



YANMAR



Corporate Social Responsibility Report 2019

A World Where People Live Prosperously and Harmoniously With Nature

Our Pioneering Roots to Serve

Yanmar has two principles that have been inherited since Magokichi Yamaoka founded the company. Grateful to serve for a better world, and to conserve fuel is to serve mankind, both have been core values of Yanmar and live in our corporate DNA.

Grateful to serve for a better world, Magokichi explained that being grateful is the key to finding beauty in the world. He believed that striving with a sense of gratitude makes the society better and more beautiful.

Through developing diesel engine to ease the burden for farmers, he gained insight that conserving fuel contributes to social development. Both of these ideas lead to the company vision of maximizing opportunities with minimum resources.

With an emphasis on our founder's spirit, we aim to realize sustainable society through our business activities for people around the world.

Brand Statement

A SUSTAINABLE FUTURE

– New Value through Technology –

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 performance for each fiscal year, with the aim of improving CSR activities through interactive communication.

The information in this report reflects the important perspectives of the Group and 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 2018 (April 1, 2018, to March 31, 2019). However, the Report also includes some items occurring in FY2019.

Applicable Group Companies

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

Date of Issue

December 2019
(The next issue is tentatively scheduled for December 2020).



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

CONTENTS

President's Message	02
Principles	04
Yanmar Group Business Areas	06
Feature Article Achieving A Sustainable Future	
Yanmar Group CSR	12
VISION 01 An Energy-saving Society	14
VISION 02 A Society Where People Can Work and Live with Peace of Mind	16
VISION 03 A Society Where People Can Enjoy Safe and Plentiful Food	18
VISION 04 A Society That Offers an Exciting Life Filled with Rich and Fulfilling Experiences	20
Education for the Next Generation/ Fostering Cultural Growth	22

CSR Activities Report

Environment	26
Organizational Governance	32
Human Rights and Labor Practices	34
Mission Based Activities	39
Fair Operating Practices	40
Consumer Issues	42
Community Involvement and Development	44
.....	
Third Person Perspective	48
Yanmar Group Profile	50

President's Message

To deliver new value that captures what Yanmar stands for, we are working toward providing solutions to the challenges faced by our customers and by society.

Creating innovations which meet the community's expectations and help our customers overcome challenges

Currently, there are many social issues that we face in our lives. In addition to frequent extreme weather and massive disasters due to global warming, there is an accumulation of challenges to be solved. These include increase in energy demand and imbalance between food supply and demand due to growing global population and economic advancement, as well as the maintenance and improvement of infrastructure as a result of greater urbanization. To solve these challenges, companies are expected to work with the international community to achieve these common goals outlined in "Sustainable Development Goals (SDGs)" and the "Paris Agreement."

We would like to take a closer look at the Yanmar brand statement, "A SUSTAINABLE FUTURE - Creating new value through technology." We are committed to creating innovations using technology that meet the expectations of our community and help our customers overcome challenges in the fields of food production and harnessing power.

Realizing "A SUSTAINABLE FUTURE" will contribute to the achievement of SDG targets

Our vision for A SUSTAINABLE FUTURE is classified into four kinds of social aims: "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 visions.

Our four aspirations for society are in line with the 17 goals and 169 targets of SDGs, and work towards the same goal. For example, efficient use of energy such as fuel and electricity, and utilizing renewable energy and unused energy are essential in an energy-saving society. Therefore, we are engaged in the development and expansion of high efficient diesel engines for industrial use with lower fuel consumption. The projects include biogas micro cogeneration, biomass power generation and the construction of straight vegetable oil (SVO) power generation system. In this fashion, we are contributing to providing a stable supply of power and reduction of CO₂ emissions.

In addition, Yanmar Group has announced its participation in the "Japan Climate Initiative" toward achieving a carbon-free society under the Paris Agreement. As stated in the "Yanmar Group Environment Vision 2030," the company promotes effective use of energy and renewable energy, to take part in a range of environmental initiatives throughout the Group to achieve a 30% reduction in CO₂ emissions intensity stemming from business activities (compared to FY2005).

Continued focus on providing solutions in international markets by promoting diversity

Yanmar Group's foreign sales ratio for FY2018 was 52.1%, calling for further globalization. Yanmar has been expanding business operations with a focus on international markets since the establishment of its first foreign subsidiary in Brazil in 1957. Just as we solved the issues faced by the Japanese emigrants of Brazil at the time by selling agricultural engines, we will continue to promptly solve the needs of customers around the world.

In addition, we are working to localize management and global talent development in overseas facilities. Embracing the concept of diversity and bringing together employees from various backgrounds while being respectful of different values will lead to the creation of new values and creative solutions, based on new ideas and concepts.

Creating "new value" through technology to enrich people's lives and protect nature

In "A SUSTAINABLE FUTURE", we advocate the concept of "creating new value." The concept of new varies depending on the individual, the environment, and the times, but Yanmar focuses on its technology to achieve a balance between "creating value for people" and "nature."

What role does technology play in maintaining prosperity for both mankind and nature on a planet with limited resources? We provide a variety of technology, including power sources, robotics, smart farming, and energy management systems. One concept that is important to Yanmar in creating these types of technology is "excitement."

"Excitement" implies the happiness of our customers. Through Yanmar products, we deliver solutions to customers and make them happy, which then leads to excitement for each and every Yanmar employee.

Takehito Yamaoka

President, Representative Director

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

– New Value through Technology –

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.
- 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.
- 3 **Success Through Perseverance**
Achieve excellent results through follow up and perseverance. Never give up.
- 4 **Initiative**
Be proactive with minimal supervision and prompting. Start the ball rolling.
- 5 **Winning Speed**
Act swiftly to capitalize on global opportunities.
- 6 **Imagine and Do**
Be creative and question the accepted way of doing things. Don't only accept what worked yesterday.
- 7 **Teamwork**
Work together and remove internal barriers for our common goals. Think globally and act locally.
- 8 **Open and Honest Communication**
Encourage differing views to reach optimal solutions. Don't just follow the general consensus.
- 9 **Global Challenge**
Strive for innovation and continuous improvement to be world class. Don't get too comfortable.
- 10 **Personal Development**
Set goals and challenge yourself to improve.
- 11 **Social Responsibility**
Always act with integrity. Serve and improve the community and the environment.

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 FIELDS

LAND, SEA, AND CITY, THE PLACES WE LIVE

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

ENGINE BUSINESS

Compact Engines

As an industry pioneer for compact diesel engines, we develop, manufacture, sell, and provide after-sales servicing for top-of-the-line 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 Business

We offer total solutions in supporting customers in farm management, on top of offering products using the latest technology and services minimizing downtime.

- 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 offer commercial and recreational engines that deliver power, stability, efficiency, and reliability to the global market.

- Products include small and medium marine diesel engines and related products, marine environment products, Fibre-reinforced plastic (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

Yanmar leads the industry as the pioneer in compact construction equipment. 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.

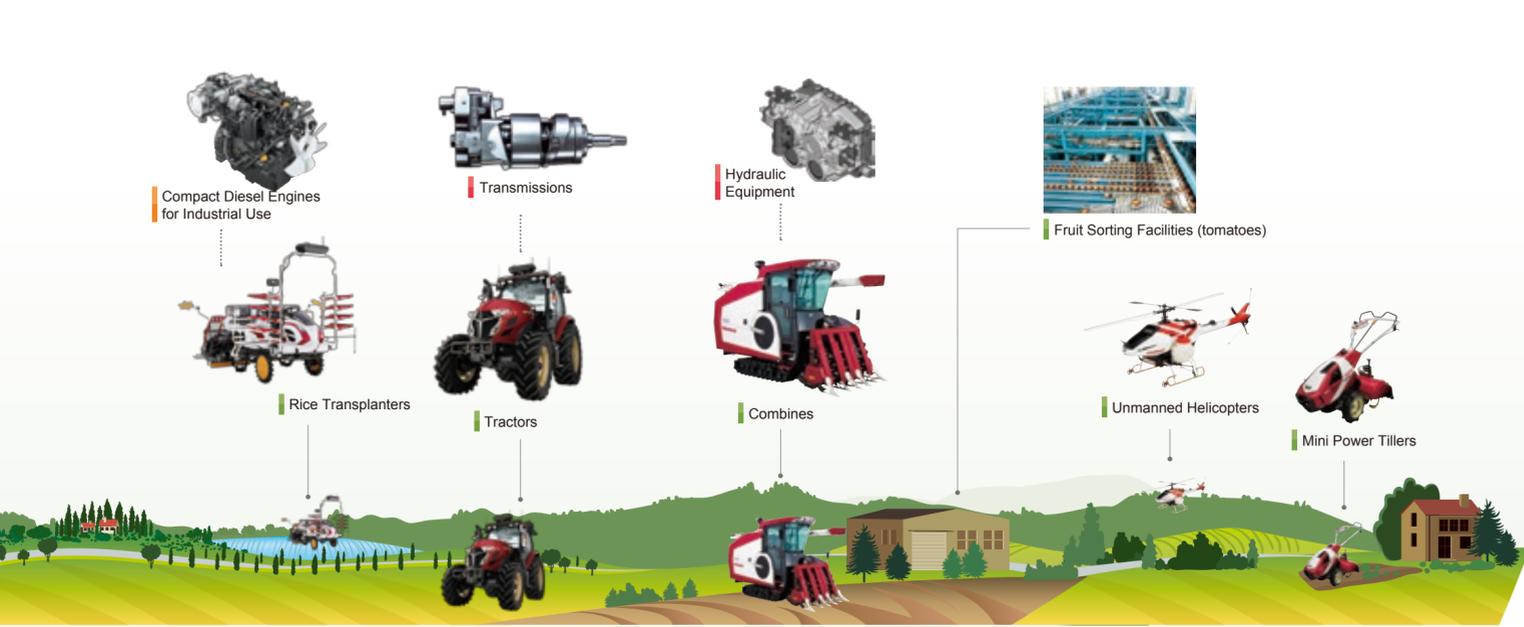
- Products include backhoes, wheel loaders, carriers, small generators and light towers.

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.





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
L-Series Air-Cooled Diesel Engine

Clean diesel engines in accordance with the latest regulations

The TNV-Series and L-Series use Yanmar's unique combustion control technology and after treatment technology. They have acquired Stage V certification for EU emission regulations and L48V has the smallest engine displacement in the world. It is widely used around the world.



Agricultural Business

"Smart Pilot" Series Robot/Auto Tractor

Robotics technology will change the future of agriculture

It is possible to accomplish more work with fewer workers than ever before. No skill or effort is needed to maintain accuracy. What used to be a dream is now reality. A new way of agriculture is taking shape.



Agricultural Business

"Smart Pilot" Series Dense Seedling Rice-Transplanters "YR8D Auto"

Achieving lower costs and labor savings with Yanmar's dense seedling x Auto rice-transplanter

The seedlings are gently and carefully handled while skillfully planted even at high speed. With accuracy down to a few centimeters, anyone can operate easily with its automated control to go forward and to turn. When combined with "dense seedlings," it is possible to reduce costs and achieve labor savings.



SEA

WORKING TOWARD SUSTAINABLE PRACTICES ON OUR OCEANS

Yanmar recreation 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

4LV-Series Recreational Marine Engine

Marine engine which is fast and powerful, yet quiet, compact and light-weight

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.



Marine Business

EX38.FB Fishing Cruiser

Fishing cruiser that meets a diverse range of fishing needs

Flying bridge specifications have been added to the fishing performance, customization, and cabin space, which are highly-regarded among hard top specifications. An all-rounder boat that can be used for various situations.



Large Engines, Engine Business

Two-Stage Supercharging Medium-Speed Marine Propulsion Engine for Commercial Use 6EY26W

An engine that reduces environmental impact and minimizes running costs by improving energy-saving performance

By ensuring more air volume than usual with two superchargers arranged in series, it allows for more rapid closing of the intake valves of the high-pressure mirror cycle. In addition to a reduction of NOx emissions in the exhaust gas, the fuel consumption rate in the practical output range when navigating the ship has been reduced by about 3.8 to 5.8% compared to its predecessors.



Sea Water Filtration Plants

Commercial Marine Auxiliary Engines

Small and Medium Marine Engines (Commercial Marine)

Small and Medium Marine Engines (Recreational Marine)

Marine gears



Electronic Propulsion Systems

Commercial Marine Propulsion Engines

Fiber Reinforced Plastic Vessels

Marine Net Cleaners

Fiber Reinforced Plastic Vessels



Construction Equipment Business

VI020-6 Hydraulic Excavator

Latest Model of Long-time Bestseller VI020 Hydraulic Excavator

VI020-6 has been commercialized following the design and functions of the top-ranking model 6. For this class, the variable gage specification was also set, and a high-level of stability was achieved even when using an attachment.



Component Business

GB150 Gear Grinding Machine

Kanzaki gear grinding machine that contributes to the production of precision gears for a range of reduction gears

As an equipment providing high-precision finish to significantly minimize gear noise, this technology is also used by major automobile manufacturers for noise reduction.

