



YANMAR

Corporate Social Responsibility Report 2014



Message from the President



Takehito Yamaoka
President
YANMAR CO., LTD.

山岡健人

The Yanmar Group's CSR activities represent the implementation of our Mission Statement. Through Solutioneering, we aim to surprise and delight customers with products and services that exceed their expectations, thereby enhancing value for stakeholders and contributing to the establishment of a sustainable society.

Evolving into a Premium brand in line with our Mission Statement

The Yanmar Group has started work on a new growth strategy that looks ahead to our next 100 years. With Solutioneering, a problem-solving approach that is based on Yanmar's engineering and marketing capabilities, as our driving force, we aim to deliver high levels of quality, thereby enhancing the value of industry itself and evolving our activities into Premium fields.

The "Yanmar Premium Brand Project", introduced in July 2013, embodies the core activities for enabling Yanmar to achieve further growth in rapidly changing markets. Based on our Mission Statement, we must further evolve into a Premium brand and expand interactions with customers around the world. By leveraging this project we aim to surprise and delight customers with products and services that exceed their expectations.

Furthermore, our Mission Statement, which articulates our significance in the world and the social mission we must complete, encapsulates the view that all Group employees should always tackle their jobs with a sense of purpose and a high level of pride, and was produced in consultation with employees. We believe that the Yanmar Group's CSR activities represent the implementation of this Mission Statement.

The implementation of the Mission Statement is connected to the promotion of CSR activities

The fields of food production and harnessing power, in which the Yanmar Group operates, face various social issues. Examples of these are the rising population, food shortages, and increasing levels of CO₂ in the atmosphere. We conduct business with a view to also finding solutions to these issues, connecting the implementation of the Mission Statement with the promotion of CSR activities.

The Yanmar Group has positioned the protection of the earth's environment as a key task in its management policy, implements environmental management, and conducts business based on coexistence with nature. We have also formulated the Environmental Vision 2020, which defines goals to be achieved by FY2020, and are working continuously to cut greenhouse-gas emissions to halt global warming and to reduce waste and promote recycling to help establish a sustainable society.

In addition to implementing initiatives in existing business domains, developing and selling small diesel engines that are compliant with the Tier 4 regulations, we are also exploring new fields such as biomass power generation. In this way, we will be endeavoring to solve various environmental problems.

The Yanmar Group will also be redoubling its efforts to contribute to the upkeep and development of the various societies and regions it operates in around the world. Three years have passed since the Great East Japan Earthquake struck in March 2011, yet large numbers of people are still living in temporary housing, and the Yanmar Group intends to continue playing its part in providing support to the people affected.

Using the relocation of our head office as an opportunity to reach for further development over the next 100 years

The Yanmar Group will also be making strategic investments in product development, systems deployment, human resources development, and so on with the aim of stepping up the pace of growth. In the area of product development and systems deployment, our first casting plant overseas has gone into operation in Indonesia, while in China, we have launched a production line for vertical water-cooled engines. In the area of human resources development, meanwhile, we have launched the "Yanmar Dreams Come True" in-house business suggestion program as well as a Career Development Program (CDP) with the goal of motivating Group employees and enabling them to feel pride. These programs allow personnel assignments and interactions to be managed in a flexible and organized fashion.

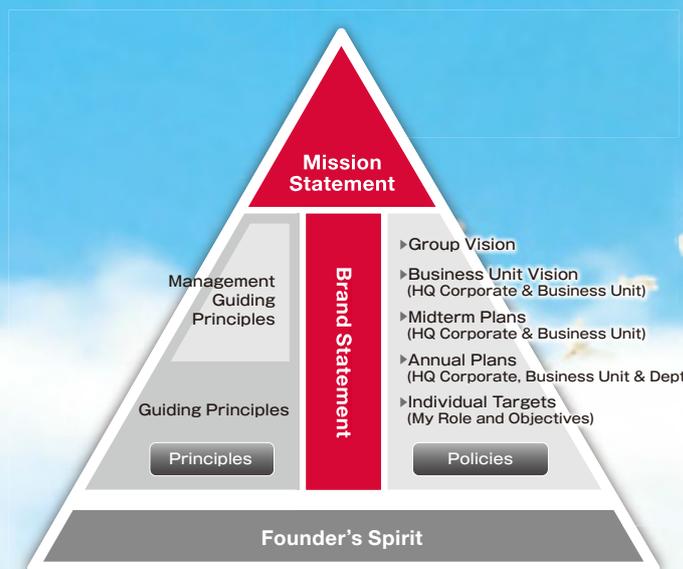
In October 2014, construction of a new headquarters building for the Yanmar Group was completed in the Chayamachi district of Osaka's Kita ward. The building is equipped with the very latest in environmental technology, including own-manufactured gas heat pump (GHP) air conditioning systems and gas co-generation systems, solar power generation systems, green walls, and a power generation system based on new technology that we are currently developing. CO₂ emissions from the building as a whole have been greatly reduced. On the 5th floor, the building employs a seismic isolated structure, whose strategic location reduces the amount of incoming water in the event of river flooding or sudden heavy rains.

With this headquarters building as its base, the Yanmar Group will strive to become a company that is loved by the community and society.

Thank you for your continuing support.

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.



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Brand Statement



Solutioneering Together

The Brand Statement concisely expresses the essence of the Yanmar Group's Mission Statement in response to changing times and communicates it for internal and external use. It promises customers an enduring commitment to the value provided by the Yanmar Brand and indicates the directions of our business activities.

Group Vision



Maximize Lifecycle Value for the Customer to Win Their Lasting Trust

The Group Vision, which connects the Mission Statement and the Business Unit Vision, suggests the direction we should pursue and conveys our approach to providing value to our customers.

Founder's Spirit



Grateful to serve for a better world

To conserve fuel is to serve mankind

The Founder's Spirit is the origin of Yanmar's corporate activities and, at the same time, Yanmar's DNA. These concepts have been handed down from our founder Magokichi Yamaoka for generations and must be passed onto future members of the Yanmar family.

Guiding Principles (YANMAR11)

For all Yanmar employees



- 1. Focus on the Customer**
Ask yourself where customer value lies, and use the answer in delivering optimal solutions.
- 2. Grasp the Real Situation**
Investigate what the actual situation is. Penetrate beyond pre-conceptions and check the actual place, the actual part and the actual condition to get to the truth.
- 3. Success through Perseverance**
Achieve excellent results through follow up and perseverance. Never give up.
- 4. Initiative**
Be proactive with minimal supervision and prompting. Start the ball rolling.
- 5. Winning Speed**
Act swiftly to capitalize on global opportunities.
- 6. Imagine and Do**
Be creative and question the accepted way of doing things. Don't only accept what worked yesterday.
- 7. Teamwork**
Work together and remove internal barriers for our common goals. Think globally and act locally.
- 8. Open and Honest Communication**
Encourage differing views to reach optimal solutions. Don't just follow the general consensus.
- 9. Global Challenge**
Strive for innovation and continuous improvement to be world class. Don't get too comfortable.
- 10. Personal Development**
Set goals and challenge yourself to improve.
- 11. Social Responsibility**
Always act with integrity. Serve and improve the community and the environment.

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

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Yanmar Group CSR Activities

The Yanmar Group's CSR activities are aimed at focusing on the challenges our customers face and enriching people's lives for all our tomorrows through Solutioneering, the combination of leading-edge engineering capabilities and bold planning and solution-delivering capabilities, in the fields of food production and harnessing power.

These represent the implementation of our Mission Statement. Through our CSR activities, we aim to enhance value for stakeholders and contribute to the establishment of a sustainable society.

Enriching people's lives

Our Business Domains

Helping to solve

Meeting needs which are essential to human life



Food production

With a focus on mechanization and labor saving, we are working to support food production and living by providing solutions that deliver low-cost and highly-efficient farming methods to various areas of agriculture, including rice farming, crop farming, and dairy farming.



Harnessing power

By developing energy-efficient, eco-friendly hybrid propulsion systems and engines, and popularizing energy systems such as co-generation and GHP systems, we are working to enrich people's lives.

