

Social & Environmental Report



2006

Cover Photo

The cover photo shows pupils of Falevalu Primary School, Western Samoa. The school is located in the village of Vaimoso and has 800 pupils in the first through eighth grades. Every year, this school has won the marching contest held on Samoa's Independence Day. The children love singing and dancing, and the school resounds with their joyful shouts and laughter.

In 1991, Yazaki EDS Samoa Ltd. (YES) began its operation in a suburb of the city of Apia in Samoa. YES is the only corporation in Samoa that requires a large industrial production facility and many employees. With cooperation from the Samoan government and people in the local community, all YES employees are striving to make their company an essential part of Samoan society through a mutually beneficial coexistence.

Since 2002, YES has been helping to bring books to Samoan elementary schools and libraries on a twice-yearly basis. Donations of books are collected by company volunteers at a sister company, Australian Arrow Pty. Ltd. (AAPL), from employees' homes as well as from schools and libraries in nearby communities, and are then sent to Samoa. In other words, this is a book-recycling program. To date, 50,000 books have been delivered.

Falevalu Primary School has received 3,000 books through this program. The bright-eyed expressions on the faces of the children as they read the books is the impetus that keeps us energetic and motivated to continue.

Editorial Policy

Yazaki Corporation has actively disclosed environmental and other data since the release of the FY2002 Environmental Report, which contained information on the environmental activities of five group companies in Japan. Starting in FY2003, information concerning the social aspects of Yazaki's activities was also added, and the report was renamed the Social and Environmental Report. Yazaki makes every effort to disclose in an easy to understand and accessible manner information concerning how the Yazaki Group fulfills its corporate social responsibilities with respect to both the social and environmental aspects of its activities.

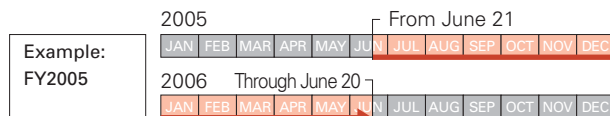
The FY2006 report seeks to reflect the comments and opinions of the various stakeholders who participated in the Meeting for reviewing the Social & Environmental Report held in June 2005, and the "Let's look, listen and talk about Yazaki" stakeholder meeting held in March 2006.

In this report, we have incorporated innovations to make the content more accessible, such as descriptions of the social and environmental initiatives of the Yazaki Group in FY2005 in the Highlights section, specific workplace environmental actions in the In Focus section, and opinions from the workplace in the Looking Back section.

In addition to the data provided in this report, more detailed information concerning Yazaki's environmental performance can be found on the Yazaki website. We hope that you will read both, and we look forward to receiving your frank opinions and impressions. It is also our hope that this report will serve as an opportunity to further dialogue between Yazaki and all our stakeholders.

Guide to the Report

Descriptions in the main body text and graphs that express changes over time are organized on a fiscal year basis for the Yazaki Group as indicated by the notation of the period covered to the right.



Terms with asterisks are explained in a footnote.



The report covers both activities in Japan and overseas. Overseas activities are described in the Overseas Initiatives section in the second half of the report.

Environmental data from Yazaki Group companies in Japan will be posted on the Yazaki Group website following publication of this report.

Website: <http://www.yazaki-group.com/>

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- Period Covered
FY2005 (June 21, 2005 to June 20, 2006)
- Scope of Data:
All five group companies in Japan as well as selected overseas group companies and affiliates in 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: September 2005
- Next scheduled date of publication: Autumn, 2007
- Guidelines referenced:
 - Environmental Reporting Guidelines of the Ministry of the Environment, Japan
 - Environmental Accounting Guidebook of the Ministry of the Environment, Japan
 - Sustainability Reporting Guidelines of the Global Reporting Initiative

Yazaki Group Structure

Overview of Global Yazaki

The Yazaki Group boasts a diverse range of products and has achieved a significant global presence with 153 companies and 410 business sites in thirty-eight countries, including Japan, and employs approximately 180,000 people (including at affiliates in Japan). In its effort to be a good corporate citizen, the Group is developing structures that will enable stable and solid responses in any region of the world while building strong ties with local communities.

Company Outline

*As of June 21, 2006

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

Y-CITY World Headquarters

Mishuku 1500 Susono-shi,
Shizuoka-ken, Japan 410-1194

Capital: 3.1915 billion yen

Yazaki Group Companies in Japan

- Yazaki Meter Co., Ltd. (established in 1950)
- Yazaki Parts Co., Ltd. (established in 1959)
- Yazaki Electric Wire Co., Ltd. (established in 1963)
- Yazaki Resources Co., Ltd. (established in 1963)

Group Companies Total of 153

Group Companies in Japan 5

Overseas Group Companies 80

Affiliates in Japan 67

Former Affiliates:

Specific Public Benefit Corporations (corporations to which donations are tax-deductible) 1

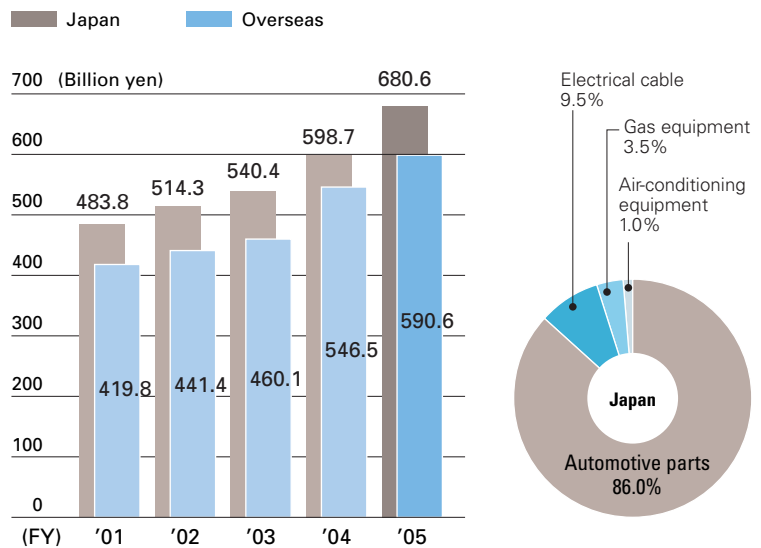
Number of Employees: Total of 181,532

Employees in Japan: 19,433 (includes affiliates in Japan)

Overseas Employees: 162,099

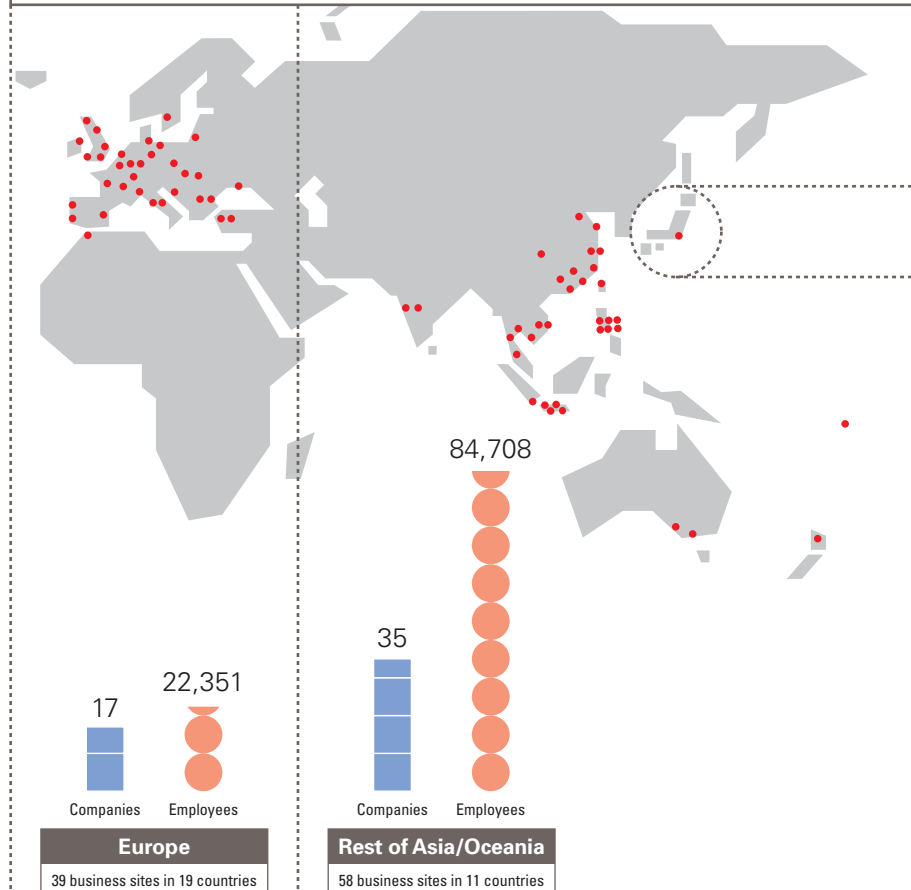
*Does not include contract and part-time employees

Net Sales and Sales Breakdown by Product



*Yazaki Corporation's sales in Japan
Overseas sales include sales are on a consolidated basis

Yazaki Group Management Scale





A view of Y-CITY World Headquarters from the biotope

Organization Chart of the Yazaki Group

Yazaki Corporation Yazaki Meter Co., Ltd. Yazaki Parts Co., Ltd. Yazaki Electric Wire Co., Ltd. Yazaki Resources Co., Ltd.

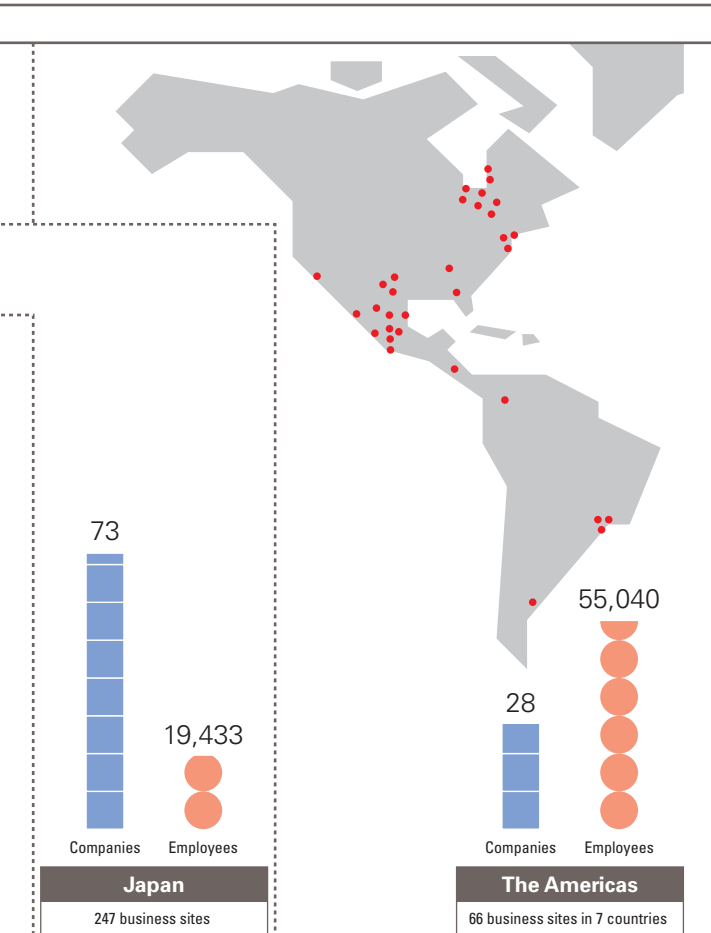
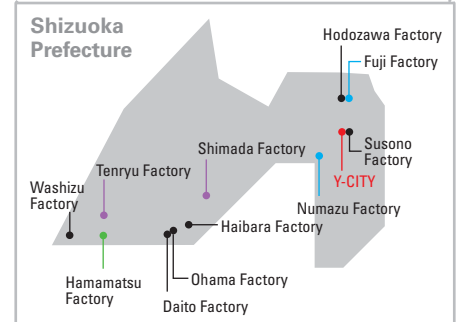
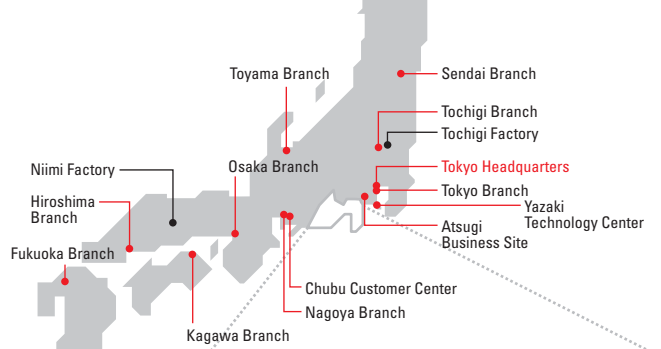
Administrative Divisions
Corporate Planning Division
Presidential Affairs Division
Human Resources Division
General Affairs and Personnel Finance Division
Finance Division
IT Division
Purchasing Operations
Legal Affairs Division
Quality Management Division
Logistics Division
Yazaki Research And Technology Center
Environmental Affairs Division
NYS Promotion Division
Secretary Department

Automotive Sector
Automotive Planning Division
Automotive Business Unit
Automotive W/H Production Operations
Component Operations
Automotive Electronics Operations
General Transportation Systems Operations
Automotive R&D Division
Automotive Manufacturing Engineering Operations
Business Solution Division
Automotive W/H System Integration Division

Environmental Systems Sector
Client Development Division
Electric Wire Operations
Energy Equipment Operations
Branch Manager/Office Manager

Major Business Sites of Group Companies in Japan

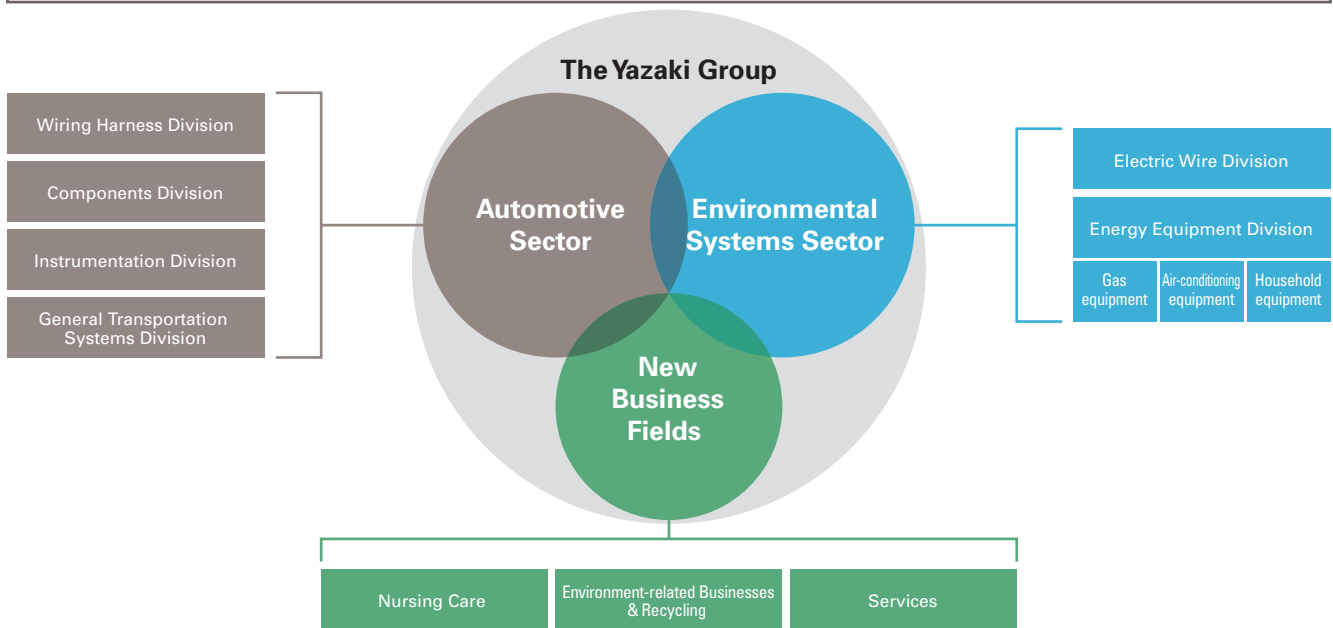
- Yazaki Corporation ●
- Yazaki Meter Co., Ltd. ●
- Yazaki Parts Co., Ltd. ●
- Yazaki Electric Wire Co., Ltd. ●
- Yazaki Resources Co., Ltd. ●



Yazaki Group Business Scope

The Yazaki Group boasts a diverse range of products in the global Automotive and Environmental Systems sectors. The Group's integrated business system incorporates research and development, production, sales, and management. The Yazaki Group has recently begun to expand into a third business sector, mainly in the areas of nursing care and environment-related businesses.

Yazaki Group's Key Business Divisions and Interests



Automotive Sector

Yazaki is a supplier of a broad range of products that support automotive electronics, with a focus on wiring harnesses (wires for automobiles) and measurement instruments. Yazaki holds a leading position in the worldwide wiring harness market and Yazaki's wiring harnesses have been widely used by automakers both in Japan and overseas.

Wiring harnesses

Wiring harnesses are compactly bundled electrical wires and data circuits necessary for automobiles, functioning as the central nervous system. All types of information to ensure the safe and comfortable operation of automobiles pass through the wiring harnesses.



Wiring harnesses (front view)

Automotive parts

To maintain high quality levels in its wiring harnesses, Yazaki produces its own electrical wires, connectors, junction blocks, and plug cords.



Connectors and terminals



Hybrid IC

Meters

Yazaki is responding to a wide range of customer needs by, for example, making meters easier to read, less expensive, and lighter in weight.



Combination meter



Taxi meter

Vehicle information collection system

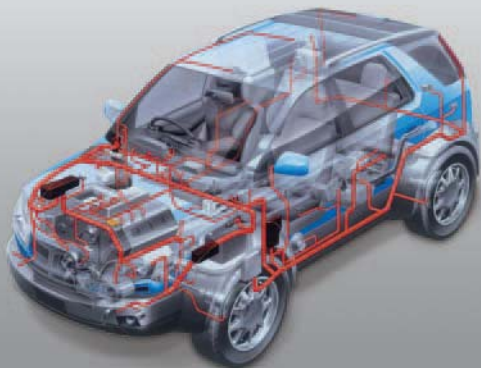
This system senses and records a vehicle's operating status and the running condition of its engine. It is designed to help ensure the safe operation of commercial vehicles and manage their operational schedule.



Digital tachograph



Vehicle-mounted ETC unit



Environmental Systems Sector

Yazaki has developed and has been providing a large number of products that support the supply and utilization of the various energy sources, such as gas, electricity, and solar heat, that are essential to people's daily lives. Through products such as electricity transmission cables, gas security systems, air-conditioning equipment, and solar powered systems, Yazaki is helping people lead safe and comfortable lives.

Electrical wires and optical fiber products

The Yazaki Group possesses more than half a century of experience in producing electrical wires and has developed many environmentally considerate products.



Power cables (high- and low-voltage) and communication/instrumentation cables

Gas equipment

Yazaki has been pouring its resources into developing gas meters and warning systems, as well as products with integrated sensors that simultaneously provide both safety and simplicity in meter reading and gas delivery.



S-type security gas meter



Gas leak detector (Arocco)



Bulk storage tank

Air-conditioning equipment and household equipment

Yazaki has been developing environmentally considerate, energy-saving equipment and solar powered systems, and is also researching new clean energy sources.



Double-effect absorption chiller heater "Aroace"



Solar-powered water heating system Yuwaita

New Business Fields

In response to the hollowing out of the Japanese manufacturing industry, Yazaki has been expanding into new business sectors. Based on a basic policy of reducing environmental impact and contributing positively to society, Yazaki has been expanding its activities in various types of businesses, including nursing care, healthcare, environment-related businesses, recycling, and services.

Environment-related businesses and recycling

Yazaki is developing a new recycling business to help build a recycling-based society.

Formed paper products business



Loose cushioning material, "Wonder Cushion"

Glass bottle recycling



Lightweight, civil engineering material, "Super Sol R"

Food waste recycling



Organic fertilizer, "Okara Super Organic"

Nursing care and healthcare businesses

Yazaki is expanding its health-management services by building nursing homes and retirement homes and installing health-management terminals called "Healthful."

Nursing care



Nagomi Kochi care services

Health-management services



Health-management terminal "Healthful"

Services

Yazaki is expanding businesses that take advantage of its manufacturing technologies related to automotive devices and environmental systems equipment, which are the core businesses of the Yazaki Group.

Heater maintenance



Other businesses

Chrysanthemum cultivation



Taking the Yazaki



The great responsibility inherent in operating a large, international company

In 1929 Sadami Yazaki began selling wiring harnesses for automobiles. Soon he expanded the business to produce wiring harnesses, and from this foundation the Yazaki Group took great strides toward its present position as a market leader in wiring harness manufacturing. Building on technologies and expertise in wiring harness production, Yazaki has grown spectacularly over the years and has developed and marketed other products such as tachometers and other devices for automobiles, gas meters, and air conditioning and water heating systems. We always have an eye toward new areas of business that might be needed by and beneficial to society, and I believe this steadfast pursuit of business opportunities, always attentive to society's current needs, has resulted in the diverse operations under our main business units: the Automotive Sector and the Environmental Systems Sector.

The Yazaki Group is a large corporation with more than 180,000 employees around the world. I am keenly aware of our responsibility to society, and with every decision I consider the possible impact of our large corporate body upon society and the environment.

Socially responsible business makes a meaningful contribution to society

Corporate social responsibility (CSR) has become an important catchphrase in recent years in Japan, and corporate activities and ethics are now more closely monitored for compliance with laws and regulations. In light of the potential impact that companies have on society, all developments in CSR protocols are important. At Yazaki, however, the concept of CSR is not new. Since Yazaki's inception, we have held closely to the tenets of our corporate vision: to become a company that is trusted and respected by society; to operate on a "one for all and all for one" basis; and to be a good neighbor. Adherence to this mission has insured that CSR is part of all of our management decisions.

While we continue to strengthen rules for corporate ethics and develop guides to help employees achieve more rigorous compliance with regulations, I believe our founder's philosophy and the quality of our business itself can help us reach higher levels of CSR. When a business is needed and appreciated by society, and when it engenders pride and satisfaction in its employees, a strong sense of ethics will take root in the company. I believe that in future corporations must create meaningful business operations, while addressing the needs of their employees and of society itself.

Mission to the Next Level

Going global, thinking local



Since setting up its first overseas factory in Thailand in 1962, the Yazaki Group has expanded into thirty-eight countries. We have always held "to be a good neighbor" as a guiding light as we expanded into the global marketplace. In keeping with our primary mission statement, we have endeavored to manufacture products suited to the local economy and needed by the particular geographical area in which we are operating. We make concerted efforts to develop comprehensive business plans—including product development, production, sales and administration—on a local basis and with a view toward local oversight of the entire operational flow. We believe local communities appreciate our presence in their areas.

Philanthropic activity and community involvement are also important. When we began our operations in Vietnam, for example, we made donations of books to local elementary schools. In cooperation with local city authorities, we also helped establish a middle school for our female employees who had not completed their educations. With an understanding of local needs, our employees have initiated these and similar activities in many places around the world.

No matter where it operates, a truly global company and its employees must be appreciated and recognized as integral members of a local community.

Shaping an agenda for the 21st century

Among the many challenges our world faces, environmental issues top the list. Business must address the difficult issue of sustainable development throughout the world.

At Yazaki, we have begun our new business projects fully aware of the challenges we must confront in the 21st century. Our new projects lie in the business areas of recycling, nursing care and the development and replanting of forests. These projects have been conceived to make the most of Japan's resources and to help revitalize the country. Specific resources within Japan include an abundance of goods and materials, a large, highly skilled workforce, and rich forests covering 67% of its land.

We have been developing new businesses with local governmental organizations and local communities. With the company in the leading role, I believe that teaming up with local governments and citizens for regional development is an effective new business model that will serve us well into the 21st century.

The Yazaki Group is dedicated to advancing its vision, meeting social needs and thriving in the 21st century.



Yasuhiko Yazaki
Chairman
Yazaki Corporation

A Return to the Yazaki Vision: The Importance



Editors of the Social & Environmental Report 2006 spoke with Mr. Shinji Yazaki, president, on the current state of Yazaki business and some issues and challenges that occupy the company at present. Following are excerpts from that interview.

Looking back on FY2005, which ended June 2006, how do you assess the year?

FY2005 showed steady growth, and in that respect a significant goal was achieved. I regret to note, however, there remained many issues and projects that were not fully addressed and pursued by year's end, although we were aware they needed our attention. We failed to follow certain projects to completion, mainly because we did not fully comprehend the aims of these particular projects, and we were unable to provide appropriate remedies. We will strive to rectify these shortcomings in the new fiscal year.

How would you evaluate the aggressive promotion of compliance during the past fiscal year?

True compliance extends beyond specific laws and regulations. Each of us must be able to grasp the essence of compliance and determine how best to act on that understanding. While the basic spirit of compliance prevails at Yazaki, there are still improvements to be made as we seek to ensure compliance and remain attentive to changes around the world. In Europe, for instance, a significant new legal environment has emerged, incorporating the End of Life Vehicles (ELV) directive and the Restriction of Hazardous Substances (RoHS) directive. Though we have worked hard to assess the impact on our business of these directives and other new laws, I am afraid we have not gone far enough. There are, in all likelihood, some regulations of which we are not fully aware, but we cannot remain uninformed. Ignorance is not a valid excuse for non-compliance with legal requirements. We must, therefore, become fully conversant with the details of all legal requirements and with their potential implications.

of Shared Values and Bi-directional Communication

For FY2006, one of Yazaki's priorities is stated as "education" for employees. What is the rationale behind this goal?

The Yazaki Group has long offered training and educational programs for employees, and today we offer an enhanced range of programs. While there is clear benefit for our employees, I believe our central task is to raise the quality of all programs that take into account the goals of Yazaki and of each employee. With this as our chief concern, we clarified our vision of these programs and carefully considered our primary educational objectives. In the coming year, we will propose a more systematic educational approach and offer new and reorganized programs, primarily consisting of fundamental educational courses and skills/professional training courses. This revamping of our educational programs will help pave the way to a stronger Yazaki in the future.

In Japan Yazaki runs the "Yazaki Juku" (Yazaki cram school). Can you tell us what this is about?

We need to establish a unified vision for our training and educational programs, one in which employees may draw upon our shared values and clearly articulated philosophy. Understanding the Yazaki Vision fully and making it part of daily life will help reinforce a sense of common goals and shared values among employees. Our corporate vision, which has been a source of inspiration since our founding, remains true to this day: one for all, all for one; be a good neighbor every place in the world we do business; and be a company trusted and respected by society. Yazaki Juku is a discussion forum in which management and employees may exchange opinions directly about the Yazaki Vision.

In an age in which major changes are to be expected, we need not lose sight of the roots that hold us up, straight and tall; those roots are the Yazaki Vision, and they are the source of our values and our philosophy. Yazaki Juku is the principal instrument through which the Yazaki Vision is passed on to all employees.

Could you please elaborate on your thoughts on cultivating closer relations with stakeholders.

Management at Yazaki places high value on clear communication with our employees, our customers, and with members of the communities in which we do business. Although customers, as stakeholders, are very important to us, and we strive to meet their needs, it is equally important that we comprehend and meet the needs of local communities and of our employees.

In the past year we reevaluated our activities in order to strengthen relations with stakeholders. One significant result is a more efficient system for the dissemination of information to different stakeholders. We now update the Yazaki website on a scheduled and timely basis, and we hold regular meetings with different groups of stakeholders. I believe the sharing of information, regularly and accurately, helps all stakeholders understand our commitment to social responsibility, and we will continue to promote bi-directional communication with all who have a stake in our company.



Shinji Yazaki
President
Yazaki Corporation

Shinji Yazaki

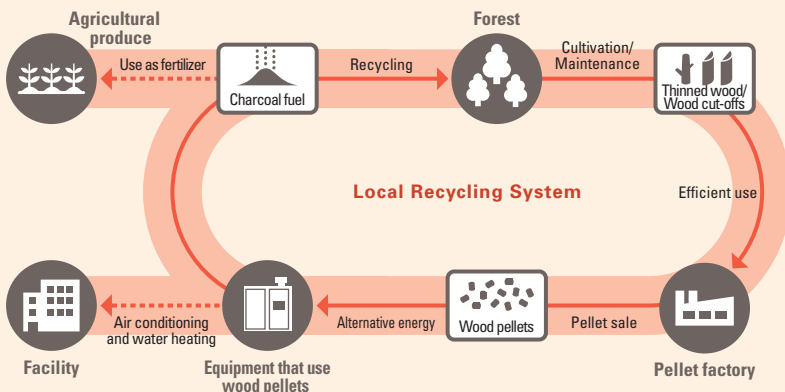
Promoting a Model Business Project Based on Local Recycling of Wood Biomass through Public-private Partnership

Wood Biomass Local Recycling System

The maintenance and preservation of forests, which can absorb atmospheric carbon dioxide, thought to be the cause of global warming, has become a significant social issue. Nowadays, however, with the decline of the forestry industry leading to increased neglect of forests, there is a need for measures to stimulate local economies so as to ensure a sustainable and healthy future development for the forestry industry.

