



**YANMAR**



# Corporate Social Responsibility Report 2020

Highlighted booklet





Brand Statement

# A SUSTAINABLE FUTURE

New Value through Technology



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## Editorial Notes

This report is published every year to inform our diverse stakeholders on our approaches and the current state of the Yanmar Group's CSR efforts, and to present company results for each fiscal year, with the aim of improving CSR activities through interactive communication.

Yanmar CSR Report has changed the design from the booklet style to highlights from this 2020 edition. Our products, services and business activities for the realization of "A SUSTAINABLE FUTURE" have re-edited and featured for each of the 4 visions.

Our website contains detailed numeric data, reports and past activities from the important perspective to the Group and society as before, and describes according to the core theme of ISO26000\*.

\* ISO 26000 is a set of international standards on social responsibility published in November 2010 by the International Organization for Standardization (ISO). "ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way." (from the ISO website)

### Reference Guidelines

1. "Environmental Report Guidelines (2018)" of the Japanese Ministry of Environment
2. GRI Sustainability Reporting standards
3. ISO 26000

### Period

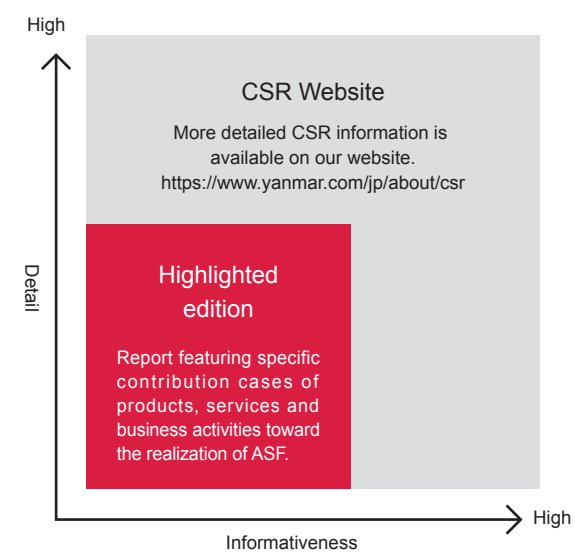
The activities and data disclosed in this report are for the period of fiscal year 2019 (April 1, 2019, to March 31, 2020). However, the Report also includes some items occurring in FY2020.

### Applicable Group Companies

In general, the information in this report applies to the entire Yanmar Group. Information specific to any particular company is indicated as such in the text.

### Date of Issue

February 2021  
(The next issue is tentatively scheduled for December 2021).





By making changes on ourselves and taking on challenges, we create and offer “new value” for new society.



#### Impact of the novel coronavirus pandemic

Our society is facing a severe and unexpected crisis with the worldwide expansion of COVID-19. We would like to express our deepest sympathies to all those affected.

I hope it will calm down as soon as possible.

Under such circumstances, Yanmar has placed the highest priority on ensuring the health and safety of our stakeholders to prevent the spread of infection. To minimize the impact on our customers, we strive to maintain stable production and supply, cooperating with our group companies and various vendors. Although the impact of the pandemic is enormous and imposes various inconvenience, it also gives us an opportunity to ask ourselves what the future of our society should be.

#### New management system and workstyle to respond to diverse changes in society

The expansion of COVID-19 has brought upheaval to the society and our lifestyle; of which, a major transformation we have experienced must be digitalization that rapidly penetrates here and there. As the digitalization accelerates, we realize that things around us are moving at an incredible speed, and our lifestyle including workstyle has been transformed accordingly.

How does Yanmar grow and survive through this transition era? Having the pioneering spirit in Yanmar's DNA fostered in our 100 years of history, each member with own entrepreneurship needs to change the ordinary mindset to take on challenges discovering unconventional ways to tackle new fields of business.

To push ourselves forward, Yanmar Group has established a new management structure effective from April 1, 2020. We have reorganized the structure where each organization clarifies the mission and division roles to be able to exercise the authority and operate the management autonomously. This makes it possible to build the organization flexibly according to the business environment, and by developing business more speedily and dynamically in each division, the entire Group can grow and move forward.

In order to make progress as a group, not only making workplace where members can work with peace of mind, but also it is necessary to create a system by which members can work more efficiently in their own ways. Embracing the concept of diversity and bringing together employees from various backgrounds while being respectful of different values will lead to the creation of new values and ingenious solutions, based on new ideas and concepts. In anticipation of the society during or post-pandemic, we have enhanced workstyle by encouraging online meetings and promoting remote work including telecommuting.

#### Achieving A SUSTAINABLE FUTURE

There are a wide range of social issues such as population growth and economic advancement in emerging countries that cause the increase in energy demand, concerns about food shortage, and serious climate change; the Sustainable Development Goals (SDGs) has been adopted by the United Nations, and worldwide efforts are expected to resolve the issues. Yanmar advocates a brand statement of A SUSTAINABLE FUTURE -Creating new values through technology- as a vision where these problems have been solved. Defining new value that enriches people's lives and protects nature, we are committed to solving the issues our customers face and taking on the social responsibility for human and nature to coexist in the future.

As one of the indicators to fulfill our responsibility, the company aims to achieve a 30% reduction in CO<sub>2</sub> emissions intensity stemming from business activities (compared to FY2005), as stated in the Yanmar Group Environmental Vision 2030.

To achieve this target, the Energy System Business is proposing and introducing systems that can efficiently control multiple energy equipment such as cogeneration system, air conditioning system (GHP) and solar power generation in the facility to realize further energy savings. The Engine Business develops economical and highly efficient engines that comply with exhaust gas regulations to reduce CO<sub>2</sub> emissions in the product life cycle. Equipped with these engines, our construction machineries support safe and secure community-building, and by which the Construction Equipment Business strives to realize a society where people can live with peace of mind.

In addition to these examples, Yanmar Group continues to promote active initiatives to create new value for both human and nature.

#### “New value” for new society

Yanmar is a company that always take on challenges responding to changes in the times. We are determined to realize new value by offering solutions to our customers and providing value from a new perspective.

**Takehito Yamaoka**

President and CEO



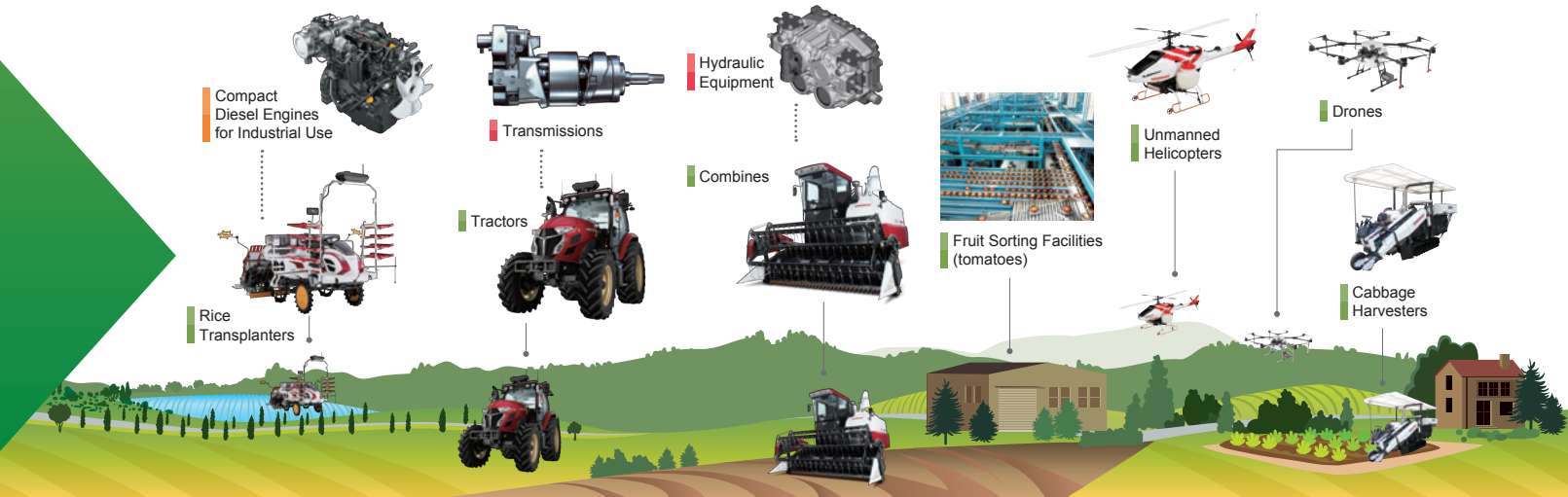
# LAND, SEA, AND CITY, THE PLACES WE LIVE

Yanmar has six business fields - land, sea, and city. Our engine business offers quality and reliable engines since the founding. In our agricultural business, we expand globally to ensure an abundant food supply. Our marine related business strives to coexist with the marine environment. We offer energy reducing technology in our energy system business. Our construction business provides an extensive range of construction equipment, and our component business manufactures innovative products.

