

Social & Environmental Report
2012





Yazaki Group 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.

Report Outline


Editorial policy

The Yazaki Corporation has issued its Social & Environmental Report since fiscal 2002 for the purpose of disclosing information on its corporate activities to stakeholders and raising awareness of its social and environmental contribution activities among employees. The report covers our activities and their annual results centered primarily on the five stakeholders, namely, customers, business partners, employees, local communities and the global environment.

Additionally, we have issued site reports on the respective domestic production sites since fiscal 2005. You can see all the site reports on our Website.

● Please visit our Website

While this report provides an outline of key activities of the Yazaki Group, our Website presents more detailed information. Please visit our Website.

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

● Reporting period

Fiscal year 2011 (June 21, 2011 to June 20, 2012)

● Organizations covered

All group companies in Japan, plus overseas group companies and affiliates in Japan

● 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)

Supplementary information to assist with the reading of this report

● Definition of "fiscal year"

In this report, the term "fiscal year" refers to the fiscal year uniquely adopted by the Yazaki Group and corresponds to the period defined under "Reporting period" below.

Reporting period

2011											
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
						from June 21					
2012											
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
through June 20											

● 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

● Reader response questionnaire

Please let us know your opinions and concerns regarding this report by visiting the following websites (Japanese only).

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

● Definition of other terms

"Yazaki Group" refers to group companies in and outside of Japan, while "Yazaki" refers to Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd. and Yazaki Energy System Corporation*. Exceptions are indicated where relevant.

* Formerly Yazaki Electric Wire Co., Ltd. and Yazaki Resources Co., Ltd.

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In Collaboration with Our Stakeholders

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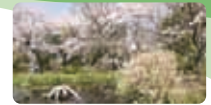


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Building the Yazaki Group for the next generation upon the pillars of the Automotive Sector and Living Environment Equipment Sector



Looking back on fiscal 2011

In 2011, despite the impact of the flooding in Thailand and decreased sales in China and other Asian countries, we were able to achieve higher than expected consolidated net sales of approximately 1,232 billion yen thanks to a significant increase in sales as a result of reconstruction demand, the reinstatement of tax breaks on eco-cars in Japan, and increased production by U.S. and European makers, among other factors. Taking into account the rapid appreciation of the yen, when converted to U.S. dollars, the amount comes to approximately \$15 billion, far surpassing 2007 as our best sales record to date. With respect to final profits, thanks to company-wide profit improvement activities, financial reports for 2011 ended in the black despite an amount equivalent to the fines resulting from the plea agreement with the United States Department of Justice being recorded as extraordinary losses.

As regards the issue of antitrust violations, beginning with on-site inspections by the Fair Trade Commission in December 2009, further investigations by anti-trust authorities in Japan, the United States and Europe led to orders for us to cease and desist and pay surcharges and fines. That matters have come to this our company takes very seriously, and we are endeavoring through regular audits, employee training and other measures to raise company-wide compliance and prevent a recurrence.

Responding swiftly to change

A major concern has been the European debt crisis in the wake of financial troubles in Greece, which triggered a chain reaction in the global economy, including the hitherto strong emerging economies. In addition, the global business environment around us is becoming more and more severe due to such factors as the destabilization of the international exchange, including the super-strong yen, rising wages, frequent labor disputes in developing countries, as well as new and changing accounting standards, environmental and other laws and regulations.

In Japan, the “six woes”* we are facing include the risk of changes along the Nankai Trough causing a major earthquake in three regions in the near future, and the state of domestic power in light of the nuclear power situation.

In order to achieve sustainable growth in this drastically changing business environment, it is imperative that we change our organization and structure to optimally suit each business. Moreover, it is a matter of urgency that we strengthen and improve our response to disasters, changing laws and regulations and other risks, and to this end, the Living Environment Equipment Sector was split off in line with the restructuring of the Yazaki Group on June 21, 2012.

* The phrase “**six woes**” refers to: a super-strong yen, high corporate taxes, delays in free trade agreements, restrictions on the use of temporary workers in manufacturing, environmental regulations, and energy shortages following the Great East Japan Earthquake.

Challenging a new way of manufacturing

Customers, the business environment, rules and regulations—everything changes. Thus, it will not do to cling to the rules and business systems of the past. Especially in the Automotive Sector, a new organization is needed to establish the high levels of quality, cost, delivery and high-mix low-volume production.

In March 2012 the “Monozukuri Center” was established in Makinohara, Shizuoka Prefecture. Its purpose is to firmly establish the supply chain by building an innovative system that fully integrates everything from the design stage through procurement, production, sales and management activities.

We consider it our role in Japan to reform production to enable it to easily respond to fluctuating demand, even in small amounts, as well as be a base for disseminating innovative technologies.

Building a flexible production system

2012 represents the culmination of the next stage of our three-year production restructuring plan. While continuing to streamline domestic bases, and establishing new bases in Indonesia, Cambodia and Mexico in response to rising overseas demand, we are building a production system with the flexibility to respond to an array of variables.

Furthermore, through such acquisitions as Italian wire harness manufacturer Cablettra in July 2011, and IVC in Russia in July 2012, we have been able to strengthen production systems in regional markets with rich future potential. In 2012 we will consolidate stable revenue bases while continuing to enhance the global management system.

Establishment of Yazaki Energy System Corporation

In order to respond swiftly to customer and market needs, and pursue greater competitiveness in the manufacturing industry, a new company named Yazaki Energy System Corporation has been established to consolidate and centralize development, production and sales across the electric wire, instrumentation, gas equipment and environmental equipment business sectors.

In so doing we aim to pursue the optimization of each business, enhance competitiveness and expand business by leveraging the strengths of the group and improving the efficiency of functions common to each business.

Today there are great expectations and great interest around the world in the fields of solar and renewable energies which Yazaki has been cultivating for many years, and in anticipation of new government energy policies and new overseas markets, we will continue to actively offer innovative products and services.

Toward the next generation

The opportunities for Yazaki Group to contribute to the world continue to grow. In order for the next generation of Yazaki to develop further, we are endeavoring to build a new management system upon the pillars of the Automotive Sector and Living Environment Equipment Sector. To this end, founded upon maintaining a two-way communication with our stakeholders, we shall continue to contribute to a sustainable society in the future.

We hope this report will be of interest, and welcome opinions, suggestions and feedback from readers.



Shinji Yazaki
President, Yazaki Corporation

Under its corporate policy, Yazaki ensures thorough compliance of every executive and employee and takes preventive measures.

Basic concept

Forming part of its Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society," the Yazaki Group's Fundamental Management Policy sets forth our commitment to "Uphold the law, respect regional cultures, and contribute to economic and social development." This statement emphasizes our positioning of compliance as the basis of our corporate activities.

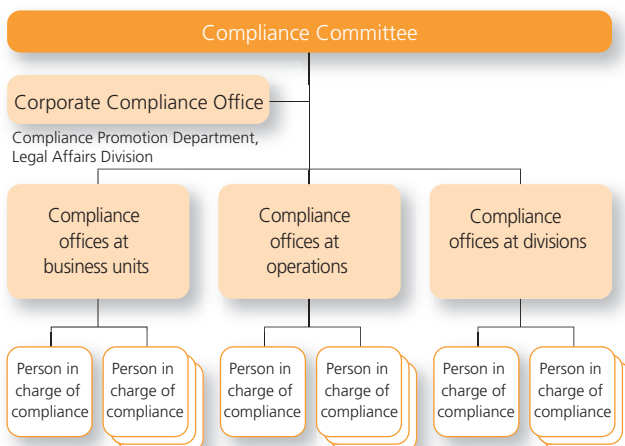
Based on this commitment, Yazaki not only ensures that each and every executive and employee strictly obeys all applicable laws and regulations but also expects them to develop a strong understanding of corporate ethics and to conduct business activities in a fair and responsible manner. We believe this is what gives us the flexibility to adapt and respond to changing social expectations.

Organizational structure to ensure compliance

The Yazaki Group established a Compliance Committee in October 2010 to develop and reinforce its organizational structure to ensure compliance. Positioning the Compliance Promotion Department in the Legal Affairs Division as the secretariat, this committee holds meetings on a regular basis, and manages the company-wide compliance system, which includes formulating and issuing fundamental policies and in-house regulations relating to compliance and stipulating training plans. In fiscal 2011 the committee held four meetings.

In addition, compliance offices were set up at all business units (BUs), operations and divisions. Through cooperation with the Corporate Compliance Office, the offices manage compliance training and monitor various initiatives to reinforce the compliance system, and report the progress to the Compliance Committee.

Organizational chart



* A compliance officer is designated at production sites where necessary.

System to protect whistle-blowers

Yazaki has operated "Yazaki ai," a whistle-blower protection program, since April 2006 to facilitate the detection and early rectification of compliance-related issues. Accessible by all employees within the Yazaki Group, including those of subsidiary companies, the system provides a means of reporting to and consulting with both internal operators and an external law firm.

In addition, Yazaki established the Yazaki Group Consultation Contact Point for Business Partners at an external law firm in March 2008. This enables our partners to report illegal acts by companies within the Yazaki Group, as well as issues and concerns over the behavior of individual Yazaki employees.

Yazaki Group Consultation Contact Point for Business Partners

- Mailing address: Yazaki Group Consultation Contact Point for Business Partners, T. Hasegawa & Co. Law Offices, Room No. 201, Marunouchi Mitsui Building, 2-2-2 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan
- TEL: +81-3-5288-1151
- E-mail address: yazaki@hasegawa-law.jp

Compliance training

Yazaki provides its executives and employees with various training programs, including programs tailored to each job grade, group seminars, and e-learning programs, to further raise awareness of compliance.

Moreover, we provide a wide variety of training programs for each job grade and job category, so that individual employees can act properly according to their task or position.

Compliance training in FY 2011

	Type	Target employees
Training for different job grades	Training for executives	Operating officers or above
	Management training	Newly assigned managers and leaders
	Training for different job grades	Employees promoted to each job grade
	New employee training	New employees
Other training	Antitrust Law training	Sales, purchasing, R&D and other divisions
	E-learning	Employees, except for those on production lines
	Subcontract Act training	In-house Subcontract Act auditors, purchasing, production and other divisions
	Compliance training	Operations, R&D and other divisions
	Training prior to overseas transfer	Employees assigned to work at overseas sites

Report on the cease and desist order for violation of the Antitrust Law

Orders and penalties issued by the authorities

Yazaki was issued with cease and desist orders and surcharge payment orders by the Japan Fair Trade Commission (JFTC) on January 19, 2012 in relation to a transaction involving automotive wire harnesses, which was investigated by the commission in 2010. Meanwhile, in the United States, Yazaki was sentenced to pay criminal fines in 2012 relating to the transaction involving automotive wire harnesses, following an investigation by the U.S. Department of Justice that started in 2010 on suspicion of violation of the Antitrust Law.

In light of the seriousness of these judgments made by Japanese and U.S. authorities, the Yazaki Group is determined to take remedial actions with sincerity.

Action policy

Having worked hard to promote compliance with all applicable laws and regulations, corporate ethics, and relevant social norms, the Yazaki Group took the investigations from 2009 through 2010 very seriously, and promptly reviewed its internal systems.

We will sincerely follow the authorities' instructions with regard to the JFTC orders and the application of

penalties in the United States. We will also ensure that every officer and employee keeps in mind the seriousness of these matters, and step up concerted efforts to take measures to prevent any further violations of law.

To restore credibility

We deeply apologize for the great concerns and trouble we have caused to our stakeholders in relation to these cases.

As our Corporate Policy states, the Yazaki Group's principle is to fulfill its corporate responsibility and live up to the expectations of society. We are aware that we did not succeed in practicing this principle.

Following the violation, we will introduce and appropriately operate various systems as preventive measures and further raise awareness of compliance through education and communication in order to ensure all executives and employees sincerely respond to social demands.

As a company, we are keenly conscious of our responsibility and will work hard with the spirit stated in our Corporate Policy to restore trust.

Preventive measures

1. Establishment of rules and regulations

To ensure compliance with the Antitrust Law, Yazaki stipulated new provisions concerning compliance with the Antitrust Law and its own code of conduct, including rules that restrict contact with competitors, in October 2010. Based on these provisions, we develop operation rules according to the situation of each section and monitor the operation of all sections.

2. Internal audit

To check compliance with the rules related to the Antitrust Law as mentioned in 1. above, the Corporate Compliance Office conducted an internal audit of each section from January through June 2012. The audit checked compliance with rules through interviews on operations. We will conduct audits on a continuous basis to ensure strict adherence to the rules.

