



Social & Environmental Report 2007

Period covered

FY2006 (June 21, 2006 to June 20, 2007)

Scope of data:

All five group companies in Japan as well as selected overseas group companies and affiliates in Japan

Objectives of publication:

- Provide information concerning corporate activities to stakeholders
- Use evaluations and comments to review activities and make improvements
- Promote enhanced understanding and awareness on the part of employees

Last published:

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Autumn, 2008

Guidelines consulted:

Environmental Reporting Guidelines of the Ministry of the Environment, Japan
 Environmental Accounting Guidebook of the Ministry of the Environment, Japan
 Sustainability Reporting Guidelines of the Global Reporting Initiative

About the Cover

Yazaki Corporation's approximately 200,000 employees at 436 business sites in 39 countries around the world act in concert to manufacture and sell wiring harnesses, which can be likened to the nerves of automobiles, as the company's core business activity with the aim of contributing to the development of a sustainable society. Yazaki also manufactures a diverse range of household and energy-related products and has expanded into new areas such as nursing care and healthcare as well as reforestation. We are confident that each of our business activities is contributing to the betterment of society.

The cover of this year's report speaks of the expectation that Yazaki holds unlimited and still unknown potential, like that of a new life, and of our tremendous responsibility to protect and nurture that potential. We hope that through the reports on the social and environmental aspects of our activities, this Social & Environmental Report 2007 will serve to deepen understanding of Yazaki Corporation's commitment to the development of a sustainable society.

Editorial Policy

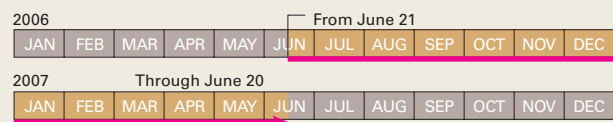
Yazaki Corporation has actively disclosed environmental and other data since the release of the FY2002 Environmental Report, which contained information on the environmental activities of five group companies in Japan. Starting in FY2003, information concerning the social aspects of Yazaki's activities was also added, and the report was renamed the Social and Environmental Report. Yazaki makes every effort to disclose in an easy to understand and accessible manner information concerning how the Yazaki Group fulfills its corporate social responsibilities with respect to both the social and environmental aspects of its activities.

This report reflects the comments and opinions of the stakeholders who participated in the "Let's look, listen and talk about Yazaki!" stakeholder meetings held in March 2006 and March 2007. Actions that we took in response to the opinions expressed at those meetings are described at the end of the report. In preparing this report, we have made innovations to enhance its readability. In "Yazaki Group Businesses and Roles," we report on the current status and future prospects of our responsibilities and the actions we take to fulfill them, and in "In Perspective," we present views from worksites.

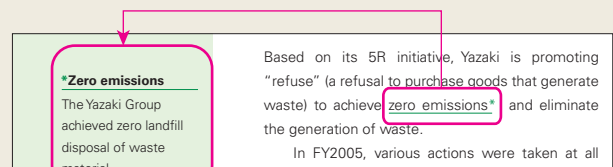
In addition to the data provided in this report, more detailed information concerning Yazaki's environmental performance can be found on the Yazaki website. We hope that you will read both, and we look forward to receiving your frank opinions and impressions. It is also our hope that this report will serve as an opportunity to further dialogue between Yazaki and all our stakeholders.

Guide to the Report

- Descriptions in the main body text and graphs that express changes over time are organized on a fiscal year basis for the Yazaki Group as indicated by the notation below.

Example: FY2006

- Terms with asterisks are explained as notes.



- The report covers both activities in Japan and overseas. Overseas activities are described in the Overseas Initiatives section in the second half of the report.
- Environmental data from Yazaki Group companies in Japan will be posted on the Yazaki Group website following publication of this report.

Website: <http://www.yazaki-group.com/e/>

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Global Expansion of Businesses that Contribute to the Enrichment of Society

The Yazaki Group comprises 170 companies at 436 business sites in 39 countries and employs approximately 200,000 employees.

The corporate structure encompasses businesses operated by Yazaki Corporation and four major Group companies in Japan. The Yazaki Group is headquartered in Tokyo, with Y-CITY, the World Headquarters, located in Shizuoka Prefecture. Yazaki development bases are located in four regions around the world (Japan, Asia and Oceania, Europe, and the Americas). Overseas, manufacturing of wiring harnesses by the Automotive Sector forms the core of Yazaki's operations.

Company Outline (As of June 21, 2007)

Name: Yazaki Corporation

Date of Establishment: October 8, 1941

Representatives: Chairman Yasuhiko Yazaki
President Shinji Yazaki

Headquarters: 17th Floor Mita Kokusai Building 4-28, Mita, 1-chome, Minato-ku Tokyo, Japan 108-0073

Y-CITY World Headquarters: Mishuku 1500 Susono-shi, Shizuoka-ken, Japan 410-1194

Capital: 3.1915 billion yen

Yazaki Group Companies in Japan

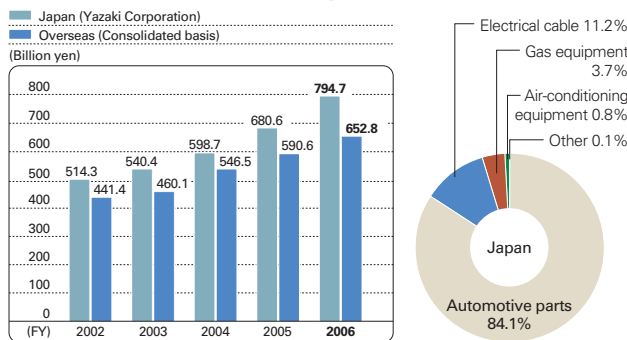
Yazaki Meter Co., Ltd. (established in 1950)
Yazaki Parts Co., Ltd. (established in 1959)
Yazaki Electric Wire Co., Ltd. (established in 1963)
Yazaki Resources Co., Ltd. (established in 1963)

Group Companies: Total of 170
Group Companies in Japan: 5
Overseas Group Companies: 91
Affiliates in Japan: 73
Specific Public Benefit Corporations (corporations to which donations are tax-deductible): 1

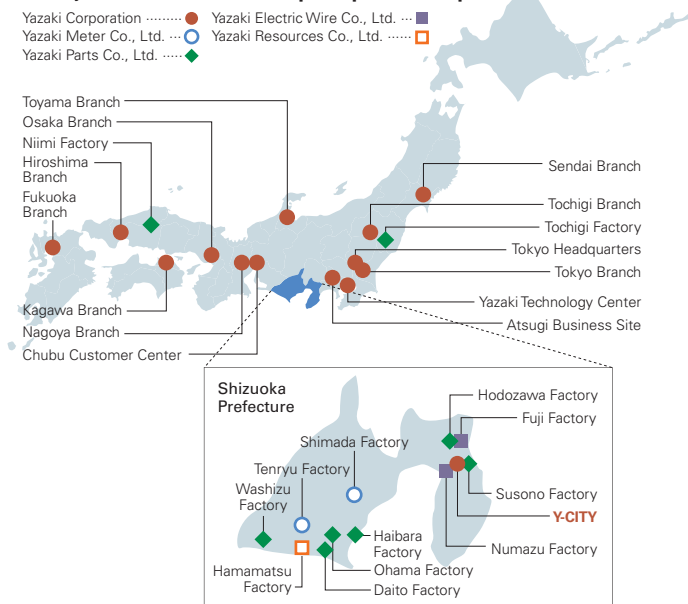
Total Number of Employees: 200,073
Employees in Japan: 21,157 (includes subsidiaries in Japan)
Overseas Employees: 178,916

*Yazaki Corporation is an unlisted company.