## Land

### TRANSFORMING AGRICULTURE INTO A FOOD VALUE CHAIN

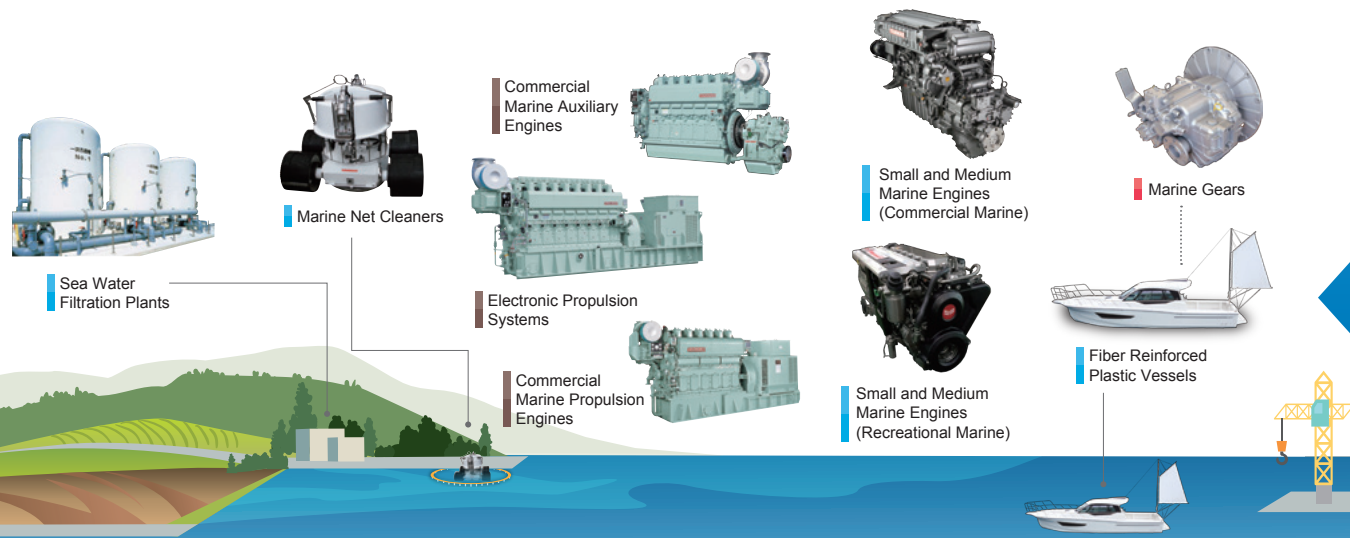
With farm machinery, Yanmar has long supported food production, the foundation for life. And with the aim of making agriculture more sustainable in the future, Yanmar is transforming agriculture into a food value chain by utilizing ICT and offering new solutions.



### WORKING TOWARD SUSTAINABLE PRACTICES ON OUR OCEANS

Yanmar recreational and commercial marine engines are clean and deliver stability and efficiency. Our extensive range of fishing and aquafarming technology is designed with a focus on sustainability.

## Sea



### NEXT-GENERATION ENERGY

Yanmar is committed to providing towns and cities with highly-efficient energy systems. Whether government or private companies, Yanmar is leveraging renewables to provide energy, gas cogeneration systems to provide heat and power, and gas heat pumps to provide efficient climate control.

## City





Yanmar Group CSR

# To fulfill our Mission Statement, we strive to solve social issues, contribute to the realization of A SUSTAINABLE FUTURE and the achievement of SDGs

Yanmar Group is committed to solving customers' problems using the world's most advanced technology in the fields of food production and harnessing power. Our Mission Statement declares these elements to be essential to human life. Practicing our Mission Statement is in fact the CSR of Yanmar Group and our brand statement "A Sustainable Future – Creating new value through technology." It is indispensable in realizing the four visions of our brand statement.

Population growth and economic development mainly in emerging countries lead to the accumulation of social issues, such as increase in energy demand, imbalance in food supply and climate change. Based on the goals and targets of the SDGs \*, we will contribute to solving these issues through communication and collaboration with various stakeholders.

**Population Issues** Over **9.7 billion people** in 2050<sup>\*1</sup>

**Energy Issues** **68%** of the global population to be concentrated in urban areas in 2050<sup>\*2</sup>

Social issues surrounding Yanmar

**Environmental Issues** Global average temperature to increase by **2.6 - 4.8°C** in 2100<sup>\*3</sup>

**Food Issues** The food supply needs to be increased by **1.7** times compared to 2010 in 2050<sup>\*4</sup>

\*1 United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision. (2017)  
 \*2 United Nations, 2018 Revision of World Urbanization Prospects. (2018)  
 \*3 IPCC Fifth Assessment Report WGI SPM (2014) \*4 Ministry of Agriculture, Forestry and Fisheries "Japan Long-term World Food Supply and Demand Projection for 2050" (2019).

\*Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) include goals to be achieved by 2030, as stated in the agenda adopted by the United Nations in September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development".

It consists of 17 objectives and 169 targets which expanded from the Millennium Development Goals (MDGs) to include both the developing and developed countries as a worldwide initiative. Contributions of innovative creations and technologies owned by private companies of each country play an important role in achieving these goals.



## Our Four Future Visions for A SUSTAINABLE FUTURE

**VISION 01**

An Energy-saving Society

Expanding the possibilities of energy. Using affordable and safe power, electricity, and heat, whenever necessary and only as much as necessary.

**VISION 02**

A Society Where People Can Work and Live with Peace of Mind

Transforming harsh labor into comfortable work. Everyone can work comfortably and earn a steady income while living a rich life in harmony with nature.

**VISION 03**

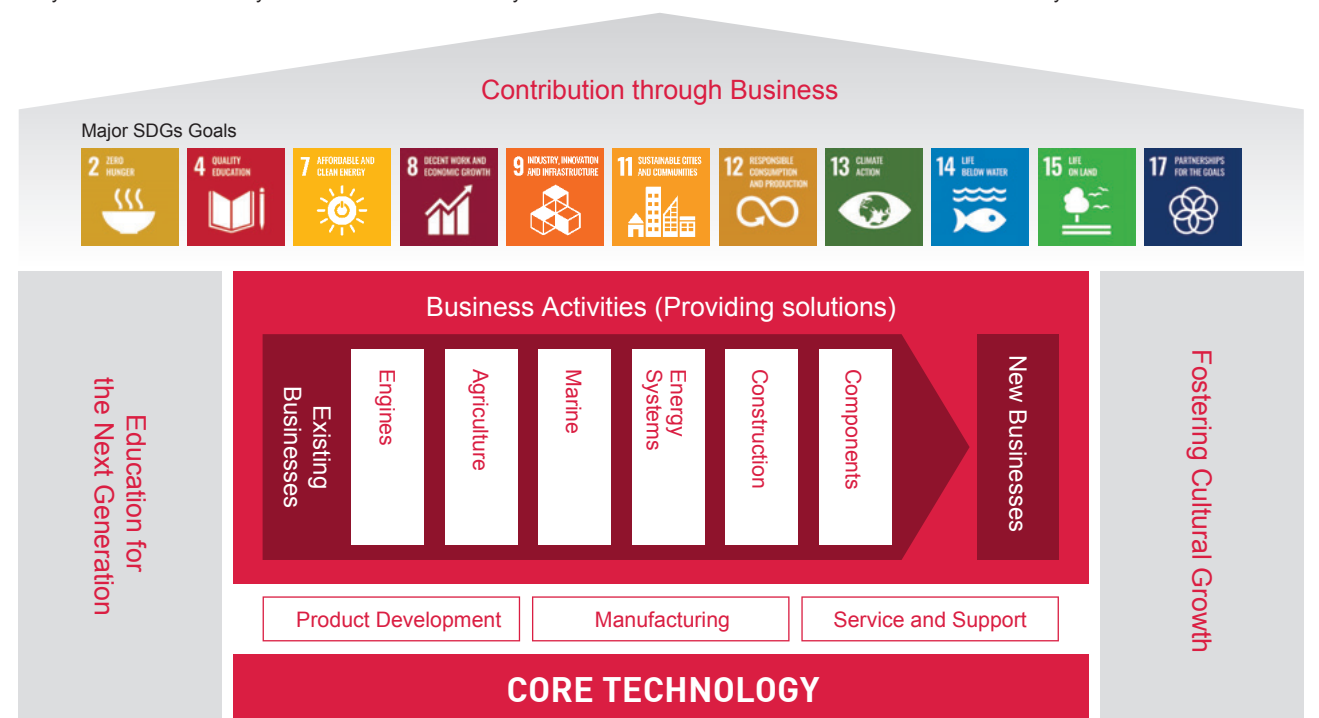
A Society Where People Can Enjoy Safe and Plentiful Food

Ensuring delicious, safe, and nutritious food, anywhere in the world, at any time. Everyone can live a healthier life.

**VISION 04**

A Society That Offers an Exciting Life Filled with Rich and Fulfilling Experiences

Creating a world where work and leisure are enriching and enjoyable. We will continue to increase the quality of life for everyone.





# VISION 01

## An Energy-saving Society

### Objectives

Expanding the possibilities of energy. Using affordable and safe power, electricity and heat, whenever necessary and only as much as necessary

### Our Products, Services and Support for VISION 01

**Energy Management System**

We contribute to the optimization for facility-wide energy use via the fuel efficiency diagnostics and analysis of energy operational status. This is how we help to achieve energy efficiency.

**Diesel Engines for Industrial Use**

We develop ultra-high fuel efficient high-power engines to expand our compact industrial engine sector. These engines are also compatible with the latest European Stage V standards.

### Related SDGs



### Social challenges to be solved related to VISION 01

#### Global Issues

|                |   |
|----------------|---|
| Climate change | Global average temperature to increase by <b>2.6 - 4.8°C</b> in 2100<br>※IPCC Fifth Assessment Report WGI SPM (2014)                                    |
| Urbanization   | <b>68%</b> of the global population to be concentrated in urban areas in 2050<br>※United Nations, 2018 Revision of World Urbanization Prospects. (2018) |

#### Solution Themes

- Reducing CO<sub>2</sub> emissions
- Promoting renewable energy
- Energy efficiency initiatives
- Utilizing unused energy
- Energy management

### Contributing Through Business

YANMAR ENERGY SYSTEM CO., LTD.

