence with 169 companies and 402 business sites in thirty-seven countries, including Japan, and employs approximately 160,000 people (including at affiliates in Japan). The Group's integrated business management incorporates research and development, production, sales and management. In response to the hollowing out of the Japanese manufacturing industry, Yazaki has recently begun to expand new business sectors, including nursing care and environment-related businesses.

### Yazaki Group's Key Business Divisions and Interests



### Breakdown of the Number of Companies and Employees





A view of Yazaki World Headquarters from the biotope

## ■ Company Outline

Name: Yazaki Corporation  
 Date of establishment: October 8, 1941  
 Representatives: Chairman Yasuhiko Yazaki  
 President Shinji Yazaki  
 Headquarters: 17th Floor Mita Kokusai Building  
 4-28, Mita, 1-chome, Minato-ku  
 Tokyo, Japan 108-0073  
 Capital: 3.1915 billion yen

## ● Yazaki Group Companies in Japan

Yazaki Meter Co., Ltd. (established in 1950)  
*Shimada Factory, Tenryu Factory, Rokugo Factory*  
 Yazaki Parts Co., Ltd. (established in 1959)  
*Susono Factory, Tochigi Factory, Washizu  
 Factory, Daitou Factory, Niimi Factory,  
 Haibara Factory, Ohama Factory*  
 Yazaki Electric Wire Co., Ltd.  
 (established in 1963)  
*Numazu Factory, Fuji Factory, Hodosawa Factory*  
 Yazaki Resources Co., Ltd. (established in 1963)  
*Hamamatsu Factory*  
 Yazaki Corporation Hokkaido Sales Co., Ltd.  
 (established in 1999)

\*As of June 30, 2005

## ● Overseas Group Companies: 90

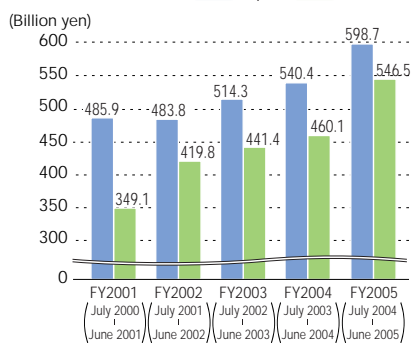
## ● Affiliates in Japan: 73

## ● Number of Employees:

163,253 (includes affiliates in Japan)  
 (Japan: 18,776, Overseas: 144,477)  
 \*Does not include contract and part-time  
 employees

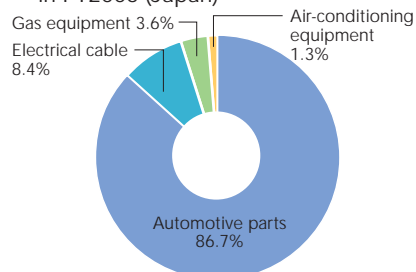
\*As of January 31, 2005

## ■ Net Sales



\*Yazaki Corporation's sales in Japan  
 Overseas sales include sales to major clients only

## ■ Sales Breakdown by Sector in FY2005 (Japan)



# YAZAKI/Social & Environmental Report 2005

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## ■ Period Covered and Scope of Data

Period covered: FY2005 (June 21, 2004 to June 20, 2005)

Scope of data: All six group companies in Japan as well as selected overseas group companies and affiliates in Japan

Guidelines referenced:

Environmental Reporting Guidelines of the Ministry of the Environment, Japan  
 Sustainability Reporting Guidelines of the Global Reporting Initiative  
 Environmental Accounting Guidebook of the Ministry of the Environment, Japan

Objectives of publication:

- Provide information concerning corporate activities to stakeholders
- Use evaluations and comments to review activities and make improvements
- Promote enhanced understanding and awareness on the part of employees

■ Last published: October 2004

**Yazaki encourages employee participation in our quest to build a company that is trusted and respected by society, a company that is unstinting in its contribution to sustainable development around the world.**



Yasuhiko Yazaki  
Chairman  
Yazaki Corporation

Shinji Yazaki  
President  
Yazaki Corporation

**The Yazaki Corporate Policy is at the Foundation of Every Corporate Activity**

(Interviewer: Mr. Satoshi Chikami, associate professor at Nihon Fukushi University)

**Chikami:** I understand the Yazaki Corporate Policy is the guiding principle behind all of the Yazaki Group's activities. Tell us about the correspondence between the Yazaki Corporate Policy and the Group's business.

**Chairman:** Any company, like a living creature, must be dynamic; it must evolve with changing times. Yet a company must also retain its foundation, because without deep roots it will likely collapse. So a balance between growth and stability must be maintained. When companies are distracted by too many external changes, they may neglect internal affairs and deviate from core issues and guiding principles. To avoid being overrun by external changes, yet to cope flexibly with changes, I believe companies need solid roots on which a firm

foundation is built. The Yazaki Corporate Policy, in which we aim to be a socially responsible company (a corporation in step with the world) and work together around the world (a corporation needed by society), keeps us firmly rooted in ever-changing world environments.

**President:** The Yazaki Corporate Policy has always been the foundation of our business activities, and it is a significant component of our *raison d'être*. We hear with greater frequency of the importance of the triple bottom line, indicating economic, environmental and social factors involved in the measurement of corporate success. I am proud to say that thanks to our long-established Corporate Policy, which incorporates adherence to the triple bottom line principle, Yazaki has always consciously kept these three elements in balance. Lately, the term "stakeholders" has come into common usage. But for Yazaki, this is not a new concept. We've always been a company that cares about those who have a stake in our activities. The Corporate Policy has nurtured our basic sense of social

responsibility, and it has taught us that sharing these values will lead to better living and more harmonious interactions with the natural and social environments.

### Yazaki Actively Expands into Countries and Regions that Welcome and Need our Business

**Chikami:** The Yazaki Group has many factories overseas. Do you take the spirit of the Corporate Policy into consideration when making decisions on overseas strategies?

**President:** When we were studying the feasibility of setting up a factory in Eastern Europe, we narrowed our search to a few countries, including Slovakia. Ultimately, we decided to establish a new factory in Slovakia, although solely from a business perspective another country in the region may have served us more effectively. But we chose Slovakia because people there understood our business and were very enthusiastic about becoming our host country. It is somewhat of a tradition at Yazaki to accept the challenge of initial hardships in foreign places. The chairman, in particular, favors that challenge; he even sometimes says, "Let's go and set up our company in this country or that country precisely because it presents a new range of challenges."

**Chairman:** I do feel for our employees who travel away from home to foreign countries and work hard to develop our operations from the ground up. But this is a wonderful opportunity for them as well. Take the example of Slovakia; it's rare that an individual has the chance to see his work contribute to the growth of economic activity in a young country soon after its independence. Our employees understand this vision and they share it; they take pride in what they do. I believe that pride drives them to work hard, and it's most important that we as management create motivation and boost their morale by providing a clear, broader view of why we set up operations in foreign countries.

### The Most Important Thing Is to Share a Common Set of Values among All Employees

**Chikami:** The Yazaki Corporate Policy not only promotes the trust of the larger society, but it also nurtures the trust of employees within the company and seeks to enhance their confidence and pride.

**President:** That is right. We place great importance on shared values — a common philosophy, if you will — within our company. Yazaki does not place emphasis solely on economic aspects of business, and that philosophy is recapitulated in the Yazaki Corporate Policy. I hope everyone in our Group will come to fully embrace the Corporate Policy.



### Compliance Starts with Knowledge of Legal Requirements and Regulations

**Chikami:** Lately we have been hearing about the significance of CSR (corporate social responsibility). One of your goals during FY2006 is complete, thorough compliance with the tenets of CSR. What are you doing to achieve that goal?

**President:** Absence or disregard of any element of the triple bottom line will prevent companies from fulfilling the requirements of CSR. We have taken action on all aspects of the triple bottom line and continue to uphold them. My concern is with accidental breaches of compliance and other activities deemed illegal without our knowledge, which are due to our ignorance or lack of knowledge of the latest changes in legal requirements and regulations. For instance, we must be fully aware of new environmental laws and regulations, from those on a global scale such as the End of Life Vehicles (ELV) Directive and other EU directives, to local government-based regulations. From this perspective, I am advocating review of our compliance procedures by conducting step-by-step detailed studies of legal requirements. In particular, we must be fully conversant with requirements for overseas markets, since each country and region has its own rules, its own common sense based on its unique culture, practices and history. Such rules and practices are not all written as laws.

**Chairman:** While it's important to enhance compliance procedures and systems, top management needs also to comply fully with business rules and legal requirements. There have been a number of corporate presidents in Japan recently indicted for violations of commercial laws, and that's a shame. The president must set an example of complete compliance with laws and regulations, and I believe that's the basis for CSR.

## Yazaki Strives to Build Good Relations with its Stakeholders

**Chikami:** I recently participated in the first meeting for reviewing the Social & Environmental Report as a moderator, which was organized by Yazaki. There were eight stakeholder representatives present, who actively discussed Yazaki's strengths in CSR activities and were impressed with the comprehensiveness of the Yazaki Corporate Policy and corporate culture based on that policy. I was reminded of — and struck by — the significance of close and honest communication with stakeholders. Can you share your opinion on building better relations with stakeholders?

**President:** In the past we did not pay much attention to public relations and timely disclosure of business developments, since we are a B-to-B operation, serving a limited number of corporate clients. But we have begun communicating Yazaki's philosophy and corporate culture to the public in the past few years through a corporate



advertising campaign that focuses on our philosophy of conservation of resources and energy. We plan to send out more corporate messages and enhance communications with stakeholders and the public in order to deepen general understanding of our Company. At the same time, we continue to listen to feedback and opinions from our stakeholders, and we make every effort to incorporate their suggestions for improvement.

**Chairman:** I would place our employees at the top of the stakeholders' list. People are the key to success in CSR and environmental activities, not to mention the development and manufacture of our products. Recently, I was gratified to hear the story of an employee, a truck driver, who offered a ride to an old gentleman carrying heavy luggage. This old fellow saw the Yazaki name on the truck and wrote us a letter of thanks for the kindness of the Yazaki driver. I would like to see more employees like this one, who cares about others, so that people will remark on the quality of Yazaki employees. I would like Yazaki to be regarded as a company that is concerned with people's welfare.

## Yazaki Encourages Employees to be Active within their Communities

**Chikami:** It sounds like you may want to add a third item to the Yazaki Corporate Policy, which is to create a network that supports employees' involvement in and contributions to their communities. Incidentally, I often go to Southeast Asia for my research, and I am always confronted with the hard truth that poverty remains a critical problem in developing nations. Yazaki operates in many developing nations, creating jobs and opportunities. Do you have a few examples of activities geared toward community relations in those countries?

**Chairman:** In Thailand, for instance, many mothers work outside homes. I heard a story of a female employee from Japan who was stationed in Thailand for some time. She volunteered during her own holidays to teach local children how to cook and sew in order to help out their mothers at home. When she was to return to Japan, these children cried as if they were already missing a mother, and she said she also felt as if they were her own children. She may not have intentionally enacted the Yazaki Corporate Policy, but it seems to be a tradition at Yazaki that our people voluntarily extend themselves to their communities. Our subsidiary in Vietnam, to cite an example of a different order, set up a high school for local residents. When it became apparent that many young employees in Vietnam could not finish high school for economic reasons, the subsidiary took it upon itself to establish a high school without seeking permission from us, the headquarters in Japan! Despite what might be considered the subsidiary's noble aim, I had to issue a stern warning for not informing us: these students must decide on their own futures after graduation; we must not scheme to lure them to work for Yazaki. These stories illustrate Yazaki's true spirit, actively addressing community needs and becoming a good neighbor. Yazaki people volunteer and take initiatives for the greater good.

## Extending Company Developed Initiatives into Local Communities

**President:** Employees are the most valuable asset of the company. As we say in the manufacturing industry in Japan, "Manufacturing expertise is built on the skills of employees." (Therefore, people must be trained.) Although it's an example from within Japan, I'd like to mention an impressive effect of work ethics upon a certain community. Yazaki Meter's Shimada Factory has been actively working toward reaching a zero processing defect level and eliminating waste from manufacturing lines. Some employees have extended these ethics beyond the factory and begun to pick up rubbish and trash on the street. They even carry plastic bags in their pockets so they can collect trash when commuting! They say this habit of cleanliness in the factory naturally made them look at their home and community environments. Starting with a small group of people, this habit of cleaning up was gradually adopted by others, and before we knew it, it ballooned. I was told once that Yazaki people seem always to carry plastic bags in their pockets, ready to pick up trash. I don't think it is so easy to take

these waste-eliminating ethics outside the factory. Though work demands certain behavior during the working day, it is normal to forget about work during off hours. However, I'm pleased to hear that these useful, good deeds are being carried from the workplace into the community.

### Yazaki Embraces the Challenge to Develop Businesses Based on the Principle of Sustainable Development

**Chikami:** Could you outline your vision for future businesses with respect to sustainable development?

**Chairman:** I would like to expand the recycling business and nursing care business that we started in Japan, and also to develop them in other countries. Cooperation among local governments, NGOs, NPOs, citizens and companies will engender positive community development and will become a new business model in the 21st century. I would like to develop businesses that involve the whole community. The biodegradable recycling plant we are planning in Niigata is one example. This business starts with collecting biodegradable trash, making fertilizer from it and using the fertilizer to grow organic vegetables that end up on dinner plates at home. And since this is a cycle, it repeats. It is essential to cooperate with various organizations and people within the community to succeed in this recycling business. Another area of interest for us is the development and renewal of forests through close cooperation between companies, governments and citizens. A new or renewed forest can help develop industries, can be used for educational purposes and to promote development of nearby towns. And while an entire region benefits from a forest, the forest itself contributes to reducing atmospheric CO<sub>2</sub>. Cooperation to renew a forest can present a solution to a variety of environmental issues. I would very much like to establish a successful model in Japan and then to extend that model overseas.

### We Get Involved and Work Continuously to Enhance our Reputation as a Trusted and Respected Company

**Chikami:** It takes time to grow a forest. That means bringing everyone together to nurture something precious, which may take several generations.

**Chairman:** Absolutely. I was very impressed by the comment of a woman who was interviewed some time ago on a television program on forestation. Discussing the forestation project in which she was involved, she observed that the forest is not necessarily for her to see, but it will be there for the nation's grandchildren to enjoy in thirty or forty years. A long-term vision is essential.

**President:** I agree. A long-term vision requires active participation by everyone involved because without it a 100-year-long project could not be put into practice. Someone wisely told me to avoid the No Action, Talking

Only syndrome. This new phrase, coined in Japan and referred to as NATO, is of course not to be confused with the more widely known acronym NATO. In this context, we mean that action doesn't seem to follow all the talk and no plan is implemented. From the perspective of factories and other direct manufacturing areas that routinely implement plans, the headquarters is often perceived as drawing up a plan and talking about it, yet not providing enough impetus to follow through. We all must roll up our sleeves, get involved and take action; and the chairman and I are committed to leading the fight against this syndrome.

**Chairman:** In addition, I'd like to reiterate that the trust we have garnered in the industry and within society must continue to be earned. Trust is like a sand castle, hard to maintain unless one watches out for waves. Trust may easily be lost by a simple mistake or oversight, and there is no acceptable reason to loosen the reins on the maintenance of trust. We must be vigilant about our businesses and steady as we strive to enhance our reputation as a company trusted for its reliability and integrity.



**Chikami:** I am convinced that Yazaki is in a healthy state with regard to nurturing social responsibility and extending general trust. Building on the Corporate Policy, which affects work ethics favorably, Yazaki employees increase their trust in the Company. That trust yields better performance at work, and when employees subsequently carry their work ethics into the community, the effects of good-neighborliness are felt in the broader sphere. And a company that boasts such employees enhances the trust of society that it has already earned. I wish you continued success.

#### About the Interviewer

Mr. Satoshi Chikami is associate professor in the Faculty of Social & Information Sciences at Nihon Fukushi University. He specializes in the fields of regional environmental planning, environmental education, building environmentally friendly neighborhoods, environmental management and regional development plans for developing nations.

In Japan, he has promoted a comprehensive new approach to environmental planning that utilizes natural, social and human resources within a given region. He has also conducted experimental research in Laos, including projects on integrated social development and forest renewal in fields once used for slash-and-burn agriculture.



# Social Aspects

## YAZAKI

Social & Environmental Report 2005

The Yazaki Group, which first began business in 1941 manufacturing electric wires, today manufactures a diverse range of products in the Automotive Sector and Environmental Systems Sector, and employs over 160,000 people in Japan and overseas. Since its beginnings, the Yazaki Corporate Policy —“a corporation in step with the world” and “a corporation needed by society”— has served as the driving force behind Yazaki’s commitment to its corporate social responsibilities and its growth. The spirit of this policy is evident in all corporate activities, including manufacturing, which places a top priority on quality to meet customer needs, building mutually beneficial relationships with business partners, and developing harmonious relationships with local communities. In addition, as a “company that cares about people,” Yazaki focuses its efforts on the development of a more prosperous corporate atmosphere and culture while striving to be a company that ensures employment through the development of new business fields, enabling employees to work with peace of mind, and providing them with meaningful work.

The business environment is undergoing rapid change, requiring Yazaki to implement various reforms. Not only will Yazaki create the corporate structures which will enable it to respond quickly and appropriately to any kind of change, the Company will also implement reform that is grounded in its Corporate Policy and contribute to the creation of a sustainable society.

## Corporate Philosophy

### Continuing to Fulfill our Corporate Social Responsibilities

#### The Corporate Policy Offers Unchanging Principles that Guide All Corporate Activities

Since its foundation, Yazaki has made “a corporation in step with the world” and “a corporation needed by society” its Corporate Policy. This policy offers unchanging principles for all business activities relating to Yazaki’s social nature and its raison d’etre. Yazaki operates in accordance with a uniform stance and code of conduct based on its Corporate Policy to fulfill its mission and responsibilities as a manufacturer which supplies products when needed, to anywhere in the world, via the optimal route and at an appropriate cost, based on principles of manufacturing, providing only the highest quality products and always placing the customer first. Yazaki also focuses its efforts on the eradication of poverty by establishing business operations in developing countries while seeking to be a multi-cultural corporation that can develop together with the rest of the world. The Corporate Policy serves as an unchanging axis that enables Yazaki to respond to any change, and based on an awareness of this basic stance concerning the fulfillment of corporate social responsibilities, it is a shared policy that links global Yazaki’s raison d’etre with its corporate values.

#### Corporate Policy

A Corporation in Step with the World  
A Corporation Needed by Society

#### Fundamental Management Policy

In order to bring Corporate Policy to fruition, the Yazaki Group must act based upon the following policies.

- 1 Through adoption of new ideas and continuous efforts, increase the company efficiency, and provide the most value to our customers worldwide. . . . . ▶ p. 11
- 2 Uphold the law, respect regional culture, and contribute to economic and social development. . . . . ▶ pp. 21-26
- 3 Contribute to a prosperous future society through business focused on the environment and security. . . . . ▶ pp. 27-58
- 4 Conduct business openly and fairly, and aim for mutual coexistence. . . . . ▶ p. 12
- 5 Care for people, by creating a corporate culture that maximizes the capacity for individual and team-work, while sustaining people’s dreams. . . . . ▶ pp. 13-18

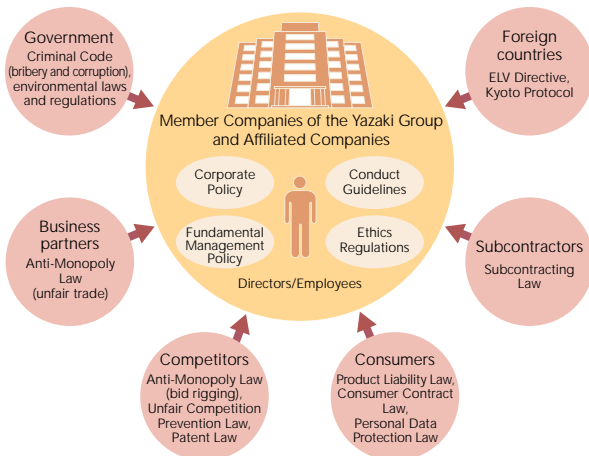


As a company with over 160,000 employees worldwide, Yazaki seeks to carry out its Corporate Policy based on strict observance of the laws of each country and region in which it operates and strives to create the structures that will enable it to respond to changes in society.

### Basic Thinking on Corporate Social Responsibility

Based on its Corporate Policy, Yazaki has sought to maintain a proper balance between the social, economic, and environmental aspects of business while fulfilling its corporate social responsibility. The practice of the Corporate Policy in business activities is in accordance with the more recent concept of corporate social responsibility, and Yazaki is confident that it has worked to embody this concept for the past several decades. At the same time, however, change is taking place in all aspects of society on a global scale and at a rapid pace. When operating in a global economy, it is necessary not only to be familiar with the politics, society, and culture of every country around the world, but also to respond promptly to new laws and regulations. Amidst this type of globalization, the primary aspect of carrying out corporate social responsibility is not just strict observance of the law, but also compliance that includes high ethical standards and fair business activities.

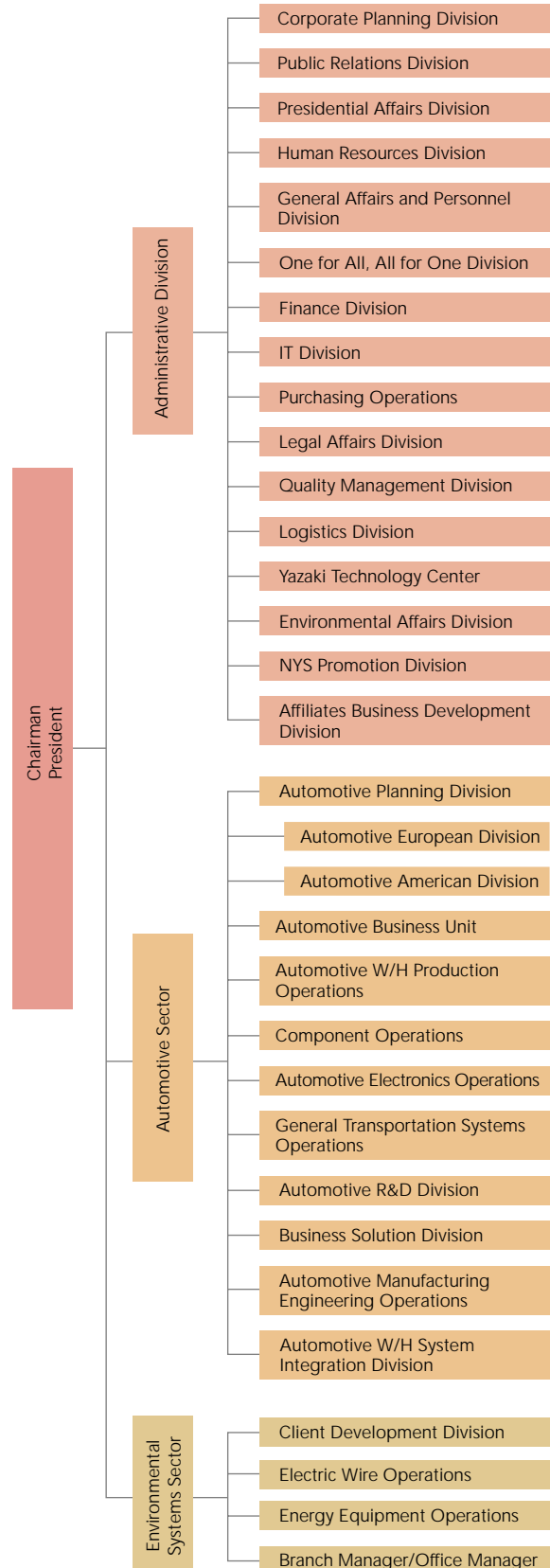
### Conceptual Diagram of Yazaki Stakeholders and Compliance



### Future Issues Regarding Sustainability

Compliance requirements are becoming more rigorous with the development of legal systems that have a global impact such as EU directives, production in multiple countries with differing legal systems, and the adoption of stricter laws in Japan. In light of these circumstances, President Shinji Yazaki made thorough compliance the top priority for FY2006 and decided to undertake company-wide activities to clarify compliance, raise awareness, and enhance management. No matter what changes take place in society, Yazaki will examine the essence of the changes and will unceasingly seek to carry out its Corporate Policy: "a corporation in step with the world" and "a corporation needed by society"

### Organization Chart



## Highlights of FY2005 (1) (July 2004 – June 2005)

### Social Aspects

#### Highlight

##### Discussion on “Mottainai” with the Minister of the Environment

Yazaki practices company-wide recycling in order to promote the creation of a recycling-based society. Ever since Yazaki began recycling its copper resources in 1957, it has focused its energies on the effective use of resources. Underlying these efforts has been the spirit of “Mottainai” (defined as “a sense of regret over something being wasted due to undervaluing its worth”), a term that was espoused by Yazaki’s first president and handed down to the present day in an unbroken line. In order to convey this founding spirit and to emphasize the importance of resources to the public, Yazaki launched a “Mottainai” advertising campaign in March 2004. When Nobel Peace Prize Laureate Wangari Maathai came to Japan in February 2005, usage of “Mottainai” gained momentum and it is now a term that is coming to be understood around the world.

In March 2005, Chairman Yasuhiko Yazaki discussed Yazaki’s environmental initiatives relating to “Mottainai” with the Japanese Minister of the Environment Yuriko Koike. Ms. Koike demonstrated a deep understanding of the “Mottainai” advertising campaign and requested that Yazaki include the Ministry of the Environment’s global warming prevention campaign logo in its future “Mottainai” campaigns. Chairman Yazaki readily consented, and the global warming prevention logo was featured in a new series of advertisements launched in May.

▶ p. 26



Latest bullet train “Mottainai” ad



Chairman Yasuhiko Yazaki explains the “Mottainai” spirit to Minister of the Environment Yuriko Koike

#### Highlight

##### Nursing Care Business Grows as it Forges Strong Ties with Local Communities

Yazaki has made developing new businesses a corporate mission in order to preserve employment despite the hollowing out of Japan’s manufacturing base and to nurture new business activities that will carry over to the next generation. The nursing care business that Minami Shikoku Parts Co., Ltd. started in 2000 has been expanded to eight affiliates, and Yazaki Corporation entered the nursing care business by launching nursing care facilities at Y-CITY last year under the name Kami Fusen Yazaki Care Center. The center will serve as a prototype business model for companies that are currently active in nursing care, or for companies that are considering entering the market.

When launching its nursing care business, Minami Shikoku Parts had to overcome numerous obstacles, including the licensing of employees as nursing care helpers and gaining the understanding of the local community. These efforts to cooperate and collaborate with the local community became a significant asset to the company, and the home-visit nursing care business was able to start with the support of the local community. In the second year, services were expanded to include a home-visit bathing service and day-care center nursing. The new business was promoted while forging strong ties with the community and a nursing home was opened in April 2005. Minami Shikoku Parts’ experience provided valuable expertise for the rest of the Yazaki Group, and the number of affiliates entering the nursing care business has increased steadily. Of these, Oita Parts Co., Ltd. recently opened a group home.

▶ pp. 17-18



The nursing home that Minami Shikoku Parts opened in April of this year



The opening ceremony for the group home constructed by Oita Parts

Highlight

**Glass Bottle Recycling Business Launched**

Sakuma-cho in Hamamatsu City (formerly Sakuma-cho, Iwata-gun, Shizuoka Prefecture) is known for the Sakuma Dam. The town has little industry and the population is declining, but Sakuma Parts Co., Ltd. has been a familiar sight to local residents for more than twenty years. The repercussions from the hollowing out of Japan's manufacturing base were being felt in Sakuma-cho too, and the company's very existence was at risk. Based on its desire to continue factory operations in order to protect jobs, the company began to search for new businesses with potential, and focused its attention on a glass bottle recycling system that had been displayed at the New Environmental Exhibition (N-EXPO) held in Tokyo in May 2001. Sakuma Parts had more than enough space to store empty glass bottles as well as the space to install the necessary equipment, so management began immediate research into glass bottle recycling and decided to enter the field.

In February 2004, Sakuma Parts changed its name to Sol Technica Co., Ltd., and in July of that year it began manufacturing Eco-Pumice (formerly known as Super Sol), a new material used in civil engineering and horticulture, from discarded glass bottles. In October, the company received an industrial waste processing license and an industrial waste carting license and started collecting the bottles that serve as the raw material for Eco-Pumice. Today, only seven employees are engaged exclusively in the manufacture of Eco-Pumice, but the company is confident that this is one business area with tremendous potential for future growth.

▶ p. 19



Sol Technica's Eco-Pumice manufacturing plant



Hydroponics using Eco-Pumice

Highlight

**Meeting for Reviewing the Social & Environmental Report Held**

In order to promote a deeper understanding of Yazaki as a company, improve the content of social and environmental reporting, and revitalize corporate activity through dialogue with various stakeholders, the first ever meeting for reviewing the Social & Environmental Report was held in June 2005. Eight representatives from NGOs, NPOs, the local government, business partners, students, and employees, etc. participated in the meeting, and Satoshi Chikami, associate professor at Nihon Fukushi University, served as moderator.

Prior to the meeting, the participants went on a tour of the Susono Factory so as to see first hand the products that Yazaki manufactures and its environmental measures. The participants were particularly interested in recycling efforts and material flow cost accounting.

During the meeting held that afternoon the participants first engaged in group discussion by dividing into two groups. Under Mr. Chikami's guidance they expressed their opinions on such topics as their impressions of Yazaki and its strengths and weaknesses. A discussion with the whole group was then conducted, followed by questions from the participants that were answered by personnel from the Environmental Affairs Division, Corporate Planning Division, Legal Affairs Division, and General Affairs and Personnel Division. The participants' opinions will serve as a valuable reference for future development.

▶ pp. 23-25



Tour of the Susono Factory



Group discussion at the meeting

## Contributing to Technologies that 'Link' Products, People, and Society for Safer, More Comfortable Lifestyles

Yazaki's top priority Fundamental Management Policy is to provide "the most value" to customers. Yazaki strives continuously to raise customer satisfaction through the pursuit of quality and by refining 'linking' technologies.

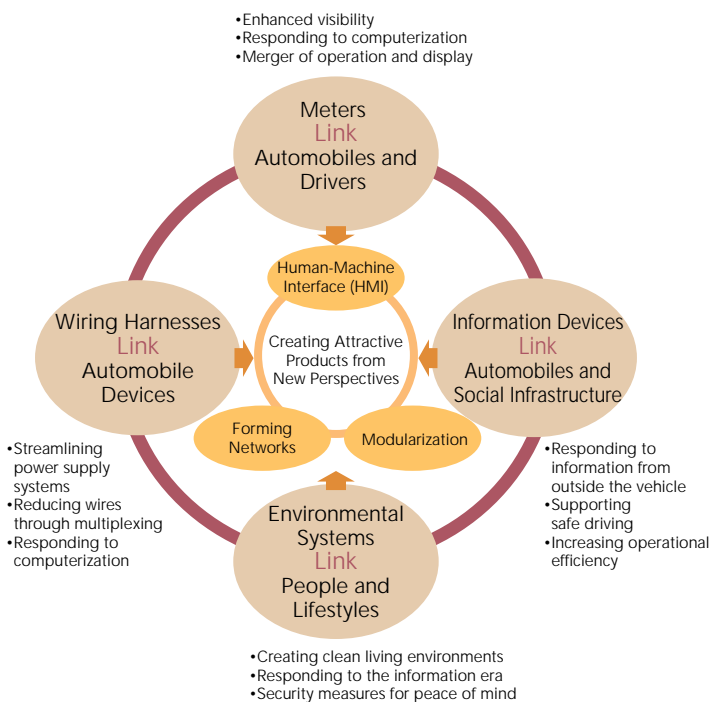
### Expanding the Potential of 'Linking' for a More Prosperous Society

Based on its Corporate Policy of striving to be "a corporation in step with the world" and "a corporation needed by society," Yazaki's mission is to provide maximum value to customers and to contribute to the creation of a better society.

Two major pillars of Yazaki's business are the Automotive Sector, covering development, production, and sales of automotive parts, and the Environmental Systems Sector, dealing with the manufacture of a diverse range of household and energy-related products. The development concept that is common to both sectors is 'linking' technologies. As can be seen in the wiring harnesses that Yazaki supplies to the world's leading automobile manufacturers, the most significant feature of Yazaki technologies is the 'link' between product and product, product and people, product and information, and so on. Yazaki conducts research and development from a variety of perspectives to determine how to create better 'links' and which products should be 'linked' and how, and to maximize the potential of 'links' within manufacturing in an effort to make a contribution to society and to achieve ever higher customer satisfaction.

Yazaki is endeavoring to link the creation of employment with societal needs, achieving this through the development of new businesses, such as a nursing care business and a recycling business. Yazaki will continue to engage in these types of socially significant businesses in the future.

#### ■ Linking: Yazaki's Development Concept



### NYS Activities Promote Quality Improvements at all Levels

Yazaki has positioned the incorporation of high quality in all products and services as a top priority to ensure that customers can use its products with peace of mind and to contribute to the development of more prosperous lifestyles. Yazaki pursues quality not only on production lines and in divisions engaging in quality management, but also through NYS (New Yazaki System) Activities, a set of corporate reform activities in which all employees participate to make improvements on a continual basis. Yazaki is raising customer satisfaction with its products by pursuing quality at all levels, such as optimal procurement and zero processing defects, rapid and on-time product delivery, and providing the right after-sales services.

