



YANMAR



Corporate Social Responsibility Report 2021

Highlighted booklet

Brand Statement

A SUSTAINABLE FUTURE

New Value through Technology

Editorial Notes

Yanmar CSR Report is published every year to inform our diverse stakeholders on our approaches and the current state of the Yanmar Group's CSR efforts, and to present company results for Fiscal Year 2020, with the aim of improving CSR activities through interactive communication.

This report has brought highlights of our website and re-edited into 4 visions to feature our products, services and business activities to realize A SUSTAINABLE FUTURE.

Our website contains and describes detailed numeric data, reports and past activities from the important perspective to the Group and society in line with environmental, social and corporate governance.

Reference Guidelines

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

Period

The activities and data disclosed in this report are for the period of fiscal year 2020(April 1, 2020, to March 31, 2021). However, the Report also includes some items occurring in FY2021.

Applicable Group Companies

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

Date of Issue

December 2021

(The next issue is tentatively scheduled for December 2022.)

CSR Website

More detailed CSR information is available on our website.
<https://www.yanmar.com/jp/about/csr>

Highlighted edition

Report featuring specific contribution cases of products, services and business activities toward the realization of ASF.

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About the image on the cover

Those images are the best photos of the Painting and Photo Contest held by the Yanmar Group's magazine, Echo on the theme of one of the four future visions set forth in A SUSTAINABLE FUTURE.



Takehito Yamaoka

President and CEO

We strive to create new value, adopting to the changing times as One Yanmar.

Facing the Pandemic of COVID-19

I would like to express my sincere sympathy to those who have been infected and to all those who have been facing difficulties due to COVID-19 pandemic. I am grateful to all the essential workers and healthcare heroes who have been confronting this crisis on the front lines.

The Yanmar Group has been paying the utmost attention to the safety and health of its employees and their families, while working as one to continue its business operations. For us to do our part in community, we have teamed up with the local authorities to disinfect the streets with our tractors and generators in some cities.

While the pandemic has had a major impact on society, it has brought about a paradigm shift including accelerating digitalization. To overcome this pandemic together, all our group companies have reorganized the business structure and promoted online meeting and other digital tools.

Contributing to Solving Social Issues

While responding swiftly and flexibly to this pandemic time, we invest for medium- and long-term growth. With the brand statement, A SUSTAINABLE FUTURE -New Value Through Technology-, we promote businesses that can contribute to solve a wide range of social issues throughout the world, including the increase of energy demand, food shortages and climate change, aiming to realize a sustainable society. For example, in the marine-related business, demonstration tests are underway for the commercialization of a boat that employs a marine hydrogen fuel cell system in its powertrain. Through collaboration with dairy farmers, our energy system business has developed and introduced a biomass power generation system that effectively uses livestock waste as renewable energy to benefit the local environment. In addition to the examples above, we will continue our business activities that contribute to solving social issues and achieving SDGs adopted by the United Nations.

Also, in the midst of the global trend toward decarbonization, the Yanmar Group as a whole strives to realize a carbon-free society, aiming for the Carbon Neutrality in 2050 and the Greenhouse Gas Reduction Targets for 2030 set forth by the Japanese government.

A Customer Value Creation Company

In accordance with the paradigm shift in society, Yanmar aims to evolve from a manufacturing company to an issue-solving company and furthermore to a customer value creation company. In October 2020, the Yanmar Synergy Square has been newly opened as our global service base and our Remote Support Center is located to collect machine data and customer feedback there. The Remote Support Center has been taking an important role in connecting our customers and our group companies. While offering remote monitoring, failure prediction and remote technical support based on operational data, we analyze feedback and share with each of our businesses to provide better products and services to our customers. Furthermore, we are going to utilize big data and AI based analysis, so that we can provide services in a way that meets the needs of the times to avoid machine downtime, which has been our commitment since our foundation.

Not just manufacturing but identifying the issues our customers face with a broader perspective over the entire value chain, Yanmar is committed to providing products and services that solve them all. We will be a company that creates value by working together with our customers to solve their issues.

Respecting Individuality and Diversity

It is essential for a value creation company to have a workplace where employees respect their values and individualities and maximize their abilities. The Yanmar Group undertakes to develop the organizational structure where diverse employees are respected and encouraged to take on challenges to deliver new values to society.

As part of this effort, we established a new policy, the Diversity for Yanmar, last year. We will expand this policy to encourage employees with diverse backgrounds, values, and various ideas to choose their workstyles from remote work or flextime to play and fulfill an active role.

In order to realize a new kind of affluence which harmonizes human and nature, we need to be more flexible than ever in the changing times. While respecting individuality and diversity, the entire group will work together as One Yanmar to solve the issues of our customers and society and strive to offer new value.

Business Fields

LAND, SEA, AND CITY, THE PLACES WE LIVE

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

Industrial Engines

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

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

Power Products

Production, sales, development, and services are all working in unison to increase lifetime value of the engine over the long life of the vessel for customers.

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

Agricultural Business

To realize sustainable agriculture, we support agricultural management and smart agriculture employing ICT and other cutting-edge technologies.

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

Marine Business

Yanmar is devoted to developing high-power, yet environmentally friendly marine engines that deliver performance for different environments, fishing boats and recreational boats featuring excellent comfort and operability, as well as a wide range of other products and systems, such as marine equipment indispensable to the aquaculture industry.

- Products include marine diesel engines, marine equipment, FRP recreational boats, small fishing boats.

Energy System Business

We offer total energy 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 and solar power generation systems.

Construction Equipment Business

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

- Products include mini excavators, wheel loaders, carriers, small generators.

Component Business

We develop and manufacture a variety of drivetrain systems based on our unique hydraulic control and gear processing technologies. These technologies are used in a wide range of fields in agricultural machinery and ships.

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

Food and Home Appliance Business

Aiming for the sustainable development of primary industries and the creation of affluent dietary, we offer solutions in the areas of food and housing, from production support services and food distribution to kitchen designs.

- Sales of foodstuffs, production support services for primary industry, home appliances sales.

Land

TRANSFORMING AGRICULTURE INTO A FOOD VALUE CHAIN

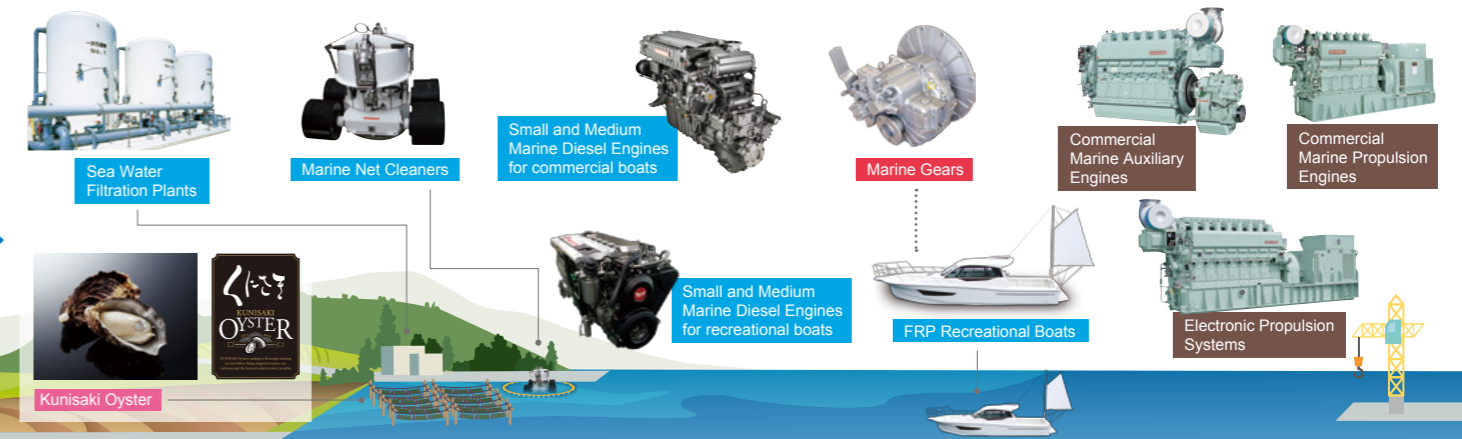
With farm machinery, Yanmar has long supported food production, the foundation for life. And with the aim of making agriculture more sustainable in the future, Yanmar is transforming agriculture into a food value chain by utilizing ICT and offering new solutions.