Yanmar's stakeholders

By engaging in dialog with its various stakeholders and implementing its Mission Statement, the Yanmar Group aims to contribute to the creation and development of a sustainable society.



Our Customers

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



Our Employees

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

for all our tomorrows

society's problems

Our Strengths

Solutioneering



Bold planning and solution-delivering capabilities

To deliver high levels of quality and provide customers with real satisfaction, our employees aim to demonstrate spontaneity and creativity to deliver the optimum solutions to customers.



Leading-edge engineering capabilities

By inheriting the DNA of our founder, who succeeded in developing and commercializing the world's first small diesel engine, and applying the world-leading engineering capabilities we have accumulated, we aim to address the challenges that customers face.



Our Business Partners

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



Our Local Community

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



Our Environment

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

Business Field

The Yanmar Group: Our Business Domains

On the Land

Yanmar provides solutions on the land, at sea, and in the city. Whether it is versatile construction machinery, highly efficient energy generation, our original component business, agricultural machinery that supports global farming, the driving force of our industrial engines, the high-quality and reliability of our large power products, or marine products in harmony with the environment, Yanmar is hard at work, providing diverse solutions to serve customers on land, at sea, and in the city.

At Sea

In the City

On
the Land

Three Fields
Seven Businesses

At Sea

In
the City

Industrial Engine Business

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

- Products: Compact diesel engines for industrial use, precision components for fuel injection systems, etc.

Large Engine Business

Development, production, sales, and services are unified, and a business model that aims to increase customer value (LCV) is being developed.

- Products: Marine propulsion and auxiliary diesel engines for ocean-going vessels, land-use diesel engines, gas engines and gas turbines and products related to these systems.

Marine Business

We're providing the global market with commercial and pleasure boat engines that have powerful and stable performance and are highly economical and reliable.

- Products: Small and medium marine diesel engines and related products, marine environment products, FRP pleasure boats, small fishing boats, fish tanks and pontoons, etc.

Agricultural Operations Business

We offer products that employ the latest technologies, such as I-HMT (electronically controlled, continuously variable hydraulic transmission) and ICT (Information Communication Technology) to monitor the operating conditions of farm equipment.

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

Energy System Business

We offer optimum solutions through our GHPs, cogeneration systems, emergency generators that contribute to BCP and saving energy and electricity. We are also focusing on the field of bio gas and other renewable energies.

- Products: Cogeneration systems, bio gas cogeneration systems, gas heat pumps, standby generators, pump drive systems, solar power generation systems, etc.

Construction Machinery Business

We supply a wide variety of high performance compact construction equipment and general-purpose machinery such as the VIO series of True Zero Tail Swing excavators, the Z series of boom excavators, portable generators, light towers, etc.

- Products: Backhoes, wheel loaders, carriers, small generators, light towers, etc.

Component Business

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

- Products: Hydraulic equipment, gears, transmissions, marine gears, machine tools, etc.



Hydraulic equipment

Compact diesel engines for industrial use

Transmissions

Rice transplanters

Combines

Biomass generation plants

Tractors

Unmanned helicopters



Agriculture Supports Life

Agriculture supports life. We are engaged in the pursuit of abundant food through the development of agricultural machinery for farmers, ranging from professionals to hobbyists. In Japan and overseas, with a focus on Asia, we're introducing integrated, mechanized farming methods towards furthering the industrialization of agriculture.



Industrial Engine Business

TNV Series Vertical Water-Cooled Diesel Engines

Clean diesel engines satisfying a number of world's toughest gas emissions standards

Integration of a common rail fuel injection system, a diesel particulate filter (DPF) and an optimized exhaust gas recirculation (EGR) system in the TNV series engines enabled conformance to a number of world's strictest exhaust gas emissions standards, as required by the U.S. Environmental Protection Agency (EPA), California Air Resources Board (CARB), the EU Directives, and diesel emission regulations in Switzerland.



Agricultural Operations Business

The New AG-R Series Harvester Combines Streamlining large-scale agriculture with a clean, high power engine that meets exhaust emissions regulations

The powerful engines for our combines are now equipped with a diesel particulate filter (DPF) to collect particulate matter, such as soot, enabling the same efficient harvesting but with a cleaner approach. The self-propelled six or seven-row models also offer a function to collect operational data, such as the harvested rice quantity, working hours, and fuel consumption per field. Analyzing the data on computers will help plan the following year's planting and work distribution, contributing to more efficient agricultural management.

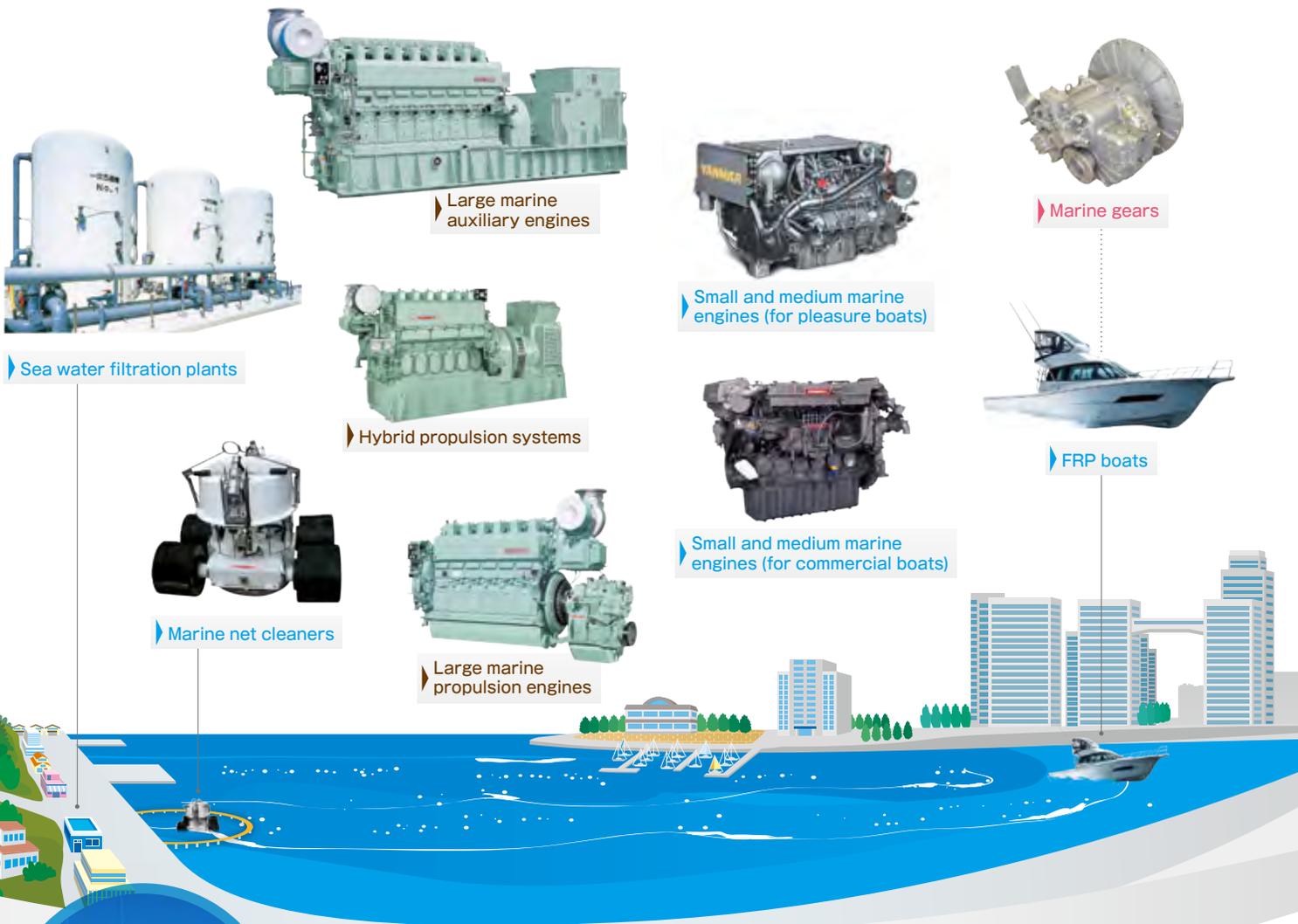
Agricultural Operations Business

The New RG Series Rice Transplanters: RG5X, RG6X, RG7, and RG8

The RG Series has been strengthened and is now even more economic and friendly to the environment

The lineup of the RG series professional rice transplanters has been expanded and provides improved fuel efficiency and low-noise operations at less than 70 dB. The new models offer almost 25% better fuel efficiency compared with similar gasoline engine models thanks to their Hydraulic Mechanical Transmission (HMT) that can seamlessly change gear ratios thereby eliminating energy loss. The models also feature auto-deceleration when replenishing rice seedlings.





