



Social & Environmental Report 2007

Period covered

FY2006 (June 21, 2006 to June 20, 2007)

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:

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Guidelines consulted:

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

About the Cover

Yazaki Corporation's approximately 200,000 employees at 436 business sites in 39 countries around the world act in concert to manufacture and sell wiring harnesses, which can be likened to the nerves of automobiles, as the company's core business activity with the aim of contributing to the development of a sustainable society. Yazaki also manufactures a diverse range of household and energy-related products and has expanded into new areas such as nursing care and healthcare as well as reforestation. We are confident that each of our business activities is contributing to the betterment of society.

The cover of this year's report speaks of the expectation that Yazaki holds unlimited and still unknown potential, like that of a new life, and of our tremendous responsibility to protect and nurture that potential. We hope that through the reports on the social and environmental aspects of our activities, this Social & Environmental Report 2007 will serve to deepen understanding of Yazaki Corporation's commitment to the development of a sustainable society.

Editorial Policy

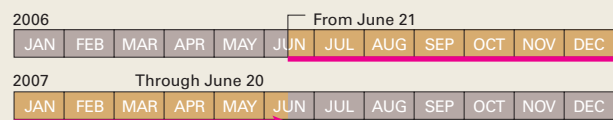
Yazaki Corporation has actively disclosed environmental and other data since the release of the FY2002 Environmental Report, which contained information on the environmental activities of five group companies in Japan. Starting in FY2003, information concerning the social aspects of Yazaki's activities 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.

This report reflects the comments and opinions of the stakeholders who participated in the "Let's look, listen and talk about Yazaki!" stakeholder meetings held in March 2006 and March 2007. Actions that we took in response to the opinions expressed at those meetings are described at the end of the report. In preparing this report, we have made innovations to enhance its readability. In "Yazaki Group Businesses and Roles," we report on the current status and future prospects of our responsibilities and the actions we take to fulfill them, and in "In Perspective," we present views from worksites.

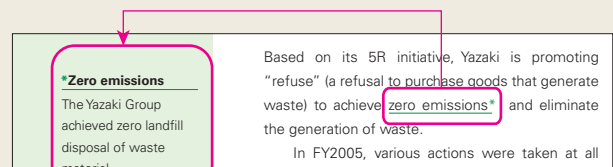
In addition to the data provided in this report, more detailed information concerning Yazaki's environmental performance can be found on the Yazaki website. We hope that you will read both, and we look forward to receiving your frank opinions and impressions. It is also our hope that this report will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

Example: FY2006

- Terms with asterisks are explained as notes.



- 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/e/>

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Global Expansion of Businesses that Contribute to the Enrichment of Society

The Yazaki Group comprises 170 companies at 436 business sites in 39 countries and employs approximately 200,000 employees.

The corporate structure encompasses businesses operated by Yazaki Corporation and four major Group companies in Japan. The Yazaki Group is headquartered in Tokyo, with Y-CITY, the World Headquarters, located in Shizuoka Prefecture. Yazaki development bases are located in four regions around the world (Japan, Asia and Oceania, Europe, and the Americas). Overseas, manufacturing of wiring harnesses by the Automotive Sector forms the core of Yazaki's operations.

Company Outline (As of June 21, 2007)

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

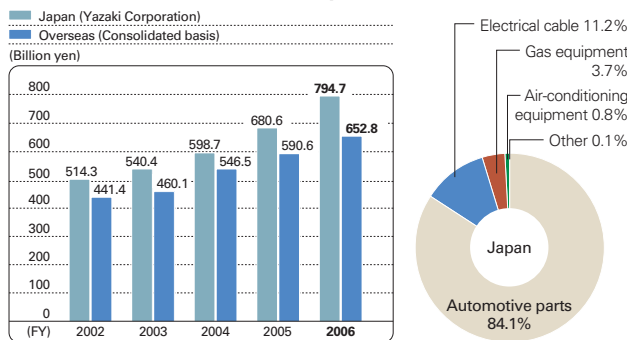
- Yazaki Meter Co., Ltd. (established in 1950)
- Yazaki Parts Co., Ltd. (established in 1959)
- Yazaki Electric Wire Co., Ltd. (established in 1963)
- Yazaki Resources Co., Ltd. (established in 1963)

Group Companies:	Total of 170
Group Companies in Japan:	5
Overseas Group Companies:	91
Affiliates in Japan:	73
Specific Public Benefit Corporations (corporations to which donations are tax-deductible):	1

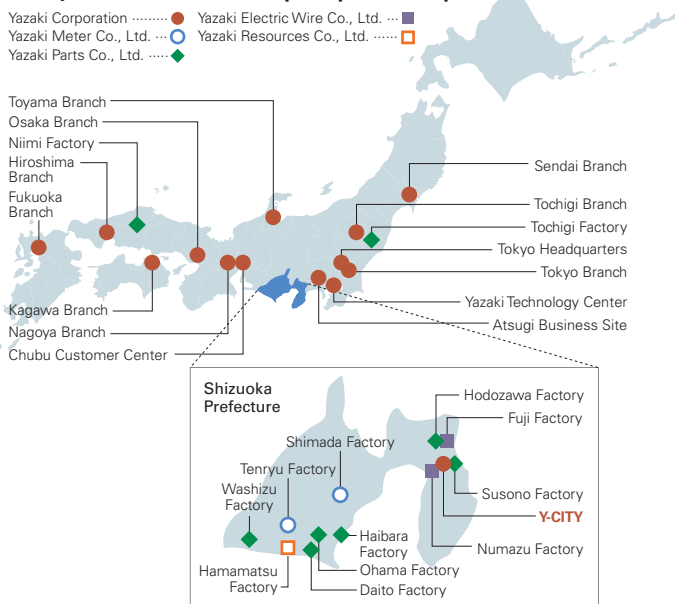
Total Number of Employees:	200,073
Employees in Japan:	21,157 (includes subsidiaries in Japan)
Overseas Employees:	178,916

*Yazaki Corporation is an unlisted company.

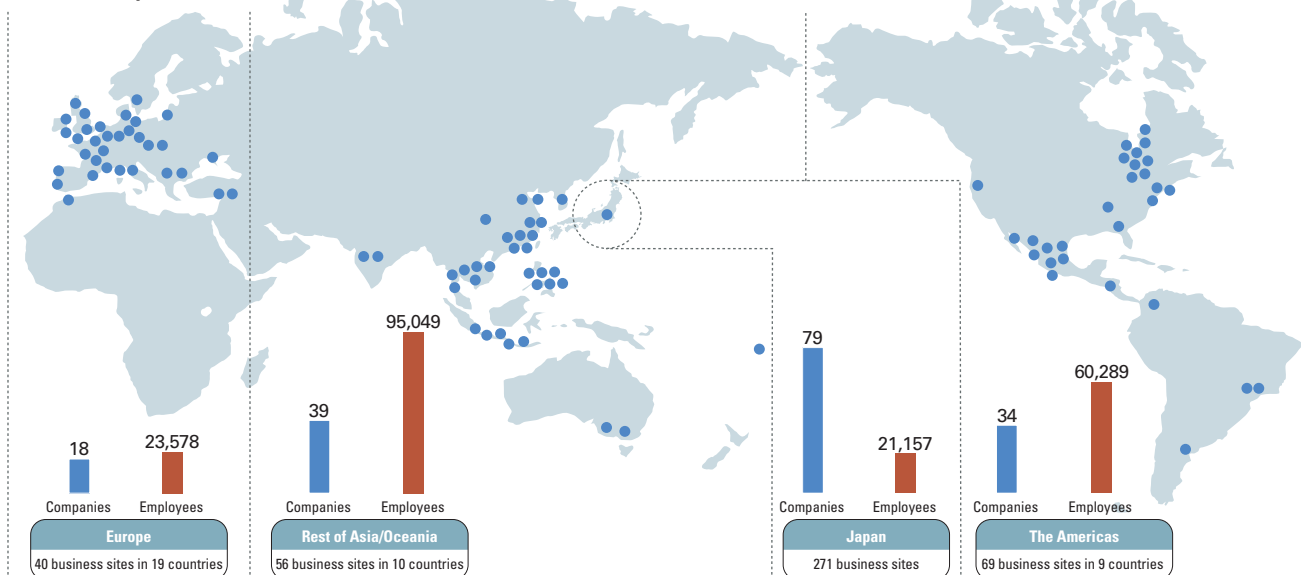
Net Sales and Sales Breakdown by Product (As of June 21, 2007)



Major Business Sites of Group Companies in Japan



Yazaki Group Business Scale





A view of the Y-CITY World Headquarters from the biotope

Contributing to the Enrichment of Society through the Automotive Sector, Environmental Systems Sector, and New Business Fields

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 expanded into new business fields that contribute to the enrichment of society such as those related to nursing care, healthcare and recycling.

Automotive Sector

Wiring Harnesses



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

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.

Automotive Parts



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

General Transportation Systems



Yazaki develops devices such as digital tachographs, that enhance the safety and operational management of commercial vehicles. Yazaki also develops taximeters for taxis in Japan, an initiative Yazaki embarked on ahead of other companies in the country.

Environmental Systems Sector

Electric Wire Division



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

Energy Equipment Division



S-type security gas meter



Gas leak detector (Arocco)

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.



Double-effect absorption chiller heater "Aroace"

Air-conditioning equipment and household equipment

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



Solar-powered water heating system "Yuwaita"

New Business Fields

Nursing Care and Healthcare Businesses



The Kami Fusen Yazaki Care Center

Business sites in Japan provide home-visit nursing services, and operation of nursing care facilities began in 2006. Yazaki is also developing businesses that support employee health management.

See page 16 for other business activities with strong local ties.

Environment-related Businesses and Recycling



Lightweight, construction material, "Super Sol R"



Organic fertilizer, "Okara Super Organic"



Loose cushioning material, "Wonder Cushion"

Yazaki, a company spanning the globe with 200,000 employees, continues to practice socially responsible business



At the root of our philosophy of corporate social responsibility (CSR) is a conviction that we must take action now to preserve our world for future generations

The founder of Yazaki used the phrase *Mottainai* (meaning “What a waste!” in Japanese) to describe conduct that produces excessive waste. He was dedicated to eliminating waste and saving resources, and I believe his expression, *Mottainai*, should circulate through Yazaki as if it were part of our corporate DNA. Everyone must know it and observe it. The phrase tells us not only that wasteful conduct illustrates the selfishness of our generation but speaks also of the importance of handing down the wisdom and ingenuity of past generations. The core meaning of the phrase is thus very likely applicable to the requirements of today's CSR. For example, our environmental preservation activities are designed around the high value we place on maintaining and using our tools and other resources for as long as possible, and when it is no longer possible to repair and reuse, we recycle. We do not waste. In addition, the reuse and recycling of materials supports our commitment to the creation of a sustainable society by doing our best now for future generations.

In this booklet, we have also included a section highlighting new business areas at the Yazaki group in Japan. Each of these new businesses has been developed in compliance with our belief in CSR. We have pursued the creation of new businesses that will bring benefits to the communities in which they operate, will satisfy present and future customers and will prosper for many years to come. I am proud to present here some examples of our recent successes in Japan.

As a truly global company, Yazaki is dedicated to social responsibility

The Yazaki group employs more than 200,000 individuals around the world. Since setting up its first overseas factory in Thailand in 1962, it has expanded into 39 countries. We have always held a certain aspect of the Yazaki vision—a corporation in step with the world—as a guiding light while growing into a global company.

The majority of these 200,000 employees make wiring harnesses in our overseas factories. Production of wiring harnesses involves many labor-intensive processes, and we carefully examine working conditions and the workplace environment at every phase of building and upgrading facilities. We also support employees who wish to improve their skills. Each of the Yazaki group companies strives to treat every employee as a family member and to create a corporate culture in which everyone shares pleasure in achievements at work. At the same time, Yazaki wishes to set down strong roots in each local community.

In Japan, we have been establishing new businesses that serve local development needs now and into the future, particularly in the area of job creation. In the process, we understand our responsibility to support the educational needs of children and young people in the communities, thus helping the next generation to build a stronger local economy.

Yazaki group companies have steadily come to be recognized as indispensable business entities in the economies of their host countries. This recognition rests upon the exemplary work of many of our employees, who determine authentic local needs and implement programs that are welcomed by their communities.

At Yazaki, people are our most important asset, and we have, over many years, continuously invested in development and training programs. Our policy of nurturing employees who act in socially responsible ways will remain unchanged despite the inevitable evolution of our management styles and business organizations in the future. I want all Yazaki employees to understand fully the vision of Yazaki that reflects the founder's will and spirit. Let us work together to ensure that Yazaki is a company where all employees put our unified vision into practice.

Yasuhiko Yazaki
Chairman
Yazaki Corporation



Corporate Policy

A Corporation in Step with the World

A Corporation Needed by Society

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.

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 most 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 security.
- 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.

In its role as a supplier to industry and society, Yazaki acts responsibly to promote environmental preservation



Working with our customers to advance our commitment to corporate social responsibility (CSR)

The Yazaki group's first priority, in terms of CSR, is to fulfill our role as a reliable supplier, delivering goods and services that are useful to society. As part of this primary objective, we have been coordinating our resources in order to promote environmental preservation activities and to develop and manufacture safe, high quality, environmentally friendly products for automobile manufacturers, gas providers and other customers.

Among the most notorious contributors to global warming are the greenhouse gases, particularly carbon dioxide (CO₂). To reduce CO₂ emissions, each of us at Yazaki must act with urgency and with conviction, in cooperation with citizens of different countries, to become protectors of the Earth. The automotive industry is certainly one of the major players that can aid in the reduction of CO₂ emissions. We must collaborate with automakers around the world to make cars more fuel-efficient and less reliant on fossil-based fuels, even as demand for vehicles continues to grow in developing countries and emerging markets. We must also prepare ourselves to comply fully with such laws and regulations as the EU directives that have recently been enacted or will soon take effect to reduce, eliminate or manage environmentally harmful substances.

And yet, the stable supply of our high-quality products is in itself a primary responsibility for us. Eighty percent of the Yazaki group's consolidated sales come from wire harnesses, and we supply our wire harnesses, which are essential components of the nerve systems of automobiles, to almost all major automakers across the globe. We have worked ceaselessly to strengthen our quality control and assurance systems in order to fortify the trust we have earned over the years from automakers, while at the same time expanding and upgrading our production systems to ensure a stable supply of our products to customers around the world. We have taken comprehensive measures to eliminate the use of environmentally harmful substances in our products and to prevent these substances from being incorporated into any of our manufacturing processes. Furthermore, we have developed products using ultra-fine, extremely light-weight wires, which helps reduce overall vehicle weight and thus yields better fuel economy.

We offer gas meters and gas leak detection and alarm devices to Japan's gas service providers. In the aftermath of fatal accidents caused by gas water heaters, Japan's Consumer Product Safety Law was revised in the past year. Our gas meter division has studied the revision in great detail and restructured many of its internal procedures in order to comply thoroughly with the new law.

Yazaki's electric cable business, which was begun by our founder, has extended the lineup of energy-saving cables it offers

to homebuilders, contractors and others in the trade, as both high-speed communication networks and the general transmission environment continue to expand. As part of our service to customers, we also offer consultation on methods for safely linking electric wires to connectors inside homes and buildings.

Working toward CO₂ reduction

Yazaki has grown into a worldwide manufacturing group in large part because we have extended our supply network to meet our customers' needs as they expand across the globe. To increase our business further, I believe we must not only create employment in host countries and contribute to local economies but also must initiate environmental preservation activities in our overseas bases. While we must follow local environmental protection laws diligently, we should aim to set ourselves even higher standards for the preservation of the environment. As caretakers of the future, we must help to make the world safer for our children and grandchildren. I firmly believe that central to our mission is disseminating this basic idea and ensuring that it is fully integrated into our practices at Yazaki in Japan and overseas.

The Yazaki Environmental Action Plan sets forth specific paths to achieve its objectives. For instance, in order for Japan to realize the level of CO₂ reduction to which it committed in the framework of the Kyoto Protocol, the auto industry must play an active role. The Japan Auto Parts Industries Association, therefore, has set goals to reduce emission of CO₂ and other greenhouse gases. The Yazaki Environmental Action Plan has raised the bar even higher for ourselves than the industry requires. We have worked rigorously to reach the voluntary, yet more stringent, goals in all of our bases in Japan and overseas that are stipulated in the plan, and we continue to expand our environmental preservation programs on a global scale.

Providing a workplace and other venues in which employees can grow and more fully realize their talents—a step essential for Yazaki as a socially responsible company

It is important to help our employees grow at work and as good citizens and active members of their communities. I believe this kind of employee, pleased with his or her work and place in the community, will help make Yazaki an even more socially responsible company. Building on this belief, the Yazaki group has a long tradition of human resource development and is continually widening its array of programs for employees.

"Adventure School" is one example of our efforts to nurture young employees. This program is offered to newly recruited

employees, fresh from school in Japan. Before actually starting to work at Yazaki, those who wish to participate in the program are sent overseas on Yazaki's sponsorship for one year to live in and experience different cultures firsthand. We also offer programs for foreign employees working in Japan, including one in which they can learn more about Japanese culture.

In addition, many years ago we organized and continue to maintain a "Summer Camp" in which children of employees from different parts of the world get together to spend an active, exciting period of time. Some of these campers grow up to be Yazaki employees themselves, and there have been many instances in which these youngsters returned later to the program as camp leaders and supervisors.

As a member of a company that employs more than 200,000 people around the world, I am pleased and proud that Yazaki has always offered unique opportunities for its employees. We are dedicated to creating work environments in which employees may enhance their skills and grow as individuals who then earn trust and respect in their communities and in business.

Facilitating communication with stakeholders

Being more socially responsible is not just about improving compliance and rigorously following laws and regulations. We must take into consideration many differences in world culture and local customs. To help us navigate these cultural waters, we need to deepen dialogues with our customers, suppliers, and community representatives—outsiders who are also stakeholders in our companies. Through active exchanges, we should recognize our deficiencies and our strengths, and we must thoroughly commit to correcting ourselves once we learn something is wrong. In December 2006, we set up a specialized section to monitor CSR activities with the Management Planning Office. The section has already shown results in the areas of enhanced compliance and better communication with stakeholders.

The Social & Environmental Report of 2007 was designed to further facilitate communication with stakeholders. We hope the report will be of interest, and we welcome opinions, suggestions and feedback from readers.

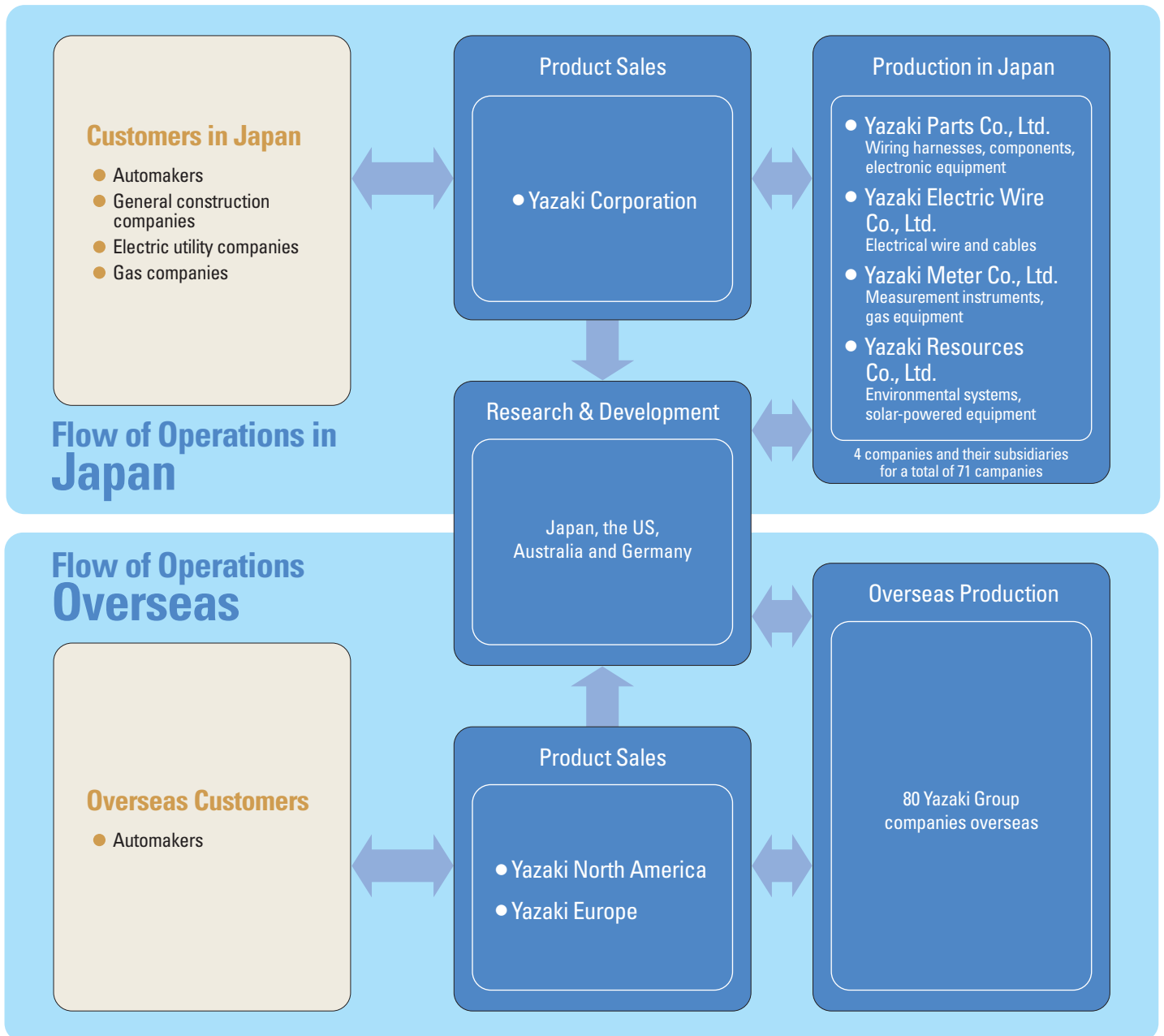
Shinji Yazaki
President
Yazaki Corporation



Yazaki Group Businesses and Roles

To contribute to the enrichment of society and be considerate of the environment

The Yazaki Group boasts development, production and sales bases in Japan and overseas. Overseas, Yazaki supplies automotive parts to automakers in various countries, while in Japan the Group supplies a broad range of products to automakers and other manufacturers.



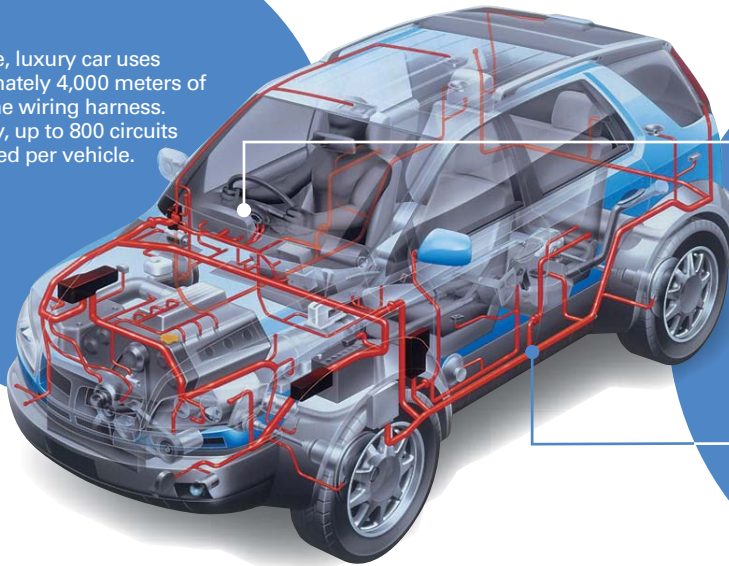
Overview of the Yazaki Group's three areas of business and initiatives taken in each area to fulfill corporate responsibilities, contribute to the betterment of society, and be an environmentally friendly company.

	Safety and quality-related aspects	Environmental aspects	
<h3>Automotive Sector</h3> <p>Wiring harnesses, meters, and components</p> <p>Supplying everything that is connected to the central nervous system of the car Supplying the quality and functions demanded throughout the world</p>	<ul style="list-style-type: none"> Meeting the high quality requirements specified by automakers Ensuring thorough quality management of connectors and electronic components 	<ul style="list-style-type: none"> Reduction of wiring harness weight by reducing wire diameter Designing easy-to-recycle wiring harnesses 	▶ P11
<p>Meters</p> <p>A specialized manufacturer of equipment to promote safe and environmentally sound driving practices Helping prevent traffic accidents and supplying environmentally considerate products</p>	<ul style="list-style-type: none"> Manufacture of digital tachographs that contribute to safe driving practices Manufacture of drive recorders that record images when an accident occurs 	<ul style="list-style-type: none"> Manufacture of digital tachographs that contribute to fuel efficiency improvements Manufacture of vehicle-mounted ETC units that help improve fuel efficiency and ease traffic congestion 	▶ P12
<h3>Environmental Systems Sector</h3> <p>Electric wires (electricity transmission, control cables, communication wires, optical fibers, etc.)</p> <p>From industrial to residential applications Creating the future by offering a wide variety of products</p>	<ul style="list-style-type: none"> Acquisition of ISO 9001 certification by all divisions, including production, sales and development divisions 	<ul style="list-style-type: none"> Elimination of lead from the insulation materials for all types of electric wires and cables - an industry first Repair and reuse of electric wire spools Recycling and reuse of copper resources 	▶ P13
<p>Environmental and Energy Systems (gas equipment, environmental systems, and household equipment)</p> <p>Using energy more efficiently Promoting the use of solar heat and wood biomass energy</p>	<ul style="list-style-type: none"> Compliance with all relevant laws and regulations, including the Consumer Product Safety Law (establishment of a crisis management system) Enhancement of quality management through NYS activities 	<ul style="list-style-type: none"> Development of technologies and provision of equipment that help reduce CO₂ emissions (use of energy from solar power, waste heat, wood biomass, and other sources) Wide-area waste transportation and processing 	▶ P14
<h3>New Business Fields</h3> <p>Nursing care and health management</p> <p>Developing nursing care businesses and health management systems with close local ties Contributing to local communities and enhancing health management</p>	<ul style="list-style-type: none"> Establishment of a small-scale multi-function residential nursing care facility, Kami Fusen Yazaki Care Center Sales of the health-management terminal, "Healthful" 		▶ P15
<p>Environment-related and recycling businesses</p> <p>Advancing recycling businesses that embody the spirit of "mottanai" Effectively utilizing resources and helping revitalize local economies</p>		<ul style="list-style-type: none"> Combining vegetable scraps and soybean-derived food waste to produce fertilizer Recycling waste paper into buffering material Converting waste glass into a medium for growing plants Recycling toner cartridges of laser printers 	▶ P16

Automotive Sector

Yazaki develops and produces wiring harnesses for automakers all over the world and most Yazaki employees are engaged in the production of wiring harnesses. Yazaki also develops and produces automotive electrical system parts and electronic parts according to automakers' needs.

A full-size, luxury car uses approximately 4,000 meters of wire in the wiring harness. Generally, up to 800 circuits are needed per vehicle.



Yazaki is one of the leading automotive components manufacturers in the world.



Wiring harnesses, meters, components

Supplying Everything that is Connected to the Central Nervous System of a Car

Supplying the Quality and Functions Demanded throughout the World

Working with Automakers in Pursuit of the Highest Quality for Products that are Essential to Safety and Performance

In the Automotive Sector, 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.

In modern automobiles, many electronic devices are used with the mechanical powertrain components such as the engine and gears. To ensure that the engine, meters, lights, and other components work optimally and accurately, it is necessary to connect these electronic devices using hundreds of wires. Generally speaking, an automobile needs approximately 800 wire circuits, and the combined total extended length of these wires can reach 1,000 meters. A luxury passenger car uses approximately 2,800 wire circuits, with a total length of 4,000 meters.

Wiring harnesses compactly bundle this massive number of electrical wires and data circuits, allowing them to be installed according to the car's design. These electrical wires extend to every corner of the car, and that is why wiring harnesses are called the "central nervous system of the car."

Yazaki first began producing wiring harnesses in 1939. Its wiring harnesses are now used by all automakers in Japan, and more than half of all vehicle models in Japan use Yazaki wiring harnesses. Yazaki also has production sites in 38 other countries and supplies

wiring harnesses and other parts to overseas automakers. Since wiring harnesses are essential to both the vehicle's basic performance and its safety performance, they must satisfy the high quality requirement levels specified by individual automakers. Therefore, Yazaki works with automakers to establish strict internal standards and ensure the highest level of quality.

Issues Related to Wiring Harnesses

In order to continue to supply wiring harnesses, Yazaki must not only adhere to its quality standards but overcome even more difficult hurdles.

One of these issues is wire diameter reduction. As vehicle functions become more and more sophisticated, the number of wires contained in wiring harnesses keeps increasing. However, since there is a limit to the space the wiring harnesses can occupy, increases in the number of wires makes it necessary to reduce the wire diameter. Reducing the diameter also helps reduce the vehicle weight and, ultimately, vehicle cost. Currently, the thinnest wire has a cross-sectional area of 0.13mm².

Yazaki is also currently designing easy to remove and disassemble wiring harnesses so that copper components can be easily removed during the dismantling of end-of-life vehicles.

Shortening the production lead-time is also an important issue.



Electrical components such as connectors and terminals



Interconnecting electronic components

Normally, wiring harness specifications are not finalized until the end of the vehicle design process. Therefore, Yazaki is striving to shorten the lead-time by reassessing its manufacturing processes.

Developing Connectors and Electronic Components as Well

To ensure the reliability of the entire electrical system of a car, wiring harnesses as well as the connectors which connect wires to the various electronic devices, must be vibration and shock resistant. Therefore, Yazaki is also developing and manufacturing leading-edge electronic parts such as connectors and hybrid ICs.