Sea

WORKING TOWARD SUSTAINABLE PRACTICES ON OUR OCEANS

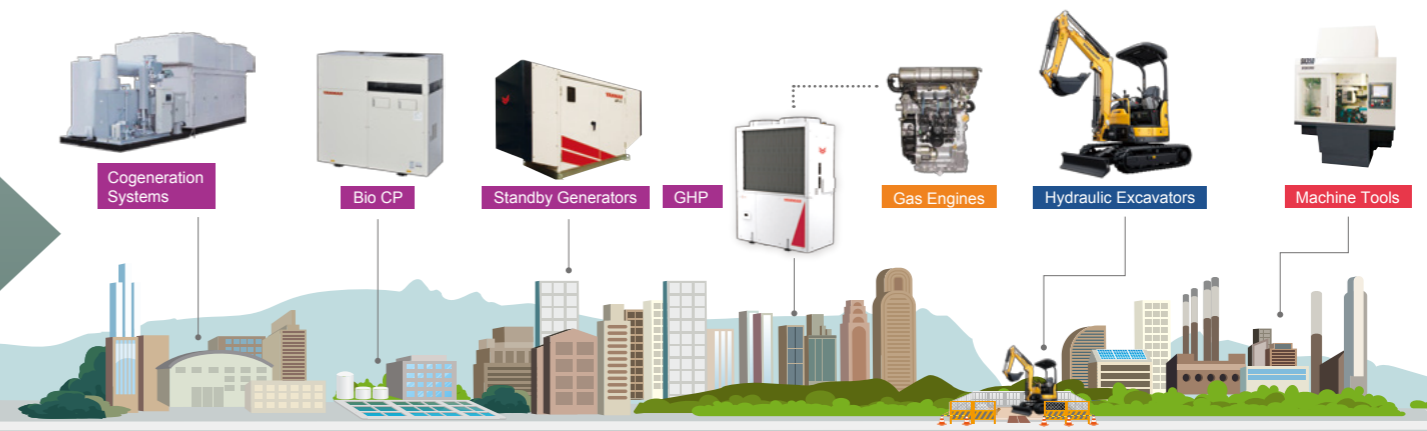
Yanmar recreational and commercial marine engines are clean and deliver stability and efficiency. Our extensive range of fishing and aquafarming technology is designed with a focus on sustainability.



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.



Realizing A SUSTAINABLE FUTURE and Contributing to SDGs

To fulfill our mission statement and realize A SUSTAINABLE FUTURE, we will work to solve various social issues we face and contribute to the achievement of the SDGs through our business.

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 – New Value through Technology." It is indispensable in realizing the four visions of our brand statement. We will contribute to the achievement of the SDGs by working to solve the social issues we face through our business in order to put our mission statement into practice and realize the four visions for the future depicted in our brand statement.

Our Four 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.

Mission Statement

To create a prosperous society where people and nature coexist.

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.

A SUSTAINABLE FUTURE

— New Value through Technology —

Social issues related to Yanmar

Energy Issues



Climate Change



Work Environment



Natural Disaster



Food Issues

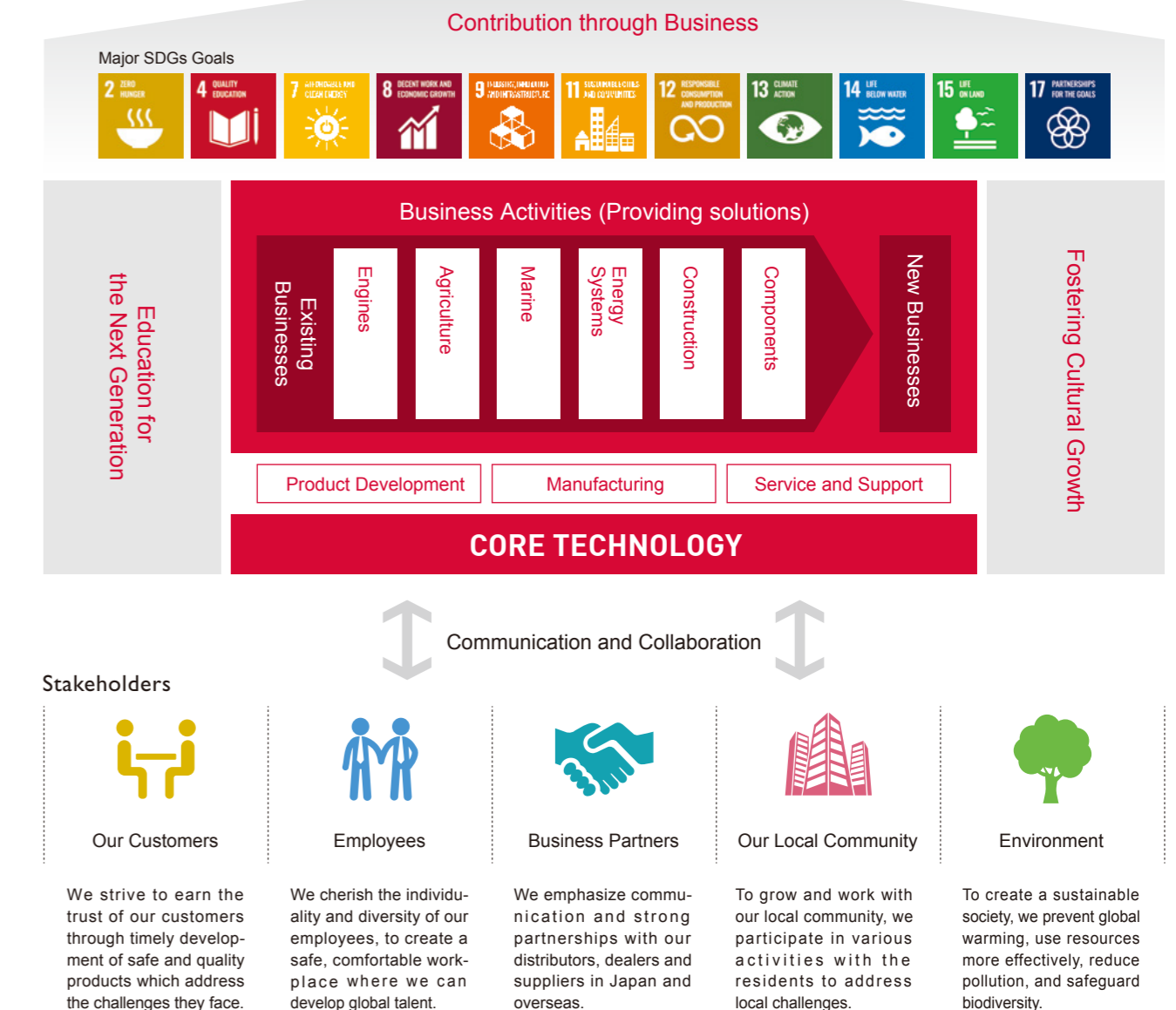


Chronic Shortage of Labor Force



Themes that Yanmar can contribute to the solution

- Reducing CO₂ emissions
- Promoting renewable energy
- Energy efficiency initiatives
- Utilizing untapped energy
- Work free from unsafe condition
- Labor saving and higher productivity
- Stable income through new value creation
- Building disaster-resistant communities
- Compatibility with large-scale agriculture
- Enhancing productivity by efficient workforce
- Minimizing impacts on produce caused by natural disasters
- Declining farming population due to shortage of successors



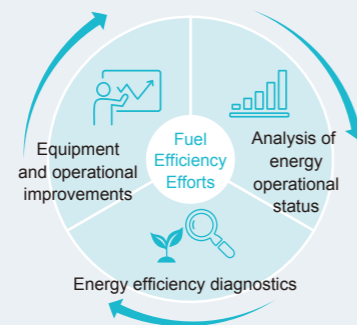
VISION 01

An Energy-saving Society

Objectives

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

Our Products, Services and Support for VISION 01



Energy Management System

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



Diesel Engines for Industrial Use

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

Aligned SDGs



Social challenges to be solved related to VISION 01



Global Issues

Climate change

Global average temperature to increase by **2.6 - 4.8°C** in 2100
※IPCC Fifth Assessment Report WGI SPM (2014)

Urbanization

68% of the global population to be concentrated in urban areas in 2050
※United Nations, 2018 Revision of World Urbanization Prospects. (2018)



Solution Themes

- Reducing CO₂ emissions
- Promoting renewable energy
- Energy efficiency initiatives
- Utilizing untapped energy

Contributing Through Business



YANMAR POWER TECHNOLOGY CO., LTD.

Aiming to utilize hydrogen energy on ships, we have started demonstration test of a marine fuel cell system on our boat.