▶ Sea water filtration plants

▶ Large marine auxiliary engines

▶ Small and medium marine engines (for pleasure boats)

▶ Marine gears

▶ Hybrid propulsion systems

▶ FRP boats

▶ Marine net cleaners

▶ Small and medium marine engines (for commercial boats)

▶ Large marine propulsion engines



Coexistence between humans and the marine environment

From marine leisure to solutions for the largest working boats, Yanmar develops marine engines and propulsion systems for safe passage of the seas in harmony with the environment. Revitalizing the fishing industry, we are developing aquaculture technology towards our ultimate goal of coexistence between humans and the marine environment.



Large Engine Business

EYG26 Marine Gas Engine

Clean marine gas engine offers high efficiency and reliability

Thanks to our newly developed air-fuel ratio control technology, we are about to commercialize a marine engine fulfilling the robust variable load-bearing capacity required for marine engines and with heat efficiency as high as 47.8%, while complying with the International Maritime Organization (IMO) Tier III standards that require an 80% reduction of NOx emissions compared with Tier I.

Marine Business

EX30B Fishing Cruiser

Cruiser for longer fishing holidays at sea

The largest of its class, this "walkaround" offers a front deck on its wide body and a spacious cuddy with a novel design. The cruiser's V8 engine with electronic controller also provides improved fuel efficiency and low noise.



Marine Business

The AYE Series Marine Engines with Common Rail Fuel Injector

Yanmar's first commercial boat engine with a common rail fuel injector

The newly installed common rail fuel injector enables these engines to offer clean exhaust compliant with the U.S. EPA Tier III standards, as well as low noise and fast startup. The engines are also equipped with further improved fuel efficiency and a high torque inherited from their predecessors.





Effective Energy Usage

With technology ranging from renewables through cogeneration systems that harness heat and electrical energy, Yanmar will deliver the best energy solution for the application, whether it is for business, public facilities, or residential use.

Construction Machinery Business

Midi Excavator SV100-2A

A 10-ton class hydraulic excavator with a boom swing and blade

This is Japan's first Ultra-Tight Turning excavator equipped with a boom swing and blade as standard, ensuring safe and smooth operations in a variety of construction sites. The model also boasts high environmental performance, including a clean diesel engine fully compliant with exhaust emissions regulations, and Auto-Deceleration and Eco modes to deliver better fuel efficiency.



Energy System Business

EP800G Gas Engine Cogeneration System

Achieving top generation efficiency in its class and low NOx emissions

Yanmar's cogeneration systems also serve as emergency generators utilizing gas engines. The EP800G (60 Hz, 800 kW output) was developed to enhance the product lineup. The advanced control technology incorporated realizes both high efficiency and low NOx emissions.

Yanmar opens its new Osaka Headquarters -Embarking on a voyage into the next 100 years

In commemorating the 100th anniversary of its foundation, Yanmar opened a new head office building in Chayamachi, Kita ward in Osaka, the very site the company was originally established in 1912.

Employing Yanmar's own cutting-edge environmental technologies, the building is designed to significantly reduce carbon dioxide, aiming for zero emissions. Also, the building's mid-story seismic isolated structure and a number of other advanced anti-disaster design features offer robust safety by ensuring BCP* response and shelter for people nearby in the event of a large-scale disaster.

Having operated in the domains of "Food production" and "Harnessing power" for over a century, Yanmar is now taking a bold first step into the next 100 years, continuing to proactively contribute to the creation of a sustainable society.

*BCP:Business Continuity Plan. Plan and management strategy to continue the most important business operations of the company following a disaster.

Innovative design that evokes Yanmar's undertakings on the land, at sea and in urban areas

The design of the building evokes Yanmar's core domains of activity: the land, the sea and urban areas.

Located in close proximity to a local intersection, the building features a dynamic shape, suggestive of the daily bustle of the city. The large natural green curtain that reaches to the roof reminds viewers of the greenery of the land, while the ship-bow shaped exterior is a symbol of the sea.

The exterior uses a simple yet bold design, exerting a strong presence in the surrounding environment.

The rounded shape of the louvers partially shade the structure and helps create a sophisticated look. The refined layered structure from the street to upper levels is itself a symbol of the relationship of durability and trust we have built with our customers over a century.

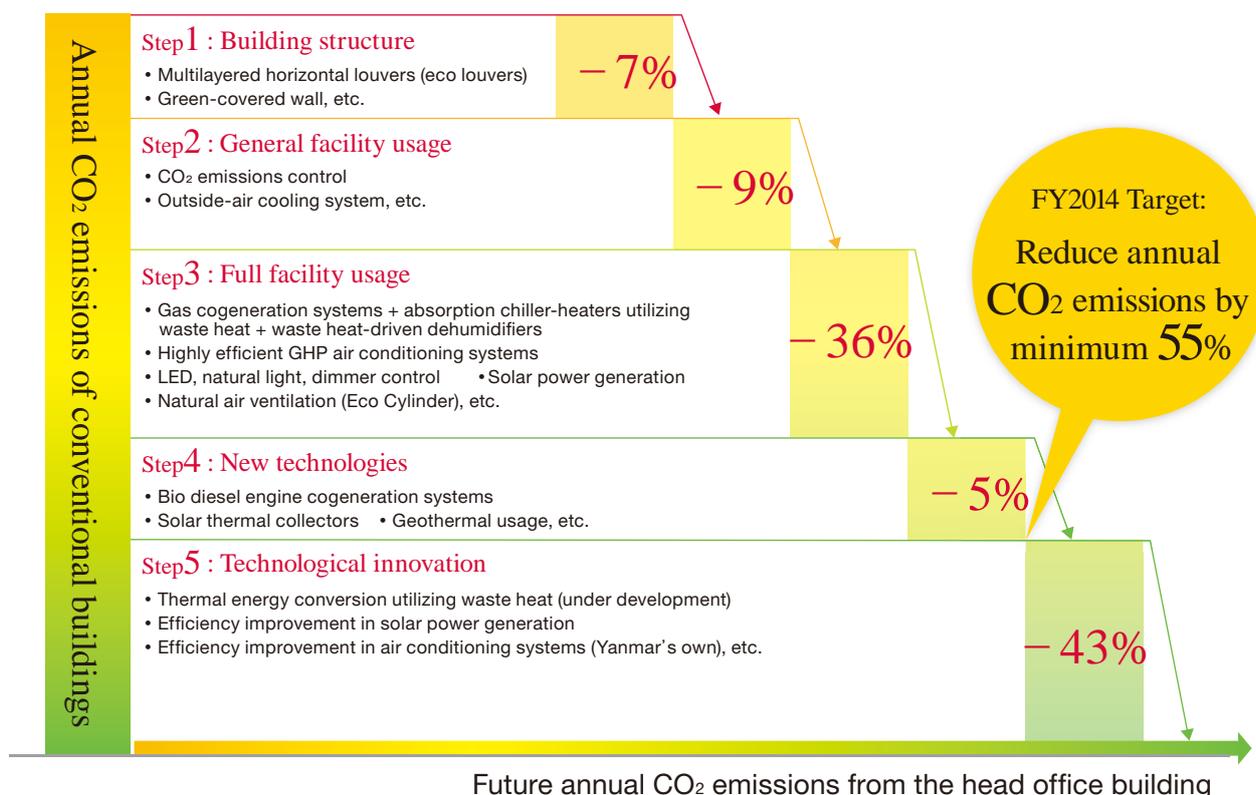


Aiming for a zero CO₂ emission building

The office section of the Headquarters is targeted to decrease yearly CO₂ emissions associated with energy consumption by 55%. Gas heat pump air conditioning, gas cogeneration systems, solar panels, solar thermal collectors, and other equipment are combined to form a highly efficient energy system.