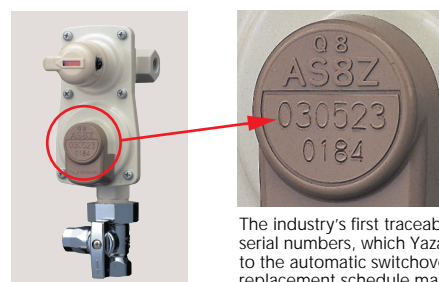


The Shimada Factory continues to set records for continuous days with zero processing defects

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### Responding Swiftly to Customer Needs and Societal Changes

In the Automotive Sector, Yazaki has established a business unit for each automobile manufacturer. These business units gather information on customer needs, make proposals, and provide timely feedback on product manufacturing to support automobile manufacturers in the Company's capacity as a supplier toward the development of a safer and more convenient automobile society. In the Environmental Systems Sector, Yazaki is developing products that respond to societal needs for energy conservation, renewable energy, and utilization of waste heat, and creating traceability systems in the divisions involving gas equipment to manage installation sites and equipment replacement schedules. In addition, Yazaki is building systems to fulfill its responsibilities as a manufacturer to recycle resources by, for example, promoting the recovery and recycling of used products at sales offices.



The industry's first traceability system using serial numbers, which Yazaki has introduced to the automatic switchover regulator replacement schedule management system (divisions involving gas equipment)

## Creating Partnerships Based on Fair and Open Business and Mutually Beneficial Development

Yazaki develops good partnerships based on trust to contribute to the development of a sustainable society and build mutually beneficial relationships.

### Yazaki Issues Green Procurement Guidelines

Another Yazaki Fundamental Management Policy is the pursuit of mutually-beneficial relationships with business partners. In line with this policy and based on the principle of fair, impartial, and open dealings, Yazaki develops partnerships founded on understanding, cooperation, and trust in its business in Japan and overseas. At the same time, Yazaki strives to form cooperative relationships that can work towards the development of a sustainable society.

Yazaki issued the Yazaki Green Procurement Guidelines to its business partners in 2003. As the need for environmental preservation, particularly to manage and reduce substances of concern, continues to rise, Yazaki has requested support and cooperation from business partners for its company-wide global environmental preservation activities. In FY2005, a detailed explanation was produced regarding the Yazaki Green Procurement Guidelines and business partner seminars were conducted. At the seminars, Yazaki made efforts to obtain the understanding of business partners and to bolster cooperative structures, with an emphasis on the fact that the supply chain with automakers links the Company with customers through automobiles.

#### ■ Yazaki Green Procurement Guidelines

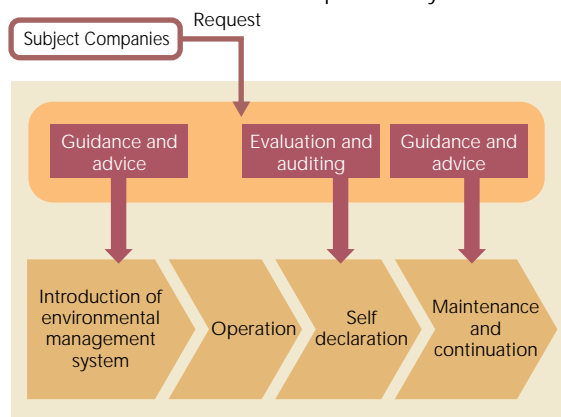
1. Purpose  
To promote collaboration in global environmental preservation activities
2. Scope of Application  
Covers suppliers and products purchased by Yazaki for use in production by the Automotive Sector
3. Requested Actions
  - 1) Creation of an environmental management system
  - 2) Reduction of substances of concern
  - 3) Reduction of other designated substances
  - 4) Provision of data on substances
  - 5) Designation of persons responsible for environmental issues

### Supporting the Creation of Environmental Management Systems

The introduction of environmental management systems not only expands the circle of cooperation in environmental activities but also serves to reinforce management of business partners and enhance product competitiveness. In section 3-1) of the guidelines, Yazaki requested that business partners acquire ISO 14001 certification or create an equivalent system by the end of December 2005. Yazaki also added "environmental management systems" as a business partner evaluation category, and provided support to business partners, including briefings and training on acquiring ISO 14001 certification and training internal auditors.

Yazaki also provides information on the simplified environmental management systems introduced by local governments under the policies regulated by the Ministry of the Environment as a type of equivalent system. These systems make it possible to limit the cost of appropriate certification acquisition, procedures and the burdens of maintenance, as well as to increase the level of certification through improvement efforts, which encourages more small and medium-sized businesses to introduce environmental management systems.

#### ■ Simplified Environmental Management System Recommended as an ISO-equivalent System



#### In Focus

### Yakyokai

Yakyokai was established in 1965 as an organization of Yazaki business partners aiming to "develop together with the Yazaki Group," "reform management structures," and "carry out competitive Q-C-D-E\*." The association currently has seventy-five member companies. It carries out training in the form of operating guidelines concerning quality, production, costs, technology and the environment, on association-wide, local chapter and individual committee levels, to reinforce cooperative structures within the Yazaki Group.

\*Quality, Cost, Delivery, and Environmental Performance



The FY2005 Regular Yakyokai Meeting

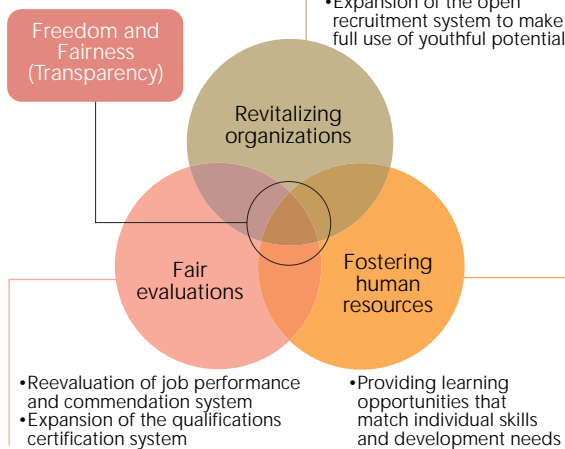
## A Company Where Employees Can Work with a Sense of Purpose and Peace of Mind

### Human Resources and Labor Affairs

#### Basic Principles

Yazaki strives to extend individual potential and create a meaningful workplace, with the goal of creating an active company with an enthusiastic staff. Guided by the fundamental principle of "Freedom and Fairness," Yazaki is committed to a corporate culture that fosters employees who can actively and independently undertake change and reform. As a company that "cares about people," Yazaki promotes reforms and improvements in work environments and operations, while developing new businesses and taking advantage of opportunities created through higher efficiency in operations. In keeping with managerial responsibility to protect employment, Yazaki has worked to ensure that staffing plans continue to provide employment opportunity throughout the Company. It is Yazaki's sincere intention to build a labor-management relationship founded on mutual trust and understanding and to create a harmonious workplace where all employees can work in comfort and with peace of mind.

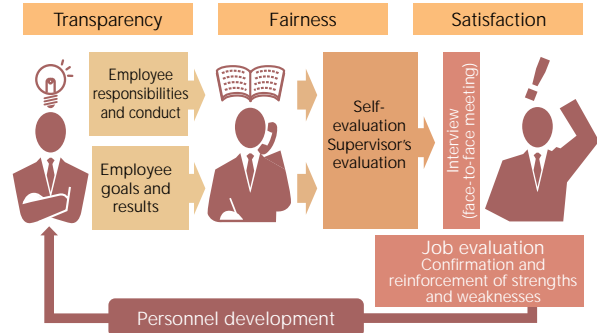
#### Diagram of Basic Human Resource Policy



#### An Evaluation System that Treats Employees Fairly and Impartially

In order to create a workplace that encourages employee enthusiasm and dedication, Yazaki believes that it is essential to recognize outstanding employees who have been successful, put forth particularly strong efforts, or achieved noteworthy results. In this spirit, Yazaki is committed to providing its employees with "fair and impartial evaluations," and has introduced an evaluation system founded on individual responsibilities and performance that is visible, understandable, and convincing to employees. Based on each employee's "goal management" and "role behavior," employee performance is evaluated openly by supervisors in an effort to achieve transparent and rational employee ratings. By making the evaluation process visible, Yazaki has been able to establish a meaningful compensation system, raise employee motivation, and further develop employee skills.

#### "Visible, Understandable, and Convincing" Evaluation System



#### Anchor System Responds to an Aging Society with a Low Birth Rate

The mandatory retirement age at Yazaki is currently sixty years of age, but today there are many healthy people who desire to work beyond this age. Moreover, these employees have much to contribute; extensive, specific experience and expertise that could meet the demands of various work sites. In 1990, Yazaki introduced the Anchor System (referring to the strongest, most reliable runner in a relay) to promote the employment of individuals past the mandatory retirement age. Today, Yazaki is pleased that almost all retirees who express a desire to continue working are rehired. In anticipation of the retirement of "baby-boomers" (born around 1947-1949) Yazaki is reviewing this system with the goal of rehiring greater numbers of employees by creating full-time positions, providing more employment opportunities, and making efforts to place the right people in the right positions.

#### Promoting Employment and Skills Acquisition for Disabled People

Yazaki actively supports those organizations in society that seek to provide opportunities for disabled people; Yazaki's largest contribution to these efforts is to provide job opportunities for members of this community. Yazaki Business Support Co., Ltd., which was established with the objective of expanding employment opportunities for disabled people, was authorized as a Specially Approved Subsidiary Company\* in April 2005. Yazaki intends to further increase employment of disabled people at all sites through its efforts as a Specially Approved Subsidiary Company, as well as create friendly workplace environments which are responsive to the specific needs of disabled employees.

Yazaki is also proud to actively support employee participation in the Abilitympics (Olympics of vocational abilities for people with disabilities), with the goal that participating employees acquire further technical skills. Three employees participated in the 2004 regional championships held in Shizuoka Prefecture, where Yazaki employees won prizes for excellence in the database and spreadsheet categories. In fact, one employee went on to win a bronze medal in the national championships.

\*Specially Approved Subsidiary Company: A subsidiary that adopts special measures to employ disabled people

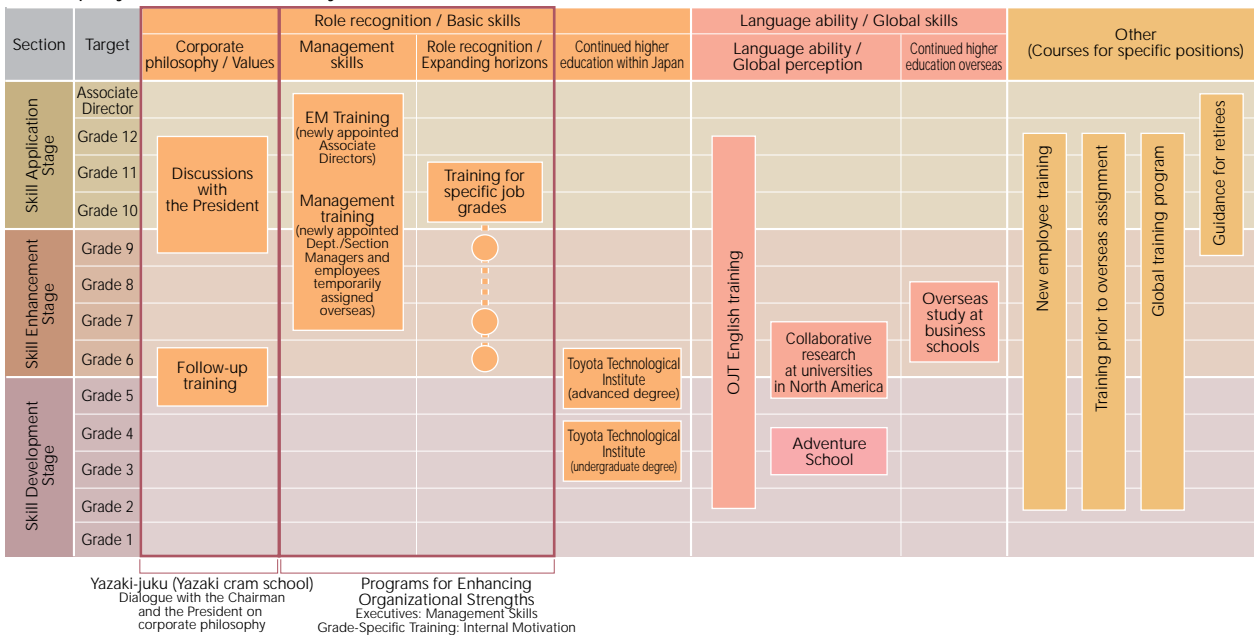
Based on the underlying principle of being “a company that cares about people,” Yazaki seeks to create a company capable of sustainable growth by working together with its employees in a meaningful way in a vibrant corporate culture.

### Educational System for Fostering Professional Human Resources

In order to create the foundation necessary for developing professional human resources for all types of jobs and all divisions, Yazaki fosters employee growth and development through its company-wide education system that focuses on basic human skills, globalization, and the continuity of corporate philosophy. This education system implements education for specific job ranks, with a focus on role recognition and basic skills, language abilities and global skills, and other specialized training. Yazaki conducts follow-up training for employees who are five years into

their careers, and also provides general managers and higher executives the opportunity to discuss the Corporate Policy directly with the president. This forum serves as the “Yazaki-juku” or “Yazaki cram school” for conveying the company’s thinking on the Corporate Policy. It is also important that, with the aim of raising the effectiveness of management and encouraging an invigorating workplace with motivated employees, management training and training for specific job grades have been positioned as programs for enhancing organizational strengths. With awareness that intercultural skills are needed in this global era, Yazaki also focuses on creating various overseas training programs such as global personnel development programs.

#### Company-wide Educational Systems



### Labor-Management Relations Based on Trust and Dialogue

The Yazaki Employee Labor Union strives for the development of both the company and labor, working in unison as the two sets of wheels on a single vehicle, and focuses its activities on improving management and working conditions, raising employee benefits, and enriching the Yazaki organization in line with the principles of open dialogue and autonomy based on trust. The Labor Union consists of a head office and twelve regional offices. In addition to three specialist committees — the Wage Labor Committee, the Overseas Professional Committee, and the Political Policy Committee — the Union operates a Culture Center which handles employee education and public relations; a Life Center which provides wide-ranging support for volunteer and other activities both in and outside the workplace; and a Recreation Center which focuses on promoting participation in enjoyable leisure activities. The Union also advocates volunteerism and participates in various projects such as the construction of schools in developing countries and local clean-up activities.



The Yazaki Employee Labor Union “42nd Regular General Meeting Agenda”

### Company-wide Working Practices Improvement Project

Labor and management are working together to implement the Working Practices Improvement Project, a program that is intended to improve working practices and return “cheerfulness” and “vitality” to the workplace. All employees are currently participating in a fundamental review of jobs, improving practices, structures, and systems to eliminate unnecessary procedures, and creating comfortable, lively workplaces where employees can work efficiently on their own initiative. The first steps of the project include weekly “no overtime days”, lights out” at 9:00 p.m., and employees taking at least one paid day off each month.

#### Objectives of the Working Practices Improvement Project

- 1. Creating a comfortable environment**  
Physical and mental health: Fostering vitality  
Supporting personal growth: Enhancing skills and encouraging interests
- 2. Increasing work efficiency**  
Detecting wasteful practices, inconsistencies and unreasonable requirements; eliminating superfluous work and overwork
- 3. Reforming corporate culture**  
Changing work practices and creating a healthy workplace

## Fostering Human Resources for the Global Arena and Creating Safe Workplaces

### Global Responses

#### Achieving Diversity in Nationality of Employees

As economies are rapidly globalizing and the world is shrinking, Yazaki believes that corporations must ensure diversity in employee nationalities in work forces by adhering to equal opportunity hiring practices and also striving toward the formation of a multi-cultural corporate environment. Seeking to be a multi-cultural corporation rather than a multi-national corporation, Yazaki began global recruiting in Japan in FY2003. Over the past three years, eighteen foreign nationals from eleven countries, primarily students studying in Japan, have been hired.

#### ■ Hiring by Nationality (Cumulative Number for FY2003-FY2005)

Country	No. of people hired	Country	No. of people hired
China	5	Bangladesh	1
Malaysia	2	Thailand	1
United States	2	Romania	1
South Korea	2	The Philippines	1
India	1	Slovakia	1
Mexico	1		
Total		18	

#### Adventure School: Six or Twelve-month Self-developed Overseas Training Programs

The Adventure School program was created in 1996 as an element of new employee training. Objectives of the program are to develop a wider awareness and appreciation of other cultures, language proficiency, creativity, and emotional and mental strength. Initially, the programs consisted of several weeks of overseas training for all new employees, but in 2001 the program was changed to provide scholarships that enabled recently-hired university and vocational school graduates to engage voluntarily in self-developed study programs at overseas locations of their choice. In FY2005, sixty-one employees took advantage of the opportunities offered by Adventure School and the total number of participants reached 774.

#### Global Training Program at Overseas Affiliates

In 1996, Yazaki introduced the Global Training Program with the aim of enabling potential candidates for management positions at overseas affiliates to acquire skills in the Japanese language, the Yazaki corporate culture, and business practices. During a one-year program in Japan, participants learn about Japanese life, customs, and culture by learning the language and business practices, living with a Japanese family, participating in local activities, and visiting nursery and elementary schools. In FY2005, twenty participants from twenty overseas affiliates in twelve countries participated in the program.

#### ■ Cumulative Number of Global Trainees by Country

Country	No. of participants	Country	No. of participants
United States	16	Singapore	1
Mexico	27	Australia	6
Brazil	3	Samoa	12
Columbia	3	Slovakia	13
China	14	Portugal	1
The Philippines	28	Turkey	3
Thailand	24	Belgium	1
Indonesia	9	Germany	1
Vietnam	3		
Total		165	

#### Summer Camp for Employees' Children

Yazaki offers summer camp programs that provide cultural experiences for children of all nationalities. An annual Japan-based summer camp is offered to the children of employees in Japan who are in their fifth and sixth years of elementary school. In FY2005, 174 participating children were divided into two groups for four-day camp programs held in July and August in Gotemba, Shizuoka Prefecture.

Yazaki also holds an overseas summer camp for children of employees in Japan in their second year of junior high school. In FY2005, the theme of the camp was "Learning about the environment." A total of 116 children participated in a six-day camp program that was held in Australia in March.



The overseas summer camp in Australia

The "Summer Camp in Japan" is provided for the children of local staff who work at overseas affiliates. In FY2005, 181 children from twenty-five countries came to Japan on July 24th for an eight-day camp program that included tours of Yazaki factories, visits to Tokyo and Kyoto, and direct contact with Japanese culture.

#### ■ Summer Camp Eligible Participants and Number of Participants

Type of camp	Japan	Overseas	Summer Camp in Japan
Participants	Children of Japan-based employees	Children of Japan-based employees	Children of overseas employees
First year	1977	1985	1988
No. of participants in FY2005	174	116	181
Cumulative total no. of participants	4,736	3,203	1,236



Yazaki is making a multi-directional effort to build a human resources development program capable of responding to globalization issues while striving to provide a safe and healthy workplace for all employees.

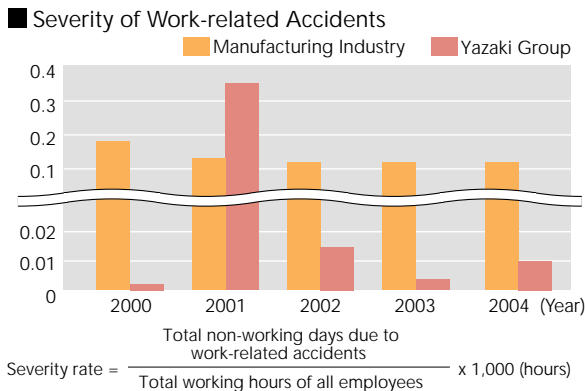
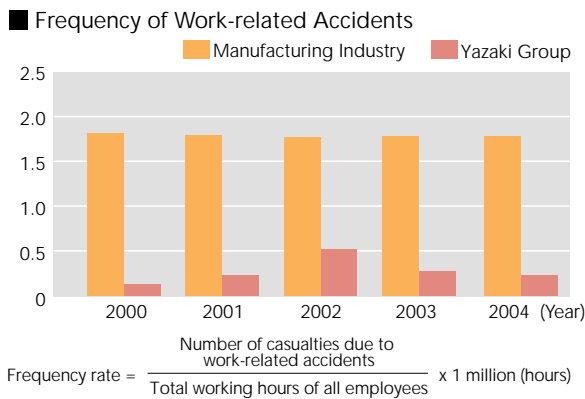
## Employee Health and Safety

### Employee Health and Safety Policies

Workplace health and safety is a top-priority management issue. The creation of a safe and healthy workplace where one can work with peace of mind is the wish of all employees and the responsibility of the employer. In support of this fundamental belief, Yazaki is working to raise employee health and safety levels. In addition to observing all applicable laws and regulations, Yazaki is continually implementing improvements in workplace environments and health management. The health and safety activities adopted by senior management at each site are implemented systematically with the cooperation of all personnel involved.

### Work-related Accidents

The graphs below show the frequency and severity of work-related accidents within the Yazaki Group as compared to national statistics. Through the activities of various committees, including the on-site Health and Safety Committee that meets monthly and the inter-site Plant Health and Safety Committee that also meets regularly, effective accident prevention is practiced, with Group-wide implementation of measures to prevent the recurrence of accidents and the occurrence of similar accidents.



\*Comparison with nationwide figures disclosed by the Ministry of Health, Labour and Welfare in its "Survey on Industrial Accidents"

### Yazaki Group Health and Safety Goals

Category	Goals	Action items
Work-related accidents	Elimination of accidents that result in absence from work, and of those that do not result in absence from work	<ul style="list-style-type: none"> <li>Implement health and safety management methods that reduce risks</li> <li>Factories: Promote "process inspections by observations of safety in action;" using safety-in-action observations to identify and eliminate safety risks</li> </ul>
	Promotion of safety measures for contract employees	<ul style="list-style-type: none"> <li>Implement safety measures for subcontracted and contract employees (in accordance with revisions to the Labor Standards Law)</li> </ul>
Health management	Enhancement of mental health management	<ul style="list-style-type: none"> <li>Implement measures throughout the Yazaki Group based on the findings of the Mental Health Investigation Committee</li> </ul>
	Prevention of health issues resulting from excessive work	<ul style="list-style-type: none"> <li>Eliminate extended periods of continuous work (in compliance with Article 36 agreements*)</li> <li>Implement improvements as suggested by industrial physicians and conduct thorough health management based on health recommendations derived from employee interviews</li> </ul>
Traffic accidents	Elimination of traffic accidents	<ul style="list-style-type: none"> <li>Implement initiatives to halve commuting and work-related accidents</li> </ul>

\*Article 36 agreements: Agreements between labor and management that extend overtime on regular workdays as well as working hours on holidays in accordance with Article 36 of the Labor Standards Law

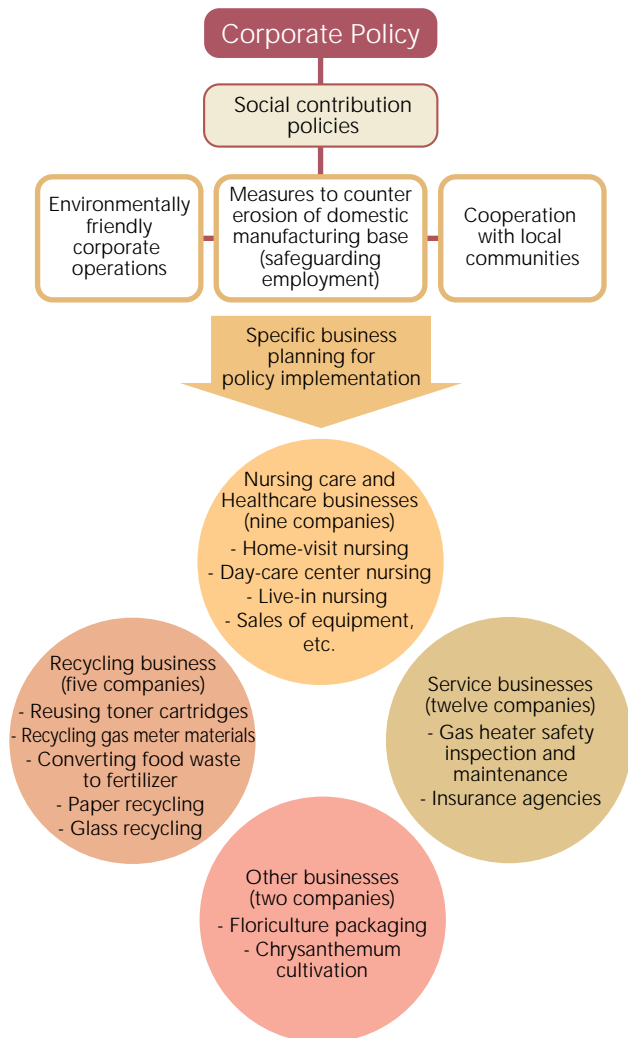
### Maintaining Mental and Physical Health

Yazaki seeks to promote the mental and physical health of its employees so that they can achieve a balance between work and life after work, and enjoy both. Employees undergo periodic physical examinations and specialized examinations for the rapid diagnosis and treatment of specific conditions, while specialists provide a Health Plan which provides guidance to prevent lifestyle-related illnesses. Specialists are also available twenty-four hours a day for telephone consultations on the Mental and Physical Health Consultation Hotline. All Group employees, their families, and overseas workers are eligible to undergo health consultations and mental health counseling.

### Crisis Management for Overseas Travelers

To ensure the safety of employees who are sent overseas on long-term assignments (including accompanying family members) or travel for shorter periods for business, Yazaki has created an overseas crisis management system which includes a crisis management manual that has been prepared by each overseas affiliate. Yazaki has also developed a network for conveying emergency information in each region and implements a variety of measures, such as gathering and distributing information on overseas security conditions, sharing crisis information, and holding safety seminars before employees are sent on overseas assignments. In the event of a crisis, information will rapidly be provided to each division involved through the emergency information network and a crisis response team will be formed when necessary.

## New Growth Sectors to Develop into our Third Pillar of Business



### The Critical Mission of Preserving Employment

Yazaki is actively developing new businesses with the primary objective of preserving employment at affiliated companies in response to the erosion of the manufacturing base in Japan. The Corporate Planning Division investigates, analyzes, plans, and proposes new businesses. Yazaki also established an Affiliate Business Development Division to provide comprehensive support to affiliated companies for developing new businesses in certain areas. Based on the principle of “making an environmentally friendly contribution to local communities,” new businesses that are being launched around the country include nursing care and healthcare, recycling, and various services. Prior to embarking on new business endeavors, employee intentions are investigated and briefings are held so that the newly created workplace provides meaningful work and employee peace of mind. New businesses launched in FY2005 include floriculture packaging and chrysanthemum cultivation. Yazaki has been able to preserve employment through its steady development of new businesses.

### Collaborative Development with Local Communities: Nursing Care and Healthcare Businesses

In the healthcare business, Yazaki is increasing sales of its “Healthful” health management equipment and expanding its provision of health management services such as dispensing advice on health, nutrition, and exercise over the Internet. In the nursing care business, affiliated companies have contributed to business expansion by establishing nursing homes and group homes\*. Also, the Kami Fusen Yazaki Care Center nursing care facility at Y-CITY, which opened last year, has become well-known throughout the region, with an increasing number of users coming from neighboring towns and cities. In FY2006, Yazaki plans to establish within the Kami Fusen Yazaki Care Center small-scale, multifunctional facilities that can serve as business development models for affiliated companies, and also intends to expand operations by considering the joint operation of group homes with affiliated companies as well.

\*Group home: A facility where seniors or disabled people can live together and receive assistance from healthcare providers to support independent living

### Gearing toward a Recycling-based Society: The Recycling Business

Yazaki is developing new recycling businesses as a means of creating jobs and as environment-related businesses that will contribute to the development of a sustainable recycling-based society.

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### Leveraging Existing Technologies and Ties: Service Businesses

Yazaki is active in after-sales services, including the safety inspection and maintenance of large gas heaters, operating insurance agencies, installing electronic toll collection devices, and gas-related construction work. In these businesses, Yazaki is able to use technologies and ties that are related to automotive component and environmental system manufacturing.

### Making the Most of Regional Characteristics: Other Businesses

Yazaki analyzes and investigates regional characteristics, local needs, and their degree of contribution, and tackles the challenge of launching businesses that are completely different from anything it has done in the past. In FY2005, Nagasaki Parts Co., Ltd. launched a floriculture packaging business, while Higashi Shikoku Parts Co., Ltd. began a chrysanthemum cultivation business.



The Nagasaki Parts floriculture packaging plant

As a company, we are tackling aggressively the development of new businesses that will play a vital role in creating industry for the next generation.

## New Businesses Launched by Affiliated Companies

### Harnessing Employee Motivation

Nursing Care Business, Minami Shikoku Parts Co., Ltd., established in 1988

Approximately 80% of Minami Shikoku Parts' employees are women. The decision to enter the nursing care business came from the results of an employee survey. The company allowed employees to acquire licenses as nursing care workers or helpers, and obtained approval to operate as a helper training facility to provide training and instruction during regular business hours. Moreover, almost all employees — a total of 320 — expressed a desire to obtain licenses. Although there were a number of obstacles to entering this new business field, Minami Shikoku Parts launched a home-visit nursing care business in 2000. Business steadily expanded to include day-care center nursing, a home-visit bathing service, and a nursing home for seniors opened in April 2005.

When the company only manufactured wiring harnesses, employee absenteeism was at 15%, but for those employees who have transferred to the nursing care business, today the absenteeism has dropped to nearly 0%. The positive expectations and appreciation of the seniors under their care gives meaning to the work of these women.



The new nursing home for seniors

### Living in Harmony with Local Communities and Enhancing Specialized Skills

Service Business, Aomori Parts Co., Ltd., established in 1989

Large kerosene heaters are used in homes for about half the year in Aomori, a wintry region of Japan. Heater cleaning is conducted as a cottage industry in the summer season, but Aomori Parts decided to specialize in the comprehensive maintenance/repair of these heaters, including their disassembly, repair, and overhaul. The services offered were differentiated from others so as to co-exist with regional companies already in the business. Aomori Parts, a wiring harness factory, had no heater specialists, so instructors were invited to the factory to conduct training. Initially, skills were honed on the heaters in employee homes, with employees obtaining qualifications as heater maintenance technicians. Later, requests to perform work came from kerosene and gas service companies, and business started in 2002. The real challenge lies ahead, but the company is expecting future growth for this particular venture, among others.



The heater maintenance business

### Creating One's Own Future with One's Own Hands

Other Businesses, Higashi Shikoku Parts Co., Ltd., established in 1991

Higashi Shikoku Parts saw the question of the future of its business as a problem that affected each employee, and sought their proposals about new businesses. A total of sixty-eight proposals were received, each of which took into account local characteristics and needs. Following interviews with industry specialists and first-hand investigations of each proposal, and taking into consideration the large number of employees from farming families and the abandonment of farming as society continues to age, the field was narrowed down to agriculture-related businesses. In the end, a decision was made to cultivate chrysanthemums which can be harvested three times yearly. Since it is necessary to register as a farming business in order to lease farmland, Shikisai Farm Co., Ltd. was established and joined the "Chrysanthemum Group", sponsored by Zen-Noh (National Federation of Agricultural Cooperative Associations), which is made up of local chrysanthemum farmers. Currently, some 50,000 chrysanthemums are produced annually. During a tour of the site, Chairman Yasuhiko Yazaki advised the company to learn all it could about agriculture over the next two to three years.



Chrysanthemums grown by Higashi Shikoku Parts

## Recycling Undertaken with the Spirit of "Mottainai"

### Corporate Spirit of "Mottainai" at Foundation

"Waste generated is not waste at all but instead a valuable resource." These are the words of the late Sadami Yazaki, the Company's founder and first president. The spirit of "Mottainai" (defined as "a sense of regret over something being wasted due to undervaluing its worth") has been handed down to Yazaki's present day manufacturing and business practices as seen from the start of copper recycling in 1957 and the recovery of aluminum and waste paper in 1964 for use in products. Yazaki undertakes activities designed to contribute to the realization of a recycling-based society throughout the resource recycling flow from development to disposal, including development of products that use solar energy and waste thermal energy, implementation of zero-emissions production initiatives, development of structures and specialized companies for product recovery and recycling, and the launch of various recycling businesses.

### Yazaki Promotes Recycling Businesses

Ever since it launched a gas meter recovery and recycling business in 1973, Yazaki has established new businesses in the reuse and recycling field in an effort to protect employment at affiliated companies while developing environment-related businesses.

#### ● Toner Cartridge Recycling Business

Toner cartridges for laser printers can be reused three to five times. The toner cartridge reuse business launched by Fujinomiya Parts Co., Ltd in 2001, recovers toner cartridges from customers and Yazaki Group companies, dismantles and cleans them and replaces necessary parts. The cartridges are then reassembled, refilled with toner and

inspected before delivery to customers. Currently, approximately 25,000 cartridges are reused each year. Moreover, Fujinomiya Parts achieved zero emissions in March 2005.



Toner cartridge disassembly

#### ● Paper Recycling Business

Gifu Parts Co., Ltd. uses recovered waste paper to manufacture foamed paper buffering materials, sheets and boards with excellent heat insulation and shock absorbent properties and a nice texture. Foamed paper made from recycled paper contains no hazardous substances such as chlorine and can be discarded just like ordinary paper, and is certified as being compliant with the Law on Promoting Green Purchasing. It is used in packaging materials, cardboard lining materials, slipper and shoe inner soles, and has been processed into postal packaging, with sales by the Post Office having begun in February 2004.



Forming foamed paper board

#### ● Food Waste Recycling Business

Yazaki is promoting the business of recovering the food waste generated by food processing businesses and supermarkets and turning it into agricultural fertilizer. Niigata Parts Co., Ltd. planned to begin operations in the spring of 2005, but the Niigata Chuetsu Earthquake last year delayed plans and now operations are scheduled to begin in December of this year (factory construction began in June).

### Examples of Recycling Businesses

#### Nearly Half of Discarded Glass Bottles are Recycled

Glass Recycling Business, Sol Technica Co., Ltd., established in 2004

Currently, about 1.95 million tons of glass bottles are supplied to markets in Japan each year. They are broadly divided into returnable bottles, which can be used repeatedly, and one-way bottles, which are recycled into raw materials, but actually, about 850,000 tons, or a little more than 40% are discarded in landfills. Eco-Pumice (foam glass) manufactured by Sol Technica is a recycled material made from discarded glass that is used in civil engineering projects, horticulture, and rooftop gardens. Eco-Pumice has numerous beneficial properties, such as its light weight, durability, and general applicability, and with the increase in rooftop gardens, it contributes to the absorption of CO<sub>2</sub> and intercepts acid rain and ultraviolet rays. The glass recycling business has been operating since October 2004 as a new type of business that ties in well with regional recycling systems and promotes the concept that "waste generated in a region should be used as a resource in that region."