Aligned SDGs



Challenges

The International Maritime Organization has adopted a strategy on the reduction of greenhouse gas emissions to achieve zero emissions by the end of this century, and other regulations are being tightened worldwide in the marine industry. The Ministry of Economy, Trade and Industry formulated the Green Growth Strategy Through Achieving Carbon Neutrality in 2050, which highlights the technology to develop ships powered by carbon free fuels such as hydrogen and ammonia. The development of energy and power sources with low environmental impact is attracting more attention.

Solution

To innovate hydrogen powertrains, Yanmar Power Technology has started its own demonstration tests on a Yanmar boat equipped with a marine fuel cell system that has been built with fuel cell units and other vital components.

Marine fuel cell systems were designed to meet safety requirements specific for the ships. We also developed power management system including in-house lithium-ion batteries and propulsion motors. This technology will be applied to various electrified products in the future.

Our advanced technologies and solutions in FRP molding and hull assembly are fully utilized to shut out the electric noise that interfere the high-power devices and we redesigned the deck to protect hydrogen tanks from shock.

This is the first ship in Japan to be recognized to comply with the safety guidelines for fuel cell ships set by the Ministry of Land, Infrastructure, Transport and Tourism. We are currently analyzing the fuel cell system, identifying issues specific to ships, and formulating and verifying optimal countermeasures in Kunisaki, Oita. We strive to commercialize the fuel cell engines by 2023 and will advance the technology for a higher-power system that connects multiple units of fuel cells for larger ships.



Test boat with maritime fuel cell system



Cockpit of the test boat



Images of 300kW marine hydrogen fuel cell batteries

Provided value

By making hydrogen energy which emits no CO₂ available on ships, Yanmar contributes to realizing carbon neutrality by 2050.



YANMAR ENERGY SYSTEM CO., LTD.

Small ORC waste heat generator using untapped energy from hot springs, introduced on a trial basis in Suwa, Nagano.

Aligned SDGs



Challenges

The city of Suwa in Nagano has long been involved in the business of supplying thermal water to homes and public bathhouses in the area by utilizing its rich geothermal resources. However, the number of contracted clients was declining year by year. We were looking for ways to give back to the community through new ways to utilize the hot spring.

Solution

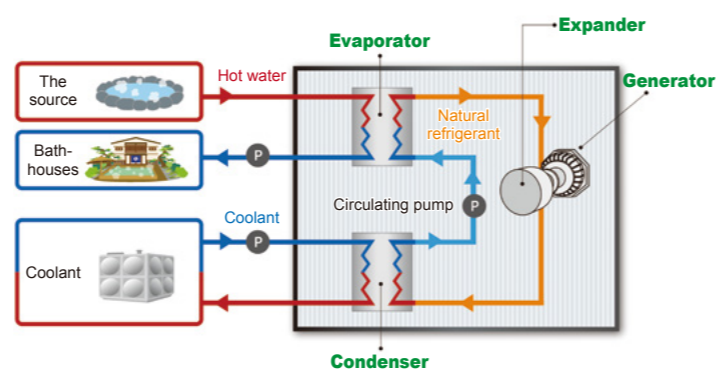
Yanmar Energy System has continued to create products that enrich people's lives yet lower environmental impact with higher power generation efficiency, and in recent years, we also have been developing energy systems for a sustainable future as a total energy solution. As part of this project, we developed a small packaged organic Rankine cycle (ORC) generator of less than 10kW power output. Packaging the system able us to install one or multiple generators easily allowing us to propose the optimal capacity of power generation for each client's request.

The city of Suwa saw the potential in our products and efforts and we work together to introduce a small ORC generator using waste heat from hot springs on a trial basis. By using a solvent with a lower boiling point than water, ORC generators can use low-temperature steam and hot water for power generation which are attracting attention as an effective way to use geothermal energy such as hot springs.

Although ORC generators have been developed in many countries, there are challenges that limit the possibility of clients to implement such a large-scale system to utilize geothermal heat, and the cost of individual solutions is too high.

The demonstration test has been conducted for one year from August 2020 at the Ayamemoto Spa in Suwa. The power generation output is 8kW, and the annual power generation is expected to be approximately 70,000kWh. This product can generate power from relatively low-temperature waste heat (70 to 95°C) and it comes with the necessary equipment for heat recovery and grid connection in a compact package.

It is an ultra-compact generator of less than 10kW power output, but it can be connected to other generators to provide flexible capacity.



Mechanism of a small ORC waste heat generator system using hot spring

Provided value

By utilizing untapped waste heat from factories and hot springs, CO₂ emissions can be reduced compared to energy derived from fossil fuels, thus contributing to the mitigation of climate change. Since there are many small heat sources in Japan, we can provide our customers with the best socially and economically viable solutions using these sources.

CSR Activities Report

ENVIRONMENT

The Yanmar Group Environment Vision

In July 2018, we established the Yanmar Group Environment Vision 2030 in an effort to work toward achieving the 2030 goals of the Paris Agreement and the Sustainable Development Goals. In addition to continuing to take measures to achieve the targets in our four visions, we have set a new goal against global warming to achieve a 30% reduction in CO₂ emissions per unit of business compared to FY2005.

On the other hand, with the risk of climate change increasing year by year, the Japanese government announced at the Climate Change Summit in April 2021 to reduce greenhouse gas emissions by 46% in 2030 compared to 2013. In light of these social trends, the Yanmar Group is currently working to formulate a new environmental vision, which is scheduled to be released during FY2021.

The Fifth Medium-Term Environmental Plan for the Group, which covers the period from FY2021 to 2025, has already started, and we plan to update the targets and measures in line with the release of the new environmental vision.

Climate change

Optimizing energy efficiency to reduce CO₂ emissions

The Yanmar Group has established a structure to efficiently utilize any type of energy, including power and fuel, across all business units throughout Japan. We strive to reduce CO₂ emissions through upgrading facilities with energy-saving equipment, improving the efficiency of testing, energy recycling, and other similar efforts.

Additionally, to reduce peak electricity consumption and to minimize the risk of power outages, Yanmar is introducing more distributed generation and GHPs in its facilities.

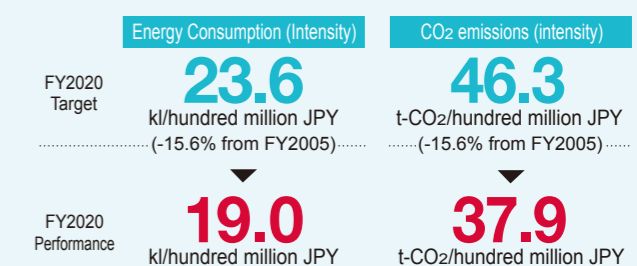
The energy conservation target for 2020 was 15.6% for total energy consumption and intensity which measure energy efficiency, and CO₂ emissions reduction target was also set 15.6%, both compare to FY2005.

In FY2020, due to the decrease in production volume caused by the pandemic of Covid-19, energy consumption decreased by 6,081kl and CO₂ emissions decreased by 11,506 tons compared to the previous year.

Although we were able to achieve our targets for both total volume and intensity, the intensity increased by more than

3% from the previous year due to the deterioration of energy efficiency caused by the decrease in production volume and the increased energy use for air conditioning to vent the indoor air to prevent infections.

FY2020 Target and Performance



Products

Reducing CO₂ emissions through our products

Assessing CO₂ Emissions in Product Life Cycles

Utilizing the Life Cycle Assessments (LCAs), the Yanmar Group monitors and assesses greenhouse gas / CO₂ emissions at each stage of a product's life cycle from procurement, production, distribution, use and consumption through to final disposal as a means to further reduce greenhouse gas emissions from our products.

In an effort to disclose more accurate information on scope 3, we will continue to monitor LCA data for all Group businesses and expand the scope of environmental data disclosure.

Developing technologies to reduce CO₂ emissions when our product is in use

The Yanmar Group will continue to contribute to the reduction of CO₂ emissions at the time our product in use through the development and practical application of the latest technologies such as the use of renewable energy and fuel cells, and the use of hydrogen as the powertrain, as well as the reduction of fuel consumption by increasing the efficiency of agricultural and construction machinery, and air conditioning. We will also have a wider range of environmentally friendly products and contribute to the reduction of CO₂ emissions throughout the product life cycle.

VISION 02

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

Objectives

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

Our Products, Services and Support for VISION 02



True Zero Tail Swing Mini Excavator

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



ATG500



AY20

Standby Power Generation Systems

Standby generation systems contribute to ensuring safety of human life, protecting property, helping with relief efforts by taking over the supply of electricity to various equipment in the event of a power outage due to a natural disaster.