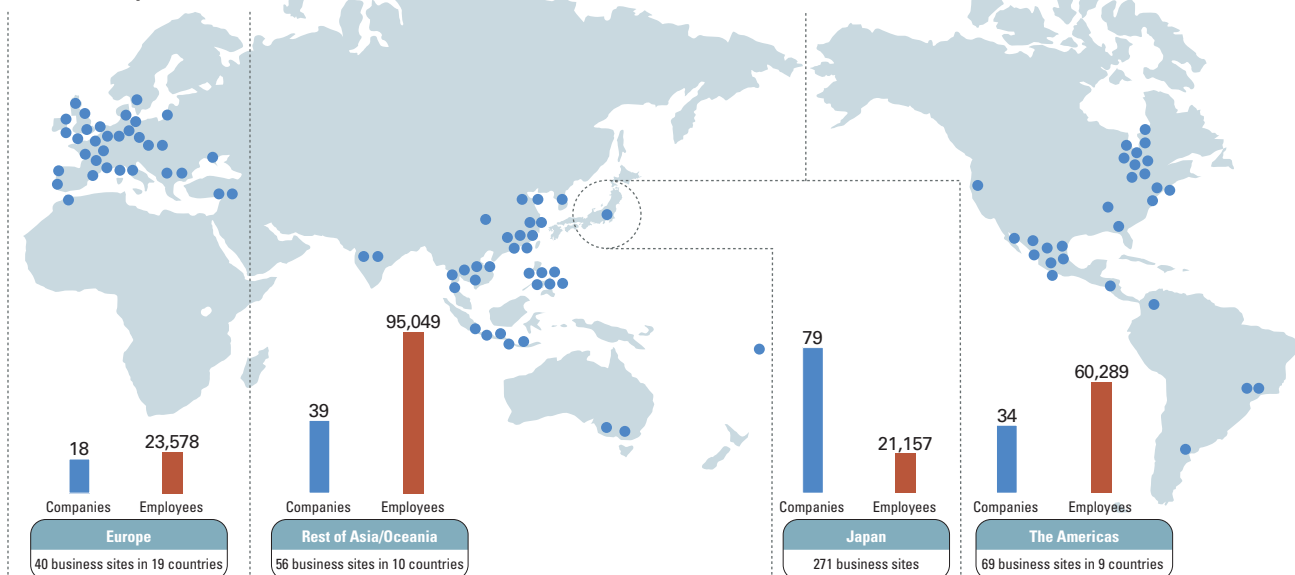
Net Sales and Sales Breakdown by Product (As of June 21, 2007)

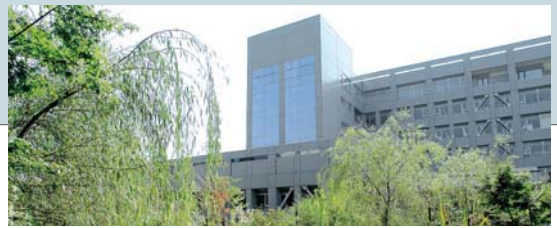


Major Business Sites of Group Companies in Japan



Yazaki Group Business Scale





A view of the Y-CITY World Headquarters from the biotope

Contributing to the Enrichment of Society through the Automotive Sector, Environmental Systems Sector, and New Business Fields

The Yazaki Group boasts a diverse range of products in the global Automotive and Environmental Systems sectors. The Group's integrated business system incorporates research and development, production, sales, and management. The Yazaki Group has expanded into new business fields that contribute to the enrichment of society such as those related to nursing care, healthcare and recycling.

Automotive Sector

Wiring Harnesses



Wiring harnesses are compactly bundled electrical wires and data circuits, and function as the central nervous system of a vehicle. All types of information to ensure the safe and comfortable operation of automobiles pass through the wiring harness.

Meters



Yazaki is responding to a wide range of customer needs by, for example, making meters easier to read, less expensive, and lighter in weight.

Automotive Parts



To maintain high quality levels in its wiring harnesses, Yazaki produces its own electrical wires, connectors, junction blocks, and plug cords.

General Transportation Systems



Yazaki develops devices such as digital tachographs, that enhance the safety and operational management of commercial vehicles. Yazaki also develops taximeters for taxis in Japan, an initiative Yazaki embarked on ahead of other companies in the country.

Environmental Systems Sector

Electric Wire Division



The Yazaki Group possesses more than half a century of experience in producing electrical wires and has developed many environmentally friendly products.

Energy Equipment Division



S-type security gas meter



Gas leak detector (Arocco)

Gas equipment

Yazaki has been pouring its resources into developing gas meters and warning systems, as well as products with integrated sensors that simultaneously provide both safety and simplicity in meter reading and gas delivery.



Double-effect absorption chiller heater "Aroace"

Air-conditioning equipment and household equipment

Yazaki has been developing environmentally friendly, energy-saving equipment and solar powered systems, and is also researching new clean-energy sources.



Solar-powered water heating system "Yuwaita"

New Business Fields

Nursing Care and Healthcare Businesses



The Kami Fusen Yazaki Care Center

Business sites in Japan provide home-visit nursing services, and operation of nursing care facilities began in 2006. Yazaki is also developing businesses that support employee health management.

See page 16 for other business activities with strong local ties.

Environment-related Businesses and Recycling



Lightweight, construction material, "Super Sol R"



Organic fertilizer, "Okara Super Organic"



Loose cushioning material, "Wonder Cushion"

Yazaki, a company spanning the globe with 200,000 employees, continues to practice socially responsible business



At the root of our philosophy of corporate social responsibility (CSR) is a conviction that we must take action now to preserve our world for future generations

The founder of Yazaki used the phrase *Mottainai* (meaning “What a waste!” in Japanese) to describe conduct that produces excessive waste. He was dedicated to eliminating waste and saving resources, and I believe his expression, *Mottainai*, should circulate through Yazaki as if it were part of our corporate DNA. Everyone must know it and observe it. The phrase tells us not only that wasteful conduct illustrates the selfishness of our generation but speaks also of the importance of handing down the wisdom and ingenuity of past generations. The core meaning of the phrase is thus very likely applicable to the requirements of today's CSR. For example, our environmental preservation activities are designed around the high value we place on maintaining and using our tools and other resources for as long as possible, and when it is no longer possible to repair and reuse, we recycle. We do not waste. In addition, the reuse and recycling of materials supports our commitment to the creation of a sustainable society by doing our best now for future generations.

