



**YANMAR**

# Corporate Social Responsibility Report 2018



# A World Where People Live Prosperously and Harmoniously With Nature

## Our Values Remains the Same

Yanmar has two mottos that have remained core values, since Magokichi Yamaoka founded the company.

“Grateful to Serve for a Better World,” and “to conserve fuel is to serve mankind,” have been the core values of Yanmar, since its founding. This is our DNA.

In relation to “Grateful to Serve for a Better World”, Magokichi explained that being grateful is the key to finding beauty in the world. And by using diesel engines, Magokichi made farm work much easier than it had ever been before.

This idea of conserving the energy of the farmers was the stepping stone for his other motto—to conserve fuel is to serve mankind.

Both of these mottos are in line with our vision of maximizing opportunities with the minimum of resources.

With a strong focus on our founder’s ideals, our aim is to provide sustainable solutions, creating new possibilities for people around the world.

## 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 two-way communication.

The information carried in this report was selected from the view of its importance to the Group and to society, in line with the core standards of ISO 26000\*. Numeric data and other details and descriptions of past activities are presented on our website.

\* 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 (2012)” of the Japanese Ministry of Environment
2. GRI Sustainability Reporting standards ISO 26000

### ■ Period

The activities and data disclosed in this report are for the period of fiscal year 2017 (April 01, 2017, to March 31, 2018). However, the Report also includes some items occurring in fiscal 2018.

### ■ Companies This Information Applies to

In general, the information in this report applies to the Yanmar Group as a whole. Information specific to Yanmar Co., Ltd. or any particular area or related company is indicated as such in the text.

### ■ Date of Issue

November 2018  
(The next issue is tentatively scheduled for November 2019).



### This Booklet

PDF version  
(Japanese/English)

An annual report that introduces the CSR activities we have been implementing. (The English version is only available in PDF format)



### CSR Website

More detailed CSR information is available on our website.

[www.yanmar.com/global/about/csr](http://www.yanmar.com/global/about/csr)

Brand Statement

# A SUSTAINABLE FUTURE

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**President's Message**

OUR SUSTAINABLE FUTURE INITIATIVES ARE  
HELPING SOCIETY ACHIEVE SUSTAINABLE  
DEVELOPMENT GOALS



## Working Toward Sustainability And Creating New Opportunities

The environment that the Yanmar Group operates in has undergone considerable changes in recent years. While global population is on the rise, there are not enough new farmlands to keep up with the population increase, and the number of people working in the ag sector is expected to decrease. As a result, there will be a bigger need for food production improvements, including in the fishing industry. Meanwhile, greater urbanization around the world means that the demand for construction equipment, climate control and power generation used in urban infrastructure will increase. With the spread of technologies such as IoT, all sorts of different things and businesses are becoming connected, and this is giving rise around the world to new forms of value that were never even imagined before.

While threats associated with changes in the business environment exist, such as new power sources, demand is increasing in a number of our business areas in food production and urban infrastructure, meaning that for the Yanmar Group, we can look forward to greater business opportunities.

Advancing in the areas of food production and harnessing power to build a sustainable society that enriches the lives of people across the world, as declared in our Mission Statement, is our duty and corporate social responsibility here at Yanmar. As a tech company that "realizes the maximum prosperity using the minimum resources", we are committed to making innovations that help our customers and the wider community overcome challenges.

## Achieving A Sustainable Future

Our vision for A Sustainable Future is broken down into four areas: "an energy-saving society," "a society where people can work and live with peace of mind," "a society where people can enjoy safe and plentiful food," and "a society that offers an exciting life filled with rich and fulfilling experiences". Through research and development and other activities, we are committed to achieving these four visions.

Take for example, our dual fuel engines used in commercial marine engines that are contributing to an "energy-saving society". In addition to this, we are researching hydrogen as a next-generation energy. No CO<sub>2</sub> is emitted when using hydrogen. For the time being, our research is focused on fuel cells in boats. We will continue promoting initiatives for reducing environmental impact, and developing highly-efficient, clean engines.

In relation to creating "a society where people can enjoy safe and plentiful food," Yanmar research and development is working on minimizing farm work through the use

of telematics. Recently we launched an autonomous tractor. Another area that Yanmar is working on is food. Building on our technology background, Yanmar is connecting farmers with consumers in the Yanmar Premium Marché project, and driving demand for rice products by developing Rice Gelée, a gluten free rice product that can be used in a wide range of foods.

## Working Toward SDGs by Helping Society Overcome Challenges

Three years ago, the United Nations General Assembly established sustainable development goals (SDGs) to be achieved by 2030. In 2018, countries, governments and corporations have been carrying out a range of initiatives to achieve these goals.

The four visions of society that Yanmar is working toward in A Sustainable Future, share a lot of similarities with the sustainable development goals. By working toward A Sustainable Future, we will be working toward achieving the SDGs as well.

In July of 2018, we created the Yanmar Group Environment Vision 2030 to contribute to the sustainable development goals. In an effort to reduce global warming, our goal is to reduce CO<sub>2</sub> intensity by 30% compared to 2005 levels.

## Providing Solutions That Exceed Customer Expectations

Since our founding in 1912, we have made innovative technology, products and services with a genuine desire to help our customers. Rather than just selling machines, it was always about delivering solutions. Even as the times change and our markets expand beyond Japan and over the world, providing solutions is our mission and key to our continued success.

To realize A Sustainable Future on a global scale, we are committed to deliver solutions that make life easier for our customers.

**Takehito Yamaoka**

Representative Director  
and President

## Mission Statement

We strive to provide sustainable solutions  
for needs which are essential to human life.  
We focus on the challenges our customers face  
in food production and harnessing power,  
thereby enriching people's lives for all our tomorrows.

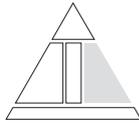


## Brand Statement



# A SUSTAINABLE FUTURE

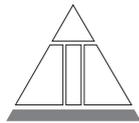
## Group Vision



### Maximize Lifecycle Value for the Customer to Win Their Lasting Trust.

Our Mission Statement serves to interconnect the responsibilities and visions of each business unit and division, illustrating the vision of the Yanmar Group and our commitment to delivering higher value to our customers.

## Founder's Spirit



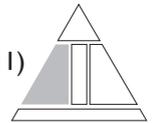
### Grateful to Serve for a Better World

### To Conserve Fuel is to Serve Mankind

The Founder's Spirit is the origin of Yanmar's corporate activities and, at the same time, Yanmar's DNA.

## Guiding Principles (YANMAR 11)

For All Yanmar Employees



- 1 Focus on the Customer**  
Ask yourself where customer value lies, and use the answer in delivering optimal solutions of superior quality.

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- 2 Grasp the Real Situation**  
Investigate what the actual situation is. Penetrate beyond preconceptions and check the actual place, the actual part and the actual condition to get to the truth.

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- 3 Success Through Perseverance**  
Achieve excellent results through follow up and perseverance. Never give up.

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- 4 Initiative**  
Be proactive with minimal super vision and prompting. Start the ball rolling.

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- 5 Winning Speed**  
Act swiftly to capitalize on global opportunities.

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- 6 Imagine and Do**  
Be creative and question the accepted way of doing things. Don't only accept what worked yesterday.

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- 7 Teamwork**  
Work together and remove internal barriers for our common goals. Think globally and act locally.

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- 8 Open and Honest Communication**  
Encourage differing views to reach optimal solutions. Don't just follow the general consensus.

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- 9 Global Challenge**  
Strive for innovation and continuous improvement to be world class. Don't get too comfortable.

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- 10 Personal Development**  
Set goals and challenge yourself to improve.

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- 11 Social Responsibility**  
Always act with integrity. Serve and improve the community and the environment.

The Guiding Principles function as a guideline for the actions and decision making we use to achieve the Mission Statement. They place the principles in order, from activities related to our highly valued customers to the self-improvement and compliance activities necessary for business operations.



Land



Sea



City

YANMAR GROUP BUSINESS AREAS

# LAND, SEA AND CITY THE PLACES WHERE WE LIVE

Yanmar provides solutions on the land, at sea, and in the city. Yanmar is hard at work, providing solutions in six business areas. Since our founding, our engine business has offered quality, reliable engines. Our agricultural business is helping to ensure an abundant supply of food. Our marine business is focused on reducing environmental impact on the ocean. Our energy business is focused on reducing energy consumption. Our construction business provides an extensive range of construction equipment and our component business provides innovative products.

## ENGINE BUSINESS

### Compact Engines

As a pioneer in producing compact diesel engines for industry, we develop, manufacture, sell, and provide after-sales servicing for our top-class products.

- Products include compact diesel engines for industrial use, and precision components for fuel injection systems.

### Large Engines

Our development, production, sales, and services are unified, and our business model is focused on increasing the life cycle value of our products.

- Products include commercial marine propulsion and auxiliary diesel engines, land-use diesel engines, gas engines, gas turbines and products related to these systems.

### Agricultural Operations Business

We offer total solutions that include products that employ the latest technologies, such as ICT (information and communications technology), and services that minimize downtime. We also provide assistance for customers in farm management.

- Products include tractors, combines, rice transplanters, power tillers, cultivators, farm facilities, fruit sorting machinery, unmanned helicopters, and other products and materials related to agricultural use.

### Marine Business

We're providing the global market with commercial and recreational engines, that deliver power, stability, efficiency and reliability.

- Products include small and medium marine diesel engines and related products, marine environment products, FRP pleasure boats, small fishing boats, aquaculture tanks and pontoons.

### Energy System Business

We offer optimum solutions with our GHPs, cogeneration systems, and emergency generators that help with BCP and contribute to reductions in energy consumption. We are also focusing on renewable energies, such as bio-energy.

- Products include cogeneration systems, bio gas cogeneration systems, gas heat pumps, stand by generators, pump drive systems, solar power systems, standby and portable generator systems.

### Construction Machinery Business

As the pioneer of compact construction equipment, Yanmar is an industry leader. In addition to being the first company to sell a zero tail swing excavator, the viO series, we supply a wide variety of construction equipment, general-purpose machinery, portable generators and light towers.

- Products include backhoes, wheel loaders, carriers, small generators and light towers.

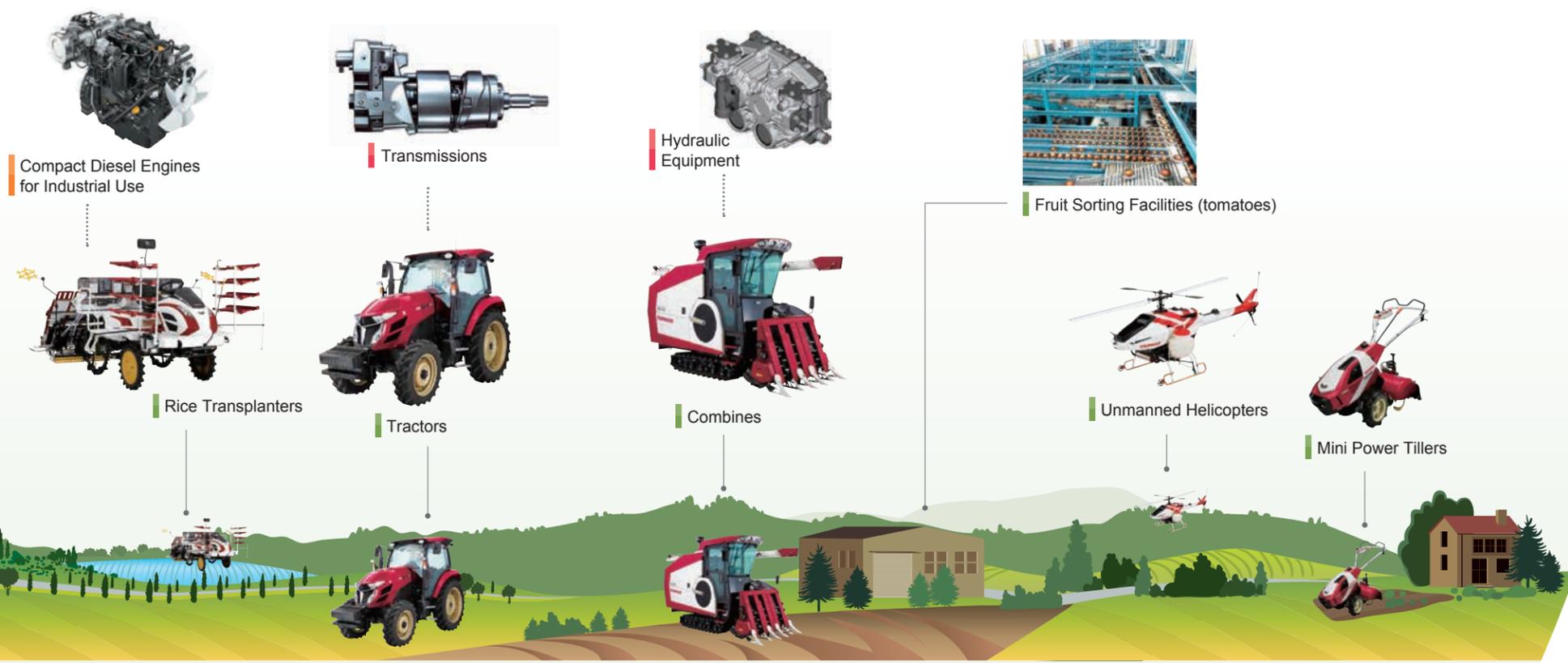
### Component Business

Along with our proprietary hydraulic control and gear processing technologies, we provide innovative products, such as continuously variable hydro-mechanical transmissions.

- Products include hydraulic equipment, gears, transmissions, marine gears and machine tools.



SEA



Marine Business

**4LV-Series Recreational Marine Engine**  
**Fast and Powerful. While Also Being a Quiet, Compact and Light-Weight Marine Engine**

Built with all the benefits of its predecessors, the 4LV-series is quiet and delivers more torque at low speeds. We offer an extensive lineup in the 150-250PS range, including sailboats and powerboats. Giving people a chance to experience the wonders of the sea, our lineup has something for everyone.



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.

Industrial Engines, Engine Business

TNV-Series Vertical Water-Cooled Diesel Engine

**Advanced Clean Diesel Engines**

This series combines cutting-edge combustion control technology and after treatment technology, to meet world emissions regulations. The TNV-series diesel engines are clean and installable in a variety of machines, providing users with superior fuel economy and reliability.



Agricultural Business

YT-Series Tractor

**Our New Tractors are Putting the Spotlight on Agriculture**

With the YT Series, we created a new design and took a fresh look at tractor functionality to improve comfort, operability, versatility, and environmental performance. And with a lineup ranging from 22 to 113 horsepower, the series provides value to a wide range of customers.



Agricultural Business

YH-Series Combine

**A More Productive Combine Harvester That Makes People Look Forward to Another Day of Easy Work**

We designed this series of combines to reflect the comb-like blades of hair clippers, slicing effortlessly through golden fields of rice. We refined every function required for combines, from reaping to threshing, ejection, and motion; enabling customers to implement their plans with precision.



Gas Engines



Balloon Lights



GHP



Standby Generators



Mini Excavators



Cogeneration Systems



# WORKING TOWARD SUSTAINABLE PRACTICES ON OUR OCEANS

Yanmar recreation marine engines 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.

## Marine Business

### EX34.FB Fishing Cruiser

#### Fishing Cruiser Equipped with Advanced Technology

Equipped with the 6LY440J common rail engine, the EX34.FB delivers both speed and efficiency. Also, the hull is designed to provide a better experience. Additionally, we improved the cabin's interior design, giving it a whole new look.



## Large Engines, Engine Business

### Dual-fuel Medium-Speed Marine Engines

#### Clean, Next Generation Engines

At Yanmar, we developed a dual fuel engine that can switch from liquid fuel to gas. When in gas mode, our proprietary engine technology allows for an 80% NOx and 25% CO2 reduction compared to its predecessors.



Sea Water Filtration Plants



Commercial Marine Auxiliary Engines



Small and Medium Marine Engines (Commercial Marine)



Electronic Propulsion Systems



Small and Medium Marine Engines (Recreational Marine)



Marine gears



Marine Net Cleaners



Commercial Marine Propulsion Engines



Fiber Reinforced Plastic Vessels



Machine Tools

## Construction Machinery Business

### SV60 Hydraulic Excavator

#### Inspired by Customer Ideas, the SV60 Excavator Delivers on Performance and Comfort

The SV60 excavator is designed specifically for the European market. The versatile SV60 is suitable for a wide range of attachments. Additionally, the large cab makes the SV60 a comfortable ride for any operator.

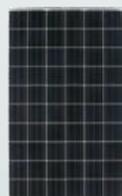


## Component Business

### CA100 Gear Shaving Machine

#### Expanding our Machine Tool Lineup for Gears, Yanmar Started Development on a New Type of Gear Shaving Machine

Until now, gear shaving machines always came with a hefty price tag. With the CA100, we stripped away the unnecessary features and the hefty price tag to give customers a simpler, more compact gear shaving machine.



Solar Power Generation



# NEXT-GENERATION ENERGY

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

## Energy System Business

### 40 HP Class GHP Chiller

#### Powerful, Industry First, 40 HP Class GHP Chiller

16 powerful chillers can be linked up to provide large scale climate control for a wide range of purposes. The heat exchanger is included in the unit, making the chiller an all in one package.



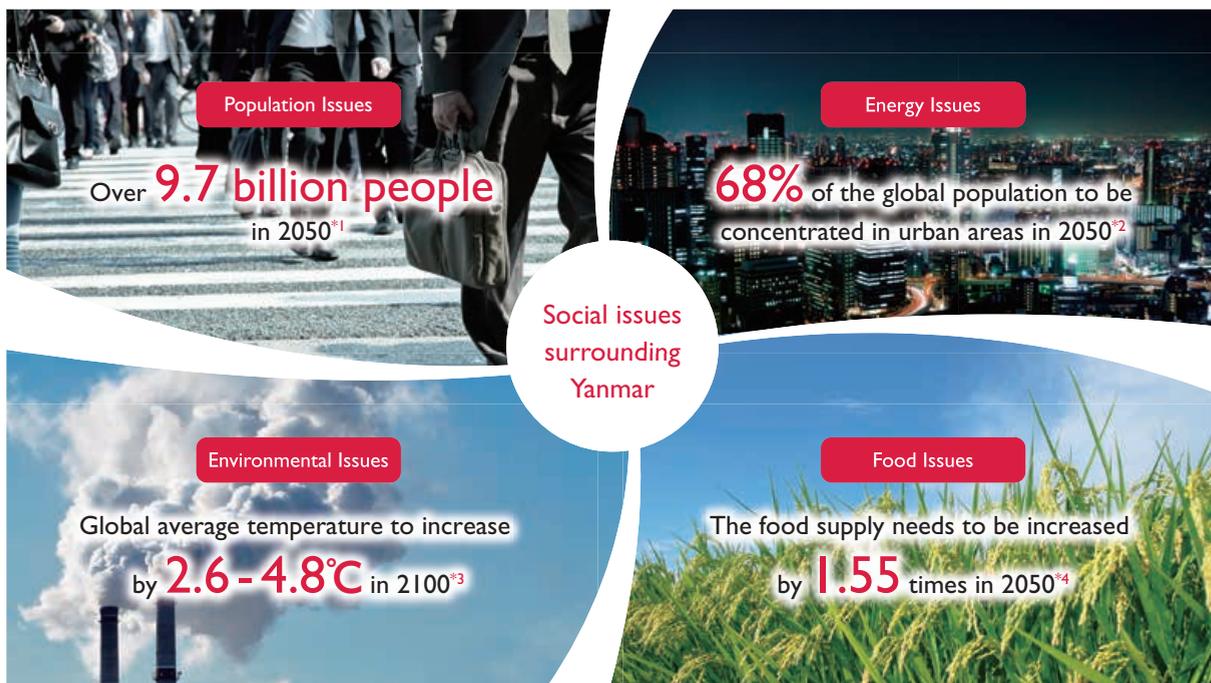
Yanmar Group CSR

# To Fulfill Our Mission Statement, We Will Strive To Solve Social Issues, Contribute To The Realization Of A Sustainable Future And The Achievement Of SDGs

In the fields of “food production” and “harnessing power,” which our Mission Statement declares are essential to human life, Yanmar Group is committed to solve customers’ problems using the world’s most advanced technology. Through dialogue and collaboration with various stakeholders and the fulfillment of our mission statement, we strive to realize the four visions of our brand statement A Sustainable Future.