As re-usable energy technologies improve in the future, installed equipment will be updated with the end goal of creating a truly zero emissions building (ZEB).

► Roadmap to zero CO₂ emissions



*Electricity provider's CO₂ emissions coefficient: 0.555kg CO₂/kWh

Major environmental innovations

The YANMAR FLYING-Y BUILDING utilizes a combination of the latest environmental technology and Yanmar innovations. Beginning large-scale reductions of office CO₂ emissions, our own energy conservation system, a natural green curtain on the building's south side, an air-circulating spiral staircase from the 6th to 12th office floors, and other features were designed to incorporate a variety of ideas and technologies aimed at living in harmony with the environment. Because of this, the new Headquarters has received the highest rank (S rank) in the CASBEE Osaka system*.



*CASBEE stands for "Comprehensive Assessment System for Built Environment Efficiency" and evaluates the overall environmental impact of major buildings. Beyond just energy/resource conservation and recycling, factors such as indoor comfort, building permanency, external visual appeal are also considered. 5 ranks range from "S" (highest) to "C" (lowest).

1 Gas cogeneration systems & highly efficient GHP air conditioning systems

The air conditioning and hot water used in the office floors in YANMAR FLYING-Y BUILDING utilizes the company's own cogeneration systems to efficiently recycle waste heat from power generation. The system contributes to a significant reduction of CO₂ emissions through multiple heat use. Waste heat from the bio power generator is used to warm and cool water and dehumidify the air taken from outside, as a supplement to the heat provided by gas engines. Such heat is also used for thermal conversion and hot water for the company cafeteria.

Further, Yanmar's gas heat pump (GHP) air conditioning systems with excellent energy efficiency utilizing gas-generated heat significantly reduce the power consumption of the building compared to when an electric heat pump (EHP) system is used. The GHP network installed in the new Headquarters totals 3,046kW.



Gas heat pump air conditioning systems



Gas cogeneration systems

2 Solar power generation

Solar power generators are the optimum choice for power generation in urban buildings. Solar panels installed on a well-lit building roof can utilize the sunlight for daytime electricity. Our head office building is equipped with south-facing solar panels providing 35 kW power. These panels can generate approximately 31 MWh of electricity per year.



Solar panels installed on the south wall of the building

3 Large green wall on the south side of the building

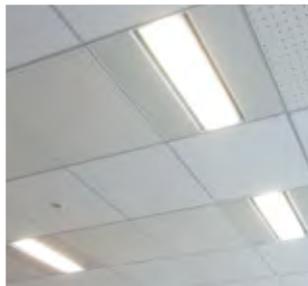
The south wall of the YANMAR FLYING-Y BUILDING is covered with green across an area of 1,230 m² (23.7m wide and 52m high). The green contributes to improving users' comfort, recovering the local ecosystem, absorbing air pollutants, and alleviating the heat island phenomenon. The green is also expected to provide cool air to the surrounding street, together with the shrubs on the ground and mist sprays. The green wall units are transparent to ensure the view from inside while shading the building from direct sunlight, delivering a comfortable office environment and energy saving at the same time. Also, making 40% of the plants ground covering flowering plants helps honey bees to collect nectar.



Green wall

4 Energy saving by combining LED and natural lights

It is believed that a quarter of the energy used in a building is consumed by the office lighting. In order to reduce CO₂ emissions from energy consumption, except for some special lamps and the lighting in the maintenance facilities, the YANMAR FLYING-Y BUILDING uses LED lights. The large windows and high ceilings help deliver natural light into the offices, and the power of the lighting is also controlled automatically by sensors.

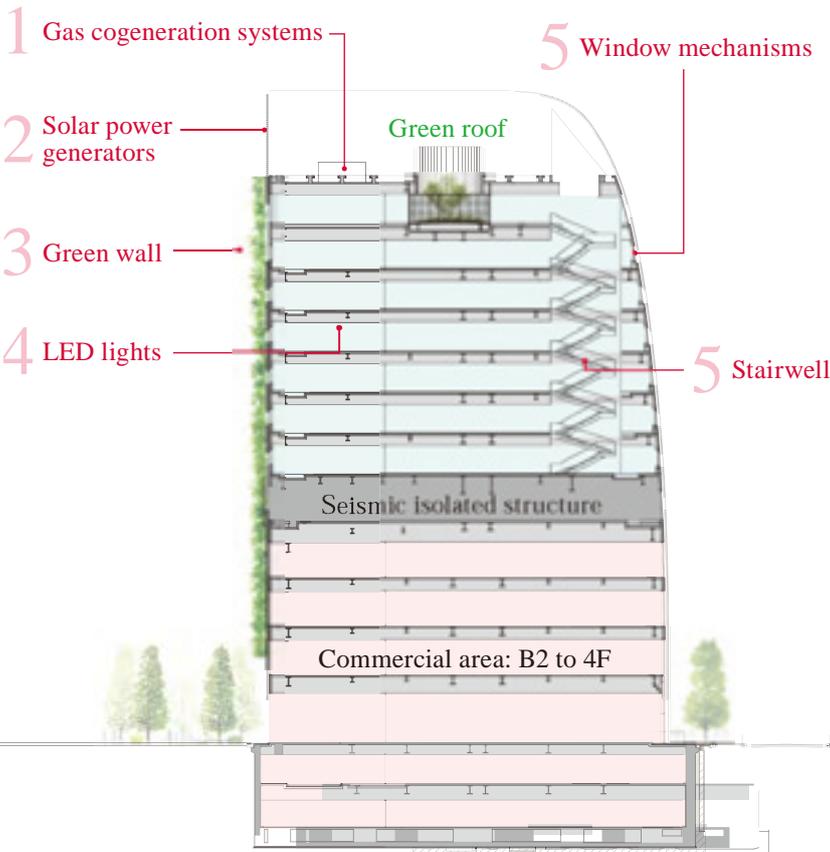


LED lights

5 Window mechanisms maintain a comfortable office environment utilizing nature

Eco louvers are installed over the windows to take in natural light into the building while preventing direct sunlight. The louvers are separated into the upper section of the windows to control the light intake, and the lower section, to cover the wall to floor area of each story, delivering a good balance of light usage and heat control. The ventilation openings under the windows naturally refresh the air of each floor, and the Eco Cylinder (stairwell) circulates the air throughout the entire building. The building is designed to utilize natural light and air to the maximum.

- Eco louvers (aluminum)
- Blinds
- Low-E high-heat shielding multi-paned glass
- Natural ventilation through under-floor openings
- Utilizing the stairwell for air circulation



Supporting the Osaka Honey Bee Project



Yanmar supports the Osaka Honey Bee Project (see P46), a bee keeping activity in Umeda, Osaka, started in 2011, and turned into an NPO in 2013. The beehives are installed in the roof garden of the YANMAR FLYING-Y BUILDING and we aim to continue our collaboration with the project in the future.

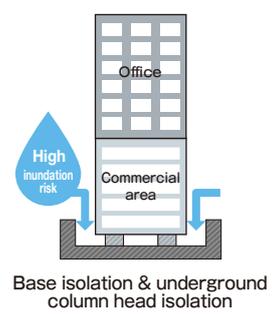


Building functions as a disaster management center on BCP activation

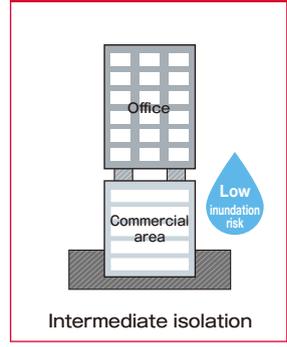
The YANMAR FLYING-Y BUILDING takes on the role of a disaster management center when its BCP is activated. According to the hazard map created by Osaka city, the Yodogawa River could flood as high as 4 meters in the case of very heavy rain. Taking this risk into account, the core equipment of the building are all placed on the second floor or higher.

