



# CSR REPORT 2018



**YAZAKI  
CSR REPORT 2018**

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**Report Outline**

**Editorial Policy**

The Yazaki Group has continuously published the CSR Report since fiscal 2002\* to disclose information on corporate activities aimed at achieving a sustainable society and to enlighten employees. In this report, we describe the Yazaki Group's year-round efforts and achievements from the ESG (environment, society, governance) perspectives while centering on our five stakeholders: customers, business partners, employees, local communities, and the environment based on our CSR policy. We hope that this report will contribute to a deeper understanding of the Yazaki Group's CSR activities.

\*Published as the Environmental Report in fiscal 2002 and as the Social & Environmental Report from fiscal 2003 to fiscal 2015.

**Please Visit our Website**

While this report provides an outline of the activities of the Yazaki Group, our website presents more detailed information and data regarding all of our activities. Please use the website together with this report.

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

**Reporting Period**

Fiscal 2017 (June 21, 2017 to June 20, 2018)

**Organizations Covered**

Yazaki Corporation and consolidated companies in Japan and overseas

**Reader Response Questionnaire**

Please send us your comments on this report online through our website.

**How to Read This Report**

**Definition of fiscal year**

The term fiscal year as used in this report means the period shown below:



**Indication of organization responsible for each activity**

Yazaki Corporation and consolidated companies in Japan and overseas are referred to as the Yazaki Group. For activities conducted by other organizations, the responsible organization is specified in the text.



### Yazaki Group Corporate Policy

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

### 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.



### Company Overview

(As of June 20, 2018)

Company name	Yazaki Corporation
Established	October 8, 1941
Representatives	Yasuhiko Yazaki, Chairman Shinji Yazaki, President
Address	<b>Headquarters</b> 17th Floor, Mita Kokusai Building 4-28, Mita 1-chome, Minato-ku, Tokyo 108-8333 Japan <b>World Headquarters (Y-CITY)</b> Mishuku 1500, Susono City, Shizuoka Prefecture 410- 1194 Japan
Capital	3.1915 billion yen (Yazaki Corporation is an unlisted company.)

Major Yazaki Group companies in Japan

Number of Yazaki Group companies\*2

Number of Group employees\*2

Yazaki Meter Co., Ltd. (established 1950)  
Yazaki Parts Co., Ltd. (established 1959)  
Yazaki Energy System Corporation\*1

Group companies in Japan: 65  
Group companies overseas: 100  
Public interest incorporated foundation: 1  
General incorporated association: 1  
Total: 167

Employees in Japan: 20,056  
Overseas employees: 286,062  
Total: 306,118

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

\*2 Including unconsolidated subsidiaries and affiliated companies

# NUMERIC DATA FOR THE YAZAKI GROUP



Consolidated net sales

**1,926.6** billion yen



Number of countries and regions  
where Yazaki operates

**46** countries

**10** countries in Japan  
**12** countries in the Americas  
**23** countries in Asia & Oceania  
**23** countries in Europe & Africa



Number of sites

**596** sites



Number of employees

**306,118** employees

\* Including unconsolidated subsidiaries and affiliated companies



Percentage of net sales by region  
(consolidated)



Contribution to reducing CO<sub>2</sub>  
through products



\*Cumulative total since fiscal 2011



Percentage reduction in CO<sub>2</sub>  
emissions per unit  
(Compared with fiscal 2010)



Percentage of companies with  
ISO 14001 certification



\* Production companies that the Yazaki Group defines as eligible for ISO 14001 acquisition



2018 Certified Health & Productivity  
Management Organizations Recognition  
Program by Nippon Kenko Kaigi

White 500 certification in the  
Large Enterprise category

(White 500 certification denotes large enterprises in Japan that include considerations of employee health in their management philosophy)



Rate of parental leave usage  
by qualified employees

Women



Area of Yazaki Forest  
in Yusuhara Town, Kochi Prefecture



CSR policy  
Number of translations



\* Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation

Business Segments Supporting Society

CARS

DAILY LIVES

COMMUNITIES

Yazaki Products Supporting People's Safe and Eco-friendly Life



FOR CARS

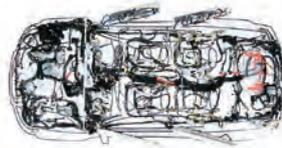
DAILY LIVES

COMMUNITIES

Yazaki provides a wide range of products with a focus on wire harnesses, which function as the nervous system or blood vessels of a vehicle, meters, and other devices that support car electronics.

Wire Harness / Electronic Equipment

Wire harnesses, which are assemblies of electronic wires, run throughout the car and carry electrical power and signals to the electronic equipment in a vehicle.



Wire harnesses



Smart J/B

Meters

Our meters, with excellent readability and well-thought-out design, bring safety and peace of mind to drivers and enhance driving pleasure.



Graphic meter

Charging Connectors

Yazaki's connectors, which are indispensable devices for charging electric vehicles and plug-in hybrid electric vehicles, are renowned for their reliability.



AC charging connector

DC charging connector

In-vehicle Safety & Service Systems

We are contributing to traffic accident prevention and environmental conservation through the provision of equipment that supports safe and eco-friendly driving.



DTG7 digital tachograph



Arofriend 27, a taxi meter compatible with wireless LAN



We provide products and services that can optimize the use of diverse forms of energy including electricity, gas, and solar heat.

**Electric Wires**

We provide lead-free general cables, environmentally friendly ecology cables, and halogen-free cables. Additionally, We were the first in the industry to acquire the Eco Leaf environmental label.



Yawaraka Cable 600 V lineup Iesta Standard AC charger

**Gas Equipment**

We provide various gas devices such as gas meters and gas alarms that assure our customers' security and safety.



Arokko LP gas alarm U-smart ultrasonic gas meter

**Solar Equipment**

We leverage solar heating technology refined over many years to provide solar heating products for household and commercial use.



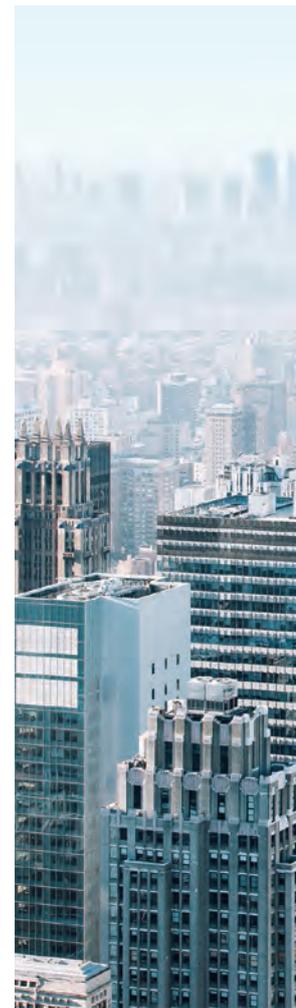
Eco Solar Type II split-type solar water heating system

**Air-conditioning Equipment**

Our absorption chiller-heaters that utilize exhaust heat and renewable energy are environmentally friendly air-conditioning systems.



Bio-Aroace Wood pellet-fired absorption chiller-heater



We actively endeavor to be a business needed by the society through such means as reducing environmental impacts and contributing to local communities.

**Environment & Recycling**

We contribute to environmental conservation through businesses that reuse toner cartridges and recycle waste paper and glass.



Reused toner cartridges (Top) Foamed paper cushioning (Bottom) Foamed glass lightweight materials

**Nursing Care**

We operate community-based care centers at eight locations across the country.



Yazaki Care Center Kamifusen

**Agriculture**

We engage in community-based agribusiness. We manufacture agricultural machinery and rent farmland to grow regional specialty vegetables and rice.



Growing tomatoes in a plastic greenhouse Rice cultivation





Amid mounting expectations and demands from society regarding corporate initiatives to address global-scale issues such as poverty and climate change, we interviewed the President of Yazaki Corporation about the activities of the Yazaki Group aimed at the realization of a sustainable society.

**First of all, please tell us about the current status of business, which is the foundation for the Group's CSR activities, and the outlook for fiscal 2018.**

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In fiscal 2017, although the global economy sustained a moderate recovery overall, uncertainty remained on the political and economic fronts. In the automotive industry, it was a truly turbulent year that can be described as a once-in-a-century period of major upheaval due to factors such as the rapid introduction of advanced technologies exemplified by CASE\*<sup>1</sup> and a paradigm shift from cars to mobility in general.

The Yazaki Group perceives such an environment as an opportunity rather than a risk. Rising to the challenge by creating an organization that can adapt promptly to the changing times, we managed to achieve an all-time high consolidated net sales of 1,926.6 billion yen. In the Automotive Business, we rebuilt our production system, located primarily overseas, and started full-scale operation of a joint project established with the National Institute of Advanced Industrial Science and Technology (AIST) with the aim of further enhancing our technical capabilities. Yazaki Energy System Corporation launched an online service in Thailand to match shippers' with carriers, aimed at providing concrete solutions for improving safety, security, the environment and energy conservation in addition to efficiency and convenience in the transportation industry. We expect that such efforts will be key for the Yazaki Group not only from the short-term perspective of responding promptly to drastically changing social expectations

and customer needs but also from the long-term perspective.

In fiscal 2018, we will once more revisit the purpose and goals of our business in accordance with the "GEN" (Japanese word meaning "source, origin") of the President's Policy with the goal of wanting to return to our origins as a manufacturing company. Through revisiting our origins and by further strengthening our manufacturing base and collaboration between divisions, we aim to be a company that can continue to provide the highest value to our stakeholders by capitalizing on the strengths of Yazaki.

**Recently, there has been an increase in the demands for corporate initiatives aimed at the realization of a sustainable society. This trend is exemplified by the incorporation of the Sustainable Development Goals (SDGs) into the Keidanren\*<sup>2</sup> Charter of Corporate Behavior. What are the thoughts of the Yazaki Group on this trend?**

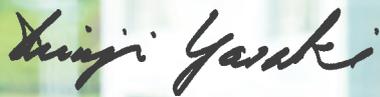
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I think that the SDGs raise questions about how companies can achieve sustainable corporate development and social contribution in unison. This echoes our aspirations to contribute to the society through manufacturing based on the Yazaki Group Corporate Policy, which indicates that Yazaki is "A Corporation in Step with the World" and "A Corporation Needed by Society." It is important to keep the Yazaki Group Corporate Policy as the foundation that guides us, just as it did in the past, in order for the Yazaki Group to take account of the SDGs and

\*1. Connectivity, Autonomous, Shared & Service, Electric \*2. Japan Business Federation

## Message from the President

# Yazaki develops in step with the community and contributes towards realizing a sustainable society



President, Yazaki Corporation

work on resolving social issues through its business activities. Since its establishment, the Yazaki Group has always operated its businesses while asking itself what it can do to contribute to the world, to the communities, and to the people. Going forward, we will backcast our vision for the Yazaki Group from images of the society in 10, 20 and 50 years' in order to consider how we can keep on contributing to the realization of a sustainable society.

### **Could you tell us which areas out of the 17 goals set out in the SDGs does the Yazaki Group hope to focus on going forward?**

We believe that rather than being separate from each other the goals set out in the SDGs are interconnected. For example, they include topics such as poverty, good health and well-being. To translate these into what the Yazaki Group does, the manufacturing of wire harnesses, our mainstay product, is characteristically labor intensive, which means that it generates a lot of employment. Generating employment in turn helps to solve the problem of poverty. We firmly believe that the goals are interconnected, meaning that if hunger is eradicated and poverty is resolved, it creates an opportunity to turn people's awareness to the importance of environmental conservation and other issues. Given this, we will give special consideration to areas where the Yazaki Group can make a contribution going forward.

### **Can you tell us what will be important for the Yazaki Group in continuing to promote CSR activities aimed at the realization of a sustainable society?**

The Yazaki Group has been supported by people in a numerous countries and regions, and we have grown to operate at 596

sites in 46 countries. Going forward, in order for the Yazaki Group to maintain sustainable development in step with its communities, it is very important to think globally and act locally. In other words, it is vital to understand the culture, history, customs and values of individual countries and regions while having a global perspective. The social issues faced by the individual countries and regions are not necessarily the same. It is for this reason that we not only want to look at the issues themselves but also to better understand the background to the issues in individual countries and regions as the starting point for the further promotion of our CSR activities. There is no greater pleasure than if we can bring happiness and joy to our fellows, friends, and family around the world through such initiatives.

### **Lastly, can you tell us the message that you want to communicate to stakeholders through this report?**

We think that it is necessary to highlight how we contribute to solving social issues through the Yazaki Group's business activities in such a way that it is easy to understand for stakeholders. To this end, we have been studying the material issues (priority issues) for the Yazaki Group by considering the degree of importance of each issues for the company and for its stakeholders.

In a drastically changing business environment, we will continue to further develop our "connecting" technologies while anticipating the demands of people and society in order to contribute to the realization of livable communities and an affluent future by providing new value. Going forward, we will continue listening to feedback from our stakeholders as we work on our CSR activities, and we hope to disclose the current status of our activities through this report. We appreciate your continuous support and look forward to serving you in the future.

# CSR Policy

The CSR Policy, the core activities of the Yazaki Group, clarifies our responsibilities to stakeholders through the reorganization and embodiment of our Fundamental Management Policy from the viewpoint of CSR.

The Yazaki Group Corporate Policy of “A Corporation in Step with the World” and “A Corporation Needed by Society” will only be realized by responding to the trust and needs of our global society.

In implementing our Fundamental Management Policy, we will listen to the voices of our stakeholders and reflect them in our business activities. Our goal is to contribute to the sustainable development of the society, and we will encourage our business partners to support this policy and work together with us toward its achievement.



## Customers

- ▶ We will develop and provide safe and high quality products and services that meet the expectations of our customers, and comply with relevant laws and standards.
- ▶ We will provide necessary product information properly from the perspective of customers.
- ▶ We will protect our intellectual property rights. At the same time, we will respect the legitimate intellectual property rights of others.
- ▶ We will carefully manage and protect confidential information of our business partners that we may have acquired through business activities.
- ▶ We will take preventive measures against all foreseeable risks surrounding our business and conduct risk management so that in the event of an emergency, we will be able to protect the safety of our employees and local residents as well as maintain business continuity.



## Local and Global Communities

- ▶ We will respect the culture and laws of each country and territory, and in conducting all corporate activities comply at all times with relevant laws as well as internal regulations, including this policy.
- ▶ We will comply with laws and regulations regarding import and export control of the country or region where we operate.
- ▶ We will prohibit the offering of bribes to public officials and politicians and maintain a sound and transparent relationship with government agencies.
- ▶ As good corporate citizens, we will endeavor to create an affluent society by promoting social contribution activities and proactive dialogue.



## Global Environment

- ▶ Based on the Yazaki Global Environment Charter, we will actively promote environmental conservation activities to ensure that a rich global environment is passed on to the next generation.



## Business Partners

- ▶ We will maintain a fair, just, and transparent relationship with our business partners and conduct transactions with integrity.
- ▶ We will comply with the laws and regulations of each country, region, or territory in order to maintain fair competition.
- ▶ In procurement activities, we will expect business partners to act in accord with this policy.



## Employees

- ▶ We will build working relations of mutual trust through an open and sincere dialogue with our employees.
- ▶ We will respect the diversity of our employees, provide equal employment opportunities, and not conduct discriminatory practices.
- ▶ We will respect human rights and not tolerate human rights violations. We will not practice forced or child labor.
- ▶ We will comply with laws and regulations related to labor, including wages and working hours, and at the same time, and we will provide fair working conditions to all of our employees and maintain a safe and healthy working environment.
- ▶ We will actively pursue human resource development and improving the capacity and creativity of our employees.

## The Yazaki Group's CSR Focus

Up to this point, the Yazaki Group has been steadily carrying out CSR activities while striving to embody our CSR Policy. Going forward, in order to contribute to the realization of a sustainable society, we will identify social issues that should be addressed as a priority issues throughout the Yazaki Group's business activities from a broad, long-term perspective. While concentrating our management resources toward the resolution of these social issues, we will work on the following areas based on the awareness that we need to practice CSR more actively.