The social issues surrounding us include a variety of issues such as increase in energy demand, food shortage and climate change due to increase in CO<sub>2</sub> emissions,

population growth and economic development mainly in emerging countries. As a technology company "realizing maximum prosperity using minimum resources", Yanmar group is committed to study hydrogen energy utilization and create a new “prosperity of food”. In addition, the direction of our business is in line with the objectives and targets of SDGs\* adopted in 2015, and by continuing our efforts to A Sustainable Future, we will also contribute to the achievement of the related SDGs goals.



\*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" (2012).

\*Sustainable Development Goals (SDGs)

"Sustainable Development Goals (SDGs)" are the goals to be achieved by 2030 as stated in the "2030 Agenda for Sustainable Development to change our world" adopted by the United Nations Headquarters in September 2015.

It consists of 17 goals and 169 targets from the "Millennium Development Goals (MDGs)" targeted at the whole world including developing countries, and there is great expectation for private enterprises in each country to create innovation and contribute through technology.

**SUSTAINABLE DEVELOPMENT GOALS**  
17 GOALS TO TRANSFORM OUR WORLD



## 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.

Related major SDGs goals



### 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.

Related major SDGs goals



### 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.

Related major SDGs goals



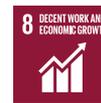
### VISION 04

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

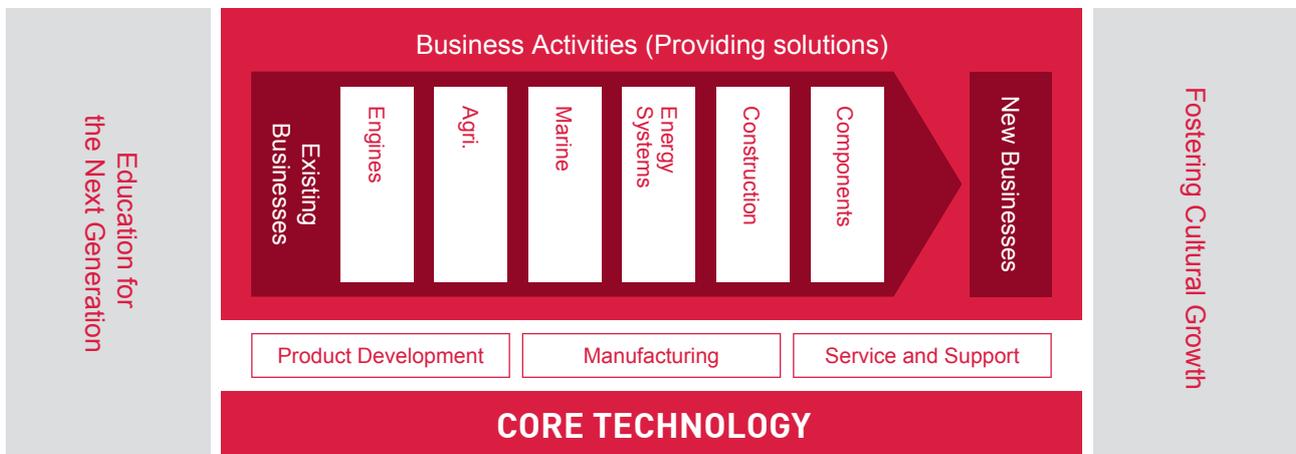


Creating a world where work and leisure is enriching and enjoyable. We will continue to increase the quality of life for everyone.

Related major SDGs goals



## Contributing Through Business



#### Our Customers

We endeavor to earn the trust of our customers by swiftly developing and supplying them with safe, high-quality products that address the challenges they face.



#### Employees

We cherish the individuality and diversity of our employees, and are working to create a safe, comfortable workplace and develop global talent.



#### Business Partners

We are deepening communication and building strong partnerships with our distributors, dealers and suppliers in Japan and overseas.



#### Our Local Community

With the aim of moving in step with our local community, we are engaged in various activities with residents to address local challenges.



#### Environment

To create a sustainable society, we are working to halt global warming, use resources more effectively, reduce pollution, and safeguard biodiversity.



VISION **01**

**AN ENERGY-SAVING SOCIETY**



Related major SDGs goals

Targeting The Utilization Of Diverse Energy Resources And Realization Of A Low-Carbon Society  
 Contributing To The Utilization And Development Of Hydrogen Energy In Industrial Fields Through Development And Popularization Of Hydrogen Fuel Cells

Social Challenges Relating to Yanmar Industries



Energy Issues



Environmental Issues

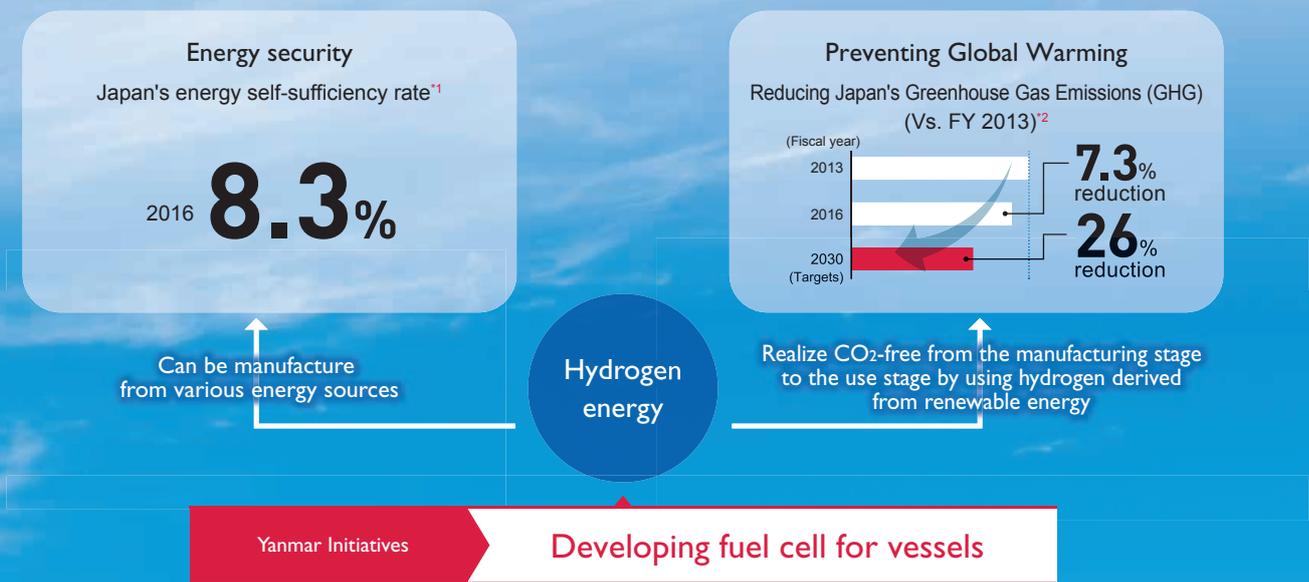
Values that Yanmar Can Provide

- Reducing CO<sub>2</sub> emissions by utilizing hydrogen energy, Expanding the use of renewable energy

In Japan, most of the primary energy supplied domestically is dependent on fossil fuels from the Middle East. In addition to coal and petroleum, the dependence on fossil fuels accounts for 89% of the total primary energy, as the consumption of LNG (Liquefied Natural Gas) used for thermal power plants and others has increased since the Great East Japan Earthquake. Furthermore, the energy self-sufficiency rate in Japan for primary energy is only 8.3%.

In order to fundamentally solve the worsening problem of global warming, countries around the world have set targets to reduce greenhouse gas emissions under international frameworks such as SDGs (Sustainable Development Goals), the Paris Agreement, and are accelerating efforts to realize the goals. Japan has also set a reduction target of 26% by 2030 compared to 2013.

As one of the new energy sources, hydrogen is expected to simultaneously solve the issues of assuring the energy security and reducing greenhouse gas emissions. Hydrogen can be generated from various energy sources such as renewable energy and has the environmental characteristic of not emitting CO<sub>2</sub> when used. Also, it is able to act as an energy carrier to store, transport and use energy. Yanmar is promoting R&D towards utilization of hydrogen energy. In order to contribute to the deployment of fuel cells to small vessels, we conduct pilot programs aimed at establishing safety guidelines with countries and other enterprises.



\*1 Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy "Japan's energy - 2017 edition" (2017)  
 \*2 Ministry of the Environment "2016 Greenhouse Gas Emissions (Confirmed Data)" (2018)

## PILOT TEST CONFIRMED THE SAFETY OF OUR 60 KW HYDROGEN FUEL CELL SYSTEM INSTALLED IN A SMALL SHIP

Among mobility, maritime is considered to be a field where it is difficult to reduce carbon emissions, and promotion of electrification including utilization of fuel cells is considered to be effective for reducing CO<sub>2</sub> emissions. YANMAR formed a consortium with the National Maritime Research Institute (NMRI) - National Institute of Maritime, Port and Aviation Technology, Harbor and Aeronautical - and the Japan Ship Technology Research Association, and conducted a ship test from February to March, 2018 as part of the "Research and consideration project for formulating safety guideline for hydrogen fuel cell ship" ordered by Ministry of Land, Infrastructure, Transport and Tourism.

This project has been implemented on a three-year plan beginning in 2015. In the final year, 2017, the ship test was conducted based on the results obtained from previous basic tests such as salt damage countermeasure and oscillation test of fuel cell. The ship test was carried out mainly by YANMAR and NMRI, and was carried out by installing a

60 kW maritime fuel cell system manufactured by Yanmar and a lithium-ion battery system manufactured by Uzushio Electric Co., Ltd. on the testing ship. As a result, we can confirm the validity of the safety requirement required for the fuel cell system and the storage battery system installed in the fuel cell ship. The test result was submitted to the Ministry of Land, Infrastructure, Transport and Tourism to contribute to the study of "Guidelines for safety of hydrogen fuel cell-powered boats".

We will continue to conduct research and pilot programs aimed at high power and compactness of marine fuel cell systems for the future commercialization of hydrogen fuel cell ships. As a potential market for hydrogen fuel cell ships, small coastal navigation vessels such as tourist boats and excursion boats in urban areas are assumed. After considering the possibility of introduction to the market, we will aim to implement this starting from those with high cost-effectiveness.



State of ship test



60 kW maritime fuel cell system



Yanmar employees monitor various information

### Voice

From Our Employees

#### In Order to Reduce the Carbon Footprint of the Maritime Field, We are Working on Fuel Cells

The environmental regulations of YANMAR business domains including maritime field will become increasingly strict in the future. Nevertheless, we view this change in the environment as a great opportunity to realize A Sustainable Future, not as a threat. Hydrogen utilization in the maritime field has technical and cost issues such as legal improvement, infrastructure improvement, durability and reliability of fuel cells, but with the new technology called fuel cell technology, all the company's members are united in the common goal of making YANMAR the industry leader. We will continue to develop and pilot test technologies for the practical application of fuel cell ships, and will contribute to efforts such as making rules, making companions and making infrastructure by utilizing frameworks of national projects.



Takehiro Maruyama  
(upper left)  
Powertrain Research Division,  
Research & Development  
Center Yanmar Co., Ltd.

Fumiaki Yukizane  
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(lower right)

Takuya Hiraiwa (lower left)  
Large Power Products  
Management Division  
Power Solution Business  
Yanmar Co., Ltd.



VISION 02

# A SOCIETY WHERE PEOPLE CAN WORK AND LIVE WITH PEACE OF MIND



Related major SDGs goals

## Advanced Concept Construction Equipment for Renovation Era Approaching in 2035 Contributing To Urban Development Where People Can Continue To Live With Peace Of Mind, Due To The Next-Generation Concept Of Construction Machinery That Pursues Safety And Effectiveness

### Social Challenges Relating To Yanmar Industries



Population Issues



Social infrastructure issues

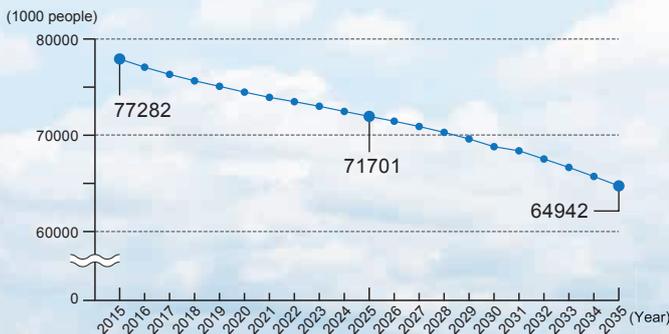
For 2035, both domestic and international demand for renovation is expected to grow. In Japan, it is expected that the renovation demand will increase in 2035 because houses which were built since the end of 1980s and the beginning of 1990s will be degraded by then. At the same time, there is concern over labor shortage because Japan's working population will be reduced by about 16% compared to the present\*. This means that works currently done manually such as interior demolition and construction must be mechanized. On the other hand, in Europe and the United States, the

### Value That Yanmar Can Provide

- **Eliminating labor shortage and avoiding dangerous work through mechanization and automation of construction works.**

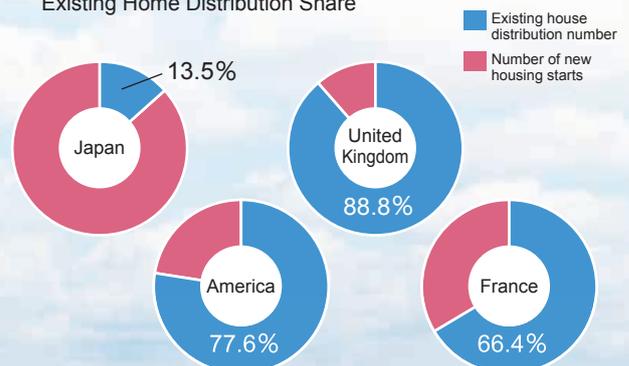
distribution share of used houses is larger than Japan, and the demand for work efficiency improvement in interior construction is said to be high. In addition, the population in the Southeast Asian countries is expected to increase. The demand for house construction and renovation is also said to rise and so it is essential to mechanize the work to meet such demands. Yanmar Group will develop the next-generation concept construction machine "Y-RENOVATOR" towards the arrival of such a renovation era and will promote efforts toward practical application.

● Estimation of production age population (15 to 64 years-old) up to 2035.



\*National Institute of Population and Social Security Research  
"Population Projections for Japan (2017 edition)"  
Projection of medium-fertility (medium-mortality)  
(Total population as of October 1 of Each Year) (2017)

● International comparison of Existing Home Distribution Share



\*Japan: Ministry of Internal Affairs and Communications "Housing and Land Statistics Survey (2008)", Ministry of Land, Infrastructure, Transport and Tourism "Housing Starts Statistics (2008)"  
America: Statistical Abstract of the U.S. 2006  
United Kingdom: Home page of Ministry of Communities and Local Government <<http://www.communities.gov.uk/>> (Existing house distribution number is only for England and Wales)  
France: Home page of Ministry of Transportation, Equipment, Tourism, and the Sea <<http://www.equipement.gouv.fr/>>

Yanmar Initiatives

Next-generation Concept Construction Machine

## Next-Generation Concept Construction Machine, The Y-Renovator Supports Heavy Indoor Work Through Mechanization And Automation

Our next-generation concept construction machine Y-Renovator focuses on indoor work reform such as building construction, interior dismantling which we have done by hand until now. Thus we are looking at mechanization and automation in new markets, reducing work burden, improving work efficiency and simplifying post-processing of waste materials.

The Y-Renovator has been developed with two units, including a "Planner unit" and a "Sub unit" based on three common concepts: 1. A size which can fit into an elevator, 2. High versatility with interchangeable attachments, 3. Automatic operation.

Planner Unit: Reroofs ceilings/repapers the walls and carries out other delicate tasks whilst simultaneously controlling the Sub unit. Sub Unit: Handles tasks such as floor stripping, transporting materials and waste, and sorting materials by type.

## THREE COMMON CONCEPTS

- 1 A size which can fit into an elevator
- 2 Superior versatility with interchangeable attachments
- 3 Being capable of automatic operation

### PLANNER UNIT

The Planner unit can plan out the optimal construction procedure and visualize of the internal structure of the target construction via projection mapping. The hands on the Planner unit consists of four-fingered manipulators, which allow the unit to grip objects such as pipes. The main operating part is ball shaped. The manipulators close in when the ball is held and open up when the ball is released.



### SUB UNIT

The Sub unit can be easily used for floor stripping by using the floor stripping attachment. With the use of resources in mind, the Sub unit has been designed to automatically sort waste materials by type, helping reduce the workload associated with sorting tasks. The feet of both the units are ball-shaped to allow movement in any direction without damaging the floor when applying torque. And like many insects, the feet have six toes.



### Voice

From Our Employees

#### We Will Promote the Advancement in Analysis Technology and Utilization of AI, and Contribute to the Realization of the Y-Renovator

Based on the survey in the company considering the future image and the existing strength of Yanmar Construction Equipment Co., Ltd, 5 members were selected for the project Y-Renovator. In addition to the desire of members to create new products, we also built the foundation that helps realize the functionality to manufacture products. For our company, this is a new and challenging market which has a lot of issues. Despite this, we will continue to strive to implement our products into reality through efforts such as analyzing the internal structure of the constructed objects and propose the AI construction procedure.



Masahiro Fukuda (right)

Development Division  
Yanmar Construction  
Equipment

Being responsible for the structure and function of the machine that peels off, takes in and separates the flooring materials.

Kouto Inazumi (left)

Development Division  
Yanmar Construction  
Equipment

In charge of investigation, planning and proposal such as population transition and world demand trends.



VISION **03**

**A SOCIETY WHERE PEOPLE CAN ENJOY SAFE AND PLENTIFUL FOOD**

Related major SDGs goals



In The Context Of The Global Food Imbalance,  
**It Is Possible To Apply Technology And Know-How,  
 Which We Accumulated From Manufacturing Tangible Products  
 To Create A New Food Richness**

Social Challenges Relating to Yanmar Industries



Population Issues



Food Issues

Based on the many social issues related to food, Yanmar not only develops agricultural machinery, but also uses the accumulated technology and know-how for other areas related to food, expands business fields from producers to consumers and makes efforts to create new "food richness".

Value That Yanmar Can Provide

- Supporting management of producers by creating new demand for rice
- Presenting new ways to create greater affluence by connecting producers and consumers.

Promoting R&D activities at the Bio Innovation Center Kurashiki Laboratory, and joint development with other businesses and at the same time, making efforts to support producers through development and sale of high value-added foods. Moreover, we also offer a variety of places to connect producers and consumers, and propose new food cultures.



# Proposing Rich Dietary Proposal With New Food Ingredient Rice Gelée And Achieving Growing Use Of Rice And Supporting Producers



Nowadays, the interest in gluten-free foods<sup>\*1</sup> which can be eaten safely even by people with wheat allergies, and safe foods that do not use additives is rising. Meanwhile, the demand of rice in the domestic market has been declining year by year due to changes in the food culture, and the management support for producers through the expansion of new uses of rice is a challenge.

Against this backdrop, the Yanmar Group has focused on the new food material "Rice Gel"<sup>\*2</sup> and become the first in the world realizing the continuous mass production of<sup>\*3</sup> "Rice gel". As a raw material for various foods such as bread, sweets, and noodles, it is expected to be a completely new food ingredient that contains no additives and is gluten-free. It is also named "Rice gelée" to be consumer-friendly.