In this way, in the Automotive Sector, Yazaki works in cooperation with automakers to develop a wide range of high-quality products, centered on wiring harnesses, that ensure the reliability of automobile electrical systems, and as such help to enhance vehicle safety and environmental performance.

Yazaki supplies taximeters to taxi companies. Yazaki developed digital tachographs capable of recording driving history, so that the information can be used to help taxi and truck drivers improve their driving. Yazaki also develops vehicle-mounted ETC units and drive recorders.

**General Transportation Systems
(Taximeters, digital tachographs,
vehicle-mounted ETC units, etc.)**

A Specialized Manufacturer of Equipment to Promote Safe and Environmentally Sound Driving Practices

Helping Prevent Traffic Accidents and Supplying Environmentally Considerate Products

Contributing to Traffic Safety and Eco-drive Initiatives for Many Years

In the General Transportation Systems Division, Yazaki is contributing to the enrichment of society by providing products that are designed to ensure safety, environmental friendliness, and efficiency, for use in taxis, trucks, buses, etc.

For example, Yazaki drew upon its expertise in manufacturing automobile meters to produce taximeters that are easier to read, lighter in weight, and easier to install. Yazaki's LT25P taximeter with an integrated printer has been internally certified as an environmentally friendly product.

The multi-function digital tachograph helps improve fuel efficiency and also promotes safe driving by providing voice guidance to the driver. The driving history is recorded on an electronic card instead of on paper, allowing for easier downstream management.

Other Yazaki devices, which incorporate the latest technologies, are also contributing to safe and environmentally sound driving practices. Examples of these devices include the vehicle-mounted ETC unit, which helps improve fuel efficiency and ease traffic congestion by eliminating the need to stop at toll-collection booths, and the drive recorder that records images when an accident occurs.



Digital tachograph

Records the speed, engine rpm, etc. and stores the data for future analysis

Environmental Systems Sector

The Yazaki Group was founded as an electric wire manufacturing company, and from this the wiring harness business was born.

The Environmental Systems Division produces electric, control, and communication cables used inside houses, buildings, and factories. Yazaki delivers these cables to electric utility, railway, and housing construction companies. It also supplies cables to electrical contractors through sales distributors.

For industrial and residential applications



Active measures to ensure compliance with strict quality and safety standards



Yazaki became the first company in the electrical wire industry to completely eliminate lead from all of its vinyl-clad wires and cables

Electrical wires (electricity transmission/control cables, communication wires, optical fibers, etc.)

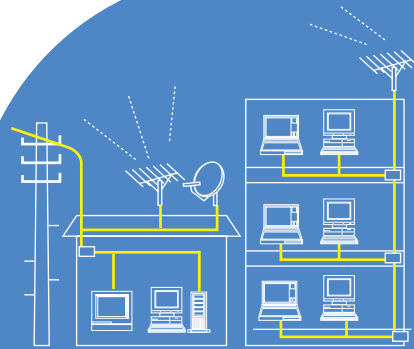
From Industrial to Residential Applications creating the Future by Offering a Wide Variety of Products

Pursuing Quality Because of Yazaki's Important Role in Supporting Electric Power Transmission and Communication

The Electric Wire Division produces cables for electric utility, railway, communications, and housing construction companies. In houses and buildings, the division handles everything from the electrical wires entering the eaves to electrical outlets.

Strict quality and safety standards have been established for these cables, which support electrical power supply and communications in a wide range of applications. In 2003, the Electric Wire Division acquired ISO 9001 certification for the entire division, including its Sales Department. The fact that the Sales Department also acquired certification increased Yazaki's opportunities to propose the development of new products that satisfy heightening quality needs, and to provide technology-related consultations.

To continue maintaining high quality, Yazaki considers it important to educate its employees and offer training seminars to its suppliers. Yazaki conducts seminars on various subjects for the employees of 63 sales distributors throughout Japan every year. At these seminars, the participants are taken on a tour of some of Yazaki's production sites to help them deepen their understanding of Yazaki's commitment to quality. Additionally, as part of efforts to educate Yazaki employees, the Wire College was opened to help employees from production and development divisions improve their technical skills. Furthermore, in the Sales Department, Yazaki conducts training regarding products so that sales personnel obtain at least a certain level of technical knowledge.



Behind the scenes, Yazaki's electrical wires inconspicuously connect a whole range of devices

Complete Elimination of Lead from Vinyl-cladding Materials

Conventionally, lead has been essential as a stabilizer for the polyvinyl chloride used as the insulation material for electric wires. However, the automobile industry is strengthening its regulation of products containing lead. Therefore, the Fuji Factory, which is responsible for the manufacture of the insulation material, successfully eliminated lead in 1998 from the polyvinyl chloride used in wiring harnesses. Subsequently, in order to provide more environmentally friendly products, the Yazaki Group has eliminated lead from the insulation materials for all types of electric wires and cables.

Recycling Copper Resources and Reusing Wooden Electric Wire Spools

For many years, Yazaki has been purchasing end-of-life electrical wire from offices and factories to be reused or recycled. In FY2006, 96% of the recovered electrical wire was recycled back into copper resources. Every year, Yazaki also repairs and reuses approximately 90% of the wooden electrical wire spools used for shipping electrical wire.

Through these measures, the Electric Wire Division is striving to recycle resources as much as possible.

Yazaki's Energy Equipment Division is engaged in the following three types of businesses: gas equipment, environmental systems, and household equipment.

Gas equipment, such as LPG meters and gas leak detectors, is supplied to individual homes via gas companies. For small and medium-size commercial applications, Yazaki supplies clean energy systems such as CFC-free air conditioners that can use gas, kerosene, and waste heat, as well as natural and renewable energy sources like solar heat and wood biomass that do not depend on fossil fuels.

Yazaki also supplies household equipment such as solar-powered heating systems to individual homes via sales companies.

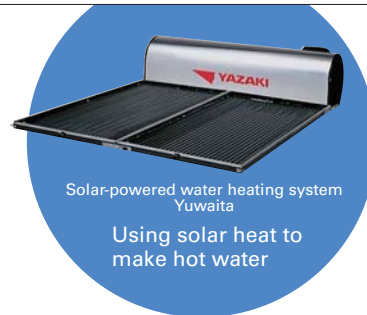
**Environmental and Energy Systems
(gas equipment, environmental systems, and household equipment)**

Using Energy More Efficiently

Promoting the Use of Solar Heat and Wood Biomass Energy

Within the Energy Equipment Division, there are three business divisions, each of which manufactures its own products.

The Gas Equipment Division manufactures gas meters, gas supply equipment, and gas/fire/CO alarms. The Environmental Systems Division manufactures absorption chiller-heaters for both commercial use and for cogeneration systems. The Household Equipment Division manufactures solar-powered heating systems.



Effective April 21, 2007, in response to the revision of the Consumer Product Safety Law in December 2006, the Gas Equipment Division revised its crisis management manual, created as part of its crisis management system to comply with the Accident Information Reporting and Publishing System. The new manual is used to explain the requirements of the revised law to Yazaki sales personnel throughout Japan and production/R&D personnel at factories.

Ensuring Accurate Measurement of LPG and Its Safe Use

Since gas meters must be nationally certified and have expiration dates, demand can fluctuate with the seasons or around the time when batches of gas meters expire. The highest demand level can be as much as three times the lowest demand level. Consequently, our production line must be able to flexibly cope with production volume fluctuations. Therefore, based on the concept of delivering gas meters to customers as though they were perishable goods, Yazaki reassessed its quality control and production method in May 2002 to establish a new production system. Utilizing this new system, Yazaki can now ship gas meters as "perishable goods" to customers based on confirmed orders, the day after they pass certification, while at the same time maintaining high quality.

Capturing Solar Heat and Producing Energy from Wood Pellets

The Energy Equipment Division, whose goal is to help build a society that is free of dependence on fossil fuels, is engaged in business activities to develop products that utilize natural energy and other forms of renewable energy. In the area of utilizing natural energy, Yazaki plans to promote its solar-powered water heating system, "Yuwaita," in urban areas where the market is largest. It is also planning to actively market its double-effect absorption chiller-heater in both the Japanese and overseas markets.

In the area of utilizing other forms of renewable energy, Yazaki is currently developing an absorption chiller-heater that uses wood pellets as the fuel. Production of wood pellets is scheduled to begin in Yusuhara-cho, Kochi Prefecture in 2008.



S-type security gas meter

Does not leak
Measures gas accurately
Safety functions always work



LPG leak alarm (voice warning)



LPG leak alarm (warning buzzer)

The gas leak detector is not a source of ignition itself



Double-effect absorption chiller heater

Reduces environmental impact by utilizing waste heat and reclaimed energy

New Business Fields

The nursing care business is being conducted nationwide in Japan, although centered in Kochi and Oita prefectures. The healthcare business has begun sales of "Healthful" health-management terminals in cooperation with the Yazaki Health Insurance Association.

Home-visit nursing services

Welfare equipment and housing repairs

Shizuoka Prefecture's first small-scale, multifunction residential nursing care facility

Kami Fusen Yazaki Care Center in Y-CITY

Group home nursing care

Day care services

Healthcare consultations

The Yazaki Health Insurance Association also uses "Healthful" terminals to enhance health management by employees

"Healthful" terminal

Blood pressure

Heart rate

Electrocardiograms

Finger plethysmographs

Nursing Care and Health Management

Developing Nursing Care Businesses and Health Management Systems with Close Local Ties

Contributing to Local Communities and Enhancing Health Management

Nursing Care Business Created from Responsibility toward Local Communities

As automotive markets expand globally, demands on the automobile industry to globalize the manufacture of parts are increasing. Against this backdrop, Yazaki has been actively shifting production overseas in response to calls from automobile manufacturers. At the same time, in order to strengthen business foundations in Japan, Yazaki has also been diversifying its business operations, such as the search for new businesses by Minami Shikoku Parts Co., Ltd., a Yazaki subsidiary, since 1997.

One such new business launched in April 2000 by Minami Shikoku is the nursing care business. The business started with home-visit nursing service and now operates four nursing and retirement homes for senior people in Kochi Prefecture. Seven other Yazaki subsidiaries in Japan are also engaged in nursing care businesses. Yazaki also started a home-visit nursing service business operated from Y-CITY in Susono City, Shizuoka Prefecture (see page 45 for details) in June 2004. In July 2006, Yazaki opened the Kami Fusen Yazaki Care Center as a full-scale local welfare facility. The Center is Shizuoka Prefecture's first small-scale, multifunction residential nursing care facility that combines inpatient, outpatient, and nursing care services. It also serves as a group home for people suffering from dementia.

In this way, the Yazaki Group's nursing care businesses were created to fulfill social responsibilities to local communities and residents. Yazaki will continue its efforts to work with local

residents in developing beneficial social environments based on its corporate policy of striving to be "a corporation in step with the world" and "a corporation needed by society."

Business Activities that Enhance Health Management

Another business that developed from the nursing care business is sale of the "Healthful" health-management terminal. The nursing care business is premised on the provision of services to people in need of nursing care, but it is also important to prevent illness in healthy seniors and middle-aged people who would potentially require care in the future. It is from this perspective that the Yazaki Group searched for new services that will help prevent illness and launched the "Healthful" health-management terminal in 2004.

The "Healthful" health-management terminal is compact but allows for easy measurement of blood pressure, heart rate, electrocardiograms, and finger plethysmographs. The measurement data is transmitted via the Internet to a support center for examination by a clinical examination technician, and information concerning the patient's condition and advice are returned within 48 hours. If it is determined that the person has a medical condition, he/she is advised to obtain a diagnosis at a healthcare facility.

Many of Yazaki's environment-related and recycling businesses were conceived by Yazaki Group companies in response to local needs. Yazaki is focusing primarily on four of these businesses.

Environment-related and Recycling Businesses

Advancing Recycling Businesses that Embody the Spirit of "Mottainai"

Effectively Utilizing Resources and Helping Revitalize Local Economies

The late Sadami Yazaki, founder of the Yazaki Group and its first president, believed that "waste generated is not waste at all but instead a valuable resource." This spirit of "Mottainai" (defined as "a sense of regret over something being wasted due to undervaluing its worth") has been handed down to become Yazaki Group's corporate philosophy.

In line with this spirit, Yazaki began copper recycling in 1957, and then launched a gas meter recovery and recycling business in 1973. Since then, Yazaki has established four new businesses—toner cartridge reuse, paper recycling, glass recycling and food waste recycling businesses.

Food Waste Recycling

Turning Soybean-derived Food Waste and Vegetable Scraps into Fertilizer

The former Tochio City (currently part of Nagaoka City), Niigata Prefecture is famous for abura-age, a deep-fried bean curd puff, production of which generates as much as four tons of soybean-derived food waste a day, most of which used to be incinerated. In December 2006, Niigata Parts Co., Ltd., a



Okara Super Organic (organic manure in pellet form)

Yazaki subsidiary, established a food waste recycling business that produces an organic fertilizer by combining soybean-derived food waste generated by local food-processing companies with vegetable scraps generated by supermarkets. This organic fertilizer is utilized by local farmers and helps recycle food waste on a local basis.

Toner Cartridge Reuse Business

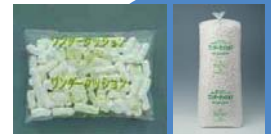
Capitalizing on Expertise as a Parts Manufacturer

In 2001, Fujinomiya Parts Co., Ltd. launched a business to reuse laser printer toner cartridges. It recovers toner cartridges from customers, dismantles and cleans them and replaces necessary parts. The cartridges are then refilled and delivered to customers. Since this service not only results in effective utilization of resources, but also reduces product cost, it has been receiving extremely positive feedback from customers.

Paper Recycling Business

Buffering Material for Packaging

Gifu Parts Co., Ltd., another Yazaki subsidiary, mixes recovered waste paper with polypropylene and cornstarch, and applies a special treatment to the mixture to manufacture paper pellets for use as a buffering material, as well as sheets and boards. The paper pellets, called "Wonder Eco," have excellent shock absorptency and heat insulation properties, and can be disposed of as burnable trash. Because of these excellent environmental performance characteristics, the paper pellets are certified as being compliant with the Law on Promoting Green Purchasing. They are used in packaging materials, as well as in the inner soles of slippers and shoes, and have been processed into postal packaging. Gifu Parts is planning to further expand the applications of these paper pellets.



"Wonder Cushion" that uses the buffering material, "Wonder Eco"

Glass Recycling Business

Converting Glass into a Medium for Growing Plants

Super Sol R, manufactured by Sol Technica Co., Ltd and introduced by the Yazaki Group in July 2005, is a lightweight, construction material made solely from glass bottles and other discarded glass. It is lightweight and durable, has good draining properties, and emits less CO₂ than other lightweight, construction material. Based on the results of LCA (see page 42 for details), numerous public institutions have certified Super Sol R as an environmentally friendly product. In 2006, a material combining Super Sol R with other elements was commercialized for use in the hydroculture of plants.



Recycled toner cartridges



Lightweight, construction material, "Super Sol R"



Responsibility toward Customers

Initiatives for Increasing Customer Satisfaction

Improving Product Quality and Safety based on Dialogue

Each Yazaki Group business sector creates opportunities for holding dialogues with customers, and strives to improve its products and services by incorporating customer feedback.

FY2006 Initiatives

- Ensured thorough compliance with the Consumer Product* Safety Law
- Surveyed the satisfaction level at Electric Wire Division sales distributors
- Investigated the content of substances of concern in all products

*Consumer Products

Products produced for, and purchased by customers for use in their daily lives. Excludes products for which individual laws exist, such as food, food additives, cleaning agents, medical and pharmaceutical products, quasi drugs, cosmetics, medical instruments, boats, automobiles, and motorcycles.

Ensuring Thorough Internal Understanding of Revisions to the Consumer Products Safety Law

Environmental and Energy Equipment, and Gas Equipment

Under the May 2007 revision of the Consumer Product Safety Law in Japan, when a consumer product defect causes a serious accident, the company involved in manufacturing, importation, or sale of the product is now required to report the accident information in detail (name of the business entity, model or product name, and accident details) to the government within ten days. Furthermore, an accident report related to gas or petroleum equipment must be immediately divulged to the media through a press release and publicized on the Ministry of Economy, Trade and Industry's website. Detailed analysis results of the accident's cause must also be disclosed at a later date.

Ahead of the legal revision, the Ministry of Economy, Trade and Industry published guidelines for the formulation of voluntary product safety action plans in March 2007, to encourage each business entity involved in the manufacture, importation, sale, installation or repair of products to implement voluntary safety measures based on their individual circumstances.

Yazaki's Gas Equipment Division, which sells products such as LPG meters and gas leak detectors through sales distributors nationwide, began taking actions in March 2007 to ensure that all employees at the sales offices and related development and production departments fully comprehend the content of the recent legal revision.



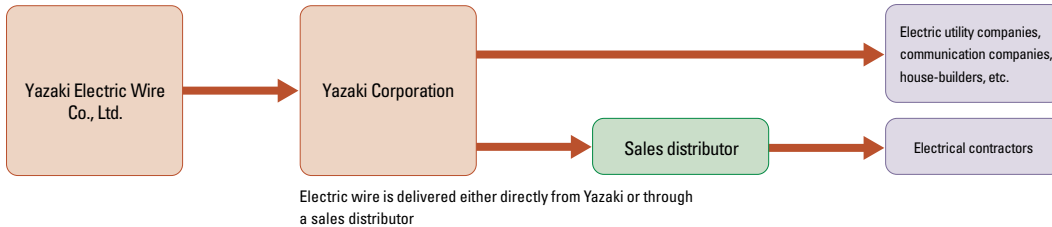
"About the New Consumer Product Safety Law," excerpted from a leaflet issued by the Japanese Ministry of Economy, Trade and Industry

The staff of the Energy Equipment Operations visited each sales office to communicate that the recent legal revision and the guidelines also apply to sales personnel as well as to repair and installation personnel, and to ensure correct understanding of the specific content and associated measures, and the importance of ensuring product safety.

Even though there were no serious accidents caused by Yazaki's gas equipment in FY2006, multiple product accidents related to gas and petroleum equipment were reported in Japan. Against this background, in order to alleviate customer concern with respect to using the equipment, manufacturers must actively implement even more stringent measures than in the past in ensuring the safety of their products.

Yazaki plans to share awareness of product safety with sales companies by increasing opportunities to hold dialogues with them. In addition, Yazaki is committed to reassessing its framework and failsafe mechanisms for ensuring product safety throughout the entire process flow, from manufacturing to sales, installation and repair.

● Electric Wire Distribution Route



Surveying the Satisfaction Level at the 63 Sales Distributors of the Electric Wire Division

Electric Wire

In order to receive feedback from the sales distributors to which Yazaki delivers electric wire and improve their satisfaction with Yazaki, satisfaction surveys are conducted and a PDCA cycle has been implemented to respond to requests from the sales distributors and carry out continual improvements.

Yazaki also tries to accurately grasp customer needs through the User Needs Suggestion System, using the findings to develop new products or improve existing ones.

Fulfilling Requirements from Automakers

Wiring Harnesses and Meters

Products manufactured on a subcontracting basis, such as wiring harnesses and meters for vehicles, have different requirements depending on the individual automaker, and also involve the handling of confidential customer product information. Therefore, Yazaki has established a dedicated business unit to service each customer.

Each Yazaki business unit strives to continually improve customer satisfaction levels by ensuring information security and responding to each customer's requirements related to reductions in the use of substances of concern, quality improvement, and cost performance improvement.

Enhancing Dialogues with Distributors Nationwide regarding Sales of Measurement Instruments to the Transportation Industry

Measurement Instruments

Yazaki manufactures instruments, such as tachographs and taximeters, used in commercial vehicles operated by taxi and transportation companies, and sells them through approximately 170 sales distributors nationwide.

Yazaki asks distributors handling its products to maintain an awareness of being members of a team that develops customer trust in the Yazaki Group and to strive to keep improving their service levels.

Each sales distributor not only sells products to local taxi and transportation companies, but has also established a total support structure that can handle meter installation, maintenance, and troubleshooting. In order to improve the level of these services, Yazaki provides technical assistance to each distributor in providing the services, and is striving to improve products and services based on customer feedback.

Investigating Substances Contained in Products based on the Environmental Regulations Applicable to Automotive and Non-automotive Products

Yazaki delivers parts used in a wide range of applications, such as automobiles, consumer/industrial equipment, and agricultural/construction machinery, to as many as 800 companies. To fulfill its responsibilities as a supplier with this many customers, Yazaki investigates the substances contained in products based on the [EU ELV Directive*](#) and the [RoHS Directive*](#) in all application areas to determine whether these products contain any regulated substances of concern. If a product is found to contain a regulated substance, Yazaki submits an application for design change to the customer and proposes an alternative product.

Through these investigations and proposals, Yazaki assists its customers in developing environmentally friendly products in a wide range of applications.



*EU ELV Directive

An EU directive relating to the recycling of end-of-life vehicles, which came into effect in July 2003. The directive in principle bans the use of four substances—lead, cadmium, mercury, and hexavalent chromium—by automobile manufacturers.

*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.



Responsibility
toward
Business Partners

Seeking Mutually Beneficial Coexistence

Productive Exchanges of Information Geared towards Mutually Beneficial Development

The Yazaki Group shares its policies and goals with business partners, and creates forums for exchanging opinions and other information in the pursuit of mutually beneficial coexistence.

FY2006 Initiatives

- Periodic purchasing policy briefings held
- "Power Lunch" management study groups held
- Briefings on measures concerning substances of concern (SOC) held in Japan and overseas
 - Briefings on four high risk substances of concern
 - Visits to suppliers for exchanges of opinions and ideas
 - SOC measurement school held
- Yazaki Green Procurement Guidelines reviewed and briefings held

Purchasing Policy Meetings Held to Raise Quality and Explain Environmental Policies and Goals

One Yazaki Fundamental Management Policy is the pursuit of mutually beneficial relationships with business partners. Yazaki strives to build strong and trusting cooperative relationships with business partners based on close communications.

Yazaki holds a Purchasing Policy Meeting for key business partners at the beginning of each fiscal year in July to explain policies and goals concerning quality and environmental measures as well as revisions to relevant laws and regulations, and to seek their cooperation. In FY2006, 55 business partners participated in the briefing.

SOC Reduction Briefing Held for Overseas Business Partners

The Yazaki Group's business partners have expanded from Japan to overseas. In recent years Yazaki has held SOC Reduction Briefings overseas similar to those held in Japan.

The first such briefing was held in March 2006 in Hangzhou, China, with 120 companies participating, followed by briefings in Thailand in March 2007 (15 companies participating) and China again in May of that year (20 companies participating). Yazaki plans to continue to hold and enhance the content of these briefings in the future.



A SOC Reduction Briefing in China



A SOC Reduction Briefing in Thailand

Power Lunches Enhance Dialogue between Yazaki and Arrow Association Members

The Arrow Association (Yakyokai), which consists of 73 suppliers of wiring harness components, parts for measuring instruments, and gas and air conditioning components, was created to foster cooperation in Yazaki Group production activities. For the past several years, the association has engaged in various activities to promote mutually beneficial coexistence with member companies. As a part of these efforts, "power lunches" were initiated in July 2006 as a forum for dialogue within management study groups. The power lunches are held once a month with representatives from ten member companies participating. The participants enjoy lunch together while openly exchanging opinions on recent management issues. Information is directly conveyed to relevant divisions on issues that require further consideration, and improvements reflected in day-to-day transactions. Yazaki believes that such opportunities to hear the views of suppliers are beneficial to the mutual development of the Yazaki Group and its business partners.



Arrow Association members participate in a "power lunch"

Enhancing SOC Reduction Measures together with Business Partners

The Yazaki Group has been taking comprehensive measures to comply with applicable laws and regulations such as the EU ELV Directive* and RoHS Directive.* To further reinforce management structures, Yazaki conducted supplier briefings in FY2006.

In June 2006, Yazaki assembled 42 business partners that handle materials and parts that may contain the four substances regulated by the EU ELV Directive—lead, cadmium, mercury, and hexavalent chromium—for a High Risk Components Response Briefing. During the briefing, the content of the directive and regulatory values were reviewed and lot management of high-risk components was discussed.

Also, in December 2006 and January 2007, individual visits were made to companies that participated in the briefing to discuss specific issues and concerns regarding compliance with SOC-related laws and regulations, and the status of responses being implemented. As a result of these discussions, Yazaki learned that many business partners were concerned about technologies for analyzing SOC content in their products. In response, Yazaki held the SOC Measurement School in April 2007 to enhance understanding of measurement and analysis technologies.



SOC Measurement School

Yazaki Green Procurement Guidelines Reviewed

Yazaki issued the Yazaki Green Procurement Guidelines in FY2004 to obtain the support and cooperation of business partners concerning preservation of the environment. In November 2006, the guidelines were revised to ensure full compliance with applicable environmental laws and regulations and further reduce environmental impact. Yazaki also held briefings and took other measures to raise understanding of green procurement and bolster cooperative structures.

In addition to total compliance with applicable laws and further reduction of environmental impact, the revised guidelines call for improving environmental performance by increasing recycling rates, reducing environmental impact through LCA,* cutting CO₂ emissions, and reducing the volume of VOCs* generated.

The briefing held in November 2006 was attended by 123 business partners.

● Main Areas of Revision of the Yazaki Green Procurement Guidelines

- Assessment of environmental preservation activities
- Request for voluntary assessment of SOC management structures
- Request to improve environmental performance
- Addition of the Yazaki chemical substance management standards



A Green Procurement Guidelines briefing

*EU ELV Directive

Please see page 18 for more information.

*RoHS Directive

Please see page 18 for more information.

*LCA

Life cycle assessment. A method of quantitatively analyzing the degree of impact a product has on the environment throughout its entire lifecycle from materials purchasing to manufacture, use, and disposal.

*VOC

Volatile organic compounds. Organic compounds that easily vaporize and remain in the atmosphere in gas form, such as toluene and xylene. VOCs are a source of atmospheric pollution.



Responsibility toward Employees

Comprehensive Safety Management

Highest Priority on Safety in Day-to-Day Activities

From occupational safety and health assessment at production sites to crisis management for employees dispatched overseas, the Yazaki Group strives to create safe and healthy work environments where employees can work with peace of mind.

FY2006 Initiatives

- Compliance with safety laws and regulations
 - Yazaki confirmed compliance with applicable laws and regulations, as well as the status of operation of management systems. Worksite safety and health checks were conducted and guidance to make improvements was provided
 - Activities to prevent occupational accidents was implemented based on the Occupational Safety and Health Management System (risk assessment)
- Reinforcement of various committee activities
 - The functions and authority of the Factory Safety and Health Staff Committee have been clarified
 - The Factory Safety and Health Staff Conference started activities

Employee Safety and Health Policies

To ensure that every one of our employees, the foundation that supports Yazaki's business activities, can work in a safe and healthy environment, it is necessary not only to comply thoroughly with applicable safety and health laws and regulations, but to also systematically and continually implement voluntary activities for occupational safety and health and take active measures to steadily reduce risks in the workplace. The Yazaki Group is working to identify potential risks in day-to-day activities at each worksite and to steadily reduce those risks so it can create management structures tailored to various changes in workplace environments.

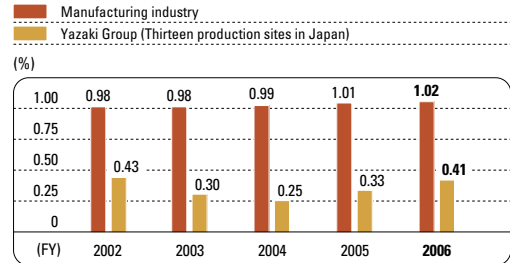
In performing these activities, Yazaki complies with the president's policy of "clarify what needs to be done, and do it thoroughly" and works to make continual improvements based on occupational safety and health management systems.

Structures for Promoting Occupational Safety and Health Reinforced

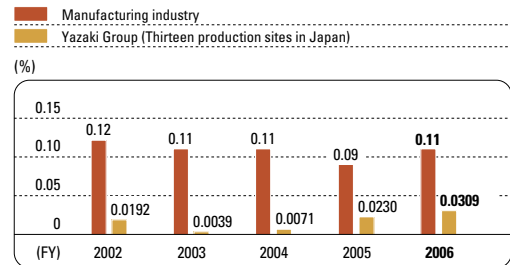
Yazaki has created the Factory Safety and Health Staff Committee to oversee the safety and health committees established at each business site.

Starting in FY2007, the managers of each business site and factory were added to the committee membership. Yazaki will work to develop a structure in which senior management takes responsibility and works actively to ensure safety and health. The Factory Safety and Health Staff Conference was started to provide a forum for factory safety and health officers to exchange information, and is working to raise the level of activities at each worksite.

Industrial Accidents Frequency



Seriousness of Industrial Accidents



Yazaki Group Occupational Safety and Health Goals

Category	Goals	Specific targets	Details
Management system	Establishment of management system based on relevant laws and regulations	Optimization of management system of production, sales, and development divisions Revision of duties performed by temp and contract staff	Extend and fine-tune the management system based on field surveys
Work related accidents	Elimination of accidents (that result in absence from work, and those that do not)	Lost workdays = 0 Accidents that do not result in absence = at least 50% reduction	Extend safety and health initiatives that reduce risk areas Factories: Near-miss accident risk assessment
Health management	Enhancement of mental health management Establishment of measures to prevent health problems due to overwork	Construction of management system Construction of working hours management system	Carry out training and education plans, employing external organizations and speakers Continue raising awareness of mental health care among labor and management Gain accurate understanding of work hours of both labor and management Encourage all employees to follow the advice of an industrial physician when working long hours that could potentially result in overwork
Traffic accidents	Elimination of traffic accidents	At least 50% reduction	Carry out activities to reduce traffic accidents by at least 50% when traveling to and from work or during work hours

Maintaining Mental and Physical Health

To maintain the physical and mental health of employees, the Yazaki Health Insurance Association has improved various physical exams. The Health Plan program is conducted to provide employees with information on preventing lifestyle-related illnesses. In FY2006, a total of 251 people at 16 sites, including four affiliates that are members of the Association, received guidance under this program.