In this booklet, we have also included a section highlighting new business areas at the Yazaki group in Japan. Each of these new businesses has been developed in compliance with our belief in CSR. We have pursued the creation of new businesses that will bring benefits to the communities in which they operate, will satisfy present and future customers and will prosper for many years to come. I am proud to present here some examples of our recent successes in Japan.

As a truly global company, Yazaki is dedicated to social responsibility

The Yazaki group employs more than 200,000 individuals around the world. Since setting up its first overseas factory in Thailand in 1962, it has expanded into 39 countries. We have always held a certain aspect of the Yazaki vision—a corporation in step with the world—as a guiding light while growing into a global company.

The majority of these 200,000 employees make wiring harnesses in our overseas factories. Production of wiring harnesses involves many labor-intensive processes, and we carefully examine working conditions and the workplace environment at every phase of building and upgrading facilities. We also support employees who wish to improve their skills. Each of the Yazaki group companies strives to treat every employee as a family member and to create a corporate culture in which everyone shares pleasure in achievements at work. At the same time, Yazaki wishes to set down strong roots in each local community.

In Japan, we have been establishing new businesses that serve local development needs now and into the future, particularly in the area of job creation. In the process, we understand our responsibility to support the educational needs of children and young people in the communities, thus helping the next generation to build a stronger local economy.

Yazaki group companies have steadily come to be recognized as indispensable business entities in the economies of their host countries. This recognition rests upon the exemplary work of many of our employees, who determine authentic local needs and implement programs that are welcomed by their communities.

At Yazaki, people are our most important asset, and we have, over many years, continuously invested in development and training programs. Our policy of nurturing employees who act in socially responsible ways will remain unchanged despite the inevitable evolution of our management styles and business organizations in the future. I want all Yazaki employees to understand fully the vision of Yazaki that reflects the founder's will and spirit. Let us work together to ensure that Yazaki is a company where all employees put our unified vision into practice.

Yasuhiko Yazaki
Chairman
Yazaki Corporation



Corporate Policy

A Corporation in Step with the World

A Corporation Needed by Society

Since its foundation, Yazaki has made "a corporation in step with the world" and "a corporation needed by society" its Corporate Policy. This policy has been the unchanging pillar that supports all business activities of the Yazaki Group despite the many changes that society has undergone. Yazaki operates in accordance with a uniform stance and code of conduct based on its Corporate Policy to fulfill its responsibilities and mission as a manufacturer that provides only the highest quality products when needed, to anywhere in the world, via the optimal route and at an appropriate cost.

Yazaki also seeks to be a multi-cultural corporation that can develop together with the rest of the world and has created a unique corporate management style and corporate culture based on autonomy, equality, and harmony.

The Corporate Policy is a shared policy that links Global Yazaki's raison d'être with its corporate values.

Fundamental Management Policy

In order to bring the Corporate Policy to fruition, the Yazaki Group must act based upon the following policies:

- 1 Through adoption of new ideas and continuous efforts, increase the company efficiency, and provide the most value to our customers worldwide.
- 2 Uphold the law, respect regional culture, and contribute to economic and social development.
- 3 Contribute to a prosperous future society through business focused on the environment and security.
- 4 Conduct business openly and fairly, and aim for mutual coexistence.
- 5 Care for people, by creating a corporate culture that maximizes the capacity for individual and team-work, while sustaining people's dreams.

In its role as a supplier to industry and society, Yazaki acts responsibly to promote environmental preservation



Working with our customers to advance our commitment to corporate social responsibility (CSR)

The Yazaki group's first priority, in terms of CSR, is to fulfill our role as a reliable supplier, delivering goods and services that are useful to society. As part of this primary objective, we have been coordinating our resources in order to promote environmental preservation activities and to develop and manufacture safe, high quality, environmentally friendly products for automobile manufacturers, gas providers and other customers.

Among the most notorious contributors to global warming are the greenhouse gases, particularly carbon dioxide (CO₂). To reduce CO₂ emissions, each of us at Yazaki must act with urgency and with conviction, in cooperation with citizens of different countries, to become protectors of the Earth. The automotive industry is certainly one of the major players that can aid in the reduction of CO₂ emissions. We must collaborate with automakers around the world to make cars more fuel-efficient and less reliant on fossil-based fuels, even as demand for vehicles continues to grow in developing countries and emerging markets. We must also prepare ourselves to comply fully with such laws and regulations as the EU directives that have recently been enacted or will soon take effect to reduce, eliminate or manage environmentally harmful substances.

And yet, the stable supply of our high-quality products is in itself a primary responsibility for us. Eighty percent of the Yazaki group's consolidated sales come from wire harnesses, and we supply our wire harnesses, which are essential components of the nerve systems of automobiles, to almost all major automakers across the globe. We have worked ceaselessly to strengthen our quality control and assurance systems in order to fortify the trust we have earned over the years from automakers, while at the same time expanding and upgrading our production systems to ensure a stable supply of our products to customers around the world. We have taken comprehensive measures to eliminate the use of environmentally harmful substances in our products and to prevent these substances from being incorporated into any of our manufacturing processes. Furthermore, we have developed products using ultra-fine, extremely light-weight wires, which helps reduce overall vehicle weight and thus yields better fuel economy.

We offer gas meters and gas leak detection and alarm devices to Japan's gas service providers. In the aftermath of fatal accidents caused by gas water heaters, Japan's Consumer Product Safety Law was revised in the past year. Our gas meter division has studied the revision in great detail and restructured many of its internal procedures in order to comply thoroughly with the new law.

Yazaki's electric cable business, which was begun by our founder, has extended the lineup of energy-saving cables it offers

to homebuilders, contractors and others in the trade, as both high-speed communication networks and the general transmission environment continue to expand. As part of our service to customers, we also offer consultation on methods for safely linking electric wires to connectors inside homes and buildings.

Working toward CO₂ reduction

Yazaki has grown into a worldwide manufacturing group in large part because we have extended our supply network to meet our customers' needs as they expand across the globe. To increase our business further, I believe we must not only create employment in host countries and contribute to local economies but also must initiate environmental preservation activities in our overseas bases. While we must follow local environmental protection laws diligently, we should aim to set ourselves even higher standards for the preservation of the environment. As caretakers of the future, we must help to make the world safer for our children and grandchildren. I firmly believe that central to our mission is disseminating this basic idea and ensuring that it is fully integrated into our practices at Yazaki in Japan and overseas.

The Yazaki Environmental Action Plan sets forth specific paths to achieve its objectives. For instance, in order for Japan to realize the level of CO₂ reduction to which it committed in the framework of the Kyoto Protocol, the auto industry must play an active role. The Japan Auto Parts Industries Association, therefore, has set goals to reduce emission of CO₂ and other greenhouse gases. The Yazaki Environmental Action Plan has raised the bar even higher for ourselves than the industry requires. We have worked rigorously to reach the voluntary, yet more stringent, goals in all of our bases in Japan and overseas that are stipulated in the plan, and we continue to expand our environmental preservation programs on a global scale.