Aligned SDGs



Social challenges to be solved related to VISION 02



Global Issues

Human Rights

An estimated

73 million child laborers work in dangerous conditions that impair their health and safety

*ILO, World Day Against Child Labor 2018

Poverty

The average OECD relative poverty rate is

11.8% (2019)

*OECD, OECD data, Poverty rate (2019)



Solution Themes

- Work free from unsafe condition
- Labor saving and higher productivity
- Stable income through new value creation
- Building disaster-resistant communities

Contributing Through Business



YANMAR GLOBAL CS CO., LTD.

To further improve our services that minimize downtime, Our CS base, Yanmar Synergy Square has opened.

Aligned SDGs



Challenges

As to improve our global customer satisfaction more, we are pursuing how to offer better services to avoid machine downtime. To monitor the operational status, Yanmar has equipped its products with remote monitoring systems: SMARTASSIST for agricultural machinery and construction equipment, RESS for power generating and air conditioning products, and SHIPS SUPPORTER for marine engines. We need to incorporate the state of art technology including data analysis and failure prediction through remote monitoring service to provide systematic yet technical support to our customers.

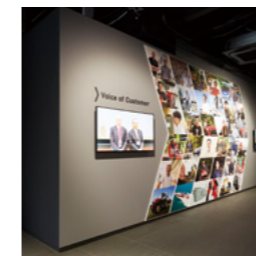
Solution

As a pioneer in the field of ICT, our energy business started monitoring power generators installed on a remote island in 1984. Since then, the Yanmar Group has been developing remote monitoring services in each business unit. In 2015, we set up the Remote Support Center to provide comprehensive support for all customers of our group companies. We have been engaged in advanced preventive maintenance services, services that avoid machine downtime, and supports to improve the management through analyzing the collected data.

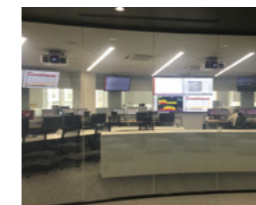
To evolve existing services, Yanmar Global CS has newly established the Yanmar Synergy Square (YSQ) as a place where the Yanmar Group and our business partners around the world bring their knowledge and know-how together to generate synergy and create new service solutions for the future.

The exhibition area on the first floor shows history, spirit and future of our services, so that the visitors can feel it firsthand. Relocating the Remote Support Center to YSQ, we have consolidated and strengthen the functions of remote support systems to manage and analyze the information in more detail. The new facility will welcome the visitors to observe the center.

On the third floor, we have the divisions responsible for collecting orders of spare parts, managing parts information, editing manuals, supporting the stable supply, as well as the division that dedicated to the development and deployment of IT tools to improve efficiency. For the employees' health, the cafeteria provides well-balanced meals using fresh vegetables produced by Yanmar Symbiosis. On the fifth floor, there are five rooms for various in-house training programs and a prayer room to ensure employee's diversity.



1st Floor: Service exhibition



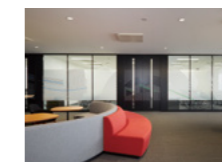
2nd Floor: Remote Support Center



3rd Floor: Office



4th Floor: Cafeteria for employees



5th Floor: Training rooms

Provided value

By ensuring that the machine always operates in optimal condition and preventing downtime due to malfunction and theft, our customers concentrate on their work with peace of mind. This will help them maintain or improve their productivity and obtain a steady income.



YANMAR ENERGY SYSTEM CO., LTD.

Supporting dairy farming management by biogas power generation system that effectively uses livestock waste as renewable energy.

Aligned SDGs



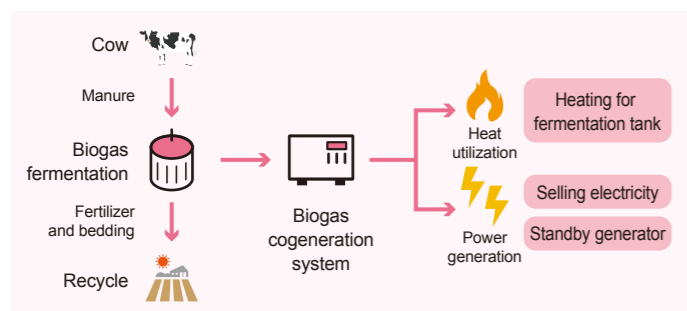
Challenges

With an aim to manage dairy farm business more efficiently, Honbu Farm Co., Ltd. planned to build a new barn to expand 120 cows to 250 as part of its efforts to improve productivity. One of their major issues was how to dispose the increased amount of manure. They used to compost it, but it took a lot of time and fuel costs.

Solution

Yanmar Energy System proposed a solution with power generation system using biogas cogeneration to Honbu Farm, which aims to reduce the burden and the cost of disposal for efficient dairy management, and to achieve circular agriculture that contributes to the local community and society. There are many biogas cogeneration systems by various manufacturers in the world. Honbu Farm chose our product because of our prompt maintenance and troubleshooting services. Two of 24.5kW biogas cogeneration systems are currently installed at Honbu Farm and generate electricity using methane fermentation gas produced from manure as the energy source. While the electricity is sold to the power company, the heat is efficiently used for heating the fermentation tanks in the plant. The cogeneration system had been running for 10,000 hours a year until March 2021 and generated 100,000 kWh of electricity during that period. In addition, the recycled manure liquid^{*1} produced in the process is used for fertilizing and weeding, making it cost effective, and the hygienic recycled manure solid is used for bedding.^{*2} The system is able to contribute to cost reduction in dairy farming by reducing labor burden, selling electricity and using waste heat energy.

^{*1} Recycled manure liquid: Liquid content separated from manure after methane fermentation.
^{*2} Bedding: General term of straw and sawdust spread to maintain hygiene in barns.



Power generation system using biogas cogeneration



Mr. Hirohisa Honbu, president of Honbu Farm and the biogas cogeneration.

Provided Value

Honbu Farm's new initiative is spreading to neighboring companies in the region. Those companies have requested Honbu to share the electricity and heat when they implement greenhouse farming. We will continue to contribute to the development of local industries through our biogas power generation system.

CSR Activities Report

OUR CUSTOMERS

Structure to Improve Quality and Ensure Safety

Our quality and safety standards

Yanmar conducts systematic business activities to ensure quality and safety at each stage of product planning and development, manufacturing, sales, and service. For safety in particular, we have established our own safety standards along with local and international laws and regulations which we thoroughly comply with. To strictly check both quality and safety at every product development stage, we conduct risk assessments to identify potential hazards and design reviews to examine from multiple aspects. From FY2020, we have been working to strengthen it for our electrified products in order to ensure the product safety.

In order to prevent the users from suffering health problems or environmental harms using our products, we have established the Guideline for Enhancing Quality in the Development Phase and have clarified the tasks to be performed in each phase from development to full-scale production on environmental damages and violation of regulations, and the quality-related risks to be identified and corrected in each task to efficiently ensure the stable quality of our products.

Pursuit for Higher Quality

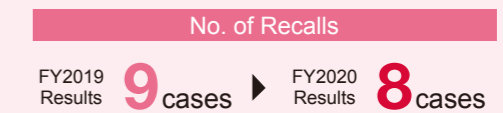
Recall measures

In the case where an issue arises with our product and action is deemed necessary, Yanmar will swiftly implement appropriate actions, including recovery, repair, inspection or replacement of the product, giving top priority to customer safety and preventing the spread of damage. In case of a recall, we will notify the relevant organizations^{*1} and disclose the information on our website, and if necessary, place notices in newspapers.

While continuously working to reduce the cases every year, we have issued 8 recalls in FY2020 and addressed the following prioritized actions.

- ① Established a market quality information system (SEAG) to promptly identify and solve the critical quality issues. The system is designed and developed in FY2020 for deploying to all international subsidiaries.
- ② Built a common platform (AQAS) for all businesses as a system tool to strengthen quality assurance in business operations.
- ③ Organized and held study sessions for QC certification as a practical training. For levels 1 to 3, a total of 231 employees passed the certification examinations in FY2020 bringing the sum to 1,509.

Results (FY2019 / FY2020) ^{*2}



^{*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 Employee

Preventing quality problems and supporting improvement for international subsidiaries.

With the aim to track down the causes of quality issues and eliminate them, the Quality Assurance Division is promoting the activities for quality improvement on a global basis such as sharing information with international subsidiaries, deploying case studies on how we improved them, and supporting quality improvement for complaints and important issues. Kanzaki works together to achieve the consolidated failure-cost* target of 0.3% or less by FY2023.



Toru Ota
 Manager
 QA Group
 Quality Assurance Division
 Kanzaki Kokyukoki

*Failure-cost: One of the important indicators in quality control, it refers to the costs incurred due to poor product quality.