Further, the building incorporates a seismic isolation structure on the 5th floor to prevent the shaking from a large-scale earthquake being transmitted to the higher floors. This system protects the major structural components of the building, such as the pillars and beams, from damage, minimizing the harm even during an earthquake of the strongest level in the seven-point Japanese seismic intensity scale.

► Position of the seismic gap and inundation risk



YANMAR FLYING-Y BUILDING

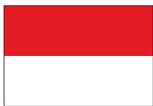


Supporting Solutioneering in Asia -the Yanmar Group's production system

The recent economic surge in Asian countries, including China, Indonesia, Thailand, Vietnam, and Cambodia, is bringing changes to their agricultural markets and expanding demand.

The Yanmar Group, operating across the world, responds quickly to such changes to offer Solutioneering to our customers through organizing local procurement and production systems.

1



P.T. YANMAR DIESEL INDONESIA

Number of employees: 548
Production capacity: 70,000 units/year

Engine production and sales in Indonesia

- Total production volume is expected to reach one million by 2015.
- In 2011, the agricultural machinery sales and service businesses of P.T.YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA were integrated.



2



P.T. YKT GEAR INDONESIA

Number of employees: 178
Production capacity: 2 million gears/year,
50,000 HSTs/year

HST production commenced in addition to that of gears

- This factory only produced gears in the past, but has also been producing HSTs within the PT. YANMAR INDONESIA's premises since January 2014.
- The new dedicated HST factory will be completed in December 2014, and production will start in March 2015.



3



PT. YANMAR INDONESIA

Number of employees: 186
Production capacity:
32,000 tons/year

Yanmar Group's first overseas casting plant

- Mass production commenced in September 2014
- Employees increased from 100 in FY2013 to 200 in FY2014



4



P.T. YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA

Number of employees: 533
Production capacity:
16,000 power tillers/year

Power tiller and axle rotor cultivator production site for the Indonesia market

- Construction of another factory is planned for 2015
- Axle rotor cultivator QT30 is shipped to Japan



* The number of employees (including non-regular employees) is as of end of September 2014.

6



YANMAR ENGINE (SHANDONG) CO., LTD.

Number of employees: 270
Production capacity:
50,000 horizontal water-cooled diesel engines/year
30,000 vertical water-cooled diesel engines/year

Started production of vertical water-cooled diesel engines in 2013

- Mass production commenced in October 2013
- Production capacity increased to 60,000 units in FY2014
- Production is planned to increase to 90,000 units in response to demand expansion in China



7



YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD.

Number of employees: 821
Production capacity:
6,000 combines/year
9,000 ride-on rice transplanters/year

Tractor, combine, and rice transplanter production site marketed for China & Southeast Asia

- Factory expansion was completed at the end of November 2014
- Combine production capacity will be reinforced in 2015



6 Supplies small construction machinery for OEMs in China, and vertical water-cooled diesel engines for agricultural machinery to Yanmar Group companies

2 Supplies HSTs to China

7 Supplies full-feeding combines to China, Vietnam and Indonesia

JAPAN



3 Supplies cylinder blocks and heads for vertical water-cooled diesel engines to the Power System Operations Business of YANMAR CO., LTD.

5 Supplies tractors for Thailand, Cambodia and Indonesia

THAILAND

2 Supplies gears to the Power System Operations Business of YANMAR CO., LTD., and YANMAR AGRICULTURAL MACHINERY MANUFACTURING CO., LTD.

CAMBODIA

3 Supplies cast components for tractors and transmissions for power tillers for Thailand

5



YANMAR S.P. CO., LTD.

Number of employees: 695
Production capacity:
15,000 tractors/year
50,000 horizontal water-cooled diesel engines/year

Tractor and power tiller production site for the Southeast Asia market

- Local production of tractors commenced in February 2011
- Local production of transmissions, a major component of tractors, started in July 2012



INDONESIA

- 1** ■ Sells power generators & engines for agricultural machinery in Southeast Asia, Oceania, and the Middle East
- Produces and sells horizontal water-cooled diesel engines for agricultural machinery targeted at dealers in Indonesia

Further enhancement of Optimal Localized Production across the world

In order to respond to increased automation and the growing scale of agricultural activities in Asian countries, the Yanmar Group is currently implementing Optimal Localized Production, in which the products most suitable for the type of demand and usage in the region are manufactured locally. In addition to three production sites across China, Indonesia, and Thailand, we plan to reorganize the current production structure and establish further facilities. We will accelerate our Optimal Localized Production for the further growth of the Yanmar Group.

PT. YANMAR INDONESIA

Yanmar's first overseas casting plant established

PT. YANMAR INDONESIA (abbr. YID) produces and supplies casting parts to be used in industrial machinery manufactured by the Yanmar Group. These include cylinder blocks and cylinder heads, which are the main components of compact diesel engines, as well as transmission cases and clutch housings for tractors.

In September 2013, a new casting factory was built—the first among the Yanmar Group's overseas production sites, and mass production started in September 2014. YID continues to supply cylinder blocks and heads for vertical water-cooled diesel engines to the Power System Operations Business of YANMAR CO., LTD., as well as casting parts for YANMAR S.P. CO., LTD. tractors.

This casting factory has taken measures to protect the surrounding environment by installing an interior dust collector to prevent noise and dust from being released into the air, and an activated carbon deodorizer with sensors, which removes the smell of the gas when baking the mold cores. Also, the Energy

Saving Committee has been formed with representatives from the production and general affairs departments of the factory, and the PDCA cycle concerning energy usage and waste emissions is enacted through monthly meetings.



Dust collector installed inside the factory building

YANMAR S.P.CO.,LTD.

Production site for tractors and power tillers for the Southeast Asian market

YANMAR S.P. CO., LTD. (abbr. YSP) manufactures tractors and power tillers. Parts for transmissions and front axles are also produced onsite, using cast parts, such as transmission cases and clutch housing supplied from P.T. YANMAR DIESEL INDONESIA. YSP is regarded as the major tractor production site in Southeast Asia. The company supplies tractors to Thailand, Cambodia, and Indonesia, and there are plans to start distribution to Australia and Malaysia from FY2015. The power tillers utilize transmission mechanisms supplied by P.T.YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA.



A dealership in Thailand



Tractor production line

Production of vertical water-cooled diesel engines commences to meet Chinese demand

YANMAR ENGINE (SHANDONG) CO., LTD. (abbr. YSD) has produced horizontal water-cooled diesel engines for farmers and fishing operators in China. However, China is experiencing rapid development in the urban and suburban areas and this in turn increases the demand for compact construction machinery used for house building and the installation of city water systems. We have now been requested to supply vertical water-cooled diesel engines that have a greater power output.

At the same time, the Chinese government, giving prime importance to environmental protection, is keen to reduce air pollution from exhaust gases. Thus, machinery and vehicle manufacturers are seeking out engines compliant with the stricter regulations.

Against this backdrop, YSD has built a new production line for vertical water-cooled diesel engines for OEMs and started

production in October 2013. Its production capacity is 30,000 units per year and this will be expanded to 90,000 units to respond to future demand.

The factory also employs various environmental measures. The diesel engines produced here use paint with low hazardous substances, such as toluene and xylene, in the same way as in the Biwa Factory in Japan. The factory is also equipped with a facility for removing the volatile organic compounds (VOC) contained in the exhaust gases from the painting process.



Vertical water-cooled diesel engine



VOC removing facility



Newly built production line for vertical water-cooled diesel engines

Production site for combines and rice transplanters targeted at China and Southeast Asia

YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD. (abbr. YNC) produces full- and half-feeding combines, rice transplanters, and tractors. This is Yanmar's only overseas factory that manufactures tractors, combines, and rice transplanters together. The major product of YNC is full-feeding combines, and 90% of their components are procured locally. Transmissions, threshing components, and reaper components are also made in-house, and assembled into the final product.

