

Social & Environmental Report 2010





Corporate Policy

A Corporation in Step with the World

A Corporation Needed by Society

Since its foundation, Yazaki's Corporate 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 philosophy and code of conduct. These are based on its Corporate Policy to fulfill its responsibilities and mission as a manufacturer that provides only the highest quality products to anywhere in the world in the suitable time at a competitive cost.

Yazaki also seeks to be a multicultural corporation that develops in step with the world, and has created a unique corporate management style and corporate culture based on autonomy, equality, and harmony.

The Policy, therefore, is a shared principle that unites the Yazaki Group's global mission and values.

Fundamental Management Policy

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

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



The biotope at Y-CITY

Report Outline

Reporting period

Fiscal year 2009 (June 21, 2009 to June 20, 2010)

Organizations covered

All five Yazaki companies in Japan, overseas group companies and affiliates in Japan

Editorial policy

The Yazaki Group issued its first *Environmental Report* in fiscal 2002 for the purpose of disclosing information on corporate activities to its stakeholders and raising awareness of its social and environmental contribution activities among employees. In the following year, the report was renamed the *Social and Environmental Report*, and content relating to social contribution activities was enhanced.

Positioning our responsibilities to our stakeholders as its foundation, the *Social and Environmental Report 2010* was compiled with an emphasis on reporting efforts for social and environmental contribution as its main theme. We have also included a feature article on the theme of "Connecting."

Guidelines consulted

Environmental Reporting Guidelines 2007, issued by the Ministry of the Environment of Japan

Environmental Accounting Guidelines 2005, issued by the Ministry of the Environment of Japan

Sustainability Reporting Guidelines 2006, issued by the Global Reporting Initiative (GRI)

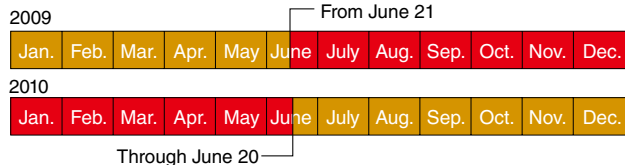
How to read the report



■ The meaning of "fiscal year"

In this report, the term "fiscal year," used in the text in reference to activities and in graphs to show year-by-year change, refers to the fiscal year uniquely adopted by the Yazaki Group and corresponds to the period defined above under "Reporting period."

■ Reporting period



■ Terms used

Footnoted terms are explained at the bottom of the page on which they appear. For example:

- 1 **ELV Directive**: an EU regulation concerning the disposal of automobiles
- 2 **REACH Regulation**: an EU regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals

■ Please visit our website

Please visit our website for more detailed information on our social and environmental activities.

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



■ About the "WEB" marks

Please check our website for more detailed information on items accompanied by a "WEB" mark:

■ Reader response questionnaire

Please let us know your opinions and comments regarding this report by visiting the following website:

<http://www.yazaki-group.com/ecology/questionnaire>

■ Definition of terms

"Yazaki Group" refers to group companies in and outside of Japan, while "Yazaki" indicates the five Yazaki companies within Japan. Exceptions are indicated in the relevant text.

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Company Overview

39 Countries, 165 Companies, 418 Business Sites, Approximately 190,000 Employees
(As of June 20, 2010)

The Yazaki Group consists of Yazaki Corporation, four domestic group companies, 89 overseas group companies, 70 domestic affiliates, and one specific public benefit corporation. Yazaki manufactures and sells automotive parts, electric wires, gas equipment, and air-conditioning equipment in Japan, and manufactures wire harnesses (assembled electric wires for automobiles) and other automotive parts overseas.

Company Name: Yazaki Corporation
Established: October 8, 1941
Representatives: Yasuhiko Yazaki,
 Chairperson
 Shinji Yazaki, President

Headquarters:
 17th Floor, Mita Kokusai Building
 4-28, Mita 1-chome, Minato-ku,
 Tokyo, 108-8333 Japan
World Headquarters (Y-CITY):
 Mishuku 1500, Susono City,
 Shizuoka Prefecture, 410-1194 Japan

Capital: 3.1915 billion yen
 (Yazaki Corporation is an unlisted company.)

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 1964)

Yazaki Group Companies and Affiliates:

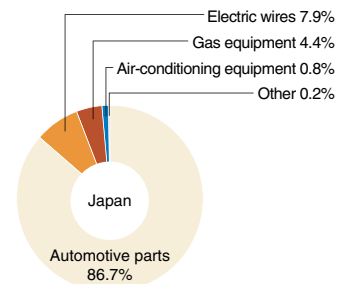
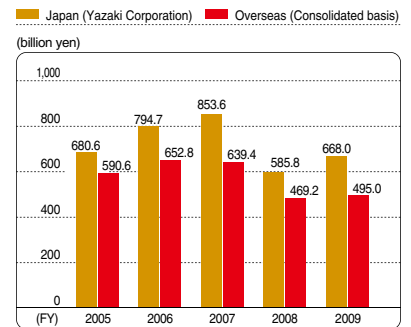
Group Companies	Total of 165
Group Companies in Japan	5
Overseas Group Companies	89
Affiliates in Japan	70
Specific Public Benefit Corporation	1

Employees:

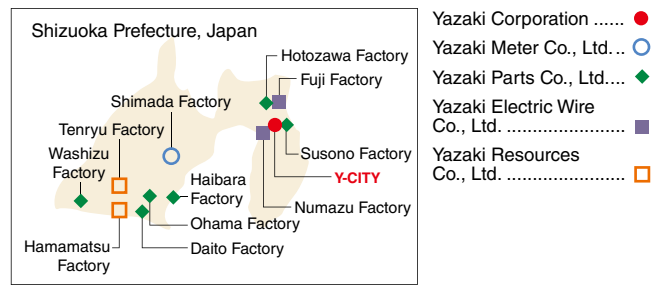
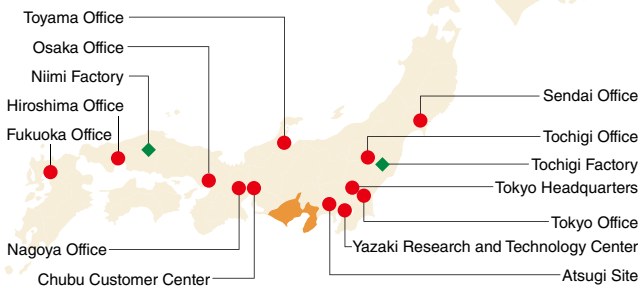
Total Number of Employees	186,900
Employees in Japan*	22,000
Overseas Employees	164,900

* Including employees at affiliates

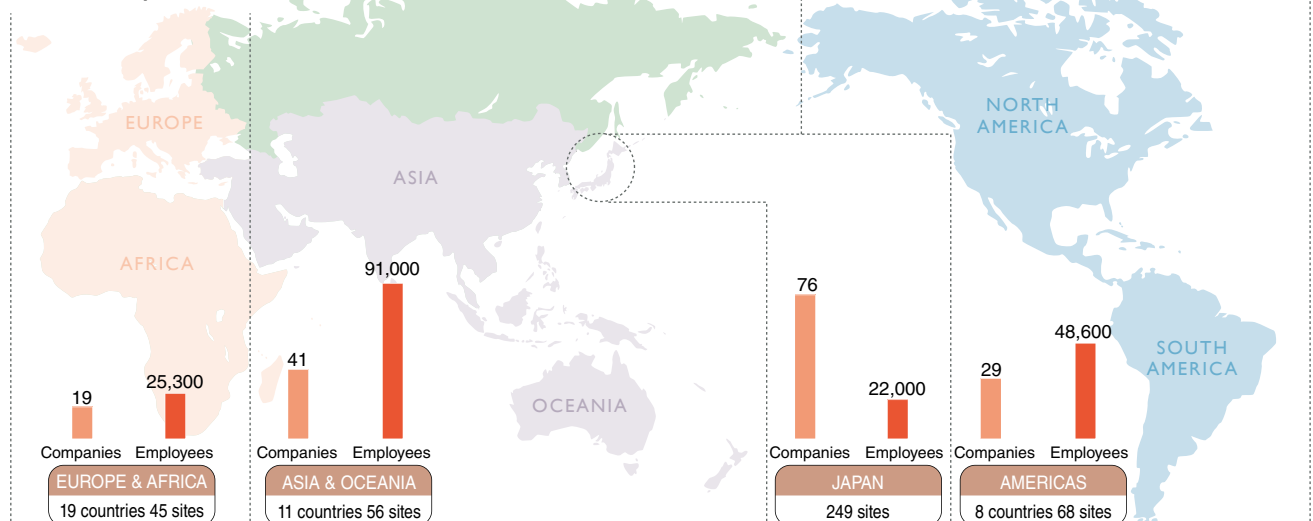
Net sales and breakdown of net sales by product



Factories and Offices in Japan



Yazaki Group: Scale of Business



The Yazaki Group's Business Segments

We conduct business that promotes safe and environmentally friendly living.

● Automotive Sector

Wire Harnesses

Wire harnesses are tightly bundled, lightweight, electronic information circuits, also known as the "nervous system" of automobiles.



Wire harnesses



Electronic parts

Meters

Efforts to improve readability and design have enabled us to provide drivers with safety, security, and pleasurable driving.



Meters

General Transportation Products

As a specialized manufacturer of automotive equipment that supports safe and eco-friendly driving, we are contributing to traffic accident prevention and environmental conservation.



DTG4 digital tachographs



Taxi meters



● Other Business

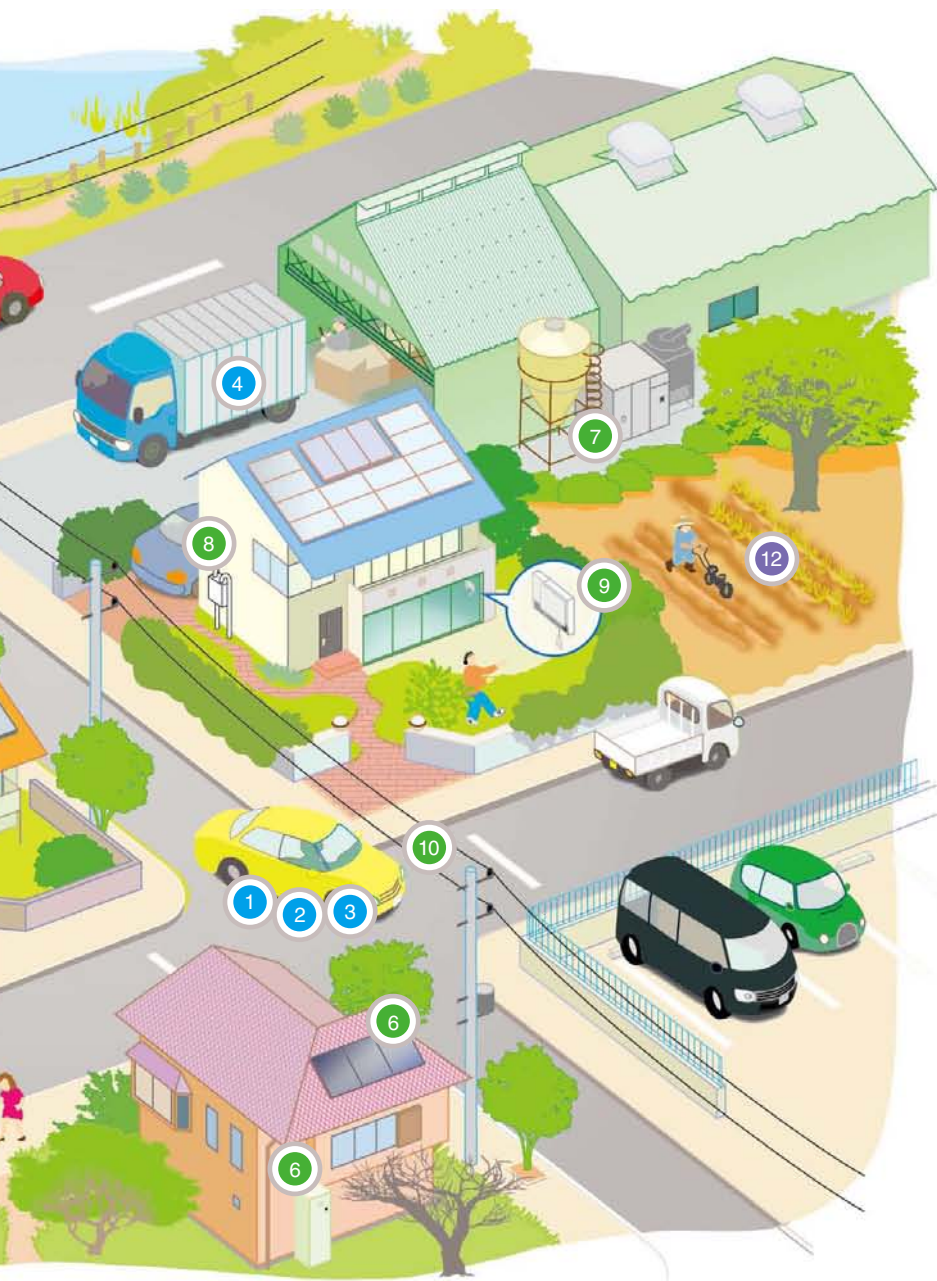
Nursing Care

We operate community-based nursing homes at nine locations in Japan.



Kami Fusen Care Center, Y-CITY

Based on its Corporate Policy of “A Corporation in Step with the World” and “A Corporation Needed by Society,” the Yazaki Group supplies products and services related to equipment and devices used in everyday life, including automotive equipment such as wire harnesses, as well as electric wires, solar-powered equipment, air-conditioning equipment, and gas equipment. We will continue to pursue safety, better living and environmental conservation through the launch of new initiatives in the areas of nursing care and recycling, among others.



Life Environmental Sector

Solar-Powered Equipment

With over 40 years of experience in providing solar-powered equipment, we continue to meet the needs of customers.

6



Eco Solar Type II, a solar-powered system that can be connected to an automatic water heater

Air-Conditioning Units

Water coolers/heaters powered by solar heat, waste heat, or other environmentally friendly energy sources.