"Rice gelée" is manufactured by Rice Technology Kawachi, and sold through Yanmar Agri Innovation, a Yanmar group company. At the same time, processed foods using "Rice gelée" is also developed and sold on the website premium-marche.com<sup>®</sup>. In addition, we collaborate with Chibo Holdings, which develops Okonomiyaki specialty stores "Chibo", and Ishiya Co., Ltd., which are well-known with the product "Shiroi Koibito", in developing and selling new foods.

Besides, High-Amylose Rice which is suitable for "Rice gelée" is a variety of rice with high yield and low cost. The Yanmar Group will support the management of producers from cultivation guidance to quality control for contracted farmers of High-Amylose Rice.

\*1 Way of dinning and food so as not to ingest "gluten". "Gluten" is a protein having a mesh structure peculiar to grains. By kneading flour and water, the main components "gliadin" and "glutenin" are intertwined to form "gluten".

\*2 New food materials developed by the National Agricultural Sciences Organization Food Research Institute, which are processed by cooking, stirring with high speed shearing of rice, so as to form a gel.  
<National Agriculture and Food Research Organization: Patent No. 5840904, No. 6010006 Permitted>

\*3 In reference to the continuous mass production using direct GEL conversion technology of rice. As of November 2017, according to our own research.



## THREE FEATURES OF RICE GELÉE

### 1 Be able to easily to control taste, hardness and feeling when eating.

Since physical properties can be controlled by adjusting the amount of water, it is possible to offer from soft jelly-like state to high elastic rubber-like state, and it can be applied to various processed foods.

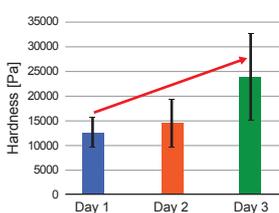


### 2 It has high water retentivity, which keeps it for a long time.

It is a significant feature that does not easily become hard even after a long period and it is difficult to separate water because of its high water retentivity. Maintaining the soft and spongy feeling.

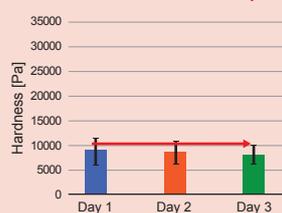
Rice flour bread

The hardness increases over time.



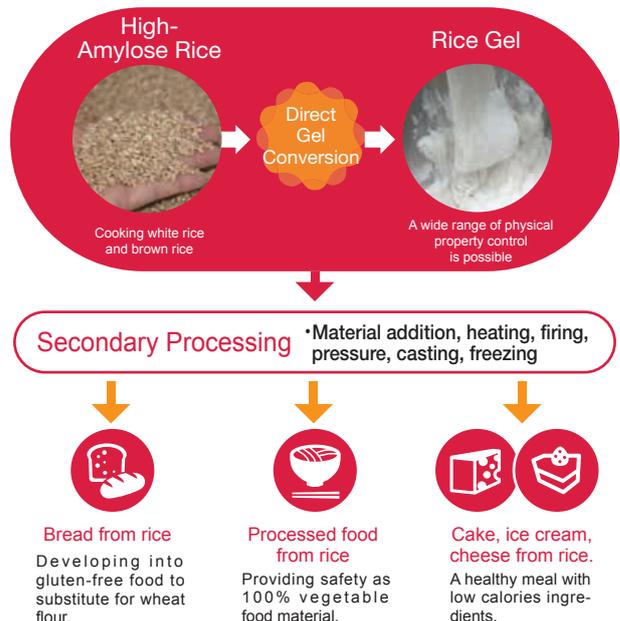
Rice gelée bread

Maintain the same hardness as day 1.



### 3 Applicable to various foods.

By using new rice processing technology, High-Amylose Rice is made into a gel like rice grain, making it easier for secondary processing and making it possible to apply to various foods.



## FOOD PROJECT PREMIUM MARCHÉ, CONNECTING PRODUCERS AND CONSUMERS



Yanmar Premium Marché is a foodstuff project that connects consumers who are seeking safe, secure and fine foodstuff with producers who are specialized in their cultivation methods and products. In addition to introducing to our consumers the lifestyles and food culture that they have never experienced before, we are attempting to cooperate with producers to create a new food solution business. Through Premium Marché, we aim to bolster Japan's primary industries, including agriculture and fishery, and to contribute to local revitalization.



### CONSUMERS

- Enjoying delicious meals
- Utilizing products and services of higher value
- Encountering with new lifestyles and food culture

## Premium Marché

YANMAR presents

- Accumulation of knowledge by strengthening interaction between producers and consumers
- Creating new food solution businesses
- Creating new lifestyles and food culture

### E-commerce Website: Premiummarche.com

This is an online shopping site where you can buy our specially selected rice and Yanmar original foods such as salad dressings and sauces and Rice Gelée. We are making efforts in presenting a novel food culture through telling stories about food materials or producers, introducing safe and secure foods and making recipes available to the public.



### Premium Marché Osaka

On weekends, we open the employee cafeteria Premium Marché Osaka, located on the top floor of the Yanmar head office building, to the general public and offer our specially selected ingredients filled with their producers' love and care in the form of Ichijuu sansai (a plate with one soup and three dishes). We also offer menus such as Rice Gelée and original salad dressings and sauces, so that the customers can feel the love Yanmar has towards food.



### Premium Marché Shop

Since July 2018, the open-air market which has been held on the third Saturday and Sunday of every month on the first floor of the Yanmar head office building has been relocated to the Premium Marché Osaka restaurant. After having a nice meal, being able to buy specially selected ingredients of that week at the restaurant is a concept being developed. The Yanmar original products are especially popular among the customers.





## PRODUCER

- Offering products of higher value to consumers
- Development of new products
- Securing and expanding sales channels
- Revitalizing a region or an industry

### Practical example 1.

#### Helping Maintain the Farmer's Business Stability Through the Brewer's Rice Solution Utilizing Our Unique Farming and Cultivation Support

Through the collaboration with Japanese sake producer Sawanotsuru, Yanmar developed Junmai Daiginjo liquor X01 using our original brewer's rice. This product is manufactured and sold at Sawanotsuru. Our Bio Innovation Center Kurashiki Laboratory and Nagoya University conducted research and developed a new brewer's rice substitute for Yamada Nishiki. Together with contracted farmers, the production of brewer's rice that was able to respond to the demand of Japanese sake.

By making the contract conditions for strains, area and price before sowing, we help in maintaining the farmers' business stability and establishing a stable supply for sake producers. By securing sales channels in advance, we can also solve issues such as inventory. In addition, by suggesting contracted farmers to convert their crop from rice for food into brewer's rice, we can utilize their paddy fields effectively, which also leads to an improvement of income.



Junmai Daiginjo liquor X01

### Practical example 2.

#### Vegetables Grown at Our Group Companies are Made into Dressings and Sauces and Put on the Market

Capitalizing on the many years of know-how and experience in agriculture, we have produced and put on the market our dressings and sauces, created from vegetables grown at Yanmar group companies and R&D labs. The onions in onion dressing sauce are cultivated from the Yanmar field of Yanmar Symbiosis located in Ritto City, Shiga prefecture. Here, as a special subsidiary company of Yanmar, people with disabilities work in good health.

Tomatoes and strawberries used for tomato dressing and strawberry sauce are produced from Kurashiki, Okayama prefecture. They are cultivated using automatic cultivation equipment in an air-conditioned special greenhouse. Here, we are aiming to harvest delicious crops steadily throughout the year, independent of climate and weather.



Original dressing sauce sold at Premium Marché Shop and on our E-commerce Website

## Voice

From Our Employees

### Enrich Your Life with Food

Premium Marché, through the restaurant and goods-selling business, aims to attract consumers who want to enjoy fine food and experience richer food by providing them the opportunities to gain deeper knowledge about such food and come into actual contact with them. We also hope to help producers who are facing numerous challenges through creating new products, expanding sales channels and supporting successors, transforming all the primary industries into "the industries where producers can make money".

Every member of Yanmar constantly thinks about what the value that Yanmar offers to customers is, what the significance of our engagement in the Premium Marché's business is, and strives to make an effort with a strong sense of mission and excitement in our hearts.



Yoriko Miki

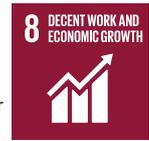
Premium Marché Group Manager,  
President's Office,  
Yanmar Co., Ltd.



VISION 04

A SOCIETY THAT OFFERS AN EXCITING LIFE FILLED WITH RICH AND FULFILLING EXPERIENCES

Related major SDGs goals



## As Demand Shifts From Products To Experiences Yanmar Is Transforming to Deliver More Excitement

Yanmar aims to realize “A Society Filled with Rich and Fulfilling Experiences” which is one of the future visions of A Sustainable Future. Yanmar is proposing marine leisure as the direction to enhance the quality of life, making both work and entertainment satisfactory and joyful. In order 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 pleasure boats, fishing boats and marine engines. In addition, to increase the opportunity for more people to become familiar with marine leisure, we are participating in the boat sharing services and also working on marine sports such as yacht racing as a “Fostering Cultural Growth” going beyond the framework of our business activities.

### Fostering Cultural Growth

For details, please refer to P.24-25.

### Provide the values of surprise and excitement



Support for marine sports



Development of pleasure boats



## Yanmar Invests in Large Boat Sharing Service GetMyBoat To Provide More Marine Excitement

Yanmar has invested in GetMyBoat Inc. (Silicon Valley, USA), a provider of pleasure boat rentals in 184 countries around the world. Approximately 110 thousand boats are registered on the website and operated by the company. Customers may rent the boats from all over the world, without needing to consider the costs of the boat and its maintenance.

Also, boat owners can access numerous renters around the world through the company's platform. In general, boats are used only 8% of the time a year, but by utilizing the inactive time, owners can significantly lower the costs of boat ownership and can be less burdened to own boats.

The services of GetMyBoat aim to provide a world where many people can enjoy a rich marine life on demand. This embodies Yanmar values which is to provide surprises and emotional satisfaction. With the services of GetMyBoat, we would like to provide the Marine Life experience to the Millennium Generation, expand the base of the marine pleasure population, and increase the boat population. In addition, we hope to accelerate the development of our pleasure boat products and the development of new services by utilizing the market information accumulated by GetMyBoat.



### ● GetMyBoat experiences



### Voice

From Our Partners

#### We Would Like to Bring About a Rich Life to People Around the World Through Pleasure Boats

GetMyBoat is very pleased to welcome Yanmar as a shareholder and a partner. We would like to bring the opportunity to enjoy the pleasure boat to anyone in the world. We also aim to enrich human life with meaningful and joyful experiences. The dolphin logo of the company embodies playfulness and the pleasure of spending time with friends and family at the water-side. The variety that GetMyBoat can provide is unlimited, from diving at the great barrier reef or experiencing a superyacht in Miami to fishing in Japan. We are also supporting ecotourism. We believe that when more people appreciate the grace of the seas and the lakes, environmental awareness will be further enhanced, and sustainability will become more important.



**Sascha Mornell**

CEO  
GetMyBoat

## Education for the Next-Generation/Fostering Culture Growth

### BEYOND THE BOUNDARIES OF BUSINESS, TOWARD A MORE PROSPEROUS FUTURE

In addition to pursuing a range of business activities to achieve A Sustainable Future, Yanmar is engaged in next-generation development activities and fostering cultural growth beyond the framework of our businesses both in Japan and internationally. In the area of next-generation development activities, we are providing children with Yamaoka Scholarship Foundation and Yamaoka Memorial Foundation related activities at the Yanmar Museum and our pavilion at KidZania Koshien. Furthermore, alongside fostering cultural growth through our support of soccer and marine sports, Yanmar is also pursuing a new approach to agriculture through our Premium Marché events that bring producers and consumers together.

#### Education for the Next-Generation

#### YAMAOKA SCHOLARSHIP FOUNDATION ACTIVITIES

The Yamaoka Scholarship Foundation, established in 1950 by our founder Magokichi Yamaoka, provides scholarships to aid in developing and leveraging talent in an effort to contribute to world peace and the improvement of prosperity and culture. Thanks to the support provided by the foundation, 5,500 people have so far completed their studies and are now active in different sectors in society. From 2013, in addition to its original focus on high school, university, graduate school and international students in Japan, the foundation expanded its scope with Southeast Asia junior high school scholarship programs in Thailand and Indonesia. Children who wish to receive scholarships can receive instruction from coaches who used to play in the J. League, Japan's professional football league, at football events called Yanmar Football Clinics. Scholarship students are chosen through these events, looking at the individual's soccer skills, academic performance, and need for economic support. In FY2017, 49 new scholarship students were selected from Thailand and 30 from Indonesia. Scholarship award ceremonies were held in both countries. From July 2016, we built a student dormitory in the suburbs of Bangkok city in Thailand and increased scholarship funding to junior high school students.



International students in the study tour

Students on Scholarships (as of March 2018)

Graduate school students: 32	Thailand: 103
International students: 11	Indonesia: 83
High school students: 25	
<b>Domestic 68</b>	<b>International 186</b>

**Note:** In order to foster devotion to learning and friendship among scholarship students, Yanmar also holds research presentation meetings for students of graduate schools of engineering, as well as study tours of Japanese world heritage sites for international students.

#### Fostering Cultural Growth



Sponsoring New York Red Bulls

#### SPORTS SPONSORSHIPS

As a universal language, sport has no boundaries when it comes to people, language or race. As a way to make the world we live in more exciting, Yanmar supports a range of different sports. In Southeast Asia, Yanmar sponsors national soccer teams and soccer clubs, in addition to sponsoring the AFF Championship. In America, Yanmar sponsors the major league soccer club, the New York Red Bulls.

In addition to financial support, we also support teams by providing them with our technology, including Yanmar tractors and utility vehicles as well as Cerezo Osaka lawn care technology. And in Japan, we are the title sponsor of the U-12 Junior Soccer World Challenge, which helps get the next generation of professional soccer players prepared both physically and mentally.

Our marine business naturally has a strong connection with marine sports. Therefore, we are also an America's Cup partner. Starting out in 1851, America's Cup is the world's most renowned yacht race. With our strong reputation for sailing boat engines, we provide support at the race. Yanmar also sponsors the Japanese yacht race, Yanmar Cup in Biwako. We also support environment campaigns run by the Japan Sailing Federation (JSAF). Through sports, Yanmar will continue to take part in the excitement, contributing to a society filled with exciting experiences.

## YAMAOKA MEMORIAL FOUNDATION

The Yamaoka Memorial Foundation was established in November 2016 to celebrate the admiration that Magokichi Yamaoka had for Dr. Rudolf Diesel. The foundation provides a platform for fostering Japanese/German relations, with events relating to education and culture. In a broad sense, the foundation is contributing to a sustainable future for generations to come.

In 2017, the foundation held a seminar on renewable energy and the Student Prize Essay Contest. Additionally, the foundation held a German classical music concert at the Yanmar Museum in Nagahama, Japan and a wind instrument lesson/concert for junior and high school students in Amagasaki, Japan. The wind instrument event was open to the public.

Through providing opportunities for younger generations to enjoy the arts and sciences, the foundation is contributing to achieving the United Nation's sustainable development goals.



A lesson/concert for junior and high school wind instrument players



Nanowari members provide workshops



Researching micro-organisms extracted from a pond

## YANMAR MUSEUM

We opened up the Yanmar Museum in Nagahama, Shiga prefecture, Japan, the place where our founder, Magokichi Yamaoka was born and raised. Opened in March 2013 with the concept of enabling visitors to "enjoy wonders that can only be experienced here," the museum has attracted more than 540,000 visitors as of the end of August 2018. The museum features a variety of exhibits and offers a range of workshops relating to each of our three business domains—land, sea, and city. Visitors can learn hands-on about our history and manufacturing processes. This hands-on approach has made it popular among local elementary schools as a destination for excursions, or for work experience for junior high school students.

In fiscal 2017, the museum held workshops with the University of Shiga Prefecture and Omigakuen in Shiga prefecture. Additionally, they carried out habitat research on the rooftop of the museum. The museum teamed up with people from the Naniwari group at the University of Shiga to hold events where they made slime, soap bubbles and inflatable airplanes made out of plant substances, as a way to teach kids about the importance of a circular economy. Also, they extracted micro-organisms from a pond for research, in addition to taking away sediment that had accumulated in the pond.

The museum is undergoing renovations for about a year, starting from September 1, 2018. While the museum will be closed during renovations, there will be many exciting surprises in store for kids to enjoy once it reopens.

## CEREZO OSAKA

While the roots of Cerezo Osaka going back to the formation of Yanmar Football Club in 1957, its official start began with the formation of the J. League in 1993. The club has produced numerous players, including Hiroaki Morishima, Shinji Kagawa and Hotaru Yamaguchi, who have played for the Japanese national team and in international leagues. Furthermore, in 2014 after acquiring the naming rights, Cerezo Osaka's two home stadiums in Nagai were renamed Yanmar Stadium Nagai and Yanmar Field Nagai. Besides soccer games, these stadiums also host various sporting and other events, contributing to the development of a rich cultural life.

Through Cerezo Osaka, which is deeply connected to our history, we hope to convey to the children who will make up the next generation of adults, and to as many other people as possible, the joy and emotion that soccer can provide and the importance of embracing challenges.



**Cerezo**  
OSAKA

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Cerezo Osaka wins the 2017 Emperor's Cup

©2018 CEREZO OSAKA CO.,LTD.



The Yanmar Group considers protection of the global environment as one of its most important management policies, and is promoting environment management as a fundamental part of its business activities.

**ESTABLISHMENT OF THE YANMAR GROUP ENVIRONMENT VISION 2030**

At Yanmar, we devised the Yanmar Group Environment Vision 2030 in an effort to work toward achieving the 2030 goals of the Paris Agreement and the Sustainable Development Goals. We are employing a wide range of initiatives throughout the Group to achieve these goals.

**YANMAR GROUP ENVIRONMENT VISION 2030**

The Yanmar Group recognizes that our products have an impact on the environment and as a pioneer in energy technology, we are committed to realizing a sustainable society.

**4. Biodiversity Initiatives**

- Promote business activities in line with co-existence with nature
- Offer products and services that contribute to preserving the ecosystem

**1. Preventing Global Warming**

- Reduce CO<sub>2</sub> emissions throughout the entire product life cycle
- Reduce CO<sub>2</sub> emissions intensity stemming from business activities by 30% compared to FY 2005 levels.