### — Contributing to SDGs

While recognizing that we are a corporation that operates businesses in various countries around the world, the Yazaki Group will contribute to the realization of the SDGs (Sustainable Development Goals), the universal and international goals being addressed not only by developing countries but also by developed countries themselves. The SDGs are a collection of 17 goals and 169 targets adopted by the United Nations in 2015 with the aim of resolving social issues such as poverty and hunger, energy and climate change by 2030. It is expected that all countries and their people will bear a sense of ownership of the goals and cooperate with each other to take action aimed at achieving the SDGs.

We will consider the social issues that the Yazaki Group should address as a priority going forward by taking full account of the positive and negative impacts that our business activities will have on resolving the social challenges set out by the SDGs.

### — Considering Material Issues

In order to achieve both the resolution of social issues and the sustainable growth of the Group, the Yazaki Group promotes a project to identify social issues to be prioritized through our business activities, and recognize them as materiality (material issues). In the process of identifying material issues, we analyze the relationship between the social issues that we identify in a comprehensive manner, including the SDGs in particular, and the Yazaki Group Corporate Policy and Fundamental Management Policy as well as our business strategy and other areas. We specify the assessed issues having a significant positive or negative impact on the Yazaki Group's business as material issues for the Yazaki Group.

For each of the specified material issues, we will set a management target to the extent possible and disclose our progress to our stakeholders through the CSR Report from next fiscal year onward.

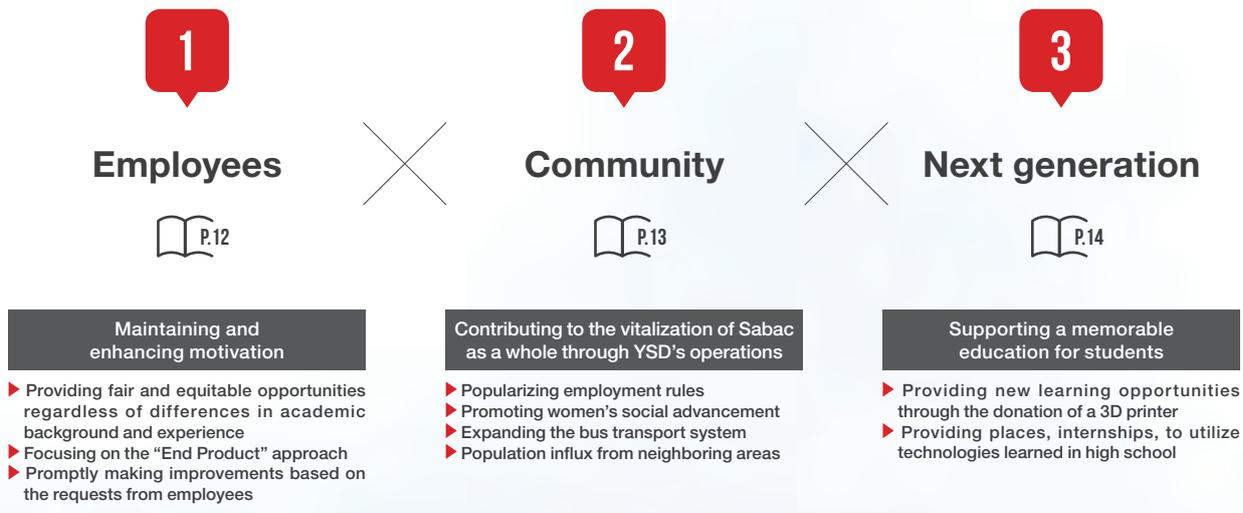
- 1 Identify the social issues that we should consider based on the SDGs and the requests of stakeholders.
- 2 Analyze the relationship between the Yazaki Group Corporate Policy, Fundamental Management Policy, business strategy, and other areas and the social issues in 1 to assess their importance.
- 3 Determine the material issues for the Yazaki Group.



# Aiming to be a Corporation that develops in step with the local community

In July 2017, we established a new company to manufacture wire harnesses in Sabac, Serbia, the 46th country for the Yazaki Group, and started a new history for the Yazaki Group in Serbia. In this Special Feature, we present initiatives at Yazaki Serbia d.o.o. (YSD), which it is developing in step with Sabac with the aim of realizing the Yazaki Group Corporate Policy of being “A Corporation in Step with the World” and “A Corporation Needed by Society.”

## Focus areas at YSD used to develop in step with Sabac



## Overview of Yazaki Serbia d.o.o. (YSD)

The YSD opening ceremony was held in Sabac on September 26th, 2017. Many stakeholders, including car manufacturers, the Serbian President, and the Mayor of Sabac, participated in the opening ceremony thus showing the high expectations for the Group. YSD, which began its operations with approximately 500 employees, has continued to grow steadily with the number of employees increasing to approximately 1,500 as of the end of fiscal 2017.



The grand opening ceremony

### About Serbia

Serbia, which is located in the middle of the Balkan Peninsula, is a transportation hub linking Europe and Asia. It has a mild continental climate with four seasons like Japan. A major characteristic of Serbia, which has had a turbulent history, is its extremely diverse ethnic composition.

Area	77,474 km <sup>2</sup> (about the same as Hokkaido)
Population	7,120,000
Capital	Belgrade
Ethnic groups	Serbians, Hungarians, and others.
Languages	Serbian (official language), Hungarian and others
Main industries	Service industry, manufacturing, agriculture
Unemployment rate	15.3%

\*Referenced from the website of the Ministry of Foreign Affairs



1

**Employees**

**Maintaining and enhancing motivation**

YSD employees are provided with fair and equitable opportunities, including recruitment, training and promotion, regardless of the differences in academic background and experiences. YSD works to maintain and enhance motivation of its employees through a variety of initiatives with the aim of increasing employee satisfaction. As one of these initiatives, YSD periodically conducts an employee satisfaction surveys and strives to grasp employee requests accurately and respond to them promptly. As a result, YSD has achieved various improvements in just the one year since it started operations.

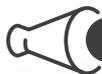
Employees at YSD understand where and how the products they themselves make will be used in the end. YSD calls this approach “End product” which clarifies what value employees are creating for customers. It is expected that doing this will lead employees to have a sense of reward and pride in their work.



Employees attending education at the training center

**Main measures aimed at maintaining and enhancing motivation**

- Enhancement of the training center and on-the-job training
- Establishment of Personnel Department consultation desk in the site and creation of an environment that enables employees to seek consultation on a daily basis
- Improvements based on the employee satisfaction surveys (changes to the interior decoration in canteen and caterer, change to bus company for commuting)
- Close consultation with the labor union (meetings every two weeks)
- Establishment of a medical center (available to employees and their families for emergency services)



**VOICE**

**Voice of Employees**



**Nikola Djekic**  
NYS Officer

Although I studied architecture, I tried working at Yazaki and discovered that I enjoy working in the automobile technology sector. In the future, I will study at the university again but this time focusing on the automotive area with the goal of wanting to aim for even higher. I am grateful to the Company for giving me with the opportunity to discover the things that interest me.



**Ana Timotic**  
NYS Officer

At YSD, everyone has the same opportunities for training and promotion, regardless of background. When I was promoted, I was really pleased that my efforts had been recognized. I want to continue making further efforts in the future.



**Ana Jovanovic**  
Operator

YSD is the first place I have worked. At first, I was anxious, but as I attended training in three countries over six months and had the opportunity to receive a variety of experiences, I understood the work at Yazaki and felt motivated about it. At this moment, I am an operator, but I am aiming to be a line leader in the future.



**Nikoleta Ilic**  
Senior Recruitment & Communication Specialist

I have been responsible for recruitment activities in the Personnel Department since YSD started, and it is no exaggeration to say that I remember the face of every single employee. Everyone speaks out freely and can depend on us for consultation on any topic they are concerned with. I also think that the reason why most of the employees we hired at the beginning are still working here today is because they are all given fair opportunities at every stage, including in training and promotion. Going forward, we will leverage the strengths of Yazaki to continue growing and let everyone in the local community know all about Yazaki. I am looking forward to the Yazaki Group family growing.



**VOICE**

**Voice of Management**



**Ahmed Bedewy**  
General Manager

For YSD, the present time is a period of transition toward business growth, so I think that initiatives to maintain and enhance motivation of the Company's members are extremely important. In terms of concrete initiatives, we are working on three areas, which are (1) recognizing achievements and sharing them with everyone; (2) sharing our vision for the future; and (3) clearly showing what one is creating value for. The history of YSD has only just started but we will continue to value every single one of our employees while aiming to become a more appealing Company.



An assembly to celebrate the achievement of targets

**YSD Ambassador**

The YSD Ambassador is a goodwill ambassador who connects YSD with the community and plays a role that includes activities such as providing support for recruitment activities in the local community as shown on page 13.

2

**Community**

**Contributing to the vitalization of Sabac as a whole through YSD's operations**

YSD aims to contribute to the development of the local community through its business, and has actively introduced itself to the local community, primarily through the Personnel Department and the YSD Ambassador. We will continue steadily contributing to the community in Sabac step by step while communicating with the government administration.

As other Yazaki Group companies also do, YSD concludes appropriate contracts when hiring employees. In the past, although there were rules for when companies hired employees in Sabac, these rules were not observed adequately. However, YSD's approach to hiring has spread to other companies and approximately 4,000 residents of the city have concluded contracts of employment with the Company in the last two years since YSD began hiring. The popularization of the employment rules has made it possible to clearly identify the employment status of Sabac city residents.

In some of Sabac's local communities, it had remained a custom for men to work and women to look after the home. In order to provide employment opportunities for women, YSD ran presentations in each local community to explain the significance of social advancement for women. At present, over 60% of employees working at YSD are women, contributing to social advancement for women.



Sabac's transport network is developing, and YSD provides courtesy buses for its employees to decrease inconvenience in commuting. In the public bus transportation system, YSD's operations have been a stimulus for the beginning of a review, which includes the enhancement of route maps. The development of the bus transportation network increases commuting options. It also secures means of transportation for the city's residents, which previously were inconvenient and lacking of flexibility. This improvement is expected to contribute to the vitalization of the economy.

YSD's operations have also generated employment for people in communities on the outskirts of Sabac, and many employees have moved to Sabac with their families. In addition, it has increased traffic for YSD's suppliers, leading to an increase in the influx of population into the city. As a result, there is also increasing momentum for the development of social infrastructure, including accommodation and entertainment facilities.

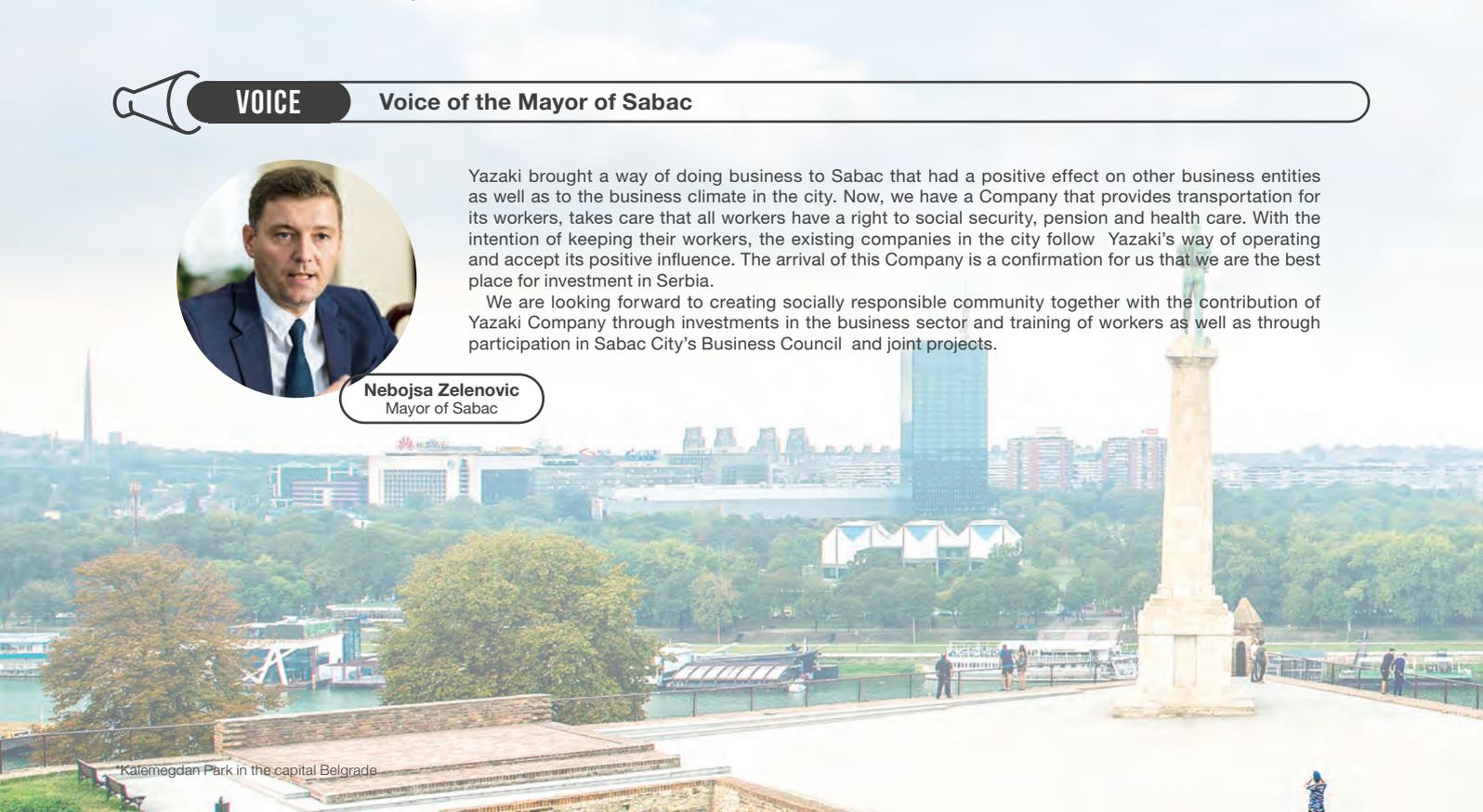
**VOICE** Voice of the Mayor of Sabac



**Nebojsa Zelenovic**  
Mayor of Sabac

Yazaki brought a way of doing business to Sabac that had a positive effect on other business entities as well as to the business climate in the city. Now, we have a Company that provides transportation for its workers, takes care that all workers have a right to social security, pension and health care. With the intention of keeping their workers, the existing companies in the city follow Yazaki's way of operating and accept its positive influence. The arrival of this Company is a confirmation for us that we are the best place for investment in Serbia.

We are looking forward to creating socially responsible community together with the contribution of Yazaki Company through investments in the business sector and training of workers as well as through participation in Sabac City's Business Council and joint projects.



Kalemegdan Park in the capital Belgrade

3



Aiming to be a corporation that develops in step with the local community

## Next generation

### Supporting a memorable education for students

YSD has started providing new learning opportunities for a local technical school with the aim of training human resources responsible for the future development of Sabac. There were several consultations with the school about the best learning opportunities for children. Based on these, the Company decided to donate a 3D printer as a way of matching the needs of the high school with YSD's approach.

Until now, the lessons for the Modelling\* course have ended with the confirmation of the created model on a PC. As a result, the students had never seen the final form of their work. YSD focuses on the "End Product" approach

which clarifies for employees what they are creating value for. Through the introduction of the 3D printer, the students can print the items they have modeled themselves in three dimensions, which allows the students to actually touch the printed models and understand how accurate they are.

In addition, by providing students with a place for gaining practical experience through an internship program planned to commence in May 2019, Yazaki hopes that students will make use of the technology and skills they learned in high school to expand their potential for the future.