Using an Energy Management System for automated, optimized control of energy equipment in factories to achieve even greater energy efficiency



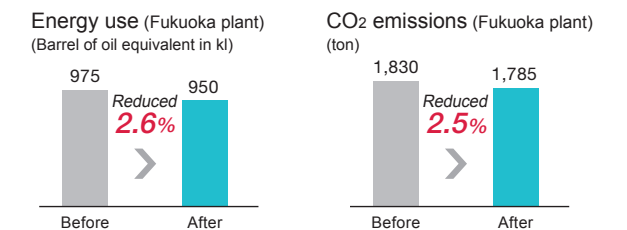
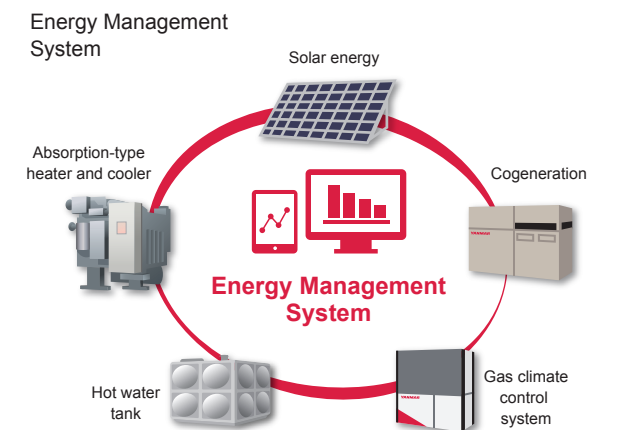
### Challenges

Marutai Co., Ltd. is a food manufacturer located in Fukuoka, and was considering further energy efficiency and CO<sub>2</sub> emissions cuts through a control of the varied fuel efficiency equipment installed in their plant. Furthermore, they viewed reduction of annual energy usage levels to less than 1,500 kl (barrel of oil equivalent) to be an issue including their Fukuoka and Saga plants in order to comply with Japan's "Act on the Rationalization etc. of Energy Use (Act on the Rational Use of Energy)."

### Solution

In addition to fuel efficiency devices such as the Yanmar gas cogeneration system and air-conditioning equipment (GHP), Marutai's Fukuoka plant also incorporates solar power generation equipment, hot water heaters utilizing solar heat, and other equipment that utilizes renewable energy. Yanmar Energy System Co., Ltd. aimed to address the customers' issues by proposing an Energy Management System (EMS) capable of efficient control over all these elements. The EMS equips sensors on each article of energy equipment, including the gas co-generator, gas heat pump, and combined heat and power link, analyzing plant-wide electricity and gas usage levels. The system is capable of automatically creating optimized operating plans a day in advance based on data such as utility rates and weather forecasts, and automatically adjust energy equipment loads on the day of operation. The system offers centralized control over energy usage status and device operational status from the energy management system monitor, and allows for remote, real-time data sharing with Yanmar technical representatives for quick responses in the event of trouble.

By adopting the EMS, Marutai was able to both suppress annual energy usage for FY2019 to levels less than 1,500 kl, and also level electrical demand at afternoon peak times via control over demand values (maximum electrical demand). Furthermore, automation of energy equipment settings that used to be performed by experienced managers reduced energy losses, allowing for even more precise control. This mitigated the levels of daily professional duties for management, and the analytical data the system accumulates is also useful for long-term operational planning.



Reduced utilities costs **Approximately 1 million JPY**

### Provided value

CO<sub>2</sub> emissions will decline further with Yanmar's high-fuel efficiency devices and energy management systems while distributed energy expands across society. We are now registered as an "Energy Management Business Operator (energy control support service business)" under the "Energy Use Optimization Support Business" system promoted in Japan as a means to address energy efficiency. Yanmar contributes toward global warming solutions by supporting companies that are working on energy efficiency, using our proposals for fuel efficiency devices such as energy management systems to cut CO<sub>2</sub> emissions.



## Developed “EU Stage V” exhaust emission standards-compliant industrial diesel engine that achieves high power density and fuel efficiency



### Challenges

In relation to climate change, the compact industrial engine and commercial marine engine fields currently require compliance with various tightening emissions regulations and cuts to CO<sub>2</sub> emissions. Furthermore, as almost all machines equipped with powerful engines are intended for professional use, they also face major challenges such as stress-free, comfortable work, limits on downtime, compact emission aftertreatment devices, and smaller running costs.

### Solution

Yanmar Power Technology developed the “4TN107” industrial diesel engine with 155 kW of peak power to comply with the EU non-road engine stage V emissions standards (EU Stage V) that entered effect in 2019.

This new engine synthesizes direct injection diesel combustion technologies cultivated over the years at Yanmar, a powerful proprietary structure, and exhaust aftertreatment control technology developed to comply with the Tier 4 regulations of the US Environmental Protection Agency. These technologies improve fuel economy for the new engine by about 10% as compared to models with the same engine displacement from other companies<sup>\*1</sup>, cut CO<sub>2</sub> emissions, and help mitigate running costs for customers. For its exhaust aftertreatment device and control technologies, the engine uses a DPF<sup>\*2</sup> system with proven performance that complies with US Environmental Protection Agency Tier 4 standards and an SCR<sup>\*3</sup> system that utilizes urea water. This keeps the engine running without work stopping for the customer under everything from light to heavy loads, in settings such as at elevation, or in low temperature environments. Furthermore, we are also improving work machine comfort while enhancing environmental performance. We set the specifications of the “4TN107” to incorporate a two-stage turbocharger, giving it a best-in-class power density<sup>\*4</sup> of 34 kW/L. Through optimization of the turbocharger and combustion technologies, the engine also achieves the torque performance required in fields including construction and agricultural equipment. On other fronts, the engine also helps customers improve visibility and comfort during work with its compact exterior settings that take work machine chassis designs into account, and its miniaturized exhaust gas aftertreatment device.



### EU Stage V Standards

EU Stage V features stronger cuts to NO<sub>x</sub> and PM emissions as compared to Stage IV. For example, engines in the 19-37 kW output range must limit NO<sub>x</sub> emissions by about 37% (7.5 > 4.7 g/kWh), and PM emissions by about 97% (0.6 > 0.015 g/kWh). Furthermore, standards are now mandatory for PM particulate numbers (PN), as are measures for prevention of emissions overages due to insufficient maintenance or illegal modifications.

\*1 Comparison of results from testing performed by Yanmar with those for engines in the same class

\*2 DPF: Diesel Particulate Filter. A filter that removes particulate matter found in diesel exhaust gas, such as ash

\*3 SCR: Selective Catalytic Reduction. A technology that reduces, purifies, and neutralizes the NO<sub>x</sub> found in diesel exhaust gas, using ammonia produced from urea water

\*4 Output (kW) per unit of engine displacement (L)

### Provided value

Our engine has acquired EU Stage V certification, and is expected to produce emissions cuts that meet or exceed standards. Sales of the engine started with the implementation of the standards in 2019 and is helping to limit atmospheric pollution as it steadily replaces equipment compliant with the old emission standards (Stage IV). There are plans for future regulatory reinforcement in North America, Europe, China, India, and other regions, and Yanmar will develop products that comply with these local emission standards. We will also further enhance our contributions to CO<sub>2</sub> emissions cuts with even more improvements to engine fuel efficiency and emissions reductions.

## ENVIRONMENT

### Achieving the Yanmar Group Environment Vision 2030

In July 2018, Yanmar established the Yanmar Group Environment Vision 2030 as an effort to work toward achieving the 2030 goals of the Paris Agreement and the Sustainable Development Goals.

With our new environmental vision, we will continue to take these measures to achieve the targets in four areas. We have set a new goal to prevent global warming by achieving a “30% reduction in CO<sub>2</sub> emissions in each business unit (compared with FY2005).”

We plan to formulate our Group’s 5th Environmental Medium-term Plan for the environment in August 2020, which will outline the specific path for achieving the Yanmar Group Environment Vision 2030, as our contribution towards building a sustainable society.

### Drafting Yanmar Group’s 5th Environmental Medium-term Plan

Yanmar Group has drafted our Group’s 5th Environmental Medium-term Plan, for the five years from FY2021 through FY2025.

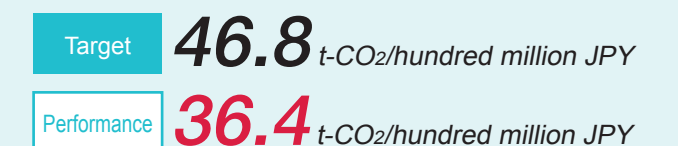
This plan re-evaluates each item from the previous in light of the latest policies, regulations, and social trends, for the realization of the Yanmar Group Environment Vision 2030. We will engage with issues such as deployment of business operations that are compatible with climate change, increasing resource recycling, and reinforcing standards for hazardous chemicals. Furthermore, we have set new numerical targets for our social contributions through Yanmar Group products. We have also reinforced the connections with SDGs, in regard to individual issues.

### FY2019 Target and Performance

#### Energy Consumption (Intensity)



#### CO<sub>2</sub> emissions (intensity)



In terms of addressing climate change, we are aiming for CO<sub>2</sub> emissions cuts of 1.2% single-year average or more in total or intensity within Japan, and in compliance with national regulations or at the same level as the Japanese Yanmar Group targets (1.2% single-year average or more) internationally, in business activity such as production and sales, and services and support. Furthermore, we have set targets for sales ratios and certification rates of environmentally-friendly products, out of all new product development.

### Preventing Global Warming

#### Reducing CO<sub>2</sub> emissions and using energy efficiently

Yanmar Group reduces CO<sub>2</sub> emissions by efficient use of energy and fuel, improving energy efficiency at facilities, enhancing testing, and by using renewable energies.

Additionally, to reduce peak electricity consumption and to minimize risk from power outages, Yanmar introduces distributed generation and GHPs in its facilities.

The energy conservation target for FY2019 was 14.6% from FY2005 levels for total energy consumption and intensity, which measure energy efficiency. CO<sub>2</sub> emissions was also 14.6% reduction from FY2005 levels.

FY2019 saw a reduction in manufacturing as such due to the pandemic of the novel COVID-19, and thus energy use declined by 3,519 kl over the previous fiscal year, while CO<sub>2</sub> emissions also declined by 6,372 tons. While we exceeded our target for total cuts, we achieved our target for intensity.



# VISION 02

## A Society Where People Can Work and Live with Peace of Mind

### Objectives

Transforming harsh labor into comfortable work. Everyone can work comfortably and earn a steady income while living a rich life in harmony with nature.