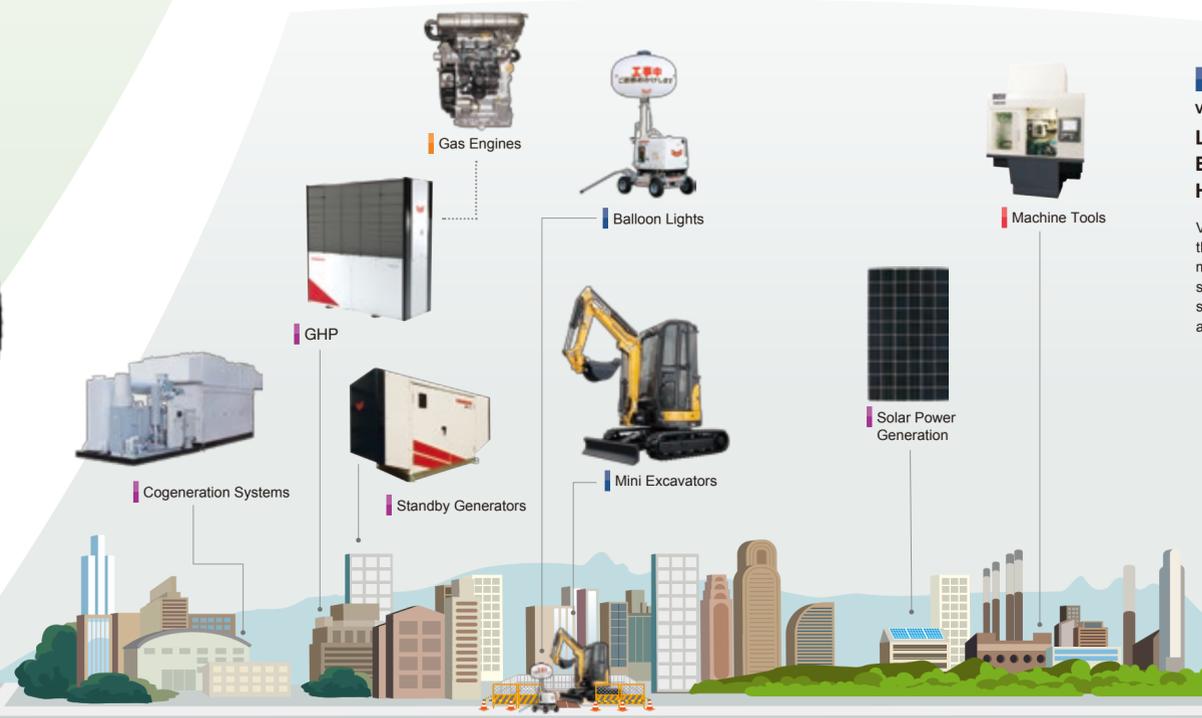
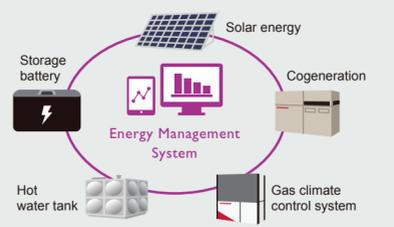


Energy System Business

Yanmar Energy Management System (Y-EMS)

Providing ideal thermoelectric solutions to customers with Y-EMS

Based on customer needs of energy saving or CO2 reduction, this allows comprehensive control of renewable energy including cogeneration, machinery such as gas heat pump air conditioners or boilers, and solar energy.



CITY

NEXT-GENERATION ENERGY

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

Yanmar Group CSR

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

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

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

Social issues surrounding Yanmar

Population Issues

Over **9.7 billion people** in 2050^{*1}

Energy Issues

68% of the global population to be concentrated in urban areas in 2050^{*2}

Environmental Issues

Global average temperature to increase by **2.6-4.8°C** in 2100^{*3}

Food Issues

The food supply needs to be increased by **1.55** times in 2050^{*4}

*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) include goals to be achieved by 2030, as stated in the agenda adopted by the United Nations in September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development". It consists of 17 objectives and 169 targets which expanded from the Millennium Development Goals (MDGs) to include both the developing and developed countries as a worldwide initiative. Contributions of innovative creations and technologies owned by private companies of each country play an important role in achieving these goals.



Our Four Future Visions for A SUSTAINABLE FUTURE

VISION 01

An Energy-Saving Society



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

VISION 02

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



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

VISION 03

A Society Where People Can Enjoy Safe and Plentiful Food



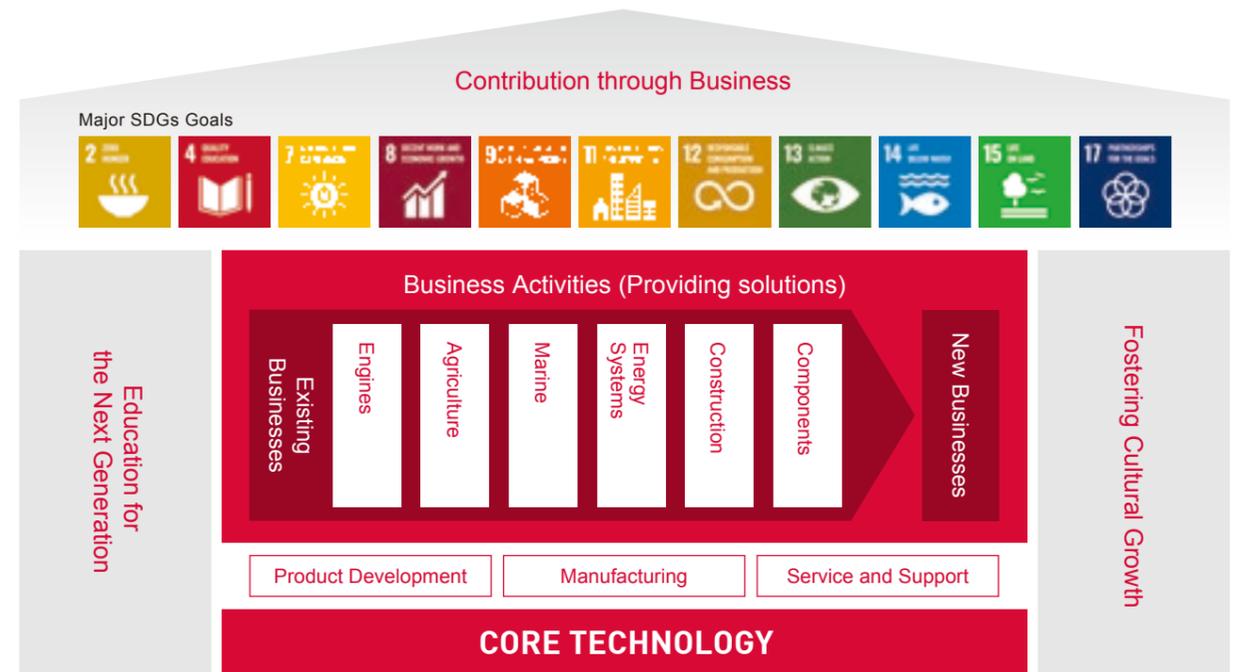
Ensuring delicious, safe, and nutritious food, anywhere in the world, at any time. Everyone can live a healthier life.

VISION 04

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



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



Communication and Collaboration

Our Customers



We strive to earn the trust of our customers through timely development of safe and quality products which address the challenges they face.

Employees



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

Business Partners



We emphasize communication and strong partnerships with our distributors, dealers and suppliers in Japan and overseas.

Our Local Community



To grow and work with our local community, we participate in various activities with the residents to address local challenges.

Environment



To create a sustainable society, we prevent global warming, use resources more effectively, reduce pollution, and safeguard biodiversity.

VISION 01

AN ENERGY-SAVING SOCIETY

Contributing to effective use of resources and reducing CO₂ emissions by creating renewable energy in local communities

Related SDGs



Challenges

A customer in the business of collecting, regenerating, and selling about 2,500 tons of waste cooking oil per year, about one third of the waste cooking oil collected in Okinawa, was facing difficulties due to a decrease in demand for fatty acid methyl ester (FAME) and straight vegetable oil (SVO).



Social Solutions

- Effective use of resources
- Reducing CO₂ emissions



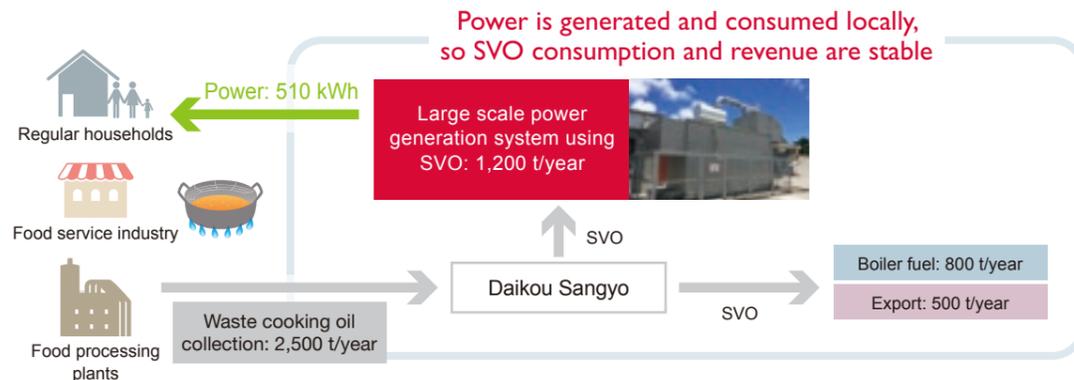
Value provided by Yanmar Group

Local recycling: Large-scale power generation system using waste vegetable oil, creating a local production and consumption resource cycle

Bio-diesel fuels made from waste cooking oil have been used to fuel buses and trucks in some urban areas. However, implementation stalled due to problems during use, resulting from insufficient maintenance. Local governments and companies face issues of treatment and usage related to the disposal of waste cooking oil. Under such circumstances, Daikou Sangyo, an industrial waste disposal company in Okinawa, has been collecting about 2,500 tons of waste cooking oil per year. This is the equivalent to about one-third of all the oil in the prefecture. It has been shipping SVO to generate FAME, and as boiler fuel and livestock feed. However, in recent years, demand has become unstable, and in their search for new ways to utilize SVO, the company has been considering redirecting their business towards power generation by selling electricity generated by waste cooking oil they had

previously exported. Yanmar took on this challenge together with our customer, in this unknown field, where there was no previous track record in Japan for large engines powered by SVO. Because SVO solidifies at room temperature, it was necessary to switch to Bunker A to start and stop in addition to heating the oil to 60°C or higher during steady operation. Yanmar solved this issue by combining the fuel heating device and fuel switching device as a single unit. By completing this system, it became possible to sell the power they generated not only for home use, but also to new power companies. Business revenue stabilized once again and at the same time, it became possible to recycle this renewable energy within Okinawa. Okinawa Electric Power Company has been able to reduce CO₂ emissions by 3,060 tons per year as a result of reducing the quantity of Bunker A used in thermal power generation and reducing the amount of fuel used for truck delivery within the prefecture.

■ New business model based on large scale power generation system using SVO



What are "SVO" and "FAME"?

Straight vegetable oil or SVO is crude vegetable oil produced after waste cooking oil has been refined to remove impurities. Although the impact on the environment during production is low, the downsides are that there are issues with quality and high viscosity at room temperature (about 10 times compared with diesel fuel). On the other hand, fatty acid methyl ester (FAME) is produced by a process of transesterification whereby methanol is added to the vegetable oil. While the combustion rate is nearly the same as diesel fuel, the issue with FAME is that it oxidizes easily and corrodes resins and rubbers.

■ Result after implementation of the system

Power supply (power sales)
800 households per year

Reduction of CO₂ emissions
3,060 tons per year
(equivalent to absorption by a cedar forest 83 times the size of Tokyo Dome)

Environmental communication (workplace tours)
4-5 times per year

From Our Employees

Gaining customer trust by solving various problems one by one

In addition to the decreased demand for FAME, the customer was concerned about cases in Europe where there was a risk of dioxin contamination in SVO when added to the feed. Long-term operation with stability has been a challenge for the SVO power generation business. However, we started from repeating trial operation using different types of recycled power generation systems and managed to tackle various problems one by one. This attitude helped us gain the customer's trust and ultimately led to the introduction of large-scale power generation systems. We helped our customer overcome challenges related to operation by leveraging the strengths of Yanmar Group, such as by establishing a task team which included experts in engines that use low-quality fuels, and through verification of data by remote monitoring. We believe our mission is to pursue initiatives that sustain society through SVO power generation, and to help our customers succeed in their aspirations for local SVO production and consumption.



Kazuo Kato
Technology Group
Technology Development Division,
Solution Promotion Office
Yanmar Energy System Co., Ltd.

VISION 02

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

Supporting efficient transactions in the construction machinery rental market to revitalize the construction market and contribute to seamless community-building



Challenges

Investment in construction is increasing in Turkey, celebrating its centennial year in 2023. Efficient utilization and management by the owners, combined with cost reduction for the users were the challenges faced in the construction machinery rental market.



Social Solutions

- Encourages seamless community-building
- Invigorates and increases efficiency in the construction machinery and equipment rental market



Value provided by Yanmar Group

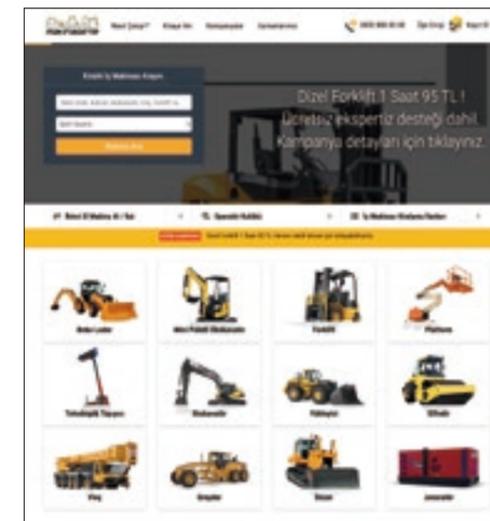
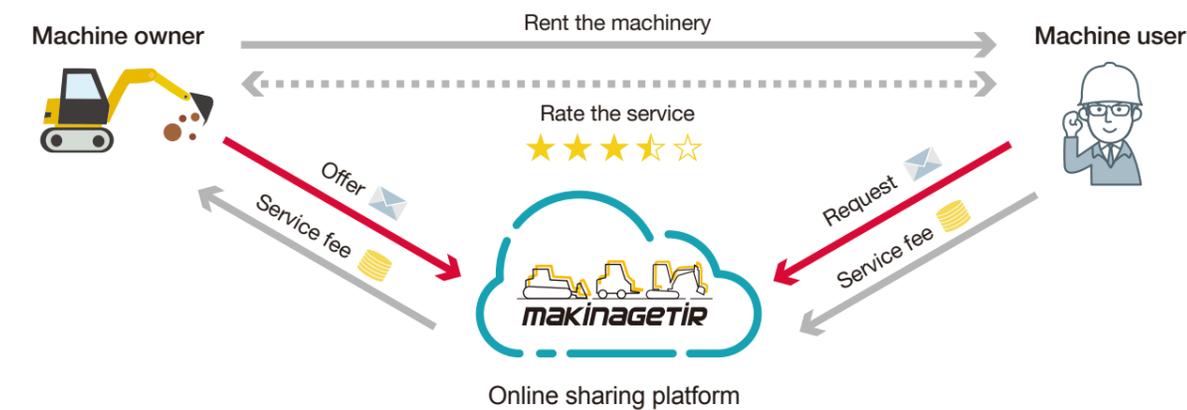
Promotion of "MakinaGetir" a construction machinery sharing service in Turkey that efficiently connects owners of construction machinery with users

In recent years, Turkey is going through a construction boom and growth in the construction equipment market is expected. Yanmar sees the rising demand for construction equipment rentals as a business opportunity. In particular, we focused and prepared for the P2P sharing platform for construction equipment, which was likely to revitalize the rental market, since users, owners, and dealers in Turkey all faced specific issues in the rental business. Users could not find machinery and operators efficiently, due to the time and hassle it took to communicate with the rental companies. Owners had difficulty procuring customers and often had idle machines. Dealers

could only offer services within a limited area and faced shortage in experienced staff as well as lack of inventory control. Yanmar established "MakinaGetir," the business of online sharing platform which began full-scale operation in FY2019 to offer solution to all. This is a user-friendly service that provides customers with a high level of transparency and the ability to reach a new segment of customers to the owners. On top of revenue from the brokerage fee, this could lead to other services in the future, such as insurance, payment settlement, maintenance, and transportation, which will encourage potential sales of Yanmar products. We hope to create new services which utilize rental status data collected from customer usage.