A large continuous kiln manufactures Eco-Pumice

Based on the founding corporate spirit of "Mottainai," Yazaki works toward the formation of a recycling-based society through product development and production activities as well as the development of new recycling businesses and the promotion of recovery and recycling of end-of-life products.

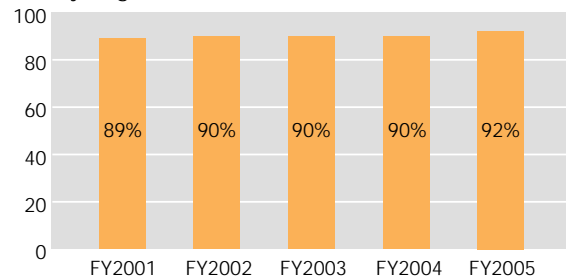
### Promoting Product Recycling

In the Environmental Systems Sector, Yazaki's sales offices recover, reuse, and recycle end-of-life products used in offices, factories, and households.

#### ● Recovery and Recycling of Discarded Wire

Iwao Industries Co., Ltd. was established as a specialized copper recycling company in 1971 to recover discarded wire resources and wire used in manufacturing processes for reuse. In FY2005, Iwao Industries was able to reuse approximately 92% of the discarded wire resources and waste wire generated in manufacturing processes.

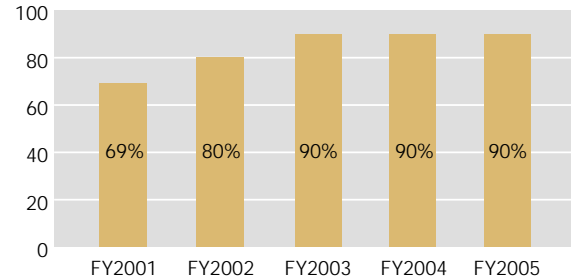
■ Recycling Rate of Discarded Wire



#### ● Reuse and Recycling of Wooden Electric Wire Spools

Yawara Industries Co., Ltd. was established in 1981 to repair and reuse the wooden spools which are used when wire is shipped, in order to more effectively utilize forest resources. Yawara Industries repairs and reuses about 90% of recovered wooden spools, and those that cannot be repaired are recycled into slats and other products.

■ Recycling Rate of Discarded Wooden Spools



#### ● Recovery and Recycling of Gas Meters

Yazaki reviewed its gas meter recovery and recycling systems and improved them by subcontracting these processes to a specialized company starting in 2003 in order to improve efficiency through integrated management. At the same time, Yazaki also began to recover other gas-related equipment such as discarded alarms and regulators, to reduce the burden on customers.

#### ● Recovery and Reuse of Absorption Solution from Absorption Chiller-Heaters

The Hamamatsu Factory recovers the absorption solution which is used as a refrigerant in absorption chiller-heaters, eliminates impurities, and reuses the solution.

#### ● Taxi Meter Recovery System

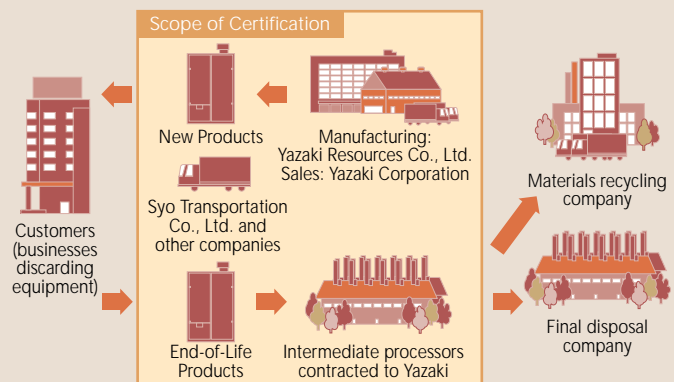
Yazaki is formulating rules concerning the relationship between sales branches (with the cooperation of taxi dealerships) and the Rokugo Factory concerning the recovery of end-of-life taxi meters. The Company is also developing a system based on the management of the industrial waste manifest issued by the National Federation of Industrial Waste Management Associations concerning other instruments, including analog tachographs, digital tachographs, and printers.

### In Focus

## Yazaki First in Air Conditioning Industry to Acquire Cross-jurisdictional Waste Management Certification

A cross-jurisdictional waste management certification system is a special system whereby the Ministry of the Environment gives approval to recover and recycle end-of-life products from various locations under different local jurisdictions by the companies that manufactured, processed, and sold the products, with the objective of reducing waste and ensuring proper disposal. This system exempts certified companies from the necessity of gaining permission from the relevant local public bodies in each jurisdiction. Yazaki Resources Co., Ltd. created a system to recover and recycle end-of-life air conditioning equipment that it manufactured, and in April 2005 it became the first company in the air conditioning industry to receive the said certification from the Ministry of the Environment.

■ End-of-Life Product Disposal, Processing, and Reuse Scheme under the Cross-jurisdictional Waste Management Certification System



## Acting as a Productive Member of Society Based on a Strong Awareness of our Status as a Corporate Citizen

### Cooperation within the Science and Technology Fields

#### Support for Science and Technology Researchers

The Yazaki Memorial Foundation for Science and Technology was established in 1982 in commemoration of the 40th anniversary of the founding of Yazaki Corporation and began providing science and technology research grants the following year. In FY2005, the 22nd year in which grants were awarded, the foundation awarded five Grants for General Research\* from among seventy-six applications and ten Grants for Research Encouragement\*\* from among sixty-three applications.



2005 Yazaki Memorial Foundation for Science and Technology Grants presentation ceremony

\*Grants for General Research: Provision of three-year subsidies to outstanding researchers

\*\*Grants for Research Encouragement: Provision of one-year subsidies principally awarded to young researchers up to thirty-five years of age for outstanding research

#### Yazaki Participates in Electric Lithium-Ion Battery Car Project

Yazaki is supporting the Elica Electric Lithium-Ion Battery\* Car Project, an environmental venture of Keio University, by providing the necessary wiring harness related components. Elica, a next-generation electric vehicle, can be charged from a household outlet, has a traveling distance of 300km on a single charge, and exhibits speed, acceleration, and stability that far exceed the image of a conventional electric vehicle. More than thirty companies are supporting this project.

\*Lithium-ion battery: A type of light weight battery that features extended continuous use and does not contain any of the hazardous substances that are frequently used in cell phones and other electronic devices



The Elica electric lithium-ion battery car developed by Keio University

### Supporting Cultural Activities

#### Yazaki Supports the Production of Films Dealing with the Global Environment

Yazaki is supporting production of the Gaia Symphony series by director Jin Tatumura. The Gaia Symphony series presents a message concerning future lifestyles and the importance of life, through the medium of the global environment. The Gaia Symphony Number 5 was screened at the Yazaki World Headquarters (WHQ) Hall (in Y-CITY in Susono City) in November 2004 and served to raise employee awareness concerning the global environment.



Director Tatumura speaks at a screening for Yazaki employees



Poster for the Gaia Symphony series

#### Concerts Held at Yazaki WHQ Hall

Yazaki now provides the use of the lobby at WHQ for local cultural activities, including such events as a charity concert held in 2003 by the Susono-Romania Friendship Association. In 2004, a Mishima Philharmonic Concert was held with the fifty members of the Mishima Philharmonic Orchestra performing for more than 250 local residents. There were many junior high and high school students present at the concert, and Yazaki took the opportunity to open the WHQ library during the intermission.



Concert by the Mishima Philharmonic Orchestra at the World Headquarters

As a responsible corporate citizen, Yazaki actively engages in activities that contribute to society and local communities and works to create an open corporate culture that fosters positive communication.

## Contributing to Local Communities

### Project for Constructing Schools and Playgrounds in Cambodia

The Yazaki Employee Labor Union is pleased to be participating in the Second Cambodia Volunteer Program (JHP\* project for constructing schools and playgrounds in Cambodia) sponsored by JAM\*\* Shizuoka. With the donation of 100 yen from each member, construction of the Phumchas Elementary School (also known as the Sakura Elementary School) was finished in July 2004, complete with a set of swings. In addition, fifteen individuals, including six Yazaki employees on volunteer leave, went to the site in March 2005 to build two more swing sets. After completing the swings over three days of work, participants toured local neighborhoods and garbage processing facilities, and participated in an exchange meeting with an orphanage CCH (Center for Children's Happiness).

In addition, the twelve regional offices of the Labor Union gathered stationery and writing materials for children and sent them to Cambodia with their colleagues. A total of 4,371 different items of almost fifty different types, including much needed pencils, erasers, and notebooks, were sent to Cambodia.



The volunteers in front of the Phumchas Elementary School

\* JHP: Japan Team of Young Human Power, an international NGO

\*\* JAM: The Japanese Association of Metal, Machinery, and Manufacturing Workers, a union with approximately 400,000 members organized on prefectural lines

### Support for Flood and Earthquake Recovery

Yazaki donated 10,145,034 yen to support recovery from last year's Niigata Chuetsu Earthquake and 8,025,617 yen to Sumatra Earthquake recovery.

In response to flooding in Niigata in July 2004, the Niigata Office supported construction of LPG facilities for temporary housing in the Sanjo and Nakanoshima regions, repaired submerged wiring, and inspected, repaired, and replaced submerged air conditioning equipment. In addition, sympathy calls were made to customers that had suffered losses.

Following the Niigata Chuetsu Earthquake in October of that same year, Yazaki worked on approximately 1,200 projects, including repairing storage depots and pipes and

leak inspections, and supported the construction of LPG facilities for 980 temporary housing units in twenty-five neighborhoods in four cities and two towns, including Nagaoka City, Ojiya City and Tochio City. Four hundred twenty-five air conditioning units manufactured by Yazaki were inspected in the region, and sympathy calls were made to customers, affiliates, and Tochio City government officials.



Yazaki gas equipment authorized dealers performed construction of LPG facilities for temporary housing

### Ties with Local Communities

Factories and offices work toward the beautification of surrounding land and rivers as a part of their contribution to local communities. The Tenryu Factory participates in the annual Atagogawa River cleanup program held by the Atago Furusato-kai (Atago Hometown Association). In 2004, the program was cancelled because of bad weather, but the factory conducted the cleanup independently at a later date.

The Haibara Factory was approved to participate in the Shizuoka Adopt-a-Road Program\* based on the recommendation of a neighborhood association because of its excellent environmental initiatives, and worked with the association to beautify the region.

At the Numazu Factory, members of the Numazu Office of the Labor Union participated in Senbonhama coast preservation and cleanup activities.



Nishi Tokyo Office employees participate in a cleanup program

\* Adopt-a-Road Program: A system whereby the local government approves and supports activities by residents, businesses, and organizations to beautify the local environment. Approximately 1.3 million people participate in such programs worldwide.

### Other Activities

Location	Activities	Frequency
Susono Factory	Briefings of environmental activities and factory tours in which family members can participate are conducted.	Once a year
Nishi Tokyo Office	The area around the office is cleaned in cooperation with employees from Yazaki Syscomplus Co., Ltd.	Once a week
Keiji Office	Garbage is cleaned up in the region in cooperation with employees from Ritto ADS.	Once a month
Takasaki Office	Employees participate in cleanup activities held by neighborhood associations.	Twice a year
Yokohama Office	The vicinity around the office building is cleaned.	Four times a year
Fukushima Office	Waste newspaper is donated to local children's groups.	Five times a year

## Integrating Stakeholder Opinions in Group Development

### ■■■ Meeting for Reviewing the Social & Environmental Report ■■■



#### Participants Share Opinions from a Variety of Perspectives

Yazaki is a manufacturer of automobile components, and many of the products manufactured by the Environmental Systems Sector are sold through gas and electric companies and house builders. As a result, consumers may not be familiar with Yazaki. However, as Yazaki pursues sustainable development and works together with various groups within society, it will endeavor to obtain understanding and cooperation, and reflect the opinions that are offered through communication and dialogue with stakeholders in all spheres in making a better company.

In keeping with this communication strategy, and with the goal of enhancing social and environmental reporting, Yazaki held the first meeting for reviewing the Social & Environmental Report in June with Satoshi Chikami, associate professor at Nihon Fukushi University, serving as moderator. Despite the inclement weather, all eight invited participants to Susono, Shizuoka Prefecture, some of whom came from as far away as Tokyo and Nagoya, attended the meeting.

#### Meeting Begins with a Tour of the Manufacturing Site

Prior to the meeting, the participants went on a tour of the Susono Factory in order to learn firsthand about Yazaki's manufacturing. They observed a line producing wire used in wiring harnesses, an industrial waste final collection site, methods of reusing cooling water, examples of energy conservation, and the collection, sorting, and recycling of waste generated during the manufacturing process. They then received an explanation of material flow cost accounting at an environmental information space and had their questions answered. One participant said, "I expected the factory to be dirtier — it was much cleaner than I thought," and many were surprised to learn that a luxury vehicle can use as much as 30kg of wiring harnesses.



Tour of the Susono Factory

Date: June 17, 2005 (Friday)

Schedule:

1) Factory Tour

10:00 a.m. - 12:00 p.m.

Yazaki Parts Co., Ltd., Susono Factory

2) Meeting for Reviewing the Social & Environmental Report

1:30 - 4:30 p.m.

Y-CITY Automotive R&D Center

Moderator: Satoshi Chikami

Associate professor at Nihon Fukushi

University

#### ■ Participants



Etsuko Akiba,  
Director,  
Nippon Association of  
Consumer Specialists



Noriaki Yamada,  
President,  
Dowa Metal Co., Ltd.



Tadahiko Kato,  
Environmental Promotion  
Office, Resident's Agency,  
Susono City Hall



Tomoko Hoshino,  
Communications Director,  
A Seed Japan  
environmental NGO



A meeting for reviewing the Social & Environmental Report was held to solicit opinions from stakeholders with diverse perspectives, to enhance the preparation of the Social & Environmental Report and to instill the Company with new energy through open dialogue.

### Group Discusses Yazaki's Strengths and Weaknesses

Following the factory tour, the group went to Y-CITY and had lunch together. After touring the World Headquarters and the biotope, the group gathered at the meeting site, a conference room in the Automotive R&D Center on the seventh floor. Tomohiko Nishiwaki, general manager of the Environmental Affairs Division, provided a brief explanation of Yazaki's activities, and the participants then began reviewing the Report under the moderation of Mr. Chikami. They initially divided into two groups and each gave their honest impressions of Yazaki as a company. The overall impression that took shape can be characterized as "serious" and "global." Next, the participants posed questions to Yazaki representatives. While the Yazaki representatives prepared their answers in a separate room, each group discussed Yazaki's strengths and weaknesses. Each participant wrote their opinions down and then shared them with the group. An analysis of the opinions is summarized below.



The group discussion

### Comments and Evaluations Provide Basis for Future Improvements

After each group discussed Yazaki's strengths and weaknesses, the whole group discussed general issues and then received answers to the questions they had posed from representatives of the Environmental Affairs Division, Corporate Planning Division, Legal Affairs Division, and General Affairs and Personnel Division. Although it was not possible to answer all of the questions because of time limitations, the comments and opinions from the participants were taken seriously and Yazaki promised to examine them in the future. At the conclusion of the discussion, the participants expressed their opinions and impressions of the meeting and Mr. Chikami summarized them. Some of the impressions expressed by the participants were as follows:

"It was a valuable opportunity to experience the company's activities first hand;" "I was pleased to be able to participate in this type of discussion;" "Discussing these issues with people from outside the company was refreshing and I would recommend such activities for the future;" "It was a positive activity that promoted external understanding of the company;" and "I felt that the company's activities were more advanced than my initial impression."

### Yazaki's Strengths and Weaknesses

#### Strengths

- The Company particularly values people who have a global perspective.
- It is a serious company that makes repeated and steady efforts.
- The atmosphere within the Company is family-like.
- Management is doing a good job.
- The environment is addressed directly within core business activities.
- The report is easy to understand, even for consumers.


#### Weaknesses

- The Company is engaging in many worthwhile activities, and should therefore publicize them more.
- There is inadequate explanation in concrete terms of concepts such as "Mottainai"
- The Company is making significant efforts, but this fact is not well conveyed.
- Opinions from employees should be made more prominent.
- Feedback on comments and evaluations should be more clear.


► These opinions and evaluations were incorporated when producing this year's Social & Environmental Report.

### Excerpts from the Questions and Answers


#### Q. What problems has the company encountered in responding to the ELV and RoHS directives?

A. Yazaki cannot simply respond on its own, but must cooperate with a wide range of other companies in materials procurement and other areas. Moreover, there are varying degrees of enthusiasm even within the EU. As a result, we will create a global environmental quality assurance system to test for chemical substances internally.  p. 40

#### Q. Does Yazaki disclose information concerning CSR and compliance?

A. We have begun activities in these areas starting with reviews to determine if existing systems are appropriate. Complying with all applicable laws is a basic principle within Yazaki, and therefore we will proceed with investigations and as we adjust systems and structures, we will disclose that information.  pp. 7-8

#### Q. What percentage of Yazaki products are environmentally friendly products?

A. One hundred percent of our automotive products meet the requirements. Last year, we adopted company-wide internal standards for environmentally friendly products. With respect to products manufactured by the Environmental Systems Sector, we plan to build a system that can obtain approval for use of Environmental Labeling Type III.  p. 39



Seiji Kobayashi,  
Auditor,  
Mt. Fuji National Trust



Nam Sanmin,  
PhD candidate,  
Faculty of International  
Development,  
Nagoya University



Ryoji Serino,  
Deputy Chairman,  
Yazaki Employee  
Labor Union



Toru Yokoyama,  
Environmental Promotion  
Coordinator,  
Yazaki Electric Wire Co., Ltd.  
Fuji Factory

## First Meeting for Reviewing the Social & Environmental Report



Satoshi Chikami,  
Associate Professor,  
Nihon Fukushi University  
(Areas of specialization:  
Environmental science,  
regional environmental planning,  
and environmental education)

The first meeting for reviewing the Social & Environmental Report was an attempt by the Yazaki Group to engage in direct dialogue with stakeholders on social and environmental issues. It was an important and valuable opportunity to learn how society views Yazaki's efforts to live up to its Corporate Policy, one part of which is "to be a company that is needed by society." The eight participants were able to express their opinions openly on the noteworthy aspects of the Yazaki Group's initiatives as well as on problems from the unique perspective of consumers, environmental NGOs, the local government, business partners, and so forth. The participants were highly articulate and the discussions proceeded in a productive manner. I expect that the comments

and opinions submitted will be reflected in future social and environmental reporting as well as in corporate activities.

This was the first such meeting ever, and because the Yazaki representatives had some difficulty responding to the questions submitted, they were not able to participate fully in discussions with the other members. Starting next year, the participants should read the report ahead of time and submit any questions or doubts to the company in advance. By taking this approach, the participants and the company representatives will be able to spend adequate time in discussion and improve their level of communication during the meeting proper.



## Responses to Questions Received on the Day of the Review

As the result of time constraints, some of the questions that could not be answered on the day of the meeting have been answered here.

**Q. Please explain how the PDCA\* cycle is implemented within the environmental management system.**

A. The Yazaki Group adopts annual environmental action plans that all group companies carry out. Each division prepares an action plan based on the annual plan and carries out its own environmental initiatives. In addition, environmental committees for products, factories, sales, and management oversee the progress in each division and take additional action if any delays are observed.

pp. 28, 33

**Q. How is environmental education carried out at individual factories?**

A. Production sites conduct environmental education each year in accordance with an environmental management program. Also, all employees participate in company-wide education that is conducted by division managers and leaders, based on an environmental textbook produced by the Environmental Affairs Division. Following the completion of educational programs, employee understanding is tested, and follow-up training is provided in any areas of deficiency.

p. 35

**Q. How is environmental information provided to local communities?**

A. We provide information on environmental activities at production sites to local residents with environmental site reports that are distributed during factory tours. Any negative environmental information is also actively disclosed to local residents, and we strive to obtain their understanding through briefings, among other means, and to take corrective measures.

p. 34

**Q. What kind of society are you trying to develop and what contributions to society are you making through the manufacture of products?**

A. Yazaki has adopted approval standards for environmentally friendly products, and we seek to manufacture products that have minimal impact on the environment. The Energy Equipment Operations develops and produces heating and cooling equipment that does not use CFCs as well as systems that use solar energy and timber from thinned trees, in the hope of reducing environmental impact and thus making a positive contribution to society.

pp. 39, 42

**Q. Have you ever considered expanding environmental education to include local residents or students?**

A. We actively conduct factory tours for local residents and students mainly at our production sites, and we do explain some of our environmental initiatives during these tours. We also hope to expand the scope of our environmental education in future.

**Q. Does Yazaki have separate budgets for environmental initiatives?**

A. A separate application process is involved when installing equipment valued at five million yen or more, to help prevent global warming, to reduce waste, or to reduce hazardous chemical substances.

\*PDCA: Plan, Do, Check, Act

## Pursuing Open Communication with Society

In addition to the disclosure of information on technologies and environmental initiatives, Yazaki also engages in communications that are designed to convey its thinking and position to a broad spectrum of society with the goal of obtaining the public's understanding.

### Communicating within Society

#### The "Mottainai" Environmental Advertising Campaign

In order to promote greater understanding of Yazaki's aspirations throughout society, an advertising campaign was launched by prominently placing posters in Japanese bullet trains with the phrase "Mottainai" (defined as "a sense of regret over something being wasted due to undervaluing its worth") in March 2004. The campaign first began to attract considerable attention when Wangari Maathai, Nobel Peace Prize Laureate and Kenyan Assistant Minister for Environment, Natural Resources and Wildlife, came to Japan in February 2005. Ms. Maathai, whose visit coincided with the Kyoto Protocol coming into effect, traveled to various regions and introduced the word "Mottainai," which is an expression of traditional Japanese wisdom and spirit, to speak about the importance of using resources effectively through reducing, reusing, recycling, and repairing. In March, the Japanese Minister of the Environment, Yuriko Koike, invited Chairman Yasuhiko Yazaki to the Ministry to discuss the concept of "Mottainai" as well as environmental issues in general. Thanks to Ms. Maathai, "Mottainai" is becoming a more familiar concept throughout the world.



Chairman Yazaki signs T-shirts distributed at the Summer Camp in Japan



A "Mottainai" poster at Japan Railways Mishima Station

#### Yazaki Displays Products at the 38th Tokyo Motor Show

Participating in a variety of exhibitions and events, Yazaki actively displays its products in order to widely publicize its next-generation technologies and link those products to further research initiatives that stem from numerous evaluations given by the general public. At the 38th Tokyo Motor Show, Yazaki displayed a number of new technologies that it has designed for the automobile-oriented society of the near future. These diverse technologies, which are intended not only for automobiles but also for linking drivers with the social infrastructure, were well received. A total of 113 companies exhibited at the show, which was attended by approximately 250,000 people.



Explaining on-board high-speed network technologies to customers

#### Yazaki Participates in 11th World Congress on ITS — Nagoya, Aichi 2004

The World Congress on Intelligent Transport Systems (ITS), held each year in a different major city around the world, is a forum for people involved in ITS to gather and display technologies, to hold seminars, and to give research presentations. More than 200 companies participated in the 2004 Congress, whose theme was "ITS for a Livable Society." Yazaki exhibited and introduced human technologies and information services under the concept of new technologies for "linking" cars and people, as well as cars and society, in the ITS age.



The Yazaki booth introduced "linking" technologies

#### Social & Environmental Report 2004 Issued

Yazaki's first ever Environmental Report was published in 2002 in order to disclose information to a broad segment of society and reflect the public's assessment of the Report in our subsequent environmental initiatives. In 2003, the title was changed to "Social & Environmental Report" to reflect the addition of social information. The Social & Environmental Report 2004, covering a wide range of activities conducted during FY2004, was issued in October 2004, with 7,500 copies of the Japanese version and 2,000 copies of the English version being published. Comments and opinions submitted by readers in response to survey questions have served to improve the content of the Social & Environmental Report 2005.



Social & Environmental Report 2004

## Working towards the Development of a Sustainable Society

# Environmental Aspects

**YAZAKI**

Social & Environmental Report 2005



Based on its Corporate Policy and Fundamental Management Policy, Yazaki has engaged in company-wide environmental preservation activities in compliance with applicable laws since the days of excessive pollution in the 1970s. The Yazaki Global Environment Charter was adopted in the 1990s to address global environmental issues, and activities have been conducted under group-wide environmental management since 2002. Environmental preservation has been made a priority management issue, and company-wide activities are being implemented.

One of the main features of Yazaki's environmental preservation activities is the deep-rooted recycling that has been ongoing since the Company's foundation. Yazaki was using resources effectively in an era when the word recycling was not in common usage. While recognizing that numerous issues remain to be resolved concerning environmental management, Yazaki will, through the participation of all employees, strive to globally exhibit the innovativeness and practical abilities that have become its environmental DNA in its quest to become a company with world-leading environmental performance.

### Environmental Principles and Policies, and Conduct Guide

In accordance with the Yazaki Global Environment Charter, adopted in 1997 and revised in 2002 for the 21 century, Yazaki is proceeding with its initiatives "to make the world a better place and work to enrich society through environmentally sound business activities, environmental awareness, and individual contributions by all employees in line with our fundamental business policy." In setting annual goals and medium/long-term environmental action plans, Yazaki continues to move forward in improving its environmental performance, by focusing its energy on the creation of a global environmental management system that includes all overseas Group companies.

Corporate Policy



Fundamental Management Policy 3:

Contribute to a prosperous future society through business focused on the environment and security.

### Yazaki Global Environment Charter

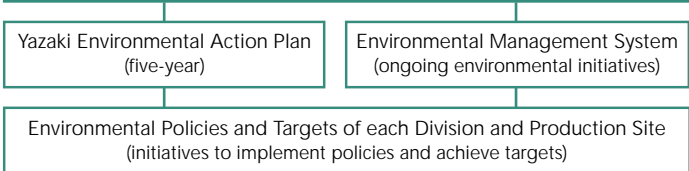
Environmental Policy

The Yazaki Corporation Group recognizes that preservation of the global environment and its resources is a serious concern common to all mankind. We will strive to make the world a better place and work to enrich our societies through environmentally-sound business activities, environmental awareness and individual contributions which are in line with our fundamental business policy.

Guide of Conduct

- 1 Observance of environmental laws and regulations**  
To proactively establish independent goals to reduce the burden placed on the environment through strict observance of domestic and international laws and regulations, and to promote activities to achieve these goals.
- 2 Establishment of the environmental management system**  
To maintain and enhance the environmental management system for all areas of our business activities in accordance with ISO 14001 guidelines.
- 3 Development of environmentally friendly products**  
To design and develop environmentally friendly products by keeping in mind the lifecycle of our products during stages of product planning.
- 4 Reducing the burden placed on the environment**  
To promote activities which reduce the burden placed on the environment, reduce waste, and conserve energy and resources for all stages of development, production, sales, logistics and service.
- 5 Promotion of "green" purchasing**  
To promote "green" activities for purchasing / procurement of resources, materials, machinery, equipment and supplies.
- 6 Raising of environmental awareness**  
To raise the environmental awareness of our employees and to foster proactive participation in activities which preserve the environment through training and instruction.
- 7 Contributions to society**  
To establish ties and actively promote the exchange and disclosure of information related to environmental preservation with governmental and municipal organizations.
- 8 Transferring environmental technologies overseas**  
To make global contributions to environmental preservation by transferring environmental technologies developed in Japan to overseas expansions and operations.

(Adopted June 1997; Revised May 2002)



Global Yazaki is creating an environmental management system which allows the participation of all employees throughout the world based on a clear awareness that environmental issues affect everyone.

### Environmental Management Systems and Organizations

In 2001, a committee system was created consisting of the Yazaki Environmental Committee, chaired by the president, as its highest organization, and including both the Environment Product Design Assessment Committee and the Production Environment Committee. In FY2004, the system was expanded to include the newly established

Environmental Information Liaison Committee, Sales Environment Committee, and Management Environment Committee; as well, the Environment Product Design Assessment Committee was restructured. This was intended to raise employee awareness regarding environmental issues, as well as clarify the positioning of environmental activities as company-wide activities, including not only product development and production divisions, but also sales and management divisions.

#### Organization and Structure

**Yazaki Environmental Committee**  
(meets twice annually)  
Chairman: President Shinji Yazaki  
Vice-Chairman: SMD Yasumitsu Muramatsu

Acts as the highest organization setting the direction for responses to major environmental issues and the status of implementation of directives, adopting annual environmental policies, and discussing proposals and reports from each committee.

**Environmental Information Liaison Committee**  
(meets once a month)

Composed of the Yazaki Environmental Committee vice chairman and the chairs of the four environmental committees. Considers activity reports and summaries of information from the individual committees, and disseminates information to the remaining committees to facilitate rapid responses. Discusses responses to issues and reports to the Yazaki Environmental Committee on the status of progress.

**Environment Product Design Assessment Committee**  
(meets four times annually)

Oversees the development and design divisions, adopts policies and goals, disseminates information to individual members, measures and monitors progress and reports to the Yazaki Environmental Committee.

- YTC Subcommittee
- Automotive Sector Subcommittee
- Supporting Group
- Electronic Equipment Subcommittee
- W/H Dept. Subcommittee
- Parts Subcommittee
- Product Technology Dept. Subcommittee
- Electric Wire Dept. Subcommittee
- Gas Equipment Subcommittee
- Air Conditioning Equipment Subcommittee
- Purchasing Subcommittee
- LCA Promotion Liaison Committee

**Production Environment Committee**  
(meets four times annually)

Oversees the production divisions. Has created Environmental Committees at each site which work to implement policies and goals at the ground level. Measures and monitors progress and reports to the Yazaki Environmental Committee.

- Washizu Factory
- Numazu Factory
- Susono Factory
- Shimada Factory
- Haibara Factory
- Niimi Factory
- Daitou Factory
- Tochigi Factory
- Tenryu Factory
- Rokugo Factory
- Fuji Factory
- Hamamatsu Factory
- Hodosawa Factory
- Ohama Factory

**Sales Environment Committee**  
(meets four times annually)

Monitors and gathers information on developments and trends by manufacturers and in markets concerning the environment for rapid incorporation into product development.

- Automotive Business Unit Sales Division
- Component Sales Division
- Industrial Sales Division
- General Transportation Systems
- Client Development Division
- Electric Wire Operations
- Energy Equipment Operations

**Management Environment Committee**  
(meets four times annually)

Monitors trends and developments in government and agencies and promotes sharing of customer feedback and other information throughout the Company.

- Corporate Planning Division
- Public Relations Division
- General Affairs and Personnel Division
- Human Resources Division
- Finance Division
- IT Division
- Legal Affairs Division
- Quality Management Division
- Logistics Division
- Affiliates Business Development Division
- Environmental Affairs Division

**Environmental Affairs Division**  
(Secretariat for the Environmental Committees)

Acts as the administrative office of each committee and manages progress towards achieving goals such as environmental action plans. Gathers data on each division every three months and reports to each committee.

Established in 2001    Established in 2003

For information on global environmental management activities, see pp. 53-58.

# Company-wide Implementation of Environmental Responses based on the Yazaki Environmental Action Plan

## Yazaki Environmental Action Plan

Action policy	Ultimate objectives (ideals)	Medium/long-term goals	FY2005 goals
I Adherence to laws and regulations	Complete elimination of banned substances from Yazaki products	Complete elimination of substances outlined in EU Directive from automotive products	- Responses to lead elimination - Elimination of 70% of the lead from wiring harness terminals - Elimination of hexavalent chromium (June 2005)
II Establishment of the Environmental Management System (EMS)	Promotion of environmentally friendly corporate management	Establishment of an environmental action plan implementation structure in the Business Units, Operations, and Management Divisions	- Promotion of environmental initiatives and assessment of progress
		Establishment of an internal audit system	- Consideration of introduction of internal audit system at production sites
		Acquisition of ISO 14001 certification at affiliated companies	- Acquisition of certification at twenty companies affiliated with the production divisions
		Establishment of a global system for SOC control and management	—
		Establishment of a system to study environmental accounting	- Establishment of an environmental accounting system
		Enhancement and operation of a material data management system	- Establishment and operation of the management system
		Enhancements to Social & Environmental Report	- Enhance corporate social responsibility initiatives
		Completion of soil contamination surveys at all production sites	- Continued implementation of soil contamination surveys at affiliated companies
III Development of environmentally friendly products	Promotion of environmentally friendly product designs	Establishment of a system to acquire Environmental Labeling Type III	- Establishment of a system to enable development divisions to carry out LCA analyses
		Introduction of a material flow cost (MFC) accounting system for all products	- Calculation of product MFC at production sites
		Development of environmentally friendly products	- Establishment of standards to ensure development of environmentally friendly products
IV Reduction of the use of substances of concern	Promotion of measures to help prevent global warming (reduction of CO <sub>2</sub> emissions)	Reduction by at least 7% from the reference-year level by 2010 for the entire Yazaki Group	- Yazaki Group in Japan — - Fourteen production sites - Total volume: 110,315 tons - Emissions per unit of production: Reduction by at least 3% from the 2001 level
	Reduction of landfill waste	Achievement of less than 1% landfill waste by the Yazaki Group in Japan	- Implementation of the 5Rs initiative at affiliated companies - Volume disposed of in landfill: Reduction by 95% from the 1999 level
	Reduction of the use of harmful chemical substances	Establishment of a system to manage the control and reduction of the use of chemical substances - A 30% reduction of VOC usage (from the 2000 level) by 2010	- Establishment and promotion of goals for the reduction of substances subject to PRTR
	Reduction of water consumption	Complete elimination of hazardous atmospheric pollutants	- Complete elimination of dichloromethane from products manufactured by the Yazaki Group, including affiliated companies
	Reduction of environmental impact from logistical operations (shipping and distribution)	Reduction of emissions per unit of production by 15% from the FY2005 level by FY2010	—
	CO <sub>2</sub> emissions reduction goal in logistics: 20% reduction from the FY2003 level by FY2008	- Promotion of the use of returnable and reusable plastic containers instead of product/parts packing boxes - The improvement of transportation and delivery efficiency and the promotion of environmentally sound driving practices - Promotion of modal shift through reevaluation of the transportation system - Reduction of waste generated at logistics centers (10% reduction from the FY2004 level)	
V Promotion of green purchasing	Environmental responses by suppliers and the entire supply chain	Establishment of EMS at suppliers through education	- Green procurement goal setting and progress monitoring - Quantitative evaluation of guidance to suppliers
		Establishment of a green purchasing system for office supplies	- Company-wide quantitative evaluation of green purchasing status - Purchase of fifty low-pollution vehicles for company use
VI Raising environmental awareness	Raising employee awareness through environmental education	Establishment of a company-wide environmental education system	- Establishment of an environmental education system - Expansion to general employees
		Introduction of employee incentives	- Consideration of introduction of a system to increase environmental awareness
		Introduction of performance review for managers	- Benchmarking based on other environmentally advanced companies
VII Social contribution	Promotion of information disclosure to / communication with local communities	Establishment of a system to enhance discussion of environmental issues with the surrounding communities	- Promotion of environmental preservation activities in each community (site)
		Introduction and institutionalization of meetings for reviewing the Social & Environmental Report	—
VIII Overseas transfer of environmental technologies	Realization of E+OCD at overseas affiliates	Establishment of EMS at overseas affiliates and continued operation	- Begin environmental initiatives in ASEAN (thirteen sites) and China (six sites)
		Achievement of reduction goals for substances of concern	—

\*Among the medium/long-term goals, issues for which there were no goals or results in FY2005 have been established as new goals for FY2006 and beyond

In order to promote the reduction of environmental impact throughout the Yazaki Group worldwide, Yazaki establishes its annual goals by reassessing its medium/long-term plans every year in line with changes in society and the times. Each division is committed to taking actions toward achieving these goals.