7



Bio-Aroace, fueled by wooden pellets

Gas Equipment

We provide a variety of gas equipment including gas meters, residential fire alarms, and more to ensure the security and safety of our customers.

8



U-Smart gas meter

9

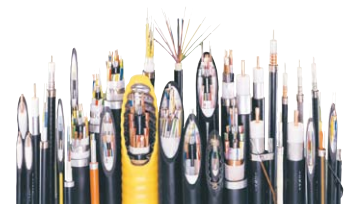


Smog catcher/
fire alarm

10

Electric Wires

We are one of the pioneers in environmentally friendly (halogen and lead free) electric wires and recently obtained eco-leaf label certification.



Environment, Recycling, and Agriculture-Related Businesses

12

We are promoting various recycling initiatives, such as recycling glass to produce lightweight civil engineering materials. At the same time, we are working on improving efficiency in farming by developing seed drills and unique gel-coated seed technologies.

Fulfilling our corporate responsibilities, while actively responding to change



Shinji Yazaki
President, Yazaki Corporation

A handwritten signature in black ink that reads "Shinji Yazaki".

Looking back on fiscal 2009

Due to the global economic downturn triggered by the Lehman shock in fiscal 2008, the Yazaki Group was forced to accept very disappointing results. In response, the Group implemented emergency measures on a groupwide basis. As a result, we finally returned to profitability in fiscal 2009. We felt the recovery was near when we found that we were receiving more orders and improving our operation capacity.

Regrettably, two incidents occurred in fiscal 2009 that gave us pause for thought.

Firstly, a serious industrial accident occurred at one of our subsidiaries. This is a matter of grave concern and we will of course conduct a thorough investigation and take preventive measures. In addition, we will conduct safety and health risk assessments on a groupwide basis in order to thoroughly identify potential risks. We are aiming to establish a new safety system and reinvigorate our safety culture based on this.

Secondly, we were investigated by the Japan Fair Trade Commission for a possible failure to comply with laws related to commercial dealings in residential electric wires in December 2009 and commercial dealings in wire harnesses for automobiles in February 2010. Until that time, we were confident that we had kept track of legislative and regulatory changes, including those made to the Companies Act and the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade—both of which are key corporate management laws—and that the entire Group was made aware of the revisions. This incident revealed that our efforts, however, were not sufficient. In June this year, we therefore restructured our organization in order to reinforce legal functions while at the same time ensuring that the entire Group would be kept informed of changes in the legal framework. We have already started operations under the new system.

For the Yazaki Group to continue its operations, it is crucial that we ensure safety at work and that we thoroughly understand and comply with relevant laws. I would like to express my sincere apologies to our stakeholders for any concern or inconvenience caused by these incidents. As the corporate manager of the Yazaki Group, I take responsibility for these issues and am determined to face up to and deal with them to show strong leadership.

Toward fiscal 2010

The world has entered an era where yesterday's common sense does not apply to today. Even established values in areas as varied as technology, industrial structures and political regimes can be easily overturned. In fact, we are in the midst of a turbulent period where "change is the norm." Recognizing this, the Yazaki Group aims to increase sales and obtain fair profits by once again going back to basics in order to stabilize as-yet dim signs of recovery.

The auto industry is undergoing massive change. Judging from the steady increase in the sales volume of new cars, it seems that the industry is on a path to recovery. The nations driving the recovery, however, are emerging countries—mainly Brazil, India, and China. This is very different from past recoveries, in which developed countries led the way for the rest of the world. With the growing market of so-called next generation cars, including hybrid and electric cars, the automobile culture itself may change, not to mention all the related changes in infrastructure. In addition, the reorganization of the global auto industry is expanding in size and complexity. Despite the challenges presented by these changes, I believe they provide us with a golden opportunity to take the next leap forward.

To achieve further growth, we intend to establish a production system that is flexible enough to meet demand fluctuations on a global scale, to formulate technological R&D strategies for new markets and needs, and to develop a mechanism that enables our overseas bases to collaborate smoothly and easily. Based on these measures, we will, energetically and with speed, develop a manufacturing system that can cope with any future change.

In the life environmental sector, one of the Group's two main sectors, we are involved in the production of a variety of goods that make everyday life more comfortable, including air-conditioning equipment, solar thermal conversion equipment and gas equipment. The Japanese government is currently stipulating a rash of new measures aimed at creating a low-carbon society. By predicting future needs, that is, products that can help us reduce CO₂ emissions, we will actively expand our presence in the environment and energy industries through the development of attractive products that meet current and future needs.

Balancing business and the environment

Environmental issues are both local and global concerns. Based on our Corporate Policy, "A Corporation in Step with the World" and "A Corporation Needed by Society," which forms the axis around which the Yazaki Group revolves, we have conducted a variety of corporate activities linked with environmental conservation. The Yazaki Group will continue these activities with sincerity and persistence in order to maintain an appropriate balance between business and the environment.

We believe our stakeholders' understanding and cooperation are indispensable if we are to address important social issues such as those related to the environment. As a first step to achieve this, we will further improve two-way communication with the wider public in order to better share our goals and plans.

The *Social & Environmental Report 2010* does not merely report the Yazaki Group's activities for the year. It is also an important tool that allows us to communicate with our stakeholders. We sincerely look forward to receiving your frank opinions and comments.



Special Feature: Our Challenge—Finding the Ideal Mix of Energy

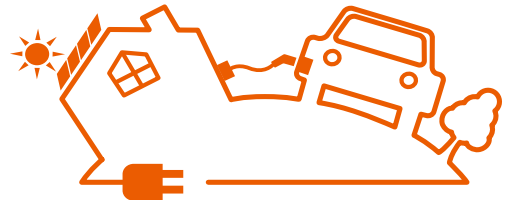
Bright Future Created by “Connecting” Technologies

The Yazaki Group has been manufacturing goods since its foundation in 1941. It now manufactures a variety of automotive and home products.

The keyword here is “**connecting.**”

In this article, we try to convey our enthusiasm for manufacturing by introducing the connections Yazaki has made so far as well as those it intends to create in the future.

Yazaki Connects Cars, Homes, Communities



We have connected:

Devices and devices, people and cars, people and their lifestyle ...
Yazaki has created connections between a variety of things.

The two main earnings pillars of the Yazaki Group are the automotive sector and life environmental sector. Although we manufacture different products in different sectors, in each we have the same passion for creating a better society through manufacturing.

■ Automotive sector: not just connecting devices

Similar in function to the nerves or blood vessels in the body, the automotive wire harness, the main product in our automotive sector, links in-vehicle devices to each other. In addition to its safety-ensuring basic functions, which can be summed up with the words “go, turn, and stop,” the wire harness steadily and efficiently transmits electricity and signals to electronic devices that make driving comfortable.

Yazaki’s meters, which serve as interfaces between people and their cars, not only alleviate the pressure on drivers by providing high visibility and displaying information in a well-organized manner, they also make driving enjoyable and pleasant with their sophisticated designs. This group of products, which includes tachographs, in-vehicle ETC systems, drive recorders¹ and telematics², links cars with people by way of communication technologies.

1 Drive recorder: a device that senses both impacts caused by traffic accidents and sudden braking and records images of conditions before and after the accident

2 Telematics: a generic name for a next-generation service that provides moving bodies, such as cars, with information using wireless communication and information processing technologies

■ Life environmental sector: connecting natural energy and households

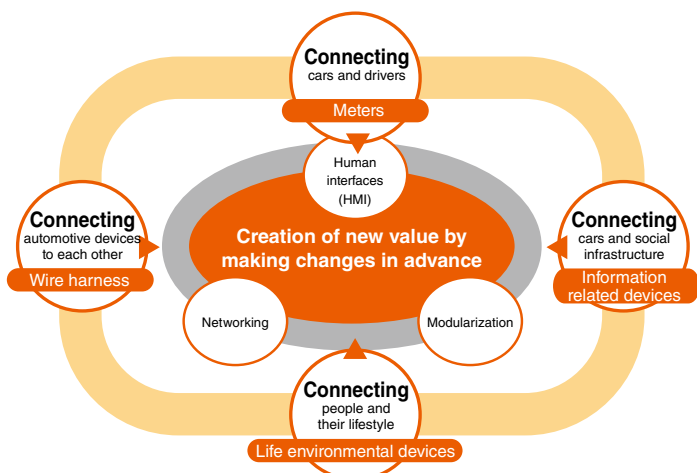
With regard to energy and the global environment, the Yazaki Group has always been looking toward the future. In the 1970s, the Group was already aware of the potential of solar power as a highly efficient energy source and began focusing on solar thermal conversion technology. Ahead of the rest of the world, we developed a solar-powered heating and cooling unit in 1974.

This unit, which is based on thermal energy, is called an absorption chiller-heater and it has the major advantage of being able to run on power generated from any energy source, including city gas, LP gas, gasoline and waste heat. In addition, we recently became the first manufacturer in the world to succeed in developing air-conditioners that use wooden pellets recycled from forest thinning operations and others as fuel. These air-conditioners have been added to our product line-up.

Meanwhile, we have been pursuing both the improvement of comfort and the reduction of environmental impacts since we started selling residential solar water heaters in 1976. Later, solar water heater systems with integrated electric and gas water heaters were added to the product line-up.

Our drive to develop ideas by making use of various types of energy is based upon the spirit of our Corporate Policy “A Corporation Needed by Society.”

“Connecting” concept of the Yazaki Group



We will connect:

Cars and homes ... Lifestyles of the future will be different.

Environmental aspects of cars and homes have been improved on an individual basis.

By connecting them, we will be able to reach a whole new dimension in which affluent living is in harmony with environmental conservation.

■ What Yazaki can do to connect cars and homes

Using information technologies (networks), manufacturers all over the world are trying to develop the most effective power grid—one in which various forms of new energy, including renewable energy, are used—in order to be able to say goodbye to the days of depending solely on the power generated by conventional power plants. New energy sources for the home, such as solar energy and wind power, are being considered in addition to conventional power generating technologies, and their practical application is underway. Electric vehicles (EVs) and plug-in hybrid vehicles (PHVs), with high-capacity batteries, are just some of the examples. By linking with them homes, power generated at night and from renewable energy sources at home can be used to charge cars, while car batteries can be used as emergency backup power supplies for the home.

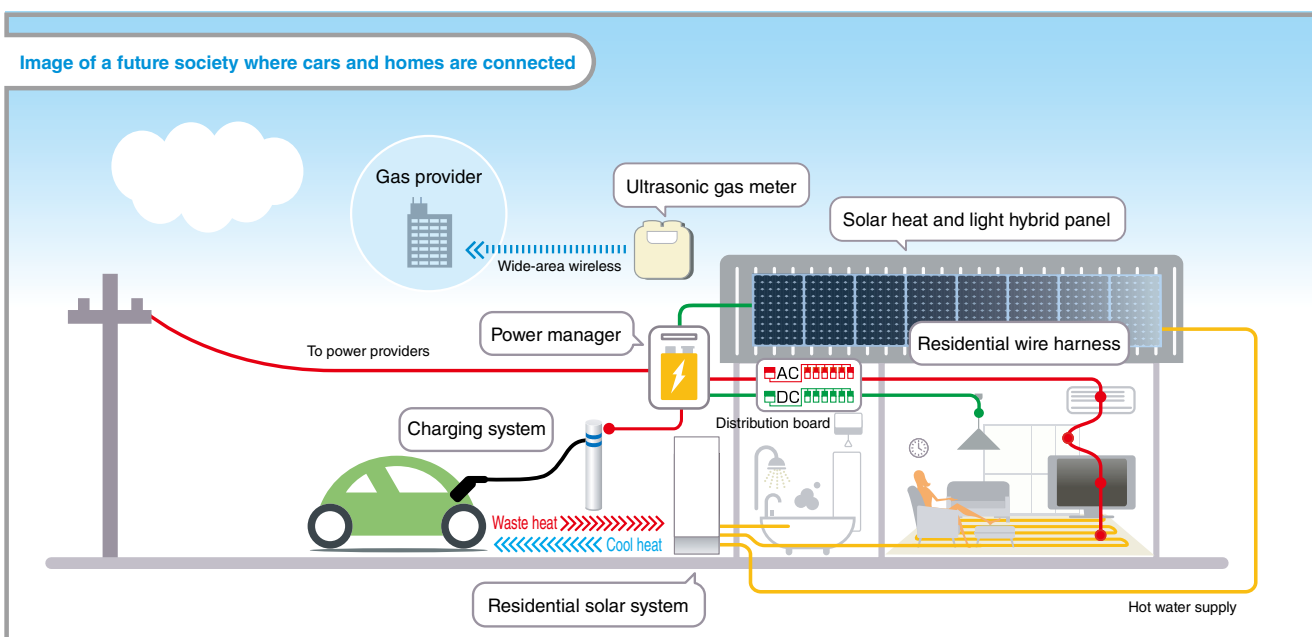
Yazaki has been making ongoing efforts to develop a new power grid linking cars and homes.

Similar to its automotive wire harnesses, Yazaki's residential wire harnesses (unit cables) have been used to link electrical appliances within the home. In the future, however, connectors and cables that "connect cars and homes" will become more important. It has already been more than 10 years since Yazaki started production of high-voltage wire harnesses for EVs. To use these harnesses to link cars and homes, we need to solve a host of issues, including safety and usability for general users. As we tackle these issues in the future, we will seek to also improve our "connecting" technologies.

■ Finding the ideal mix of energy

Electricity is not the only energy used at the home. It has been predicted that in addition to electricity, gas along with various forms of new energy such as solar thermal energy will become more widespread in the future. By linking automotive devices and life environmental devices and making use of various types of energy, the Yazaki Group will pursue the ideal energy mix while continuing to develop attractive products based on future needs predictions.

The Yazaki Group will work to create a better society by **"connecting"** technologies
—not only between cars and homes but between various aspects of society.




Responsibilities toward Stakeholders

Placing its Corporate Policy—"A Corporation in Step with the World," and "A Corporation needed by Society"—at the foundation of all its activities, the Yazaki Group has been striving to contribute to the development of a better society. We continue to fulfill our corporate responsibilities, with a focus on further engagement in a dialogue with stakeholders.



Responsibilities toward Customers

- We will put our customers first, providing them with a stable supply of high-quality products that consistently meet safety standards.