In this context, the Yazaki Group is working in the framework of a public-private partnership with the aim of creating a model business based on local recycling of wood biomass.* By promoting the efficient use of wood biomass through a public-private partnership, the aim is to stimulate the forestry industry and at the same time to maintain and preserve forests and reduce atmospheric carbon dioxide. Currently, the scheme is being rolled out in three locations, Yusuhara Town in Kochi Prefecture, Kawane-honcho in Shizuoka Prefecture, and Shirakawa in Gifu Prefecture, through model business projects implemented in partnership between the Yazaki Group, prefectural and municipal governments, and local forestry cooperatives. The model business in local recycling of wood biomass involves collecting thinned wood from forestry maintenance operations, wood cut-offs from sawmills, and other remnant material and recycling them into pellets for local use as fuel. By doing so, the scheme aims to promote the principle of local production for local consumption in timber and energy supply through efficient use of forestry resources.

This model business provides benefits to the locality such as creating employment, stimulating the forestry industry, and providing a low-cost energy source. At the same time, it promotes the maintenance and preservation of the forest and the use of wood biomass energy as an alternative to fossil fuels, thus helping to prevent global warming.

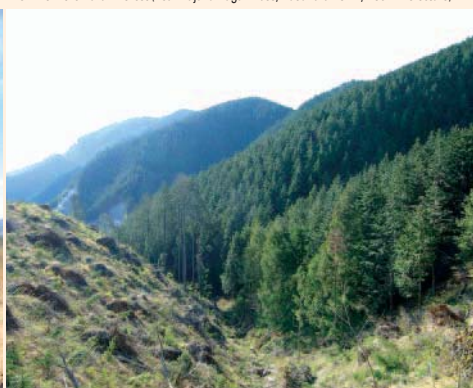


*Wood biomass

Biomass refers to resources derived from living things. Wood biomass includes thinned wood and wood cut-offs from sawmills. Since trees planted to replace the wood burned as fuel can absorb carbon dioxide, this resource has attracted interest as a carbon-neutral fuel, that is, one which does not increase the amount of carbon dioxide in the atmosphere.

Signboard for the Yazaki Forest

View from the Yazaki Forest (near Kujukumagari Pass, Yusuhara Town, Kochi Prefecture)



Creating a business fit for the 21st century



Kazuo Shimizu

Manager,
Wood Biomass Business Section,
Environmental Systems Division,
Energy Equipment Operations

With the aim of creating environmentally considerate businesses, the Energy Equipment Operations department in which I work was renamed Environmental Energy Equipment Operations in June 2005 and began a new program of business development. As we explored new business options, I felt that there were two points we needed to focus on. One was the realization of our Corporate Policy so as to build a business fit for the 21st century, which meant thinking about how to retain Yazaki's strengths while keeping our eye on the kind of environmentally considerate enterprise we want to be in the future. The second was the issue of energy, since the reconciliation of energy needs with the environment is the greatest issue facing society. It was in this context that I heard that the municipality of Yusuhara Town in Kochi Prefecture was looking at ways of using forestry resources more efficiently. So we brought together the ideas we had developed at the time to present proposals for a model business based on local recycling of wood biomass as a way of harmonizing the environment, energy needs, and forest management.

This business project involves a wide range of activities, including forest maintenance and preservation, the design of facilities for pellet production from excess thinned wood and sawmill wood cutoffs, and the setting up of a pellet factory. Taking these activities forward in a public-private partnership with the municipality of Yusuhara Town, the Yazaki Group is committed to fulfilling the roles expected of a 21st century enterprise. Working closely with local government bodies and the local community will allow us to stimulate the forestry industry and other local industries and take action on environmental issues while at the same time strengthening ties with the local community. We hope that this activity will be one answer to the challenge of creating a business becoming of the 21st century and are determined to see it through to success.



Hideaki Kurokawa

Assistant Manager,
Wood Biomass Business Section,
Environmental Systems Division,
Energy Equipment Operations

Since autumn 2005, I have been on assignment to Yusuhara Town, where I have been directing the setting up of the project. The combined key to success is collection of low-cost pellet material, creation of an optimal production system, and securing a reliable customer base. It is not a matter simply of producing pellets at low cost; the aims of the project also include elements of economic circularity, such as reinvesting capital in the forestry industry and creating employment. We are also working to develop and introduce products such as heating and air-conditioning facilities that run on wooden pellets as fuel. This will help secure demand in summertime and spread consumption more evenly, which in turn will help our factory operate at a high level of productivity. Representing a business model for joint projects between government, industry, and the private sector, I think this project will succeed because of the unique strengths of the Yazaki Group.



Participation in Joint Afforestation Project with Yusuhara Town Municipality

The municipality of Yusuhara Town* in Kochi Prefecture is an area with a rich natural environment, 91% of which is occupied by forest. The town is engaged in a number of activities with an environmental theme. One of these is the Forest Volunteer Joint Afforestation Project begun in 1999, under which forest cultivation activities are carried out every year on Green Day (a public holiday in spring).

Given that the Yazaki Group is in agreement with the main thrust of the Yusuhara Town's environmental activities and is also engaged locally in the wood biomass local recycling model business, Yazaki decided to take part in 2006 in the Forest Volunteer Joint Afforestation Project. Some 100 volunteers, including employees of our subsidiary Minami Shikoku Parts Co., Ltd., which has a factory in Yusuhara Town, gathered together in a stretch of forest which has been named the Yazaki Forest, where they worked energetically planting Himeshara bushes, a type of Camellia, and pruning a natural forest.

*Yusuhara Town



Yusuhara Town website
<http://www.town.yusuhara.kochi.jp/>
(Japanese only)



Volunteers meet in the early morning

Tree planting

Pruning

Creating a 'Culture of Forest and Water'

The model business in local recycling of wood biomass which the Yazaki Group is taking forward in partnership with the municipality of Yusuhara Town is centered on activities by the Yusuhara Town Forestry Cooperative. These activities have included stimulation of the forestry industry through FSC certification* of the cooperative, which has been carried out so far by the municipality. As a way of realizing the concept of creating a 'culture of forest and water', the Yusuhara Town municipality aims to create forest environments that will serve as places for communing with nature, engaging in outdoor activity, undertaking environmental education, and encouraging healthy lifestyles. In concert with the model business project, a municipally owned stretch of forest at the Kujukumagari Pass has been named the Yazaki Forest and has become the scene for joint activities by the municipality and the Yazaki Group aimed at creating a model forest for the future.

The Yazaki Group will continue to engage jointly in operations for the maintenance and preservation of the Yazaki Forest, and through the joint project with the Yusuhara municipality, is committed to fulfilling the roles expected of an enterprise in the 21st century.



Yazaki Forest signboard unveiling ceremony

*FSC Certification

Certification involves an inspection of the forest management unit by an independent FSC-accredited certification body to check that the forest complies with the internationally-agreed FSC Principles of Responsible Forest Management. Certified forest operations can claim the forest products they produce come from a responsibly managed forest. By choosing such products, consumers support environmentally considerate forest management.



Wooden badge given to visitors to the Yazaki Forest

Model business breathing new life into the forestry industry and the local community



Takeyoshi Nakagoshi

Mayor of Yusuhara Town,
Kochi Prefecture

Amid the increasing trend toward amalgamation of municipalities, Yusuhara Town aspires to become a municipality with an individual identity, but to do this we need to stimulate our industry. As part of this plan, we decided to make use of the forest which accounts for over 91% of our land area to stimulate the forestry industry and contribute to the creation of a recycling-based society, and so we set about drafting a specific model.

It is significant that the model business in local recycling of wood biomass was developed jointly with a private-sector business in the form of the Yazaki Group; using corporate experience, technology, and expertise to open up the resources of Yusuhara Town and create a local recycling system has boosted the local economy and established the business firmly. I see this project, including the human communication aspects, becoming a model for business ventures by other provincial government bodies in the future.



Toshishige Nakagoshi

Director,
Yusuhara Town Forestry Cooperative,
Kochi Prefecture

In Yusuhara Town, we had already been working to stimulate the forestry industry, for instance by acquiring FSC certification, but progress had not been satisfactory. The participation of an enterprise which had no previous link with the forestry industry was highly welcomed. That is also because I think the success of the project requires the tough approach that a private-sector business brings.

At present, Japan's forests achieve a production level sufficient to cover domestic demand for timber and the use of timber resources helps to protect Japan's mountains and forests. I would like to see Japan's forestry industry progress, taking the joint project with the Yazaki Group as a model.



Mitsuo Ozaki

Department Chief,
Industrial Development Division,
Yusuhara Town Municipal Government,
Kochi Prefecture

The municipality of Yusuhara Town has developed the concept of a 'culture of forest and water' in which the forest channels water, water supports human life, and human culture blossoms. This concept is based on the idea of valuing and living in harmony with the forest, which is at the concept's source. In order to put this ideal into practice, we thought about the ideal state of the forest, and came up with the Yazaki Forest model. This is a place where a diverse range of trees grows, where local people can relax and enjoy themselves, and which brings stimulus to local industry. With the cooperation of the Yazaki Group, we hope to build a resource which will last into the future as a Yusuhara Town asset.

Yazaki's Basic Stance on Fulfilling its Corporate Social Responsibilities and Mission

Unchanging Shared Principles

Since its foundation, Yazaki has made "a corporation in step with the world" and "a corporation needed by society" its Corporate Policy. This policy has been the unchanging pillar that supports all business activities of the Yazaki Group despite the many changes that society has undergone. Yazaki operates in accordance with a uniform stance and code of conduct based on its Corporate Policy to fulfill its responsibilities and mission as a manufacturer that provides only the highest quality products when needed, to anywhere in the world, via the optimal route and at an appropriate cost.

Yazaki also seeks to be a multi-cultural corporation that can develop together with the rest of the world and has created a unique corporate management style and corporate culture based on autonomy, equality, and harmony.

The Corporate Policy is a shared policy that links Global Yazaki's raison d'être with its corporate values.

Yazaki's Stance on Corporate Social Responsibility

The Yazaki Group has evolved as a multi-cultural corporation while responding to the changes in the global automotive industry. The single most important element in ensuring continuous development in business activities is the formation of relationships based on mutual understanding and trust with all stakeholders in Japan and overseas. The Yazaki Group considers engaging in effective bilateral communication with each stakeholder group based on the Corporate Policy and Fundamental Management Policy to be a part of Yazaki's corporate social responsibility.

Compliance, including high ethical standards and fair corporate activities, is an essential condition for fulfilling corporate social responsibility. As all aspects of business globalize, the importance of compliance is growing, and the Yazaki Group is working to further define compliance, raise awareness and enhance compliance management.

***EU ELV Directive**
Please see p.18 for further information

***Kyoto Protocol**
The Kyoto Protocol is the international agreement adopted at the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3). The Protocol imposes on parties an obligation to reduce emissions of greenhouse gases, including carbon dioxide, a major cause of global warming.

Corporate Policy

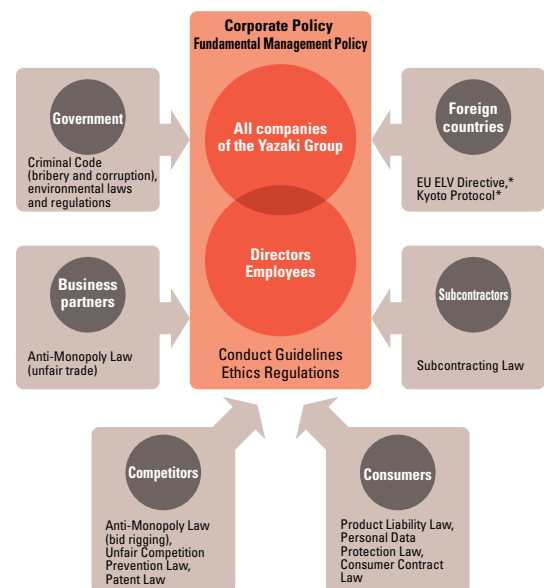
**A Corporation in Step with the World
A Corporation Needed by Society**

Fundamental Management Policy

In order to bring the 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 greatest value to our customers worldwide.
- 2 Uphold the law, respect regional culture, and contribute to economic and social development.
- 3 Contribute to a prosperous future society through business focused on the environment and safety.
- 4 Conduct business openly and fairly, and aim for mutual coexistence.
- 5 Care for people, by creating a corporate culture that maximizes the capacity for individual and team-work, while sustaining people's dreams.

Conceptual Diagram of Yazaki Stakeholders and Compliance



Achieving Thorough Compliance

Promoting CSR in Yazaki's Unique Style

The Yazaki Group made "Thorough Compliance" a priority policy for FY2005. In conjunction with this decision, a survey of compliance awareness was conducted to assess awareness of ethics and laws by all employees. The survey investigated the degree of permeation of the corporate culture that fosters correct understanding of rules to be observed in the performance of work duties and the observance of those rules, one of the foundations of compliance.

Overview of the Survey of Compliance Awareness	
1. Survey title	Implementation of a Survey of Compliance Awareness to Create a Better Workplace: Survey of Ethics and Legal Compliance
2. Date of implementation	November 2005
3. Survey subjects	Approximately 10,000 Yazaki Group employees
4. Response rate	Approximately 90%
5. Survey method	<ul style="list-style-type: none"> Questionnaire format using machine-scored response forms Anonymous responses (only organizational affiliations were indicated)
6. Survey content	<ul style="list-style-type: none"> Understanding of the Corporate Policy and Fundamental Management Policy Survey concerning the corporate culture Awareness of the presence and causes of risks and the degree of impact Survey of awareness concerning work and the company

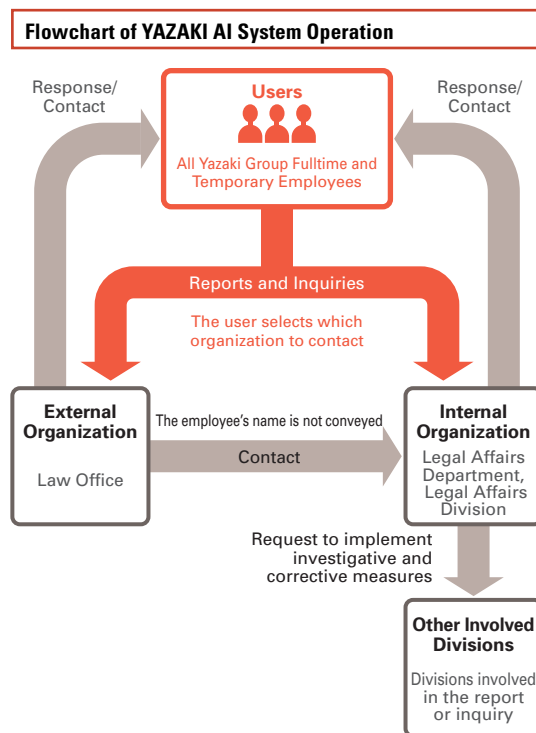


Compliance Awareness Survey response form

In addition, the Corporate Planning Division held study groups on CSR and compliance. To create a corporate culture in which employees can easily do those things that should be done as a matter of course, Yazaki prepared a Conduct Standards Manual and has started the process of validating the "Yazaki DNA" so that the Yazaki spirit of undaunted daring, foresight, and service that employees have relied upon since Yazaki's establishment can be handed down to future generations.

New Compliance Consulting System Created

YAZAKI AI The YAZAKI AI, a system to protect whistleblowers, was launched in FY2006 as a new compliance consulting system to detect and respond to compliance-related issues quickly. All Yazaki Group employees (including employees of subsidiaries) can report information and seek advice on compliance issues from bodies inside or outside the company.



Providing “the Greatest Value” to Customers Worldwide

***NYS (New Yazaki System) Activities**
A set of corporate reform activities being implemented by the Yazaki Group

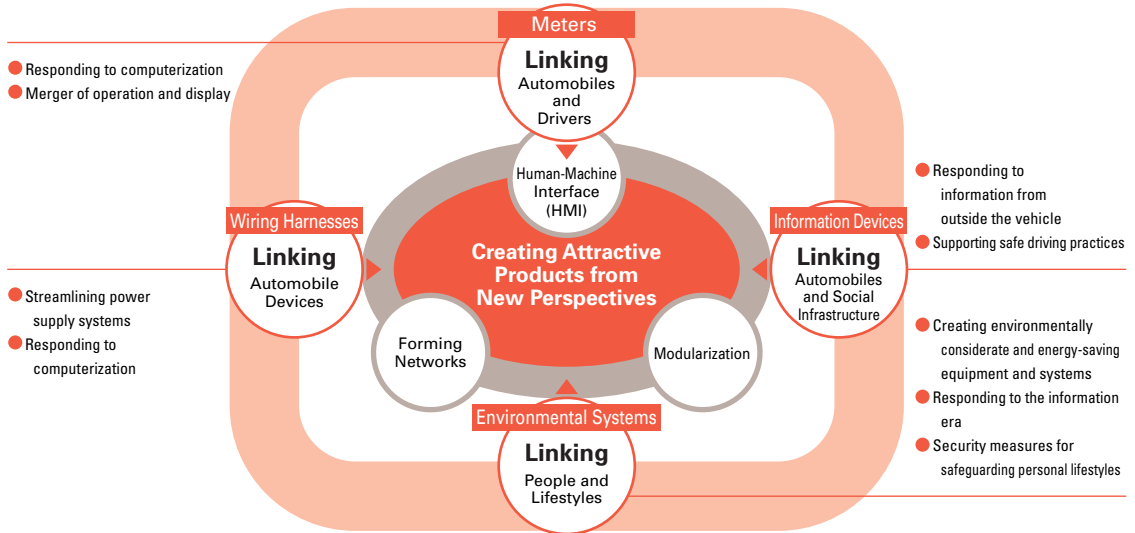
Refining ‘Linking’ Technologies

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. The most significant feature of the Yazaki Group is development of technologies that create new value by ‘linking’ product and product, products and people, products and society, and so on. Yazaki constantly seeks to determine how to create better ‘links,’ how products should be ‘linked,’ and to maximize the potential of ‘links’ within manufacturing.

NYS Activities Promote Continual Quality Improvements

The Yazaki Group has positioned the pursuit of high quality in all products and services as a top priority. 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 from a range of different perspectives, such as optimal procurement and zero processing defects, rapid and on-time product delivery, and providing the right after-sales services.

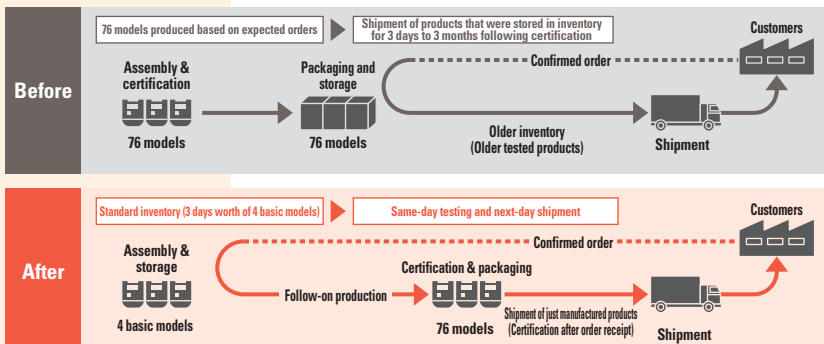
The Yazaki Group’s Development Concept



In Focus

Improvement Example based on NYS Activities (Energy Equipment Operations)

Shipping just manufactured S-type security gas meters that boast the longest product life in the market



The S-type security gas meter used to be shipped from inventory after an order was received. The Sales Division issued temporary purchase orders for all seventy-six models based on sales projections, and the factory produced and certified meters and kept them as inventory. However, with this system, customers received meters with older certification dates, shortening the useful life* of the meters by the length of time they were kept in inventory. Therefore, Yazaki switched to a system that keeps only three days worth of four basic models prior to certification and packaging, as the standard inventory. Then by processing the standard inventory into seventy-six models during certification and packaging, based on confirmed purchase orders, Yazaki is now able to make next-day shipments of just manufactured products.

*Useful life of the S-type security gas meter: Ten years following certification as set forth by the Measurement Law

Global Expansion of the Environmental Quality Assurance System

Yazaki initiated the ELV Project with the objective of completely eliminating the substances banned by the EU ELV Directive.* With support from both the development and design divisions, and the SOC Analysis Subcommittee, Yazaki organized the Environmental Quality Assurance



Material tester (energy dispersion type fluorescent X-ray analyzer)

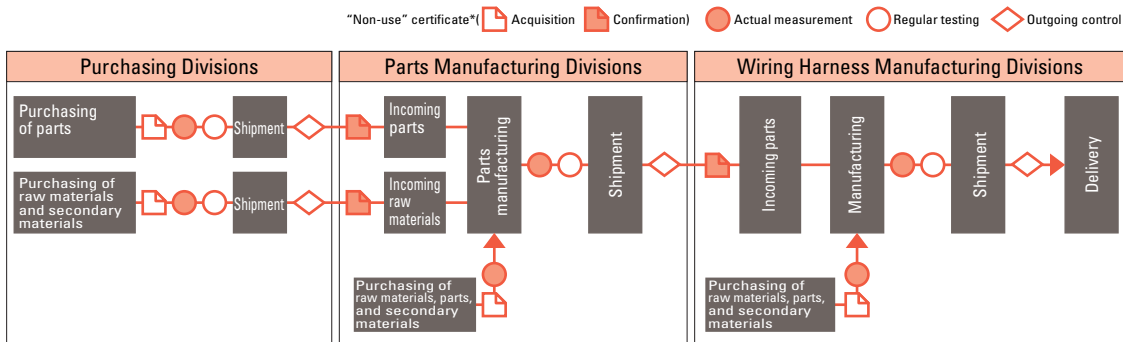
Project Group, and created a system for managing substances of concern at all stages—procurement, development, production, and sales. The Environmental Quality Assurance Project Group established working

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 FY2004, the establishment of the Environmental Quality Assurance System was essentially completed.

Following the establishment of management systems by group companies in Japan, Yazaki plans to globally expand its efforts and in FY2005 established a Global SOC Committee for its overseas affiliates.

*EU ELV Directive
Please see p.18 for further information

Environmental Quality Assurance Management Flow (Wiring Harness Division)

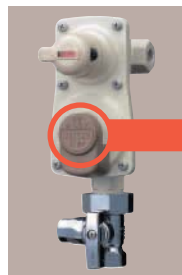


*“Non-use” Certificate
Document certifying non-use of the four substances (lead, mercury, cadmium, and hexavalent chromium) banned by the EU ELV Directive

Responding Swiftly to Customer Needs and Societal Changes

In the Automotive Sector, Yazaki has established an individual business unit for each automobile manufacturer. These business units gather information on customer needs, make proposals, and provide timely feedback on product manufacturing 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 the utilization of waste heat. In divisions involving gas equipment, Yazaki introduced a serial number system, the first of its kind in the industry, into automatic switchover regulators, establishing a traceability system. This new system is designed to enable Yazaki to manage product manufacturing history and allow customers 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.



Automatic switchover regulator (LPG supply device)



The industry's first traceability system using serial numbers, which makes it possible to manage manufacturing history and replacement schedules

Creating Partnerships for Mutually Beneficial Development

Yazaki 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 trust in its business in Japan and overseas.

Yazaki issued the Yazaki Green Procurement Guidelines to its business partners in FY2002. This is Yazaki's request for support and cooperation from business partners for its company-wide global environmental preservation activities.

In FY2004, a detailed explanation was produced regarding the Yazaki Green Procurement Guidelines and seminars were conducted by Purchasing Operations for 346 materials and automotive parts business partners. At the seminars, Yazaki made efforts to obtain the understanding of business partners and to bolster cooperative structures.

In FY2006, Yazaki will undertake a review of the Guidelines in response to additional environmental requirements from customers.

*EU ELV Directive
*RoHS Directive
Please see p.18 for further information

Seminars for Overseas Business Partners

In order to comply with the EU ELV Directive,* the RoHS Directive,* and other legislation on substances of concern, environmental seminars were held for overseas business partners in the same way as for partners in Japan. The seminars held in Thailand and China, which were attended by a total of 120 partner companies, were taken as opportunities to promote understanding of the Yazaki Group approach.

From a Survey of Overseas Environmental Seminars:

- Yazaki shows a clear commitment to action aimed at full compliance with legislation on substances of concern and we as suppliers are also keenly aware of the serious nature of our responsibility. It was also brought home to us that we need to succeed in dealing with substances of concern as a matter of our future survival.
- I was reminded that environmental action is not only a matter of satisfying corporate needs but is a huge project that needs to be taken forward at a global level. I realized that it is not a matter of complying because regulations have been tightened, but rather that it is important to raise awareness of environmental action among all employees.

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	<ol style="list-style-type: none"> 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



Environmental explanation meeting conducted in March 2006 in Hangzhou, China

Toward Elimination of Hexavalent Chromium from Parts

In FY2005, Yazaki made efforts to completely eliminate the use of hexavalent chromium in automotive parts and household electric appliances. Previously, the collection and disposal of parts containing hexavalent chromium had been handled individually by production sites in Japan and overseas. This practice has now been prohibited and from now on all parts will be sent to a designated location in Japan for centralized collection and disposal. As a result, it has been possible to completely dispose of all unused inventories of hexavalent chromium-containing parts. Yazaki will continue the collection and disposal of parts containing hexavalent chromium to promote its complete elimination.



Hexavalent chromium-containing parts in temporary storage before handover from the distribution center to the disposal contractor

In Focus | Compliance with International Regulations

The Yazaki Group strives to ensure complete legal compliance. The environmental regulations concerning Yazaki products are expected to become tighter, with the planned implementation of Chinese, U.S., and Korean versions of the RoHS Directive in 2007. Recognizing this situation, the Yazaki Group is taking all necessary steps to achieve complete legal compliance, having begun by making it an important part of the Environmental Action Plan.

Regarding the EU ELV Directive and the RoHS Directive, Yazaki has worked with customers and business partners to ensure full compliance. Yazaki began efforts to eliminate lead from solder in FY2004, and in FY2005 extended those efforts to include elimination of hexavalent chromium.

What is the EU ELV Directive?

The EU ELV Directive is an EU legislation on recycling of end-of-life vehicles which in principle bans the use of four substances—lead, mercury, cadmium, and hexavalent chromium—in vehicles shipped to or sold on the European market from July 2003. Lead, mercury, and hexavalent chromium content of less than 1,000 ppm and cadmium content of less than 100 ppm is permissible. Infringement will result in heavy fines (with some exceptions).

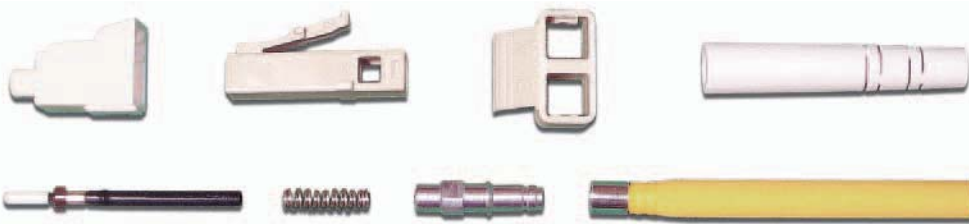
What is the RoHS Directive?

The RoHS (Restriction on the use of certain Hazardous Substances) Directive is an EU regulation limiting the use of designated hazardous waste in certain electric and electronic appliances and means that products released on the market from July 1, 2006, may not contain lead, mercury, cadmium, hexavalent chromium, PBB, or PBDE. The directive covers a wide range of appliances, from large household electrical appliances to medical appliances, electronic game machines, and automatic vending machines.

Materials, parts and processes relevant to regulated substances	Lead	Solder material, plastic stabilizers, glass reinforcing agents, copper alloy materials, etc.
	Mercury	Sensors, cold-cathode tubes, etc.
	Cadmium	Relay contacts, etc.
	Hexavalent chromium	Anti-rust treatment of screws and steel plates, etc.
	PBB, PBDE	Resin fire retardants

Compliance with the RoHS Directive

LC Optical Connectors



Component parts and materials of LC optical connectors

LC optical connectors are needed for the building of optical transmission networks. When the RoHS Directive was first issued, there was still no demand for environmentally friendly products in North America, which was the main market for optical connectors. However, Yazaki believed that such products would become essential in the future and began efforts to comply with the RoHS Directive. Measurement and analysis of the component materials of optical connectors were carried out and all components and materials including metal and resin parts are now RoHS compliant.

Kazuo Suyama and Masatake Ueno Optical Engineering Department



When we began our efforts to comply with the RoHS Directive, the varying degrees of understanding of the directive caused confusion and we sometimes had to explain the action being taken by the Yazaki Group to our parts suppliers, which caused difficulties, but in the end we managed to achieve compliance. A certain amount of lead use to smooth the surface of metal parts, is allowed, but we managed to eliminate lead from the aluminum alloy by solving the problem of surface roughness in a different way.