FY2005 (July 2004 – June 2005)  
FY2006 (July 2005 – June 2006)

☆☆☆ 100 % or higher ☆☆☆ 80% or higher ☆☆☆ Less than 80%

FY2005 performance	Evaluation	Related pages	FY2006 goals
- Technologies were developed by the Connector Development Department, implemented by each business unit (BU) and incorporated into vehicles - In progress, with completion planned for the end of December 2005	☆☆	pp. 39-40	- Strive to achieve overall coordination on technical issues between the Connector Development Department and individual development departments - Complete elimination of hexavalent chromium from parts
- Implemented the FY2005 environmental action plan and reported on progress	☆☆☆	p. 33	- Assessment of the status of environmental action plans at Business Units, Operations, and Management Divisions, and implementation of follow-up procedures
- Examined the method for implementing internal audits	☆☆☆	pp. 33-34	- Introduction of internal audits (cross audits) between production sites and development of human resources
- Acquired ISO 14001 certification at all companies affiliated with the production divisions in Japan	☆☆☆	p. 33	—
—	—	p. 40	- Clarification of the functions and organization of the Global SOC Control & Management Committee
- Established a system that supports production sites	☆☆☆	pp. 37-38	- Expansion of the new system to other divisions
- Half-year delay from the initial plan	☆☆	p. 38	- Implementation of system operation and management at each production site
- Social & Environmental Report Issued (included a Highlights section)	☆☆☆	p. 26	- Enhancement of the 2005 Social & Environmental Report
- Affiliated companies: Surveys based on documentation	☆☆☆	p. 34	- Soil contamination surveys at BF (Branch Factory), work sites, and affiliated companies
- Excavated and removed contaminated soil at the Shimada Factory	☆☆☆	p. 34	
- The Environmental Systems Sector began implementing initiatives toward the goal of acquiring Environmental Labeling Type III	☆☆☆	p. 40	- Organization of data necessary for LCA
- Calculated MFC after establishing a model product at each site	☆☆☆	pp. 37-38	- Establishment of a framework and calculation of MFC for each product
- Issued rules for approving environmentally friendly products	☆☆☆	p. 39	- Development of products that comply with Yazaki standards
- Yazaki Group in Japan - Collected FY2004 data and set reduction goals - Fourteen production sites - Total volume: 110,565 tons - Emissions per unit of production: Reduction by 21.4% from the 2001 level	☆☆☆	pp. 43-44	- Yazaki Group in Japan - Further 1.2% reduction beyond the standard value
- Created action plans for affiliated companies - Reduction by at least 95% from the 1999 level; achieved at each of the fourteen production sites	☆☆☆	p. 45	- Achievement of 1% or less landfill waste at fourteen production sites and companies affiliated with the production divisions
—	—	—	- Assessment of paper usage, establishment of reduction goals, and implementation of reduction actions
- VOC (toluene, xylene, ethylbenzene) usage assessed (at seven facilities) and a reduction plan established	☆☆☆	p. 46	- Establishment of yearly goals and implementation of reduction activities
Completely eliminated dichloromethane from products manufactured by the Yazaki Group, including affiliated companies	☆☆☆	p. 46	—
—	—	p. 46	- Reduction by 3% from FY2005
- Rate of conversion to returnable and reusable plastic containers for imported wiring harnesses: The actual figure was 51% against the goal of 65% - The actual CO <sub>2</sub> emissions reduction figure was 1,145 tons/year against the goal of 1,144 tons/year - The actual number of ferry routes was five against the goal of six routes - Reduced 14% from the FY2004 level	☆☆☆	pp. 51-52	- CO <sub>2</sub> emissions from operating company-owned and hired vehicles: 15% reduction from the FY2003 level by FY2006 (reduction of 7,260 tons)
- Yazaki Green Procurement Guidelines issued to suppliers	☆☆☆	p. 12	- Expansion of Guidelines to suppliers of products purchased by Yazaki factories - Introduction of a system (mechanisms) that can manage suppliers' environmental actions
- Green purchasing rate at production sites: 63%	☆☆	p. 36	- Green purchasing rate: 80% for production sites; assessment of current status at sales offices and establishment of goals - Purchase of 100 low-pollution vehicles for company use
- Purchased forty-one low-pollution vehicles	☆☆	p. 36	
- Implemented environmental training for executives - Created an environmental textbook and implemented education programs	☆☆☆	p. 35	- Environmental education at each level and education of executives - Environmental education for general employees based on the environmental textbooks
- Determined details for an incentive program	☆☆☆	p. 35	- Establishment of mechanisms to ensure that the system functions after introduction
- Conducted benchmarking based on other environmentally advanced companies	☆☆	p. 35	- Organization of projects for assessment
- Implemented environmental actions at each site in each region	☆☆☆	p. 22	- Continued implementation of environmental initiatives in each region
- Implemented meetings for reviewing the Social & Environmental Report	☆☆☆	pp. 23-25	- Continued implementation of meetings for reviewing the Social & Environmental Report
- Expanded the environment management system to overseas locations - Conducted environmental education in ASEAN, China, and Mexico	☆☆☆	pp. 53-55	- Supporting establishment of an environmental system within ASEAN and China
—	—	p. 53	- Establishment of reduction goals for emissions of substances of concern from production sites, and implementation of reduction actions

## Highlights of FY2005 (2) (July 2004 – June 2005)

### Environmental Aspects

#### Highlight

#### ISO 14001 Certification Achieved at All Fourteen Production Sites and All Thirty-six Companies Affiliated with the Production Divisions

Yazaki regards the establishment of an environmental management system to be a key pre-requisite for engaging in broad cooperation regarding the prevention of global warming, the reduction of waste, building a recycling-based society, the management of chemical substances, as well as the further reduction of environmental impact. It is also an essential preliminary step before implementing a comprehensive risk management system. In FY2005, one production site, as well as twenty companies affiliated with Yazaki's production divisions acquired ISO 14001 certification; this is a significant achievement as it marks the completion of ISO 14001 certification acquisition by all Yazaki production sites and companies affiliated with the production divisions.

To help affiliated companies acquire ISO 14001 certification, individual primary factories and the Environmental Affairs Division provided comprehensive support, including education and internal auditor training, using a multi-site method as the main plan of action. Moreover, now that environmental management systems have been fully established at affiliated companies, each primary factory will propagate its expertise and technologies related to the complete elimination of landfill waste to affiliated companies in FY2006, with the goal of achieving zero landfill waste at all companies affiliated with the production divisions by the end of FY2006. These accomplishments are indicative of Yazaki's commitment to an integrated approach to tackling environmental issues.

▶ pp. 33, 45



ISO 14001 seminars for companies affiliated with the production divisions



ISO 14001 certification audit at the Hodosawa Factory

#### Highlight

#### Completion of the Environmentally Friendly Tahara Distribution Center

Syo Transportation Co., Ltd. finished building its environmentally friendly Tahara Distribution Center in May of 2005. Focused on the goal of operating as a progressive operation responsive to 21st century environmental issues, this distribution center has initiated some creative environmental programs based on the concepts of "streamlining parts delivery" and "environmental impact reduction."

One quarter of the site grounds are to be maintained as a green, landscaped area, promoting clean air and preserving natural spaces. In an effort to eliminate parking on the street and encourage "idling stop,"\* an ample staging space has been provided for trucks. In keeping with the goal of reducing CO<sub>2</sub> emissions from delivery trucks, an agreement on a joint delivery system has been reached with other suppliers. Many other carefully designed measures have also been implemented. For example, stored rainwater is used for washing vehicles.

\* "Idling stop" refers to actually stopping the engine when a vehicle may otherwise have been left idling (e.g., when loading or unloading goods)



Hybrid vehicles are used for distributing parts



Syo Transportation Co., Ltd., Tahara Distribution Center (Tahara City, Aichi Prefecture)

▶ p. 52



Highlight

**Enhancements to the Company-wide Environmental Education at All Corporate Levels**

In recognition that education is essential in motivating all employees to support environmental initiatives, Yazaki has focused on the creation and enhancement of an environmental education system encompassing the entire Yazaki Group in Japan (including affiliated companies). FY2005 saw directors and managers as well as general employees receive environmental training, and specific goals set at all corporate levels. The Yazaki Group Environmental Textbook was published and used in classes for employees taught by trained members of the Yazaki management team.

Continuing their active approach toward the promotion of employee environmental awareness, Yazaki Group companies in Japan encouraged all employees to celebrate Environment Month (June) by submitting environmental slogans to a committee; the top slogans were posted at all Yazaki sites and the slogan writers were honored with awards. FY2005 also saw individual production sites implementing creative, unique educational programs designed to increase awareness of environmental issues, including having all employees carry Environmental Policy Cards, establishing workplace environmental information spaces, and asking employees for their suggestions regarding environmental responsibility. In addition to these efforts, all production sites issued a site-specific environmental report in FY2005.

▶ pp. 35-36



Yazaki Group Environmental Textbook provides an outline for basic environmental training for general employees



Guidance and training for managers who will conduct basic environmental training for general employees

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Highlight

**Accelerated Establishment of Global Environmental Management**

As a company with an established global presence, Yazaki believes that the implementation of worldwide environmental management will ensure that its overseas companies located in thirty-six countries will unite under the Yazaki Global Environment Charter in the quest to solve the environmental problems that affect this planet. Work has begun on building a framework that will enable Yazaki to centrally manage environmental action being taken internationally through regional environmental committees and environmental conferences. The organizational structure provides for the establishment of Environmental Committees in the following geographic areas: the Americas, Europe, ASEAN, and China. In turn, these committees will govern the establishment of the necessary environmental systems in each location.

Yazaki welcomed a focus on environmental issues in group companies across the globe in FY2005. Regional Environmental Conferences were held in Europe and the Americas, where progress reports were provided on goals, medium/long-term plans, the strengthening of environmental management systems, and compliance with EU directives. On-site environmental education for environmental officers was conducted in North America and Central America. The first Environmental Committee meeting was held in ASEAN and China, where progress has thus far been slower than in Europe and the Americas. This meeting focused on the promotion of environmental initiatives, with Yazaki encouraging a focus on further progress and offering environmental training in Japan to environmental officers from ASEAN and China. Movement was also made in the area of the management of Yazaki global environmental data; although some issues related to collection and accuracy are as of yet unresolved, Yazaki took the important step of beginning to disclose this data in FY2005.

▶ pp. 53-58



First Environmental Conference in the Americas held at ELCOM (Texas, U.S.)



YWTC factory tour held following the European Environmental Conference

Highlights of FY2005

## Environmental Management System and Risk Management

### FY2005 Goals

1. Promotion of environmental initiatives and assessment of progress
2. ISO 14001 certification acquisition at all thirty-six companies affiliated with the production divisions
3. Consideration of introduction of internal audit system at production sites
4. Continued implementation of soil contamination surveys at affiliated companies

### FY2005 Results

1. Implemented the FY2005 environmental action plan at Business Units, Operations, and management divisions
2. All twenty remaining affiliated companies acquired certification, completing certification at all thirty-six companies
3. Continued the study, with a plan for implementation in FY2006
4. Detailed investigations were conducted at sites where contamination was discovered

### Action Taken in FY2005

Since the Sales Environment Committee and the Management Environment Committee were newly established, both the sales divisions and the management divisions created environmental action policies and goals, which were then implemented. Although a study was made of ways to strengthen the internal audit system for environmental management systems, no specific action was implemented, and the issue was carried over to FY2006. Yazaki expanded soil contamination surveys, which are carried out as part of environmental risk management, to affiliated and related companies.

### Improvements Based on the Establishment of an Environmental Management System

Kan Industries Co., Ltd. reduced the noise from the waste heat exhaust fan in its compressor room, lowering the nighttime noise level at the site boundary to below the regulation level of 50dB. The company also replaced an electric air conditioner with an air conditioner that utilizes waste heat; additionally, the outdoor unit of the electric air conditioner had been installed facing a public road, but upon installation of the waste heat conditioner the location of the outdoor unit was changed. As a result, the noise level at the site boundary was lowered to between 45 and 48dB. The company also implemented many other environmental preservation measures and acquired ISO 14001 certification in March 2005.

### ISO 14001 Certification Acquisition

In FY2005, ISO 14001 certification was obtained at all fourteen production sites and all thirty-six companies affiliated with the production divisions. Each production site that has finished building an environmental management system will continue taking steps to improve its environmental performance using the PDCA (Plan, Do, Check, Act) cycle, and will report its policy, goals, and performance to the Production Environment Committee. By collecting and managing these types of information under the Yazaki Environmental Committee system, Yazaki is keeping the PDCA cycle active for environmental management throughout the entire Company.

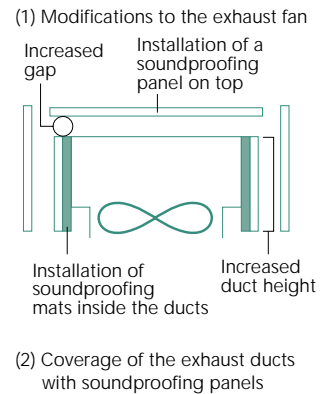
### Improvements to the Compressor Room Waste Heat Exhaust Fan



Before



After



### ISO 14001 Certification Acquisition Status (Acquired at All Sites by the End of March 2005)

Yazaki Group production sites		Companies affiliated with the production divisions							
1996	Tenryu Factory	1998	Gifu Industrial Equipment Co., Ltd.	2005	Shimizu Parts Co., Ltd. <sup>5</sup>	2005	Miyazaki Parts Co., Ltd. <sup>7</sup>		
1997	Numazu Factory	1999	Kumamoto Industrial Equipment Co., Ltd.		Fuji Parts Co., Ltd. <sup>5</sup>		Kumamoto Parts Co., Ltd. <sup>7</sup>		
	Susono Factory	2000	Oita Parts Co., Ltd.		Kosai Parts Co., Ltd. <sup>5</sup>		Cable Technica Co., Ltd.		
1998	Fuji Factory	2001	Kawane Parts Co., Ltd.		Akita Parts Co., Ltd. <sup>5</sup>		Kan Industries Co., Ltd.		
	Ohama Factory	2002	Japan Chain Terminal Co., Ltd. <sup>3</sup>		Yamagata Parts Co., Ltd. <sup>5</sup>		Iwao Industries Co., Ltd.		
	Haibara Factory	2003	Anan Parts Co., Ltd.		Miyagi Parts Co., Ltd. <sup>5</sup>				
1999	Daitou Factory	2004	Fujinomiya Parts Co., Ltd. <sup>4</sup>		Higashi Shikoku Parts Co., Ltd. <sup>6</sup>		Non-production affiliated companies		
	Shimada Factory		Aomori Parts Co., Ltd.		2005			Minami Shikoku Parts Co., Ltd. <sup>6</sup>	
Rokugo Factory <sup>1</sup>	Fukushima Parts Co., Ltd.		Fukui Parts Co., Ltd. <sup>7</sup>		1997			Numazu Physical Distribution Co., Ltd. <sup>8</sup>	
2000	Niimi Factory		Niigata Parts Co., Ltd.		Hokuetsu Parts Co., Ltd. <sup>7</sup>			2002	Syo Transportation Co., Ltd.
	Tochigi Factory		Kagoshima Parts Co., Ltd.		Hokuriku Parts Co., Ltd. <sup>7</sup>			2005	Arrow Distribution Service Co., Ltd.
2001	Y-CITY		Yamaguchi Parts Co., Ltd.		Gifu Parts Co., Ltd. <sup>7</sup>				
	Washizu Factory		Okayama Parts Co., Ltd.		Sol Technica Co., Ltd. <sup>7</sup>				
2005	Hamamatsu Factory		Yawara Industries Co., Ltd.		Tanshin Industrial Co., Ltd. <sup>7</sup>				
	Hodosawa Factory <sup>2</sup>		Tottori Parts Co., Ltd.	Nagasaki Parts Co., Ltd. <sup>7</sup>					

\*1: Acquired certification as part of the Shimada Factory

\*2: Acquired certification as part of the Numazu Factory

\*3: Changed the certification and registration organization in 2002

\*4: Fujinomiya Parts Co., Ltd. s Koizumi Factory acquired certification in 2003, ahead of the rest of the company

\*5: Acquired certification as part of the Susono Factory

\*6: Acquired certification as part of the Niimi Factory

\*7: Acquired certification as part of the Washizu Factory

\*8: Acquired certification as part of the Numazu Factory

Based on the environmental management system, all production sites and companies affiliated with the production divisions are continuing to improve their environmental performance and taking preventive measures to reduce environmental risk.

### Environmental Audits

In order to improve its environmental management system based on an objective evaluation of its effectiveness, Yazaki annually conducts internal audits and third party external audits. In FY2005, no major non-conformity issues were identified by the environmental audits, and actions were immediately taken to correct minor non-conformity issues and items to be monitored.

Additionally, to help the thirty-six companies affiliated with the production divisions acquire ISO 14001 certification, the Yazaki Group provided internal auditor training at the affiliated companies. Some 259 internal auditors were trained over a period of two years.

### Compliance

In its environmental preservation actions, Yazaki gives the highest priority to compliance with environment-related laws, local ordinances, and environmental agreements reached with local communities. Furthermore, to ensure rapid responses to new or revised laws and regulations, Yazaki provides information on laws and regulations throughout the entire Company and insists upon full compliance.

Yazaki is also striving to strengthen its environmental risk management to ensure the prevention and non-recurrence of environmental accidents. Activities include daily qualitative and quantitative monitoring and inspection, as well as installation and improvement of necessary equipment and facilities. Yazaki also discloses relevant information to residents in the surrounding neighborhoods of each site and works to strengthen ties by holding factory tours and community meetings.

### Soil Contamination Surveys

Yazaki continued with its detailed soil contamination surveys, and expanded testing to all thirty-six companies affiliated with the production divisions and related companies. Soil surveys are performed in the following three stages: (1) Documents and interviews (history investigation); (2) Soil and soil gas analysis (confirmation tests); and (3) Soil gas analysis and soil sample collection to pinpoint the contamination source (detailed investigation).

At the Shimada Factory, where concentrations of dioxins\* higher than the regulatory standard were detected in the vicinity of the remains of an incinerator, Yazaki excavated and replaced 35.7 tons of soil from the contaminated area measuring 22.3m<sup>2</sup>, and implemented decontamination measures. Additionally, Yazaki held an explanatory meeting to inform local residents of the history of the contaminated site and the steps taken to rectify the situation.

\*Dioxins: Generic term for polychlorinated dibenzo-para-dioxin (PCDD) and polychlorinated dibenzofuran (PCDF). Hazardous substances that are generated during incineration processes and chemical manufacturing processes, etc.



Soil replacement at the Shimada Factory

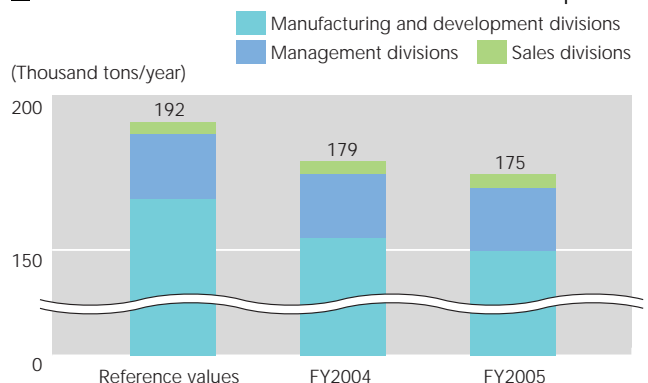
### Prevention of Illegal Dumping of Industrial Waste

In September 2004, a discarded document bearing the "Yazaki" name was found at a site of illegal dumping in Gunma Prefecture. An investigation determined that there was no problem in the Yazaki Group's handling of waste. However, to prevent Yazaki from being involved in such incidents in the future, all sites reassessed their procedures to ensure proper disposal and increase employee awareness. Yazaki worked on organizing its information flow in this area, particularly through: (1) Close cooperation with subcontractors of the companies within the Yazaki Group; (2) Careful day-to-day management; (3) Communication with local governments; and (4) Collection of information from trash-collection/transport companies. In addition, Yazaki re-checked and ensured clarification of day-to-day waste management systems, the correct use of the industrial waste manifest issued by the National Federation of Industrial Waste Management Associations, and proper training of disposal companies.

### Company-wide Implementation of Global Warming Prevention Measures

To help further promote global warming prevention, Yazaki implemented CO<sub>2</sub> emissions reduction activities at all 135 of its sites, including production sites as well as development, management, and sales locations. In order to establish reduction standards, Yazaki assessed CO<sub>2</sub> emission levels at all of its sites. It also identified the causes and mechanisms of CO<sub>2</sub> emissions, implemented necessary measures at individual sites, and established a reduction goal of 7% by 2010.

#### ■ Trends in CO<sub>2</sub> Emissions at All 135 Yazaki Sites in Japan



## To Increase Environmental Awareness and Nurture a Corporate Culture of Full Participation

### FY2005 Goals

1. Establishment of an environmental education system
2. Expansion of environmental education to general employees
3. Introduction of an incentive system to increase environmental awareness
4. Creation of model systems to help introduce an environmental performance review system for managers
5. Implementation of green purchasing throughout the entire Company
6. Purchase of fifty low-pollution vehicles for company use

### FY2005 Results

1. Implemented environmental training for executives
2. Created an environmental textbook and implemented education programs for general employees
3. Added environmental items to performance review evaluation sheets, and studied the possibility of introducing a system for recognizing environmental action performance
4. Conducted benchmarking based on other environmentally advanced companies
5. Conducted quantitative evaluation of green purchasing status and considered implementation of a green purchasing promotion management system
6. Purchased forty-one low-pollution vehicles

### Action Taken in FY2005

Yazaki worked on strengthening its environmental education and planned to introduce an incentive system to increase employee awareness. Although Yazaki conducted benchmarking of other environmentally advanced companies as part of its plan to introduce a system to evaluate the environmental performance of managers, no specific discussions subsequently took place. Therefore, Yazaki plans to organize a project to conduct such discussions in FY2006. As part of its environmental education efforts, Yazaki worked to increase awareness through such measures as conducting emergency response training, establishing Environment Month activities, promoting green purchasing of all office products, and increasing the number of low-pollution vehicles in the company fleet.

### Environmental Education

Yazaki is endeavoring to build and enhance an environmental education system targeted at the entire Yazaki Group, including all affiliated companies. In terms of environmental education, Yazaki has set up a target level for each employee rank and is working to firmly establish the philosophy of "E + QCD" (Environment + Quality, Cost, Delivery) within its corporate management.

Regarding environmental training for directors, 110

directors attended a lecture conducted by an instructor invited from an environmentally advanced company in the office equipment field. At the management level, 6,829 managers attended special workshops to deepen their knowledge and understanding of goals, initiatives and achievements outlined in Yazaki's Social & Environmental Report 2004. After the training, participants submitted reports, which were analyzed to assess the level of their understanding. Subsequent analysis confirmed that all the executives had gained a better understanding of the report, including those who indicated they "mostly understood." To address basic environmental training for general employees, Yazaki created an environmental textbook for use in training. Management-level employees were then recruited as future instructors, and subsequently undertook training in preparation of providing guidance to general employees in their respective departments. When the lack of an instruction manual became an issue during the course of training, both a manual and a quiz book were quickly created and distributed.



Yazaki Group Environmental Textbook for basic environmental training for general employees

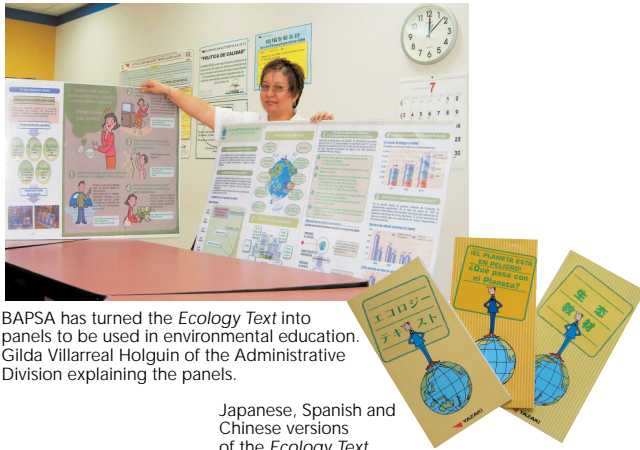
### Environmental Education System and Future Issues / Plans

Category	Target	Training level	Target levels	Activities in FY2005	Future issues / Plans
Basic	Executives	Environmental training for directors	1) Comprehension of the environmental trends in society and continuation of a strong sense of mission and motivation regarding environmental activities within the Company	Lecture on environmental initiatives being implemented by environmentally advanced companies (110 attendees)	To be changed from irregular to annual lectures
	Management	Environmental training for management	1) Complete accomplishment of the environmental policy items of each department, based on management's environmental policy 2) Demonstration of strong leadership	1) Workshop on the content of the Social & Environmental Report 2004 (6,829 attendees) 2) Report analysis following the workshop: Thoroughly understood: 59%; Mostly understood: 41% 3) Training in preparation of providing guidance to general employees in one's respective department	1) Standardization of teaching methods and specific environmental training items for subordinates → Creation of an instruction manual 2) Standardization of the evaluation method to be used following training sessions → Creation of a quiz book
	General employees	Environmental training for general employees	1) Promotion of the 5Rs initiative 2) Thorough sorting of waste 3) Understanding of environmental basics → Ability to implement initiatives toward zero emissions	1) Created an environmental textbook for general employees 2) Conducted training within respective departments 3) Created instruction manuals 4) Created a quiz book and administered quizzes	1) Expansion to overseas affiliates and affiliated companies 2) Creation of an English version and computerization of materials to be distributed for education
Specialized	Professionals	Professional skills training	1) Development of environmental managers at each site 2) Acquisition of qualifications	Planned from FY2006	1) Development of environmental professionals and assigning them to individual sites 2) Cultivation of essential skills in professionals 3) Survey of environment-related qualifications
	Specialists	Specialized Training	Mastering of environment-related knowledge and skills at each job level	Planned from FY2006	1) Systematization of environment-related specialized knowledge and skills 2) Since the specific training items differ for each sector and department, an individual working group must be organized under each environmental committee to conduct surveys and studies
Overseas	Employees transferred from Japan	Training for transferred employees	Goal of achieving the same level as in Japan	Distribution of the Social & Environmental Report and textbooks issued in Japan	Establishment of an intranet

Emphasizing education to ensure that all employees participate in environmental preservation activities, and providing training to increase day-to-day environmental awareness and prepare employees for emergencies.

### Expansion to Overseas Affiliates

The *Ecology Text*, created and published in FY2004 to support the environmental education of employees in Japan, has been translated into Spanish, Chinese, and other languages at overseas affiliates, where it is distributed to employees and utilized for environmental education.



BAPSA has turned the *Ecology Text* into panels to be used in environmental education. Gilda Villarreal Holguin of the Administrative Division explaining the panels.

Japanese, Spanish and Chinese versions of the *Ecology Text*

### Raising Environmental Awareness and Conducting Training

To increase the environmental awareness of all employees, Yazaki engages in various educational activities during the annual Environment Month (June). In June of FY2005, Yazaki encouraged employees of all group companies in Japan to submit environmental slogans, selected a number of winning entries, and posted them at all sites. The two most fitting slogans were, "Don't Throw It Out! Or It Will Stay with Us Forever" and "Mottainai' Has Been and Will Continue to Be the Key Word for Protecting the Earth." ("Mottainai" can be defined as "a sense of regret over something being wasted due to undervaluing its worth.") At Y-CITY, Yazaki created an Environment Month signboard that displayed the Ministry of the Environment's global warming prevention mark, and installed it at the site to increase awareness about Environment Month.

Since 2002, Yazaki's production sites have been creating and publishing site-specific environmental reports. These reports are utilized as awareness-increasing and educational tools for employees, and also as communication tools to deepen local residents' understanding of the environmental preservation initiatives being undertaken at the production sites. In FY2005, all production sites published site-specific environmental reports (the Shimada and Rokugo factories produced a joint report).

With regard to training, each site conducted emergency response training based on ISO 14001 standards.



Environment month slogans selected as winning entries

### Examples of Raising Environmental Awareness and Training Activities at Various Production Sites

Site name	Activity details
Numazu Factory	Solicited energy-conservation suggestions from employees during the annual Energy Conservation Month (February)
Haibara Factory	Participated in environmental beautification activities as an approved member of the Shizuoka Adopt-a-Road Program
Susono Factory	Posted an "Energy Conservation Action Declaration" at each workplace, then collected and displayed them in the environmental information space
Daitou Factory	Conducted emergency response drills on Disaster Prevention Day (September 1)
Tochigi Factory	All employees always carry Environmental Policy Cards
Fuji Factory	Solicited environmental posters and slogans from employees during Environment Month, and presented awards to the best entries before displaying them in the cafeteria
Hodosawa Factory	Summarized and posted recycling applications for waste materials



Signing ceremony for the Shizuoka Adopt-a-Road Program at the Haibara Factory

### Green Purchasing

To promote the purchasing of environmentally friendly green products, Yazaki created the Yazaki Green Purchasing Guidelines in February 2002 and implemented them at all production sites. These guidelines apply to the following five categories of products: paper, office supplies, instruments, office equipment, and lighting equipment. Out of the products registered in the database in the Green Purchasing Network, those that meet the following two criteria can be purchased as "green" products: (1) Products that comply with the standards specified in the Green Purchasing Law; or (2) Products with one of the generally recognized environmental marks (Eco Mark, Recycled Paper Mark, Green Mark, etc.). In July 2004, Yazaki assessed the progress made in this area at each production site and after collecting actual purchasing data, established green purchasing goals in FY2005. Yazaki has been working toward meeting these goals, as well as establishing a system for managing actual performance. In FY2005, the green purchasing rate for all production sites together was 63%.

In terms of efforts to purchase low-pollution vehicles for the company fleet, the actual number of vehicles purchased was forty-one against the goal of fifty (82% achievement). The goal was not fully reached in FY2005 because of replacement timing and decisions that were made to stretch the useful life span of some vehicles. For FY2006, the goal is to purchase 100 low-pollution vehicles, with a plan to convert the entire company fleet (approximately 500 vehicles) to low-pollution vehicles by FY2008.

## Achieving Compatibility between Economic Performance and Environmental Management

### FY2005 Goals

1. Establishment of an environmental accounting system
2. Introduction of a material flow cost accounting system at all production sites

### FY2005 Results

1. Joint project led to the establishment of an accounting system
2. Implemented the system in model lines at all production sites

### Action Taken in FY2005

In order to establish a system for environmental accounting on a company-wide basis, including both the production divisions as well as management divisions, a joint project was created involving the Finance Division, IT Division, and Environmental Affairs Division. The project members succeeded in implementing an environmental accounting data collection/tabulation system. In an effort to introduce a new material flow cost accounting system, all production sites set up model lines and proceeded with input/output data collection and management system building.

### Environmental Accounting

Yazaki is working on introducing environmental accounting as a management tool to quantitatively assess and analyze investment and expenditures related to environmental preservation (environmental preservation costs) and their effects (environmental benefits), with the objective of reducing substances of concern. In FY2005, Yazaki collected relevant data from all fourteen production sites in Japan as well as its R&D divisions and management divisions, in accordance with the Environmental Accounting Guidelines (2005 version) issued by the Japanese Ministry of the Environment. In the future, Yazaki plans to establish environmental accounting on a global scale by expanding the scope of data collection to include affiliated companies and corporations overseas.