In addition, the Yazaki Mental and Physical Health Consultation Hotline was established in May 2005 to provide 24-hour access via telephone to specialists on mental and physical health issues. The "Healthful" Health Management Service* was initiated in FY2005 to support health management and provide mental health consultations to employees assigned overseas.

In FY2006, a total of 125 employees working at 19 business sites in seven countries made use of this program.

No Smoking and Separate Smoking Areas

When the Health Promotion Law came into effect in Japan in May 2003, companies were obligated to take measures to prevent passive smoking in office buildings. In response, each worksite has established smoking and non-smoking areas.

In addition, all buildings in Y-CITY (the Yazaki headquarters located in Susono City, Shizuoka Prefecture), a location with a concentration of Yazaki Group factories and research labs, were made completely non-smoking in July 2006. In conjunction with this move, the Yazaki Group has conducted activities to help employees quit smoking and held seminars to this end at four business sites in FY2006.

Health Support Center Opens

Yazaki created the Health Support Center in the Y-CITY Social Welfare Center in October 2006 to provide health services to employees as they age and assist retired employees to continue to lead active lives. The center is staffed by industrial physicians, counselors, psychiatrists, and other healthcare professionals who help all Yazaki Group employees maintain good health. The center also works with other health centers in Y-CITY and nurses at other Yazaki business sites to support the day-to-day health

management activities of employees.

In addition, Yazaki is creating systems for monitoring the health of its employees using the Healthful Health Management Service for employees assigned overseas and a structure that allows employees to consult with healthcare professionals on medical, health, and mental health issues by telephone from their workplaces.

Crisis Management for Employees Assigned Overseas

The Yazaki Group has 165 business sites in 38 foreign countries, and each year approximately 180 Japanese employees and their families are assigned to work overseas. Risks such as terrorism, natural or manmade disasters, and infectious diseases are increasing around the world, and Yazaki has made the creation of environments in which its employees can work with peace of mind a high priority, regardless of where they may work in the world.

Yazaki holds safety seminars for employees who are to be sent overseas and their families to raise understanding of conditions concerning the assignment location and to increase their sense of safety.

Safety and other information is also provided to employees who will travel overseas from Japan as well as personnel who will travel from one overseas site to another.

In addition, Yazaki provides up-to-date information concerning the security situation in various countries around the world on the company intranet. A crisis management officer has been appointed and a crisis management manual has been prepared for each overseas location.

Yazaki will continue to take measures to ensure the safety of all its employees throughout the world, such as reinforcing cooperation among different business sites and creating an emergency notification network.



***"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.

In Perspective

Crisis Management Officers Work to Raise Crisis Awareness among Employees Assigned Overseas



Masaaki Hotta
Crisis Management
Officer

During the safety seminars for employees assigned overseas and their families, I explain the three basic policies of Yazaki's overseas crisis management: Placing the highest priority on the safety of employees and their families, one's own safety is one's own responsibility, and establishing and maintaining corporate trust.

The objectives of these policies are the implementation of measures that place the highest priority on maintaining the safety of employees assigned overseas, gaining understanding that no matter what measures the company takes, the employee must maintain an awareness of crisis management and put the policies into practice, and explain that each employee must act to prevent incidents and accidents that could harm the company's reputation.

We also discuss security systems and the lifestyle environment at overseas sites and when necessary implement measures for improvement. I believe that it is the responsibility of crisis management officers to raise awareness and understanding of crisis management by employees who will work overseas.



Responsibility toward Employees

Observing Human Rights and Respecting Diversity

Creating Work Environments that Respect Diversity

As a global enterprise that conducts business in 38 foreign countries, the Yazaki Group is working to create systems and environments that respect employee diversity.

FY2006 Initiatives

- Expanded employment opportunities for disabled people
- Expanded the anchor system to promote the rehiring of employees following retirement

Labor-Management Relationship Based on Trust

The Yazaki Employee Labor Union focuses its activities on improving management and working conditions, enhancing employee benefits, and enriching the Yazaki organization in line with the principles of open dialogue and autonomy based on trust.

In 2005, the Women's Committee, made up of female union members, was created. As the employment rate of women grows, Yazaki is providing networking opportunities for female employees, and women are being encouraged to increase their participation in union activities.

Junior employees of all branch offices, of which a majority are women, were included in the labor union in March 2007, and as a result female membership went from 23% to 32%. In the future, the opinions and ideas of women will be increasingly reflected in union activities and further measures will be taken to create work environments that help achieve a balance between careers and families as provided in the Law for Measures to Support the Development of the Next Generation,* not only for women but for men as well.

Hiring Personnel Irrespective of Nationality

The Yazaki Group implements personnel policies that respect and value diversity in the workforce on a global scale. These include hiring personnel irrespective of nationality and gender and active measures to encourage employment of disabled people and older people.

The Global Recruiting Program for group companies in Japan was launched in FY2003 to encourage international postings and develop a multi-cultural corporate atmosphere, targeting mainly foreign students in Japan. In the past four years, 39 people from 16 countries have been hired under this program.

● Hiring by Nationality (Cumulative total over 4 years)

China	16	Mexico	1	Vietnam	1
Malaysia	4	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 39

Expanding Employment Opportunities for the Disabled and Supporting Participation in the Abilympics

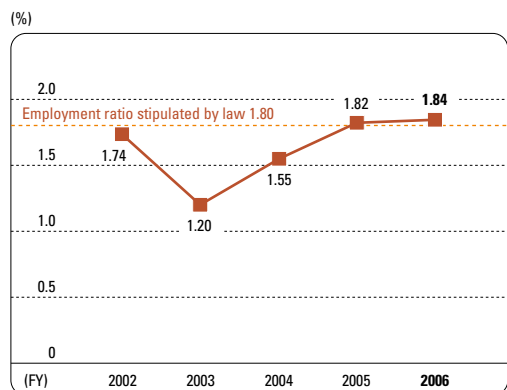
Yazaki Business Support Co., Ltd., which was established with the objective of expanding employment opportunities for disabled people, was authorized as a Specially Approved Subsidiary Company* in April 2005. Yazaki has established work environments that take into consideration the needs of disabled people at all business sites and work content is modified to accommodate the specific needs of each individual.

Yazaki also actively promotes participation in the Abilympics, a competition of vocational skills for people with disabilities, to encourage participating employees to acquire further technical skills. At the competition held in Kagawa in October 2006, Yazaki employees participated in the database category and won gold in the national competition, a long-held ambition. Employees are working on honing their skills for the upcoming international competition in November 2007.



Abilympics

● Employment Ratio of Disabled Persons (Group companies in Japan)



*Law for Measures to Support the Development of the Next Generation

This law, legislated to encourage measures in response to the rapidly declining birth rate in Japan, was promulgated in July 2003. Employers that employ 301 or more persons are obligated to formulate and submit action plans for creating work environments that facilitate childcare.

*Specially Approved Subsidiary Company

A subsidiary that adopts special measures to employ disabled persons. Disabled persons who work for a Specially Approved Subsidiary Company are considered to be employed by the parent company.



Anchor System Established to Promote the Rehiring of Retirees

There are many people who are still healthy and wish to work past the age of 60, and there are also many workplaces that need the wealth of experience and skills that such people have to offer.

In 1990, Yazaki created the Anchor System ("anchor" refers to the strongest, most reliable runner in a relay) to increase employment opportunities for people aged 60 years and older.

In recent years, almost all employees seeking reemployment under the Anchor System have been rehired. In FY2006, a total of 170 people were rehired under this program.

Also, in response to a revision of the Law Concerning Stabilization of Employment of Older Persons in April 2006, individual preferences and workplace needs are matched while maintaining an overall view of the requirements of the Yazaki Group as a whole.

● Number of People Rehired Under the Anchor System

FY	2001	2002	2003	2004	2005	2006
Number of people rehired (includes newly hired people and those who renewed their contracts)	27	51	84	119	140	170

In Perspective

I was able to get the job I wanted and I feel I'm still making a real contribution to the company



Yoshitaka Shirai
Human Resources
Development
Department

I began my current job under the Anchor System in March 2007. I am tackling the challenges of a new job using the skills and personal network that I have developed over the last 40 years. I have contact with a wide range of people at the Training Center, from new employees to general managers, and provide support on matters from building management to human resource development. I was able to get the job I wanted and I feel I'm still making a real contribution to the company.

Supporting a Balance Between Raising Children and Having a Career

Supporting employees in maintaining a good balance between their work and private lives and providing opportunities for enhanced lifestyles not only leads to higher productivity and enhances recruitment of outstanding personnel, but Yazaki also sees it as a part of its corporate social responsibility to employees.

With the increase in women's participation in society in recent years, responses to the declining birth rate in Japan have become an urgent issue. Although various measures have been taken, including those under the Law for Measures to Support the Development of the Next Generation, developing work environments where female employees can maintain a balance between their jobs and their families remains an important issue.

In response, Yazaki is enhancing and expanding a variety of programs designed to facilitate the balance between work and private time such as creating childcare and nursing care leave systems and encouraging employees to use them. Yazaki is also working to create workplaces where more women can play an active role, through measures such as changing training for specific job ranks to target younger employees, where women are better represented.

In FY2007, Yazaki plans to develop these activities further, establish a specialized division for promoting equal employment opportunities, and undertake other active measures.

● Number of Employees Utilizing Leave Programs (July 2006 – June 2007)

Program	Number of Employees
Childcare leave	122
Shortened working hours	46
Nursing care leave	3
Leave to take care of sick children	1



Responsibility
toward
Employees

Human Resource Development

Fostering Abilities and Sensibilities to Engage in Business Anywhere in the World

The Yazaki Group is improving and expanding its human resource development programs to help all employees around the world raise their skills and expand opportunities to use those skills.

FY2006 Initiatives

- Implemented the voluntary overseas study training program, the Adventure School, for new employees
- Held Japanese language and culture training programs for young workers at overseas affiliates
- Participated in overseas business school programs
- Held the Yazaki-juku to foster communication between senior management and employees

Helping to Raise Enthusiasm and Skills through Fair and Impartial Evaluation Systems

Yazaki believes that in order to raise enthusiasm toward work and create workplaces where employees find their work meaningful, it is essential to recognize outstanding employees who have been successful, put forth particularly strong efforts, or achieved noteworthy results. To achieve this type of fair and impartial evaluation and treatment, Yazaki has created an employee evaluation system that is "visible, easy to understand, and reasonable."

Under this system, all employees are responsible for managing their own roles, goals, and actions, and they are evaluated while discussing the results with a supervisor. The result has been increased transparency and acceptance concerning evaluations and treatment as well as higher motivation and improved skills.

Adventure School Voluntary Overseas Study Program Seeks to Instill Self-Reliance in Participants Before Formally Starting Work for Yazaki

The Yazaki Group has business sites in 38 foreign countries, and consequently, considers it essential that its employees gain the skills necessary for working in countries other than Japan. As a part of efforts to foster these skills, since FY2005 Yazaki has conducted the Adventure School program, a one-year voluntary overseas study program for new employees.

Under this program, participants take on the challenge of living in a different country while developing higher self-awareness, learning about different cultures and customs, and striving to acquire the skill of self-motivation. To help achieve these goals, participants liaise with a local coordinator but draft and implement their own training programs and engage in actions of their own design.

In FY2006, of 218 new employees, 75 participated in the program, and of 212 new graduates who were employed in March 2007, 85 are currently participating in the program.

Global Training Program Allows Young Employees of Overseas Affiliates to Study in Japan

Just as our employees in Japan should have an understanding of foreign languages and cultures, Yazaki launched the Global Training Program to train employees of overseas affiliates in Japanese language and culture. Under this program, overseas affiliates send a small number of employees to Japan where they spend one year learning Japanese language and culture and interacting with Japanese people. The participants gain Japanese language and work skills and develop a stronger awareness of improvement in the workplace.

In FY2006, 19 individuals from eight countries participated in the program, bringing cumulative participation to 184.

Participation in Overseas Business School Programs to Foster Personnel who can Engage in Business Anywhere in the World

To develop the leadership that a global enterprise requires, since 2007 Yazaki has been conducting the Global Leadership Program at IMD,* a business school based in Switzerland. In May 2007, 16 management candidates from overseas affiliates participated in training held in Lausanne, Switzerland. The participants have returned to their home countries and are now applying what they learned at IMD. A final report concerning the content and results of this program will be presented to Yazaki Corporation senior management in October 2007.

Yazaki-juku Fosters Mutual Understanding Between Senior Management and Employees

Yazaki holds the Yazaki-juku to raise mutual understanding between senior management and employees through direct dialogue.

As a part of this program, 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.

In FY2006, the follow-up training was held a total of nine times with 110 employees participating, and the Discussion with the President program was held twice with 18 employees participating.

*IMD

An abbreviation for International Institute of Management Development. A leading international business school based in Lausanne, Switzerland. The school focuses on education of executives.



● Company-wide Education Systems

Section	Skill Development Stage				Skill Enhancement Stage				Skill Application Stage				Associate Director
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12	
Role recognition / Basic skills	Corporate philosophy / Values				Follow-up training				Discussions with the President				
	Management skills				Management training (newly appointed Dept./Section Managers)				EM Training (New Associate Directors)				
	Role recognition / Expanding horizons				Training for specific job grades								
	Continued higher education within Japan				Toyota Technological Institute (undergraduate degree)		Toyota Technological Institute (advanced degree)						
Language ability / Global skills	OJT English training												
	Adventure School				Oversea Lab Experience Program								
	Oversea Training Program												
Continued higher education overseas													
Overseas study at business schools													
Global training program													
Transferees Training Program													
Other/Special Programs													
New employee training						New employee training							
Retiring Employees Seminar													

Providing a Variety of Educational Opportunities to Tomorrow's Leaders

Yazaki turns its attention not only to the development of its human resources, but also to the education of their children.

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 are designed to provide new experiences and encounters to children, with their whole lives ahead of them, but they have also proved to be valuable training in human interaction and have expanded the horizons of the young employees who participate as camp leaders. Yazaki plans to continue these programs in the future.



Summer camp in Japan



Overseas summer camp



Summer camp in Japan

The camp is divided into a Tokyo program and Kyoto program. Participants tour Yazaki plants and various sites where they can experience Japanese culture. They also learn about the spirit of "mottainai" (a sense of regret over something being wasted due to undervaluing its worth) and plastic bottle and aluminum can recycling as well as the benefits of reusing furoshiki (a type of traditional Japanese wrapping cloth).

● Summer Camp Participants in FY2006

	Japan	Overseas summer camp	Summer Camp in Japan
Participants	Children of Japan-based employees	Children of employees in Japan	Children of local personnel of overseas affiliates
Details	July/August 4-day camp Yusuhara, Kochi Prefecture 202 participants	July/August 6-day camp China, Thailand 145 participants	July/August 8-day camp Japan (Tokyo, Kyoto etc.) 174 participants
Cumulative total	30 times; 5,131 participants	22 times; 3,460 participants	19 times; 1,593 participants

In Perspective

Rediscovering the Best of Japan through my Studies of Japanese Language and Culture



2006 participant
Dinc Derya
YOT (Turkey)

I had come to Japan for training and on business trips in the past, but I had never studied Japanese language or culture thoroughly, so I decided to participate in this program. Six months ago, I could only say basic greetings, but thanks to this program, I can now engage in ordinary conversation without any problem.

The research topic was *mieruka* (visualization). There are many innovations in Japan for making information easily accessible, such as special signs and labels. These types of innovations are useful in making information visible in my work, and after returning home I hope to make such improvements on a daily basis. A Japanese festival I visited left quite an impression on me, and I think that Japan should publicize its wonderful culture more. I also had an opportunity to experience many aspects of Japanese culture such as making pots in the bonsai club, and my interest in Japan is now greater than ever.



Responsibility toward Local Communities

Social Contribution Activities

Contributing to Revitalization and Environmental Preservation in Local Communities

The Yazaki Group is engaged in a variety of social contribution activities such as supporting the development of scientific technologies, creating new businesses that respond to local needs and conserving the natural environment.

FY2006 Initiatives

- Awarded grants to scientists and researchers
- Developed a model business project based on local recycling of forest energy

Grants for Scientists and Researchers

The Yazaki Memorial Foundation for Science and Technology was established in 1982 in commemoration of the fortieth anniversary of the founding of Yazaki Corporation. 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 FY2006 the Foundation awarded five Grants for General Research, ten Grants for Research Encouragement which are awarded to young scientists, and 13 Grants for International Exchange. Additionally, Grants for Special Research are awarded every year for designated themes. This year, one candidate out of 18 applicants was selected after careful scrutiny under the following designated themes:

- 1) Research into technology that realizes a safe and convenient information-based society;
- 2) Research into human-machine interface technology that can help overcome disabilities.



2007 Grants presentation ceremony

Participating in Volunteer Efforts to Clean Up the Tottori Sand Dunes

Since 1970 there has been a growing problem with weed control in the Tottori Sand Dunes, a nationally designated natural treasure. Every summer since 2004, Tottori Landscape and Sand Dunes Conservation Committee has helped organize efforts to clear out the weeds. Tottori Parts Co., Ltd., a Yazaki subsidiary company, is cooperating with these efforts, and in



September 2006, 29 employees and family members participated in the weeding activities.

Employees and family members who took part in the clean-up



Removing weeds from the sand dunes



Instructions being given before the clean-up

Meeting Community Needs with Chrysanthemum Cultivation

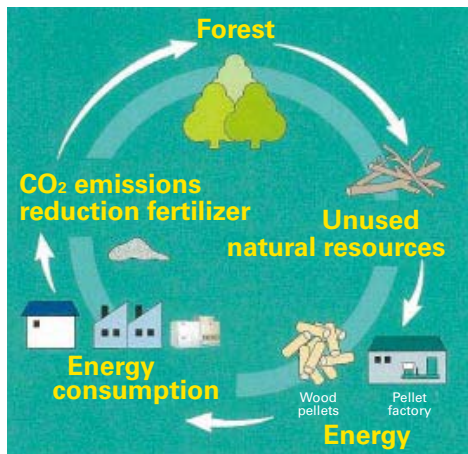
Higashi Shikoku Parts Co., Ltd., a Yazaki subsidiary company located in Tokushima Prefecture, established the Shikisai Farm in FY2004 as a new business that grows chrysanthemums. In FY2006, approximately 80,000 chrysanthemums were shipped, and the business is aiming to increase production even further in the future.



A Subsidiary in Tsugaru Provides Maintenance for Home Heaters

Heaters used for heating residences in the Tsugaru area are large and have a complicated design, making it necessary to engage professional services for maintenance. In 2003, Aomori Parts Co., Ltd., a Yazaki subsidiary that manufactures wiring harnesses, began a business that offers general services for home heaters, from cleaning to complete maintenance, parts replacement, and repainting. When services first began, most customers were families of employees, but now the number of staff has been increased and they field many requests from non-employees as well.

In Focus Contributing to the Revitalization of Local Businesses and Forest Preservation through a Model Business Project Based on Local Recycling of Wood Biomass



Building a Business Model that Recycles Forest Energy Locally

Recently, the decline in the forestry industry has led to increased neglect of forests. The Yazaki Group is working to revitalize the forest industry and is implementing the public-private partnership model business project based on local recycling of wood biomass to promote activities to help stop global warming through restoration of forests. Currently the program is being carried out in three locations: Kochi, Shizuoka, and Gifu.

This business recycles unused natural resources, such as thinned wood, into wooden pellets, which is then sold as fuel. Profits derived from the business are used for forest preservation.

Wood pellets are one type of biomass, a natural resource that comes from living organisms and is continuously being made in the cycle of nature. Biomass is garnering attention as an energy source that has little negative environmental impact because it does not give off harmful substances

when burned. Currently, Yazaki is working toward developing a heating and air-conditioning system that burns wooden pellets as fuel.*

In May 2007, Yusuhara Pellet Co. Ltd.* was established in the town of Yusuhara, Kochi Prefecture,* to undertake production of wooden pellets. In September of the same year, building began on the factory with the help of a government grant. It is scheduled to be fully operational in April 2008.

Promoting Afforestation Together with Local Communities

Forests comprise 91% of total area of the town of Yusuhara, home to Yusuhara Pellet Co. Initiatives for forest preservation and revitalization of the forestry industry have been going on for quite some time. One of these initiatives is the Forest Volunteer Joint Afforestation Project begun in 1999, and which the Yazaki Group joined in FY2006. Trees are planted and harvested in the area of land designated the Yazaki Forest.



Yazaki Forest



Afforestation activities



Harvesting trees

In Perspective

Good opportunity to teach my daughter about the importance of protecting our forests



Makoto Ikeda
Hamamatsu Factory

I wanted my 3rd grade daughter to experience being a part of nature, so my family participated in the afforestation activities that took place at the Yazaki Forest in Kochi Prefecture. I was able to convey the significance of working to preserve the forest with others, and to answer my daughter's questions, such as "Why are trees cut down?" It was a very special experience for her. She wrote about her impressions in a diary and showed them to her teacher. I'd like to continue actively participating in these kinds of events as a family.



*Heating and air-conditioning system that burns wooden pellets as fuel

Please see page 44 for more information.

*Yusuhara, Kochi Prefecture

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

*Yusuhara Pellet Co. Ltd.

A business established as a joint venture between the public and private sectors to manufacture wood pellets. The investment ratio is comprised of 51% from the town of Yusuhara, 35% from Yazaki, 10% from the Yusuhara Town Forestry Cooperative, and 4% from eight other organizations such as forestry and engineering companies, lumber companies, agricultural cooperatives, and the local Chamber of Commerce and Industry.



Communication

Building Better Relationships with Society

**Responsibility
toward
Local Communities**

The Yazaki Group is working to further disseminate information to stakeholders and to build better relationships through various opportunities for dialogue.

Stakeholder Meetings Held Annually at Leading Business Sites in Japan

The Yazaki Group is creating opportunities for direct exchanges in ideas and opinions with stakeholders as a part of its efforts to be 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 at the Haibara Factory of Yazaki Parts Co., Ltd. In March 2007, a meeting was held at the Shimada Factory of Yazaki Meter Co., Ltd. Customers, business partners, government officials, representatives of environmental NPOs, and members of the local community expressed their unreserved opinions. The meeting also served as an opportunity for the participants to learn more about the Yazaki Group (see pp. 31-32 for details).



A scene from the FY2004 meeting



A scene from the FY2005 meeting

Active Participation in Exhibitions and Events

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

At the 2007 JSAE Automotive Engineering Exposition held in May 2007 and attended by 65,400 people, Yazaki displayed products under the theme "Always Earning Your Trust" with a focus on safety technologies and technologies for reducing the size and weight of products in consideration of the environment. Safety technology, such as the AWS-3000, a driving support system that employs a camera to monitor dangerous vehicle distances and lane drifting and warn the driver, and miniaturization technology such as ultra-fine, high-strength wire attracted considerable attention from visitors to the Yazaki booth.

At the MESSE NAGOYA 2006 Eco-Industrial Trade Fair, held by the Nagoya Chamber of Commerce and Industry in October 2006, and attended by 37,180 people, Yazaki introduced its model business project based on local recycling of wood biomass and explained wood pellet production processes. The wood pellet fired boiler Aroace was also displayed. Large numbers of people gathered to see to Aroace in operation. (see page 44 for details)



The Yazaki booth at the 2007 JSAE Automotive Engineering Exposition



The Yazaki booth at the MESSE NAGOYA 2006 Eco-Industrial Trade Fair

Corporate Communication Tools Used for Accurate Dissemination of Information

Yazaki strives to be a good corporate citizen and works to disseminate accurate information to all stakeholder groups.

In FY2006, Yazaki actively made information publicly available using a variety of media. The wood biomass recycling project was reported by Kochi Broadcasting, and Nikkei Business did a feature on Yazaki's personnel training programs. Yazaki also held a press conference for the release of the AWS-3000 driving support system, emphasizing the Yazaki Group's corporate stance regarding vehicle safety. Yazaki is currently developing a corporate advertising plan that emphasizes an optimal combination of energy sources, such as electricity, gas, and solar power, to ensure stable supplies.

Considerable efforts are also being made to improve corporate communication tools such as a 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 business partners.



A Yazaki corporate poster

Yazaki Discloses Information on its Activities through the Social and Environmental Report and Site Environmental Reports

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. A total of 9,000 copies of the Japanese version and 2,000 copies of the English version of the Social & Environmental Report 2006, which covers activities during FY2005, 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 FY2006, all thirteen production sites* issued site environmental reports.



The Social and Environmental Report 2006 and the Site Environmental Report for the Hamamatsu Factory



*All thirteen production sites

Please see page 57 for more information.

In focus Social and Environmental Report 2006 Wins the Special Recognition Award at the 10th Annual Environmental Report Awards

The Yazaki Group Social and Environmental Report 2006 (published in September 2006) won a Special Recognition Award at the 10th annual Environmental Report Awards.

The Environmental Report Awards was established by Toyo Keizai Inc. and the Green Reporting Forum to promote publication of environmental reports and improve disclosure of information in the reports. In FY2006, a total of 122 companies applied for the award.



A Yazaki representative accepts the award on behalf of the Group

Measures at the Automotive Meters Production Parent Factory Shimada Factory Passes On Safety and Environmental Genes

Date: March 16, 2007 Time: 10:00 a.m. - 4:30 p.m. Location: Shimada Factory, Yazaki Meter Co., Ltd.

The Yazaki Group has been holding meetings with representatives of various stakeholder groups as opportunities to exchange ideas and opinions since FY2004. The third such meeting, the 2007 "Let's look, listen and talk about Yazaki!" Stakeholder Meeting, was held in FY2007 with Professor Satoshi Chikami of Nihon Fukushi University again serving as moderator. Ten people representing Yazaki business partners, local governments, environmental NPOs, and the local community participated in the meeting.

The participating stakeholders expressed views on the Yazaki Group's environmental initiatives and human resource development programs. One participant commented that "These activities should definitely be conveyed to the community," while another said "Yazaki should conduct more corporate public relations activities." A portion of the discussion is reproduced below. Yazaki's policy is to reflect these opinions in future activities.

Many of the participants expressed interest in the reforestation business as well as unique human resource development programs such as the Adventure School and Summer Camp, and as a result, some of these programs are mentioned in this report.

● Participants in the Stakeholder Meeting

Satoshi Chikami, Professor, Nihon Fukushi University
Naoto Ougi, Managing Director, Suzuyo Shoji Corporation
Shinji Tsuda, President & Representative Director, Hokuriku Electric Industry Co., Ltd.
Kazuyuki Nagashima, Manager, Shizuoka Sales Office, Hokuriku Electric Industry Co., Ltd.
Kouichiro Yabusaki, General Manager, Environmental Policy Division Environment and Forestry Division, Shizuoka Prefecture
Toshiro Yamanaka, Assistant Manager, Environment Dept. Civilian Div., Shimada City Government
Toshio Yamamoto, Chairman, Environment Dept. Civilian Div., Shimada City Government
Chihiro Inami, Senior, Materials Science Faculty of Engineering, Shizuoka University
Ryoko Touyama, Environmental Partnership Office, Chubu, Ministry of the Environment, Japan
Sadao Ooishi, General Manager, Tokai-Pulp & Paper Co., Ltd.

Yazaki Participants

Yasuhiko Yazaki, Chairman, Yasumitsu Muramatsu, Vice President
Takahide Kawamura, General Manager,
Automotive Instrument & Sensor Operations, Yazaki Meter Co., Ltd.
Kuniaki Yoshioka, General Manager,
General Transportation Systems Operations, Yazaki Corporation
Suzuki Tatsuro, Factory Manager, Shimada Factory
Sato Koki, General Manager, Environmental Affairs Division,
and other employees from Automotive Electronics Operations and General Transportation Systems Operations



Listening to Yazaki

Chairman Yazaki Explained the Group's Thinking on Implementing its Corporate Policy

The "Let's look, listen and talk about Yazaki!" stakeholder meeting consisted of three segments: looking—a factory tour; listening—a briefing on corporate activities; and talking—a group discussion. Following the factory tour in the morning, the briefing on corporate activities was held in the afternoon, during which Chairman Yazaki first explained the Group's thinking on carrying out its Corporate Policy.



Yasuhiro Yazaki, Chairman

Chairman Yazaki first explained the fundamental concept of the Corporate Policy: "The Corporate Policy serves as our constitution, and taking action in accordance with changes in the times based on the Corporate Policy will be our route to corporate survival. Any company can collapse if it makes even a minor error in reading the changes that are taking place." He then explained that wiring harness production is a labor-intensive process, and stated that establishing production sites, mainly in developing countries, to secure the necessary labor and creating jobs have contributed to the development of these countries. Chairman Yazaki expressed the determination of the Yazaki Group to "preserve traditions that are unique to Japan while actively recruiting foreign nationals and pursuing activities to achieve a mutually beneficial coexistence with members of local communities."

At last year's stakeholder meeting (held at the Haibara Factory), the opinion that "female representation in the company is low" was expressed, and in response, Chairman Yazaki discussed personnel considerations that have been adopted. He also mentioned a statement by a female employee working on the development of a gas sensor who said, "When I think about how many people's lives will be saved by these sensors, I realize that there is no more meaningful work than this." Chairman Yazaki closed by saying, "It is important that both employees and the company have exciting visions from their own unique perspectives."

Automotive Meters Production Parent Factory Shimada Factory

The Shimada Factory, the site of this year's stakeholder meeting, is a key factory of Yazaki Meter Co., Ltd. as well as a parent factory that serves as a model within the Group for the manufacture of automotive meters.