Fostering Human Resources by Providing Value to Employees

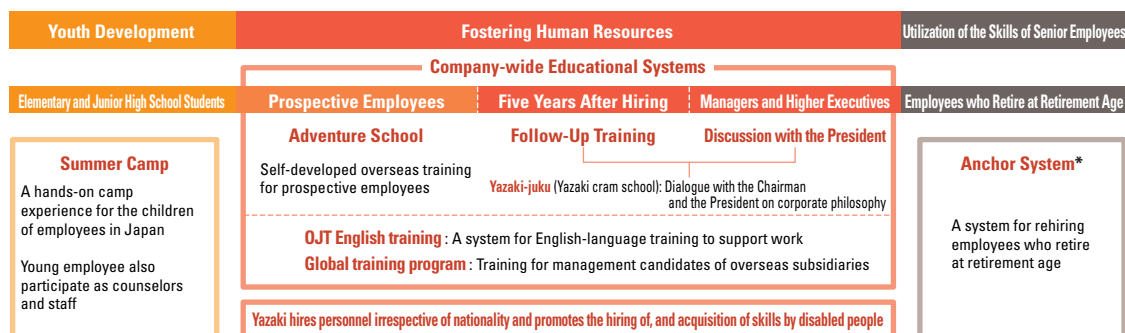
Manufacturing Expertise is Built on the Skills of Employees

The Yazaki Group has maintained an unchanging management principle since its establishment: “The company exists because of its people.” Yazaki believes that human resources are a company’s most important asset, and without good human resources, continual growth is not possible. Another of the Yazaki Group’s fundamental principles is “Manufacturing expertise is built on the skills of employees.” People are the foundation of manufacturing, and it is people that determine the quality—or lack thereof—of manufactured products. It is for these reasons that fostering human resources holds the key to business and corporate growth.

Yazaki’s Human Resource Development Seeks to Enhance Employee Skills

Personal growth is to the benefit of the Yazaki Group as well as the individual employees. The value of a company is determined by the quality of its employees. Consequently, to raise corporate value, it is necessary to enhance the value of employees and raise their skills. This in turn requires support from a long-term and broad perspective. Based on this concept of fostering employee skills, the Yazaki Group engages in comprehensive human resource development not just for employees, but also for their families.

Yazaki’s Principles of Comprehensive Human Resource Development



*Anchor System

The “anchor” refers to the strongest, most reliable runner in a relay. The Anchor System was introduced in 1990 to promote the rehiring of employees following retirement (retirement age in the Yazaki Group is sixty years). In recent years, almost all employees seeking reemployment under the Anchor System have been rehired.

Providing Valuable Experience to Tomorrow’s Leaders

Summer Camp Yazaki offers three summer camp programs each year for the children of employees: a Japan-based summer camp for children of employees in Japan who are in their fifth and sixth years of elementary school (introduced in 1977); an overseas summer camp for children of employees in Japan in their second year of junior high school (introduced in 1985); and the Summer Camp in Japan for the children of local personnel of overseas affiliates (introduced in 1988).

These camps were begun with the aim of giving children, with their whole lives ahead of them, the experience of new insights into a different culture, but it has also proved to be valuable training in human interaction and expanded the horizons of the young employees who participate as camp leaders.

Excerpt from a Statement of Impressions by a Summer Camp Counselor

The children were extremely excited about their first overseas trip and their first encounter with a different culture. They showed surprising and insatiable curiosity but also showed some timidity at unexpected times. Their words and facial expressions brought back memories about myself that I had forgotten. In addition, my encounters with the other counselors, staff, and personnel in Thailand were extremely valuable and will provide me with tremendous support in the future. Against the backdrop of our ever-changing society, participation in this year’s camp allowed me to feel a strong affinity with the Yazaki spirit characterized by the twenty-one years that the summer camp has been held.



The 21st overseas summer camp in Thailand

Summer Camp Participants

Type of camp	Japan	Overseas summer camp	Summer Camp in Japan
Participants	Children of Japan-based employees (elementary school fifth and sixth graders)	Children of employees in Japan in their second year of junior high school	Children of local personnel of overseas affiliates
No. of participants in FY2005	July/August Four-day camp Gotemba 193 participants	July/August 7-day camp Thailand 112 participants	July Japan 8-day camp 183 participants
Cumulative total	29 times 4929 participants	21 times 3315 participants	18 times 1419 participants

Educational Systems that Cultivate True Human Skills

In order to create the foundation necessary for developing professional human resources for all types of jobs and all divisions, the Yazaki Group fosters employee growth and development through its company-wide education system. This 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 also conducts follow-up training for employees, such as the

“Yazaki-juku” or “Yazaki cram school,” which provides general managers and higher executives the opportunity to discuss the Corporate Policy directly with the president; programs for enhancing organizational strengths with the aim of raising the effectiveness of management and encouraging an invigorating workplace with motivated employees; and language study and various overseas training programs such as global personnel development programs.

Company-wide Education Systems

Section			Skill Development Stage					Skill Enhancement Stage				Skill Application Stage			
			Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	Associate Director
Role recognition / Basic skills	New employee training	Basic skills	New employee training												
	Yazaki-juku (Yazaki cram school)	Corporate philosophy / Values						Follow-up training							
	Programs for Enhancing Organizational Strengths	Role recognition / Expanding horizons						Discussions with the President							
		Management skills						Training for specific job grades							
		Continued higher education within Japan						Management training (newly appointed Dept./Section Managers/Associate Directors)							
Language ability / Global skills								Toyota Technological Institute (undergraduate degree)							
								Toyota Technological Institute (advanced degree)							
			OJT English training												
		Language ability / Global perception						Adventure School (newly recruited employees)				Collaborative research at universities in North America			
		Continued higher education overseas						Training prior to overseas assignment				Global training program			
								Overseas study at business schools							

Voluntary Overseas Study for New Employees

The Adventure School The Adventure School program created in 1996 as an element of new employee training initially consisted of several weeks of overseas training for all new employees. In 2001 the program was changed to provide scholarships that enabled recently-hired university and vocational school graduates to engage voluntarily in self-selected study programs at overseas locations of their choice. In addition, since 2005, all newly recruited employees who wish to participate in the training program have been permitted to do so before they formally start work.

In FY2005, a total of sixty-nine people completed the training program—twenty-nine in the one year course and forty in the six-month course.

Promoting Mutual Understanding Among Senior Management and Employees

The Yazaki-juku The Yazaki-juku is a training program conducted by senior management. The chairman conducts follow-up training for employees five years into their careers to discuss the principles of the Yazaki Group as well as the future goals of the individual participants. The president also conducts the Discussion with the President program for managers and higher executives to exchange ideas and opinions concerning the Yazaki Group Vision and Fundamental Management Policy. These programs are opportunities for senior management and employees to deepen their understanding of each other. One participant commented, “The direct dialogue with senior management gave me a clearer understanding of the company’s future direction and management’s thinking.”

Adventure School was a One-Year “Appetizer”



Practicing the Djembe in Montreal (Jan '06)

Seiji Nishi, Participant in a One-Year Adventure School Program

The Adventure School was one of the reasons I wanted to work for Yazaki. I took a miniature African drum known as a Djembe with me and gave performances while traveling in Australia and Canada. My sense of music as well as my thirst for knowledge changed dramatically. Thanks to my desire to play the drum and to learn everything I could, I had the opportunity to meet many people. I am still keen to learn more about the Djembe and other African music. One thing that I mustn't forget, however, is that my one year experience was no more than a trial run, and my real life is going to start now. If I were to sum up my year's experience in a single word, I would say that it was an “appetizer.”

Looking Back



*OJT
On the Job Training

English-Language Instruction at the Workplace

Business English OJT* This is a one-on-one English language training program conducted in training rooms at twenty-one business sites in Japan. Training is conducted for fifteen or thirty minutes each day during working hours over a period of one year. Employees engage in discussions with native English language instructors to help in their work and learn English conversation. A total of 3,861 employees have participated in this program from 1984 through 2005.



Native English language instructors provide one-on-one training

Management Candidates of Overseas Subsidiaries Undergo Training in Japan

*Specially Approved
Subsidiary Company
A subsidiary that adopts special measures to employ disabled people under standards approved by the Public Employment Security Office

Global Training Potential candidates for management positions at Yazaki Group overseas affiliates are invited to Japan to participate in a one-year management training program. By interacting with Japanese people and learning about Japanese culture, these employees gain Japanese language and work skills and develop a stronger awareness of improvement in the workplace. Since the program was launched in 1996 a total of 165 employees have participated through 2005.



Trainees from various countries spend one year learning about Japanese culture and other topics

Diversity in Hiring

The Yazaki Group implements policies designed to create a diverse workforce with global perspectives for the future, including hiring personnel irrespective of nationality and hiring disabled people.

The Global Recruiting Program for group companies in Japan, launched in FY2003 to encourage international postings and develop a multi-cultural corporate atmosphere, targets mainly foreign students in Japan. In the past three years, thirty-one people from fifteen countries have been hired under this program.

Hiring by Nationality (Cumulative Number for FY2003-FY2005)

China	9	Mexico	1	Vietnam	1
Malaysia	3	India	1	Romania	1
South Korea	3	Bangladesh	1	Uzbekistan	1
United States	2	Thailand	1	Russia	1
The Philippines	2	Indonesia	1		
Slovakia	2	Myanmar	1		
					Total 31

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 enhanced 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.

Looking Back



Tadashi Iwata, System Solutions Research Division, Yazaki Technology Center



USB-Compatible Braille Keyboard

- Compliant with USB standards for keyboards
- Key arrangement takes operability into consideration
- Users can select from three different input modes

Conventional full keyboards are designed for input using numerous keys, and consequently, finding the intended keys correctly and quickly by touch or otherwise requires considerable skill and practice. To alleviate this problem and make computers easier to use by visually impaired people, Braille transcription volunteers, and people who are learning Braille, I created the Braille keyboard. I believed that special Braille keyboards could be improved and understanding of Braille could be enhanced. During development, I had visually impaired individuals use the actual keyboard and listened to their opinions, and I worked hard to close the gap between my own inclinations and ease-of-use.



Mr. Iwata received a commendation from the Governor of Shizuoka Prefecture

Providing Peace of Mind to Employees as A Priority Initiative

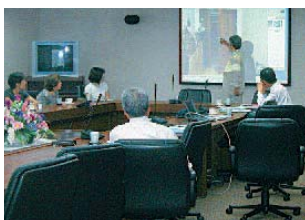
Ensuring the Safety and Health of Employees Traveling and Assigned Overseas

The Yazaki Group, which operates 163 business sites in thirty-seven countries, makes every effort to ensure that its employees can work in safe and healthy environments when overseas.

Information concerning the security situation in various countries around the world is provided on the company intranet and measures are taken to raise awareness



The Overseas Safety intranet site provides information on local security situations and healthcare conditions.



A safety seminar before employees are sent on overseas assignments

concerning safety while overseas, including seminars for employees who are sent on overseas assignments and their families. Each overseas affiliate has prepared a crisis management manual and appointed a crisis management officer. Yazaki continues to take measures to ensure the safety of all employees such as reinforcing cooperation among different business sites and creating an emergency notification network.

In FY2005, Yazaki launched the Healthful Health Management Service,* which is both a new Yazaki Group business and an overseas employee health management support system. Services are provided at nine business sites in four countries, including China.

Labor-Management Relations Based on Trust and Dialogue

The Yazaki Employee Labor Union 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. In FY2005, the Women's Committee, made up of female union members, was created. As employment of women grows, women are being encouraged to increase their participation in union activities, and to reflect their opinions and ideas in union activities.

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. All employees are currently participating in a fundamental review of jobs, and the project involves weekly "no overtime days," "lights out" at 9:00 p.m., and employees taking at least one paid day off each month.

Maintaining and Creating Jobs

The Yazaki Group is continuing its efforts to develop new businesses to maintain employment at its subsidiaries and create environments where employees can work with a sense of security. Yazaki creates new businesses that will carry out the corporate principles, including reducing environmental impact and contributing to local communities, and provides full support for actions of subsidiaries.

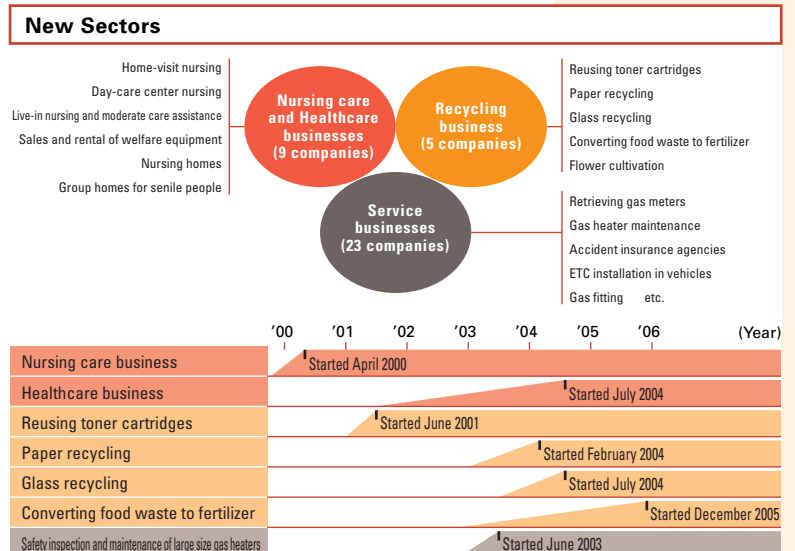
***Healthful Health Management Service**
Healthful is a health-management terminal that measures various data, including blood pressure and electrocardiograms, and employees can receive advice concerning their health conditions via a network.



***Yazaki AI**
Please see p.14 for further information

Maintaining Mental and Physical Health

To maintain the mental and physical health of employees, various physical exams have been enhanced. The Health Plan program is conducted to provide employees with information on preventing lifestyle-related illnesses. The Mental and Physical Health Consultation Hotline provides all employees and their families 24-hour access to specialists via telephone consultations on mental and physical health issues. Yazaki also began operating the Yazaki AI,* a system to protect whistleblowers, in April 2006. Under this program, employees can consult with both internal and external organizations concerning any problems they might have.



Building a Better Society through Positive Action

Working in Harmony with Local Communities

Shizuoka Branch April 2005 saw the completion of the new premises of the Shizuoka Branch, the design concept of which was 'all welcome.' Working in harmony with local communities was emphasized. Barrier-free design was applied throughout, including slopes to replace steps and toilets adapted for disabled people. Among the other features are the provision of a meeting room for the local community association and benches within the grounds for use by customers waiting for the bus.



Entrance to Shizuoka Branch, built to barrier-free design

The city of Shizuoka is built in an area which is frequently the epicenter of earthquakes. As a contribution to the local community in the case of an emergency, the branch is accordingly equipped with bulk type LPG storage tanks, drinking water, and food rations. In the event of it being used as an emergency shelter in a disaster, the facilities will allow the branch to cook food, boil water and supply lighting for up to six days.

Currently, the branch joins with local residents and the local government twice a year to carry out a fire safety exercise. To coincide with this, the branch organizes a range of community events, including traditional rice-cake making. These are designed to raise awareness of the role of the Shizuoka Branch as an emergency shelter.



Gas storage tanks for use by local residents in the event of an emergency



Rice-cake making after fire safety exercise

Grants for Scientists and Researchers



2006 Grants presentation ceremony

The Yazaki Memorial Foundation for Science and Technology was established in 1982 in commemoration of the fortieth anniversary of the founding of Yazaki Corporation. Every year it provides grants and aid in the three fields of new materials, energy, and information to researchers engaged in innovative technology research that is both particularly creative and has a high degree of practicality. In FY2005 the Foundation awarded five Grants for General Research, ten Grants for Research Encouragement, which are awarded to young scientists, and twelve Grants for International Exchange. Additionally, Grants for Special Research are awarded every year for designated themes. In FY2005, one candidate was selected after careful scrutiny of applications in the designated themes listed below:

1. Research into technology that supports a safe and convenient lifestyle;
2. Research into green/bio environmental technology.

Environmental Education for Children

At the Fuji Factory of Yazaki Electric Wire Co., Ltd., study visits to the factory and talks on the factory's environmental action are organized within the framework of the Mount Fuji Network Environmental Education Project to teach local children about the environmental impact of manufacturing processes, and about environmentally considerate manufacturing operations. By taking part in activities such as trash collection on Mount Fuji and releasing carp and *amago* trout into local rivers, the children learn about the importance of environmental conservation. At the same time, these activities help to heighten the environmental awareness of employees.



Fifty local elementary school students taking part in a study visit

Elementary Schools for Cambodia

As part of its social contribution activities, the Yazaki Employee Labor Union participates in the JHP* project for constructing schools and playgrounds in Cambodia, which is organized by JAM* Shizuoka. Now in its fourth year, this consists of collecting donations, dispatching volunteers to build swing sets, and collecting stationery, musical instruments, and other articles to send to Cambodian elementary schools. In August 2005, the much-awaited second elementary school was completed and, following a competition to select a popular title, was named the Himawari School.



Children of Himawari Elementary School with volunteers

Stop Engine Idling Campaign



A "Stop Engine Idling" poster

At Kawane Parts Co., Ltd., it was noticed that truck engines were often left running while partner companies delivered goods. In response, a campaign was launched to stop this engine idling. A "Stop Engine Idling" poster was displayed on the entrance doors and leaflets listing points for environmentally considerate behavior were distributed at supplier meetings as a way of encouraging cooperation.

Growing Cosmos Flowers

In the municipality of Ochi, where Minami Shikoku Parts Co., Ltd., has its head office factory, a cosmos festival is held every year in October. To contribute to a greener local environment and to the revitalization of the region, with its declining population, a cosmos meadow is planted and maintained every year in partnership with the local chamber of commerce and industry. By supporting such events, which help the local economy, Yazaki strengthens its sense of solidarity with the local community.

Local Scenic Improvement Initiatives

Yazaki factories and offices work toward the beautification of surrounding land and rivers as a part of their contribution to local communities.

Since the company's early days in 1985, Yamaguchi Parts Co., Ltd., has marked Environment Day* in June every year with a clean-up of sidewalks around the factory, in which it picks up trash, empty cans, and so on.



All employees participate in the clean-up

Five or six times a year, Higashi Shikoku Parts Co., Ltd., uses the occasion of a public holiday to recruit volunteer employees for scenic improvement activities focusing on roadside gutters and other facilities on and around the factory site. This activity to conserve the natural environment also encourages communication with local residents and improved environmental awareness among employees.



Staff volunteers carry out a clean-up on a public holiday

The entire staff of the Chugei Factory of Minami Shikoku Parts Co., Ltd. carried out a volunteer clean-up with the aim of making the stream that flows through a local park habitable for carp. Fish have since returned to the river as a result. The clean-up met with praise from the local community and also improved the team spirit of the employees.



Creating a clean stream habitat for fish

At Jot International Co., Ltd., which operates the Yazaki Group welfare and recreation facility YYY CLUB iE RESORT, once a month thirty to forty of the hotel staff carry out a clean-up around the tourist sites, harbor, coastline, roads and other facilities of the island of Iejima in Okinawa where the hotel is located.



Commemorative photograph marking the Iejima beach clean-up carried out in conjunction with local elementary school students

Other Main Scenic Improvement Activities

Yazaki Parts Co., Ltd. Hodozawa Factory	Around eighty volunteers, consisting of staff of the Hodozawa and two other factories and their families, went hiking on Mount Fuji, clearing trash as they went.
Fujinomiya Parts Co., Ltd.	Weekly clean-up of the surrounding area encouraged local residents to start their own clean-up activities
Shimizu Parts Co., Ltd.	Clean-up activities in the area surrounding the factory site encouraged active communication with local residents
Tottori Parts Co., Ltd.	Staff participated voluntarily in locally organized activities to clean up the coastline and parks

*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

*Environment Day
Designated as June 5 to mark the United Nations Conference on the Human Environment held in Stockholm in 1972

Seeking Better Communication With Society

The “Mottainai” Advertising Campaign



A new “Mottainai” advertisement displayed inside Japanese bullet trains

The Yazaki Group launched the “Mottainai”^{*} series of advertisements in March 2004. These advertisements were in Japanese only and used the word “Mottainai” to express the spirit of eliminating waste, a fundamental element of the manufacturing industry. The objective of these advertisements is to gain widespread recognition of what has been Yazaki’s stance concerning manufacturing since its establishment.

In FY2005, Yazaki reverted to the advertisement design and concept used at the start of the campaign and added “MOTTAINAI” in English to reflect the fact that it is becoming a more familiar concept throughout the world. In addition, at the request of the Japanese Ministry of the Environment, the “Team Minus 6%” logo that the Ministry is using for its national campaign to help prevent global warming was added to new advertisements, which were run in magazines for the first time in order to further promote connection between the campaign and Yazaki’s operations.

***The “Mottainai” spirit**
Please see p.55 for further information

***Thirteen production sites**
Please see p.45 for further information

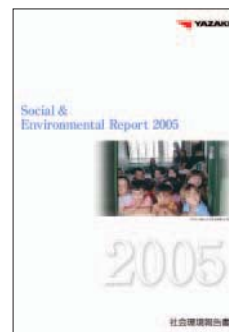


“Mottainai” advertisements that were run in magazines

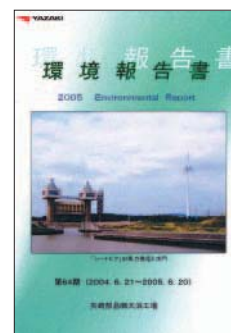
Social & Environmental Report Issued

The Yazaki Group issues its Social & Environmental Report to broadly disseminate information concerning its environmental activities and to reflect evaluations of those activities in future activities. In an effort to expand reporting of the social aspects of the Group’s activities, the Social & Environmental Report 2005, which covers activities during FY2004, was divided into two sections—one section on social aspects and another on environmental preservation activities. A total of 9,000 copies of the Japanese version and 2,000 copies of the English version were issued. Opinions and comments on the report submitted by readers via a questionnaire are used to improve the content of future reports.

Production sites have issued individual site environmental reports in Japanese since 2002. These reports are used as environmental educational tools for employees and communication tools for increasing understanding by local residents of the environmental preservation activities as well as the social contribution activities of each site. In FY2005, all thirteen production sites^{*} issued site environmental reports for FY2004.



The Social & Environmental Report 2005 issued in September 2005



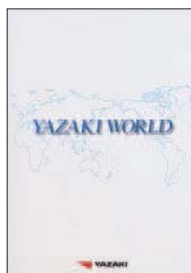
FY2005 individual site environmental reports
Daitou Factory (left)
Ohama Factory (right)

Stakeholder Meetings Held

The Yazaki Group has been holding stakeholder meetings since FY2004 as a means of obtaining various opinions directly from stakeholders and using those opinions to become a better company. Following the first meeting for reviewing the Social & Environmental Report held in June 2005, the "Let's look, listen and talk about Yazaki!" stakeholder meeting* was held in March 2006. Stakeholder meetings are an excellent opportunity for representatives of suppliers, local governments, environmental NPOs, and local residents to express their frank opinions and proposals and to deepen their understanding of the Yazaki Group.

Improving Corporate Communications Tools

The Yazaki Group works to disseminate accurate information to all stakeholder groups as a part of its communication activities designed to deepen understanding of the Group. In FY2005 the Yazaki website was enhanced to provide even more information. Considerable efforts are also being made to improve corporate communication tools such as the Directory of business sites in Japan and overseas; Yazaki World, an explanation of Yazaki Group products and technologies; and the Yazaki News, an internal newsletter for employees and suppliers.



The Yazaki Directory (left) provides comprehensive information on all business sites in Japan and overseas. Yazaki World (right) is a tool for customers that describes Yazaki Group products and technologies.



The Yazaki News is a quarterly internal newsletter.

Yazaki Participates in Exhibitions and Events

Yazaki Group companies actively display at exhibitions and events to make their next-generation technologies widely known to society and to promote further research through the use of extensive feedback.



The Yazaki Group booth at the 2006 JSAE Automotive Engineering Exposition

At the 2006 JSAE Automotive Engineering Exposition* held in May 2006, Yazaki displayed products with a focus on miniaturization, weight reduction, and safety technologies under the slogan "developing and supporting each other's growth." The miniaturization and weight reduction technology included steering column integrated speedometers and press-fit connectors,* while safety technologies included the YAZAC-eye drive recorder, which detects and records conditions during a collision. These technologies drew many visitors to the Yazaki booth.

****"Let's look, listen and talk about Yazaki!" stakeholder meeting**
Please see p.27 for further information

***2006 JSAE Automotive Engineering Exposition**
Japan's only automotive engineering exposition. Approximately 60% of the visitors are engineers. The exposition is held to promote exchanges of technical information, to allow researchers to give research presentations, and to provide a forum for interaction between engineers in Japan and overseas.

***Press-fit connectors**
Please see p.42 for further information

“Let's look, listen and talk about Yazaki!” Stakeholder Meeting Held

A meeting for reviewing the Social & Environmental Report was held in 2005 to enable various stakeholders to exchange ideas and opinions. During the meeting, a proposal was made concerning getting to know the Yazaki Group better, and in 2006 the review meeting evolved into the “Let's look, listen and talk about Yazaki!” stakeholder meeting. Eleven people representing suppliers, local governments, environmental NPOs, and local residents participated in the meeting. Satoshi Chikami, a professor at Nihon Fukushi University, served as moderator. The participants expressed a wide range of opinions concerning the Yazaki Group's environmental initiatives and human resource development programs.

Overview of the Meeting

Date: March 28, 2006 (Tuesday) 10:45 – 16:15

Location: Yazaki Parts Co., Ltd., Haibara Factory

- 1) “Looking at Yazaki”: Environmental initiatives at the Haibara Factory
- 2) “Listening to Yazaki”: Environmental and social aspects of initiatives towards carrying out the Corporate Policy
- 3) “Talking about Yazaki”: Answering questions regarding social and environmental initiatives, and soliciting opinions and suggestions.

Participants

Satoshi Chikami,	Professor, Nihon Fukushi University
Katsuhiko Hisaki,	Director, Mitsuba Corporation
Yusuke Ichikawa,	Purchasing Department/Purchasing Section, Mass Prod. Materials Manager, Mitsuba Corporation
Yasufumi Tanaka,	General Manager, Automotive Products Dept., Toray Industries, Inc.
Shigeki Nishihara,	Mayor, Makinohara City
Hideaki Nagata,	Environmental Affairs Manager, Civil Affairs Section, Makinohara City Office
Yasuko Nakano,	Makinohara City Councilor, Makinohara City
Noriyuki Ozaki,	Director, Shizuoka Green Keeper
Hiroaki Oishi,	Teacher, Makinohara Elementary School
Peter Patterson,	President, Frankston Susono Friendship Association Inc.
Chisato Murakami,	Chief Coordinator, UN Decade of Education for Sustainable Development



“Looking at Yazaki”

Manufacturing Tour at the Haibara Factory

With “Looking at Yazaki” as their theme, the participants toured the Parts Manufacturing 1, Plastic Molding 1 and Electronics Assembly, Assembly 1 sections of the Haibara Factory during the morning. A general explanation of the processes served to deepen understanding of environmental initiatives. The participants observed four priority activities that the plant is undertaking based on the idea of “full disclosure, including the contents of waste bins and manufacturing processes,” complete elimination of defects, thorough compliance, efficient use of materials and tools, and interaction with local communities. The participants expressed interest in wide-ranging topics, including return of packaging materials, handling of waste from employee cafeterias, and commuter buses.

Being a Trusted Company Requires Sincere and Thorough Environmental Activities

In pursuit of its goal of becoming a recycling-based plant, the Haibara Factory processes all waste, including sludge, and has achieved zero emissions of industrial waste. The factory also measures volumes of banned substances and implements activities to eliminate all defects. To reduce the volume of waste, the plant returns to the manufacturers packaging materials used for delivered electronic components. Efforts are made to minimize kitchen waste from the employee cafeteria, and any waste generated such as leftover food is processed by a specialized processing company.

Concerning the factory's efforts towards full disclosure extending even to manufacturing processes and the content of waste bins, one participant commented, “I was impressed with the company's extensive efforts to make information available to the public.” Another participant pointed out, “One negative aspect is that Yazaki has eliminated tea plantations to build parking lots,” and suggested that the company “use commuter buses to reduce the number of cars being used for commuting.”



A recycling exhibit at Electronics Assembly, Assembly 1



A display garden that uses Super Sol R, made from recycled glass bottles



“Listening to Yazaki”

Explanation of Social and Environmental Aspects of Yazaki’s Activities

Yazaki provided an explanation of its stance and business activities designed to carry out its Corporate Policy of striving to be “a corporation in step with the world” and “a corporation needed by society.”