\*Model making



## VOICE

### Voice of Director of the Technical School



**Cedomir Smiljanic**  
Director of Technical School

#### About the Technical School of Sabac

Name: Technical School of Sabac

No. of students: 940

Established: 1907

I feel that YSD's operations are having an immeasurable impact on the future of the school's students. About 300 students graduate during the year, and places of employment where our graduates can demonstrate the technology skills and knowledge they acquired in high school were limited in the past. I am pleased that YSD's operations have expanded these options for the students. Also every time I visit YSD, it gives me great happiness and pleasure as the Director of the School to be able to see the energetic graduates who have found work there.

I expect that the donation of the 3D printer will bring about a high quality education for students by adding YSD's approach to the ideas of the school. In addition to becoming an opportunity for the students to make their student life more fulfilling, I also think that the internships at YSD, which are planned to be commenced in the future, will lead to students learning about discipline and foster their awareness of membership in a community through employment and their contact with the employees at the Company.

This school has 111 years of history. While cherishing our traditions, I strongly hope that we will continue to grow with YSD to allow the students to receive an even higher quality of education than in the past.



Technical School of Sabac



Learning at the Technical School

## For the Future

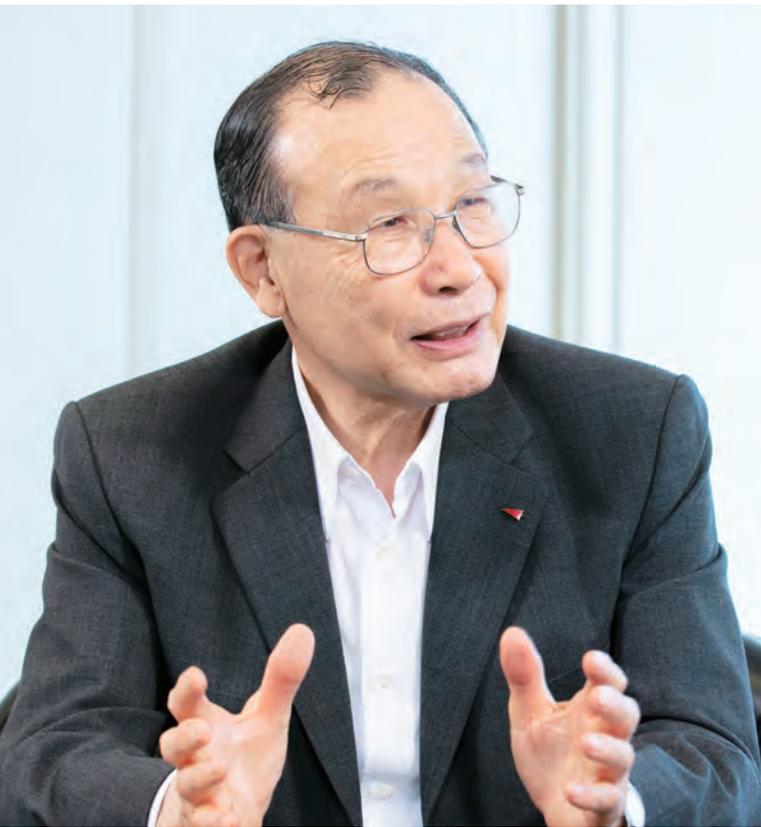
YSD is working to contribute through its business operations to its employees, the community and the next generation. In 2017, the Company was honored by Serbia as a company that has provided significant employment opportunities for the unemployed.

Going forward, YSD will promote its corporate activities in harmony with all of its stakeholders while also paying careful attention to the preservation of the global environment.



National Employment Biro Award





Chairman, Yazaki Corporation  
Yasuhiko Yazaki

## Defending Constant Foundations and Taking on Challenges without Fear of Change

Professor Satoshi Chikami from Nihon Fukushi University and Yasuhiko Yazaki, Chairman, Yazaki Corporation discussed what issues the Yazaki Group should value in order for the society to maintain its sustainable growth.

### Yazaki Group's Origin

**Chikami:** The Yazaki Group has expanded its business extensively throughout the world since its establishment in 1941. Could you tell me what you value in doing business as the Chairman?

**Yazaki:** The environment surrounding the Yazaki Group has continually changed, but we have valued the Yazaki Group Corporate Policy as a constant anchor in all kinds of circumstances. The inspiration for the Yazaki Group Corporate Policy, which is "A Corporation in Step with the World" and "A Corporation Needed by Society," is the desire of our founder to contribute to the society through manufacturing. The scale of management has changed dramatically since the days when the company was established, but the Yazaki Group Corporate Policy is the standard by which the Yazaki Group determines its actions and ideas, and I believe that it is my responsibility as a manager to pass it on unchanged to the future generations.

### Discussion

## Yasuhiko Yazaki X Satoshi Chikami

**Chikami:** You are saying that the Yazaki Group Corporate Policy is the constant undercurrent flowing through the Yazaki Group. I felt that the support\* you gave to employees when you withdrew from the business in Samoa is really typical of the Yazaki Group.

\*See TOPICS on page 30

**Yazaki:** The Yazaki Group currently operates business in 46 countries around the world, and we respect our partners and want to engage in dialogue in every region and every situation. I think the important things in running a global business are firstly to fully understand local needs and to think about what it is that we can do. Based on this thought, I have told our expats from Japan to have a meal with local people, to take part in cleaning with them, and to be sad together with them as well to have an awareness that we are borrowing their homes to do our business. I believe that it is important to fit well into the local community to this extent in order for a corporation to run business in a country. On the other hand, when pulling out is unavoidable as in the case of Samoa, it is important to give the maximum consideration to the business colleagues and the local community we have been working with so that in the end our business partners will tell us we are welcome back. We will continue to look into the distant future and build trusting relationships without forgetting the feeling of gratitude we owe people. I believe that building up such feelings paves the way to the realization of the Yazaki Group Corporate Policy.

**Chikami:** However, given the scale of the Yazaki Group, I should think it is no easy task to disseminate the Yazaki Group Corporate Policy to each and every employee and to keep handing it down as a thing with substance. What is important from the perspective of disseminating the Yazaki Group Corporate Policy as the Group develops its business in diverse countries and regions?

**Yazaki:** As you said, disseminating these ideas to some 300,000 employees is no easy task. However, I believe that we can produce tremendous value by persistently communicating the purpose and meaning to every single person despite national, cultural, and linguistic differences. Take cleaning, for example. There are many countries that are said to be developing among the countries that the Yazaki Group has expanded into, and in many cases an inconvenient and insanitary environment with unsatisfactory toilets is the norm. In such environments, we respectfully teach the value of cleanliness and entrench our 5S culture, which includes forming a habit of cleaning and keeping things tidy and in order.

**Chikami:** I have visited Yazaki sites. I felt that great care was taken with cleaning and keeping things tidy and in order in an effort to make work easier. I believe this is the result of efforts based on these ideas.

**Yazaki:** It takes time to get to that state. However, understanding the 5S approach also develops the concept of quality control for the first time and translates into pride as a manufacturing company and to job satisfaction. I think that this is a great strength for corporations as well. What also pleases me is the fact that employees actively participate in local community cleanups and other activities by using their experience cultivated at the Yazaki Group. I want employees to increasingly continue participating in the future.

### Being the Yazaki Group that Develops in Step with the Local Community

**Chikami:** Changing the topic of our discussion a bit, businesses such as agriculture and nursing care in Japan are activities of the Yazaki Group that I have been following for some time. Could you tell me your thoughts on such businesses?

**Yazaki:** Over the past few years, the Yazaki Group has been working on the Agriculture, Nursing Care, and Environment & Recycling businesses. The Yazaki Group Corporate Policy is also at the root of these businesses. The Yazaki Group leverages the know-how and teamwork cultivated through its business characteristics in the manufacture of wire harnesses as well as the individuality of our employees to address the issues faced by local communities in partnership with those communities. While the pace may be slower than in the wire harness business, there is a real sense of steady community-based development. Because it is an era when change is the norm, we will listen carefully to the voices of local people to consider and propose the businesses we can develop together.

**Chikami:** I have actually visited the Agriculture business, and I had a real sense that the business was brought to life from within the community and existed in partnership with the community. I hope that the Yazaki Group's approach of establishing the businesses needed to resolve community issues will continue in the future from the perspective of enhancing community value.

### For the Society to Maintain Sustainable Growth

**Chikami:** Coming to my final question, what do you think is important for the Yazaki Group so that the society maintains sustainable growth?

**Yazaki:** The Yazaki Group Corporate Policy is still our foundation, but I think it is vital that each and every employee who is responsible for realizing it has the spirit to keep changing and remaking the company themselves. The business environment surrounding the Yazaki Group has changed dramatically, and we can truly say these are turbulent times. In



Professor, Faculty of International Welfare Development,  
Nihon Fukushi University

#### Satoshi Chikami

**Areas of Specialization** Professor Chikami's areas of specialization include regional environmental planning, environmental learning, and education for sustainable development (ESD). He conducts empirical research on sustainable development while integrating the approaches of natural science and social science. In Japan, he helps promote participatory regional development and collaborative urban development among citizens, businesses, and local governments. Outside of Japan, he conducts field-oriented surveys and research on the development of a sustainable society overseas centering on the developing regions in Asia.

this turbulent period, the spirit to keep creating new rules and taking on challenges by oneself rather than being confined by the existing rules is absolutely critical. I want each and every individual, particularly the young generation of employees who will underpin the Yazaki Group in the future, to act boldly without fear of change. I have established opportunities for dialogue in the Follow-up Workshop\* for young employees. Through this dialogue, I want to get to know what perspectives these employees have and what they perceive as issues and provide concrete support to employees as a company to take on diverse challenges. I hope that this will translate into sustainable growth for the Yazaki Group, thereby paving the way for the sustainable development of society.

\*See *Yazaki-juku* on page 26

**Chikami:** You are saying that it is important to balance defending the solid foundations with taking on challenges without fear of change.

**Yazaki:** I hope we will continue to advance daily toward the realization of the Yazaki Group Corporate Policy. Having this discussion with you has been an opportunity to revisit the origins of the Yazaki Group again. Thank you very much for today.



## Strengthening Governance

We endeavor to strengthen our governance in order to maintain our status as a corporation trusted by society.

## Corporate Governance and Internal Control

### Basic Concept

In order to realize the Yazaki Group Corporate Policy of “A Corporation in Step with the World” and “A Corporation Needed by Society”, we will build a healthy relationship with our stakeholders, fulfill our corporate social responsibility and endeavor to strengthen our corporate governance with the aim of sustainable development and improvement in corporate value.

### Strengthening Internal Control

Based on the Basic Policy for Internal Control specified by the Board of Directors, we strive to create and strengthen the internal control system to secure the execution of duties of the corporate group in accordance with the Companies Act of Japan.

### Organizational Structure to Ensure Governance

We are a company with corporate auditors, and have established a Board of Directors, an Audit and Supervisory Board, and Management Meetings. The Board of Directors meeting is held every month (if necessary, an ad hoc meeting is held), and the Board supervises and decides on matters stipulated in laws and regulations and other important matters regarding management. Management Meetings consist of the President, Vice President, and other division managers and are held every month as a place for decision-making and information sharing on matters concerning business operations.

In fiscal 2016, we dissolved the CSR Committee, the Compliance Committee, and the Risk Management Committee, which had previously been established as individual committees, and established Global Internal Control Committee, a new function chaired by the President. This Committee continuously monitors and evaluates the effectiveness of internal control in the Yazaki Group.

In fiscal 2017, the Internal Control Committee met twice. Important risks and issues were reported from management divisions such as legal, financial, and environment divisions as well as from each region to the Committee. Based on these reports, discussion was carried out to confirm and improve the effectiveness of internal control throughout the Yazaki Group.

We are also promoting the establishment of local level internal control committees in each country where we operate around the world. In China and Thailand, committee meetings were held regularly with lively discussions aimed at strengthening internal control.

In fiscal 2017, we established new internal control committees in South America and Europe, and proceeded with preparations to establish committees in other regions during fiscal 2018.



## Compliance

### Basic Concept

The Yazaki Group sets forth “Uphold the law, respect regional culture, and contribute to economic and social development” as the goals in our Fundamental Management Policy. To achieve these goals, we will roll out our compliance activities based on four pillars: 1) clarification of laws and regulations that we must comply with; 2) employee education; 3) establishment of a system for consultation and inquiries; and 4) monitoring.

### Organizational Structure to Ensure Compliance

The Yazaki Group deliberates regularly (twice a year) on important matters related to compliance at the Internal Control Committee.

The Legal Division also conducts follow-ups of compliance activities in each division to improve the level of compliance throughout the entire Group. As part of these activities, the Compliance Officer System, introduced in March 2015, is used to drive the efforts to promote autonomous compliance activities in each division.

We also sponsor a Global Legal Conference for legal officers at Group companies. The conference is held once a year to strengthen collaboration between each site and share information. At the conference held in May 2018, we unified the recognition of our efforts for common issues and held group discussions on important matters. The participants explored the issues of each site more deeply and exchanged opinions. We also invited an external lawyer to hold a seminar on preventing corporate misconduct.



Participants at the Global Legal Conference

### Clarification of Laws and Regulations that We Must Comply With

We have visualized the rules that we must comply with using the Yazaki-wide Compliance Management Item List, which lists the laws and regulations commonly related to the Yazaki Group's\* businesses. The list is reviewed yearly.

Additionally, the compliance officers of the relevant business offices update laws and regulations applied to specific businesses and local governments and incorporate them into compliance activities.

\* Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation

### Compliance Training

The Yazaki Group provides compliance training by job grade, such as compliance seminars for directors, including top management, and makes efforts to raise understanding of the relevant laws and regulations as well as compliance awareness.

At the Yazaki Legal Conference, which we held in November 2017, we provided education for the directors of domestic subsidiaries and exchanged information on important matters inside and outside of the Company.

We also held a compliance week in each division and worksite for the purpose of raising compliance awareness of each and every employee. In fiscal 2017, there were many unique initiatives, including holding a compliance presentation event interspersed with skits and a display of compliance ema (horse picture votive tablets) collected from employees. Such initiatives formed meaningful opportunities to enhance employees' awareness of compliance and stimulate conversation in the workplace.



Display of compliance ema

### Establishment of Consultation and Inquiry System

The Yazaki Group operates *Yazaki ai*, a whistle-blower system, for the early detection and prevention of problems related to compliance. In addition to the internal hotline, there is also a third-party hotline where independence is guaranteed. Because of this, there is a promise of anonymity and protection for whistle-blowers so that they are not treated unfairly due to raising a concern. Since 2016, we have increased in-house recognition of the hotline system through activities to disseminate awareness of the hotline amongst employees.

### Monitoring

To ensure the effectiveness of our compliance activities, we identify the high-risk items with the Yazaki-wide Compliance Management Item List. Each division and workplace performs self-inspection by using a compliance check sheet constructed in a form that makes it possible to check the requirements. We also make efforts to ensure the achievement of legal compliance through the implementation of functional audit by divisions in charge of laws and regulations, such as personnel, financial, and legal divisions, and a regular, multi-layered audit conducted by the Internal Audit Department.

### TOPICS Compliance Awareness Survey

In fiscal 2017, we once again conducted a compliance awareness survey of all Yazaki Group employees in order to obtain suggestions for measures to be taken from the following fiscal year and beyond by confirming the compliance awareness of employees, the status of the system and its operation, and detecting of any problems. We have considered measures to address any issues that have been highlighted through a comparisons with the previous survey results and an analysis of the responses.

## Risk Management

We work to detect any risks surrounding the Yazaki Group, and implement risk management to control, monitor, and alleviate the detected risks. The Internal Control Committee, chaired by the President, deliberates on important matters related to risk management regularly (twice a year).

We aim to strengthen the Risk Management System throughout the entire Yazaki Group and are rolling out risk management activities globally. In fiscal 2017, we implemented risk management activities in the China region, Thailand, and Brazil with the support of the local headquarters. In each region, we comprehensively check the appropriateness of management systems, regulations, and operational processes and specify important risks and devise countermeasures. Discussions are held at the internal control committees established for each region with the aim of making improvements.

In addition, we also actively promote initiatives such as the holding of joint workshops by Yazaki Group headquarters and the members of the regional headquarters and the inspections of production sites with an eye to even more effective risk management.