Providing a workplace and other venues in which employees can grow and more fully realize their talents—a step essential for Yazaki as a socially responsible company

It is important to help our employees grow at work and as good citizens and active members of their communities. I believe this kind of employee, pleased with his or her work and place in the community, will help make Yazaki an even more socially responsible company. Building on this belief, the Yazaki group has a long tradition of human resource development and is continually widening its array of programs for employees.

"Adventure School" is one example of our efforts to nurture young employees. This program is offered to newly recruited

employees, fresh from school in Japan. Before actually starting to work at Yazaki, those who wish to participate in the program are sent overseas on Yazaki's sponsorship for one year to live in and experience different cultures firsthand. We also offer programs for foreign employees working in Japan, including one in which they can learn more about Japanese culture.

In addition, many years ago we organized and continue to maintain a "Summer Camp" in which children of employees from different parts of the world get together to spend an active, exciting period of time. Some of these campers grow up to be Yazaki employees themselves, and there have been many instances in which these youngsters returned later to the program as camp leaders and supervisors.

As a member of a company that employs more than 200,000 people around the world, I am pleased and proud that Yazaki has always offered unique opportunities for its employees. We are dedicated to creating work environments in which employees may enhance their skills and grow as individuals who then earn trust and respect in their communities and in business.

Facilitating communication with stakeholders

Being more socially responsible is not just about improving compliance and rigorously following laws and regulations. We must take into consideration many differences in world culture and local customs. To help us navigate these cultural waters, we need to deepen dialogues with our customers, suppliers, and community representatives—outsiders who are also stakeholders in our companies. Through active exchanges, we should recognize our deficiencies and our strengths, and we must thoroughly commit to correcting ourselves once we learn something is wrong. In December 2006, we set up a specialized section to monitor CSR activities with the Management Planning Office. The section has already shown results in the areas of enhanced compliance and better communication with stakeholders.

The Social & Environmental Report of 2007 was designed to further facilitate communication with stakeholders. We hope the report will be of interest, and we welcome opinions, suggestions and feedback from readers.

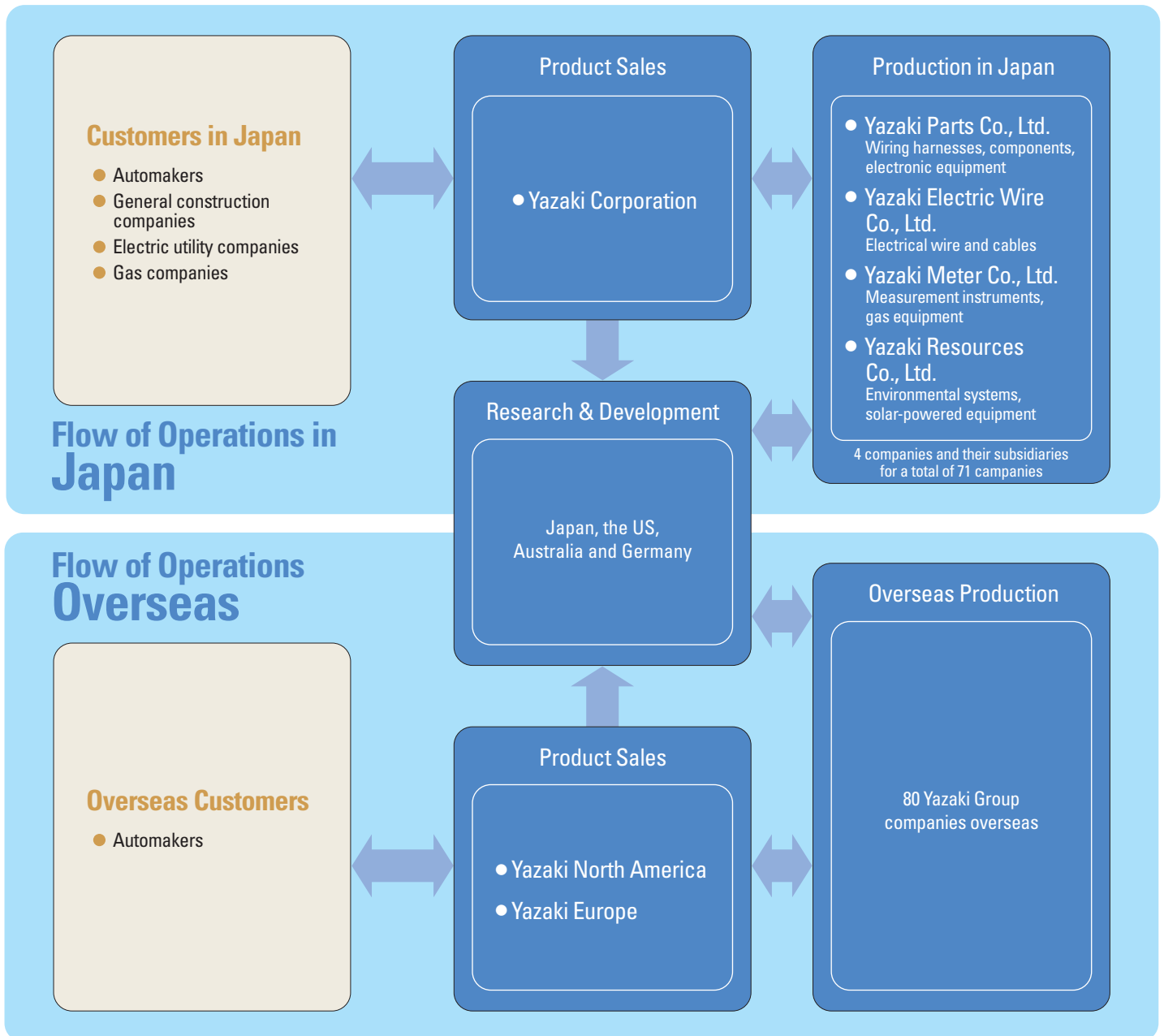
Shinji Yazaki
President
Yazaki Corporation



Yazaki Group Businesses and Roles

To contribute to the enrichment of society and be considerate of the environment

The Yazaki Group boasts development, production and sales bases in Japan and overseas. Overseas, Yazaki supplies automotive parts to automakers in various countries, while in Japan the Group supplies a broad range of products to automakers and other manufacturers.



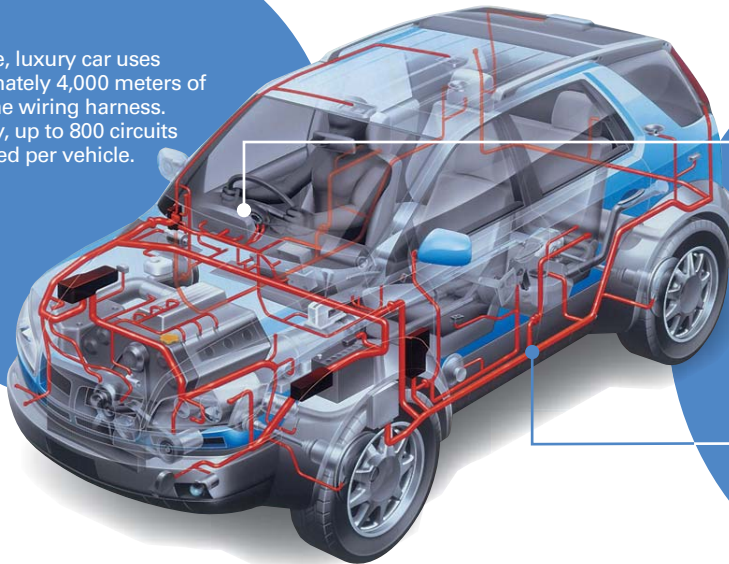
Overview of the Yazaki Group's three areas of business and initiatives taken in each area to fulfill corporate responsibilities, contribute to the betterment of society, and be an environmentally friendly company.