Chairman Yasuhiko Yazaki gave an address on Yazaki’s specific initiatives designed to carry out its Corporate Policy with the question of what Yazaki can do to contribute to the realization of a sustainable society as his underlying theme. Following the address, four participants gave briefings on various topics, including the development of new businesses in response to the changing times, development of human resources from a global perspective, and interaction with local communities.

Yazaki’s Initiatives to Carry Out its Corporate Policy

In his address, Chairman Yazaki made the following comments.

“Japan is currently confronting many dramatic changes, including advances in communications technology such as the Internet, development of transportation infrastructure, and globalization. This is a time when companies must stand up and act with a high degree of flexibility to respond to the changes that are taking place in the world. There are numerous challenges that require our attention, including increased participation by women in the labor force, the aging of society, globalization, and environmental problems.

“If a company’s foundations are not secure, it will be shaken terribly to its core and will not be able to respond appropriately. At Yazaki, our Corporate Policy serves as the basis for all our corporate activities. We will respond flexibly to change based on our Corporate Policy of striving to be ‘a corporation in step with the world’ and ‘a corporation needed by society.’

“Each year, we hire about ten foreign students, and when they are asked what they think will be significant issues ten years in the future, they often mention environmental problems as well as ethnic, religious, and territorial disputes. Although this is an extremely challenging issue, I believe that the elimination of poverty would be a tremendous step in addressing these issues. The elimination of poverty will lead to greater education and solutions to environmental problems. Our business activities involve going overseas, putting down roots and developing relationships in other countries, and supporting the establishment of industry. The manufacture of wiring harnesses, a type of automotive part, requires large numbers of people, and being able to perform this work together with employees in other countries is thanks to the efforts of our predecessors.”



Chairman Yazaki addresses the participants

Focusing on What the Yazaki Group Can Do

The Yazaki Group seeks to contribute to the creation of a society capable of sustainable development and to be a trusted corporate presence. Yazaki has made the formation of strong ties with local communities and consideration for the environment top priorities in developing new business fields. Yazaki has entered the reforestation business and recycling businesses (recycling of toner cartridges, waste paper, glass bottles, and foodstuffs) as well as the nursing care and healthcare businesses and various related services.

With respect to Yazaki’s community ties, one participant commented, “I am extremely interested in the biomass business. This business probably can’t be conducted without external supplies of fuel and local cooperation, and in this context, I would like to see measures to achieve zero-emissions being expanded to local communities through cooperative measures.”

Developing Human Resources from a Global Perspective and Interacting with Local Communities

The objective of developing human resources from a global perspective is to foster personnel who can engage in business anywhere in the world. The Adventure School, now in its eleventh year, is an overseas training program that allows newly recruited employees to experience different cultures abroad based on plans they develop themselves. In addition, the Global Training program for management candidates of overseas subsidiaries provides direct exposure to the Yazaki culture as well as practical training. Yazaki also operates summer camp programs for the children of employees that are staffed by volunteer employees. Yazaki is a multi-cultural corporate group that respects diversity and plurality of culture and is focusing its efforts on developing the human resources that will lead the company in future generations.

Personnel from some overseas subsidiaries explained their undertakings to interact with local communities. Zoran Dimovski, Business Systems Manager, Australian Arrow Pty. Ltd. gave a presentation in which he explained, “AAPL puts considerable effort into social contribution and environmental activities, including reforestation, children’s art contests, and recycling of waste in Samoa.” Next, Mr. Peter Patterson, chairman of the Frankston Susono Friendship Association, explained, “We place particular importance on deepening interaction with Japan and Japanese companies and on bilateral communication through programs such as a Japanese culture fair and student exchange programs between the cities of Frankston and Susono.”



A participant gives a presentation at the 2006 stakeholder meeting

“Talking about Yazaki”

What Yazaki Must do to Carry Out its Corporate Policy

During the “Talking about Yazaki” phase of the program, the participants engaged in an active exchange of broad-ranging ideas and opinions concerning Yazaki’s activities based on what they saw and heard in the “Looking at Yazaki” and “Listening to Yazaki” phases. Among the various topics addressed were the optimal methods for a corporation to pursue profits in the twenty first century, human resource development and personnel evaluation systems, the forest regeneration business, and putting the Corporate Policy into practice. Many opinions, impressions, and proposals were expressed. Under the direction of Professor Chikami’s moderation, the participants engaged in valuable discussion of their concerns and doubts.

Responding Flexibly to Environmental Change

Chairman Yazaki started off the discussion by asserting, “In the twenty-first century, the ideal corporation will not look only to making a profit, but will also work with local communities, government, and residents in the pursuit of happiness. Yazaki’s reforestation business is one such example. Restoring forests leads to restored rivers and oceans. The recycling business and the nursing care business are also good examples.”

Concerning cooperation with local communities, one participant expressed the opinion that, “By using its kitchen waste from employee cafeterias in poultry farms, the Yazaki Group could conduct an experiment in creating a recycling-based society and deepen ties with local communities.” In response, Yazaki mentioned the example of its recycling business that recycles kitchen waste from the local community into fertilizer. Currently, various parties from the local community including the local government, residents, and farmers are working together to advance this business.

Other noteworthy opinions expressed were, “Considering the overall capabilities of the Yazaki Group, nursing care could very well become a pillar of its business,” and “How companies form teams among themselves is also very important.”

Becoming a “Company Needed by Society”

When considering the meaning of a company needed by society, environmental activities are certain to come under scrutiny. The Yazaki Group puts particular emphasis on environmental measures in manufacturing and the development of new businesses that take the environment into consideration. At manufacturing sites, comprehensive measures are being taken to achieve zero emissions of industrial waste, completely eliminate defects, and disclose everything from the contents of waste bins to manufacturing processes in an effort to create recycling-based factories.

The reforestation business, which seeks to restore the functions of mountains by planting both coniferous evergreens and deciduous trees, is one environmentally-friendly new business. The aim is to adopt the Yazaki production system to make wood pellets using wood from thinned trees, and revive the forestry industry. This is a project that involves local government, forestry cooperatives, local residents, and Yazaki employees. “It is wonderful that the company is working with the local community to renew forests in an environmentally-friendly endeavor, but the results will be seen fifty years from now. There is a Japanese expression that ‘continuity is strength,’ and this project will require the strength of hard-working employees. The key to generating profits for the company is to continue our efforts over the long term,” commented Chairman Yazaki. A number of participants expressed their desire that Yazaki continue its efforts in the nursing care and recycling businesses.





What Must Yazaki Do to Be “A Corporation in Step with the World”?

Yazaki is a well-known global group with production bases in Japan and overseas and approximately 180,000 employees, but it is also a multicultural group that encourages mutual recognition of different cultures and values. The headquarters are located in Japan, but since Yazaki conducts business globally, it is crucial that it takes into consideration conditions in other countries and considers what support it can provide to local communities. This requires a shared awareness that does not focus unnecessarily on nationality or culture, but rather on leadership abilities that can join people together. One participant stated, “I think management is difficult beyond imagination, but the ideas and instructions of the chairman work their way down and serve to guide everyone in the same direction. I believe that this is the foundation of a “company in step with the world.”

In its cooperative activities with local communities, the Yazaki Group provides support so the members of those communities can perform management themselves in the future. One participant pointed out “A local community is a part of the world, and therefore, measures in step with the world will necessarily overlap with the measures that the local community needs.” Another participant commented, “I would like to see stronger ties with communities in areas such as environmental preservation activities and beautification activities.”

Human Resource Development for Putting the Corporate Policy into Practice

It is said that we are living in a time of gender equality, but under current conditions, societal acceptance and understanding can still be difficult in Japan. It will not be easy to change these conditions, but the Yazaki Group is actively hiring and employing women and is committed to creating better working environments for all employees by, for example, improving various leave systems.

Developing human resources is crucial for invigorating the company. An explanation was provided of the quantitative and qualitative evaluations that are performed through communication with supervisors in the Yazaki Group. One participant noted, “Companies are social educational bodies that educate people, but the responsibility of these “universities” that send graduates out and into the world is also substantial.” Another commented, “I would like Yazaki to implement educational programs concerning its undertakings at local elementary schools so the spirit of ‘Mottainai’ can be spread and shared.”

High Expectations for “Four E” Activities

The “four Es”—Environment, Economy, Education, and Equity—will be extremely important in supporting a sustainable society. There are numerous opportunities to discuss the environment, economy, and education, but the fourth, social equity (including gender equality and the equitable distribution of wealth among regions) must also not be forgotten. I hope that the Yazaki Group will also consider equity in its business and other activities in the twenty-first century.



Satoshi Chikami
Professor, Faculty of Social and Information Sciences,
Nihon Fukushi University



Reflecting on the Numerous Opinions Expressed by Participants

Deeper understanding of the Yazaki Group will lead to increased collaboration towards the realization of a society capable of sustainable development. The Yazaki Group’s first “Look, Listen, and Talk about Yazaki” stakeholder meeting was held based on this idea.

At the meeting, the eleven experts who participated as representatives of the various Yazaki Group stakeholders expressed their unreserved opinions and proposals.

Many saw business projects undertaken in collaboration with local communities such as the reforestation business as a “move towards the formation of a new society.”

Yazaki’s confidence in its on-going activities was renewed, but at the same time, we developed a new awareness of the scale of the expectations towards Yazaki and our responsibilities. In addition, a number of new issues were pointed out to us.

We hope to address each of these issues and by doing so become a company that is recognized and accepted by society even more than in the past.

Environmental Aspects ● Highlights

Development and Design

Developing an Environmentally Considerate Taxi Meter



Regular group meeting held inside the General Transportation Systems Development Division



Taxi meter LT25P

The Yazaki Group has developed a new taxi meter with a built-in printer that is 36% lighter and 38% smaller than the conventional type and is also simpler to install in a vehicle. In addition to using electronic parts that comply with the EU ELV Directive,* the new meter uses a sticker-type verification and approval seal instead of the lead-based seal used in the conventional type. Furthermore, the mercury-containing CFL (cold cathode fluorescent lamp) used for illumination was replaced with an LED. As a result of these environment-oriented measures, the new meter became the first environmentally considerate product of the Yazaki Group to receive the Type II Environmental Label.

*EU ELV Directive
Please see p.18 for further information

Production

Best Practices Presentations held for Each Bloc

In FY2005, Yazaki expanded the focus of its initiatives to reduce environmental impact from the thirteen production sites* in Japan to include production subsidiaries; these initiatives include those designed to help reduce global warming (reduction of CO₂ emissions) and to achieve zero emissions* of waste. As part of these efforts, Yazaki holds best practices presentations by production sites throughout Japan. The objective of these presentations is to discuss best practices from individual production sites, share information, and help the subsidiaries smoothly implement environmental initiatives. Best practices presentations are held in each of the six blocs, with major plants presenting measures to help prevent global warming, reduce waste, and raise employee environmental awareness, while subsidiaries present examples of environmental best practices, progress reports, and issues. The presentations also include a tour of the host plant and an opinion exchange, with the goal of increasing awareness about environmental initiatives.

*Thirteen production sites: Please see p.45 for further information

*Zero emissions: Please see p.47 for further information



(Left) Presentation on environmental best practices by a major plant
(Right) Plant tour

Previous product: LT23 · PRIV



Weight: 811.2g
Total volume: 1,371cm³

New product with built-in printer LT25P



Weight: 520.8g
Total volume: 846cm³



Size and weight reduction

(From left to right, back row)
Masashi Watai, Tetsuya Saito, Takayuki Shimizu, Tsuyoshi Kobayashi
(From left to right, front row)
Toshihiko Sugiyama, Tatsuo Yamamoto, Takahiro Waki
21st Development Department Team, General Transportation Systems Development Division



The team worked on reducing the size and weight of the meter and improving its ease of installation. Through steps such as the use of parts complying with the EU ELV Directive, we succeeded in developing the industry's first environmentally considerate taxi meter.

Environmental Labels

Environmental labels are designed to help consumers choose environmentally considerate products. The International Organization for Standardization (ISO) classifies environmental labels into three categories: Type I, Type II, and Type III. These labels communicate information about environmentally considerate products to consumers and promote "green" purchasing.

Type I

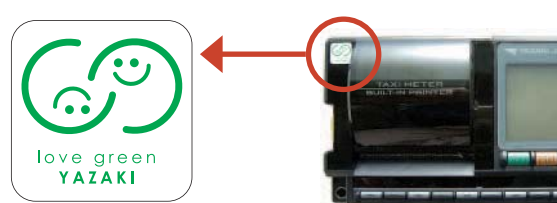
Type I environmental labels are multi-criteria third-party programs that award environmental labels to products meeting a set of predetermined requirements. The Eco Mark in Japan is a Type I label.

Type II

Type II environmental labels specify requirements for self-declared environmental claims made by manufacturers, importers, distributors, retailers or anyone else likely to benefit from such claims.

Type III

Type III environmental declarations provide quantified environmental information about products, using predetermined parameters based on the ISO life-cycle assessment series of standards (from manufacturing, distribution, and use to disposal and recycling). Like Type I, third-party certification is required.



Environmental label (Type II)

Bloc Environmental Best Practices Presentations

* Implementation sites

Date of implementation	Implementation completed					
	1st	2nd	3rd	4th	5th	6th
	February 1, 2006	March 23	April 21	Scheduled for September	Scheduled for October	Scheduled for December
Region	Shizuoka Prefecture (eastern)	Shizuoka Prefecture (central, western)	Chugoku and Shikoku	Kanto and Tohoku	Chubu	Kyushu
Factory	Numazu Factory* Fuji Factory Susono Factory (electric wires)	Shimada Factory* Hamamatsu Factory	Niimi Factory* Hodosawa Factory	Tochigi Factory Haibara Factory Susono Factory (wiring harnesses)	Washizu Factory Tenryu Factory	Ohama Factory Daitou Factory
Subsidiary	Yawara Industries Co., Ltd. Iwao Kogyo Co. Ltd. Numazu Distribution Services Co., Ltd. Fujiinomiya Parts Co., Ltd.* Fuji Parts Co., Ltd. Shimizu Parts Co., Ltd.	Sol Technica Co., Ltd. Tanshin Industrial Co., Ltd. Kosai Parts Co., Ltd. Cable Technica Co., Ltd. Kawane Parts Co., Ltd. Kan Industries Co., Ltd.	Tottori Parts Co., Ltd. Okayama Parts Co., Ltd. Yamaguchi Parts Co., Ltd. Higashi Shikoku Parts Co., Ltd. Minami Shikoku Parts Co., Ltd.	Aomori Parts Co., Ltd. Akita Parts Co., Ltd. Yamagata Parts Co., Ltd. Miyagi Parts Co., Ltd. Fukushima Parts Co., Ltd. Niigata Parts Co., Ltd. Japan Chain Terminal Co., Ltd.*	Hokuetsu Parts Co., Ltd. Hokuriku Parts Co., Ltd.* Fukui Parts Co., Ltd. Gifu Parts Co., Ltd. Gifu Industrial Equipment Co., Ltd. Anan Parts Co., Ltd. Hokuetsu Harness Co., Ltd.	Nagasaki Parts Co., Ltd. Kumamoto Industrial Equipment Co., Ltd.* Kumamoto Parts Co., Ltd. Kagoshima Parts Co., Ltd. Miyazaki Parts Co., Ltd. Oita Parts Co., Ltd.



Environmental Management Looking ahead to FY2010

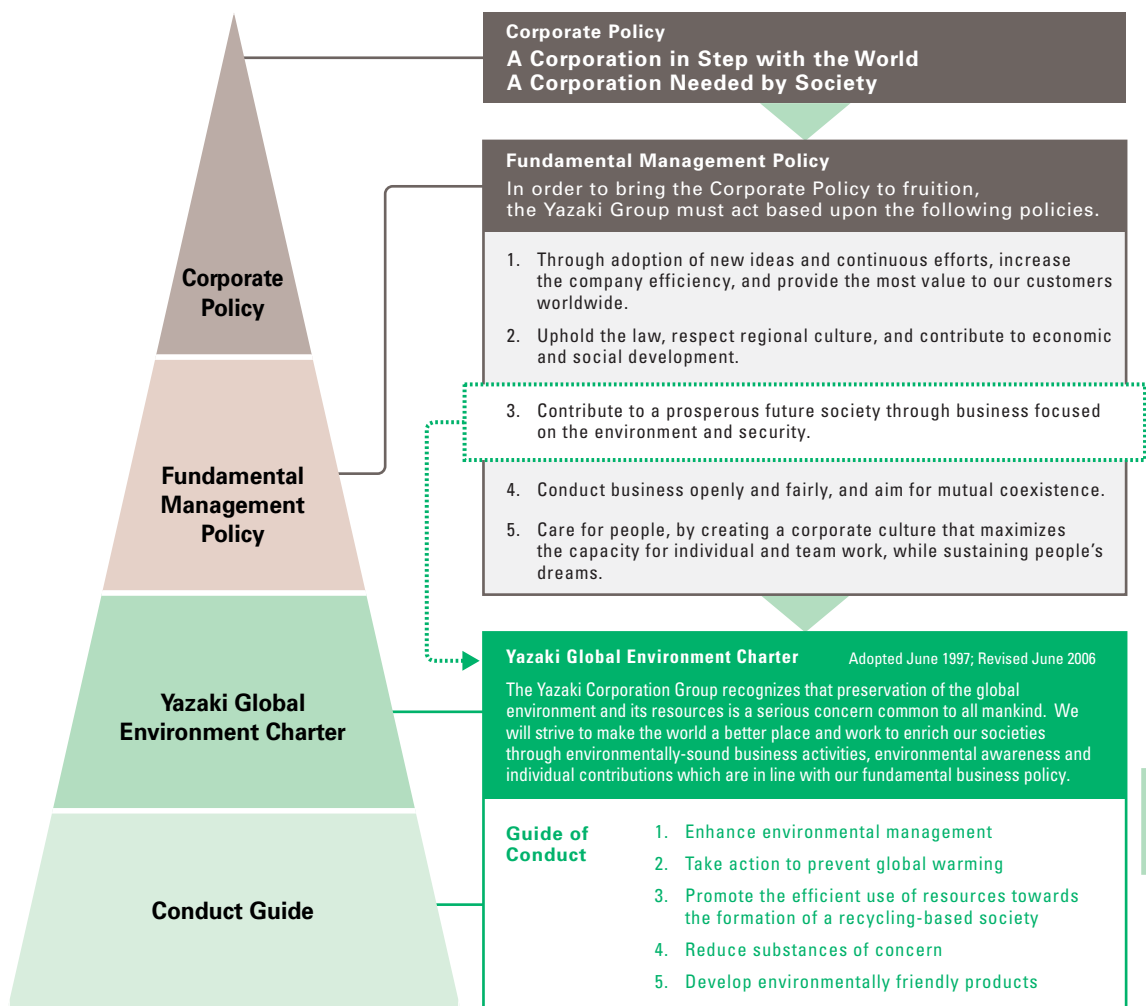
Yazaki's Environmental Management Vision

In accordance with the Yazaki Global Environment Charter, adopted in 1997 and revised in 2002 for the 21st 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 FY2006,

Yazaki adopted a new Environmental Management Vision and Environmental Action Plan looking ahead to FY2010. All Group companies, including overseas companies, are working to continuously enhance environmental performance and are focusing their energies on the construction of environmental management systems.

Yazaki's Environmental Management Vision

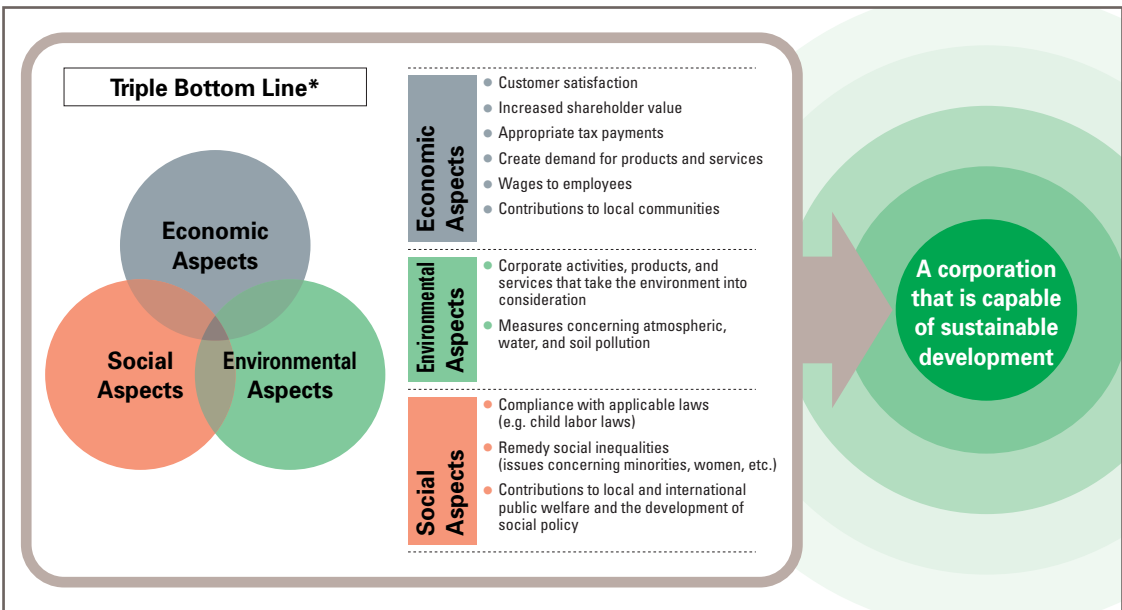
Based on its Corporate Policy, Yazaki undertakes environmental initiatives within its core business with the participation of all employees in the pursuit of sustainable development.



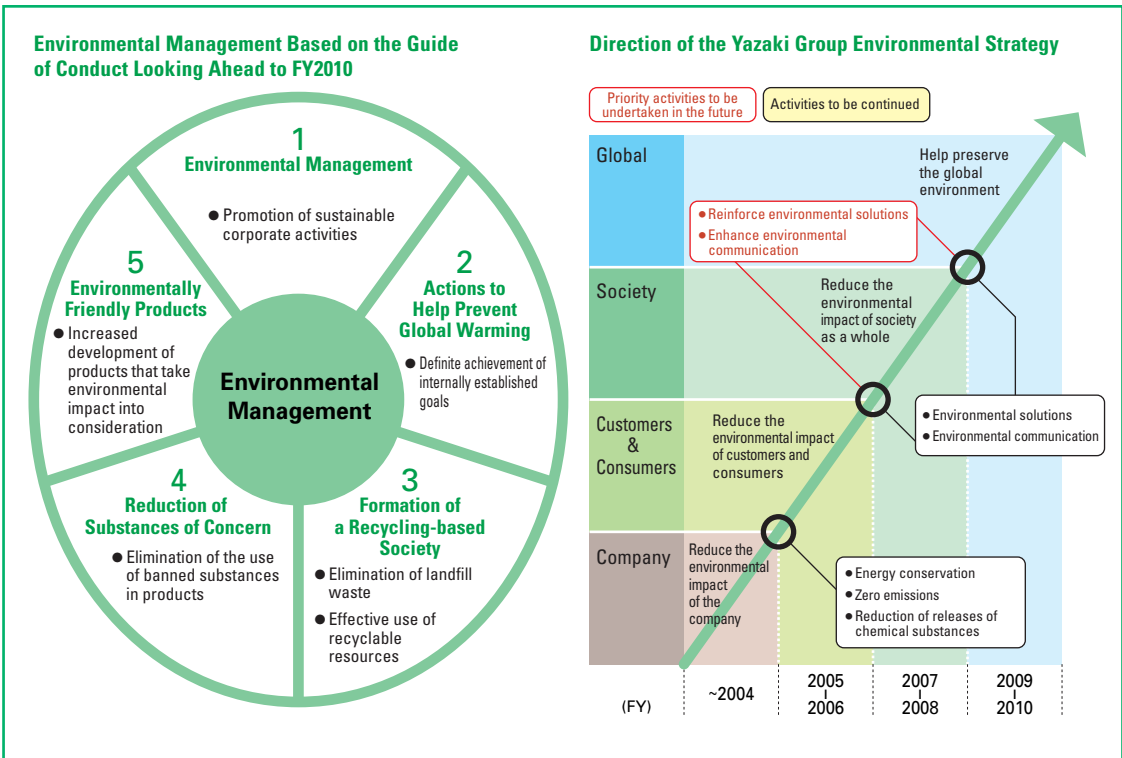
Management that Creates Environmental Value

Socially-Responsible Management that Contributes to Sustainable Development

To achieve sustainable development, Yazaki will aim to undertake management that takes environmental, economic and social aspects into consideration.



*Triple Bottom Line
Evaluation of corporate performance from three perspectives—economic, environmental and social aspects—and the evaluation of those three aspects



Goals and Performance Based on the Yazaki Environmental Action Plan (Five-Year)

Environmental Action Items (Ideals for FY2010)

1. Full-scale implementation of environmental management	Ensuring thorough environmental awareness of all employees so that they can independently take environmental actions (in pursuit of a sustainable corporation)
1-1. Establishment of the environmental management system	(1) Promotion of the Environmental Action Plan throughout the company (2) Establishment of an environmental quality assurance system (Quality Engineering) (3) Establishment of an internal audit system (4) Establishment of an environmental information management system on a global scale (5) Full establishment of a waste management system within the Yazaki Group in Japan (6) Establishment of a system to grasp environmental accounting data
1-2. Raising of environmental awareness	(7) Full-scale implementation of environmental education in Japan and overseas (8) Promotion of environmental awareness among employees
1-3. Cooperation with communities	(9) Proactive disclosure of environmental information (10) Enhanced communication with the surrounding communities in Japan and overseas
1-4. Support of environmental risk management	(11) Support of compliance with environmental laws and regulations
2. Measures to help prevent global warming	Total achievement of voluntary greenhouse gas reduction goals in line with a plan to achieve the goals indicated in the Kyoto Protocol (total implementation of actions to help prevent global warming)
2-1. Actions to reduce the CO₂ emissions from business activities in Japan and overseas	(1) Promotion of CO ₂ emissions reduction at all Yazaki sites in Japan and overseas (2) Promotion of CO ₂ emissions reduction through improvements in logistics
3. Promotion of effective resource utilization to help build a recycling-oriented society	Elimination of landfill waste and efficient utilization of all recyclable resources (establishment of a recycling-based system)
3-1. Promotion of zero emissions through resource recycling	(1) Promotion of material flow cost (MFC) accounting (2) Promotion of waste-reduction actions (3) Reduction in packaging material usage: 15% by FY2010 (4) Reduction in copy paper usage: 30% by FY2010 (5) Reduction in water usage: 15% by FY2010
3-2. Promotion of green purchasing	(6) Promotion of green procurement by suppliers and enhanced support of environmental actions (7) Establishment of a green purchasing system for office supplies • Complete switchover to green products for all office supplies
4. Measures to reduce substances of concern	Complete prevention of the use of banned substances in Yazaki products (zero use of banned substances)
4-1. Full compliance with European Union (EU) directives and regulations	(1) Establishment of a Substances of Concern (SOC) Management System by the Global SOC Committee (2) Elimination of harmful substances from all Yazaki sites in Japan and overseas • Compliance with the EU ELV Directive • Compliance with the WEEE Directive* and RoHS Directive (3) Establishment of a system that can comply with the REACH Regulations* (4) Establishment of a system that can comply with the EuP Directive*
4-2. Compliance with environmental regulations in Japan	(5) Reduction in the emission volume of chemical substances (e.g., VOCs) (6) Compliance with regulations related to harmful chemical substances
5. Development of environmentally harmonious products	Development of products that help reduce global warming, promote resource recycling, and reduce substances of concern (applicable to all product areas)
5-1. Promotion of development of environmentally friendly products	(1) Establishment of the Yazaki LCA System (2) Development of new products using the QFDE method*

***WEEE Directive**
One of the EU directives. The directive holds member nations, and manufacturers responsible for designing, collecting, sorting, and recycling waste electrical and electronic equipment (WEEE) in a manner that promotes recycling of electronic equipment, including consumer appliances.

***REACH Regulations**
European regulations that require corporations that manufacture, import, or use chemical substances to evaluate the risks arising from the use of these chemical substances and establish a system to manage these risks.

***EuP Directive**
An EU directive that requires manufacturers of electrical equipment (Energy-using Products (EuP)) to carry out lifecycle assessment on the environmental impact of their products.

***QFDE method**
Stands for Quality Function Deployment for Environment. A design method that is used as a design tool at the product planning stage, that is, the initial stage, to make products environmentally friendly.

