



YANMAR

**Leadership's Message /
Sustainability and SDGs**

2023

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President's Message

For a sustainable future

We have finally overcome the worst stage of COVID-19 and for the most part, life has returned to normal. However, Russia's prolonged invasion of Ukraine still poses a high risk of affecting the economy and management, including supply chain disruptions, rising raw material and fuel prices, rising logistics costs, and rapid inflation.

On the other hand, when we look at the global environment in which we live, there are many social issues such as food shortages, increased energy demand, and climate change, and many companies are being asked how to deal with these issues.

At Yanmar Group, our purpose is to create "A SUSTAINABLE FUTURE – New Value through Technology –" by realizing the **four prosperous societies** set forth in Our FUTURE VISION. At Yanmar, we hold the belief that a new form of prosperity emerges when both nature and humanity thrive together. We are committed to providing solutions that help our customers overcome challenges and contribute to the creation of a more prosperous society.



Takehito Yamaoka
President & CEO
Yanmar Holdings Co., Ltd.

Our purpose is defined by overcoming challenges

To realize our purpose, Yanmar Group is working on the "YANMAR GREEN CHALLENGE 2050 (YGC 2050)" and "HANASAKA."

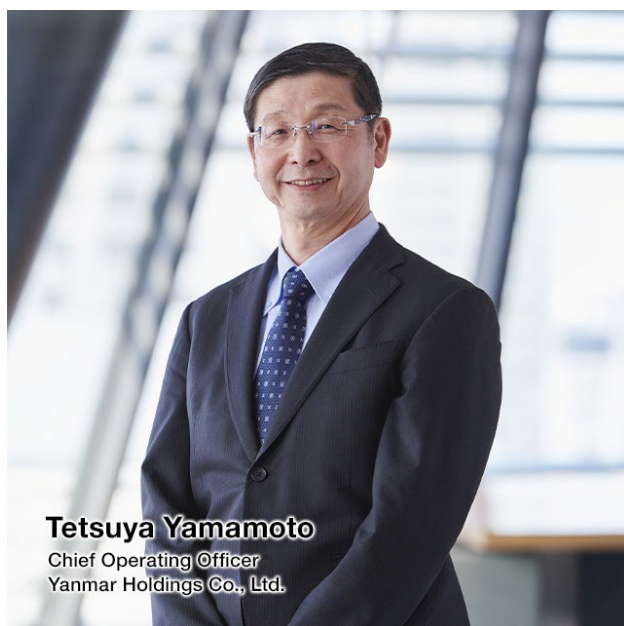
"YGC 2050" is a new environmental vision that declares that by 2050, we become a GHG-free company whose operations have no negative impact on the environment. In addition to carbon neutrality, we will also promote reductions in waste and water resource usage through recycling.

"HANASAKA" is a value of Yanmar nurturing people and the future by believing in people's potential and supporting them to take on challenges. Based on these values, we have established a system to encourage those who take on challenges without fear of failure, as well as those who support those challenges, and have begun efforts to foster this in our corporate culture. Through initiatives like this, we aim to pass down infinite possibility from generation to generation in a variety of fields, fostering opportunities to shape the future.

As a company that continues to create value in society

To foster prosperity, our focus must be on creating new value by overcoming the challenges that our customers and society face. In addition to "YGC2050" and "HANASAKA", we will continue to work together as one group, creating new value in an effort to fulfill our mission.

Chief Operating Officer's Message



Solving issues in society is our purpose

110 years ago, founder Magokichi Yamaoka, was the first in the world to succeed in downsizing and putting a diesel engine into practical use, in an effort to reduce the arduous work of farmers. Based on the philosophy of "To Conserve Fuel Is to Serve Mankind", Yanmar's diesel engines were able to reduce labor thereby enriching rural areas. These values remain as a central theme in our brand statement "A SUSTAINABLE FUTURE – New Value through Technology," which we declared on our 100th anniversary. Our purpose is to solve issues in society, leading to a sustainable future.