Responsibilities toward Local Communities

We will consider the best ways to collaborate with local governments and residents and implement activities accordingly.



Responsibilities toward Business Partners

We will conduct fair and open transactions with our business partners, sharing our policies and goals with them.



Responsibilities toward Employees

We will create a culture in which the individuality of each person is respected and all employees are provided with a safe, satisfactory work environment.



Responsibilities toward Customers

Initiatives for Increasing Customer Satisfaction

We will put our customers first, providing them with a stable supply of high-quality products that consistently meet safety standards.

Fiscal 2009 Initiatives

- ① Conducted periodic review of the emergency communications flow chart
- ② Promoted the establishment of a chemical substance management system at domestic and overseas sites
- ③ Provided customers who purchased life environmental equipment with long-term reassurance
- ④ Conducted seminars for partnering distributors, hosted by the Electric Wire Division

Developing a system that meets the needs of customers and society

The Yazaki Group manufactures and sells automotive equipment and life environmental equipment. In the first category, our main product is wire harnesses. The second includes solar thermal conversion equipment, air-conditioning equipment, gas equipment, and electric wires.

We believe that it is our responsibility as a manufacturer to provide our customers with “the highest quality products anywhere in the world at a suitable time at a competitive cost.” To fulfill this responsibility, we encourage and indeed require each and every one of our employees to think and act in a customer-oriented manner.

Automotive sector

The Yazaki Group supplies wire harnesses (assembled electric wires for automobiles) and related parts to automakers as a supplier that engages in the entire process from R&D to final assembly. At business units organized for individual automakers and business bases in 39 countries, we conduct periodic surveys and consultations to ensure we accurately understand our customers’ needs and opinions. The feedback we collect is then shared with all related departments in the Group for the purpose of improving existing products and developing new products.

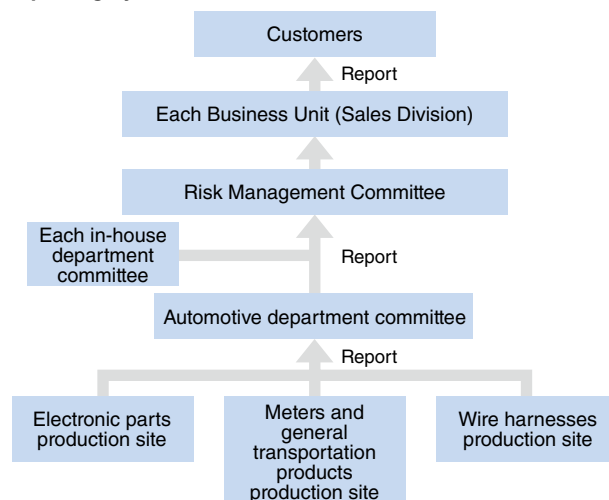
We join forces with our customers during the planning stage of new products, so that we can better understand their intentions and goals. When developing a new vehicle model, our customers present us with more demanding requests in terms of new parts, new methods, and higher technologies than when they are simply altering an existing model. It is therefore especially important for us at these times, as a specialized manufacturer, to strengthen our coordination with our customers in order to identify potential needs, address

basic issues emerging from those needs, and make positive proposals.

During the manufacturing stage, we have a serious responsibility to provide our customers with a stable supply of products no matter what circumstances may arise. We have therefore taken various measures that will enable us to cope during emergency situations. Most of our major production bases in Japan are located in Shizuoka Prefecture in the Tokai region. For these, we have formulated detailed plans, including daily checks, and procedures for evacuation, situation assessment, communications maintenance, rescue and support.

With the aim of ensuring the effectiveness of plans, which include disaster status assessment, reporting to customers, making a quick recovery and maintaining business continuity in the event of a large-scale disaster, our Risk Management Committee supervised a periodic review of our emergency communications flow chart in fiscal 2009. This chart lists the emergency coordinator assigned at each production base as well as the emergency communications officer, who is responsible

Emergency communications flow chart for post-earthquake reporting by the automotive sector



for collecting and promptly passing on information to each production division.

When the earthquake at Suruga Bay occurred in August 2009, our response indeed proved effective: damage to our production sites was kept to a minimum and we were able to report the situation to our customers without delay.

A number of countries around the world have recently reinforced regulations related to chemical substances, including those pertaining to the ELV Directive¹ and the REACH Regulation². The Yazaki Group is also abolishing the use of some chemical elements, such as lead, that are regulated by these standards and switching to alternative materials. In accordance with the implementation of these regulations, the Yazaki Group has been receiving more requests from customers to submit data related to chemical substances used in our products. We meet our customers' requests through comprehensive monitoring and management of chemical substances used throughout the entire supply chain. To ensure this, we are building rules and mechanisms in Japan calling for the cooperation of our suppliers so that we can consolidate the management of substances of concern contained in our products. Meanwhile, we also hold seminars and briefing sessions for our suppliers to deepen their understanding of chemical substances where needed.

We are also making efforts to reinforce collaboration with our overseas bases through meetings held via teleconference and net conference.

Life environmental sector

The Environment and Energy Equipment Division, which produces solar thermal conversion equipment, air-conditioning equipment and gas equipment, has been consistently promoting product safety from the viewpoint of consumer protection, in line with the Product Accident Information Report and Disclosure System—established following the amendment of the Consumer Product Safety Act, one of Japan's four product safety laws³—and the Safety Inspection and Display System for Long-life Products.

Clearly positioning product accident reporting and recalls as the targets of our crisis management, we have drawn upon our crisis response manual, which was completely revised in 2007. We use the manual to reinforce our explanations to LP gas distributors as well as to share product safety awareness with them. We

also revised our manual based on the Recall Handbook issued by the Ministry of Economy of Japan, Trade and Industry and started using the revised manual in 2009.

As part of our safety assurance activities for long-life products, Yazaki conducts periodic safety inspections of our Arorizer LP gas vaporizers, which are performed under ongoing maintenance contracts with our customers. We also perform inspections to prevent the toppling of aged products, such as our Yuwaita solar-powered hot water system, by checking for rusting, damage or any loosening of parts.



Customer support website for solar thermal conversion equipment

<http://solar.yazaki-group.com/support/> (available only in Japanese)

The Electric Wire Division has conducted biannual seminars since 2002 for our partnering distributors⁴, companies with which Yazaki conducts direct business.

At these seminars, we provide basic information on electric wires and cables and review industry trends as well as holding group discussions to help attendees acquire knowledge in a practical manner. The seminars provide opportunities for partnering distributors from different regions to communicate with each other and let us know their needs and requests.

In fiscal 2009, 85 people participated in the March 2010 seminar. We are seeking more opportunities to communicate with our partnering distributors.



At a seminar for partnering distributors

1 **ELV Directive**: an EU regulation concerning the disposal of automobiles

2 **REACH Regulation**: an EU regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals

3 **Four product safety laws**: the Consumer Product Safety Act, Electrical Appliance and Material Safety Law, Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas, and Gas Business Act

4 **Partnering distributor**: a general term applied to agents with strong business ties to the Yazaki Group



Responsibilities toward Local Communities

Communication with Stakeholders

We will consider the best ways to collaborate with local governments and residents and implement activities accordingly.

Fiscal 2009 Initiatives

- ① Supported healthy sporting activities of local children
- ② Participated in environmental conservation and safety activities and traditional cultural events in local communities
- ③ Participated in campaign to collect PET bottle caps
- ④ 118 employees in total participated in a forest growth project in collaboration with forest conservation volunteers

Supporting local sports program for children

The Yazaki Group provides support to S-Pulse Academy, an organization that aims to contribute to the healthy development of children with community-based sports activities, mainly in the form of traveling soccer clinics held at kindergartens and childcare centers in Shizuoka Prefecture.

In fiscal 2009, these clinics were held at 260 kindergartens and childcare centers. Participating children could experience the fun of playing soccer under the guidance of professional coaches while at the same time engaging in healthy physical activity. The Yazaki Group will continue to support these activities, which are clearly much enjoyed by the children who take part.



A traveling soccer clinic

Communication with local communities at production sites



With the aim of becoming truly integrated into their neighborhoods, all 13 of our domestic production sites are working on building and maintaining relationships of trust with their local communities through daily communications. We also actively participate in local environmental conservation and safety activities as well as traditional cultural events. Details of these activities are provided in the Site Report¹ issued by each production site.



Encouraging safe driving (Daito Factory)

Ecocap activities

Y-CITY² has been collecting PET bottle caps since December 2008 for donation to the Ecocap Movement. This nonprofit organization sells the caps—which are high-quality recycling materials—to recycling companies and uses the revenue to buy polio vaccines for children all over the world. In fiscal 2009, Y-CITY collected and donated approximately 200,000 caps. Other business sites besides Y-CITY are also participating in the activity.



Collection box at Y-CITY

Working together with communities to conduct forest growth activities

Yazaki Corporation started planning a woody biomass community circulation model project with a forestry cooperative in Yusuhara-cho, Kochi Prefecture in fiscal 2005. In fiscal 2008, Yusuhara Pellet Corporation was launched to produce wooden pellets while promoting forest protection and the development of local industry.

The Yazaki Group also participates in a forest growth project in Yusuhara-cho, which is 91% forested, started by volunteers in 1999. The Group has been involved in the activity, which is conducted every year on April 29, the Day of Showa, since fiscal 2006. In fiscal 2009, a total of 118 employees participated.



Yazaki's forest



Group photo of participants

¹ **Site Report:** an annual report issued in October by each of the Yazaki Group's production sites. Aimed at residents of the surrounding communities, the report explains the approach adopted by the factory manager and includes descriptions of environmental conservation activities undertaken by the factory.

² **Y-CITY:** the facility in Susono City, Shizuoka Prefecture where Yazaki's headquarter functions, laboratories and factories are integrated.



Responsibilities toward Business Partners

Seeking Mutually Beneficial and Harmonious Relationships

We will conduct fair and open transactions with our business partners, sharing our policies and goals with them.

Fiscal 2009 Initiatives

- ① Held the Yazaki Supplier General Meeting (96 companies participated)
- ② Revised the Quality Manual and held a briefing session on the revision (71 companies participated)
- ③ Held briefing sessions to introduce an environmental management system to suppliers (27 companies participated)

The Yazaki Supplier General Meeting

In fiscal 2009, Yazaki held its periodical Supplier General Meeting for suppliers to its materials, electronics/meters and components divisions. Yazaki holds this annual meeting to promote relationship-building and the development of mutually profitable partnerships. It also requests cooperation in formulating and achieving common mid- and long-term goals and encourages two-way sharing of challenges and accomplishments.

At the General Meeting held in July 2009, which was attended by the President of Yazaki Corporation and representatives of 96 of our suppliers, procurement policies were explained and achievement awards were presented. In addition, this year we hosted a technology exhibition titled "Efforts to create next-generation environmentally friendly vehicles and issues surrounding strategic products," which provided us with an opportunity to exchange views with attendees and take on board their suggestions.

Yazaki will continue to work with its suppliers to achieve common goals, positioning the Supplier General Meeting as an important means of facilitating this.



Address by Mr. Yazaki, the President of Yazaki Corporation

Revision of the Quality Manual

The Yazaki Group created the Quality Manual¹ to share basic principles of quality assurance with our suppliers.

Our briefing session for the September 2009



The briefing session

revision of the Quality Manual (23rd version) was attended by 71 of our suppliers. Most of the session was devoted to explanations of the revised management procedures for environmentally hazardous substances and the implementation guideline for environmental audits. During the question-and-answer session, our suppliers offered a variety of comments and questions related to quality and the environment. We will continue to hold briefing sessions periodically in order to deepen the shared understanding of Yazaki and our suppliers concerning quality management standards.

Briefing session to introduce new environmental management system

The Yazaki Group advises its suppliers to introduce an environmental management system (EMS) such as Eco Stage or Eco Action 21, since the certification costs are less than those for ISO 14001. We also provide our suppliers with support to establish their EMS.

In this fiscal year, we held briefing sessions for Eco Stage in October 2009 and June 2010, with a total of 27 suppliers attending. In addition to providing basic information concerning the acquisition of EMS certification, we also invited suppliers that have already acquired Eco Stage certification to make presentations based on their own experiences. With the help of a professional consultant, we gave attendees information about employment adjustment subsidies that can be used for education and training related to EMS certification acquisition.

We will share the findings of surveys conducted after the briefings with all attendees and will continue to support



One of the briefing sessions

our suppliers' efforts to acquire certification in collaboration with assessment organizations.

¹ **Quality Manual:** a specification that states the Yazaki Group's basic principles and positions concerning quality assurance, as well as regulations and procedures to be observed.



Responsibilities toward Employees

Recruitment and Promotion

In the recruitment and promotion of personnel, we actively implement policies designed to promote diversity.

Fiscal 2009 Initiatives

- 1 Re-employment of senior workers: 284 workers under the "Anchor-person System" and 103 under the "Elderly-person System"
- 2 Reinforced of the support system for employees with disabilities: Recently engaged in pickup and delivery services for mail and in-house mail at Y-CITY

Basic personnel policies

In the recruitment and promotion of its workforce, the Yazaki Group promotes respect for the human rights and dignity of each individual and the fair and impartial treatment to all, regardless of nationality, gender or academic background. At the same time it makes all efforts to provide its employees with job security.

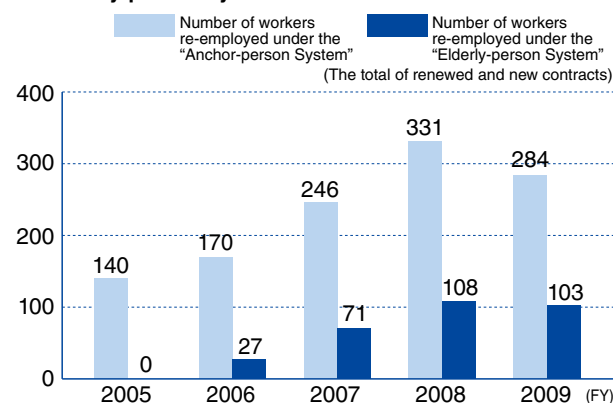
Supporting senior, experienced workers

Upon reaching the mandatory retirement age, many employees find they are still in good health and highly motivated to work. At the same time, many workplaces require the extensive experience and strong skills these workers possess.