3. Antitrust training for executives

To renew executives' awareness of the Antitrust Law and facilitate better understanding, we provided compliance training for executives in January 2012. An external

lawyer was invited to the training session for directors and operating officers so that they could have a better and more comprehensive understanding of the Antitrust Law. We plan to provide this executive training on a regular basis in the next fiscal year and onward.

4. Training for employees

We have provided training for employees on the Antitrust Law to each business unit, operation and division since 2011. Each section's compliance office educates employees on items that they should understand to comply with the Antitrust Law, in light of the section's operation. Additionally, employees who are newly assigned to a section are provided with an opportunity for individual training. We will continue these training programs in the next fiscal year and onward.

Meanwhile, from February to March 2012, all employees, except for those on production lines, took an e-learning course on the Antitrust Law and the Subcontract Act. We will continue efforts to enhance and improve employee training and further raise awareness of compliance.

Yazaki is contributing to global communities through a variety of businesses.

About 220,000 employees are working at 434 sites of 160 companies in 41 countries, including Japan.

The Yazaki Group is a business organization comprising of 66 domestic group companies, 93 overseas group companies and one public benefit corporation. Yazaki manufactures and sells automotive parts, electric wires, gas equipment, and air-conditioning equipment in Japan, and manufacturers wire harnesses (assembled electric wires for automobiles) and other automotive parts overseas.

Company Overview (as of June 20, 2012)

Company Name: Yazaki Corporation

Established: October 8, 1941

Representatives: Yasuhiko Yazaki, Chairperson
Shinji Yazaki, President

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

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

Key Yazaki Group Companies in Japan:

Yazaki Meter Co., Ltd. (established in 1950)

Yazaki Parts Co., Ltd. (established in 1959)

Yazaki Energy System Corporation*1

*1 Established as Yazaki Electric Wire Co., Ltd. in 1963 and changed its name on June 21, 2012.

Yazaki Group Companies:

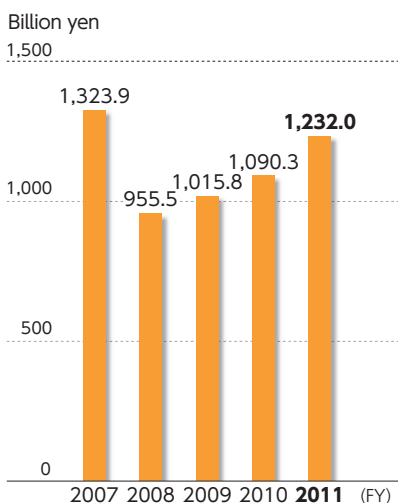
Group Companies	Total of 160
Group Companies in Japan*2	66
Overseas Group Companies	93
Public Benefit Corporation	1

Employees:

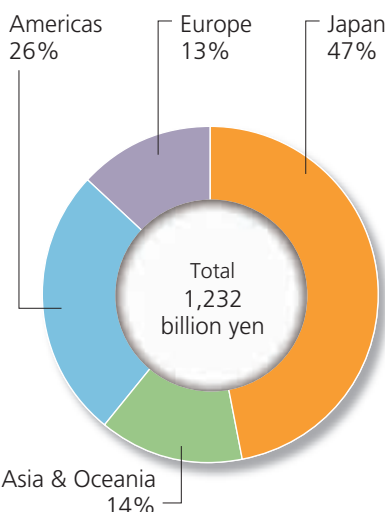
Total Number of Employees	226,300
Employees in Japan*2	21,400
Overseas Employees	204,900

*2 Including employees at affiliates

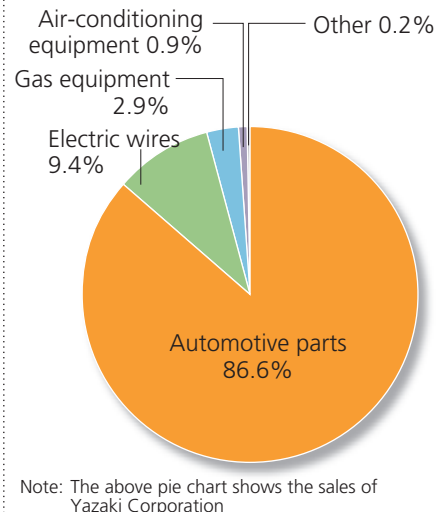
Net sales (consolidated)



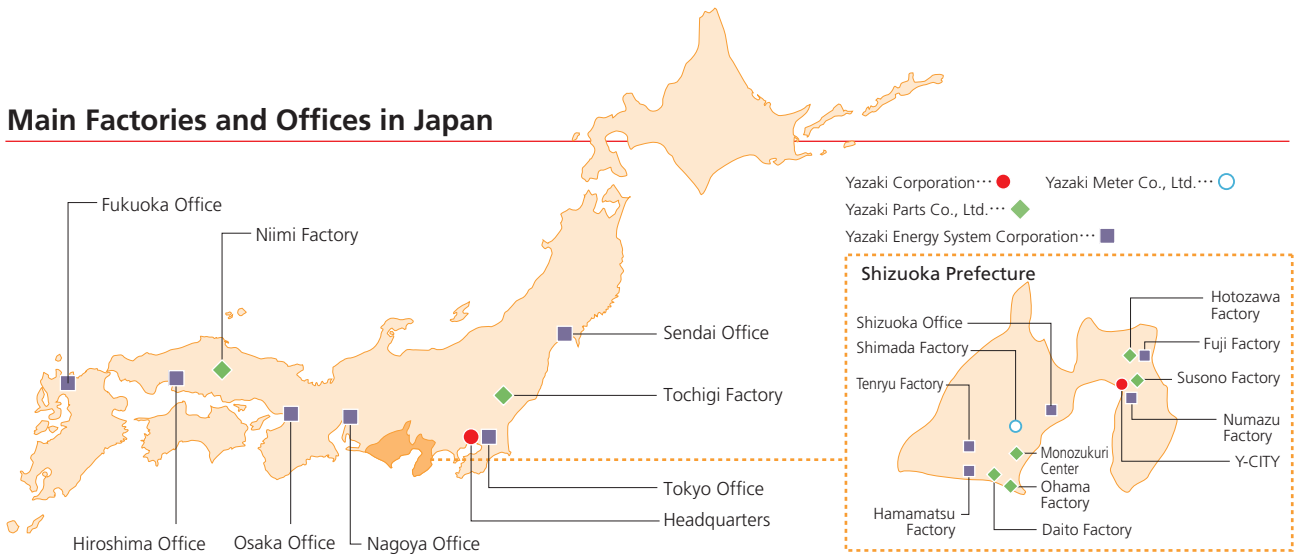
Breakdown of net sales by region



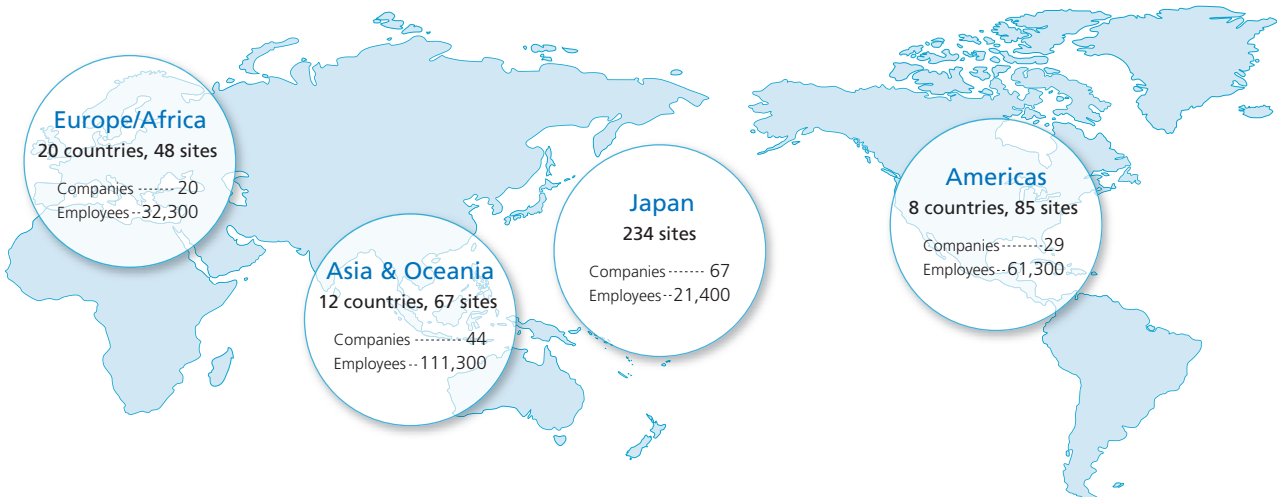
Breakdown of net sales in Japan



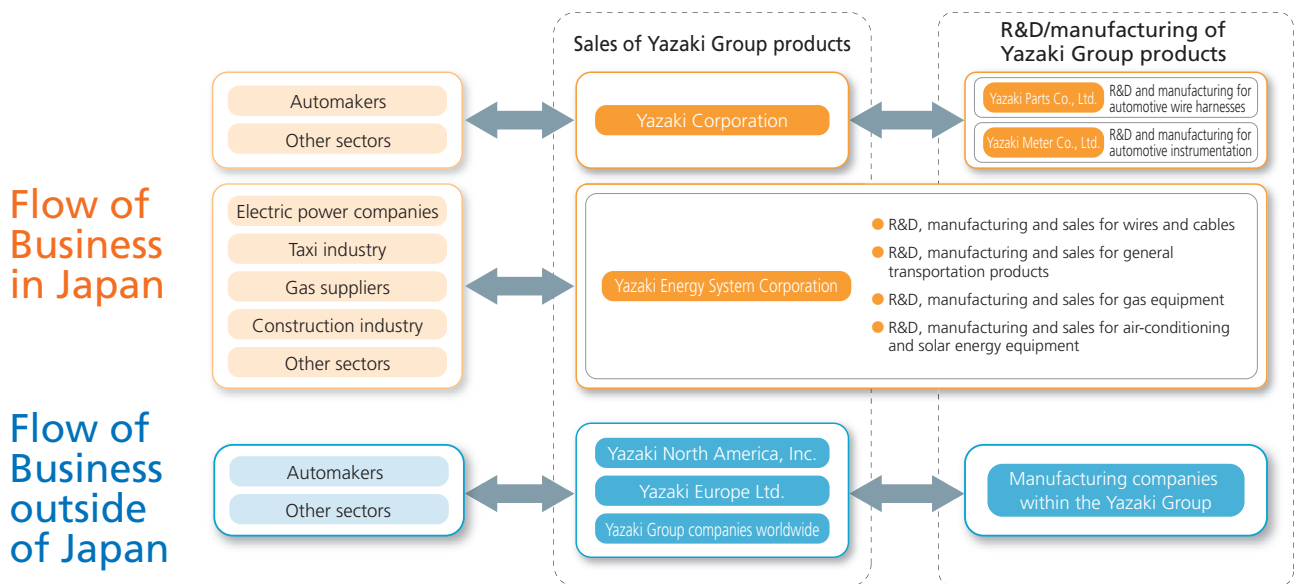
Main Factories and Offices in Japan



Yazaki Group: Scale of Business



Yazaki Group: Flow of Business



Yazaki's business helps people live a safe and eco-friendly life.

Based on its Corporate Policy of "A Corporation in Step with the World; 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, gas equipment, air-conditioning equipment, and solar-powered equipment. In addition, we are continuing to pursue safety, better living and environmental conservation through the launch of new initiatives in the areas of nursing care and recycling, among others.



Connecting cars

Yazaki provides a wide range of products including wire harnesses (sometimes called the nervous systems or blood vessels of automobiles), meters, and other devices that support car electronics.

Wire harnesses

Wire harnesses are tightly bundled, lightweight electronic information circuits that provide electrical power and signals.



1 Wire harnesses



2 Electronic parts

Meters

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



3 Meters

Charging connectors

Yazaki's charging connectors are indispensable for charging EVs and PHEVs.



4 Charging connectors

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.