**2. Contributing To A Sustainable Society**

- Reduce waste stemming from business activities
- Promote the effective use of recycled resources
- Promote the 3Rs (Reduce, Reuse, Recycle)

**3. Reducing and Controlling Environmentally Hazardous Substances**

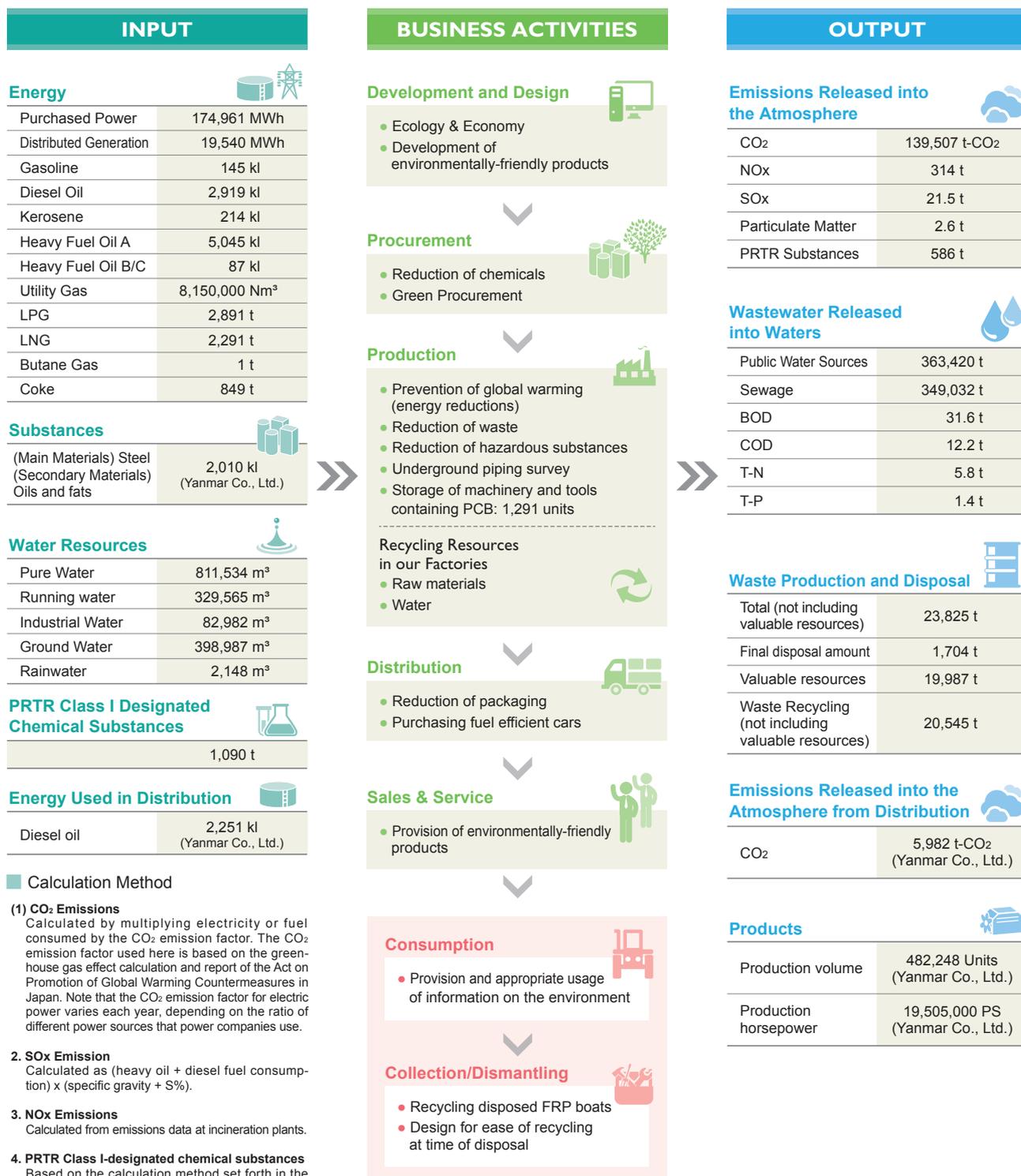
- Reduce the use of hazardous substances
- Manage hazardous substances across the entire supply chain

**Realizing a Sustainable Society**

## OVERALL ENVIRONMENTAL IMPACT

The Yanmar Group understands the need to measure, gauge and reduce the environmental impact of all stages of its business activities from raw material procurement to production, transportation, distribution, application, and disposal. Throughout 2017, we continued to measure data

on the environmental impacts of all Yanmar Group production facilities. We will continue to advance our environmental impact analysis at every stage of the product life cycle.



## PERFORMANCE OF YANMAR GROUP FY2017 ENVIRONMENTAL TARGETS

	Item	Group 4th Environmental Medium-term Plan		
Environmental Management System	Expanding the scope of the environmental conservation framework	(1) Complete the introduction of an environmental management system at all domestic Group companies as well as all overseas RHQs and manufacturing subsidiaries, and increase environmental data analyzed and managed  (2) Explore the possibility of globalizing the Yanmar Group Global Environmental Committee		
	Managing environmental conservation activities	(1) Expand the scope of environmental data that is made public  (2) Explore ways of reflecting third-party opinions in key management items in the Group's environment protection activities		
Measures to Counter Global Warming and Reduce Energy Usage	<b>1. Reduce CO<sub>2</sub> emissions derived from products</b>			
	Analyze and reduce CO <sub>2</sub> emissions in product life cycles	(1) Reduce intensity of CO <sub>2</sub> emissions over the life cycle of Group products/services  (2) Develop and promote sales of products/services that contribute to CO <sub>2</sub> reductions (fuel efficient, renewable energy, energy mix)		
	<b>2. Reduce CO<sub>2</sub> emissions and energy consumption derived from business activities</b>			
	Reducing greenhouse gas emissions from domestic business activities	(1) Endeavor to reduce total CO <sub>2</sub> emissions or CO <sub>2</sub> intensity by 15.6% (average of 1.04% per year) by the final target year compared to the base year		
		(2) Improve facilities/processes that contribute to CO <sub>2</sub> reduction		
		(3) Promote the use of renewable energy		
		(4) Comply with applicable laws/regulations such as the Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, and the Law on Ensuring the Implementation of Recovery and Destruction of Fluorocarbons Concerning Designated Products		
	Reducing greenhouse gas emissions from international business activities	(1) Endeavor to reduce total CO <sub>2</sub> emissions or CO <sub>2</sub> intensity, in accordance with laws/regulations and targets in each country, from the base year until the final target year (determine these targets after the commitments have been determined)		
		(2) Improve facilities/processes that contribute to CO <sub>2</sub> reduction		
		(3) Supply information on advanced Japanese technology/processes and provide assistance with its deployment		
(4) Analyze data on international logistics (including transportation between Japan and foreign subsidiaries) and assess whether to push for a reduction of energy used in logistics				
Reducing the amount of electricity purchased at peak times (by all domestic businesses)	(1) Monitor peak electricity usage by all Group companies in Japan and look into setting numerical targets for peak electricity usage			
	(2) Promote initiatives to reduce the amount of electricity purchased at peak times			
<b>3. Assess whether to reduce CO<sub>2</sub> emissions/energy consumption in the supply chain</b>				
Expanding the scope of supply chain management	(1) Explore the possibility of adopting Scope 3			
Contributing to a Sustainable Society	<b>1. Increase the input rate of recycled resources</b>			
	Reduction in water consumption (domestic production departments)	(1) Endeavor to reduce water use intensity (running water, industrial water, groundwater), by at least 10% (2% per year on average) by the final target year compared to the base year		
	Reducing water use (domestic, domestic and international departments in business units)	(1) Endeavor to have all domestic Group companies and major foreign subsidiaries begin monitoring and reducing their use of water		
		(2) Endeavor to reduce water use intensity by at least 10%, or at least 2% per year (on average) from the base year which is the year data tracking starts until the final target year		
	Tracking inputs of new resources and exploring setting targets for recycling rates	(1) Explore the possibility of tracking/monitoring and setting numerical targets for environmental data relating to the manufacture/procurement of products		
		(2) Explore the possibility of setting numerical targets for recycled materials		
		(3) Explore possible initiatives for increasing recycling rates		
	Exploring initiatives relating to products/services	(1) Explore possibilities for achieving the three Rs with waste products and service materials		
	<b>2. Improving green procurement rates</b>			
	Improving green procurement rates	(1) Achieve a green procurement rate of at least 80% in monetary terms for office supplies, fixtures, and furniture		
<b>3. Reducing waste and increasing recycling rates</b>				
Reducing volume of waste and volume disposed of in landfills, promoting recycling (manufacturing departments in Japan)	(1) Endeavor to reduce total waste intensity (excluding recyclables) by at least 5% (1% per year on average) by the final target year, starting from the base year			
	(2) Keep the amount of waste disposed of in landfills to less than 1% of total waste (including recyclables)			
	(3) Endeavor to have a recycling rate of at least 90% of total waste by the final target year			

Valuation Standards ○ = Target achieved △ = Partially unachieved (≥ 70%) ✕ = Not achieved (less than 70%)

Group FY2017 Environmental Targets	FY2017 Results	Level of Success
<ul style="list-style-type: none"> <li>Endeavor to formulate environmental targets and begin reduction management for international manufacturing subsidiaries</li> <li>Expansion of environmental conservation activities to Group companies that do not belong to the Yanmar Group Global Environment Committee, with support from supervising business units</li> </ul>	<ul style="list-style-type: none"> <li>Establish environmental targets for foreign subsidiaries in Europe and Asia</li> <li>Explain Group environmental targets to Bunmei Noki Co., Ltd., and Seirei Total Service, and audit their environmental compliance</li> </ul>	○
(Collaborate with Group administration)	—	—
<ul style="list-style-type: none"> <li>Publicize key environmental data such as energy usage and CO<sub>2</sub> emissions</li> <li>Assess whether to publicize data from international manufacturing subsidiaries based on region</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Explore external countermeasures based on the requirements of ISO14001</li> <li>Promote information sharing between Group administrative departments</li> </ul>	<ul style="list-style-type: none"> <li>Determine a method for responding to external feedback when extending ISO certification</li> <li>Introduce the latest internal/external info at Group committees and on the bulletin board (Group administrative representatives)</li> </ul>	○
(Same as left)	(Confirm the LCA of Group products and calculate emissions and 2020 forecasts of key products)	(△)
(Same as at left)	(develop fuel efficient machines, increase sales of engines that emit less CO <sub>2</sub> )	(△)
<ul style="list-style-type: none"> <li>Endeavor to reduce total CO<sub>2</sub> emissions or CO<sub>2</sub> emissions intensity (total amount of energy consumption) by 12.5% (average of 1.04% per year)</li> <li>(For businesses not tracking data/undertaking reduction) Track energy usage data for the base year</li> <li>(Start analyzing data, business units that haven't started reductions) Start reduction activities, introduce Group initiatives, provide support</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing businesses: 26.7% less than FY2015 (intensity), 10.4% less than FY2005 (total). Non-manufacturing businesses: 9.7% more than FY2009 (total)</li> <li>Commence CO<sub>2</sub> reduction activities at companies such as Seirei Total Service Co., Ltd. and Bunmei Noki Co., Ltd. based on Group environmental targets</li> </ul>	△
<ul style="list-style-type: none"> <li>Promote the introduction of the latest fuel-efficient equipment</li> <li>Improve the control level of energy-using equipment</li> <li>Increase data visualizations for energy usage</li> </ul>	<ul style="list-style-type: none"> <li>Analyze STS distribution data and assess and propose designated Group shipping amongst Yanmar Co., Ltd., YCE, YAJ that leads to reduced energy consumption</li> <li>Assess whether to publicize/hold presentations on advanced initiatives by other companies</li> </ul>	△
<ul style="list-style-type: none"> <li>Explore the feasibility of adopting renewable energy power generation and make implementation plan</li> </ul>	—	△
<ul style="list-style-type: none"> <li>(Law on Ensuring the Implementation of Recovery and Destruction of Fluorocarbons Concerning Designated Products) Continue to manage and monitor specific equipment, and explore the use of low-GWP refrigerants for Group products and products we handle</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage specific equipment, upgrade to high-performance Group GHP products</li> </ul>	○
<ul style="list-style-type: none"> <li>Analyze CO<sub>2</sub> reduction commitments/laws of countries where Yanmar has foreign subsidiaries. Set reduction goals based on the commitments of the country or based on our targets.</li> <li>(For businesses not tracking data/carrying out reduction initiatives.) Track energy usage data and set the same year as the base year</li> <li>(For businesses not tracking data/carrying out reduction initiatives.) Start reduction initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Assess whether to set CO<sub>2</sub> reduction goals based on the commitments of each country or based on our targets.</li> <li>Start tracking data on energy usage for YNK and YSA</li> </ul>	△
<ul style="list-style-type: none"> <li>Share information on initiatives of domestic Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Introduce the energy-saving activities of domestic Group companies</li> </ul>	△
(Introduce energy-efficient investments and initiatives to subsidiaries)	(Same as above)	△
<ul style="list-style-type: none"> <li>Track logistics between multiple countries/begin discussions between administrative departments and relevant parties</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Track data on peak electricity usage for all domestic Group companies</li> <li>(Special businesses) Explore setting reduction targets for peak electricity usage</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of gas machines to reduce electricity consumption during peak hours</li> </ul>	△
<ul style="list-style-type: none"> <li>Explore equipment investments leading to lower electricity usage</li> <li>Utilize visualization of electricity usage, strengthen demand management</li> </ul>	<ul style="list-style-type: none"> <li>Expand distributed generation using energy consumed in development and testing, and cogeneration systems</li> <li>Expand the adoption of visualization devices in factories</li> </ul>	○
<ul style="list-style-type: none"> <li>Start verifying sectors that can be calculated</li> <li>Begin collaborating and exploring with related departments</li> </ul>	(Same as CO <sub>2</sub> reduction activities for products)	△
<ul style="list-style-type: none"> <li>Endeavor to reduce water usage intensity (tap water, industrial water, groundwater) by at least 4% per year on average compared to the base year</li> <li>Increase water resource data visualizations and strengthen measures to prevent leakage occurring from water pipes and water tanks</li> </ul>	<ul style="list-style-type: none"> <li>1.4% less than FY2015 (intensity)</li> <li>Data visualizations on water supply pipes and tanks</li> </ul>	△
<ul style="list-style-type: none"> <li>(For businesses not tracking data) Track environmental data at all sites</li> <li>(For businesses that track data) Establish a baseline year for reductions, formulate a policy for reductions</li> </ul>	<ul style="list-style-type: none"> <li>Analyze more data from sales/service companies and foreign subsidiaries</li> </ul>	△
(Same as above)	Domestic non-manufacturing businesses: 0.3% more than FY2015	✕
<ul style="list-style-type: none"> <li>Assess whether to create a data tracking system using group systems/ assess what environment data to track</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Explore areas for targets to be set</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Track the current usage status of recycled materials and parts</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Track results of products for resale and trade-ins from customers (categorize trade-ins and sales separately)</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Recommend purchasing of relevant office supplies</li> <li>(Purchasing rate not tracked) Track figures by using the Group network</li> </ul>	<ul style="list-style-type: none"> <li>Recommend purchase of environmental products using the Group network</li> </ul>	△
<ul style="list-style-type: none"> <li>Endeavor to reduce waste intensity (excluding recyclables) by at least 1% per year on average from the base year</li> </ul>	<ul style="list-style-type: none"> <li>19.5% less than FY 2015 (intensity)</li> </ul>	○
<ul style="list-style-type: none"> <li>Explore other disposal methods e.g. Landfill or incineration</li> </ul>	<ul style="list-style-type: none"> <li>FY2017 Results 3.9% (-2.2% YOY)</li> <li>Continue recycling of casting sand</li> </ul>	△
<ul style="list-style-type: none"> <li>Explore outsourcing to top quality waste disposal contractors</li> <li>Explore the use of waste consultants</li> </ul>	<ul style="list-style-type: none"> <li>Explore the possibilities of turning waste into recyclables, by improving garbage separation</li> </ul>	○

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## PERFORMANCE OF YANMAR GROUP FY2017 ENVIRONMENTAL TARGETS

	Item	Group 4th Environmental Medium-term Plan	
Contributing to a Sustainable Society	Reducing the volume of waste and volume disposed of in landfills (domestic, domestic and international departments in business units)	(1) Endeavor to have all domestic Group companies and major foreign subsidiaries begin analyzing data on waste and reducing waste	
		(2) Endeavor to reduce waste intensity (excluding recyclables) by at least 10%, or at least 2% per year (on average) from the base year (the year data tracking starts) until the final target year	
		(3) Endeavor to have at least 80% of total waste recycled by the final target year	
	<b>4. Adoption of designs that facilitate product recycling</b>		
Reducing and Controlling Environmentally Hazardous Substances	At production sites, we implement cuts in hazardous substances.	(1) Introduce design techniques for recycling waste products and minimizing man hours for separation/collection at the time of disposal	
		(2) Analyze environmental impacts through life cycle assessments	
		(3) Prevent harm to the health of workers and related parties inside and outside the company as well as damage to the surrounding environment resulting from the handling of hazardous chemical substances and facilities that manage hazardous chemical substances	
		(4) Strengthen the management of owned/leased land in accordance with the Soil Contamination Countermeasures Act	
Working on Biodiversity	Expanding the scope of supply chain management	(1) Expand the scope of the systems deployed for the management of information on environmentally hazardous substances	
		(2) Make systems for the management of environmental information more sophisticated throughout the supply chain	
	Promote reduction of the amount of environmentally hazardous substances used in business activities and comply with various laws/regulations	(1) Maintain a legal compliance structure for company regulations and regulations concerning environmentally hazardous substances based on the Green Procurement Guidelines	
		(2) Explore initiatives for enhancing green procurement to make it CSR procurement	
<b>1. We strive toward business activities that blend in with nature.</b>			
Working on Biodiversity	Protecting ecosystems in the vicinity of business sites	(1) Promote the expansion of green areas and environmentally-friendly facilities at and around business sites	
	Minimize impact of business activities on ecosystems	(1) Set and comply with independent standards concerning environmental impacts on air and water quality	
		(2) Mitigate the impact of dangerous materials and hazardous substances on the environment in the vicinity of business sites	
	Ensuring the safety of water resources in the vicinity of business sites	(1) Prevent the contamination of nearby water sources due to the release of industrial wastewater, raw materials	
		(2) Prevent damage to water sources due to excessive use or contamination of hazardous substances (companies using groundwater and companies in the vicinity of water sources)	
	Reducing the impact of products/services on eco-systems	(1) Comply with environmental laws/regulations (air and water quality regulations) when using products/services	
		(2) Explore possibility of tracking the impact of procurement of materials, including raw materials, and components on biodiversity	
<b>2. We contribute to preserving the eco-system through offering new products and services.</b>			
Social Contribution	Ongoing contributions to residents in the vicinity of company sites	(1) Provide products/services that take advantage of the characteristics of major markets/technologies	
		(2) Conduct activities that result in the conservation of ecosystems	
Social Contribution	Ongoing contributions to residents in the vicinity of company sites	(1) Conduct joint volunteer activities with nearby residents	
		(2) Conduct activities for promoting friendships with users and nearby residents	

Valuation Standards ○ = Target achieved △ = Partially unachieved (≥ 70%) ✕ = Not achieved (less than 70%)