Europe risk management workshop

## Information Security

### Basic Concept

In recent years, cyberattacks by organized professional groups have increased, and their targets include both nations and corporations. Since the methods of their attacks are complex and hard to detect, we need to validate the effectiveness of the current information security measures against any method of attack and continually strengthen these measures. Any incident or accident involving the leakage of information due to a cyberattack will damage the trust of customers and other stakeholders in the company, and lead to lost profits.

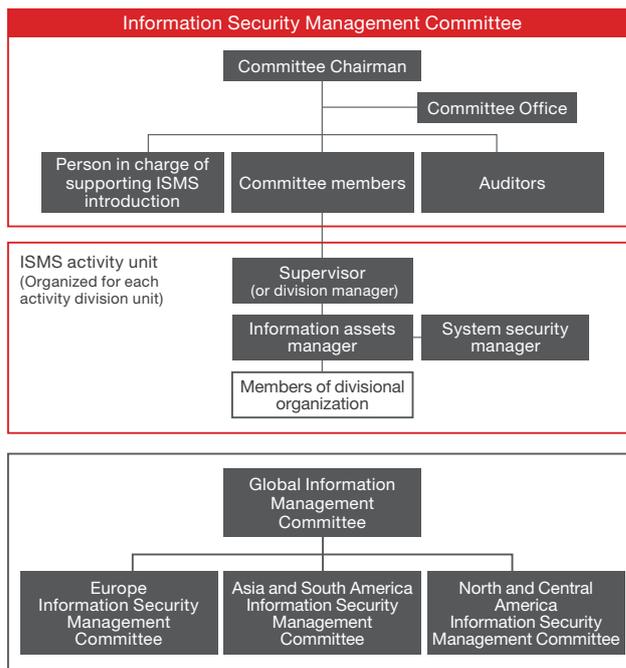
The Yazaki Group protects a broad range of confidential information, including the personal information of customers obtained in the course of business. We have also established a variety of rules, including our Privacy Policy, and focus our efforts on information security in order to manage the necessary information on our products appropriately from the perspective of customers.

### Organizational Structure to Ensure Information Security

The Yazaki Group has established the Information Security Management Committee whose members are posted in each division. At Committee meetings held every other month, the 25 committee members check the status of information security activities in each division and consider standardization, common measures, and training with the goal of striving to maintain a high level of information security.

To respond to Europe’s General Data Protection Regulation (GDPR), we have established management committees to oversee each global region (Europe, Asia, South America, and North and Central America) and promote compliance.

We will keep working to gain the trust of customers and other stakeholders through the promotion of information security activities in the future.



### Operation

We work to maintain and strengthen security by continually implementing a PDCA cycle over the course of a year through the information security management system (ISMS).

In addition, we report any security accidents to the Information Security Management Committee to expedite the initial response and to ensure the prevention of reoccurrence. In terms of the protection of personal information, we reflect any legislative changes in the in-house regulations and provide training on them in addition to raising awareness by posting our protection policy on the in-house internet when employees use it to access personal information.

Social Initiatives

Responsibilities to Customers

At Yazaki, our customers come first. We serve our customers with a stable supply of high-quality products that consistently meet safety standards.



Basic Concept

Ever since being founded in 1941, based on our desire to contribute to the society through manufacturing and to provide the highest value to customers all over the world, the Yazaki Group has continually engaged in business activities with the aim of living up to the trust and expectations of the society in order to be “A Corporation in Step with the World” and “A Corporation Needed by Society” as described in the Yazaki Group Corporate Policy.

To fulfill our responsibility to deliver the highest quality products, anywhere in the world, in a suitable time and at a competitive cost, we provide products and services that constantly delight customers. With this goal in mind, each and every employee of the Group considers and acts from the customer’s point of view and aims to continue to be the best partner for customers.

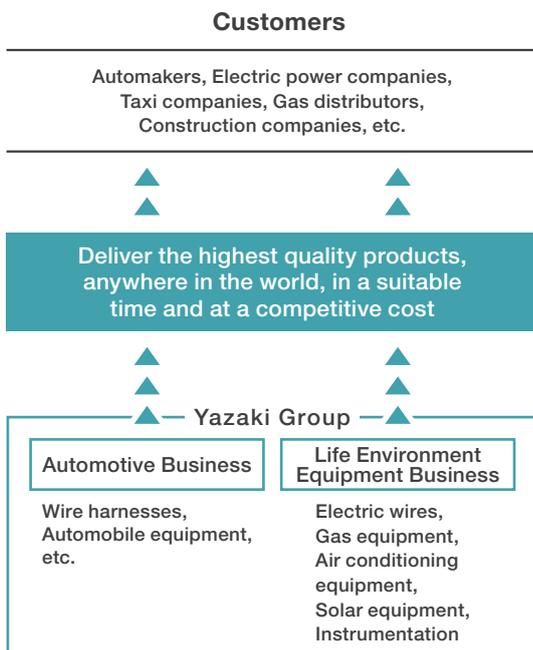
Initiatives in the Automotive Business

In order to promptly identify customers’ needs from a global perspective and respond accurately to them, it is essential that all related departments cooperate with each other. To that end, the Yazaki Group conducts its activities with integrated development, production, sales, and management divisions for each customer. In regards to compliance with laws and regulations, we act to ensure there are no omissions through activities that include cross-divisional management.

Since fiscal 2016, we have standardized work processes in the development of vehicle products with the aim of accurately responding to the needs of global customers. This standardization process involved the strengthening of cooperation between divisions to encourage collaboration, and the systemization and visualization of integrated work processes, product planning and development through to commercial-scale production. The reorganization of production preparation to be based on standardized work processes has made it possible to achieve QCDE\* goals in product development and effectively ensure the quality of work. These in turn, pave the way to improving customer satisfaction.

\*meaning of Quality, Cost, Delivery and Environment

Business and Customers of the Yazaki Group

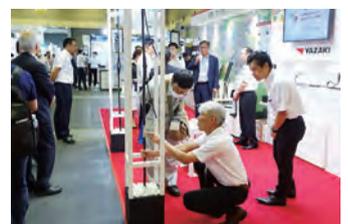


Initiatives in the Life Environment Equipment Business

Electric Wire Operations

We exhibited at the JECA FAIR (Japan Electrical Construction Equipment and Materials Fair) held in May 2018. We exhibited products that can alleviate the burden of work for electrical construction contractors based on a theme of further savings in construction. Based on a see, touch, experience approach with a focus on branching products, we showed the actual use of products on electrical construction sites in order to demonstrate how the Yazaki Group’s products are used in daily life as well as allowing customers to test our products and experience their features.

We are utilizing the feedback and requests we received at the fair in our product development with the aim of improving customer satisfaction in the future.



Yawaraka cable Experiencing 600V-CE's threading capability



### Gas Equipment Operations

Since 1963 when we first started selling LP-gas meters in Japan, the Yazaki Group has been providing products and services that ensure the safe use of gas by customers. Moreover, we have our own Gas Engineer Qualification System in place for designated gas equipment service shops (GSS) which sell our gas equipment and provide services related to it. The system aims to encourage GSS employees to acquire and maintain knowledge and skills related to gas equipment.

Furthermore, the Yazaki Gas Equipment Training Center, established in 1981, was designated as a training facility for authorized LP-gas facilities managers by the Ministry of Economy, Trade and Industry, and has been providing the education required for LP-gas plumbing. In fiscal 2017, we held four seminars and a total of 57 trainees passed the authorized LP-gas facilities manager test. So far, a total of 1,600 trainees have passed the test.

Through these efforts, we will continue to provide safe services to customers.



Lecture for engineers

### Environmental System Operations

Environmental System Operations meets a wide range of customer needs through the provision of products and services that utilize renewable energy, such as solar heat and wood biomass, and unused energy, such as waste heat, aimed at the dawn of a new society based around natural capital.

In the wood biomass sector, we are aiming for an integrated public-private approach to the construction of the district heat supply system and its efficient operation. For example in Nishiawakura Village, Okayama Prefecture where we are working together with Techno Yazaki Co., Ltd., a subsidiary responsible for the design and supervision of the system, we are promoting a district heat supply system maintenance business.

In fiscal 2017, we introduced heat supply facilities that included wood chip boilers and a heat storage tank and started supplying heat to the newly constructed Nishiawakura Kindergarten. In 2018 and beyond, we plan to supply heat to the existing elementary and junior high schools and to newly constructed government offices and buildings, including welfare facilities for the elderly.

We will continue to contribute to the realization of a better society through initiatives such as the ones described above.



Nishiawakura Kindergarten

### Instrumentation Operations

Under the concept of connecting vehicles with infrastructure, the Yazaki Group contributes to the realization of a smart community-based, safe, low-carbon society by providing instrumentation system products that help solve the issues facing a motorized society, including safety and security, environment and energy conservation, and efficiency and convenience. Since 1962 when we built a nationwide service network centering tachographs, we have been enhancing our after-sales service, including the installation, component replacement, and repair of instrumentation devices in collaboration with distributors.

We have also contributed to the improvement of customers' businesses by improving the efficiency of vehicles and labor management, including safety and eco-friendly driving, with the *DTG 7*, a digital tachograph that matches the needs of each industry, and the *Arofriend 27*, a digital tachograph with a built-in taximeter.



Arofriend 27 taximeter

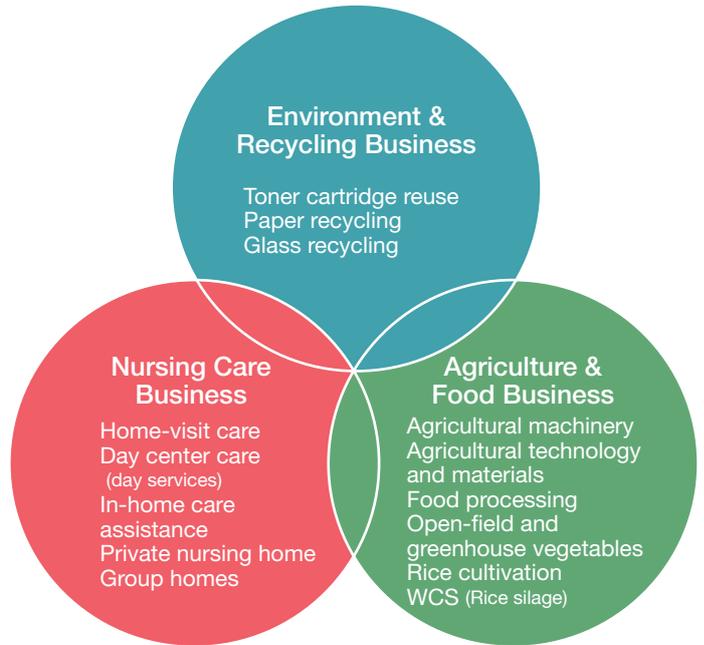
**Initiatives in New Businesses**

The Yazaki Group is actively working on new businesses in the sectors of environment and recycling, nursing care, and agriculture. In the environment and recycling business, we are working on the reuse of toner cartridges from printers, the recycling of postcard cutting waste to make foamed paper cushioning, and the recycling of waste glass to make foamed glass lightweight materials. In the nursing care business, we operate nursing care services through Yazaki Corporation and seven subsidiaries. In the agriculture and food business, we produce and sell agricultural produce in addition to selling sweet sake and tomato juice made from the rice and tomatoes we grow to promote the diversification of primary producers into processing and distributing. This initiative aligns with Japan Ministry of Agriculture, Forrestris and Fisheries's sixth sector industrialization initiative to increase value added to products and services by agriculture.



GEN sweet sake (Arrow Farm, Oita) and tomato juice (Okuetsu Parts Co., Ltd. Aomori Factory)

**The Yazaki Group's New Businesses**



**TOPICS**

**Initiatives to Increase Facility User Satisfaction**

At Yazaki Care Center Kamifusen, which provides nursing care support services in Susono City, Shizuoka Prefecture, the users of the facility started making and selling flowerpots with wire harness jig board waste in fiscal 2017 as part of their functional training.

The objectives of this activity are to make effective use of the jig board waste discarded by plants in the Yazaki Group and to allow the users of the facility to once again experience the joy and sense of fulfillment of working. Every month, about 150 facility users work independently on creating flower pots.

The flower pots are sold at events such as festivals, and a portion of the sales is returned to the users for Christmas and other events at the facility. The users of the facility have more opportunities to live life with enthusiasm, and the activity has gathered a good reputation among the users and their families.



Creating flower pots



We share our policies and goals with our business partners, and aim for coexistence and mutual prosperity through open and fair transactions. We will endeavor to realize manufacturing adapted to changes in the business environment and build strategic global partnerships.



## Initiatives in the Supply Chain

### Efforts for CSR Procurement

The Yazaki Group formulated the Supplier CSR Guidelines and the Supplier CSR Self-Assessment Check Sheet in November 2015 in order to have a common understanding of CSR with suppliers and to conduct CSR activities together with them. We have distributed the guidelines to approximately 570 companies in Japan and overseas. In addition to requesting our suppliers to promote CSR activities in accordance with the Guidelines, we have asked suppliers to also promote CSR activities with their suppliers based on the Guidelines.

In fiscal 2017, we revised the Supplier CSR Self-Assessment Check Sheet, which had previously focused on human rights and labor, and decided to check the overall CSR initiatives of suppliers, including safety, quality, human rights, labor, compliance, the environment, and risk management. So far, we have distributed the revised Check Sheet to approximately 400 suppliers in Japan and requested them to carry out self-assessments. In the future, we plan to do the same for overseas suppliers. Going forward, we will strive to reduce CSR risks in the supply chain, win the trust of stakeholders, and practice sustainable procurement based on dialogue with our suppliers.

### Yazaki Global Suppliers Convention

The Yazaki Global Suppliers Convention is held annually to share procurement policies and issues with our suppliers through two-way communication.

At the convention held in July 2017, 157 domestic and overseas supplier companies participated with nine new suppliers of facilities, materials, and logistics in addition to the suppliers of raw materials and parts for electronics, instrumentation and wire harnesses. The President of Yazaki explained the business environment of the Yazaki Group and the priority measures based on the concept of Return to the Origins as a *Monozukuri* (craftmanship) Company.

The General Manager of the Purchasing Division shared the positioning of purchasing departments in the global system and procurement policies related to “securing the number one position for 100% customer satisfaction” based on risk management, safety, quality, and the environment. He also requested for supplier activities to offer the best value to customers and the promotion of CSR.

Moreover, in an effort to deepen mutual cooperation with

suppliers, a technology exchange meeting was held with the focus on strengthening the optimization of the Yazaki Group’s global procurement. In the meeting, we received proposals from the participating suppliers for reinforcing the competitiveness of the Yazaki Group’s component business.

The meeting also served as an opportunity for participating suppliers to exchange views with other suppliers in addition to highlighting examples of activities aimed at the optimization of global procurement and products in development from the Yazaki Group.



Yazaki Global Suppliers Convention

### Efforts for Coexistence and Mutual Prosperity with Suppliers

The Yazaki Group encourages suppliers to promote CSR throughout the supply chain and ensure constant management through regular meetings and information exchange meetings at *Yaei-kai*, a society for cooperation with 31 major suppliers aiming for coexistence and mutual prosperity.

*Yaei-kai* has also held several study sessions based on the procurement policies of the Yazaki Group as part of its activities. In total, nine member companies of *Yaei-kai* took part in a study session on the Promotion of CSR Activities.

We will continue our efforts for coexistence and mutual prosperity in close communication with our suppliers.

### Responding to conflict minerals surveys

As a member of the Responsible Minerals Initiative (RMI), an international organization addressing conflict minerals, the Yazaki Group conducts an annual conflict minerals survey across the entire supply chain to fulfill its social responsibilities in procurement and to meet the requests of customers, including automobile manufacturers. In June 2018, we held a briefing on conflict minerals surveys for suppliers. In the briefing, we explained our approach to procurement policies and how to respond to the conflict mineral survey to 129 participants from 99 supplier companies. We also asked for their understanding and cooperation with the survey. In the future, we will continue to aim for conflict-free procurement of raw materials while pursuing further collaboration with our suppliers.