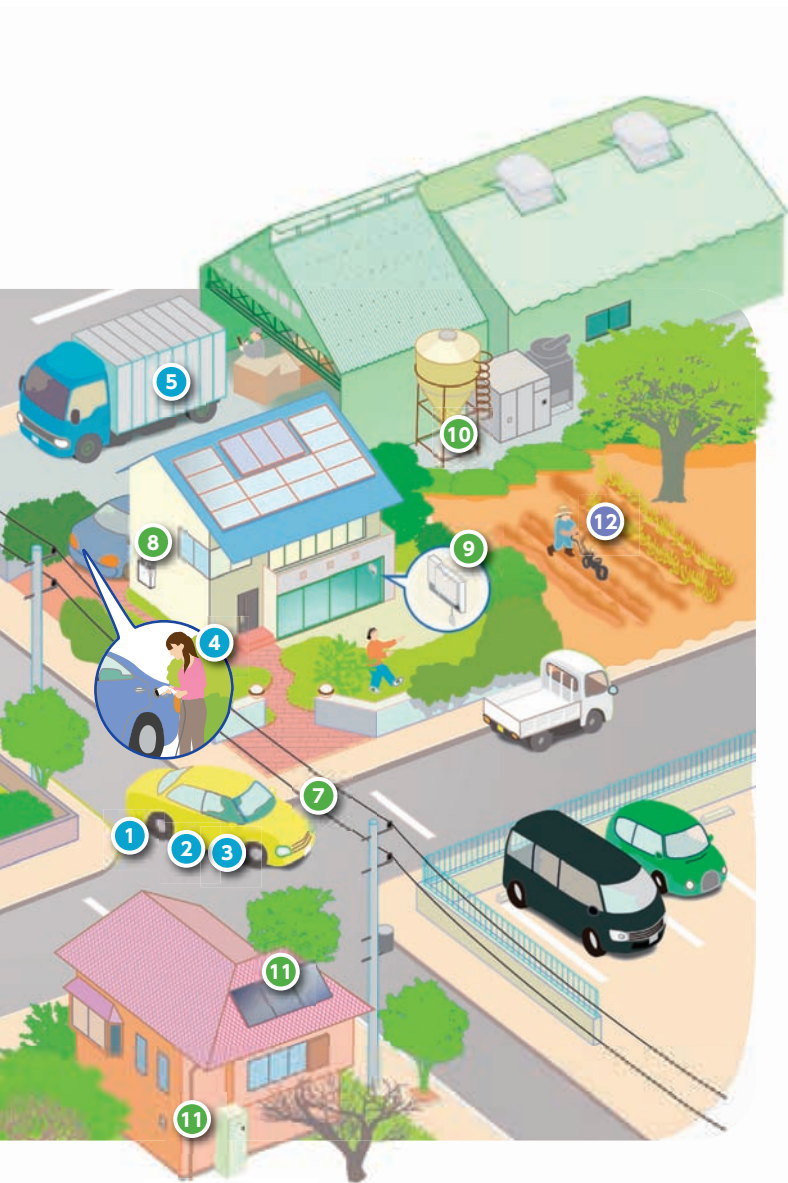


5 DTG4 digital tachograph IV



6 LT25PII taxi meter with printer





Connecting to people

By providing equipment that runs efficiently on gas, electricity, or solar power, we are contributing to the enrichment of society.

Electric wires

We are a pioneer in environmentally friendly (halogen- and lead-free) electric wires and recently obtained Ecoleaf label certification.



7

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 Smoke sensor/fire alarm

Air-conditioning units

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



10 Bio-Aroace, fueled by wooden pellets

Solar-powered equipment

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



11 Eco Solar Type II, a solar-powered system that can be connected to a hot water service



Connecting to society

We endeavor to identify unmet social needs and launch new businesses that contribute to society.

Environmental, recycling, and agriculture-related businesses

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.



12 Supersol R, made of waste glass

Nursing care

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



13 Kami Fusen Care Center, Y-CITY

August 2011

Held a summer school event in Yusuhara-cho, Kochi Prefecture, inviting children from Tamura City, Fukushima Prefecture. ▶p. 18



September 2011

Held the "Forest Kindergarten" to provide children from Yazaki Kindergarten with an opportunity to have fun in the forest. ▶p. 25



September 2011

Issued the Social & Environmental Report 2011.



November 2011

Each factory issued a site report to disclose environmental data and their own unique environmental initiatives. Please visit the URL below to see the site report (Japanese only).

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

November 2011

Concluded a business tie-up with Sangle Solar Energy Co., Ltd., a Chinese manufacturer of solar-powered equipment, with the goal of bringing about a new society that can achieve sustainable development with a better environment-energy balance.

December 2011



At Eco-Products 2011, we displayed our solar-powered hot water system and provided visitors an opportunity to create a hydroculture system to publicize environment-friendly Yazaki products.

December 2011

Participated in the Tokyo Motor Show to promote Yazaki's technology under the concept "YAZAKI Connects Cars, Homes, Communities."



December 2011



Miraikan

Became an official partner of the National Museum of Emerging Science and Innovation (Miraikan), where many of our employees' children have visited during the Yazaki Summer Camp in Japan. ▶p. 18



Highlight 2011

Introduction of key social and environmental activities of the Yazaki Group in fiscal 2011.

March 2012

Established the Monozukuri Center in Makinohara City, Shizuoka Prefecture with the aim of pursuing an innovative “new way of manufacturing” that fully integrates everything from development through procurement, production, sales and manufacturing activities.



March 2012

The Yazaki Memorial Foundation for Science and Technology selected the recipients of its research grants for fiscal 2011 and held the 29th Research Grant Award Ceremony.



April 2012

All affiliates engaged in agricultural business participated in the 5th Agrisummit held for two days on April 12 and 13 in Takahashi City, Okayama Prefecture.



April 2012

Held the Volunteer Forest Development Project on April 29 in the Yazaki Forest in Yusuhara-cho, Kochi Prefecture. ▶ p. 25

Yazaki received a jury's special award, “Yagyū Hiroshi Award,” under the category of the National Geographic Japan Award at the 18th Nikkei BP Advertising Awards, in recognition of its initiatives in Yusuhara-cho, Kochi Prefecture.

May 2012

Yazaki's Supersol R, made of waste glass is used under the pavement of the squares and roads in the Tokyo Skytree Town®.

▶ p. 25



Tokyo Skytree Town®



Supersol R

Jan.
2012

Feb.

Mar.

Apr.

May

Jun.

In Collaboration with Our Stakeholders

Placing its Corporate Policy—"A Corporation in Step with the World; 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 dialogue with our stakeholders.



Responsibilities toward Customers

Providing a stable supply of high-quality products



QC circle activities were conducted at sites in and outside of Japan (photo: activity report presentation).



The Electric Wire Division held periodic meetings with partnering distributors.

Responsibilities toward Business Partners

Building fair and open relationships



The Yazaki Supplier General Meeting was held to promote communication with suppliers.



A briefing session was held on responses to chemical substances regulations in Japan and other countries.

Yazaki Group

Responsibilities toward Employees

Creating a comfortable work environment



Developing a world-class workforce



Promoting safety, health and disaster prevention activities (photo: disaster drill)

Responsibilities toward Local Communities

Seeking harmonious relationships with local communities



A summer school was held for children invited from Fukushima Prefecture.



Various events were held at the Y-CITY library.



Initiatives for Increasing Customer Satisfaction

At Yazaki, our customers come first. This means we consistently provide our customers with a stable supply of high-quality products that consistently meet safety standards.

Basic approach to fulfilling our responsibilities to customers

The Yazaki Group manufactures and sells automotive parts and other products, including solar thermal conversion equipment, air-conditioning equipment, gas equipment, and electric wires. To fulfill our responsibility as a manufacturer to deliver “the highest quality products to anywhere in the world in the suitable time at a competitive cost,” we require each and every one of our employees to think and act in a customer-oriented manner.

Initiatives at each division

Automotive Sector

In order to understand the needs of each customer as quickly as possible and provide new products that satisfy their needs as well as to promptly respond to various requests, we have organized customer-specific business units, each of which is comprised of a sales, development and production division. While this organization enables us to manage corporate responsibilities, including legal compliance, in a cross-sectional manner, we are also making efforts to prevent oversights.

Additionally, with the goal of passing on masterly skills to future generations and creating unique technologies, we established the Monozukuri Center in Makinohara City, Shizuoka Prefecture in March 2012. We will pursue manufacturing of the next generation by further strengthening collaboration between sales, development, production and quality assurance.

Living Environment Equipment Sector

●Environment and Energy Equipment Division

In order to provide high-quality service under the Gas Equipment Division, we have put in place the GSS Specialist System for employees working for gas equipment service stores (GSS). Under this system, we provide skills training for various products, and certified 158 employees in fiscal 2011. Meanwhile, the Yazaki Gas Equipment Training Center, which was approved by the Minister of Economy, Trade and Industry of Japan as a training facility for liquefied petroleum gas (LPG) installation engineers who are required for installation of LPG equipment, provided four training

sessions; 61 people passed the examination in fiscal 2011.

The Environmental System Division, which is responsible for solar-powered hot water systems, cooperates with the call center operations of Techno Yazaki Co., Ltd., a subsidiary that conducts maintenance services. This enables us to respond promptly to inquiries from customers outside of normal business hours (weekday evenings, weekends and national holidays). Useful opinions from our customers are shared among related divisions and sales agencies to help us improve our products.

●Electric Wire Division

We have provided seminars since 2002 for our partnering distributors^{*1} to provide basic information on electric wires and cables, as well as explaining the features of new products. This is part of our efforts to provide distributors with opportunities to experience our products so that they can in turn introduce them to installation engineers. In fiscal 2011, we held the seminars in October 2011 and March 2012, with a total of 77 persons participating.

We also conduct a customer satisfaction survey every two years to provide partnering distributors with an opportunity to share their opinions.

TOPICS

Promoting QC circle and suggestion activities with all employees

Aiming to respond to the changing business environment and develop products that satisfy customers, all employees work on QC circle activities and submit proposals.

Under the proposal submission system, which was launched in 1956, we set specific figurative targets, for example in terms of the participation rate or quality improvement, every year. In fiscal 2010, about 690,000 improvement proposals were submitted (according to data announced by the Japan HR Association).

We started QC circle activities in Japan in 1975 and are presently conducting them at overseas sites as well. Activity results from all sites, both in Japan and overseas, are reported at our annual presentation meeting. At the Tokai Region Shizuoka Prefecture QC Circle Meet, we received the Regional Director's Award twice in a row in January and May 2012.

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



Seeking Mutually Beneficial and Harmonious Relationships

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

Communication with our business partners

The Yazaki Supplier General Meeting

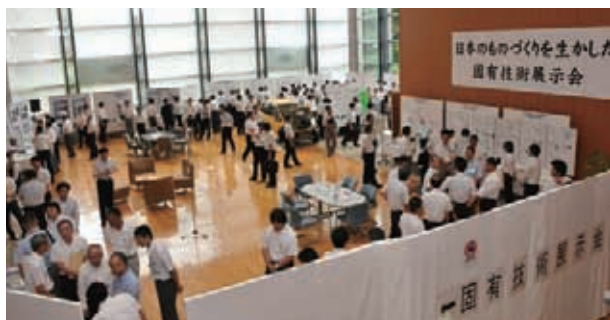
Yazaki holds its annual Supplier General Meeting for suppliers to its materials, electronics/meters and wire harnesses divisions to promote relationship-building and the development of mutually profitable partnerships. It also requests cooperation in formulating and achieving common mid-and long-term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

The General Meeting held in July 2011, which was attended by representatives of 96 of our suppliers, expressed appreciation for suppliers' help in restoring and adjusting production following the Great East Japan Earthquake. After Mr. Yazaki, the President of Yazaki Corporation explained Yazaki's Future Vision, the General Manager of the Purchasing Operations reported Yazaki's global activities for the fiscal year under the theme "Enhancing Basis for Global Procurement." Furthermore, with regard to compliance, the General Meeting requested participating suppliers to cooperate in enhancing the procurement basis as Yazaki strengthens partnerships towards achieving stable supply.

In conjunction with the meeting, Yazaki hosted a technology exhibition, titled "Unique Technologies Using Japanese Way of Manufacturing," with the cooperation of 31 suppliers. The exhibition provided participants with an opportunity to actively exchange views.



Address by President Yazaki



Technology exhibition

Developing a system with suppliers

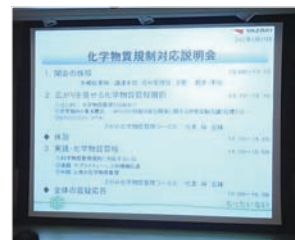
Briefing on responses to chemical substances regulations

Operating its business around the globe, the Yazaki Group is developing a system, through concerted efforts with its suppliers, to ensure compliance with laws and regulations on chemical substances in Japan and in other countries, including international treaties, the ELV Directive, and the REACH Regulation.

As part of these efforts, the Yazaki Group provides support to its suppliers. This includes regular workshops that help them better understand the importance of chemical substance management and specific actions to take.