	Safety and quality-related aspects	Environmental aspects	
Automotive Sector			
<p>Wiring harnesses, meters, and components</p> <p>Supplying everything that is connected to the central nervous system of the car Supplying the quality and functions demanded throughout the world</p>	<ul style="list-style-type: none"> Meeting the high quality requirements specified by automakers Ensuring thorough quality management of connectors and electronic components 	<ul style="list-style-type: none"> Reduction of wiring harness weight by reducing wire diameter Designing easy-to-recycle wiring harnesses 	▶ P11
<p>Meters</p> <p>A specialized manufacturer of equipment to promote safe and environmentally sound driving practices Helping prevent traffic accidents and supplying environmentally considerate products</p>	<ul style="list-style-type: none"> Manufacture of digital tachographs that contribute to safe driving practices Manufacture of drive recorders that record images when an accident occurs 	<ul style="list-style-type: none"> Manufacture of digital tachographs that contribute to fuel efficiency improvements Manufacture of vehicle-mounted ETC units that help improve fuel efficiency and ease traffic congestion 	▶ P12
Environmental Systems Sector			
<p>Electric wires (electricity transmission, control cables, communication wires, optical fibers, etc.)</p> <p>From industrial to residential applications Creating the future by offering a wide variety of products</p>	<ul style="list-style-type: none"> Acquisition of ISO 9001 certification by all divisions, including production, sales and development divisions 	<ul style="list-style-type: none"> Elimination of lead from the insulation materials for all types of electric wires and cables - an industry first Repair and reuse of electric wire spools Recycling and reuse of copper resources 	▶ P13
<p>Environmental and Energy Systems (gas equipment, environmental systems, and household equipment)</p> <p>Using energy more efficiently Promoting the use of solar heat and wood biomass energy</p>	<ul style="list-style-type: none"> Compliance with all relevant laws and regulations, including the Consumer Product Safety Law (establishment of a crisis management system) Enhancement of quality management through NYS activities 	<ul style="list-style-type: none"> Development of technologies and provision of equipment that help reduce CO₂ emissions (use of energy from solar power, waste heat, wood biomass, and other sources) Wide-area waste transportation and processing 	▶ P14
New Business Fields			
<p>Nursing care and health management</p> <p>Developing nursing care businesses and health management systems with close local ties Contributing to local communities and enhancing health management</p>	<ul style="list-style-type: none"> Establishment of a small-scale multi-function residential nursing care facility, Kami Fusen Yazaki Care Center Sales of the health-management terminal, "Healthful" 		▶ P15
<p>Environment-related and recycling businesses</p> <p>Advancing recycling businesses that embody the spirit of "mottanai" Effectively utilizing resources and helping revitalize local economies</p>		<ul style="list-style-type: none"> Combining vegetable scraps and soybean-derived food waste to produce fertilizer Recycling waste paper into buffering material Converting waste glass into a medium for growing plants Recycling toner cartridges of laser printers 	▶ P16

Automotive Sector

Yazaki develops and produces wiring harnesses for automakers all over the world and most Yazaki employees are engaged in the production of wiring harnesses. Yazaki also develops and produces automotive electrical system parts and electronic parts according to automakers' needs.

A full-size, luxury car uses approximately 4,000 meters of wire in the wiring harness. Generally, up to 800 circuits are needed per vehicle.



Yazaki is one of the leading automotive components manufacturers in the world.



Wiring harnesses, meters, components

Supplying Everything that is Connected to the Central Nervous System of a Car

Supplying the Quality and Functions Demanded throughout the World

Working with Automakers in Pursuit of the Highest Quality for Products that are Essential to Safety and Performance

In the Automotive Sector, Yazaki holds a leading position in the worldwide wiring harness market and Yazaki's wiring harnesses have been widely used by automakers both in Japan and overseas.

In modern automobiles, many electronic devices are used with the mechanical powertrain components such as the engine and gears. To ensure that the engine, meters, lights, and other components work optimally and accurately, it is necessary to connect these electronic devices using hundreds of wires. Generally speaking, an automobile needs approximately 800 wire circuits, and the combined total extended length of these wires can reach 1,000 meters. A luxury passenger car uses approximately 2,800 wire circuits, with a total length of 4,000 meters.

Wiring harnesses compactly bundle this massive number of electrical wires and data circuits, allowing them to be installed according to the car's design. These electrical wires extend to every corner of the car, and that is why wiring harnesses are called the "central nervous system of the car."

Yazaki first began producing wiring harnesses in 1939. Its wiring harnesses are now used by all automakers in Japan, and more than half of all vehicle models in Japan use Yazaki wiring harnesses. Yazaki also has production sites in 38 other countries and supplies

wiring harnesses and other parts to overseas automakers. Since wiring harnesses are essential to both the vehicle's basic performance and its safety performance, they must satisfy the high quality requirement levels specified by individual automakers. Therefore, Yazaki works with automakers to establish strict internal standards and ensure the highest level of quality.

Issues Related to Wiring Harnesses

In order to continue to supply wiring harnesses, Yazaki must not only adhere to its quality standards but overcome even more difficult hurdles.

One of these issues is wire diameter reduction. As vehicle functions become more and more sophisticated, the number of wires contained in wiring harnesses keeps increasing. However, since there is a limit to the space the wiring harnesses can occupy, increases in the number of wires makes it necessary to reduce the wire diameter. Reducing the diameter also helps reduce the vehicle weight and, ultimately, vehicle cost. Currently, the thinnest wire has a cross-sectional area of 0.13mm².

Yazaki is also currently designing easy to remove and disassemble wiring harnesses so that copper components can be easily removed during the dismantling of end-of-life vehicles.

Shortening the production lead-time is also an important issue.



Electrical components such as connectors and terminals



Interconnecting electronic components

Normally, wiring harness specifications are not finalized until the end of the vehicle design process. Therefore, Yazaki is striving to shorten the lead-time by reassessing its manufacturing processes.

Developing Connectors and Electronic Components as Well

To ensure the reliability of the entire electrical system of a car, wiring harnesses as well as the connectors which connect wires to the various electronic devices, must be vibration and shock resistant. Therefore, Yazaki is also developing and manufacturing leading-edge electronic parts such as connectors and hybrid ICs.

