



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.

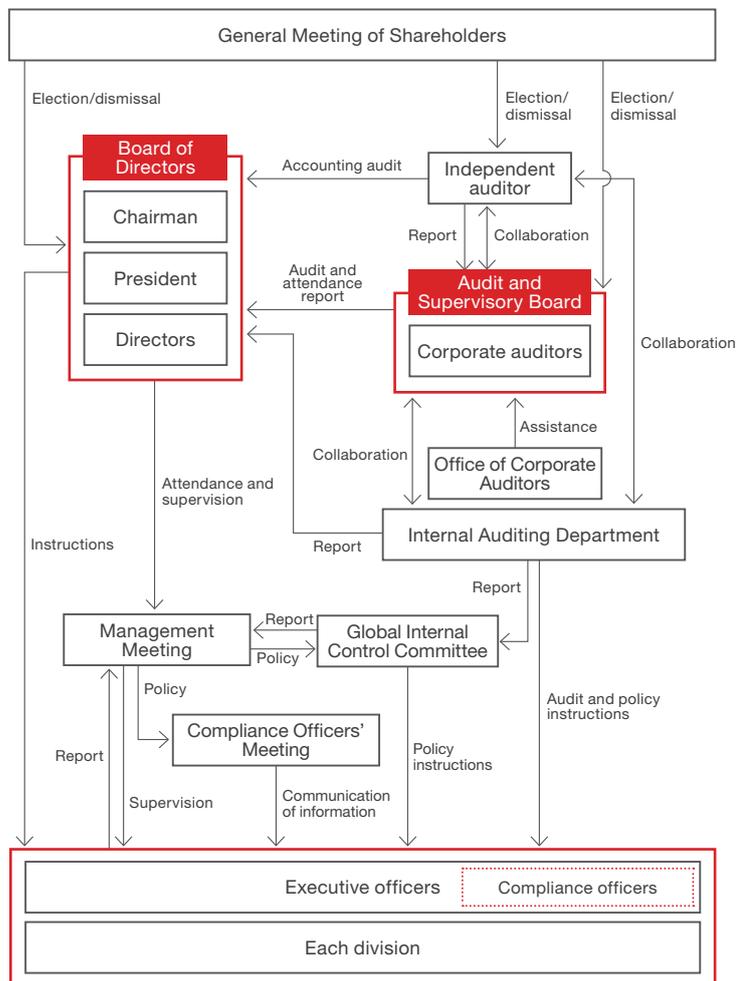
In fiscal 2016, we dissolved the CSR Committee, the Compliance Committee, and the Risk Management Committee, which had previously been established as individual committees, and established Global Internal Control Committee, a new function chaired by the President. This Committee continuously monitors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

Diagram of Governance System



Organizational Structure to Ensure CSR Promotion

The Yazaki Group in Japan holds the CSR Liaison Council for which the Corporate Planning Department in the Planning Division serves as secretariat. At the quarterly meetings of the CSR Liaison Council, managers from divisions with CSR functions come together to check the progress status of CSR activities in each division, identify issues, and share information on CSR.

In fiscal 2017, we established the CSR Global Taskforce for the purpose of sharing information about CSR at a global level.

Code of Conduct

The Yazaki Group has established a code of conduct that should be adopted by for each and every employee to put our CSR Policy in to practice.

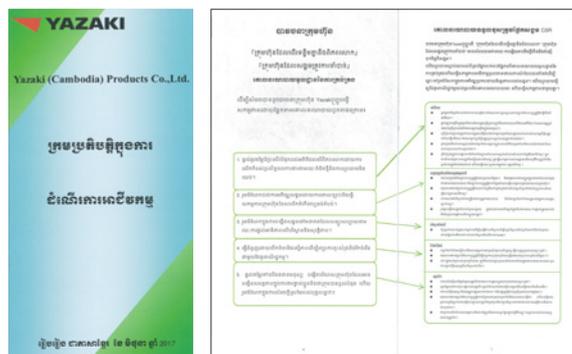
The Yazaki Group in Japan has published the Code of Conduct Handbook, which combines the CSR Policy, Code of Conduct, and information on various consultation hotlines into one volume, and has distributed it to all employees, including those at subsidiaries. We have also produced localized versions for our overseas subsidiaries based on the Code of Conduct, which takes account of laws and regulations and customs in each country and region, and the regulations in each Yazaki workplace.

In fiscal 2017, we produced a Cambodian version and an Indonesian version. Moreover, we engage in dialogue with local headquarters to share the standards of behavior that Yazaki employees should observe with some of our subsidiaries that have their own codes of conduct.

By ensuring the implementation of the Code of Conduct, we will strengthen governance in addition to promoting unified action at the global level so that each and every employee fulfills their social responsibilities.



An internal control committee meeting in the China region



Code of Conduct Handbook (Cambodian version)

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.

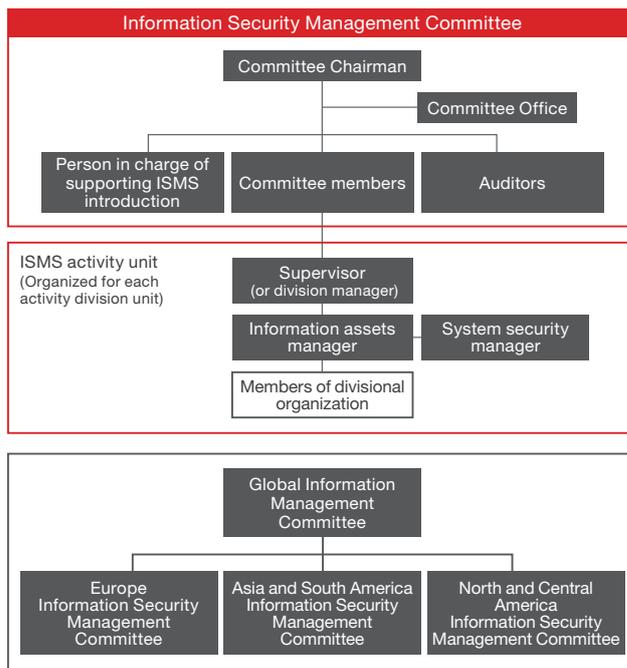
The Yazaki Group protects a broad range of confidential information, including the personal information of customers obtained in the course of business. We have also established a variety of rules, including our Privacy Policy, and focus our efforts on information security in order to manage the necessary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