The Yazaki Group has adopted the "Anchor-person System" for full-time employees and "Elderly-person System" for non-regular employees to provide re-employment opportunities after retirement age. In fiscal 2009, the number of re-employed workers under the "Anchor-person System" was 284 (including 105 newly contracted) and 103 (including 37 newly contracted) under the "Elderly-person System."

We abolished the step-down program for employees aged 58 in December 2007 to promote continued employment focused on individual abilities and job aptitude. This enabled employees to continue working in the same position until the age of 60.

Number of workers re-employed under the Anchor-person and Elderly-person Systems



Employment of workers with disabilities and expanding the scope of positions offered

The Yazaki Group is making efforts to further boost employment opportunities for all by promoting the development of a workplace environment that allows each person, regardless of ability, to live up to their potential.

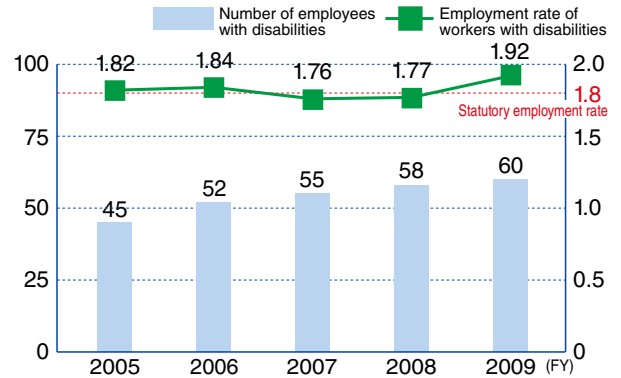
Yazaki Corporation established Yazaki Business Support Co., Ltd. as a special-purpose subsidiary company² in April 2005. With career counselors, who provide job, lifestyle and psychological support for employees with disabilities, and work-life consultants working together, the company makes efforts to secure stable employment and to expand the scope of jobs available to people with disabilities.

In fiscal 2009, the company was newly outsourced with pickup and delivery services of mail and in-house mail at Y-CITY³. They are developing a system where both people with disabilities and their employers can share the optimal working environment conditions that match with the needs of those with disabilities, using an outsourced training system for business owners⁴ and practical training under the trial employment system for people with disabilities⁵.



Mail delivery service at Y-CITY

Change in number and employment rate of employees with disabilities



1 Named after a Japanese expression "anchor runner" (trustworthy runner).
 2 **Special-purpose subsidiary company:** a subsidiary which a company establishes in the aim of employing people with disabilities. Employees with disabilities who work for the special-purpose subsidiary company are employed by the parent company.
 3 **Y-CITY:** the general name of the facility, where Yazaki's headquarter functions, laboratories and factories are integrated. Located in Susono City, Shizuoka Prefecture.

4 **Outsourced training system for business owners:** a prefectural system where people with disabilities in the prefecture are accepted as trainees and provided with a job after being trained for a certain period (generally three months).
 5 **Trial employment system for people with disabilities:** a system where a person with a disability who is introduced by Hellowork, a job-placement office, concludes a fixed-term employment contract of up to three months with a business owner. After the suitability of both the employee and the company is assessed, the temporary employee will be formally employed if both parties agree.



Responsibilities toward Employees

Human Resource Development

We are expanding our training and evaluation systems to develop a world-class workforce.

Fiscal 2009
Initiatives

- ① Conducted training to foster evaluators to make the evaluation system easier to understand
- ② Provided opportunities for direct dialogue between top management and employees: 99 people participated in 10 dialogue sessions
- ③ Conducted Yazaki corporate culture training: five employees participated
- ④ Conducted a summer camp: 190 children participated

A transparent, easily understood employee evaluation system

With the aim of boosting the motivation and job satisfaction of our employees, Yazaki applies an open and transparent evaluation system without unnecessary complication and provides employees with a clear picture of their performance. Under this system, all employees manage their own roles, goals and activities throughout the year, meeting with their supervisors to evaluate their own performance semi-annually. The system helps employees to identify both their strengths and weaknesses and to clarify, in conjunction with their supervisors, what action is needed to build upon their strong points and rectify failings. By repeating this process as an ongoing cycle, we manage the steady development of a skilled and highly motivated workforce.

In the fiscal 2009 management training program, the evaluation training component for newly appointed managers was expanded from fiscal 2008. This component helps managers understand the purpose and concept of the evaluation system and teaches them, among other things, how to communicate during interviews with subordinates in order to improve their evaluation skills. We also conducted an evaluation interview survey of 1,200 employees who evaluate and for 1,200 employees who are evaluated. We will further improve the evaluation system and evaluator training based on future survey results.

Promoting communication between employees and the President and Chairperson

Yazaki provides opportunities to promote mutual understanding between employees and the President and Chairperson. There are two main opportunities: “management dialogue” and “employee dialogue.” During the “management dialogue” sessions, department managers meet with the President to discuss their ideas on management of their teams and workplaces. At the “employee dialogue” sessions, all employees in their fifth year at the company discuss the Group’s principles and goals with the Chairperson.



An “employee dialogue” session

In fiscal 2009, four “management dialogue” sessions were held with a total of 24 participants and six “employee dialogue” sessions were held in which 75 employees participated.

Yazaki corporate culture training

Yazaki corporate culture training is a human resource development program where local employees from overseas group companies are invited to Japan to acquire Yazaki’s corporate culture through learning Japanese culture and language. During the one-year training, trainees communicate with many Japanese employees, and in the future they will serve as a liaison bridge between Japan and their own countries at the overseas group companies. A total of 184 employees participated in the program, including five in fiscal 2009.

Summer camp that provides children with learning opportunities

The Yazaki Group also focuses on fostering employees’ children under the Corporate Policy. A pillar activity for this is our summer camp, which is running since 1977. In fiscal 2009, we held a summer camp in eastern Shizuoka for children in the fifth and sixth grade of elementary school, and 190 children participated.

We took the children on a tour to an expressway under construction with the cooperation of Central Nippon Expressway Company, and made our factory tours to Fuji Factory and Susono Factory. They also experienced making their own chopsticks, hiking to the Hiei crater on Mt. Fuji, outdoor cooking, camp fires, sleeping in a tent and other activities. The children learned the importance of environmental conservation in collaboration with their friends through the summer camp.



Children climbing Mt. Fuji



Responsibilities toward Employees

Creating an Employee-Friendly Workplace

We develop systems to improve work-life balance.

Fiscal 2009 Initiatives

- ① Reviewed in-house systems to comply with the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Childcare and Family Care Leave
- ② Fostered awareness of work-life balance

Enhancing the trustful relation between workers and the management

In line with the principles of open dialogue and autonomy based on mutual trust between workers and management, the Yazaki Employee Labor Union works to improve the workplace environment for its members. In fiscal 2009, the Union reviewed the in-house system to comply with the revised Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Childcare and Family Care Leave.

The law was revised to develop a working style in which fathers can be more involved in childcare. Regarding the childcare leave system, the Yazaki Employee Labor Union aims to change the current system so that employees can take childcare leave until the child in question turns one-year-and-two-month-old, even when the employee is widowed or has parted with his/her spouse, thereby enhancing consideration of one-parent families (relief for socially vulnerable people). Regarding the family care leave system, although companies are not obliged to provide employees with paid leave by law, the Union aims to provide employees with paid family care leave. The Union is currently discussing both issues with the company.

The Union will continuously make further efforts to improve the working environment for employees.



Discussing ways to improve workplace environments

Promotion of work-life balance

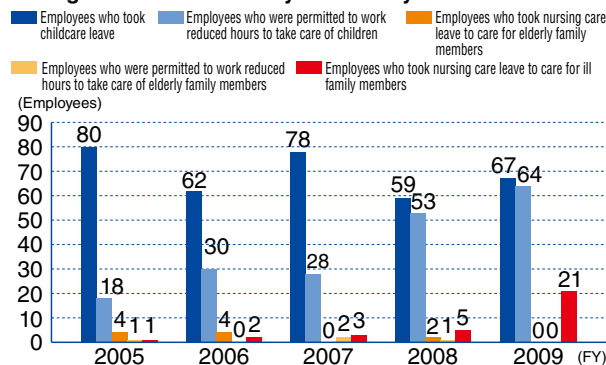
In fiscal 2009, Yazaki featured its systems related to work-life balance¹, including how frequently these systems are used, and results of awareness survey for employees, in the in-house journal (issued quarterly) for one year. The company received feedback from employees, such as “it was easy to understand how frequently the systems are used,” and “the survey results serve as a useful reference.” Yazaki has fostered awareness concerning the importance of maintaining a work-life balance through the in-house journal.

¹ **Work-life balance:** a harmonious and sustainable arrangement that allows the individual to both fulfill his or her job responsibilities while enjoying family and community life.

Holiday and leave systems related to work-life balance

Name	Content
The childcare leave system	System for employees who raise children, which includes restriction of overtime and late night work, reduction of working hours
The system for nursing care leave to care for elderly family members	System for employees who take care of elderly family members, which includes restriction of overtime and late night work, reduction of working hours
System for employees who take nursing care of family members	System for employees who are parents of pre-school age children—five days of paid leave (with no lump sum payment)
Backup holiday system	System that enables employees to use unused portion of paid holidays to receive long-term medical treatment, to take care of family members having medical treatment or to participate in volunteer activities
Refreshing holiday system	System for employees, turning 40 or 50, to refresh themselves mentally and physically—i.e., discovering themselves again or finding a new purpose of life

Number of employees who took childcare leave and nursing care leave for elderly or ill family members



Topics

Numazu Factory certified as a gender-equality-promoting site

Numazu Factory of Yazaki Electric Wire Co., Ltd. in Numazu City, Shizuoka Prefecture was certified as a gender-equality-promoting site in December, 2008. The factory aims to develop a workplace where employees can fully demonstrate their individuality and abilities regardless of gender. Development of various systems and efforts made by labor and management for realizing ideal life stages of employees and an adequate work-life balance were highly acclaimed. These activities were introduced in a public relations magazine issued by Numazu City. The Yazaki Group will promote further gender equality², applying the philosophies of Yazaki.

² **Gender equality:** a state where men and women can participate in social activities equally.



Responsibilities toward Employees

Occupational Safety and Health

We work together with employees to develop a culture of safety by maintaining safety and health under management-led initiatives.

Fiscal 2009 Initiatives

- ① Reduced significant risks systematically and conducted SC Circle safety and health activities based on small-group work
- ② Conducted 65 ordinary life-saving seminars: 520 employees participated
- ③ Implemented mental health care according to the mental health care plan

Yazaki Group's safety and health activities



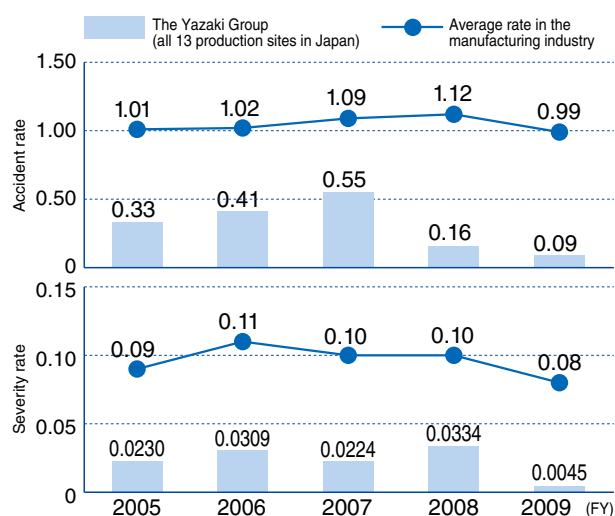
Simply complying with government regulations is of course important, but not sufficient to ensure total safety at a company. It is important that the management, workplace leaders and all other employees work together to conduct safety and health activities.

The Yazaki Group will mend its ways and pledge once again to never have major accidents, taking the major industrial accident that occurred at a subsidiary in fiscal 2009 seriously. We will do our best to develop a culture of safety supported by the occupational safety and health management system and effective communication. To this end, we are determined to promote risk assessments, workplace safety and health diagnosis audits, safety and health regulation check, at subsidiaries as well, and sharing safety information globally.

Safety and health activities at production sites

The Factory Safety and Health Committee, made up of representatives of all 13 production sites in Japan, is the main body responsible for systematically reducing significant risks in a top-down style by conducting risk assessments, aimed at preventing workplace accidents. Yazaki also conducts SC Circle¹ activities, safety and health initiative conducted by small groups, through the eyes of field workers. These activities do not only promote safety but also communication and business ethics. Feedback from the SC Circles demonstrates the effects of these activities: they can acquire unexpected opinions, which they seldom share to each other, from the members of the SC Circles; they are happy that their opinions are reflected in improvements of their workplaces.

Industrial accident rate²/accident severity rate³



“Saving the lives of colleagues!” Holding ordinary life-saving seminars

The Yazaki Group holds ordinary life-saving⁴ seminars for employees. We held 65 sessions, presented by instructors from the safety and health promotion department, in fiscal 2009. About 520 employees participated.



Reinforcement of mental health care

Yazaki conducts self-care education, care provided by managers and stress tests based on the mental health care plan, allocating a person in charge of mental health care at each production site. We employed a clinical psychologist to teach employees how to care for mentally ill employees effectively when they take leave and return to work. In fiscal 2010, we will conduct the following demonstration seminars, all presented by a psychologist: (1) autogenic training, (2) cognitive therapy, and (3) relief of stress.

1 **SC Circle**: abbreviation for Safety Communication Circle

2 **Industrial accident rate**: the frequency rate indicating the number of injuries per one million working hours
Frequency rate = injuries/total working hours x 1,000,000 hours.

3 **Accident severity rate**: the severity rate indicating the number of work days lost due to accidents per 1,000 working hours
Severity rate = work days lost/total working hours x 1,000 hours.