In this way, in the Automotive Sector, Yazaki works in cooperation with automakers to develop a wide range of high-quality products, centered on wiring harnesses, that ensure the reliability of automobile electrical systems, and as such help to enhance vehicle safety and environmental performance.

Yazaki supplies taximeters to taxi companies. Yazaki developed digital tachographs capable of recording driving history, so that the information can be used to help taxi and truck drivers improve their driving. Yazaki also develops vehicle-mounted ETC units and drive recorders.

**General Transportation Systems
(Taximeters, digital tachographs,
vehicle-mounted ETC units, etc.)**

A Specialized Manufacturer of Equipment to Promote Safe and Environmentally Sound Driving Practices

Helping Prevent Traffic Accidents and Supplying Environmentally Considerate Products

Contributing to Traffic Safety and Eco-drive Initiatives for Many Years

In the General Transportation Systems Division, Yazaki is contributing to the enrichment of society by providing products that are designed to ensure safety, environmental friendliness, and efficiency, for use in taxis, trucks, buses, etc.

For example, Yazaki drew upon its expertise in manufacturing automobile meters to produce taximeters that are easier to read, lighter in weight, and easier to install. Yazaki's LT25P taximeter with an integrated printer has been internally certified as an environmentally friendly product.

The multi-function digital tachograph helps improve fuel efficiency and also promotes safe driving by providing voice guidance to the driver. The driving history is recorded on an electronic card instead of on paper, allowing for easier downstream management.

Other Yazaki devices, which incorporate the latest technologies, are also contributing to safe and environmentally sound driving practices. Examples of these devices include the vehicle-mounted ETC unit, which helps improve fuel efficiency and ease traffic congestion by eliminating the need to stop at toll-collection booths, and the drive recorder that records images when an accident occurs.



Digital tachograph

Records the speed, engine rpm, etc. and stores the data for future analysis

Environmental Systems Sector

The Yazaki Group was founded as an electric wire manufacturing company, and from this the wiring harness business was born.

The Environmental Systems Division produces electric, control, and communication cables used inside houses, buildings, and factories. Yazaki delivers these cables to electric utility, railway, and housing construction companies. It also supplies cables to electrical contractors through sales distributors.

For industrial and residential applications



Active measures to ensure compliance with strict quality and safety standards



Yazaki became the first company in the electrical wire industry to completely eliminate lead from all of its vinyl-clad wires and cables

Electrical wires (electricity transmission/control cables, communication wires, optical fibers, etc.)

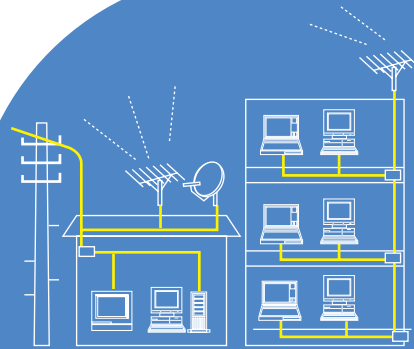
From Industrial to Residential Applications creating the Future by Offering a Wide Variety of Products

Pursuing Quality Because of Yazaki's Important Role in Supporting Electric Power Transmission and Communication

The Electric Wire Division produces cables for electric utility, railway, communications, and housing construction companies. In houses and buildings, the division handles everything from the electrical wires entering the eaves to electrical outlets.

Strict quality and safety standards have been established for these cables, which support electrical power supply and communications in a wide range of applications. In 2003, the Electric Wire Division acquired ISO 9001 certification for the entire division, including its Sales Department. The fact that the Sales Department also acquired certification increased Yazaki's opportunities to propose the development of new products that satisfy heightening quality needs, and to provide technology-related consultations.

To continue maintaining high quality, Yazaki considers it important to educate its employees and offer training seminars to its suppliers. Yazaki conducts seminars on various subjects for the employees of 63 sales distributors throughout Japan every year. At these seminars, the participants are taken on a tour of some of Yazaki's production sites to help them deepen their understanding of Yazaki's commitment to quality. Additionally, as part of efforts to educate Yazaki employees, the Wire College was opened to help employees from production and development divisions improve their technical skills. Furthermore, in the Sales Department, Yazaki conducts training regarding products so that sales personnel obtain at least a certain level of technical knowledge.



Behind the scenes, Yazaki's electrical wires inconspicuously connect a whole range of devices

Complete Elimination of Lead from Vinyl-cladding Materials

Conventionally, lead has been essential as a stabilizer for the polyvinyl chloride used as the insulation material for electric wires. However, the automobile industry is strengthening its regulation of products containing lead. Therefore, the Fuji Factory, which is responsible for the manufacture of the insulation material, successfully eliminated lead in 1998 from the polyvinyl chloride used in wiring harnesses. Subsequently, in order to provide more environmentally friendly products, the Yazaki Group has eliminated lead from the insulation materials for all types of electric wires and cables.

Recycling Copper Resources and Reusing Wooden Electric Wire Spools

For many years, Yazaki has been purchasing end-of-life electrical wire from offices and factories to be reused or recycled. In FY2006, 96% of the recovered electrical wire was recycled back into copper resources. Every year, Yazaki also repairs and reuses approximately 90% of the wooden electrical wire spools used for shipping electrical wire.

Through these measures, the Electric Wire Division is striving to recycle resources as much as possible.

Yazaki's Energy Equipment Division is engaged in the following three types of businesses: gas equipment, environmental systems, and household equipment.

Gas equipment, such as LPG meters and gas leak detectors, is supplied to individual homes via gas companies. For small and medium-size commercial applications, Yazaki supplies clean energy systems such as CFC-free air conditioners that can use gas, kerosene, and waste heat, as well as natural and renewable energy sources like solar heat and wood biomass that do not depend on fossil fuels.

Yazaki also supplies household equipment such as solar-powered heating systems to individual homes via sales companies.

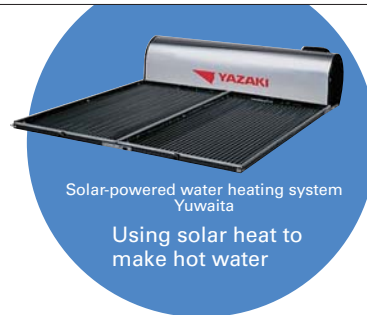
**Environmental and Energy Systems
(gas equipment, environmental systems, and household equipment)**

Using Energy More Efficiently

Promoting the Use of Solar Heat and Wood Biomass Energy

Within the Energy Equipment Division, there are three business divisions, each of which manufactures its own products.

The Gas Equipment Division manufactures gas meters, gas supply equipment, and gas/fire/CO alarms. The Environmental Systems Division manufactures absorption chiller-heaters for both commercial use and for cogeneration systems. The Household Equipment Division manufactures solar-powered heating systems.



Effective April 21, 2007, in response to the revision of the Consumer Product Safety Law in December 2006, the Gas Equipment Division revised its crisis management manual, created as part of its crisis management system to comply with the Accident Information Reporting and Publishing System. The new manual is used to explain the requirements of the revised law to Yazaki sales personnel throughout Japan and production/R&D personnel at factories.