EMPLOYEES

Respecting Human Rights

Prevention of harassments

We are making efforts to prevent workplace harassment by informing employees of our policy on harassment and the consultation desk. Every year, we conduct trainings on prevention of harassments for newly appointed managers and supervisors in order for them to acquire correct knowledge, preventive measures and appropriate responses at all Yanmar Group companies. In FY2020, we strengthened our anti-harassment measures by explaining to the human resources departments of each company on legal revisions regarding harassment and preventive measures.

Our effort to counter the COVID-19 Pandemic

In response to the Covid-19 pandemic, the Yanmar Group has placed the highest priority on the safety and health of all stakeholders, including customers, business partners and employees, and is working to prevent the spread of the virus while complying with the policies of the government and local authorities.

In addition, we are also working to create an efficient and

Preventative measures we take

- Telecommuting and staggered work hours as possible throughout the company
- Internal and external meetings are held remotely
- Events and participation in events are canceled or postponed
- No visits or business trips to and from dense metropolitan areas and cities where the state of emergency is declared
- No business dinners or social gatherings
- Request to avoid risk of infection on and off duty
- Thorough hygiene management in the workplace

safe work environment at each of our locations by installing partitions and hand sanitizers, ensuring social distancing between seats, and digitalizing various approval processes.

Promoting Work-Life Balance

Offering various work-life balancing programs

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.

We provide a variety of support to enable employees to take childcare leave and return to work. To support all employees, we also have handbooks for female employees that explains what and how to prepare for the pregnancy while enrolled, for male employees who are caring for children, and for those who are in care of elderly. This year, we will hold an online seminar for male employees to support their work-life balance.

In FY2020 at Yanmar, 69 people took childcare leave, 96 people opted to work shorter hours, 33 people took pre/post-childbirth leave, and 94.4% of women who took childcare leave returned to their jobs.

In addition, Yanmar introduced a telecommuting system in October 2017 with the aim of increasing the productivity of diverse human resources. The system can be used in conjunction with the flextime system, allowing employees to choose a more flexible work style that takes into account their work-life balance. We hope to further improve this program so that more employees can take advantage of telecommuting.

Results (FY2019 / 2020)



Health and Productivity Management

Initiatives to improve the health of employees and their families

Health Management Policy

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

Priority Measures

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

1. Promoting mental health care

We added programs to raise awareness of self-care at the time of employment and line-care trainings to managers on a regular basis with the following objectives. We also work with industrial physicians to ensure a smooth return to work through a work rehabilitation system.

- (1) Prevention and early detection of mental health problems
- (2) Prevention of the progress and recurrence of mental health problems
- (3) Smooth return to work after medical treatment

2. Promoting smoking cessation

In order to reduce smoking, which can cause various diseases such as lifestyle-related diseases and cardiovascular diseases, as well as lung cancer, we convey for smoking cessation clinic expenses, and the 22nd of every month is designated as a non-smoking day to provide information and education.

- (1) Measures for the environment to prevent secondhand smoke
- (2) Strengthening smoking cessation support system
- (3) Providing education

3. Measures to prevent lifestyle-related disease

The Yanmar Health Insurance Society and our business sites collaborate to provide employees with a healthier environment by focusing on the following 3 initiatives. We have been working on the early detection and treatment of diseases by making effective use of health checkups and encouraging employees to undergo secondary checkups based on the opinions of industrial physicians.

- (1) Annual health checkups (Implementation rate of 100%)
- (2) Health management at secondary medical examination
- (3) Improving the health promotion system in collaborative health

4. Promoting work-life balance

Depending on the work environment, we set up no-overtime days, lights-down days, and simultaneous paid leave days, and promote telecommuting. We create an environment and provide information so that each employee can raise awareness of work-life balance and create a foundation for a vibrant working life.

- (1) Reduce overtime work
- (2) Encourage employees to take paid leave
- (3) Promote diverse work styles

Occupational Safety and Health

Ensuring the health and safety of employees

The Yanmar Group conducts safety and health activities to ensure that employees can work safely in the workplace. At each site, we have established a safety and health committee to strengthen the management through safety patrols and risk assessments, as well as various safety education programs such as KYT (hazard prediction training) and safety experience training, in an effort to prevent occupational accidents through improved safety awareness.

Results (FY2019 to 2020)

	Statistics on occupational injuries	
	Yanmar Power Technology (Formerly known as Yanmar Co., Ltd.)	Yanmar Group Companies (Manufacturing subsidiaries)
FY2019	0	0.90
FY2020	0	0.41

- * Number of injury or death per million hours of work
- * Test period from January 1 to December 31

VISION 03

A Society Where People Can Enjoy Safe and Plentiful Food

Objectives

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

Our Products, Services and Support for VISION 03



The Food Value Chain

We support the entire food value chain from farm management planning to soil improvements, raising seedlings, transplanting, harvesting, and securing sales routes; this is the shift to a food value chain with agriculture as an attractive industry.

Aligned SDGs



Social challenges to be solved related to VISION 03



Global Issues

Population growth

Over **9.7 billion people** in 2050

*United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects: The 2019 Revision. (2019)

Food crises

The food supply needs to be increased by **1.7 times** compared to 2010 in 2050

*Ministry of Agriculture, Forestry and Fisheries "Japan Long-term World Food Supply and Demand Projection for 2050" (2019).



Solution Themes

- Compatibility with large-scale agriculture
- Enhancing productivity by efficient workforce **international**
- Minimizing impacts on produce caused by natural disasters
- Declining farming population due to shortage of successors **Japan**

Contributing Through Business



YANMAR MARINE SYSTEM CO., LTD.

Contributing to the efficiency of aquaculture by developing a system to count fish accurately.

Aligned SDGs



Challenges

As the world's fisheries and aquaculture production continues to increase in response to the growing demand, it has been an issue how to accurately count the farmed fish in the aquaculture industry. For example, bluefin tuna farmers count the number of young tunas visually on a video taken underwater, as they are required to report the exact number for global resource management. We tackle this major challenge to make the counting process more efficient.

Solution

In 2017, Yanmar Marine System launched a project to develop a digital fish counting system, responding to the feedback from aquaculture farmers who face the challenge of counting fish with their eyes.

The core technology for image recognition and processing was developed independently by our Research & Development Center, followed by a new integrated system that equipped with an original underwater camera and computer for image processing and other devices.

Since the digital fish counting system has the function of machine learning from video data, we have expanded the data set to stabilize the accuracy of image recognition in various conditions. Finally, we have achieved over 98% of accuracy under the expected conditions.

By adjusting camera angle and brightness, it is possible to count fish under near-optimal conditions even in an actual aquaculture farm. Designed for efficient and accurate counting, it notifies the status on the monitor when fish shadows are not clearly recognized, and also allows the operator to manually correct the automatically processed images.

In addition, the complete set of system equipment is transportable and able to work onsite, making it efficient to perform both counting and analysis.

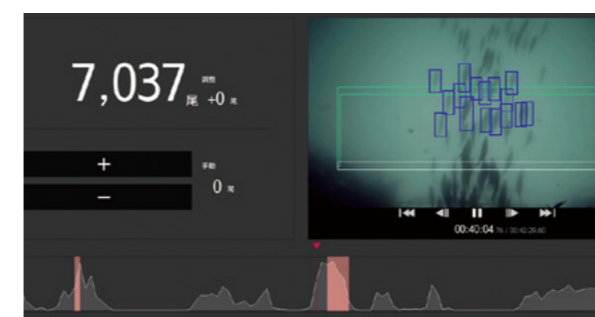
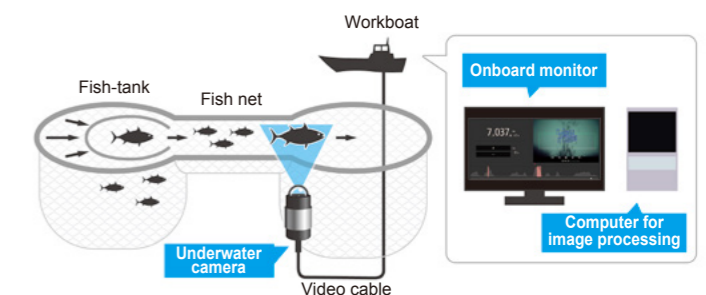


Image on the digital fish counting system



Picture of the digital fish counting system

Provided Value

Through our products, we will continue to contribute to the efficient and sustainable development of aquaculture, and to help maintain marine resources including wild caught fish.



YANMAR AGRIBUSINESS CO., LTD.

We developed a harvester for processing pumpkins that frees harvesting from manual labor.