In June 2012, we held a briefing session on responses to chemical substance regulations, with the cooperation of Sagami Chemical Regulatory Works. Having a good track record of providing services that help respond to regulations on chemicals management and giving lectures for businesses, the company explained, in detail, general trends in chemical substance regulations, as well as laws and regulations in China and Taiwan that are expected to be further improved in the future.

In response to the questionnaire survey after the session, participating representatives from 50 suppliers gave us their feedback. Comments included: "I recognized the importance of carrying out corporate activities while ensuring compliance;" "I hope you will give us similar opportunities to learn about new subjects;" "Please tell us more specific measures we should take;" and "I appreciate it if you could establish a contact point for inquiries."



Briefing session



Creating a Healthy Workplace

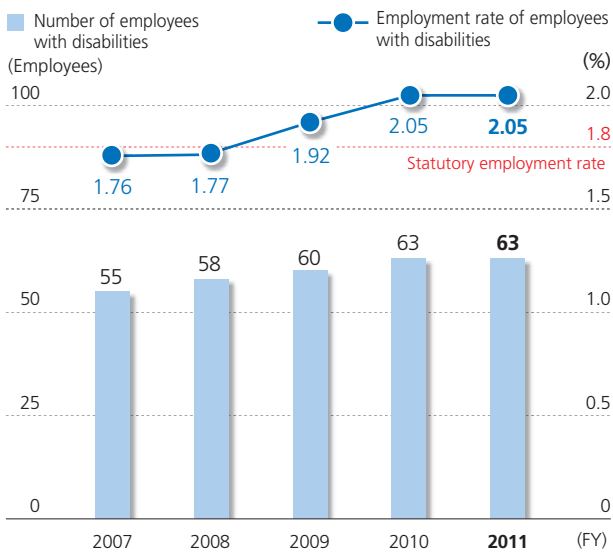
We are improving systems and mechanisms to allow every employee to fully demonstrate their abilities.

Recruitment and development

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.

Number and rate of employment of employees with disabilities



TOPICS

Yamaguchi Factory of Setouchi Parts, Co., Ltd. awarded Fiscal 2011 Excellent Business Establishment in Employment of the Disabled by Yamaguchi Prefecture

In recognition of the activities it has proactively carried out for the employment of persons with disabilities since its foundation, the Yamaguchi Factory of Setouchi Parts, Co., Ltd. received an Excellent Business Establishment in Employment of the Disabled award, from the governor of Yamaguchi Prefecture in November 2011. Setouchi Parts has not only made its buildings barrier-free and disabled-friendly, but has also put in place a system to appoint at least one counselor per site to guide disabled employees in their daily life. It also contributes to employment of disabled persons in the local community by selecting companies that employ persons with disabilities as suppliers and partners.

Developing a world-class workforce

●Yazaki Leadership Development Seminar

In fiscal 2011, Yazaki launched the Yazaki Leadership Development Seminar for young managers or manager

candidates recommended by their immediate superiors as persons expected to work on the global stage, with the goal of helping participants develop leadership skills and learn how to respond to diverse circumstances. During a five-day seminar, participants acquire basic knowledge on management, and develop leadership skills via work on a cross-cultural project designed to encourage a flexible approach and acceptance of differences. In the first seminar in fiscal 2011, a total of 19 persons from business sites around the world (two from Americas, two from Europe, eight from Asia & Oceania and seven from Japan) participated.



Group photo of participants

●Yazaki corporate culture training

Yazaki provides a human resource development program where local employees from overseas group companies are invited to Japan to acquire a better understanding of the corporate culture via learning about Japanese culture and language. Over the one-year period of the course, trainees have the chance to communicate with numerous Japanese employees. When they return home, they serve as a liaison between Japan and their own companies. A total of 193 employees have successfully completed the program to date. Five employees participated in the program in fiscal 2011.



A participant experiencing Japanese culture

●Promoting communication between employees and the president and chairperson

Yazaki provides opportunities to promote mutual understanding between employees and the Group's president and chairperson. The two main opportunities are the "management dialogue," during which department managers meet with the president to discuss their ideas on managing their teams and workplaces, and the "employee dialogue," during which all employees in their fifth year at the company discuss the Group's principles and goals with the chairperson.

In fiscal 2011, three management dialogue sessions were held with a total of 18 participants, and 14 employee dialogue sessions were held in which 185 employees participated.



Creating a Healthy Workplace

Creating a safe and employee-friendly workplace

Promotion of work-life balance

Yazaki organized the Work-Life Balance Conference to discuss work-life balance, which is beneficial to both employees and the company. Members vary in gender, age and background and work together to survey situations of Yazaki and other companies, discuss related issues, and propose improvement measures. The proceedings are shared company-wide via the company intranet. Currently, workers and management are examining specific measures with which they should proceed.

Voice

I could spend precious time with my family.

I had known for some time that even male employees can take childcare leave, but I used to think it has nothing to do with me. As I came to understand the hardships my wife suffered during her pregnancy and after giving birth, however, I wanted to help her and decided to take childcare leave. Naturally, I had concerns about leaving my workplace for three months, but I was able to take the leave not only because I could gain the understanding of my superior but also because I maintained good communications with my team members and the division of duties was clear. During the leave, I realized how hard child-rearing is, and realized this was a very precious time.

Narutoshi Sumi
Manufacturing Department
Fuji Factory



Enhancing trust between workers and 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.

Since fiscal 2011, the union has worked on the review of compensation for industrial accidents not stipulated in laws, which includes a review of standards by referring to benchmarks of other companies in the industry, with the goal of creating a safe and employee-friendly workplace.

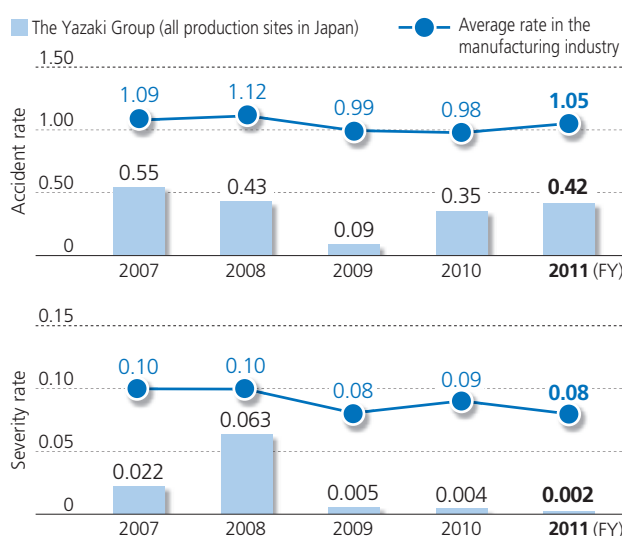
As for the issue of raising the age of children regarding employees' eligibility for reduced working hours, workers and management agreed to continue discussion as it requires examination of various other systems.

Yazaki Group's safety, health and disaster prevention activity

To ensure workplace safety and health, the Yazaki Group's management and employees work together to conduct safety, health and disaster prevention activities, with particular focus on preventing serious industrial accidents and developing a system to minimize the impacts of natural disasters.

In fiscal 2011, based on the lessons learned from the Great East Japan Earthquake, Yazaki made its action policy to re-develop Yazaki Group's safety, health and fire/disaster prevention systems and formulated group-wide unified guidelines. Furthermore, we reviewed the earthquake response manuals of each business site and ensured that the systems in place would be beneficial and workable in case of disaster. Additionally, Yazaki is promoting various activities, including workplace safety and health audits, legal and regulatory compliance checks and measures to promote mental health.

Industrial accident rate^{*1}/Accident severity rate^{*2}



Note: The industrial accident rate and accident severity rate used in the past were from data obtained for the reporting period of the Social & Environmental Report (July through June). All data, including those for the past years, used in the report for 2012 and onward are taken from data reported to the government (data of April through March).

^{*1} **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

^{*2} **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



Together with People in Local Communities

We are working together with people in local communities for the revitalization of the communities.

Activities to contribute to local communities

Supporting the Iwate Mobile Library

Y-CITY (world headquarters) houses a library, which has about 15,000 books, on its first floor for employees and their families. To promote this initiative, the library operation office organizes various events, including concerts and lectures.

In September 2011 and April 2012, the library hosted a charity concert featuring a jazz vocalist, and raised 58,260 yen. The library donated the money to the Iwate Mobile Library through the Shanti Volunteer Association.



Charity concert featuring jazz vocalist Ikuko Nakayama

Yazaki Group became an official partner of the National Museum of Emerging Science and Innovation

The National Museum of Emerging Science and Innovation (Miraikan) is a place where many of our overseas employees' children have visited in the course of the Yazaki Summer Camp in Japan. Hoping to contribute to the development of science and technology of Japan, which leads the world in technology, and to provide support as a manufacturer for children interested in science, the Yazaki Group became an official partner of the museum in December 2011.



Miraikan

TOPICS

Inviting children from Fukushima to Summer School: "The Forest Is Longing for the Sea, the Sea Is Longing for the Forest"

The Yazaki Group considered how it should use donations in the Yazaki way to support people affected by the Great East Japan Earthquake of March 2011.

As part of this initiative, the Yazaki Group planned a summer school, titled "The Forest Is Longing for the Sea, the Sea Is Longing for the Forest," and invited children who were forced to take shelter in Tamura City in Fukushima Prefecture, where Fukushima Parts Co., Ltd. is located, following the Fukushima nuclear accident to Yusuhara-cho^{*1}, Kochi Prefecture, where the Yazaki Forest is located. Organized by Fukushima Parts, supported by Tamura City Education Board and sponsored by Yazaki Corporation, the summer school took place in August 2011.

By making the most of the expertise acquired through the annual Yazaki Summer Camp for employees' children, the summer school, which lasted five days and four nights, provided 34 children in the fifth and sixth grades from Tamura City with a variety of experiences, including playing in the river, making paper, visiting a wind power station, walking in Yazaki Forest, and doing the *Yosakoi* dance.

People in the local community provided help in operating the summer school and offered heartwarming hospitality. For

example, volunteer high school students assisted in response to a call for volunteers by the Yusuhara town office. A local women's club provided meals. Many residents cheered the children when they paraded along the street dancing *Yosakoi*. A local volunteer organization also presented them with gifts.

Participating children gave us great feedback. Comments included: "Playing in the river was fun because we are not allowed to swim in Fukushima," "I was happy to touch plants and flowers after so long," and "I'm happy that I now have friends in Kochi."

^{*1} For the Yazaki Forest and Yazaki's initiative in Yusuhara-cho, Kochi Prefecture, see page 25.



Children playing in the river



Papermaking

Drawing on the spirit of service to survive times of confusion

This is the second summer since the Great East Japan Earthquake. On the world stage, the economic crisis in the euro zone, which appeared to be headed to an end, is showing signs of a relapse. On the other hand, the flashpoints ignited by the series of pro-democracy movements in North Africa and the Middle East starting in late 2010 and continuing on into 2011 are showing no signs of abating.

What should we think and how should we act in the face of rising challenges?

Chairman Yasuhiko Yazaki shares his thoughts about the future, and the Yazaki Group's long treasured ideal of being in step with the community and the world.



Q Specifically, how are we to understand what you referred to as the “changing notions of common sense” in last year’s *Social & Environmental Report*?

In today’s world of instantly available information and greatly increased public awareness, we have witnessed time and again how even the long standing institutions and well-ordered systems of huge nations can collapse in an instant. Naturally, this can happen in companies as well. It would not be an exaggeration to say that we have entered an era in which common sense and conventional business sense no longer apply.

On the other hand, no matter how much the

times change, human nature remains the same. When candy was distributed in the affected areas after the Great East Japan Earthquake, the foreign media was amazed and moved to see the children share what they were given with others. No matter how harsh or extreme the conditions, the desire to do something for others, which I consider to be innate, will never change, no matter how swiftly the times do.

Q What can we do to further cultivate this human nature?

It may sound paradoxical, but “weakness” is a key factor. Those who feel pain and know their own weaknesses can feel the pain of others as their own,

and this in my mind makes them capable of self-sacrifice. Of course, many people and much valuable information gravitate naturally to these kinds of persons. In the years to come we will need such people, and it was with that in mind that the “Yazaki Spirit” has been handed down in Yazaki Group from the days of our founder.

Q What is meant by the “Yazaki Spirit?”

Drawn from the ideas and words of the founding president, Sadami Yazaki, our seniors were taught that the “Yazaki Spirit” embodied three elements: “Fortitude, Service and Vision.”

In the coming era, of these three “Service” will be the most important. Rather than pursuing efficiency and profits as was done in the past, for the sake of society and for the sake of the world, it is imperative for us to draw our inspiration from the spirit of service.