### Environmental Preservation Costs in FY2005

(Million yen)

Environmental preservation cost		Investment	Expenditures	Total	Details
Business area		9.0	452.3	461.3	
Breakdown	Pollution prevention	1.9	215.8	217.7	Regular maintenance and inspection of electrical equipment, and repairing and upgrading purification tank. Soil survey expenses.
	Global environmental preservation	6.9	25.1	32.0	Installation of inverter-controlled equipment (chilled/hot water pumps, compressors, fluorescent light bulbs, etc.).
	Resource recycling	0.2	211.4	211.6	Expenses for sorting and recycling waste. Costs for waste-processing facilities.
Upstream/downstream		0.0	270.1	270.1	Costs associated with purchasing green products (office supplies, etc.). Costs associated with activities to assess and reduce substances of concern.
Management activities		0.0	460.6	460.6	Costs for maintaining and managing EMS. Costs associated with environmental education. Labor costs associated with the Environmental Committees and Subcommittees (environmental officers, etc.).
Research & development		0.0	1,986.5	1,986.5	R&D costs for designing products with attention given to the 3Rs, energy conservation, and lighter weight. Development costs for completely eliminating substances of concern (such as lead and hexavalent chromium). Labor costs for R&D.
Social contribution		0.0	1.5	1.5	Costs for environmental improvement activities, based on clean-up projects such as the Zero Waste Initiative.
Environmental damage remediation		0.0	39.4	39.4	Costs of replacing contaminated soil.
Other		0.0	6.5	6.5	Costs of internal environmental exhibits, various association dues, and costs of purchasing environment-related publications.
Total		9.0	3,216.9	3,225.9	

### Environmental Preservation Effects in FY2005

(Million yen)

Environmental preservation effects		Actual effects	Deemed effects	Total	Details
Business area		195.9	222.5	418.4	
Breakdown	Pollution prevention	30.5	109.3	139.8	Reduction in external subcontracting costs through the introduction of an internal inspection system for noise and vibration. Contribution from the operation of wastewater and waste gas processing facilities.
	Global environmental preservation	32.5	73.8	106.3	Cost savings by reducing the number of operating compressors.
	Resource recycling	132.9	39.4	172.3	Money back recycling. Reduction in waste-processing costs. Resource recovery from waste.
Upstream/downstream		0.0	88.0	88.0	Use of internal consultants to help companies affiliated with the production divisions in Japan acquire ISO 14001 certification. Lower costs than using outside consultants.
Management activities		1.1	7.7	8.8	Environmental education and environmental analyses conducted internally.
Research & development		0.0	0.0	0.0	
Social contribution		0.0	2.2	2.2	Benefits from programs for cleaning surrounding areas.
Environmental damage remediation		0.0	0.0	0.0	
Total		197.0	320.4	517.4	

Yazaki is striving to establish an environmental accounting system that will be useful to corporate management in achieving compatibility between economic performance and environmental management. Also, in order to reduce resource and energy loss, Yazaki is introducing material flow cost accounting at all of its production sites.

In FY2005, investment in environmental preservation in the amount of nine million yen plus expenditures of 3.21 billion yen resulted in total environmental costs of 3.22 billion yen (approximately 1.7 times that in FY2004). This investment primarily consisted of inverter-controlled equipment, purification tank facilities, and industrial waste recycling facilities. The total environmental cost was eighty million yen less than in FY2004 because there were no major capital expenditures. However, costs did increase for R&D of environmentally friendly products, measures toward the complete elimination of hazardous substances contained in products, and database creation. Additionally, the environmental damage remediation costs were higher than in FY2004 because approximately forty million yen was incurred in expenses for replacing contaminated soil.

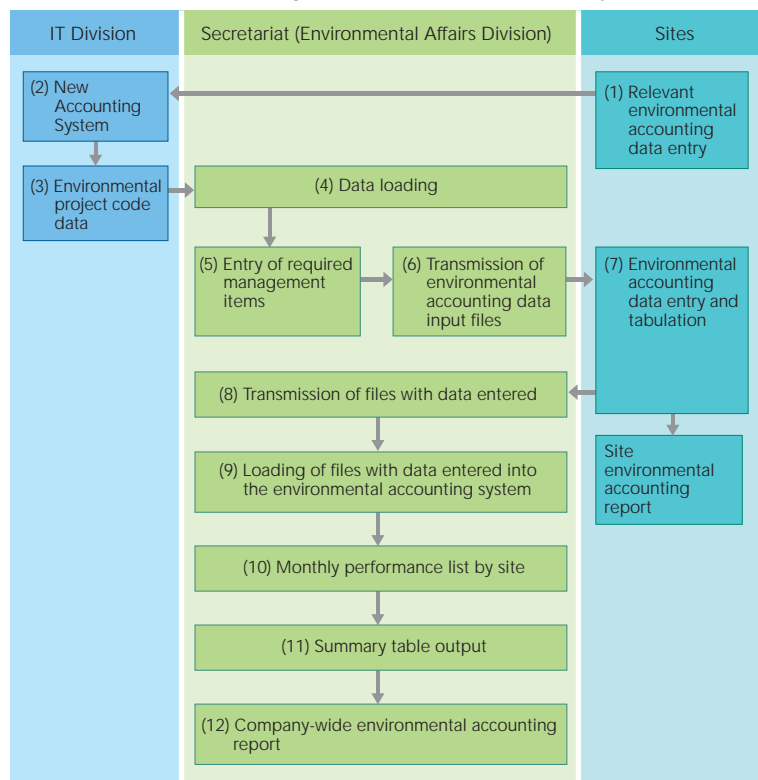
Economic benefits resulting from environmental

preservation measures amounted to 517.4 million yen, which was approximately eighty million yen more than in FY2004. Out of this amount, the deemed benefits were nearly the same as in FY2004 at 320.4 million yen, while actual benefits increased approximately two-fold (by ninety million yen) over the FY2004 amount to 197 million yen. This increase was due to the fact that more precise sorting of the waste generated by production sites enabled money back recycling of waste that used to merely be disposed of, and also enabled processing costs to be reduced. Furthermore, deemed benefits of approximately eighty-eight million yen were produced by using internal consultants who possess ISO 14001 auditor qualifications, instead of outside consultants, to help companies affiliated with the production divisions in Japan acquire ISO 14001 certification.

### Establishment of Environmental Accounting System toward Company-wide Implementation

Yazaki decided to expand its environmental accounting system, which had initially been targeted only at production sites, to include all Yazaki companies and to collect and assess environmental costs from all sites. In order to accomplish this, Yazaki organized an environmental-accounting working group that crosses divisional boundaries and created an environmental accounting data collection/tabulation system. This framework allows relevant data from individual sites to be collected by the environmental accounting system at Yazaki. The monthly performance of all sites is then summarized and centrally managed, and the overall environmental accounting performance for the entire Company is determined based on this company-wide data.

■ Environmental Accounting Data Collection/Tabulation System Flowchart



### Introduction of Material Flow Cost Accounting

Yazaki is proceeding with the introduction of material flow cost (MFC) accounting into all of its production sites. MFC accounting identifies the types and volumes of resources introduced into each production process, along with the labor costs (input), and the types and volumes of waste generated from each production process and the processing costs (output), and creates a flow chart to clarify the associated costs. MFC accounting facilitates calculation of the loss rates of raw materials, energy, etc. at each process and effectively improves environmental aspects from a cost perspective.

In FY2005, all production sites established model products

to apply MFC accounting, and after identifying issues, expanded its application to subsequent products. Some production sites have already collected nearly all product numbers and product type data, essentially reaching the level at which MFC accounting can be implemented full scale. Once the accuracy of the data is checked, implementation of the MFC accounting system will be completed and can then be utilized to improve environmental performance.

In order to assess the implementation status of MFC accounting at all production sites and to encourage progress, Yazaki held the MFC Accounting Interim Report Meeting in December 2004, inviting management personnel from all production sites. All sites reported on their progress and remaining issues, allowing sites to learn from each other.

## Toward the Goal of Producing Reliable Green Products

### FY2005 Goals

1. Elimination of 70% of the lead from wiring harness terminals
2. Elimination of hexavalent chromium
3. Establishment of system to enable development divisions to carry out LCA analyses
4. Establishment of standards to ensure development of environmentally friendly products

### FY2005 Results

1. Eliminated 70% of the lead from wiring harness terminals by reevaluating crimping standards and employing new terminal types
2. In progress, with completion planned for the end of December 2005
3. Conducted LCA training for development and design engineers. The Environmental Systems Sector began implementing initiatives toward the goal of acquiring Environmental Labeling Type III.
4. Created certification standards for Environmental Labeling Type II (issued the Rules for Accreditation of Environmentally Considerate Products)

### Action Taken in FY2005

In order to effectively utilize limited resources and reduce environmental impact throughout the entire lifecycle of every Yazaki product (production, use, and disposal stages), the development and design divisions are working on the environmental impact assessment of products, energy and resource conservation, recyclability improvement, and the reduction of substances of concern. Some of the major initiatives implemented in FY2005 included the development of common certification standards for environmentally friendly products, and the establishment of a company-wide Environmental Quality Assurance System to comply with the EU ELV Directive\* and EU RoHS Directive\*\* regarding the reduction of substances of concern. Additionally, in product development, each business unit worked on developing EU ELV Directive-compliant products and smaller/lighter products.

\*EU ELV Directive: The European Union's end-of-life vehicle recycling law, which specifies the elimination (in phases) of lead, mercury, cadmium, and hexavalent chromium

\*\*EU RoHS Directive: The acronym stands for Restriction of the use of certain Hazardous Substances in electrical and electronic equipment

### Establishment of System for Certifying Environmentally Friendly Products

Creating certification standards for environmentally friendly products is important so that Yazaki can clearly communicate its green product standards, raise the awareness level and goals of the development divisions,

and promote the creation of environmentally friendly products. Yazaki produces a wide range of products, including automotive parts and components, electrical wiring, air conditioning equipment, and gas equipment. In order to establish common certification standards for these wide-ranging product groups, Yazaki set up the Accreditation of Environmentally Considerate Products Project Group in March 2004. This Group, which consists of representatives from various Yazaki development centers in Japan, surveyed various other companies, studied certification standards and methods, and in March 2005 issued the Rules for Accreditation of Environmentally Considerate Products, which correspond to Environmental Labeling Type II. Based on these rules, the Development Planning Committee will examine applications from individual divisions and decide whether their products can be approved as environmentally friendly.

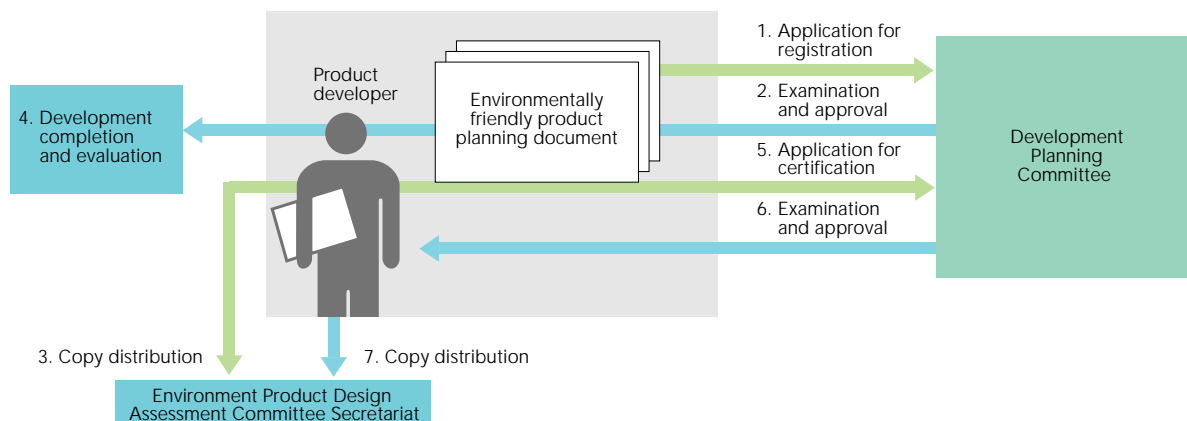
### Yazaki Environmentally Friendly Products Certification Standards

Major category	Intermediate category	Detailed category
1. Resource reduction	1) Reduce, 2) Reuse, 3) Recycle	Set for each product
2. Energy conservation	1) Manufacturing phase, 2) Use phase, 3) Distribution phase	
3. Hazardous substances	1) Reduction of hazardous chemical substances contained in products 2) Reduction in use during manufacturing of substances subject to the PRTR law	
4. Information disclosure	1) LCA implementation	

\*Major and intermediate categories are common throughout the entire Company, while detailed categories are set up for individual products, which are then registered and evaluated

\*\*Products are evaluated in the nine intermediate categories and approved or rejected based on numerical scores

### Yazaki Environmentally Friendly Products Certification Flow





In order to provide highly reliable 'green products' (environmentally friendly products), Yazaki worked on clarifying the standards throughout its development and design divisions and on building an Environmental Quality Assurance System.

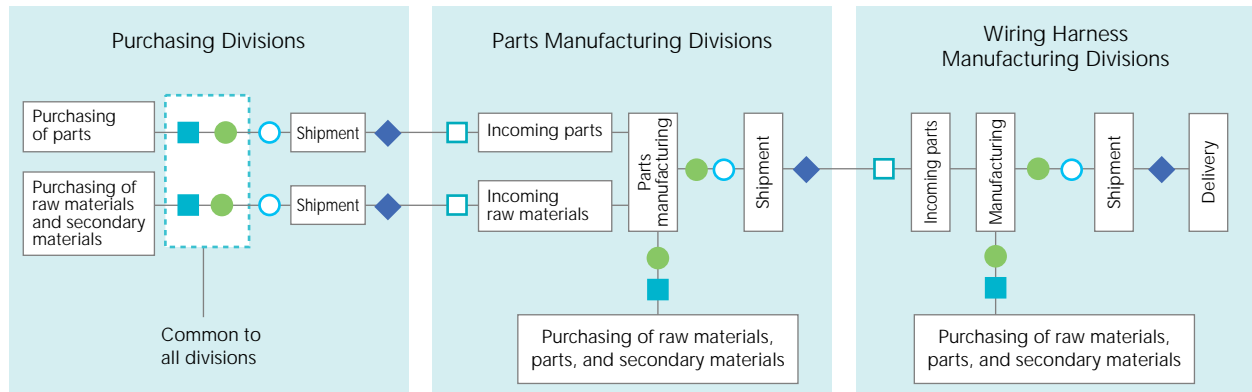
### Company-wide Implementation of the Environmental Quality Assurance System

The ELV Project, which was initiated with the objective of completely eliminating the substances banned by the EU ELV Directive, developed into the establishment of the Environmental Quality Assurance System designed to ensure comprehensive management of substances of concern throughout the entire Company. With support from both the development and design divisions, which have been promoting the ELV Project, and the SOC Analysis Subcommittee, Yazaki organized the Environmental Quality Assurance Project Group, and worked on creating a system for managing substances of concern throughout all phases of its business, including procurement, development,

production, and sales. The Environmental Quality Assurance Project Group established working groups in all divisions and promoted the establishment of the following four systems: (1) Product assurance system based on actual data; (2) System for implementing environmental rules; (3) Audit system; and (4) System for documenting changes in materials and parts specifications, production processes, etc. In FY2005, the establishment of the Environmental Quality Assurance System was essentially completed.

With target dates set for the establishment of management systems by group companies in Japan, Yazaki plans to globally expand its efforts and has recently established a Global SOC Committee for its overseas affiliates.

### Environmental Quality Assurance Management Flow (Wiring Harness Division)



■ Acquisition of "non-use" certificates\* □ Verification of the "non-use" certificates ● Actual measurement of substances of concern  
 ○ Regular testing of all products ◆ Outgoing control  
 \*\*"Non-use" certificates: certificates from suppliers verifying that their parts do not contain any of the banned substances

### LCA Training for Employees Involved in Development and Design

Against the backdrop of heightening social awareness of environmental concerns, Yazaki is working on establishing LCA (Life Cycle Assessment) in order to assess the total environmental impact of its products and disclose the resulting information. From 2002 to 2004, Yazaki provided LCA training to employees involved in development and design, as part of their specialized education designed to lead to the mastery and actual utilization of environmental technologies. Under the name of "LCA Study Group," Yazaki set up training venues in three locations in Shizuoka Prefecture (eastern, central, and western areas) and offered training sessions on a regular basis. These sessions covered LCA basics, application and case studies, and also evaluated actual products from various Yazaki sites. Using the results and momentum from this LCA Study Group, Yazaki plans to proceed in building a system for disclosing environmental impact evaluation results on Yazaki products and to work towards acquiring Environmental Labeling\* Type III.

### Compliance with EU Directives

Yazaki is working on completely eliminating the substances banned by the EU ELV and RoHS directives. In FY2005, as part of its efforts to comply with the ELV Directive, Yazaki worked on eliminating lead from the solder used in wiring harness terminals and printed circuit boards. Steady progress is also being made in eliminating hexavalent chromium. Regarding the RoHS Directive, Yazaki checked for the banned bromine-based fire retardants and confirmed that none were being used.

\*Environmental Labeling: Label identifying environmentally friendly products and classified into Environmental Labeling Types I, II and III under ISO standards

- Type I: Certified by a third party that grants a license to use its compliance mark based on independent assessment
- Type II: Declared by a business on its own
- Type III: Quantitatively shows environmental data throughout the entire product lifecycle, from resource extraction through the manufacturing, distribution, use, disposal and recycling stages

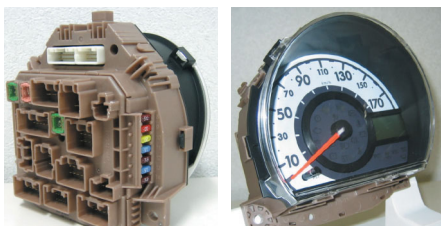
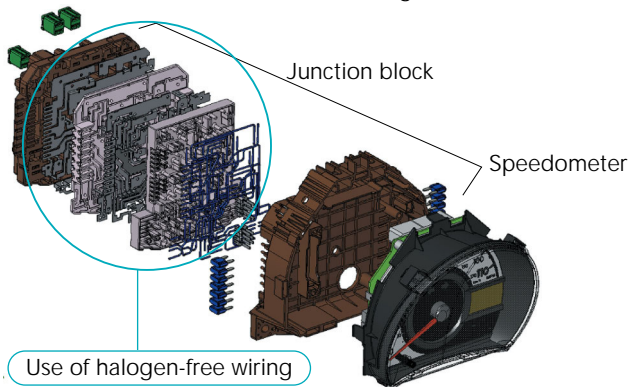
## Product Development in FY2005 in Various Divisions

### Automotive Sector

#### Resource-conserving Junction Block with Integrated Meter

Yazaki developed a new junction block with an integrated meter, eliminating the wiring harness that connected the junction block to the meter. Through this and other such steps, Yazaki is reducing resource usage as part of its efforts to reduce both the size and weight of automotive electrical components, leading to space savings and reduction of interconnecting components. Yazaki has also eliminated the PVC-covered wire used inside the junction block and has adopted halogen-free wiring, which is highly recyclable and free of substances of concern.

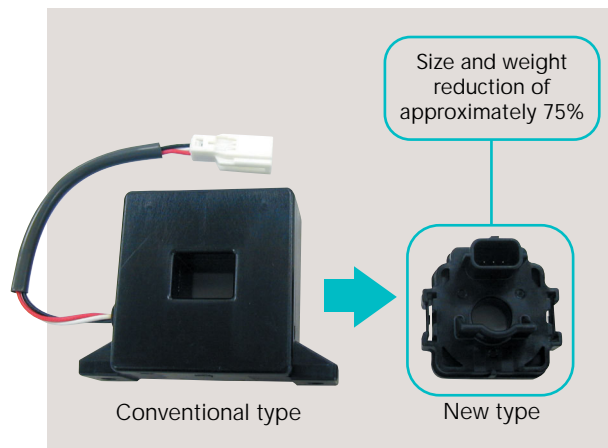
#### ■ Structure of Junction Block with Integrated Meter



Junction block and meter

#### New Current Sensor that Improves Automobile Fuel Efficiency

With the objective of reducing both fuel consumption and exhaust emissions, Yazaki developed a current sensor that reduces the engine load from electricity generation by an alternator. A current sensor is a vehicle system component that is installed in the battery cable of an automobile and detects the charging/discharging current of the battery. The new current sensor sends a signal to the automobile that allows it to determine the charging status of the battery and optimize the generating voltage of the alternator accordingly. The new current sensor is approximately 75% smaller and lighter than conventional types and is completely free of the four substances banned by the EU ELV Directive.



Conventional and new types of current sensors

#### From the Trenches

### Joint Development Transcending Divisional Boundaries

It was only because Yazaki develops a wide range of wiring harnesses and automotive electrical components that it was able to develop the new junction block with the integrated meter. Even so, there were many challenges in its development. For example, both the manufacturing requirements for conventional junction blocks and the design and manufacturing requirements for the meter had to be satisfied. Additionally, it was necessary to address new issues such as the effects on the meter of the junction block in which a large current flows, and the effects on the junction block of noise from the meter. However, joint development efforts transcending divisional boundaries within Yazaki and repeated discussions and evaluations led to a speedy completion of the new product.

First Development and Design Section,  
System Component Development Center  
11th System Development Section,  
Electronics Development and Design Center-1



Structure meeting of the joint development team

As a manufacturer of a wide variety of products, Yazaki is working on reducing substances of concern in all divisions within its Automotive and Environmental Systems sectors on a product-by-product basis.

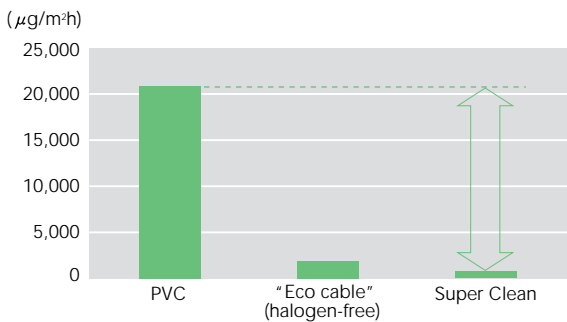
## Environmental Systems Sector

### Super Clean Cables with Reduced Outgas

Cleanrooms are essential for factories that produce semiconductor and liquid crystal devices. However, adhesion of the VOC\* contained in equipment and building materials to silicon wafers and liquid crystal devices in the form of minute amounts of outgas (molecular contaminants) has become an issue, adversely affecting product characteristics and reliability.

Cable coating also emits outgas. To deal with this issue, Yazaki developed its Super Clean Cable, which is suitable for use in cleanrooms, by using the existing halogen-free "eco cables" as the base, carefully selecting raw materials, and applying its proprietary mixing technology. The new Super Clean Cable emits significantly less outgas compared to both PVC cables and the existing halogen-free "eco cables."

■ Comparison of Outgas Emissions from Cable Coatings



\*VOC: Volatile Organic Compounds

### Green Stations that Support Popularization of LPG-powered Automobiles

One type of clean-energy automobile currently being promoted is the LPG-powered automobile. Although it offers various advantages, including lower fuel costs and smaller volumes of CO, HC, and NOx in the exhaust emissions, there are only 2,000 LPG-fueling service stations throughout Japan. To popularize LPG-powered automobiles as a means of helping prevent global warming and reducing automobile-generated pollution, the establishment of the necessary infrastructure is urgently needed. As part of its Eco-Service Stations business, Yazaki has developed the Green Station, a low-cost LPG-fueling station, applying the technology used in its Powerbulk, a bulk storage unit with a newly designed heat-retaining function. A Green Station can be easily installed anywhere, and enables anybody, at any time, to refuel an automobile with LPG, just as at a self-service gas station. Furthermore, the Green Station requires no electricity because it uses the difference in gas pressure to transfer the fuel.



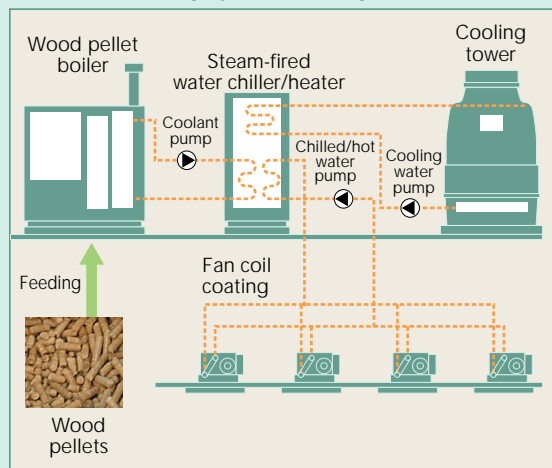
LPG station "Green Station"

## In Focus

### Helping the Regeneration of Forests by Using Biomass Energy

One of the projects held to help ensure the success of EXPO 2005 Aichi, Japan was the EXPO World Conference on Wind Energy, Renewable Energy and Fuel Cell from June 7 through 9, organized by Shizuoka Prefecture. Yazaki actively participated in this exhibition as a corporation that facilitates environmental preservation, exhibiting a multi-source waste heat utilization system. As a forest resource recycling system utilizing thinned wood and wood cut-offs, it is centered on a steam-fired, water chiller/heater air-conditioning system that uses wood biomass pellets to power a boiler, and supplemented with distributed power generation from solar energy, fuel cells, and other sources. The main theme of Yazaki's exhibit was "Mottainai" (defined as "a sense of regret over something being wasted due to undervaluing its worth"). Yazaki wanted to put forward the best possible mix of biomass energy toward achieving sustainable development. The utilization of wood biomass in particular makes possible recycling of forest resources, leading to healthier forests, a reduction of CO<sub>2</sub>, and the revitalization of the forestry industry.

#### ■ Air-conditioning System Utilizing Wood Pellets



## Building Clean, Environmentally Friendly Factories on a Local and Global Scale

### FY2005 Goals

1. Reduction of total CO<sub>2</sub> emissions by 14.7% from the 1990 level (Goal: 110,315 tons)
2. Reduction of CO<sub>2</sub> emissions per unit of production by at least 3% from the 2001 level
3. Reduction of the volume of waste disposed of in landfills by 95% from the 1999 level
4. Implementation of the 5Rs initiative at affiliated companies
5. Establishment and promotion of goals for the reduction of substances subject to PRTR
6. Complete elimination of dichloromethane from products manufactured by the Yazaki Group, including affiliated companies

### FY2005 Results

1. Reduced total CO<sub>2</sub> emissions by 14.5% from the 1990 level (actual: 110,565 tons)
2. Reduced CO<sub>2</sub> emissions per unit of production by 21.4% from the 2001 level (actual: 18.48 tons)
3. Reduced the volume of waste disposed of in landfills by at least 95% from the 1999 level at each of the fourteen production sites
4. Assessed the current status and volume of waste being generated, and established reduction goals
5. Began VOC reduction activities
6. Completely eliminated dichloromethane from products manufactured by the Yazaki Group, including affiliated companies

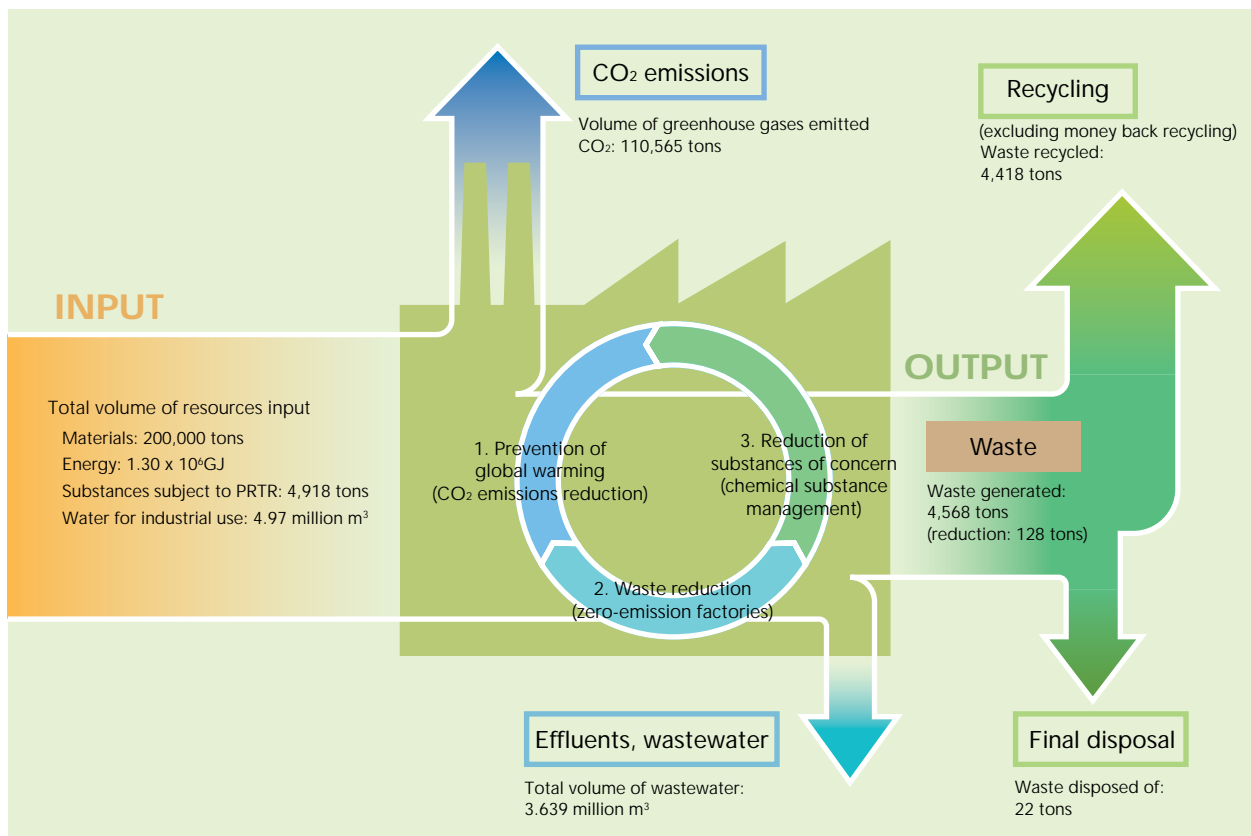
### Action Taken in FY2005

In order to continue reducing the environmental impact due to consumption of energy and resources and the use of chemical substances in production, the Yazaki Group's fourteen production sites in Japan are engaged in environmental preservation activities mainly in the following three areas: (1) The prevention of global warming through CO<sub>2</sub> emissions reduction, (2) A zero-emission initiative for the purpose of building a recycling-based society, and (3) Chemical substance management with a focus on legal compliance and safety.

The figure below quantitatively summarizes the total volumes of the resources that were put into production activities and the substances of concern that were

released into the atmosphere or waterways in FY2005. Although the CO<sub>2</sub> emissions per unit of production decreased thanks to improvements in productivity, the total volume slightly exceeded the level of the previous fiscal year. In terms of waste reduction, all fourteen production sites achieved zero emissions. Yazaki is in the process of expanding these programs to affiliated companies and is also proceeding with initiatives to achieve its next goal in this area — the complete elimination of landfill waste. With regard to chemical substance management, Yazaki has completely eliminated dichloromethane from all its sites, including thirty-six affiliated companies, and has begun building a framework to comprehensively manage chemical substances and reduce their use.

Volume of Resources Input and Volume of Substances Released into the Environment at Fourteen Production Sites in FY2005



Under their respective ISO 14001-compliant environmental management systems, all fourteen production sites of the Yazaki Group in Japan are continuing efforts to improve their environmental performance and striving to establish clean factories that do not have an adverse impact, either globally or locally.

**Prevention of Global Warming (CO<sub>2</sub> Emissions Reduction)**

In order to help prevent global warming, which is said to have a wide-ranging impact on the natural environment, including on climate fluctuation and ecological changes, Yazaki is promoting energy conservation and productivity improvement initiatives to reduce CO<sub>2</sub> emissions. With the Kyoto Protocol having come into effect, the Japan Auto Parts Industries Association, of which Yazaki is a member, has established a voluntary goal of reducing total CO<sub>2</sub> emissions by 7% from the 1990 level by 2010. Based on its medium/long-term environmental action plan, Yazaki is adopting initiatives to reduce its total CO<sub>2</sub> emissions volume by 22% from the 1990 level (128,645 tons) by FY2009, and to reduce its emissions per unit of production by 7% from the FY2002 level (23.5 tons) by FY2009.

In its CO<sub>2</sub> emission reduction efforts for FY2005, Yazaki exceeded its goal in terms of volume per unit of production and basically achieved its goal in terms of total volume. In FY2006, Yazaki plans to implement comprehensive measures under new goals based on a new reference year and a new reference value.

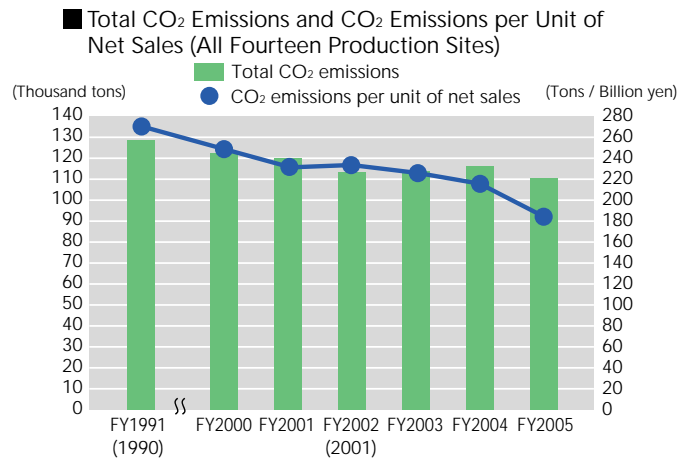
**Major Efforts to Help Prevent Global Warming**

In FY2005, Yazaki's fourteen production sites implemented various global warming prevention measures, including (1) The enforcement of turning off lights, pumps, and motors when not needed, (2) The prevention of production equipment idling, (3) The conversion to air conditioners that conserve energy, and (4) The increased efficiency of air conditioning and lighting through departmental and divisional consolidation.