Aligned SDGs



Challenges

Harvesting pumpkin is a hard work yet has not been mechanized. Most of the work is done by hand from separating the stems and leaves from pumpkins to storing them in steel containers. In addition, as the number of producers is aging, it became challenging to secure workers who can perform such hard labor, and the farming area and the amount of production are on the decline.

Solution

Yanmar Agribusiness has jointly developed a tractor-pulling harvester for processing pumpkins which is available from September 2021 with Kunneppu Machinery. The pumpkin harvester can pick up pumpkins that have been air-dried on the ridge with a conveyor and paddles, and transport and contain them without damaging. In addition, the rotating blades located at the end of the conveyor cut the stalks and leaves so that they do not get entangled in the harvester. Also, the tilt mechanism allows the angle of the steel container to be adjusted, which absorbs the shock to the pumpkins when they are stored in it, avoiding scratches and cracks. The work efficiency goes up to 3.5 times higher than that of manual work which is a great difference in workload. In FY2021, The pumpkin harvester is available on trial use in the Hokkaido region.



Processing Pumpkin Harvester KYP-90

Provided value

By addressing the aging and declining number of producers, we can contribute to increasing the yield of high-quality products and improving the food self-sufficiency rate in Japan.

CSR Activities Report

OUR COMMUNITY

Community Involvement and Development

Harvesting vegetable in nutrition education class

The Ritto Office of Yanmar Symbiosis (YSS) participated in the Food Education Class organized by the Ritto City Agricultural Promotion Association. Local preschool and elementary school students planted seeds, and weeded to grow radishes and turnips together with our staff. The vegetables grew well and were ready to be harvested in November 2020.

On the day of the harvest, the more than 150 children visited the field at different times and joined the event with Shirafuji, president of YSS. As the staff taught the children how to harvest, they bustled about, pulling out radishes and turnips as hard as they could. Some of the children proudly held them up shouting, "It is so heavy." They took home their harvested radishes and turnips happily saying, "Let's have some stew for dinner!" YSS will continue to work on activities to encourage children's interest in agriculture and healthier dietary through participation in food education classes.



Harvesting

Education for the Next Generation

Children's Painting Exhibition

Yanmar sponsors a children's painting exhibition, "Rural Life: Rice Paddies and Streams", organized by the National Federation of Land Improvement Associations and Prefectural Land Improvement Associations. Its purpose is to allow children to discover the wonder of rural life and encouraging greater interest in land and water. The 21st contest was held in 2020, there were 4,883 entries of which 32 were awarded such as Minister of Agriculture, Forestry and Fisheries Awards and 158 were officially

selected. The Yanmar Agri Prize went to Yuka Tomomatsu (a fifth-grade student at Kuroda Elementary School, Miyako Cho, Fukuoka) for her entry, titled 'Get Sweaty in Rice Farming'.



'Get Sweaty in Rice Farming', painted by Yuka Tomomatsu.

Yanmar Student Essay Contest

Since 1990, Yanmar has invited students to submit these and essays for the Yanmar Student Essay Contest. The contest is aimed at promoting the free discussion of ideas amongst the younger generation, who will lead our future in farming and its communities.

The 31st contest in 2020 was about Developing Agriculture into Food and Agriculture Industry. We received 44 papers and 406 essays from all over Japan. The Grand Prize in the essay category went to "The 'Symbiotic Classroom in the Field' Entering the Education Industry: Development of a Food, Agriculture, and Welfare Education Program" (Ms. Natsu Endo, Senior, Department of Social Welfare, Faculty of Social Welfare, Niigata University of Health and Welfare), and the Gold Prize in the essay category went to "From 0 to 1" (Mr. Yuta Sugaya, Sophomore, Department of Vegetable Management, Faculty of Agriculture and Horticulture, Iwate Prefectural University of Agriculture).

In recent years, as the environment around agriculture has changed drastically, the Yanmar Group aims for sustainable agriculture offering solutions for food issues from production to processing and distribution, and strives to add high value on the products.

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



Award Winners

Due to the Covid-19 pandemic, the 31st award was held online.

VISION 04

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

Objectives

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

Our Products, Services and Support for the VISION 04



Yanmar Museum

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



Fishing Boat "EX28C"

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



Personal Hovercraft
"Wheebo"

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

Contributing Beyond Business Operations



CEREZO OSAKA CO., LTD.

To be a football club that brings the best and excitement to people and revitalize local communities.

Cerezo Osaka is a professional football club based in the cities of Osaka and Sakai with close ties to the local community. In 2017, the club won two championships, the Levain Cup and the Emperor's Cup, much to the delight of the citizens. With the aim of becoming an indispensable presence in the community over the long term, we would like to deliver dreams, hopes, and the greatest excitement through football not only to children, but to local people, supporters and our partners. At Yodoko Sakura Stadium, which was completed and opened in July 2021 as the new home stadium, professional football players fascinate spectators with their great plays in every game.



Pitch at the Yodoko Sakura Stadium

Also, in cooperation with partners, Cerezo Osaka is actively involved in solving issues in the local community. As just one example, we have been working with the Osaka City Library since 2018 to create reading log notebook for elementary school students to help them improve their comprehension. We have raffles for kids who read more books during the summer vacation to win Cerezo home game tickets or other logoed stationaries.



Reading log notebook

YANMAR HOLDINGS CO., LTD.

Working to enrich lives in Southeast Asia through football.

Yanmar has been supporting the growth of the agriculture, fishery and construction industries to help people in Southeast Asia to live a more prosperous life. On top of our business domain, we sponsor the Southeast Asian Football Championship, the largest tournament in ASEAN, and support the Vietnam National Team and BG Pathum United F.C. for the purpose of sharing excitement with people through the most popular sport, football. Since 2015, Yanmar has been working together with Cerezo Osaka on improving the turf of Yanmar Field, the official training ground of the Vietnam National Football Team, contributing to the growth of the team which has become the strongest in Southeast Asia in both men's and women's football.



YANMAR FIELD

From Our Employee

We strengthen public relations through football.

Believing in the potential of football which allows people to share the joy of victory regardless of nationality, race or language without boundaries, our company sponsors a variety of football teams globally other than Cerezo Osaka. Since football is an organized and international sport that people are passionate about, it will continue to play an important role in our growth as a global company. We hope that our business activities and corporate philosophy will be widely known through communication supporting football.



Sota Harayama

Divisional Manager
Sports Business Office, Creative Division
Yanmar Holdings



YANMAR HOLDINGS CO., LTD.

Participated in the 36th America's Cup as Official Marine Supplier.

Yanmar Holdings became the official marine supplier for the 36th America's Cup, the prestige yacht race for the world's top sailors, and was participating more deeply than ever in the event by supporting all races. The Yanmar Group was the official technical partner of the U.S. Oracle team for the 34th in 2013 and was the official marine engine partner for the 35th in 2017. As racing boats have become increasingly high-tech and fast in recent years, race management boats that support the success of the America's Cup are required to have high-performance, durable, reliable, and environmentally friendly power sources. For the 36th race, diesel engines provided by Yanmar Marine System were installed in all official boats to support all races, and our X47 Express Cruiser served as the official spectator cruiser that created comfortable and luxurious vantage point for VIPs. We strive to promote our technological capabilities and strong presence in the marine engine world, and through this support, we will further improve our marine engine expertise and technology.



X47 Express Cruiser

The America's Cup is a yacht race that originated from the exhibition race of the first World's Fair held in England in 1851. The Auld Mug, presented to the winner, the New York Yacht Club, went on to be called the America's Cup and is the oldest sports trophy in the world. Since then, it has been a race between yacht clubs that has carried national prestige for over 170 years.



From Our Employee

Challenging the innovative technologies through support of the historic America's Cup.

The America's Cup is the oldest sports trophy in the world. Each country's teams will push the limits of technology in pursuit of the winning edge. Throughout its long history, the teams have been thinking out-of-the-box and adapted to win in a fast-changing environment. In business, too, winners are innovative and be able to adapt to an ever-changing market. Foiling boats were not imagined as possible until a few years ago, but persistence and innovation has proven that it can be done.



Floris Lettinga

Director, Sales and Marketing
Yanmar Marine International B.V.

CSR Activities Report

EMPLOYEES

Diversity and Inclusion

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

As of the end of March 2021, Yanmar holdings has 552 female employees (18.9%) out of 2,914 employees. 16% of the graduates who were offered jobs at Yanmar in FY2020 were women. Our main business is machine manufacturing including engines. Although a few women choose this field as a profession, we hire suitable talent succeeding in the diverse range of positions. We also actively appoint female recruiters and organize meetings with female students seeking employment with the company. In FY2020, Yanmar Holdings started a mentorship system for female employees where mentors help newer employees resolve their problems, support their growth, and build network in work through dialogue.