That said, I think that a company and a workplace in which each employee seeks to help the other, and takes reforms into his or her own hands with a sense of ownership, creates the new sense of value we will need to accommodate the changing times.

Q What is Yazaki Group aiming for in 2012?

We need to create an organization that can more closely and more quickly meet the needs of our customers. For that reason, the group’s automotive related entities belonging to Yazaki Corporation, Yazaki Meter Co., Ltd. and Yazaki Parts Co., Ltd. were reorganized, and its living environment related entities were reorganized and merged to form “Yazaki Energy System Corporation.”

The Yazaki Group’s automotive, electric wire, gas, environmental systems and instrumentation business sectors



differ broadly both in terms of products and market scale; however, they all share the urgent need to respond to change. In none of these businesses do the approaches and thinking of the past still apply, which is why we are endeavoring to create an organization grounded in reality, and capable of making finely-tuned responses.

Q Do you have a message for our stakeholders?

Yazaki Group seeks to be a company in step with the world and a company needed by society, and contribute to the creation of a society that inspires dreams.

We issue this *Social & Environmental Report* to inform our stakeholders of the social and environmental conservation activities of the Yazaki Group over the past year. We regard this report as an important communication tool for acquiring your valuable feedback, and sincerely look forward to receiving your candid opinions and comments.

Yasuhiko Yazaki
Chairperson, Yazaki Corporation

Global Environmental Initiatives

The Yazaki Group established the Yazaki Global Environment Charter in 1997 to clearly show its commitment and actions to protect the environment and enrich society undertaken in line with the Environmental Policy and the Action Guidelines. All employees take actions to realize the sustainable development of our society.



Biotope in Y-CITY

Yazaki Group 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 of 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 Guideline

- 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

Organization of the Action Guidelines



Yazaki Environmental Plan

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

Evaluation of action items in fiscal 2011 and targets for fiscal 2012

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

	Action item	Objective	Due	Achievements in fiscal 2011	Evaluation	Target for fiscal 2012
Management of Chemicals	Response to European REACH Regulation	Establish rules and procedures	2011	Checked the current status of and studied responses to chemicals management for processing materials and packaging materials at production sites in Japan	△	Carry out activities according to the items in the Chemicals Management for Processing Materials/Packaging Materials (see below this table)
		Develop a system to grasp the volume of (chemical-containing) materials/parts purchased	2014	Studied system specifications using the existing database	○	—
	Response to European ELV Directive	Respond to the fifth revision of Annex II (identify target parts and study the alternative)	2014	Completed the survey on the numbers assigned to target parts and availability of alternatives	○	<ul style="list-style-type: none"> ●(In Japan) Develop a mechanism to eliminate target parts in newly developed products in fiscal 2012 and onward ●(Outside of Japan) Identify the numbers assigned to target parts and decide on a response policy
	Reduction of VOC	Achieve voluntary target Per-unit reduction of 5% from fiscal 2010 by fiscal 2015	2015	Achieved per-unit reduction of 1.8% overall	○	<ul style="list-style-type: none"> ●Per-unit: 2% reduction from fiscal 2010 ●Total volume: Keep the level of emissions (30% reduction from fiscal 2000 at specified factories)
	Response to Regulations in China	<ul style="list-style-type: none"> ●Response to China ELV^{*1} ●Response to China's New Chemical Substance Management Law^{*2} 	2012	<ul style="list-style-type: none"> ●China ELV: Completed a legal trend survey and switch-over of products containing brominated flame retardant (products designed in Japan) ●China's New Chemical Substance Management Law: Established rules at development, production, and procurement divisions 	○	<ul style="list-style-type: none"> ●China ELV: Confirm compliance mechanisms at overseas sites and check their operation ●China's New Chemical Substance Management Law: Establish response rules in China and start implementation
Prevention of Global Warming	Reduction of CO ₂	(In Japan) Emissions: 15% reduction from the base year level (average over the five years from 2008 to 2012)	2012	All companies in Japan: Reduced by 42%	○	Continue the initiative under the item Global CO ₂ Reduction Activity
	Response to Energy Conservation Law	Companies subject to Energy Conservation Law: 1% reduction in five years (per-unit energy consumption)	2013	Target companies achieved 100% implementation of the reduction plan	○	Achieve the energy consumption reduction target (more than 1%) at specified business operators (companies subject to Energy Conservation Law)
	Global CO ₂ Reduction Activity	Decide Yazaki's target, exceeding governments' targets, by 2020 and achieve the target for this year	2020	Decided voluntary reduction target toward 2020	○	<ul style="list-style-type: none"> ●Validate the feasibility of the tentative reduction targets ●Investigate entirely new reduction initiatives and promote the visualization of the related costs
Waste Management	Zero Landfill Waste	Maintain zero landfill waste at all sites in Japan	—	<ul style="list-style-type: none"> ●Maintained zero landfill waste at all sites in Japan ●Issued rules on the management of landfill waste 	○	<ul style="list-style-type: none"> ●Maintain zero landfill waste at all sites in Japan (Improve the mechanism as needed)
Design for Environment	Design for Environment	Products are designed to reduce the impact on the environment according to priorities (e.g. products with a greater environmental impact)	2013	Prepared a proposal for a mechanism to reduce environmental impacts at the development/design stages	○	<ul style="list-style-type: none"> ●Develop a mechanism to provide feedback from the production division to the development division.
		Introduce "Product Environmental Indicator"	2011	Established product environmental indicator guidelines and start implementation (maintained this activity as part of routine tasks)	○	—
Environmental Management	Environmental Communication	Stakeholder meetings are held at each factory. Feedback from the meeting is reflected by each factory.	—	<ul style="list-style-type: none"> ●Site reports were published at all production sites in Japan. ●Stakeholder meetings were conducted according to the plan at all production sites in Japan. 	○	<ul style="list-style-type: none"> ●Issue site reports and hold stakeholder meetings ●Issue guidelines
	Environmental Education	<ul style="list-style-type: none"> ●Environmental training is conducted based on the plan. ●The understanding of all participants exceeds 70%. ●The understanding of legal directors/representatives is 100%. 	—	<ul style="list-style-type: none"> ●Conducted training based on the plan ●Achieved 100% understanding by conducting tests and follow-up activities 	○	<ul style="list-style-type: none"> ●Conduct technical training at each site/division
	Environmental Compliance	A system to grasp environmental laws applicable to each site and ensure legal compliance has been established, and periodical compliance audits are conducted.	2012	<ul style="list-style-type: none"> ●Production sites: Checked the mechanism and standardized methods for legal management and inspection criteria ●Non-production sites: Publicized the guidelines, identified administrators/representatives at all sites, and checked understanding of related laws and regulations ●Overseas sites: Grasped the current situation by using a prepared check sheet 	○	<ul style="list-style-type: none"> ●Non-production sites in Japan: Develop a mechanism for auditing. ●Asia & Oceania: Standardize the compliance mechanisms ●Europe/Americas: Grasp the current situation and improve the mechanism

Activities to be initiated in fiscal 2012 and their targets

- Chemicals Management for Processing Materials/Packaging Materials: Develop a mechanism to manage processing materials and packaging materials on a global scale.
- Environmental Compliance: Establish a mechanism for compliance with legal requirements in Japan and other countries and customer requirements regarding chemicals contained in products

*1 China ELV: Requirements for substances banned for automobiles in China

*2 China's New Chemical Substance Management Law: Provisions on Environmental Administration of New Chemical Substances



Environmental Management

The Yazaki Group has established an environmental management structure that encompasses the R&D, production, sales and administrative divisions in order to continuously improve environmental performance on a groupwide basis.

Environmental management system

Cross-organizational environmental management structure

Yazaki makes continuous efforts to improve its environmental performance with four committees established for products, factories, sales and administration (Y-CITY) under the Yazaki Environmental Committee, which is chaired by the President (see the chart below). The Environmental Information Committee functions in an information liaison role for these committees, sharing information with cross-organizational management.

Management system based on ISO 14001

The Yazaki Group maintains and improves its management system based on ISO 14001, an effective tool for promoting environmental management.

Each site conducts an annual internal audit to drive continuous improvement activities. The fiscal 2011 internal audit at Y-CITY in Susono City, Shizuoka Prefecture, which functions as the headquarters, found one deficiency and 25 matters that require observation. As for the identified deficiency, the environmental representative was provided further training for improvement. Best practices that can be spread to other divisions were posted on the intranet to be shared and used for improving the environmental management across the group.

Ensuring environmental compliance

To ensure environmental compliance, the Yazaki Group is now working on developing a mechanism to effectively grasp applicable laws and regulations and ensure compliance at all sites in Japan and group companies overseas.

We have conducted audits at production sites to check compliance with environmental laws and regulations. Noticing that auditing methods varied greatly according to sites or the person in charge, we moved to standardize auditing procedures, preparing a unified groupwide check sheet. For the administrative and sales divisions, we clarified administrators and persons in charge, and set forth rules for the management of related laws and regulations.

In fiscal 2011, audits led by the environmental division were conducted at four production sites, 19 manufacturing subsidiaries, and two sales offices, and the results were reported and shared with each committee.



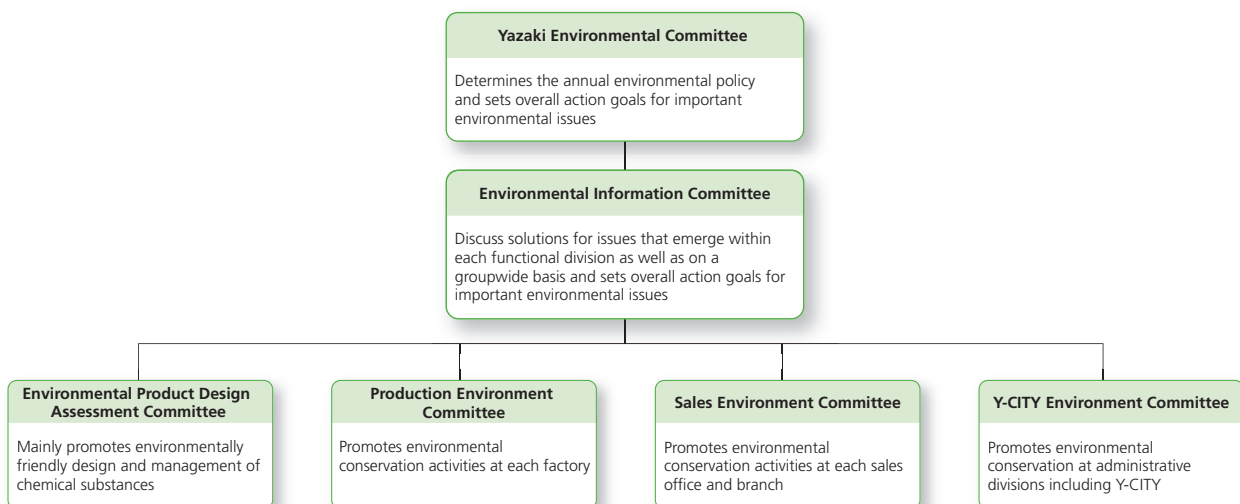
Audit

Environmental accounting

Yazaki quantitatively identifies environmental conservation costs, as well as effects, in the course of its business activities, in accordance with the Environmental Accounting Guidelines (2005) issued by the Ministry of the Environment in Japan.

Environmental conservation costs in fiscal 2011

Environmental Management Structure in Japan



Note: The Yazaki Environmental Committee meets annually while other committees meet quarterly.

came to 4.83 billion yen, up 28% from the previous fiscal year, due to an increase in R&D costs for environmentally friendly products. The economic effects of environmental conservation measures amounted to 0.47 billion yen, down 12% year on year. While profit on sale of waste decreased, reduction in environmental impacts with the introduction of new facilities and energy-saving activities yielded good results.

Environmental protection cost in FY 2011 (million yen)

Category	Key initiatives	FY 2011		FY 2010	
		Investment	Cost	Investment	Cost
Cost within Business Sites		90.0	320.7	30.2	392.5
Prevention of Pollution	Prevention of air pollution, water pollution, soil contamination, etc.	27.7	67.2	11.6	100.8
Protection of Global Environment	Energy-saving measures, etc.	58.9	24.3	15.8	57.8
Resource Circulation	Treatment, disposal and recycling of waste	3.4	229.2	2.8	233.9
Upstream and Downstream	IMDS survey, collection of empty drums, etc.	3.6	293.6	0.0	290.9
Management	EMS operation, environmental education, etc.	1.0	508.3	1.9	639.7
Research and Development	Research on environmentally friendly products	153.6	3,702.9	159.9	2,510.7
Social Activity	Environmental conservation outside of sites	0.0	1.9	0.0	1.4
Damage to the Environment	Soil decontamination, etc.	0.0	0.0	0.0	0.0
Other Costs	Costs for initiatives that do not fall under the above	0.0	3.0	0.0	1.7
Total		248.2	4,830.4	192.0	3,836.9

Note: Data for fiscal 2010 has been corrected following a review.