The business areas that we should focus on are the fields of "food production" and "energy conversion" as stated in our mission statement. It is estimated that the world's population will reach approximately 9.7 billion people in 2050. But as the agricultural population decreases and the area of cultivated land shrinks, labor-saving agriculture will be needed to

meet the food demand of that many populations. A more efficient and sophisticated solution is needed. Additionally, energy demand continues to increase, especially in urban areas. The risk of climate change is increasing year by year, and there are expectations for the use of ammonia, methane, hydrogen, etc., as well as a shift to electrification.

It is imperative that Yanmar play a vital role in overcoming these challenges. Promoting sustainability is extremely important in our business areas. As this does not always produce results in the short term, we will boldly take on the challenge with a mid- to long-term perspective, similar to investing in product development. By gaining experience first, we can increase our competitive advantage and quickly resolve issues faced by customers and society.

In addition, in order for sustainability to be translated into practice rather than just a slogan, it is essential to change the mindset of not only executives but also employees. To achieve this, I believe that conversation is important. With managers properly translating the company's vision and policies and communicating with their employees, we can gain empathy and understanding. Results will come naturally.

The same importance on conversation must be applied to the supply chain too. In January 2023, we established the Supply Chain Code of Conduct and requested all suppliers to cooperate with respect to social responsibilities, such as respect for human rights, occupational health and safety, and environmental protection. By establishing standards for conversations, we have created an environment in which we can clearly say no to anything that goes against Yanmar's idea of sustainability. From now on, the materials department of each operating company will take the lead in having conversations with suppliers.

Challenges in the food and energy fields

In modern society, where a variety of information is spread globally, the commoditization of all products and services is accelerating. At Yanmar, it is becoming difficult to differentiate ourselves from other companies by simply manufacturing products, and we believe it is important to listen carefully to what our customers are having trouble with on the ground. We are returning to our roots in "creating customer value" and are working to create a win-win relationship between our customers and ourselves, working together to solve problems.

In relation to food, Yanmar is involved not only in the production of agricultural products, but also in the

processing, distribution, and sales of agricultural products. We are working on activities to develop a "food and agriculture industry" by supporting the entire food cycle, adding to the sector's appeal. For example, we are working to return compost made from food waste to farmland. Also, in an effort to minimize waste Yanmar purchases agricultural products from farmers that would otherwise be difficult to sell and makes use of them in our employee cafeteria. We have also proposed a variety of smart agriculture solutions, such as SMARTASSIST and robotic/autonomous tractors. We are currently developing small agricultural machinery with an electric powertrain, and plan to launch it on the market by 2025. Small agricultural machines are sometimes used in garden greenhouses, and electrification can reduce the impact that emissions have on crops and the health hazards of farmers. Additionally, we are conducting trials of SMARTASSIST in collaboration with governments and our distributors in Asian countries.

In the energy field, we are working to achieve carbon neutrality as part of the "YANMAR GREEN CHALLENGE 2050" activities formulated two years ago. Our strength in diesel engines is our efficient engine technology based on combustion and reciprocation. The problem with achieving carbon neutrality is not the engine itself, but the fact that it burns fuels that contain carbon. Hydrogen is considered to be a promising alternative.

A hydrogen pipeline is already in operation in Germany, and we have commercialized a gas engine cogeneration system that can co-combust up to 40% hydrogen. Furthermore, in September 2023, we opened YANMAR CLEAN ENERGY SITE, a facility for trialing hydrogen power generation systems in Okayama Prefecture, Japan. We provide the public with the opportunity to see the actual systems in action, including the hydrogen fuel cell power generation system scheduled to be released in 2024, delivering optimized energy solutions to our customers. We are also progressing with the development of electrification using batteries and motors. The challenge of electrification is to control the powertrain in a well-balanced manner, and here too we can make use of our powertrain optimization technology.