Structure of "MakinaGetir", the construction machinery sharing service



"MakinaGetir" website

Result after introduction of the service (as of July 21, 2019)

Registered machines
4,859 units

From Our Employees

"Makina Getir" provides machine owners with a new business opportunity

When the "MakinaGetir" project first began, we had trouble getting machine owners interested in the platform. However, Yanmar's brand power helped address that. After a while, both the Yanmar and "MakinaGetir" brand began to gain more recognition. This is because "MakinaGetir" provides machine owners with a new business opportunity in addition to allowing them to create realistic capital investment plans. In addition, the popularity of "MakinaGetir" has led to the creation of new business opportunities in other Yanmar businesses, including energy systems, machinery in the agricultural field. We will continue to listen to customer feedback and improve our services to further spread P2P business.



Burak Sığ
Satış Direktörü / Sales Director
P2P CE Turkey
YANMAR TURKEY MAKİNE A.Ş.

VISION 03

A SOCIETY WHERE PEOPLE CAN ENJOY SAFE AND PLENTIFUL FOOD

Offering solutions for various problems in food production through smart farming

Related SDGs



Challenges

There is a labor shortage due to a decreasing number of farmers and aging society, which has created the need to eliminate idle farmland, consolidate farmland in use, achieve labor savings, and improve efficiency.



Social Solutions

- Improvement of productivity
- Resolving labor shortage



Value provided by Yanmar Group

Reducing costs and labor using the “auto rice transplanter” equipped with the technology of autonomous driving and “Yanmar dense seedlings” cultivation

Recently, the labor shortage in the agriculture industry has become a pressing social issue, resulting from a decreasing number of farmers in Japan, as well as the country’s aging population. In addition, as the average area of agricultural land managed by one entity is growing larger, further improvements in farming efficiency are required.

To this end, Yanmar supports the improvement of productivity and pursuit of economic efficiency by combining “smart farming,” which uses ICT with robotics technology, and leading technology in cultivation.

One such example is the rice-transplanter for dense seedlings with “YR8D auto specifications,” sold as part of our “Smart Pilot” Series that uses autonomous driving technology. Using the high-precision positioning method RTK-GNSS (*figure) with accuracy within a few centimeters, anyone can plant rice using the “straight mode.” In addition, in “auto mode,” the machine can move in a straight line, and autonomously handle turns,

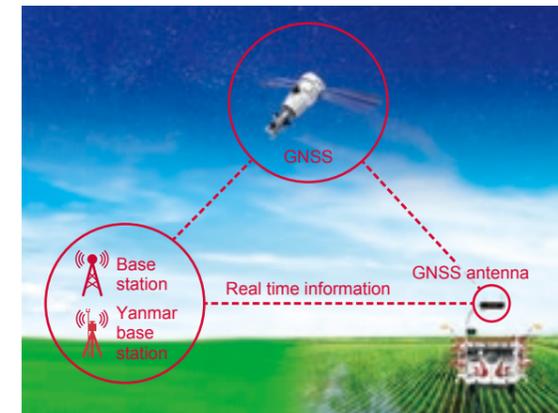
elevate the planting area, and start planting without any manual operation, thus enabling extended rice planting work using automated labor. Work ranges and paths can also be created easily on a tablet, and position can be checked. Because of this technology, people with little rice planting experience can use Yanmar’s auto rice-transplanters to plant rice in straight lines with a high-level of efficiency, solving the problem of operator shortage.

In addition to this auto rice-transplanter that enables anyone to perform this type of high-precision work, Yanmar’s dense seedling cultivation technology reduces material costs by reducing the number of seed trays. It also reduces supplementary work such as transporting seeds and adding more seedlings.

The auto rice-transplanter and Yanmar’s dense seedlings have achieved innovative efficiency in rice transplanting work by shortening the refill time and automating repetitive work, enabling a new form of agriculture to take shape across Japan.

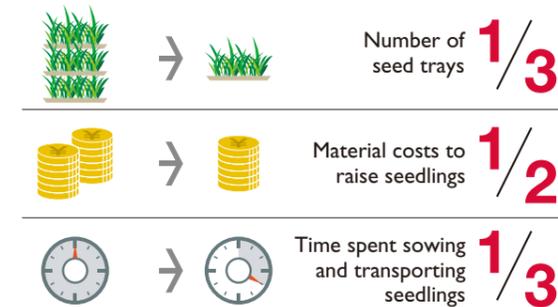
What are dense seedlings?

By sowing between 250 to 300 gram of dry seedling per seed tray, as opposed to the normal amount between 100 to 150g, the number of seed trays is reduced, and the seedlings are sown in high density patterns. This is achieved using Yanmar’s unique technology that takes up about one third of the usual area. This technology also allows for the same level of accuracy in the transplanting of rice as in the conventional method. A rice-transplanter with dense seedling specs can also plant standard seedlings.



Using real time information from GNSS and the base station, it is possible to perform high-precision work with accuracy within a few centimeters.

Further increase in efficiency using the auto rice-transplanter and Yanmar’s dense seedlings



Management method is almost identical to the conventional practice, but complicated skills are unnecessary

International expansion

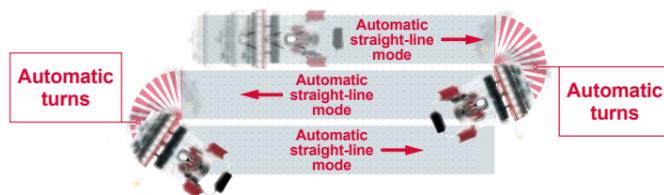
Changing how the world farms rice with “Mitsunae”

Rice-transplanters with dense seedling functions are currently sold in Asia. They offer the same benefits seen in Japan, reducing the number of seedling boxes using the same method as conventional cultivation.

However, unlike in Japan, rice-transplanters are not widely available due to lack of technology to raise seedlings. Technology itself needs to be improved for dense seedling to become widespread. To that end, some countries are conducting joint tests with local agricultural testing centers and are also engaged in learning how to raise seedlings using dense seedlings.



Learning how to raise seedlings in Myanmar



In auto mode, the machine can autonomously travel in a straight line as well as handle turns on its own

VISION 04

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

Helping to build excitement for the wonders and enjoyment of the sea

Related SDGs



Challenges

For marine products, there is a need for engines that are highly reliable even in severe marine environments, and those that deliver power, stability, and are environmentally-friendly and efficient.



Social Solutions

- Marine environmental sustainability



Value provided by Yanmar Group

Product durability, reliability, and environmental performance developed by Yanmar over the years in the recreational marine sector, help customers overcome challenges and improve their corporate value

Yanmar has developed a variety of marine-related products such as main engines and auxiliary engines for large ships, yacht engines, fishing boats, and recreational boats.

Marine engines require a high level of quality and environmental performance to operate at sea, and our engines are highly regarded in the market because of the durability, reliability and high level of efficiency that they offer. We leverage these strengths so that people around the world can enjoy marine sports.

In Europe and America, there are many regions where recreational marine activities such as yachting, fishing, cruising and scuba diving are deeply rooted in the culture. Our support in this area will not only broaden the horizon of recreational marine activities, in addition to raising our corporate value, but also lead to "a society that offers an exciting life filled with rich and fulfilling experiences."

America's Cup

America's Cup is the highest level of competition for top sailors around the world. During the 35th race in 2018, we participated as the Official Marine Engine Partner, and expanded our support to all races in the 36th America's Cup to become the "official marine partner."

Recently, with the advancement and acceleration of technology, race boats competing in America's Cup require a power source that embodies high performance, reliability, and high durability, while considering environmental factors.

Our commercial marine engines will be mounted on the race management boats, and we plan to provide engines for other official boats as well. Through this, we will be able to showcase our outstanding technical capabilities and high profile in the marine engine industry, while further improving our know-how and technology.



Red Bull Foiling Generation

We support the foiling catamaran class competition, which is Red Bull's youth sailing training program. In addition to growing the sailing community by nurturing young sailors, we view this activity as education for the future generation, which is an important theme in our corporate philanthropy.

The sponsorships provided by Red Bull to various sports activities around the globe are in line with both the values of Yanmar for supporting talent development and realizing "a society full of exciting experiences." For this reason, we collaborate with Red Bull to support soccer as well.



Yanmar Racing

Since 2018, our own racing team has participated in International Dragon Class sailing competitions, which embrace tradition and prestige among sailing sports. At the competition held in Germany in July 2019, we won acclaim with a second-place finish, bringing excitement to the race. We plan to compete in six such events in 2019 including the aforementioned competition, while aiming to improve our annual ranking on the world stage. International Dragon Class competitions attract business people who flourish in society and have a love of sailing. By participating in these competitions, we strengthen our expertise in the marine field at the same time as increasing our fan base of our brand.



Sailors from Yanmar Racing Team

From Our Employees

Raising Yanmar's brand value by contributing to the seamless operation of America's Cup

Sail boats using wind in their sails are also equipped with engines for shore docking and as onboard power source. Because of its use out on sea, engines must be reliable and durable, and our diesel engines have earned a strong reputation in that respect. We are among the top companies in the world in terms of market share.

We have a high level of recognition in North America and Europe, and when people think of marine engines, they think of Yanmar. By providing seamless operation at the 36th America's Cup, we succeeded in preserving the marine environment where the marine sports took place, reflecting our efforts to raise Yanmar's brand value.



Koki Ishii

Technology Division 1
Engine Development Division
Marine Engineering Division
Industrial Power Products Management Div.
Power Solution Business
Yanmar Co., Ltd.

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 for 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 Future Generation

Yanmar Museum

■ Reopening of the Yanmar Museum

The newly renovated Yanmar Museum reopened in October 2019 with a new concept, “challenges toward an exciting future.” Embracing the challenging spirit of Magokichi Yamaoka, who successfully developed the world’s first small diesel engine, this museum aims to nurture the same spirit in children through exciting experiences. Incorporating elements of physical play through activities such as bouldering, climbing, obstacle courses, and soccer, the challenging attractions use cutting-edge video technology for the visitor to experience the world through Yanmar’s concept of “A SUSTAINABLE FUTURE.”

In addition, the restaurant, Premium Marché Biwako opened as part of our “Premium Marché” food project, providing an even richer food experience.



Yanmar Museum reopened

■ Supporting education in FY2018

The former Yanmar Museum opened in Nagahama, Shiga, where Magokichi Yamaoka was born and raised. It was built based on the concept of “excitement that can only be experienced here.” Since it opened in March 2013, a total of about 550,000 people had visited (as of the end of August 2018).

The museum featured a variety of exhibits and offered a range of workshops relating to each of our three business domains—land, sea, and city. Visitors were able to learn about Yanmar history and manufacturing processes. This hands-on approach made it popular among local elementary schools as a destination for excursions, and offered work experience for junior high school students.

In 2018, as part of Nagahama City’s “Project for Talent Development for the Future of Nagahama”, the general manager of the museum, Noboru Yamamoto lectured at Nagahama Kita High School and Ika High School. To an audience of first-year students, he introduced the company history and initiatives in Nagahama. At Ika High School, group discussions with second-year students about the advantages of the Kohoku region and an overview of our business were held.

Yamaoka Scholarship Foundation

The Yamaoka Scholarship Foundation, established in 1950 by our founder Magokichi Yamaoka, provides scholarships to aid developing and leveraging talent in an effort to contribute to world peace and to improve prosperity and culture. Thanks to the support provided by the foundation, 5,700 people have so far completed their studies and are now active in various sectors in society.

In addition to its original focus on high school, university, graduate school and international students in Japan, the foundation expanded its scope from 2013 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 for individual soccer skill, academic performance, and need for economic support.

In FY2018, 46 new scholarship students were selected from Thailand and 35 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 expanded scholarship funding to junior high school students. In Indonesia, our scholarship was expanded to university students to commemorate the 60th anniversary of diplomatic relations in 2018, and a scholarship program for Dalmapurusa University has started.



International students in the study tour

Students on Scholarships (as of March 2019)

Graduate school students: 32	Thailand: 104
International students: 10	Indonesia: 92
High school students: 23	
Japan 65	International 196

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.

Yamaoka Memorial Foundation



Public Lesson Concert



Youth Cultural Research Presentation



Science and Technology Seminar

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 2018, the foundation held a seminar on renewable energy. We invited Dr. Masaru Nakaiwa, Fukushima Renewable Energy Institute, AIST (FREA) and Mr. Johann Saathoff, German Parliamentarian and Executive Officer, German Social Democratic Party (SPD) as speakers.

As a cultural project, public lesson concert was held in Nagahama and Amagasaki for junior high school students brass band club, led by a globally known conductor living in Germany, Mr. Eiji Oue. A symposium was also held to present the results of young researchers who were selected for grants. As a project for supporting members, we conducted the first German tour since the founding, and we felt the German culture through this visit and exchanges with local people. 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.

KidZania Koshien 'Farmers Center' Pavilion

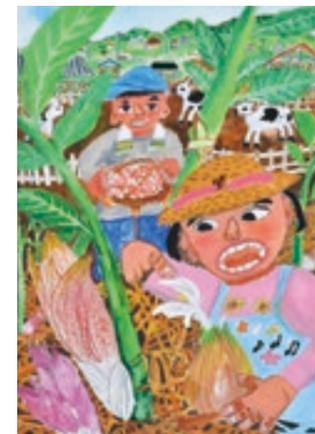
Out of our desire to give children the experience of future farming, Yanmar opened the Farmers Center pavilion in KidZania Koshien*. The pavilion is a stylish and exciting place for children to learn about the future of food production. In September 2019, the Yanmar "Let's get out of KidZania" event was held at our Premium Marché FARMS. This program was designed so that children could have an even more realistic work experience and think about future of agriculture by stepping out of the town of KidZania and learning about farm work. 47 children from age of 9 to 12 years old participated. Through their experiences at the Yanmar smart farming, the children gave a group presentation based on farming ideas for the future.