### Our Products, Services and Support for VISION 02



**ViO20**

**True Zero Tail Swing Mini Excavator**

The rear does not protrude beyond the vehicle width, allowing the excavator to turn in tight circles and work beside a wall without worrying. It offers improved safety and comfort at narrow construction sites.



**ATG500**



**AY20**

**Standby Power Generation Systems**

Standby generation systems contribute to ensuring safety of human life, protecting property, restoration work by taking over the supply of electricity to various equipment during events of a power outage due to a natural disaster.

### Related SDGs



### Social challenges to be solved related to VISION 02

#### Global Issues

##### Human Rights

An estimated **73 million** child laborers work in dangerous conditions that impair their health and safety <sup>\*ILO, World Day Against Child Labor 2018</sup>

##### Poverty

The average OECD relative poverty rate is **11.8%** (2019)  
<sup>\*OECD, OECD data, Poverty rate (2019)</sup>

#### Solution Themes

- Work free from unsafe condition
- Labor savings and higher efficiency
- Stable income through new value creation
- Building of disaster-resistant communities

### Contributing Through Business

YANMAR CONSTRUCTION EQUIPMENT CO., LTD.

Contributing to building safe and secure communities by providing operable, comfortable, and durable construction equipment with emission standard-compliant engines

Related SDGs



### Challenges

To be eligible to bid on public works projects in Japan, bidders are required to use construction equipment and industrial equipment that meet the emission standards established by the Ministry of Land, Infrastructure, Transport and Tourism<sup>\*1</sup> and the Act on Regulations for Emissions from Non-Road Vehicles<sup>\*2</sup>. Additionally, in community building construction such as for housing and infrastructure development including civil engineering and waterworks in urban areas, work must be completed in a limited time in a cramped environment, so such jobs require equipment that is highly operable, stable, and durable.

<sup>\*1</sup> The Ministry of Land, Infrastructure, Transport and Tourism's Designated Low-Emission Construction Machinery Standards (Tier 3 Standards) apply to vehicles with diesel engines, generators, compressors, and tunnel construction equipment with engine outputs of at least 8 kW and under 19 kW that are not operated on public roads  
<sup>\*2</sup> This law established jointly by the Ministry of the Environment, Ministry of Economy, Trade and Industry, and the Ministry of Land, Infrastructure, Transport and Tourism applies to non-road special motor vehicles with engine outputs of at least 19 kW and under 560 kW

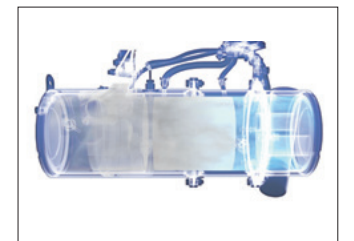
### Solution

The diesel engines installed in Yanmar construction equipment meet the emission standards established by the Ministry of Land, Infrastructure, Transport and Tourism Tier 3 Standards and the Act on Regulations for Emissions from Non-Road Vehicles by using electronic control governors, exhaust gas recirculation systems (EGRs), common rail systems (fuel injectors), diesel particulate filters (DPF) aftertreatment system, and other devices that control emissions and eliminate the hazardous substances contained in emissions.

Additionally, to pursue elements such as easy and intuitive operability, comfort, and ease of maintenance, we have built an integrated framework for everything from the development stage to production, sales, and services and support, which we use to connect on-site customer feedback to our next development efforts in a timely manner. Furthermore, machinery equipped with SmartAssist, which monitors the operating status of construction equipment on 24/7 basis, analyzes machine trouble and provides a notification when it is time to replace parts, before operations are suspended due to breakdown.



Common rail system (fuel injector)



Post-processing system DPF (diesel particulate filter)



Turns seamlessly in a narrow space



Efficient work even in narrow spaces

### Provided value

By contributing to work such as infrastructure maintenance, housing construction, and other aspects of community building through the provision of construction equipment that allows workers to work safely and comfortably, the Group aims to achieve a society in which all kinds of people can live with peace of mind. While the demand for renovation in Japan is predicted to increase going forward in the lead-up to 2035, the shortage of workers is also being seen as a challenge at the same time. For this reason, we are continuing research and development aimed at mechanizing work such as interior demolition and construction that is currently done manually. The demand for renovation is expected to increase successively in Europe and North America where the distribution share of used houses is large, and even in Southeast Asia where the population is increasing, so we are aiming to turn out commercially viable products as soon as possible.



YANMAR ENERGY SYSTEM CO., LTD.

The new remote monitoring system that manages and controls your standby generators to prepare for fuel shortages and breakdowns in the event of an emergency.



Challenges

Standby generators play a very important role in business continuity in office buildings when a power outage occurs due to a natural disaster. In recent years, torrential rain caused floods frequently in Japan. Backup power systems have proven critical in such emergency. However, if maintenance is not managed and performed properly, the risk of running out of fuel or malfunctioning gets higher apparently. In fact, in the Great East Japan Earthquake, 4.8% of the private power generators for disaster and emergency installed in areas with a seismic intensity of 6 or higher did not turn on or worked for some reason. <sup>\*1</sup>

<sup>\*1</sup> Source: Nippon Engine Generator Association, "Survey Report on Private Power Generation Equipment in the Great East Japan Earthquake"

Solution

As a leading company in the Japanese standby generator market, Yanmar Energy System has been the first in the industry to promote the remote monitoring system "RESS" since 1984. Aiming to save troubles for our customers to manage the equipment, reduce maintenance costs, and operate it stably, we have recently developed a new remote monitoring service and conducted a pilot operation for business development in 2021. <sup>\*2</sup>

In the operation, our standby generator equipped with a new remote monitoring unit was installed in Yanmar Synergy Square (Amagasaki, Hyogo), which opened in October 2020, and both our company and the building manager collected and analyzed the data. The data from operation and fuel sensor reports were automatically aggregated in the Remote Support Center (RSC) through the remote monitoring unit, and it was verified that deterioration prediction diagnosis and residual oil amount notification performed correctly.

This system not only improves the efficiency of inspection, but also enables customers to handle management and operation without being at the site, so it will support new normal work styles. We will also provide new value by utilizing fuel delivery services and big data.

<sup>\*2</sup> This new remote monitoring unit will be installed in all Yanmar standby generators, AutoPack series ordered after September 2021 to expand remote support operation services. A contract fee will be charged separately for the remote support service.



Standby generator used for the pilot operation

Provided value

Natural disasters have caused major power outages all over the country in recent years. <sup>\*3</sup> A standby generator can help you prepare for the unexpected because once power goes out, it will have a major impact on business activities and people's lives. Yanmar has expertise delivering them for a variety of applications to companies, and in FY2019, the sales increased 15% year-on-year to approximately 3,200 units. We will continue to promote them as part of adaptation measures to climate change and to realize disaster-resistant and resilient city development.

<sup>\*3</sup> 5 power outages due to major natural disasters that occurred in Japan in FY2018 were about 80,000 houses due to heavy rain in July 2018, about 170,000 due to typhoon No. 20, and about 2.4 million due to typhoon No. 21. About 2.95 million households due to the Hokkaido Eastern Iburi Earthquake and about 1.8 million due to Typhoon No. 24. Source: Ministry of Economy, Trade and Industry "Disasters in 2018 and responses" (in 2019)

OUR CUSTOMERS

The Pursuit for Higher Quality

Our Fundamental Approach

The first priority of Yanmar Group is finding ways to address the needs and resolve the challenges faced by our customers around the world, by solving issues together and offering tailor-made solutions with a level of quality that only Yanmar can deliver. Each employee strives to earn the full trust and satisfaction of our customers on a daily basis, by responding to the needs of society as well as providing prompt and suitable products and services that solve issues for customers. In line with our total quality management (TQM) program, all of our employees continuously improve quality through initiatives such as quality control (QC) circles.

Defining a Consistent System for Quality Assurance

With our integrated quality assurance system, Quality Assurance (QA) divisions in each business unit act as the point of contact; joining all areas of business activities from product planning and development to production, sales and service. Our quality analysis center strengthens functions for both standardizing electrical devices and for performing stand-alone assessments within our Group. We also established Product Safety Committees for each business unit to ensure product safety. The entire Group is being monitored for quality assurance by the Group-wide QA Corporate Committee.

For FY2019, we aimed to reduce violation of quality compliance to 0 case and systematically worked on improving the system to prevent tampering of product inspection results by having the QA Division issue the guideline to the business units and operating companies both in Japan and in our international locations. In FY2020, we will continue to support each business unit and our international subsidiaries, introduce the improved cases, report the business status on a monthly basis and summarize the progress every six months. In the new field of food business, a company-wide regulation maintenance and quality assurance system were established, as compliance and reinforcement for quality assurance.

Recall Measures

In the case where an issue arises with our products and action is deemed necessary, Yanmar will swiftly implement the appropriate actions, including the recovery, repair, inspection or replacement of the products, giving top priority to customer safety and damage prevention.

In case of a recall, we will notify the relevant organizations <sup>\*1</sup> and disclose this information on our website, and if necessary, place recall notices in the newspapers. We continue to make improvements to our compliance with recall regulations. Every year, we take initiatives in limiting the number of recalls, and in FY2019, there were 9 recall cases, which was significantly decreased from 17 in the previous year. We believe that this is a result of building a system tool for strengthening quality assurance across all businesses.

Furthermore, we tackled the following important implementation matters in FY2019.

- ① To promptly identify vital problems in quality, a new quality assurance system (SEAQ system) was built and applied to all products globally. Following all business units in Japan, the system was introduced to all international subsidiaries in FY2019.
- ② As a system tool for strengthening quality assurance, a platform common to all businesses (AQAS system) was built by introducing the proactive sensing system (quality information analysis system) predeveloped in our agricultural business.
- ③ QC assessment training is organized and provided for practical QC education in line with Group and Business Unit policies. For levels 1 to 3, a total of 85 persons passed the training in FY2019 bringing the sum to 1,238 persons since FY2011.