## Social Initiatives

## Responsibilities to Employees

We work to enhance personnel systems and to improve the working environment to enable each and every employee to fulfill their potential.



## Sincere Dialogue with Employees

## Toward a Better Working Environment

The Yazaki Group believes that implementing the Principle of “Care for people by creating a corporate culture that prioritizes individuality and team-work, while empowering people’s dreams,” which is also part of the Fundamental Management Policy, will lead to corporate growth. In order to respond to social change and the needs of employees based on the five employee related policies in our CSR Policy, the Yazaki Group values mutual understanding and trust between labor and management in aiming for further development and improvement of its personnel system and workplace environment in collaboration with the All Yazaki Union of Japan. A labor affairs review committee meeting and branch office labor-management conferences are held monthly in addition to an annual labor council to examine regulations and verify performance. We also strive for the exchange of opinions between labor and management through biannual branch office visits. We focus on the realization of one of the declarations, “Creation of a corporate atmosphere and culture that fosters workers’ mental and physical health,” included in the Yazaki Group Labor-Management Joint Declaration that we concluded in 2013.

In fiscal 2017, we continued to improve the working environment through initiatives such as by defining specific periods for each branch office to encourage employees to take paid leave in order to promote the uptake of paid leave. In addition, in order to ensure the prevention of excessive working hours, we are making efforts to operate a system of interval rest hours in which an employee must have a certain period of time between the end of work period and the start of the next work period. We will continue to promote activities aimed a better working environment through the collaboration of labor and management.

## Further Enhancement of Personnel System

We operate a personnel system called Rewarding Employees Who Worked Hard to properly evaluate employees who are motivated in their roles and produce results.

In fiscal 2017, we conducted a survey for all employees and reviewed employees’ opinions on the personnel system. Based on the results of this survey and other factors, we revised the personnel system to respond to changes in the social environment and legal amendments. Our revisions include an initiative to set appropriate goals for evaluations. We will continue to constantly enhance our personnel system so that all our employees can work with a sense of motivation.

## Respect for Human Rights

## Implementing CSR Education

The Yazaki Group has stated in its CSR Policy that we will promote business activities that respect the human rights of our business partners and employees. Specifically, we pledge to conduct our business activities in accordance with the ILO’s core labor standards which include prohibiting forced labor and child labor in addition to respecting diversity and not engaging in discrimination. Therefore, we explain our CSR Policy and human rights risks, including child labor and forced labor, during the CSR training for employees who will work abroad with the objective of deepening their understanding of respecting and giving proper consideration to human rights in the countries where they will work.

In fiscal 2017, approximately 120 employees planning to work abroad participated in the training. Moreover, in order to identify human rights risks in our business activities, we verified compliance with the legally stipulated minimum age for employment at our sites in each country in addition to conducting impact assessments, such as auditing the hosting of technical interns in Japan. We also request suppliers to understand our CSR Policy and promote initiatives for respecting human rights across the supply chain by conducting self-assessments that include human rights.

## Responding to the UK Modern Slavery Act

In October 2015, the UK Modern Slavery Act 2015 came into force in order to eradicate modern slavery. Yazaki Corporation and Yazaki Europe Limited have published statements against modern slavery in our supply chains on our websites to ensure compliance with the requirements of the legislation.



## Developing the Next Generation of Human Resources

### Yazaki Leadership Development Seminar

The Yazaki Group has stated in our CSR Policy that we will actively pursue human resource development for our employees, and we provide diverse training programs to enhance their skills and creativity. The Yazaki Leadership Development Seminar, which we have continually conducted since fiscal 2011, is for young managers and manager candidates, who were recommended by their superiors. The seminar aims to develop basic management knowledge, the business skills and mindset to play an active role globally under diverse environments.

In fiscal 2017, a total of 20 people from 13 countries participated in the seminar and engaged in project work based around the theme of the vision and core business for the Yazaki Group in ten years' time. On the final day, we held a proposal presentation session, which included the division managers and branch office managers involved with the trainees from Japan and overseas. Obtaining advice from a managerial point of view enhanced the perspective of the trainees.

### Yazaki Corporate Culture Training

Yazaki Corporate Culture Training celebrated its 23rd anniversary in 2018. It is a personnel development program for employees of overseas Group companies to learn the Japanese language and culture, and deepen their understanding of Yazaki's corporate culture by experiencing work in Japan.

In fiscal 2017, five people took part in the program, which has been completed by 227 people to date. During the program, participants deepen their communication with Japanese staff during their one-year stay in Japan and serve as intermediaries between Japan and branch offices in their own countries after returning home.



### Yazaki-juku (Dialogue with top management)

We organized *Yazaki-juku* as a place for employees to exchange views with top management and deepen mutual understanding. In the Follow-up Workshop, first held in 1983, employees who have been working for Yazaki for over five years discuss the principles and objectives of the Yazaki Group with the Chairman. In the Management Roundtable Conference, first held in 1999, department managers exchange views with the president on their visions of how to manage a workplace. In fiscal 2017, we held 14 Follow-up Workshops (179 participants), and five Management Roundtable Conferences (29 participants), creating opportunities for obtaining advice from top management.

### Yazaki Summer Camp

In order to provide children, who will lead the future, with the opportunity to have diverse experiences, we have held a summer camp for the children of our employees since 1977.

The camp provides children with opportunities to make new friends and have new experiences in addition to increasing their interest in environmental issues and deepening mutual understanding through international exchanges. The camp also serves as a place to develop the leadership and communication skills of employees who participate in the camp as instructors.



Yazaki Summer Camp in Japan Participants

### FY 2017 Yazaki Summer Camps

	Domestic	Overseas	In Japan
<b>Target</b>	Domestic employees' children (Elementary 5th and 6th grade)	Domestic employees' children (Junior high 8th grade)	Overseas employees' children (14-year old children)
<b>Location</b>	Yusuhara Town, Kochi Prefecture (Jul. 31st to Aug. 4th) Eastern Shizuoka Prefecture (Jul. 31st to Aug. 3rd)	China (Aug. 6th to Aug. 11th) Vietnam (Aug. 18th to Aug. 23rd)	Chiba, Tokyo, Shizuoka (Jul. 22nd to Jul. 28th)
<b>Number of participants</b>	Children: 232 Instructors: 30	Children: 120 Instructors: 17	Children: 317 (37 countries) Instructors: 40
<b>Cumulative total</b>	40 camps/ 7,383 persons	31 camps/ 4,884 persons	28 camps/ 4,144 persons

### Promotion of International Understanding Support Center Project

The Yazaki Group believes that it is important for employees to combine their skills of creativity, autonomy, language, and understanding of different cultures and to foster global personnel who challenges themselves and takes on challenges. We would like to expand our support activities for international understanding and education by supporting the development of global personnel in local educational institutions and companies.

Based on this idea, the Adventure School, founded in 1993, is a part of the internationalization project. So far, more than 1,300 people in 44 host countries have participated. In fiscal 2017, 15 future fulltime employees participated in the Adventure School before starting work at the company and engaged in activities with people from all over the world for one year.

## Respecting Employee Diversity

### Expanding Employment and Occupations of Persons with Disabilities

In our CSR Policy, the Yazaki Group has pledged to respect diversity, and we strive to create a working environment that enables all employees to make the most of their skills and aptitude, and work with enthusiasm. In terms of promoting employment of persons with disabilities, the Yazaki Group has standardized operations and reinforced follow-up systems along with creating a disability-friendly working environment. In fiscal 2017, 280 persons\* with disabilities, including those newly hired, were working for the Yazaki Group. The employment rate of persons with disabilities was 2.33%\*.

Moreover, 25 employees with disabilities are employed at Yazaki Business Support Co., Ltd., a special subsidiary of Yazaki Corporation in Susono City, Shizuoka Prefecture, where they are mainly engaged in management and cleaning of welfare facilities and collective waste management services. To enable them to continue working, we have arranged and developed qualified personnel, such as an in-house job coach and an employment counsellor, to strengthen our support systems.

\* Total of Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., Yazaki Energy System Corporation, and Yazaki Business Support Co., Ltd. calculated based on the Act on Employment Promotion of Persons with Disabilities.

### Utilizing Older Workers and Passing on Expertise

The Yazaki Group strives to re-employ retired employees in order to contribute to securing employment for older workers and to pass on their advanced skills and techniques to the next generation.

In fiscal 2017, we employed 404 employees, including 60 new employees, for Anchor\*, and 144 employees, including 32 new employees, for Elder\*.

\* Anchor targets permanent employees while Elder targets contract employees.

### Promoting Work-life Balance and Active Roles for Women

We are working on a variety of initiatives to create a workplace where all employees can work with high motivation and satisfaction.

As part of these initiatives, we have established a short working hours system in addition to providing continuous childcare leave for employees who are at the parenting stage of life. In fiscal 2017, in order to provide support for balancing work and childcare, we extended the period of use for the short working hours due to childcare (legally required until the age of three) from previous limit of the child entering into an elementary school to until the child enters the 4th grade of elementary school.

We have also set up and started operating the Stork Support (LCO) system to provide support for balancing work and treatment for employees receiving infertility treatment to create an environment that enables employees to have a peace of mind in regards to pregnancy and childbirth.

Going forward, we will continue to respect the diversity of employees, strive to create a corporate culture and enhance systems for employees to support each other when they have commitments such as childcare, nursing care, and elderly care.

#### Number of employees who took leave for childcare, nursing care, and elderly care

Category	2013	2014	2015	2016	2017
Continuous Childcare leave	93	98	99	105	84
Short working hours due to childcare	133	155	177	172	190
Nursing care leave	64	67	64	74	86
Continuous elderly care leave	2	3	1	5	2
Short working hours due to elderly care	1	1	1	2	2
Elderly care leave	1	2	1	9	11

## TOPICS

### Lunch Meeting: Support for Returning to Work After Continuous Childcare Leave

The Monozukuri Center (Makinohara City, Shizuoka Prefecture) runs a program to support returning to work after childcare leave in order to reduce anxiety about going back to work and to increase motivation. As part of the program, started in 2017, the Lunch Meeting has been organized for employees on childcare leave before they return to work and their spouses.

At the fifth lunch meeting in April 2018, employees on childcare leave took part with their children and engaged in a roundtable discussion while having lunch with experienced mothers. There were also company updates from superiors and a mini-seminar on the topic of the role of husbands, and husband and wife partnership. Participants expressed such

thoughts on the meeting as: "I was able to relax and get away from the anxiety I had while on leave, and, above all, I gained courage from being with people going through the same things as me."

We will continue to provide support for employees to balance work and life with the aim of achieving work-life balance, and strive to create a working environment where anyone can work with enthusiasm.



Participants at the Lunch Meeting



## Creating a Safe and Comfortable Workplace

### Improving Mental and Physical Health

The Yazaki Group aims to establish maintenance of good health among all employees as a part of its corporate culture. As one of the basic measures, we ensure that all employees (100%) undergo a regular health checkup and implement various measures aimed at prevention and early detection of diseases.

Moreover, we have been conducting mental health examinations since 2009, prior to the mandatory stress checks required under the Industrial Safety and Health Act, to encourage employees to be aware of their mental health issues and to promote self-care. We have now expanded the coverage of these examinations to expats and employees of subsidiaries in Japan. We also conduct annual mental health education for all employees to create an environment where both companies and employees work together to maintain good mental and physical health.

As a result of these initiatives, the Yazaki Group\* was recognized in the large enterprise category of the 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program, which is jointly run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. We will continue to implement health management and strive to maintain and promote good health for our employees.

\* Yazaki Corporation, Yazaki Meter Co., Ltd., Yazaki Parts Co., Ltd., and Yazaki Energy System Corporation

### Wellness Promotion Project

In fiscal 2015, we launched the Wellness Promotion Project for the purpose of creating a corporate culture in which employees can develop and nurture healthy ways of living and working, and are currently operating a range of programs under it.

For the Art Communication Program (ACP), which we started in fiscal 2017, we invite lecturers from ArtsAlive to take part in a unique approach to communication while looking at masterpieces. It is expected that through participation in the program employees will improve their ability to make observations from diverse perspectives (creativity), to talk about their feelings freely in their own words (power of self-expression), and to respect diverse opinions and the values of the people who have those opinions (mutual understanding). As a result, we can expect the creation of positive workplace human relationships and the development of a healthy working environment.

Under the Wellness Promotion Project, we will continue to work on new initiatives to balance the health and job satisfaction of employees.



Art Communication Program

### Occupational Health and Safety

At domestic production sites, we are working to improve the safety awareness of our employees by conducting risk assessment activities to detect and prevent potential risks in the workplace through activities such as risk prediction and risk sensitivity training.

We are also making efforts to improve the working environment by prioritizing the safety of not only employees but also temporary staff and external contractors at all of our site through such means as conducting workplace diagnosis to evaluate the level of safety and health management.

In the event of an industrial accident, we respond immediately and ensure that information, including countermeasures, is shared within the company in an effort to prevent the recurrence of similar accidents. As a result of these efforts, the industrial accident frequency rate (lost work time) at the Yazaki Group was 0.49 in fiscal 2017. In fiscal 2018, we aim to further reduce the number of industrial accidents.

In our global safety and health activities, we also strive to prevent similar accidents and raise awareness of safety by sharing information on industrial accidents.

## Disaster Mitigation Measures

### Developing Natural Disaster Mitigation

We are developing mitigation methods for natural disasters with a priority on ensuring the safety of employees and local residents in the event of a disaster.

To date, we have prepared the Wind and Flood Response Manual to respond to typhoons, torrential rain, and storm surges, the Earthquake Response Manual to respond to earthquakes and tsunamis, and the Eruption Response Manual to respond to volcanic eruptions. By promoting disaster prevention activities based on these manuals at each site, we promote understanding of disaster management and readiness to respond appropriately to emergencies.

### Fire Prevention Measures

In order to prevent fires caused by electrical equipment and chemicals, we have enhanced the fire control regulations in addition to organizing a fire management system for all domestic sites in an effort to rationalize management. Moreover, we hold regular study sessions on laws and regulations for all fire marshals at domestic sites, and are working to promote understanding of fire service laws and regulations, and fire prevention.

Social Initiatives

Responsibilities to Local Communities

We work in partnership with local communities to contribute to their revitalization.



Initiatives in FY 2017

Developing the Next Generation

Yazaki Automotive Products Poland SP. Z O.O. (YAP-P) in Poland has provided assistance with renovation, including the repair of furniture and painting of walls, as well as the rehabilitation expenses of sick children living in at an orphanage near its site since December 2017. In addition, about 20 employees visit the facility three times a month to engage in ongoing communication, including helping the children with their studies and acting as someone who listens. YAP-P has received a certificate of appreciation for these activities from the representative of the facility. YAP-P will continue these activities with the aim that all of its employees will be involved in developing the next generation in the local area.



Presenting the certificate of appreciation



Donation of benches made by employees

Supporting Employment for Persons with Disabilities

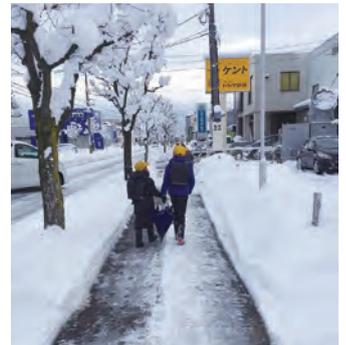
Tanshin Industrial Co., Ltd. in Kosai City, Shizuoka Prefecture has hosted practical training and conducted school visits at the company's site for students from the senior high school section of the Shizuoka Prefectural Hamana Tokubetsu Shien Gakko since 2008. During the practical training, which takes place once a year, students engage in such tasks as assembling the jigs for manufacturing wire harnesses which provides them with the opportunity for employment training at a manufacturing site. During the school visits, which take place twice a year, employees take assembly jig parts as teaching materials and teach assembly work to about 10 students. Through these activities, we not only promote employment for persons with disabilities but also aim to create an environment of respect for diversity in which we work to be able to make the most of each and every person's abilities.