Economic effects due to environmental conservation in FY 2011 (million yen)

	Effects	Actual results	Pervasive cost	Total
Reduction of energy cost	Economic effects of energy conservation	24.3	1.0	25.3
Sales of recyclable materials	Promotion of waste sorting to identify sellable and recyclable materials	442.1	0.0	442.1
Other	Reduction of work hours by outsourcing, installation of anti-vibration devices to press machines, etc.	0.2	6.3	6.5
Total		466.6	7.3	473.9

Environmental education

Raising employees' environmental conservation awareness

The Yazaki Group uses unique environmental texts and its corporate intranet to provide employees with "company-wide education training" and "specialized environmental training" based on its education systems.

Company-wide education training aims to raise awareness of environmental conservation and improve the

ability of management in this area, and is tailored to the various groups of employees. A total of 599 employees underwent training in fiscal 2011. As for employees who have difficulties participating in group training due to childcare leave or other reasons, we developed self-study tools for them to utilize at home.

Specialized environmental training includes training for ISO 14001 internal auditors and training on environmental laws and regulations. A total of 613 employees underwent this training initiative. Additionally, we disclosed purposes, targets, contents, lecturers and other information regarding the training programs on the intranet, putting in place a system that allows employees to take the necessary training when required.

Number of employees who took environmental training

Category	Target	Times offered	Participants
Company-wide education training	New employees	1	73
	Fifth-grade employees	13	334
	New leaders	3	133
	Employees assigned to work at overseas sites	7	59
Specialized environmental training	Energy-saving representatives	1	23
	Chemical substances representatives	4	182
	Environmental laws administrators and representatives	3	282
	Training ISO 14001 internal auditors	7	126
Total		39	1,212

TOPICS

Training on environmental laws and regulations in countries/regions

Regulations aimed at reducing the environmental impacts associated with manufacturing, the use of chemical substances and disposal of products containing the substances vary between country/region, making this a complicated area. In light of this, Yazaki provides periodical group training sessions for the development and production divisions, primarily covering regulations that have impacts on the Yazaki Group.

In fiscal 2011, we provided the training to 182 employees working for the production division. We ensure compliance by clarifying what each division and department should do and reassuring that every employee has a good compliance understanding.



Group training



Environmental Management

Conservation of biodiversity

Contributing to the protection of ecosystems through reforestation

The Yazaki Group carries out activities to conserve the environment and maintain ecosystems in local communities in collaboration with stakeholders.

Since fiscal 2005, we have worked on a woody biomass community circulation model project in Yusuhara-cho, Kochi Prefecture in partnership with the town of Yusuhara-cho and a local forestry cooperative to increase the use of wood pellets as well as to conserve forests and reduce CO₂ emissions through local production for local consumption. At the seventh Volunteer Forest Development event held at Yazaki Forest on April 29, 2012, Yazaki employees thinned out the forest together with about 220 local residents. Yazaki Forest provides precious habitats for about 300 plant species. In addition to that, Yazaki launched a new initiative, the Forest Roundtable, after the thinning work in fiscal 2011. A total of 81 participants, including representatives from the town of Yusuhara-cho and the wood industry, re-confirmed their intention to address local issues through reforestation and develop a social system in which the local government, citizens and businesses cooperate.

Yazaki Forest also serves as a venue for Forest Kindergarten, which local governments and NPOs organize for kindergarten children. This experience provides children an opportunity to interact with various living creatures.



Thinning



Forest Roundtable

Promoting environmental recycling

Reducing environmental impact and contributing to local communities

Yazaki is proactively working on the environmental business of recycling empty bottles, wastepaper, and food waste.

Yazaki's bottle recycling business manufactures porous lightweight material, Supersol R, from waste glass bottles, which have been traditionally land-filled, and sells the product. Compared to petroleum-derived materials, Supersol R can help reduce CO₂ emissions by about 50%. With its deterioration resistance and superior water permeability and retention, it is used as a foundation for greening or for lightweight embankment. For example, it is used under the pavement of the squares and roads at Tokyo Skytree Town®.

Yazaki is also engaged in a paper recycling business that manufactures and sells paper foam cushioning material—we powder wastage and wastepaper generated during printing processes and foam them using a water steam with our proprietary technology—and also a food recycling business that manufactures and sells organic fertilizers using bean curd refuse and vegetable waste from local food processing factories.

Production processes of Supersol R





Management of Chemicals

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

Management and reduction of chemical substances contained in products

Responding to laws and regulations related to chemical substances

Countries and regions where the Yazaki Group's sites are located have enacted and revised a series of laws and regulations on chemical substances contained in products. In fiscal 2011, with the aim of understanding legal trends and ensuring compliance, Yazaki established procedures for gathering legal information and accordingly collected information in each region.

In Japan, we reviewed and revised the procedures taken by related departments in the development, production and procurement divisions, to ensure compliance with China's New Chemical Substance Management Law. Meanwhile, with the revision to the European ELV Directive ANNEX II in March 2011, we will no longer be permitted to use low-pressure ceramic condensers that contain a certain amount of lead and galvanized steel for car models certified on and after January 1, 2016. In order to complete the switchover by the deadline, Yazaki has built a mechanism that ensures prohibited parts will not be used in products newly developed in Japan.

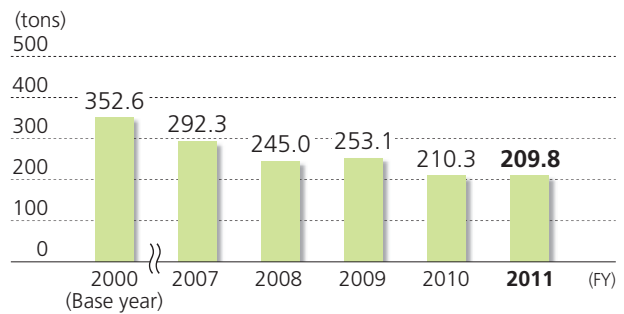
Management of chemicals at production sites

Reducing VOC emissions

The Yazaki Group is committed to reducing emissions of suspended particle matter, which can cause air pollution, and VOCs, which can cause the generation of photochemical oxidants, and has set a per-unit reduction target of 5% of the fiscal 2010 level by fiscal 2015.

In fiscal 2011, Yazaki achieved the target with a 1.8% reduction, surpassing the 1% reduction from 2010.

VOC emissions (domestic sites)



Note: Data for fiscal 2010 has been corrected following a review.

TOPICS

Development of a quantitative analysis method to identify bromine and chlorine in resin using combustion gas absorption and ICP-OES*1

GC/MS*2 is a method used for precision analysis of specific brominated flame retardants (PBDEs*3 and PBBs*4), which the European RoHS Directive regulates in terms of the use in products. As the method involves a series of complicated procedures and processes and requires special skills, achieving a lower cost or shorter lead time with it has previously been difficult. The Yazaki Group has succeeded in developing a simplified analysis method using screening technology focusing on the elements of chemical substances.

Generally, measurements with ion chromatography are used for quantitative analysis of substances containing halogen (e.g. bromine and chlorine) in resin, but introduction of new facilities involves costs. Therefore, we considered measurements with ICP-OES, which is already used widely. However, conventional sample pretreatment methods involved

recovery loss due to volatilization of the halogen component, which makes it difficult to obtain accurate data. To solve this problem, we combined pretreatment using combustion gas absorption and measurement with ICP-OES to establish a highly reliable analysis method that is as accurate as the official method.



Combustion gas absorber



ICP-OES

*1 ICP-OES: inductively coupled plasma optical emission spectrometer
*2 GC/MS: gas chromatograph mass spectrometry

*3 PBDEs: polybrominated diphenyl ethers
*4 PBBs: polybrominated biphenyls



Prevention of Global Warming

Yazaki is making various efforts during production processes and transportation to achieve CO₂ emissions reduction targets.

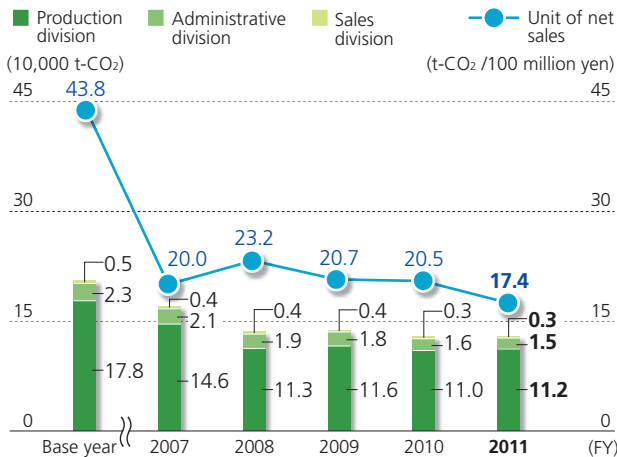
CO₂ emissions reduction (in Japan)

Reduction achieved in fiscal 2011

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

In fiscal 2011, we achieved the target as we cut our CO₂ emissions down to 130,000 t-CO₂, down 37% from the base year, through various measures, including the introduction of LED and other high efficiency lighting, elimination and consolidation of facilities for production processes, and a review of operation hours. CO₂ emissions per unit of net sales came to 17.4 t-CO₂/100 million yen.

Changes in CO₂ emissions (Japan)



Note: Emissions of the production and sales divisions include estimates.

Fostering green transportation

Yazaki has carried out activities to reduce the environmental impacts of transportation with the cooperation of its logistics subsidiaries and partner carriers. In particular, Yazaki Parts and Yazaki Electric Wire (currently Yazaki Energy System), 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 improving efficiency in logistics. In fiscal 2011, Yazaki Parts and Yazaki Electric Wire reduced their per-unit energy consumption by 8.1% and 1.9%, respectively, from the previous fiscal year by improving loading efficiency and increasing the use of trailers in transportation.

TOPICS

Energy-saving practices

1. Automatically turning off lights at Shimada Factory

Shimada Factory used to keep its lights on for processes in operation, but decided to install calendar timers in the switch boards to control the hours of lighting. With the installation, lights were automatically turned off during the daytime. The timers were also linked with illuminometers so that lights would be turned off when sufficient daylight was available even during hours when programmed to come on. These moves succeeded in reducing energy consumption and CO₂ emissions by 6,350 kWh/year and 2.22 t-CO₂, respectively.



Calendar timer



Illuminometers

2. Planting a green curtain at Makinohara Factory (Washizu Branch Factory)

On May 24, 2012 at the Washizu Branch Factory of Makinohara Factory, 23 energy-saving ambassadors representing each section planted bitter gourd to create a green curtain. The activity started the previous fiscal year, but this year they planted the seedlings one month earlier so as to achieve energy-savings earlier.

On that day, the factory manager officially appointed the energy-saving ambassadors, presenting an energy-saving badge to each of them. All the ambassadors planted the bitter gourd seedlings, with the guidance of an expert, leaving with high expectations for further green curtain energy-savings.



Factory manager presenting energy-saving badge



Planting the seedlings



Recycling of Resources

Promoting zero landfill and recycling used products, Yazaki is aiming to help create a recycling-based society.

Reducing landfill waste

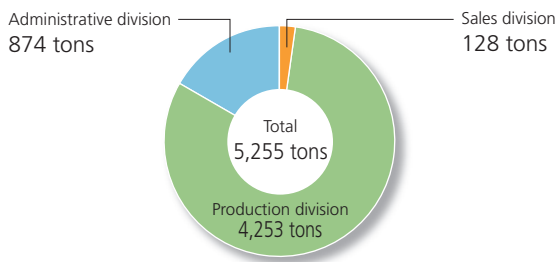
Promoting zero landfill waste

Yazaki is promoting waste reduction activities through its 5R*1 initiatives, with the goal of zero landfill waste*2.

In fiscal 2011, all production, sales and administrative divisions of the Yazaki Group in Japan achieved the target of zero landfill waste. Production sites have now achieved the target for six consecutive years since fiscal 2006. The sales and administrative divisions have achieved the target consecutively since fiscal 2010. A manufacturing subsidiary that generated landfill waste in the previous fiscal year analyzed the causes and took countermeasures, generating no landfill waste in fiscal 2011.