Ensuring Accurate Measurement of LPG and Its Safe Use

Since gas meters must be nationally certified and have expiration dates, demand can fluctuate with the seasons or around the time when batches of gas meters expire. The highest demand level can be as much as three times the lowest demand level. Consequently, our production line must be able to flexibly cope with production volume fluctuations. Therefore, based on the concept of delivering gas meters to customers as though they were perishable goods, Yazaki reassessed its quality control and production method in May 2002 to establish a new production system. Utilizing this new system, Yazaki can now ship gas meters as "perishable goods" to customers based on confirmed orders, the day after they pass certification, while at the same time maintaining high quality.

Capturing Solar Heat and Producing Energy from Wood Pellets

The Energy Equipment Division, whose goal is to help build a society that is free of dependence on fossil fuels, is engaged in business activities to develop products that utilize natural energy and other forms of renewable energy. In the area of utilizing natural energy, Yazaki plans to promote its solar-powered water heating system, "Yuwaita," in urban areas where the market is largest. It is also planning to actively market its double-effect absorption chiller-heater in both the Japanese and overseas markets.

In the area of utilizing other forms of renewable energy, Yazaki is currently developing an absorption chiller-heater that uses wood pellets as the fuel. Production of wood pellets is scheduled to begin in Yusuhara-cho, Kochi Prefecture in 2008.



S-type security gas meter

Does not leak
Measures gas accurately
Safety functions always work



LPG leak alarm (voice warning)



LPG leak alarm (warning buzzer)

The gas leak detector is not a source of ignition itself



Double-effect absorption chiller heater

Reduces environmental impact by utilizing waste heat and reclaimed energy

New Business Fields

The nursing care business is being conducted nationwide in Japan, although centered in Kochi and Oita prefectures. The healthcare business has begun sales of "Healthful" health-management terminals in cooperation with the Yazaki Health Insurance Association.

Home-visit nursing services

Welfare equipment and housing repairs

Shizuoka Prefecture's first small-scale, multifunction residential nursing care facility

Kami Fusen Yazaki Care Center in Y-CITY

Group home nursing care

Day care services

Healthcare consultations

The Yazaki Health Insurance Association also uses "Healthful" terminals to enhance health management by employees

"Healthful" terminal

Blood pressure

Heart rate

Electrocardiograms

Finger plethysmographs

Nursing Care and Health Management

Developing Nursing Care Businesses and Health Management Systems with Close Local Ties

Contributing to Local Communities and Enhancing Health Management

Nursing Care Business Created from Responsibility toward Local Communities

As automotive markets expand globally, demands on the automobile industry to globalize the manufacture of parts are increasing. Against this backdrop, Yazaki has been actively shifting production overseas in response to calls from automobile manufacturers. At the same time, in order to strengthen business foundations in Japan, Yazaki has also been diversifying its business operations, such as the search for new businesses by Minami Shikoku Parts Co., Ltd., a Yazaki subsidiary, since 1997.

One such new business launched in April 2000 by Minami Shikoku is the nursing care business. The business started with home-visit nursing service and now operates four nursing and retirement homes for senior people in Kochi Prefecture. Seven other Yazaki subsidiaries in Japan are also engaged in nursing care businesses. Yazaki also started a home-visit nursing service business operated from Y-CITY in Susono City, Shizuoka Prefecture (see page 45 for details) in June 2004. In July 2006, Yazaki opened the Kami Fusen Yazaki Care Center as a full-scale local welfare facility. The Center is Shizuoka Prefecture's first small-scale, multifunction residential nursing care facility that combines inpatient, outpatient, and nursing care services. It also serves as a group home for people suffering from dementia.

In this way, the Yazaki Group's nursing care businesses were created to fulfill social responsibilities to local communities and residents. Yazaki will continue its efforts to work with local

residents in developing beneficial social environments based on its corporate policy of striving to be "a corporation in step with the world" and "a corporation needed by society."

Business Activities that Enhance Health Management

Another business that developed from the nursing care business is sale of the "Healthful" health-management terminal. The nursing care business is premised on the provision of services to people in need of nursing care, but it is also important to prevent illness in healthy seniors and middle-aged people who would potentially require care in the future. It is from this perspective that the Yazaki Group searched for new services that will help prevent illness and launched the "Healthful" health-management terminal in 2004.

The "Healthful" health-management terminal is compact but allows for easy measurement of blood pressure, heart rate, electrocardiograms, and finger plethysmographs. The measurement data is transmitted via the Internet to a support center for examination by a clinical examination technician, and information concerning the patient's condition and advice are returned within 48 hours. If it is determined that the person has a medical condition, he/she is advised to obtain a diagnosis at a healthcare facility.

Many of Yazaki's environment-related and recycling businesses were conceived by Yazaki Group companies in response to local needs. Yazaki is focusing primarily on four of these businesses.

Environment-related and Recycling Businesses

Advancing Recycling Businesses that Embody the Spirit of "Mottainai"

Effectively Utilizing Resources and Helping Revitalize Local Economies

The late Sadami Yazaki, founder of the Yazaki Group and its first president, believed that "waste generated is not waste at all but instead a valuable resource." This spirit of "Mottainai" (defined as "a sense of regret over something being wasted due to undervaluing its worth") has been handed down to become Yazaki Group's corporate philosophy.

In line with this spirit, Yazaki began copper recycling in 1957, and then launched a gas meter recovery and recycling business in 1973. Since then, Yazaki has established four new businesses—toner cartridge reuse, paper recycling, glass recycling and food waste recycling businesses.

Food Waste Recycling

Turning Soybean-derived Food Waste and Vegetable Scraps into Fertilizer

The former Tochio City (currently part of Nagaoka City), Niigata Prefecture is famous for abura-age, a deep-fried bean curd puff, production of which generates as much as four tons of soybean-derived food waste a day, most of which used to be incinerated. In December 2006, Niigata Parts Co., Ltd., a



Okara Super Organic (organic manure in pellet form)

Yazaki subsidiary, established a food waste recycling business that produces an organic fertilizer by combining soybean-derived food waste generated by local food-processing companies with vegetable scraps generated by supermarkets. This organic fertilizer is utilized by local farmers and helps recycle food waste on a local basis.

Toner Cartridge Reuse Business

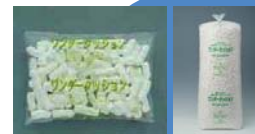
Capitalizing on Expertise as a Parts Manufacturer

In 2001, Fujinomiya Parts Co., Ltd. launched a business to reuse laser printer toner cartridges. It recovers toner cartridges from customers, dismantles and cleans them and replaces necessary parts. The cartridges are then refilled and delivered to customers. Since this service not only results in effective utilization of resources, but also reduces product cost, it has been receiving extremely positive feedback from customers.