Yanmar hopes that some of the children who visit the pavilion may one day themselves become 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.



Out of KidZania Yanmar



"Harvesting Myoga" by Yuzuki Kubota

Children's Painting Exhibition

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

The 19th contest held in 2018 received 6,284 entries of which 24 were awarded prizes and 163 were selected to be included in the Minister of Agriculture, Forestry and Fisheries Awards. The Yanmar Prize was awarded to Yuzuki Kubota, a 2nd grade student from Sumoto Daini Elementary School in Hyogo, for her entry titled 'Harvesting Myoga'.

Yanmar Student Essay Contest

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

The theme for the 29th contest in 2018 was the same as the year before: 'Transforming Agriculture into a Food Value Chain'. 596 essays and 42 theses were submitted from all over Japan.

The winning speech was "Proposal to Grow Pig Farming as a Food Value Chain - A New Wave for Pig Farming in Japan" by Erisa Itami (Sophomore from Kagoshima Prefectural Agricultural University). The winning essay was "Using A Thousand Year Grassland for a Platform in Aso - Striving for Livestock with a Story" by Ayasa Ichihara (Freshman from Kumamoto Prefectural Agricultural College).



Recipients of the Yanmar Student Essay Contest

Fostering Culture

Sports Sponsorships

Yanmar supports sports activities which build relationships and reflect our goal of creating "A Society That Offers an Exciting Life Filled with Rich and Fulfilling Experiences". Our brand and message are communicated through the power of joy and excitement sports can bring across borders, race, generations and language barriers.

In America, Yanmar sponsors the major league soccer club, the New York Red Bulls. In Southeast Asia, we are the official sponsor for national teams and individual FCs as well as the "AFF SUZUKI CUP 2018," where the national team of Vietnam sponsored by Yanmar won the championship for the second time.

In addition to financial support for the Vietnam team, we also provided Yanmar machinery, tractors for their practicing field, YANMAR FIELD, and other technological support such as Cerezo Osaka lawn care technology.

Marine sports are closely tied with Yanmar's marine business and as partners, we have been supporting events such as the America's Cup. For more details, please refer to P. 20-21 "Special Feature VISION 04 Achieving a Sustainable Future".



Vietnam national soccer team winning the Southeast Asian Football Championship



Official training ground of the Vietnam Football Federation "YANMAR FIELD" in Vietnam



ANNIVERSARY
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Cerezo Osaka

While the roots of Cerezo Osaka go back to the formation of Yanmar Football Club in 1957, it was officially established in 1993 with the start of J. League, followed by its participation in 1994. The club has produced numerous players, including Hiroaki Morishima, Shinji Kagawa and Takashi Inui, who have played for the Japanese national team and in international leagues.

Furthermore, naming rights were acquired in 2014 for the 1st and 2nd Nagai Athletics Fields, which were the home stadiums of Cerezo Osaka. Renamed Yanmar Stadium Nagai and Yanmar Field Nagai, these fields offer a rich cultural life by hosting soccer and other sporting events.

In 2019, we organized a project for the 25th anniversary and held various events to show gratitude to everyone including supporters, home ground and sponsors that we have accumulated over the past 25 years.

Yanmar hopes to show children and the future generation, the joy and excitement soccer offers and the importance of embracing challenges through Cerezo Osaka, a team closely tied to the company history as well as goals for a better society.

PROMOTING BUSINESS ACTIVITIES THAT ARE BASED ON ENVIRONMENTAL MANAGEMENT AND CONSIDERATION

Achieving the Yanmar Group Environment Vision 2030

We work to achieve the goals set out in the Yanmar Group Environment Vision 2030 for a sustainable society

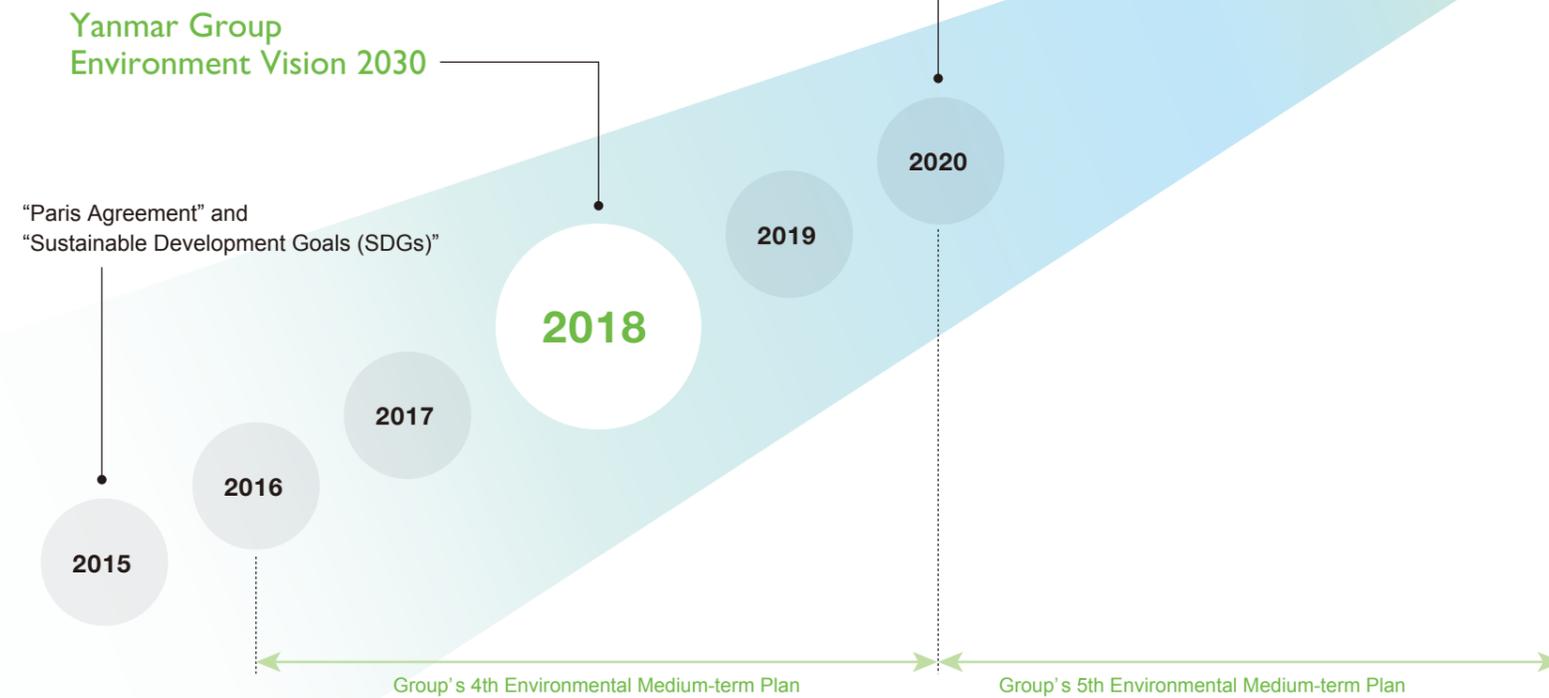
In July 2018, Yanmar established the Yanmar Group Environment Vision 2030 as an effort to work toward achieving the 2030 goals of the Paris Agreement and the Sustainable Development Goals. With our new environmental vision, we will continue to take these measures to achieve the targets in four areas. We have set a new goal to prevent global warming by achieving a “30% reduction in CO₂ emissions in each business unit (compared with FY 2005).”

We plan to formulate our fifth medium-term plan for the environment in 2020, which will outline the specific path for achieving the Yanmar Group Environment Vision 2030, as our contribution towards building a sustainable society.

SDGs that contribute to the environment



Group's 5th Medium-term Plan for the Environment (for applicable years of FY2021-2025)



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.



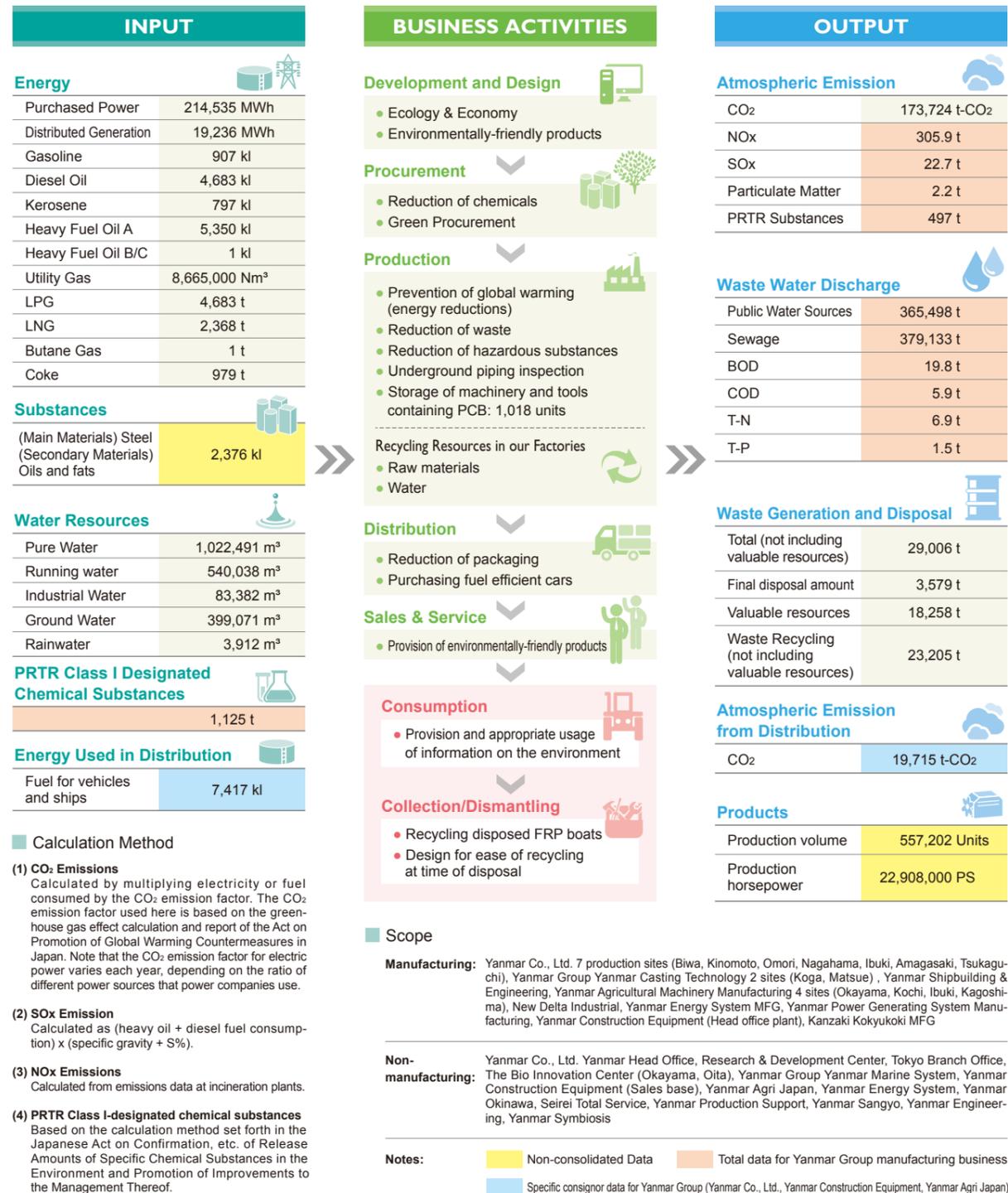
Goals for the 4 areas (as of 2025)

Areas	Goals
1. Preventing Global Warming	<ul style="list-style-type: none"> Analyze CO₂ emissions throughout the supply chain and promote initiatives to reduce emissions Calculate and report the amount of CO₂ reduction according to Group products and services
2. Contributing to a Sustainable Society (Recycling-oriented Society)	<ul style="list-style-type: none"> Raise the recycling rate for workplace waste across the group to 95% Establish a recycling network for waste products, collect and announce the recycling rate
3. Controlling Environmentally Hazardous Substances	<ul style="list-style-type: none"> Publish the usage information of hazardous chemical substances for all group products Green procurement ▶ Raise the level of CSR procurement (implemented across the entire supply chain)
4. Biodiversity Initiatives	<ul style="list-style-type: none"> Establish group biodiversity guidelines, implement these throughout the supply chain and ensure compliance Net sales ratio of 50% or more for environmentally-friendly products that meet group standards

OVERALL ENVIRONMENTAL IMPACT

Yanmar Group understands the need to measure, gage and reduce the environmental impact on all stages of its business activities from raw material procurement to pro-

duction, transportation, distribution, application, and disposal. For FY2018, with some exceptions, we expanded the scope of data collection from manufacturing sites to group companies within Japan to measure environmental impact and to collect important data.



PREVENTING GLOBAL WARMING

We prevent global warming by understanding and reducing CO₂ emissions

Reducing CO₂ emissions from product life cycles

Yanmar Group aims to reduce greenhouse gas emissions caused by our products, using the Life Cycle Assessment (LCA). Periodic monitoring and assessment of greenhouse gas (CO₂) occurring in each stage of the product life cycle are implemented from procurement, production, distribution, use, and disposal.

In order to disclose Scope 3 information in the future, we will continue to monitor the LCA data of all Group businesses, expand the scope of disclosure of environmental data, and consider setting numerical targets in the next medium-term environmental plan.

Reducing CO₂ Emissions and Using Energy Efficiently

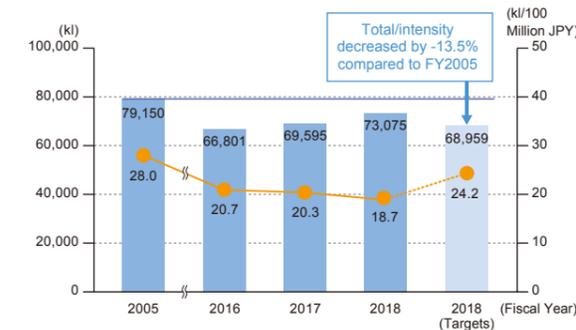
Yanmar Group reduces CO₂ emissions by efficient use of energy and fuel, improving energy efficiency at facilities, enhancing testing, and by using renewable energies.

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

The energy conservation target for FY2018 was 13.5% from FY2005 levels for total energy consumption and intensity, which measure energy efficiency. CO₂ emissions was also 13.5% reduction from FY2005 levels.