Landfill waste generated in fiscal 2011 totaled 5,255 tons, a 45.2% reduction from the base year level, due to thorough sorting of valuables.

Breakdown of waste volume by division



Changes in landfill waste generated



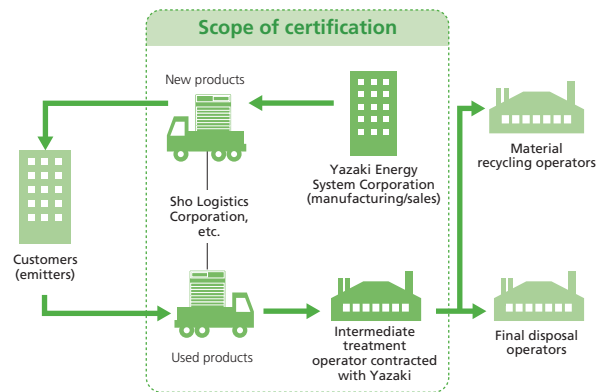
Recycling of used products

Gas Equipment Division, Environmental System Equipment Division

To improve the recycling rate of used products, the divisions collect used products using mechanisms they have developed. Aroace and other air-conditioning equipment and solar-powered hot water systems are collected within a wide-area certification system*3 developed in fiscal 2004. Used products collected to date totaled 6,289 tons.

As for gas meters, about 170,000 units have been collected under a unique system that started in fiscal 2004.

Used product disposal, treatment and reuse scheme with a wide certification system



Electric Wire Division

Iwao Industry Co., Ltd. was established in 1957 as a used electric wires recycler, and has since recycled old cables collected from partnering distributors*4 across Japan and scrap cables generated during production processes. In fiscal 2011, the company collected 7,037 tons of used electric wires and cables.

Yawara Kogyo Co., Ltd. collects used wooden electric wire drums, and repairs and repaints them for reuse as electric wire drums, while outsourcing chipping of end-of-life drums. In fiscal 2011, the company collected 58,791 empty drums.

*1 5Rs: 3Rs of reduce, reuse, recycle plus 2Rs of repair and refuse (to buy non-recyclables)

*2 Zero landfill waste: The condition in which the total amount of industrial waste (not including general waste) disposed to landfill is zero (as defined by Yazaki)

*3 Wide-area certification system: A special system that does not require approval by local governments when a manufacturer collects/recycles products

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



Environmentally Friendly Design

Yazaki is fostering environmentally friendly design across its development division by formulating its own eco-design criteria.

Fostering environmentally friendly design

Developing environmentally friendly products based on its own criteria

The Yazaki Group has been working across the development division to reduce environmental impacts and add more value to its products at the design stage by formulating its own criteria for environmentally friendly design.

In fiscal 2011, we adopted the Yazaki Group's own guidelines, which we formulated based on the guidelines on environmental performance indicators for products*1 set by the Japan Auto Parts Industries Association, as a new method for evaluating environmentally friendly design. The new method evaluates not only the reduction in the environmental impact of products but also improvements in the added value of products. We are determined to improve designers' development motivation with the adoption of this method, and thereby further promote the development of environmentally friendly products.

In the following, we introduce some of the environmentally friendly products that we developed or released in fiscal 2011.

Environmentally friendly products in fiscal 2011

Automotive Sector

●Eco-design for wire harnesses

Countries around the world, including Europe, regulate the use of substances of concern (SOCs). To ensure compliance with these regulations in terms of wire harnesses, the Yazaki Group has investigated and checked whether SOC's are contained in products, in a phased manner, under its quality assurance system. We are also making efforts to improve the material recycling rate according to our own criteria.



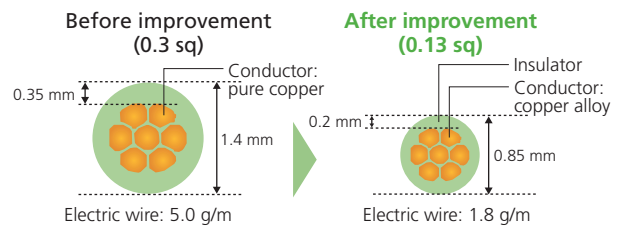
Wire harnesses

●Improving ISO-standard ultra-thin 0.13 electric wire

Committed to creating thinner and lighter wire harnesses, the Yazaki Group has worked on manufacturing wire harnesses using electric wire of 0.13 sq, which meets the ISO standard, since fiscal 2005.

The electric wire uses an ISO-standard very thin insulator of 0.2 mm, which is about 40% thinner than the conventional insulator of 0.35 mm. In addition, Yazaki improved the wire's shock resistance by developing a conductor material with an optimized balance between strength and stretch. As a result, the number of circuits in which the electric wire can be used increased 1.5-fold, compared to the wire used before improvement, which has also served to boost convenience.

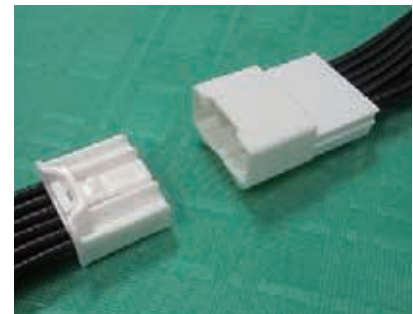
Cross section of 0.13-sq electric wire



●Smaller and thinner connectors

As vehicles have become equipped with more and more systems for improved convenience in recent years, there has been growing demand for smaller and lighter parts for such systems.

In response, Yazaki reduced the size of terminals for ECU*2 connectors from 2.3 mm to 1.5 mm and narrowed the distance between terminals (pitch), succeeding in downsizing and reducing the weight by 35%. Meanwhile, to prevent reduction in supply power due to the downsizing of terminals, we used a material that has superior electrical conductivity, and changed the shape of the connector. This resulted in a reduction in the volume of materials used.



1.5 connector

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

*2 ECU: electronic control unit. A system that controls the vehicle based on information sent from sensors.

●Smaller and lighter electronic parts used for the vehicle interior and engine room

As vehicles become equipped with new systems, the number of circuits and electronic parts used are increasing. In light of this, there is a need for smaller and lighter electronic parts used for the vehicle interior and engine room in order to save space and improve the efficiency of control systems.

For its semiconductor P/I*³, Yazaki replaced the fuse and the relay used in its relay box that controls the lamps at the front of the vehicle with a semiconductor, making the P/I smaller and lighter by about 50%. The use of a semiconductor also helps ensure system redundancy.

As for the hybrid P/I, we separately mounted a control circuit and a power circuit, which used to be mounted on one electronic substrate, on two layered substrates to reduce the required space by about 25%.

Furthermore, we reduced the weight of IPDM*⁴ by about 12% by mounting a circuit that uses a special metal parts, called a "bus bar," on an electronic substrate.



Smaller, lighter semiconductor P/I

Living Environment Equipment Sector

●LP gas leak detector for household use

We developed Arocco, a home-use LP gas leak detector that has more functions but uses only about one third of the electricity previously used while in monitoring mode. This new product is dramatically improved in terms of environmental impact; according to the environmental performance indicators for products that we introduced in fiscal 2011, it scored 5.3, well above the score of 1 that implies improvement in the environmental performance of a product.

Furthermore, the product obtained approval for Eco Mark labeling as it consumes less electricity due to a change in the power system, while becoming smaller and lighter by more than 20% due to optimized circuit design.



Arocco, home-use LP gas leak detector

●Evacuated flat solar heat collector

For a research project titled "Technological Development for Energy Generation Systems Using Roof Integrated High-Efficiency Vacuum Thermal Energy/Load Responsive Storage Etc.," which Japan's Ministry of the Environment commissioned home builders and other businesses to conduct, the Yazaki Group conducted R&D into energy generation systems using roof integrated high-efficiency vacuum thermal energy.

To improve efficiency when collecting solar thermal energy, we used an evacuated heat insulating material, which has superior heat insulation properties compared with conventional products and can resist high temperatures of 200 degrees centigrade or higher, although it is only 12 mm thick, on the back of a heat collecting board. We were the first in the world to use an evacuated heat insulating material for a heat collector, and achieved heat collecting efficiency of 54% (up 35% compared with conventional products) with our technology. Additionally, home builders adopted our heat collector as an environmentally friendly housing product in recognition of its slim design, which at 46 mm is the thinnest in the world and therefore facilitates integration into any roof.



Energy generation system using roof integrated high-efficiency vacuum thermal energy

●Developing EM-EEF with earth wire

Our EM-F Earth, which is an EM-EEF*⁵ with an earth wire, is an eco-cable*⁶ that uses ecological covering materials while retaining a structure in which an earth wire adheres to the outside of a sheath like our conventional VVF*⁷ with earth wire, F Earth. Our F Earth series simplifies wiring of earth wires and dramatically improves work efficiency. Moreover, the downsized lighter earth wire emits about 12% less CO₂, from manufacturing to disposal than the normal EM-EEF. In addition to this further reduction in environmental impact, we disclosed its lifecycle environmental impacts and accordingly obtained approval for use of the Ecoleaf Environmental Label (type III)*⁸.



EM-F Earth, EM-EEF with earth wire

*³ P/I: Power integration

*⁴ IPDM: Intelligent power distribution module

*⁵ EM-EEF: 600 V polyethylene insulated flame retardant polyethylene sheathed flat-type cable

*⁶ Eco-cable: Cable with reduced environmental impacts. As it does not use halogen or heavy metal in its covering material, it does not generate harmful halogen gas upon incineration, emits less smoke, and is less likely to contaminate soil.

*⁷ VVF: 600 V vinyl insulated vinyl sheathed flat-type cable for residential use

*⁸ Ecoleaf Environmental Label: An environmental label that indicates data on quantitative environmental impacts throughout the entire product lifecycle. Products that have been registered following verification by the Japan Environmental Management Association for Industry are permitted to use this label.



Global Environmental Management

All regions work together for globally common issues while initiating unique activities.

Environmental management system (EMS)

Promoting environmental management in five regions around the world

The Yazaki Group manufactures and sells a range of automotive parts and other products in 41 countries including Japan. In line with our Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society," we are fulfilling our corporate responsibilities by ensuring we meet the expectations and requests of stakeholders all over the world.

The Yazaki Group has divided its global operations into the following geographic regions and is fostering the acquisition of ISO 14001 certifications in each: the Americas, Europe, China, 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

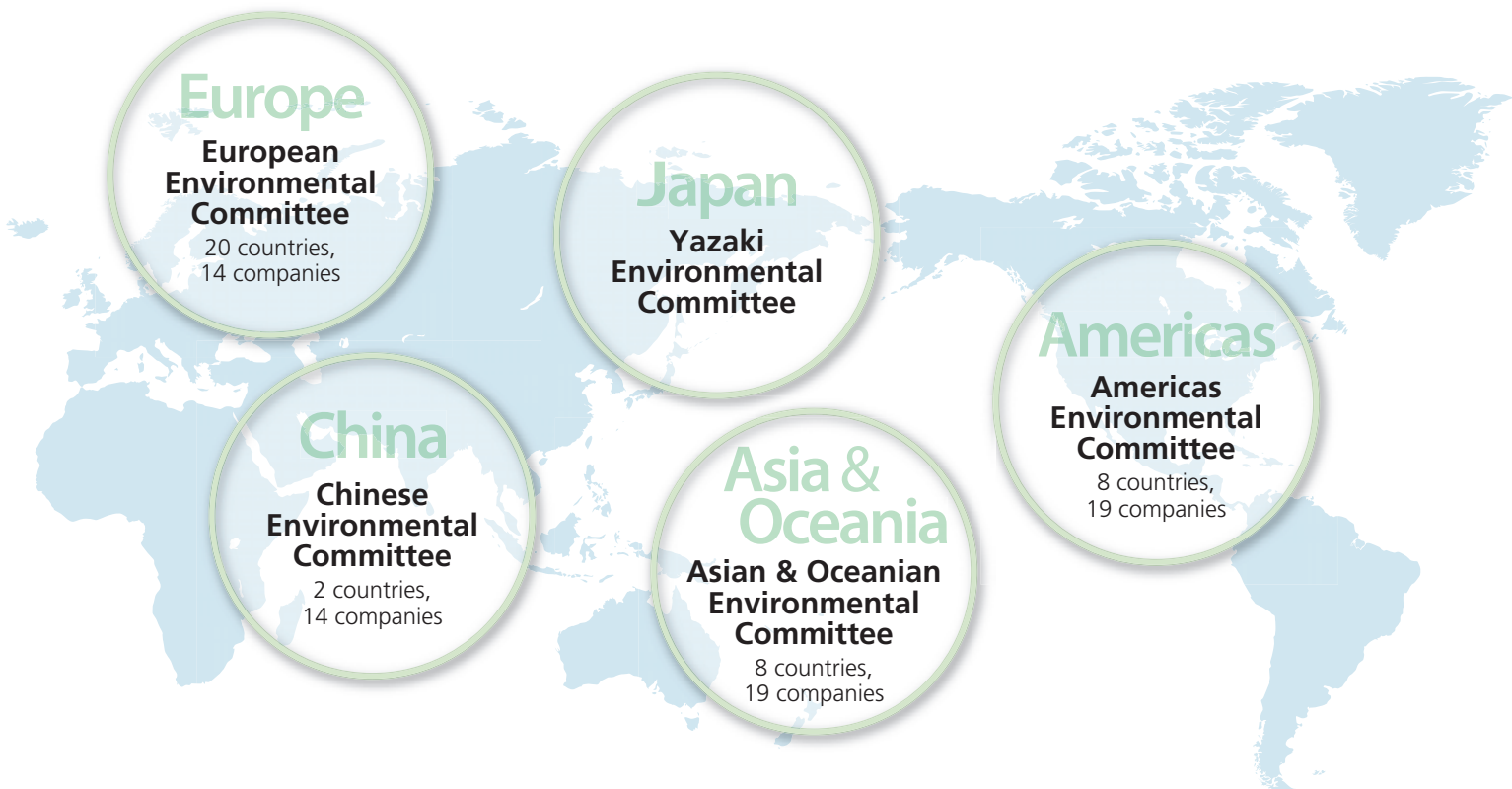
in consideration of local laws, cultures and customs, while staying true to the shared ideas upheld in the Yazaki Global Environment Charter (see page 21) and Yazaki Environmental Plan (see page 22).