The full-feeding combines are shipped not only to China, but also to Vietnam and Indonesia, and we are planning to expand the target countries to include the Philippines and Myanmar. Factory expansion was completed in November 2014, which will house a new production line for boosted production of combines in 2015.



Combine production line (powertrain line)



Combine production line (threshing component line)



Applying Solutioneering to develop the world's most advanced small diesel engine

The world's cleanest diesel engine – embodying the Solutioneering approach that Yanmar has developed over the years and complying with the Tier 4 emission gas regulations, which have had a big impact on the industrial diesel engine industry.

The engine is the first in the world to obtain emission gas certification from the California Air Resources Board (CARB) in the U.S. (19-56kW class) and Switzerland (18-37kW class), and has been extremely well received by industrial machinery manufacturers around the world.



The challenge to meet the toughest emission gas regulations in the world (Tier 4)

In the early 1990s, Yanmar started strengthening development to comply with emission gas regulations for small industrial diesel engines. Regulations have become tougher in stages, and we have developed and brought to market small engines that satisfy the regulations at each stage. However, Tier 4, which was introduced in 2013, is particularly tough, as PM (particulate matter) has to be reduced by at least 90% and NOx (nitrogen oxide) has to be reduced by around 40% compared with the previous stage (Interim Tier 4). To meet these requirements, Yanmar got its development, production, quality management, and sales departments working together, and after a three-year development period, succeeded in developing a Tier 4-compliant engine.

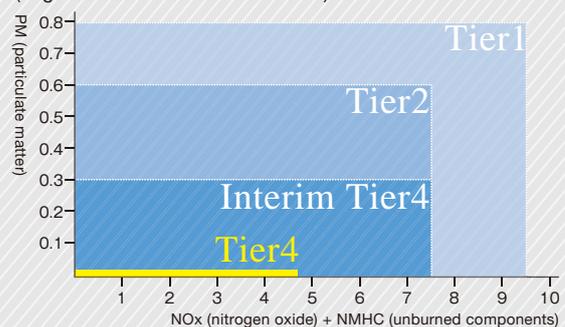
The Tier 4-compliant engine employs three technologies: a common rail system, which controls the injection of fuel electronically, a diesel particulate filter, which enables the collection and automatic removal of PM etc., and cooled EGR (emission gas recirculation), which reduces NOx emissions. These technologies allowed the engine to be certified under Switzerland's Ordinance on Air Pollution Control, the world's strictest regulations on diesel engines.

Emission gas regulations being strengthened in stages in Japan and the West

Emission gas regulations for industrial diesel engines have been strengthened in stages in Japan and the West, at the same pace since 2000. In the U.S., each stage is referred to as a "Tier," while in Europe the word "Stage" is used. The regulations restrict the amount of PM, NOx, etc. contained in emission gas. The fourth-stage regulations, Tier 4, which followed Interim Tier 4, were introduced in 2013.

Whereas emission gas regulations in the U.S., European Union, etc. limit the mass of substances such as PM in emission gas, the Swiss regulations represent a new approach, as they place restrictions on the number of particles, and the rest of the world is expected to also follow this approach.

■ Tier 4 Emission Gas Regulation Limits (engines in the 19kW - 37kW class)



Taking great pride in Yanmar as a technology company, we apply our collective strength to concerted ventures into hitherto unknown technologies



T. Kawabe
Maibara Research &
Development Center



T. Hori
Maibara Research &
Development Center



T. Onodera
Power System
Operations Business



R. Yuki
Power System
Operations Business

We overcame a variety of challenges by marshalling knowledge and skills both inside and outside the company

To comply with Tier 4, the new engine features complex electronic control technologies as well as DPF, EGR and other environmental technologies that differentiate it from the industrial-use diesel engines that Yanmar has traditionally manufactured. Accordingly, said T. Kawabe at the Maibara Research & Development Center. "To supplement the technical skills we have amassed as a company, we visited other manufacturers around the world to obtain the best information available. We then created our own technology and determined the direction of development so that we could incorporate new expertise and thinking from outside the company."

T. Hori, involved with the common rail system, reflected: "The types of technologies we needed were apparent but, not knowing how to go about putting these together, we found ourselves repeatedly relying on trial-and-error." T. Onodera, engaged in structural design of the hardware, remarked: "Given that the engine was to be installed on industrial machinery, we could not as a rule change the engine's exterior dimensions. It took a trial-and-error process to figure out how to make the additional electronic components compact."

We applied our collective strength in concerted efforts to address these various difficulties, as noted by R. Yuki, in charge of testing: "It was the steady accumulation of knowledge and ideas from inside and outside the company that led to breakthroughs in developing DPF and other unknown technologies."

United under the same goal

In this project, sales, quality control, and production departments got moving in parallel with engine development. According to M. Mori of Sales, "We had the prototype engine installed and tested on the customer's machinery right from the start and simultaneously performed bench testing to confirm the reliability of the engine."

Overseeing both mass-production testing and post-mass-production quality control, Y. Fujimoto declared: "The complexity of the engine naturally led to a greater number of assessment items. As we switch over to mass production, we will be selecting and manufacturing components differently from the prototype stage and checking to ensure that high quality is maintained."

Industrial Technology made substantial changes to the production line facilities and layout when commencing mass production. N. Miyoshi, who was involved in production, commented: "The Biwa Factory manufactures 1,800 types of engines, and each of the engines coming down the production line is different. We faced serious challenges in constructing a line that ensured quality when adding the new engine with its numerous components to this mix."

This Tier 4-compliant engine was successfully completed thanks to the pride in Yanmar as a technology company felt by individual employees addressing issues in their respective departments and their shared goal of bringing to market a new type of engine. Yanmar remains committed to utilizing its world-class engineering capabilities to offer solutions.



M. Mori
Power System
Operations Business



Y. Fujimoto
Power System
Operations Business



N. Miyoshi
Power System
Operations Business

Getting employees worldwide to understand the Mission Statement and take the lead in independently implementing action

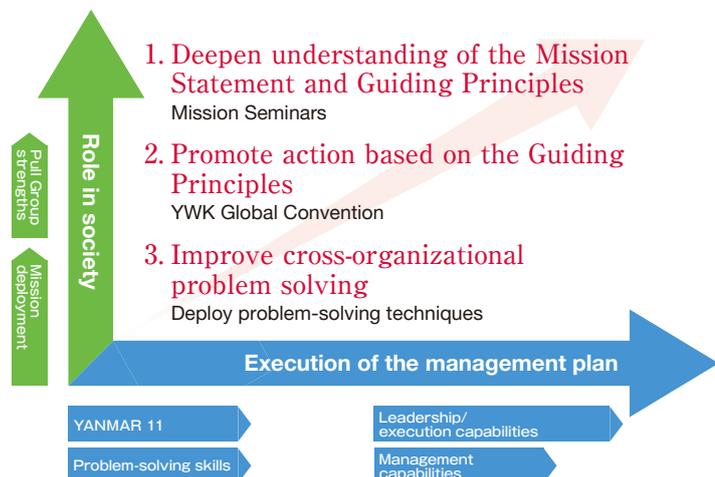
To ensure that all employees properly understand the Mission Statement and Guiding Principles that were formulated in 2012, the Yanmar Group has launched a range of Mission deployment activities. At present, with the aim of getting each and every employee to understand the Mission Statement and take the lead in independently implementing action, we are holding "Mission Seminars" and the "YWK Global Convention."



Goals of Mission deployment activities

The Mission deployment activities launched in FY2012, which are being implemented in conjunction with the Premium Brand Project, are aimed at the realization of "Mission management." They have three goals: to deepen understanding of the Mission Statement and Guiding Principles, to promote action based on the Guiding Principles, and to improve cross-organizational problem solving. By achieving these goals, we will increase understanding of Yanmar's role in society and successfully implement our management plan.

