

Priority Issues for Promoting CSR



Strengthening Global Governance and Internal Control



Background and Recognition of Issues

Realizing a prosperous society necessarily requires sound development of market economies, which are the foundation of growth for businesses. Working within a free and fair market economy, a business needs to meet its stakeholders' wishes, offer value to society, and make an appropriate profit.

Additionally, enterprises doing business globally amidst rising social uncertainty have to put systems in place that allow them to appropriately manage and respond flexibly to increasingly diverse risks and management issues.

Vision

A business must establish a sound management foundation to grow sustainably.

The Yazaki Group Corporate Policy calls on us to be "A Corporation in Step with the World" and "A Corporation Needed by Society." To that end, we seek to increase our corporate value by endeavoring continually to build a sound, efficient, and transparent global governance system, strengthening internal control, and building good stakeholder relationships that emphasize dialogue.



Corporate Governance System and Internal Control

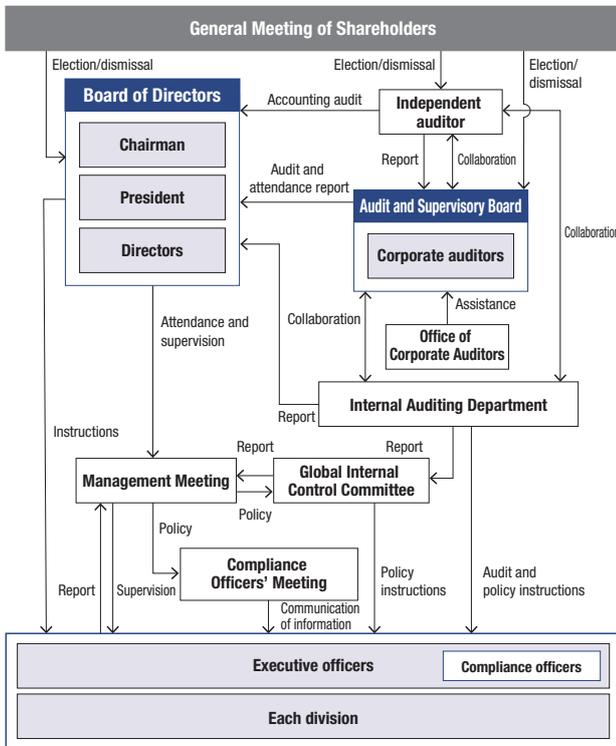
Basic Concept

As we continue our quest to be “A Corporation in Step with the World” and “A Corporation Needed by Society” as called for in the Yazaki Group Corporate Policy, we will build sound relationships with stakeholders, fulfill our social responsibility as an enterprise, aim for sustained growth and higher corporate value, and work to strengthen corporate governance.

Corporate Governance

We are a company with corporate auditors, and have established a Board of Directors, an Audit and Supervisory Board, and Management Meetings.

Diagram of Governance System



The Board of Directors meeting is held every month (if necessary, an additional ad-hoc meeting is held), and the Board decides on matters stipulated by law and regulation in addition to other important matters regarding management. It also supervises the performance of directors' duties. To ensure prompt decision-making and execution of duties, matters to be discussed by the Board of Directors are specifically laid out in the Board of Directors guidance of the same. Matters deliberated and decided at Board of Directors meetings include, for example, mid-to long-term business plans, annual budgets, and any asset or funds-related matter that concerns more than a certain value. To ensure directors can properly fulfill the roles and responsibilities expected of them, they receive training to ensure their understanding of those roles and responsibilities and acquire the necessary knowledge. This training is also received by directors of Yazaki Group subsidiaries in Japan and overseas.

Management Meetings are attended by the Chairman, President, Vice President, and division managers, among others and are held every month as a place for decision-making and information sharing on matters concerning business operations.

Strengthening Internal Control

Based on the Internal Control Policy 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.

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 the Global Internal Control Committee, chaired by the President, to be the highest body at Yazaki Group concerned with internal control. This Committee monitors and evaluates the effectiveness of internal control in the Yazaki Group.

In fiscal 2018, the Global Internal Control Committee met twice. It established a working group headed by the Executive Vice President for management divisions and took actions more frequently under the Committee's auspices to further strengthen internal control. The focus for the working group is to respond to urgent issues. Management divisions conducted cross-sectional analysis of issues and an intensive study of how to respond. We also finished establishing new internal control committees in each region, preparing a system to strengthen internal control throughout the Yazaki Group.

Compliance

Basic Concept

The Yazaki Group sets forth “Uphold the law, respect regional cultures, 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) compliance education; 3) establishment of a system for consultation and inquiries; and 4) monitoring.

Organizational Structure to Ensure Compliance

The Yazaki Group’s Global Internal Control Committee regularly deliberates on important compliance matters. We also hold a Global Legal Conference for legal officers at regional headquarters overseas. The conference is held once a year to strengthen collaboration between each location and share information globally. The conference in May 2019 featured reports and discussions on the current state of compliance system building activities and related issues, the state of contract management in each country, and problems relating to the operation of internal reporting systems.

Further, the Yazaki Group in Japan introduced the Compliance Officer System aiming to ensure autonomous compliance activities in each division. Through this system, we have been working to instill compliance awareness among employees.