Group FY2017 Environmental Targets	FY2017 Results	Level of Success
<ul style="list-style-type: none"> <li>Increase the volume of waste-related data, centering on domestic sales companies</li> <li>Thoroughly sort recycling, share information with waste contractors</li> <li>(Domestic sales companies) Visualize waste volume by introducing e-Manifest</li> <li>(Foreign subsidiaries) Introduce innovative cases in Japan, improve the level of waste management</li> </ul>	<ul style="list-style-type: none"> <li>Increase the volume of waste-related data, centering on domestic sales companies</li> <li>Thoroughly sort for recycling, share information with waste contractors</li> <li>(Foreign subsidiaries) Provide introductions of innovative cases in Japan, improve the level of waste management</li> </ul>	△
<ul style="list-style-type: none"> <li>Track and decide data (to be used for the base year)</li> <li>Expand scope of data collection required to manage and monitor targets</li> </ul>	FY2017 Results (39.2%) (key Group companies) <ul style="list-style-type: none"> <li>Track the volume of industrial waste generated by all domestic Group companies</li> </ul>	○
(Stated already)	FY2017 Results 70.5% (-6.8% YOY)	△
<ul style="list-style-type: none"> <li>Review design and procurement, explore the feasibility of initiatives</li> </ul>	<ul style="list-style-type: none"> <li>(Utilizing LCA)</li> </ul>	△
<ul style="list-style-type: none"> <li>(Continue life cycle assessments, explore areas for improvement based on results)</li> </ul>	<ul style="list-style-type: none"> <li>(Continue life cycle assessments, explore areas for improvement based on results)</li> </ul>	△
<ul style="list-style-type: none"> <li>(Domestic) Manage relevant substances and continue activities for reducing usage</li> <li>(International) Encourage the tracking of systems and relevant substances for each country, begin initiatives to reduce them in collaboration with related businesses in Japan</li> </ul>	FY2017 intensity was 20.7 less than FY2011 <ul style="list-style-type: none"> <li>Propose chemical substance management/reduction plans at sales/service companies (Seirei Total Service Co., Ltd.)</li> </ul>	○
<ul style="list-style-type: none"> <li>Promote initiatives to realize swift disposal of products with high PCB concentrations</li> <li>Explore methods of disposing low concentration PCB waste</li> </ul>	<ul style="list-style-type: none"> <li>Analyze new info on the use and storage of products that contain PCB, ensure reporting</li> </ul>	○
<ul style="list-style-type: none"> <li>Conduct risk management for chemical substances</li> <li>Strengthen work education and training for employees and other interested parties</li> </ul>	<ul style="list-style-type: none"> <li>Manage mercury usage in products based on the Act to Prevent the Mercurial Pollution of the Environment, and use alternatives instead of LED products</li> </ul>	△
<ul style="list-style-type: none"> <li>Conduct regular water quality inspections on land at risk of soil pollution</li> <li>Carry out comprehensive soil pollution surveys every time land is bought or sold or lease contracts signed</li> </ul>	<ul style="list-style-type: none"> <li>Plan and implement voluntary soil pollution surveys</li> </ul>	○
(Same as left)	(Continue surveys on use of chemical substances in the supply chain)	(△)
<ul style="list-style-type: none"> <li>Explore widening the scope of environmental data from suppliers, such as water source info</li> </ul>	<ul style="list-style-type: none"> <li>Explore counter measures to water resource risks and supplier environment data</li> </ul>	△
(Same as at left)	(Continuing surveys on use of chemical substances in the supply chain)	(△)
<ul style="list-style-type: none"> <li>Examine the scope of CSR procurement/encourage related departments in the Group to take part</li> </ul>	—	✕
(Same as the Medium-term Plan)	Planting trees inside business sites	△
<ul style="list-style-type: none"> <li>Explore the feasibility of adopting company standards and thresholds</li> </ul>	<ul style="list-style-type: none"> <li>Implement management of environmental impact based on Yanmar standards</li> </ul>	○
<ul style="list-style-type: none"> <li>Ensure that steps are taken to prevent leakage/release of dangerous materials and hazardous substances</li> <li>Periodically monitor quantities stored and ensure that the quantities are within legal limits</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen employee training</li> </ul>	△
(Same as above)	No environmental contamination accidents caused by Group business sites in FY2017	○
(Same as the Group Medium-term Plan)	(Same as above)	○
<ul style="list-style-type: none"> <li>Comply with regulations relating to in-house products, consider formulating in-house regulations</li> </ul>	<ul style="list-style-type: none"> <li>Develop products compliant with environmental regulations</li> </ul>	△
<ul style="list-style-type: none"> <li>Assess the original draft of the biodiversity guidelines</li> </ul>	—	✕
<ul style="list-style-type: none"> <li>Provide Group products and services for NPO and community environment protection activities, creating brand awareness</li> <li>Develop products and services helping for environmental protection in markets related to the Group</li> </ul>	<ul style="list-style-type: none"> <li>Promote awareness-raising activities for consumers with the head office company cafeteria, continue to promote Umeda Honey Bee Project</li> <li>Carryout chaff biomass pilot program, begin full-scale operation at the Bio Innovation Center</li> </ul>	○
<ul style="list-style-type: none"> <li>Plan and conduct cleaning and tree planting activities in the vicinity of business sites</li> <li>Plan and conduct awareness-raising activities using Group contents</li> </ul>	<ul style="list-style-type: none"> <li>Increase publicly available information via the Yanmar website and other sources</li> </ul>	△
<ul style="list-style-type: none"> <li>Implement one volunteer activity per business site at least once a year</li> </ul>	<ul style="list-style-type: none"> <li>Conduct volunteer activities at factories and business sites</li> </ul>	△
<ul style="list-style-type: none"> <li>Hold factory tours, explore whether to hold events organized by business sites and hold events</li> </ul>	<ul style="list-style-type: none"> <li>Expand factory tours, organize baseball tournaments, sports events, fireworks. Make the head office cafeteria open to members of the public</li> </ul>	○

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## EFFORTS TO PREVENT GLOBAL WARMING

We are contributing to global warming prevention by determining and reducing our CO<sub>2</sub> emissions

### Determining and reducing CO<sub>2</sub> emissions in product life cycles

Utilizing the Life Cycle Assessment (LCA), the Yanmar Group monitors and assesses greenhouse gas (CO<sub>2</sub>) emissions at each stage of a product's life cycle from procurement, production, distribution, use and consumption through to final disposal as a means to further reduce greenhouse gas emissions from our products. In an effort to disclose more accurate information on scope 3 emissions, we will analyze LCA data throughout the Group.

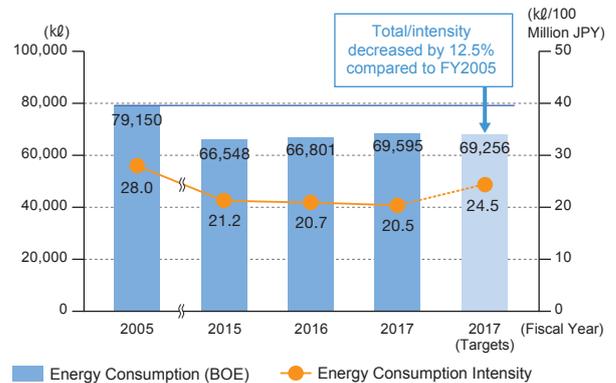
### Reducing CO<sub>2</sub> Emissions and Using Energy Efficiently

The Yanmar Group is reducing CO<sub>2</sub> emissions by efficient use of energy and fuel, improving energy efficiency at facilities, improving testing, and by using renewable energies. Additionally, to reduce peak electricity consumption and to minimize risk from power outages, Yanmar is introducing more distributed generation and GHPs in its facilities.

The Yanmar Group energy conservation target until FY2017 was a 12.5% reduction from fiscal-year 2005 levels, in both total energy consumption and energy consumption intensity, which measures the efficiency of energy consumption. Our CO<sub>2</sub> reduction target was also a 12.5% reduction from fiscal-year 2005 levels. Due to manufacturing increases of Yanmar Group products and irregular weather resulting in higher rates of energy consumption for climate control, energy consumption increased by about 2,700kl and CO<sub>2</sub> emissions increased by about 2,100t compared to the previ-

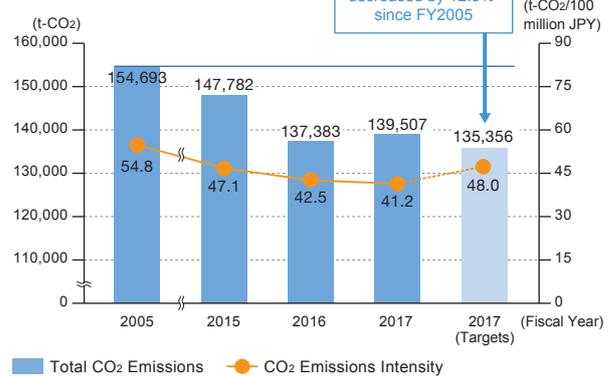
ous fiscal year. As a result, we did not meet our total consumption/emission targets, however we did meet our energy consumption intensity and emission intensity targets.

Total Energy Consumption/Energy Consumption Intensity



\*From FY 2016, Ibuki Production Division, Yanmar Co., Ltd. and Kagoshima Branch, Yanmar Agricultural Machinery Manufacturing were included in the results.

Total CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions Per Unit



\*From FY 2016, Ibuki Production Division, Yanmar Co., Ltd. and Kagoshima Branch, Yanmar Agricultural Machinery Manufacturing were included in the results.

## TOPICS

### Driving LNG Commercial Marine Engine Growth

In April 2019, Yanmar will install clean, dual fuel propulsion engines<sup>\*1</sup> that use liquefied natural gas in tugboats<sup>\*2</sup> at Osaka Bay.

In October 2016, the International Maritime Organization (IMO) declared that it will tighten sulfur oxide emission standards on ocean waters. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism is carrying out a range of initiatives to promote LNG bunkering, in an effort to reduce commercial marine engine emissions. Demand for LNG is expected to grow in the future.

Receiving subsidies from Nippon Foundation, Yanmar developed

LNG engines for three years, starting out in 2011. The control technology that was developed is used in these engines. In an effort to realize A Sustainable Future, Yanmar plans to collaborate with others to develop cleaner commercial marine engine technology.

\*1 dual fuel engine:  
An engine that uses both Bunker A and LNG

\*2 tugboat:  
A vessel that helps to move larger vessels and aquatic structures to and from wharfs and landing bridges

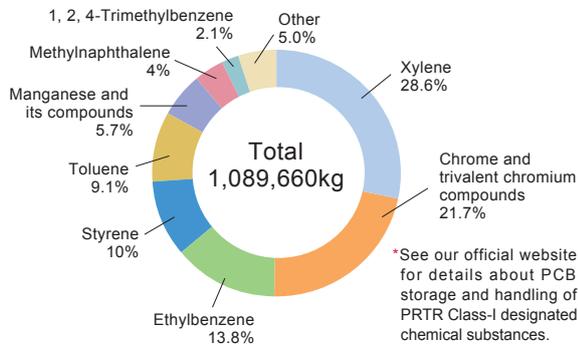
## REDUCING AND MANAGING ENVIRONMENTALLY HAZARDOUS SUBSTANCES

### Reducing and Managing Substances Which are Hazardous to People and the Environment

#### Reducing Chemical Emissions

In order to develop environmentally-friendly products and mitigate environmental risks, we are managing usage quantities of designated chemical substances and reducing emissions, in accordance with the Pollutant Release and Transfer Register (PRTR) system. Our FY2017 PRTR designated chemical substances intensity reduced 20.7% compared to the base year, FY2011. However, since FY2017 we handled an extra 150t. This was mainly due to an increase in the use of organic solvents, that were a result of increased manufacturing and painting processes. In our next environmental medium-term plan, we will have business sites in Japan and overseas implement the management of substances subject to PRTR system in the countries in which they operate, taking our system for managing such substances to the next level.

Situation on handling of Class I Designated Chemical Substances prescribed in the laws concerning PRTR



#### Managing Environmentally Hazardous Substances Across the Supply Chain

In accordance with our Green Procurement Guideline, since FY2008 we have been investigating the quantities of environmentally hazardous substances contained in materials and components supplied by third parties. We manage this information centrally and share it with Group companies. We will continue investigations to better manage and minimize the amount of environmentally hazardous substances found in Yanmar products. We also devised internal compliance standards and are systematically reducing the use of other substances designated under our standards.

#### List of Substances Regulated by Yanmar

##### Substances Regulated by Yanmar

Lead and its compounds, cadmium and its compounds, hexavalent chromium and its compounds, RCF and its compounds.

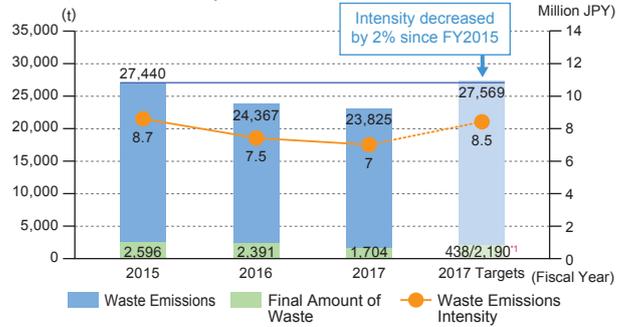
## CONTRIBUTING TO A SUSTAINABLE SOCIETY

### Efficient Use of Limited Resources

#### Reducing Waste and Promoting Recycling

In an effort to promote the recycling of valuable resources, the Yanmar Group displays waste separation rules at waste disposal areas in plants, work sites, and offices alongside offering employee-education programs and promoting the use of returnable pallets. We expanded our recycling efforts by recycling waste oil and recycling casting waste using electric furnaces. While our aim was to reduce waste in FY2017 by 2% compared with FY2015, the Group managed to achieve a 19.5% decrease.

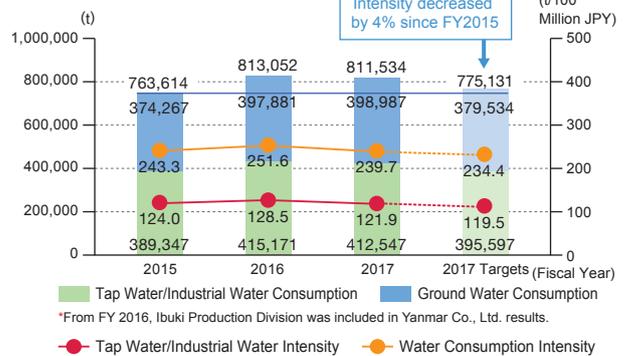
Waste, Waste Intensity & Final Amount



#### Reducing Water Resource Consumption

The Yanmar Group is recycling factory water in an effort to conserve resources. Despite our FY2017 target of a 4% reduction in the intensity of water consumption compared to FY2015, an overall increase in water consumption by 2.8 throughout the Yanmar Group meant that our targets were not met. While intensity improved a lot compared to the previous fiscal-year, we did not reach our target.

Water Consumption & Water Consumption Intensity





# STRENGTHENING INTERNAL CONTROLS TO ENSURE BETTER MANAGERIAL TRANSPARENCY

## CORPORATE GOVERNANCE

### Our Fundamental Approach

*Yanmar implemented a corporate governance system, complete with a transparent management structure and an internal control system, for speedy decision-making and accountability. These efforts are aimed at the ongoing improvement of corporate value.*

Appointed an Independent External Director to Enhance Fairness, Objectivity and Transparency of our Management

With the aim of separating Group management and business execution, in 2013 we adopted a holding company structure. The Board of Directors of Yanmar Holdings, as of June 30, 2018 consists of ten directors and four audit and supervisory board members, one of whom is an independent external director to raise the level of fairness, objectivity and transparency for our corporate management. The Group Strategy Committee established under the Board of Directors of Yanmar Holdings Co., Ltd., determines the direction of the Yanmar Group and addresses management issues, enabling the Group to be managed efficiently and effectively. Moreover, the Group Risk Management Committee, which was established to act as an advisory body to the

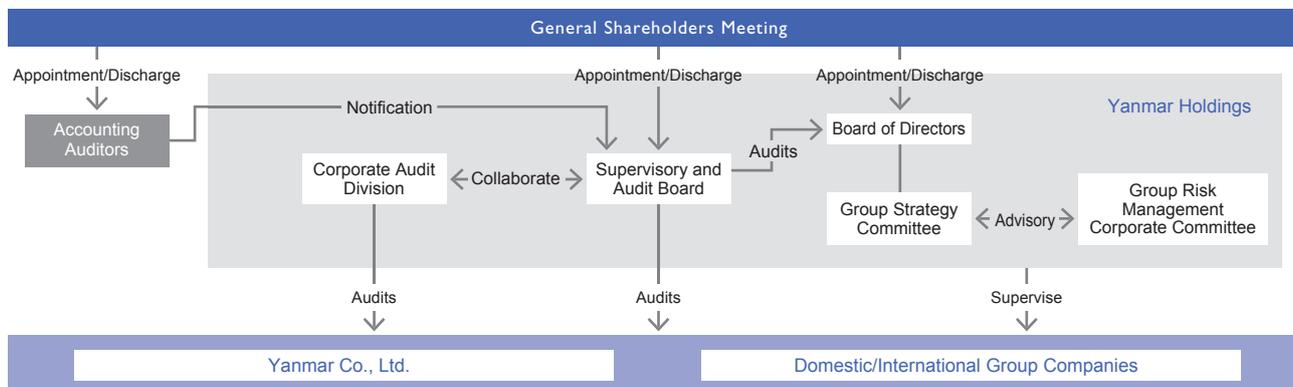
Group Strategy Committee, manages key risks pertaining to the business activities of the Group.

The Audit & Supervisory Board of Yanmar Holdings consists of four members. Two of the members are external audit and supervisory board members. Their role is to supervise the activities of the holding company's directors and work with the auditing division of Yanmar Holdings to carry out audits on Yanmar Co., Ltd. and all subsidiaries. Furthermore, an external auditing firm audits our accounts and provides third-party verification of the suitability and legal compliance of our accounting practices and related internal controls.

#### Policy for Setting Up Internal Control Systems

- Ensures that all professional duties and activities undertaken by the board members and employees comply with the law and our Articles of Incorporation
- Ensures adequate storage and management of information related to the professional duties and activities of board members
- Ensures adequate regulations and other systems are in place for managing losses
- Ensures that directors and board members are effectively performing their professional duties
- Ensures Group business operations are being conducted appropriately
- Ensures that the duties of the Audit & Supervisory Board Members are being carried out effectively, in addition to maintaining the independence of the auditors' assistant

Corporate Governance Chart (as of June 30, 2018)



\*On March 1, 2018, Yanmar Construction Equipment and Yanmar Energy System went from being subsidiaries of Yanmar Co., Ltd. to being subsidiaries of Yanmar Holdings. The Agricultural Operations Business also separated from Yanmar Co., Ltd. on April 2 and became a subsidiary of Yanmar Holdings named Yanmar Agribusiness. The Corporate Audit Division also moved to Yanmar Holdings on April 1 due to these changes.

## RISK MANAGEMENT

### Our Fundamental Approach

*Yanmar has established a Group Risk Management Committee to manage and carry out measures to deal with the various risks associated with business operations. The committee studies the policies and direction of overall risk management efforts and holds conferences that cover the subject of risk management and countermeasures.*

### Our Group Risk Management Committee for Handling Business Risks

The Group Risk Management Committee, which was formed in conjunction with the establishment of Yanmar Holdings Co., Ltd. meets twice a year in relation to the handling of risks associated with business activities. A further eight expert committees have been established under the Group Risk Management Committee to mitigate risks and implement preventative actions in different functional areas. These expert committees are organized by corporate departments and comprise of senior personnel from business units and business unit companies.

#### Risk Reporting Database

If a risk occurs within the Yanmar Group, the respective risk manager enters regular updates on the progress of measures taken to rectify the situation, ensuring that information on the progress is always shared with top management. In FY2017, five cases were reported.

#### Emergency Response Systems

We have devised emergency response protocols as part of our initial-response emergency systems. The system is set up to respond in accordance to the level of emergency, based on these protocols, in the event of a disaster, accident or incident which requires action. We also set up emergency communication networks to enable adequate response during holidays or at night, in addition to a 24hr emergency operations center, which provides back-up responses in the event that the communication network fails.

In fiscal-year 2017, Yanmar provided training to employees at Yanmar factories, so that they could carry-out risk management planning and business continuity plan exercises at their factories.

From Our Employees

Takeji Yamauchi

Corporate Planning Division  
Yanmar Construction Equipment



### Analyzing the Speed of ERP and BCP With Risk Management Training

Kyushu, Japan has suffered from natural disasters in recent years. In 2016 there was the Kumamoto/Oita prefecture earthquake and in 2017 there was torrential rain in Fukuoka. We thought it was a good time to analyze how fast our emergency response plans (ERP) and business continuity plans (BCP) were, so we held role-play risk management training. Representatives from each division participated, practicing responses and business continuity. While for many it was the first time to undertake training, the training proved to be valuable with participants sharing a lot of ideas. Yanmar will continue to put a lot of effort into making solid emergency response plans and business continuity plans.



Risk management training

#### Safety Confirmation System

In the event of a natural disaster including earthquakes, storm and floods, this system enables us to confirm the safety and make immediate contact with all employees and their families. During 2017, messages were sent out on eight occasions, following earthquakes with a seismic intensity of just under 5 or above. The safety of Yanmar employees and their families was confirmed with the system. Furthermore, in January and September each year all Group employees take part in disaster drills in order to prepare for an actual event. The system also allows messages to be sent to each business site, and each site uses it for emergency communication.