Practical training at the company's site

Clearing Snow from School Routes

Toyama City, where the Toyama Branch of Yazaki Energy System Corporation is located, is in an area affected by the climate of the Japan Sea and has heavy snowfall in winter even in urban areas. The pavement in front of the branch is designated as a school route for a nearby elementary school. Pavements covered in snow are difficult to walk on, and children could fall and be injured. Therefore, prioritizing the safety of children, all the employees at the Toyama Branch arrive at work early to clear snow in order to finish before children start going to school. The employees will continue working to ensure safety on school routes.



Snow-cleared school route

Supporting Reconstruction After the Great East Japan Earthquake Participating in Coastal Forest Restoration Project

The Sendai Branch of Yazaki Energy System Corporation and the Tohoku Branch of Techno Yazaki Co., Ltd. in Sendai City, Miyagi Prefecture have been taking part in a coastal forest restoration project organized by The Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) since April 2016.

The project will plant around 500,000 seedlings by 2020 and aims to restore the coastal forest, which not only contribute to a beautiful landscape of white sand and green pines, but also functions as windbreak and erosion control to support people's daily lives. In fiscal 2017, a total of 28 employees took part in activities to plant black pines and remove glycine soja grass on the coast in Natori City, Miyagi Prefecture, which was damaged in the earthquake.



Planting black pine



## TOPICS

### Connecting to the Future of Samoa

Yazaki EDS Samoa Ltd. (YES) devised a range of measures to provide support for re-employment of employees upon withdrawing from business in Samoa. Measures to provide support for re-employment included obtaining a driving license and short courses on basic hotel services that take into account in-demand occupations in Samoa in addition to general skills that are useful in finding work such as interview techniques and how to write a resume in employment seminars that could be attended free of charge. One employee was inspired by attending a workshop on cloth dyeing to set up a brand called Riverside Tie Dye which is now sold at markets and other places.

Moreover, as there are few employers in Samoa, we transferred three YES employees who stated that they would like to work at a Yazaki Group site outside of Samoa to sites in Japan. These three employees are breaking new ground and leading new lives despite being puzzled by the differences in language and culture.



The Samoan employees working in Japan

### Yazaki Kizuna Foundation

Yazaki Corporation established the Yazaki Kizuna (Japanese word meaning bond, relationship) Foundation in January 2018. Yazaki Kizuna Foundation will support education by providing scholarships and provide assistance to businesses aimed at generating employment with the objective of contributing to the advancement of developing regions overseas.

In fiscal 2017, the foundation's first fiscal year, it started providing scholarships for six students attending the National University of Samoa with the aim of developing the human resources who represent the future of Samoa. At the Scholarship presentation ceremony held in April 2018, the scholarship recipients spoke of their gratitude to the foundation and their aspirations for the future. The ceremony was covered by local Samoan news media. The Foundation plans to promote dialogue with members of the

Government of Samoa aimed at assisting small businesses that will contribute to the economic development of Samoa.



Scholarship presentation ceremony

Promote the environmental conservation activities of the entire group while sharing issues globally.



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.**  
(Article of No. 3)

Yazaki Global Environment Charter

(Adopted in 1997; revised in 2002, 2006, and 2012)

Environmental Policy

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

Action Guidelines

**1 Enhance environmental management**

Raise environmental awareness among all employees and empower them as individuals to take responsible actions for environmental preservation.

**2 Take action to prevent global warming**

Reduce greenhouse gas emissions at the production process and by the contribution of energy-saving product.

**3 Promote the efficient use of resources towards the formation of a recycling-based society**

Utilize resources by promoting waste recycling and reduce discharges.

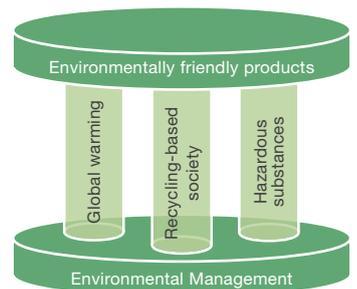
**4 Manage and reduce environmentally hazardous substances**

Improve the management of environmentally hazardous substances in the products and the production process.

**5 Develop environmentally friendly products**

Consider global warming, recycling, and environmentally hazardous substances when developing products.

Organization of the Action Guidelines





## Yazaki Environmental Plan (Results and Evaluations for FY 2017 and Targets for FY 2018)

Ongoing: ongoing improvements      **Evaluation standard** ○:100% achieved    △:at least 90% achieved    ×:less than 90% achieved

Item	Target state or value	Target year	Results for FY 2017	Evaluation	Target for FY 2018
<b>Enhance Environmental Management</b>					
<b>Environmental communication</b>	Ensure improvements are implemented continuously while carrying out two-way communication with stakeholders	Ongoing	● Factories have issued site reports and held stakeholder meetings.	○	● Continue to issue site reports and hold stakeholder meetings at factories
<b>Environmental education</b>	Ensure that environmental awareness permeates to all employees, and they voluntarily take on environmental initiatives	Ongoing	● Implemented environmental education in each region, site, and division (13,744 employees attended training)	○	● Continue environmental education in each region, site, and division
<b>Environmental compliance</b>	Ensure that the compliance system is strengthened by identifying the environmental laws and regulations that apply to each site, implementing periodic compliance audits, and making improvements in accordance with the audit results	Ongoing	● Implemented audits in each region based on the plan	○	● Continue periodic audits ● Maintain and manage SOC measurement system globally
	Ensure that systems are in place to comply with legal and customer requirements for chemical substances contained in products Ensure that a globally consistent system for materials data management is in operation	2018	● Promoting integrated management of IMDS data possessed by each region	△	● Integrate IT systems and data in Japan, the Americas, and Europe
<b>Strengthening the environmental management in the supply chain</b>	Ensure that issues concerning environmental management are shared with suppliers and that the PDCA cycle is implemented	2018	● Prepared draft revision of the Yazaki Green Purchasing Guidelines (published in October 2018)	○	● Prepare the revised Yazaki Green Purchasing Guidelines and deploy it to suppliers
<b>Responding to the revisions of ISO 14001</b>	Ensure that structures are reviewed in light of ISO 14001: 2015	2018	● Achieved 100% progress rate on audit plans for ISO14001:2015 in all regions and sites	○	● Complete transition by September 2018 ● Continue periodic audits
<b>Considering and contributing to biodiversity</b>	Ensure that efforts for biodiversity are shared and that activities are continuously conducted according to the characteristics of each region and site	Ongoing	● Achieved targets established in each region	○	● Implement planned activities in each region and site
<b>Take Action to Prevent Global Warming</b>					
<b>Reduction of CO<sub>2</sub> emissions</b>	Ensure that global CO <sub>2</sub> emissions per unit is reduced by 20% from FY 2010 by FY 2020	2020	● Reduced global CO <sub>2</sub> emissions per unit by 33.8% from FY 2010	○	● Reduce global CO <sub>2</sub> emissions per unit by 18% from FY 2010
<b>Promoting the use of renewable energy</b>	Ensure that renewable energy initiatives are shared and that activities are continuously conducted according to the characteristics of each region and site	Ongoing	● Globally shared case studies of activities carried out in each region.	○	● Study applicable renewable energy sources for each region
<b>Promote the Efficient Use of Resources Towards the Formation of a Recycling-based Society</b>					
<b>Reducing waste</b>	Ensure that waste reduction is continuously promoted in each region	Ongoing	● Achieved targets established in each region ● Reduced waste emissions at all sites in Japan by 13.2% from FY 2010(did not maintain previous year's results)	△	● Implement planned activities in each region and site ● Reduced waste emissions at all sites in Japan by 13.2% from FY 2010 (maintain results of FY 2017)
<b>Effectively utilizing and minimizing impact on water resources</b>	Ensure that water resources (quantity and quality) are effectively utilized in each region and improvement activities are conducted continuously	Ongoing	● Shared case studies of activities carried out in each region ● Achieved targets established in each region	○	● Implement planned activities in each region and site
<b>Manage and Reduce Environmentally Hazardous Substances</b>					
<b>Responding to the EU-ELV Directive and EU-RoHS Directive</b>	Ensure compliance with Annex II of the EU ELV Directive (promote the substitution of restricted items with suitable substitutes in line with plans)	2020	● Decided to prohibit use of copper alloy containing up to 4% lead in newly developed products	○	● Confirm the non-use of copper alloy containing up to 4% lead in new parts and products
<b>Responding to the substitution of four specific phthalate esters (responding to REACH Regulations and substances subject to authorization)</b>	Ensure the prohibition the use of 4 specific phthalate esters subject to authorization in raw materials and products	2018	● Implemented substitution based on plans	○	● Complete substitution by December 2018 ● Isolate and check inventory
<b>Responding to substitution of Deca-BDE(Respond to POPs Treaty and Chemical Substance Control Law)</b>	Ensure compliance with laws and regulations, and customer requirements	2017	● Completed compliance with customer requirements	○	—
<b>Responding to Chinese VOC regulations for materials used in vehicle interiors</b>	Ensure identification and compliance with customer requirements for vehicle interior VOC	2017	● Completed the establishment of vehicle interior VOC compliance rules at the product development stage	○	—
<b>Reducing VOC emissions (Sites)</b>	Ensure that VOC emissions are reduced by 30% from FY 2000 at factories	2020	● Reduced total VOC emissions by 53.3% from FY 2000	○	● Maintain 30% VOC reduction in total emissions from FY 2000
<b>Develop Environmentally Friendly Products</b>					
<b>Promoting environmentally friendly design</b>	Ensure that product development and design are conducted with consideration for global warming, recycling of resources and hazardous substances	Ongoing	● The number of environmentally friendly products approved based on the environmentally friendly product certification regulations: 24	○	● Implement environmentally friendly design based on the environmentally friendly product certification regulations

Global Environmental Management

Organizational Structure for Environmental Management

At the Yazaki Group, we have established and operate a global environmental management system to ensure that we meet the expectations and demands for environmental conservation from stakeholders worldwide.

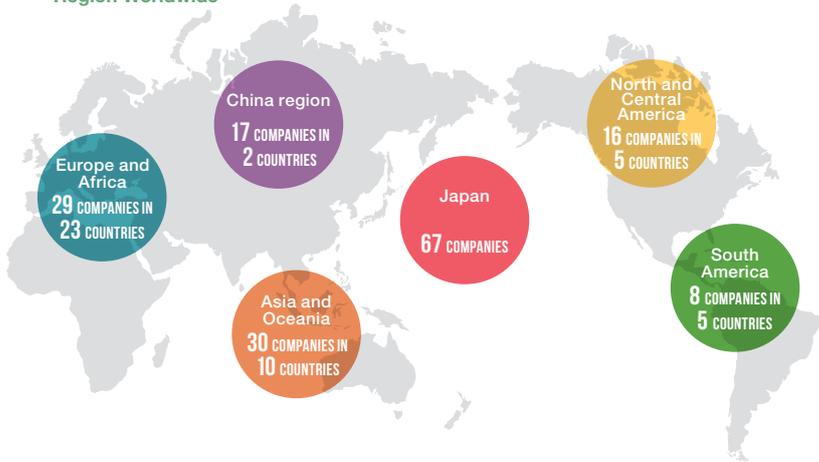
We convene the Yazaki Environmental Committee, the decision-making body for environmental management, every year in April to discuss issues in Japan and overseas.

The issues discussed at the Yazaki Environmental Committee are shared in the Global Environmental Committee with people who have responsibility for environmental issues and with people in charge of practical environmental operation in each region around the world in order to coordinate the activities to solve the issues. Specifically, we share the priority themes that

need to be addressed at a global level, such as alleviation of climate change and management of chemical substances in products, and discuss the responses to the issues in order to promote environmental conservation activities throughout the supply chain while encouraging inter-regional collaboration.

The Yazaki Group has also established an environmental management system, which gives consideration to the laws and regulations, culture, and customs in each region. In Japan, in order to consider actionable policies for the issues in each field, we have established the Environment Product Design Assessment Committee, the Production Environment Committee, and the Non-Production Environment Committee to promote company-wide initiatives.

Structure of Environmental Management in Each Region Worldwide



Regional Environmental Committees

Region	Dates
Americas	August 15–17, 2017
Europe and Africa	First meeting: November 22, 2017
	Second meeting: May 8–9, 2018
China Region	First meeting: September 12, 2017
	Second meeting: April 4, 2018
Asia and Oceania	First meeting: September 13, 2017
	Second meeting: April 5, 2018
Japan	April 26, 2018

TOPICS

EHS Excellence Award at YNCA Environmental, Health and Safety workshop

EHS Excellence Award is given annually to the site with the most achievements in environmental conservation activities to raise awareness of environmental conservation and strengthen environmental initiatives. In fiscal 2017, the Obregon II of Grupo Yazaki S.A. de C.V. (Mexico) received the top award in recognition of its outstanding and original initiatives in such areas as improving the recycling rate for waste and energy conservation activities.

With the introduction of the commendation system, all our sites under the jurisdiction of the Americas Environmental

Conference have steadily promoted environmental conservation activities, and 32 sites achieved zero final landfill disposals in fiscal 2017.



Americas Environmental Conference Members of the Executive Office with award recipients



## Global Environmental Audit

The Yazaki Group operates an environmental management system based on ISO 14001 certification at our site in Japan and overseas.

We also implement periodic environmental audits at factories, branches, and offices in Japan as well as overseas factories to ensure thorough compliance with law. In fiscal 2017, we implemented audits at 38 sites in the Americas, 19 sites in Europe and Africa, 10 sites in Asia and Oceania, 3 sites in the China region, and 32 sites in Japan.

We shared information on observations and opportunities for improvement indicated in the environmental audits in each Environmental Committee, which was used for improvement activities globally.



At the environmental audit

## Biodiversity Conservation Efforts

Our lives rest on the benefits derived from ecosystems in which diverse living things are intertwined. Protection and sustainable use of biodiversity is vital not only for ourselves but also for the sake of future generations. The Framework Convention on Climate Change and the Convention on Biological Diversity were concluded at the Earth Summit in Rio de Janeiro, Brazil in 1992. Also, the Aichi Biodiversity Targets which are common targets to halt the loss of biodiversity, and the Nagoya Protocol which ensure access to genetic resources and fair and equitable sharing of benefits arising from their utilization were adopted at the 10th Conference of the Parties (COP10) in 2010.

The Yazaki Group shares biodiversity initiatives globally and takes action with consideration for local characteristics.

## Environmental Education

In an effort to develop people who can think and carry out environmental efforts on their own, we conduct companywide training and specialized environmental training based on the training system of the Yazaki Group.

Companywide training geared to persons being promoted to specific grades and those being assigned to overseas sites. The training is conducted to deepen the employees' understanding of the significance of environmental conservation and the environmental conservation initiatives of the Yazaki Group.

We also conduct specialized environmental training geared towards employees who supervise and engage in environmental work with the aim of ensuring that they have the skills needed to carry out specialized work related to the environment. This training includes education on environmental laws and regulations and education for ISO 14001 internal auditors.

### Number of Employees Participating in Environmental Training

Category	Training name	Participants
Companywide training	Entering Training (New Graduate/ New Mid-Career Employees)	110
	Seminar for New Assistant Managers	107
	Seminar for New Division Managers/ New Subsidiary Presidents	31
	Pre-Departure Training for Employees Transferring Overseas	67
	<b>Subtotal</b>	<b>315</b>
Specialized environmental training	Training for chemical substance management staff	8,478
	Training for environmental legislation administrators and staff	4,813
	Training for ISO 14001 internal auditors	138
	<b>Subtotal</b>	<b>13,429</b>
	<b>Total</b>	<b>13,744</b>



Environmental training

## TOPICS

## Biodiversity Conservation Efforts

### Participating in Volunteer Weeding

Since 1970s, non-native plants have become the wide spread at the Tottori Sand Dunes and the resulting conversion of the dunes into grassland has become a serious problem. These plants reduce the movement of sand and it becomes hard to see the beautiful ripples and the sand curtains created by the wind movement. As a result, the beauty of the original dune landscape is lost.