Meanwhile, in addressing global environmental issues such as compliance with environmental laws and regulations, climate change mitigation, and management of chemical substances, the Yazaki Group promotes cooperation between the regions.

Global Conference on the Environment

With the aim of strengthening regional cooperation and sharing information, the Yazaki Group regularly holds a Global Conference on the Environment (GCE). During fiscal 2011, the GCE was held three times (August and November 2011, and February 2012). A total of 10 participants (one environmental regional representative and one environmental director from each of the five regions) worked together to establish the future course of the Group's environmental actions.

Environmental Committees at each region



In fiscal 2011, the GCE is focusing on three issues. With regard to compliance with environmental laws and regulations applicable to Yazaki business sites, we grasped the status of compliance using a unified survey sheet in all regions. As for compliance with environmental regulations on chemical substances contained in products, we collected information regarding each country's regulations and established a mechanism in order to share this information within the Yazaki Group. And for reduction in CO₂ emissions, we set CO₂ emissions reduction targets for 2020 for each region and are promoting activities to achieve the targets.

Strengthening regional EMSs

In order to continuously improve regional EMSs, each of the five regions hold periodic environmental committee meetings. During fiscal 2011, each region held an annual meeting to check the progress of globally common initiatives as well as regionally unique initiatives. (Please see the table below for the dates.)

Fiscal 2011 meeting dates of regional environmental committees

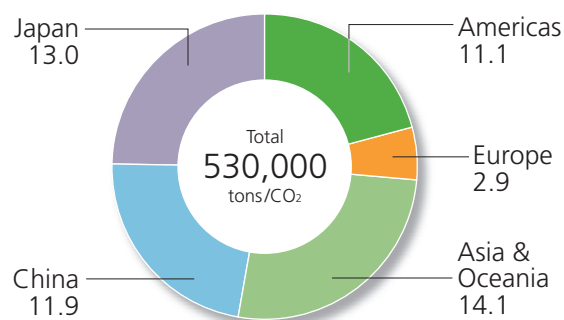
Region	Dates of the meeting
Americas	July 24–25, 2012
Europe	May 5–6, 2012
China	July 22, 2011
Asia & Oceania	January 20, 2011
Japan	May 17, 2012

Fiscal 2011 environmental performance data

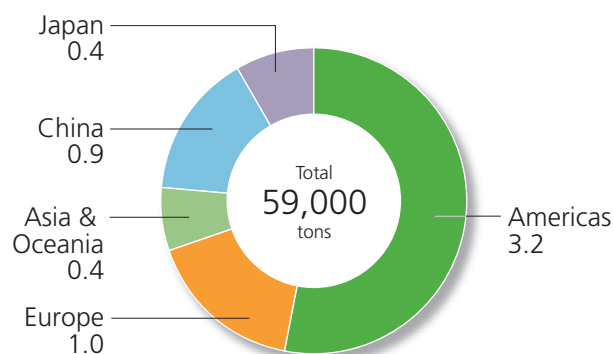
In fiscal 2011, the Yazaki Group increased its CO₂ and waste emissions and its water consumption compared to fiscal 2010. This was primarily due to an increase in production volume in China and Asia & Oceania regions, and the expanded scope of management within the China region.

Each region has been actively implementing different environmental initiatives including energy conservation and waste recycling. Particularly in fiscal 2011, we proactively collected practices at our sites around the world, and shared successful initiatives with all of the five regions to achieve the CO₂ reduction targets.

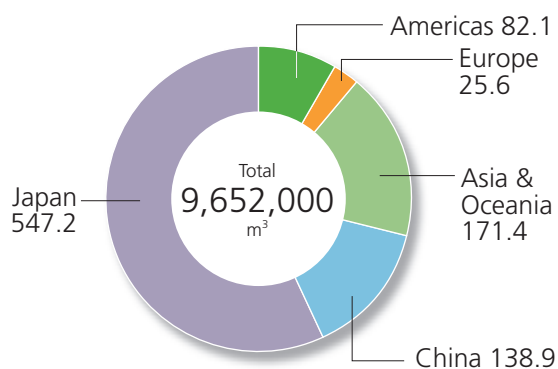
CO₂ emissions (10,000 tons/CO₂)



Waste emissions (10,000 tons)



Water consumption (10,000 m³)



Notes:

- 1 Data for Europe was collected from January through December 2011.
- 2 The data include estimates.



Regional Environmental Activities

We are engaged in a variety of environmental activities that protect nature and enrich local communities.

Case 1

Island clean-up by all employees

Since 2005, Jot International YYY CLUB iE RESORT has carried out bimonthly clean-ups of Ie Island, with the participation of about 60 employees. On May 17, 2012, the employees conducted clean-up activities along the coast and collected two pickup-truckloads of refuse. Additionally, with the aim of raising awareness of environmental conservation activities, the employees visited a garbage treatment plant to see how PET bottles are treated.

YYY CLUB iE RESORT is also proactively communicating with the local community, for example, by hosting gate ball games with senior citizens' gate ball clubs and participating in track and field meets in the village.



Employees participate in the clean-up.

Case 2

Planting mangroves during environmental month

Every year, SAI in Indonesia plants mangrove in June to mark environmental month. In fiscal 2011, 60 employees, together with 30 local residents, planted 1,000 mangrove trees. Although they had to endure the smell of the sludge and the trash at their feet, they all indicated they were willing to participate again in the future. SAI is determined to steadily do what it can to conserve the global environment.



Planting mangroves

Case 3

Providing opportunities to raise local children's environmental awareness

AAPL in Australia exhibited at various events hosted by local elementary schools to raise children's environmental awareness. AAPL presented educational quizzes on

CO₂, waste, water conservation and other environmental subjects, and also exhibited environmental artworks.



Running an environmental booth

Case 4

Cleaning up around the business site

With the goal of beautifying the environment of Yantai City and further cultivating a spirit of volunteerism among its employees, YYA in China held a clean-up activity at a park near its business site on March 24, 2012. About 100 employees and their families participated in the event, collecting a huge volume of rubbish, including more than 3,000 cigarette butts, over two hours.



Employees help clean-up the park.

Case 5

Holding stakeholder meetings

Each production site in Japan holds a regular stakeholder meeting. Hamamatsu Factory, which manufactures solar-powered equipment and air-conditioning units, invited local residents to its stakeholder meeting on May 30, 2012. The factory outlined its business and explained its environmental conservation activities throughout the year. In an opinion exchange session, the stakeholders asked about Yazaki's products and services and provided comments and suggestions on measures to take in the event of a disaster.



Group photograph with the participating stakeholders

Third Party Comments

Prof. Satoshi Chikami

Nihon Fukushi University, Graduate School of International Social Development

Temporary member, General Policy Subcommittee, Central Environmental Council Committee member, Nagoya Open University of the Environment

Research focus: regional environmental planning, environmental education, environmental management in developing regions, and regional planning. 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.



The 2012 report concisely communicates that the Yazaki Group has steadily fulfilled its corporate social responsibility in various aspects of society and the environment.

Connecting—Yazaki's DNA

This year's report represents Yazaki's DNA well by setting the Corporate Policy, "A Corporation in Step with the World; A Corporation Needed by Society" as the pillar of the Social & Environmental Report. "Building an innovative, new manufacturing system" in *A Message from the President* (page 4), the businesses of "connecting cars," "connecting to people," and "connecting to society" in *The Yazaki Group's Business Segments* (pages 9–10), and "drawing our inspiration from the spirit of service for the sake of society and for the sake of the world" in *A Message from the Chairperson* (page 20)—all of these clearly show Yazaki's DNA, or how Yazaki should be as a corporation.

Steady achievement of the Environmental Plan

The fiscal 2011 targets of the Yazaki Environmental Plan (page 22) were fully achieved in all items, except for part of the Response to REACH Regulation target. It is evident that the targets for fiscal 2012 were set in light of achievements and the PDCA cycle based on the environmental management system is functioning. I hope Yazaki will continue to work on the targets by identifying items that need steady and continuous work or improvement and items for which it should set even higher targets.

Additionally, in fiscal 2011 all production sites and sales and administrative divisions in Japan achieved zero landfill waste (page 28). This was the result of thorough analysis of causes and the implementation of measures. I expect Yazaki to maintain zero landfill waste and aim at further reducing the volume of waste generated.

Appropriate management of chemicals

It is imperative for any global company that engages in production around the world to comply with each country's laws and regulations related to chemicals management and environmental

impact reduction. I appreciate that Yazaki has taken groupwide initiatives appropriately in response to these rapidly revised regulations by providing training at its production sites (page 24), reviewing procedures at the development, production and procurement divisions (page 26), and holding briefing sessions on responses to chemical substances regulations for suppliers (page 15). Proactively sharing information with suppliers is particularly important.

Shedding more light on initiatives at production sites

Autonomous initiatives across the group, namely that each production site in Japan is holding stakeholder meetings (page 33) and issuing environmental site reports (page 11), are noteworthy. I suppose that factors that lead to the realization of these initiatives include not only voluntary efforts at each production site but also support provided by the headquarters' environmental division in standardizing the contents and establishing guidelines. You should shed more light on such activities at production sites from next year and onward.

Compact and appropriate size of the report

Social and environmental reports tend to be voluminous with an intention to exhaustively cover basic data and activities. However, communicating necessary information to readers effectively within a limited number of pages is crucial. For example, the 2008 Social & Environmental Report was 66 pages, but this year's report is 34 pages. Comparing the two, this year's report dedicates fewer pages to responsibilities toward employees and environmental management. These are items that you have already established as internal systems, worked on continuously, or covered on your Web site. I suppose these factors contributed to the compact and appropriate size of the report.

Meanwhile, the 2012 report does not have much focus on creativity at production sites or opinions of staff working at the front line, like the "Report from the Frontlines" in the 2008 report or "voice" in the 2011 report. I would like Yazaki to continue its efforts to cover basic environmental data, continuous environmental conservation activities, established mechanisms, and creative frontline initiatives and so on in a balanced manner in its Social & Environmental Report.

In conclusion

A decade has passed since the publication of Yazaki's first environmental report in 2002, which was renamed the Social & Environmental Report in 2003. I believe it is meaningful to review what Yazaki successfully communicated to society through the publication of the social & environmental reports, or how it has created internal changes. Toward the next decade, I anticipate further development of the report.

Response to Third Party Comments

Prof. Chikami has provided us with third party comments since fiscal 2008. In last year's report, he commented, with high hopes, on ambitious target setting toward the next stage of environmental conservation activities. We referred to his opinions in setting the targets of the Yazaki Environmental Plan for this fiscal year.

Meanwhile, his comments on the 2012 report remind us of the importance of stakeholder communication. We will further enhance dialogue with all our stakeholders and consider how to provide information in an easy-to-understand manner in our social & environmental reports and site reports and on our Web site.

For inquiries, please contact:

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Published: September 2012

The next report is scheduled for publication in autumn 2013.

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