**Energy Management in Accordance with the Revised Energy Conservation Law**

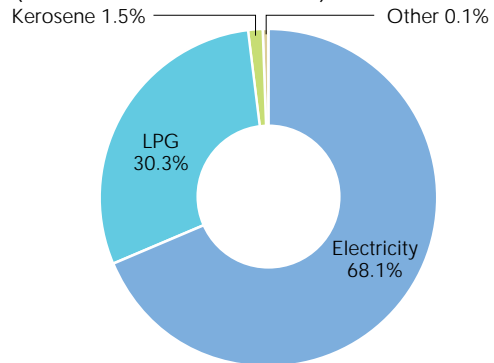
The current Energy Conservation Law designates plants whose energy consumption exceeds a certain level as factories requiring energy management. For these factories, the law mandates the appointment of an energy manager, regular reporting, and a reduction goal of at least 1% in usage per unit of production. In March 2005, the Energy Conservation Law was revised by the Cabinet to strengthen energy conservation regulations. One of the results of this revision is that the number of factories designated as requiring energy management increased. Additionally, the respective Bureaus of Economy, Trade and Industry will conduct on-site energy conservation inspections, and penalties will be assessed on factories where no improvement is evident.

Among Yazaki's production sites, the Ohama Factory was inspected by the Kanto Bureau of Economy, Trade and Industry in April 2005, and received an overall score of 99 out of 100. Based on the principle of legal compliance and voluntary goals that are more stringent than governmental regulations, Yazaki is continuing its initiatives to manage and conserve energy.



\*Beginning with this year's report, CO<sub>2</sub> emissions volumes are expressed as the volume of CO<sub>2</sub> rather than as carbon equivalents

**Breakdown of Energy Consumption (All Fourteen Production Sites)**



**Designated Factories Requiring Energy Management according to the Existing Energy Conservation Law**

Production site name	Electrical energy	Thermal energy
Fuji Factory	Class 1	Class 1
Haibara Factory	Class 1	Class 2
Tenryu Factory	Class 1	Class 2
Susono Factory	Class 1	
Numazu Factory	Class 1	
Shimada Factory	Class 1	
Ohama Factory	Class 1	

\*Thermal energy management (annual usage) Class 1: 3,000kl or more  
 \*Electrical energy management (annual usage) Class 1: 12 millionkWh or more



Ohama Factory under inspection as a designated factory requiring energy management

# Working toward Zero Emissions and Minimal Environmental Impact

## Waste Reduction (Zero Emissions)

In order to bring about a recycling-based society, Yazaki is taking action to utilize resources effectively. In terms of waste-reduction activities, Yazaki is promoting zero-emission\* factories that do not generate any waste, based on its 5Rs initiative that encompasses the following principles: Reduce, Reuse, Recycle, Repair, and Refuse (a refusal to buy products that are not environmentally sound).

The total volume of waste generated by Yazaki in FY2005 was reduced by 4.0% from the FY2004 level to 4,568 tons. Of this volume, 97% was recycled, bringing the total volume of waste disposed of in landfills to only twenty-two tons (reduced by 23% from FY2004 and by 99% from the 1999 level). The Phase 1 Zero-Emission Goal of zero landfill waste<sup>1</sup> was achieved by all of Yazaki's production sites. The Phase 2 Goal of the complete elimination of waste requiring final disposal<sup>2</sup> was achieved by the Ohama, Hodosawa, Fuji, and Shimada Factories, bringing the total to five, including the Numazu Factory which had achieved this goal in FY2004.

\*Definition of zero emissions at Yazaki:

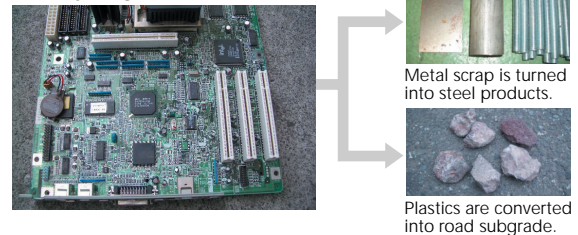
1. Zero landfill waste: Reducing the volume of materials that must be disposed of as final waste by 95% or more from the 1999 level, while at the same time reducing the volume to 3% or less of the total volume of waste generated
2. Complete elimination of waste requiring final disposal: Reducing the volume of materials that must be disposed of in FY2005 as final waste to 1% or less of the total volume of waste generated in FY2005, and zero general or industrial waste from production sites that must be disposed of as landfill waste, excluding sludge from human waste

## Major Initiatives for Achieving Zero Emissions

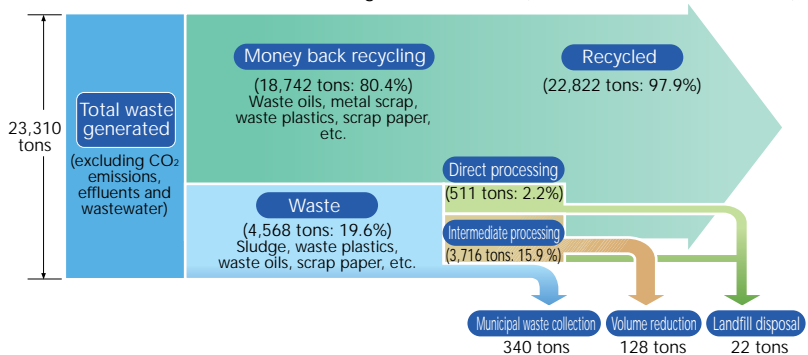
With the dual goals of achieving zero landfill waste at all production sites and the complete elimination of waste requiring final disposal at those sites that have already achieved zero landfill waste, Yazaki has proceeded with recycling of materials such as waste alcohol, mixed waste plastic, and glass/ceramics. Yazaki has also taken steps to increase employee awareness by making sorting processes more visible, presenting sorting instructions in multiple languages and exhibiting recycling methods for the attainment of thorough collection and sorting.

In its efforts to expand the 5Rs initiative to its affiliated companies, Yazaki has begun assessing the current status of waste management at these companies. Yazaki plans to then move on to zero-emission activities in FY2006 by propagating the initiatives undertaken at the major production sites to the affiliated companies, where it hopes to reduce final waste to 1% or less of the total volume of waste generated by the end of FY2006.

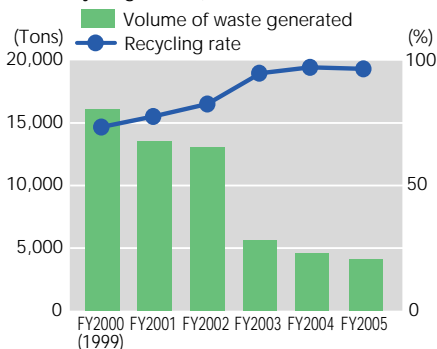
### Recycling of Printed Circuit Boards



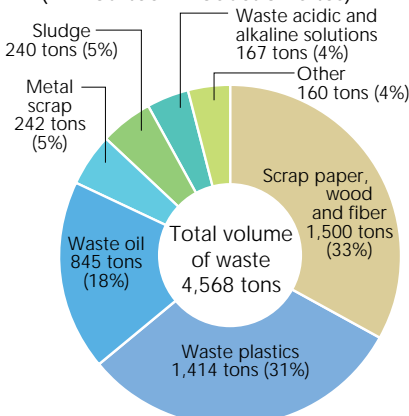
### Overview of Total Waste Processing Flow in FY2005 (All Fourteen Production Sites)



### Total Volume of Waste Generated and Recycling Rates (All Fourteen Production Sites)



### Breakdown of Waste in FY2005 (All Fourteen Production Sites)



### In Focus

## Yazaki's Zero-emission Initiative Is Recognized by Local Governments

FY2005 saw some impressive achievements in waste and emissions reduction. The Niimi Factory received Eco Site certification in the zero emissions site category under the Okayama Eco Site Certification System, which is based on the Okayama Prefectural Ordinance for Establishing a Recycling-based Society. In FY2004, the Niimi Factory successfully reduced the volume of waste it disposed of in landfills to seven tons, or 3% of the 1999 level, and maintained its zero emissions status in FY2005 as well. Meanwhile, the Tenryu Factory hosted an inspection tour by representatives from Shizuoka Prefecture, based on the recommendation of the Shizuoka Industrial Waste Management Association, and received the Governor's Prize for Plants Promoting Proper Industrial Waste Disposal.



Akio Watanabe, Environment Management Representative of the Niimi Factory, holding the Okayama Eco Site Certificate

In order to minimize the environmental impact of released waste and chemical substances, Yazaki is striving to achieve its goal of zero emissions; each production site is taking action to reduce the substances of concern that are specific to its manufacturing lines and the resulting products.

### Reducing Substances of Concern (Chemical Substance Management)

In order to manage chemical substances that impact negatively on the global environment and all forms of life and are subject to government regulations, Yazaki is taking action from the perspective of banning usage, reducing usage, and instituting tighter controls for substances whose safety has not been verified. In FY2005, Yazaki organized a project group to study the establishment and operation of a system to manage the use of chemical substances, and also began building a framework that will enable each major production site to assess and manage the usage status (of both the types and volumes of substances) at its affiliated companies. In terms of reducing substances that are subject to PRTR (Pollutant Release and Transfer Register),\* Yazaki has begun taking steps to reduce its usage of the major VOCs, including toluene, xylene, and ethylbenzene. Beginning in FY2006, Yazaki will begin measures to reduce its usage of these substances by 30% from the 2000 level by FY2009.

Furthermore, to comply with the EU ELV and RoHS directives, Yazaki has established a system that will prevent the four banned substances from being used in its products and ensure the complete separation of those substances from those that are not subject to the directives. Through this system, which also includes chemical substance measuring instruments, Yazaki has established complete control over what substances come into and leave its factories.



Replacing paint in an electrodeposition tank at the Hamamatsu Factory

\*PRTR: Register used for tracking the release and transfer of legally designated environment-polluting chemical substances

### Major Efforts to Reduce Substances of Concern

The Japan Auto Parts Industries Association has established a voluntary goal of reducing the volume of dichloromethane, trichloroethylene, and tetrachloroethylene, which are harmful air pollutants, by 95% from the 2002 level by 2010. Yazaki actively promoted the initiatives required to achieve its own goal of complete elimination by FY2005. With the last production site to still use these substances having established a lubricant-removal process and a cleaning process that uses an alternative cleaning agent, Yazaki has achieved complete elimination at all of its fourteen production sites and thirty-six affiliated companies.

Furthermore, in order to quickly apply environmental measures that have been implemented regarding automobiles to the Environmental Systems Sector — for example, in the area of ELV disposal — the Hamamatsu Factory took steps to eliminate the lead from paint electrodeposited on air conditioning equipment. In addition to switching to alternative lead-free paint, the Hamamatsu Factory removed thirty-one tons of old lead paint that remained in the electrodeposition tanks, and replaced it with lead-free paint after cleaning the tanks.

■ Release and Transfer Volumes of Substances Subject to PRTR (at Applicable Production Sites between April 2004 and March 2005) (Unit: tons)

Substance name	Volume handled	Volume released			Volume transferred	Volume recycled	Volume removed	Volume consumed
		Atmosphere	Water quality	Landfill at production sites				
Bis adipate	7	0	0	0	0	0	0	7
Antimony and its compounds	70	0	0	0	0	3	0	67
Ethylbenzene	2	2	0	0	0	0	0	0
Xylene	21	19	0	0	1	0	0	1
Decabromodiphenyl ether	8	0	0	0	0	0	0	8
Copper salts (water-soluble)	24	0	0	0	0	24	0	0
Toluene	64	53	0	0	3	7	0	1
Lead and its compounds	24	0	0	0	0	7	0	17
Nickel	4	0	0	0	0	0	0	4
Bisphenol A type epoxy resin	46	0	0	0	1	0	0	45
Phthalic acid	4,648	0	0	0	0	56	0	4,592
<b>Total</b>	<b>4,918</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>97</b>	<b>0</b>	<b>4,742</b>

\*Landfill at production sites: The volume disposed of in landfills at the production sites

\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee

\*Volume removed: The volume of substances converted into other substances through incineration, neutralization, decomposition, reaction, etc.

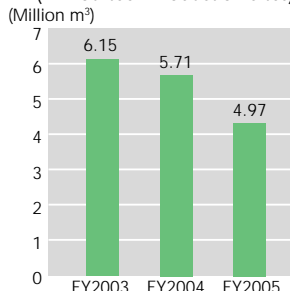
\*Volume consumed: The volume of substances converted into other substances through reactions, or transferred out of production sites as part of or adhering to products

### Water Conservation

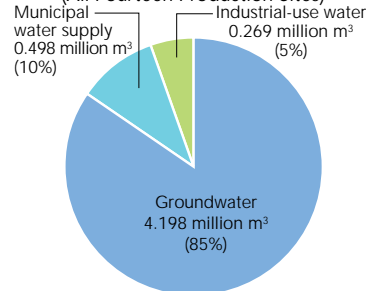
In order to ensure efficient water use, Yazaki assessed water consumption at all fourteen of its production sites, evaluated how water is being used at these sites, and developed a reduction plan. It has established a goal of reducing water consumption per unit of production by 15% from the FY2005 level by FY2010.

In FY2005, total water consumption was down by 13% from FY2004 to 4.97 million cubic meters.

■ Trends in Water Consumption (All Fourteen Production Sites)



■ Breakdown of Water Consumption (All Fourteen Production Sites)



## Shimada Factory

### Significantly Reducing Environmental Impact through the Zero Processing Defects Initiative



I believe that the first step we must take in achieving a goal, be it product quality or protecting the environment, is educating people. And heart-to-heart communication is the key to educating people. Rather than trying to compel our employees to pay attention to specific things and behave in certain ways, I believe in asking them to listen and leading by example. In the Zero Processing Defects initiative in particular, I have asked our employees to eliminate redundancy and mistakes, and work methodically to identify the causes of problems by intensely applying the "Mieruka" concept which focuses on providing visual images of specific anti-defects activities designed to encourage employee's awareness. As we have been codifying and standardizing the results of these steps, we have also been working on developing our human resources (which leads to the creation of high-quality products). By continuing to ask "Why?," I hope to develop a highly capable workforce that is comprised of self-motivated employees who are constantly looking for ways to improve things.

#### Factory Outline

Name: Yazaki Meter Co., Ltd., Shimada Factory
Location: Yokoi 1-7-1, Shimada-shi, Shizuoka-ken
Factory Manager: Tatsuro Suzuki (since July 2005)
Main products: Automotive meters, etc.
Established: 1950
Site area: 82,138 m <sup>2</sup>
Building area: 40,951 m <sup>2</sup>
Employees: 1,566



Hitoshi Inoue  
Former Factory Manager  
Shimada Factory  
(Appointed General Manager of  
the Quality Management Division in July 2005)

#### Environmental Policy (Acquired ISO14001 certification in 1999)

##### Principle

In pursuit of the goal of protecting the global environment and achieving an affluent society, the Shimada Factory is committed in the course of its business activities to not only abide by laws and regulations as well as other agreements, but also to actively promote policies that protect the environment.

##### Code of Conduct

1. In order to reduce environmental impact, we shall establish and implement an environmental management system as well as promote continual improvement.
2. We shall strengthen our management of environmental conservation efforts and ensure the complete prevention of pollution and contamination.
3. We shall comply with environmental laws and regulations as well as other requirements to which the Shimada Factory has agreed, and implement initiatives to preserve the environment.
4. We shall establish environmental purposes and goals, implement the necessary initiatives, and constantly reassess our progress.
  - (a) Reduction of electricity usage
  - (b) Reduction of hazardous chemical substances and wastes
  - (c) Efficient use of petrochemical products
  - (d) Development and design of environment friendly products
5. We shall distribute Environmental Policy Cards to all employees to instill and increase environmental awareness. This Environmental Policy must be accessible to the general public.

#### Quality Improvement Initiatives Start with the Goal of Achieving Zero Processing Defects

Because automotive meters are precision instruments that are rendered defective by even a small scratch on the surface glass, a certain defect rate has long been considered unavoidable. For example, at the Shimada Factory, collection buckets used to fill up with defective products within a short time.

In February 2003, following the Quality Declaration by Yazaki's top management, the Shimada Factory was selected as a model factory which was to look for new ways to improve quality. The then Factory Manager Hitoshi Inoue, who had just been appointed to his post in January of the same year, organized a Practical Project of Monozukuri. Dedicated



Zero Processing Defects model line

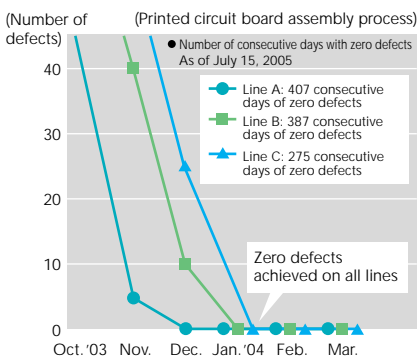


staff, including five New Yazaki System instructors, began working on new ways to improve quality that targeted all production lines. The Project established the goal of Zero Processing Defects, presenting a previously unheard-of level of challenge.

**Asking "Why?" Five Times; Comprehensively Identifying Causes and Corrective Measures**

In order to promote the change of employee attitudes toward defects and encourage the creative thinking needed to comprehensively identify the causes of problems and corrective measures, Inoue began a Morning Follow-up Meeting based on the concept of "asking why five times." He summoned approximately fifty workplace leaders every morning and had them explain the defects that had occurred the previous day. Whenever the identified causes and corrective measures were vague, he repeatedly kept asking "Why?" until he received a satisfactory explanation. He believed that the true cause of any defect and the appropriate corrective measure could be identified if the defect was repeatedly investigated from many angles by asking "Why?" five times. About six months after initiating this practice, everyone started asking "Why?" when defects occurred and began to work with a shared sense of urgency about quality improvement. Some production lines began to occasionally achieve zero defects. It was as if a massive boulder that would not budge had slowly begun to move. Soon, all production lines were competing to post the largest number of consecutive days with zero defects.

**Zero Processing Defects Achievement Status**

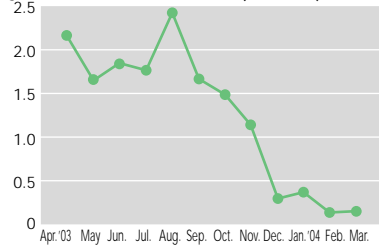


**Drastic Reduction in Waste Achieved by Eliminating Mistakes, Wasteful Practices, Inconsistencies and Unreasonable Requirements**

As the Zero Processing Defects initiative proceeded, its positive effect on the environment also became evident. For example, the defect collection buckets now take several months to fill up, and the fact that so few defective products are being produced means that the volume of waste generated has been drastically reduced. In addition to purging waste and lost resources, the basic attitude of "strict adherence to rules" that underlies the Zero Processing Defects initiative has also helped increase awareness about waste sorting. The Shimada Factory, which lists the solid establishment of the 5S\* system as the core of its basic approach, is implementing its own unique waste reduction measures, such as reducing waste using internally-made machines and converting discarded polystyrene foam into fuel for blast furnaces. Through these efforts, the factory is taking proactive steps to effectively utilize and recycle resources.

\*5S: Seiri (organization), Seiton (orderliness), Seisou (sanitation), Seiketsu (cleanliness), and Shitsuke (discipline)

**Volume of Lead-tainted Waste Generated from Meter Production (Per Unit)**



\*Printed circuit boards for meters use solder, which contains lead. The volume of lead-tainted waste also declined in parallel with the Zero Processing Defects initiative.

**The Evidence: Pursuit of Quality Leads to Reduced Environmental Impact**

On molding lines, in addition to reducing raw material loss, productivity improvements have led to significant energy conservation effects. A typical example is the significant reduction in the time needed for changing molds. The time for changing molds, which was three minutes before the Zero Processing Defects initiative began, has gradually been shortened to twenty-five seconds. By striving to further shorten it to twenty seconds, the Shimada Factory is striving to minimize energy consumption per unit of production, thus significantly improving productivity.

Furthermore, in order to ensure that environmental awareness is constantly present in the day-to-day work environment, the Shimada Factory is pouring resources into awareness-raising activities. Steps are being taken to integrate the pursuit of quality with environmental conservation through, for example, the environmental information space provided in each workplace, internal audit training given by external instructors, and the introduction of material flow cost accounting.



The mold on this 500-ton molding machine is changed in just over 20 seconds

**Every Day Is a Challenge for Maintaining Zero Processing Defects**

Makoto Sakamoto  
Leader of Assembly Team No. 1  
Assembly Department



As the Zero Processing Defects initiative has resulted in improved quality, we can actually see the continuous decline in the volume of wasted parts. Although it was not easy, the joy we felt when we first achieved Zero Processing Defects was wonderful. Compliance with the ELV Directive is also an important issue, for which we are adopting stringent measures. For example, we have installed hazardous material detection instruments which strictly ensure that the four banned substances do not get mixed into secondary materials such as inspection markers, and have applied safety stickers to those products that are free of banned substances.



"Anshin-Dana" on which secondary materials that are free of banned substances are placed, and an explanation board

Fuji Factory

## Working with Local Communities for the Preservation of the Natural Environment at the Foot of Mt. Fuji



Although I assumed the post of Factory Manager only last January, I plan to reevaluate the Fuji Factory's environmental activities, bearing in mind the fact that it is located in a rural area, and to implement measures that will further build the confidence and trust of the people in the local communities. For the Fuji Factory, the major environmental issues are CO<sub>2</sub> emissions, noise, and substances of concern. My philosophy is to promote the establishment of mechanisms that will prevent their generation in the first place rather than relying on equipment to reduce them. Therefore, I will work to strengthen our monitoring and checking systems to achieve substance levels that are stricter than required by laws and regulations, and implement improvement measures under a finely tuned system. I also plan to increase our factory's level of community involvement and make the Fuji Factory an integral part of the local community.

### ■ Factory Outline

Name: Yazaki Electric Wire Co., Ltd., Fuji Factory
Location: Hodosawa 652, Gotemba-shi, Shizuoka-ken
Factory Manager: Kunihiko Yamanaka
Main products: Copper wire, electric wire and cables, compounds, etc.
Established: 1971
Site area: 134,821 m <sup>2</sup>
Building area: 69,964 m <sup>2</sup>
Employees: 247



Kunihiko Yamanaka  
Factory Manager  
Fuji Factory

### Environmental Policy (Acquired ISO 14001 certification in 1998)

Taking into account its impact on the global environment and observing its commitment to appropriate environmental preservation measures during the course of its business activities, the Fuji Factory has established the following environmental policies:

1. Establish purposes and goals, reevaluate them, and make continual improvements, while at the same time abiding by laws and regulations as well as other agreements
2. Reduce emissions (including waste) and decrease the use of hazardous substances to prevent environmental pollution
3. Conserve energy and resources through efficient usage

### Initiatives toward the Steady Increase in Energy Usage Efficiency

The Fuji Factory is a key production site that manufactures copper wire and compounds that are used as raw materials for Yazaki products, as well as electric wire and cables. Because the factory is equipment-intensive, it uses much more energy than other production sites. Therefore, it is striving to achieve an energy efficiency improvement of at least 1% every year while implementing systematic energy conservation measures and increasing employee awareness. A piece of equipment that characterizes the Fuji Factory is the YCR (Yazaki Continuous Rod) melting furnace, which uses twenty-three burners to melt forty tons of copper per hour at the high temperature of 1,200°C. Both virgin copper and reclaimed copper are used as the feed material. In FY2005, the method of feeding copper sheets into the melting furnace was improved so that they are uniformly distributed inside the furnace. This change improved thermal efficiency



YCR melting furnace and feeding of copper sheets (Copper sheets are fed so as to uniformly cover the flames inside the furnace)

and reduced CO<sub>2</sub> emissions by 297 tons in one year (3% reduction from FY2004).

### Development of Environmentally Friendly Products and Stringent Incoming/Outgoing Control of Substances of Concern

The Fuji Factory develops and produces environmentally friendly products such as lead-free PVC compounds and electric wires, some of which do not contain PVC. Taking advantage of the fact that the factory is vertically integrated, manufacturing everything from various types of compounds to electric wire, a system has been established that can quickly provide customers with environmentally friendly electric wire of various types that will suit their purposes and requirements. The factory is also taking action toward obtaining Environmental Labeling Type III for VVF cable (electric wire for indoor wiring), one of its main products.

Additionally, in order to comply with the EU ELV and RoHS directives, the Fuji Factory installed X-ray fluorescence (XRF) analyzers for measuring the lead content of compounds. A voluntary standard of 50ppm or less, which is stricter than that stipulated by the directives, was established and stringent incoming/outgoing control instituted.



Measuring lead content using an XRF analyzer

### Promotion of Zero Emission Achievement through Innovative Steps

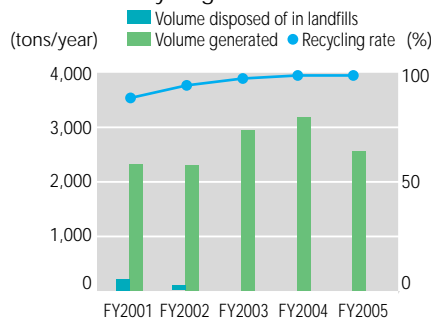
Yawara Industries Co., Ltd., which is adjacent to the Fuji Factory, collects and recycles wooden spools used for shipping electric wire. In keeping with their environmentally friendly practices, they are focusing on reducing the amount of paint wasted as they repair and paint the reusable wooden spools. In order to reduce the volume of paint used by minimizing the amount wasted through splattering, the company changed the type of painting nozzle to an 'air curtain.' By using air to guard the paint being sprayed, the company has successfully prevented paint from splattering, reducing its paint usage by 3.4 tons in one year (9% reduction from FY2004).

The Fuji Factory as a whole achieved complete elimination of landfill waste in 2003. It has maintained this status since then, and its waste recycling rate has reached 99.9%.



Air curtain-type painting nozzles (Left: Old nozzle; Right: New nozzle)

### Volume of Waste Generated, Volume Disposed of in Landfills, and Recycling Rates



### Preservation of a Beautiful Countryside

The Fuji Factory considers cooperation among local governments, local communities, and corporations to be essential for environmental preservation; as a result, it actively participates in environmental volunteerism and environmental events. One such activity was the clean-up of the area surrounding the factory site led by the Factory Manager. The factory annually participates in a Mt. Fuji clean-up event sponsored by the local government, in addition to a project that highlights the importance of water, which includes teaming up with kindergarten children to release carp into local waterways. Furthermore, the factory is making efforts to maintain good relations with the surrounding local communities by holding cherry blossom viewing events and summer evening festivals. To educate its employees and increase their environmental awareness, it is considered essential to hold local activities that contribute socially, in addition to monthly environmental education and activities during Environment Month (June of every year).



People from the local communities are invited to the annual cherry blossom viewing event



Display of the posters selected during Environment Month

### Toward Environmental Preservation Being Practiced by All Employees

Yukari Muto  
General Affairs Team  
General Affairs Section



I am involved in various types of efforts to ensure everyone's environmental commitment, including preparation of monthly environmental education materials, planning for Environment Month, holding exchange meetings with people in local communities, and arranging and preparing for clean-up activities. Of the highest priority at present is green purchasing. I look for 'green' products and introduce them over the intranet, as well as check on which products each department is purchasing and ask them to switch to green products when necessary. With a little extra effort, I hope we'll be able to achieve 100% green purchasing in the not too distant future!

# Toward the Establishment of a System for Assessing and Managing Environmental Impact throughout Logistics Operations

## FY2005 Goals

1. Promotion of the use of returnable and reusable plastic containers instead of product/parts packing boxes
2. The improvement of transportation and delivery efficiency and the promotion of environmentally sound driving practices (Eco-drive)
3. Promotion of modal shift through reevaluation of the transportation system
4. Reduction of waste generated at logistics centers (10% reduction from the FY2004 level)

## FY2005 Results

1. Rate of conversion to returnable and reusable plastic containers for imported wiring harnesses: The actual figure was 51% against the goal of 65%
2. The actual CO<sub>2</sub> emissions reduction figure was 1,145 tons/year against the goal of 1,144 tons/year
3. The actual number of ferry routes was five against the goal of six routes
4. Reduced 14% from the FY2004 level

## Action Taken in FY2005

Previous to FY2005, environmental preservation measures in logistics were individually implemented by each logistics-related company; for example, individual environmental management systems were introduced. In FY2005, Yazaki worked on establishing a system that could centrally manage these measures by bringing all logistics-related companies together under Yazaki Group Environmental Management, and implementing policies and establishing goals for the entire Logistics Group.

## Assessment of Total CO<sub>2</sub> Emissions in Logistics

With the Kyoto Protocol having come into effect, the transportation industry is required to make further efforts to reduce CO<sub>2</sub> emissions. In order to further strengthen its logistics-related initiatives to help prevent global warming, Yazaki has asked its affiliated companies and subcontractors that handle transportation and delivery to reduce their CO<sub>2</sub> emissions. First, Yazaki assessed CO<sub>2</sub> emissions generated from the transportation of goods; determining the distances traveled, CO<sub>2</sub> emissions volume, sources of emissions, and types of energy used. The results indicated that the total CO<sub>2</sub> emissions volume from logistics in the Yazaki Group was 43,000 tons in FY2005.

### CO<sub>2</sub> Emissions from Logistics Operations in FY2005

Company	CO <sub>2</sub> source classification	Major energy classification	Distance traveled (Thousand km)	CO <sub>2</sub> emissions volume (tons)
Syo Transportation	Company-owned truck	Diesel	9,540	6,132
	Other companies' trucks (transport subcontractors)	Diesel	43,068	31,224
	Logistics centers	Gasoline, Electricity, Propane gas, Natural gas	—	1,068
Arrow Distribution Service Co., Ltd.	Other companies' trucks (transport subcontractors)	Diesel	3,324	1,920
	Logistics centers	Gasoline, Electricity, Propane gas, Natural gas	—	1,812
Import/export companies	Other companies' trucks (transport subcontractors)	Diesel	1,284	1,032
<b>Total</b>			<b>57,216</b>	<b>43,188</b>

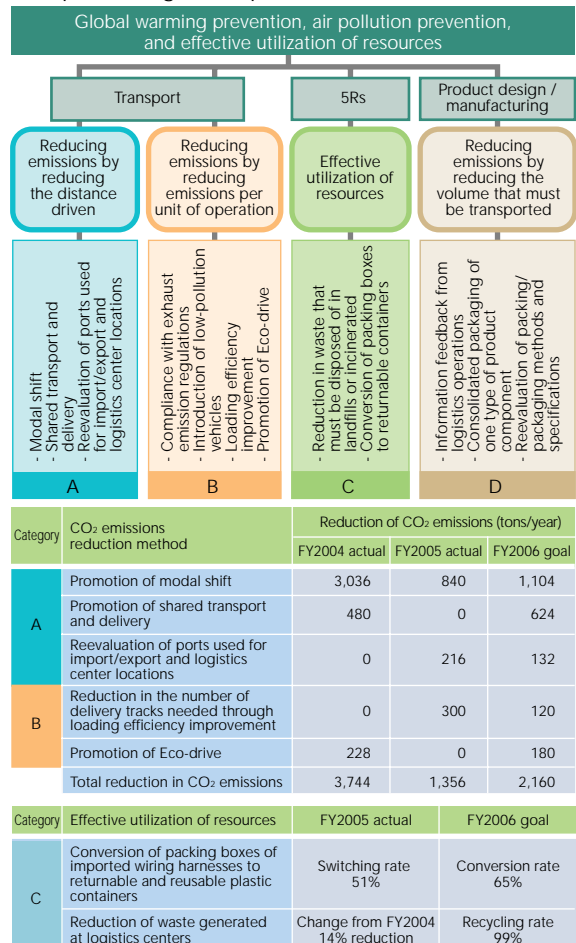
\*Number of trucks owned by Syo Transportation: 123  
Total number of trucks used by subcontractors: 702

## Development of Environmental Impact Reduction Plan in Logistics

Yazaki assessed the total CO<sub>2</sub> emissions volume from its logistics operations, developed a plan to further reduce environmental impact, and identified the measures to be implemented. In the area of prevention of global warming and air pollution, Yazaki strengthened its various measures, including shared transport and

delivery, modal shift, the promotion of environmentally sound driving practices by using digital tachographs, and improvement in loading efficiency. Yazaki established a goal of reducing CO<sub>2</sub> emissions from logistics by 7,260 tons between FY2004 and FY2006, or by 15% from the FY2003 level (reference value). In terms of effective utilization of resources, Yazaki plans to further reduce the volume of packing/packaging materials it uses by, for example, promoting the use of returnable containers as opposed to boxes, reducing the volume of waste that must be disposed of in landfills or incinerated, and modifying packing methods and specifications. Moreover, since the cooperation of affected departments is essential in initiating environmentally sound logistics operations and shifting to better transport modes, Yazaki strives to ensure sound communication, understanding and coordination among the various departments.

### Plan and Methods for Reducing Environmental Impact in Logistics Operations



\*For Category D, direct cooperation among package design divisions, development/design divisions and production divisions is currently being considered

In order to reduce environmental impact through further streamlining and the increasing of efficiency in logistics operations, Yazaki is proceeding with the establishment of an environmental management system targeted at the entire logistics operation.

**New Improvements in Logistics: Tahara Logistics Center, Syo Transportation Co., Ltd.**

In May 2005, Syo Transportation Co., Ltd. completed its new Tahara Logistics Center (Tahara City, Aichi Prefecture), which has been designed to help prevent global warming. At this new logistics center, measures such as shortening transport traffic lines and increasing loading efficiency have been implemented to ease congestion and reduce the number of trucks waiting to deliver products. Numerous other steps have also been taken in an effort to improve logistics. For example, the number of transport and delivery runs has been reduced by improvements in

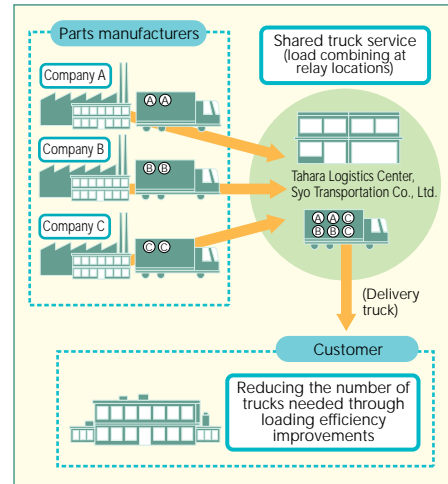
loading efficiency achieved by combining loads at relay locations, and the delivery frequency has been improved by utilizing depots adjacent to customers' factories. The Tahara Logistics Center is expected to reduce CO<sub>2</sub> emissions by 24% from the current level.