Every year since 2005, at least 30 employees of Tottori Parts Co., Ltd., a subsidiary of Yazaki Group, in Tohaku-gun, Tottori Prefecture, and their families have taken part in the Tottori Sand Dunes Volunteer Weeding organized by the Tottori Sand Dunes Regeneration Conference based on the idea of actively participating in environmental conservation and nature protection activities implemented locally. In September 2017, 47 employees took part in the weeding.

In recognition of this activity, Tottori Parts received a certificate of appreciation from Tottori Prefecture in 2017. Tottori Parts will continue activities aimed at conserving the Tottori Sand Dunes.



Group photo of the participants



Weeding

### Cleanup and Beautification Activities and the Release of Juvenile Sea Bass

Employees at YIC Asia Pacific Corp., Ltd. (YIC-AP) and Thai Yazaki Corporation Ltd. (TYL) in Thailand take part in companywide activities to protect nature once a year.

In June 2018, a coastal cleanup and release of juvenile fish was held on Samae San Island in Chonburi Province. 217 employees from the sites of YIC-AP and TYL and their families took part, and they released 450 juvenile sea bass in addition to collecting 250 kg of garbage. Through the activity, the employees increased their awareness regarding the importance of conserving the ecosystem.



Picking up garbage



Group photo of the participants

### Environmental Volunteering with the Local Community

*Yakoukai* Foresteering Club (foresteering: a coined term that combines forest and orienteering), which engages in environmental volunteering while enjoying the bounty of nature, carries out tree planting and tree thinning in Misakubo-cho, Hamamatsu City, in an effort to nurture and preserve healthy forests. In fiscal 2017, the club planted and harvested *Misakubo Jagata* potatoes, which have long been cultivated in Misakubo-cho. This activity contributed to the preservation and development of a much-loved native species which is embedded in the local food culture.



At the activity

## Global Environmental Initiatives

## Prevention of Global Warming



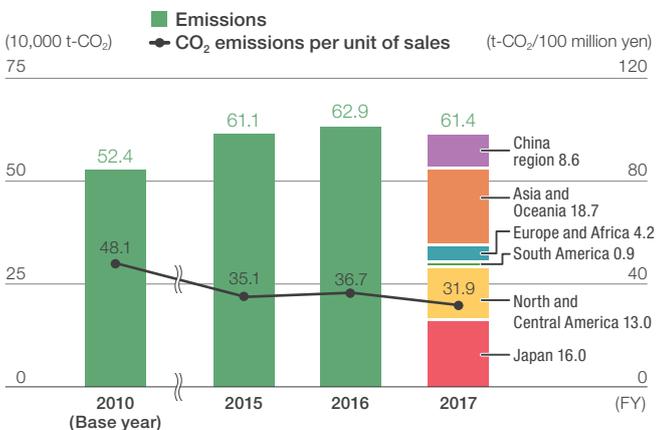
### Energy Saving Activities at Factories and Offices

The Yazaki Group has set a goal of reduction global CO<sub>2</sub> emission per unit by 20% from the fiscal 2010 level by fiscal 2020 and has been carrying out energy-saving activities.

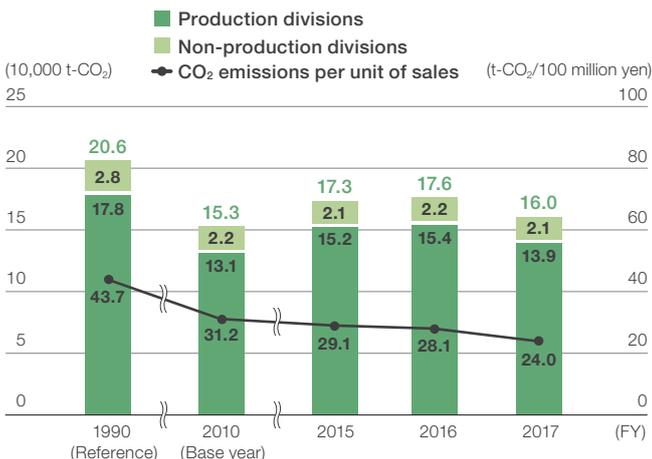
We continually implement specific initiatives such as ensuring that lighting is turned off during lunchtime and breaks, and introducing the eco mode for PCs to raise the awareness of each and every employee in addition to reviewing the operation time of facilities and updating to energy-saving equipment. We are also promoting the use of renewable energy, including the installation of solar panels and the introduction of air conditioning equipment that utilizes biomass energy. Through these initiatives, we reduced CO<sub>2</sub> emissions by approximately 9,900 tons globally in fiscal 2017.

CO<sub>2</sub> emissions per unit of sales in fiscal 2017 were 31.9 tons-CO<sub>2</sub>/100 million yen globally, which is 33.8% less than that of fiscal 2010. The figure in the domestic Yazaki Group was 24.0 tons-CO<sub>2</sub>/100 million yen, which is 23.0% less than that of fiscal 2010.

### Change in CO<sub>2</sub> Emissions (Globally)



### Change in CO<sub>2</sub> emissions (Japan)



### Contribution to Reducing CO<sub>2</sub> Emissions with Our Own Products

We have positioned solar equipment and air conditioning appliances using wood pellets as products that contribute to reducing CO<sub>2</sub> emissions of our customers. The wood pellet-fired absorption chiller-heater *Bio-Aroace* is an air-conditioning appliance based on a carbon neutral\* concept. Taking into consideration the volume of CO<sub>2</sub> absorption during the growth of the wood used as raw material for the wood pellets, there is an annual reduction of approximately 30 tons of CO<sub>2</sub> emissions per unit compared with using fossil fuels.

Instrumentation devices, such as a digital tachograph, are also products that contribute to reducing CO<sub>2</sub> emissions as they make driving efficient, leading not only to better safety but also to improvements in fuel economy in the vehicles in which they are installed.

The contribution to CO<sub>2</sub> emissions reductions due to these products in fiscal 2017 was 95,000 tons, and the cumulative reduction in CO<sub>2</sub> emissions since fiscal 2011 is 490,000 tons.



\* Carbon neutral: the condition in which the amount of CO<sub>2</sub> emitted into the atmosphere by burning and decomposition is equal to the amount of CO<sub>2</sub> absorbed from the atmosphere by the growth of trees and plants used as raw materials

### Promoting Green Logistics

The Yazaki Group in Japan works continually to reduce energy consumption per unit of transportation in accordance with Law Concerning the Rational Use of Energy.

CO<sub>2</sub> emissions from domestic logistics in fiscal 2017 were 18,000 tons, a reduction of 3.9% from the previous fiscal year. CO<sub>2</sub> emissions per transportation amount (ton-kilometer) were 123 g-CO<sub>2</sub>/ton-kilometer, a reduction of 4.1% from the previous fiscal year. The transportation amount increased 1.14% from the previous fiscal year, but CO<sub>2</sub> emissions were reduced as a result of efforts to increase efficiency through the amalgamation of transportation routes and promotion of consolidated cargo.

We will continue to aim for a reduction in CO<sub>2</sub> emissions not only in Japan but also in logistics divisions overseas.

TOPICS

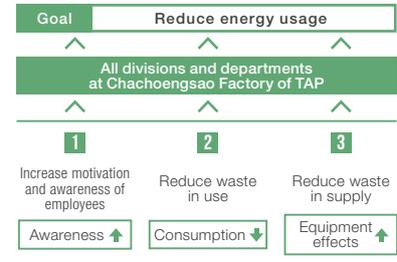
Energy Saving Initiatives

Promoting Energy Saving Activities

The Chachoengsao Factory of Thai Arrow Products Co., Ltd. (TAP) in Thailand promoted energy-saving projects across the factory between fiscal 2015 and fiscal 2017. In participatory activities involving all employees, the factory promoted energy-saving efforts by reducing electricity usage through monthly Obeya operations and onsite improvement checks. The implemented initiatives also include a review of equipment usage conditions and updates to high-efficiency equipment. In addition, the factory has worked to establish awareness about saving energy by distributing an environmental handbook to all employees.

As a result of these activities, the factory has achieved a reduction of 2,308 tons in CO<sub>2</sub> emissions in fiscal 2017 compared with fiscal 2015.

Approach of Energy-saving Activities at TAP



Environmental handbook

Received the Kanto Bureau of Economy, Trade and Industry Director-General's Award for Business Operators Excellent in Energy Management

In February 2018, the Shimada Factory in Shimada City, Shizuoka Prefecture was awarded the Director's Award of the Kanto Bureau of Economy, Trade and Industry by the Kanto Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry as a factory excellent in energy management. This award is part of a system under which the Director of the Kanto Bureau of Economy, Trade and Industry awards companies and individuals that have made outstanding contributions to energy saving in order to further promote the spread of energy-saving in conjunction with Energy Conservation Month every February. The award was in recognition of the fact that the Shimada Factory has set an annual energy reduction target, and has improved energy consumption per unit by an average of 7.7% for five years. The reduction was achieved by reducing energy used in air conditioning with the use of exhaust heat from absorption chiller-heater, replacing the hydraulic injection molding machine with the electric injection molding machine.

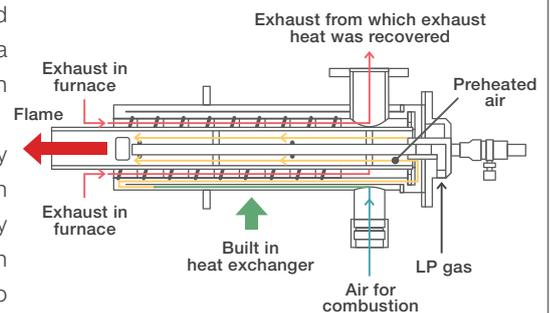


The award certificate

Reducing CO<sub>2</sub> Emissions Through Systematic updating of Equipment

The Tenryu Factory in Hamamatsu City, Shizuoka Prefecture has achieved significant reductions in CO<sub>2</sub> emissions by formulating and implementing a mid-and long-term plan for updating to energy-saving production equipment.

The eight aluminum melting furnaces owned by the Tenryu Factory consume large volumes of LP gas. By replacing the installed burners with exhaust heat recovery burners can reduce CO<sub>2</sub> emissions by approximately 46%. In fiscal 2017, the factory replaced the burner in one furnace which reduced CO<sub>2</sub> emissions by 34 tons. The factory will continue to systematically update its equipment and strive to ensure it saves energy.



Structure of exhaust heat recovery-type burner



We promote zero landfill waste and contribute to the creation of a resource recycling-based society.

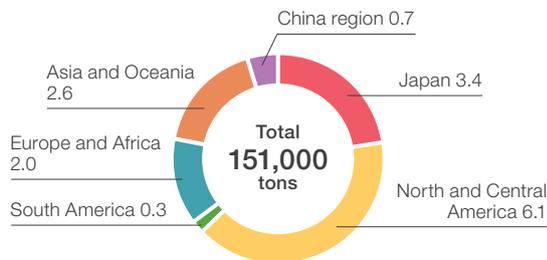
### Activities to Reduce the Total Amount of Waste

The Yazaki Group works on measures to reduce the amount of waste through activities including reducing loss in manufacturing processes, promoting recycling, and further subdividing waste separation based on the 5R\* concept. In fiscal 2017, the amount of waste was 151,000 tons globally. In addition, the amount of waste at Yazaki Group companies in Japan in fiscal 2017 was 4,284 tons, a reduction of 13.2% compared with fiscal 2010.

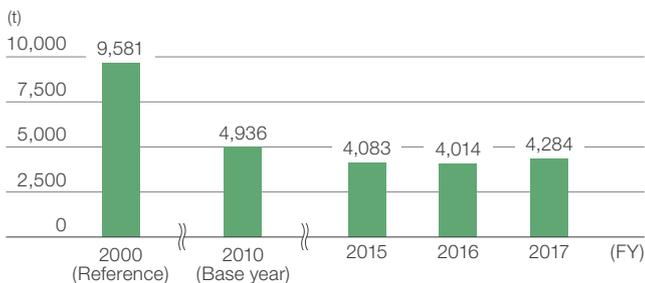
We will continue to promote activities to further reduce waste while taking into consideration the characteristics of each region.

\*5R: The Yazaki Group's approach to promoting a resource recycling society

### The Amount of Waste by Region (10,000 tons)



### Change in the Amount of Waste (Japan)



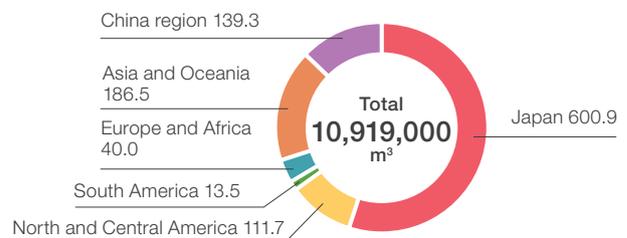
### Initiatives to Conserve Water Resources

The manufacturing of electric wires, one of the Yazaki Group's representative products, uses a lot of water in cooling and other processes. Therefore, at the Yazaki Group, we are making efforts to reduce water consumption by identifying global water usage and reusing discharged water as much as we can.

In fiscal 2017, water consumption was 10.91 million m<sup>3</sup> globally, an increase of 1.6% from previous fiscal year. We engage in water-conservation efforts while considering the water environment in each country and region. These water conservation efforts include reusing cooling water in equipment, preventing water leakages through regular maintenance of equipment, and using rainwater and discharged water from canteens for watering plants. We also engage in educational activities, including educating our employees about water conservation.

We added effective use of water resources and minimization of impact as an effort theme for the Yazaki Environmental Plan in fiscal 2016, and we will strive to preserve water resources by adding measures to address water risks, including the discharge of polluted water.

### Water Consumption by Region (10,000 m<sup>3</sup>)



## TOPICS

### Energy Saving Initiatives

#### Reducing Landfill Waste by Replacing Abrasives

Yazaki Component Technology S.R.L. (YCT) in Romania used to spray a sand abrasive when removing paint that had adhered to jigs during product painting. As the abrasive was non-durable and could no longer be used as an abrasive after a few uses, 94 tons of the material was disposed of in landfill annually.

Replacing sand with a metal-based abrasive significantly increased the number of times the material could be used, and YCT has achieved zero landfill waste. The working environment has also improved because there is no longer any dust as the use of sand has been discontinued.

#### Recycling Canteen Wastewater

EDS Manufacturing, Inc. (EMI) in the Philippines has installed a water treatment plant to utilize water resources effectively and reduce the risk of discharging polluted water. The plant purifies wastewater from the employee canteen and some of the purified water is used to water plants on the site. As a result, approximately 40% of wastewater is reclaimed and reused, and water consumption has been reduced by 320m<sup>3</sup> per month. EMI will continue making efforts to improve the reclamation and reuse of wastewater.



Global Environmental Initiatives

Management of Chemicals

We promote continuous improvements in air, water, and soil conservation not only based on thorough compliance with laws and regulations and responding to customer requirements but also based on social requirements and a long-term perspective.

Managing Chemicals in Products

The Yazaki Group has established and operates systems worldwide to ensure compliance with the laws and regulations related to chemical substances in each country and to meet customer requests for the management of chemicals.

We collect information on the revisions and enforcement of laws and regulations in each country and are ready to respond promptly to cases where chemical substances may be regulated in the future.

In fiscal 2017, we strengthened our systems for ELV and RoHS regulations in each country and regularly collected the latest information on the relevant laws and regulations in order to be able to respond to any changes in environmental laws and regulations. This information was shared with the relevant divisions and departments as well as with each Environmental Committee. We also surveyed the current conditions in each overseas region and organized a system for sharing information between regions.

Appropriate Disposal of PCB Waste

The Yazaki Group in Japan promotes the appropriate storage and disposal of PCB waste by licensed contractors in accordance with the Act on Special Measures concerning the Promotion of Proper Treatment of Polychlorinated Biphenyl (PCB)\* Waste. At sites storing PCB waste, we appoint expert managers to handle specially controlled industrial waste and make efforts to prevent loss, damage, or leakage by locking the storage site, conducting regular inspections, and taking earthquake countermeasures.