Results (FY2018 / FY2019)<sup>\*2</sup>

No. of Recalls

Results **17** cases > **9** cases

<sup>\*1</sup> Ministry of Land, Infrastructure, Transport and Tourism (MLIT); Ministry of Economy, Trade and Industry; Ministry of Agriculture, Forestry and Fisheries and Japan Boating Industry Association

<sup>\*2</sup> The number of product recalls are publicized in accordance with MLIT product recall and improvement measures and the Consumer Product Safety Act



## EMPLOYEES

### Respecting Human Rights

#### Our Fundamental Approach

Yanmar Group fulfills its responsibility as a company that respects human rights by appropriately responding to violations and negative impacts on human rights caused by business activities. We aim to create a safe and comfortable work environment prohibiting child labor, forced labor, harassments and discrimination based on race, nationality, gender, and age.

#### Ensuring employee safety through measures to prevent the novel coronavirus infection

In order to ensure the safety of employees from the COVID-19 pandemic, we set up the Infectious Disease Control Committee at an early stage, and while coordinating information within the Group, we take further measures to prevent the spread of infection.

- ① Promoting telecommuting and staggered working hours by setting emergency policy.
- ② Installing individual seating and separate offices for social distancing.
- ③ Arranging staggered lunch breaks and social distancing layout at the employee cafeteria.
- ④ Sharing the Group-wide procedures if a suspect case of COVID-19 is detected.
- ⑤ Bringing expatriates and their families back to Japan temporarily.
- ⑥ Procuring and managing face mask supply by the Committee to support the region with the outbreak.
- ⑦ Developing and deploying the Group response corresponding to government and local government policies.

Results (FY2018/2019)

No. of employees who took childcare leave

Results **50** employees > **45** employees  
(Of which 2 are male.) (Of which 1 is male.)

### Promoting Work-life Balance

#### Offering various programs to maintain work-life balance

Childcare and extended family leave programs are established beyond legal requirements to include different conditions and frequency. Yanmar is dedicated to creating a workplace where employees can continue to work with peace of mind. With an improved paid vacation system where leave can be accumulated, employees can fully demonstrate their potential and maintain a work-life balance.

To ensure female employees to return to work with ease after taking childcare leave, we created a handbook with useful information.

To support a healthy work-life balance we also created handbooks for male employees who are caring for children, and for workers caring for sick or elderly relatives.

In FY2019, 45 people took extended parental leave, 91 people opted to work shorter hours, 28 people took maternity leave, and 100% of women who took extended parental leave returned to their jobs.

To ensure that work-life balance is maintained and to improve efficiency at work, some sections of our R&D and staff function implemented a flextime system. We have also designated days when employees must leave work by the end of regular work hours, and adopted a "Lights Off Day" where the lights are dimmed to encourage employees to leave on time. Initiatives like these enable employees have a private life.

As a new initiative, we have also adopted a telecommuting program since October 2017. With telecommuting, we aim to create a more diverse and productive workforce.

We hope to further improve this program so that more employees can take advantage of telecommuting.

No. of employees who took nursing-care leave

Results **2** employees > **4** employees

### Health and Productivity Management

#### Working to improve employees and their families' health to maintain good physical and mental health at work.

It is essential to be physically and mentally healthy to fulfill the performance and to play active roles at work. We believe that employee health will lead Yanmar to grow and improve sustainably and productively. In 2020, we established the Health and Productivity Management Policy to effectively and efficiently promote employee health initiatives. In order to operate the management, we cooperate with the health insurance association to maintain and improve the health of our employees.

#### ●Health Management Policy

Through promoting employee health, we enhance diversity, inclusion and high employee engagement that lead to improve productivity in Yanmar and realize sustainable growth of the Group.

#### ●Promotion Structure

With Chief Human Resources Officer of Yanmar Holdings and Chairman of Yanmar Health Insurance Association as Chief Health Officers, we lead health initiatives throughout the Group, focusing on health management.

In addition, to maintain and improve the health condition of group employees, we will work on various projects and measures in collaboration with health insurance unions, labor unions, employee unions, employees in charge at each company, and occupational physicians.

#### ●Action Goal, KENKO 11

Each officer and employee of Yanmar Group has set action goals to reduce the risk of lifestyle-related diseases and other illnesses and to continue to be healthy and active.

- ① Balanced and healthy eating habits
- ② Promoting physical activity
- ③ Active rest day
- ④ Ensuring good sleep
- ⑤ Releasing stress well
- ⑥ Quit smoking
- ⑦ Moderate drinking
- ⑧ Maintaining hygiene in dental and oral cavity
- ⑨ Maintaining a healthy weight
- ⑩ Early detection and early treatment by health checkups
- ⑪ Improving health literacy

#### ●Priority Measures

In promoting health management in Yanmar Group, we establish and take priority measures as follows.

#### 1.Promoting mental health care

Providing self-care, support line, information and education.

- ① Prevention, early detection of mental health problems
- ② Prevention of aggravation of mental health problems and prevention of recurrence
- ③ Smooth return to work from medical treatment

#### 2.Active promotion of smoking cessation

We take the following measures to reduce the smoking rate, which causes various diseases such as lifestyle-related diseases, cardiovascular diseases, and lung cancer.

- ① Measures for the environment to prevent second-hand smoke
- ② Strengthening smoking cessation support system
- ③ Providing education

#### 3.Lifestyle-related disease prevention measures

Through collaboration on health between Yanmar Health Insurance Society and Business Units, we tackle on preventing illnesses by providing a healthier work environment, effective use of health checkups, and early detection and treatment of illnesses.

- ① Regular health checkup (implementation rate of 100%)
- ② Stronger health management in the second medical examination
- ③ Enhancement of health promotion system through collaboration

#### 4.Promoting work-life balance

We strive to provide the environment and information so that each employee can raise their awareness of work-life balance and lay the foundation for a lively work life.

- ① Reduction of overtime work
- ② Promotion of taking paid vacation
- ③ Promotion of diverse work styles



# VISION 03

## A Society Where People Can Enjoy Safe and Plentiful Food

### Objectives

Ensuring delicious, safe, and nutritious food, anywhere in the world, at any time. Everyone can live a healthier life.

### Our Products, Services and Support for VISION 03



### Related SDGs



### Social challenges to be solved related to VISION 03

#### Global Issues

Over **9.7 billion people** in 2050  
\*United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision. (2017)

The food supply needs to be increased by **1.7 times** compared to 2010 in 2050  
\*Ministry of Agriculture, Forestry and Fisheries "Japan Long-term World Food Supply and Demand Projection for 2050" (2019).

#### Solution Themes

- Compatibility with large-scale agriculture
- Growth in productivity by new and efficient workforce **International**
- Impact on products due to disasters and unseasonable weather
- Decrease of farmers due to shortage of successors **Japan**

### Contributing Through Business

YANMAR AGRIBUSINESS CO., LTD.

Using Smart Assist to monitor the operation of agricultural equipment and improve productivity with efficient farm management

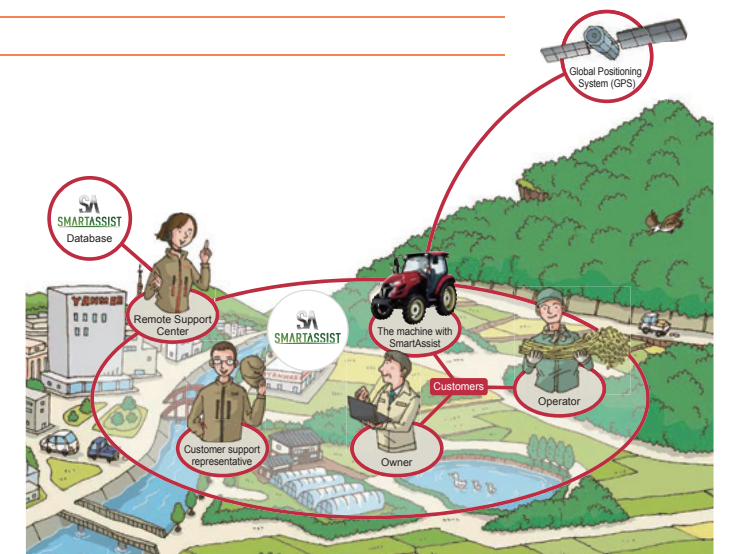


### Challenges

Thailand, a major agricultural nation in Southeast Asia is one of the largest rice exporting countries in the world with high expectation for production increase given rising demand. However, the high ratio of family-run farms in Thailand rises the issues with efficient farm management, such as seamless communication between owners and workers. The situation calls for productivity growth via information and communication technology (ICT) and mechanization.

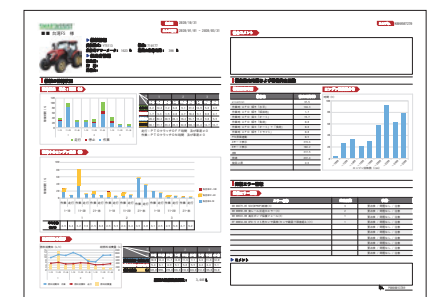
### Solution

Yanmar Agribusiness offers farmland management solutions and machine management via Smart Assist which utilizes the IoT for Thai customers since 2017. This system uses a version of the Smart Assist service that went on sale in Japan in 2013, revised for local specifications. The system connects equipment featuring GPS antennas and communication terminals with Yanmar servers over a network, allowing for integrated control from smartphones and PCs. The system remotely monitors equipment operating status 24/7 to prevent problems such as theft and malfunctions, and also notifies the timing for replacing parts. The system has an automatic area measurement function that work via land setting, allowing real-time confirmation of farming progress on a map as well as data collecting of track histories.