Location: Shimada City, Shizuoka Prefecture

Shimada is a beautiful city with natural scenery, a reverent history, and vibrant culture, and boasts abundant greenery fed by the plentiful waters of the Oi River, famous for appearing in the Fifty-Three Stations of the Tokaido, and there are historical sites and traditional events that convey scenes of its time as a post town to the present.

Employees: 914 (as of March 31, 2007)

Established: 1950

Site area: 82,138m²

Shimada City concluded the Environmental Preservation Agreement in accordance with the Basic Environmental Regulation in 1979.



Listening to Yazaki

Various Departments Report on Results and Issues during Presentations on Initiatives

Content of the presentations

Opinions expressed at previous stakeholder meetings and how they are reflected in current initiatives	Environmental Planning Department, Environmental Affairs Division
Development of workplace environments where women can work to their full potential	Personnel Department, General Affairs and Personnel Division
The Yazaki Group's environmental initiatives	Environmental Planning Department, Environmental Affairs Division
Manufacturing initiatives at the Shimada Factory	Yazaki Meter Co., Ltd. Automotive Electronics Operations General Transportation Systems Operations

During the briefings by various departments, opinions expressed in previous stakeholder meetings as well as how these opinions were reflected in Yazaki policies and activities were explained. Next, measures for the development of workplaces where women can work to their full potential were explained as a specific example. Measures to create a good balance between work and private life, for both men and women, as well as policies for the development of work environments where personnel feel both challenged and enthusiastic about their work were discussed.

Next, the course and current status of environmental initiatives that find their origins in the ideas of founder Sadami Yazaki were explained under the title "recycling bins in place of trash bins."

The briefing concluded with a description of Yazaki's manufacturing initiatives, including a look back at the development of a taximeter, focusing on safety and environmental features, and an explanation of how it has been useful in reducing traffic accidents. The subsequent development of a digital tachograph that contributes to improved fuel efficiency and safe driving was also mentioned.



Documentation used during the presentation

Participants Tour a Yazaki Factory

Under the theme of "Looking at Yazaki," tour participants visited a showroom displaying various meters manufactured by the Shimada Factory and details on new businesses, an environmental initiatives display section of the Social Welfare Center, as well as the assembly and molding shops, gaining a better understanding of the "0 monozukuri* initiative" that the Shimada Factory is implementing toward achieving manufacturing with zero defects and zero wastage.



*0 monozukuri: Under the concept of "Quality underlies all company operations" implemented in 2003, all production operations were standardized to achieve manufacturing with zero defects and zero wastage. This initiative is also designed to help foster "independent thinking human assets" capable of carrying out improvements on their own accord

Talking about Yazaki Discussion Report

Following the briefing, a discussion (Talking about Yazaki) was held on environmental initiatives in manufacturing, collaboration with local communities, harmony with the environment and enhanced awareness of environmental issues, and human resource development. Below are some of the opinions expressed during the discussion and the responses.*

*Opinions from this year and last year's meetings, along with company responses to those opinions, can be found on various pages throughout this report

Q The number of automobile parts is extremely high. How many of the parts that Yazaki manufactures are you able to recover for recycling?

A We take measures right from the design stages to facilitate recycling and adopt innovations to make wiring harnesses easier to remove during dismantling. In addition, we operate a copper recycling business to recover copper from used wiring harnesses that were manufactured at Yazaki production sites and we also recycle resins such as polyvinyl chloride.

Q Communication with local residents is very important. What measures does Yazaki take?

Q Wouldn't opening factory sites be useful in improving communication with local residents?

A We created a biotope at the Yazaki Technology Center in Yokosuka, and there are now fish there. Recently, local residents noticed that birds were catching the small fish and so have installed wire netting.

Q What is the current status of employee performance follow-ups, such as the awards system when employees achieve goals?

Q What types of follow-ups are implemented for personnel who are unable to achieve their goals?

A To support the achievement of goals by each employee, we create opportunities for them to discuss areas in which they are having problems and provide guidance on problem solving based on information from the employees. In addition, we have created a system whereby employees acquire necessary work skills through frequent training programs, and are granted a "license" when they are actually able to perform the work. We're also working to create a workplace environment where colleagues follow up on and support their coworkers based on a spirit of teamwork.

Numerous other opinions were also expressed. We plan to reflect these opinions in our future activities.



Environmental Management

Environmental Management Vision and Structure

Implementing Environmental Management in Accordance with the Spirit of the Corporate Policy

The Yazaki Group is creating a group-wide environmental management system to implement comprehensive environmental preservation activities in all its business activities conducted throughout the world.

Environmental Action Plan and Implementation Status

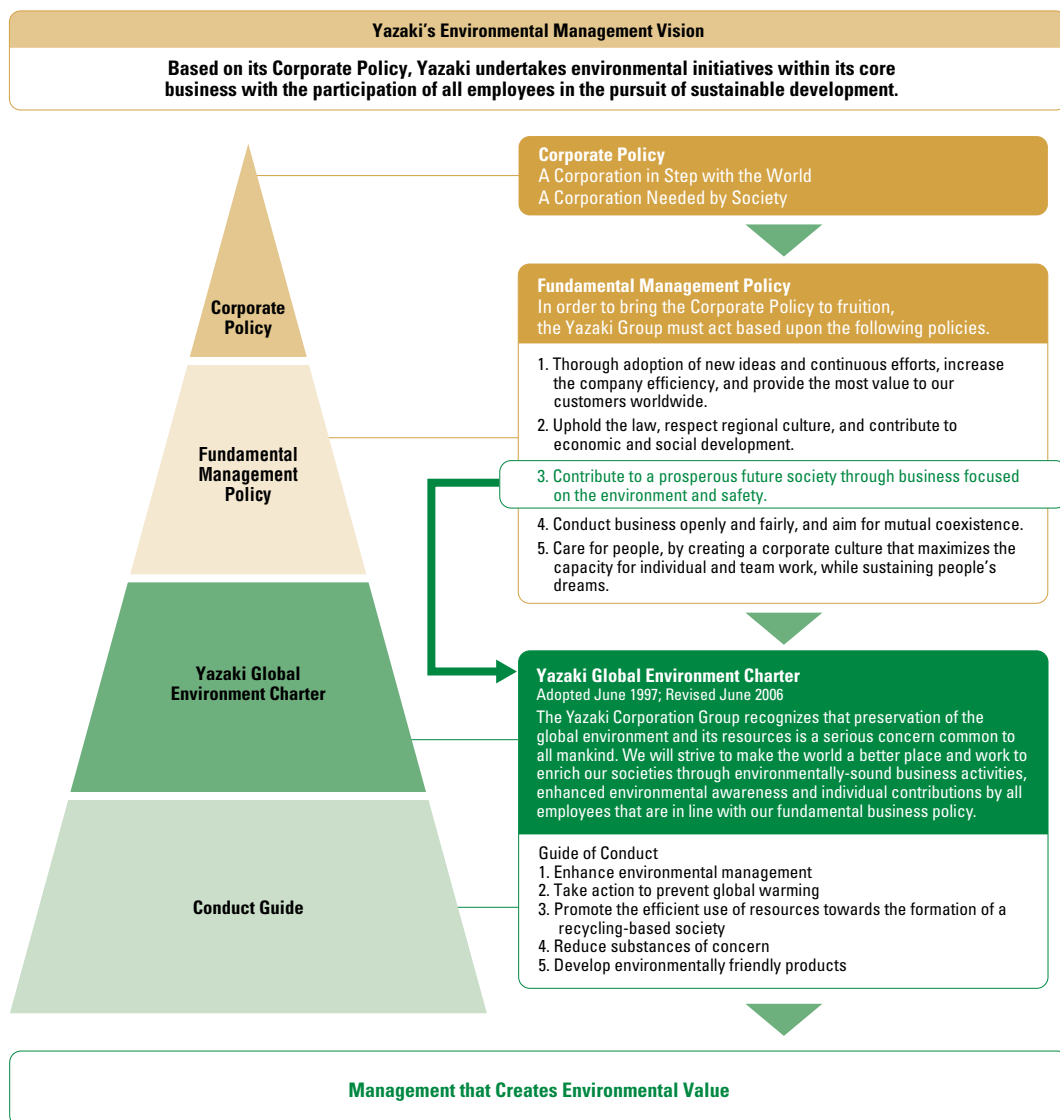
The Yazaki Group established the Yazaki Global Environment Charter based on the Corporate Policy and Fundamental Management Policy. The Group has also adopted an Environmental Action Plan based on five action guidelines and is implementing the plan group-wide.

Action items include helping to prevent global warming through CO₂ emissions reductions, promoting

the effective utilization of resources and the pursuit of zero emissions to help build a recycling-based society, reducing substances of concern with the goal of eliminating hazardous substances from products, and developing environmentally-friendly products through parts miniaturization.

The Yazaki Group is expanding and improving its environmental management with the objectives of creating structures for putting these action items into practice and implementing environmental education.

Environmental Management Policy Structure



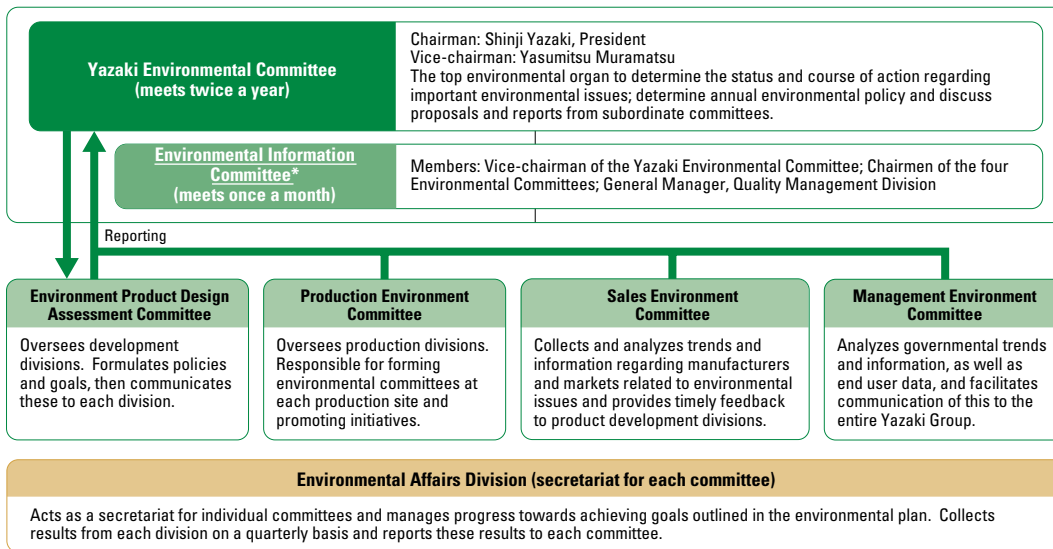
Comprehensive Environmental Measures Taken in All Business Activities under the Yazaki Global Environment Charter

In accordance with the Yazaki Global Environment Charter, adopted in 1997 and revised in 2002 and 2006, the Yazaki Group is proceeding with initiatives "to make the world a better place and work to enrich society through environmentally sound business activities, enhanced environmental awareness, and individual contributions by all employees in line with our fundamental business policy." In addition, Yazaki is focusing its efforts on the creation of a group-wide environmental management system that includes overseas affiliates so as to continuously enhance environmental performance throughout the Group.

Creating an Environmental Management System that Covers All Business Activities

In 2001, Yazaki created an environmental management structure with the Yazaki Environmental Committee chaired by the president as its highest environmental body and with the Environment Product Design Assessment Committee and the Production Environment Committee as subordinate organizations. To strengthen the structure, in 2003, the Environmental Information Liaison Committee, Sales Environment Committee, and Management Environment Committee were created, and the Environment Product Design Assessment Committee was reorganized. By establishing a management structure that covers all business activities from product development to production, sales, and management, Yazaki has bolstered its environmental activities and raised employee awareness.

Environmental Management Structure



*Environmental Information Committee

In July 2007, the Environmental Information Liaison Committee was renamed the Environmental Information Committee.

Voluntary Environmental Action Plan

Since 1995, Yazaki has implemented a voluntary Environmental Action Plan divided into three phases. The second phase was completed in 2005, and the third phase began in 2006. During the third phase, Yazaki is undertaking measures to ensure thorough environmental compliance as well as the full-scale development of environmentally-friendly products with "becoming a sustainable company" and "establishing a brand through environmental management" as our action themes.

Overview of the Plan





Goals and Performance Based on the Yazaki Environmental Action Plan

Promotion of the Third Phase of Yazaki's Voluntary Environmental Action Plan

FY2006 was the first year of the third phase of Yazaki's voluntary environmental action plan

● Results of Yazaki's Environmental Initiatives and Future Issues/Action

Environmental Action Items		FY2006 Goals
1. Full-scale implementation of environmental management ... Ensuring thorough environmental awareness by all employees so that they can independently take environmental actions (in pursuit of becoming a sustainable corporation)		
1-1. Establishment of the environmental management system	(1) Promotion of the Environmental Action Plan throughout the company	● Implementation at each site and consistent follow-up
	(2) Establishment of an environmental quality assurance system (Quality Engineering)	● Expansion to Wiring Harness Division
	(3) Establishment of an internal audit system	● Verification of waste management measures and creation of a checklist
	(4) Establishment of a Group-wide environmental information management system	● Evaluation and application of IT-based environmental data collection and analysis
	(5) Establishment of a waste management system within the Yazaki Group	● Creation of subcontractor agreements at sites and identification of potential waste-related risks
	(6) Establishment of a system to grasp environmental accounting data	● Expansion of the new accounting system into sales offices and improvements in operational methods
1-2. Raising of environmental awareness	(7) Full-scale implementation of environmental education in Japan and overseas	● Creation of revised environmental textbooks and their utilization in educating executives
	(8) Promotion of environmental awareness among employees	● Continuation of environmental action conferences by bloc and consideration of development of a system for recognizing environmentally excellent factories
1-3. Cooperation with communities	(9) Proactive disclosure of environmental information	● Creation of a report suitable for a global corporation ● Enhanced content of individual site reports
	(10) Enhanced communication with the surrounding communities in Japan and overseas	● Holding of Group-wide stakeholder meetings ● Holding of stakeholder meetings that closely address local issues
1-4. Support of environmental risk management	(11) Support of Group-wide compliance with environmental laws and regulations	● Establishment of an attitude of environmental compliance and its propagation to other functions
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 (steady implementation of actions to help prevent global warming)		
2-1. Actions to reduce CO ₂ emissions from business activities in Japan and overseas	(1) Promotion of CO ₂ emissions reduction at all Yazaki sites (including offices and affiliates) in Japan and overseas	● Reduction of 3.5% from the reference value in terms of absolute value ● Per unit of net sales: Reduction of 1% from the previous year level
	(2) Promotion of CO ₂ emissions reduction through improvements in logistics	● Reduction by 18% from the FY2002 level
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	● Identification of main target products, MFC accounting implementation, and promotion of improvement actions
	(2) ● Reduction in waste generation volumes	● Establishment of goals by each production site and implementation of actions
	● Reduction of landfill waste	● Continued maintenance of zero emissions by production sites
	● Enhancement of the material recycling rate	● Material recycling rate: at least 80%
	● Reduction in waste processing costs	● Establishment of goals by each production site and implementation of actions
	(3) Reduction in packaging material usage	● Assessment of the current status and decision on reduction measures and reference values
3-2. Promotion of green purchasing	(4) Reduction in copy paper usage	● Establishment of goals by each production site and implementation of actions
	(5) Reduction in water usage	● Establishment of goals by each production site and implementation of actions
	(6) Promotion of green procurement by suppliers and enhanced support of environmental actions	● Reassessment of the Yazaki Green Procurement Guidelines and education of suppliers
	(7) Establishment of a green purchasing system for office supplies	● Thirteen production sites: Green purchasing rate of at least 80% (in monetary terms) ● Implementation of the green product purchasing system throughout the entire company
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	● Establishment of SOC management systems in YNA and YEL ● Entry of data into the Evidence Database, as well as its operation and improvements ● Establishment of a policy to avoid risks in purchased products
	(2) Elimination of harmful substances from all Yazaki sites in Japan and overseas	● Hexavalent chromium: Complete switchover of corrosion-prevention products ● Lead: Establishment of a new printed circuit board technology and testing on a mass-production line ● Continued establishment of the concept of safe harbor
	● Compliance with the EU ELV Directive	● Recycling of target products (WEEE)
	● Compliance with the WEEE Directive and RoHS Directive	
	(3) Establishment of a system that can comply with the REACH Regulations	● Continued collection of the latest information. Identification of necessary actions by establishment of working groups as necessary
	(4) Establishment of a system that can comply with the EuP Directive	● Continued collection of the latest information on the EuP Directive
4-2. Compliance with environmental regulations in Japan	(5) Reduction in the emission volume of chemical substances (e.g., VOCs)	● Reduction of VOC emissions from fixed emission sources (establishment of goals by each production site and implementation of actions) ● Reduction of VOC emissions from automotive parts (reduce to a level lower than standard value set by the Japan Automobile Manufacturers Association (JAMA))
4-3. Full compliance with Chinese legislations	(6) Compliance with Chinese version of RoHS and ELV	—
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	● Organize the data on raw materials used in parts (MDB data system) ● Acquisition of a Type III environmental label
	(2) Development of new products using the QFDE method	● Designing environmentally considerate products based on the QFDE method



○: Excellent △: Good —: Not applicable

Results of FY2006 Initiatives	Evaluation	FY2007 Goals
<ul style="list-style-type: none"> Expanded to Business Units, Operations, and Management Divisions 	○	<ul style="list-style-type: none"> Environmental Affairs Division to check implementation results and conduct follow-ups
<ul style="list-style-type: none"> Conducted checks of the quality assurance system (organized regulations and standards) 	○	<ul style="list-style-type: none"> Check DR environmental action items using each developed product as a model item
<ul style="list-style-type: none"> Conducted on-site audits and held seminars on the Waste Disposal and Public Cleansing Law 	○	<ul style="list-style-type: none"> Implement cross audits at the thirteen production sites
<ul style="list-style-type: none"> Enhanced the efficiency of methods to collect information on revisions to environmental laws in Japan 	○	<ul style="list-style-type: none"> Begin operation of environmental data collection and management system
<ul style="list-style-type: none"> Surveyed and organized the management of responses to laws at major Yazaki production sites, subsidiaries, and subcontractors 	○	<ul style="list-style-type: none"> Establish an audit system at all Yazaki business sites and subcontractor sites
<ul style="list-style-type: none"> Established performance analysis methods using the Action System at sales offices 	○	<ul style="list-style-type: none"> Establish a data collection system within administrative divisions (using the intranet)
<ul style="list-style-type: none"> Used for environmental education of new and existing department managers, managers and persons in charge of environmental education 	○	<ul style="list-style-type: none"> Revise environmental textbooks for managers every year, and for general employees once every two years
—	—	<ul style="list-style-type: none"> Implement environmental education programs for managers and persons in charge of education programs
<ul style="list-style-type: none"> Held Bloc Environmental Best Practices Presentations 	○	<ul style="list-style-type: none"> Ensure sharing of best practices by various divisions at each business site
—	—	<ul style="list-style-type: none"> Introduce an environmental performance excellence awards system for business sites
<ul style="list-style-type: none"> Collected environmental information from Yazaki Group companies in Japan and overseas 	○	<ul style="list-style-type: none"> Publish Social & Environmental Report 2008
<ul style="list-style-type: none"> Created site reports at production sites 	○	<ul style="list-style-type: none"> Publish site reports by individual production sites
<ul style="list-style-type: none"> Held Group-wide stakeholder meetings 	○	<ul style="list-style-type: none"> Hold Group-wide stakeholder meetings that closely address local issues
<ul style="list-style-type: none"> Invited representatives from local communities in the areas where Yazaki production sites are located to disclose information and exchange opinions regarding environmental initiatives 	○	<ul style="list-style-type: none"> Hold Group-wide stakeholder meetings that closely address local issues
<ul style="list-style-type: none"> Began operation of a system to determine the status of legal compliance at production sites 	○	<ul style="list-style-type: none"> Establish an attitude of environmental compliance to ensure thorough legal compliance
<ul style="list-style-type: none"> Company-wide absolute value: Reduction by 12.4% 	○	<ul style="list-style-type: none"> Goal: Reduction by 4.6% from the reference value
<ul style="list-style-type: none"> Company-wide per unit of net sales (compared to FY2003): Reduction by 35% (forecast) 	○	<ul style="list-style-type: none"> Goal: Reduction by 4% from the FY2003 level
<ul style="list-style-type: none"> Achieved the goal 	○	<ul style="list-style-type: none"> Reduction by 20% from the FY2002 level
<ul style="list-style-type: none"> Filed reports in accordance with the revised Law on Rational Use of Energy and investigated the current status 	○	<ul style="list-style-type: none"> Japan: Reduce energy consumption per unit by 1% compared to the previous year and continue filing reports to authorities
<ul style="list-style-type: none"> Reported on MFC accounting implementation results at the Bloc Environmental Best Practices Presentations 	△	<ul style="list-style-type: none"> Present improvement best practices at the Bloc Environmental Best Practices Presentations
<ul style="list-style-type: none"> Production sites: Total achievement rate of 117% at the thirteen production sites 	○	<ul style="list-style-type: none"> Production sites: Aim to achieve a 20% reduction in waste generation volume compared to FY2002
<ul style="list-style-type: none"> Production sites: Continued to maintain zero emissions 	○	<ul style="list-style-type: none"> Non-production business sites: Aim to achieve a 5% reduction in waste generation volume compared to FY2006
<ul style="list-style-type: none"> Production sites: Total material recycling rate of 82.1% achieved at the thirteen production sites 	○	<ul style="list-style-type: none"> Production sites: Maintain zero emissions
<ul style="list-style-type: none"> Production sites: Total achievement rate of 95.4% at the thirteen production sites 	○	<ul style="list-style-type: none"> Non-production business sites: Achieve respective goals
<ul style="list-style-type: none"> Determined the results 	○	<ul style="list-style-type: none"> All production sites to achieve their respective goals
<ul style="list-style-type: none"> Production sites: Total achievement rate of 101% at the thirteen production sites 	○	<ul style="list-style-type: none"> All production sites to achieve their respective goals
<ul style="list-style-type: none"> Y-CITY: Achieved a reduction of 1% 	○	<ul style="list-style-type: none"> All business sites to achieve their respective goals
<ul style="list-style-type: none"> Production sites: Eleven out of the thirteen production sites achieved the goal 	△	<ul style="list-style-type: none"> All business sites to achieve their respective goals
<ul style="list-style-type: none"> Business partners 379 companies/suppliers 482 companies=78.6% 	○	<ul style="list-style-type: none"> Implement certification and registration of simplified environmental management systems at small-scale suppliers
<ul style="list-style-type: none"> Production sites: Total green purchasing rate of 87% achieved at the thirteen production sites 	○	<ul style="list-style-type: none"> Production sites: at least 80% green purchasing rate (in monetary terms)
<ul style="list-style-type: none"> Completed establishment of purchasing system and commenced operation 	○	<ul style="list-style-type: none"> 100% utilization of online systems at sales offices and subsidiaries; achieve 80% green purchasing rate (in monetary terms) of book keeping material
<ul style="list-style-type: none"> Japan: Held an Australia/Oceania SOC Committee meeting 	○	<ul style="list-style-type: none"> Continue establishing SOC management systems at business sites in Japan
<ul style="list-style-type: none"> Overseas: Explained SOC management systems and held a conference of SOC Committee involving representatives from the China, ASEAN, Americas, Europe, and Japan regions 	○	<ul style="list-style-type: none"> Continue establishing SOC management systems at overseas bases
<ul style="list-style-type: none"> Established a simplified Evidence management database 	○	<ul style="list-style-type: none"> Ensure proper management of the Evidence Database, carry out improvements and conduct training on data entry methods
<ul style="list-style-type: none"> Installed X-ray fluorescence (XRF) spectrometers at suppliers to ensure quality assurance by lot 	○	<ul style="list-style-type: none"> Prepare a schedule for audits at SOC high-risk product manufacturers and implement audits
<ul style="list-style-type: none"> Hazardous substances analysis procedures (quality assurance by lot) presented to suppliers 	○	—
<ul style="list-style-type: none"> Completed switch from hexavalent chromium to trivalent chromium 	○	—
<ul style="list-style-type: none"> Established the Pb-Free Liaison Committee and promoted lead elimination activities 	○	<ul style="list-style-type: none"> Eliminate the usage of lead in accordance with the plan for switchover to alternative substances (by the end of March 2008)
<ul style="list-style-type: none"> Established the information network EU 	○	<ul style="list-style-type: none"> Enhanced systems for safe harbor
<ul style="list-style-type: none"> Investigated participation in the collection scheme 	△	<ul style="list-style-type: none"> Participate in the WEEE compliance scheme (small-scale manufacturing equipment, USB connectors and other export items)
<ul style="list-style-type: none"> Ensured compliance of target products with the RoHS Directive 	○	<ul style="list-style-type: none"> Fully understand the details of the REACH regulations; propose measures for each project and implement
<ul style="list-style-type: none"> Collected information on the REACH Regulation 	○	<ul style="list-style-type: none"> Continue collecting the latest information on the EuP Directive
<ul style="list-style-type: none"> Collected information on the EuP Directive 	○	<ul style="list-style-type: none"> Prepare for compliance with the EuP Directive
<ul style="list-style-type: none"> Total achievement rate of 110% at nine production sites compared to the FY2000 level 	○	<ul style="list-style-type: none"> Implement reduction activities/achievement of goals in accordance with the respective production site's action plan
<ul style="list-style-type: none"> Determined FY2006 performance 	○	<ul style="list-style-type: none"> Determine reduction goals in accordance with the respective production site's action plan and implement reduction activities
<ul style="list-style-type: none"> Created a database for VOC emissions per unit of products and material, investigated VOC measurement methods 	○	<ul style="list-style-type: none"> Create a database for VOC emissions volumes by material, and establish and implement product quality assurance methods
—	—	<ul style="list-style-type: none"> Conduct a survey of the Chinese versions of RoHS and ELV directives and promote related measures
<ul style="list-style-type: none"> Started materials data collection based on JAMA's new materials data sheet 	△	<ul style="list-style-type: none"> Create structures for organizing data on materials used and for obtaining LCA data
<ul style="list-style-type: none"> Surveyed the data on electrical wire for acquiring Type III Environmental Label 	△	<ul style="list-style-type: none"> Acquire Type III environmental label certification at the Electric Wire Division
<ul style="list-style-type: none"> Revised the Rules for Accreditation of Environmentally Considerate Product 	○	<ul style="list-style-type: none"> Acquire environmentally harmonious product certification for at least 50% of products
<ul style="list-style-type: none"> Established rules for applying the Type II Environmental Label 	○	—
<ul style="list-style-type: none"> Conducted the QFDE seminar 	○	—



Environmental Management

Environmental Accounting

New Accounting System Manages Environmental Preservation Costs and Effects

Yazaki is working to efficiently collect, analyze, and quantitatively understand data on environmental activity investments, costs, and effects.

FY2006 Goals

- Install new accounting system at sales offices and improve operating methods

FY2006 Initiatives and Results

- Established performance data collection methods using the new accounting system, the Action System, at sales offices

New Accounting System Collects Performance Data

In its business activities, the Yazaki Group is making quantitative determinations of investments and expenditures related to environmental preservation activities (environmental preservation costs) as well as their effects and is organizing the data according to the Environmental Accounting Guidelines issued by the Japanese Ministry of the Environment. In FY2006, Yazaki used a new accounting system, the Action System, to gather and analyze data on environmental costs at sales offices.

Environmental Preservation Costs

Total environmental preservation costs in FY2006 were 4.21 billion yen, up 1 billion yen from FY2005. This total includes 200 million yen in investment and

4.0 billion yen in costs. Of the investment costs, 110 million yen was for research and development, and costs for pollution prevention, environmental preservation, and the resource recycling business were 65 million yen, accounting for 90% of investment costs. Management costs include costs for installation of equipment for analyzing hazardous substances contained in products and costs for the personnel who conduct the analyses. Research and development costs have been carefully reviewed under the Rules for Accreditation of Environmentally Considerate Products*.

Environmental Preservation Effects

The economic benefits of environmental preservation costs in FY2006 were 570 million yen, a 50% increase compared to FY2005. This was the result of careful sorting of industrial waste, which led to higher sales of recyclable materials.

*Rules for Accreditation of Environmentally Considerate Products

Green product standards applied to Yazaki Group products. Products that have been certified under these regulations are referred to as "environmentally considerate products."

● Environmental Preservation Costs in FY2006

(Million yen)

Environmental preservation cost	Investment	Expenditures	Total	Details
Business area	64.9	455.4	520.3	
Upstream/downstream	0.6	289.4	290.0	Additional costs associated with purchasing green products (office supplies, etc.)
Management activities	22.2	850.5	872.7	Costs for maintaining and managing EMS, and for analyses of SOCs
Research & development	112.7	2,318.5	2,431.3	Costs for R&D of environmentally friendly products
Social contribution	0.0	1.7	1.7	Local beautification activity participation expenses
Environmental damage remediation	0.0	0.0	0.0	
Other	0.0	98.9	98.9	Various association dues, and costs for disposal and management of industrial waste
Total	200.5	4,014.4	4,214.9	

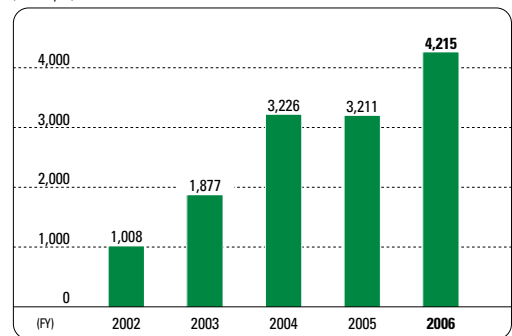
● Environmental Preservation Effects (Economic Benefits) in FY2006

(Million yen)

Environmental Preservation Effects	Actual effects	Deemed effects	Total	Details
Reduction in energy costs	9.9	0.0	9.9	Reduction in energy consumption due to installation of energy-saving equipment (installing inverters, replacing mercury lamps with fluorescent lighting)
Sale of recycled materials	544.3	0.0	544.3	Money back recycling
Other	0.0	15.9	15.9	Subcontracting to external businesses, installation of stamping press anti-vibration devices
Total	554.2	15.9	570.1	

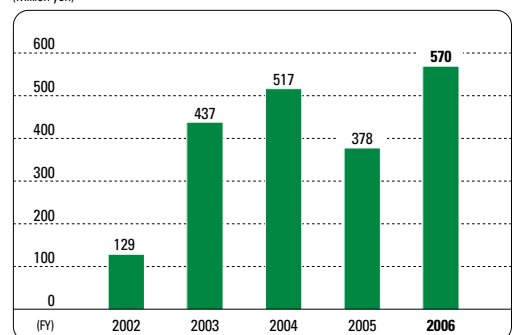
● Trends in Environmental Preservation Costs

(Million yen)



● Trends in Environmental Preservation Effects (Economic Benefits)

(Million yen)



Data coverage: Includes data for all 13 production sites in Japan, Y-CITY, and sales offices



Environmental Management

Environmental Education

Environmental Education Programs for Specific Job Ranks and Departments Developed

The Yazaki Group implements company-wide general environmental education developed for each employee rank combined with specialized environmental education for specialists, in conjunction with the specific functions of individual divisions.