4 **Ordinary life-saving**: a life-saving activity that mainly involves cardiopulmonary resuscitation

Corporate advertising series: “slow but steady environmental activities”

The tortoise symbolizes Yazaki’s environment-friendly products

The Yazaki Group has conveyed messages on environmental issues in its advertisements from the viewpoint of people leading daily lives, since March 2004, when the *Mottainai* (defined as “a sense of regret over something being wasted due to undervaluing its worth”) advertising campaign was launched.

A tortoise character appears in the “slow but steady environmental activities” advertising campaign started in October 2009, as a symbol for the Yazaki Group, which has been addressing environmental issues diligently since its foundation.

Environmental issues have been left behind as humankind has progressed and mass consumption and mass disposal have become the norm. Yazaki tells the world through its advertising that we have rushed too much; and there is no magic bullet for bringing the global environment back into good health and that dealing slowly but steadily is the best way to address environmental issues. For example, the reforestation business, which the Yazaki Group is carrying out in collaboration with local governments and communities, takes a few decades to take even one step forward; it is a tortoise-like motion, indeed.

We do not deny economic and social prosperity and development. We believe, however, that making steady efforts toward a specific goal is valuable although it may look like a roundabout at first glance, as the slow tortoise overtakes the fast hare in the famous Aesop fable. The Yazaki Group puts such thoughts into the “slow but steady environmental activities” advertising series.

The advertising series introduces Yazaki’s environmentally friendly products—Bio-Aroace, fueled by wooden pellets, solar-heat panels, and high-voltage wire harnesses one by one. The tortoise will link Yazaki Group’s messages to environmental issues and its environmentally friendly products in the future, too.



A general advertisement for Yazaki



An advertisement for Bio-Aroace, fueled by wooden pellets



An advertisement for solar-power panels



An advertisement for high-voltage wire harnesses

Creating meaningful business with local communities by “slow but steady environmental activities”



Yasuhiko Yazaki
Chairperson, Yazaki Corporation

A handwritten signature in black ink, appearing to read 'Yasuhiko Yazaki'.

Looking back on fiscal 2009

Due to the world economic downturn that has endured for the past two years, the Yazaki Group was forced to accept much deteriorated performance in fiscal 2008. As a result of mobilizing all available resources in an effort to resolve existing problems in collaboration with various stakeholders, including customers and suppliers, we are happy to inform you that we have returned to the black in fiscal 2009. Since market conditions are still unpredictable, we will continue making steady managerial efforts in this regard.

Relationship between society and enterprises

Society today can be compared with a congested highway where all vehicles are eagerly speeding toward their destinations. As long as the traffic continues to flow smoothly, we can all get where we are going in a relatively short time. All it takes, however, is for just one car to lose control and the result is chaos and tragedy.

Similarly, it seems to me that the recent chain reaction of economic meltdowns in most countries around the world has served to expose the vulnerabilities of our otherwise highly efficient social systems and remind us of the importance of diversification.

Diversification makes for dynamic, flexible and agile organizations. While Yazaki, needless to say, will continue to pursue its traditional lines of business at the same time we must diversify and seek new business. One way in which we can do this is by working closely with local communities. By listening to their requests and seeking to identify their needs we can create and foster new markets and solve local issues together.

These kinds of endeavors require intensive efforts and may not provide profits over the short term. Nevertheless, I believe that not only do we have a responsibility to address them, but failing to do so would be at our own—and society's—peril. If we are to survive and prosper well into the future, we must seek ways to coexist with all stakeholders in the Yazaki Group.

With this in mind, I would like to share some of our recent undertakings.

Local community and new business

The Yazaki Group has been working on fulfilling its Corporate Policy—"A Corporation in Step with the World," and "A Corporation Needed by Society," through conducting business activities since its foundation. As a result, Yazaki has become a global enterprise operating at more than 400 bases in 39 countries throughout the world. This is the outcome of our continuous efforts in reviewing and restructuring the sales, development and production systems in response to the globalizing market for the automotive sector—our main business.

We have to admit, however, that optimization efforts we made on certain occasions may have unduly influenced the local employment environment, such as the hollowing out of the labor force. Optimization, which we intend to achieve, includes minimizing such influences on local communities who have supported us in many ways. Specifically, we are determined to create new business in local communities at any cost and to spare no effort in realizing it. Hopefully, the business we create will be sustainable and local people can positively participate in with pride. This is a common concept for several new projects we are currently launching in Japan.

Consequently, various new projects, including a recycling business for used paper, foods, glass, nursing care business, reforestation business, are already in operation in various regions and also agricultural business has been newly launched. This demonstrates that different regions require different projects and raise different issues.



The type of business we operate in a certain region is merely an outcome. The most important of all, I believe, is the process leading to that outcome: engaging in dialogue with local people as much as possible, placing ourselves in their position; and understanding what the community really needs. It would not be an exaggeration to say that whether or not we can acquire understanding and cooperation from various stakeholders determines the success of our business. The very early stage of communication is essential to this.

That companies, residents in a community and local governments work together to create meaningful business, which links to problem resolution in communities, I believe, is something needed by society in the 21st century. I consider it Japan's role to lead such efforts to success and to disseminate these approaches to the world.

Addressing environmental issues diligently at a tortoise-like pace

When I was studying in Germany about 40 years ago, I was profoundly impressed by the environment conscious attitude of German people. When I visited a German friend, I noticed that all his family members were accustomed to turning off lights in rooms no-one was using. An automatic lighting system had already been installed in staircases and corridors in most German houses.

I believe, we should not tackle issues by concentrating only for a certain period but we should address the issues slowly and diligently and make slow but steady achievements, like the tortoise and not like the hare in the famous Aesop story.

All the new projects I mentioned above are different in content but the same in the way they embody the spirit of "slow but steady environmental activities" that help resolve environmental issues. We are determined to launch projects slowly but steadily in the future, too, listening to the opinions of local people at all stages.

We issue this *Social & Environmental Report 2010* as part of our accountability for social and environmental conservation activities of the Yazaki Group, and in the aim of acquiring feedback from as many stakeholders as possible so that we can reflect their opinions to improve the group and its business activities. We sincerely look forward to receiving your candid opinions and comments.

Under the Yazaki Global Environment Charter, Yazaki Bolsters Groupwide Activities for Environmental Preservation.

In 1997, the Yazaki Group established the Yazaki Global Environment Charter based on its Corporate Policy and Fundamental Management Policy.

The Charter consists of the Environment Policy and the Action Guidelines.

The Yazaki Group strives to make the world a better place and works to enrich our communities through environmentally sound business activities and employee volunteerism under the Yazaki Global Environment Charter.

Corporate Policy

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

Fundamental Management Policy

“Contribute to a prosperous future society through business focused on the environment and security.”
(The third principle in the Policy)

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

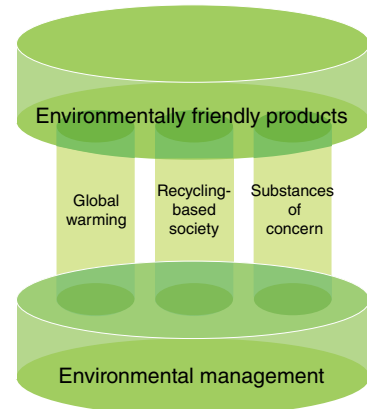
Environmental Policy

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

Action Guidelines

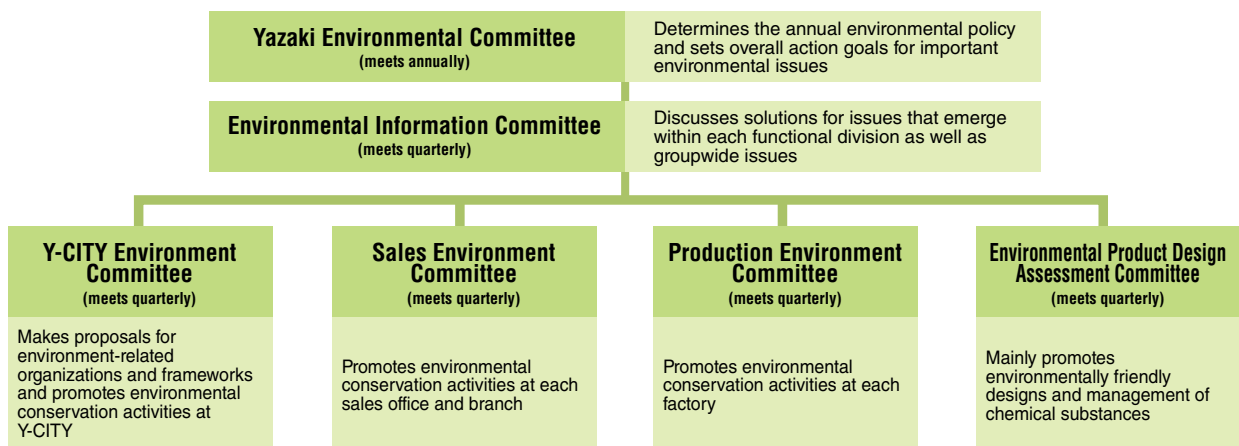
1. Enhance environmental management
Raise environmental awareness among all employees and empower them as individuals to take responsible actions for environmental preservation
2. Take action to prevent global warming
Achieve Yazaki's voluntary goal of reducing greenhouse gas emissions, which is based on the Kyoto Protocol
3. Promote the efficient use of resources towards the formation of a recycling-based society
Achieve zero landfill-destined waste and 100% use of recyclable resources
4. Reduce substances of concern
Eliminate substances banned by laws and regulations
5. Develop environmentally friendly products
Consider global warming, recycling, and substances of concern when developing products.

Areas of focus on the Action Guidelines



Yazaki Group continuously improves environmental performance by establishing group-wide and regional environmental management systems.

Environmental Management Structure in Japan





Environmental Management

Actions based on the Yazaki Environmental Plan

Yazaki sets goals based on important environmental items and annually reviews initiatives and achievements.

Evaluation of action items in fiscal 2009 and targets for fiscal 2010

Action item	Objective	Due	Achievements in 2009	Evaluation	Target for 2010	Page
Management of Chemicals	Response to REACH Regulation ¹	2011	<ul style="list-style-type: none"> Established domestic standard for REACH compliance Established new material part number system 	○	<ul style="list-style-type: none"> Establish global REACH standard and procedures 	p. 23
	Response to ELV Directive ²	2010	<ul style="list-style-type: none"> Completed preparation of switch-over for targeted parts 	○	<ul style="list-style-type: none"> Audit switch-over status Establish policy for introducing lead-free alloys 	p. 23
	Reduction of VOC ³	Production sites: -30% (compared to 2000)	2010	<ul style="list-style-type: none"> Average of reduction rates at production sites -39% 	○	<ul style="list-style-type: none"> Support production sites unable to achieve targets
Prevention of Global Warming	Response to Energy Conservation Law	2011	<ul style="list-style-type: none"> Established system to monitor energy usage Established management standards for all targeted facilities 	○	<ul style="list-style-type: none"> Switch to normal operational management 	p. 25
	Reduction of CO ₂	Total amount: -15% (five-year average over 2008-2012 compared to base year) Per-unit reduction: -1% (compared to a previous year)	2012 -	-33% (two-year average over 2008-2009 compared to base year) -11%	○	<ul style="list-style-type: none"> Continue domestic activities Establish management system within entire Yazaki Group including overseas sites
Management of Waste	Establishment of legal compliance system	2010	<ul style="list-style-type: none"> Completed on-site assessment of waste processing companies Checked waste management status at each site 	○	<ul style="list-style-type: none"> Switch to normal operational management at each site Zeroemissions⁴ Production division: continue zeroemissions Sales and Management divisions: achieve zeroemissions 	p. 26
	Zero landfill waste	2010	<ul style="list-style-type: none"> Production division continued zeroemission Sales and Management Division: -94% (target for 2009: -90%) 	○		
Design for Environment	Adding values to the products	2011	<ul style="list-style-type: none"> 89% of the products met environmentally-friendly design standard (target for 2009: 50%) 	○	<ul style="list-style-type: none"> 90% of the products meet environmentally-friendly design standard Introduce "product environmental indicator," to achieve comprehensive evaluation of environmental impacts. 	p. 27 -28
Environmental Communication	External communication of production sites	2010	<ul style="list-style-type: none"> Issued Site Reports⁵ and held Stakeholder Meetings at production sites 	○	<ul style="list-style-type: none"> Continue to issue Site Reports and hold Stakeholder Meetings at all production sites Standardize procedures on issuance of Site Reports and implementation of Stakeholder Meetings 	p. 29
Environmental Education	Fostering personnel to promote environmental activities	2010	<ul style="list-style-type: none"> Conducted general and technical training sessions for employees 	○	<ul style="list-style-type: none"> Establish system for environmental education Evaluate the effectiveness of training/education 	p. 30

Evaluation Standard ○: 100% achieved, △: more than 90% and less than 100% achieved, x: less than 90% achieved

1 **REACH Regulation**: an EU regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals

2 **ELV Directive**: an EU regulation concerning the disposal of automobiles

3 **VOC**: Volatile Organic Compounds

4 **Zero emissions**: the condition in which the total amount of industrial and general waste (excluding human waste) disposed to landfill is zero (as defined by Yazaki)

5 **Site Report**: a report issued every October by 13 production sites in Japan to introduce varieties of environmental activities implemented with in plants as well as to convey Plant Managers' messages to neighboring communities.



Management of Chemicals

Appropriate Management and Reduction in the Release of Chemical Substances

Yazaki is endeavoring to manage substances of concern (SOCs) in an appropriate manner in order to both meet the needs of our customers and ensure compliance with related laws and regulations.

Fiscal 2009 Initiatives

- 1 Discontinued the use of lead in regulated products in June 2010
- 2 Conducted a survey on the use of SVHCs in products, and formulated in-house rules for compliance with the REACH Regulation
- 3 Obtained material safety data sheets (MSDS) and introduced them to all employees
- 4 Reduced VOC emissions to 253.1 tons (reduced by 39% from the base year level)

Management of SOCs (Compliance with the ELV Directive and the REACH Regulation) WEB

To comply with the ELV Directive¹, the Yazaki Group began implementing voluntary measures to reduce the use of lead in its products in fiscal 2007.

Subsequently, in February 2010, Annex II of the Directive was revised and the deadline by which to discontinue the use of lead-containing solder in automotive parts was specified.