Promoting women to managerial positions

While female managers at Yanmar is currently only 2.3%, more women are advancing to managerial positions every year. 21 of them are in management positions (1 group company president, 4 divisional managers, and 16 group managers), gender equality continues to be evaluated in our organizational policies and is valued in our work culture.

Building various support system for employees with disabilities

In order to promote the employment of persons with disabilities as Yanmar Group, Yanmar Symbiosis was established in April 2014 and celebrated its 7th anniversary. As a special subsidiary *1, 59 people with disabilities are working actively as of end of March 2021. Symbiosis imbues coexistence, we value a balance among nature, society and communities by utilizing the capabilities of each employee. Yanmar Symbiosis takes various actions to ensure that all employees can work with peace of mind in 3 areas of agricultural solutions, office support and manufacturing support.

The company has organized the Health and Support Office, staffed by qualified psychiatric social worker and occupational therapists, and makes efforts to take care of the physical and mental health of employees through regular interviews with them and meetings with local support organizations. We also participate in community-based initiatives to enrich Higashi Umeda area, Osaka with seasonal flower displays and neighborhood clean ups. The tour at YSS has attracted a range of visitors from schools, companies and organizations that help people with disabilities find jobs, enhancing awareness to improve employment. With the reorganization of Yanmar in March 2021, the number of companies to which the group applies will be 7 companies from 8 *2, however the employment rate of people with disabilities reached the current legally mandated rate and it is 2.32% as of end of March 2021. We will continue to work on inclusivity and improving the system.

*1 A "special subsidiary company" is a company recognized by the Japanese government as a subsidiary that gives special consideration to employing persons with disabilities to regulate the percentage of employment.
*2 Yanmar Holdings, Yanmar Power Technology, Yanmar Global Expert, Yanmar Agribusiness, Yanmar Agri Japan, Yanmar Business Service and Yanmar Symbiosis.

Results (FY2019 / FY2020)

	Female Manager Ratio	Employment of Persons with Disabilities *
FY2019 Results	2.4% (21 employees)	2.25%
FY2020 Results	2.3% (21 employees)	2.32%

* As of March 2021, the number of companies to which the group applies will be 7 companies from 8.

Promoting Diversity and Inclusion

The Yanmar Group celebrates diversity and inclusion to create innovation and provide new value to society in order to realize our brand statement, A SUSTAINABLE FUTURE – New value through technology –.

Managers' Messages



Maximizing the potential of each diverse employee to facilitate inclusive corporate culture.

Employees are the driving force behind the sustained growth of a company. It is important to create an environment where employees of diverse backgrounds, including gender, nationality, race, and religion, can work vigorously. Diversity at Yanmar includes varied work styles such as telecommuting and flextime, flexible work locations and sense of values but most of all, we believe that it is the most important to respect diverse and inclusive workplaces where these are mutually recognized and built. Well networked organization of diverse human resources from around the world to carry out projects is a great strength for Yanmar and will lead to create innovation. We would like to provide opportunities for each employee to play an active role that matches their values, as well as support them in expanding their options for working and maximizing their abilities.

Norimichi Hamaguchi

Director, Chief Human Resource
Divisional Manager, Human Resources Division
Yanmar Holdings



To create a workplace and foster a corporate culture where women can play an active role.

By promoting diversity, Yanmar can become a company that achieve higher performance. We value innovative thinking that is generated where a team membered with many different perspectives and principals can exchange opinions. Since Yanmar is a machinery manufacturer which is an industry where women are still underrepresented, there are very few women in management positions. In order for women to play an active role, it is vital to take a proactive approach and create a workplace where they can work comfortably and continue to work with peace of mind. For example, for women who are raising children, the hours they can work vary depending on the age of their children, so we design flexible work hours and have the better understanding with their supervisors and colleagues. We will foster a corporate culture where women's abilities are recognized and encouraged, for empowering underrepresented women.

Shiori Nagata

Director, Chief Strategy Officer
Divisional Manager, Corporate Strategy Division
Yanmar Holdings

Diversity For YANMAR



“Energetic, Inspiring, and Joyful” . We are the driving force behind the Yanmar Group's engine bringing the best to work. Employees with diverse backgrounds of ideas and values, including nationality, culture, age, gender, and lifestyle, will be able to create innovation through mutual support and enlightenment. Our diverse teams provide new value to society by creating new products, services, and solutions. The Yanmar Group encourages diverse and inclusive society to make our community more sustainable.

Our initiatives to promote diversity and inclusion

Telecommuting System

In FY2020, the number of employees eligible to use the system is expanded, and it allows the flextime to combine with, enabling employees to choose a more flexible work style that takes into account their work-life balance.

Mentorship System

We have introduced a mentorship system for female employees and non-Japanese employees in order to help newer employees resolve their problems, support their growth, and build networks in work through dialogue.

Improving Work-Life Balance

In order to create a workplace where diverse employees can play an active role, we are working on activities. In FY2020, we held an online seminar on balancing work and childcare for men jointly with 11 companies participating in the Diversity Study Group West Japan.

Third Person Perspective

Impression from Reading Yanmar CSR Report 2021

The Yanmar CSR Report 2021 highlighted edition is compactly edited by focusing on innovative products, services and business activities toward the four visions set forth in A SUSTAINABLE FUTURE while disclosing the detailed information on the website as the last year's.

In the president's message at the beginning, Mr. Yamaoka referred to the company's initiatives under the COVID-19 pandemic, and then emphasized its efforts to achieve SDGs and solve issues to realize a sustainable society, especially contributing to the realization of a decarbonized society, creating values for customer, and developing systems to promote diversity. The positive keyword, One Yanmar was used to describe the attitude of working together to take on challenges on these important issues, as well as the words that express the group-wide efforts.

The articles, "Realizing A SUSTAINABLE FUTURE and Contributing to SDGs" are particularly important section to present the overall picture of the company's CSR management. It reaffirms that activities in line with the mission statement are the essence of Yanmar's CSR, and succinctly summarizes the basic idea of realizing the Four Future Visions through business activities to solve social issues and achieve the SDGs. Compared to last year's report which mainly featured major global problems, I was impressed that this issue specifically addresses social challenges that Yanmar is closely involved with and can actively contribute to solving from its own perspective. As I mention below, the story will become even clearer by showing how closely these themes relate to the Four Future Visions.

The specific initiatives, which are the core content of this year's report, have been edited in the same way as last year's, with each of the four visions briefly presenting the objectives, products and services, SDGs, and social challenges. The cases of business and CSR activities make the report very easy to read and understand. The major initiatives toward the brand statement, New Value Through Technology are noteworthy, specifically about the demonstration test of a fuel cell system for ships to respond to rising expectations toward a decarbonized society, and the Yanmar Synergy Square which was mentioned in the president's message to create value for customers through digitalization and data applications. Another point to note is that the CSR activity report has been expanded to include information related to diversity and inclusion based on the Diversity for Yanmar.

Since the 2050 Carbon Neutrality Declaration by the Japanese government, the initiatives toward creating a sustainable society has been accelerating in Japan and around the world. It was mentioned that Yanmar is also reexamining its Environment Vision 2030 and the Fifth Group Environment Medium-Term Plan. I look forward to Yanmar solving social issues based on its unique mission and continuing to enhance communication with stakeholders by establishing and disclosing clear roadmaps and milestones toward the Four Future Visions.



Mr. Susumu Kimura

General Manager,
Sustainability Solution Department
Development Bank of Japan Inc.

■PROFILE

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

Our Response

Mr. Kimura, the Development Bank of Japan provided us with valuable feedback from his perspective again this year. This is the third year that we have received his opinion, and we are sincerely grateful for his continued support of our group's activities toward the realization of a sustainable society.

We appreciate that Mr. Kimura mentioned that the words expressing the group-wide efforts go along well with the message of One Yanmar in the president's message. In order to contribute to solving global social issues such as the pandemic of COVID-19, increasing energy demand, food shortages, and climate change, we need to unite to work as one. Through our technology-based business activities, we aim to create a prosperous society where people and nature coexist. For that purpose, our group as One Yanmar continues to grow to solve the issues of our customers and society and provide new value, while being flexible to changes in the times including digitization.

In last year's report, Mr. Kimura pointed out that our corporate philosophy was not well incorporated, so in the outline of "Realizing ASF and Contributing to the SDGs," we described what global themes we can tackle, while practicing our mission statement, which is our way to take on CSR. Mr. Kimura gave positive feedback on this point, but at the same time, he commented that there is still room to improve next year on how the Four Future Visions are closely related to the themes and the way we promote them.