As a new environmentally harmonious logistics center, many environmentally friendly measures have been implemented. For example, 25% of the Tahara Logistics Center site grounds have been designated as a green, landscaped area, an ample staging space is provided for trucks so that they do not have to wait outside the site, natural light and rainwater are effectively utilized, and natural gas is used for fuel.



Artist's rendering of the Tahara Logistics Center

**Combining Loads at Relay Locations to Improve Loading Efficiency**



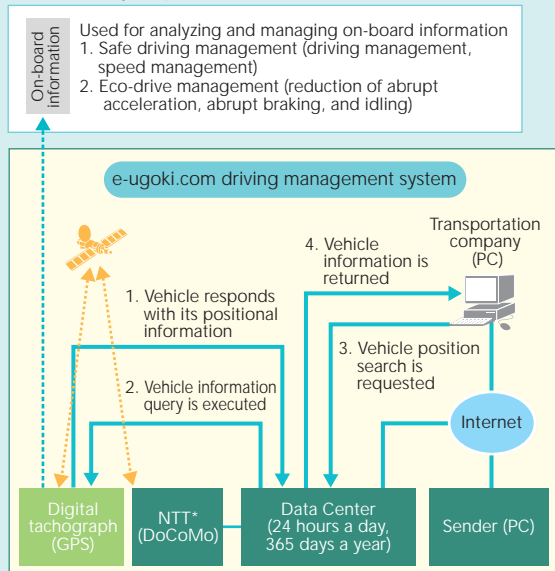
**In Focus**

**Supporting Environmentally Sound Driving Practices in Logistics with Digital Tachographs**

With the Kyoto Protocol having come into effect, Japan is expected to reduce its CO<sub>2</sub> emissions in the transport sector by 20%, and the Japanese government is implementing various measures toward achieving this goal. For example, the Ministry of Land, Infrastructure and Transport has established a certification system to encourage voluntary initiatives. For its part, in order to promote Eco-drive using digital tachographs, Yazaki is taking various actions, such as measures to increase awareness, making suggestions and providing support, and holding industry seminars.

A digital tachograph records driving history so that this information can be used to help the driver maintain safe, uniform, and economic driving speeds. In addition to supporting safe driving, data from the digital tachograph can be analyzed to determine the optimal driving route and the cause of idling and how to reduce it, thereby promoting environmentally sound driving practices that help prevent global warming. For example, when driving on a flat road at uneven speeds of up to 100km/h is compared with a uniform and safe speed of 80km/h, there is a difference of approximately 20% in fuel efficiency. This example demonstrates that data from a digital tachograph can be used in many ways to promote Eco-drive, and this is why Yazaki has decided to use digital tachographs in its trucks.

**System Supporting Eco-drive and Loading Efficiency Improvement**



\*Telecommunications company

## Environmental Preservation Activities at Global Yazaki

### FY2005 Goals

Begin environmental initiatives in ASEAN (thirteen sites) and China (six sites) toward the creation of a Global Yazaki Environmental Management System

### FY2005 Results

Conducted environmental education in ASEAN, China, and Mexico

### Action Taken in FY2005

In order to implement global environmental management, Yazaki is proceeding with the creation of individual environmental management systems in the Americas, Europe, ASEAN, and China. In the Americas and Europe, Yazaki has already held Regional Environmental Conferences and established systems for managing environmental initiatives within these regions. Meanwhile, to prompt faster implementation in ASEAN and China, Yazaki has conducted environmental training for local environmental officers toward the creation of environmental management systems, and organized environmental committees in each region.

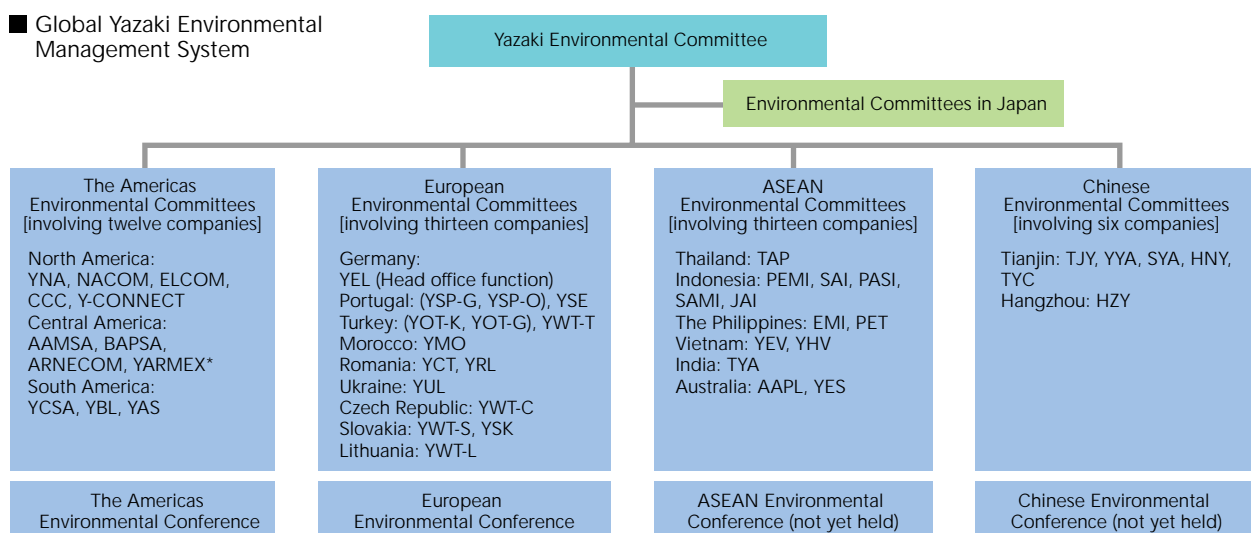
### Establishment of Environmental Management Systems Overseas

To ensure that no environmental problems are caused by any of Yazaki's worldwide production sites, Yazaki is proceeding to establish a Global Yazaki Environmental Management System based on the shared Yazaki Global Environment Charter. The objective of this system is to reduce environmental impact on a global scale. In order to implement this system, Yazaki plans to establish overseas environmental committees, and to hold environmental conferences in each overseas region with production sites. Each committee will centrally manage the goals and performance of the particular region. Furthermore, Yazaki intends to manage and support regional efforts via an information management network established between each region and Yazaki in Japan.

### Expansion of Environmental Initiatives to Overseas Affiliates

1. Promotion of environmental initiatives that use the common Yazaki Global Environment Charter at all Yazaki production sites worldwide
2. Each overseas group company is to create its own environmental action plan based on Yazaki's Five-year Environmental Action Plan, incorporate this environmental action plan into its annual plan, and steadily execute it every year
3. Focal action items
  - (1) Providing environmental education to employees
  - (2) Acquiring ISO 14001 certification at newly established affiliates
  - (3) Establishment of a system to comply with environmental standards in each country and region
    - 1) Air pollution 2) Water pollution 3) Noise 4) Vibration 5) Foul odors
  - (4) Establishment of a system that will enable Yazaki to take environmental action on a global scale
    - 1) Global warming prevention (CO<sub>2</sub> emissions reduction):
      - Assessment of monthly energy usage
    - 2) Waste reduction:
      - Initiatives toward achieving zero landfill waste
    - 3) Reduction in substances of concern:
      - Management and reduction of chemical substances used at sites
    - 4) Water resource conservation:
      - Assessment of monthly water consumption
4. Establishment of regional environmental management systems in the Americas, Europe, ASEAN, and China
5. The Yazaki Corporation is to measure each overseas group company's performance against its environmental action plan and annual plan, carry out audits, and provide support

### Global Yazaki Environmental Management System



\*YARMEX (formerly EWD): Internal generic reference to ACOSA, AEJ, PEDSA, SECOSA, MACSA

To address environmental issues that must be tackled on a global scale, such as global warming prevention, Yazaki is dedicating resources to establish a global environmental management system that fully integrates all its overseas group companies, spread over thirty-six countries worldwide.

### ISO 14001 Certification Acquisition at Overseas Affiliates

Yazaki is promoting environmental preservation initiatives that are also based on the acquisition of ISO 14001 (International Standards for Environmental Management Systems) certification at its overseas affiliates.

#### Overseas Business Sites that Have Acquired ISO 14001 Certification

FY	Overseas Corporation	Country
1998	EDS Manufacturing, Inc. (EMIF)	The Philippines
1999	Taiwan Yazaki Corporation (TYC)	Taiwan
2000	Yazaki North America, Inc. (YNA)	U.S.
	Yazaki do Brasil Ltda. (YBL)	Brazil
	Australian Arrow Pty. Ltd. (AAPL)	Australia
	Auto Circuitos de Obregon, S.A. de C.V. (ACOSA)	Mexico
	AUTO Electronica de Juarez S.A. de C.V. (AEJ)	
Productos Electricos Diversificaoos S.A. de C.V. (PEDSA)		
2001	Sistemas Electricos Y Conductores S.A. de C.V. (SECOSA)	
	Thai Arrow Products Co., Ltd. (TAP), Head office	Thailand
	Tata Yazaki Autocomp Limited (TYA)	India
	Tianjin Yazaki Automotive Parts Co., Ltd. (TJY)	China
	Circuit Controls Corporation (CCC)	U.S.
2002	NACOM Corporation (NACOM)	U.S.
	Yazaki-Torres Parts Manufacturing, Inc. (YTPMI)	The Philippines
	YTM Components Inc. (YTMC)	
	P.T. Autocomp System Indonesia (PASI)	Indonesia
	Shantou Special Economic Zone Yazaki Auto Parts Co., Ltd. (SYA)	China
2003	Elcom, Inc. (ELCOM)	U.S.
	Thai Yazaki Electric Wire Co., Ltd. (TYE)	Thailand
	P.T. EDS Manufacturing Indonesia (PEMI)	Indonesia
	Yazaki EDS Samoa Ltd. (YES)	Samoa
	Yazaki Wiring Technologies, India Pvt Ltd. (YWTI)	India
2004	Huanan Yazaki (Shantou) Auto Parts Co., Ltd. (HNY)	China
	Arnecom, S.A. de C.V. (ARNECOM)	Mexico
	Yazaki EDS Vietnam, Ltd. (YEV)	Vietnam
	Autopartes Y Arneses de Mexico, S.A. de C.V. (AAMSA)	Mexico
	Yazaki-Ciemel S.A. (YCSA)	Columbia
	Yazaki Argentina S.R.L. (YAS)	Argentina
	Buenaventura Autopartes S.A. de C.V. (BAPSA)	Mexico
2005	Yazaki Europe Ltd. (YEL)*	Germany
	Yazaki Saltano de Portugal Componentes Electricos Automoveis, Lda. (YSP)	Portugal
	Yazaki Saltano de Ovar-Productos Electricos, Lda. (YSE)	
	Yazaki Morocco S.A. (YMO)	Morocco
	Yazaki Otomotiv Yan Sanayi ve Ticaret A.S. (YOT)	Turkey
	Yazaki Slovakia, S.R.O. (YSK)	Slovakia
	Yazaki Romania SRL (YRL)	Romania
	Yazaki Ukraine LLC. (YUL)	Ukraine
	Yazaki Wiring Technologies Czech S.R.O. (YWTC)	Czech Republic
	Yazaki Wiring Technologies Slovakia S.R.O. (YWTS)	Slovakia
	Uab Yazaki Wiring Technologies Lietuva (YWTL)	Lithuania
	Yazaki Wiring Technologies Turkiye Elektrik Sistemleri Sanayi ve Limited Sirketi (YWTT)	Turkey
	2005	Hangzhou Yazaki Parts Co., Ltd. (HZY)

\*In Europe, YSP, YSE, YSK, YWTS, YWTC, YWTL, YWTT and YOT had already acquired ISO 14001 certification, however in December 2004, YEL and eleven companies affiliated with the production divisions in Europe successfully acquired ISO 14001 certification under the multi-site method

## Regional Activities for Establishing a Global Environmental Management System

### The Americas

#### First Americas Environmental Conference Held

In November 2004, the first Americas Environmental Conference was held at Elcom, Inc. in the U.S. A total of forty people attended this conference, including YNA President George Perry, who oversees environmental management in the Americas, Vice President Myron Trenne, and other managers and environmental officers from around the U.S. Two people from the Environmental Affairs Division in Japan attended the conference with the objective of global expansion of environmental initiatives. There, they explained Yazaki's environmental initiatives, the goals Yazaki is aiming to achieve by FY2009, how environmental initiatives should proceed at overseas affiliates, the environmental management system, and specific action items. Representatives from various regions of the Americas gave progress reports on the following: (1) Goals, (2) Five-year plan, (3) How their environmental management systems are being strengthened based on ISO 14001, and (4) Steps being taken to comply with the EU ELV Directive.



First Americas Environmental Conference

#### Environmental Education Provided to Environmental Officers from North and Central America

Personnel from the Environmental Affairs Division toured and checked the status of environmental initiatives at NACOM Corporation and Elcom, Inc. in the U.S. and at ARNECOM, BAPSA, AAMSA, and PEDSA in Mexico, and provided environmental education to both local environmental staff and employees transferred from Japan. They explained the progress of environmental initiatives implemented in Japan, the global expansion of environmental initiatives, and Yazaki's 2004 Social & Environmental Report. They also gained an understanding of the current status of these companies based on company reports, and provided guidance.



Factory Manager Marina Gonzales of the BAPSA Gomez Farias Factory, explaining the environmental initiatives being implemented at her factory

## Implementation of Measures Suited to Individual Regions

### Europe

#### Second European Environmental Conference Held

In March 2005, the Second European Environmental Conference was held at YWTC (Czech Republic). Eighteen people from thirteen sites in Europe attended the conference, including Vice President Mike Boston of YEL (U.K.), who oversees environmental management throughout Europe, and Leon Dautzenberg, a manager at YEL. Two people from the Environmental Affairs Division in Japan and Vice President Myron Trenne from YNA, who oversees the Americas, also participated. The Environmental Affairs Division personnel explained Yazaki's environmental initiatives and environmental management systems for overseas locations, the reason why environmental management is required, key issues, and more. In turn, European representatives reported on the Five-year Environmental Action Plan, waste reduction, CO<sub>2</sub> emissions reduction, and the status of initiatives being taken at various affiliates. YNA also reported on its Five-year Environmental Action Plan in the Americas. In order to build a unified environmental management system in Europe, YEL and eleven factories that had already obtained ISO 14001 certification acquired ISO 14001 certification under the multi-site method in December 2004.



Second European Environmental Conference (YWTC, Czech Republic)



YWTC factory tour held following the European Environmental Conference

### ASEAN and China

#### First ASEAN Environmental Committee Meeting Held

In March 2005, the first ASEAN Environmental Committee meeting was held at TAP (Thailand) with presidents from companies in the relevant regions in attendance. Because progress has been relatively slow at ASEAN companies, discussions were held on how best to proceed from here on. Agreement was reached on the following: (1) Environmental officers from each company will be trained in Japan, (2) Proper organizations will be established, and (3) Employees transferred from Japan will manage local environmental responses for the foreseeable future. Yazaki also requested executives at each local company to implement environmental initiatives as quickly as possible.

#### First Chinese Environmental Committee Meeting Held

Taking advantage of the China Region Presidents' Conference being held at TYC (Taiwan) in March 2005, Yazaki organized the first Chinese Environmental Committee meeting to prompt faster implementation of environmental initiatives. Yazaki again explained how Global Yazaki is proceeding with measures to help prevent global warming, how it is establishing environmental management systems at overseas affiliates, and the need for collecting and understanding environmental data and reporting performance to its headquarters in Japan. In turn, the companies in China gave status reports. They also requested that environmental initiatives be managed and promoted by employees transferred from Japan. Yazaki Corporation also requested executives at each local company to implement environmental initiatives as quickly as possible.



First Chinese Environmental Committee Meeting (TYC, Taiwan)

#### Environmental Training of ASEAN and Chinese Environmental Officers in Japan

In April 2005 Yazaki provided environmental training for a total of eighteen environmental officers from ASEAN and China, where implementation of environmental measures has been slower than in other regions. The training focused on ensuring that environmental officers from these countries understand Yazaki's concept of global environmental management and that they will help their own companies implement specific environmental initiatives.



Training conducted by Senior Managing Director Yasumitsu Muramatsu, who is charged with overseeing environmental issues



While Yazaki is taking action to ensure that all Global Yazaki Group companies proceed in unison on a global scale, affiliates in each country are implementing measures to address the environmental issues specific to their individual regions.

## Environmental Preservation and Social Contribution Activities in Each Region

### Water Consumption Reduction AAMSA (Mexico)

To ensure the careful utilization of valuable water resources, AAMSA worked on reducing its water consumption. For example, tanks were installed on the factory grounds for collecting rainwater, which is used for watering plants and trees, reducing water consumption for this purpose by 79%. Bricks were placed inside toilet cisterns, which resulted in reducing the volume of water flushed each time from ten liters to six liters. Additionally, all washroom faucets were replaced with motion-activated faucets that release water only upon detecting motion (such as a hand) under the spout.



Rainwater-collection tank installed on the factory grounds

### Recycling of Waste Plastic Elcom (U.S.), ACC (Mexico)

At Elcom, a waste-plastic collection site has been established and placed in the middle of the production line area so that the volume of waste is visible to everyone. In the six months following the adoption of this initiative in October 2004, the cost of processing waste was reduced by more than half.

At ACC, waste plastic is crushed onsite, melted, re-pelleted, and utilized as a production resource.



Waste plastic collection site established in the middle of the production line area at Elcom



Manager Tadayuki Yamada explaining the trends for waste plastic volume at Elcom

### Improving the Environment Surrounding the Factory YYA (China)

The exhaust ducts at this factory used to be pointed downward, which frequently caused the grass growing in those

areas to die. By pointing the ducts upward and implementing a noise-reduction measure, YYA was able not only to keep the grass green and alive but also to reduce the noise level in the vicinity of the factory. Through environmental education, YYA achieved 100% success in its sorting of solid waste, while also making progress in energy conservation and water pollution prevention.



Exhaust duct before improvement



Exhaust duct after improvement

### Tree-planting by More than 100 Employees SYA (China)

SYA, one of whose corporate mottos is "Global Conservation," is actively involved in projects to improve the environment in Shantou City, such as participating in city clean-up activities and other volunteer work. In order to further increase the environmental awareness of its employees, in 2004 more than 100 staff members of SYA, including its executives, participated in the Shantou Voluntary Tree-Planting Project, planting trees in the Qeshi Scenic Area.



SYA employees who participated in the Shantou Voluntary Tree-Planting Project

### Helping Sumatra Earthquake Recovery Efforts TYE (Thailand)

The Sumatra Earthquake, which struck Southeast Asia in December 2004, caused massive tsunami damage in six of Thailand's southern provinces, including Phuket. To help the recovery efforts following the earthquake, TYE dispatched its employees to the Phuket and Krabi districts, where they helped check and restore electrical equipment at hotels. Even though most of the equipment was unusable because of seawater damage and the risk of short circuiting, TYE employees were able to repair the corroded sections of equipment at four hotels in five days and verify the insulating performance of electric cables. One month after the disaster, three of these hotels resumed operation, and the fourth was scheduled to start up again in June.



TYE employees inspecting and repairing electric cables in Phuket

## Collection and Assessment of Global Yazaki Environmental Data

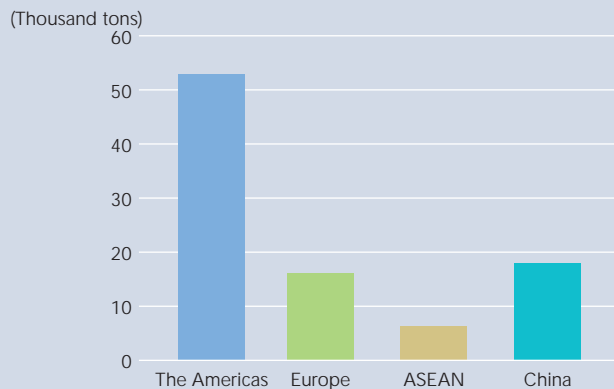
In order to build a Global Yazaki Environmental Management System, Yazaki is working on establishing a system that will enable the environmental committees in individual regions to collect environmental data from the regional corporations. Yazaki will then centrally manage the collected global environmental data.

In FY2005, data collection was incomplete because data could not be obtained from all affiliates. In the future, Yazaki plans to improve both its data collection and computational accuracy in order to publish more precise environmental data.

### Global Environmental Data

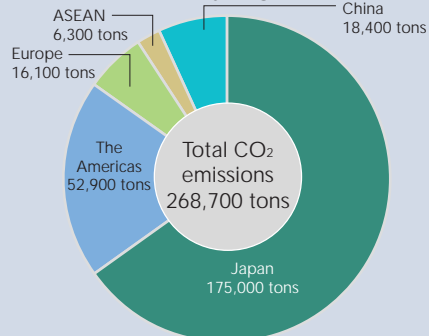
Data collected January-December 2004 \*Data for Japan collected July 2004-June 2005

#### CO<sub>2</sub> Emissions



Data scope: Seven companies in the Americas, eleven companies in Europe, five companies in ASEAN, and six companies in China

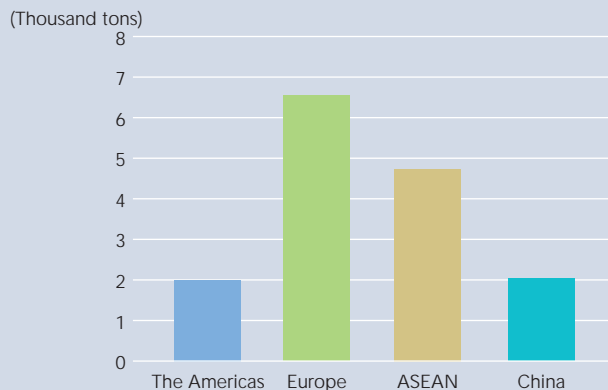
#### CO<sub>2</sub> Emissions by Region



\*Calculated from energy consumption using a conversion coefficient in Japan  
Energy (GJ)  $\times$  0.0767 = CO<sub>2</sub> (tons-CO<sub>2</sub>)

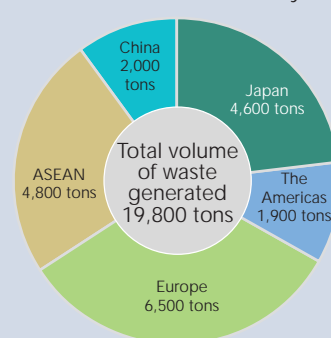
\*The figure for Japan is the total for the 135 production sites of the entire Yazaki Group

#### Volume of Waste Generated

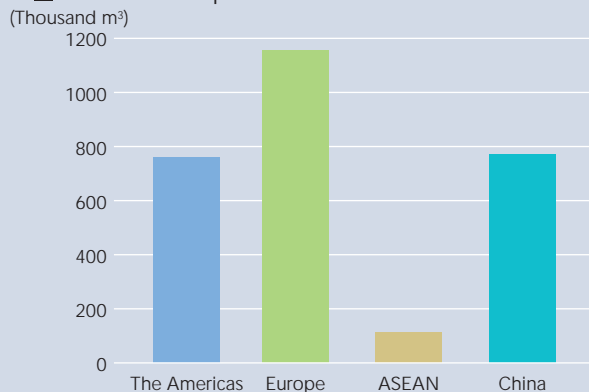


Data scope: Six companies in the Americas, eleven companies in Europe, four companies in ASEAN, and four companies in China

#### Waste Generation Volumes by Region

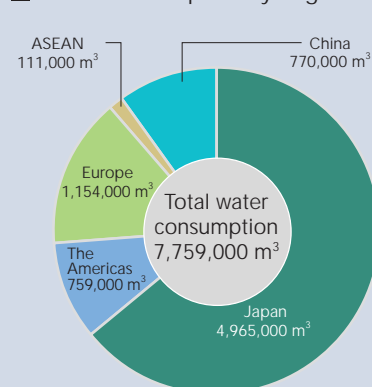


#### Water Consumption



Data scope: Seven companies in the Americas, eleven companies in Europe, three companies in ASEAN, and six companies in China

#### Water Consumption by Region



Overseas Initiatives — YOT (Turkey)

## Accumulation of Small Energy-conservation Steps Leading to Huge Results

YOT (Yazaki Otomotiv Yan Sanayi ve Ticaret A.S.), established in 1995, is a production affiliate that has three factories in Kuzuluk, Gemlik and Mudanya employing approximately 2,100 people in total. As a member of the European Environmental Organization, YOT is working on environmental preservation.

### Establishment of Energy Team to Promote Energy Conservation

The process of manufacturing wiring harnesses is labor-intensive, requiring mostly manual assembly of products, which means there is less energy spent on machinery than in equipment-intensive factories. However, it is still possible to conserve energy in other areas which are necessary for the working environment, such as air conditioning and lighting.

In November 2003, YOT organized an Energy Team which has since been implementing energy conservation measures. The team consisting of employees from environment/safety/sanitation, manufacturing, maintenance, and warehouses, meets once a month to identify issues, study improvement measures, and exchange information.



Kuzuluk Factory (1996) Gemlik Factory (2003) Mudanya Factory (2003) (YWT-T under management of YOT)

### Utilization of Solar Panels to Harness the Sun's Energy

In addition to using electricity and boilers to heat water, YOT installed solar panels on the roof of one of its factories in a bid to save energy. The solar panels allow YOT to supply 20% and 85% of the hot water needed in winter and summer, respectively, with the boiler used only to make up any shortfall. As a result, YOT was able to save up to ten tons of fuel oil and up to 2,000kWh of electricity in one year.

Additionally, because the heating system used to be operated manually, energy was wasted due to overheating and operational errors. Therefore, YOT replaced the system with one that has a central automatic control to optimize heating efficiency and prevent operational mistakes, thereby saving 50,000kWh of electricity.



Solar panels installed on the roof of the Kuzuluk Factory

### Improvement Made to Boiler System to Reduce Waste

Boilers provide the heat source for YOT's heating system. However, there were some problems with manual operation of the boilers; for example, fuel was not always supplied to the burner according to schedule, and there were occasional leaks. These problems resulted not only in energy loss in terms of heat loss and fuel leakage but also in the generation of 170kg of contaminated waste. To correct this situation, YOT installed automatic control systems that use a sensor for supplying fuel to the boiler. The new systems improved heating efficiency, eliminated fuel leakage, and significantly reduced the volume of contaminated waste.

### Reducing the Number of Lights but Creating a Brighter Work Environment

In the past, thirty-five fluorescent light bulbs (88W) were used on each factory production line. By reducing this number to twenty-four fluorescent light bulbs (58W) while modifying lighting design and positioning, YOT has saved up to 75,000kWh of electricity annually. The older lighting system used to provide sufficient illumination of between 200 and 350 lux. By contrast, the new lighting system guarantees 500 lux throughout the entire line. By switching from conventional mechanical ballasts to electronic ballasts, YOT has achieved the same level of brightness and more stable illumination while also extending the lifespan of the fluorescent light bulbs. The new lighting system also offers the benefit of less maintenance because it is more reliable than the previous system.

#### ■ Before and After Line Illumination Improvement



Before

After

# Yazaki Group / Environmental Data for Production Sites in Japan

## Numazu Factory

•Location: Ooka 2771, Numazu-shi, Shizuoka-ken

•Main products: Power cable, communication cables, pre-fabricated cables

### Air Pollution Data (Conforming to the Air Pollution Control Law and Prefectural Ordinances)

Substance	Equipment	Control value			Actual measurement
		Conforming to the Air Pollution Control Law	Prefectural ordinances	Voluntary regulation	
NOx	Aluminum melting furnace	200	200	111.6	49
PM	Aluminum melting furnace	0.2	0.2	0.07	0.01
SOx	Aluminum melting furnace	0.325	0.325	Less than 0.01	0.00

1. Control values are shown in ppm for NOx, g/Nm<sup>3</sup> for PM, and Nm<sup>3</sup>/h for SOx  
2. Aluminum-melting furnace operation duration: 3.5 hours/operation x 18 operations/year

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.0-8.5	8.2	6.5	7.63
BOD	160 (120)	25 (20)	10 (3)	5.4	Less than 0.5	1.6
COD	—	—	—	—	—	—
SS	200 (150)	70 (50)	10 (3)	8	Less than 1	1.41
Inorganic oil	5	5	3	0.7	Less than 0.5	0.505
Animal/vegetable oil	—	—	—	—	—	—
Copper	3	1	0.3	0.078	0.005	0.0259

\*Note: All figures are shown in mg/l, except for pH  
Abbreviations  
\*pH: Hydrogen ion concentration  
\*BOD: Biochemical oxygen demand  
\*COD: Chemical oxygen demand  
\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released		Volume transferred on site	Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water					
Xylene	677	602	—	—	75	—	—	—
Toluene	1,959	1,743	—	—	216	—	—	—
Lead and its compounds	3,264	—	—	—	—	464	—	2,800
Bis phthalate	343,529	—	—	—	—	48,781	—	294,748
Antimony and its compounds	1,978	—	—	—	—	281	—	1,697

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

## Shimada Factory

•Location: Yokoi 1-7-1, Shimada-shi, Shizuoka-ken

•Main Products: Automotive instruments

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	—	5.8-8.6	6.5-8.0	7.5	6.9	7.25
BOD	—	25 (20)	15 (10)	4.7	0.6	1.78
SS	—	60 (40)	30 (20)	2.4	Less than 1.0	1.25
Inorganic oil	—	5	1.5	Less than 0.50	Less than 0.50	Less than 0.50
Copper	—	1	0.2	Less than 0.10	Less than 0.10	Less than 0.10
Zinc	—	3	0.2	0.11	Less than 0.05	Less than 0.05
Soluble iron	—	10	0.5	Less than 0.10	Less than 0.10	Less than 0.10
Total chromium	—	2	0.2	Less than 0.05	Less than 0.05	Less than 0.05
Chromium (VI) compound	—	0.5	0.05	Less than 0.05	Less than 0.05	Less than 0.05
Dichloromethane	—	0.2	0.1	Less than 0.002	Less than 0.002	Less than 0.002

\*Note: All figures are shown in mg/l, except for pH  
Abbreviations  
\*pH: Hydrogen ion concentration  
\*BOD: Biochemical oxygen demand  
\*COD: Chemical oxygen demand  
\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released		Volume transferred on site	Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water					
Ethylbenzene	1,890	1,700	0	0	190	0	0	0
Xylene	4,660	4,200	0	0	460	0	0	0
Water-soluble copper salts	24,000	0	0	0	0	24,000	0	0
Toluene	7,800	7,000	0	0	800	0	0	0
Lead and its compounds	4,400	0	0	0	0	1,200	0	3,200

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

There are no designated facilities subject to the Air Pollution Control Law

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

## Ohama Factory

•Location: Kunikane 1360, Kakegawa-shi, Shizuoka-ken

•Main Products: Terminals and junction blocks

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	—	5.8-8.6	6.0-8.4	7.68	7.30	7.50
BOD	—	20	15	6.3	1.6	2.36
COD	—	(20)	(15)	3.0	0.4	2.51
SS	—	30	25	12	0	1.80
Inorganic oil	—	3	—	Less than 1.0	Less than 1.0	Less than 1.0
Organic oil	—	30	—	Less than 1.0	Less than 1.0	Less than 1.0
Copper	—	1	0.8	Less than 0.2	Less than 0.2	Less than 0.2
Fluorine	—	15	0.6	Less than 0.2	Less than 0.2	Less than 0.2
Zinc	—	1	0.8	Less than 0.05	Less than 0.005	Less than 0.05
Soluble iron	—	10	8	Less than 0.3	Less than 0.3	Less than 0.3
Soluble manganese	—	10	—	Less than 0.10	Less than 0.10	Less than 0.10
Total nitrogen	—	60/day (average)	—	Less than 5.5	Less than 5.5	Less than 5.5
Total phosphorus	—	8/day (average)	—	Less than 0.01	Less than 0.01	Less than 0.01
Lead	—	0.01	0.01	Less than 0.01	Less than 0.01	Less than 0.01

\*Note: All figures are shown in mg/l, except for pH  
Abbreviations  
\*pH: Hydrogen ion concentration  
\*COD: Chemical oxygen demand  
\*BOD: Biochemical oxygen demand  
\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released				Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site	Waste				
Nickel	4,002	0	0	0	23	0	0	3,979	0
Toluene	2,734	3,000	0	0	0	0	0	0	0
Lead	3,174	2.6	0	0	0	940	0	2,231.4	0

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

There are no designated facilities subject to the Air Pollution Control Law

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

## Susono Factory

•Location: 1500 Mishuku, Susono-shi, Shizuoka-ken

•Main Products: Low-tension automotive wires

### PRTR-Target Substances

Substance	Volume handled	Volume released				Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site	Waste				
Lead	7,339	0	0	0	0	4,262	0	3,077	0
Toluene	6,226	5,000	0	0	0	555	0	671	0
Xylene	2,898	2,124	0	0	0	235.8	0	538.5	0
Antimony and its compounds	18,935	0	0	0	0	1,572	0	17,363	0
Bis (2-ethylhexyl) phthalate	4,122	0	0	0	0	239	0	3,883	0
Decabromodiphenyl ether	4,253	0	0	0	0	353	0	3,900	0

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

There are no designated facilities subject to the Air Pollution Control Law and Water Pollution Prevention Law

## Hodosawa Factory

•Location: Hodosawa 1157-106, Gotemba-shi, Shizuoka-ken

•Main Products: Wiring harnesses for houses, device harnesses, optical connectors

### PRTR-Target Substances

Substance	Volume handled	Volume released				Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site	Waste				
Bisphenol A Epoxy Resin	44,326	0	0	0	660	0	0	43,666	0

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

There are no designated facilities subject to the Air Pollution Control Law and Water Pollution Prevention Law