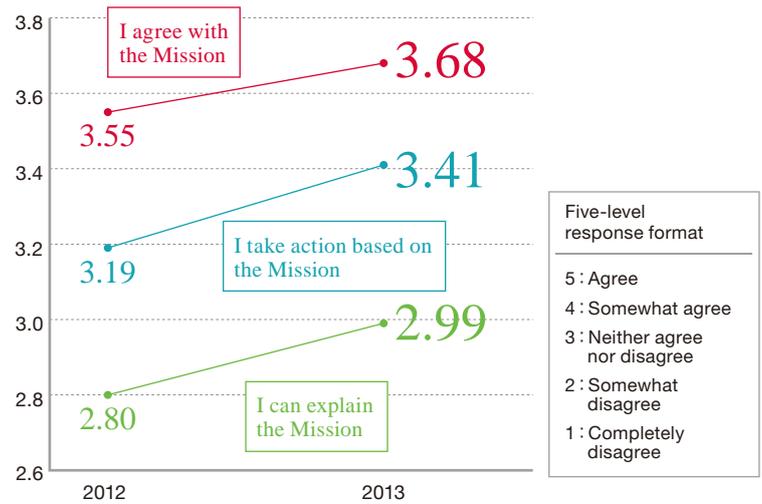
► Diagram of FY2013 Mission Deployment Activities



Mission Seminars held globally

By June 2014, two rounds of Mission Seminars which are for the entire Yanmar Group, including group companies outside Japan, had been held. In FY2013, they were held 81 times at 52 locations in Japan and 32 times at 22 locations outside Japan. At the meetings, the Mission Statement and Guiding Principles were explained, and participants considered and discussed how to improve their work as leaders and what they can do to increase lifecycle value for customers. By dealing with a common theme, they helped nurture common values for the Group globally and strengthen the comprehensive capabilities of the Yanmar Group.

Internal Survey of the Degree of Mission Deployment



Mission Seminars held in FY2013

China : 3 locations



YANMAR ENGINE (SHANDONG) CO., LTD.

Americas : 4 locations



MASTRY ENGINE CENTER LLC, A YANMAR COMPANY

Japan : 52 locations



YANMAR INFORMATION SYSTEM SERVICE CO., LTD.

Europe : 5 locations



YANMAR CONSTRUCTION EQUIPMENT EUROPE S.A.S.

Asia : 10 locations



P.T. YKT GEAR INDONESIA

Fostering a culture of challenge at the YWK Global Convention

YWK Global Convention, March 2014.

YWK, which stands for "Yanmar Way by Kaizen," is an initiative that involves making smart improvements repeatedly to enhance the ability of the Group to achieve its Mission and Vision. This was the first YWK Global Conference, and it was organized as an opportunity to present and praise the results of the initiative. In addition to the QC activities that have been undertaken by production departments, examples of kaizen and challenge were solicited from the entire Group, and out of 648 teams, 21 were invited to Osaka to present their achievements.

Prizes for the winning teams from the QC, Kaizen, and Challenge categories as well as a Special Award and Facebook "Like" Award were presented by President Yamaoka. Going forward, we intend to continue holding the convention annually as an opportunity to promote knowledge sharing and foster a culture in which individual employees act independently to implement improvements and take on challenges.

QC Category

Large Power Products Operations Business, YANMAR CO., LTD.

Reduced the time it takes to complete the large-rod assembly process

Since September 2013, production volume of large models has increased, and because there was expected to be a shortage of capacity in the assembly process, the team set a target of reducing the assembly time for the EY22 and EY26 by 20%, and was able to reduce the assembly time for large models.



Time reduction achieved by altering and changing the tools and chamfering methods for rods

Challenge Category

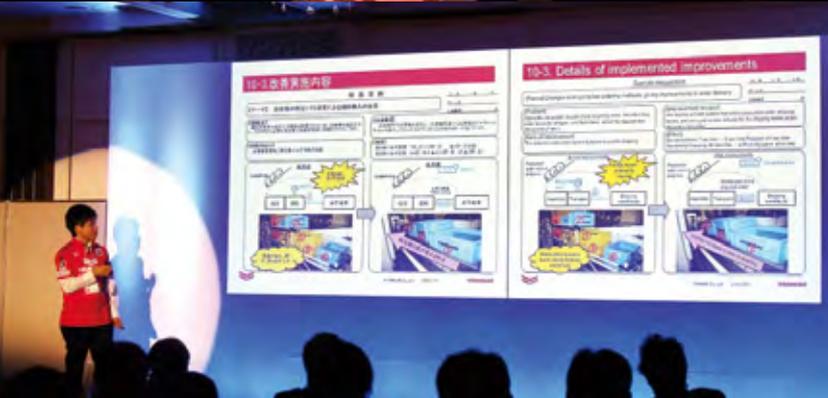
YANMAR AGRICULTURAL MACHINERY KOREA CO., LTD.

Improved service to make customers say, "What else would you expect from Yanmar?"

To expand business in the South Korean agricultural machinery market, the team focused on providing a level of service that makes customers say, "What else would you expect from Yanmar?" As a result, the team earned high service satisfaction scores from customers.



Provided customers with "Self-Care Training" to enable them to perform maintenance themselves and thereby reduce down time



Kaizen Category

YANMAR AGRI JAPAN CO., LTD.
UTSUNOMIYA ASC

Improved maintenance efficiency by slashing maintenance lead times

To meet the needs of more customers and achieve the goal of selling through service, the team focused on reducing maintenance lead time. By working to reduce estimate waiting time, people waiting time, and so on, maintenance lead times were cut by 30%.



Employed management boards to make vehicle-wash schedules visible in order to perform maintenance more efficiently

Special Award

YANMAR AGRICULTURAL MACHINERY
MANUFACTURING CO., LTD.

Maintaining quality during the relocation of tractor production

At the time of the transfer of tractor production from the Ibuki Factory to the Okayama Factory, the team gathered key people from each department, studied quality problems that were likely to occur, and succeeded in supplying zero defective products to the market.

Facebook "Like" Award

Power System Operations Business,
YANMAR CO., LTD.

Reduced journal grinding defects

A lot of problems that had not been noticed previously were occurring on the camshaft line, and the team reduced the number of defects by changing the jigs, improving zippers, modifying the processing program, and so on.

Compendium of employee efforts to implement the Mission Statement compiled

A book of comments from employees on how they are conscious of the Mission Statement in the course of performing their day-to-day work and how they are focusing on the challenges customers face is being distributed to all Group employees.

The Good Work Book – examples of the implementation of the Mission Statement in practice

This book contains examples of how employees have helped achieve the Mission by focusing on the challenges customers face in accordance with the Guiding Principles. Reading the book is useful for giving employees reference points that they can use to evolve their own behavior.



Example from The Good Work Book

I learned that responding to emergencies can lead to business opportunities

A few years ago a large typhoon hit Hiroshima, and I responded to emergency calls to go to pump stations and emergency power generator delivery stations.

Someone from the telephone company called to say that a power generator at a telephone exchange wasn't working, and asked me to go and take a look at it as soon as possible. I was working somewhere else, but promised to head over there as soon as I was finished. Later on, the person called back to say that he had got hold of a power generator vehicle and that I didn't need to come to the exchange. However, he soon called again to say that the power generation vehicle wasn't working, either, and that he wanted me to come after all.

I rushed to the exchange, where I found that the engine, which was from another manufacturer, had stopped working because of an inadequate supply of cooling water. Some leeway was possible for the water pressure and water temperature, and I got the engine working by tightening the cooling water outlet valve and adjusting the water volume. When I was finished I told the customer what to be careful about and left. The following year, when the generator needed to be replaced, the customer ordered a Yanmar generator.

Through this experience, I learned that you can give value to customers by helping them out when they're in real trouble, and that this can lead to new business when you're least expecting it.

T. Kawahaba

Hiroshima Branch
YANMAR ENERGY SYSTEM CO., LTD.



Creating a new brand identity to enhance the value of industry – notably agriculture and fisheries – itself



The Yanmar Premium Brand Project was launched as we celebrated our first 100 years. To step up the implementation of our growth strategy for the next century, we are integrating our brand image across the Group, and through a range of initiatives, are communicating Yanmar's true value worldwide. By accurately and efficiently communicating the action we are taken to implement the Group's Mission Statement, we will enhance the value of our brand.