How SmartAssist works

In Thailand, farm owners rarely visit their farmland since they hire workers on contracts. However, Smart Assist allows owners to check the real-time work status remotely and to give instructions to workers at the right times, which helps to improve the efficiency. Furthermore, it gives accurate data on the area and time worked on that day, ensuring easier compensation. On top of that, the system can diagnose trouble with equipment that helps owners order maintenance parts in advance, which has major benefits to secure income reducing downtime due to malfunction.



Reports on ag equipment operating conditions

### Provided value

There are currently about 1,000 Smart Assist contracts active in Thailand (450 tractors and 550 combine harvesters), and about 10,000 contracts in Southeast Asia (2,000 tractors and 8,000 combine harvesters), but we are still in the promoting phase. Given that, we are using website utilization rates and farmland registration entries as an indicator for farmer productivity growth. In the future, we will set indicators for evaluation of machinery operations and maintenance management. We will also promote YT tractors and YH combines come equipped with the system and market in western Asia, Latin America and Africa.



Supporting a shift from catching to cultivating by developing sustainable Pacific oyster aquafarming technology and creating the regional brand, Kunisaki Oysters



Challenges

In Kunisaki, Oita, which is the region depending on swordfish fishery, the volume of catches and the number of fishermen have been serious decline recently. Furthermore, the global demand for seafood has been growing, such as the consumption has increased fivefold in the past 50 years\*. Under these circumstances, it is a major challenge to ensure a sustainable marine environment including preserving the ecosystem and purifying seawater.

\*Fisheries Agency, "FY2016 White Paper on Fisheries" (2017) [https://www.jfa.maff.go.jp/j/kikaku/wpaper/h28\\_h/trend/1/t1\\_1\\_1.html](https://www.jfa.maff.go.jp/j/kikaku/wpaper/h28_h/trend/1/t1_1_1.html)

Solution

Based on a plan to utilize a vacant aquaculture site, Yanmar Group collaborates with Kunisaki City and the fisheries cooperative to develop sustainable Pacific oyster aquafarming technology. In addition, the Group has also been contributing to developing advanced fisheries in the region by creating the Kunisaki Oysters brand and encouraging a shift from catching to cultivating. In addition to engaging in the development and sales of fishery-related equipment, Yanmar Group has spent almost ten years to develop artificial seedling production and juvenile rearing technology for bivalves such as clams and oysters. Recently, in the search for a method to cultivate the Pacific oysters in the coast area around Kunisaki, we have adopted the single-seed method, in which juvenile shellfish cultivated on shore are placed in cages to avoid extraneous substances. Additionally, using the tide and deep method of our own production technology, we have succeeded in cultivating quality oysters by cultivating them efficiently onshore and offshore according to their growth. This allows the aquafarming industry to be sustainable because of its minimal environmental impact on the marine cultivation area. After the oysters are harvested, our unique sanitation program enables thorough safety management to eliminate contamination with norovirus. With the assessment and cooperation of prominent chefs from Japan, we provide dishes that maximize the appeal of raw Pacific oysters, delivering safe and delicious Kunisaki Oysters to Japan and the world.



Kunisaki Oysters



The cultivation is changed from onshore to offshore depending on the growth period

Kunisaki Oysters Brand

FY2019 financial results

Sold at approx. **200** stores Approx. **97,000** oysters sold

Provided value

Yanmar Group collaborates with local governments and organizations throughout Japan to provide products and services that contribute to developing vibrant local communities and solving social challenges. Our bivalve aquafarming business, in which we engage by supporting the shift from catching to cultivating, allows us to contribute to an increase in fishery revenue through low costs and stable production, as well as to ecosystem conservation through a method with minimal environmental impact on cultivation areas. To date, we have expanded our initiatives to various regions of Japan, including a pilot program geared at reviving clam resources in Ishinomaki, Miyagi, and clam business operations in Uwajima, Ehime.

OUR LOCAL COMMUNITY

Education for the Future Generation

Children's Painting Exhibition

Yanmar sponsors a children's painting exhibition, "Rural Life: Rice Paddies and Streams", organized by the National Federation of Land Improvement Associations and Prefectural Land Improvement Associations. Its purpose is to allow children to be familiar with soil and water through discovering the wonders of rural life.

The 20th contest held in 2019 received 5,224 entries of which 24 were awarded prizes and 129 were selected to be included in the Minister of Agriculture, Forestry and Fisheries Awards. The Yanmar Prize was awarded to Kodai Hamaguchi, a 1st grade student from Ono Elementary School in Hyogo, for his entry titled "In the Rice Paddy".



"In the Rice Paddy" by Kodai Hamaguchi

Yanmar Student Essay Contest

Since 1990, Yanmar has been receiving thesis and essay submissions for the Yanmar Student Essay Contest. The contest is to promote free discussion of ideas amongst the younger generation, who will lead our future in farming and its communities.

The theme for the 30th contest in 2019 was the same as the year before: "Transforming Agriculture into a Food Value Chain". 48 theses and 522 essays were submitted from all over Japan.

The winning thesis was "Aiming for Agricultural Development in Developing Countries - From the Perspective of the Global Food Value Chain" by Taeko Matsumura (Sophomore from Kanazawa University). The winning essay was "Responsibility and Determination to Become a Beef Cattle Farmer -Managing Living Industrial Animals" by Shohei Ishiyama (Freshman from Kagoshima Prefectural Agricultural University).

In recent years, as the environment around agriculture has changed drastically, Yanmar Group aims for sustainable

agriculture, offering solutions for food issues from production to processing and distribution, and striving to add high value on the products.

Through this contest, we will continue to create visions for agriculture and food production with the next generation.



Recipients of the Yanmar Student Essay Contest

Community Activities

Original Curry Sauce Donated

In June 2020, Yanmar Holdings donated 900 meals of Yanmar original curry sauce to seven organizations including children's cafeterias in Osaka.

The curry, usually provided at Yanmar Museum in Shiga, is made nutritious with abundant vegetables and blended mildly so that even small kids can enjoy the taste.

This donation was conducted through Okaasan Gyokai Shimbun, Inc which carries out various activities to support mothers who are raising children. While many households are economically affected by COVID-19, Yanmar, as a company that has long been involved in food production industry, is willing to offer the support for mothers and children to enjoy dining.



Donating Yanmar original curry sauce to seven organizations



# VISION 04

## A Society That Offers an Exciting Life Filled with Rich and Fulfilling Experiences

### Objectives

Creating a world where work and leisure are enriching and enjoyable.  
We will continue to increase the quality of life for everyone.

#### Our Products, Services and Support for the VISION 04



Yanmar Museum

As a challenge museum with the concept of "Let's try! 'Exciting Future' Challenge!" The museum fosters a challenging spirit in children through exciting experiences.



Fishing Boat "EX28C"

Equipped with various specifications, such as the largest fishing space for its class, a new type e-engine, and a comfortable quarter berth, the boat offers good fishing experience with accessories you will need.



Personal Hovercraft "Wheeebo"

An entirely new type of recreational hovercraft with the concept that anyone can enjoy exciting new marine experiences. The circular board-craft, operated by a controller and body-weight balance, offers limitless possibilities for fun on the water.

#### Related SDGs



### Contributing Beyond Business Operations

#### YANMAR MUSEUM

Through exciting experiences to foster the challenging spirit in children, ensuring the spirit of tackling



#### Renovated Yanmar Museum

In addition to pursuing a range of business activities to achieve A SUSTAINABLE FUTURE, Yanmar Group is engaged in fostering the next generation beyond the framework of our businesses. As a pillar of the initiatives, Yanmar Museum located in Nagahama, Shiga, was renovated in October 2019.

With a new concept, "Let's try! 'Exciting Future' Challenge!" and embracing the challenging spirit of Magokichi Yamaoka, who successfully developed the world's first small diesel engine, the museum aims to nurture the same spirit in children through exciting experiences.

Incorporating elements of physical activities such as bouldering, obstacle courses, and soccer, the challenging attractions use cutting-edge video technology and a real excavator to operate, the Challenge Area offers the opportunity to experience the world through Yanmar's concept of A SUSTAINABLE FUTURE.

On its second floor, the Biotope on the Roof, which modeled after the natural environment of Lake Biwa, allows visitors to play games using tablet devices to identify waterside creatures. The facility also provides a foot bath heated with engine exhaust heat, so that visitors can feel the coexistence with nature closer to them. In addition, the restaurant, Premium Marché Biwako opened as part of our Premium Marché food project, providing a richer food experience through seasonal dishes made with local fresh ingredients, such as rice and vegetables.

#### Supporting education

In addition to the Challenge Area, Yanmar Museum also features the Exhibition Area showing the history of Yanmar, business projects and historical engine models explained through a digital timeline and graphic, as well as the Challenge Room to hold workshops and events.

Though the museum tours and workshops that had been held regularly was temporarily suspended due to the spread of COVID-19, we are determined to contribute to local education continuously.

In August 2020, the museum hosted a lecture titled "The Challenging Spirit to create our own future" for first grade students from Nagahama Hokusei High School. Museum General Manager Noboru Yamamoto gave a talk to around 200 students about the importance of taking on challenges. Furthermore, over 4,000 students from about 90 schools mainly from Kansai area, visited and enjoyed the tour in 2020 (as of November 30).

On the other hand, in March 2020, the museum opened a webpage, "Ouchi Challenge" \* (museum from home) on its website for school kids away from school and staying home during the COVID-19 pandemic to enjoy learning at home. We participated in this initiative that was a part of the project of Hokkaido Museum's "Ouchi Museum."

\*Ouchi Challenge  
<https://www.yanmar-museum.jp/reserve/update/whatsNew/2020/000438.html>



From top left: Yanmar Museum, My Fish, My Ocean, Customized Rice Balls Plate, the Biotope on the Roof, and ZAK ZAK! Power Excavator Challenge

Providing the values of wonder and excitement through marine-related businesses and sponsorship of marine sports

Yanmar Group is engaged in business activities related to marine recreation and sponsorship for marine sports in order to realize a society full of exciting and enriching experiences. To help our customers enjoy various activities such as fishing, cruising, marine sports and scuba diving, we pursue in providing the values of surprise and excitement through the development and sales of recreational boats, fishing boats and marine engines.