Evaluation standard  100%  80% or higher  Less than 80%

FY2005 Performance and Remaining Issues	Score	FY2006 Goals
<ul style="list-style-type: none"> Goals were established for Business Units, Operations, and Management Divisions and solid actions were taken Progress at Components and Electronics Divisions was checked and followed up on. Not done at W/H Division 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> Implementation of environmental actions at each site and consistent follow-up Expansion to W/H Division
<ul style="list-style-type: none"> Cross audits were carried out within each bloc, clarifying improvement requirements A framework for collecting environmental information from overseas business sites was completed The current status of the management system at each site was surveyed and summarized 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> Verification of waste management measures and creation of a checklist Evaluation and application of IT-based environmental data collection and analysis Creation of subcontractor agreements at sites within Japan and identification of waste-related risks
<ul style="list-style-type: none"> A framework that can use a new accounting system to collect and tally data was established and put into use (production sites) 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Introduction of the new accounting system into sales offices and improvements in operational methods
<ul style="list-style-type: none"> Environmental education was implemented based on environmental textbooks Held environmental action conferences by bloc and took actions related to environmental month events Created and enhanced the Social & Environmental Report as well as site reports Communicated the environmental actions being taken at the Haibara Factory to stakeholders 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> Creation of revised environmental textbooks and their utilization in educating executives Continuation of environmental action conferences by bloc and consideration of development of a system for recognizing environmentally excellent factories Creation of a report suitable for a global corporation Holding of enhanced stakeholder meetings that closely address local issues Establishment of an attitude of environmental compliance and its propagation to other functions
<p>—</p>	<p>—</p>	<p>—</p>
<ul style="list-style-type: none"> Reduced by 7.8% from the reference value in terms of absolute value 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Reduction of 3.5% in terms of absolute value
<ul style="list-style-type: none"> CO₂ emissions: Reduced by 14.7% from the FY2002 cumulative standard value 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Reduction by 18% from the FY2002 level
<ul style="list-style-type: none"> Current status and issues being investigated 	<ul style="list-style-type: none"> × 	<ul style="list-style-type: none"> Identification of target products, MFC accounting implementation, and promotion of improvement actions
<ul style="list-style-type: none"> Total waste generated: Reduced by 10.5% from the reference year at the 13 primary factories 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Affiliates: 4% reduction from the FY2005 level
<ul style="list-style-type: none"> Landfill waste: Achieved zero emissions at the 13 primary factories 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Affiliates: Promotion of zero emissions
<ul style="list-style-type: none"> Material recycling rate: Achieved 79.2% at the 13 primary factories 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Affiliates: Establishment of goals by each factory and implementation of actions
<ul style="list-style-type: none"> Waste-processing cost: Reduced by 7.1% at the 13 primary factories 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Affiliates: Establishment of goals by each factory and implementation of actions
<ul style="list-style-type: none"> Identified the target materials at each factory and began investigating their current status 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Assessment of the current status and decision on reduction measures and reference values
<ul style="list-style-type: none"> Reduced by 5.7% from the reference value 	<ul style="list-style-type: none"> ▲ 	<ul style="list-style-type: none"> Establishment of goals by each factory and implementation of actions
<ul style="list-style-type: none"> Increased by 0.7% (achievement rate of 96.1%). Reduced by 4% from the FY2004 level 	<ul style="list-style-type: none"> ▲ 	<ul style="list-style-type: none"> Establishment of goals by each factory and implementation of actions
<ul style="list-style-type: none"> ISO certification was acquired by 202 suppliers out of the total of 308 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Reassessment of the green procurement guidelines and education of suppliers
<ul style="list-style-type: none"> Green purchasing rate of 74.7% in monetary terms 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Green purchasing rate of at least 80% (in monetary terms)
<ul style="list-style-type: none"> Established a system to purchase environmentally considerate office supplies 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Implementation of the green product purchasing system throughout the entire company
<ul style="list-style-type: none"> SOC check was carried out at all Chinese and ASEAN sites 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Establishment of SOC management systems in YNA (U.S.) and YEL (U.K.)
<ul style="list-style-type: none"> Defined the requirements for an Evidence Database* and designed the necessary system for it 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Entry of data into the Evidence Database, as well as its operation and improvements
<ul style="list-style-type: none"> Studied and summarized a clear policy for establishing a system to avoid risks in purchased products 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Establishment of a policy to avoid risks in purchased products
<ul style="list-style-type: none"> Hexavalent chromium: Delay occurred in switching corrosion-prevention products 	<ul style="list-style-type: none"> ▲ 	<ul style="list-style-type: none"> Hexavalent chromium: Complete switchover of corrosion-prevention products by the end of December
<ul style="list-style-type: none"> Lead: Resolved the technical issue in the solder for wiring harness terminals 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Lead: Establishment of a new printed circuit board technology and testing on a mass-production line
<ul style="list-style-type: none"> Established the concept of safe harbor* 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Continued establishment of the concept of safe harbor
<ul style="list-style-type: none"> Automotive Sector: Eliminated the substances subject to RoHS Environmental Systems Sector: Identified target parts 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Recycling of target products
<ul style="list-style-type: none"> Investigated the current status of the REACH Regulations draft 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Continued collection of the latest information and identification of necessary actions
<p>—</p>	<p>—</p>	<ul style="list-style-type: none"> Collection of the latest information on the EuP Directive and identification of necessary actions
<p>—</p>	<p>—</p>	<ul style="list-style-type: none"> Identification of substances to be reduced and establishment of reduction goals
<ul style="list-style-type: none"> Soil testing, and PCB and asbestos countermeasures 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Continued investigation of soil-related measures
<ul style="list-style-type: none"> Completed an LCA database for wiring harness parts assembly 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Enhancement to the database through assessment of wiring harness parts data
<ul style="list-style-type: none"> Establishment of a system that can acquire a Type III environmental label 	<ul style="list-style-type: none"> ▲ 	<ul style="list-style-type: none"> Automotive Sector: Creation of an LCA database and establishment of a system Environmental Systems Sector: Acquisition of a Type III environmental label
<ul style="list-style-type: none"> Decision on a Type II environmental label and certification of environmentally friendly products 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Designing environmentally considerate products based on the QFDE method

***Evidence Database**
A database that stores analysis data on substances contained in products

***Safe Harbor**
The concept of identifying items that should be implemented to avoid liability although the ELV Directive has not established specific penalties for them

Environmental Management System and Risk Management

FY2005 Goals	FY2005 Actions and Results
1. Implementation of cross audits	1. Cross audits were carried out within each bloc, clarifying improvement requirements
2. Actions related to soil testing, PCB, and asbestos	2. Continued soil testing, registered PCB disposal early, investigated the status of asbestos measures, and took necessary actions
3. Investigation of the current status of the waste management system	3. Investigated the current status of the waste management system

***ISO 14001**

International standard related to environmental management systems. Defines the requirements necessary for continuously reducing the environmental impact associated with business activities

ISO 14001 Certification Acquisition

In order to further reduce environmental impact and ensure complete risk management, all production sites and production subsidiaries within the Yazaki Group obtained ISO 14001* certification by the end of FY2004, signaling the completion of the building of an environmental management system throughout the Group. In FY2005, the entire Yazaki Group undertook further environmental actions. For example, the expertise and technologies for achieving zero landfill waste were extended from the major factories to affiliates, with the goal of achieving zero landfill waste at all production subsidiaries by the end of FY2005.

Actions Related to PCB and Asbestos

PCB (polychlorinated biphenyl) has been widely used in electrical equipment such as transformers and capacitors due to its insulating and nonflammable characteristics, but its use was banned in 1972 because of its toxicity. However, the problem of disposing of PCB-containing products that had already been manufactured still remains. In order to deal with capacitors and transformers that contain PCB, the Yazaki Group in FY2005 assessed the situation and worked on early registration with waste processing companies for PCB detoxification. As a result, 157 devices were registered for processing. Furthermore, in FY2006, Yazaki will conduct a study on transformers containing minute amounts of PCB, which are not subject to early registration.

As for asbestos, which has become a serious problem affecting the general public, Yazaki's survey found no asbestos in its products and facilities, and no asbestos-related ailments in its employees. By the end of FY2006, Yazaki plans to take the necessary measures (encasing or sealing) for all asbestos found in buildings.

Highlight

Numazu Factory

In FY2005, the Plant Maintenance Section chose effective use of water resources as the action goal for environmental improvement. The team reassessed the pipes and valves inside the manufacturing processes, and found a way to return half of the water leaving the annealing process, which used to be discarded, to the cooling water tank, resulting in a savings of 6,525 tons of water per month.



Water-saving valve

Soil Contamination Surveys

As part of its environmental assessment,* Yazaki continued with its voluntary soil contamination surveys, focusing on three sites in FY2005. In FY2006, Yazaki plans to continue soil contamination surveys at these sites.

Prevention of Illegal Dumping of Industrial Waste

The Yazaki Group is building waste management systems at all of its production sites in Japan. In FY2005, Yazaki set strict compliance with environment-related laws as one of its goals, and plans to establish efficient waste processing systems based on a thorough understanding of the current waste processing routes.

***Environmental assessment Survey** that assesses the environmental impact of business activities on the surrounding communities

Cross Audits between Production Sites

All thirteen production sites* within the Yazaki Group have obtained ISO 14001 certification and have been conducting both internal and external audits every year. In a new approach, Yazaki divided the thirteen production sites into three regional blocs and conducted cross audits within the individual blocs. An audit team consisting of representatives from individual factories, as well as personnel from the General Affairs and Personnel Division, Legal Affairs Division, and Environmental Affairs Division audited each factory. A total of nearly 200 people participated in the audits, including production site managers, production personnel, and people from major departments (as observers). These audits were conducted from two perspectives: first, pointing out problems from the viewpoint of outsiders and incorporating good points into one's own production site; and second, using cross audits as the platform for exchanging information among production sites and learning from each other. After the cross audits were finished, a conference was held for the participants to discuss the improvement status and the positive points that were found, as well as how to incorporate the audit results into future environmental actions.



Cross audit

*All thirteen production sites
Please see p.45 for further information

Study Meeting to Address Common Issues

The cross audits identified the issues that need to be addressed by production sites. Of the issues that were common to all thirteen production sites and that also required attention at major subsidiaries, two issues ("the proper use of wire" and "the handling of saleable materials based on formal contracts") were selected and discussed in a study meeting in February 2006. With internal experts as instructors, approximately fifty employees from across all production sites attended the study meeting.



Study meeting held in February

Cross Audit as a Platform for Information Exchange and Mutual Learning

What was learned in the latest audit

- 1) There is a need for better understanding of laws.
- 2) On-site observation is the quickest way to identify the causes of problems.
- 3) Also pay attention to areas surrounding factories.
- 4) It's important to look in places that are normally hidden.

Yoshihiro Otsuka

General Affairs Department, Shimada Factory, Yazaki Meter Co., Ltd.

By participating in the cross audits, I learned that the audit is a platform for information exchange and mutual learning. For example, we were able to understand differences in legal requirements related to the storage of hazardous substances and the amounts that can be stored. We noticed pollution in places that are normally not visible and discovered problems that could be seen only from outside. We detected weaknesses that had been missed by people inside the factory and found ways to make improvements. I hope to communicate this kind of approach to the people inside our factory and to help improve our overall environmental management awareness level.

Looking Back



Raising Environmental Awareness and Building a System for Full Participation

FY2005 Goals	FY2005 Actions and Results
<ol style="list-style-type: none"> 1. Environmental education at each level and education of executives 2. Environmental education for general employees based on the environmental textbooks 3. Create structures to allow incentive systems to function 4. Consider introduction of environmental performance evaluations for managers 5. Reach an overall 73% green purchasing rate across all thirteen production sites 	<ol style="list-style-type: none"> 1. Management training and new-employee training textbooks revised 2. Conducted a test of 100 questions from the environmental textbook for all general employees over the course of six months 3. Added environmental items to performance review evaluation sheets 4. Conducted benchmarking of other companies and began adopting systems suitable for Yazaki 5. Achieved a green purchasing rate of 74.7%

*QCD
Q: Quality
C: Control
D: Delivery

Enhancing Environmental Education

The Yazaki Group conducts educational programs concerning environmental activities for all Group employees. Educational programs are being conducted with set targets for each employee rank—directors, management, and general employees. Yazaki is working to establish corporate management based on the “Environment plus QCD”* philosophy. In FY2004, the Yazaki Group Environmental Textbook was created as an environmental educational tool for general employees. The textbook seeks to enhance employee understanding of: (1) the importance of environmental issues; (2) details of Yazaki Group environmental actions; (3) crucial environmental issues for each division; and (4) basic environmental information. The textbook also serves to promote the development of companywide structures for implementing environmental strategies, policies, and topics. In addition, fifty review exercises to deepen understanding of the textbook were prepared in FY2005. Approximately 10,000 employees did the review exercises in September and December.

*Thirteen production sites
Please see p.45 for further information



Yazaki Group Environmental Textbook for basic environmental training for general employees

Educational Activities to Raise Environmental Awareness

To increase the environmental awareness of all employees, Yazaki engages in various educational activities. As a year-round company-wide initiative, 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 Environmental Affairs Division created a website to share environmental information with the rest of the company. The details of environmental activities being implemented at the particular site are exhibited in display areas within each business site, and illustrations promoting the efficient use of paper resources are located by copying machines and printers in factories.

Green Purchasing

To promote the purchasing of environmentally friendly green products, Yazaki created the Yazaki Green Purchasing Guidelines 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 one or both of 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 FY2005, the thirteen Yazaki production sites* achieved an aggregate green purchasing rate of 74.7%, higher than the goal. In FY2006, Yazaki will expand the green purchasing system from production sites to the entire company.



The Environmental Affairs Division website on the intranet
Top: Japanese version
Bottom: English version

Achieving Compatibility between Economic Performance and Environmental Management

FY2005 Goals	FY2005 Actions and Results
1. Establishment and operation of a new environmental accounting system	1. Introduced and started operation of a new environmental accounting system at production sites

Environmental Accounting

Environmental accounting is a tool for quantitatively assessing investment and expenditures related to environmental preservation (environmental preservation costs) and their effects (environmental preservation benefits) and for facilitating the efficient utilization of management resources in environmental preservation activities. The Yazaki Group has implemented environmental accounting in accordance with the Environmental Accounting Guidelines issued by the Japanese Ministry of the Environment since 2003. In FY2005, Yazaki began collecting and organizing environmental accounting data from each production site for use with a new environmental accounting system. The introduction of a new system resulted in improved accuracy and higher data collection efficiency.

Environmental Accounting in FY2005

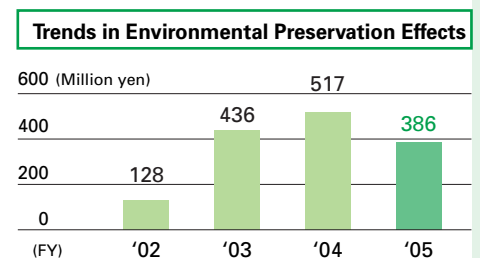
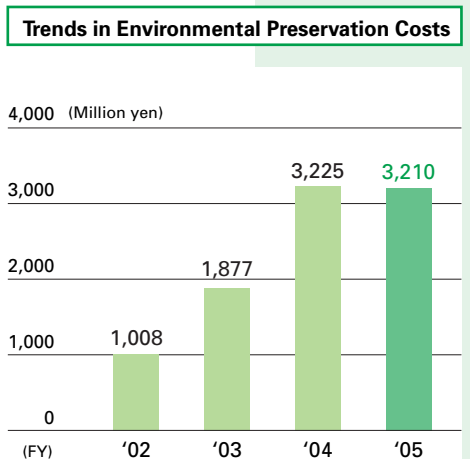
Total environmental preservation costs in FY2005 were 3.2 billion yen. Of this amount, research and development costs, including responses to the EU ELV* and RoHS* directives and development of alternative technologies to reduce substances of concern, accounted for 1.73 billion yen, or approximately 50%. Costs for installation and improvement of equipment for energy conservation within business sites were 500 million yen, up 10% from FY2004.

Economic benefits from environmental preservation measures were down 140 million yen from FY2004, but sale of recycled materials through the sorting of waste from production sites was expanded, resulting in 327 million yen in income, approximately double that from FY2004.

*EU ELV Directive
*RoHS Directive
Please see p.18 for further information

Environmental preservation cost	Details	Investment	Expenditures	Total
Business area	Regular maintenance and inspection of electrical equipment, and repairing and upgrading purification tank. Soil survey expenses. Expenses for sorting and recycling waste. Costs for waste-processing facilities.	88.6	427.5	516.1
Upstream/downstream	Costs associated with purchasing green products (office supplies, etc.). Costs associated with activities to assess and reduce substances of concern.	0.0	338.6	338.6
Management activities	Costs for maintaining and managing EMS. Costs associated with environmental education. Labor costs associated with the Environmental Committees and Subcommittees (environmental officers, etc.).	1.2	564.7	565.9
Research & development	Costs for R&D of environmentally friendly products	159.9	1,543.3	1,703.2
Social contribution	Local beautification activity participation expenses	0.0	1.6	1.6
Environmental damage remediation		0.0	0.0	0.0
Other	Costs of internal environmental exhibits, various association dues, and costs of purchasing environment-related publications.	0.0	85.1	85.1
Total		249.7	2,960.8	3,210.5

Category	Details	Actual effects	Deemed effects	Total
Reduction in energy consumption	Installation of energy-saving equipment	33.0	3.1	36.1
Sale of recycled materials	Money back recycling	336.8	0	336.8
Other	Subcontracting to external businesses, installation of stamping press anti-vibration devices	0.0	13.7	13.7
Total		369.8	16.8	386.6



Toward Providing Highly Reliable 'Green Products'

FY2005 Goals	FY2005 Actions and Results
1. Compliance with the EU ELV Directive	1. Achieved the goal of switching to hexavalent chromium-free products Promoted a switch to new products using lead-free printed circuit boards
2. Compliance with the WEEE and RoHS Directives	2. Completed a switchover of wiring harness parts and optical connectors to alternative products Created target equipment guidelines for various facilities
3. VOC emissions reduction	3. Began applying the Design Guidelines to Reduce VOC Emissions (YJS-C22-020) in January 2006
4. Development of environmentally harmonious products	4. Created LCA unit requirements for parts manufacturing processes Made a decision to acquire the Type II Environmental Label Registered and certified environmentally friendly products (Number of products registered in FY2005: Total of 58 products (46 registered and 12 certified))
5. Establishment of an environmental management system	5. Began preparing for material data collection using JAMA's new material data sheets → Held seminars to educate both Yazaki and supplier personnel

***LCA: Life Cycle Assessment.**
A methodology that quantitatively assesses and analyzes the impact a product will have on the environment throughout its entire lifecycle, from the purchasing of materials to manufacturing, use, and recovery

System for Certifying Environmentally Friendly Products

Yazaki has created certification standards for environmentally considerate products so that it can clearly communicate its green product standards, raise the awareness level and goals of the development divisions, and promote the creation of products with little environmental impact. In order to establish common certification standards for the wide-ranging product groups produced by Yazaki, the Accreditation of Environmentally Considerate Products Project Group was set up in March 2004. This group, which consists of representatives from various Yazaki development centers in Japan, conducted surveys and studied certification standards and methods, and in March 2005 issued the Rules for Accreditation of Environmentally Considerate Products, which correspond to Type II Environmental Labels. Based on these rules, the Development Planning Committee will examine applications from individual divisions and decide whether their products can be approved as environmentally considerate.

LCA Training for Employees Involved in Development and Design

LCA (Life Cycle Assessment)* is a methodology to assess the total environmental impact of 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 auspices of the "LCA Study Group," Yazaki set up training venues in three locations in Shizuoka Prefecture 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 from this LCA Study Group, Yazaki plans to proceed in building a system for disclosing environmental impact evaluation results of Yazaki products and to work towards acquiring Type III Environmental Labels.

Yazaki Environmentally Considerate Products Certification Standards

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

***Substances subject to the PRTR law:**
Please see p.48 for further information



Actions in the Automotive Sector

Pressfit Connection Technologies

As part of its initiative to eliminate lead in accordance with the EU ELV Directive,* the Yazaki Group has been working on developing pressfit connection technologies. Pressfit connection technologies enable solder-less connection and simplify assembly and dismantling. However, they must withstand the harsh environment (high temperature, high humidity, and vibration) in which automotive devices must operate. Cost is also an important issue.

The Yazaki Group began working on the development of new connection technologies and was able to overcome these hurdles and realize mass production.

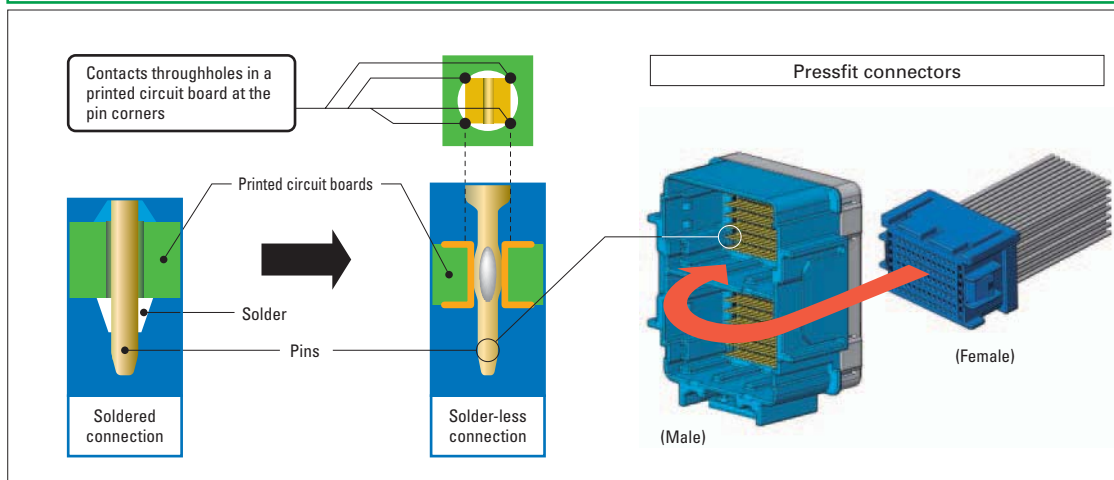
Reducing VOC inside Automobile Cabins

In February 2005, the Japan Automobile Manufacturers Association announced that it planned to reduce the volume of VOCs* generated inside automobile cabins to a level equal to or lower than the value specified by the guidelines issued by the Ministry of Health, Labour and Welfare, beginning with new models launched in 2007. In response to this announcement, all involved companies have been working on reducing VOC emissions. The Yazaki Group has also taken swift action. Although one of the major sources of VOCs is the adhesive used in adhesive tapes, Yazaki-made adhesive tapes have been VOC-free for twenty years. In addition, Yazaki has been working with suppliers of adhesive tapes from an early stage, explaining the market trends and encouraging them to make the investments necessary to enhance and improve their facilities. Yazaki is scheduled to complete its switchover to solvent-free adhesive tapes by the end of 2006.

*EU ELV Directive
Please See p.18 for further information

*VOC
Volatile Organic Compounds, which include toluene, xylene, and ethyl benzene

How a Pressfit Connector Works



Starting from Scratch to Develop Pressfit Connectors



Structural validation using CAD

Kaoru Matsumura,
Connector Development Center

Because we were facing a challenge in an entirely new area, we had to start from scratch and find a proper testing method on a trial-and-error basis. At the Design Department, we held many detailed meetings with the factory to ensure that the design concepts were accurately communicated to the people at the factory. Even now that mass production has begun, we continue to hold weekly, early-stage meetings, in which the causes of identified problems are quickly investigated and corrective measures are implemented immediately.

Looking Back

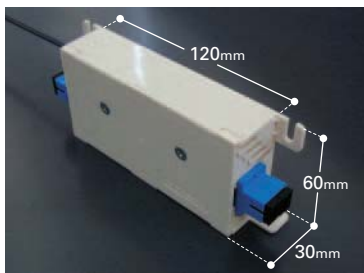


Environmental Systems—Achieving Energy and Resource Conservation

Pursuit of Space Saving and Resource Conservation

Compact Optical Connection Box With regard to communication lines, many existing condominiums and buildings have been provided only with enough space for telephone wires. However, as the use of optical fibers has become more common in recent years, there is an increasing need for adding optical wiring to these structures. Even in new structures, minimizing the space needed for wiring is always important.

Therefore, the Yazaki Group set out to develop a compact optical connection box, with the goal of achieving the industry's smallest installation width of 100mm. By reviewing the conventional methodology and modifying the structural design method, Yazaki succeeded in creating a connection box that is 40% smaller in volume, 54% narrower when installed horizontally and 27% shorter when installed vertically compared to other companies' smallest products.



Compact optical connection box



Temperature test

Achieving Higher Efficiency in Air-conditioning Equipment

Aroace Chiller-heater The energy consumed by commercial air-conditioning equipment accounts for a major portion of the total energy consumed by any business entity. Because absorption chiller-heaters are widely used in air-conditioning equipment for commercial applications, further increasing their efficiency in order to reduce their energy consumption even more has been strongly advocated.

The high-efficiency Aroace MG Series, which offers approximately 20% higher cooling efficiency than the previous model, consumes less gas and electricity by reducing the transfer forces needed in pumps, etc. As a result, CO₂ emissions can be reduced by approximately 12% a year.

The Yazaki Group also worked on research and development of a triple-effect, high-efficiency absorption chiller-heater that is more efficient than conventional double-effect models. Yazaki took various actions, including achieving the optimum heat-transfer tube arrangement, designing an efficient method to control a welding pump, and developing a new anti-corrosion agent. As a result, the goal of reducing energy consumption by air-conditioning equipment by approximately 30% was achieved.



The high-efficiency Aroace MG Series, which offers approximately 20% higher cooling efficiency than the previous model, consumes less gas and electricity by reducing the transfer forces needed in pumps, etc. As a result, CO₂ emissions can be reduced by approximately 12% a year.



(Top photo) High-efficiency Aroace MG Series, which received the Seventh Electrical Load Standardization Equipment/System Recognition and Promotion Award
(Bottom photo) Final prototype of the triple-effect, absorption-type Aroace, which received the 2005 Japan Institute of Energy Award for Progress

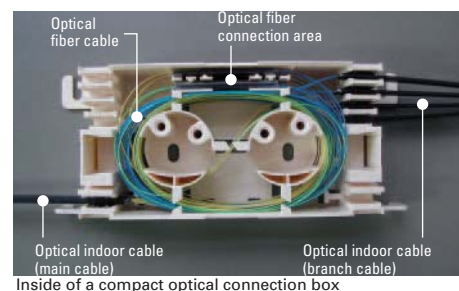
Looking Back

Compact Optical Connection Box Achieved through Teamwork by Production, Sales, and Development Departments

Renya Yuki,
Second Development Division, Cable Technology R&D Center

A design procedure change reduced the volume of the target optical connection box to less than half that of the conventional type. We had to work really hard to design a structure that could be easily wired. With the cooperation of various people within the company, we went through a great deal of trial and error to determine whether the new structure would satisfy customer needs.

We particularly received a great deal of cooperation from the sales and marketing staff, who steadfastly continued to provide us feedback on customer requirements. We hope to continue developing new products based on this cooperation between the Production, Sales, and Development departments.

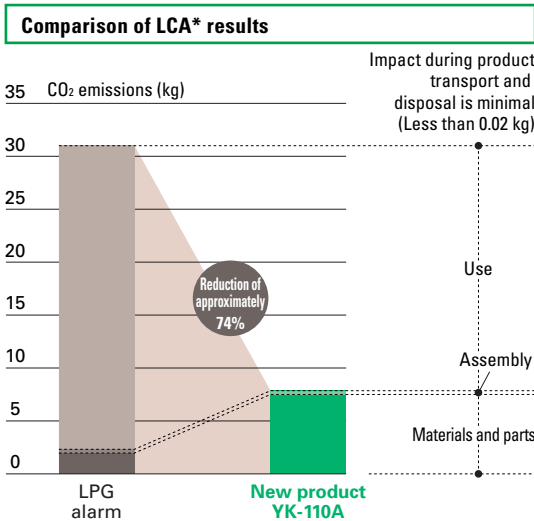


Development of Low-voltage, Energy-efficient Alarms

Residential Fire Alarms The June 2006 revision of the Fire Prevention Act mandated the use of residential fire alarms. Therefore, Yazaki set out to develop environmentally considerate low-voltage, energy-efficient alarms. Whereas conventional fire alarms use two lithium batteries that last five years, Yazaki developed an alarm that requires only a single battery by reviewing the designs of various items to reduce sensor drive voltage and current consumption. Also, to reduce substances of concern, Yazaki adopted a 100% lead-free design for lead plating of parts. Yazaki also completely revamped the structural design, reducing the number of screws securing the speaker from three to zero and the number of screws securing the case from two to one, and switched all screws to trivalent chromium plating. As a result, the CO₂ emitted during the entire lifecycle of the new alarm is approximately 74% less than that of the LPG alarm made in 2004.

Propagation of Low-cost LPG Supply Stations

Green Stations LPG-powered vehicles are being promoted as one type of clean-energy vehicle because their exhaust pipes emit only small amounts of CO, HC, and NO_x and their fuel is cheaper than that of other low-pollution vehicles. However, the scarcity of LPG supply stations has been hindering the widespread use of LPG-powered vehicles. Therefore, 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. Because Yazaki's Green Station can be easily installed as a dedicated LPG supply station, it enables the drivers of LPG-powered vehicles to easily refuel their vehicles. Customers who have used the Green Station have rated it very highly, commenting that the filling speed is fast and how great the extremely compact design is.