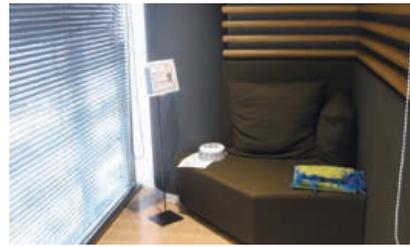
# VALUING INDIVIDUALITY AND DIVERSITY TO PROMOTE A SAFE AND FUN WORK ENVIRONMENT



## HUMAN RESOURCES POLICY

*At Yanmar we are nurturing the growth of world-leading talent and providing an enriched working life for all Yanmar Group employees to ensure that the Yanmar Group can overcome barriers, be trusted by customers, and achieve significant growth.*

by employees and customers of all nationalities and faiths for the way they promote mutual understanding.



Multifaith Space

## PROMOTING DIVERSITY

### Embracing Diversity as a Part of our Global Strategy

With the aim of “securing globally orientated professional human resources regardless of their nationality, gender, or age,” the Yanmar Group is endeavoring to hire a variety of talent and promote diversity.

Diversity at Yanmar means embracing and respecting differences, including differences in lifestyle, culture, work, 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.

Furthermore, in response to growing diversity amongst Yanmar employees and global integration, we began offering meals that adhere to most halal practices at our head office cafeteria, the Premium Marche Café. Muslims make up a quarter of the world’s population with a large population in Southeast Asia and Europe where the Yanmar Group operates. To cater for Muslims, Yanmar established its own standards for halal cuisine and provides meals. Yanmar provides different meals daily.

As a company that has declared food production to be a part of its mission, we ensure that Muslim employees and visitors can enjoy delicious meals with peace of mind. We pay attention to ingredients and flavors and use only meat and ingredients that are suitable for Muslims. Non-Muslim staff also enjoy the meals. Additionally, we provide a dedicated prayer space to accommodate for worship customs and practices. These initiatives have also been well received

### From Our Employees

Ibragimov Shohruhbek

Marketing Div.  
Yanmar Co., Ltd.



### Most Muslims Would be More Than Satisfied with Yanmar Muslim Friendly Meals

We started planning Muslim Friendly meals with basic lunch boxes in mind. In the end we had a wide-ranging menu of freshly cooked, delicious meals. I am thankful to the company and everyone who worked on the project.

The meals adhere to halal standards to a level that most Muslims would be satisfied with. They use halal certified ingredients, and from storage to dish washing, they keep cutlery, crockery and cooking utensils separate from those used in other dishes. Also, at Yanmar they set up a prayer room, which gives me peace of mind and motivation.

I hope that this experience gives people new skills, that they can use for other initiatives that improve employee satisfaction. In particular, I hope that this project will lead to new initiatives that help minorities.

## Encouraging Active Female Participation

At the end of March 2018, women accounted for 521 (14.1%) of our 3,695 employees. 20% of the graduates who were offered jobs at Yanmar in FY2017 were women. Our main business is machine related with a focus on engines. While there are not a lot of women that choose this field as a profession, there is a diverse range of positions available for both men and women. We also actively appoint female recruiters and organize meetings with female students seeking employment with the company.



Employees working away (Human Resources Div., Yanmar Co., Ltd.)

### Promoting Women to Managerial Positions

While the proportion of female managers at Yanmar is currently only 1.54%, more women are moving into managerial positions every year. Yanmar and Yanmar Holdings have one female executive officers, two female divisional managers and five group managers. Gender equality continues to be evaluated in our organizational policies and is valued in our work culture.

### A Supportive Environment to Promote Female Participation in all Activities

At Yanmar, women are also active on the front line of production. Although the proportion of female production line workers is only 3.3% the average employment tenure is 15.9 years Working together to establish a more inclusive and supportive work environment has helped achieve this.

### Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace

#### ■ Aim of the Plan

We are endeavoring to establish an employment environment in which all employees, including women, can work to the best of their ability and work with sound health and peace of mind. In order to push forward with concrete initiatives, at Yanmar we devised our own action plan that we are implementing.

#### ■ Duration and Contents of the Plan

In line with the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children, we encourage employees to use their annual leave. We encourage employees to plan when they will use their annual leave, so that they can live active and healthy lifestyles. As a result of our efforts, employees use more of their annual leave than before. Now employees use an average of 61.2% of their annual leave. In an effort to increase the percentage of annual leave that employees use, we are increasing the number of days that employees should plan to take off.

## Promoting employment of persons with disabilities

In April 2014, we established Yanmar Symbiosis (YSS) as a special subsidiary company<sup>\*1</sup> for boosting employment of persons with disabilities. As of April 1, 2018, there were 51 persons with disabilities working at the Yanmar Group. As the name 'Symbiosis' imbues, at Yanmar Symbiosis Facilitating a balanced existence between nature, communities, and cities, and utilizing the capabilities of each employee is a top priority.

Work is broken up into three areas: ag solutions, office support and manufacturing support. YSS ensures that all employees can work with peace of mind while carrying out their work.

YSS provides a variety of opportunities for all employees, including social skills training (SST), as well as regular consultation sessions with a clinical psychologist. During training we take in a lot of feedback from employees, in an effort to provide better support.

YSS also contributes to community-based initiatives, brightening up inner city areas with seasonal flower displays and cleaning up rubbish. The tours offered at YSS have attracted a range of visitors from special schools, organizations that help people with disabilities find work, and companies; enhancing awareness of efforts to improve employment for disabled persons.

In 2017, YSS set up a center in the Nagahama Factory, where employees help out with light physical work and cleaning in rooms one and two. Also, at the Bio Innovation Center Kurashiki Laboratory, YSS employees get an opportunity to collaborate with other Yanmar staff, by helping out with farm research and general affairs duties. In the future we plan to employ more people with disabilities.

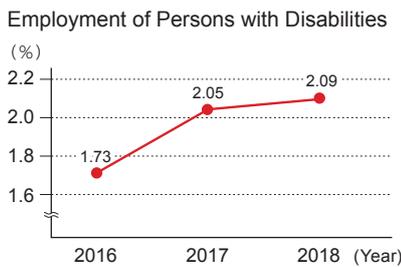
The combined percentage of employees who have disabilities for the five applicable group companies<sup>\*2</sup> was 2.09% as of the end of March 2018. In an effort to expand work activities of YSS, we aim to have a disabled persons employment rate of at least 2.2%.

<sup>\*1</sup> A "special subsidiary company" is a company recognized by the Japanese national government as a subsidiary that gives special consideration to employing persons with disabilities. As this subsidiary is part of the corporate group, the percentage of the group's employees who have disabilities will increase.

<sup>\*2</sup> Yanmar Holdings, Yanmar Co., Ltd., Yanmar Agri Japan, Yanmar Agricultural Machinery Manufacturing, Yanmar Business Service, and Yanmar Symbiosis



Work at Nagahama Factory



\*As of end of March

### Providing Opportunities for Seniors

With the number of children decreasing and the population aging in Japan, Yanmar recognizes that to ensure diversity in our human resources, it is necessary to enable senior citizens to continue working by expanding employment opportunities. Employees who wish to be rehired after reaching mandatory retirement age can continue working until they are 65, and in FY2017 82.4% of employees had opted to continue employment. At Yanmar we endeavor to employ persons in appropriate posts that reflect their skill set and wishes.

### Yanmar Training Networks 2018

	By Level		Options	Options		Self-Recommendation/Recommendation	Same Training		
	Level Based Training	Function Based Training		Upper Management Education	Specialists Assignment		Global Talent Development	Newly Appointed Executive Training	Language Training—Optional Face-to-Face/Web-Based
Upper Managerial Level	Training to Brush Up Leadership Skills			Leadership Training II					
Managerial Level	Manager Training New Junior Manager Training			Leadership Training I	Study Program with External Research Institutes				Corporate Principles/Mission Training
Senior Level	Pre-Management Training		Management Basics (16 classes)	Pre-Management Training	University Study Program Domestic/International				Correspondence Education
Staff Level	5th Year of Employment Training 3rd Year of Employment Training	Technical School Specialized Technical Training Technician			Study Program with External Research Institutes	Overseas Work Experience	Overseas Training System	Overseas Site-Industry Social Gatherings	Working Overseas Training/Area Study
New Employee	New Recruit Follow-up Training New Recruit Induction Training								

## TALENT DEVELOPMENT

### Our Fundamental Approach

Yanmar is leveraging the capabilities of the entire Group to train suitable talent for expanding global business. In order to bolster the productivity at our manufacturing sites, we are encouraging technical skills and workplace knowledge training to foster personal development in a wide range of areas.

### Diverse Talent Development in Response to Globalization

Yanmar strategically and flexibly deploys and transfers human resources around the globe. In addition to standard personnel transfers, Yanmar introduced an internal transfer request system, "Yanmar Dreams Come True," an internal recruiting program for positions in new businesses (4 people took advantage of the program in FY2017), and the "Career Development Program," which focuses on skill training and strategic development of talent who demonstrate exceptional knowledge in their field. In order to develop global talent skilled in communicating with local stakeholders in different cultural settings, in FY2017 we provided yearlong training programs, including management fundamentals for foreign subsidiaries, language skills (face-to-face and web-based) and preparatory courses for overseas postings (language and risk management) to 700 Yanmar employees. In order to nurture corporate management who can lead Yanmar in the future, we are running a business management training course both in Japan and overseas. In FY2017, around 120 people attended this course over 24 days. At Yanmar we also provide support outside Japan for developing communication and leadership skills. All our training courses can be taken during regular working hours.

## PROMOTING WORK-LIFE BALANCE

### A Range of Effective Systems to Help Employees Balance Their Work and Home Life

At Yanmar our child care and family leave program extend beyond legal requirements to incorporate more people and more situations. Yanmar is dedicated to creating a workplace where employees can continue to work with peace of mind. We made it easier for employees to balance life at work and at home, by providing paid leave benefits.

To ensure that females planning to take childcare leave can feel at ease and return to their jobs, we created a handbook detailing necessary preparations to make during pregnancy. 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 FY2017, 41 people took extended parental leave, 81 people opted to work shorter hours, 26 people took maternity leave, and 97.6% 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 staffing departments implemented a flextime system. Moreover, throughout the company, we have specified days when employees must leave work at specified times, as well as dimming the lights to encourage employees to go home on time. Initiatives like these are aimed at enabling employees to better enjoy their private lives with their families and their children.

Additionally, in October 2017 we started telecommuting. With telecommuting, we aim to create a more diverse and productive workforce. We plan to introduce telecommuting to more employees in the future.

#### Systems to Promote a Healthy Work-Life Balance

(Name)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
No. ppl. who took childcare leave	43	39	47	36 (incl one male)	41
No. ppl. who opted to work shorter hours	48	55	76	73	81
No. of ppl. who took pre/post-childbirth leave	27	20	27	22	26
No. of ppl. who took nursing-care leave	0	0	1	2	4

## REFORMING OUR WORK STYLE

### Activity Based Working to Suit the Task at Hand

Yanmar Group's move to its new head office, the Flying-Y-Building, was the start of a series of work style and work place reforms focused on delivering added value beyond customer expectations.

The introduction of Y-Square to the entire Group to enable the instant sharing of information on a global level, the expansion of our Wi-Fi access and a cafeteria that seconds as a work space in our head office, are some of the ways we are maximizing employee productivity, enhancing efficiency and transforming the way we do business.

In 2016 Yanmar adopted Activity Based Working (ABW); a flexible work style that encourages workers to select their work area based on their needs and duties. Activity Based Working is a work style that allows employees to select their work space to fit their work task Unlike the 'free-address' work style, with ABW while work is focused around large desks spaces allocated for each department, employees can move between tailored concentration, interactive or planning zones in accordance with work needs.

ABW leverages the unique qualities of each employee and department, adds variety, and promotes communication and healthy and productive working habits. Furthermore, ABW offers flexibility to continuously adapt the office design, in response to changes in human resources. ABW promises future cost reductions.

We plan to take not only our head office reforms but also reforms made in our manufacturing businesses and implement them globally across the entire Group. Head office tours started in 2015 to offer visitors detailed insights into our ABW reforms, paperless systems and the unique design features of the building. As of April 2018, 12,688 visitors participated in the tours.



## OCCUPATIONAL SAFETY AND HEALTH

### Working to Enhance Employee Health & Workplace Safety

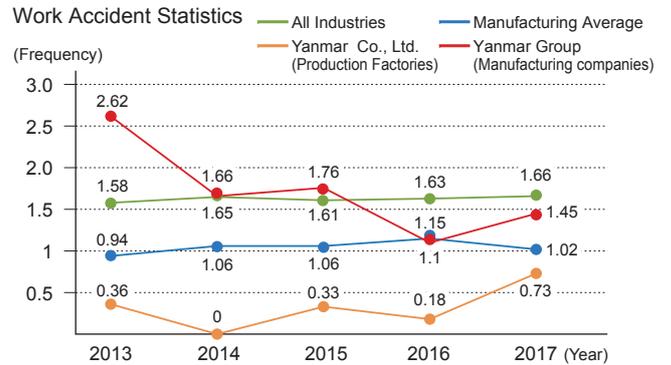
At Yanmar, each production facility has its own unique management system designed to match differing environments and needs. Our health and safety committee at each facility, organizes inspections and other measures to strengthen the management of health and safety, alongside providing education and on-site training to enhance awareness and prevent occupational accidents.

Since December 2015, we have been offering free stress tests to all employees including those stationed overseas. For employees wishing to receive counseling, services are offered to employees and families via various easy-to-access means, including face-to-face meetings, phone-calls, e-mail or Skype.

In addition to stress tests and counseling, we also provide mental health training, self-care training, and work with employees to find ways to make a healthier work environment. Health and safety committees have a strong focus on providing training and other measures to improve the mental health of employees.

Additionally, in an effort to improve employee health, we encourage all employees to take periodic health checks. If something of concern is detected during the health check, employees are referred to an occupational physician. Additionally, we provide first-aid training using automated external defibrillators, provide walking programs, seminars on cancers, and provide opportunities for employees to talk with occupational physicians. Additionally, our health management committee comprising of employees from Yanmar Health Insurance Society, human resources at the head office, and general affairs divisions at business units, meets to discuss current health matters including periodical medical checks and measures to mitigate metabolic syndrome. To make sure that employees aren't negatively affected by cigarette smoke, Yanmar Health Insurance Society carries out meetings relating to carbon monoxide from cigarette smoke.

At the meetings, carbon monoxide levels are tested, and public health nurses educate employees on first hand and second-hand smoking. Yanmar Health Insurance Society and Yanmar facilities will continue to work together to find ways to minimize the harmful effects of smoking.



\*Fatalities or injuries per one million working hours  
\*Annual period: January 1- December 31

Data source: 2017 survey on work accidents at companies with 100 employees or more by the Japanese Ministry of Health, Labor and Welfare, and a survey of the construction industry.



Health and safety inspections at Tsukaguchi Factory



First-aid training with an AED

## TALKING WITH EMPLOYEES

### Maintaining Firm Labor-Management Relations with Unions

Yanmar maintains firm labor management relations (LMR) with the Yanmar Labor Union and the Yanmar Employee Union and engages in periodic negotiations and discussions on the workplace environment and employee working conditions. We also ensure adequate opportunity to discuss the Group's business state-of-affairs, by holding presentations on the state-of-affairs and labor-management round table discussions.

## Mission Based Activities

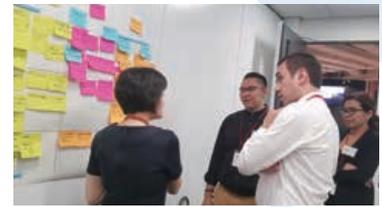
# TO REALIZE OUR MISSION, WE ARE MOVING FROM AWARENESS TO ACTION

With the aim of making sure that all our employees understand our Mission Statement and Guiding Principles (YANMAR11), which we formulated in 2012, and incorporate them into their daily work, we have been implementing a variety of Mission deployment activities on an ongoing basis. By running events such as Mission workshops, which are held throughout the Yanmar Group, and the YWK Global Convention, where employees present the results of their Kaizen continuous improvement activities, employees encourage each other to learn and praise each other. We aim to change the attitudes and behaviors of employees, increase product lifetime value, and help solve society's problems.

Understanding

### Mission Workshops Around the Globe

To ensure that our Mission Statement and Guiding Principles are properly understood and translated into action by Group employees, in FY2017, 149 Mission workshops were held worldwide for a total of 2,424 participants. The focus was to facilitate group discussion and create opportunities for thinking about future reforms and transformations.



Action

### Enhancing Horizontal Problem Solving and Decision-Making Capabilities

Kaizen activities by Group employees are vital for increasing the value we provide to customers and solving their problems. And to improve cross-functional problem-solving capabilities, we also endeavor to equip them with problem-solving techniques.



Sharing

### Yanmar Group YWK Convention is instrumental in building a corporate culture that encourages people to challenge themselves in new areas

YWK stands for "Yanmar Way by Kaizen," which is an initiative that involves pooling knowledge and working in teams to make improvements in order to strengthen the company and thereby achieve our Mission and Vision. By bringing employees together to collaborate and congratulate each other on their work, YWK aims to create a corporate culture where employees take on new challenges.

At the 4th convention held in 2017, 21 teams selected from a total of 2,815 entrants presented details and results of their Kaizen activities. Since the first YWK in 2013, the number of applicants has increased four-fold. This has had a big impact on creating a culture of improvement and taking on challenges.



Implementation

From Our Employees

### GRASPING THE REAL SITUATION TO DELIVER SOLUTIONS TO CUSTOMERS

Chushikoku Division of Yanmar Agri Japan sells ag equipment and provides after-sales service and maintenance. While our focus was already on providing products and services in the paddy rice value chain, now our activities are much broader. Now they include everything from inspecting produce to shipping and providing a wider range of solutions to customers.

With rice storage and shipping, we were able to provide solutions by collaborating with local companies, however produce inspections required something different. First, we needed to "grasp the real situation". Then we need to take the initiative and find the right solutions for our customers.

While there were a lot of hurdles, we were committed to providing comprehensive services in the rice paddy value chain. Helping our customers succeed is our success. We presented this project at the Yanmar Group YWK Convention and were lucky enough to win. Providing customers with solutions is putting the mission into action.



Hiroaki Masui (left) Ayumi Adachi (right)

Chushikoku Division  
Yanmar Agri Japan

ENVIRONMENT

ORGANIZATIONAL  
GOVERNANCE

HUMAN RIGHTS AND  
LABOR PRACTICES

FAIR OPERATING  
PRACTICES

CONSUMER ISSUES

COMMUNITY INVOLVEMENT  
AND DEVELOPMENT



# CORPORATE ETHICS AND ESTABLISHING STRONG PARTNERSHIPS

## COMPLIANCE

### Our Fundamental Approach

*The Yanmar Group recognizes that instilling a firm awareness of the importance of corporate ethics and legal compliance among Group employees and top management is the basis for building a company that is trusted by society.*

#### Establishing a Legal Compliance Committee for Ongoing Action to Mitigate Risks

We established the Legal Compliance Committee as a specialist subcommittee within the Yanmar Group Risk Management Corporate Committee. We also established an administration within the CSR Division, for the purpose of implementing a compliance program which includes the formulation of standards of conduct, an internal reporting system, and compliance training to further mitigate risks concerning legal compliance.

#### Putting the Yanmar Global Code of Conduct into Action

Every employee and director is expected to comply with the Yanmar Global Code of Conduct. And there are a range of initiatives underway to raise awareness and to ensure compliance. Starting from 2017, we implemented the following PDCA cycle, so that each employee individually makes an effort to ensure compliance: 1. Create compliance plans based on the Yanmar Global Code of Conduct 2. Implement the plan 3. Voluntary compliance inspections 4. Create a plan to make improvements. While this initiative is being carried out by the head office in Japan, cultural norms and laws of the nations that foreign subsidiaries operate in are taken into consideration.

