

Keep rising to the the future without



I wish to take this opportunity to express my deepest gratitude for the extensive support and cooperation we receive daily for the activities of the Yazaki Group. We will continue our business in accordance with the coherent desire to contribute to society through manufacturing that is consistent with our corporate policy, compelling us to become "A Corporation in Step with the World" and "A Corporation Needed by Society".

This report outlines the concepts and policies that inform our robust approach to addressing drastic changes that we face in surrounding environment.

Shinji Yazaki
President, Yazaki Corporation

Looking back on fiscal 2016

Despite increased sales to domestic and overseas automotive manufacturers consolidated net sales in fiscal 2016 declined on a year-on-year basis by 1.4 percent to 1,715.3 billion yen because of the rising yen. At the same time, we managed to secure net operating profit owing to our cost reduction efforts. Once again, I would like to express my sincere appreciation to all stakeholders whose support for the Yazaki Group made this possible.

In fiscal 2016, we engaged in the proactive expansion of production as a way to secure a firm foothold, which allowed us to quickly adapt to the drastically changing business environment surrounding the Yazaki Group, and to respond effectively and flexibly to the customers' needs. In addition to opening a new site in Mexico, we expanded and restructured a total of seven different sites: two in Nicaragua and one in each of five other countries—Vietnam, El Salvador, Mexico, Morocco, and Romania.

At the same time, we focused on various future-oriented initiatives. These days, groundbreaking technological innovations in different fields are revolutionizing the structure of industries, and the automotive sector is not an exception. The pace of restructuring and consolidation among manufacturers is accelerating, and increasing number of initiatives in the field of sustainable mobility focus on environmental performance and safety. We see that many IT companies form partnerships with carmakers for the development of technologies for autonomous vehicles. In order to accommodate these changes, we established Yazaki Innovations, Inc., in Silicon Valley (USA) in June 2016 to gather information on the Internet of Things (IoT), artificial intelligence (AI), and other emerging technologies. We have set up a business office in Arizona to proactively expand our business in the automotive industry on the West Coast of the United States. Through this site we actively offer the automotive parts and proprietary technologies of the Yazaki Group to startups that receive global attention these days, and participate in joint development of autoparts for next-generation vehicles. Designed to promote

challenges: looking 50 years into forgetting our origins

innovation, these initiatives are expected not only to give the Yazaki Group a considerable competitive edge down the line, but contribute to solving social problems and achieving smart and inclusive growth.

For fiscal 2017 **– Returning to our origins as a manufacturing company –**

In fiscal 2017, we will continue the initiatives started last year and reinforce the foundation of the Yazaki Group, with "GEN"(source) as the main president's policy, while looking 50 years into the future. Let us revisit the purpose and goals of our business, and return to our origins as a manufacturing company.

In the automotive parts business, we will reinforce our production system and management functions, promote active development and offerings to the customers by leveraging our competitive strengths, fortify internal linkages, and reinforce true competitiveness in order to achieve sustainable growth. The present represents an opportunity for us to take one or two steps forward in our industry. We will continue rising to the challenges and seizing new opportunities.

In our living environment equipment business, we will harness the unique qualities and strengths of the Yazaki Group to continue expanding our new energy-based business operations and existing businesses overseas, and focus on developing products and business models that differentiate us from other companies.

These initiatives are being undertaken by 285,800 employees in 619 sites across 46 countries worldwide. Under our fundamental spirit of "One for All, All for One", we will promote more effective communication across the entire organization, share the purpose and goals of each and every plan and activity with one another, and work together as a unified workforce paying utmost respect to labor and human rights in order to contribute to the development of a sustainable society.

Strengthening governance while cherishing our uniqueness

The Yazaki Group promotes corporate activities in accordance

with the rules by thoroughly being in compliance with the requirements of each country in which we operate while proactively expanding our business domains. In the environment that is rapidly changing as can be seen from the disruption of the industrial structures caused by IoT and AI in the automotive industry, it is important that we promote risk management on a global basis in order to flexibly review internal control systems and appropriately accommodate emerging risks.

We will establish and fortify global governance while pursuing the Yazaki way as a reflection of our DNA. This will constitute a significant theme for our operations as we go forward.

Thoughts on the issuance of a CSR Report

To fulfill the responsibility of the Yazaki Group to provide information and to be accountable to stakeholders, in fiscal 2002 we published our first Environmental Report, which from fiscal 2003 has been published under the new title of Social & Environmental Report.

Recently, we witness the growth of expectations and requests from stakeholders towards the Yazaki Group's CSR activities. In order to remain a company that is trusted by all stakeholders, we recognize the importance of disclosing environmental and social information to a greater degree than before. Moreover, we understand that we must provide more information about our governance as the foundation of our business management. Thus, this fiscal year we have decided to publish the aforementioned report under the title of CSR Report. Recognizing that there is still room for improvement, we strive to continue the activities aligned with our CSR policy, which includes the Yazaki Global Environment Charter, while incorporating opinions and requests of our stakeholders. We hope that this report will provide thorough information about our current CSR activities.

We appreciate your continuous support and look forward to keep serving you in the future.