In fiscal 2009, to comply with the revised Directive, we listed all of our products with lead-containing solder and formulated their replacement plans. As a result of implementing measures based on the plans, we completed the replacement for all targeted products by June 2010, excluding those containing high melting point solder.

With regard to the REACH Regulation², in fiscal 2009 we concentrated mainly on implementing the following:

1. Conducted a survey on the use of 38 substances presently listed as SVHCs³ in our products
2. Formulated in-house standard for compliance with the REACH Regulation (to be applied in Japan)
3. Provided employees with training on the REACH Regulation

In the future, based on the in-house standard, we will create operational manuals in each of our departments. In addition, we will identify the use in our products of substances that will be additionally listed as SVHCs and confirm their registration status on a regular basis to ensure compliance with the REACH Regulation.



Training on environmental regulations enforced in Europe

Topics

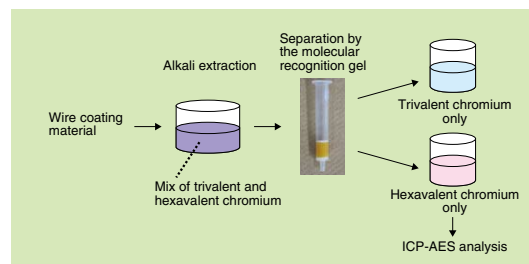
Developing a technology to analyze hexavalent chromium contained in resin

To measure the concentration of hexavalent chromium, which is a substance regulated under the ELV Directive, it is first necessary to separate it from trivalent chromium, as they are both mixed in resin materials. The conventional separation method⁴, however, required complex processes and it was impossible to completely separate the two substances when trivalent chromium was present in high concentrations.

To solve this problem, we began developing a new separation method by focusing our attention on a resin ("molecular recognition gel") that has an excellent capacity to selectively adsorb hexavalent chromium. We conducted a number of trials to clarify the properties of the molecular recognition gel and identify the optimal separation conditions. Finally, we succeeded in completely separating trivalent and hexavalent chromium using a new method, thereby enabling the highly precise measurement of the concentration of hexavalent chromium in resin.

We developed this method in cooperation with an analysis equipment manufacturer. We have obtained a patent for the technology and are now making it widely available to society through licensing and other means.

In order to ensure compliance with regulations on chemical substances, which will become stricter in the future, we are continuing R&D to measure and analyze SOCs and establish sound measurement and analysis methods.



Flow of analysis using the molecular recognition gel

1 **End-of-Life Vehicle (ELV) Directive:** an EU regulation concerning the disposal of automobiles

2 **REACH Regulation:** an EU regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals

3 **SVHCs:** substances of very high concern

4 **Iron coprecipitation (ICP) method:** (JISK0400-65-20)

Compliance with the revised PRTR Act



For companies to appropriately manage the chemical substances they handle, it is necessary that they be precisely aware of the level of hazard posed by the substances as well as the necessary precautions required.

Under the revised PRTR Act⁵ enforced in October 2009, the number of substances designated as possibly hazardous to human health and ecosystems has been increased from 435 to 562.

In response to this, Yazaki held three sessions of in-house briefing to make sure all the related departments were aware of the details of the revisions.

Subsequently, each of our production sites asked their materials suppliers to submit MSDS⁶ and reviewed the lists of substances used in the materials handled by the sites. At the same time, the sites provided employees working with materials containing the designated substances with necessary information, including precautions about the treatment and remedies to be taken in the event of erroneous treatment.

Of the substances that we have identified as used in materials supplied to us, we will submit reports to authorities in case the amount of those substances exceeds one ton per year, in addition to those we have already been reporting.

Reducing VOC emissions at production sites



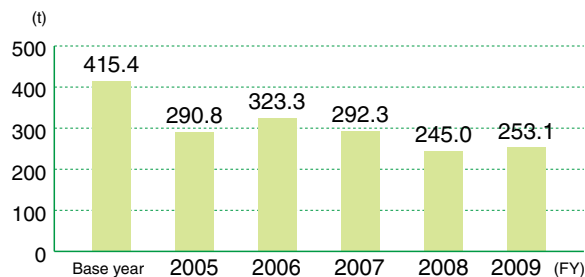
The Yazaki Group is committed to preventing air pollution by reducing emissions of suspended particulate matter, and VOCs⁷, which generate photochemical oxidants.

The revised Air Pollution Control Act enforced in April 2006 specifies that mandatory regulations on on-site VOC emissions be combined with voluntary emissions reduction measures taken by companies and industrial associations.

In response, Yazaki decided to decrease its VOC emissions by 30% relative to 2000 by 2010 based on the voluntary action plans set by the Japan Auto Parts Industries Association and the Japanese Electric Wire & Cable Makers' Association, with which Yazaki has close relations through its business operations.

Our VOC emissions reached 253.1 tons in fiscal 2009, down 39% from the base year level, but an increase of 3% relative to the previous fiscal year.

VOC emissions in and before fiscal 2009



Topics

Reducing VOC emissions through laser printing

Yazaki's Fuji Factory, which manufactures electric wires, has been committed to reducing the use of organic solvents in the wire printing process.

In 2009, the factory shifted from printing using organic solvents to laser printing. As a result, it was able to reduce the use of organic solvents by 90 kg a year.



Laser printing

5 **Revised PRTR Act:** officially called the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances and Improvements to the Management Thereof, this law, which is based on the PRTR and MSDS systems, is intended to further improve the voluntary chemical substance management methods adopted by companies—and thereby prevent chemical substances from causing

environmental damage—through the identification of the amount of chemical substances released into the environment.

6 **MSDS:** material safety data sheets

7 **VOCs:** volatile organic compounds



Prevention of Global Warming

Activities to Reduce CO₂ Emissions

Yazaki is continuously working to achieve CO₂ emissions reduction targets at all business sites and divisions.

Fiscal 2009 Initiatives

- ① Reduced CO₂ emissions in Japan to 138,000 tons (33% reduction from the base year level)
- ② Yazaki Parts decreased its per-unit energy consumption by 18.8%. The figure Yazaki Electric Wire increased by 4.4%. Both are "Specified Consigners" under the Act on the Rational Use of Energy.

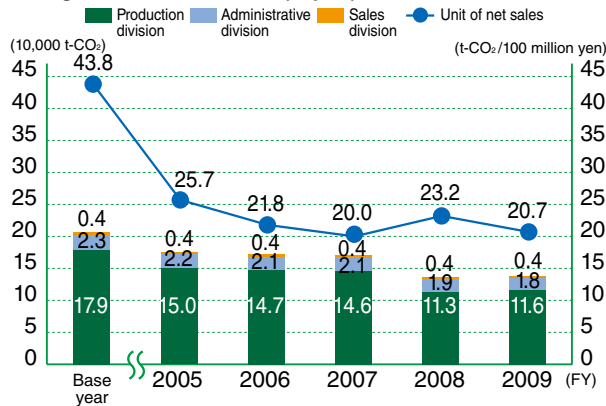
CO₂ emissions reduction activities (in Japan)



Yazaki has been fostering CO₂ emissions reduction activities across the Group to achieve the target of reducing its average CO₂ emissions for the five years from 2008 to 2012 by 15% from the base year level.

In fiscal 2009, our CO₂ emissions reached 138,000 tons, down 33% from the base year level, but a 2,000-ton increase relative to the previous fiscal year due to an increase in production. Across our production division, we reduced CO₂ emissions by a total of 1,550 tons as a result of improving production processes and energy-saving activities. CO₂ emissions per unit of net sales came to 20.7 t-CO₂/100 million yen, down 11% from the previous fiscal year. We will selectively implement additional measures, focusing on energy-saving activities.

Changes in CO₂ emissions (Japan)



* For the fiscal 2009 calculation, we included the emissions from a subsidiary of Yazaki for the first time and revised the base year level accordingly.

Fostering green transportation

In fiscal 2004, we began asking our logistics subsidiaries and partner carriers to cooperate with us in reducing our environmental impact from the transportation of parts, materials and products. Specifically, by tracking the fuel consumption by company and transportation method, we

are implementing measures to improve our transportation efficiency, including the promotion of modal shift and joint transportation with other companies. In particular, Yazaki Parts and Yazaki Electric Wire¹, who are "Specified Consigners" under the Act on the Rational Use of Energy, set the target to reduce their per-unit energy consumption by 1% relative to the previous fiscal year and have been committed to reducing their transportation frequency through joint transportation and cutting back on regular transportations.

In fiscal 2009, Yazaki Parts reduced its per-unit energy consumption by 18.8% from the previous fiscal year, while Yazaki Electric Wire increased its per-unit energy consumption by 4.4% year on year due to an increase in the frequency of long-distance haulage following an increase in the number of orders. Accordingly, Yazaki Electric Wire is determined to further foster modal shift, loading efficiency improvements and the increase of consolidated transportation to reduce its energy use.

Topics

Sho Transportation received an award for fiscal 2009 from the Minister of the Environment in recognition of its anti-global warming measures

Sho Transportation Co., Ltd., a transportation subsidiary of Yazaki, received an award from the Minister of the Environment (in the category of anti-global warming measures)² in recognition of its remarkable contributions to the prevention of global warming in fiscal 2009 by the promotion of eco-driving and the use of biodiesel fuel³.

Eco-driving motivates employees to drive in a more energy efficient manner by visually depicting the amount of energy wasted while driving. In combination with the use of BDF, the program helped the company cut its CO₂



emissions by 20% from the fiscal 2004 level.

The award ceremony

1 See "Company Overview" on page 2.

2 The Ministry of the Environment began granting this award in fiscal 1998. As part of its efforts to foster anti-global warming measures, the Ministry gives commendations to individuals or groups who have made great contributions in

this area. The awards are presented in December, the designated global warming prevention promotion month.

3 Biodiesel fuel: a generic term for plant-based fuels for diesel engines.



Management of Waste

Appropriate Management and Zero Landfill Waste

With zero landfill waste and 100% effective use of recycled resources, Yazaki is helping to create a recycling-based society.

Fiscal 2009 Initiatives

- ① Reduced waste generation to 5,437 tons (45% reduction from the base year level)
- ② Achieved zero emissions at all 13 production sites in Japan for the fourth consecutive year

Toward the achievement of zero emissions



In its effort to foster a recycling-based society, the Yazaki Group has continued its 5R initiatives: Reduce, Reuse, Recycle, Repair, and Refuse (to buy non-recyclables). By practicing the 5Rs, we are fostering waste reduction activities to reduce landfill waste to zero (zero emissions¹).

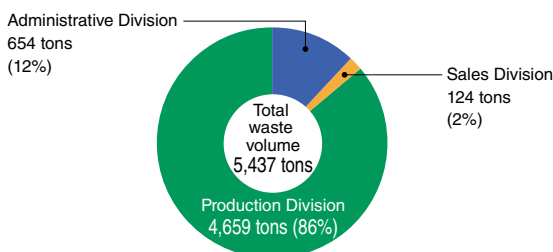
We first achieved zero emissions at all of our 13 production sites in Japan in fiscal 2006 and have continued to do so over the four consecutive years since. The sales and administrative divisions of Yazaki and some of its manufacturing subsidiaries set the original target of reducing landfill waste from the level in fiscal 2006 (the base year) and implemented measures to ensure the painstaking and thorough sorting of waste.

As a result, landfill waste accounted for less than 1% of the total amount of disposed waste across the divisions. We will continue our activities in order to consistently achieve zero emissions.

To reduce waste generation, the production, sales and administrative divisions are implementing measures to achieve their own individual targets. In fiscal 2009, the total amount of waste generated was reduced by 45% from the base year level to 5,437 tons. However, compared to the previous fiscal year, it did increase by 433 tons or 8%.

Of the increase, 100 tons were due to an increase in imports that resulted from the restructuring of the production system, which led to an increase in the amount of packaging materials for disposal. The remaining amount was partially due to the additional inclusion of a subsidiary of Yazaki in the scope of data.

Waste volume



Establishing a system for the appropriate management of waste



For the appropriate management of waste, Yazaki has been implementing a range of measures to make appropriate responses to waste-related problems such as illegal dumping, with the eventual goal being the creation of a recycling-based society. One of these measures is the cross-checks conducted by the production division to ensure compliance with the Waste Management Act². Others include the self-check conducted by the production, sales and administrative divisions using a waste management check sheet and on-site inspections of industrial waste disposal contractors to whom the divisions are outsourcing their waste disposal.

The cross-checks conducted by the production sites involve the actual inspection of waste storage areas, the management of outsourcing agreements and the operation of manifests³. In addition, checks are made to ensure that the sites are managing their relevant systems in line with ISO 14001 standards. For the self-checks, we created a check sheet divided into following categories: “management of storage areas,” “management of industrial waste disposal contracts,” “management of manifests,” and “management of PCB waste.” In fiscal 2009, we used the check sheet to conduct checks at 76 production sites. Sites that use containers to store PCB waste are voluntarily implementing measures based on the results of these self-checks, including replacing current containers with highly durable containers that are impervious to leakage, even over a number of years.

We also conducted on-site inspections of a total of 260 industrial waste disposal contractors at 93 sites releasing



Ensuring appropriate sorting by the “waste patrol” (Haibara Factory)

industrial waste. We will continue to conduct self-checks and on-site inspections in accordance with related laws and amendments.

1 **Zero emissions:** the condition in which the total amount of industrial and general waste (excluding human waste) disposed to landfill is zero (as defined by Yazaki)
 2 **Waste Management Act:** an abbreviation of the Waste Management and Public Cleansing Act

3 **Manifest:** an industrial waste management slip filled in and circulated by companies when they commission the disposal of industrial waste. The slip contains information about the type and quantity of the industrial waste as well as the names of the company collecting and transporting the waste and the disposal contractor, along with other details.



Environmentally Friendly Design

Manufacturing Products with Lower Environmental Impact

Yazaki is fostering environmentally friendly design across its development and design divisions.

Fiscal 2009 Initiatives

① Promoted environmentally friendly design within both the Automotive Sector and the Life Environmental Sector

Fostering environmentally friendly products

Yazaki has been working to reduce the environmental impact of its products by formulating its own criteria for environmentally friendly design and applying them across its development division. In the future, we will examine the introduction of a more standardized evaluation method based on the guidelines on environmental performance indicators for products¹ set by the Japan Auto Parts Industries Association.