Green Station (bottom right) installed at a driving school

*LCA
Please see p.41 for further information

Development of a Fire Alarm with an Entirely New Look



Older product YK-110

New product YK-110A

(Left) Kazuhiro Inuzuka,
Third Development & Design Division, Gas Equipment Development Center
(Right) Tadahiro Ishida,
Development Administration Department, Gas Equipment Development Center

We adopted a flat panel to give the new fire alarm a completely different look. We improved the visibility by enlarging the alarm display area and using a flashing light, and also adopted an alarm sound that includes a low frequency that is easier to hear for older people. We also strived to create a new circuit design that achieves the necessary sensor characteristics and allows the alarm to last at least five years on a single battery.

Looking Back



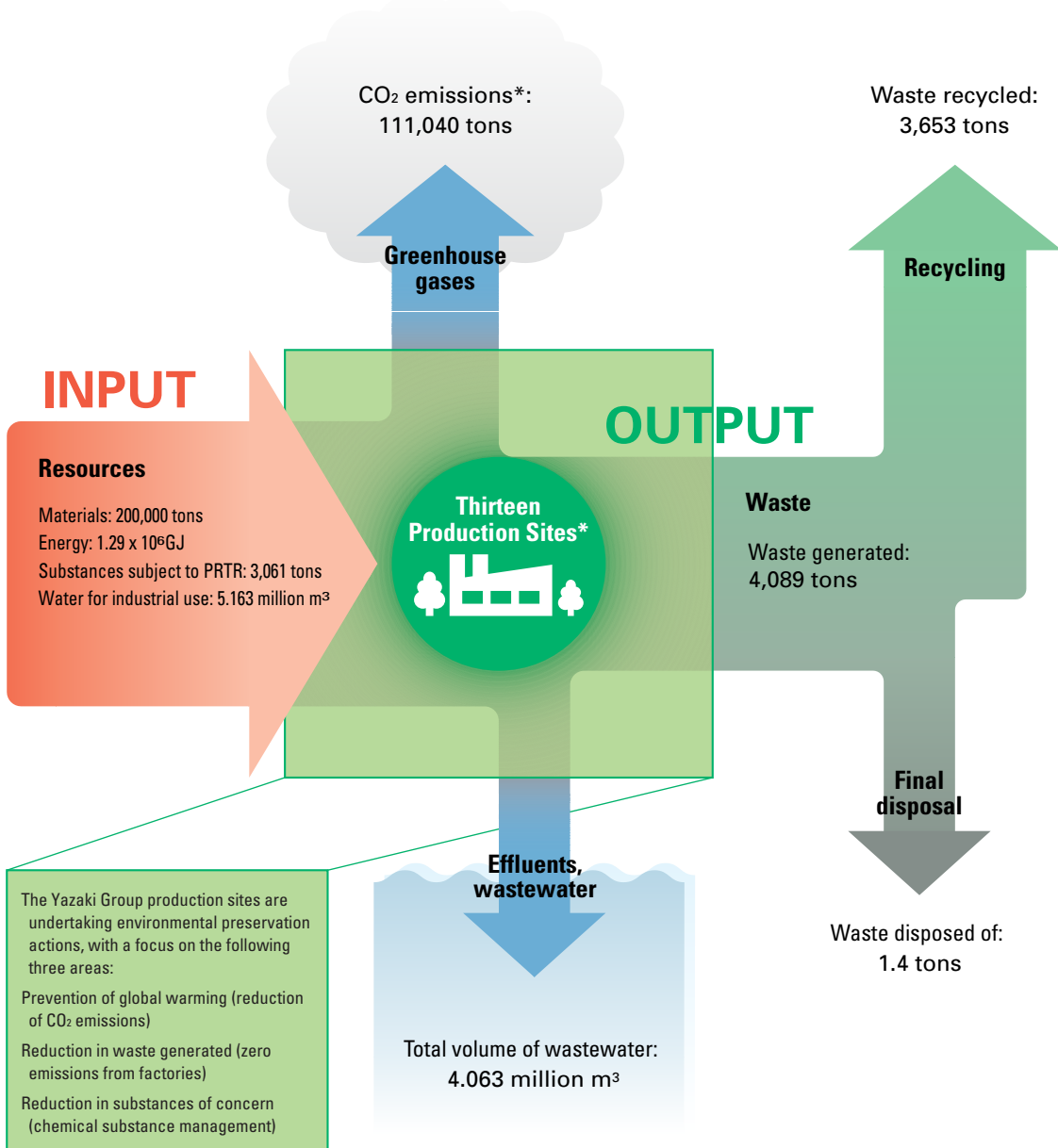
Building Factories That Reduce Environmental Impact to a Minimum

FY2005 Goals	FY2006 Actions and Results
<ol style="list-style-type: none"> 1. Reduce CO₂ emissions to 111,621 tons 2. Achieve zero landfill waste at all thirteen production sites 3. Achieve a 1% or less landfill waste level at thirty-six production subsidiaries 4. Reduce VOC emissions at nine production sites by 5% compared to the FY2000 level 	<ol style="list-style-type: none"> 1. Reduced CO₂ emissions to 111,040 tons 2. Achieved zero landfill waste at all thirteen production sites 3. Nine of the thirty-six production subsidiaries achieved the goal 4. Reduced VOC emissions by 31% compared to the FY2000 level

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

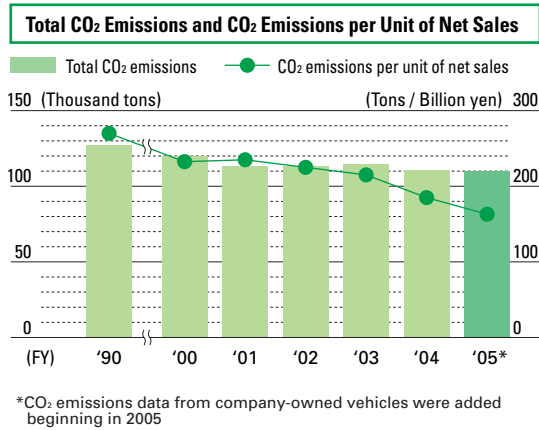
***CO₂ Emissions**
CO₂ emissions are calculated using a CO₂ conversion factor (provided by the Japan Auto Parts Industries Association).

***Thirteen Production Sites**
Shimada Factory, Tenryu Factory, Tochigi Factory, Hodosawa Factory, Susono Factory, Haibara Factory, Ohama Factory, Daitou Factory, Washizu Factory, Niimi Factory, Fuji Factory, Numazu Factory, Hamamatsu Factory (On January 21, 2006, the Rokugo Factory was renamed the General Transportation Systems Production Division and moved inside the Shimada Factory.)



Action Taken at Production Sites in FY2005

In FY2005, Yazaki took actions focused on the following areas: (1) Efficiency improvement in the operating schedules at production facilities, (2) Switching of lighting systems and motors to inverter-based products, and (3) Air-conditioning efficiency improvements through roof painting and roof fan installation. As a result, total CO₂ emissions from the thirteen production sites* were 111,040 tons while emissions per unit of net sales* were reduced to 163 tons/billion yen. In FY2006, the Hamamatsu Factory became the first production site to use an ESCO while the Fuji Factory firmed up plans for introduction. All Yazaki production sites are proceeding with further energy conservation measures.



*Thirteen production sites
Please see p.45 for further information

*Net sales (in Japan)
Please see p.3 for further information

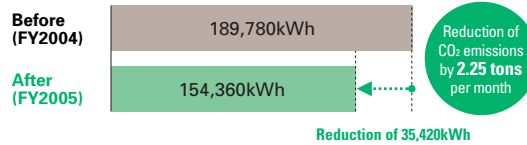
Best Practice

Numazu Factory

Switching to Energy-conserving Manufacturing Equipment

The factory's main compressor was being used for automated operation of some of the manufacturing equipment for general transportation systems during holidays and at night. However, by installing a dedicated compressor, the Numazu Factory was able to reduce annual electricity consumption by 35,420kWh, as a result reducing CO₂ emissions by 2.25 tons per month.

Annual Electricity Consumption

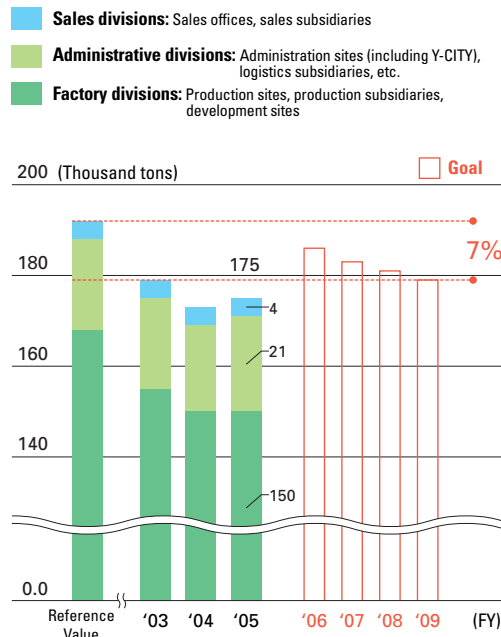


Group-wide Measures to Help Reduce Global Warming (Reducing CO₂ Emissions)

The Yazaki Group has been undertaking actions in line with the voluntary CO₂ emissions reduction goal set by the Japan Auto Parts Industries Association (7% reduction from the FY1990 level by FY2010). In FY2004, a Group-wide goal of "establishing a reference value and reducing CO₂ emissions by 7% by FY2010," was set. Yearly emissions targets were also set, and the Yazaki Group has been implementing various reduction measures toward their achievement.

In FY2005, total CO₂ emissions increased by approximately 600 tons from FY2004 partly due to production increases. This is, however, 9.4% lower than the reference value. CO₂ emissions reduction actions are being taken throughout the entire Group. For example, Y-CITY World Headquarters, which is subject to the Law concerning the Rational Use of Energy (Energy Conservation Law),* is promoting energy conservation measures with the help of an ESCO (Energy Service Company)* and is increasing the number of environmentally considerate vehicles in the company fleet. The Yazaki Group is also helping to reduce global warming through the development and sales of products that lead to reductions in CO₂ emissions, such as the solar water heater Yuwaita and digital tachographs* that help achieve environmentally sound driving practices.

CO₂ Emissions by Business Division



*Law concerning the Rational Use of Energy (Energy Conservation Law)
This law mandates that the owner of any building of 2,000m² or larger, excluding residential housing, must submit an energy conservation plan to the appropriate governmental agencies before undertaking new construction, addition, or remodeling.
Please see p.54 for further information on the 2006 partial revision of the Law.

*ESCO
An ESCO, or Energy Service Company, is a business that provides comprehensive services, including developing, installing, and financing projects designed to improve the energy efficiency and maintenance costs for facilities. Its services are paid for out of the savings in energy costs.

*Digital tachograph
Please see p.54 for further information

***Zero emissions**
Completely eliminating the generation of industrial waste that would ordinarily be disposed of as waste through incineration or in landfills, through effective resource utilization

***Definition of zero emissions at Yazaki Group**
Zero landfill waste: Complete elimination of waste that must be disposed of as landfill waste

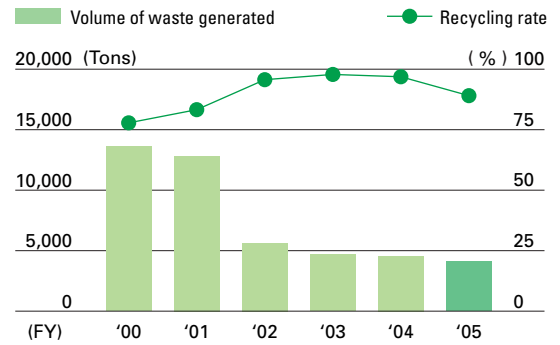
***Thirteen production sites**
Please see p.45 for further information

Waste Reduction (Zero Emissions)

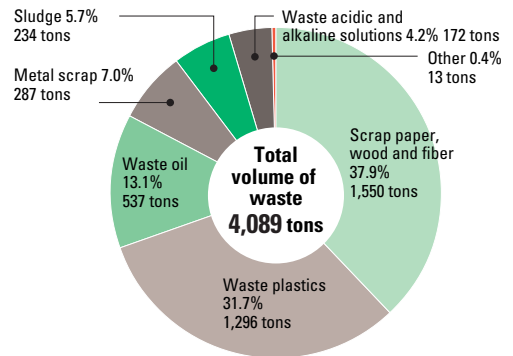
In order to realize a recycling-based society, the Yazaki Group is taking action to utilize resources effectively. In terms of waste-reduction activities, Yazaki is promoting zero-emission* factories that do not generate any waste, based on its 5Rs initiative that encompasses the following principles: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

In FY2005, various actions were taken at all thirteen production sites* with the goal of achieving the complete elimination of waste requiring final disposal. As a result, the goal was achieved at all production sites, except the Washizu and Hamamatsu factories. By May 2006, these remaining two factories also achieved the complete elimination level. The total volume of waste generated was reduced to 4,089 tons, or by 10.5% from the FY2004 level.

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



Breakdown of Waste (All Thirteen Production Sites)



Best Practice 1

Shimada Factory

Reducing Material Loss

Materials that do not become part of saleable products, that is, those used for tuning machines or in prototypes and those that end up in defective products, are collectively referred to as material loss. The Shimada Factory took actions to reduce this material loss. Through trial and error, the factory developed a method of precisely measuring the volume of material required for the next product to be produced, thereby completely eliminating the amount of material that would otherwise remain inside the molding machines and burn. Furthermore, by taking various steps, such as improving the maintainability of molds, changing the conditions for materials, and standardizing operational procedures, we were able to produce good products from the start, removing the need for materials for tuning.

Best Practice 2

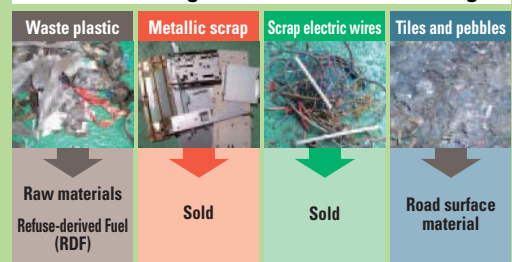
Susono Factory

Complete Elimination of Landfill Waste

The mixed trash (trash from cleaning) to be disposed of as landfill waste consists of debris and dust collected by automated cleaning vehicles and from shop floors. The Susono Factory took the following specific steps to completely eliminate this mixed trash:

1. Members of the Waste Subcommittee sorted the collected cleaning trash into four categories to be recycled.
2. By negotiating with waste recycling companies, contracts were signed to have all four categories of trash enter recycling streams.
3. All teams were instructed to ensure complete sorting of trash into the four categories.
4. Containers for landfill waste were eliminated from the recycling depots. Instead, 45-liter pails are now used to transport tiles and pebbles.

The Four Categories of Trash from Cleaning



Thorough Sorting to Achieve Complete Elimination of Waste requiring Final Disposal

Shinji Nomura,

General Affairs Department, Susono Factory, Yazaki Parts Co., Ltd.

Although we felt sorry for them, we had to ask teams that had not completely sorted their trash to take their trash back for resorting many times. We had to repeatedly ask team leaders to educate employees who had been sent from other companies and those who were not fluent in Japanese.

Special efforts are being made to keep the final waste depot clean, since otherwise, it naturally tends to become dirty. As a result, everyone's attitude is beginning to change. We feel it is important to do well what needs to be done.

Looking Back



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/reducing usage, and instituting tighter controls for substances whose safety has not been verified. In FY2004, Yazaki organized a project group to study the establishment and operation of a system to manage the use of chemical substances, and began taking steps to reduce usage of the major VOCs, including toluene, xylene, and ethylbenzene. Beginning in FY2005, Yazaki has begun measures to reduce the usage of these substances by 30% from the FY2000 level by FY2008.

Furthermore, in order to comply with the EU ELV Directive* and RoHS Directive,* Yazaki began taking action in FY2005 toward the complete elimination of hexavalent chromium.*

Best Practice **Hodosawa Factory**

Reduction in Epoxy Resin Usage

The development of moldless (ML) units that do not use epoxy resins, which are subject to the PRTR Law*, has been required from the viewpoints of both cost reduction and reduction of substances of concern. Therefore, by making improvements to the unit box, the Hodosawa Factory developed an ML-type unit that does not use any epoxy resin in the wire connection area.



Moldless unit that does not use epoxy resin

***PRTR Law**
Pollutant Release and Transfer Register Law. Defines a system for reporting the amounts of hazardous chemical substances that are released or transferred, to the appropriate governmental authorities

***EU ELV Directive**
***RoHS Directive**
Please see p.18 for further information

***Initiatives to completely eliminate hexavalent chromium**
Please see p.17 for further information

Release and Transfer Volumes of Substances Subject to PRTR

(Unit: tons)

Substance name	Volume handled	Volume released			Volume transferred	Volume recycled	Volume removed*	Volume consumed*
		Atmosphere	Water quality	Landfill at production sites	Waste			
Bis adipate	2	0	0	0	0	0	0	2
Antimony and its compounds	30	0	0	0	0	0	0	29
Ethylbenzene	1	1	0	0	0	0	0	0
Xylene	19	17	0	0	1	1	0	1
Antimony trioxide	17	0	0	0	0	1	0	17
Decabromodiphenyl ether	4	0	0	0	0	0	0	4
Copper salts (water-soluble)	19	0	0	0	0	19	0	0
Toluene	46	40	0	0	4	1	0	1
Lead and its compounds	14	0	0	0	0	4	0	9
Nickel	3	0	0	0	0	0	0	3
Phthalic acid	2,906	0	0	0	0	42	0	2,864
Total	3,061	58	0	0	5	68	0	2,930

Six production sites, (Tochigi, Hodosawa, Daitou, Washizu, Niimi and Hamamatsu factories) and the Suginawaza and Gotemba Branch Factories do not handle any substances that require data to be submitted to local authorities.

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

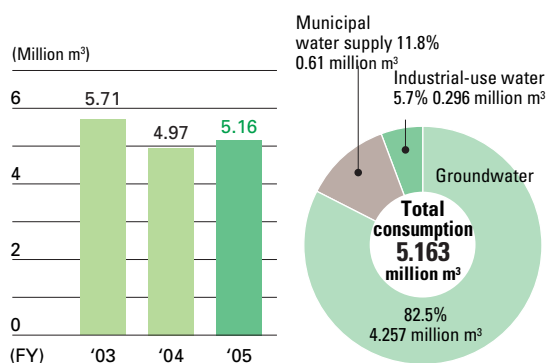
***Volume consumed**
The volume of substances converted into other substances through reactions, or transferred out of production sites as part of or adhering to products

Water Conservation

In order to ensure efficient water use, Yazaki assessed water consumption at all thirteen 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 FY2004 level by FY2009.

In FY2005, total water consumption was down by 4% from FY2004 to 5.163 million cubic meters.

Water Consumption Trends and Breakdown (All Thirteen Production Sites)



***Thirteen production sites**
Please see p.45 for further information

Daitou Factory



Factory Outline

Name: Yazaki Parts Co., Ltd. Daitou Factory
 Location: Osaka 653-2, Kakegawa-shi, Shizuoka-ken
 Factory Manager: Shuji Yamamoto
 Main products: Wiring harnesses
 Established: October 1986
 Site area: 13,316m²
 Building area: 8,756m²
 Employees: 345

Environmental Policy

In order to actively promote environmental management actions in line with the Yazaki Global Environment Charter, the Daitou Factory has set the following environmental policies:

1. We shall fully comply with environment laws and regulations as well as any agreements the Daitou Factory enters into.
2. We shall review the Factory's environmental management system on a regular basis to promote continuous improvement and prevent pollution.
3. We shall strive to maintain and improve the environment by establishing environmental objectives and goals and taking actions systematically.
 - (1) Promotion of the 5R* initiative (achieve zero emissions*)
 - (2) Efficient use of energy (help prevent global warming)
 - (3) Reduction in the use of substances of concern
 - (4) Promotion of improvements in various actions based on environmental awareness

*5R initiative

Recycle
 Reuse
 Reduce (resource conservation)
 Repair
 Refuse (a refusal to buy products that are not environmentally sound)

*Zero emissions

Please see p.47 for further information

Instilling the Culture of Environmental Preservation in All Employees

The Daitou Factory specializes in producing wiring harnesses and the environmental impact from its equipment, processes, and waste is relatively small. We acquired ISO 14001 certification* early on, and as a frontrunner of NYS Activities*, the Daitou Factory has been proactively taking environmental actions and has produced many positive results. Currently, we are fine-tuning our activities in order to reduce CO₂ emissions by reducing our electricity consumption. Each employee must take environmental concerns seriously and incorporate environmental awareness into their daily lives. I believe such an attitude is crucial for the future success of environmental measures.

*ISO 14001 certification

Please see p.37 for further information

*NYS Activities

Please see p.15 for further information



Factory Manager **Shuji Yamamoto**

Environmental Contribution Realized through NYS Activities

As an NYS Activities model plant, the Daitou Factory has been proactively making efforts in various ways to streamline and improve its production lines, as well as achieve a higher quality level. Improvement sheets have been provided throughout the factory to encourage each employee to become actively involved in NYS Activities. After continued efforts to optimize parts and materials procurement and improve production lines, the Daitou Factory was able to significantly reduce the internal defect rate. This led to an improvement in customer satisfaction and also produced environmental preservation effects, such as energy conservation and reductions in waste generated and paper usage. These actions and results clearly demonstrate the progressiveness of the Yazaki Group to visitors from both inside and outside Japan



Production line



Dedicated bins for careful separation of waste

Daitou Factory

Environmental Aspects
Report from the Front Lines 1

Actions to Reduce Electricity Consumption



Lighting that uses a dummy tube and a reflector



Pull switch showing the name of the employee responsible



The Daitou Factory uses few designated facilities or substances subject to control by laws and regulations. In order to advance its environmental measures, it must carefully review its daily energy consumption in, for example, lighting equipment. Thus, in FY2005, a total of fifty-four pull switches with the names of the employees responsible for turning them off were installed in 180 sets of lighting fixtures in the second floor offices to ensure that the lights are turned off when not needed. If the duration in which the lights stay on can be shortened by one hour a day, 2,300kWh of electricity will be saved in one year. Dummy tubes and reflectors were also installed, thus reducing the number of fluorescent light bulbs needed.

Conversion to inverter-based fluorescent light bulbs is also being implemented.

Conversion to Inverter Control for the Aroace Chiller-heater



Secondary chiller-heater pumps



Inverter control panel

The Daitou Factory reduced electricity consumption by converting the motors used in the three secondary chiller-heater pumps of the Aroace used for cooling and heating the air inside the factory. Before the conversion, annual electricity consumption and CO₂ emissions had been 55,640kW and 21.2 tons, respectively. The conversion reduced these figures to 38,480kW and 14.7 tons, resulting in a savings of 17,160kW in electricity consumption and a reduction of 6.5 tons in CO₂ emissions. In spring and autumn, the operating cycles can be shortened, meaning that further energy conservation is possible depending on the operating schedule. The Daitou Factory plans to achieve such increases in energy savings in the future by adjusting the operation cycles according to seasonal climate changes.

Installing Roof Fans to Improve Air Conditioning Efficiency



Roof fan being installed

As the numbers of employees, office devices, and manufacturing systems inside the factory have increased in recent years, the temperature inside the factory has been rising, especially in summer, increasing the amount of electricity used for air conditioning. Therefore, in FY2005, the Daitou Factory installed roof fans (two of a forced ventilation type on the exhaust side and two of a natural ventilation type on the intake side) that automatically begin running at 28°C on the roof of the factory building. These roof fans have lowered the temperature of the space directly under the roof from 45°C to 40°C, thereby improving the air-conditioner efficiency and working environment, and reducing both electricity consumption and CO₂ emissions. In FY2006, we plan to reduce our electricity consumption further by applying insulating paint to the roof and spraying the water discharged from the cooling tower onto the roof.

Environmental Actions to Benefit Surrounding Communities



Collection of illegally dumped trash

Thinking of the earth as the "broad, overall environment," the local community can be considered the "environment closest to home." Therefore, in cooperation with local organizations, the Daitou Factory has been working to create a safe, peaceful, and clean local environment. In FY2005, we conducted our annual trash collection and cleanup around the safety mirrors placed on road bends in the local area. All employees participated in trash pickup and sidewalk weeding in the area surrounding the factory and the labor union created traffic safety mascots and presented them to local communities. The Daitou Factory also participated in an event to collect illegally dumped trash, sponsored by the Shizuoka Prefecture Waste Association, as well as in the "Small Kindness Movement" promoted by a local chamber of commerce. Furthermore, thirty trainees from overseas locations, including the Philippines and China, conducted commuter route cleanups on their days off.

Looking Back



Perseverance, Ingenuity, and Continuation were the Keys to Success in Achieving Zero Landfill Waste

Satoru Ohashi,
Manufacturing Department,
Daitou Factory

I am currently responsible for training and educating employees regarding trash sorting. To promote waste reduction and effective resource utilization, it is extremely important for the person in charge to patiently and creatively help all employees understand why it is important and how it should be done.

Approximately 30% of the Daitou Factory employees are people from Brazil who are transferred frequently. Providing them with only a cursory explanation on trash sorting did not work. In order to help them correctly understand our objective and put it into practice, language, culture, and attitude barriers had to be overcome. We had to patiently explain why sorting is necessary and what happens when trash is not sorted, create photographs and labels in Portuguese, and steadfastly train them again and again. Thanks to everyone's efforts, we were able to achieve zero landfill waste, and our next goal is to take actions to improve our thermal and material recycling rates.



Photographs and labels in Portuguese

Ohama Factory



Factory Outline

Name: Yazaki Parts Co., Ltd. Ohama Factory
 Location: Kunikane 1360, Kakegawa-shi, Shizuoka-ken
 Factory Manager: Tetsu Yamamoto
 Main products: Junction blocks, relay blocks, wiring harness terminals
 Established: April 1962
 Site area: 55,752m²
 Building area: 20,181m²
 Employees: 453

Environmental Policy

In line with the requirements of the ISO 14001*: 2004 (JIS Q 14001: 2004 Version) environmental management system, the Ohama Factory is committed to responsibly implementing environmental management in all of its activities and has established the following policies:

Basic Philosophy

In order to efficiently utilize the earth's finite resources, we will strive to achieve harmony between the environment and our production activities by taking actions that help preserve the global environment.

1. We shall fully comply with environment-related laws and regulations as well as any agreements the Ohama Factory enters into with customers and local communities.
2. We shall actively work on continually addressing environmental issues and preventing pollution.
3. We shall establish environmental objectives and goals, and reassess them annually or as needed.
4. We shall establish objectives and goals for the following items and take actions systematically.
 - Ensure proper management of chemical substances to prevent emergencies
 - Actively promote recycling in order to reduce the volume of waste generated
 - Improve energy efficiency
 - Eliminate substances of concern from the completed products to be shipped out
 - Promote green purchasing
5. Ensure that everyone within the Ohama Factory fully understands the environmental objectives and goals that have been established. Furthermore, publish the Ohama Factory's environmental policy, and disclose its environmental objectives upon request.

*ISO 14001
Please see p.37 for further information

Toward Safe and Healthy Factory Management

The Ohama Factory is the only plant within the Yazaki Group that has a plating process. While this fact means that we play an important role within the Group, it also means that we use regulated substances such as lead, nickel, and toluene, and therefore have a huge responsibility related to environmental preservation and the management of employee safety and health. Drawing upon the experience I gained at a Yazaki Group company in the U.S., I hope to implement double and triple defense systems to ensure environmental preservation; continuously comply with the requirements of OHSAS,* an employee occupational health and safety assessment system, and create a healthy factory management system that achieves balance among environmental, social, and economic aspects.

*OHSAS
Occupational Health and Safety Assessment Series. Series 18001 and 18002 are available depending on the requirements



Factory Manager **Tetsu Yamamoto**

Converting Vending Machines to an Energy-efficient Type

The Ohama Factory is operating as a Class I Designated Energy Management Factory, as defined by the Ministry of Economy, Trade and Industry. In February 2005, the Ohama Factory was designated to be audited for its energy consumption and received an overall score of 99 out of 100 points. To maintain this high score, the factory promoted further



Energy-efficient vending machine

measures to reduce electricity consumption, including conversion of lighting equipment inside the factory to an inverter type, installation of illumination sensors, and conversion of the sixteen vending machines located on-site to an energy-efficient type. By June 2006, all of the vending machines had been converted.