## Hamamatsu Factory

•Location: Higashi-machi 740 Hamamatsu-shi, Shizuoka-ken

•Main Products: Absorption chiller-heater, solar heater

### Air Pollution Data (Conforming to the Air Pollution Control Law and Prefectural Ordinances)

Substance	Equipment	Control value			Actual measurement
		Conforming to the Air Pollution Control Law	Prefectural ordinances	Voluntary regulation	
NOx	3t Boiler	150	—	—	146
	4t Boiler	150	—	—	94
PM	3t Boiler	0.10	—	—	Less than 0.01
	4t Boiler	0.10	—	—	Less than 0.01
SOx	—	—	—	—	—

\*Control values are shown in ppm for NOx, g/Nm<sup>3</sup> for PM, and Nm<sup>3</sup>/h for SOx

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	5.8-8.6	8.4	6.6	7.7
BOD	25 (20)	25 (20)	20	6.8	0.7	2.7
COD	160 (120)	25 (20)	20	15.6	2.5	10.7
SS	200 (150)	50 (40)	35	17.0	2.0	5.4
Inorganic oil	5	5	3	Less than 1	Less than 1	Less than 1
Organic oil	30	30	30	Less than 1	—	—
Copper	3	1	1	0.07	Less than 0.05	Less than 0.053
Fluorine	8	8	8	0.06	—	—
Zinc	5	3	1	0.22	Less than 0.05	Less than 0.082
Soluble iron	10	10	1	0.2	Less than 0.1	Less than 0.12
Soluble manganese	10	10	8	Less than 0.1	—	—
Total nitrogen	120 (60)	120 (60)	120 (60)	17.1	—	—
Total phosphorus	16 (8)	16 (8)	16 (8)	5.04	—	—
Lead	0.1	0.1	0.1	Less than 0.01	Less than 0.01	Less than 0.01

\*Note: All figures are shown in mg/l, except for pH  
Abbreviations  
\*pH: Hydrogen ion concentration  
\*BOD: Biochemical oxygen demand  
\*COD: Chemical oxygen demand  
\*SS: Concentration of suspended solids in water

No substances subject to the PRTR Law are handled, or volumes handled are less than those that require reporting

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

# Yazaki Group / Environmental Data for Production Sites in Japan

## Haibara Factory

•Location: Nunohikibara 206-1, Makinohara-shi, Shizuoka-ken

•Main Products: Connectors, dies, W/H machine manufacturing equipment, electrical equipment

### Air Pollution Data (Conforming to the Air Pollution Control Law and Prefectural Ordinances)

Substance	Equipment	Control value			Actual measurement
		Conforming to the Air Pollution Control Law	Prefectural ordinances	Voluntary regulation	
NOx	Boiler (CH-1-1)	150	150	100	77
	Boiler (CH-1-2)	150	150	100	64
PM	Boiler (CH-1-1)	0.1	0.1	0.05	less than 0.01
	Boiler (CH-1-2)	0.1	0.1	0.05	less than 0.01
SOx	—	—	—	—	—
	—	—	—	—	—

\*Control values are shown in ppm for NOx, g/Nm<sup>3</sup> for PM, and Nm<sup>3</sup>/h for SOx

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.2-8.2	7.7	7.1	7.2
BOD	120	30	15	9.6	0.8	2.0
COD	120	30	20	9.1	5.5	7.2
SS	150	7	35	5.6	1.0	2.1
Inorganic oil	5	—	2.5	less than 1	less than 1	less than 1
Organic oil	30	—	15	less than 1	less than 1	less than 1
Copper	3	—	1.5	less than 0.05	less than 0.05	less than 0.05
Fluorine	8	—	4	less than 0.2	less than 0.2	less than 0.2
Zinc	5	—	2.5	less than 0.05	less than 0.05	less than 0.05
Soluble iron	10	—	5	less than 0.1	less than 0.1	less than 0.1
Soluble manganese	10	—	5	less than 0.1	less than 0.1	less than 0.1
Total nitrogen	60	—	30	5.8	5.8	5.8
Total phosphorus	8	—	4	3.42	3.42	3.42
Lead	0.1	—	0.05	less than 0.01	less than 0.01	less than 0.01

\*Note: All figures are shown in mg/l, except for pH Abbreviations  
\*pH: Hydrogen ion concentration  
\*COD: Chemical oxygen demand

\*BOD: Biochemical oxygen demand  
\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred Waste	Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site					
Toluene	21,300	20,000	0	0	1,300	0	0	0	0
Lead	3,603	0	0	0	0	255	0	3,348	0

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

## Fuji Factory

•Location: Hodosawa 652, Gotemba-shi, Shizuoka-ken

•Main Products: Copper rods, cables for indoor use, automotive cable, rubber parts, PVC compounds, vinyl tape

### Air Pollution Data (Conforming to the Air Pollution Control Law and Prefectural Ordinances)

Substance	Equipment	Control value	Actual measurement
NOx	Melting furnace	180	32
PM	Melting furnace	0.2	less than 0.01
SOx	Melting furnace	4	less than 0.7

\*Control values are shown in ppm for NOx, g/Nm<sup>3</sup> for PM, and Nm<sup>3</sup>/h for SOx

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	—	6.0-8.4	8.5	7.6	8
BOD	160 (120)	25 (20)	15	11	less than 0.5	2.6
Reference (COD)	160 (120)	—	15	6.3	less than 0.5	2.2
SS	200 (150)	50 (40)	30	6	less than 1	1.6
Inorganic oil	5	5	3	0.7	less than 0.5	0.5
Copper	3	1	0.5	0.1	0.07	0.03
Lead	0.1	—	0.08	0.027	less than 0.001	0.008
Thiram	0.06	—	0.03	less than 0.0006	less than 0.0006	less than 0.0006

\*Note: All figures are shown in mg/l, except for pH Abbreviations

\*pH: Hydrogen ion concentration  
\*COD: Chemical oxygen demand

\*BOD: Biochemical oxygen demand  
\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred Waste	Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site					
Bis adipate	7,400	0	0	0	0	440	0	6,960	0
Antimony and its compounds	49,000	0	0	0	0	730	0	48,270	0
Bisphenol A	1,400	0	0	0	0	22	0	1,378	0
Xylene	2,900	2,900	0	0	0	0	0	0	0
Decabromodiphenyl ether	3,500	0	0	0	0	40	0	3,460	0
Toluene	17,000	10,100	0	0	0	6,900	0	0	0
Lead and its compounds	2,900	0	0	0	0	560	0	2,340	0
Bis phthalate	4,300,000	0	0	0	0	6,500	0	4,293,500	0

\*Created based on data submitted to local authorities \*Unit: kg  
\*Volume processed within production sites: Volume disposed of in landfills at production sites  
\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee  
\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.  
\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

## Tenryu Factory

•Location: Minamikashiwa 23, Futamata-cho, Hamamatsu-shi, Shizuoka-ken

•Main Products: Gas meters, gas security systems

### Air Pollution Data (Conforming to the Air Pollution Control Law and Prefectural Ordinances)

Substance	Equipment	Control value			Actual measurement
		Conforming to the Air Pollution Control Law	Prefectural ordinances	Voluntary regulation	
NOx	Aluminum melting furnace	—	180	180	less than 18
PM	Aluminum melting furnace	0.2	0.2	0.2	less than 0.001
SOx	Aluminum melting furnace	—	0.672	0.672	less than 0.008
Hydrogen chloride	Aluminum melting furnace	80	80	80	0.67
Chlorine	Aluminum melting furnace	30	30	30	2.3
Fluorine compounds	Aluminum melting furnace	10	3	3	less than 0.8

\*Control values are shown in ppm for NOx, g/Nm<sup>3</sup> for PM, Nm<sup>3</sup>/h for SOx

•At the following production sites, there are no designated facilities subject to the Air Pollution Control Law, Water Pollution Prevention Law and PRTR Law and no substances subject to these laws are handled.

## Washizu Factory

•Location: Washizu 1424, Kosai-shi, Shizuoka-ken

•Main products: Wiring harnesses

## Niimi Factory

•Location: Nishinokata 2117-1, Niimi-shi, Okayama-ken

•Main products: Wiring harnesses

## Daitou Factory

•Location: Osaka 653-2, Kakegawa-shi, Shizuoka-ken

•Main products: Wiring harnesses

## Tochigi Factory

•Location: Tsukiji 500, Minaminasu-cho, Nasu-gun, Tochigi-ken

•Main products: Wiring harnesses

## Rokugo Factory

•Location: Doetsu 3-1-43, Shimada-shi, Shizuoka-ken

•Main products: Tachographs, taxi meters

### Water Pollution Data (Conforming to the Water Pollution Prevention Law and Prefectural Ordinances)

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.0-8.4	8.3	7.7	8.0
BOD	160 (120)	25 (20)	15	1.7	1.0	1.1
COD	160 (120)	25 (20)	15	3.5	1.0	1.9
SS	200 (150)	50 (40)	30	less than 5mg/l	less than 5mg/l	less than 5mg/l
Inorganic oil	5	5	3	less than 2.5mg/l	less than 2.5mg/l	less than 2.5mg/l
Fluorine	8	8	8	0.2	less than 0.1mg/l	0.1
Zinc	5	3	1	0.08	less than 0.05	0.06
Soluble iron	10	10	8	less than 0.1	less than 0.1	less than 0.1
Soluble manganese	10	10	8	less than 0.1	less than 0.1	less than 0.1
Lead	0.1	—	0.1	less than 0.01	less than 0.01	less than 0.01

\*Note: All figures are shown in mg/l, except for pH

Abbreviations

\*pH: Hydrogen ion concentration

\*COD: Chemical oxygen demand

\*BOD: Biochemical oxygen demand

\*SS: Concentration of suspended solids in water

### PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred Waste	Volume recycled	Volume removed	Volume consumed	Volume produced
		Air	Water	Interred on site					
Toluene	6,534	6,344	—	—	190	—	—	—	—
Xylene	9,459	8,949	—	—	510	—	—	—	—

\*Created based on data submitted to local authorities \*Unit: kg

\*Volume processed within production sites: Volume disposed of in landfills at production sites

\*Volume recycled: Includes volumes recycled for money back, for free, and for a fee

\*Volume removed: Volume of substances that were converted into other substances through incineration, neutralization, decomposition, reaction, etc.

\*Volume consumed: Volume of substances that were converted into other substances through reaction, or transferred out of production sites as part of or adhered to products

Note: Control values indicate the values stipulated by law, prefectural ordinances or regional agreements  
— indicates not stipulated by law or not measured

# Environmental Chronology

Yazaki Events		National & World Events
• Recycling of copper materials begun with introduction of Thomas furnace in manufacture of electric wires	1957	
	1961	• Foundation of World Wildlife Fund
	1962	• Publication of Silent Spring by Rachel Carson
• Collection begun of used copper, aluminum, and paper for use as raw materials for Yazaki products	1964	
	1967	• The oil tanker Torrey Canyon runs aground
	1968	• Enactment of Basic Law for Environmental Pollution Control • Dr. Svante Oden, a Swedish scientist, announces that atmospheric pollution in Europe is the cause of acid rain in Scandinavia • Enactment of Air Pollution Control Law • Enactment of Noise Regulation Law
• Introduction of non-polluting DFP Dip Forming Process (continuous casting) at Yazaki Electric Wire Co., Ltd.	1969	
• Sales release of "Dondo" waste incineration furnace featuring reduced smoke pollution	1970	• Enactment of Law Relating to the Prevention of Marine Pollution and Maritime Disasters (repeal of Law for Prevention of Oil Spills at Sea) • Enactment of Water Pollution Control Law and Waste Management and Public Cleansing Law • Establishment of the Environment Agency
• Establishment of used electric wire recycling company Iwao Industries Co., Ltd.	1971	
• Launch of CFC-free modular type absorption chiller-heater Aroace		
• Establishment of Environmental Affairs Department and formation of company-wide Environmental Affairs Committee (production divisions)		
	1972	• Limits to Growth published by the Club of Rome • United Nations Conference on the Human Environment held in Stockholm • Announcement of Law on the Preservation of the Natural Environment • Japanese government publishes first White Paper on environment • MARPOL treaty • Amendment of Air Pollution Control Law
• Completion of Solar House, containing world's first solar-powered heating, air-conditioning, and hot-water supply system	1973	
	1974	
	1975	• Washington agreement (CITES : the Convention on International Trade in Endangered Species of Wild Fauna and Flora) • London Dumping Convention: Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter • Ramsar Convention on Wetlands: protection of migratory birds • Enactment of Vibration Regulation Law • United Nations Conference on Desertification (UNCOD) held
• Launch of solar-powered water heating system Yuwaita	1976	
• Launch of solar Blue Panel, heat insulation panels for heating, air-conditioning and hot-water supply systems: sales of hot-water powered chiller-heater Aroace	1977	
• Resource- and energy-saving office established (Sendai Branch Office)		
• Launch of Aroace gas fired double-effect chiller-heaters	1979	• Nuclear power electricity generator accident at Three Mile Island
• Launch of Solar House solar-heat powered heating, air-conditioning, and hot-water supply system for use in snowbound areas	1981	• Introduction of regulation on total NOx volume
• Establishment of Yawara Industries Co., Ltd. for recycling of end-of-life wooden electric wire spools		
• Launch of Aroace water heater featuring recovery systems for used steam and waste heat	1982	
• Foundation of Yazaki Memorial Foundation for Science and Technology		
• Aroace modular controller awarded Outstanding Energy-saving Product Prize as a product with outstanding energy-saving characteristics	1983	
• Sales release of Achichi solar-powered hot-water supply system for domestic use		
	1985	• Helsinki Protocol: reduction of SOx emissions
• Sales release of Acemic, which protects against damage by static electricity and electromagnetic waves	1986	
• Development of electric wire using non-halogen fire-retardant insulation	1987	• Enactment of Law on the Protection of Endangered Animal and Plant Species • Montreal Protocol on Substances that Deplete the Ozone Layer • Enactment of Law Concerning the Protection of the Ozone Layer • Establishment of Intergovernmental Panel on Climate Change (IPCC) • Basel Convention on the Control of Transboundary Movements of Hazardous Wastes • Exxon Valdez runs aground
• Sales release of EE-Solar and Advance Solar slim-line solar-powered domestic hot-water supply systems	1989	
• LPG cogeneration facility installed at Yazaki guesthouse(s)		
• Establishment of Yazaki Scholarship Foundation in Manila to mark opening of EMI in the Philippines	1990	• Formulation of Guidelines for Measures to Prevent Global Warming • Enactment of the Law for the Promotion of Utilization of Recycled Resources • Rio Earth Summit (Framework Convention on Climate Change, Forest Principles, Convention on Biodiversity, Agenda 21)
• EE-Solar receives Top Technology Award for outstanding technology from Japan Solar Energy Society	1991	
• Aroace becomes the first device in the industry to be approved by Tokyo Metropolitan Government Bureau of the Environment as a Tokyo Metropolitan Commercial Small Boiler or Other Combustion Device with Low NOx Emissions	1992	
• Establishment of Environment and Safety Department		
	1993	• Enactment of the Basic Environment Law
• Establishment of Environmental Safety Committee	1994	• Formulation of Basic Environment Plan
	1995	• Framework Convention on Climate Change, first Conference of the Parties (COP1) • Elimination of designated CFCs • Amendment of Air Pollution Control Law and of Water Pollution Control Law • International standardization of ISO 14001 regulations
• Launch of lead-free battery cables	1996	
• Launch of an improved and lightweight solar-powered water heater model		
• Acquisition of ISO/DIS 14001 certification by Tenryu Factory	1997	• Amendment of Waste Management and Public Cleansing Law • Meeting of parties to the Framework Convention on Climate Change in Kyoto (COP3) • Enactment of Law for Recycling of Specified Kinds of Home Appliances
• Formulation of Yazaki Global Environment Charter		
• Acquisition of ISO 14001 certification at Numazu and Susono Factory	1998	
• Introduction of LCA in electric wire divisions		
• Launch of Aroace air conditioning systems		
• Creation of biotope to mark establishment of Y-CITY		
• Launch of Ecology Cables using polyethylene-based material		
• Acquisition of ISO 14001 certification by Fuji Factory, Ohama Factory, Haibara Factory and Daitou Factory		
• Introduction of LCA for automotive wiring harnesses	1999	• Enactment of Law Concerning Special Measures against Dioxins • Enactment of Pollutant Release and Transfer Register (PRTR) Law
• Launch of environmentally friendly driving control system digital tachographs		
• Launch of lead-free automotive electric wire and automotive vinyl tape		
• Sales release of environmentally friendly adhesive tape made with polyethylene-based fire-retardant material		
• Acquisition of ISO 14001 certification by Shimada Factory	2000	• Enactment of Basic Law for Establishing the Recycling-Oriented Society • Enactment of Containers and Packaging Recycling Law • Meeting of parties to the Framework Convention on Climate Change in The Hague (COP6) • Meeting in Bonn of parties to the Framework Convention on Climate Change (continuation of COP6)
• Acquisition of ISO 14001 certification by Niimi Factory		
• Launch of high-efficiency Aroace (energy-saving model)	2001	
• Reorganization of Environment and Safety Department as the Environmental Affairs Division		
• Establishment of Yazaki Environmental Committee, Environment Product Design Assessment Committee and Production Environment Committee		
• Acquisition of ISO 14001 certification by Tochigi Factory, Y-CITY, Washizu Factory and Ohama Factory		
• Review of Yazaki Global Environment Charter, formulation of five-year Yazaki Environmental Action Plan and start of implementation	2002	• Introduction of the Automobile Recycling Law • Meeting of World Business Council for Sustainable Development (Johannesburg Summit)
• Installation of halogen free components in vehicles		
• Survey to check for soil pollution at all production sites	2003	• Enactment of Soil Pollution Law • Enactment of end-of-life (ELV) directive • Enactment of WEEE (EU Directive on Waste Electrical and Electronic Equipment) • Enactment of RoHS (EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment)
• Conversion to lead-free electric wires and cables		
• Installation of easy-to-dismantle wiring harnesses in automobiles		
• Established the Sales Environment Committee, the Management Environment Committee and the Environmental Information Liaison Committee	2004	
• Environmental Committee Meetings held in Europe and North America		
• Acquisition of ISO 14001 certification at Hodosawa Factory and all thirty-six companies affiliated with the production divisions	2005	• Enactment of the Automobile Recycling Law • Effectuation of the Kyoto Protocol



## Independent Review

**Independent Review Comments on  
Yazaki Group's Social & Environmental Report 2005**

To Mr. Yasuhiko Yazaki, Chairman  
Mr. Shinji Yazaki, President  
Yazaki Corporation



August 25, 2005

This is an English translation of ChuoAoyama Sustainability Certification's independent review comments of the Japanese version of Yazaki's "Social & Environmental Report 2005".

The objective of this review is to express our independent view on the features, achievements, developments, and direction of the Yazaki Group's approach towards social and environmental issues, as well as the reporting of significant corporate activities in such areas contained in the "Social & Environmental Report 2005" (hereafter, "the Report"). Our comments are based on the following procedures:

1. Interview with top management (Mr. Yasuhiko Yazaki, Chairman and Mr. Shinji Yazaki, President)
2. Inspections of the Headquarters of Yazaki Corporation (hereafter, "Yazaki") and the Fuji Factory of Yazaki Electric Wire Co., Ltd. and interviews with personnel thereof
3. Participation in meetings to compile the Report
4. Review of the final Japanese draft of the Report

**1. Promotion of new businesses as a countermeasure against the "hollowing-out" of Japanese industry**

The Yazaki Group has long been engaged in business on a global scale. In recent years, the Group has actively promoted the development of new businesses as a countermeasure against the "hollowing-out" of Japanese industry that has resulted from a shift of the production base to overseas locations. In FY 2004, the Yazaki Group expanded its new businesses even further, in the hope of developing them into a future pillar of the Group. In keeping with the spirit of the corporate policy, the Group's new businesses are centered on areas of social needs, including the nursing-care business and the recycling business. By maintaining its solid reputation in its core business, Yazaki has been earnestly developing sustainable businesses with high social value. In pursuing this goal, Yazaki also strived to secure a minimum level of profit in FY 2004 in order to ensure business sustainability as a private sector company.

It may be very difficult to develop and continue new businesses with high social value, while maintaining high quality, but we hope the Yazaki Group's new businesses will be successful in doing so.

**2. Promotion of a global environmental management system**

The Yazaki Group began the development of an overseas environmental management system in FY 2003, and in FY 2004 the Group was able to obtain some relevant environmental performance data. As more than half of the Yazaki Group's production sites are located overseas, it is commendable that the development of an overseas environmental management system has been making steady progress.

Looking ahead, it is hoped that Yazaki will establish and fully implement a new set of procurement standards, by refining the standards of procurement from domestic and overseas suppliers and by incorporating environmental and social issues, such as working conditions.

**3. Initiatives at the Fuji Factory**
**(1) Establishment of a group-wide waste management system**

The Fuji Factory is taking action to further enhance proper waste management. Also, the headquarters began to evaluate how the Japanese waste processors that the Yazaki Group uses

are supervised by each site.

It is expected that laws and regulations regarding waste will continue to be strengthened in the future. We recommend that a streamlined and effective group-wide waste management system be developed from a risk management perspective, in cooperation with the headquarters and group companies.

**(2) From "Meeting for Reviewing the Social & Environmental Report" to Environmental Education for Local Children**

The Fuji Factory held a factory tour in July 2005 for local elementary school children with a focus on environmental measures. This tour was carried out at the request of the Mt. Fuji National Trust, a non-profit organization, which participated in the "Meeting for Reviewing the Social & Environmental Report", held at the headquarters in June 2005. We see it as a positive development that such dialogue with stakeholders held at the headquarters has led to broader activities throughout the Yazaki Group.

**4. Progress made in the areas we recommended last year — Development of Corporate Social Responsibility (CSR) related systems**

Last year, our independent review pointed out that while the company's strong commitment to its corporate social responsibilities was clarified in the corporate policy and other statements, additional development of standards and systems for CSR-related activities was needed in areas such as compliance and risk management.

Based on the result of an internal review in FY 2004, the Yazaki Group is placing the highest priority on compliance during FY 2005, and efforts to enhance its compliance system have begun accordingly. We commend Yazaki's attitude towards identifying issues and challenges for the company and taking immediate action on these.

We hope that the Yazaki Group will establish a further improved CSR-related system in future, based on a rigorous compliance structure.

\*These comments DO NOT express any of our views and/or opinions on the effectiveness and/or reliability of the processes used to collect and report the data and information included in the Report.

ChuoAoyama Sustainability Certification Co., Ltd.  
(ChuoAoyama PricewaterhouseCoopers Group)



IC2005-0007

# Sustainability Reporting Guidelines 2002 Comparison Table

This report was prepared based on the Sustainability Reporting Guidelines 2002. The comparison table summarizes the descriptions that are applicable to the indexes.

Item	Index	Applicable page	Items, etc.
<b>1. Vision and Strategy</b>			
1.1	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	pp. 3-6	Executive interview
1.2	Statement from the CEO (or equivalent senior manager) describing key elements of the report.	pp. 3-6	Executive interview
<b>2. Profile</b>			
<b>Organisational Profile</b>			
2.1	Name of reporting organisation.	p. 2	Company outline
2.2	Major products and/or services, including brands if appropriate.	p. 1	Business overview
2.3	Operational structure of the organisation.	pp. 1-2	Business overview, company outline
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures.	pp. 1-2	Business overview, company outline
2.5	Countries in which the organisation's operations are located.	pp. 1, 53-54	Business overview, global environmental management
2.6	Nature of ownership: legal form.	p. 2	Company outline
2.7	Nature of markets served.	p. 1	Business overview
2.8	Scale of the reporting organization.	pp. 1-2	Business overview, company outline
2.9	List of stakeholders, key attributes of each, and relationship to the reporting organisation.	pp. 7-8	Corporate philosophy
<b>Report Scope</b>			
2.10	Contact person(s) for the report, including e-mail and web addresses.	back cover	Address, telephone number, fax number, e-mail and website addresses
2.11	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 2	Period covered and scope of data
2.12	Date of most recent previous report (if any).	p. 2	Period covered and scope of data
2.13	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.	p. 2	Period covered and scope of data
2.14	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.	—	Not applicable
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.	—	Not applicable
2.16	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	—	Not applicable
<b>Report Profile</b>			
2.17	Decisions not to apply GRI principles or protocols in the preparation of the report.	—	Applied as reference guidelines
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	pp. 37-38	Environmental accounting, material flow cost accounting
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	p. 66	Editor's postscript
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	pp. 23-25, 64, 66	Meeting for reviewing the Social & Environmental Report, Independent review, Editor's postscript
2.21	Policy and current practice with regard to providing independent assurance for the full report.	pp. 64, 66	Independent review, Editor's postscript
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	back cover	Contact information
<b>3. Governance Structure and Management Systems</b>			
<b>Structure and Governance</b>			
3.1	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	pp. 8, 28, 53	Organization chart, environmental management systems and organization, Global Yazaki Environmental Management System
3.6	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	pp. 8, 28, 53	Organization chart, environmental management systems and organization, Global Yazaki Environmental Management System
3.7	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	pp. 3-6, 7-8	Executive interview, corporate philosophy
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors.	—	Environmental management Non-listed company
<b>Stakeholder Engagement</b>			
3.9	Basis for identification and selection of major stakeholders.	pp. 7-8, 11-12, 13-14, 21-22	Corporate philosophy, Prospering with our customers, Working with business partners, Collaborating with employees, Working with local communities and society at large
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	pp. 23-25	Meeting for reviewing the Social & Environmental Report
3.11	Type of information generated by stakeholder consultations.	pp. 23-25	Meeting for reviewing the Social & Environmental Report
3.12	Use of information resulting from stakeholder engagements.	pp. 23-25	Meeting for reviewing the Social & Environmental Report
<b>Overarching Policies and Management Systems</b>			
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	pp. 7-8, 16, 34	Corporate philosophy, employee health and safety, soil contamination surveys, Prevention of illegal dumping of industrial waste
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organisations.	p. 44	Prevention of global warming (CO <sub>2</sub> emissions reduction)
3.16	Policies and/or systems for managing upstream and downstream impacts.	pp. 12, 20, 39-40	Green procurement guidelines, cross-jurisdictional waste management certification system, Environmentally friendly products certification standards, environmental quality assurance system
3.18	Major decisions during the reporting period regarding the location of, or changes in, operations.	—	Not applicable
3.19	Programmes and procedures pertaining to economic, environmental, and social performance.	pp. 29-30	Yazaki Environmental Action Plan
3.20	Status of certification pertaining to economic, environmental, and social management systems.	pp. 33, 54	ISO 14001 certification acquisition ISO 14001 certification acquisition at overseas affiliates
<b>4. GRI Content Index</b>			
4.1	A table identifying location of each element of the GRI Report Content, by section and indicator.	pp. 65-66	Sustainability Reporting Guidelines 2002 Comparison Table
<b>5. Performance Indicators</b>			
<b>Economic Performance Indicators</b>			
EC1	Net sales.	p. 2	Company outline
EC10	Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	p. 22	Contributing to local communities
EC13	The organisation's indirect economic impacts.	p. 26	Communicating within society
<b>Environmental Performance Indicators</b>			
EN3	Direct energy use segmented by primary source.	p. 43	Volume of resources input and volume of substances released into the environment at all production sites
EN5	Total water use.	pp. 43, 46	Volume of resources input and volume of substances released into the environment at all production sites
EN8	Greenhouse gas emissions.	pp. 34, 43	Water conservation Company-wide implementation of global warming prevention measures, volume of resources input and volume of substances released into the environment at all production sites

Item	Index	Applicable page	Items, etc.
EN9	Use and emissions of ozone-depleting substances.	—	Not used
EN10	NOx, SOx, and other significant air emissions by type.	pp. 59-62	Environmental data for production sites in Japan
EN11	Total amount of waste by type and destination.	p. 45	Waste reduction (zero emissions)
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	—	Not applicable
EN14	Significant environmental impacts of principal products and services.	pp. 39-42	Development & design
EN16	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	—	Not applicable
EN17	Initiatives to use renewable energy sources and to increase energy efficiency.	p. 44	Prevention of global warming (CO <sub>2</sub> emissions reduction)
EN19	Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials.	pp. 51-52	Logistics
EN20	Water sources and related ecosystems/habitats significantly affected by use of water.	—	Not applicable
EN21	Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.	p. 46	Water conservation
EN25	Impacts of activities and operations on protected and sensitive areas.	—	Not applicable
EN26	Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.	—	Not applicable
EN28	Number of IUCN Red List species with habitats in areas affected by operations.	—	Not applicable
EN29	Business units currently operating or planning operations in or around protected or sensitive areas.	—	Not applicable
EN30	Other relevant indirect greenhouse gas emissions.	pp. 51-52	Logistics
EN31	All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII.	—	Not applicable
EN34	Significant environmental impacts of transportation used for logistical purposes.	pp. 51-52	Logistics
EN35	Total environmental expenditures by type.	pp. 37-38	Environmental accounting
<b>Social Performance Indicators: Labour Practices and Decent Work</b>			
LA1	Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.	pp. 1-2	Business overview, company outline
LA6	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	p. 16	Employee health and safety
LA9	Average hours of training per year per employee by category of employee.	pp. 13-14	Human resources and labor affairs
LA10	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	pp. 13-14, 15	Human resources and labor affairs, Global responses
LA12	Employee benefits beyond those legally mandated.	p. 15	Global responses
LA15	Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.	pp. 13-14	Human resources and labor affairs
LA16	Description of programmes to support the continued employability of employees and to manage career endings.	pp. 13-14	Human resources and labor affairs
LA17	Specific policies and programmes for skills management or for lifelong learning.	pp. 13-14	Human resources and labor affairs
<b>Social Performance Indicators: Human Rights</b>			
HR1	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	pp. 13-14	Human resources and labor affairs
<b>Social Performance Indicators: Society</b>			
SO1	Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	pp. 23-25	Meeting for reviewing the Social & Environmental Report
SO4	Awards received relevant to social, ethical, and environmental performance.	p. 45	In focus: Yazaki's zero-emission initiative is recognized by local governments
SO6	Court decisions regarding cases pertaining to anti-trust and monopoly regulations.	—	Not applicable
<b>Social Performance Indicators: Product Responsibility</b>			
PR1	Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	pp. 11, 40	Prospering with our customers, Environmental quality assurance system
PR2	Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	pp. 39-40	Environmentally friendly products certification standards
PR4	Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.	—	Not applicable
PR5	Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.	—	Not applicable
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received.	p. 9	Discussion on "Mottainai" with the Minister of the Environment
PR7	Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches.	—	Not applicable
PR10	Number and types of breaches of advertising and marketing regulations.	—	Not applicable
PR11	Number of substantiated complaints regarding breaches of consumer privacy.	—	Not applicable

\*This comparison table was created based on Yazaki's understanding of the Sustainability Reporting Guidelines 2002, and those indexes that could not be described in this report have been omitted

## Editor's Postscript

This report summarizes the results of the Yazaki Group's social and environmental initiatives for FY2005 (June 21, 2004 - June 20, 2005). In preparing this report, the editorial staff adopted the basic policy of disclosing Yazaki's initiatives accurately, specifically, and comprehensively, and in order to ensure objectivity and reliability, enlisted the aid of ChuoAoyama Sustainability Certification Co., Ltd. starting from the editing stage, to prepare an independent review. Furthermore, to enhance stakeholders' understanding of these initiatives, this report adopts easy-to-understand language and is intended to enable the Yazaki Group to incorporate stakeholder opinions in making further improvements in business operations.

The FY2005 report seeks to provide a detailed perspective on the social aspects of Yazaki's activities. The cover was changed to one that symbolizes Yazaki's social involvement and international character, and

the report was split into two parts — one focusing on social aspects, the other on environmental aspects. The environmental aspects section describes Yazaki's relations with its stakeholders and initiatives it has been taking, as well as details of the meeting for reviewing the Social & Environmental Report, which Yazaki held for the first time as a platform for holding dialogues with stakeholders. Yazaki also promoted efforts to build a corporation that can contribute to the world by implementing its Corporate Policy globally, and proceeded to establish an environmental management system for tackling environmental issues on a global scale. Please note that beginning with this year's report, CO<sub>2</sub> emissions volumes are expressed as CO<sub>2</sub> conversion equivalents instead of the carbon equivalents.

Readers' comments and opinions are appreciated and will be incorporated into improving Yazaki's initiatives in the future.

## Cover Photo: Children at the Yazaki Irati Plant Crèche in Brazil

The vibrant southern Brazilian city of Irati is populated by approximately 53,000 people and is home to a Yazaki wiring harness manufacturing factory with about 900 employees. Recognizing the need to support working parents, the factory, in association with local organizations and government, helps support a crèche where approximately 200 children from the local area, aged from four months to six years, receive daily care. The crèche operates during those hours when families need it most; from 4:30 a.m. to 6:00 p.m. Yazaki is proud to provide financial support to the crèche, as well as educational materials, supplies and toys. Many residents of Irati are the descendents of Europeans who fled the Second World War, forming a diverse ethnic community. This diversity is reflected both in the joyful faces of children at the crèche, and in the larger Yazaki Group global community.

If you would like to share your thoughts about the Social & Environmental Report 2005, or have any related queries, please contact:

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Published October 2005

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#### Environmental Initiatives in Printing

**Plate making:** This report has been compiled utilizing the Computer to Plate (CTP) method that eliminates the use of film for the plate-making process, thus reducing energy consumption, conserving resources and eliminating the use of alkaline developing solutions.

**Paper:** This report has been printed on FSC-certified mixed sources paper. The wood from which the paper is derived comes from "well-managed forests" and "controlled sources to exclude illegally harvested timber." This is evidence of Yazaki's support for greater protection of forest resources.

**Ink:** The usage of petroleum-based solvents has been eliminated by a complete switchover to VOC (volatile organic compounds) free soy ink. Furthermore, the ink contains no lead, mercury, cadmium or other heavy metals.

**Printing:** In transferring ink, dampening water containing elements such as isopropyl alcohol has not been used; a waterless process has been employed.

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