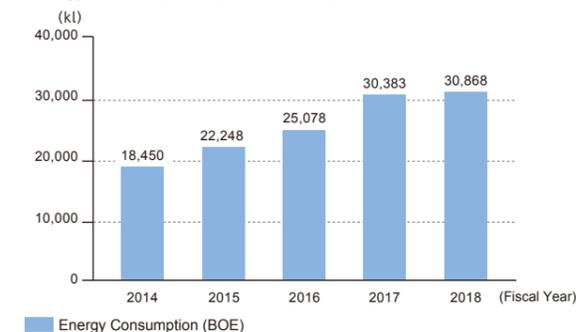
Due to increased manufacturing of engine business resulting in higher rates of energy consumption for climate control, energy consumption increased by about 3,480kl and CO₂ emissions increased by about 4,678t compared to the previous fiscal year. As a result, we did not meet our total target, however we did meet our energy and emission intensity targets.

Total Energy Consumption and Energy Consumption Intensity (Japan)



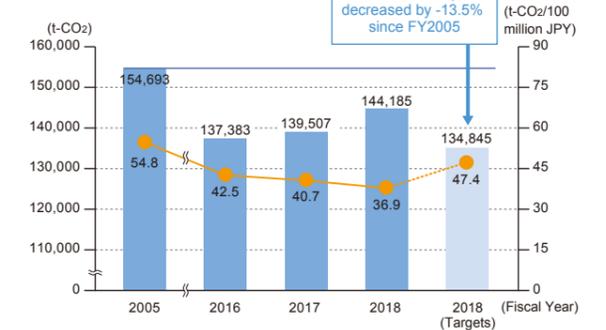
*From FY 2016, Ibuki Production Division, Yanmar Co., Ltd. and Kagoshima Branch, Yanmar Agricultural Machinery Manufacturing were included in the results.

Energy Consumption (International)



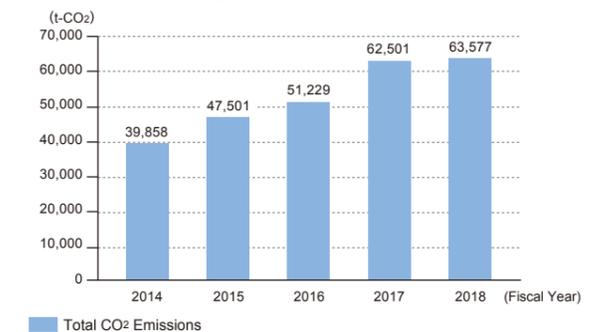
Scope: [The Americas] YANMAR AMERICA, TUFF TORQ, TRANSAXLE MANUFACTURING OF AMERICA, YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS [Europe] YANMAR EUROPE, YANMAR ITALY, YANMAR CONSTRUCTION EQUIPMENT EUROPE, YANMAR COMPACT GERMANY [Asia - Pacific] YANMAR DIESEL INDONESIA, YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA, YANMAR INDONESIA, YKT GEAR INDONESIA, YANMAR S.P., Yanmar Agricultural Equipment China, Yanmar Engine (Shandong)

Total CO₂ Emissions and Emissions Per Unit (Japan)



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

Total CO₂ Emissions (International)



Scope: [The Americas] YANMAR AMERICA, TUFF TORQ, TRANSAXLE MANUFACTURING OF AMERICA, YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS [Europe] YANMAR EUROPE, YANMAR ITALY, YANMAR CONSTRUCTION EQUIPMENT EUROPE, YANMAR COMPACT GERMANY [Asia - Pacific] YANMAR DIESEL INDONESIA, YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA, YANMAR INDONESIA, YKT GEAR INDONESIA, YANMAR S.P., Yanmar Agricultural Equipment China, Yanmar Engine (Shandong)

GLOBAL TOPICS China
YANMAR ENGINE (SHANDONG) CO., LTD.

Installation of large-scale solar power systems of 3,000kWh and reducing 1,800 tons of carbon dioxide emissions

Yanmar Engine (Shandong), a group company of Yanmar, installed a large-scale solar power system on the roof of the business unit as part of energy savings activity in February 2019.

Maximum amount of electricity generated is 3,000kWh and annual power generation is expected to be approximately 3.5 million. This makes up 40 to 50% of the energy used at the entire business unit from FY2017, leading to CO₂ emission reduction of approximately 1,800 tons.

Energy utility cost for solar power system is reduced by 250 thousand yuan per year, since energy is purchased at 90% of market price from the installation provider.



Solar power system installed on the roof

CONTRIBUTING TO A SUSTAINABLE SOCIETY

Efficient use of limited resources

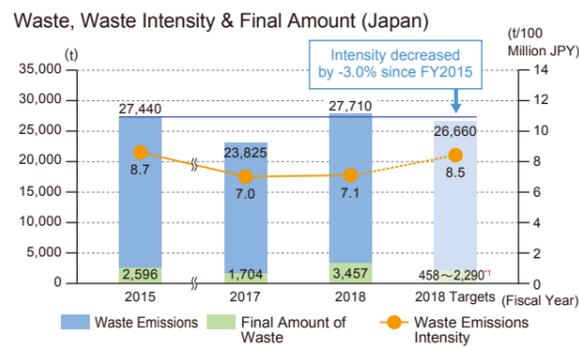
Reducing waste and promoting recycling in our business

Yanmar Group encourages separating and converting garbage to recyclables, in addition to efforts to reduce waste from the production process.

To fully implement the separation of waste, a recycling chart was displayed at each collection area, site, and office, while including awareness in employee training and encouraging waste to be converted into valuable materials, such as the return system for pallettes.

Preventing contamination in the production process will lead to practical use of waste oil to become valuable resources. Foundry waste which make up majority of the Group's industrial waste, has been largely reduced by installing an electric furnace to further recycling efforts.

For waste from manufacturing business in Japan, the Group



¹ (Amount of Waste + Reusable Material) x Group Target (1-5%)
² From FY 2016, Ibuki Production Division was included in Yanmar Co., Ltd. results.

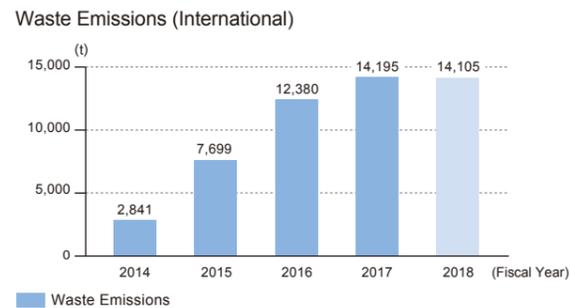
managed to reduce 18.9%, meeting our target set in FY2015 to reduce waste intensity by more than 3.0%.

Promoting the 3Rs

Yanmar Group strives to reduce toxic chemical substances by disclosing and sharing product information to be compliant with recycling regulations of each country. Furthermore, by evaluating recycling efforts as part of product assessment, employee awareness is improved for those in charge of product development.

In the Agri and Construction Equipment Business, efforts have been made to recall and resell used products as well as recycling fiber-reinforced plastic scrapped vessels in Marine Business.

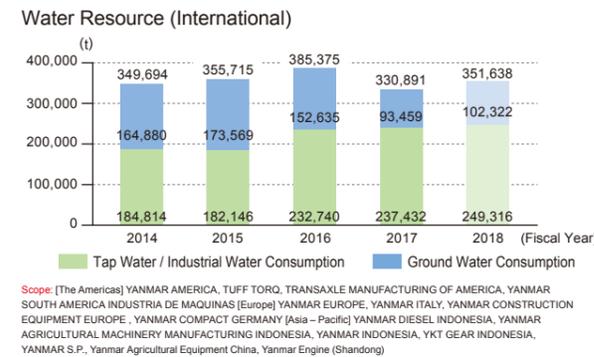
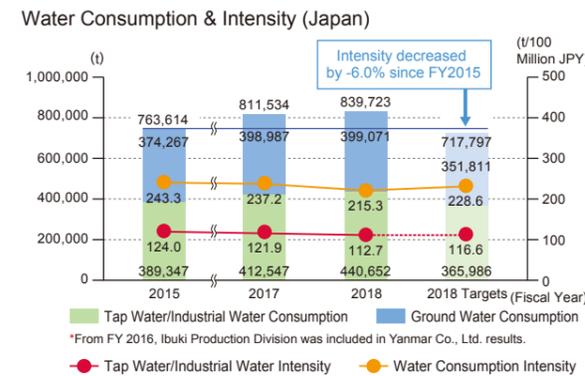
Not only analyzing the data of recycling products but also identifying the Group goals will help to improve our recycling activities.



Scope: [The Americas] YANMAR AMERICA, TUFF TORQ, TRANSAXLE MANUFACTURING OF AMERICA, YANMAR SOUTH AMERICA INDUSTRIA DE MAQUINAS [Europe] YANMAR EUROPE, YANMAR ITALY, YANMAR CONSTRUCTION EQUIPMENT EUROPE, YANMAR COMPACT GERMANY [Asia - Pacific] YANMAR DIESEL INDONESIA, YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA, YANMAR INDONESIA, YKT GEAR INDONESIA, YANMAR S.P., Yanmar Agricultural Equipment China, Yanmar Engine (Shandong)

Reducing use of water

In an effort to conserve resources, Yanmar Group promotes the use of reclaimed water in the factories. For water consumption in the manufacturing business in Japan, the Group managed to reduce 11.5%, meeting our target set in FY2015 to reduce consumption intensity by more than 6%.



CONTROLLING HAZARDOUS SUBSTANCES

Managing substances which are hazardous to people and the environment

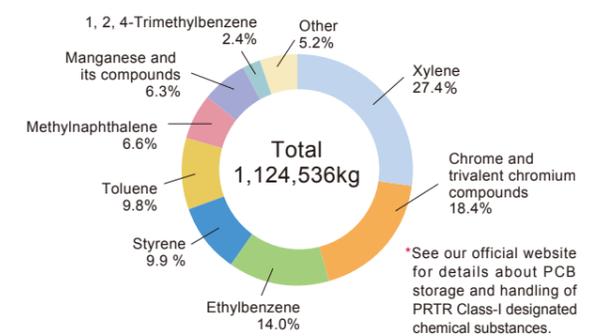
Reducing emissions from chemical substances

Our efforts to control and reduce the amount of chemicals and emissions based on the Pollutant Release and Transfer Register (PRTR) in Japan are to develop environmentally-friendly products and to mitigate risks.

For this year, we managed to reduce usage by 29.1% of designated chemical substance intensity of PRTR substance from base year 2011. However, the amount of substance handled increased by 35 tons from last year.

The main reason behind this is presumed to be the increase in our products and the usage of organic solvent for ship manufacturing. In our next environmental medium-term plan, we will improve management of target substances in each country subject to PRTR.

Statistics 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 the research 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.

Prohibited substances in Yanmar Group
Asbestos, specific freon (CFC, HCFC and other), PCB, PBB/PBDE, mercury, cadmium, Hexavalent chromium, lead in paint, refractory ceramic fibers (RCFs)

Working on Biodiversity

Co-existing with nature and preserving the ecosystem

To preserve biodiversity, Yanmar Group is involved in activities which promote co-existence with nature. These include working on preventing environmental pollution from wastewater and exhaust gas in each business unit, implementing safety and awareness for the employees, and supporting the Umeda Honey Bee Project (mentioned on p.44 of Community Involvement and Development).

We are also involved in offering products and services that contribute to protecting the ecosystem, namely the electricity generating business from used cooking oil (mentioned in p.14-15 Feature Article 1), business using food waste such as food remnants and chaff, and bio-innovation business which offer value by recovering resources in agriculture and fishery.

STRENGTHENING INTERNAL CONTROLS TO ENSURE BETTER MANAGERIAL TRANSPARENCY

CORPORATE GOVERNANCE

Our Fundamental Approach

Yanmar implemented a corporate governance system 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.

Independent external director to enhance fairness, objectivity and transparency of our management

In 2013, a holding company was established to separate group management from business execution. The Board of Directors of Yanmar Holdings, as of June 30, 2019 consists of 10 directors and auditors and supervisory board members, one of whom is an independent external director to raise fairness, objectivity and transparency for our corporate management.

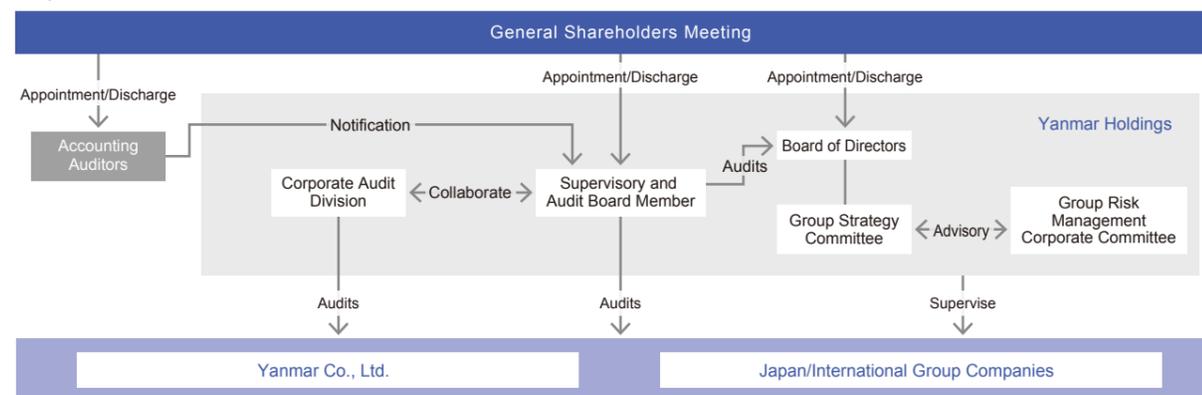
The Group Strategy Committee established under the Board of Directors of Yanmar Holdings, determines the direction of Yanmar Group and addresses management issues, enabling the Group to be managed efficiently and effectively. For FY2018, we held 20 meetings to discuss topics including Medium-term Strategy and M&A projects of the Group. Moreover, the Group Risk Management Committee, which acts as an advisory body to the Group Strategy Committee handles risk management of the Group.

The Audit & Supervisory Board of Yanmar Holdings consists of four members. Two of them are external auditors 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 and the Group companies. 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, 2019)



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.

Group Risk Management Committee handles business risks

The Group Risk Management Committee, which was formed in conjunction with the establishment of Yanmar Holdings meets twice a year to discuss handling of risks associated with business activities. 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

The respective risk manager makes regular updates on the progress of measures taken to rectify the risk occurred within Yanmar Group, ensuring that information is always shared with top management.

■ Establishing Emergency Response Systems

We have implemented emergency protocols as part of our first response systems. The system is set up in accordance to the level of emergency, based on these protocols, in the event of a disaster, accident or incident which requires

action. Emergency communication networks enable adequate response during holidays or at night.