Global Legal Meeting participants

Clarifying Laws and Regulations We Must Comply With

We have clarified the rules that we must comply with as a business using the Yazaki-wide Legal Compliance Control Item Table, which lists the laws and regulations commonly related to the Yazaki Group’s businesses. 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.

Compliance Training

The Yazaki Group provides training for specific job levels and grades, including training on various laws, and compliance seminars for directors, which are aimed at top management. Training seeks to deepen understanding of the relevant laws and regulations and raise compliance awareness by incorporating seminars on harassment and corporate misconduct.

Additionally, we hold the Yazaki Legal Conference for the president of domestic subsidiaries every year. In fiscal 2018, we shared information on important compliance matters internally and brought in an external lawyer to give a talk on Tax Compliance. We also hold a Compliance Week each year in each division and worksite for the purpose of raising employees’ compliance awareness. In fiscal 2018, events included inviting employees to submit compliance slogans. These helped to raise compliance awareness and stimulate workplace communication.

Thorough Corruption Prevention

The Yazaki Group has long banned the provision and acceptance of bribes and benefits to/from politicians and public employees. Likewise, the Yazaki Group Code of Conduct Handbook demands that employees comply with the law and maintain a sound and transparent relationship with public officials, politicians, and government agencies.

Establishment of a Whistle-blower Protection System

The Yazaki Group has established and operates *Yazaki ai*, a whistle-blower protection system, for the early detection and prevention of legal violations and other problems. Under this system, in addition to an internal hotline, there is also an external hotline at an outside law office whose independence is guaranteed. Because of this, there is a promise of anonymity and protection for whistle-blowers so that they are not retaliated against or otherwise treated unfairly due to raising a concern.

Monitoring

To ensure the effectiveness of our compliance activities, we identify the high-risk items from the Legal Compliance Control Item Table to prioritize initiatives. We also conduct regular self-checking using a Compliance Check Sheet that contains requirements from the item list in a form that makes them possible to check. We also make efforts to ensure the achievement of legal compliance through the multi-layered implementation of site checks by divisions in charge of laws and regulations, such as personnel, financial, and legal divisions, and a regular audit conducted by the Internal Audit Department.

Risk Management

Basic Concept

The risks that could seriously impact management are changing all the time. Enterprises have to respond quickly and flexibly to changes in the risk environment.

The Yazaki Group responds appropriately to the various risks facing Yazaki Corporation and its Group companies, based on the nature and severity of each risk. We promote risk management PDCA (appropriately identifying the risk, controlling it, monitoring it, and making corrections) Group-wide, thereby appropriately lowering risk levels.

Organizational Structure to Ensure Risk Management

Based on the basic policy on Risk Management, the Yazaki Group builds risk management systems in each region and manages risk Group-wide.

Management divisions and Internal Control Committees in each region overseas report important risk management items to the Global Internal Control Committee. The Committee regularly deliberates on important management risks and the effectiveness of measures taken against them.

By also establishing an initiatives system for the entire Group, including subsidiaries, and through appropriate collaboration with the Internal Audit division, the Committee takes highly effective measures for lowering risk.

Organizational Structure to Ensure Risk Management



A risk management workshop in India

Disaster Mitigation Measures

Developing Natural Disaster Mitigation

We are developing mitigation methods for natural disasters with a priority on ensuring the safety of employees 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 establishing a disaster management system and giving training based on these manuals, 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 establishing a fire management system for all domestic sites, and we perform checks to make sure fire control is appropriate.

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.

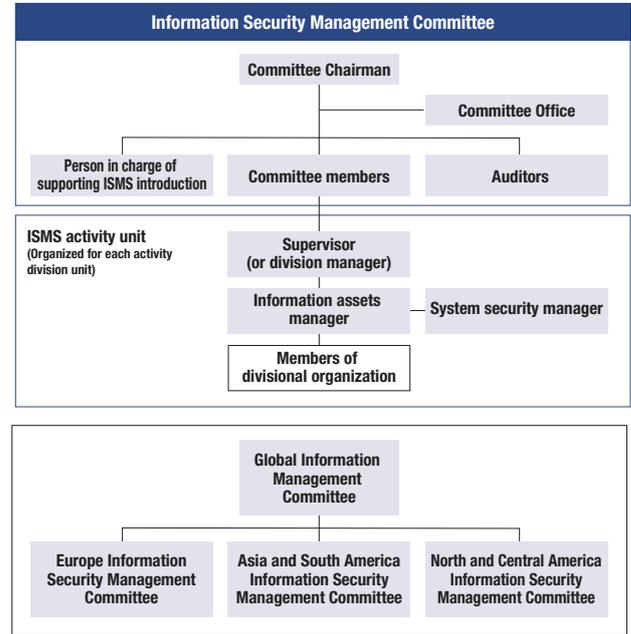
Information Security

Basic Concept

In recent years, cyberattacks by organized professional groups have increased, and their targets include both nations and corporations. The methods of their attacks are complex and hard to detect, and 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



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 27 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.

We also have an organizational structure in place in each region around the globe (Europe, Asia and South America, and North and Central America) to respond to Europe's GDPR* and each nation's personal information protection laws and security requirements.

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

* GDPR: General Data Protection Regulation

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.

We are stepping up measures against cyberattacks, for example giving training on phishing emails, monitoring logs and networks, and evaluating vulnerabilities.