Diversity and Inclusion

As we move forward with our global strategy, it is essential to promote "diversity and inclusion" in order to develop personnel that can adapt to any location around the world, regardless of nationality, culture/religion, gender, or age. We have been working on the localization of our RHQs from an early stage, and currently many of our RHQs are headed by local personnel.

In Japan, the Human Resources Division's Diversity Promotion Group plays a central role in promoting diversity within the company, with measures such as active participation of women in the workforce and encouraging men to take childcare leave.

First spread HANASAKA spirit in the company

At Yanmar, we uphold values that recognize the potential within every individual and encourage them to take on challenges. These values are still the driving force behind our initiatives. We have named this value "HANASAKA" as a symbol of Yanmar's uniqueness and are promoting measures such as human resource development. First, we will deepen our employees' understanding of what "HANASAKA" means to them within the company by continuing to hold workshop activities around the world. In addition, we will create an environment where employees can thrive, with a system that applauds the initiatives of motivated individuals, irrespective of their years of experience or tenure with the company.

Sustainability

Consumers now have a strong tendency to choose more sustainable products, and we are living in an era where they choose companies that provide such products and services. Having sustainability in mind, we will first work on "carbon neutral," and we want all of our employees to feel that the results will lead to solving customer issues and, by extension, social issues. Yanmar will refine various technologies and provide solutions that can contribute to society in the food and energy fields. We will continue to work diligently on sustainability in order to continue to be the first choice of our customers and society.

Sustainability and SDGs

Yanmar's policy towards contributing to a sustainable society

Our purpose

Yanmar aims for a prosperous society where both humanity and nature can thrive together. "Food" and "Energy" are essentials for human beings. In these two areas, our purpose is to create new customer value toward "A SUSTAINABLE FUTURE".

The society we aim for is defined by four visions called FUTURE VISION. These activities aimed at creating a prosperous society are supported by the value of "HANASAKA," which has continued since our founding. Our values of believing in people's potential and encouraging them to take on challenges have led to many challenges and innovation.

For the next 100 years. We will continue to contribute to prosperity.



A SUSTAINABLE FUTURE

— New Value through Technology —

VISION 01

An energy-saving society

VISION 02

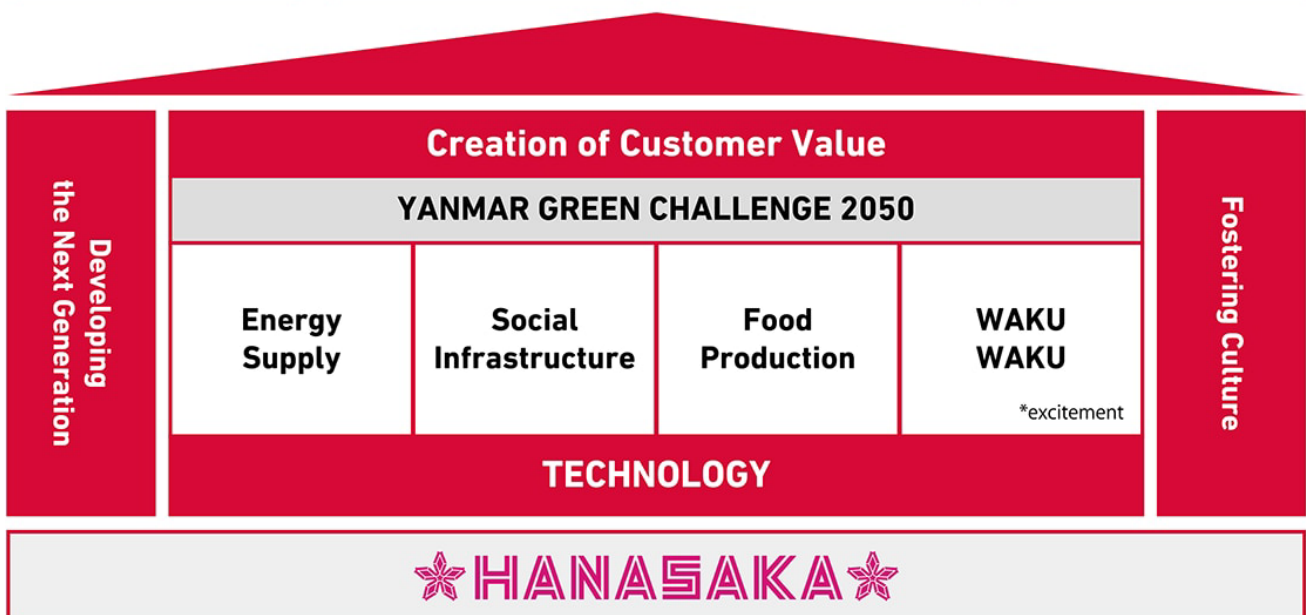
A society where people can work and live with peace of mind