Paper Recycling Business

Buffering Material for Packaging

Gifu Parts Co., Ltd., another Yazaki subsidiary, mixes recovered waste paper with polypropylene and cornstarch, and applies a special treatment to the mixture to manufacture paper pellets for use as a buffering material, as well as sheets and boards. The paper pellets, called "Wonder Eco," have excellent shock absorbency and heat insulation properties, and can be disposed of as burnable trash. Because of these excellent environmental performance characteristics, the paper pellets are certified as being compliant with the Law on Promoting Green Purchasing. They are used in packaging materials, as well as in the inner soles of slippers and shoes, and have been processed into postal packaging. Gifu Parts is planning to further expand the applications of these paper pellets.

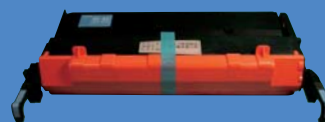


"Wonder Cushion" that uses the buffering material, "Wonder Eco"

Glass Recycling Business

Converting Glass into a Medium for Growing Plants

Super Sol R, manufactured by Sol Technica Co., Ltd and introduced by the Yazaki Group in July 2005, is a lightweight, construction material made solely from glass bottles and other discarded glass. It is lightweight and durable, has good draining properties, and emits less CO₂ than other lightweight, construction material. Based on the results of LCA (see page 42 for details), numerous public institutions have certified Super Sol R as an environmentally friendly product. In 2006, a material combining Super Sol R with other elements was commercialized for use in the hydroculture of plants.



Recycled toner cartridges



Lightweight, construction material, "Super Sol R"

Third Party Comment

Third-Party Comments on the Yazaki Group's Social & Environmental Report 2007

August 10, 2007

To: Mr. Yasuhiko Yazaki, Chairman
Mr. Shinji Yazaki, President
Yazaki Corporation

Akira Yamate,
Chief Executive Officer,
Aarata Sustainability Certification Co., Ltd.

This is a translation of the third-party comments in Japanese on the Yazaki Group's Social & Environmental Report 2007.
The translation has been done by and its responsibility lies with Yazaki Corporation.

The objective of these comments is to express our independent view on the features, results, developments, and future direction of key environmental and social initiatives described in the Yazaki Group's Social & Environmental Report 2007 (the "Report"). In preparing these comments, we performed the following procedures:

1. Interview with President Shinji Yazaki
2. Interviews at the headquarters of Yazaki Corporation
3. Site visit to the Hamamatsu Factory of Yazaki Resources Co., Ltd. and interviews with personnel thereof
4. Review of the final Japanese draft of the Report

These comments do not express any conclusion from an independent perspective concerning whether the information in the Report was collected and reported in accordance with Yazaki's policies and standards, nor constitute an assurance or attestation of any kind.

1. Improvements in Areas Recommended in FY2005

(1) Development of Corporate Social Responsibility (CSR) Promotion Structures

In our comments on the report of FY2005, we pointed out that Yazaki's CSR related standards and structures were not fully developed yet. We welcome that Yazaki established the CSR Promotion Department in December 2006, which promotes and supports CSR activities across the Yazaki Group. The department is currently preparing a handbook that explains the Yazaki Group code of conduct and a booklet defining what characterizes the Yazaki Group. We hope to see Yazaki's group-wide CSR activities, led by Yazaki Corporation, to continue and further improve. To this end, it is suggested as a next step to conduct educational and other awareness-raising programs to help ensure that all group employees understand and practice CSR.

(2) Adoption and Implementation of CSR Standards in Procurement Including Overseas Procurement

In FY2005, we recommended that Yazaki establish standards on working conditions and other social aspects as part of the company's procurement standards for suppliers, including for overseas suppliers. We still believe such CSR procurement standards, including those on overseas working conditions, are needed, especially given the fact that a high percentage of the Yazaki Group's manufacturing and sales comes from its overseas operations and that the Group has many overseas suppliers.

(3) Development of Structures for Waste Management

In FY2005, we suggested a group-wide waste management system be created. In response, Yazaki Corporation, through its Environmental Affairs Division, has strengthened its site-level environmental compliance systems since FY2006. Specifically, the division has centralized information management regarding environmental laws and regulations, and documented waste management practices. Using these documents, they also assessed whether contracted waste processing companies were sufficiently managed. We hope that Yazaki will use the results of this assessment to take inventory of the issues in managing waste processing vendors and improve the issues identified.

2. Development of Environmentally Considerate Energy Equipment Products

Environmentally-considerate energy equipment constitute the main products manufactured by the Hamamatsu Factory of Yazaki Resources. Such green products include Aroace, a gas fired absorption-type chiller-heater and Yuwaita, a solar water heating system. The factory is currently developing the pellet-fired chiller-heater Aroace, which burns wood pellets. This new type of Aroace is being developed jointly as a model business project by the public and private sectors to encourage the regeneration of forests and development of a recycling-based society, and help prevent global warming. We regard this product development as an ambitious undertaking towards the creation of a recycling-based society and the prevention of global warming.

Furthermore, the waste-heat-utilized chiller-heater Aroace, another environmentally considerate product of Yazaki, has enjoyed strong sales, especially in EU markets, and is expected to see even further growth. We believe that development of environmentally considerate products will become even more important for the Yazaki Group going forward.

3. Promotion of Gender Equality at the Workplace

Advancement of female workers was one of the major topics at Yazaki's annual stakeholder meeting in FY2006. This subject was also discussed in the meeting of FY2005, when Yazaki started to hold its periodic stakeholder meetings. In response, Yazaki Corporation plans to create a new division in FY2007 that is responsible for the promotion of gender equality within the company. The short-term issues to be addressed by the division may include increasing the use of a childcare leave system by all workers, regardless of their gender, and increasing the number of women assuming managerial positions. We look forward to the new division's leadership role in identifying and improving work environment issues, and in helping the Yazaki Group become a truly employee-friendly workplace for both men and women.

Participating in the "Team Minus 6%"—national campaign to help prevent global warming

Yazaki is making efforts to reduce CO₂ emissions through measures such as setting heaters and air conditioners at temperatures being promoted by the Japanese Ministry of the Environment.



Stop Global Warming!

Team minus 6%

If you would like to share your thoughts about the Social & Environmental Report 2007, or have any related queries, please contact:

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The next report is scheduled for publication in autumn 2008.

E-mail : environment@sys.yzk.co.jp

URL: <http://www.yazaki-group.com/e/environment/04.html>



Environmental Initiatives in Printing

Plate making: This report has been compiled utilizing the Computer to Plate (CTP) method that eliminates the use of film for the plate-making process, thus reducing energy consumption, conserving resources and eliminating the use of alkaline developing solutions.

Paper: This report has been printed on FSC-certified mixed sources paper. The wood from which the paper is derived comes from "well-managed forests" and "controlled sources to exclude illegally harvested timber." This is evidence of Yazaki's support for greater protection of forest resources.

Ink: The usage of petroleum-based solvents has been eliminated by a complete switchover to VOC (volatile organic compounds) free soy ink. Furthermore, the ink contains no lead, mercury, cadmium or other heavy metals.

Printing: In transferring ink, damping water containing elements such as isopropyl alcohol has not been used; a waterless process has been employed.

Processing: A recyclable binding adhesive has been used, which does not damage the paper during the paper-recycling process.