FY2006 Goals

- Implement environmental training for directors
- Implement environmental training for new department managers
- Investigate the current status of specialized environmental education and take appropriate action where necessary

FY2006 Initiatives and Results

- Environmental training for directors implemented
- Environmental training for new department managers implemented
- Survey concerning specialized environmental education commenced in April 2007
 - Specialized environmental education topics in each department were determined through the four environmental committees

The Concepts Behind General and Specialized Environmental Education

The Yazaki Group's environmental education is broadly divided into general environmental education and specialized environmental education.

General environmental education is intended to provide employees in each job rank with the environmental knowledge necessary for them to perform their jobs and is conducted under the guidance of the Environmental Affairs Division. The objective of specialized environmental education is for personnel to gain the specialized knowledge, skills, and qualifications necessary for specific product, plant, marketing, and management functions. It is conducted under the guidance of the manager of each division. All environmental specialists from department managers to general employees undergo specialized environmental education.

Environmental Education for Directors and Department Managers Conducted

General environmental education for directors included a lecture given in September 2006 by an outside instructor on the topic "New perspectives required of corporate managers and environmental management support techniques." The lecture was attended by 129 people. In FY2007, Yazaki plans to conduct training on Japanese and EU environmental laws and regulations in response to requests made in questionnaires completed by personnel who attended the lecture.

Among the general environmental education programs for managers was a one and a half day training program for 234 newly appointed department managers conducted over the course of about two months starting in June 2007. The program is intended to enable managers to engage in sustainable corporate activities as all employees conduct environmental activities within their day-to-day activities, based on the Yazaki's Environmental Management Vision and its Corporate Policy. It includes training on the Yazaki Environmental DNA, Yazaki environmental management structures, manufacturing-related measures, changes in environmental issues, changes in environmental management, environmental businesses, environmental

laws and regulations, and key environmental issues. The participants also divided into groups to conduct environmental management strategy games and hold group discussions concerning the development of specialized education.

Other educational programs conducted throughout the year in accordance with the Yazaki annual plan include new employee environmental training, mid-year new employee environmental training, training prior to overseas assignments, and new manager training.



Environmental education for new department managers

Development of Specialized Environmental Education in Response to Division Requests Started

Until now, the Yazaki Group has focused on general environmental education for all Group employees, but with the introduction of environmental management, the acquisition of specialized knowledge specific to individual divisions and the training of individuals with specific qualifications has become necessary.

In response, since April 2007 the Environmental Affairs Division has been cooperating with the Environment Product Design Assessment Committee, Production Environment Committee, Sales Environment Committee, and Management Environment Committee to investigate the specialized environmental education that each division requires. Specialized environmental education will be further developed in the second half of 2007 based on the results, and support provided for implementing environmental education.



Environmental Management

Responses to Environmental Risks

Thorough Management of Compliance with Environmental Laws and Regulations

The Yazaki Group is developing management structures through collaboration among business sites and related divisions.

FY2006 Goals

- Establishment of an attitude of compliance and its extension beyond environmental issues
- Verification of waste management measures and creation of a checklist
- Preparation of documents such as subcontractor agreements at business sites within Japan and identification of waste-related risks

FY2006 Initiatives and Results

- Implemented measures to enhance compliance with environmental laws and regulations and started responses that include societal demands
- Drafted on-site inspection training materials for waste processing subcontractors and prepared training materials on the Waste Disposal and Public Cleansing Law
- Surveyed and reviewed the status of legal compliance at factories, sales and development divisions in Japan, as well as at subsidiaries and suppliers

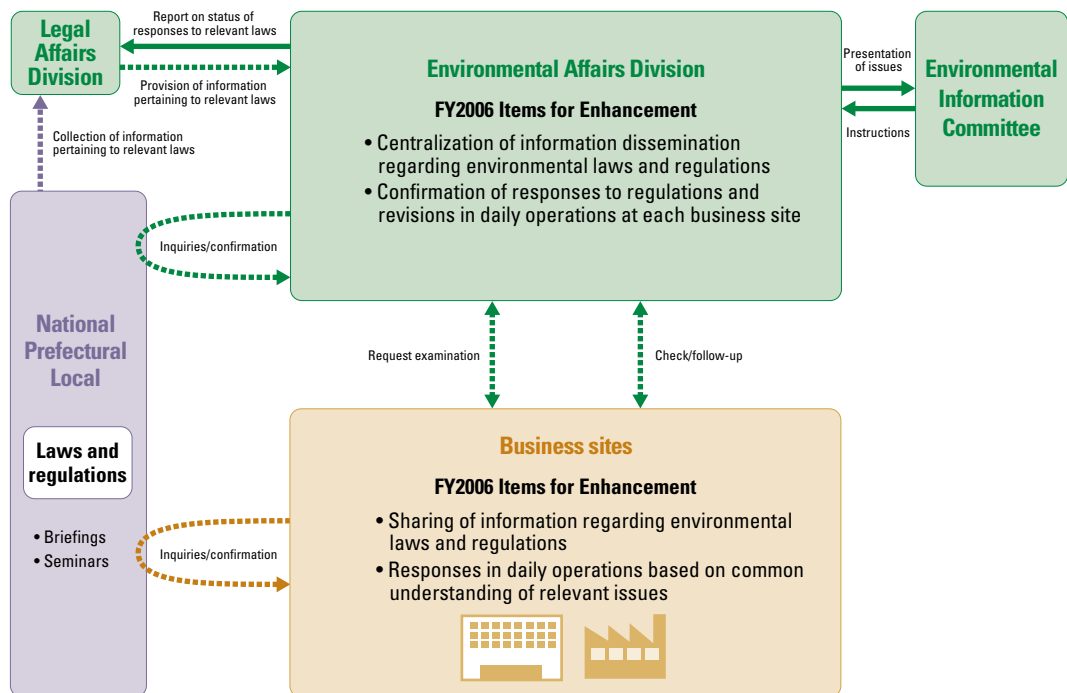
Environmental Compliance Structures Reinforced

Compliance with environmental laws and regulations is a key corporate responsibility as well as a fundamental requirement for managing risk. Yazaki has long kept abreast of environment-related laws and regulations and conducted assessments of compliance at individual business sites, but there have been issues such as disparities in responses to statutory revisions. To address this issue, Yazaki integrated operations relating to environmental laws and regulations in January 2007. The Legal Affairs Division and Environmental Affairs Division collaborated to gather information concerning the adoption and revision of laws,

organize data on necessary responses, and disseminate the information from the Environmental Affairs Division to all business sites. By sharing information, it has been possible to implement environmental measures based on a shared understanding. Yazaki also reports on and confirms the status of responses, which results in appropriate responses to statutory revisions.

In addition to periodic self-evaluations concerning legal compliance conducted by each site, the Environmental Affairs Division has started confirming compliance and is reinforcing company-wide compliance structures.

● Flow of Responses to the Adoption and Revision of Laws



Environmental Audits

In 2006, annual environmental audits were conducted at all thirteen Yazaki production sites* in Japan by qualified internal auditors according to the requirements of ISO 14001 standards. Additionally, an auditing team consisting of members of the Corporate Planning Division (current New Business Division), General Affairs Human Resources Division, and Environmental Affairs Division conducted environmental audits at two of Yazaki's subsidiaries.

After being in operation for eight months, Niigata Parts Co., Ltd.'s Agrilife Chuetsu, which is engaged in a food waste recycling business, audited its environmental impact and confirmed that all operations were proceeding without any issues.

Providing Training on Standards and Internal Audits

Since FY2003, Yazaki's environmental management system auditors registered with the CEAR* have been providing 1-day training on ISO 14001 standards and 2-day training on internal audits. In FY2006, seven training sessions on ISO standards were held and attended by 168 employees, including management personnel. Additionally, six training sessions to develop internal auditors were held, at which 108 employees were certified as new internal auditors, bringing the cumulative total of internal auditors to 412.

● Number of Internal Auditors Developed Under the New System

FY	2003	2004	2005	2006	0
Total certified	69	175	60	108	412

Increasing Understanding about Proper Waste Disposal

Companies that generate waste must not only outsource their disposal to waste disposal companies, but also are required to ensure that the waste is being properly processed.

Therefore, the Yazaki Group is working to increase the understanding of all of its employees about the laws and regulations related to waste and waste processing methods. In 2006, in order to build a waste-related compliance structure, Yazaki conducted a questionnaire survey about the current waste management status. In the sales area, which is considered particularly high risk, Yazaki provided training on waste management, including related laws, and visited each site to ensure compliance. Through these initiatives, Yazaki was able to ensure tighter legal compliance involving waste

management records and contracts. In FY2007, Yazaki is planning to offer training focusing on on-site checks of contracted waste disposal companies and to conduct on-site checks, in order to improve waste management.

Soil Contamination Surveys

As part of its environmental assessment,* the Yazaki Group conducts voluntary soil contamination surveys. In FY2005, Yazaki carried out simple soil tests, targeting business sites where a large volume of chlorine-based organic solvents had been used in the past. The results indicated that more detailed tests were needed. Therefore, in FY2006, Yazaki began detailed soil and groundwater testing at these sites.

Status of Asbestos-related Measures

In FY2005, Yazaki conducted an asbestos content investigation, and verified that none of its products or facilities contained asbestos and that there was no health risk to employees. Yazaki also checked buildings at 130 sites, including factories, sales offices, and subsidiaries, for use of asbestos that could become airborne, and found that 12 sites were using it.

At nearly all of these sites, work to remove, enclose, or seal the asbestos was completed by May 2007. For each of the few remaining sites, Yazaki plans to select an appropriate method and implement corrective measures as soon as possible.

PCB Control

Polychlorinated biphenyl (PCB), which was once widely used in electrical equipment, was banned in 1972 because of its toxicity. In response to the start of PCB detoxification, in FY2005 Yazaki completed early registration of all 157 pieces of equipment that contained high levels of PCB and which were subject to detoxification processing.

In FY2006, Yazaki voluntarily investigated the solvents used in electrical equipment which are not subject to early registration. Consequently, Yazaki is properly storing the electrical equipment found to contain low levels of PCB and will process it according to governmental instructions.

* All thirteen production sites

Please see page 57 for more information

*CEAR

Stands for Center of Environmental Auditors Registration, which has been established within the Japan Environmental Management Association for Industry (JEMAI).

*Environmental assessment

Refers to the process of assessing the potential impact on the environment of future corporate activities.



Product-related Initiatives

Reducing or Banning the Use of Substances of Concern

Compliance with the EU Directives and Other Environmental Regulations

The Yazaki Group is strengthening its structures for managing substances of concern and increasing employee awareness through collaboration between Japanese and overseas business sites.

***SOC**

Substance of Concern

***WEEE Directive**

An EU directive that holds member nations, and manufacturers responsible for designing, collecting, sorting, and recycling waste electrical and electronic equipment (WEEE).

***REACH Regulation**

REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals. The new European chemicals regulation requires any company that manufactures, imports, or uses chemical substances to assess the associated risk and establish a risk management structure.

***EuP Directive**

EU directive on the eco-design of Energy-using Products. The EuP directive requires manufacturers of electrical equipment (energy-using products) to carry out lifecycle assessment on the environmental impact of their products.

***VOC**

Please see page 20 for more information.

***EU ELV Directive**

Please see page 18 for more information.

***RoHS Directive**

Please see page 18 for more information.

FY2006 Goals

- Establish **SOC*** management systems at YNA (U.S.) and YEL (U.K)
- Entry of data into the Evidence Database, as well as its operation and improvements
- Establish a policy to create risk-avoidance structures with regard to purchased items
- Hexavalent chromium: Complete switchover in corrosion-prevention products
- Establish lead-free printed circuit board technology and testing on a mass-production line
- Continue establishment of the concept of safe harbor
- Recycle products specified by **WEEE Directive***
- Continue collection of the latest information about the **REACH Regulation*** and the **EuP Directive*** and identification of necessary actions
- Reduce **VOC*** emissions from fixed emission sources and automotive parts



FY2006 Initiatives and Results

- Held a conference of the Global Quality Assurance Committee for Substances of Concern Contained in Products involving representatives from the China, ASEAN, Americas, Europe, and Japan regions (February 13, 2007)
- Established the Evidence Database
- Installed XRF (X-ray fluorescent) element analyzers at 96 locations globally
- Finished switching from hexavalent chromium-based products to trivalent chromium-based products
- Established the Pb-free Liaison Committee and initiated lead elimination activities
- Began converting solder plating to tinning
- Continued to collect information on the REACH Regulation and EuP Directive

Steady Progress in EU ELV Directive and RoHS Directive Compliance

The European directives, established by the European Union as common environmental regulations for its member nations, includes the **EU ELV Directive*** and the **RoHS Directive***, which restrict the use of chemical substances in products; the EuP Directive, which requires environmental impact assessment through the entire life cycle of products; and the REACH Regulation, which requires the evaluation of risks associated with chemical substances.

The Yazaki Group has been actively working on complying with these environmental regulations, and began replacing hexavalent chromium in FY2005. By the end of 2006, Yazaki succeeded in replacing hexavalent chromium with an alternative substance in corrosion-proofing products, which had previously proven difficult. Yazaki collected products containing hexavalent chromium from Yazaki sites in Japan and overseas, and appropriately disposed of them at a disposal site in Japan. Yazaki has also been voluntarily working on eliminating lead from solders since FY2004.

Within FY2007, Yazaki plans to make all of its relevant products compliant with the RoHS Directive. Yazaki has also begun investigating all of its products with regards to the EuP Directive and the REACH Regulation.

In order to promote these initiatives throughout its entire supply chain, Yazaki established a special database in Japan, with the cooperation of its business partners, for managing substances of concern contained in its products. Yazaki provides this information to its customers.

Strengthening Ties with Overseas Sites

In order to promote information sharing toward strengthening the management of substances of concern among the China, ASEAN, Americas, Europe, and Japan regions, Yazaki held a meeting of the Global Quality Assurance Committee for Substances of Concern Contained in Products.

Additionally, to increase awareness about substances of concern, Yazaki plans to expand the training sessions that have been offered to employees in Japan to overseas sites as well.

In Focus Reducing VOC Emissions inside Automobile Cabins

In February 2005, the Japan Automobile Manufacturers Association (JAMA) announced that, beginning with new models launched in 2007, 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, Labor and Welfare. In response to this announcement, the Yazaki Group

has strengthened its actions to reduce VOC emissions from automotive parts.

One of the major sources of VOC emissions is the adhesive used in adhesive tapes. Adhesive tapes manufactured within the Yazaki Group have been VOC-free since 1986. In addition, for tapes purchased from outside the Group, Yazaki completed a total switchover to solvent-free adhesives by December 2006.



Product-related Initiatives

Providing Environmentally Considerate Products

New Environmentally Considerate Products Provided in FY2006

The Yazaki Group develops its technologies and products with various concerns in mind, including utilization of biomass energy, resource conservation, weight reduction, and chemical substance usage reduction.

FY2006 Goals

- Organize the data on raw materials used in parts (MDB data system).
- Acquire Type III Environmental Label*

FY2006 Initiatives and Results

- Started materials data collection based on JAMA's new materials data sheet
- Surveyed the data on electrical wire for acquiring Type III Environmental Label
- Revised the Rules for Accreditation of Environmentally Considerate Products*
- Established rules for applying the Type II Environmental Label
- Conducted the QFDE* seminar

Building an LCA Framework for Development and Design

For implementing product LCA* in the Development & Design Division, Yazaki established the LCA Process Evaluation Working Group which examines the calculation method and evaluation framework appropriate to each product. This Working Group regularly conducts LCA framework building and test runs at development sites, and creates various LCA calculation tools that make evaluation easier than with conventional methods.

Yazaki also plans to build a structure that will enable all development divisions to execute LCA, and is investigating building a system for conducting LCA for all products in the future. Through this framework and structure building, Yazaki will strive to implement environmentally considerate designs and acquire the Type III Environmental Label.

Automotive Devices

Developing Ultra-thin and Lightweight Electrical Wire to Help Improve Fuel Efficiency of Vehicles

In a hybrid vehicle, which has two motive power sources — a gasoline engine and an electric motor — it is necessary to reduce the weight of components in order to achieve higher fuel efficiency. However, the huge increase in the amount of electronic equipment entailed and new systems required for hybrid vehicles significantly increases the diameter and weight of wiring harnesses. Therefore, it is becoming crucial to develop super-thin and lightweight electrical wires.

Against this background, the Yazaki Group developed ultra-thin electrical wires, designed for use in wiring harnesses for luxury cars, which are significantly lighter than conventional electrical wires, with the goal of developing "Wiring harnesses that are the lightest and thinnest in the world, and have the most consistent and neat appearance."

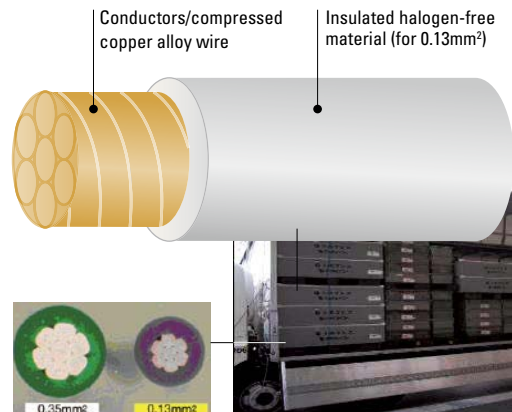
The most notable characteristic of the new wiring harness is its use of thin and lightweight electric wire, called "High strength super fine wire (0.13mm²)."

Electrical wire conventionally used in wiring harnesses has a cross-sectional surface area of 0.35mm². Although electrical wire with a cross-sectional surface area of 0.22mm² has been commercialized, it is not widely used since it lacks strength and has a tendency to break. The Yazaki Group, however, has successfully developed electrical wire with a cross-sectional surface area of just 0.13mm², which is the thinnest and lightest in the world among low-voltage electrical wires used in automobiles, reducing the cross-sectional area by two-thirds and the weight by one half of conventional wire. By using a copper alloy with excellent tensile strength in the conductive area, Yazaki achieved the same level of strength as that of wire with cross-sectional surface area of 0.35mm² despite the extremely thin diameter of the new electrical wire.

The total per-vehicle weight of a wiring harness using this new electrical wire is 1,072 grams less than when 0.35mm² wire is used. This significant weight reduction helps improve the vehicle's fuel efficiency and reduce CO₂ emissions.

The thinner wire diameter also means a reduction in the amount of copper used, and the use of a copper alloy designed for recycling contributes to effective utilization of resources.

● Close-up of a Wiring Harness



*Type III Environmental Label

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).

*Rules for Accreditation of Environmentally Considerate Products

Please see page 37 for more information.

*QFDE

Stands for "Quality Function Deployment for Environment." This is a Japanese environment-compatibility design tool used in the initial stage of product planning.

*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

***Junction box**

A box for protecting the pins and terminals used in the area for joining, branching, and relaying wiring harnesses. This is one of the important components comprising a wiring harness for automobiles.

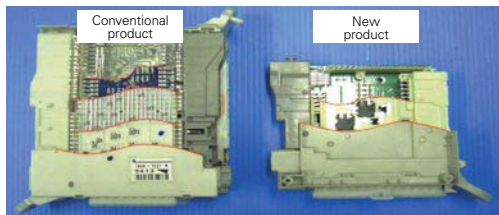
Automotive Devices

Development of Lightweight Lead-free Junction Box

The Yazaki Group has developed an in-cabin junction box* with a new structure that minimizes environmental impact, while retaining the same circuit volume as Yazaki's existing products.

To help improve vehicle fuel efficiency, Yazaki has reduced both the size and weight of the junction box by collecting multiple circuit components such as connectors onto a thin printed circuit board. Furthermore, Yazaki uses lead-free solder for joining components.

The new lead-free junction box is employed in luxury passenger cars.



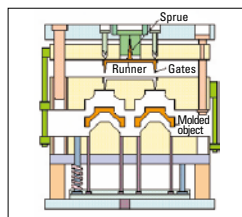
Junction box

Automotive Devices (Manufacturing Engineering Division)

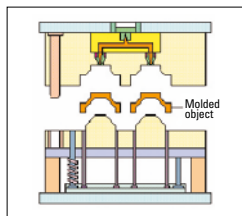
Using Proprietary Hot Molds to Minimize Material Waste

In the cold runner molds conventionally used in molding processes, the material remaining in the sprue, the channel through which the molten resin enters the mold, and in the runner, is ejected as waste. The volume of this material waste amounts to approximately 30% of the material injected in each operation, some of which cannot be reused and is thus discarded.

To solve this issue, the Yazaki Group developed a hot mold that does not have a sprue or a runner. The new mold eliminates the generation of scrap material, reducing the volume of material waste.



Ordinary runner



Hot mold

Electric Wire

Reducing the Size and Environmental Impact of an Indoor Wiring Joint Box

The Yazaki Group successfully reduced the size and environmental impact of the split-type joint box used for connecting indoor wiring cables between building units.

For this product, Yazaki uses automotive parts that are subject to strict environmental regulations. Furthermore, selecting the

optimum part sizes and adopting a coverless structure has reduced the cross-sectional area of the new junction box to approximately one half that of a conventional product. This small size has improved the efficiency of threading and connection operations, and the reduction in both the volume of material used and the weight has resulted in a reduction of environmental impact.



Before connection



After connection

Gas Equipment

Development of an Alarm that Helps Prevent Commercial Gas Equipment Accidents and Reduces Electric Power Consumption

The incomplete combustion alarm function of an ordinary gas leak detector is primarily designed for use in a relatively airtight home environment. Consequently, when such an alarm is used in a commercial setting, it reacts sensitively to the transient CO generated immediately following ignition, which tends to occur in commercial kitchen equipment, and is frequently activated. Furthermore, it is often difficult to install a power supply for the alarm due to space limitations.

Therefore, the Yazaki Group, in cooperation with a gas company, developed an incomplete combustion alarm that is based on a new detection logic, and offers improved sensor reliability, yet uses only 52% as much electricity as a conventional alarm. Additionally, the plating on the electronic components is lead-free, resulting in a product that is safe and environmentally friendly at the same time.



Incomplete combustion alarm

Development of the Wood Pellet-Powered Aroace, a Commercial Chiller-Heater System that Uses Wood Pellets as Fuel, Helping Create a Model Business Project Based on Local Recycling of Wood Biomass

Using Zero CO₂ Emission Coefficient Wood Pellets as an Energy Source

The Yazaki Group is working with three municipalities to promote a model business project based on local recycling of wood biomass.* The goal of this initiative is to maintain and preserve forests and reduce atmospheric carbon dioxide by turning previously unused wood thinned during forestry maintenance operations into wood pellets and effectively using them as a fuel.

To continue developing this business, it was clearly necessary to expand wood pellet applications in order to ensure stable profitability. In early FY2006, Yazaki's Environmental Systems R&D Center began development of the Aroace wood pellet-fired double-effect absorption chiller-heater, a commercial chiller-heater that is based on the existing Aroace but uses wood pellets as fuel.

Wood pellets are gaining attention as a biomass energy source with a zero CO₂ emission coefficient. The effectiveness of wood-pellet-powered systems is expected to generate demand for the Aroace wood pellet-fired double-effect absorption chiller-heater, as well as demand for upgrading from the existing Aroace.

Three Issues Facing Commercialization

Three major technical issues must be resolved in order to convert the fuel for the Aroace from conventional gas to wood pellets.

The first issue is the improvement of the precision of

combustion control, which greatly affects the comfort level offered by the air conditioner. However, unlike gas or oil, the amount of heat generated by wood pellets and their combustibility vary depending on the wood type and whether bark is contained or not. Yazaki is resolving this issue by developing a burner and a furnace that can burn many types of different pellets.

The second issue is the minimization of the work necessary to dispose of the ash that is left after combustion. Having investigated the amount of ash left after a given amount of wood pellets have been burned, Yazaki has designed the pellet silo capacity to match the ash recovery tank capacity. By designing a system that allows the user to also remove ash when supplying pellets from the silo, Yazaki has reduced the work required of the user.

The third issue is cost. Unlike the conventional gas-fired model, the wood pellet-fired model requires additional accessories, such as a pellet silo and a transport system. Therefore, it is important to bring



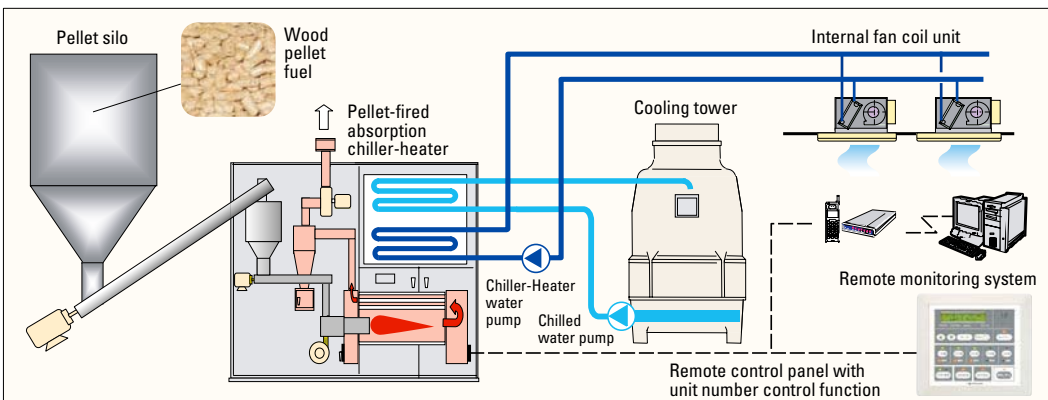
Aroace wood pellet-fired double effect absorption chiller-heater 10RT (35kw cooling capacity) Yakushima model

down the cost of the total package. In addition to reducing the initial cost, Yazaki plans to seek an overall cost benefit through a reduction of the running cost based on the high combustion efficiency of pellets.

*Model business project based on local recycling of wood biomass

Please see page 28 for more information.

Wood pellet-fired Aroace system





Initiatives in Business Activities

Helping Prevent Global Warming

Reducing CO₂ Emissions from Production, Sales, and Administrative Divisions

The Yazaki Group is actively introducing energy-conservation equipment at each business site while also utilizing systems and frameworks both inside and outside the company.

2006 Goals

- Reduction of CO₂ emissions by 3.5% in terms of absolute value
- Reduction of CO₂ emissions per unit of net sales by 3% from the FY2003 level

2006 Initiatives and Results

- Reduced CO₂ emissions by 12.4% in terms of absolute value
- Reduced CO₂ emissions per unit of net sales by 35% from the FY2003 level

Achieving the Goal of "Reducing Emissions by 7% from the Reference Value" Three Years in a Row

Based on the Environmental Reporting Guidelines of the Ministry of the Environment, Japan, the Yazaki Group set up a CO₂ emissions reference value* for each business site, and also established the goal of "7% reduction from the reference value by 2010," in line with the voluntary goal of the Japan Auto Parts Industries Association. In terms of emissions per unit of net sales*, Yazaki's goal is to reduce emissions by 1% every year from the FY2003 level.

In FY2006, despite an 8% increase in production from the previous year, the Yazaki Group reduced its CO₂ emissions by 12.4%, achieving a 7% reduction from the reference value three years in a row. Furthermore, against the goal of reducing CO₂ emissions per unit of net sales by 3% from the FY2003 level, Yazaki expects to achieve a 35% reduction.

The Yazaki Group achieved this significant reduction by increasing the efficiency of the equipment used at its production sites, which account for 85% of CO₂ emissions, and by ensuring the implementation of energy conservation actions in administrative/sales divisions, logistics, and at Y-CITY.

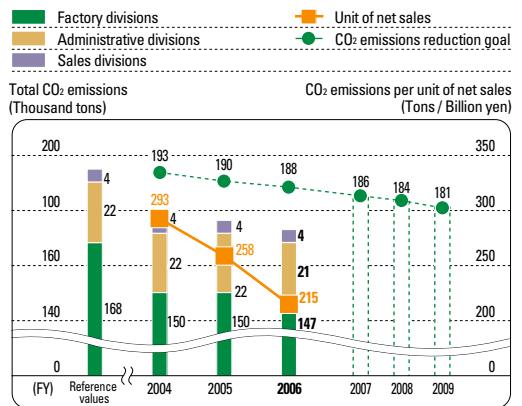
*Reference value

Reference values were established for all business sites for the period between 1990 and 2003 based on the Environmental Reporting Guidelines.