Contributing Through Business

YANMAR MARINE SYSTEM CO., LTD.

Developed a high-class fishing boat equipped with a fuel-efficient and high-power engine to secure a comfortable fishing space and quarter berth



Enjoying the excitement of fishing to the full on EX28C

Yanmar Marine System has started selling the EX28C fishing boat, which is equipped with an environmentally friendly high-power engine and has achieved a level of comfort with a full range of fishing accessories and smooth cruising.

The diesel engine installed is the 4LV250J, which has been highly evaluated internationally. A fuel-efficient and high-output engine that has cleared the environmental standard of the US EPA emission regulation Tier 3 by adopting a common rail that minimizes fuel consumption with electronically controlled fuel injection as well as high durability and maintainability.

The hull is a walk-around type with a hardtop placed in the center of the deck, and adopts the best styling and deck layout for fishing.

By adopting a transom step with a spacious bow deck and aft deck, we have secured the largest fishing space in its class. The side deck (passage) also secures a bulwark height that allows you to move, so you can enjoy safe and comfortable fishing.

In addition, the cabin layout has become a space where you can enjoy cruising to the point with the quarter berth where 4 adults can sit comfortably and the good visibility. The bow berth, which you can use to sleep or as a storage, allows you to comfortably enjoy long fishing trips.



Exterior design of EX28C



Cabin design



4LV250J  
\* Top cover and belt cover are not included.

CSR Activities Report

EMPLOYEES

Promoting Diversity

Our Fundamental Approach

To secure global professional personnel regardless of their nationality, gender, or age, Yanmar Group strives to promote diversity by hiring a variety of talent. Diversity at Yanmar means embracing and respecting differences, including lifestyle, culture, career, nationality and gender to harness the individual capabilities of each employee towards improving the performance of the company. We are committed to building an organization which effectively leverages the capabilities, traits and values of each individual, and invokes a sense of pride and motivation in each of our employees.

TOPICS

Diversity Promotion Group newly established at Yanmar Holdings

In April 2020, the Diversity Promotion Group was newly established in the Human Resources Division of Yanmar Holdings to further strengthen and promote more initiatives in Yanmar Group.

Going forward, we focus on creating and deploying the Diversity and Inclusion Policy, enhancing diversity inside and outside the company by sending our messages, and introducing and improving related systems in diversity.

Creating a work environment where female employees can play an active role in many ways

As of the end of March 2020, Yanmar has 510 female employees (13.4%) out of 3,811 employees.

11.8% of the graduates who were offered jobs at Yanmar were women in FY2019. Our main business is machine manufacturing including engines. Although few women choose this field as a profession, we hire suitable talent who qualify for these diverse positions.

We also actively appoint female recruiters and organize meetings with female students seeking employment with the company.

While the percentage of female managers at Yanmar is

currently only 2.7%, more women are moving into managerial positions every year. 21 women are in managerial position at Yanmar. (1 female group company president, 4 divisional managers, 16 group managers) Gender equality continues to be evaluated in our organizational policies and is valued in our work culture.

Building various support system for employees with disabilities

In order to promote the employment of persons with disabilities, Yanmar Symbiosis was established in April 2014 and celebrated its 6th anniversary. As a special subsidiary<sup>\*1</sup>, 57 people with disabilities work there, as of April 2020.

With the reorganization of Yanmar in April 2020, the number of companies applicable to the Group has increased from 6 to 8<sup>\*2</sup>, however the employment rate of persons with disabilities was 2.25% as of the end of March 2020 (before the reorganization). We were able to achieve the current statutory employment rate. Yanmar continues to expand our business and set the target for FY2020 at 2.3% or higher with an outlook to increasing legal employment rate scheduled for FY2021.

\*1 A "special subsidiary company" is a company recognized by the Japanese government as a subsidiary that gives special consideration to employing persons with disabilities to regulate the percentage of employment.

\*2 Yanmar Holdings, Yanmar Power Technology, Yanmar Global Experts, Yanmar Agribusiness, Yanmar Agri Japan, Yanmar Agricultural Machinery Manufacturing, Yanmar Business Service, and Yanmar Symbiosis

Results (FY2018/2019)

Female manager ratio



Employment of Persons with Disabilities





## THIRD PERSON PERSPECTIVE

### Impression from Reading the 2020 YANMAR CSR Report Highlighted Edition

The YANMAR CSR Report has gone through major change from last year. While disclosing information on the website, it is now organized compactly in highlighted edition focusing on products, services and business activities for a sustainable society.

In the president's message at the beginning, Mr. Yamaoka stated the keyword, Change & Challenge to reflect the changes in the business environment caused by the novel COVID-19 and the accelerating digitalization. On top of recognizing global social issues such as climate change and SDGs, Yanmar has acknowledged prosperity for both people and nature as new value and reiterated their intention to achieve it.

The core content of this report illustrates the 4 visions in the brand statement, A SUSTAINABLE FUTURE: 1. Energy saving, 2. Working and living with a peace of mind, 3. food safety, and 4. a fulfilling society. Compared to last year's report, this issue is composed briefly showing the aim, products, services, after featuring SDGs, social issues for each vision, and cases of business activities and CSR activities. I think that this easy-to-understand communication on the report clarifies Yanmar's visions at the center of the story.

In addition to contributions through manufacturing environment-friendly diesel engines, we can read about the progress of new businesses that support digitalization which is also mentioned in the president's message, with the emphasis on the specific cases that are the key to the future business including energy management systems (EMS), remote monitoring systems for emergency generators (RESS), and smart assists for agricultural machinery. Furthermore, CSR activity report is more conscious to be consistent with the business strategy that aims to realize 4 visions, and new initiative such as the establishment of health management policies is also impressive.

On the other hand, it is a little disappointing that the pages for the pioneering spirit and mission statement in the corporate philosophy that convey the company's distinctive culture, were eliminated due to the change to the highlighted version. I personally think that the report would be effectively enhanced with the more details about the Yanmar Group Environment Vision 2030 and the newly formulated Group's 5th Environmental Medium-term Plan, which are positioned to connect plans for the global ultralong-term issues until 2050.

Starting with the 2050 Carbon Neutral Declaration by the Government of Japan, Japanese and international initiatives toward building a sustainable society are accelerating. Recognizing the risks and opportunities that affect the business over a long period of time, I look forward to Yanmar continuing to enhance communication with stakeholders, such as presenting models of Yanmar's unique value creation and milestones toward the realization of the 4 social visions.



Mr. Susumu Kimura

Divisional Manager, Sustainability  
Planning Department  
Development Bank of Japan Inc.

#### ■PROFILE

In 1995, joins Japan Development Bank (currently the Development Bank of Japan). Assigned to current post since June 2019, after working at the Corporate Finance Department, Division 5, Corporate Planning and Coordination Department, and Economic & Industrial Research Department and as a visiting scholar at Columbia University. Graduate of the University of Tokyo Faculty of Law, and Master of Business Administration from the University of Rochester.

### Our Response

We are sincerely grateful to Mr. Susumu Kimura, the Development Bank of Japan for providing much appreciated opinion from his perspective again this year. From this 2020 issue, our CSR report has been changed to the highlighted edition for the booklet format in PDF. It is edited by 4 visions that incorporate the products, services, and specific cases of business and CSR activities contributing to and realizing A SUSTAINABLE FUTURE. We would like to thank Mr. Kimura again for commending our Group activity and giving us accurate suggestions on issues we challenge and advice from a medium to long-term perspective on top of understanding the editorial policy.

The novel COVID-19 pandemic has significantly changed our values and lifestyles. In the midst of this crisis, our existence and what kind of value we can provide as a company are being questioned once again. Through our technology driven business, the Group aims to realize new value that accommodates prosperity for both human beings and nature. On April 1, 2020, we made a transition to the new management system, and each organization is ready to take Change and Challenge to further accelerate the growth of the Group and realize new value.

This report elaborates our overall perspective of our intentions for social issues to be solved and related SDGs by each of the 4 visions, and our products, services, business activities and CSR activities that can contribute to them. We appreciate Mr. Kimura for his evaluation that such integrated edition made the new CSR report intelligible, in addition to his remark that the featured energy management system, remote monitoring system for emergency generators, smart assist show progress of new business corresponding to digitalization, the CSR activities linked to each vision are consistent, and new initiative, Health Management Policy was established.

We expect that practicing health management will lead to the diversity and inclusion, which in turn will lead to the sustainable growth of the Group.

Regarding the excluded pages and content enhancement due to the change to the highlight edition, we will consider it in the related departments as an issue for the next fiscal year. As Mr. Kimura mentioned, the corporate philosophy for realizing our mission in the statement is an important page that conveys the values of the Group. As for the announcement of the Yanmar Group Environment Vision 2030 and the Group's 5th Environmental Medium-term Plan, we believe that will help our efforts and products to solve global social issues such as climate change appeal to the public.

We will continue to strive to watch the trend inside and outside the country on the ground of sustainability, analyze the impacts including risks and opportunities for our business from a long-term perspective, and work toward solving social issues and creating new value unique to the Group.



Shigeru Morimoto

Representative Director,  
Yanmar Holdings Co., Ltd.

