

## Priority Issues for Promoting CSR



# Build Healthy and Solid Supply Chains



### Background and Recognition of Issues

The further we globalize, the more our supply chains get spread around the world. As an enterprise, we have to build optimal supply chains with the QCDE (quality, cost, delivery, and environmental attributes) that will let it outlast the competition. However, supplier behavior that runs counter to corporate ethics gives enterprises the problem of having to manage their contractors and often causes enterprises to lose society's trust. In light of that, enterprises must practice responsible procurement and undertake CSR initiatives that are conditioned on fair and just trade with their suppliers and consider human rights and labor practices, quality, safety, the environment, and the prevention of corruption throughout the supply chain.

### Vision

With social issues growing more diverse and complex, it is important for us to practice CSR not only within our Group but throughout the supply chain. The Yazaki Group aims to try to solve social issues by sharing its CSR policies and targets with its suppliers and collaborating with them. Fair, just, and sincere trade with suppliers is fundamental to this effort. In order to survive the intense competition in the global data market, moreover, we will work for coexistence and co-prosperity with our suppliers, build solid strategic partnerships with them, and establish systems enabling us to respond quickly to changes in the management environment.



## Responsibilities to Business Partners

### Basic Concept

Based on the principle “Conduct business openly and fairly, and aim for coexistence and co-prosperity” as found in our Fundamental Management Policy, the Yazaki Group Purchasing Guideline sets out that employees work to make full use of the possibilities of trade, establish and share medium- to long-term targets with our suppliers, make cooperative investments with them, and share with them the benefits derived from new development and cost-cutting.

### Action Guidelines Specified in the Purchasing Guideline

1. Conduct business openly and fairly
2. Strengthen competitiveness together with purchasing business partners
3. Aim for co-existence and co-prosperity with purchasing business partners
4. Share issues and target in cost reduction activity and its achievement
5. Ensure interactive communication based on mutual trust

## 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 own suppliers based on the Guidelines.

In fiscal 2018, we distributed the Supplier CSR Self-Assessment Check Sheet to approximately 400 suppliers in Japan and 250 overseas and requested them to carry out self-assessments to confirm the state of their overall CSR initiatives, including safety, quality, human rights, labor, compliance, the environment, and risk management. We also shared study results with our suppliers as feedback.

In addition, we prioritized setting up opportunities for direct dialogue with those suppliers needing improvement, according to their scores, and took action to help them improve their efforts.

We will continue collaborating with suppliers to promote CSR procurement.

### Yazaki Global Suppliers Convention

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

At the convention held in July 2018, 149 domestic and overseas suppliers of raw materials, electronics, instrumentation, and wire harness parts, and facilities, materials, and logistics participated. The President of Yazaki explained the business environment of the Yazaki Group and the priority measures based on the concept of “Establish a Foundation as a Monozukuri (craftsmanship) Company.”

The General Manager of the Purchasing Division shared wire harness production trends and demand trends for various parts and raw materials as well as procurement policies of the Yazaki Group, namely “Reconsideration of BCP,” “Thorough compliance,” and “Improving earning capacity.” He asked suppliers to return to their origins and master the basics in the spirit of “walking together and growing together.”

Moreover, in an effort to deepen mutual cooperation with suppliers, a technology exchange meeting was held to provide a venue to interact with suppliers and “notice things” that could lead to new business. We received



Global Suppliers Convention

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.

**Efforts for Co-existence and Co-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 group of suppliers for co-existence and co-prosperity.

*Yaei-kai* has also held a study session based on the procurement policies of the Yazaki Group as part of its activities as we work to enhance each other's corporate value.

We also invited an outside instructor to a regular meeting and held a study session on the theme of "Understanding CSR-based management and key points concerning increasingly necessary CSR procurement."

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

**Conflict Minerals Survey**

The Yazaki Group conducts an annual Conflict Minerals Survey throughout the supply chain to fulfill its social responsibilities in procurement and to meet the customers' requests, including automobile manufacturers. Also, as a member of the Responsible Minerals Initiative (RMI), an international organization addressing Conflict Minerals, we contribute to activities to identify smelters around the world, for example by participating in regular meetings and smelter audits.

In the future, we will continue to aim for conflict-free procurement of raw materials while pursuing further collaboration with our suppliers and various industry groups.

 **Yazaki Global Conflict Mineral Policy**  
<https://www.yazaki-group.com/global/ser/conflict.html>

 **TOPICS**

**Supplier Briefing on Quality Standardization**

Following revision of the quality manual, we held a supplier briefing on quality standardization in November 2018. At this briefing, we mainly discussed four key aspects of the changes resulting from this revision: quality management, production process management, production preparation, and management of environmentally hazardous substances. The explanation relating to quality management included addressing the requirements of IATF 16949.\* We additionally explained the Yazaki Green Purchasing Guidelines revised in September 2018.

We will continue working with suppliers to improve quality.

\* IATF 16949: an international standard on quality management systems, specifically for the automobile industry



Supplier Briefing on Quality Standardization