To further this goal, in 2016 we held a Global Risk Management Committee meeting; providing a platform for Yanmar company personnel worldwide to exchange ideas on implementation efforts and future policies. The committee plans to meet regularly to further these initiatives.

#### Ethics Hotline

The Yanmar Group has an ethics hotline. This system is available for use not only by full-time employees but also by advisors, part-time and contract employees, employees on fixed-term contracts, temporary employees, employees contracted via temp agencies, who work for Group companies on an ongoing basis. To make the system convenient to use, contact can be made via a designated toll-free phone number and e-mail address.

Reports are investigated, with the utmost care being taken to protect the identity of the informant, and a decision is made on whether the incident constitutes a compliance violation. In the case where the incident is deemed to be in violation, the employees in question are strictly punished and action is taken to prevent re occurrences.

#### Compliance Training and Public Awareness Activities

In addition to compliance training for new employees and managers, we also provide legal compliance programs for employees being transferred overseas, in order to equip them with the skills to handle compliance issues in the new location. Also, in 2017 we commenced compliance training for division and line managers. The training provides a good opportunity for managers to strengthen and review their knowledge in compliance relating to human resources, trade and harassment.

In addition, we offer online training with our eLearning program launched in 2014. In 2017, 9,348 employees took eLearning courses on the Yanmar Global Code of Conduct, the Antimonopoly Act, and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. 29,459 employees took eLearning compliance courses since their introduction four years ago. The intranet is also used for educational purposes, such as legal case studies, with the aim of raising corporate ethics awareness.

## From Our Employees

### Akio Takeuchi

Human Resources & General Affairs Division  
Power Solution Business, Yanmar Co., Ltd.



#### Putting What I Learned at the Yanmar Global Code of Conduct managerial workshop to Use

In December of 2017, I participated in the Yanmar Global Code of Conduct managerial workshop. We learned about the laws and company regulations that are essential for business, such as the laws relating to harassment and the "36 agreement" of the Labor Standards Act.

In an effort to put my knowledge to good use, I am making sure that our activities are in line with the 11 rules and I am providing training in relation to them. Also, to make sure that these codes are followed by everyone in the Group, I am doing what I can to raise awareness and make sure that employees comply with them. By continuing these activities, we are ensuring that complying with the code will become a part of everyone's daily activities.

## PROCUREMENT INITIATIVES

### Engaging with Suppliers to Deepen Mutual Understanding

#### Communicating with Suppliers

The Yanmar Group is undertaking various measures to enhance communication and deepen mutual understanding with suppliers. We hold a procurement policy presentation meeting at the beginning of the year, explaining our annual and medium-term procurement policy to key domestic and overseas suppliers.

The Procurement Division conducts a fair evaluation of the actions that the suppliers in attendance have taken in the past year in the areas of Q (quality), C (cost), and T (time). The results of these evaluations are presented at the procurement policy presentation. Suppliers who excelled are presented with a letter of appreciation, increasing motivation and mutual sharpening of skills and operations amongst suppliers. The "Seiei-kai," an association comprising of 72 supplier companies of the Yanmar Group, holds a meeting twice a year to discuss general business activities. Yanmar utilizes these meetings to provide information on the production activities and business matters of the Yanmar Group in order to

encourage suppliers to engage in smooth production to secure stable procurement.



FY2018 Yanmar purchase policy briefing

#### Supply Chain Management

The Procurement Division selects several domestic and overseas suppliers each year on the basis of Q (quality), C (cost), and T (time) and provides instructions for improvement. Furthermore, since FY2007 we have been promoting YWKS activities to reinforce suppliers' networks and partnerships to improve product quality, enhance productivity and reduce inventory. We also conduct periodic checks for suppliers to find where they source their supplies, alongside conducting checks to ensure that they are not using conflict minerals. For the export of products and spare parts, we undertake trade control measures in accordance with various domestic and overseas laws and regulations.

#### Conflict Minerals

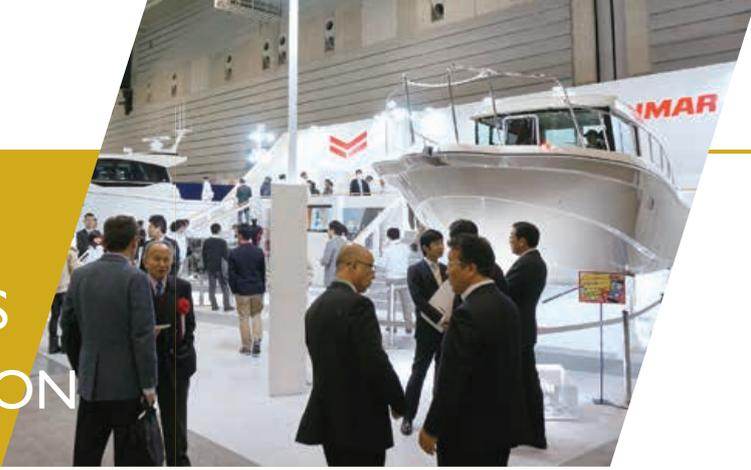
The Yanmar Group regards conflict minerals as a key CSR issue. Their purchase can give rise to social problems including human rights and environmental issues. We prohibit the use of conflict minerals and ask our suppliers not to use conflict minerals and cooperate with us in our investigations of our supply chain. While the Yanmar Group is not obligated to submit a report concerning the use of conflict minerals to the U.S. Securities & Exchange Commission under the adopted rules enacted under Section 1502 of the Dodd-Frank Act, we have previously received inquiries from our U.S. and Japanese business partners that are obligated to do so, and in the second half of 2013 we conducted an investigation on our tier-one suppliers. We carried out the investigations using the CFSI\* template and reported the results to the companies that had made inquiries. From 2018 onwards, the Yanmar Group will continue to work with our suppliers to eliminate conflict minerals in Yanmar's products.

\*The Conflict-Free Sourcing Initiative was established by non-profit organizations EICC and GeSI to accelerate social and environmental responsibility and efficient sharing of information relating to conflict minerals.

#### Education and Awareness Concerning Purchasing

To fully comply with Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, Yanmar's Procurement Division provides education on the act and on our procurement regulations to all members on a yearly basis. Training on the actual procurement activities (Q, C, T) for all division members is conducted to improve the skills of persons in charge of specified areas and prompt the sharing of information and knowledge to ensure that our procurement activities are conducted fairly.

# PROVIDING SAFE, HIGH-QUALITY PRODUCTS THAT DELIVER SATISFACTION



## Our Fundamental Approach

The first priority of the Yanmar Group is finding ways to address the needs and resolve the challenges faced by our customers around the world, by considering 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 faced by our customers. In line with our TQM (total quality management) program, all of our employees endeavor to continuously improve quality through initiatives such as QC (quality control) circles.

At each stage of product planning, development, manufacturing, sales and after-sales service, Yanmar has implemented systematic activities aimed at confirming product safety and quality. At Yanmar we devised our own occupational health and safety standards to further ensure adherence to laws and requirements at home and abroad. We perform stringent risk assessments and design reviews at each stage of product development, identifying any risks before they occur, and checking the quality and safety from multiple angles.

To prevent harm to people's health and the environment and to ensure that we can effectively deliver reliable products to customers, we created a guideline for quality assurance at each stage of the development process. We take a look at each task in every phase from product development to manufacturing. We analyze each task to see whether it harms the environment or whether it complies with environmental and other laws and regulations.

## THE PURSUIT FOR HIGHER QUALITY

An Integrated System that Ensures Quality and Safety

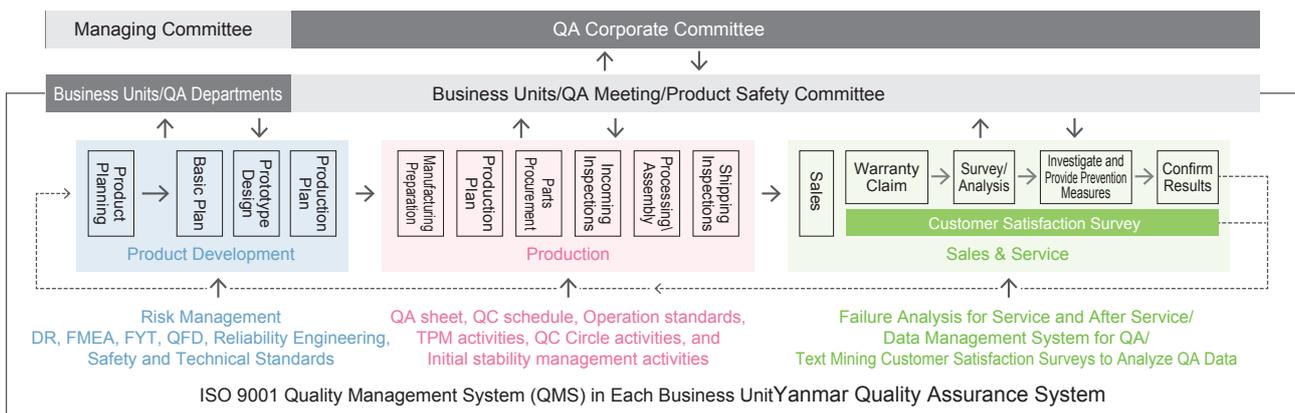
With our integrated QA system, the quality assurance department in each business unit acts as the central point of contact; joining all areas of business activities from product planning and development to production, sales and service. Our quality analysis center strengthens functions for both standardizing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

In 2017 we revised our system for assessing quality compliance, in order to achieve our goal of no QA cases. After confirming the requirements for each product type in accordance with applicable laws for products and services, the data is then shared with the QA Corporate Committee.

Also, we encourage domestic and international business units to carry out audits in relation to quality. Audits are broken down into seven categories: compliance categories, new products, outsourcing and manufacturing processes of manufactured goods, procurements, modification management, and market information relating to product compliance. After audits are carried out, business units look at ways to make improvements.

We have also obtained ISO 9001 certification at 30 of our business units within Japan and internationally.

## Yanmar Quality Assurance System



## Monitoring and Analysis for Early Detection of QA Issues

In order to detect problems related to quality at an early stage, Yanmar has set up systems for monitoring and analyzing data on QA related matters. Those systems are YTIS in Japan and e-Claim, Warranty-pro and OEM data for international markets. These systems accelerate processes for collecting information and identifying major problem areas. A detailed analysis of all of the data related to any issues is then conducted and the respective business department in charge receives feedback concerning the relevant data. This system facilitates the stable management of new products from the outset and prevents any recurrences or escalations of quality problems.

## Delivering Top Quality Solutions

The third QA Forum was held on November 07, 2017 at a hotel in Osaka, Japan and on August 2 at the Amagasaki Factory in Japan. The forum provides an opportunity for employees from R&D, manufacturing, quality assurance and quality control to get together and discuss ways that they can ensure a high level of quality.

82 employees attended the event. Most were mid-career professionals whose work involved quality assurance. At the forum, employees provided informative presentations and presentations relating to quality improvement initiatives. Participants also took part in group work and took a tour of the Amagasaki Factory. Group work activities proved to be an effective way to improve communication in the areas of information management and providing others with relevant information. We will continue to hold these forums to ensure that Yanmar delivers the highest quality to customers.



Group work

## 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. In this way we are continuing to make improvements to our compliance with recall regulations.

1. In order to further reduce the incidence of recalls, in fiscal 2017 we began implementing the following key measures to improve quality. A new SEAQ system to enable faster detection and corrective action of major quality related issues. Yanmar plans to use the system for all of our products. The system was introduced in China and South East Asia in FY2017. To use the system in all domestic business units in fiscal-year 2018, we are moving forward with design and development.

2. The planning and provision of QC assessment training for providing practical QC education in line with Group and business policies. For levels one to three, 159 persons passed the training in FY2016 with a total of 1,006 persons since FY2011.

### Trends in No. of Recalls<sup>\*2</sup>

Fiscal Year	2013	2014	2015	2016	2017
No. of Recalls	6	7	3	7	7

Important notifications concerning quality  
[www.yanmar.com/global/news](http://www.yanmar.com/global/news)

<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

## From Our Employees

### Yasuhiro Shimada

Customer Support Div.  
 Yanmar Marine System



## Listening to Customers and Eliminating Quality Issues Even if They're Small

Every year our customer support holds QA meetings with sales divisions to get an insight on quality issues that customers find. At this meeting employees from sales and service at branches and employees from QA and R&D get together and look at ways that they can provide solutions for quality issues that customers informed us about. After the meeting customer support and quality assurance divisions at factories have follow-up meetings to look at ways that they can solve any remaining issues. The best way to solve quality issues is to find out about them as quickly as possible from customers. Then get R&D, manufacturing and sales to work together to find solutions. We will continue to listen to our customers and find solutions.



# A UNIQUE APPROACH TO COMMUNITY SERVICE BASED ON MOVING FORWARD AND LIVING TOGETHER WITH THE LOCAL COMMUNITY



## Our Fundamental Approach

*The Yanmar Group Considers Community Involvement to be an Important Part of Sustainability. We work with communities where our operations are to find if there are any ways that our operations have a negative impact on the community and rectify any problems that are found. In addition to providing education to the next generation and environment protection, we also take part in community activities, disaster recovery efforts, international culture events, job creation and employment support.*

## CONTRIBUTING TO EDUCATION AND CULTURE

### Supporting Education in Various Ways to Help Nurture the Next Generation

#### KidZania Koshien 'Farmers Center' Pavilion

Out of our desire to give children the experience of farming in the future, Yanmar opened the Farmers Center pavilion in KidZania Koshien\*. The pavilion is a stylish and exciting way for children to learn about the future of food production. Yanmar hopes that some of the children who visit the pavilion may one day themselves become involved in as farmers in food production.

\*KidZania Koshien is an edutainment-style facility where children can experience different job types, learning in the process about how society works. "Edutainment" is a word combining education + entertainment.



Children can experience farming in a fun way at the pavilion

#### Children's Painting Exhibition

Yanmar wants to help children discover the wonders of rural life, while also encouraging greater interest in land and water.

The National Federation of Land Improvement Associations (and the prefectural land improvement associations that are its members) hold an annual painting contest for children based on the theme of 'Rural Life: Rice Paddies and Streams' and Yanmar is an enthusiastic supporter of the contest.

8,069 children applied for the 18th contest held in 2017. 204 children were selected and 25 were awarded Ministry of Agriculture, Forestry and Fisheries awards. The Yanmar prize went to a second-grade student, Kazuki Komura from Hofu Shiritsu Mure Elementary School, Yamaguchi prefecture, Japan for his entry titled 'Picking Yummy Vegetables with my Grandad and Brother.'



Artwork by Kazuki Komura from Hofu Shiritsu Mure Elementary School, Yamaguchi prefecture, Japan  
"Picking Yummy Vegetables with my Grandad and Brother"

#### Call for Participants: Yanmar Student Prize Essay Contest

Since 1990, Yanmar has been receiving thesis and essay submissions for the Yanmar Student Prize Essay Contest. The contest is aimed at promoting the free discussion of ideas amongst the younger generation, who will lead our future in regards to the future of farming and farming communities. The theme for 2017, the 28th year that the contest was held, was the same as the year before: 'Transforming Agriculture into a Food Value Chain'. Submissions were sent from all over Japan, with a total of 61 theses and 689 essays. The winning thesis was about creating new agribusinesses and creating opportunities in local communities. It gave an example of Komenoma in Yokonechiku, Uonuma, Niigata prefecture, Japan. The thesis was written by graduate student, Shogo Takada of Keio University who is studying media design. The winning essay was about returning a favor to the local community by planting flowers. It was written by Ryohei Narukawa who is studying horticulture at Oita Junior College.



Meeting to present winners of the Yanmar Student Prize Essay Contest

## COMMUNITY ACTIVITIES

### Providing Support and Engaging in Activities Rooted in Local Communities

#### Supporting the Incorporated NPO Umeda Honey Bee Project

Yanmar provides support to the Umeda Honey Bee Project; an urban bee-keeping initiative that began in 2011 following a proposal from employees. Bees pollinate urban trees and flowers, helping them to produce fruit. Wild birds eat the fruit and take the seeds they have eaten away to other places, where new trees and plants can grow. This project helps communicate the essential role that bees play in the ecosystem chain, and promotes the expansion of green spaces in the area. This resonates with the business of Yanmar, which involves promoting continuous development in harmony with nature. This project has also tied the project in with its other CSR activities performed by Yanmar in the area. Beehives are installed in the garden located in the center of the Premium Marché Osaka cafeteria in the head office building. Not only do we take care of the bees, but we also invite children in from nearby elementary schools to teach them about the ecology of honey bees.



Learning about bees

#### Community Events at Yanmar Head Office Company Cafeteria

Yanmar head office which is located in Chayamachi, Kita ward, Osaka, Japan participated in the 2018 Challywood event. At this community event, Yanmar held workshops at its Premium Marché Osaka company cafeteria in May of 2018. At this event corporations, schools, commercial facilities and a television station get together to promote the Chayamachi community. Since 2015, Yanmar has been the biggest corporate contributor.

In 2018, vegetable expert, Tohiponda provided vegetable workshops and Starbucks provided workshops as well. On the ground floor, Premium Marché held an open-air market and our Bull utility vehicle was on display. In a separate area, Cerezo Osaka school coach provided soccer practice and kick target.



Workshop on rice and coffee



Vegetable class by vegetable expert, Tohiponda

#### Yanmar Joins Dairinkai for Environmental Conservation Activities

Yanmar participates in environmental conservation activities through Dairinkai, an association of corporations based in the Kansai region of Japan. Dairinkai plants flowers, plants and trees around Osaka. For the last ten years, they have been making the park at Izumi Kyuryo Ryokuchi greener. 153 people from Dairinkai have worked together with Osaka prefecture and an Izumi Kyuryo Ryokuchi park volunteer group to provide bamboo maintenance at the park. Yanmar provides training to volunteers, so that they have the necessary knowledge and skills for the job. We also provide flower seedlings and park maintenance. We also donated heavy equipment to the club in the past. Yanmar will continue working with local companies and citizens of Izumisano city to look after the park.



Working to maintain the bamboo forest



Carrying Out Relief Activities for the Disaster Area Due to Heavy Rain in July 2018

Yanmar Group provided support to Onomichi City, Hiroshima Prefecture and Kurashiki City, Okayama Prefecture, cities that were affected by the record breaking “heavy rain in July 2018” in West Japan that lasted from June to July 2018. In Onomichi City, Yanmar Agri Japan (YAJ) Chubu Kinki branch office carried out transportation activities of 6,480 two-liter drinking water bottles, 3,600 meals of alpha rice, 1,000 bags of water supply bags as emergency relief supplies. This activity was conducted based on an agreement relating to distribution when disasters occur between YAJ and Moriyama city, Shiga prefecture in December 2017. Regarding this activity, Moriyama city has received comments from Imabari, Ehime Prefecture (where the disaster mutual aid agreement was signed) about whether or not it is possible to supply drinking water and other supplies to Onomichi, Hiroshima prefecture, the sister city of Imabari city. Moriyama city then asked the Chubu Kinki branch office of YAJ to collaborate with them.

The Chubu Kinki branch office (YAJ), which received the request on July 9, formed a transportation team (one 7-ton truck, one 5.6-ton truck, and four drivers) on the same day at 18 o'clock and delivered supplies to Onomichi city the following day on the 10th. For the prompt support in transporting goods, Mayor Moriyama expressed appreciation and presented a thank you letter on August 6.

Through collaboration with Bio Innovation Center Kurashiki Laboratory, Research & Development Center and Yanmar Construction Equipment, Yanmar donated 5 floodlights and 5 generators to Kurashiki city which were used for recovery work at the disaster site. Regarding the support, the relief process took a lot of time and effort because Kurashiki city did not have a single light tower and carried out recovery work such as embankment during the night. We also donated generators for citizens living in temporary houses. From now on, Yanmar Group will continue to support the affected areas at the time of disaster while strengthening ties with the region.