In FY2018, the emergency contact system for each area in Japan and a backup system by mutual supplement have been implemented. We also established an emergency contact system between the Osaka headquarters and group companies in the Tokyo branch area and conducted comprehensive training for Emergency Response Plans (ERP) and Business Continuity Plans (BCP).

To provide global support, a training program for risk management training personnel was distributed to all Group companies, including international subsidiaries



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 FY2018, alerts were sent out on 8 occasions, following earthquakes higher than a seismic intensity of just under 5. 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 alerts to be sent to each business site which can be used as emergency communication.

From Our Employees

We promote disaster prevention and mitigation activities by quickly sharing information and collaborating between groups.

In the Kanto Koshinetsu area, regional blocks have been set based on the recent large-scale disasters. In collaboration with Yamar Agri Japan, we set up a representative base for each block of areas. In an event of an emergency, a neighboring group system will help each other within the block for materials.

Furthermore, a disaster response headquarters is planned to be implemented at the Tokyo branch office or Yanmar Agri Japan Kanto Koshinetsu branch office as an information hub between the head office and each base in the event of a disaster. Moreover, ERP and BCP drills were also conducted to raise awareness of information collaboration. In June 2019, we were able to promptly identify and share damage status in Niigata and Yamagata from the Yamagata offshore earthquake.

In addition, the location information of all bases in the district was posted online using an internet map service, making it possible to rush to neighboring bases by utilizing the smartphone's navigation function. We will continue to work on disaster prevention and mitigation activities so that the entire group can be supported.



Yuta Chida

General Affairs Division
Tokyo Branch Office
Yanmar Co., Ltd.



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

Respecting Human Rights

Our Fundamental Approach

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

Promoting awareness for human rights, in-house education and awareness-raising activities

In FY2018, a seminar for on harassments was held for employees in charge of harassment consultation. The seminar was held to obtain correct knowledge about harassments and to learn about the appropriate measures including case studies, role-playing and commentary by outside lecturers.

HUMAN RESOURCES POLICY

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

PROMOTING DIVERSITY

Embracing diversity as part of our global strategy

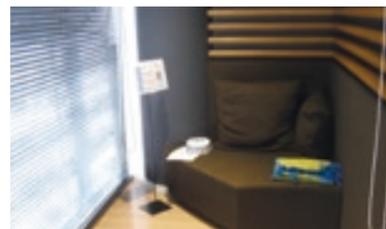
To secure global professional personnel regardless of their nationality, gender, or age, Yanmar Group strives to promote diversity by hiring a variety of talent. Diversity at Yanmar means embracing and respecting differences, including lifestyle, culture, career, nationality and gender to harness the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

each individual, and invokes a sense of pride and motivation in each of our employees.

Since FY2018, we have held round-table discussions for foreign national employees and career events for female employees. From FY2019, our employees have been taking the lead in new system introduction and improvement activities.

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 Marché Osaka. Muslims make up a quarter of the world's population largely in Southeast Asia and Europe where Yanmar Group operates. To cater for Muslims, Yanmar established its own standards for Halal cuisine and provides a different menu 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 by employees and customers of all nationalities and faiths for the way they promote mutual understanding.



Multifaith Space

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

At the end of March 2019, women accounted for 497 (14.3%) of our 3,471 employees. 17.3% of the graduates who were offered jobs at Yanmar in FY2018 were women. Our main business is machine manufacturing including engines. Although few women choose this field as a profession, we hire suitable talent who qualify for these diverse positions.

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



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

Promoting Women to Managerial Positions

While the percentage of female managers at Yanmar is currently only 2.4%, more women are moving into managerial positions every year. Yanmar and Yanmar Holdings have 1 female executive officer and 7 in management positions, 2 divisional managers and 5 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

At Yanmar, women are also active on the front line of production. Although the percentage of female employees in factory production is as low as 5.0%, it is increasing by more than 2% compared to last year. Working together to establish a more inclusive and supportive work environment has helped achieve this.

Action Plan Based on Regulations for Women Empowerment

■ Aim of the Plan

We 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 these initiatives, we implemented our own action plans at Yanmar.

■ 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 take their annual leave so that they can live active and healthy lifestyles. Due to our ongoing efforts, 62% of the entitled annual leave has been taken and we encourage employees to take advantage of this benefit.

Building various support systems so that employees with disabilities can work with peace of mind.

In order to promote the employment of persons with disabilities, Yanmar Symbiosis was established in April 2014 and celebrated its 5th anniversary. As a special subsidiary ^{*1}, 61 people with disabilities work there, as of April 1, 2019.

Symbiosis' imbues coexistence. We value a balance among nature, society and communities by utilizing the capabilities of each disable employee.

YSS takes various actions to ensure that all employees can work with peace of mind in three areas of agricultural solutions, office support and manufacturing support.

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

YSS also participates in community-based initiatives to enrich areas in Higashi Umeda, Osaka with seasonal flower displays and cleaning up. The tour at YSS has attracted a range of visitors from schools, companies and organizations that help people with disabilities find work, enhancing awareness to improve employment.

In FY2018, we started a new cleaning project at R&D Center in Maibara and expanded our operations by frequently visiting to clean the dormitories and offices in the Keihanshin area from the head office. In addition, as a group-wide effort to reduce office supplies, we have started providing central purchasing service to each group company.

In 2017, implementation at the manufacturing site, which was a long-term business target since its establishment, started at the Shiga Office in the Nagahama Factory, further expanding the network with Yanmar Group employees in the Shiga area. We engage in expanding business and promote further employment.

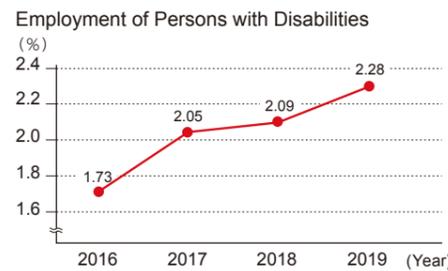
The combined employment rate for the 6 group companies ^{*2} was 2.28% as of the end of March 2019, achieving the current statutory employment rate. We will continue to expand our business and set the target for FY2019 at 2.3% or higher with an outlook to increase legal employment rate scheduled for FY 2021.

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

^{*2} Yanmar Holdings, Yanmar Co., Ltd., Yanmar Agri Japan, Yanmar Agricultural Machinery Manufacturing, Yanmar Business Service, and Yanmar Symbiosis



Installation for sunflower planters



*As of end of March

Promoting active participation of senior citizens, including a rehiring program that takes into account individual expertise and preferences.

With declining birthrate and aging population in Japan, Yanmar encourages participation of seniors to maintain diversity in our human resources and has been increasing employment opportunities. In FY2018, 95.7% of employees had opted to continue employment, taking advantage of the offer to continue work until age 65 for those employees who wish to be rehired after reaching mandatory retirement.

We take the individual's expertise and preferences into consideration to make appropriate appointments.

TALENT DEVELOPMENT

Our Fundamental Approach

Yanmar leverages 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 encourage technical skills and workplace knowledge training to foster personal development in a wide range of areas.

Diverse talent development in response to globalization

Yanmar makes flexible and strategic assignments and exchanges of human resources. We implement the following human resource programs - Transfer Request Program, Yanmar Dreams Come True System, an internal recruiting program for new businesses, and the Career Development Program, a strategic training program creating employees with a high level of expertise across a wide range of responsibilities. As part of cultivating global talent, approximately 700 employees participated in 1-on-1 as well as online language training before overseas assignment (including management courses) in FY2018.

In order to nurture corporate management who can lead Yanmar in the future, we are running nine business management training courses both in Japan and overseas. In FY2018, over 120 people took intensive learning courses for 27 days. Besides these initiatives, we also support training in communication and leadership skills to succeed in international business. All our training courses can be taken during regular working hours.

PROMOTING WORK-LIFE BALANCE

Various programs are offered to maintain work life balance

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

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

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

In FY2018, 50 people took extended parental leave, 89 people opted to work shorter hours, 24 people took maternity leave, and 96% of women who took extended parental leave returned to their jobs.

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

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

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

Systems to Promote a Healthy Work-Life Balance (Name)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No. ppl. who took childcare leave	39	47	36 (including 1 man)	41	50 (including 2 men)
No. ppl. who opted to work shorter hours	55	76	73	81	89
No. of ppl. who took pre/post-childbirth leave	20	27	22	26	24
No. of ppl. who took nursing-care leave	0	1	2	4	2

WORK-STYLE REFORM

Work style will change drastically under the Work Style Reform Promotion Group

In January 2019, the "Work Style Reform Promotion Group" was newly established within the Human Resources Division of Yanmar Holdings. In September, it was transferred to the Human Resources and Labor Division of Yanmar and encourages strategies based on the following 3 points; 1. Improving productivity 2. Increasing engagement rate 3. Embracing diversity.

In addition to external factors such as declining birthrate, aging population and declining labor force in Japan, Yanmar Group was required to make major changes to the way of working itself in order to achieve the medium-term targets for 2023.

① We are improving productivity to increase the efficiency of indirect operations that are difficult to generate value, by using IT tools such as robotic process automation (RPA) reviewing document creation and meetings and shifting labor to higher productivity and profitability. In addition, to create innovation, we promote collaboration opportunities, both inside and outside the company, and the development of design thinking methods. From the next fiscal year, we will expand these initiatives internationally.

② Employee engagement is encouraged through the Employee Awareness Survey, which is regularly conducted worldwide within the Yanmar Group. In 2019, the 3rd survey was completed to proceed trial for a new organization. When the results are confirmed, we plan to implement to the Group sequentially by raising awareness of employees through delegating authority and speeding up decision making.

③ We are engaged in introducing system and improvement activities in order to enhance corporate performance by accepting and respecting diversity and making the most of its capabilities. Please see page 34 "PROMOTING DIVERSITY" for more details.

From Our Employees

We will pursue productivity growth through communication reform using IT tools.

We mainly work to promote the use of the communication tool "Y-Square" and improving the productivity of Yanmar Group employees.

In particular, productivity improvement is an important task as a measure of work style reform, and we are working to improve using IT tools such as Robotic Process Automation and Power Business Intelligence. For example, at the Engine Business Unit, the fixed asset registration process, which previously took 120 minutes, has been reduced to 13 minutes by using RPA.

Not all operations can increase efficiency by 90%, but actual trial led to a successful outcome. We will transform the communication of the Group by sharing internal know-how and knowledge using IT tools.



From left to right: Shizuka Tanaka, Rin Yoshizaki, Hiroshi Shinya, Hidenori Matsumoto

IT Innovation Promotion Division
Communication Process Promotion Group,
Business System Division, Yanmar Co., Ltd.



Diversity is promoted not only for equal employment opportunities, but also to share various values and perspective. For example, we are planning to provide thematic learning opportunities and places for employees. In the past, we offered conventional trainings categorized by job title or elective subject. However, our new aim is for employees with different backgrounds to share their values and know-how to foster a multifaceted perspective and encourage ownership mentality within the organization.

In addition to understanding "how to work", we will promote various measures so that employees can enjoy a place of self-growth and continue to have a good relationship with the company, allowing them to embrace "Why to Work".

OCCUPATIONAL SAFETY AND HEALTH

Working to enhance health and workplace safety

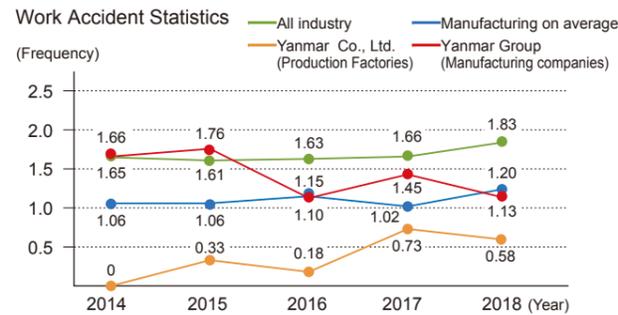
At Yanmar, each production facility has its own unique management system designed to match differing environments and needs. Health and safety committees have been established at each facility to reinforce safety control through inspections and social exchange, offering on-site training which enhances awareness to prevent occupational hazards.

Since 2015, we have been offering free stress level test to all employees including those assigned overseas. For employees and families wishing to receive counseling, various services are offered through face-to-face meetings, phone calls, e-mails or Skype.

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

With the purpose of encouraging health maintenance and improvement, we offer reexamination with an occupational physician as a follow-up measure to those who are ordered to at the health checkups.

Other services are offered including first-aid training using an automated external defibrillator (AED), walking programs, seminars on cancers, and opportunities for employees to consult with physicians. Our health management committees comprising employees from Yanmar Health Insurance Society, human resources at the head office, and general affairs divisions at Business Units, meet to discuss current health matters including periodic medical checks and measures to prevent lifestyle disease.



*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.

GLOBAL TOPICS Indonesia

P.T. YANMAR INDONESIA

Inspections for improvement to strengthen health and safety

Yanmar Indonesia conducts routine inspections to reinforce health and safety.

In FY2018, 479 issues were identified, and we conducted continuous improvement projects for working environment and sanitation, and reviewed work procedure. There are still unsolved issues we will keep working on.

As for the number of accidents reported in the year, 26 of them were work-related, 20 incidents at the site and 6 traffic accidents outside of the premises. We are investigating the causes and working on preventing recurrence of similar accidents in the future.

TALKING WITH EMPLOYEES

Maintaining a strong relationship with labor and employee unions

Yanmar maintains strong labor management relations (LMR) with the Yanmar Labor Union and the Yanmar Employee Union and engages in periodic negotiations and discussions about the work place and conditions. We also ensure opportunities to discuss the Group's business, by holding presentations on the business affairs and round table discussions on labor-management.

Mission Based Activities

To ensure all of our employees understand and practice our Mission Statement and Code of Conduct (YANMAR11) established in 2012, Yanmar employees have been involved in various activities which promote our Mission. Mission Trainings are continuously offered to new employees and organization that recently became part of Yanmar Group. For existing employees, Mission Workshops support the practice of our Mission in the workplace by offering a platform to present their efforts. Yanmar Group YWK Convention encourages inspirations from each other by rewarding those successful in their Kaizen efforts (a continuous improvement project). Through these events, employees become proactive, which lead to increase in customer lifetime value and solutions.

Understanding

Mission workshops around the globe

In FY2018, 127 Mission workshops were held for managers worldwide for a total of 2,096 participants, to ensure that our Mission Statement is properly understood and translated into action by the Group employees. We conduct group discussions with different subjects each year and create opportunities for behavioral change.