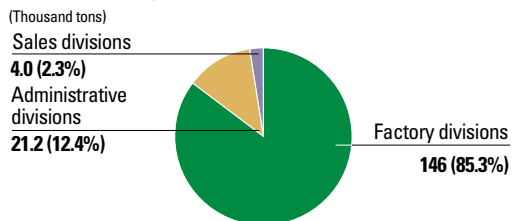
*Unit of net sales

Index obtained by dividing the total CO₂ emissions by net sales.

Total CO₂ Emissions and CO₂ Emissions per Unit of Net Sales (Yazaki Group companies in Japan)



Breakdown by Division (FY2006)



In Focus Promoting ESCO and Participation by all Employees in Energy Conservation Activities at Y-CITY

According to the Law Concerning the Rational Use of Energy (Energy Conservation Law) revised in April 2006, Y-CITY became a Class I Designated Energy Management Factory, and is required to reduce its energy consumption per unit of net sales by an average of 1% or more per year for the medium/long term. In the first year, Y-CITY has made excellent progress, reducing its energy consumption by 1.9% from the previous year as of the end of March 2007.

An example of the initiatives taken was the promotion of measures with the help of an ESCO* to install an inverter in the pump of the air-conditioning equipment to control the flow rate of the cooling/heating water. This design was also applied to Yazaki's own hot water fired single effect absorption chiller-heater "Aroace" to reduce the energy consumption of the air-conditioning equipment. Other ongoing actions are being taken through the participation of all employees, including setting the air-conditioning temperature to the government-recommended setting, using blinds

to shut out the sun's heat, and turning off toilet seat heaters in winter.

Y-CITY (Susono City, Shizuoka Prefecture)

The Yazaki Group's largest business site in Japan, covering an area of approximately 50,000m², includes the Yazaki World Headquarters, the Systems Center which centrally handles information processing, and the central facilities of the R&D Division. The total number of employees working here is approximately 1,400. Various amenities are provided on site, including unmarried employee dormitories, corporate houses, a gymnasium, a nursery school, and a shopping center, with 1,200 people (employees and their family members) living in Y-CITY.



*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.

Initiatives to Reduce CO₂ Emissions at Production Sites in Japan

In FY2006, CO₂ emissions* at all thirteen production sites* in Japan totaled 108,000 tons, down 0.4% from the FY2005 level despite an increase in production volume. Of the various energy conservation measures implemented at these production sites, the following three had the largest impact:

Best practice ① Application of heat-shielding paint to the factory roof

The site of the Tenryu Factory of Yazaki Meter Co., Ltd. covers a vast area of 64,447m² and the large size of its roof tends to cause the indoor temperature to rise in summer. Therefore, the factory used to lower its indoor temperature by, for example, spraying water on the roof on hot days, in order to reduce the electricity usage of the air conditioning equipment. In FY2006, heat-shielding paint was applied to the factory roof.

It was found that the newly painted roof was as much as 4°C cooler (53°C vs. 57°C) than before it was painted (measured in June 2006, clear sky, outside temperature of 25°C).

It was also discovered that changing the color of the heat-shielding paint from blue, the color of the existing roof, to white would lower the roof temperature to 39.5°C under the same conditions. A test conducted before switching to the white heat-shielding paint convinced the Factory Manager and other managers to make a formal decision to switch.

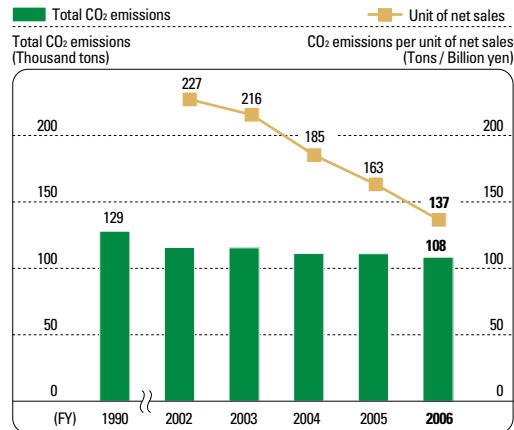
In FY2006, applying the white heat-shielding paint to the office building alone reduced the total annual CO₂ emissions by six tons. Therefore, the Tenryu Factory plans to successively apply the white heat-shielding paint to other buildings. However, since the white roof reflects light, the traditional blue color is used on the roofs of buildings that adjoin neighboring buildings.



Tenryu Factory with its vast roof area

Roof painted with white heat-shielding paint

Total CO₂ Emissions and CO₂ Emissions per Unit of Net Sales (All thirteen production sites in Japan)



Best practice ② Replacing lighting fixtures

Since the manufacturing process area of the Numazu Factory of Yazaki Electric Wire Co., Ltd. has a 7-meter high ceiling, 920 mercury-vapor light bulbs were being used to ensure sufficient illumination in the work area. By switching to high-efficiency fluorescent light bulbs, the factory was able to reduce



High-efficiency fluorescent light bulbs in the Numazu Factory

its electricity usage without lowering illumination, thereby reducing the CO₂ emissions associated with the lighting fixtures in the manufacturing process by 71%.

Best practice ③ Reducing power consumption by vending machines

Shimizu Parts Co., Ltd. switched the five vending machines at its site to energy-efficient types, thereby reducing the electricity consumption by 4,245kWh.

This action emulated a best practice presented by another company at the Best Practices Presentations held by the Yazaki Group.



Label indicating energy-efficient vending machine



*All thirteen production sites

Please see page 57 for more information.

*CO₂ emissions

A value provided in the Japan Auto Parts Industries Association literature was used for the CO₂ conversion factor.



Initiatives in Business Activities

Effective Utilization of Resources and Appropriate Management of Chemical Substances

Sales and Administrative Divisions Also Begin Initiatives to Reduce Waste and Water Consumption

The Yazaki Group is actively promoting reductions in usage of water and chemical substances while continuing to maintain zero emissions at production sites.

FY2006 Goals

Production sites (volume of waste generated)

- Major plants: Reduction by 20% from the FY2002 level by FY2008

Sales offices (generated waste volume)

- Reduce by 20% from the FY2003 level by FY2010

Administration Division

- Investigate the current status, establish a reduction goal, and take reduction measures

FY2006 Initiatives and Results

Production sites

- Eleven out of the thirteen production sites achieved their goals

Sales offices and subsidiaries of the Administration Division

- Began assessing the status in October 2006

Promoting the 5Rs Initiative at Production Sites to Maintain Zero Landfill Waste

Focusing on its production sites, Yazaki is promoting the zero-emissions* concept for not generating any waste, based on its 5Rs initiative, which encompasses the following principles: Reduce, Reuse, Recycle, Repair, and Refuse (a refusal to buy products that are not environmentally sound).

In FY2005, all thirteen production sites* in Japan achieved the goal of complete elimination of waste requiring final disposal, and they did so again in FY2006. The total volume of waste generated was reduced by approximately 11% from the FY2005 level to 3,708 tons. Yazaki plans to promote further sorting of resources at the production sites and the sale of some of them for recycling.

Yazaki's sales offices established the goal of reducing the volume of waste generated in FY2007 by 5% from FY2006, and are working toward meeting the goal. At Y-CITY, each division will create and implement a reduction plan.

Toward More Efficient Use of Water

All thirteen production sites of Yazaki in Japan assess and monitor their water consumption, and are taking steps to reduce consumption in order to achieve the goal of reducing water usage per unit of production by 15% from the FY2004 level by FY2009.

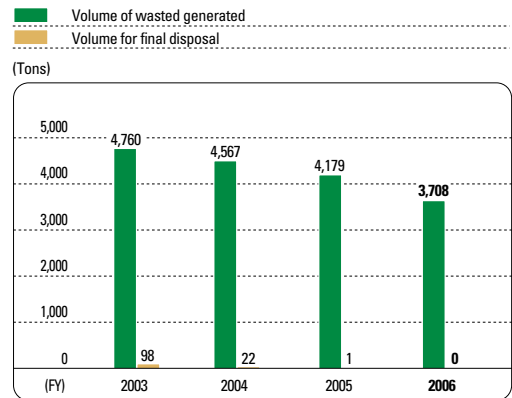
In FY2006, eleven production sites achieved this goal. The total water consumption was 5.057 million cubic meters, or 98% of the FY2004 level. Some of the actions planned for implementation include the installation of water-saving devices in faucets and the reuse of water utilized in production processes.

Yazaki's sales offices also began assessing their water consumption in FY2006, and established the goal of reducing water usage by 3% from FY2006 in FY2007.

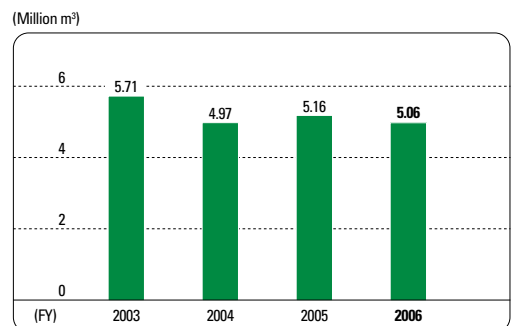
Y-CITY is trying to increase employee awareness through the use of Conserve Water stickers, and plans to

look for effective water-conserving measures that can be implemented by individual divisions.

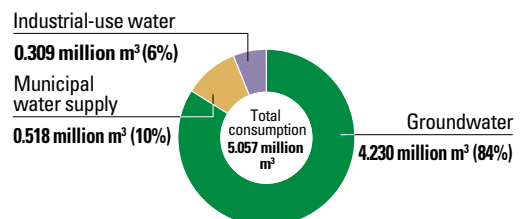
● **Total Volume of Wasted Generated (All Thirteen Production Sites)**



● **Water Consumption (All Thirteen Production Sites)**



● **Water Consumption Breakdown (FY2006)**



*Zero emissions

The Yazaki Group defines "zero emissions" as "the complete elimination of waste that must be disposed of as landfill waste."

*All thirteen production sites

Please see page 57 for more information.

Comprehensive and Appropriate Management of Chemical Substances

In order to manage chemical substances that negatively impact the global environment and all forms of life, and are subject to government regulations, Yazaki is taking action from the perspective of banning or reducing usage, and instituting tighter controls for substances whose safety has not been verified.

Since FY2005, Yazaki has been taking various actions at all nine factories under a plan to

reduce VOC* emissions by 30% from the FY2000 level by FY2008. In FY2006, four factories failed to achieve this goal due to increases in production volume. Yazaki plans to consider various measures, including a reduction in the number of painting locations, evaluation of alternative solvents, and installation of VOC removal/recovery equipment.

In FY2007, Yazaki also plans to take measures to reduce the volume of substances subject to the PRTR law.

● Release and Transfer Volumes of Substances Subject to PRTR (Seven production sites in Japan*)

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

Substance name	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Atmosphere	Water quality	Landfill at production sites			
Bis adipate	2	0	0	0	0	0	2
Antimony and its compounds	19	0	0	0	0	0	19
Ethylbenzene	1	1	0	0	0	0	0
Xylene	13	12	0	0	1	0	0
Antimony trioxide	14	0	0	0	2	0	12
Decabromodiphenyl ether	5	0	0	0	1	0	4
Copper salts (water-soluble)	11	0	0	0	11	0	0
Toluene	53	47	0	0	6	0	0
Lead and its compounds	17	0	0	0	8	0	9
Nickel	3	0	0	0	0	0	3
Phthalic acid	2,545	0	0	0	0	0	2,545
Total	2,683	60	0	0	29	0	2,594

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ
Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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 chemical reactions, or transferred out of production sites as part of or adhering to products

*VOC

Please see page 20 for more information.

*Seven production sites in Japan

Shimada Factory, Tenryu Factory, Susono Factory, Haibara Factory, Ohama Factory, Fuji Factory, and Numazu Factory. Of all Yazaki production sites in Japan, the above seven sites are the only ones that discharge substances subject to the PRTR law.

In Focus Adoption of "Servicizing" at Tottori Parts Co., Ltd. to Help Reduce Environmental Impact of Offices

"Servicizing" is a business model in which the producer, rather than selling a product, provides the functions that the product possesses as services. Unlike the conventional business model, which is based on sales of products, servicizing can help reduce the resources and energy needed for the production and distribution of products, and prevent the generation of end-of-life products. Therefore, the Ministry of Economy, Trade and Industry is promoting servicizing, referring to it as "green servicizing."

One type of servicizing that is gaining a great deal of attention is a lighting fixture rental enterprise, which provides lighting on a rental basis rather than selling lighting fixtures.

Using such a service, Tottori Parts Co., Ltd. switched all the fluorescent light bulbs installed within its buildings to rental types. Before the

changeover, Tottori Parts used to buy light bulbs in batches and send end-of-life bulbs to a waste disposal company. However, by switching to rental lights, the ownership rights and disposal responsibility have been transferred to the service company. End-of-life lamps are now returned to the service company for proper recycling or disposal.

As a result, Tottori Parts was able to eliminate the task of lamp disposal and save on expenses associated with waste disposal, without any capital investment. It is also possible to propagate this new business model to other office sites to reduce the environmental impact of the entire group.



Fluorescent light bulb collection location

As the Main Plant Supplying Wiring Harnesses throughout the World, the Washizu Factory Promotes Reduction of Environmental Impact at All Production Locations, including Overseas Factories

Main plant for wiring harnesses Washizu Factory Yazaki Parts Co., Ltd

Area of business: Production of wiring harnesses
Established: 1943
Location: Washizu, Kosai City, Shizuoka Prefecture
Site area: 9,025m²
Building area: 7,309m²
Employees: 758 (including branch factories)

Kosai in Shizuoka Prefecture is a city with a population of approximately 46,000, located at the western end of Shizuoka Prefecture near the border with Aichi Prefecture. Rich in natural beauty, Kosai is surrounded by the Kosai Mountains, Lake Hamana, and the Pacific Ocean. The city is home to numerous businesses related to the automotive industry.



Environmental Policy

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

Based on the Yazaki Global Environment Charter, the Washizu Factory recognizes the importance of environmental preservation in automotive wiring harness production activities. Through continual improvement activities in the areas of both the environment and manufacturing, the Washizu Factory is committed to actively pursuing recycling operations in order to protect the environment and help build an affluent society.

Action Guidelines

In order to fully implement the Environmental Policy, the Washizu Factory shall ensure that all employees are fully aware of it and take the following actions:

1. We shall be fully prepared to implement the best measures to make continual improvements and prevent pollution.
2. We shall fully comply with environmental laws and regulations, as well as any agreements entered into by the Washizu Factory.
3. We shall establish objectives and goals for the following items and systematically take actions to meet them:
 - Promote the development of products with less environmental impact
 - Reduce the volume of waste generated (zero emissions)
 - Improve energy efficiency (to help prevent global warming)
 - Actively promote recycling businesses
 - Engage in improvement activities that are friendly to the surrounding environment

Teaching Quality Control, Productivity Improvement, and the Elimination of Substances of Concern at Yazaki Wiring Harness Factories throughout the World



Koichiro Matsunaga
Factory Manager

As the “mother factory” of the Yazaki Group’s wiring harness manufacturing operations throughout the world, the Washizu Factory is responsible for quality control, productivity improvement, and the elimination of substances of concern at each Yazaki production site. Therefore, we dispatch our employees to factories in Japan and overseas on a regular

basis, to provide technical guidance and check on quality control status.

Many processes are involved in manufacturing wiring harnesses, including cutting wires to specified lengths, crimping terminals, inserting wires into connectors, routing the wires, and bundling them using vinyl tape. Since most of these steps are manually performed, we pay close attention to educating the operators working on the production lines. We also accept trainees from overseas factories.

Since the total length of wires used in an automobile can be as much as 4,000 meters, reducing their weight is an important issue. In FY2006, Yazaki developed the world’s first ultra-thin electric wire (cross sectional area of 0.13mm²) for automobiles. With the cooperation of employees responsible for production preparation and quality control, we improved the processing equipment and succeeded in practical application of this ultra-thin electric wire in automobiles.



Employees who succeeded in producing the ultra-thin electric wire

Reduction of Substances of Concern with the Goal of “Reducing Everything by 1/2”

The Washizu Factory is currently working on halving the defect count, production loss, inventory, lead time, etc. under the goal of “Reducing Everything by 1/2.” Particular emphasis is placed on our efforts to prevent the four substances of concern (lead, mercury, cadmium, and hexavalent chromium) from finding their way into our products. In Europe, the ELV Directive* now prohibits the sale of products that contain more than specified amounts of these four substances. The Washizu Factory (including its subsidiaries) produces wiring harnesses for 12,000 automobiles per day. Should any of these restricted substances find their way into our products, tens of billions of yen in penalties would be assessed for just one day’s worth of production, potentially causing a financial crisis. Therefore, we must absolutely prevent these restricted substances from entering our products.



Wiring harnesses are hung in the Store separately for each circuit before they are moved to the next processing step



When design changes are made during prototyping, the instruction sheet is replaced immediately to minimize parts waste



Empty electric wire spools are dismantled to separate the steel from the paper, and both are recycled

The Washizu Factory requires that all affiliates and external parts manufacturers that supply raw materials and parts submit certificates indicating that the items they supply do not contain the restricted substances. In addition, using X-ray fluorescence spectrometers that can measure the content of substances of concern, we perform sampling tests at the time parts or raw materials are delivered.

Furthermore, to prevent the restricted substances from finding their way into our products on the shop floor, we provide training to increase the awareness of workers and improve work rules. For example, we place a restriction on the ballpoint pens and markers that can be brought into the production line area. Since the ink contained in these items can sometimes include a restricted substance, we apply yellow stickers to ballpoint pens and markers that do not contain any restricted substances, and strictly ban those that do not have a yellow sticker. We have implemented measures of this kind at our overseas factories as well. A wiring harness uses between 500 and 3,000 kinds of parts and raw materials. We collect information on all of them in a database, and when we deliver our products, submit the data related to all parts and raw materials used in each product to the customer.

***EU ELV Directive**

An EU directive relating to the recycling of end-of-life vehicles, which came into effect in July 2003. The directive in principle bans the use of four substances—lead, mercury, cadmium, and hexavalent chromium—by automobile manufacturers.

Achieving Zero Landfill Waste by Reducing the Environmental Impact from Production Processes

Since most of the production processes required for wiring harnesses are performed manually, they generate a relatively low level of CO₂ emissions among the various assembly processes. However, since global warming is becoming a serious problem, we are actively taking steps to reduce CO₂ emissions even here, for example, by switching to energy-saving compressors.



Manually finishing wiring harnesses according to wiring requirements for each vehicle model

Additionally, to reduce the volume of waste generated, we are steadfastly continuing to take various steps. For example, we have shortened the length of electric wire used for checking the fit with a terminal, and we sort and recycle electric wire scrap, vinyl tape cores, and electric wire take-up spools generated from production processes. As a result, in FY2006, we succeeded in completely eliminating landfill waste, which had amounted to 1.3 tons in FY2005.



Vinyl tape cores are collected during work

Encouraging Communication between Trainees from Overseas and People in Local Communities

Many trainees from other countries are undergoing training at the Washizu Factory. To prevent language and cultural differences from causing misunderstandings or friction with people in the local communities, we are actively promoting communication through participation in community events.

As part of this effort, the trainees participate in the monthly clean-up of the area surrounding the factory, and also actively take part in the clean-up of Lake Hamana beaches and other clean-up campaigns.

We also participate as corporate citizens in local festivals and events. The trainees from overseas put on the traditional clothing of their countries and participate in the area's largest summertime event, the "Kosai Oiden Festival," held jointly by the local community associations, corporations, and various organizations in Kosai-city. The trainees' appearance has become a regular part of the festival. Our trainees also participate in the Kosai Association for International Exchange events organized by the Shizuoka Association for International Relations, and promote communication with people in the local communities by, for example, preparing their traditional foods.



Participating in the "Kosai Oiden Festival" in traditional dress

In Perspective

Publishing a Wall Bulletin on Substances of Concern in Six Languages to Ensure Correct Understanding by All Workers



Satomi Kato
Quality Management Department
Washizu Factory

After brainstorming about the best ways to ensure that each employee has accurate knowledge of the substances of concern and strives to prevent these substances from finding their way into our products, we decided to create a wall bulletin. First, I read many documents to improve my own understanding about substances of concern. Then, we tried to make the bulletin eye-catching by using many illustrations and diagrams, and by creating it in a quiz format. Furthermore, since the majority of our employees are from Southeast Asia and South America, we had the bulletin translated into six languages, including Thai, Tagalog, Spanish, and Portuguese, and posted it throughout the factory. So far, we have issued three bulletins, and they have all been well received and are even posted at Yazaki and business partner factories overseas.



Reducing Substances of Concern from Production Processes to Become a “Green Factory” Worthy of the Environmentally Considerate Energy Equipment Products We Manufacture

Main plant for air-conditioning equipment Hamamatsu Factory Yazaki Resources Co., Ltd.

Area of business: Production of air-conditioning equipment and solar-powered water heating systems

Established: 1964

Location: Higashi-machi, Hamamatsu-city, Shizuoka Prefecture

Site area: 33,502m²

Building area: 22,940m²

Employees: 178

Hamamatsu City in Shizuoka Prefecture was formed on July 1, 2005 by combining twelve cities and towns in the Tenryugawa and Hamana regions, with a population exceeding 800,000, making it the largest city in Shizuoka. In April 2007, Hamamatsu became the 16th ordinance-designated city in Japan.



Environmental Policy

The Hamamatsu Factory is committed to preserving the precious environment using environment-friendly technologies.

Yazaki Resources Co., Ltd.'s Hamamatsu Factory fully recognizes that its products, primarily air-conditioning equipment and household equipment created by using environmentally friendly technologies, and related activities are closely linked to the preservation of the environment and the earth's finite resources. In its pursuit of environmentally friendly technologies, environmental preservation, resource conservation, and coexistence with local communities, the Hamamatsu Factory has established the following policies in line with the philosophy of the Yazaki Global Environment Charter, and is committed to ensuring that all employees are fully aware of these policies and together take the necessary actions to implement them:

1. We shall assess the lifecycles of our products and strive to provide environmentally harmonious products
2. We shall do our best to prevent pollution and strive to preserve both the local and the global environment, while making a positive contribution to society
3. We shall strive to use energy efficiently, reduce or reuse waste, and reduce usage of substances of concern
4. We shall fully comply with environment-related laws and regulations, as well as agreements made with Hamamatsu City, Shizuoka Prefecture and local municipalities, in addition to any other requirements the Hamamatsu Factory agrees to
5. We shall promote green purchasing
6. We shall establish environmental goals and targets, endeavor to meet them, and reassess our progress regularly, in order to continually improve our environmental management system
7. This environmental policy shall be disclosed to third parties upon request

Working on Solving Issues Specific to a Factory Possessing Large-Scale Equipment



Eiji Teraoka
Director, Factory Manager

The Hamamatsu Factory's energy equipment business was established with the objectives of (1) Leveling the energy demand in Japan, and (2) Effectively utilizing natural energy. This business is extremely fitting to the Yazaki Group, given its history.

Specifically, we are producing the gas-fired absorption chiller-heater, Aroace, and the solar-powered water heating system, Yuwaita. Seventy percent of the assembly process involves electric welding for bonding steel and copper, and all completed products are tested for performance using an actual fuel such as LPG or kerosene. The commercial air conditioner Aroace, which is capable of cooling an enclosed area of between 300 and 6,000m², weighs between two and five tons, and is almost two meters high. This means that gigantic production equipment and a massive amount of energy are required in its production. Consequently, reducing CO₂ emissions from the production processes and conserving energy are the most important issues we face.

Additionally, when the revised Energy Conservation Law came into effect on April 1, 2006, the Hamamatsu Factory was designated a Class II Designated Energy Management Factory and is thus required to reduce its energy consumption per unit of production* by an average of at least 1% a year for the medium/long term.

Against this background, the Hamamatsu Factory in FY2006 began strengthening its initiatives toward achieving the Yazaki Group's goal of “reducing CO₂ emissions by 7% from the reference year value by FY2010.” In FY2005, while our total CO₂ emissions volume was within our goal, emissions per unit of production increased, significantly affected by a decrease in production volume. Therefore, in FY2006, all employees at the factory worked together to advance improvement measures, such as stopping the idling of large equipment, with the result that we were able to reduce emissions per unit of production by 1.7%.



Commercial air conditioners require large-scale production equipment just as cars do. The photo shows the inside of an air conditioner following copper tube installation.



Productivity is improved through the use of a sundial production method, in which an operator performs the work while the worktable rotates



Recycling begins here. Collected waste fluids.



A solid foundation that reduces vibration is installed under large stamping machines out of consideration for the neighborhood

Since 2000, due to the rapid spread of electrification, demand for gas-fired air conditioners has not grown, and the production volume of solar-powered water heaters has fallen to less than half of the peak volume experienced in the 1970s and 1980s. Moreover, demand for these chiller-heaters is limited to summer and winter. Therefore, in trying to achieve our goal for reduced CO₂ emissions per unit of production, it is a huge challenge to normalize the operating rate throughout the year.

In the case of commercial air-conditioning equipment, 60% to 70% of the manufacturing processes can be carried out as general-purpose steps. The remaining functions, however, must be added according to various specifications, such as the installation location and customer requirements. In other words, all products are custom-made. Therefore, the sooner customer requirements are finalized, the longer a production lead time we can allocate, helping normalize production operations. Currently, the sales, development, and production divisions are all working together to tackle this issue.

***Energy consumption per unit of production**

Value obtained by dividing the amount of energy used for production by the number of units produced.

Capitalizing on Energy Utilization Expertise Accumulated over Many Years

An event occurred recently that became a major turning point for the Hamamatsu Factory and its business. We received a huge order for hot-water-powered absorption chiller-heaters from a European sales distributor. This was triggered when German Chancellor Merkel announced a policy for increasing the use of natural energy.

Demand looks set to also grow in the U.S. in the future. Because of the different sales method used overseas and the different logistics conditions, all orders must consist of an entire lot that fills a shipping container. In addition, the long delivery lead time on overseas orders allows us to start production early, which helps to normalize our production operations. Therefore, we are looking forward to increases in demand from overseas.

Furthermore, the product that will become the pillar of our future business is now taking birth. It is a wood-pellet-powered chiller-heater that uses renewable energy (see page 44 for details).



Basic version of the Aroace, to which various functional components are added in a customization process, depending on conditions such as the installation location

The Hamamatsu Factory is working on improving its production processes in order to be able to efficiently produce new products of this kind, and is striving to provide products that are of great benefit to society.

Revitalizing Communication with the Local Community through Voluntary Environmental Activities

When Hamamatsu-city was formed 2005 through the merging of twelve neighboring cities and towns, large forested areas became part of the municipality. In conjunction with the start of its wood biomass business, the Hamamatsu Factory added a new Foresteering Club (word created from forest + orienteering) as part of its employee social organization, the Arrow Association (Yakyokai), in July 2006.

This is an environmental volunteer club in which employees and their family members have a chance to enjoy and appreciate the bounty of nature by engaging in various activities such as tree thinning, soba (buckwheat) noodle making, and potato planting, in Misakubo-cho, a nearby mountain town. The event held in July 2007 was our fifth. Currently, 72 people are registered as members, and about 40 people usually attend each event. The members are always welcomed by the local people and also participate in the Misakubo Festival, which is the largest festival in the region.

This activity also puts into practice Yazaki's corporate policy: "To be a corporation needed by society," and places particular importance on communication with people in the local community.



Having fun while protecting the natural environment

In Perspective

Achieving Tangible Results by Implementing Energy Conservation Measures for Every Piece of Equipment



Hironao Shioya
Administration Division
Hamamatsu Factory

Since the Hamamatsu Factory has many pieces of large-scale production equipment, we are implementing energy conservation measures for every one of them. Without incurring much cost, we made sure that equipment was running only when needed, by taking steps such as installing various sensors, which is one of the areas of Yazaki's expertise. For example, in the annealing system, we installed a sensor that determines whether a workpiece is present inside the oven, so that the system automatically runs only when a workpiece is present. Creative measures for minimizing environmental impact without adversely affecting product quality are effective for improving production technologies.

In FY2006, when we investigated our electrical power usage on Saturdays and Sundays, we discovered that weekend usage was higher than during long holidays. We discovered that this problem was caused by current leakage and standby power, and made improvements to completely eliminate these causes. I think this experience was also helpful in increasing employee environmental awareness.



Logistics

Reducing CO₂ Emissions During Transportation of Products

Reducing Environmental Impact during Transport by Improving Efficiency of Logistics Operations

The Yazaki Group made significant progress in achieving "green logistics" by promoting environmentally sound driving practices and improving the efficiency of logistics operations in cooperation with logistics-related subsidiaries and transport subcontractors.

FY2006 Goals

Reduction of CO₂ emissions from logistics by 1,650 tons

- Promotion of modal shifts: 300 tons
- Shared transport and delivery: 100 tons
- Reevaluation of ports used for import/export and logistics center locations: 1,150 tons
- Fuel efficiency improvements through the promotion of Eco-drive: 100 tons

FY2006 Initiatives and Results

Reduction of CO₂ emissions by 1,585 tons as a result of initiatives specified in the reduction plan

- Promotion of modal shifts: 107 tons
- Shared transport and delivery: 27 tons
- Reevaluation of ports used for import/export and logistics center locations: 1,276 tons
- Fuel efficiency improvements through the promotion of Eco-drive: 175 tons

***Green logistics partnership**

This concept is being promoted in Japan by the Green Logistics Partnership Conference, which was established through collaboration among the Japan Institute of Logistics Systems, the Japan Federation of Freight Industries, the Ministry of Economy, Trade and Industry, the Ministry of Land Infrastructure and Transport, and Nippon Keidanren (observer). The objective of the Conference is the promotion of broad cooperation between companies (shippers and their customers) and their logistics suppliers that transcends industry boundaries, in order to expand voluntary actions toward reducing CO₂ emissions in logistical operations with a heightened sense of awareness.