Ohama Factory

Environmental Aspects Report from the Front Lines 2



Sand filtration system at the non-industrial sewage treatment facility



Water quality analysis system (ICP)



Adopt-an-Area Program



Yayoi Matsushita,
NYS Promotion Office,
Ohama Factory

Effective Utilization of Water Resources through the Reuse of Treated Water

With a workforce of 453 employees, the Ohama Factory also generates a large volume of non-industrial sewage from bathrooms and other facilities. This sewage used to be treated at a non-industrial sewage treatment facility, diluted with the water coming out of the plating discharge treatment facility, and then finally discharged from the factory. However, when the sand filtration system of the non-industrial sewage treatment facility was upgraded to the high-performance Siphon Tank in FY2005, dilution became unnecessary. With this change, the water coming out of the plating discharge treatment facility could now be re-circulated within the plating discharge treatment facility. As a result, the Ohama Factory was able to reduce water consumption by a total of 300 tons (approximately 200 tons at the plating discharge treatment facility and approximately 100 tons at the non-industrial sewage treatment facility).

Actions to Prevent Water Pollution

The plating process generates a large volume of industrial sewage containing legally regulated substances such as cyanide and nickel. The Ohama Factory has concluded a Local Environment Preservation Agreement with the city of Kakegawa (formerly Daito-cho) where the factory is located, and has been managing its water quality from the perspective of compliance with water pollution prevention laws and preserving the local environment. The analysis room inside the factory has three full-time staff members, who test the water quality at each discharge location three times a day using advance analysis tools such as ICP (Inductively Coupled Plasma.) The results are reported to the Hamamatsu Electro Plating Industry Cooperative Association every month, and on-site inspections by Kakegawa City and the public health center are carried out four times and twice a year, respectively.

Contribution to Local Communities – Participation in the Adopt-an-Area Program

Kakegawa City is promoting its Adopt-an-Area Program. This program encourages companies to manage and protect the areas surrounding their operations by adopting them as though adopting children. Although it has always voluntarily cleaned the roads in the surrounding area, in 2006 the Ohama Factory made an adoption declaration in conjunction with Kakegawa City's program. Sixty-three employees participated in a community cleanup project in April, cleaning 100 road safety mirrors and collecting 133kg of trash. These efforts were featured in several newspapers, with photographs included.

NYS News for Promoting NYS Activities

NYS Activities* are corporate reform actions that encourage production lines and quality control divisions, as well as all job types and all employees, to continuously work on quality improvement. At the Ohama Factory, we have created a wall bulletin called the NYS News, which is posted throughout the factory to promote NYS actions and share information on them.

From the editor of the NYS News

Ever since I joined the Ohama Factory, I have always worked in the NYS Promotion Office and began publishing the NYS News about five years ago. In addition to collecting data on the four NYS indexes, we highlight employees who are making a difference and publish letters and photographs submitted by employees. I hope we are helping to vitalize internal communication and motivate employees, as well as promoting the NYS.

*NYS Activities
Please see p.15 for further information

Looking Back



Complete Sorting and Mieruka as Keys to Waste Reduction and Reuse

Shiho Masuda,
General Administration,
Ohama Factory

Currently, we have thirteen people working on the Environment Team of the General Administration at the Ohama Factory. I am responsible for the sorting of waste generated inside the factory and providing training for it. I am also the contact person for concluding agreements with waste processing companies, and I manage manifests related to industrial waste. Manifests must be retained for five years, and their expiration dates must be managed. The computerization of manifests has made my job much easier. I hope to increase our employees' awareness of the concept that, "Waste generated is not waste at all but instead a valuable resource." Eventually we hope to be able to sell as a valuable resource the waste that we are now paying someone else to take away. To accomplish that goal, making transparent the whole process from waste generation to reuse and complete sorting is important. Even though the number of workers from other countries has been increasing and the working modes have been changing at the Ohama Factory, we hope to create a completely recycling-based factory in the near future through continued training.

Reducing Environmental Impact through Streamlining and Increased Efficiency of Logistics Operations

FY2005 Goals

1. Reduction of CO₂ emissions from logistics by 2,120 tons

- Promotion of modal shifts: 1,100 tons
- Shared transport and delivery: 650 tons
- Reevaluation of ports used for import/export and logistics center locations: 150 tons
- Loading efficiency improvement: 100 tons
- Fuel efficiency improvements through the promotion of Eco-drive: 120 tons

FY2005 Actions and Results

1. Reduction of CO₂ emissions by 1,964 tons as a result of initiatives specified in the Environmental Impact Reduction Plan

- Promotion of modal shifts: 734 tons
- Shared transport and delivery: 547 tons
- Reevaluation of ports used for import/export and logistics center locations: 220 tons
- Loading efficiency improvement: 131 tons
- Fuel efficiency improvements through the promotion of Eco-drive: 332 tons

Centrally Managing Environmental Initiatives in Logistics

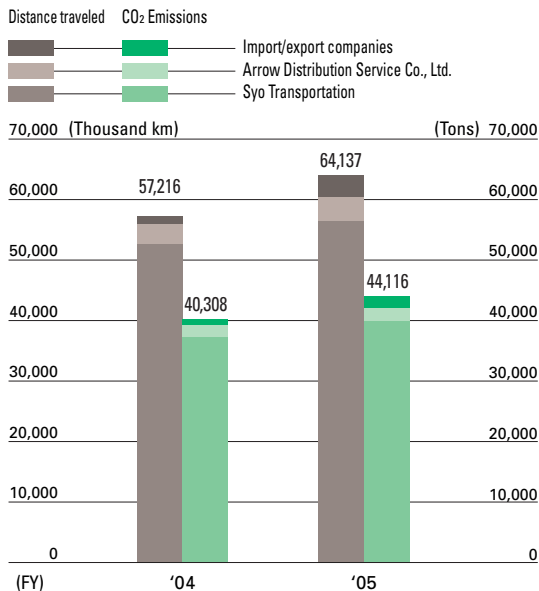
In FY2004, the Yazaki Group established a system to centrally manage environmental preservation measures that were being individually implemented by each logistics-related subsidiary by bringing all these companies together under the Yazaki Group Environmental Management System. All logistics-related subsidiaries and subcontractors that handle transportation and delivery were asked to cooperate in reducing CO₂ emissions. Yazaki assessed CO₂ emissions generated from the transportation of goods; determining the distances traveled, CO₂ emissions volume, sources of emissions, and types of energy used.

Development of Environmental Impact Reduction Plan in Logistics

Based on the assessed total CO₂ emissions volume from logistics operations, Yazaki developed a plan to further reduce environmental impact, and identified and implemented measures. Yazaki strengthened 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 CO₂ emissions from logistics by 7,260 tons between FY2003 and FY2005, or by 15% from the FY2002 level (reference value). Yazaki met the goal by reducing emissions by 7,064 tons (cumulative total from FY2003), which is equivalent to 14.7% of the FY2002 level. Yazaki's new goal is to reduce CO₂ emissions from the FY2003 level by a cumulative total of 18% and 20% in FY2006 and FY2007, respectively.

*Modal shift Initiative to replace or combine truck transport, which has been the primary transport mode in logistics, with other large-volume transport means such as railway services and ships, in order to reduce the number of truck service runs and the distance traveled

Distances Traveled and CO₂ Emissions Volume from Logistics Operations



*In FY2005, the total distance traveled by import/export company vehicles increased because Yazaki began calculating (and including) figures for air transport. Through FY2005, figures for the 'total distance traveled' indicated only maritime transport.

In terms of effective utilization of resources, Yazaki plans to further reduce the volume of packing/packaging materials used by modifying packing methods and specifications.

Result of Initiatives Specified in the Environmental Impact Reduction Plan

CO ₂ emissions reduction	Actions and CO ₂ Emissions Reduction (Tons/FY)				
	FY	2003	2004	2005	2003~2005 Total
Promotion of modal shift		3,036	840	734	4,610
Promotion of shared transport and delivery		480	0	547	1,027
Reevaluation of ports used for import/export and logistics center locations		0	216	220	436
Reduction in the number of delivery tracks needed through loading efficiency improvement		0	300	131	431
Promotion of Eco-drive		228	0	332	560
Total		3,744	1,356	1,964	7,064

Effective utilization of resources	Actions and Results		
	FY	2004	2005
Use of returnable plastic containers		Switching rate 51%	Conversion rate 62%
Reduction of waste generated at logistics centers		Change from FY2004 14% reduction	Recycling rate 98.6%

Green Logistics Operations Model

Tahara Logistics Center In May 2005, Syo Transportation Co., Ltd. completed its new Tahara Logistics Center, designed to help prevent global warming. This new environmentally harmonious logistics center incorporates many environmentally friendly measures. For example, 25% of the Tahara Logistics Center site grounds have been set aside as a green, landscaped area, and ample staging space is provided for trucks so that they do not have to wait outside the site. Further, by combining delivery loads with other suppliers, effectively utilizing natural light, rainwater, and natural gas the Tahara Logistics Center has reduced CO₂ emissions by 23%.



Aerial view of the Tahara Logistics Center

In September 2005, the Tahara Logistics Center was officially recognized as a model site for initiatives to reduce CO₂ emissions by the Green Logistics Partnership Conference,* which was established through collaboration among the Ministry of Economy, Trade and Industry, the Ministry of Land Infrastructure and Transport, and the Japan Business Federation, etc. The Center also became the first site to be certified under the Law Related to the Promotion of Integration and Streamlining of Logistics Operations,* which went into effect in October 2005.

Supporting Environmentally Sound Driving Practices in Logistics



Digital tachograph

In April 2006, a revision was made to part of the Law concerning the Rational Use of Energy, designed to promote the efficient use of energy. The revision requires large-scale operators of buses, taxis, and trucks to implement systematic energy-conservation measures. As its contribution to promoting environmentally sound driving practices, the Yazaki Group is taking various actions, such as holding seminars to explain digital tachographs and their application to companies that are considering their use. A digital tachograph records driving history so that this information can be used to help the driver maintain safe, uniform, and economic driving speeds. 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.

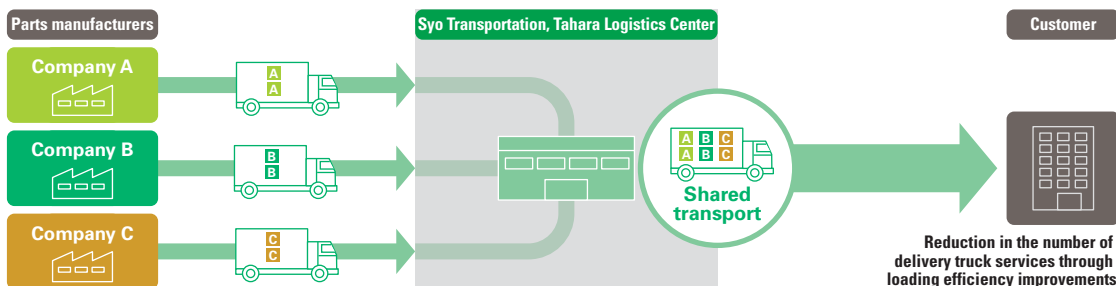
Revision of the Law concerning the Rational Use of Energy

The April 1, 2006 partial revision of the Law concerning the Rational Use of Energy, designed to promote the efficient use of energy requires that large-scale transport operators submit plans to implement systematic energy-conservation measures. Any company operating 350 or more taxi cabs or 200 or more buses or trucks must reduce its energy consumption (on a unit requirement basis) at the annual rate of 1%. The introduction of digital tachographs, navigation systems compatible with the Vehicle Information and Communication System (VICS), and advanced GPS-AVM wireless systems, etc. is being promoted.

***Green Logistics Partnership Conference**
Established in December 2004, with the objective of promoting cooperation between companies and their logistics suppliers in order to promote logistics measures that are known to be effective in preventing global warming

***Law Related to the Promotion of Integration and Streamlining of Logistics Operations**
Put into effect in October 2005. This law provides preferential treatment, for example, batch acquisition of various types of operating permits, to companies that are making efforts to integrate and streamline their logistics operations, focusing on designated logistics operation facilities

Framework for Combined Loading



Towards Realizing a Recycling-based Society

Handing down the Spirit of "Mottainai"

"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 since the company began copper recycling in 1957. Since the launch of a gas meter recovery and recycling business in 1973, Yazaki has established four new businesses—toner cartridge reuse business, paper recycling business, glass recycling business and food waste recycling business—a manifestation of Yazaki's "environmental genes."

Paper Recycling Business

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

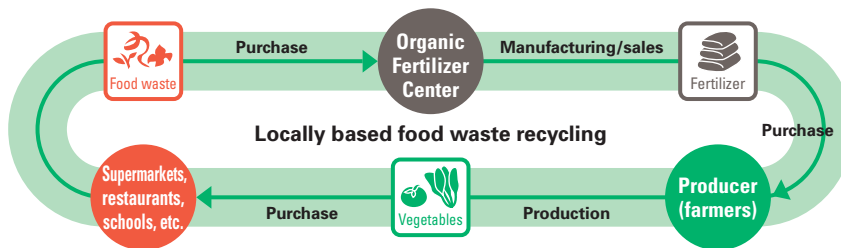
Toner Cartridge Recycling Business

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. Fujinomiya Parts achieved zero emissions* of waste in March 2005.

Food Waste Recycling Business

Yazaki's food waste recycling business, which recovers the food waste generated by food processing businesses and supermarkets and turns it into agricultural fertilizer, began operations at Niigata Parts Co., Ltd. in December 2005. Yazaki produces an organic fertilizer by combining soybean-derived food waste generated by local food-processing companies with vegetable scrap generated by supermarkets. This organic fertilizer is utilized by local farmers to grow safe crops and helps recycle food waste on a local basis.

*Zero emissions
Please see p.47 for further information



Okara Super Organic (organic manure in pellet form) made from recycled food waste

In Focus

Glass Recycling Business • Sol Technica Co., Ltd

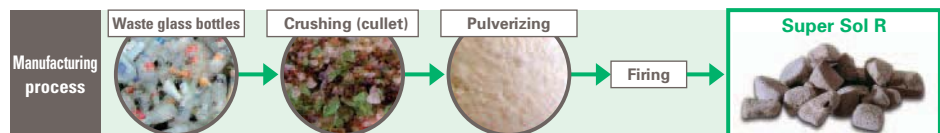
Super Sol R, made solely from recycled glass bottles and discarded glass



Used as base material in rooftop gardens

Currently, about 1.96 million tons of glass bottles are supplied to markets in Japan each year of which 740,000 tons (40%) are discarded in landfills. Super Sol R, manufactured by Sol Technica, is a lightweight, durable, and versatile material made from discarded glass that is used in civil engineering projects, horticulture, and rooftop gardens.

In recent years, the use of Super Sol R in roof gardens has been gaining more attention because these gardens help reduce atmospheric CO₂. The glass recycling business has been operating since 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."



Recovery and Recycling of End-of-life Products

The Yazaki Group recovers, recycles and reuses discarded wire, wooden electric wire spools, gas meters, absorption solution from absorption chiller-heaters, and taxi meters.

In FY2005, Yazaki recycled 96% of the discarded wire resources and waste wire recovered. Wooden electric wire spools are used when wire is shipped, with Yazaki repairing and reusing 90% of recovered spools.

Yazaki also established a system for recovering replaced gas meters, alarms, regulators and other gas related equipment, and is expanding it throughout Japan. As for air-conditioning equipment, Yazaki obtained cross-jurisdictional waste management certification for recovering this type of equipment. Yazaki also recovers the absorption solution used as a refrigerant, eliminates the impurities, and reuses the solution.



Recovering absorption solution

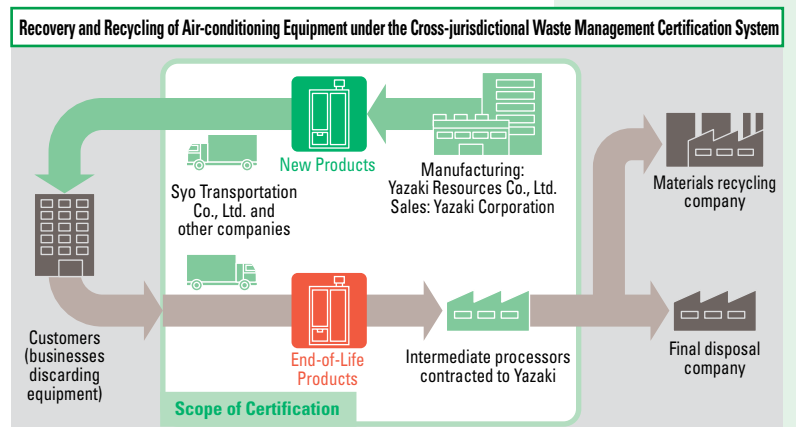
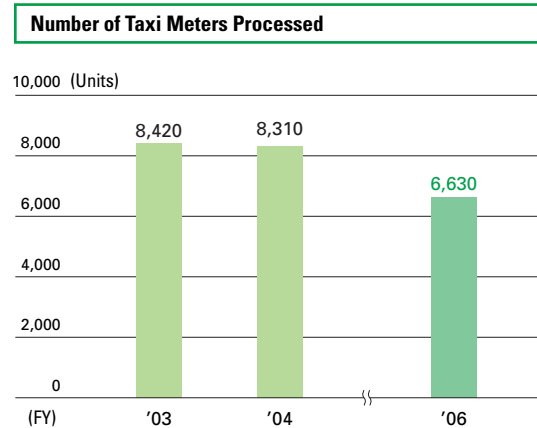
Cold cathode fluorescent lamps used in taxi meters contain a minute amount of mercury. Yazaki recovers all end-of-life products with the cooperation of dealers, and properly processes them at designated plants. Yazaki is also developing a system based on the industrial waste management manifest issued by the National Federation of Industrial Waste Management Associations concerning other instruments such as analog tachographs, digital tachographs, and printers.

Cross-jurisdictional Waste Management Certification System

A cross-jurisdictional waste management certification system is a special system whereby the Ministry of the Environment gives approval to manufacturers to recover and recycle end-of-life products from various locations under different local jurisdictions, 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. In April 2005, Yazaki Resources Co., Ltd. became the first company in the air-conditioning industry to receive said certification from the Ministry of the Environment for a system to recover and recycle end-of-life air-conditioning equipment manufactured and sold by Yazaki Corporation.



Repairing wooden electric wire spools



Implementing Environmental Preservation Activities on a Global Scale

FY2005 Goals	FY2005 Actions and Results
<ol style="list-style-type: none"> 1. Support the creation of environmental action structures in China and the ASEAN region 2. Set goals for reducing emissions of substances of concern at production sites and take measures to achieve those goals 	<ol style="list-style-type: none"> 1. Constructed environmental action structures in China and the ASEAN region 2. Measured the emissions of substances of concern at production sites

Overseas Environmental Management Systems

The Yazaki Group has adopted the Yazaki Environmental Action Plan* as a shared plan for the entire Group and is working to create a group-wide environmental management system. Overseas subsidiaries are divided by region into the China, ASEAN, the Americas, and Europe regions. Environmental Committees have been

created for each region and Regional Environmental Conferences are also held. Information management networks linked with Japan have been built, and by summarizing and managing goals and performance concerning environmental activities and providing support, environmental issues are addressed on a global scale.

*Yazaki Environmental Action Plan
Please see p.35 for further information

Global Yazaki Environmental Management System

Yazaki Environmental Committee

Environmental Committees in Japan

Chinese Environmental Committees (involving eleven companies)	China	Tianjin Yazaki Automotive Parts Co., Ltd. (TJY) Yantai Yazaki Automotive Parts Co., Ltd. (YYA) Shantou Special Economic Zone Yazaki Auto Parts Co., Ltd. (SYA) Huanan Yazaki (Shantou) Auto Parts Co., Ltd. (HNY) Hangzhou Yazaki Parts Co., Ltd. (HZY)	Foshan Shunde Yazaki Auto Parts Co., Ltd. (FSY) Chongqing Yazaki Meter Co., Ltd (CYM) Shanghai Yazaki Co., Ltd. (SHY) Yazaki Management Consulting (Shanghai) Ltd. (YMSL) Yazaki (Hong Kong) Ltd. (YHK)	Chinese Environmental Conference		
	Taiwan	Taiwan Yazaki Corporation (TYC)				
ASEAN Environmental Committees (involving seventeen companies)	Thailand	Thai Arrow Products Co., Ltd. (TAP) Thai Yazaki Electric Wire Co., Ltd. (TYE) Thai Metal Processing Co., Ltd. (TMP)	The Philippines	EDS Manufacturing, Inc. (EMIF) Yazaki-Torres Parts Manufacturing, Inc. (YTPMI) Philippine EDS Techno-Service Inc. (PET)	ASEAN Environmental Conference	
	Indonesia	P.T. EDS Manufacturing Indonesia (PEMI) P.T. Surabaya Autocomp Indonesia (SAI) P.T. Autocomp System Indonesia (PASI) P.T. Semarang Autocomp Manufacturing Indonesia (SAMI) P.T. Jatim Autocomp Indonesia (JAI)	Vietnam	Yazaki EDS Vietnam, Ltd. (YEV) Yazaki Haiphong Vietnam, Ltd. (YHV)		
			India	Tata Yazaki Autocomp Limited (TYA) Yazaki Wiring Technologies India Pvr. Ltd (YWTI)		
			Australia	Australian Arrow Pty. Ltd. (AAPL)		
			Samoa	Yazaki EDS Samoa Ltd. (YES)		
The Americas Environmental Committees (involving twenty-one companies)	U.S.	Yazaki North America, Inc. (YNA) NACOM Corporation (NACOM) Elcom, Inc. (ELCOM) Circuit Controls Corporation (CCC) Yazaki Management Co. Inc. (YMC) YTC America Inc. (YTCA) Yazaki Energy Systems, Inc. (YESI)	Mexico	Autopartes Y Arneses de Mexico, S.A. de C.V. (AAMSA) Buenaventura Autopartes S.A. de C.V. (BAPSA) Arnecom, S.A. de C.V. (ARNECOM)	The Americas Environmental Conference	
	Columbia	Yazaki-Ciemel S.A. (YCSA)		<p style="text-align: center;">YARMEX</p> Auto Circuitos de Obregon, S.A. de C.V. (ACOSA) AUTO Electronica de Juarez S.A. de C.V. (AEJ) Productos Electricos Diversificaoos S.A. de C.V. (PEDSA) Sistemas Electricos Y Conductores S.A. de C.V. (SECOSA) Manufatura Avanzada De Colima, S.A. de C.V. (MACSA)		
	Brazil	Yazaki do Brasil Ltda. (YBL) Yazaki Autoparts do Brasil Ltda. (YAB) Yazaki International Corporation do Brasil Comercio de Autopecas Ltda. (YIB)		Auto Conectores De Chihuahua ELCOM S. de R.L. de C.V. (ACC)		
	Argentina	Yazaki Argentina S.R.L (YAS)				
European Environmental Committees (involving thirteen companies)	U.K.	Yazaki Europe Ltd. (YEL)	Romania	Yazaki Component Technology S.R.L (YCT) S.C. Yazaki Romania SRL (YRL)	European Environmental Conference	
	Portugal	Yazaki Saltano de Portugal Components Electricos Automoveis, Lda. (YSP)		Ukraine		Yazaki Ukraine LLC. (YUL)
		Yazaki Saltano de Ovar-Productos Electricos, Lda. (YSE)				Czech Republic
	Turkey	Yazaki Otomotive Yan Sanayive Ticaret A.S. (YOT) Yazaki Wiring Technologies Turkiye Elektrik Sistemlen Sanayi ve Ticaret limited Sirketi (YWTT)		Slovakia		Yazaki Wiring Technologies Slovakia s.r.o. (YWTS) Yazaki Slovakia spol, s.r.o. (YSK)
	Morocco	Yazaki Morocco SA (YMO)		Lithuania		Uab Yazaki Wiring Technologies Lietuva (YWTL)

China

Creating an Integrated Environmental Management System

Environmental Initiatives in China Get Off the Ground

In FY2004, the holding of the first Chinese Environmental Committee meeting and environmental management training for environmental officers brought about improved environmental awareness in China, where environmental action has lagged behind. In FY2005, environmental action was energetically pursued, with the holding of the second Chinese Environmental Committee meeting, the gathering and collation of all environmental data from production sites, and

implementation of other environmental initiatives such as thorough sorting of waste and conservation of electric power. Environmental training for employees and social contribution activities were also actively implemented. With the aim of further strengthening environmental management, Yazaki is currently advancing with the creation of an integrated environmental management system in China.

All Employees Participate in Community Service Cleanup Operations

FSY (China) In November 2005, at the FSY factory in Jun'an, a community service clean-up was carried out with the participation of all employees. Until now, companies in Jun'an had not engaged in community service activity, and the local television station came to report on the day of the clean-up, while passers-by also showed interest.

The trash collected in the space of around two hours filled no less than 20 carts. The operation served to raise the awareness of environmental protection among employees.



Employees participating in the clean-up



President Sugiyama is interviewed by the local television station

Installation of 'Mottainai' signboard

YYA (China) In August 2005, a large signboard proclaiming in Chinese and Japanese the spirit of 'Mottainai'* that forms part of Yazaki's DNA was put on display within the plant's grounds. The setting up of the display will be followed up with increased educational initiatives to further deepen the understanding of all employees regarding energy conservation and environmental protection.



'Mottainai' signboard set up on the plant grounds

Reuse of Waste

YYA (China) Previously, elastic bands had been used in the packaging for connectors and similar products, but as elastic bands are susceptible to deterioration, the amount of waste produced was also considerable. To reduce the amount of waste generated and at the same time promote the reuse of waste, YYA began using clips made from recycled material. Using these clips to replace the elastic bands has reduced the amount of waste generated and has also saved expenditure on the purchase of elastic bands. YYA is currently recommending this practice to all other Yazaki bases in China.

Creating an Environmentally Considerate Factory with a Conducive Work Environment

Wang Yang,

Deputy Team Leader, CP Technology Department, YYA (China)

At YYA, in addition to efforts to reduce waste and train our staff, we are engaged in a wide variety of other initiatives. In FY2005, we started using a nitrogen gas generator to replace our kerosene boiler and thereby reduced CO₂ emissions to one fifth of that of FY2004. It also allowed us to reduce expenditure on anti-corrosion agents. As a measure against noise pollution, we changed the direction of the outlets of the factory's exhaust ducts to reduce noise levels. In the future, we are committed to raising levels of environmental awareness to improve the work environment of our factory.

*Spirit of 'Mottainai'
Please see p.55 for further information

Looking Back



Concentrating on Measures against Global Warming and Substances of Concern

Holding of Second ASEAN Environmental Conference

In February 2006, the second ASEAN Environmental Conference was held at TAP, Thailand. The conference was attended by twenty-four representatives from nine countries and discussions covered measures against substances of concern, environmental management systems, and environmental initiatives in the ASEAN region.

The Yazaki Group Thailand presented reports on improvements, including: (1) setting up of teams to address environmental issues; (2) adaptation to environmental regulations in Thailand and promotion of green purchasing and social contribution activities; and (3) overall improvement of operations including environmental activities.

Among future tasks proposed for the ASEAN region were:

(1) scrutiny of electricity procurement systems and CO₂ conversion formulae, which differ from country to country; and (2) optimization of logistics systems including measures against global warming.



Second ASEAN Environmental Conference held at TAP

Presentation Ceremony for "Solidarity Homes"

YEV, Vietnam In August 2005, a presentation ceremony for "Solidarity Homes" was held in the Vietnamese province of Binh Duong, where YEV is located. "Solidarity Homes" is a program in which the public body responsible for charitable activity presents homes to families undergoing economic hardship. When YEV received an award from the Vietnamese Ministry of Trade in September 2004, part of the prize money was donated to the province of Binh Duong as a gesture of thanks for day-to-day support. This donation allowed the construction of



Commemorative photograph taken outside one of the "Solidarity Homes"

ten homes under the "Solidarity Homes" program, three of which were handed over at a presentation ceremony, attended by representatives from YEV.

Reduction of M-20 Effluent Waste

PASI, Indonesia M-20 anti-rust agent is an effluent waste discharged in large quantities. Previously it was employed in cooling water to prevent rust, but in November 2005, the control process (electrical conductivity) for the cooling water was improved. As well as reviewing the flow circuit of the cooling water, measures were introduced to visualize in real time the progressive changes in electrical conductivity caused by contamination with impurities. This has made it possible to eliminate the use of the M-20 anti-rust agent.

Waste Reduction Initiatives

AAPL, Australia At AAPL, sorting of waste is carried out across a broad front, from the office to the production site. AAPL is also investing energy in creating a workplace which raises environmental awareness by displaying signs and posters on waste sorting, setting aside an area for display of environmental information known as the green display wall, selling garden furniture manufactured with waste material from the plant, and starting a recycling supermarket where staff can recycle unwanted furniture and other everyday items. In FY2005, a 35% reduction in landfill waste was achieved.



Bench made from waste plastic

Green display wall

In Focus

Seeking to become a Company Needed by Society

Dao Thi Bach Cuc,

Manager, EDS Management Department, YEV (Vietnam)

Local residents describe YEV as a philanthropic company. This is because in eleven years of social contribution activity, YEV's contributions have included twelve "solidarity homes," 40,000 books, 20,000 notebooks, US\$13,000 in donations, and numerous gifts to schools, disabled people, nursing homes for the elderly, orphanages, and victims of natural disasters.