In fiscal 2017, we outsourced the disposal of 91 transformers, condensers, and other electric equipment containing PCB, and 395 stabilizers to the contractors, and we confirmed the treatment was completed.

\*Polychlorinated biphenyl Previously used for various purposes, such as insulating oil for electric equipment, including transformers and condensers. However, its manufacture and import have been prohibited since 1975 as the material was found to be harmful.

Managing Chemical Substances Designated Under PRTR Law (Pollutant Release and Transfer Register)

The Yazaki Group in Japan submits reports on the release and transfer amounts of chemical substances designated by the PRTR Law \*1 every year.

In fiscal 2017, six factories \*2 in Japan were subject to the PRTR Law. The total release amount of the designated chemical substances was 10,950 kg and the transfer amount was 4,771 kg.

\*1 PRTR Law: a law related to identifying the emissions of specific chemical substances released into the environment and to promote improvements in the management of the substances  
 \*2 Factories required to submit a report: Susono Factory, Ohama Factory, Shimada Factory, Numazu Factory, Fuji Factory, and Tenryu Factory

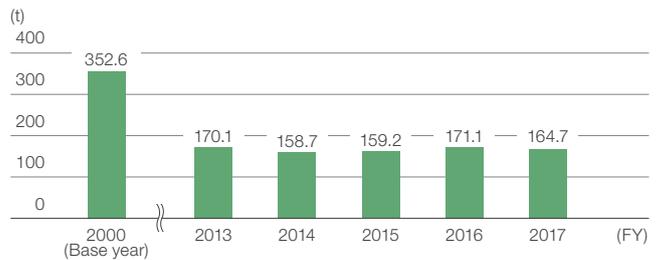
Reducing VOC Emissions

Volatile organic compounds (VOCs) generate suspended particulate matter and photochemical oxidants that cause air pollution. At the Yazaki Group in Japan, we strive to reduce VOC emissions by improving processes in which VOCs are used and by designing VOC-free processes in order to achieve the voluntary goals established by the industry groups to which we belong to.

In fiscal 2017, VOC emissions for the Yazaki Group in Japan were 164.7 tons, a reduction of 53.3% from fiscal 2000.

Our main initiative has been the replacement of the cleaning solution with a VOC-free solvent for the jigs used in the substrate soldering process at the Ohama Factory in Kakegawa City, Shizuoka Prefecture.

VOC Emissions



TOPICS

Training for Responding to a Chemical Substance Leak

Yazaki-Torres Manufacturing Incorporated. (YTMI) in Republic of the Philippines aims to prevent accidents of chemical substance leakage and participated in the training for responding to a chemical substance leak organized by local authorities in August 2017. 140 employees participated on the day and learned about the dangers of chemical substance leaks and emergency response measures through lectures and practical training. YTMI will continue to create regular educational opportunities for employees and make efforts to prevent accidents.



Training

Release and Transfer Amounts of PRTR Law Designated chemical substances

Substance	Amount handled	Amount released					Amount transferred			Total
		Air	Water	Soil	Landfill	Subtotal	Sewer	Waste	Subtotal	
1,2,4-trimethylbenzene	4,467	2,410	0	0	0	2,410	0	2,010	2,010	4,420
Antimony and antimony compounds	15,220	0	0	0	0	0	0	0	0	0
Xylene	4,230	4,100	0	0	0	4,100	0	130	130	4,230
Toluene	5,269	4,440	0	0	0	4,440	0	830	830	5,270
Nickel	2,870	0	0	0	0	0	0	0	0	0
Nickel compounds	3,222	0	0	0	0	0	0	350	350	350
Bis (1-methyl 1-phenylethyl) peroxide	2,630	0	0	0	0	0	0	1	1	1
Bis (2-ethylhexyl) phthalate	5,121,265	0	0	0	0	0	0	1,450	1,450	1,450
Lead	6,880	0	0	0	0	0	0	0	0	0
Total	5,166,053	10,950	0	0	0	10,950	0	4,771	4,771	15,721



**Setting Our Own Certification Standards**

The Yazaki Group has established its original certification standards for environmentally friendly design. All development divisions strive to reduce the environmental impact of products from the design stage and to enhance the added value of products. In fiscal 2017, 24 products were certified as environmentally friendly products. Here we will introduce some of the environmentally friendly products developed or launched in fiscal 2017.

**Environmentally Friendly Products**

01

**Improving Waterproof Connector for Tunnel Lighting**

Our *Single-Touch Waterproof Connector*, launched in 2011, is used for connecting the wiring of lighting fixtures, including tunnel lighting. The product enables work in dark or confined spaces to be carried out quickly, easily, and securely via the preassembly of connectors on various types of cable terminals. Adding to this, in fiscal 2017, we released *EGy Waterproof Connector* as an improved product responding to the customers' needs for "easy confirmation of secure connection" and for "a structure that does not conduct when semi-mated." The mating confirmation window and the mating seal configured on the main body make it possible to check mating visually in addition to conventional way of confirmation by sound and feel. In addition, adopting a new locking design has created a structure that does not conduct when semi-mated, contributing to improved safety. We have also reduced the number of times of molding for the mold part of the connector to one time by unifying parts and reviewing molds. This has contributed to reducing material loss and to the conservation of energy during manufacturing compared to the previous model.



Mating confirmation window and mating seal (yellow)



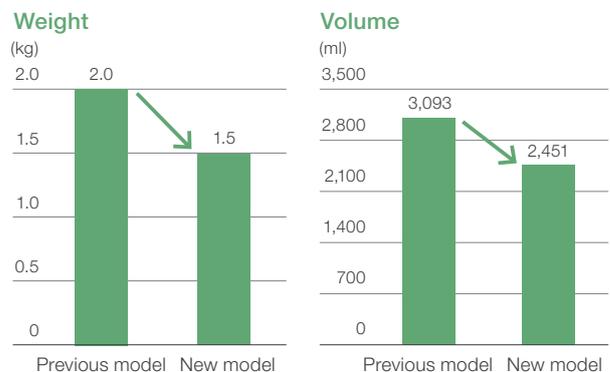
When the connector is mated

02

**Improving Ultrasonic Gas Meter (EBY6)**

The *EBY6* is an ultrasonic security gas meter for commercial use launched as an industry-first in 2012. The features of this gas meter are compact and light weighted body achieved by removing mechanical mechanisms and its instantaneous flow rate measurement that can rapidly detect abnormalities such as gas leaks.

The model released in fiscal 2017 improved the security and communication functions in addition to reducing the number of parts by 22. As a result, we achieved a 25% weight reduction and a 20% volume reduction. It has also contributed to reducing material loss and conserving energy during manufacturing in the production process because it is now possible to produce the *EBY6* on a common production line with our main gas meters. As a result of reviewing our gas meter packaging, we have achieved a 51% volume reduction and a significant reduction in waste while ensuring reliability during transport.



Comparison of conventional model (left) and developed model (right)



## Global Environmental Initiatives

## Environmental Activities

We conduct a variety of activities aimed at raising employees' environmental awareness and promote local environmental conservation in each region.

### Activities at Sites

#### In-house Shredding and Disposal of Confidential Documents

Y-CITY in Susono City, Shizuoka Prefecture used to subcontract the disposal of approximately 62 tons of confidential documents a year to specialist contractors. However, since fiscal 2017, it has been collaborating with Yazaki Business Support Co., Ltd. to shred documents at the in-house recycling center and eliminate confidentiality, thus enabling the paper to be sold as a valuable resource. This activity has led to a reduction of approximately 18 tons in waste a year. In addition, the work is carried out by employees with disabilities who work for Yazaki Business Support Co., Ltd. which is our special subsidiary, and therefore contributes to the promotion for the employment of people with disabilities. The initiative has also been adopted at the Monozukuri Center in Makinohara City, Shizuoka Prefecture and the Niimi Factory in Niimi City, Okayama Prefecture, and there are plans to implement it also at other sites including the Tenryu Factory in Hamamatsu City, Shizuoka Prefecture in fiscal 2018 and beyond.



Shredding paper

#### Preventing Light Pollution to Rice Crop Caused by Night Lighting

The Imajo Factory in Nanjo-gun, Fukui Prefecture and the Kamishihi Factory in Yoshida-gun, Fukui Prefecture of Shinetsu Parts Co., Ltd. began turning off night lighting during the grain ripening stage for rice (July to September) in 2003. As there are paddy fields around Shinetsu Buhin's factories, there were concerns that the growth of rice would be delayed by night lighting such as street lights. Therefore, it was decided in consultation with the local community to turn off the night lighting inside the factories during the grain filling stage for rice.



The area around the Imajo Factory

#### Implementing Educational Activities Aimed at Reducing Plastic Use

In May 2018, Yazaki India Private Ltd. (YIPL) in India held an event based on the theme of No Plastic to deepen people's understandings of environmental impact caused by the use of plastic and raise awareness to reduce its use. At the event, 35 employees cycled around the site calling for a reduction in the use of plastic. Additionally, a drawing contest was held at the same time for children living near the site, and awards were given for three outstanding works. 20 children took part in the contest, creating an opportunity for them to become familiar with environmental conservation.



In the event



Drawing contest

#### Education about Separating Garbage at Elementary School

Thai Metal Processing Co., Ltd. (TMP) in Thailand visited a nearby elementary school in June 2018 to provide education on separating garbage as an activity that translates into the reduction of waste in society. In addition to telling the children about the separating garbage methods used at the factory and the importance of separating garbage, the factory donated containers to the school to be used in separating garbage such as plastic bottles, glass bottles, and cans so that separating can be done easily at school.



Donated containers for separated garbage

## Third-Party Opinion



## Mariko Kawaguchi,

Senior Principal, Research Division, CMA, Daiwa Institute of Research Ltd.

Mariko Kawaguchi completed a master's degree in environmental economics at Hitotsubashi University Graduate School. She is involved in research related to sustainability at Daiwa Institute of Research. Before starting as the Chief Researcher in the Research Department at Daiwa Institute of Research since April 2012, she served as head of the CSR group and general manager in charge of CSR in the Corporate Communication Department at the headquarters of Daiwa Securities Group since 2010. Her responsibilities include all areas of sustainability, including CSR and ESG investment and ethical consumption. She is a Chartered Member of the Securities Analysts Association of Japan, Guest Assistant Professor at Waseda University, Director of the UN Global Compact Network Japan, Joint Representative Director of Japan Sustainable Investment Forum, extraordinary member of the Central Environment Council, Ministry of the Environment (since 2018), and member of the Tokyo Cap & Trade Committee. She is author of *Social Finance no Kyokasho (Social Finance Textbook)* published by Seisansei Shuppan, and others.

When I received the request for a third-party opinion from Yazaki Corporation, I knew of the company by name only, and the impression I got when I saw the report was of a plain, textbook-style manufacturing industry report. However, my eye was caught by the figures shown in the spread on Numeric Data for the Yazaki Group: 46 for the number of countries and regions where Yazaki operates, 596 for the number of sites, and 306,118 for the number of employees. I was also astonished that an unlisted company has 1.9 trillion yen in net sales, and was very interested in what kind of organization has some 300,000 employees in 46 countries. Then when I interviewed the person in charge of CSR, a picture emerged that is far from being a plain manufacturer. Yazaki is an extremely unique, ideals-based enterprise that practices management based on full social contribution.

The evidence for my evaluation of Yazaki's management as being based on full social contribution is that fact that it employs some 300,000 people in many countries including emerging countries and developing countries into which Japanese companies do not usually expand. We often hear that expanding factories into industrializing countries contributes to generating employment and developing the local community. However, the primary objective of expanding overseas is related to the needs of business, such as cost reduction and market development rather than generating employment. It seems that the primary objective in the Yazaki Group is to contribute to the local community by generating employment in the countries into which it expands.

One basis for this is the Special Feature article on the expansion into Serbia with a factory. In the Feature, the three values of employees, the community, and the future generation were identified as the objectives of the expansion. I can tell the seriousness of Yazaki's efforts from the interviews with

employees, the explanation of the impact activities such as popularization of employment contracts, active participation by women, development of the bus transportation system on Sabac, where the factory is located, and the initiatives to support local high school students. I can also tell that Yazaki gives the greatest consideration to the community when leaving areas based on the article showcasing the meticulous re-employment assistance efforts carried out when withdrawing from the Samoa business. The content of the report was like that seen in the social development reports of public development agencies, and it was a surprise that efforts tailored to meet local needs were conducted to a level that cannot be attained for purely business purposes.

Why does a private enterprise whose goal is the pursuit of profits make such exhaustive efforts? Does Yazaki practice similar society-first management in factories in other countries, and not only in Serbia and Samoa? Is it greenwashing\*? Reading only these articles will surely tend to give rise to such suspicions.

An answer arises from careful reading of the statements from the management. The Message from the President clearly states that the main wire harness business generates considerable employment opportunities in the first place as it is labor-intensive, and that Yazaki engages in management to create employment that translates into solving the problem of poverty, eradicating hunger, and raising environmental awareness. There is also an expression of the intention to give "special consideration to areas where the Yazaki Group can make a contribution going forward."

Meanwhile, in the Chairman's discussion with an expert, he described the ideal mindset for expansion as follows: "I think the important things in running a global business are

\*Greenwashing: advertising and giving the impression that a corporation gives more consideration to society and the environment than it actually does

## Third-Party Opinion

firstly to fully understand local needs and to think about what it is that we can do.” It is clear that the expansion into Serbia is only one example of this approach. We can also see the emphasis put on social development from the statement about teaching the value of cleanliness and entrenching the 5S culture in developing countries where an insanitary environment is the norm.

There are references to the Yazaki Group Corporate Policy throughout the statements from both the President and the Chairman, and we can appreciate that it serves as the foundation of management. In other words, rather than contributing to society in order to make profits, Yazaki is a company with a purpose of social contribution that runs a for-profit business in order to contribute to the world and to society.

Yazaki has been growing while leveraging the labor-intensive wire harness business which is indispensable in the growing automobile industry. However, the purpose of the organization is to expand employment and engage in community-based contribution in each place in line with the Yazaki Group Corporate Policy. This pursuit of employment is not limited to Yazaki’s overseas expansion but is the same in its development of new businesses in Japan in the nursing care, agriculture, and environment businesses. The reason for this goal was briefly touched on in the Chairman’s Discussion as well. Additionally, I heard in the interview that the expansion follows an extensive in-house debate in order to maintain employment during a period of contraction in factories in Japan, rather than just entering the fields because they are growing.

There were numerous examples of how Yazaki values employment and employees, including the fact that it holds large-scale summer camps for the children of employees in Japan and overseas every year, and the Adventure School system that permits prospective employees to do one year of non-work overseas activities. Management that so thoroughly values employees and society leads to a corporate culture with good morale. As a result, workplaces with strong employee motivation produce high-quality products in, which translates into business performance. This positive cycle is also evoked in the fundamental theory of CSR.

It is a great shame, thus, that these outstanding values and social contributions are not easily recognized from this report. The composition of the report is perfectly organized in accordance with the guidelines. However, because of the

uniqueness of Yazaki’s management approach, I suggest creating ways to showcase this unique nature of Yazaki.

Moreover, it is stated that Yazaki will consider specifying material issues going forward. However, I infer from the example of Yazaki’s expansion into Serbia that a framework for measuring social impact already exists.

Combining this social impact framework with the environmental management framework and supply chain management together with setting priorities in accordance with the Yazaki Group Corporate Policy while gathering and disclosing Group-wide information can form the foundation for a sustainability management strategy that is in line with the SDGs, which would be an interesting materiality analysis itself.

In the era of the SDGs, corporations are now undergoing much more scrutiny regarding their social activities as well as their profitability. The efforts of the Yazaki Group, which has valued social activities ever since it was established, are a model for the corporate management of the future. It is impressive to see the successes of the Yazaki Group in providing disclosure over the last few years despite being an unlisted company. It gives me hope that with Yazaki at the forefront, we can further promote business’ proactive and meaningful disclosure to their stakeholders as well as for society as a whole.



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