Action

Enhancing horizontal problem solving and decision-making capabilities

Kaizen activities by employees are vital for increasing the value we provide to customers and solving their problems. With the aim of improving problem-solving ability across the organization and promoting the involvement by all employees, we are also developing problem-solving methods in Japan and in our international locations.



Sharing • Praising

Yanmar Group YWK Convention to build a corporate culture that encourages employees to challenge

YWK stands for "Yanmar Way by Kaizen," which is an initiative that collects knowledge to work 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 self-directive challenges. At the 6th convention held in 2018, 20 teams selected from a total of 2,821 entrants presented details and results of their Kaizen activities.



Implementation

From Our Employees

By focusing on the work site, products, and facts, we improved our work process and evaluation method in development

Yanmar Construction Machinery integrates business at all functions of construction machine development, production, sales, and after-sales service. This year, our focus was on the process of developing new models and working on improvements. In collaboration with Research and Development Center, we built new work process and evaluation methods for operations, but it did not go smoothly as expected at first. Although there were many difficulties and disappointments, four of us and three members of the Center took the lead in tackling by contemplating directly at the site, the products, and the facts. Without giving up, we were able to achieve excellent results through perseverance.

Although we do not have many opportunities to interact directly with customers, we feel that this initiative has contributed to maximize the Life Cycle Value for the customers through speedy commercialization based on their needs.

Taking this YWK award as an opportunity, our goal of whom we work for and contribute will be clarified, allowing us to accomplish our Mission activities.



From left to right: Satoru Nii, Takashi Komaki, Tadashi Tsujimoto
 Research & Development Center, Yanmar

From left to right: Yuki Aoki, Katsuya Inoue, Koichi Takata, Satoshi Kawakami
 Development Division, Yanmar Construction Equipment

CORPORATE ETHICS AND ESTABLISHING STRONG PARTNERSHIPS

COMPLIANCE

Our Fundamental Approach

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 to mitigate risks

We established the Legal Compliance Committee as a specialized subcommittee within the Yanmar Group Risk Management Committee. An administration office was also established 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.

■Formulation of Global Code of Conduct

All employees and directors are 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. Since 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. In addition, Global Risk Management Committees have been held since 2016 to share achievements and future policies of compliance activities based on the Yanmar Global Code of Conduct. In 2018, promotional activities were reviewed from both ends to share best practices. We continue to encourage promotional activities in compliance to further raise awareness.

■Ethics Hotline

Yanmar Group has an ethics hotline. This system is avail-



Workshop on Global Code of Conduct to protect corporate assets within the work place

Yanmar Russia held a workshop to discuss Article 9 of the Global Code of Conduct – Protection and utilization of corporate assets. All employees were able to discuss and learn about various types of corporate assets and ways to manage them appropriately.

Both tangible and intangible corporate assets are widely used across our business and proper handling and course of action are required among our employees. At the workshop, participants joined discussions and case studies using cards to understand and share information about corporate assets, which need to be protected daily. In the future, we hope to reinforce safety for corporate assets in the work environment by identifying risks and strategies by business unit.



Workshop

able 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, we offer ways to contact via a designated toll-free phone number and e-mail address.

Reports are investigated, with the utmost care 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 recurrences.

■Compliance Training and Public Awareness Activities

In addition to compliance training for new employees and managers, we also provide legal programs for employees being transferred overseas, in order to equip them with the skills to handle compliance issues in the new location.

In 2018, management training was held again since the previous year, to reinforce compliance awareness among the management with central roles to carry out professional

duties. By the end of 2018, a total of 1,800 department heads and line managers participated in a training program with basic but important topics, such as labor management, trade management, and harassment.

In addition, we offer online training with our eLearning program. In 2018, 3,527 employees took eLearning courses on the Yanmar Global Code of Conduct, the Anti-monopoly Act, and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

32,986 employees took eLearning compliance courses. With the aim of raising corporate ethics, the intranet is used for educational purposes, such as legal case studies.

PROCUREMENT INITIATIVES

Communication with the suppliers for mutual understanding

■Communicating with Suppliers

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 suppliers in Japan and in our international locations.



FY2019 Yanmar purchase policy briefing

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

Yanmar procurement policy presentation. Excellent suppliers are presented with a letter of appreciation, which leads to motivation and enhanced skills.

The "Seiei-kai," an association comprising of 72 suppliers, holds a meeting twice a year to discuss general business activities. Yanmar utilizes these meetings to provide information on production and business activities to encourage suppliers to engage in smooth production to secure stable procurement.

■Supply Chain Management

The Procurement Division selects several suppliers in Japan and in our international locations each year on the basis of QCT and provides instructions for improvement. Furthermore, since FY2007 we have been promoting YWKS activities to reinforce supplier networks and partnerships to improve product quality, enhance productivity and reduce inventory. We also check periodically where our suppliers source their materials, ensuring that they are not using conflict minerals. For the export of products and spare parts, we undertake trade control measures in accordance with various laws and regulations in Japan and in our international locations.

■Education and Awareness Concerning Purchasing

To fully comply with Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, Procurement Division provides training 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.

From Our Employees

Working on improving distribution of Diesel Particulate Filter (DPF) for industrial engine for both Yanmar and the suppliers' benefit

At the Procurement Division, we cooperate with suppliers to improve various aspects of QCT. Since 2018, I have been encouraging improvement in the distribution system, such as work hours reduction for shipment, transportation efficiency, and inventory control in DPF (exhaust gas after-treatment system).

What led to this effort was when I visited a supplier and witnessed a worker spending many hours on packaging parts. By identifying unnecessary inventory, operation and transportation and restructuring the packaging process, I felt that both the supplier and Yanmar can benefit from this initiative.

We hope to make the effort to create a win-win situation on both ends by continuing to pursue this reform.



Masaki Ikuta

Group 2, Procurement Division 3
Procurement Division
Yanmar Co., Ltd.

PROVIDING SAFE, HIGH-QUALITY PRODUCTS THAT DELIVER SATISFACTION

Our Fundamental Approach

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

THE PURSUIT FOR HIGHER QUALITY

Policies and structure ensuring improvement in quality and safety

Quality and safety standards at each stage

At each stage of product planning, development, manufacturing, sales and after-sales service, systematic activities ensure product safety and quality. At Yanmar, we defined our own occupational health and safety standards to further ensure adherence to laws and requirements in Japan and in our international locations. 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 as well as the environ-

ment 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 examine 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 laws and regulations.

Defining a consistent system for quality assurance

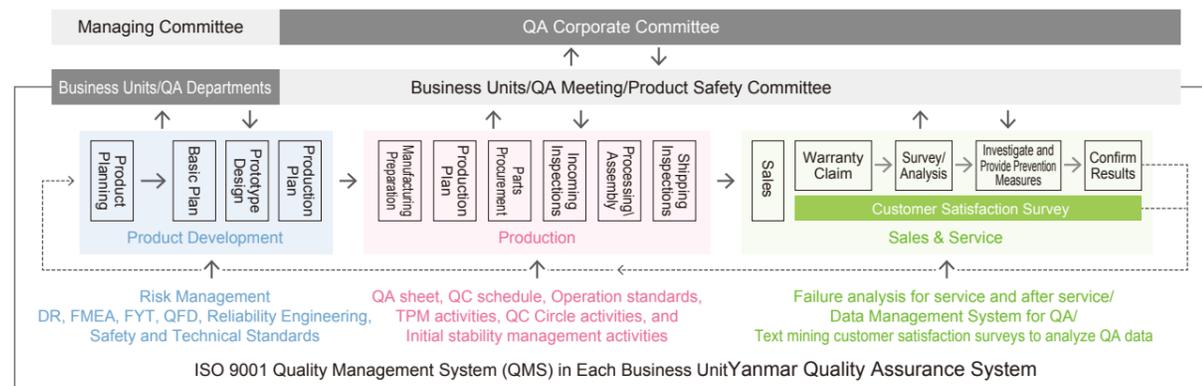
With our integrated quality assurance system, Quality Assurance divisions in each business unit acts as the point of contact; joining all areas of business activities from product planning and development to production, sales and service. Our quality analysis center strengthens functions for both standardizing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

For FY2018, we aim to limit quality compliance cases to 0 and will conduct self-audits in both Japan and in our international locations to prevent tampering of product inspection results. Improvement was systematically made by having the QA Division share the index for the system preventing tampering. In FY2019, we will continue to analyze and correct areas of improvement.

In the new field of food business, a company-wide regulation maintenance and quality assurance system were established, as compliance and reinforcement for quality assurance.

2 additional business units received certification from ISO9001, the international standard for quality management, raising the total number of domestic and international business units with certification to 32.

Yanmar Quality Assurance System



Early detection by analyzing QA issues

In order to detect quality problems at an early stage, Yanmar has built a system to monitor and analyze quality information in Japan and international markets (e-Claim, Warranty-pro, and OEM Information), which accelerated collecting information and identifying major problems.

Quality information from customers, distributors, dealers and OEM are collected to be shared to service departments of each business unit and QA Division. Collected information is analyzed in detail through the method of text mining (data analysis) and the results are sent out to each business unit as data relating to quality assurance. This system facilitates the initial stability period management of new products from the outset and prevents any recurrences or escalations of problems.

Delivering Top Quality Solutions

The 4th QA Forum was held in Shiga, Japan for 2 days from November 6 to 7, 2018. The forum provided 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.

For this forum, foreign subsidiaries including 5 companies such as Yanmar Agricultural Equipment China, Yanmar S.P. participated and presented initiatives for quality assurance. Yanmar Agribusiness, Power Solution Business, and Kanzaki Kokyuko presented a case study for reform, "Chronic Problem of Quality Assurance" as their activity update report for their quality training program, YQM BASIC Course.

On the 2nd day, group work was conducted based on 3 topics of "Solutions Using 7 Tools of QC," "Exercises for Learning Machinery," and "Why Analysis," to improve data analysis skills required for solving quality control issues. We will continue to hold these forums to ensure that Yanmar delivers the highest quality.

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*1 and disclose the information on our website, and if necessary, place recall notices in the newspapers. We continue to make improvements to our compliance with recall regulations.

Every year, we take initiative in limiting the number of recalls, but in FY2018, there were 17 recall cases, which was almost double the amount from the previous year. We take this problem seriously and continue to improve the quality assurance system (SEAQ system) as well as training of our employees. Furthermore, we tackled the following important implementation matters in FY2018.

1. To promptly identify vital problems in quality, a new quality assurance system (SEAQ system) was built and applied to all products globally. In FY2018, the system was introduced to all business units in Japan. To use the system in all international business units for FY2019, we are moving forward with design and development.
2. QC assessment training is organized and provided for practical QC education in line with Group and Business Unit policies. For levels 1 to 3, a total of 147 persons passed the training in FY2018 bringing the sum to 1,153 persons since FY2011.

Trends in No. of Recalls*2

Fiscal Year	2014	2015	2016	2017	2018
No. of Recalls	7	3	7	8	17

Important notifications concerning quality
www.yanmar.com/global/news

*1 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

*2 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

We identify underlying problems of the customer and work to promptly solve market problems to offer ongoing improvement in quality



Makoto Wada
 Market Quality & Warranty Supervisor
 Service Department
 Customer Service Division
 Yanmar America Corporation

The customer support division of Yanmar America is in charge of technological support and quality assurance in numerous business units of the North American region. The market quality and quality assurance team that I am affiliated to, collects existing quality information and customer requests for improvement, as well as identify product problems based on shipment information of warranty claims and replacement parts. In order to accurately communicate information obtained from the manufacturing and development division, information is shared internally as needed, and extended to the regular quality meetings held between the US and Japan. We continue to value voice of the customer and offer timely solutions for market problems and continuous quality improvement.

A UNIQUE APPROACH TO COMMUNITY SERVICE: "MOVING FORWARD AND LIVING TOGETHER WITH THE LOCAL COMMUNITY"

COMMUNITY ACTIVITIES

Our Fundamental Approach

Yanmar Group considers community involvement to be an important part of sustainability. We work with communities both in and outside of Japan to understand and solve existing problems in each area where Yanmar operates business or where our business have impact. In addition to environmental protection, we also take part in community activities, disaster recovery efforts, international exchange, job creation and employment support.

Providing support and engaging in activities rooted in local communities

■ Supporting the Umeda Honey Bee Project

Yanmar supports 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, and encourages green space in the area. This resonates with the business of Yanmar, which promotes continuous development in harmony with nature. This project also ties 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 from nearby elementary schools to teach them about the ecology of honey bees.



Learning about bees

■ Community events held at the company cafeteria

Yanmar head office, located in Chayamachi, Osaka, participated in the 2019 Challywood event. At this community event held in May of 2019, Yanmar hosted workshops at the company cafeteria, Premium Marché Osaka. Corporations, schools, commercial facilities and a television network collaborate to promote the Chayamachi community and Yanmar has been the biggest corporate contributor since 2015.

In 2019, which marks the beginning of the Reiwa era, various workshops have been held in each area of Chayamachi adding the element of "something new" and "beginning" on top of the existing theme of "learning and experience".

Yanmar held workshops at Premium Marché Osaka, offering an original smoothie booth using carefully selected vegetables and a lecture on honey bees given by the Umeda Honey Bee Project.

Both events attracted significant attention and advance registration was fully booked, drawing 90 participants during the two days.



Making original smoothies

■ Yanmar joins Dairinkai for environmental conservation

Yanmar participates in environmental conservation activities through Dairinkai, an association of corporations based in the Kansai region of Japan.

Dairinkai advocates greening activities in its local community of Osaka by planting flowers and trees. For the last ten years, they have been creating parks in the Izumi Kyuryo Ryokuchi area.

In cooperation with Izumi Kyuryo Ryokuchi Park Club, a volunteer group in Osaka, they have been doing maintenance work of bamboo forests. They also offer training and

seminars for the volunteers to build knowledge and skills to continue activities such as flower seedling and park maintenance.

We will continue to call for volunteers within the company over the intra-net to work with local companies and citizens of Izumisano city.

Furthermore, heavy equipment have been donated to the club in the past.

■ Supporting the SDGs Train

Yanmar supports the SDGs Future Dreams and Town Train, promoted by Hankyu Hanshin Holdings to celebrate the 10th year anniversary of the Hankyu Hanshin Dreams and Communities of the Future Project.

The SDGs train operates as part of corporate social responsibility of Hankyu Hanshin Holdings. It focuses on local community development and human capital development for the future generation.