By going directly to the relevant location and presenting the gifts ourselves, we get to share the feeling of human empathy and sometimes we are met with tearful smiles. When one pupil who was being presented with books said "I want to work at YEV when I am older," I realized how infinitely precious our spiritual dimension is. I hope that these activities will in the future produce human resources to work alongside us. Our motto is "One for all, all for one."



The Americas

Environmental Initiatives Expanding Steadily

Second Americas Environmental Conference Held

Approximately thirty environmental officers from Group companies in the Americas and the Environmental Affairs Division in Japan gathered for the Second Americas Environmental Conference in June 2006. On the first day of the conference, personnel from U.S.-based YNA gave a presentation on the five-year plan for environmental initiatives in the Americas and the progress of responses to the EU ELV Directive.* The Japanese Environmental Affairs Division personnel explained the objectives of the Yazaki Group environmental initiatives and measures designed to help prevent global warming. On the second day, environmental officers from the different regions of Americas reported on their activities. Mexico-based YARMEX was praised by the participants for its use of

a multiple-choice environmental test using video created by students. The conference clarified that Yazaki's environmental initiatives are steadily taking root in the Americas.



The Second Americas Environmental Conference was held at NACOM in the United States.

*EU ELV Directive
Please See p.18 for further information

Dome-Shaped Sky Roof Installed

YARMEX-ACOSA, Mexico Until recently, ACOSA had incurred high electricity costs. In addition, the intensity of lighting equipment was low, contributing to lower work efficiency. In response to this situation, an 80-meter dome-shaped sky roof was installed. The natural light that streams in through the sky roof, which is made of 8mm polycarbonate, makes it possible to turn off all lights for ten hours each day, resulting in savings of 1,296,000kWh of electricity annually. In addition, the natural lighting has contributed positively to the health of workers.



The dome-shaped sky roof installed above the final assembly line

Supporting Science and Technology Education

YNA, U.S. The Yazaki Youth Connections Program is a partnership program operated by YNA and the Detroit Children's Museum to foster children's interest in science and technology. The program is for students in grades 3 through 5 with limited resources and who have little exposure to science and technology education. Over the past seven months, approximately 375 children participated in various workshops, including Circuits, Papermaking, Inventors & Inventions, and planetarium exhibit. The goal is for 500 students to complete the program annually. YNA sponsors the cost of the program and provides an additional \$10,000 donation to the Museum for a total of \$18,000 annually.



Children who participated in the Yazaki Youth Connections Program

The Campaign "Clean Dish"

YAB, Brazil YAB's Irati Factory is conducting a "clean dish" campaign at its employee cafeteria to reduce the volume of food waste. Under this program, each time an employee gives back their plate with no leftover food (clean dish), he or she receives a 10g coupon. At the end of each month, if the target for waste reduction (total of 40g per employee) is achieved, the sum of the coupons is exchanged for food and given to a charity institution. In the four months since the program was launched, the volume of waste food per person generated by the cafeteria has fallen by about two thirds.



A poster for the "clean dish" campaign

Employee Environmental Awareness Rising

Kevin Pimlott,
Vice President, YNA (U.S.)

The annual confirmation reviews and audits conducted by independent auditors in FY2005 concluded an overall positive position for Yazaki Americas' current ISO 14001 compliance system. Yazaki Americas will continue its efforts to reinforce its environmental management system.

The Americas have shown a clear growth in environmental awareness by extending their education program to reduce their use of substances of concern and increase green purchasing initiatives. To ensure full compliance with directives such as the EU ELV Directive in FY2006, the Americas have introduced X-ray fluorescent (XRF) element analyzers across the organization. It is a considerable challenge to the Americas' organization to have all the testers up and running by year end 2006, but they will be making every effort to achieve this goal.

Looking Back



Further Strengthening of Regional Environmental Management Systems

Third European Environmental Conference held

In Europe, a team of environment, health, and safety (EH&S) officers working at thirteen companies in nine countries, mainly at Yazaki Europe Ltd. (YEL) (Britain), are at the center of environmental activities. In FY2005, based on the Yazaki Environmental Action Plan* which is being implemented in Japan, YEL took action on measures to help prevent global warming and to reduce waste, to ensure compliance with the EU ELV Directive,* and to build an environmental management system.

Measures to help prevent global warming consisted of putting in place a system to record performance data for energy consumption and waste volumes. From FY2006, performance target values will be set for each company and for Yazaki's operations in Europe as a whole and reduction activities implemented. The YEL Environmental Quality Assurance Committee was set up to clarify the current state of activities and to identify future action items regarding compliance with EU

directives and the reduction of substances of concern. As for the building of an environmental management system, YEL obtained the international certification for occupational health and safety, OHSAS 18001,* for all operations in Europe.

These environmental activities are reported at the European Environmental Conference held every year. The conference to report on FY2005 activities was held in June 2006 and was the scene of valuable exchanges of opinion.



Third European Environmental Conference held at Uab Yazaki Wiring Technologies Lietuva (YWTL), (Lithuania)

***Yazaki Environmental Action Plan**
Please see p.35 for further information

***EU ELV Directive**
Please see p.18 for further information

***OHSAS 18001**
OHSAS 18001 is an Occupational Health and Safety Assessment Series for health and safety management systems. It is intended to help organizations to control occupational health and safety risks.

Wheelchairs Donated by Collecting Plastic Caps

YSP/YPE, Portugal Yazaki Saltano de Portugal Componentes Electricos Automoveis, Lda. (YSP) and Yazaki Saltano de Ovar-Productos Electricos, Lda. (YSE) carry out sorting of bottles and plastic caps of water and yoghurt containers. In FY2005, the profit gained from recycling discarded plastic caps, plastic clips, and other items was used to present four wheelchairs to charitable organizations.



Collected plastic caps

Plastic Recycling

YMO, Morocco Yazaki Morocco S.A. YMO is working to reduce landfill waste in all manufacturing processes and to recycle used plastic. In FY2005, the amount of landfill waste generated was 53,700kg, a 26% reduction from FY2004, while 5,477kg of plastic waste was recycled. YMO is committed to further efforts to promote plastic recycling and reduce landfill waste.

Tree-planting by Employees and Families

YOT, Turkey At the Kuzuluk Factory of Yazaki Otomotiv Yan Sanayi ve Ticaret A.S. (YOT), tree-planting activities were carried out with the aim of promoting scenic improvement and greening, improving the environmental awareness of employees and local residents, and encouraging communication with employees and their families. On June 5, 2005, World Environment Day, the employees of the Kuzuluk Factory and their families gathered at the 9,000m² site earmarked for tree-planting and planted 1,000 saplings. The maintenance and care of the planted trees is being carried out with cooperation from the city of Kuzuluk.



Tree-planting by employees and their families

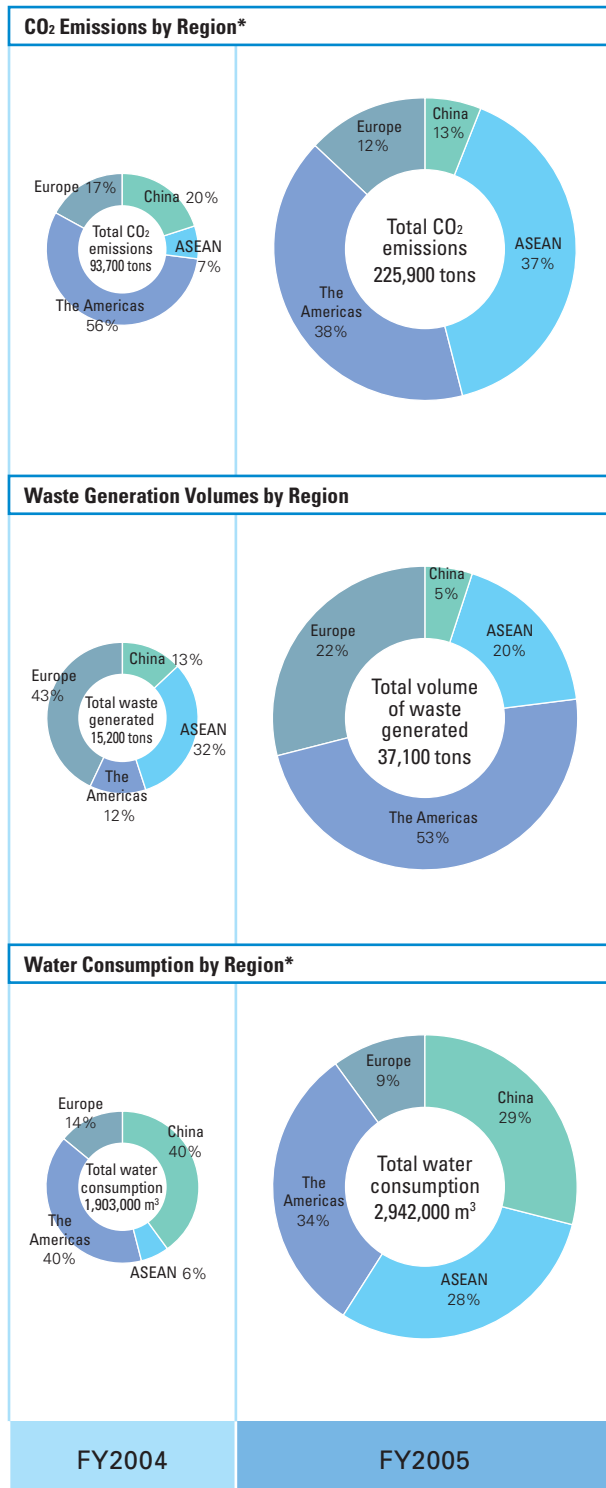
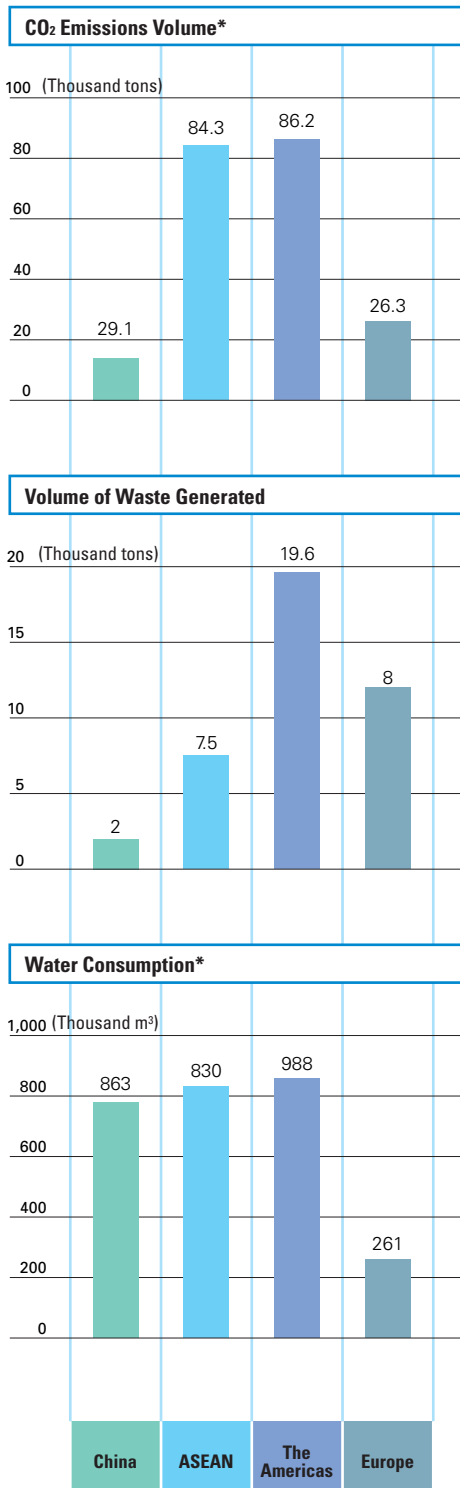
Waste Paper Volume Cut by 5% in One Year

YWTS, Slovakia Yazaki Wiring Technologies Slovakia S.R.O. had previously used paper tape to tie wire harnesses together, but has now begun to replace this paper with rubber bands recycled from waste material. YWTS aims to reduce waste paper generation by 5% by the end of FY2006.

FY2005 Global Environmental Data

Period: January 2005 – December 2005
(Data for FY2004 is for the period between January 2004 and December 2004)

Scope: Regional Environmental Committee Members
(China: 11 companies; ASEAN: 17 companies; The Americas: 21 companies; Europe: 13 companies)



***Scope of CO₂ emissions volume data**
Two of Yazaki's Chinese subsidiaries that lease a number of their buildings are unable to individually record the consumption of electric power, etc. and are therefore not included in the statistics

***Scope of water consumption data**
Three of Yazaki's Chinese subsidiaries that lease a number of their buildings are unable to individually quantify water consumption, while one ASEAN subsidiary did not record statistics for FY2005, and are therefore not included in the statistics.

***FY2004 water consumption in Europe**
The Yazaki Social & Environmental Report 2005 contained an error in the figures for water consumption in Europe during FY2004. The water consumption of YWTT (Turkey) was included in the water consumption for Europe as 890,000m³ but was in fact 890m³.

Environmental Chronology

National & World Events		Yazaki Events
	1957	● Recycling of copper materials begun with introduction of Thomas furnace in manufacture of electric wires
	1964	● Collection begun of used copper, aluminum, and paper for use as raw materials for Yazaki products
● Enactment of Basic Law for Environmental Pollution Control	1967	
● Enactment of Air Pollution Control Law ● Enactment of Noise Regulation Law	1968	
	1969	● Introduction of non-polluting DFP Dip Forming Process (continuous casting) at Yazaki Electric Wire Co., Ltd.
● Enactment of Law Relating to the Prevention of Marine Pollution and Maritime Disasters	1970	
● Enactment of Water Pollution Control Law and Waste Management and Public Cleansing Law		
● Establishment of the Environment Agency	1971	● Establishment of used electric wire recycling company Iwao Industries Co., Ltd. ● Establishment of Environmental Affairs Department and formation of company-wide Environmental Affairs Committee (production divisions)
● Limits to Growth published by the Club of Rome ● Japanese government publishes first White Paper on environment	1972	
● Washington agreement (CITES: the Convention on International Trade in Endangered Species of Wild Fauna and Flora)	1974	
● London Dumping Convention: Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter	1975	
● Ramsar Convention on Wetlands: protection of migratory birds	1976	
● United Nations Conference on Desertification (UNCOD) held	1977	
	1979	● Nuclear power electricity generator accident at Three Mile Island
	1980	● Introduction of regulation on total NOx volume
	1981	● Resource- and energy-saving office established (Sendai Branch Office)
	1982	● Establishment of Yawara Industries Co., Ltd. for recycling of end-of-life wooden electric wire spools ● Foundation of Yazaki Memorial Foundation for Science and Technology
	1983	● Aroace modular controller awarded Outstanding Energy-saving Product Prize as a product with outstanding energy-saving characteristics
● Helsinki Protocol: reduction of SOx emissions	1985	
● Enactment of Law on the Protection of Endangered Animal and Plant Species ● Montreal Protocol on Substances that Deplete the Ozone Layer	1986	
● Enactment of Law Concerning the Protection of the Ozone Layer ● Establishment of Intergovernmental Panel on Climate Change (IPCC)	1987	
● Basel Convention on the Control of Transboundary Movements of Hazardous Wastes	1988	
● Exxon Valdez runs aground	1989	● LPG cogeneration facility installed at Yazaki guesthouse(s)
● Formulation of Guidelines for Measures to Prevent Global Warming	1990	● Establishment of Yazaki Scholarship Foundation in Manila to mark opening of EMI in the Philippines
● Enactment of the Law for the Promotion of Utilization of Recycled Resources	1991	● EE-Solar receives Top Technology Award for outstanding technology from Japan Solar Energy Society
● Rio Earth Summit (Framework Convention on Climate Change, Forest Principles, Convention on Biodiversity, Agenda 21)	1992	● 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 ● Establishment of Environment and Safety Department ● Establishment of Environmental Safety Committee
● Enactment of the Basic Environment Law	1993	
● Formulation of Basic Environment Plan	1994	
● Framework Convention on Climate Change, first Conference of the Parties (COP1)	1995	
● Elimination of designated CFCs		
● International standardization of ISO 14001 regulations	1996	● Acquisition of ISO/DIS 14001 certification by Tenryu Factory
● Meeting of parties to the Framework Convention on Climate Change in Kyoto (COP3)	1997	● Formulation of Yazaki Global Environment Charter ● Acquisition of ISO 14001 certification at Numazu and Susono Factory
● Enactment of Law for Recycling of Specified Kinds of Home Appliances	1998	● Introduction of LCA in electric wire divisions ● Creation of biotope to mark establishment of Y-CITY ● Acquisition of ISO 14001 certification by Fuji Factory, Ohama Factory, Haibara Factory and Daitou Factory
● Enactment of Law Concerning Special Measures against Dioxins	1999	● Introduction of LCA for automotive wiring harnesses ● Acquisition of ISO 14001 certification by Shimada Factory
● Enactment of Pollutant Release and Transfer Register (PRTR) Law		
● Enactment of Basic Law for Establishing the Recycling-Oriented Society	2000	● Acquisition of ISO 14001 certification by Niimi Factory and Y-CITY
● Enactment of Containers and Packaging Recycling Law	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, Washizu Factory and Ohama Factory
● Introduction of the Automobile Recycling Law	2002	● Review of Yazaki Global Environment Charter, formulation of five-year Yazaki Environmental Action Plan and start of implementation
● Meeting of World Business Council for Sustainable Development (Johannesburg Summit)		
● Enactment of Soil Pollution Law ● Enactment of end-of-life (ELV) directive	2003	● Survey to check for soil pollution at all production sites ● Established the Sales Environment Committee, the Management Environment Committee and the Environmental Information Liaison Committee
● 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)	2004	● Environmental Committee Meetings held in Europe and North America
● Enactment of the Automobile Recycling Law	2005	● Acquisition of ISO 14001 certification at Hodosawa Factory and all thirty-six companies affiliated with the production divisions
● Effectuation of the Kyoto Protocol		

Yazaki Group Products

- Sales release of "Dondo" waste incineration furnace featuring reduced smoke pollution
- Launch of CFC-free modular type absorption chiller-heater Aroace
- Completion of Solar House, containing world's first solar-powered heating, air-conditioning, and hot-water supply system
- Launch of solar-powered water heating system Yuwaita
- 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
- Launch of Aroace gas fired double-effect chiller-heaters
- Launch of Solar House solar-heat powered heating, air-conditioning, and hot-water supply system for use in snowbound areas
- Launch of Aroace water heater featuring recovery systems for used steam and waste heat
- Sales release of Achichi solar-powered hot-water supply system for domestic use
- Sales release of Acemic, which protects against damage by static electricity and electromagnetic waves
- Development of electric wire using non-halogen fire-retardant insulation
- Sales release of EE-Solar and Advance Solar slim-line solar-powered domestic hot-water supply systems
- Launch of lead-free battery cables ○Launch of an improved and lightweight solar-powered water heater model
- Launch of Aroace air conditioning systems
- Launch of Ecology Cables using polyethylene-based material
- 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
- Launch of high-efficiency Aroace (energy-saving model)
- Installation of halogen free components in vehicles
- Conversion to lead-free electric wires and cables ○Installation of easy-to-dismantle wiring harnesses in automobiles

Editor's Postscript

To supplement its internal audit systems, in FY2005, the Yazaki Group divided its production sites into blocs and had them conduct cross audits. These audits resulted in the discovery of issues at each site that require improvement. In FY2006, Yazaki will improve the system of cross audits and expand application of best practices to each production site.

In light of some indications concerning waste management activities in FY2004, each site investigated the current status of their management systems. In FY2006, Yazaki will survey and reorganize subcontractor agreements with Group sites in Japan, and investigate waste management measures to support the development of a Group-wide management system.

With respect to environmental performance, Yazaki met its goals for reducing greenhouse gases and waste volumes, but was not able to reach its goals for reducing use of copier paper and water resources. In FY2006, Yazaki will work steadily to enhance environmental management systems and achieve its performance goals.

Through the 2005 meeting for reviewing the Social & Environmental Report and the 2006 "Let's look, listen and talk about Yazaki!" stakeholder meeting, Yazaki has received many valuable opinions and comments from stakeholders. Among them were many comments that the Yazaki Group should do even more to disseminate information concerning its activities.

The current report was created based on the concept of broadly disseminating information about the Yazaki Group's activities and making it more comprehensible to a wider range of stakeholders.

Production companies and personnel in various relevant departments made every effort to enhance the topics on relations with stakeholders and their activities. Yazaki would like to express its deep appreciation for their hard work.

Although many improvements have been made, there are still aspects that can be further enhanced. Yazaki will continue to listen to the assessments and opinions of stakeholders so it can further improve this report as a tool for disseminating information about the Yazaki Group's activities.

If you would like to share your thoughts about the Social & Environmental Report 2006, or have any related queries, please contact:

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The next report is scheduled for publication in autumn 2007.

E-mail : environment@sys.yzk.co.jp

URL: <http://www.yazaki-group.com/e/environment/02.html>



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.

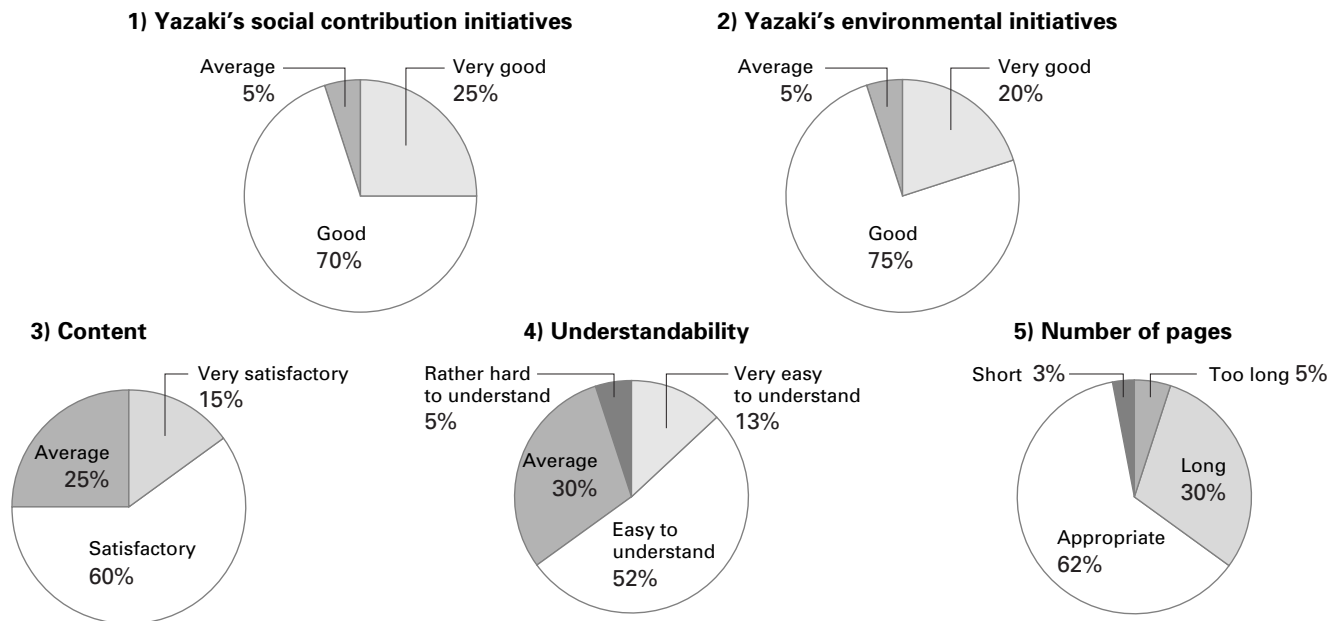
Printing: In transferring ink, damping water containing elements such as isopropyl alcohol has not been used; a waterless process has been employed.

Processing: A recyclable binding adhesive has been used, which does not damage the paper during the paper-recycling process.

Results of the Yazaki Social & Environmental Report 2005 Survey

We received forty responses to the survey concerning the Yazaki Social & Environmental Report 2005 issued in September 2005. We would like to thank all of the readers who responded to the survey and to report on the survey results. The results of the survey have been summarized below.

Q1 What was your impression of the Yazaki Social & Environmental Report 2005?



Q2 Was there any particular article in the report that grabbed your interest? (Multiple answers OK) Please provide any detailed reasons you may have.

Executive Message

- I gained a good understanding of the senior management's thinking
- Yazaki's corporate stance and initiatives have been detailed in the Executive Message
- I gained a good understanding of the Company's direction.
- I gained the impression that Yazaki is a company that "cares about people."

Corporate Policy

- Regardless of how society may change, I feel that Yazaki will continue to be a corporation in step with the world

Creating Employment

- The detailed explanation regarding new businesses was interesting.

Working with Local Communities and Society at Large

- Reading the novel section about Yazaki as seen by stakeholders piqued my interest.
- A lot of information was completely new to me or something which hadn't occurred to me before

Factory Initiatives

- The examples of specific initiatives were easy to understand.
- Initiatives to minimize environmental impact by actively working to achieve zero emissions

Q3 If there were any points you think were insufficient or require improvement, please inform us here.

- Further diversity is required among stakeholder meeting participants
- I would like to see the concept of Mottanai publicized more and initiatives continued in the future too.
- I would like more explanations of terminology.
- The examples of specific initiatives were easy to understand.
- I was glad to see that consideration was given to the environment even in the printing of this report.

Q4 Please inform us of any activities that you think Yazaki should address in the future.

- I would like Yazaki to address forest preservation and other activities looking 50 years into the future.
- I look forward to Yazaki addressing a variety of issues in Japan and overseas in the future.
- Active entry into new business fields.
- Integration of management divisions, the automobile sector, and environmental systems sector.
- Detrimental effects from global warming and other problems are starting to appear and consequently these are extremely important issues that I would like Yazaki to actively address in its future environmental undertakings.
- Introduction of environmentally considerate systems from the design stage through to production.
- Improve product recycling.
- Achieving compatibility between environmental, social and economic aspects of Yazaki's business activities.
- Yazaki should publicize its products and activities outside the company more.
- Voluntary recovery of wrapping and packaging materials.
- Enhanced educational systems.
- Yazaki should publicize its environment-oriented businesses more inside the company.

Yazaki Social & Environmental Report 2006 Questionnaire

Please send us your comments on the Social & Environmental Report 2006

FAX +81-55-965-3736

Environmental Affairs Div.
Yazaki Corporation

Q1 What was your impression of the Yazaki Social & Environmental Report 2005?

1) Yazaki's social contribution initiatives

— — — —
 Very good Good Average Rather poor Poor

Please provide specific reasons:

2) Yazaki's environmental initiatives

— — — —
 Very good Good Average Rather poor Poor

Please provide specific reasons:

3) Content

— — — —
 Very satisfactory Satisfactory Average Rather unsatisfactory Unsatisfactory

Please provide specific reasons:

4) Understandability

— — — —
 Very easy to understand Easy to understand Average Rather hard to understand Hard to understand

Please provide specific reasons:

5) Information volume (page count)

— — — —
 Too much Much Appropriate Little Too little

Please provide specific reasons:

Q2 Was there any particular article in the report that stimulated your interest? Please provide any specific reasons you may have.

(Multiple answers allowed)

- 1 Editorial Policy, Guide to the Report
- 2 Business Overview 1: Yazaki Group Structure (Company Outline, Organization Chart, etc.)
- 3 Business Overview 2: Yazaki Group Business Scope (Business Sectors)
- 4 Executive Interview
- 5 Social Aspects: Highlights (Promoting a Model Business Project Based on Local Recycling of Wood Biomass through Public-private Partnership)
- 6 Yazaki's Basic Stance
- 7 Prospering With Customers
- 8 Working with Business Partners
- 9 Collaborating With Employees
- 10 Working with Local Communities and Society at Large
- 11 Feature: Stakeholder Meeting
- 12 Environmental Aspects: Highlights
- 13 Environmental Management
- 14 Development & Design
- 15 Production
- 16 Report from the Front Lines 1: Daitou Factory
- 17 Report from the Front Lines 2: Ohama Factory
- 18 Logistics
- 19 Recycling
- 20 Global Initiatives
- 21 Environmental Chronology

No.	Please provide specific reasons:

Q3 If there were any points you think were insufficient or require improvement, please inform us here.

Q4 Please inform us of any activities that you think Yazaki should address in the future.

Q5 What is your position with respect to the workplace, community, etc.?

- Yazaki customer
- Engaged in government administration
- Person in charge of environmental matters in a corporation
- Yazaki business partner
- Member of environmental NPO/NGO
- Research, education related
- Person who lives near Yazaki business site
- Media related
- Student
- Other ()

Thank you for your cooperation. Your answers and opinions will be incorporated into the creation of the Social & Environmental Report 2007.