# Corporate Profile and Major Indicators

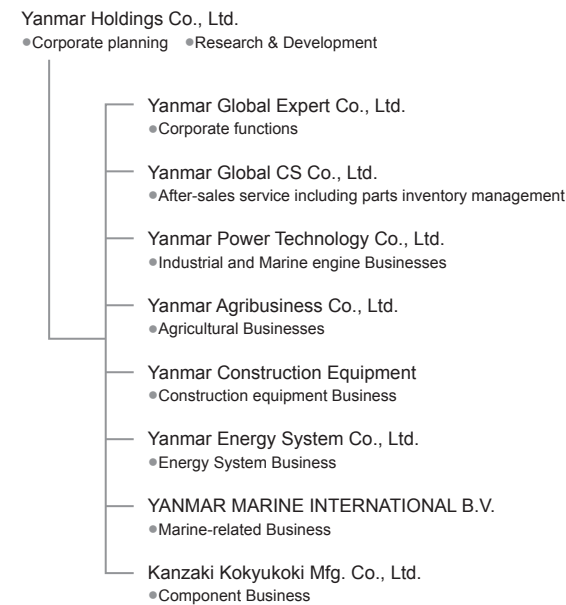
Yanmar Co., Ltd. was split up and established new organizations on April 1, 2020. Please note that some data on this report might be from former organizations.

## Company Profile

### Yanmar Holdings Co., Ltd.

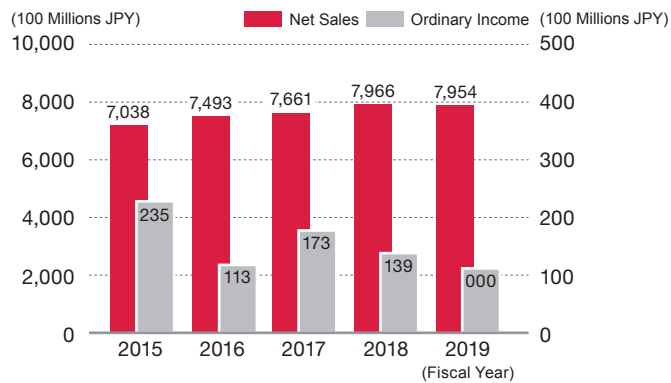
|              |   |
|--------------|---|
| Head Office  | Yanmar Flying-Y Building<br>1-32, Chayamachi, Kita-ku,<br>Osaka, Japan, 530-8311                |
| Tokyo Branch | Akihabara UDX North Wing 18F and 13F<br>4-14-1 Sotokanda, Chiyoda-ku,<br>Tokyo, Japan, 101-0021 |
| Founded      | March 22, 1912  |
| Established  | April 1, 2013   |
| Capital      | JPY 90 million (as of March 31, 2020)   |
| Employees    | 20,727 (as of March 31, 2020)<br>*Yanmar Group consolidated                                     |

### Major Group Companies (As of April 1, 2020)

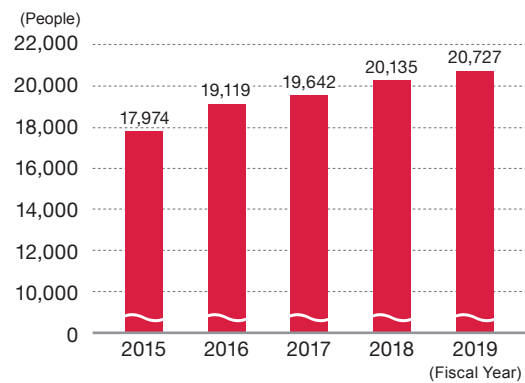


## Major Indicators (As of March 31, 2020)

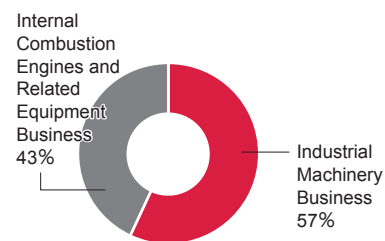
Consolidated Net Sales and Ordinary Profit



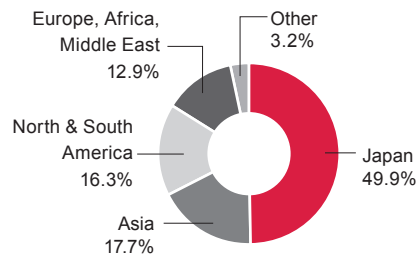
Employees (consolidated)



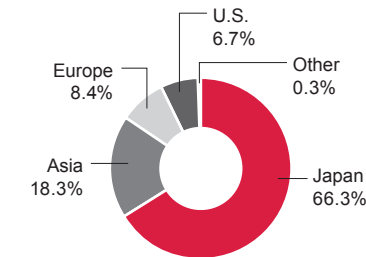
Consolidated Sales by Segment (FY2019)



Consolidated Sales by Region (FY2019)



Employees by Region (March 31, 2020)



## Yanmar Group Network (As of April 1, 2020)

### Japan

- Corporate Function
  - YANMAR Global Expert CO., LTD.
- After-sales service including parts inventory management
  - YANMAR Global CS CO., LTD.
- Agricultural Businesses
  - YANMAR AGRIBUSINESS CO., LTD.
  - YANMAR AGRICULTURAL MACHINERY MANUFACTURING CO., LTD.
  - NEW DELTA INDUSTRIAL CO., LTD.
  - YANMAR AGRI JAPAN CO., LTD.
  - YANMAR GREEN SYSTEM CO., LTD.
  - YANMAR HELI & AGRI CO., LTD.
  - FARM EYE CO., LTD.
  - SEIREI TOTAL SERVICE CO., LTD.
- Construction Equipment Business
  - YANMAR CONSTRUCTION EQUIPMENT CO., LTD.
- Energy System Business
  - YANMAR ENERGY SYSTEM CO., LTD.
  - YANMAR ENERGY SYSTEM MFG. CO., LTD.
  - YANMAR POWER GENERATING SYSTEM MANUFACTURING CO., LTD.
- Engine Businesses
  - YANMAR POWER TECHNOLOGY CO., LTD.
  - YANMAR CASTING TECHNOLOGY CO., LTD.
  - YANMAR ENGINEERING CO., LTD.
  - YANMAR PRODUCTION SUPPORT CO., LTD.
  - GENKAI YANMAR CO., LTD.
- Marine Related Businesses
  - YANMAR MARINE INTERNATIONAL ASIA CO., LTD.
- Component Business
  - KANZAKI KOKYUKOKI MFG. CO., LTD.
- Others
  - YANMAR OKINAWA CO., LTD.
  - YANMAR MARCHÉ CO., LTD.
  - YANMAR CREDIT SERVICE CO., LTD.
  - YANMAR INFORMATION SYSTEM SERVICE CO., LTD.
  - YANMAR BUSINESS SERVICE CO., LTD.
  - CEREZO OSAKA CO., LTD.
  - CEREZO OSAKA SPORTS CLUB
  - YANMAR SYMBIOSIS CO., LTD.
  - ESTIR CO., LTD.
  - KOWA COMPANY, LTD.
  - YAESU SHOPPING MALL CO., LTD.
  - SEIREI KOSAN CO., LTD.
  - YANMAR ENVIRONMENTAL SUSTAINABILITY SUPPORT ASSOCIATION
  - YAMAOKA SCHOLARSHIP FOUNDATION
  - YAMAOKA MEMORIAL FOUNDATION
  - YANMAR HEALTH INSURANCE SOCIETY
  - YANMAR CORPORATE PENSION FUND
  - YANMAR AGRI JAPAN CORPORATE PENSION FUND
  - YANMAR AGRI INNOVATION CO., LTD.
  - RICE TECHNOLOGY KAWACHI CO., LTD.

### International

#### North & South America

- YANMAR AMERICA CORPORATION
- TUFF TORQ CORPORATION
- TRANSAXLE MANUFACTURING OF AMERICA CORPORATION
- YANMAR MASTRY ENGINE CENTER LLC.
- YANMAR MARKETING AMERICA, LLC.
- YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS LTDA.
- ASV HOLDINGS INC.

#### Europe

- YANMAR EUROPE B.V.
- YANMAR MARINE INTERNATIONAL B.V.
- VETUS B.V.
- YANMAR NORGE A.S.
- YANMAR SVERIGE A.B.
- YANMAR CONSTRUCTION EQUIPMENT EUROPE S.A.S.
- YANMAR ITALY S.p.A.
- YANMAR R&D EUROPE S.R.L.
- YANMAR EQUIPMENT IBERICA, S.L.
- HIMOINSA S.L.
- RMB AG
- YANMAR RUS LLC
- YANMAR TURKEY MAKİNE A.Ş.
- YANMAR COMPACT GERMANY GMBH
- YANMAR FRANCE S.A.S
- YANMAR ENERGY SYSTEM EUROPE GMBH

#### Asia-Pacific

- YANMAR MANAGEMENT (SHANGHAI) CO., LTD.
- YANMAR ENGINE (SHANGHAI) Co., Ltd
- YANMAR ENGINE (SHANDONG) Co., Ltd.
- YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD.
- YANMAR (SHANDONG) R&D CENTER CO., LTD.
- YANMAR ENGINEERING (HK) CO., LTD.
- YANMAR AGRICULTURAL MACHINERY (KOREA) CO., LTD.
- YANMAR INTERNATIONAL SINGAPORE PTE. LTD.
- YANMAR ASIA (SINGAPORE) CORPORATION PTE. LTD.
- YANMAR S.P. CO., LTD.
- YANMAR CAPITAL (THAILAND) CO., LTD.
- YANMAR AGRICULTURAL MACHINERY VIETNAM CO., LTD.
- YANMAR BOAT MANUFACTURING VIETNAM CO., LTD.
- YANMAR PHILIPPINES CORPORATION
- YANMAR MYANMAR CO., LTD.
- PT. YANMAR DIESEL INDONESIA
- PT. YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA
- PT. YANMAR INDONESIA
- PT. YKT GEAR INDONESIA
- YANMAR INDIA PRIVATE LIMITED
- YANMAR COROMANDEL AGRISOLUTIONS PRIVATE LIMITED
- INTERNATIONAL TRACTORS LIMITED
- YANMAR KOTA KINABALU R&D CENTER SDN. BHD.
- YANMAR ENERGY AUSTRALIA PTY. LTD.
- YANMAR ENGINE MANUFACTURING INDIA PRIVATE LIMITED



**YANMAR**

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