Among the business activities introduced in each of the four visions, Mr. Kimura expressed his high expectations for our efforts to realize a decarbonized society and shift to a company that creates value for customers. We strive to make further efforts to live up to his expectations. Also, Diversity for Yanmar, which is our policy to promote diversity and inclusion (D&I) in our CSR activity report was highly evaluated. We believe that promoting D&I is essential to creating value for our customers and continue to take on various initiatives to achieve this goal as One Yanmar.

Along with the trends such as the declaration of carbon neutrality by 2050 and the announcement of a 46% reduction in greenhouse gas emissions by 2030 (compared to FY2013), Yanmar is working to develop a new group environmental vision and reexamine our medium-term environmental plan. In order to contribute to solving various social problems other than environmental issues, we recognize our major task for the realization of the Four Future Visions to create a concrete roadmap and milestones.



Shigeru Morimoto

Representative Director,
Yanmar Holdings Co., Ltd.

Corporate Profile and Major Indicators

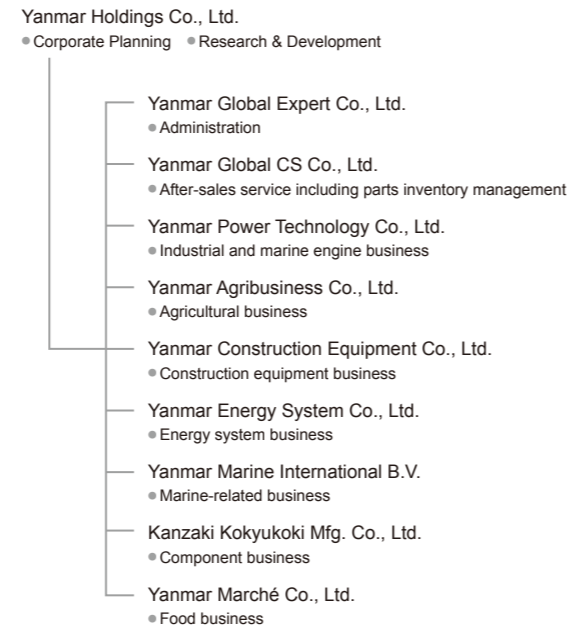
Yanmar Co., Ltd. was split up and established new organizations on April 1, 2020. Please note that some data on this report might be from former organizations.

Company Profile

Yanmar Holdings Co., Ltd.

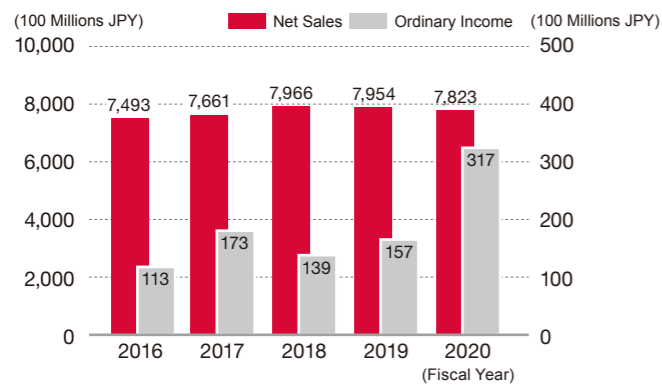
Head Office	Yanmar Flying-Y Building 1-32, Chayamachi, Kita-ku, Osaka, Japan
Tokyo Branch	18F Akihabara UDX North Wing 4-14-1 Sotokanda, Chiyoda-ku, Tokyo, Japan
Founded	March 22, 1912
Established	April 1, 2013
Capital	JPY 90 million (as of March 31, 2021)
Employees	20,744 (as of March 31, 2021) <small>*Yanmar Group consolidated</small>

Major Group Companies (As of April 1, 2021)

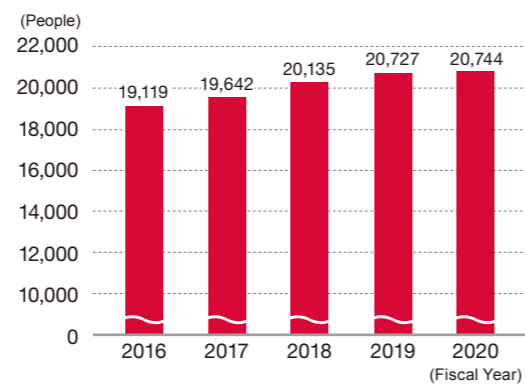


Major Indicators (As of April 1, 2021)

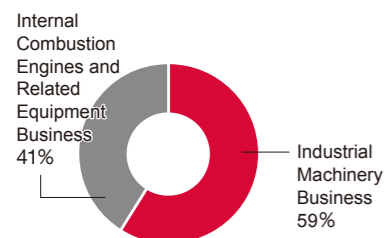
Consolidated Net Sales and Ordinary Profit



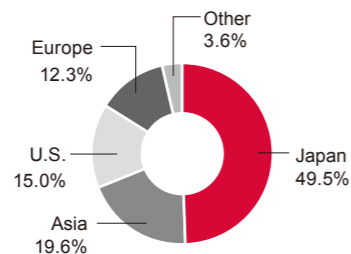
Employees (consolidated)



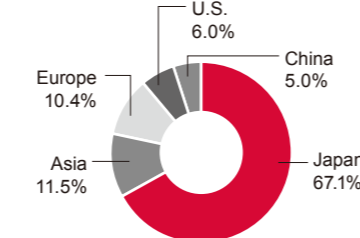
Consolidated Sales by Segment (FY2020)



Consolidated Sales by Region (FY2020)



Employees by Region (March 31, 2021)



Yanmar Group Network

Japan

- Corporate Function
 - YANMAR GLOBAL EXPERT CO., LTD.
- After-Sales Service Including Parts Inventory Management
 - YANMAR GLOBAL CS CO., LTD.
- Agricultural Business
 - YANMAR AGRIBUSINESS CO., LTD.
 - NEW DELTA INDUSTRIAL CO., LTD.
 - YANMAR AGRI JAPAN CO., LTD.
 - YANMAR GREEN SYSTEM CO., LTD.
 - YANMAR HELI & AGRI CO., LTD.
 - SEIREI TOTAL SERVICE CO., LTD.
- Construction Equipment Business
 - YANMAR CONSTRUCTION EQUIPMENT CO., LTD.
- Energy System Business
 - YANMAR ENERGY SYSTEM CO., LTD.
 - YANMAR ENERGY SYSTEM MFG. CO., LTD.
 - YANMAR POWER GENERATING SYSTEM MANUFACTURING CO., LTD.
- Engine Business
 - YANMAR POWER TECHNOLOGY CO., LTD.
 - YANMAR CASTING TECHNOLOGY CO., LTD.
 - YANMAR ENGINEERING CO., LTD.
 - YANMAR PRODUCTION SUPPORT CO., LTD.
 - YANMAR MARINE SYSTEM CO., LTD.
 - GENKAI YANMAR CO., LTD.
- Marine Related Business
 - YANMAR MARINE INTERNATIONAL ASIA CO., LTD.
- Component Business
 - KANZAKI KOKYUKOKI MFG. CO., LTD.
- Food Business
 - YANMAR MARCHÉ CO., LTD.
- Others
 - YANMAR OKINAWA CO., LTD.
 - YANMAR CREDIT SERVICE CO., LTD.
 - YANMAR INFORMATION SYSTEM SERVICE CO., LTD.
 - YANMAR BUSINESS SERVICE CO., LTD.
 - CEREZO OSAKA CO., LTD.
 - CEREZO OSAKA SPORTS CLUB
 - YANMAR SYMBIOSIS CO., LTD.
 - YANMAR E-STIR CO., LTD.
 - KOWA COMPANY, LTD.
 - YAESU SHOPPING MALL CO., LTD.
 - SEIREI KOSAN CO., LTD.
 - YANMAR ENVIRONMENTAL SUSTAINABILITY SUPPORT ASSOCIATION
 - YAMAOKA SCHOLARSHIP FOUNDATION
 - YAMAOKA MEMORIAL FOUNDATION
 - YANMAR HEALTH INSURANCE SOCIETY
 - YANMAR CORPORATE PENSION FUND
 - YANMAR AGRI JAPAN CORPORATE PENSION FUND
 - RICE TECHNOLOGY KAWACHI CO., LTD.
 - WAKU WAKU PARK CREATE CO., LTD.
 - YANMAR VENTURES CO., LTD.

International

North & South America

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

Europe

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

Asia-Pacific

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

YANMAR

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