In the following, we introduce some of the environmentally friendly products that we developed or released in fiscal 2009.

Automotive Sector

Example 1

Development of parts for EVs and PHVs

Energy conservation

Weight reduction

The Yazaki Group contributes to the improved performance, reliability and convenience of EVs² and PHVs³ through its products created using new technologies. Our recharging connectors and cables are representative of such products.

Recharging connectors are used to connect EVs and PHVs to household outlets and special rechargers installed outdoors.



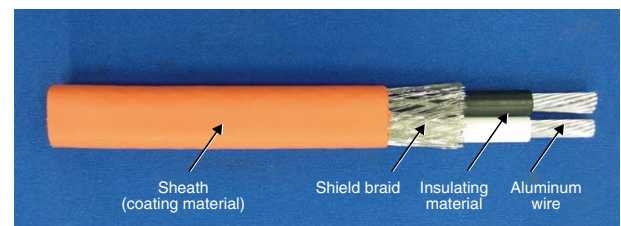
Ordinary recharging connectors

Due to the very high voltages and large amounts of electric current required to recharge EVs and PHVs, existing connection technologies were not up to the job and something completely new was needed. The Yazaki Group cooperated with automobile manufacturers over a number of years to develop a product that would be feasible in terms of cost, performance and usability.

If EVs and PHVs are to become widespread, it is essential that the specifications of parts mounted on them be standardized. Recognizing this to be inevitable, in addition to the efforts made to develop the technologies, we also worked hard to have our specifications designated as the industry standard both within and outside of Japan. As a result of our efforts, the JARI⁴ (Japan), SAE⁵ (the United States) and IEC⁶ (Europe) adopted Yazaki's connector specifications as their own standards.

Because of the large amount of electric current flowing through the cables used in EVs and PHVs, it is also necessary that they be shielded in order to prevent the generation of electromagnetic waves. Generally speaking, shielding a cable increases its thickness and weight. Cables used in vehicles, however, need to be as light as possible, as their weight directly affects the vehicle's fuel economy. To resolve this dilemma, we used highly durable insulating materials to make the cables thinner and shielded and coated two cables together as a pair. To reduce the weight, we used light aluminum as the electrical conductor and optimized the in-vehicle wire layout to minimize the amount of cable required. As a result, we were able to produce thin cables weighing one kilogram less per vehicle (compared with previous Yazaki models).

The Yazaki Group will continue to provide environmentally friendly parts for EVs and PHVs, thereby helping to reduce the environmental impact of vehicles as a whole.



Structure of aluminum dual-core shielded cable

¹ **Environmental performance indicators for products:** enable quantitative comparison of the environmental impact and value (functions and performance) of new and old products

² **EVs:** electric vehicles

³ **PHVs:** plug-in hybrid vehicles

⁴ **JARI:** Japan Automobile Research Institute

⁵ **SAE:** Society of Automotive Engineers

⁶ **IEC:** International Electrotechnical Commission

Example 2

High vibration resistance connectors for injectors

We discontinued the use of metal levers in high vibration resistance connectors for injectors and instead adopted a double-lock structure that prevents the connectors from shaking when the engine vibrates while providing additional strength in a reliable manner. As a result of discontinuing the metal levers and replacing the resin materials with alternatives, we were able to develop lighter connectors, thereby reducing CO₂ emissions by 9.07 grams per connector (in an LCA-based comparison with previous Yazaki models).

Information disclosure Weight reduction



Example 3

Development of FFC/FPC connectors

The electrodes on FFC/FPC connectors used in automobile equipment such as car navigation systems are spaced at intervals of only 0.5 millimeters. Because of the high precision required to attach the electrodes, assembly of the connectors used to take a long time. To overcome this, we found a way to ensure precision by the use of sliders and covers so as to enable one-step assembly. We thereby reduced the processing time by about 70% compared with our previous models.

Energy conservation



Example 5

Gas leak detector for household use

For our Arocco (YF-005K) LP gas leak detector for household use, we have achieved energy-saving design by making the circuit more energy-efficient, with the effect of reducing standby power consumption to only 0.8 W. We have also obtained approval to attach the Eco Mark⁸ to this product, as it does not contain chemical substances such as mercury, cadmium or hexavalent chromium.

Information disclosure Energy conservation



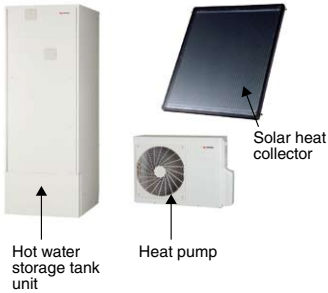
Example 6

Eco Cute Solar Heat

Our Eco Cute Solar Heat is a household hot water service that combines the Eco Cute system (heat pump-type hot water service using natural coolant) with a solar heat collecting system. Around 80% of its energy needs are supplied by renewable power.

We have also achieved higher efficiency by providing the product with the capacity to “learn” about the necessary amount of heat collected and used per day and calculate the optimal amount of energy using a weather prediction function.

Energy conservation



Example 7

Wooden pellet-fueled hot air supplier for greenhouses

Our wooden pellet-fueled hot air supplier is a carbon-neutral device powered by wooden pellets sourced from forest thinning and forest scrap. By using it to heat their greenhouses, farmers can reduce CO₂ emissions by at least 90%. This hot air supplier is also the industry’s smallest and lightest and can easily be used to replace conventional heavy oil-fueled hot air suppliers.

Energy conservation



Life Environmental Sector

Example 4

The industry’s first ultrasonic gas meter

For our U-Smart LP gas meter, we used ultrasonic waves to achieve a more compact size and lighter weight—both of which were considered difficult to accomplish with regard to conventional gas meters. Specifically, we reduced the outer dimensions by about 50% and the mass by about 35% compared with our S-type security gas meters. In addition, we obtained approval to attach the ECO-LEAF environmental label⁷ to the product in recognition of the identification and disclosure of its environmental impact through all stages from material manufacturing to disposal, otherwise known as the life cycle environmental impact.

Information disclosure Weight reduction Energy conservation



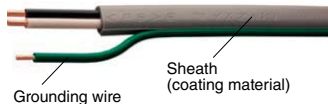
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Example 8

Developing a VVF equipped with a grounding wire

Our F Earth VVF⁹ equipped with a grounding wire is an electric wire with a completely new structure in which the grounding wire is attached to the outside of the sheath (coating material). This structure makes it possible to avoid using adhesive, which reduces the product’s environmental impact. Moreover, by reducing the use of coating material and making the grounding wire smaller, we have achieved a lighter weight. In addition, we have rendered “sheath stripping”—which was formerly required for conventional electric wires—redundant, thereby cutting the time required for the installation work by 25% and reducing cable loss by 73%.

Weight reduction Energy conservation



7 **ECO-LEAF label:** environmental label used to disclose quantitative environmental information obtained through LCA, such as information about the exploitation of resources and the manufacture, transportation, use, disposal and recycling of the product. Use of the label is approved by the Japan Environmental Management Association for Industry

8 **Eco Mark:** environmental mark attached to products with the purpose of helping consumers choose environmentally friendly products. Use of the mark is approved by the Japan Environment Association.

9 **VVF:** 600 V vinyl-insulated, vinyl-sheathed flat-type cable for houses



Environmental Communication

Proactive Sharing of Information

Yazaki is building better relations with society through social contribution and environmental conservation activities.

Fiscal 2009 Initiatives

- ① Disclosed information through the Social & Environmental Report and individual site reports
- ② Organized stakeholder meetings at production sites
- ③ Opened an environmental education facility "Kankyo Manabi-kan" at the Ohama Factory

Disclosing information to stakeholders

In order to disclose information and ensure accountability to our stakeholders, we create and publish our Social & Environmental Report. This report began life back in fiscal 2002, when we first started to share our environmental activities in a publication titled Environmental Report. In fiscal 2003, we included more information about our social activities to satisfy the interest of a range of stakeholders and changed the title to Social & Environmental Report. We began publishing an English version of the report in fiscal 2004 and in fiscal 2008 we took the added step of posting relevant information on our website as well in order to reach even more of our stakeholders.

In addition, our 13 production sites in Japan publish their own site reports and organize stakeholder meetings in order to receive feedback on their activities from a variety of people. The site reports outline the position taken by the factory managers as well as explain the environmental conservation and social activities conducted at the sites. The stakeholder meetings provide an opportunity for the sites to engage with local residents and other interested parties. We regard these meetings as quite important as they allow both internal and external stakeholders to deepen their understanding of Yazaki's activities and ideas and give us a chance to hear what our stakeholders have to say about the company.

We will continue to publish the Social & Environmental Report and site reports and to organize stakeholder meetings as part of our ongoing efforts to maintain the trust of the communities that surround us.



Stakeholder meeting held at the Fuji Factory



Stakeholder meeting held at the Numazu Factory

Kankyo Manabi-kan opened at the Ohama Factory

Kankyo Manabi-kan at the Ohama Factory (in Kakegawa City, Shizuoka Prefecture) is a place where employees can improve their environmental awareness and local residents can learn about the environmental conservation activities conducted by the factory and the entire Yazaki Group. Visitors are invited to touch and even try out the environmental equipment on display in order to develop a better understanding of environmental problems.

The factory especially encourages local families to visit the facility in the hope of providing local children with more opportunities to learn about the environment.



Kankyo Manabi-kan, an environmental education facility at Ohama Factory

Topics

Tochigi Factory granted a prize at the Green Reporting Awards

The Tochigi Factory received a prize for its site report at the 13th Green Reporting Award held by Toyo Keizai Inc. The factory was commended for having included in its report specific improvement results based on the PDCA cycle for environmental management.



The award-winning site report



Factory Manager Inada receiving a certificate of commendation from President Shibauta of Toyo Keizai Inc.

Please visit the website below to view the fiscal 2009 site reports published by each production site:
http://www.yazaki-group.com/pdf/ser2009_social.pdf#page=21 (available only in Japanese)



Environmental Education

Fostering Systematic Environmental Education

Yazaki fosters the development of environmental leaders at each division and business site.

Fiscal 2009 Initiatives

- ① Held six sessions of the environmental seminar for new managers (attended by 229 managers)
- ② Created a check sheet for compliance with environmental laws and regulations for use across the company
- ③ Codified seven good practice examples identified through cross-checks as internal standards

Environmental education for employees

The Yazaki Group uses unique environmental texts and its corporate intranet¹ to provide employees with environmental education and raise the environmental awareness and knowledge of each worker.

For new managers, we conduct an environmental seminar mainly focused on helping them deepen their understanding of environmental laws and regulations and training them in the formulation and implementation of environmental plans for their respective workplaces. In fiscal 2009, we organized six sessions of the seminar across Japan, with the participation of 229 new managers in total.

We also reviewed our environmental education system in response to internal organizational changes. Specifically, we divided the system roughly into “companywide environmental training” provided with cooperation from the human resources development division and “specialized environmental training” organized by the environmental division. We then clarified the respective goals, details and targeted participants of each type of training. The companywide environmental training is intended to provide employees with basic knowledge about environmental problems and raise their general environmental awareness, while the specialized environmental training, which includes training sessions for ISO 14001 internal auditors and training on environmental laws and regulations for employees in charge of environmental issues, is designed to help employees improve their environment-related operations skills.



Educating new managers



Training session for ISO 14001 internal auditors

Topics

Implementation of cross-checks

Since fiscal 2005, Yazaki has divided all 13 production sites in Japan into three blocks to conduct cross-checks. The sites within each block cooperate to conduct cross-checks on each other’s compliance with environmental laws and regulations. The sites can also point out areas needing improvement while at the same time exchanging ideas for solving problems identified and sharing useful knowledge and experience. The structure of the process makes it possible for each of the different sites to get on with their individual production activities without undue pressure or concern.

In fiscal 2009, we created a compliance check sheet targeting 15 Japanese laws concerning factories, such as the Waste Management Act² and the Air Pollution Prevention Act. The use of check sheets increased the ease with which any employee can check the basic items without falling into error. As a result of cross-checks using this check sheet, 242 improvements were made and 122 good practice examples were identified. Of these 122, we adopted seven as new in-house standards, including a standard operation flow for the disposal of machines containing CFCs, rules on manifest management tools, and other in-house rules.

Our production sites will conduct cross-checks again in fiscal 2010, this time focusing on how each site is implementing newly created standards and how they are responding to the revisions to related laws.



Conducting a cross-check

¹ **Intranet:** internal online network built using Internet networking technology

² **Waste Management Act:** an abbreviation of the Waste Management and Public Cleansing Act



Global Environmental Management

Yazaki is fostering environmental conservation activities in consideration of local characteristics and concerns in each region in which it operates.

Fiscal 2009 Initiatives

- ① Promoted global environmental management
- ② Proactively conducted environmental conservation activities

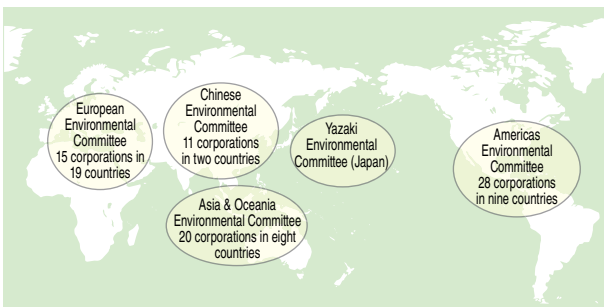
Conducting localized activities across the world

The Yazaki Group manufactures and sells a range of automotive parts and other products in 39 countries including Japan. In line with our corporate policy, “A Corporation in Step with the World” and “A Corporation Needed by Society,” we are fulfilling our corporate responsibilities by taking care to meet the expectations and requests of stakeholders all over the world.

Fostering global environmental management in consideration of local characteristics

The Yazaki Group has divided its global operations into the following geographical regions and is fostering the acquisition of ISO 14001 certifications in each: the Americas, Europe, the China region, Asia & Oceania, and Japan. At the same time, the Group is making efforts for the appropriate management and improvement of its ISO 14001-compliant environmental management systems. In each of its regional divisions, Yazaki Group companies have set unique targets in consideration of local laws, cultures and customs, while staying true to the shared ideas upheld in the Yazaki Global Environment Charter¹.