Reducing CO₂ Emissions from Logistics Operations

In FY2004, the Yazaki Group established a system to centrally manage environmental impact reduction measures. With cooperation from logistics-related subsidiaries and transport subcontractors, Yazaki

investigated and summarized driving distances and CO₂ emissions volumes, and also assessed and classified emission sources and types of energy used. Yazaki is also strengthening various logistics-related measures, including shared transport and delivery, modal shifts, and the promotion of Eco-drive

In Focus Logistics Improvement Project at Syo Transportation's Tahara Logistics Center Receives an award from the Japanese Ministry of Economy, Trade and Industry



Kiichiro Yoshioka, President, Syo Transportation Co. Ltd.

Tahara Logistics Center, Syo Transportation Co. Ltd.

The Tahara Logistics Center, which began operation in May 2005 in Tahara City, Aichi Prefecture, is managed by Syo Transportation Co., Ltd., a Yazaki subsidiary. 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. In addition, ample staging space is provided for trucks so that they do not have to wait outside the site, and natural light, rainwater, and natural gas are effectively utilized.



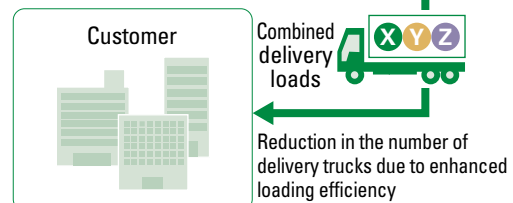
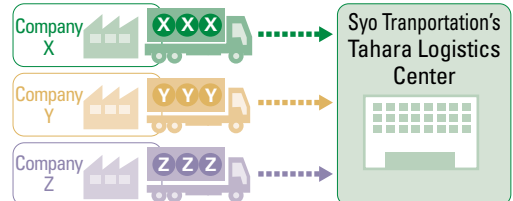
Skylights keep the Center bright even without artificial illumination

Establishing Highly Efficient Logistics Process that Reduces CO₂ Emissions by 76%

In December 2006, the Logistics Improvement Project being carried out at the Tahara Logistics Center was selected as a model business for promoting the FY2005 Green Logistics Partnership,* and Yazaki Corporation and Syo Transportation received an award from the Japanese Ministry of Economy, Trade and Industry, for their environmentally friendly initiatives and actions to help customers improve their productivity. The goal of this project was to improve

● Combining Delivery Loads at a Relay Station to Increase Loading Efficiency

Product manufacturers



At the Japan/China/Korea International Logistics Seminar held in Seoul, Korea in June 2007, Yazaki made a presentation, based on a request from the Japanese Ministry of Economy, Trade and Industry, on the initiatives being taken at the Tahara Logistics Center as a Green Logistics Partnership model business.

(environmentally sound driving practices) through the use of digital tachographs. In FY2006, Yazaki reduced emissions generated in logistics operations by 8,649 tons, achieving its goal of reducing the cumulative total CO₂ emissions since FY2003 by 18 percentage points from the FY2002 level. In FY2007, Yazaki plans to take actions to achieve the company-wide goal of 20% reduction that was established in FY2005.

Additionally, in response to the revision of the Japanese Law concerning the Rational Use of Energy, Yazaki assessed the transportation volume and distance driven for all of the companies within the Yazaki Group in Japan. Yazaki Parts Co., Ltd. and Yazaki Electric Wire Co., Ltd., both of which received the designated shippers classification as a result, are taking various measures to reduce their energy consumption per unit transported* by 1% a year for the medium/long term beginning in FY2007.

logistics efficiency by consolidating at the Logistics Center the parts from various suppliers to be delivered to automobile manufacturers' factories. Furthermore, the project increased loading efficiency by combining delivery loads for multiple customers. Through these measures, the Tahara Logistics Center was able to reduce the CO₂ Emissions associated with product transport to 24% of the pre-project level.

Achieving Advanced Delivery Quality

The Center accepts a wide range of parts from the Yazaki Group as well as various other suppliers and delivers them to customer automobile factories.

Automobile manufacturers expect exceptional delivery quality, specifying, for example, strict delivery schedules and quantities. However, trying to respond to many individual requests increases the number of deliveries, which in turn increases CO₂ emissions. The solution to this problem was found in combining delivery loads for multiple customers at a relay location.

Parts delivered by suppliers to the Center are repacked



Parts from multiple suppliers are combined for shipment and delivery to customers

according to customer requests, and only the required quantities are delivered at the specified time. The Tahara Logistics Center has also introduced an Internet-based system

● Result of Initiatives Specified in the Environmental Impact Reduction Plan

(Tons/FY)

Actions	2003	2004	2005	2006	Total
Promotion of modal shift	3,036	840	734	107	4,717
Promotion of shared transport and delivery	480	0	547	27	1,054
Reevaluation of ports used for import/export and logistics center locations	0	216	220	1,276	1,712
Reduction in the number of delivery trucks needed through loading efficiency improvement	0	300	131	—	431
Promotion of Eco-drive	228	0	332	175	735
Total	3,744	1,356	1,964	1,585	8,649

Other companies within the Yazaki Group will also actively implement measures to reduce their energy consumption per unit of production.

*Energy consumption per unit transported

Total energy consumption during transport divided by the number of products transported.

that enables the Center and the suppliers that use it to check various types of information (e.g., inventory status). The Center also arranges parts it delivers according to the sequence they will be used in a customer's production line, on a just-in-time basis in accordance with the line's operating status.

Training Drivers in Environmentally Sound Driving Practices

The Center also ensures that its drivers are fully trained in environmentally sound driving practices. Following training seminars, individual drivers' driving habits are recorded using digital tachographs. Data on abrupt acceleration/deceleration and excessive speed is posted inside the Center to encourage competition among the teams of drivers. An upper limit for engine rpm is also specified. The savings resulting from reduced fuel usage are also shared with the drivers. As a result, in the two years beginning in FY2004, even though the total distance driven increased by approximately 2%, the total CO₂ emissions associated with transportation declined by approximately 7%. A particularly dramatic reduction was seen in the CO₂ emissions due to idling, which dropped from 103.7 tons in FY2004 to only 3 tons in FY2006.



Product Recovery and Recycling

Resource Recycling Initiatives

Building a Framework for Recovering and Recycling Resources to Help Build a Recycling-based Society

Carrying on the "Mottainai" spirit, the Yazaki Group is recovering end-of-life products and recycling resources to the best of its ability.

Recovering and Recycling End-of-life Products

The Yazaki Group has established a system for recovering, recycling, and reusing discarded wire from offices and homes, wooden electric wire spools, gas meters, absorption solution from absorption chiller-heaters, and taximeters.

In FY2006, Yazaki recycled 96% of the discarded wire it recovered into electric wire resources. Additionally, Yazaki repaired and reused 90% of recovered wooden electric-wire spools used for shipping wire.

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 (see figure below). Yazaki also recovers the absorption solution used as a refrigerant in absorption chiller-heaters, eliminates the impurities, and reuses the solution.

The cold cathode fluorescent light bulbs used in taximeters contain a minute amount of mercury.

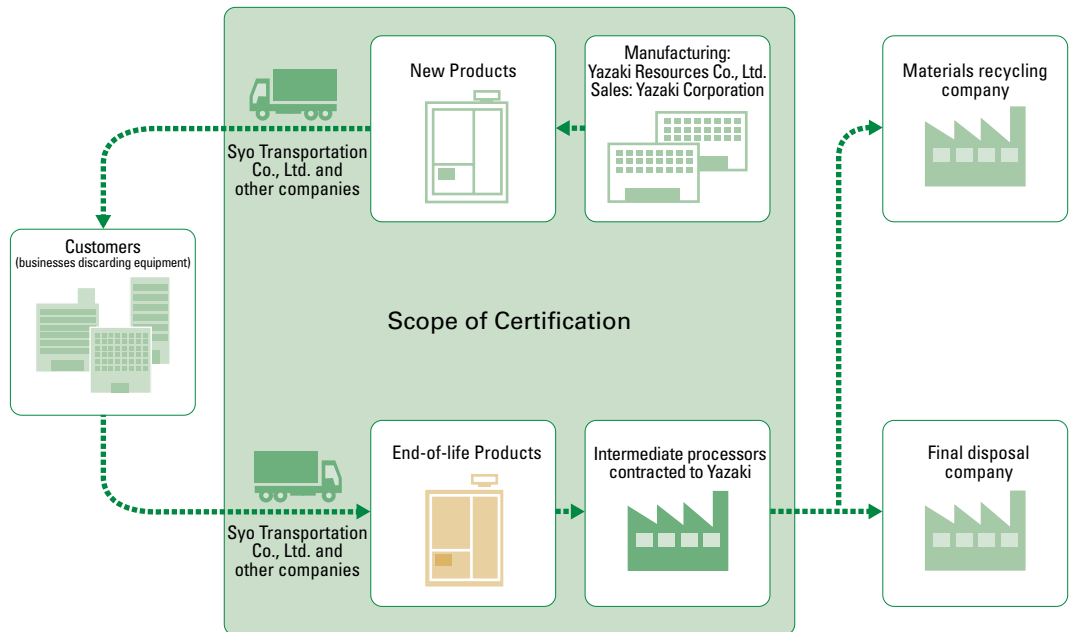
Yazaki recovers all such end-of-life products with the cooperation of dealers, and properly processes them at designated plants.

Yazaki is also developing a system for recovering and recycling other instruments such as analog tachographs, digital tachographs, and printers.



Repairing wooden electric wire spools for reuse

Recovery of Air-conditioning Equipment under the Cross-jurisdictional Waste Management Certification System



Acquisition of the Cross-Jurisdictional Waste Management Certification Approved by the Ministry of the Environment

This 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.

Recycling of Discarded Edible Oils into Fuel

Syo Transportation Co., Ltd., a Yazaki subsidiary, has been active in reducing CO₂ emissions from logistics operations. In December 2006, the logistics improvement activities being carried out at the Tahara Logistics Center were recognized by the Japanese Ministry of Economy, Trade and Industry, and the Center was selected as a model business for promoting the FY2005 Green Logistics Partnership (see pages 53 and 54).

In August 2006, with the goal of reducing environmental impact even further, Syo Transportation began an initiative to recycle discarded frying oils into a fuel that could be used to power its trucks.

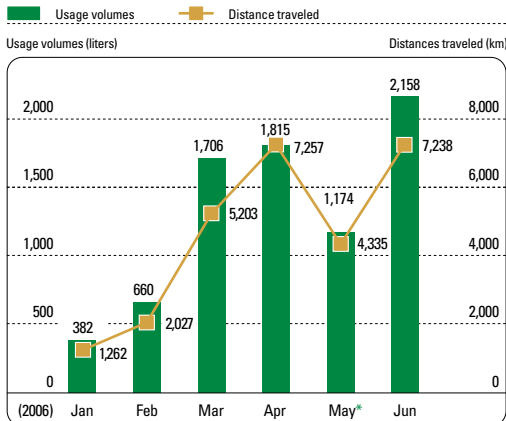
In this initiative, discarded frying oils generated by employee cafeterias within the Yazaki Group are refined into biodiesel and used to power Syo Transportation's delivery trucks. Biodiesel is considered carbon-neutral since it is derived from biological sources and also reduces particulate matter (PM) from the exhaust emissions of diesel-powered vehicles, and therefore is gaining much attention as a light oil alternative that is effective in helping to reduce global warming.

Syo Transportation plans to continue promoting the recovery and recycling of frying oils into biodiesel in order to reduce the environmental impact of its logistics operations.



Trucks that use biodiesel as fuel

Usage Volumes of Biodiesels derived from Discarded Edible Oils and Distances Traveled



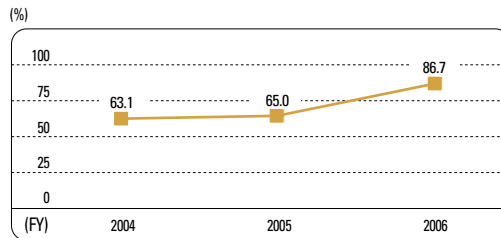
* Figure for both the usage volumes and distances traveled are low in May due to a long holiday period in Japan

Green Purchasing Initiatives

In FY2006, all thirteen production sites* of the Yazaki Group in Japan reached their goal of achieving a green purchasing rate of at least 80% (in monetary terms).

For FY2007, all sales divisions and subsidiaries in Japan have set the goal of achieving a green purchasing rate of at least 80% (in monetary terms) for all bookkeeping materials, and are taking the necessary actions to achieve it.

Trends in the Green Purchasing Rate (Average, in monetary terms, of all thirteen production sites in Japan)



* Thirteen production sites

Please see page 57 for more information

In Focus Starting the Operation of the Office Supplies Online Purchasing System

In November 2006, the Yazaki Group built its Office Supplies Online Purchasing System on its intranet and began running it at Y-CITY and some production sites.

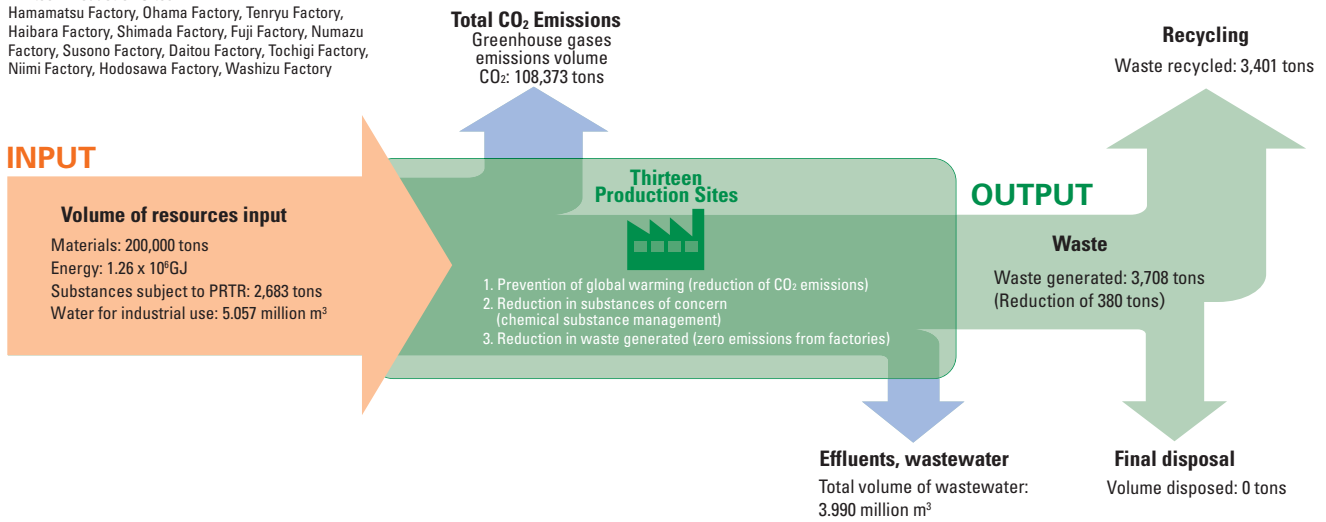
Environmentally considerate products, primarily office supplies, are registered in this system. Meticulous use of this system enables the purchasing officers at each site to purchase products, such as writing instruments, files, and notebooks, that satisfy Yazaki's environmental policy. Additionally, since the system records the number and type of each product, as well as when it was purchased, it can also be utilized to manage information on the purchased products. In the future, the system will be made available throughout the entire Yazaki Group, including its subsidiaries.

Environmental Data for Production Sites in Japan

Volume of Resources Input and Volume of Substances Released into the Environment at Thirteen Production Sites in FY2006

Thirteen Production Sites

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



Hamamatsu Factory

Location: Higashi-machi 740 Hamamatsu City, Shizuoka Prefecture

Main Products: Absorption chiller-heater, solar heater

Air Pollution Data

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

Substance	Equipment	Control value			Actual concentration	Emissions Volume
		Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation		
NOx	3t Boiler	150	100	150	110	612,226
	4t Boiler	150	100	150	86	254,777
PM	3t Boiler	0.10	0.1	0.10	Less than 0.01	—
	4t Boiler	0.10	0.1	0.10	Less than 0.01	—

Control values are shown in ppm for NOx, g/Nm³ for PM, and g/year for emissions volumes

Water Pollution Data

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

Substance	Enactment of Water Pollution Control Law	Control value		Actual measurement		
		Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	5.8-8.6	8.0	7.2	7.7
BOD	160 (120)	25 (20)	20	11.8	2.3	5.3
COD	160 (120)	160 (120)	20	20	8.7	14.3
SS	200 (150)	50 (40)	35	10.0	3.0	5.3
Inorganic oil	5	5	3	Less than 1	Less than 1	Less than 1
Organic oil	30	30	30	Less than 1	Less than 1	Less than 1
Copper	3	1	1	0.09	Less than 0.05	Less than 0.069
Fluorine	8	8	8	Less than 1	Less than 1	Less than 1
Zinc	2	1	1	0.17	Less than 0.05	Less than 0.062
Soluble iron	10	10	1	0.1	Less than 0.1	Less than 0.1
Soluble manganese	10	10	8	Less than 0.1	Less than 1	Less than 1
Total nitrogen	120 (60)	120 (60)	120 (60)	5.5	5.5	5.5
Total phosphorus	16 (8)	16 (8)	16 (8)	4.29	4.29	4.29
Lead	0.1	0.1	0.1	Less than 0.01	Less than 0.01	Less than 0.01

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
COD: Chemical oxygen demand SS: Concentration of suspended solids in water
(): Regulatory average

No substances subject to the PRTR Law are handled

Ohama Factory

Location: Kunikane 1360, Kakegawa City, Shizuoka Prefecture

Main Products: Terminals and junction blocks

Water Pollution Data

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

Substance	Enactment of Water Pollution Control Law	Control value		Actual measurement		
		Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.0-8.4	7.7	7.2	7.5
BOD	160 (120)	20	15	2.3	0.0	2.3
COD	160 (120)	(20)	(15)	6.2	1.8	3.8
SS	200 (150)	30	25	Less than 5	Less than 5	Less than 5
Inorganic oil	5	5	2	Less than 1	Less than 1	Less than 1
Copper	3	1	0.8	Less than 0.1	Less than 0.1	Less than 0.1
Zinc	5	3	0.8	0.1	Less than 0.05	Less than 0.05
Soluble iron	10	10	7	Less than 0.1	Less than 0.1	Less than 0.1
Lead	0.1	0.01	0.01	Less than 0.01	Less than 0.01	Less than 0.01

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
COD: Chemical oxygen demand SS: Concentration of suspended solids in water
(): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Toluene	14,319	12,181	—	—	2,138	—	—
Lead	2,465	—	—	—	706	—	1,759
Nickel	3,117	—	—	—	25	—	3,092

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

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

Tenryu Factory

Location: Minamikashiwa 23, Futamata-cho, Hamamatsu City, Shizuoka Prefecture

Main Products: Gas meters, gas security systems

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

Substance	Equipment	Control value			Actual concentration	Emissions Volume
		Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation		
Hydrogen chloride	Aluminum melting furnace	80	80	80	0.9	—
Chlorine		30	30	30	0.4	—
Fluorine compounds		10	3	3	Less than 0.8	—

Control values are shown in g/Nm³, and g/year for emissions volumes

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

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.0-8.4	8.1	7.6	7.8
BOD	160 (120)	25 (20)	15	Less than 1	Less than 1	Less than 1
COD	160 (120)	25 (20)	15	1.9	1.1	1.2
SS	200 (150)	50 (40)	30	Less than 5	Less than 5	Less than 5
Inorganic oil	5	5	3	Less than 2.5	Less than 2.5	Less than 2.5
Fluorine	8	8	8	0.3	0.3	0.3
Zinc	2	2	1	0.11	Less than 0.05	0.1
Soluble iron	10	10	8	Less than 0.1	Less than 0.1	Less than 0.1
Soluble manganese	10	10	8	Less than 0.1	Less than 0.1	Less than 0.1
Lead	0.1	0.1	0.1	Less than 0.01	Less than 0.01	Less than 0.01

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
 COD: Chemical oxygen demand SS: Concentration of suspended solids in water
 (): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Toluene	7,280	7,087	—	—	193	—	—
Xylene	11,156	10,642	—	—	514	—	—

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

Haibara Factory

Location: Nunohikibara 206-1, Makinohara City, Shizuoka Prefecture

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

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

Substance	Equipment	Control value			Actual concentration	Emissions Volume
		Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation		
NOx	Boiler (CH-1-1)	150	100	100	77	500
	Boiler (CH-1-2)	150	100	100	64	941
PM	Boiler (CH-1-1)	0.1	0.1	0.05	0.01	—
	Boiler (CH-1-2)	0.1	0.1	0.05	0.01	—

Control values are shown in ppm for NOx, g/Nm³ for PM, and g/year for emissions volumes

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

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.2-8.2	7.3	6.7	7.1
BOD	160 (120)	25 (20)	10	3.9	0.6	1.2
COD	160 (120)	25 (20)	15	8.8	3.8	6.2
SS	200 (150)	50 (40)	20	4	0	0.6
Inorganic oil	5	5	2.5	Less than 1	Less than 1	Less than 1
Organic oil	30	30	2.5	Less than 1	Less than 1	Less than 1
Copper	3	3	1.5	0.05	0.05	0.05
Fluorine	8	8	4	0.2	0.2	0.2
Zinc	2	2	1.5	0.22	0.22	0.22
Soluble iron	10	10	5	0.1	0.1	0.1
Soluble manganese	10	10	5	0.1	0.1	0.1
Total nitrogen	120 (60)	120 (60)	30	11.6	11.6	11.6
Total phosphorus	160 (8)	16 (8)	6	3.29	3.29	3.29
Lead	0.1	0.1	0.05	0.01	0.01	0.01

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
 COD: Chemical oxygen demand SS: Concentration of suspended solids in water
 (): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Toluene	14,010	12,910	—	—	1,100	—	—
Lead	3,941	—	—	—	2,658	—	1,283

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

Environmental Data for Production Sites in Japan

Shimada Factory

Location: Yokoi 1-7-1, Shimada City, Shizuoka Prefecture

Main Products: Combination meters for automobiles

Water Pollution Data

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

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.5-8.0	7.8	7.1	7.1
BOD	160 (120)	25 (20)	15 (10)	11	0.6	3.1
SS	200 (150)	60 (40)	30 (20)	13	Less than 1	3.9
Inorganic oil	5	5	1.5	1	Less than 0.5	Less than 0.5
Copper	3	1	0.2	Less than 0.1	Less than 0.1	Less than 0.1
Zinc	2	2	0.2	0.18	Less than 0.05	0.06
Soluble iron	10	10	0.5	0.2	Less than 0.1	Less than 0.1
Total chromium	2	2	0.2	Less than 0.05	Less than 0.05	Less than 0.05
Chromium (VI) compound	0.5	0.5	0.05	Less than 0.05	Less than 0.05	Less than 0.05

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
 COD: Chemical oxygen demand SS: Concentration of suspended solids in water
 (): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Ethylbenzene	1,023	921	—	—	102	—	—
Xylene	2,916	2,624	—	—	292	—	—
Water-soluble copper salts	11,433	—	—	—	11,433	—	—
Toluene	5,805	5,224	—	—	581	—	—
Lead and its compounds	4,454	—	—	—	865	—	3,589

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

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

Fuji Factory

Location: Hodosawa 652, Gotemba City, Shizuoka Prefecture

Main Products: Copper rods, cables for indoor use, automotive cable, PVC compounds

Air Pollution Data

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

Substance	Equipment	Control value			Actual measurement	総量
		Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation		
NOx	Melting furnace	180	180	180	25	2,697
SOx		8	8	8	Less than 2.1	2,814
PM		0.2	0.2	0.2	Less than 0.01	—

Control values are shown in ppm for NOx, Nm³/h for SOx, g/Nm³ for PM, and g/year for emissions volumes

Water Pollution Data

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

Substance	Enactment of Water Pollution Control Law	Control value			Actual measurement		
		Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average	
pH	5.8-8.6	5.8-8.6	6.0-8.4	8.2	7.6	7.98	
BOD	160 (120)	25 (20)	15	10	Less than 0.5	2.89	
COD	160 (120)	160 (120)	15	6.9	Less than 0.5	2.26	
SS	200 (150)	50 (40)	30	4	Less than 1	1.6	
Inorganic oil	5	5	3	0.8	Less than 0.5	0.51	
Copper	3	1	0.5	0.084	0.005	0.03	
Lead	0.1	0.1	0.08	0.052	Less than 0.001	0.009	
Thiram	0.06	0.06	0.03	Less than 0.0006	Less than 0.0006	Less than 0.0006	

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

Abbreviations

pH: Hydrogen ion concentration BOD: Biochemical oxygen demand
 COD: Chemical oxygen demand SS: Concentration of suspended solids in water
 (): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Bis adipate	2,192	—	—	—	—	—	2,192
Antimony and its compounds	14,174	—	—	—	—	—	14,174
Bis phthalate	1,863,375	—	—	—	—	—	1,863,375

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

Numazu Factory

Location: Ooka 2771, Numazu City, Shizuoka Prefecture

Main Products: Electric wire, cables

Water Pollution Data

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

Substance	Control value			Actual measurement		
	Enactment of Water Pollution Control Law	Prefectural ordinances	Voluntary regulation	Maximum	Minimum	Average
pH	5.8-8.6	5.8-8.6	6.0-8.5	8.4	6.0	7.71
BOD	160 (120)	25 (20)	10 (3)	1.2	Less than 0.5	1.56
SS	160 (120)	25 (20)	10 (3)	3	Less than 1	0.32
Inorganic oil	5	5	3 or less	Less than 0.5	Less than 0.5	Less than 0.5
Copper	3	1	0.3 or less	0.068	0.013	0.033

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

Abbreviations

pH: Hydrogen ion concentration

BOD: Biochemical oxygen demand

COD: Chemical oxygen demand

SS: Concentration of suspended solids in water

(): Regulatory average

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Antimony and its compounds	4,432	—	—	—	—	—	4,432
Xylene	440	392	—	—	48	—	—
Toluene	1,497	1,332	—	—	165	—	—
Bis phthalate (2-ethylhexyl)	679,303	—	—	—	—	—	679,303

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

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

Daitou Factory

Location: Osaka 653-2, Kakegawa City, Shizuoka Prefecture

Main products: Wiring harnesses

Tochigi Factory

Location: Tsukiji 500, Minaminasu-cho, Tochigi Prefecture

Main products: Wiring harnesses

Niimi Factory

Location: Nishinokata 2117-1, Niimi City, Okayama Prefecture

Main products: Wiring harnesses

Susono Factory

Location: 1500 Mishuku, Susono City, Shizuoka Prefecture

Main Products: Low-tension automotive wires, wiring harnesses

PRTR-Target Substances

Substance	Volume handled	Volume released			Volume transferred	Volume removed	Volume consumed
		Air	Water	Interred on site			
Toluene	6,420	4,909	—	—	1,511	—	—
Xylene	2,750	2,118	—	—	632	—	—
DOP	3,129	—	—	—	424	—	2,705
Antimony trioxide	14,428	—	—	—	1,956	—	12,472
Decabromodiphenyl ether	5,279	—	—	—	716	—	4,563
Lead	6,016	—	—	—	3,359	—	2,657

Reporting to local authorities and disclosure

Unit: Class I chemical substances, excluding dioxins: kg; Dioxins: mg-TEQ

Landfill at production sites: Volume of waste sent to landfill at production sites

Volume transferred: Volume transferred outside production sites (excludes materials sold for recycling)

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

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

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

Hodosawa Factory

Location: Hodosawa 1157-106, Gotemba City, Shizuoka Prefecture

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

Washizu Factory

Location: Washizu 1424, Kosai City, Shizuoka Prefecture

Main products: Wiring harnesses



A Look at Yazaki's Overseas Bases

The Important Aspects of Environmental Preservation Activities in Four Regions of the World

Promoting Environmental Preservation Activities Around the World

The Yazaki Group is promoting business globally through its 91 affiliates located in 38 countries. Each overseas affiliate strives to work harmoniously with their respective local community, and carries out environmental preservation activities that meet the needs of the characteristics and issues unique to each area.

FY2006 Goals

- Enhance environmental organizations at each affiliate and draft environmental action plans
- Promote important initiatives at each affiliate

FY2006 Initiatives and Results

- Created and promoted implementation of an annual environmental action plan at each affiliate
- Determined energy consumption and waste discharge volumes, and implemented reduction activities
 - Stepped up management of chemical substances contained in products

Overseas Environmental Management Systems

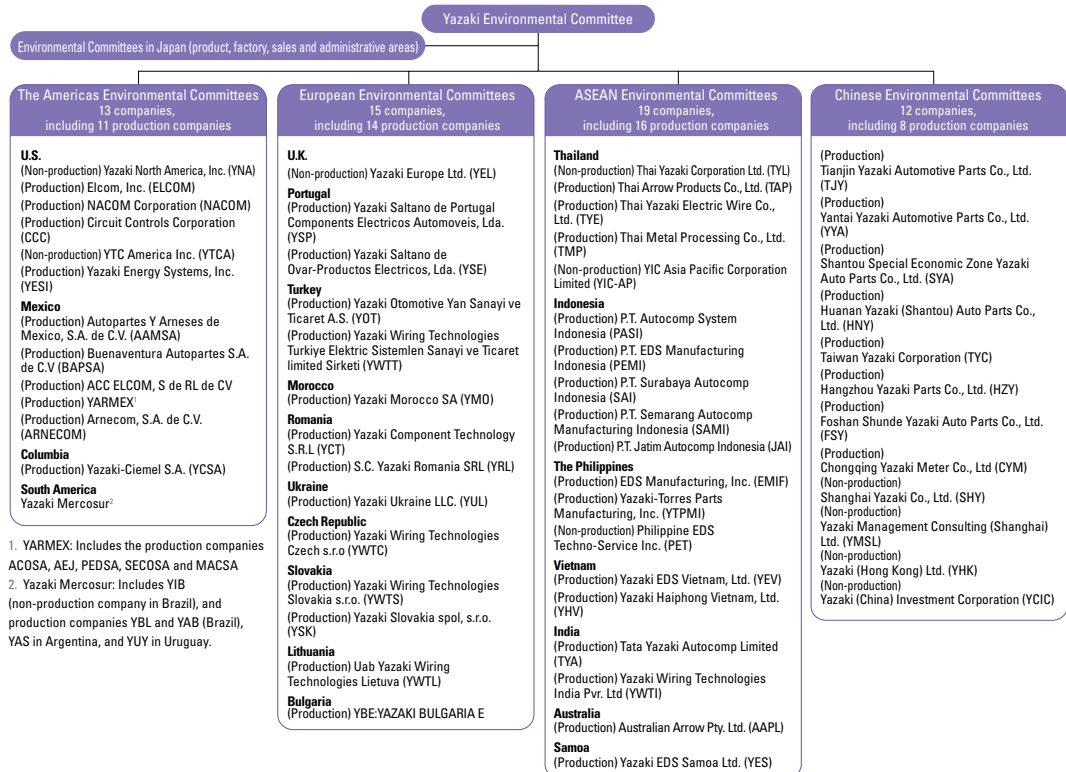
The Yazaki Group divides overseas affiliates by region—China, ASEAN, the Americas, and Europe. Environmental Committees have been created for each region to consolidate and manage goals and performance. Based on the Yazaki Environmental Action Plan,* each regional Environmental Committee has created individual environmental action plans that meet the needs of the characteristics and issues unique to each area and is carrying out environmental preservation activities.