Yanmar takes part in this project as one of the seven forward-thinking companies supporting this effort, and our own SDGs activities are displayed on the posters in the trains. SDGs trains are scheduled to run on various Hankyu and Hanshin lines until the end of May 2020.



SDGs train "Future Yume Machi" by Hankyu Railway



Poster to be displayed in the trains

■ Temporary open-air dining experience offered at THE FARM TOKYO

For a limited time, Yanmar and "Premium Marché", the food project which brings farm producers and consumers together, opened an open-air food facility "THE FARM TOKYO" on the site previously occupied by the Yanmar office of Yaesu, Tokyo. This exciting dining experience in the middle of the city was a big success.

THE FARM TOKYO was held for seven months between April and October 2019 and attracted 100,000 visitors. Premium Marché Shop was opened in Tokyo for the first time, offering Yanmar original smoothies and soft-serve ice cream made with Rice gelée, a special ingredient consisting of just rice and water. Visitors were able to enjoy grilled food, drinks, pizza, bread and other food carefully selected from Premium Marché. The newest tractor model YT357AJ was also displayed on site, attracting attention from the visitors.



THE FARM TOKYO



BBQ and grilled food offered on site



Participated in UMIGOMI Zero Week by Nippon Foundation
—Yanmar Amagasaki Factory—

Yanmar Amagasaki Factory participates in the UMIGOMI Zero Week organized by the Nippon Foundation. In June 2019, clean-up was done on a nearby river bank of Kanzaki River.

This activity involves 800,000 participants nationwide to reduce garbage, including plastic waste in oceans, and is held in conjunction with the Plastics Smart campaign led by the Ministry of the Environment.

50 employees of the Amagasaki Factory participated to collect garbage scattered around the area. About 60kg of waste including 43 bags of combustible waste, 16 bags of incombustible waste, and 25 bags of PET were collected in garbage bags.



Collecting garbage in and around Kanzaki River

Chairperson's Award of the Factory Greening Award Program granted
—Yanmar Casting Technology—

Koga business unit of Yanmar Casting Technology won the Chairperson's Award of the Factory Greening Award Program, an initiative led by the Japan Greenery Research and Development Center to recognize individuals and organizations making greening efforts in factories and industrial parks. Green space at the factory increased from 7% to 17% since establishment. Area formerly used to dispose industrial waste was converted into a soccer field and grass was planted to dirt parking lots, preventing dirt and dust to spread to nearby neighborhoods. Furthermore, the organization acknowledged the company's efforts to preserve tradition by relocating trees (black pines) from a factory closure due to consolidation.



Parking lot turned to greenery

Yanmar Contributes to Society Across the Globe

North America and Latin America

Yanmar America donates tractors to Season's Harvest at Berry College

—Yanmar America Corporation—

Yanmar America Agriculture Division donated the use of a YT359 C Tractor Loader and a YANMAR Rotary Cutter to the Berry Farms Season's Harvest program held for students. YANMAR America will continue to support classes and training for students through its donation of tractors, used for tilling, bed shaping, planting and mowing. Located in Georgia, Berry College has the world's largest contiguous college campus with 27,000 acres of land.

This program not only offers local neighbors fresh and seasonal crops grown on the farm, but also provides students a paid, on-campus work during their enrollment.



Supporting the Season's Harvest project at Berry Farm

Participation in the BOPAE Recycling Event by collecting 12 tons of waste

—Tuff Torq Corporation—

Tuff Torq co-sponsored a BOPAE recycling event in October 2018. The event is held annually and collects used Batteries, Oils, Paints, Antifreeze, Electronics (BOPAE) from the local community.

For this year, a total of 26,539 pounds or 12 tons of waste was collected and disassembled to be stored and disposed. Total waste collected at the event increased by 122% from the previous year.

TTC will continue to support such events in the future and is working together with local residents to find and properly dispose of dangerous items near their homes.



BOPAE Recycling Event

Europe

Bee harvesting using land surrounding the business

—Yanmar Europe B.V.—

Yanmar Europe started bee harvesting by having the staff cultivate land surrounding the business by adding flowerbeds and setting up bee hives under the advice of bee keepers. Honeybees play an important role in the ecosystem. Since 2011, Yanmar has been supporting the Umeda Honey Bee Project, an initiative to grow bees in urban areas. This activity in Holland is in line with the one in Japan and will continue in the future.



Setting up bee hives for the honey bees

Part of the assembling outsourced to workers with disabilities to support self-sufficiency and opportunity

—Vetus B.V.—

Vetus outsources a part of our assembly work to subcontractors which functions as a social activity organization offering work to people with disabilities.

In the Netherlands, opportunities are offered to people with disabilities so that they can contribute to society through their skills. Vetus participates in this activity by providing work.

Vetus Young Generation, consisting of members of 35 and younger, visit the subcontractors and organize activities through communicating with workers in charge of these tasks.



Members of the Vetus Young Generation

Asia Pacific

Seminars and cleanup activities to discuss the problem of plastic waste in the ocean

—Yanmar Asia (Singapore) Corporation Pte. Ltd.—

Yanmar Asia (Singapore) held an event in April 2018 to raise awareness of ocean pollution as well as saving resources and energy.

In line with Earth Day, air conditioning was switched off temporarily

and beach clean-up activity was held at East Coast Beach Park. At the beach, 315kg of garbage, including cigarettes, food packaging, and plastic straws, were collected during the two hours of clean-up.

We will continue to support environmental protection and energy saving activities.



Cleaning the beach

Proceeds donated to a local charity organization at a company charity sports tournament

—Yanmar Capital (Thailand) Co., Ltd.—

In September 2018, Yanmar Capital (Thailand) held a charity sports event for the purpose of donating prize money to two local charity organizations selected by the employees.

The first donation of 82,000 JPY was offered to Ramathibodi Foundation to save patients lacking medical support. This fund also included donations offered under the patronage of HRH Princess Maha Chakri Sirindhorn.

The second donation of 90,000 JPY was offered to Baan Ramintra School to support handicapped and blind children in kindergarten and elementary grades.

Both organizations have been selected upon visitations to the facilities and discussing current situations with the representatives in charge.



Visited the charity organization where donations were made

THIRD PERSON PERSPECTIVE

IMPRESSIONS FROM READING THE 2019 YANMAR CSR REPORT

The 2019 CSR Report follows previous reports by beginning with the pioneering spirit of founder Magokichi Yamaoka. The two phrases of “Grateful to serve for a better world” and “To conserve fuel is to serve mankind” embrace Yanmar’s company philosophy today. Through its mission, vision, and guiding principles, the company DNA has been passed down from the past into the future. By repeatedly revisiting its unique corporate philosophy and culture this company has from the time of founding, I was convinced by the various efforts made for a sustainable society mentioned in this report.

The President’s Message opens with global efforts, such as the Paris Agreement and Sustainable Development Goals (SDGs), and incorporates them to A Sustainable Future this company strives for. What was notable was how the President himself makes a clear direction for a new form of prosperity, by introducing overseas expansion, diversity, and technology bringing excitement to the customers. These are key factors required to accomplish the four visions for a social abundance.

The first half of the report focuses on the Feature Article which introduces specific examples of the four visions of Yanmar’s Brand Statement A SUSTAINABLE FUTURE. The four visions of 1 Energy efficiency 2 Working and living with peace of mind 3 Food safety and 4 Fulfilling society, are even more tied to the company’s future efforts and SDGs, suggesting the high level of awareness at Yanmar.

The most interesting example was the construction equipment sharing platform business in Turkey, which not only is part of the solution providing service in international markets mentioned in the President’s Message, but also a business model which steps out of conventional production and sales. It explores the digital and data side of the business, which is sure to expand in the future. In addition, combining autonomous and smart agriculture with seedling technology is a great example of solid innovation in the farming business. It is a promising business which solves the social problems such as labor shortage.

The second half of the CSR report covers Environment Vision 2030, which was established last year, with an even more clarified design and message. In addition, efforts for productivity were outstanding in the form of continued implementation of its Mission and Global Code of Conduct, as well as the newly formed Work-style Reform Promotion Group in January 2019. Yanmar’s strength and advantage are emphasized by presenting CSR activities with substance while conscious of business strategies integrated with the four visions of social abundance.

I look forward to future reports detailing Yanmar’s overall effect on the economy and society in order to accomplish the four visions for social abundance. This may be accomplished by identifying the risks and opportunities which impact business across a long-term time frame and implementing action plans to solve key problems, and to present unique models which generate value using key performance indicators (KPI) and target values.



Mr. Susumu Kimura

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

■PROFILE

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

Our Response

We thank Mr. Kimura from the Development Bank of Japan for providing us his much-appreciated opinion from his perspective. As the successor to Mr. Takegahara from the Development Bank of Japan, who has kindly offered his feedback for the past four years, Mr. Kimura clearly outlined both our growth areas and challenges based on evaluations of our CSR activities from the past.

First, he commended our Mission Statement and Brand Statement A SUSTAINABLE FUTURE for being part of the Group DNA and legacy inherited from what we value the most, the key phrases “Grateful to Serve for a Better World” and “To conserve fuel is to serve mankind” by our founder, Magokichi Yamaoka. We would like to continue to take part in accomplishing a sustainable society by valuing our founder’s spirit.

In the CSR Report, our initiative from 2017 to achieve the four visions of society, A SUSTAINABLE FUTURE, is illustrated as a feature article. It offers the storyline of our efforts of identifying the challenges our customers face and providing them with solutions through products and services, carrying this over to solutions to challenges faced in society, and ultimately contributing to SDGs efforts.

The large-scale power generation business in Okinawa using recycled cooking oil, and product development combining smart farming and the cultivation techniques of dense seedlings, are specific cases which apply the Group’s advanced technical capabilities to its upmost potential. On the other hand, the shared service business of construction machinery in Turkey, MakinaGetir, is a new frontier offering a value-added service, using Internet of Things (IoT). Yanmar Group would like to strive for problem solving in various parts of the world, as we continue to pursue innovative products and services.

As for the blueprint of our Yanmar Group Environment Vision 2030 which was acknowledged in this review, we described specific targets to be completed by 2025 to clarify our progress. For the fifth Group Environment Medium-term Plan scheduled in 2020, we would like to set quantified goals as much as possible.

As areas of improvement, we need to offer solutions which exceed customer expectations and overcome social challenges by identifying risks and opportunities which affect the business in the medium to long term. We need to determine issues of high priority, apply KPI and target values as we draw attention to business strategy which attain A SUSTAINABLE FUTURE and integrate these with our CSR activities. We kindly ask for your continued guidance.



Takehito Suzuki

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

Summary from the previous four years

1. Full disclosure, including unfavorable information concerning customer complaint, for the purpose to improve process and quality
2. High expectations for how value creation will follow the framework to accomplish a new form of prosperity, considering the next 100 years
3. Anticipation for the fourth Medium-term Plan for the environment to include a wider range of stakeholders for the company to evolve
4. Hopes for KPI implementation on a global level to increase awareness and accomplishment of the Mission

Progress shown from previous feedback

1. Full disclosure of unfavorable information such as increase in recall cases, for the purpose of improving recall support
2. Activities associated with A SUSTAINABLE FUTURE initiative since 2017 will be featured every year in a special feature
3. Specific target goals and approach to be defined by 2025 to accomplish the Yanmar Group Environment Vision 2030
4. Continued promotion of accomplishing the Mission Statement by including associated questions in the Yanmar Global Employee Engagement Survey

Yanmar Group Profile

Company Profile (March 31, 2019)

Company: Yanmar Co., Ltd.

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

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

Founded: March 1912

Capital: JPY 6.3 billion

President, Chairman and Representative Director: Takehito Yamaoka

Net Sales (FY2018): JPY 796.6 billion (consolidated),
JPY 285.0 billion (Yanmar Co., Ltd.)

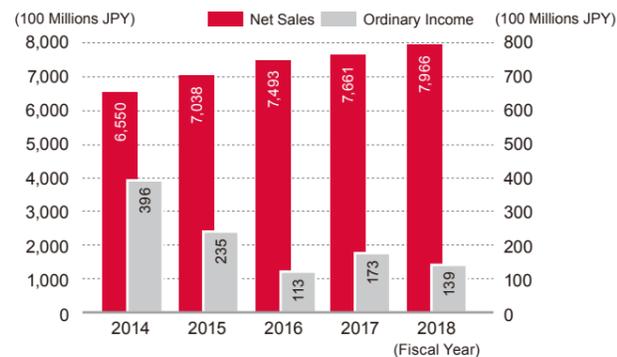
Employees as of March 31, 2019: 20,135 (consolidated)
3,471 (Yanmar Co., Ltd.)



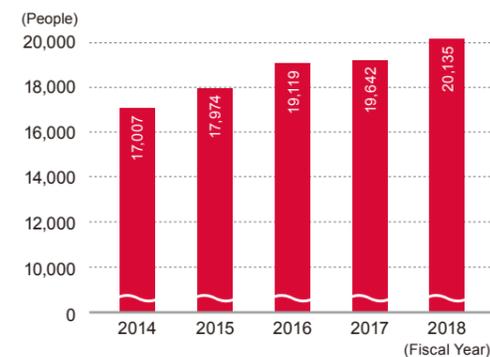
Yanmar Flying-Y Building

Major Indicators (March 31, 2019)

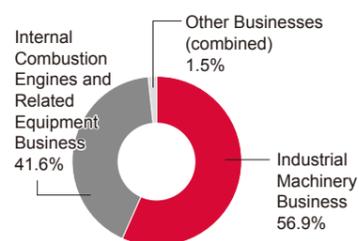
Consolidated Net Sales and Ordinary Profit



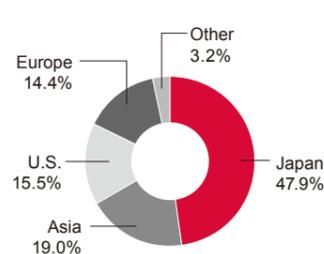
Employees (consolidated)



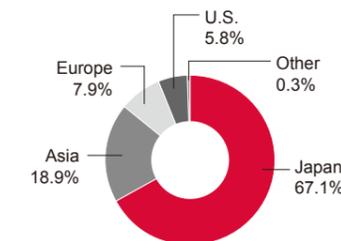
Consolidated Sales by Segment (FY 2018)



Consolidated Sales by Region (FY 2018)



Employees by Region (March 31, 2019)



Yanmar Group Network (June 30, 2019)

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
- YANMAR MASTRY ENGINE CENTER LLC.
- 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
- KKK GmbH

Asia-Pacific

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

YANMAR

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Risk Management Group
Corporate Social Responsibility Div.

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