Transporting supplies such as drinking water to Onomichi city, Hiroshima prefecture



Donating floodlight and generator to Kurashiki city, Okayama prefecture

Holding a Summer Festival Commemorating the 100th Anniversary of Our Foundation —Yanmar Casting Technology—

To welcome the 100th anniversary of the establishment, Matsue Division of Yanmar Casting Technology organized Summer Festival 2018 in August 2018 in Matsue, Shimane Prefecture where 1000 guests attended.

As part of the 100th anniversary commemoration project, family members of the employees and local residents also attended as an opportunity to know more about the company, and as a place to convey the fun of manufacturing and the appeal of industry to children. Plant tours and workshops were also held for children.

During the plant tours, we showed our cylinder blocks and pistons for processing, and received a series of enthusiastic questions about our products and factories from the participants. In the children’s casting classroom, after learning about the history of the castings related to Shimane and the casting process, we challenged the children to make their casting. Meanwhile, Matsue Internal Combustion Engine Co., Ltd. and Matsue Diesel Co., Ltd. started the development and manufacture of marine diesel engines, including a 100-year-old burning engine manufactured at the Fukushima Machine Works, the predecessor of Matsue Division. Approximately 80 units of oil engine and diesel engine reminiscent of the time were brought in and attracted engine enthusiasts from the Chugoku, Shikoku and Kyushu regions at the invitation of the Shimane Motor club which also held a grand operation show. This event was held with the support of the Board of Education of Matsue City, Yasugi City and Yunnan City.



Touring the Factory



Casting Classroom for Children



Engine operation show

## Yanmar is Contributing to Society Across the Globe

### ■ North America and Latin America

#### Conducting Work Experience Activities for Students of Kennesaw State University —Yanmar America Corporation—

Yanmar America cooperated with the workplace experience activity at the company that Kennesaw State University undertook and accepted four students who studied engineering at the university. The students learned various steps of the production process. As well as being an opportunity for students to think about their own career through actual workplace experiences and exchanges with employees, it allows many students in the community to know about the existence of Yanmar America.



Students who participated in workplace experience activities

### ■ Europe

#### Supporting IVA Driebergen Team to Participate in the Sailing Event —Yanmar Marine International B.V.—

In April 2018, Yanmar Marine International sponsored the IVA Driebergen Team participating in The Race of the Classics, a sailing event held in the Netherlands, in collaboration with VETUS from the Yanmar Group. This event, celebrating the 30th this year, is a student race between the Netherlands and the UK for a week by classic sailing and about 500 students from the Dutch oceanic university participated. Through the sponsorship, students' activities were supported but it was also an opportunity for the students to know and gain interest about the business activities.



Students of the team who organized the sponsor support

#### Accepting Students from Local Technical High Schools to Organize Plant Tours —Yanmar Italy S.p.A.—

Yanmar Italy accepts 1 or 2 class students each year from the local industrial high school Istituto Facchinetti specializing in mechanics and engine manufacturing, and conducts plant tours for the students. It has donated 2 scrap engines for the school which can be used as learning materials and are currently used in classes.

### ■ Asia Pacific

#### Repairing Playgrounds for Elementary Schools in Feidong in Anhui District —Yanmar Agricultural Equipment (China)—

Yanmar Agricultural Equipment (China) has repaired playgrounds for elementary schools in Feidong district, Anhui province, presented teaching facilities and 50 sets of learning materials, worth 43,000 yuan in May 2017. These schools are only operated based on students' tuition fees and are not equipped with teaching facilities or associated infrastructure. Therefore, Yanmar Agricultural Equipment (China) consulted with school officials and supported the repair of related infrastructures for students because of their passion for sports.



Repairing the rural elementary schools' playgrounds

#### Jakarta Japanese School Students Gain Work Experience —PT. Yanmar Diesel Indonesia—

Yanmar Diesel Indonesia has accepted three second-year students of Jakarta Japanese Secondary School for work experience in February 2018. Through observing the actual equipment of agricultural machinery as well as visiting the assembly line at the plant, they experienced the removal and installation of the water cooled horizontal single cylinder diesel engine. Listening to positive impressions from participating students such as "I am very happy when the engine starts safely" or "In the future, I would like to implement useful works for everyone overseas", presents a very meaningful work experience for the students.



Students trying to assemble engine parts

#### Collaborating with an NGO to Perform Clean-Up Activities on the Beach —Yanmar Kota Kinabalu R&D Center SDN. BHD.—

In December 2017, Yanmar Kota Kinabalu R&D Center collaborated with NGO, Trash Hero Borneo to clean the beach in Sabah Kota Kinabalu and collected 853 kg of garbage. This activity not only beautifies the area, but also becomes a great opportunity for employees to deeply understand the importance of CSR (corporate social responsibility) and the environment.



NGO staffs and employees who cleaned the beach

## THIRD PERSON PERSPECTIVE

### IMPRESSIONS FROM READING THE 2018 YANMAR CSR REPORT

The CSR Report 2018 follows last year's style which consists of a special section that introduces the activities leading to the "Four Future Visions" which embody the brand statement A Sustainable Future, followed by a general report. It can also be seen that there has been a lot of work on improving the content.

The first thing that can be noticed is that the gathering of feature articles corresponding to the Four Future Visions: energy-saving, safe and secure work, food safety, rich society; and each vision value creation story "realizing the maximum prosperity using the minimum resources" is associated with the SDGs. By linking the SDGs with the pursued Future Visions, they portray a forward-looking attitude that regards the SDGs as the goals to be achieved through business, rather than a recognition tool for social problems.

Regarding the contribution to food safety, the activities of: supplying added value from hard core ag equipment; supporting producers through the expansion of new uses of rice; entering the sharing service industry to expand the base of marine pleasure needs; all these efforts leave the impression that the company is constantly challenging in an attempt to change its business model.

In addition, clarifying the synergy between the company's social contribution activities and the core business activities by reconsidering the contributions to the Four Future Visions such as Next-Generation Development and Culture Cultivation is a feature of this report. Both have conveyed the concept of "solving social problems through providing solutions" which is emphasized in the President's Message. Indeed the message has an excellent composition and rich in the message.

The continual focus on the mission statement deployment can be also considered as a feature of this report. The mission deployment activities which have been ongoing since 2012 have reached the practical stage starting last year. In this report, a glimpse of the results can be seen through the voices of all the employees which have been emphasized throughout the report. Seeing the tightening of environmental regulations as a chance to realize the company's brand statement rather than a threat, and solving customer issues by establishing a paddy value chain are both seen to be very impressive in the progress of the activities carried out.

This report has been enriched in content, but it is a pity that "Group Environmental Vision 2030" is newly-formulated and does not seem to make full use of the long-term vision. It seems more appropriate for Yanmar to make a powerful message by providing more innovative solutions in solving social problems for 2030 instead of just setting CO<sub>2</sub> intensity reduction targets given the context of contributing to the Four Future Visions associated with the SDGs. From the perspective of emphasizing results, it would be beneficial to see the KPI development such as introducing the mission retention rate at the global level. I look forward to seeing further advancements as a communication tool.



Mr. Keisuke Takegahara

Deputy Chief Research Officer  
Development Bank of Japan Inc.

#### PROFILE

After graduating from the Faculty of Law at Hitotsubashi University, Mr. Takegahara joined Japan Development Bank (now the Development Bank of Japan Inc.). He took up his current post after serving for a period in Frankfurt and becoming the Bank's environment/CSR chief. He is also joint chairman of the committee for Japan's Ministry of the Environment's "Principles for Financial Action towards a Sustainable Society," and a member of the Ministry of the Environment's study group on investments that takes account of issues relating to sustainability, in addition to being a member of the Cabinet Secretariat's environmental model city working group. He has also written numerous books, such as "How to Tackle Climate Change Risk" (in Japanese only, coauthored with the Kinzai Institute for Financial Affairs, Inc., 2014).

### Our Response to the Third-Party Opinion

Once again we are sincerely grateful to receive the third-party opinion provided by Keisuke Takegahara of the Development Bank of Japan. Thank you very much!

Regarding the value creation story that leads to the Four Future Visions that we drew up in the Feature Article "Achieving A Sustainable Future" introduced last year, this year we have received evaluation on the following points: Links to the SDGs, the pursuit of the "new food richness" goal, and the challenge of new sectors such as the boat sharing business.

We have long pursued sustainability and worked on solving social problems through our business. We will continue to make

efforts aimed at realizing A Sustainable Future and contribute to achieving the goals of the related SDGs.

On the other hand, we would like to discuss the "Group Environmental Vision 2030" that has been pointed out, taking into consideration of our company's situation, the social trends, and review this quantitatively. We are thankful for the opinions we received. We will continue to work on overcoming the challenges that society faces.

Takehito Suzuki  
Representative Director, Executive Vice President  
Yanmar Co., Ltd.

# Yanmar Group Profile (March 31, 2018)

## Company Profile

Company: Yanmar Co., Ltd.

Head Office: Yanmar Flying-Y Building 1-32, Chayamachi,  
Kita ward, Osaka, Japan, 530-8311

Tokyo Branch: Akihabara UDX North Wing 18F and 13F,  
4-14-1 Sotokanda, Chiyoda ward, Tokyo, Japan, 101-0021

Founded: March 1912

Capital: JPY 6.3 billion

President, Chairman and Representative Director: Takehito Yamaoka

Net Sales (FY 2017): JPY 766.1 billion (consolidated),  
JPY 362.7 billion (Yanmar Co., Ltd.)

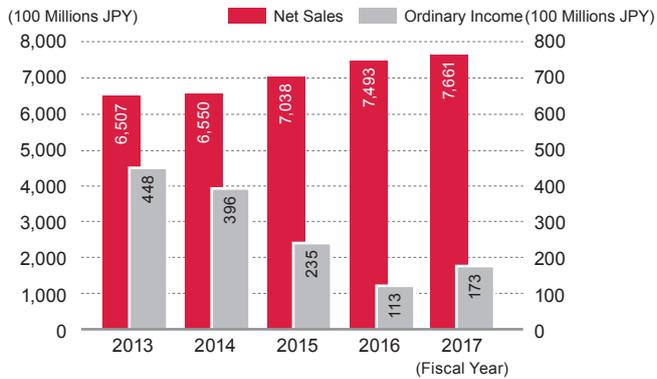
Employees: (as of March 31, 2018) 19,642 (consolidated), 3,695 (Yanmar Co., Ltd.)



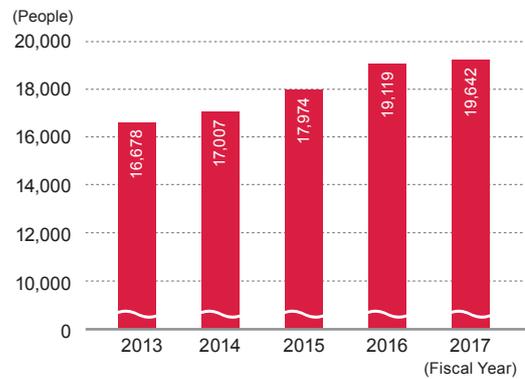
Yanmar Flying-Y Building

## Major Indicators

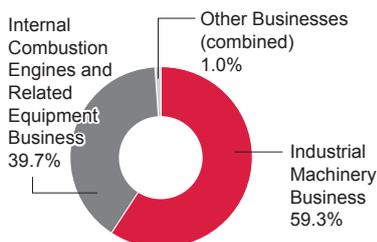
Consolidated Net Sales and Ordinary Profit



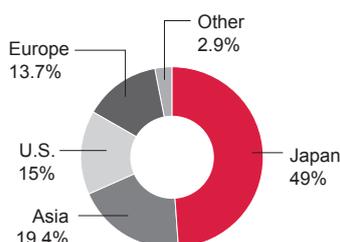
Employees (consolidated)



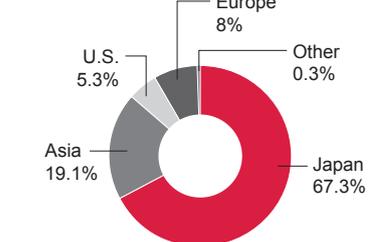
Consolidated Sales by Segment (FY 2017)



Consolidated Sales by Region (FY 2017)



Employees by Region (March 31, 2018)



## Facilities

### Yanmar Holdings Co., Ltd.

#### Yanmar Co., Ltd.

- Tokyo Head Office
- Tokyo Branch
- Research & Development Center
- Biwa Factory
- Kinomoto factory
- Kinomoto Factory (Omori Site)
- Ibuki Site
- Nagahama Site
- Amagasaki Factory
- Tsukaguchi Factory
- Global Human Resources Development Institute
- Bio Innovation Center Kurashiki Laboratory
- Yanmar Marine Farm
- Yanmar Museum

#### ■ Representative Offices

- Yanmar Holdings Co., Ltd. Turkey Liaison Office
- The Representative Office Of Yanmar Co., Ltd. In Can Tho City
- Yanmar Agricultural Research Institute - IPB

## Domestic and International Affiliated Companies

### Japan

#### ■ Agricultural Businesses

- Yanmar Agribusiness Co., Ltd.
- Yanmar Agricultural Machinery Manufacturing
- New Delta Industrial Co., Ltd.
- Yanmar Agri Japan Co., Ltd.
- Yanmar Green System Co., Ltd.
- Yanmar Heli & Agri Co., Ltd.
- Yanmar Agri Innovation Co., Ltd.
- Rice Technology Kawachi Co., Ltd.
- Farm Eye Co., Ltd.

#### ■ Construction Business

- Yanmar Construction Equipment

#### ■ Energy System Business

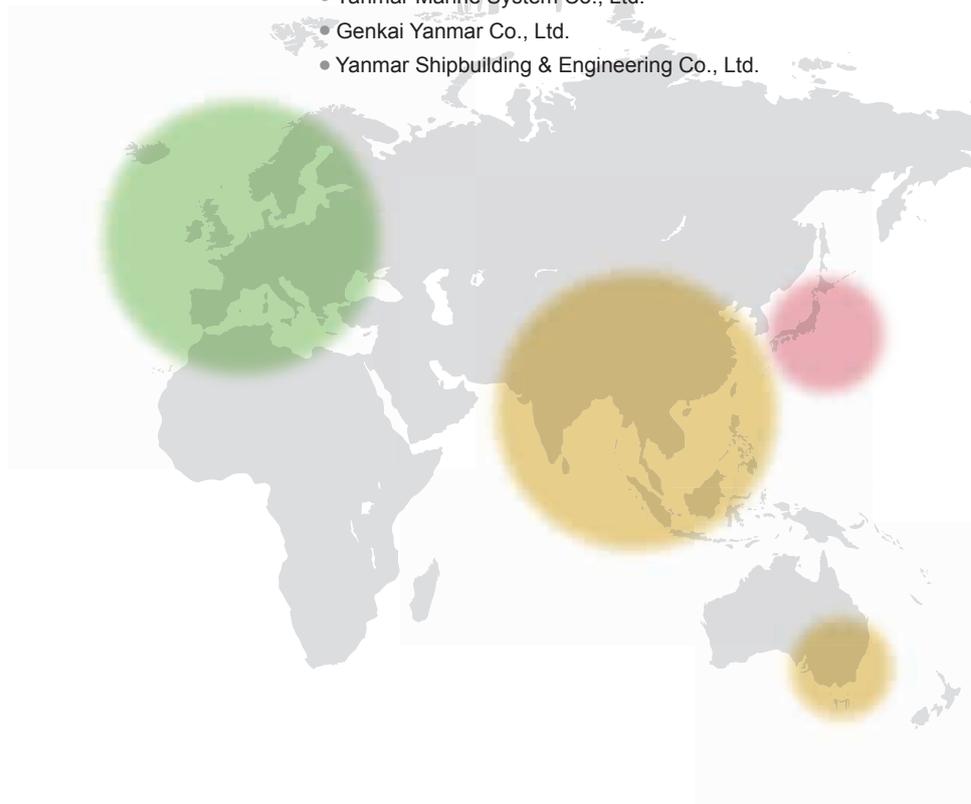
- Yanmar Energy System Co., Ltd.
- Yanmar Energy System Mfg. Co., Ltd.
- Yanmar Power Generating System Manufacturing Co., Ltd.

#### ■ Engine Businesses

- Yanmar Casting Technology Co., Ltd.
- Yanmar Engineering Co., Ltd.

#### ■ Marine Business

- Yanmar Marine System Co., Ltd.
- Genkai Yanmar Co., Ltd.
- Yanmar Shipbuilding & Engineering Co., Ltd.



## ■ Component Business

- Kanzaki Kokyukoki Mfg. Co., Ltd.

## ■ Others

- Yanmar Okinawa Co., Ltd.
- Yanmar Sangyo Co., Ltd.
- Yanmar Credit Service Co., Ltd.
- Yanmar Production Support Co., Ltd.
- Yanmar Information System Service Co., Ltd.
- Yanmar Business Service Co., Ltd.
- Yanmar Technical Service Co., Ltd.
- Seirei Total Service Co., Ltd.
- Kowa Company, Ltd.
- Yaesu Shopping Mall Co., Ltd.
- Seirei Kosan Co., Ltd.
- Cerezo Osaka 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 Symbiosis Co., Ltd.
- Estir Co., Ltd.

## North & South America

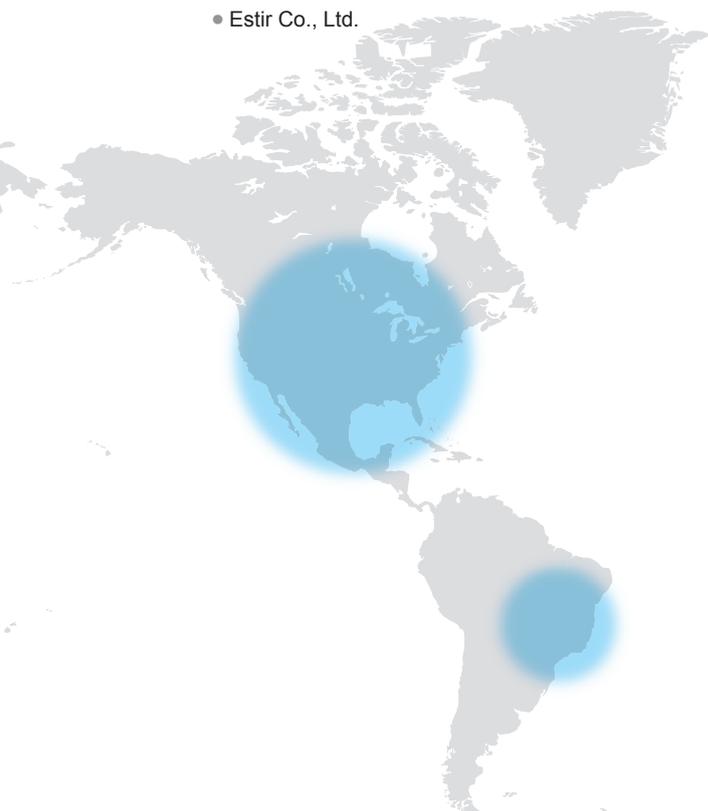
- YANMAR AMERICA CORPORATION
- TUFF TORQ CORPORATION
- TRANSAXLE MANUFACTURING OF AMERICA CORPORATION
- MASTRY ENGINE CENTER LLC, A YANMAR COMPANY
- YANMAR MARKETING AMERICA.LLC
- YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS LTDA.

## 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

## Asia-Pacific

- YANMAR MANAGEMENT (SHANGHAI) CO., LTD.
- Yanmar Engine (Shanghai) Co., Ltd
- Yanmar Engine (Shandong) Co., Ltd.
- Yanmar Agricultural Equipment (China) Co., Ltd.
- Harbin Yanmar Agricultural Equipment 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**

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