VISION 03

A society where people can enjoy safe and plentiful food

VISION 04

A society that offers an exciting life filled with rich and fulfilling experiences












[Details of "Our purpose"](#)

Realizing A SUSTAINABLE FUTURE and Contributing to SDGs

Yanmar Group is committed to solving customers' problems using the world's most advanced technology in the fields of food production and harnessing power. Our Mission Statement declares these elements to be essential to human life. The realization of our Mission Statement is at the core of Yanmar Group's CSR and is indispensable in realizing the four visions of our brand statement, A SUSTAINABLE FUTURE – New Value through Technology. We will contribute to the SDGs by working on Yanmar Green Challenge 2050 and other initiatives in order to put our Mission Statement into practice and realize the four visions for the future depicted in our brand statement.

Our Brand Statement
MORE >



Areas that Yanmar can contribute to	FUTURE VISION	What we aim for	SDGs Goals related to VISIONs
<ul style="list-style-type: none"> ● Energy Issues ● Climate Change <ul style="list-style-type: none"> - Reducing GHG emissions - Promoting renewable energy - Energy efficiency initiatives - Utilizing untapped energy 	 <p style="color: #0070c0; font-weight: bold; margin: 0;">VISION01</p> <p style="font-size: small; margin: 0;">An Energy-saving Society</p>	<p>Expanding the possibilities of energy. Using affordable and safe power, electricity, and heat, whenever necessary and only as much as necessary.</p>	
<ul style="list-style-type: none"> ● Work Environment ● Natural Disasters <ul style="list-style-type: none"> - Work free from unsafe conditions - Labor saving and higher productivity - Stable income through new value creation - Building disaster-resistant communities 	 <p style="color: #0070c0; font-weight: bold; margin: 0;">VISION02</p> <p style="font-size: small; margin: 0;">A Society Where People Can Work and Live with Peace of Mind</p>	<p>Transforming harsh labor into comfortable work. Everyone can work comfortably and earn a steady income while living a rich life in harmony with nature.</p>	
<ul style="list-style-type: none"> ● Food Issues ● Chronic Shortage of Labor Force <ul style="list-style-type: none"> - Compatibility with large-scale agriculture - Enhancing productivity with an efficient workforce - Minimizing impacts on produce caused by natural disasters - Number of farmers in decline with each passing generation 	 <p style="color: #0070c0; font-weight: bold; margin: 0;">VISION03</p> <p style="font-size: small; margin: 0;">A Society Where People Can Enjoy Safe and Plentiful Food</p>	<p>Ensuring delicious, safe, and nutritious food, anywhere in the world, at any time. Everyone can live a healthier life.</p>	
<p>Contributing beyond our business scope by fostering the next-generation and promoting culture-building activities</p>	 <p style="color: #0070c0; font-weight: bold; margin: 0;">VISION04</p> <p style="font-size: small; margin: 0;">A Society That Offers an Exciting Life Filled with Rich and Fulfilling Experiences</p>	<p>Creating a world where work and leisure are enriching and enjoyable. We will continue to increase the quality of life for everyone.</p>	

[Featured Articles from Previous Years](#)

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