For important environmental items such as measures for substances of concern and the prevention of global warming, Group companies are working cooperatively beyond regional divisions. In the future, we will further enhance our inter-regional cooperation in order to better promote our global environmental management.



Regional environmental management promotion organizations around the world

Environmental communication in local communities

We are conducting a range of activities to increase the environmental awareness of employees and help create rich local environments in various regions around the world.

Activity example 1 YCT (Romania)

Conducting “Green Spirit Day!” clean-up activity

In April 2010, YCT held an event named “Green Spirit Day!” in which employees and their families collected trash around the nearby Lake Ghioroc. With cooperation provided by local residents, a total of 500 people participated in this activity and collected 400 bags (32 m³ in total) of plastic bottles, glass bottles and cans during the two-hour activity. Spending time amid the beautiful lake scenery also helped reinforce the importance of protecting nature for individual participants.



Employees collecting trash

Activity example 2 ARNECOM (Mexico)

Creating a community garden

ARNECOM held its first community garden² project in October 2009. Designed to increase the environmental awareness of employees and foster better internal communication, the project took place over four weeks with the participation of 31 employees, who did everything from cultivating the soil to harvesting the vegetables. Fallen leaves and small branches collected within the premises of ARNECOM were used as compost, which also contributed to waste reduction. The employees who joined in the activity are now taking the knowledge and experience gained back home as well as using it to help create and improve community gardens in their neighborhoods.



Employees participating in the project

¹ See page 21.

² **Community garden:** a green space created on public land and vacant lots as part of local greenery projects

Activity example 3 FSY (China)

Planting trees around the factory

In March 2010, 25 employees from FSY participated in a tree planting activity organized by the Chinese government and planted 78 young trees around the factory.



Employees planting trees

Activity example 4 PASI (Indonesia)

Holding an environmental photo exhibition

PASI held an environmental photo exhibition on June 5, Environment Day. This exhibition, held to increase the environmental awareness of employees, featured 56 photos accompanied by environmental tips and information as well as warnings. The event provided employees with an opportunity to discuss the environmental problems they faced at the factory and in their daily lives.



Visitors to the exhibition

Activity example 5 Fuji Factory and Susono Factory (Japan)

Releasing 500 young cherry salmon

The Fuji Factory and the Susono Factory joined in an event for the release of young cherry salmon held by the local water quality protection council of Gotemba City in October 2009. A total of 100 people from local companies and small children from local childcare centers participated in the event and learned about the importance of keeping rivers clean.

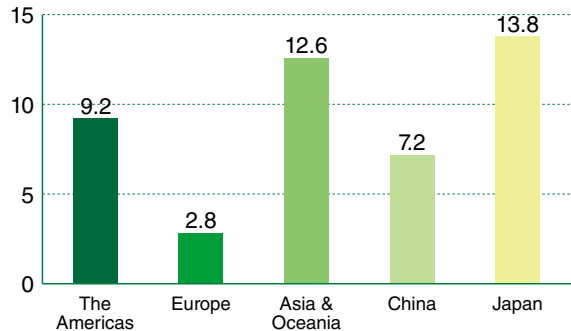


Yazaki employees and small children releasing young cherry salmon

Environmental performance data (results in 2009)

CO₂ emissions in 2009

(10,000 ton-CO₂)

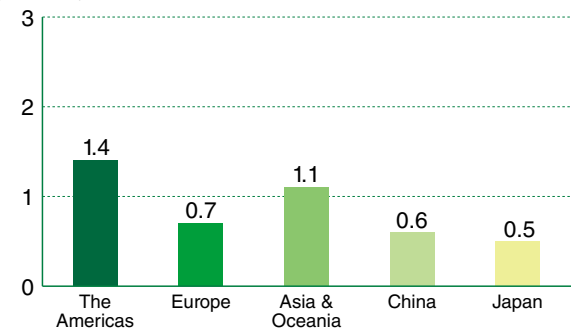


CO₂ emission conversion factors for purchased electricity

Classification	2008	2009
The Americas	As reported by each power company	No change
Europe	0.559 ton-CO ₂ /1,000 kWh	Emission factors used in each country, as disclosed in CO ₂ EMISSIONS FROM FUEL COMBUSTION—Highlights (2009 Edition), published by the IEA ¹
Asia & Oceania	The same conversion factors used in Japan	
China		
Japan	0.381 ton-CO ₂ /1,000 kWh	No change

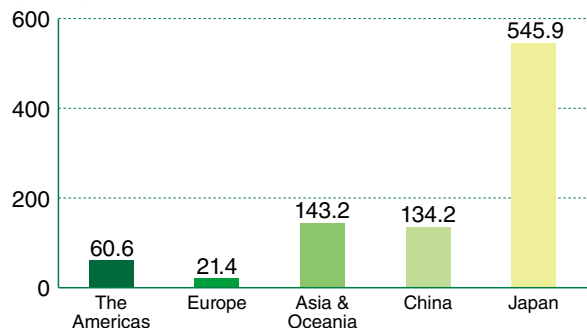
Total amount of waste in 2009

(10,000 tons)



Water consumption in 2009

(10,000 m³)



Data collection period: January to December 2009 (July 2009 to June 2010 for Japan)

¹ IEA: International Energy Agency



Environmental Impact/ Environmental Accounting

Identifying Environmental Impacts

We quantitatively identify our environmental impacts and the amount of investments and expenditures related to environmental conservation activities.

Fiscal 2009 Initiatives

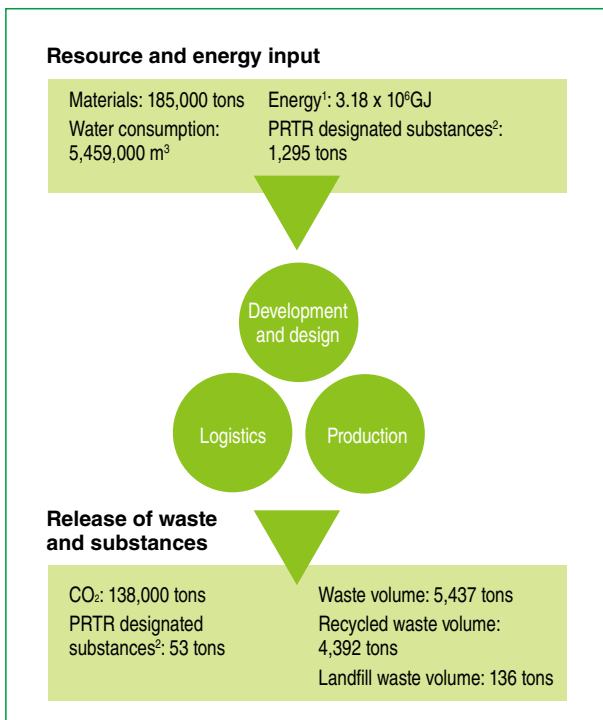
- ① Regularly collected data using unique data collection system
- ② Identified environmental conservation costs

Environmental impact data collection

The Yazaki Group uses quantitative data on the amount of resource consumption and waste disposal for comprehensive and effective activities to reduce our environmental impact.

In fiscal 2009, with the use of our unique data collection system, we collected environmental impact data from all of our sites in Japan, including the production, sales and administrative divisions and affiliates.

Reduction of environmental impact (in Japan)



Note:

In the previous report, there was an error regarding the release of PRTR designated substances. The release of PRTR designated substances was 56.4 tons in fiscal 2008.

Environmental accounting

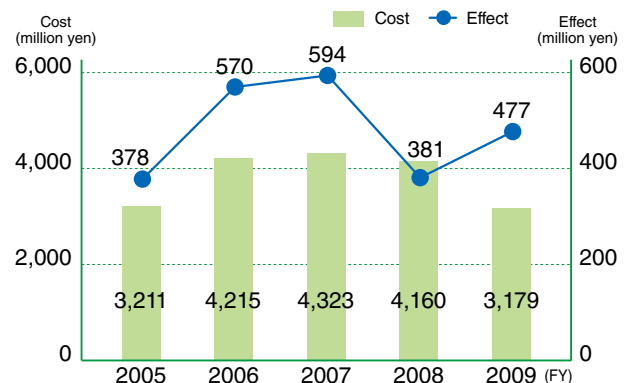


Yazaki quantitatively identifies investments and expenses (environmental conservation costs) as well as effects in relation to environmental preservation efforts and collects and discloses the data in accordance with the Environmental Accounting Guidelines (2005) issued by the Ministry of the Environment in Japan.

The total environmental preservation costs in fiscal 2009 came to 3.18 billion yen, down 24% from the previous fiscal year. This is due to decreases in the cost of reducing the environmental impact of our sites in relation to the prevention of pollution and global warming, reduced R&D costs for environmentally friendly products and a cut in costs related to EMSs and environmental education. In particular, the amount of investment in large environmental equipment substantially decreased across all divisions, which accounted for a major part of the decline in total costs.

Economic effects due to environmental conservation amounted to 480 million yen, up 25% from the previous fiscal year. This was because income from the sale of recyclables increased while cost reduction was promoted through energy-saving activities.

Changes in environmental conservation costs



¹ **Data for energy input:** obtained by using the conversion factor stipulated in the Ordinance for Enforcement of the Act on the Rational Use of Energy

² **PRTR designated substances:** chemical substances for which Yazaki is obliged to report the amount of emissions under the Pollutant Release and Transfer Register System

Third Party Comments

The 2010 report highlights and clearly describes how Yazaki Group's broad technologies have been used in society, and how it has steadily promoted environmental management while always making sure of its responsibilities to society and its various stakeholders.

■ "DNA" for environmental conservation management and social responsibilities has taken root

It is noteworthy that the report delivers clearly and consistently the Group's responsibilities to society, starting from the Corporate Policy "A Corporation in Step with the World" and "A Corporation Needed by Society," the fundamental management policy that states contribution to "social development" and "future society," to the President's enthusiasm "to address greater social issues" together with the stakeholders, and concrete activity descriptions. In addition, what the chairperson addresses in the "Message from the Chairperson"—holding a dialogue with local people as much as possible, and understanding and empathizing for what the community really needs—shows that the attitude of corporate social responsibility has firmly taken root in the Group with unwavering conviction.

■ Showing "Connecting" technologies (P. 7-8, P. 18)

Yazaki rolls out a variety of businesses in Japan, in addition to manufacturing its main product—wire harnesses for vehicles. With the keyword "Connecting," the report shows the entire scope of Yazaki's business activities and how those broad activities have contributed from various angles to the creation of the global and local environment in the 21st century. The tortoise used for advertisements embodies the condensed form of such thoughts. This shows the readers of this report how Yazaki's corporate philosophy has been shaped at a corporate level.

■ Showing goals and achievements in environmental management clearly (P. 22-30)

The goals and degree of attainment and evaluation for a broad-range of environmental management items are organized in an easy-to-understand manner. Goals that cover the entire operation ("PDCA cycle") have been set including quantitative goals, such as a reduction of VOC and CO₂ emissions as well as promotion of the voluntary management system and sustainable improvement efforts. Achieving goals for all items indicates that accumulation of long-term activities have consistently led to results.

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Prof. Chikami specializes in empirical studies in the
development of sustainable societies through the
integration of natural and social sciences. In Japan, he

has initiated the development of regional environmental plans that utilize natural, social and human resources specific to a particular region. He has participated in several projects aimed at facilitating collaboration between citizens, corporations and communities. He is also actively involved in social development planning in Asia. Most recently, in rural Laos, where slash and burn agricultural practices are common, he studied practical methods for forest renewal and river delta management and has introduced innovations to living environments and small business development.



■ Conscious of communication with readers and local communities

The report covers a wide variety of environmental conservation activities and social contribution activities simply but clearly in a reader-conscious way, and not by just listing the activities. In addition, related contents of the report and website are summarized on the two-page spread at the back of the cover page, enabling readers to access information according to their interest level. We can also learn about Yazaki's intention of emphasizing communication with local communities from the above-mentioned chairperson's message and the stakeholder meeting that is held regularly at each domestic production site. This basic attitude will lead to the steady implementation of daily environmental management policies.

■ Disclosing information for global environmental management (P.21, P. 31-32)

This part of the report shows that Yazaki Group, as a global enterprise engaged in production activities at more than 400 bases in the world, is carrying out environmental management and social contribution activities actively based on Yazaki Global Environment Charter. In particular, the activities in developing countries will maintain and raise the motivation of employees, and create a sense of pride in working for Yazaki. I hope Yazaki will share advance efforts on a group-wide basis in Japan as well as overseas and will play a role in leading other companies in all regions in the world.

■ In conclusion

"Connecting"—a keyword used in the feature article is an appropriate word that can express Yazaki's corporate activities accurately. Yazaki connects the world as a global enterprise and links communities through environmental communication, rather than simply through technological aspects. Customers and employees could play an important role as "actors" who "connect" enterprises and society. Environmental management, including within the supply chain, compliance to laws and environmental control can be conducted efficiently only by "connecting" people with people, technology with people and enterprises with society. I hope the Yazaki Group will prosper even more through always enrooting its corporate activities in society.

Responding to the Third Party Comments of the Social and Environmental Report 2009

Professor Chikami provided us with the third party comments for the 2008 version as well as for the 2009 version. In the 2009 report, we were requested to re-disclose our environmental performance data ("environmental data") and description of environmental and social activities at overseas group companies, which we had to put off including in the report due to space constraints.

Responding to this opinion, we decided to use both paper and online media for disclosure, considering the characteristics of each medium and the core readership before producing the 2010 version. We then reviewed the content for each medium. We not only

re-disclosed information but we also newly added a page on "global environment management" to cover an overview, environmental data, and social and environmental activities. We included on the web version case examples which could not be included in the booklet and supplementary information of the booklet. This applies to all other contents, as well.

The Yazaki Group will make further efforts in activating its activities as suggested in the "Third Party Opinion," and in informing our stakeholders of the activity contents and actual performance accurately in an easy-to-understand manner.

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Published: September 2010

The next report is scheduled for publication in autumn 2011.

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