In addition, all Yazaki Group companies are actively

working to reduce CO₂ emissions and ensure proper management of hazardous substances in accordance with the EU ELV Directive.* In particular, since FY2006 the Environmental Committees have further stepped up efforts to reduce CO₂ emissions not only at production sites but also at non-production sites.

Yazaki will continue to promote environmental preservation activities on a global scale by providing overseas affiliates appropriate support from Japan, establishing a network to manage information exchange with Japan, and consolidating and managing the goals and performance of environmental preservation activities for each region.

● Global Yazaki Environmental Management Systems



1. YARMEX: Includes the production companies ACOSA, AEJ, PEDSA, SECOSA and MACSA
 2. Yazaki Mercosur: Includes YIB (non-production company in Brazil), and production companies YBL and YAB (Brazil), YAS in Argentina, and YUY in Uruguay.

*Yazaki Environmental Action Plan

Please see pp. 35-36 for more information

*EU ELV Directive

Please see page 41 for more information



China

Building an Environmental Management System that Integrates Overseas Subsidiaries

Promoting Management that Integrates All Twelve Yazaki Group Companies in China

In China, with the rapid growth of the economy, environmental impact, including CO₂ emissions and waste, is becoming a serious problem. The Yazaki Group has created an environmental management system that integrates all twelve Group companies in China and is promoting environmental measures at each location.

Developing Five-year and Annual Plans for China

In FY2006, the 14th China Management Conference was held at the Tianjin Yazaki Automotive Parts Co., Ltd. (TJY) Headoffice Plant. The Yazaki Group environmental initiative topics (reduction of CO₂ emissions, promotion of zero emissions, measures to reduce substances of concern) and concrete plans were discussed, officially kicking off drafting of the five-year plan and annual plan for China, and the

creation of an integrated environmental management system.

Based on these kinds of measures, each business site in China is engaged in efforts aimed at reducing electricity consumption, reducing waste through thorough collection and sorting, and management of and education on hazardous chemical substances contained in products.

Seven Awards Received for Being an Exemplary Company

Hangzhou Yazaki (HZY)

In March 2007, the FY2007 Economic Development Zone Meeting was held in Hangzhou. Hangzhou Yazaki Parts Co., Ltd. (HZY) was chosen as an exemplary company out of the approximately 100 companies based in the development zone, and received the following seven awards from the Hangzhou Economic and Technological Development Zone:

1. Top 10 companies in industrial production expansion
2. Companies with the greatest increase in sales
3. Companies making the greatest tax contribution
4. Excellence in land utilization
5. Quality Management System Certified Company
6. ISO 14000 Environmental Management System Certified Company
7. ISO/TS 16949 Automotive Industry Quality Management Certified Company



Awards ceremony

this kind of event. The local government, civil administration bureau, and labor union also participated or cooperated in some way or other. HNY is giving serious thought to carrying on this initiative in the future.



Visiting a nursing home

Conducting Nighttime Fire Fighting Drills

Yantai Yazaki (YYA)

Yantai Yazaki Automotive Parts Co., Ltd. (YYA) holds a fire fighting drill once a year. In May 2006, the YYA Safety Committee carried out nighttime firefighting training at the First Manufacturing Department's component factory. Approximately 220 employees took part. Members of the YYA firefighting team demonstrated how to report a fire, how to put it out, inspection after a fire, and how to give the all clear.

In Perspective

We're working to be recognized as the No. 1 business site in environmental performance



Wang Jiali
Team Leader
NYS Office,
Control Section
Hangzhou Yazaki
(HZY)

In December 2006, HZY built a waste recycling center in an effort to reuse and recycle waste. We were able to reduce the amount of waste generated daily through diligent sorting. HZY is also working toward reducing CO₂ emissions through energy conservation activities. We'll continue striving to reduce our impact on the environment through



Waste recycling center

new technologies and methods in order to be recognized as No. 1 in environmental performance.

Participating in Local Clean-up Activities

Foshan Shunde Yazaki (FSY)

Foshan Shunde Yazaki Auto Parts Co., Ltd. (FSY) is implementing a Zero Garbage initiative. Once every month, together with local residents, employees pick up garbage. In October 2006, about 20 employees participated in cleaning up Jun'an Industrial Park, helping to beautify the community by picking up trash and cleaning the complex.

Other Initiatives

Visiting Nursing Homes

Huanan Yazaki (HNY)

In August 2006, employees of Huanan Yazaki (Shantou) Auto Parts Co., Ltd. (HNY) visited nursing homes on the occasion of the fifth anniversary of the founding of HNY. They danced, sang and performed skits on a makeshift stage to the enjoyment of the local residents. It was the first time that a foreign-affiliated company had carried out



Forming a Network that Connects Different Business Sites

Coordinating Activities Among 19 Business Sites in Eight Countries

In the ASEAN region, production volumes and employee numbers are increasing with the rise in product demand. To promote reduction of environmental impact, representatives from each of the 19 Yazaki Group companies located in eight different countries of the ASEAN region, whose language and cultural background differ, gather together to jointly discuss general policies and the progress of ongoing activities.

General Regional Policies and Sharing Information on Individual Country Initiatives

In October 2006, the third ASEAN Environmental Conference was held at TAP, Thailand. The conference was attended by twenty-four representatives from nine countries, including Japan, and discussions covered management systems and measures to reduce usage of substances of concern, and environmental preservation activities in the ASEAN region.

At the conference, discussions centered around issues

such as creating thorough reports on CO₂ emissions, water consumption, and waste volume data; implementing a SOC management system; and using data analysis equipment for harmful chemical substances contained in products and supporting specialized education. Information was also shared through company reports concerning ongoing activities to reduce waste, and to reduce water consumption by employing a system to recycle rainwater.

Selected for Environmental Excellence in Australia

AAPL, Australia

In July 2006, at a ceremony held in Melbourne, Australian Arrow Pty. Ltd. (AAPL) was awarded the much coveted Gold Banksia Environmental Award* against a field of 11 category winners, and the Sustainability Award for minimizing its environmental footprint. This great honor singled out AAPL from all the municipalities, NPOs, and corporations environmentally active in Australia, and recognized that AAPL has made the contribution most worthy of extra recognition and acknowledgement in the country.



The Banksia Environmental Awards ceremony

Other Initiatives

Acknowledging Labor-Management Relations and Welfare Programs

TAP/TYE, Thailand

In September 2006, the Ministry of Labour's Department of Labour Protection and Welfare in Thailand sponsored an awards ceremony held in Bangkok. The FY2006 Labour-Management Relations Excellence Award and Welfare Program Excellence Award were received by all business sites of the Thai Yazaki Group. At the Thai Yazaki Group, employees work together with management to improve labour-management relations and employee welfare. The Thai Yazaki Group first underwent examination for the Labour-Management Relations Excellence Award in 1994 and since then, for the past 11 years, labour-management relations and employee welfare programs have undergone constant improvement.



Labour-Management Relations Excellence Award ceremony

Chosen as "Saigon Times Top 40" for 3 Years in a Row

YEV, Vietnam

In January 2006, the Saigon Times Top 40 awards ceremony was held in Ho Chi Minh City. The annual event is jointly organized by the well-known Vietnamese newspaper, the Saigon Times, in collaboration with Ho Chi Minh City, and Binh Duong Province, where Yazaki EDS Vietnam Ltd. (YEV) is located. The Saigon Times Top 40 Award recognizes foreign-invested enterprises in Vietnam for their financial merits and contributions to local community development. YEV not only succeeded in winning Top 40 honors for the third year in a row, but was also cited by the Binh Duong Province Ministry for excellence in environmental activities. YEV is continuing to work hard to be worthy of receiving the award again.



Awards ceremony

In Perspective

Enhancing Environmental Preservation Awareness as the Regional Environmental Leader



Ken Anderson
Coordinator
Department Property Service
APPL Finance & Administration

Not only does AAPL promote its own environmental preservation activities, it also actively participates in local environmental events. AAPL's goal is to "exhibit leadership in environmental preservation towards industry, community, and employees." As a result, AAPL has been honored with several environmentally related awards beginning with the most prestigious award in Australia, the Gold Banksia Environmental Award. AAPL will continue cooperating in environmental seminars and workshops, and we hope that together with conducting tours of our facilities for other companies, we can increase the level of environmental awareness throughout our region.

*The Banksia Environmental Awards

The Banksia Environmental Awards are conferred by The Banksia Environmental Foundation and have earned a reputation as the most prestigious environmental awards in Australia. The Foundation was established in 1989 and is supported by the Australian government, government organizations from each state, sponsoring companies, and volunteer groups. The Banksia Environmental Foundation's chief patron is John Howard, the Prime Minister of Australia.



The Americas

Spreading Environmental Preservation Awareness Throughout the Region

Thorough Implementation of Region-wide and Business Site-specific Environmental Preservation Activities

The 13 Yazaki Group companies located in six different countries in North and South America are each pursuing environmental preservation activities rooted in the local communities where they are based. To make their efforts more effective, a region-wide environmental management system is being built to manage environmental activities of the different business sites.

Decision to Create an Americas Environmental Management System

In November 2006, approximately 40 environmental officers from Group companies in the Americas and the Environmental Affairs Division in Japan gathered for the Third Americas Environmental Conference held in Mexico by YARMEX. On the first day of the conference, discussions were held concerning strategic plans for environmental measures, corporate responsibility, communication methods, and reorganizing environmental initiatives in the Americas region. On the second day, environmental officers

from the different business sites reported on their recent environmental activities. Reports included the results of educational training conducted by YARMEX (Mexico), and initiatives in business management and SOC management by YNA (Yazaki North America, Inc.). In addition, the creation of an environmental management system for the Americas with the vice president of YNA as the environmental manager was proposed and approved by all members.

Recycling Plastic and Tires

BAPSA, Mexico

In May 2006, Buenaventura Autopartes S.A. de C.V (BAPSA) took part in a local community activity to collect plastic waste and used tires in an effort to help increase the amount collected and see that the items were reused or disposed of properly. Approximately 430 employees participated together with their families and local residents, and 101 used tires and 120 kilograms of waste plastic were collected from homes, schools, stores, rivers, and roadsides. The plastic was handed over to recycling companies and the tires to appropriate waste recycling companies. The profit made from recycling was donated to various organizations.



Collected tires

promoted greater understanding about issues such as conserving energy, reducing water consumption, and reducing food waste at the cafeteria.



A poster advertising the event

Other Initiatives

Safety and Health Fair

CCC, U.S.

Every year, the Safety Committee at Circuit Controls Corporation (CCC), made up of employees, holds the Health and Safety Fair, which provides a chance to think about safety and health issues. At the fair held in May 2006, guidance was given on a variety of topics to raise employee awareness. The topics included preventing infections transmitted through blood transfusions, Lock out/Tag out, * emergency evacuation training, employee safety, handling, storing, transporting, and disposing of harmful materials and how to read a Material Safety Data Sheet (MSDS).



Explaining Lock out/Tag out

Carrying Out Environmental Education through Theatre

YBL, Brazil

In June 2006, to coincide with Environmental Awareness Week, a group of volunteers from the Tatui Plant at Yazaki do Brasil Ltda. (YBL) performed a play. This event was a part of ongoing environmental education, and approximately 80% of the Tatui Plant employees, or 800 people, participated. The play

In Perspective

Establishment of an Environmental Committee to Implement Cross-divisional Activities



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

The Americas Environmental Affairs (AEA) department, which governs all environmental business for Yazaki Group companies in the Americas, established an Environmental Affairs Committee (EAC) with the goal of creating and implementing a sustainable environmental management system in the region. Comprised of executives from all divisions, the committee is moving ahead with cross-divisional sustainable initiatives based on the Yazaki Global Environment Charter. All the Yazaki companies and business sites in North, Central, and South America are involved. An Environmental Officer is placed at each business site and activities are carried out in accordance with the five-year Yazaki Environmental Action Plan and environmental policies. While responding to ever changing environmental issues, we are promoting our activities with an eye toward the future.



*Lock out/Tag out

This is a preventive measure to protect employees from injury, and is required by the American Occupational Safety & Health Administration. Lock out refers to locking the switch cover when something wrong is discovered with equipment to prevent other employees from accidentally operating it. Tag out is performed for the same purpose, and refers to placing a tag on the equipment to inform others that it cannot be used.



Europe

Taking the Lead in Developing Environmental Measures

Environmental Officers Placed at Each Business Site to Implement Unified Activities

Environment, health, and safety (EH&S) officers have been assigned to each of the 15 Yazaki Group companies in 11 different countries in the Europe region, and comprehensive environmental preservation activities are being implemented. A five-year plan spanning from 2007 to 2012 has been drawn up and aims to take efforts to the next level.

Promoting Activities Based on Clear Goals for the Region and Individual Business Sites

In FY2006, goals were clearly outlined both for the Europe region as a whole and for each business site, in areas such as putting an environmental management system in place, taking measures to help prevent global warming, and responses to reduce usage of substances of concern.

To set up an environmental management system, the EH&S management system at Yazaki Europe

Ltd. (YEL) was revamped to comply with the latest ISO/OHSAS requirements and procedures to renew ISO/OHSAS certification were compiled. A SOC management system was also constructed in response to EU directives and to reduce substances of concern, and the Design and Development Division established guidelines for actively incorporating the DfE (Design for the Environment) concept.

Success in Reducing Waste Volumes by 10%

YWT-S, Slovakia

In 2006, Yazaki Wiring Technologies Slovakia s.r.o. (YWT-S) adopted the Kanban System* to reduce the amount of product loss and material waste caused by specification and design changes as a result of vehicle redesign. This has enabled workers to grasp in a timely fashion changes in materials (such as copper wire, cables, pins) due to specification and design changes. Material waste in production processes, and waste metal were reduced by 10% compared with the previous year.



An employee confirms a job instruction sheet

Employees also created paper aquariums with the children, explaining the importance of the ocean and animals in the environmental balance of the world.



A paper aquarium made by employees and children

Educational Activities about Preventing Global Warming

YOT/YWTT, Turkey

The Human Resources Department at Yazaki Otomotive Yan Sanayive Ticaret A.S. (YOT) and Yazaki Wiring Technologies Turkiye Elektrik Sistemlen Sanayi ve Ticaret limited Sirketi (YWTT) have been involved in environmental education and beach clean-up projects for school children. In addition to these activities, to improve awareness about global warming prevention, in FY2006 Human Resources Department began distributing posters calling on people to help in efforts to prevent global warming, and sending out email to 3,500 employees asking for cooperation in energy conservation. A tree planting campaign was also conducted, and after the campaign it was announced that a certificate would be given to every employee on their birthday.



An environmental awareness educational poster

Other Initiatives

Environmental Event for Children

YSP/YSE, Portugal

Yazaki Saltano de Portugal Componentes Electricos Automoveis, Lda. (YSP) and Yazaki Saltano de Ovar-Productos Electricos, Lda. (YSE) held events in June 2006 to coincide with environmental awareness month. The activities were designed to raise the environmental awareness of employees and their families. Children of employees were invited to submit environment themed artwork (including sculptures and photos). The artwork was displayed and votes were taken for the best piece.

In Perspective

Making Environmental Preservation and Employee Health and Safety Priority Issues



Leon Dautzenberg
EH&S Manager Europe
Environment Health & Safety Department
YEL, Europe

At YEL, we have made providing employees with a safe place to work and preserving the environment priority issues, and have worked to establish an EH&S management system. In December 2004, all production sites obtained ISO 14001 certification, and in December 2006, OHSAS 18001 certification was acquired. We will pour our energy into total compliance and continued reform of our internal audit system in order to continue to further develop these management systems.

*The Kanban System

This is a "just-in-time" production system that enables the production of necessary items, in necessary quantities, at the necessary time. It is also known as the Toyota Production System.

FY2006 Global Environmental Data

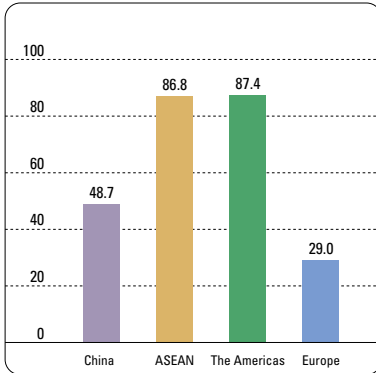
Period: January 2006 - December 2006

Scope: Regional Environmental Committee Members

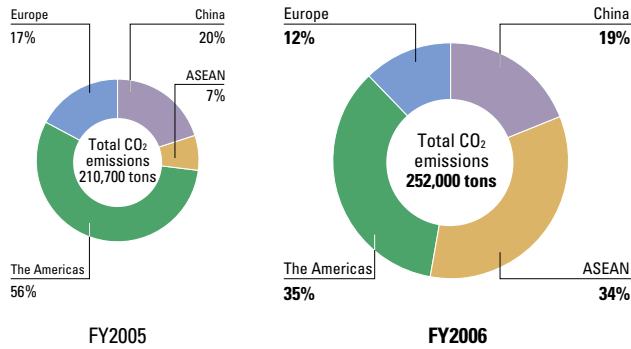
(China: 12 companies; ASEAN: 19 companies; The Americas: 13 companies; Europe: 15 companies)

CO₂ Emissions Volume

(Thousand tons)

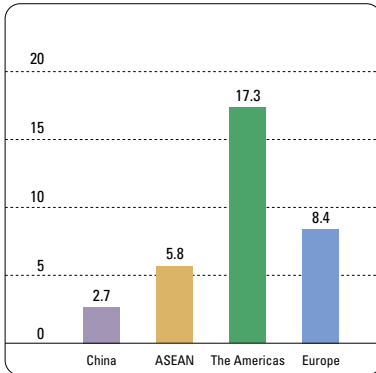


CO₂ Emissions by Region

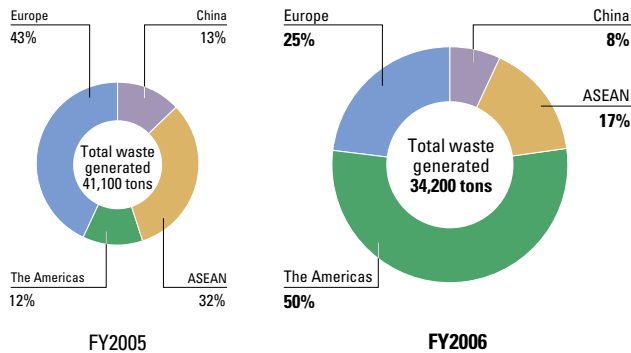


Volume of Waste Generated*

(Thousand tons)

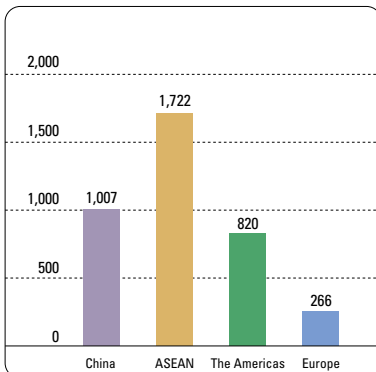


Waste Generation Volumes by Region

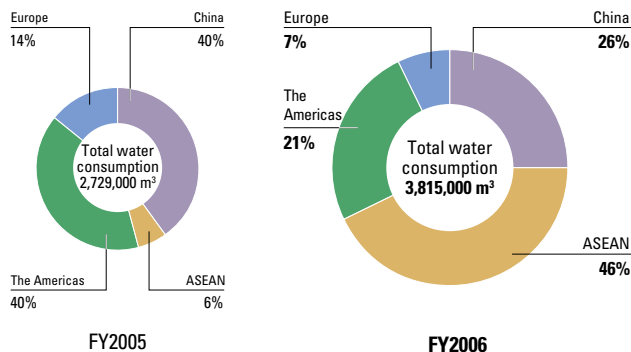


Water Consumption*

(Thousand m³)



Water Consumption by Region



*Waste generation volumes

Four business sites in the Americas are not included in the calculations

*Water consumption volumes

Two business sites in the Americas are not included in the calculations

Opinions expressed at stakeholder meetings are reflected in corporate activities.

“Let’s look, listen and talk about Yazaki!” Stakeholder Meetings Held since 2006

The first Meeting for reviewing the Social & Environmental Report was held in June 2005 in Y-CITY and the Susono Factory in Susono City, Shizuoka Prefecture, with six participants: representing customers, suppliers, a government agency, an environmental NGO, an NPO, and a graduate student. A key comment that came from that meeting was that Yazaki should make more of an effort to inform stakeholders of the efforts it is making.

Therefore, the second stakeholder meeting was named “Let’s look, listen and talk about Yazaki!” and was held in March 2006 at the Haibara Factory in Makinohara City, Shizuoka Prefecture. Local residents and members of educational institutions were invited to become involved, and 10 individuals, including representatives of a customer, supplier, government agency, environmental NGO, and an NPO, participated.

Method of Reflecting Opinions in Corporate Activities

- April:** Report at the Yazaki Group Corporate Meeting
- June:** Survey on the status of communication activities with stakeholders at factories and offices conducted.
- July:** Opinions incorporated into the Yazaki Environmental Action Plan
- August:** Report included in Yazaki News.*
DVD distributed and DVD viewer questionnaire survey conducted.
Table of opinions expressed at the stakeholder meeting and responses prepared.
- September:** Report on the stakeholder meeting included in the Social & Environmental Report 2006.

*The Environmental Affairs Division has distributed Social & Environmental Reports and Yazaki News to participants in stakeholder meetings to provide information about Yazaki and enhance communications.

Opinions Expressed at the FY2006 Stakeholder Meeting

Date: March 28, 2006

Location: Haibara Factory

Participants: Ten individuals, including representatives of a customer, supplier, government agency, educational institution, environmental NGO, and NPO, and a local resident (Haibara Factory, AAPL*)

*A Yazaki Group company located in Australia

- I would like Yazaki to increase its environmental and beautification activities conducted with local residents and strengthen collaboration with local communities.
- Yazaki should expand its various activities based on the spirit of “mottainai” to local elementary schools.
- Considering the Yazaki Group’s overall capabilities, the nursing care business is a key area that it should definitely expand.
- Additional efforts should be put into the nursing care and recycling businesses.
- The Yazaki Group can give the food waste generated from its cafeterias to local poultry farms and conduct an experiment concerning a recycling-based society and strengthen ties with local communities.
- It is said that we are living in a time of gender equality, and I would like to see effort put into the development of a work environment where all employees, including women, can work more effectively.

Programs Created or Improved in Response to Comments from Stakeholder Meeting Participants

Comments Reflected in the Five-year Yazaki Environmental Action Plan

- Implementation and improvement of stakeholder meetings with close community ties at each business site
- Participation in local volunteer activities by each site (including branches and production subsidiaries) at least once each year

Issues Common to All Sites

Collaboration with Local Communities

- Participation in local clean-up activities (Haibara Factory, Ohama Factory, Hodosawa Factory, Tenryu Factory, Tochigi Factory)

Contact with Local Communities

- Tours by students from nursery, elementary, junior high, and high schools (Susono Factory, Washizu Factory, Daitou Factory, Hamamatsu Factory, Fuji Factory, Niimi Factory)
- Internships for junior high and high school students (Shimada Factory, Daitou Factory, Washizu Factory)

Communication Activities

- Factory tour by personnel from the Makinohara City office (Haibara Factory)
- Meetings for reviewing the Social & Environmental Report held with local residents (Susono Factory)
- Participation in local environmental exhibits (Numazu Factory, Niimi Factory, Shimada Factory)

Alleviation of Traffic Congestion

- Implementation of “no driving” days (Ohama Factory)

Yazaki took measures concerning equal employment opportunities for men and women and concerning increased hiring of women, issues for which comments were made during both the 2005 and 2006 stakeholder meetings. The results were reported at the third meeting, which was held in 2007 (see pages 31-32 for more information concerning the third meeting and page 24 for more information concerning Yazaki’s efforts to help female employees balance work and family responsibilities).

Third Party Comment

Third-Party Comments on the Yazaki Group's Social & Environmental Report 2007

August 10, 2007

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

Akira Yamate,
Chief Executive Officer,
Aarata Sustainability Certification Co., Ltd.

This is a translation of the third-party comments in Japanese on the Yazaki Group's Social & Environmental Report 2007.
The translation has been done by and its responsibility lies with Yazaki Corporation.

The objective of these comments is to express our independent view on the features, results, developments, and future direction of key environmental and social initiatives described in the Yazaki Group's Social & Environmental Report 2007 (the "Report"). In preparing these comments, we performed the following procedures:

1. Interview with President Shinji Yazaki
2. Interviews at the headquarters of Yazaki Corporation
3. Site visit to the Hamamatsu Factory of Yazaki Resources Co., Ltd. and interviews with personnel thereof
4. Review of the final Japanese draft of the Report

These comments do not express any conclusion from an independent perspective concerning whether the information in the Report was collected and reported in accordance with Yazaki's policies and standards, nor constitute an assurance or attestation of any kind.

1. Improvements in Areas Recommended in FY2005

(1) Development of Corporate Social Responsibility (CSR) Promotion Structures

In our comments on the report of FY2005, we pointed out that Yazaki's CSR related standards and structures were not fully developed yet. We welcome that Yazaki established the CSR Promotion Department in December 2006, which promotes and supports CSR activities across the Yazaki Group. The department is currently preparing a handbook that explains the Yazaki Group code of conduct and a booklet defining what characterizes the Yazaki Group. We hope to see Yazaki's group-wide CSR activities, led by Yazaki Corporation, to continue and further improve. To this end, it is suggested as a next step to conduct educational and other awareness-raising programs to help ensure that all group employees understand and practice CSR.

(2) Adoption and Implementation of CSR Standards in Procurement Including Overseas Procurement

In FY2005, we recommended that Yazaki establish standards on working conditions and other social aspects as part of the company's procurement standards for suppliers, including for overseas suppliers. We still believe such CSR procurement standards, including those on overseas working conditions, are needed, especially given the fact that a high percentage of the Yazaki Group's manufacturing and sales comes from its overseas operations and that the Group has many overseas suppliers.

(3) Development of Structures for Waste Management

In FY2005, we suggested a group-wide waste management system be created. In response, Yazaki Corporation, through its Environmental Affairs Division, has strengthened its site-level environmental compliance systems since FY2006. Specifically, the division has centralized information management regarding environmental laws and regulations, and documented waste management practices. Using these documents, they also assessed whether contracted waste processing companies were sufficiently managed. We hope that Yazaki will use the results of this assessment to take inventory of the issues in managing waste processing vendors and improve the issues identified.

2. Development of Environmentally Considerate Energy Equipment Products

Environmentally-considerate energy equipment constitute the main products manufactured by the Hamamatsu Factory of Yazaki Resources. Such green products include Aroace, a gas fired absorption-type chiller-heater and Yuwaita, a solar water heating system. The factory is currently developing the pellet-fired chiller-heater Aroace, which burns wood pellets. This new type of Aroace is being developed jointly as a model business project by the public and private sectors to encourage the regeneration of forests and development of a recycling-based society, and help prevent global warming. We regard this product development as an ambitious undertaking towards the creation of a recycling-based society and the prevention of global warming.

Furthermore, the waste-heat-utilized chiller-heater Aroace, another environmentally considerate product of Yazaki, has enjoyed strong sales, especially in EU markets, and is expected to see even further growth. We believe that development of environmentally considerate products will become even more important for the Yazaki Group going forward.

3. Promotion of Gender Equality at the Workplace

Advancement of female workers was one of the major topics at Yazaki's annual stakeholder meeting in FY2006. This subject was also discussed in the meeting of FY2005, when Yazaki started to hold its periodic stakeholder meetings. In response, Yazaki Corporation plans to create a new division in FY2007 that is responsible for the promotion of gender equality within the company. The short-term issues to be addressed by the division may include increasing the use of a childcare leave system by all workers, regardless of their gender, and increasing the number of women assuming managerial positions. We look forward to the new division's leadership role in identifying and improving work environment issues, and in helping the Yazaki Group become a truly employee-friendly workplace for both men and women.

Participating in the "Team Minus 6%"—national campaign to help prevent global warming

Yazaki is making efforts to reduce CO₂ emissions through measures such as setting heaters and air conditioners at temperatures being promoted by the Japanese Ministry of the Environment.



Stop Global Warming!

Team minus 6%

If you would like to share your thoughts about the Social & Environmental Report 2007, or have any related queries, please contact:

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The next report is scheduled for publication in autumn 2008.

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

URL: <http://www.yazaki-group.com/e/environment/04.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.