Premium Marche – open-air markets that brought producers and customers together

The things people value have changed a lot over the past few years. There is increased concern about food quality and safety, and people want to pursue more affluent lifestyles in harmony with nature. As a corporate group that has been involved in food production for over a century, we aim to raise the value of industry

itself through initiatives designed to get young people and city dwellers more interested in agriculture and fisheries. For example, we are producing and broadcasting television programs on the subject of food, and organizing "Premium Marche," open-air markets selling premium foods that producers have grown with great care, in four cities: Sendai, Tokyo, Osaka, and Fukuoka. This initiative, which connects producers that really care about their produce with consumers who are looking for more delicious foods, proved popular with both sides. Going forward, we intend to continue contributing to the revitalization of agriculture by contextualizing and communicating to the world the value-added component of produce.

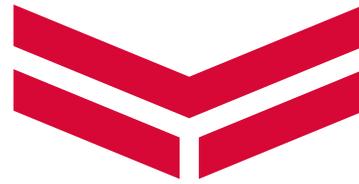
As a creator of new forms of agriculture, Yanmar will support the industry to make agriculture and fisheries stronger and, enrich people's lives in the field of food production.



Producers selling premium foods directly to customers

Revamping Yanmar's image to enhance the value of our brand

The Flying Y, which represents Yanmar's new brand identity, turns the Y in Yanmar into a symbol. The Y is also a representation of the wings of the Oni-Yanma, a Japanese dragonfly symbolic of wealth and abundance, from which Yanmar's corporate name was coined. This motif expresses the will of our brand, which is to fly into the next 100 years. Furthermore, the angular form suggests carving out a future with the world's most advanced technology, which is both sophisticated and innovative. The red of Yanmar's corporate color is also evocative of "pioneering spirit", "challenge", "passion" and "abundance."



FLYING Y

Agricultural wear that combines the latest in fabric technology and design

We have begun selling "Yanmar Premium Agricultural Wear," a line of clothing for farm workers that fuses the latest in fabric technology and design, on a limited basis. This high-performance range of clothing is both functional, making farm work easier to perform, and fashionable, making daily routines more enjoyable.

Based on the results of interviews with farm workers, we made subtle improvements that had never been implemented in agricultural wear before. For example, we chose a lightweight material to reduce the amount of energy used in farm work and employed fabric cuttings that ease the stresses resulting from movements that are unique to this type of work.

Titanium Brown was chosen as the base color, inspired by the color of the land where the farmer toils daily, while the accent colors are a lively pink for women and black for men.

■ Special website: <https://shop.yanmar.com/>



Agricultural wear that is both functional and fashionable

Farmers Center: A pavilion where children can experience the joy of farming

In March 2014 we concluded a sponsorship agreement with KidZania Koshien, an exciting theme park that offers kids the chance to undertake work activities in over 80 different occupations, and opened a pavilion, the so-called "Farmers Center", there. Inside the pavilion, children change into stylish agriwear and operate a tractor and three realistic simulators of the latest in agricultural machinery to experience rice cultivation. Through the pavilion, Yanmar hopes to convey "new forms of agriculture," which are evolving each day, to the future generation, and change the image that children have of farming. We also hope that the experience will make children see agriculture as an exciting career filled with innovation, and that the industry will evolve into one that children choose. We hope that some of them will become farmers and take over the production of food in the future.



Simulators offering a realistic experience of agricultural machinery



■ Yanmar Museum outline
 Address: 6-50 Sanwacho, Nagahama City, Shiga Prefecture (10-min walk from JR Nagahama Station)
 Tel: 0749-62-8887
 Hours: 10:00-18:00 (last reception 17:00)
 Closed Mondays (or Tuesday when Monday is a holiday), and during the winter holidays

Highlight 3 Yanmar Museum



Giving visitors an experience they cannot find anywhere else

Since it opened in March 2013, the Yanmar Museum in Nagahama City, Shiga Prefecture, the birthplace and hometown of company founder Magokichi Yamaoka, has received more than 170,000 visitors (as of November 2014).

The Museum offers a wealth of exhibits and workshops that give visitors an experience they cannot find anywhere else. Based on our three business domains of the land, the sea, and the city, visitors learn about co-existing with nature and discover innovations in food production and harnessing power.



New "R&D Zone"

In March 2014, a year after the Museum opened, a new attraction, the "R&D Zone," which showcases the research and development being conducted for the Yanmar Group's future, was opened.

The R&D Zone tells the story of YANMAR HOLDINGS Director Ken Okuyama's development of concept products. It features a video of an interview with him, sketches he drew of his ideas, and other materials, giving visitors a feel for how enjoyable and rewarding manufacturing can be.

The Zone also contains an excavator simulator, the first of this kind in Japan, that is so advanced that it makes users feel as though they are operating the real thing. The simulator faithfully mimics the movement of a Yanmar ViO 80 excavator, and can also be used to train operators and test new products.



R&D Zone

Yanmar Museum Receives a Nagahama Landscape Advertising Award and BCS Award

The Yanmar Museum has been awarded one of the Nagahama Landscape Advertising awards, which recognizes outstanding outdoor advertisements in Nagahama City, and one of the BCS awards, which recognizes excellent architectural works in Japan.

The Nagahama Landscape Advertising Award, administered by Nagahama City, is given to outdoor advertisements installed in Nagahama City, advertisements that convey the history and traditions of long-established stores, and advertisements with superior designs that express the characteristics of companies or stores. The Yanmar Museum received the FY2013 Grand Award for its outstanding design, as its appearance, logo, etc. blend in with the scenery.

The BCS Award, conferred by the Japan Federation of Construction Contractors since 1960, is one of the preeminent awards in Japan's architecture industry. The Yanmar Museum was selected not only for its excellent exterior design and functionality, but also for its consideration for the surrounding environment and scenery, its integration with the community, and its efforts to take on new challenges, factors which are in keeping with the spirit of the awards.

The Yanmar Museum and all the other 55th BCS Award winners will be featured in a book produced by the Japanese Federation of Construction Contractors that will be distributed in Japan and to Japanese embassies overseas.



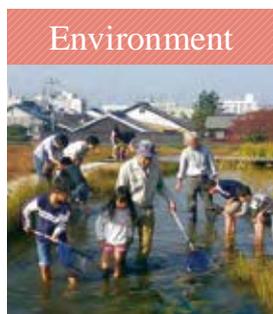
Rooftop biotope that symbolizes the earth



The shop and café on the south side

Exciting workshops

Each month, the Yanmar Museum holds a variety of workshops that enable participants to see, feel, and learn about the importance of the environment, monozukuri, agriculture, and so on.



Observe living things in the rooftop biotope



Assemble a wooden engine



Bake pancakes from rice flour



Plant rice in the Yanmar Museum Agriculture Park

*The workshop program changes every month. For details, please contact the Museum directly.

Around 300 students from two elementary schools in Otsu City came on a field trip

In August 2013, approximately 300 fifth-graders from the Seiran and Seta municipal elementary schools in Otsu City came to the museum for a hands-on learning field trip. It was the biggest field trip hosted since the museum was opened, but thanks to meetings with the teachers in charge that we held beforehand, the fact that they helped with the production of handouts, and so on, it proved to be a valuable experience, as through our interaction with the children, we learned together what an educational museum should be like, how it should relate to children, and the value it has as an educational tool.



Children ask Yanmar staff for hints on the answers to quiz questions



Learning how to handle a boat

Making management more transparent and strengthening our management systems

Corporate governance system

Our fundamental approach

Yanmar has created a corporate governance system complete with a sound management system with a high degree of transparency and with an internal control system for speedy decision-making and clear allocation of responsibility. The efforts are aimed at the ongoing improvement of corporate value.

Enhancing fairness, objectivity, and transparency in management through the appointment of highly-independent outside directors

With the aim of separating Group management and business execution, in 2013 we adopted a holding company structure. As of June 30, 2014, the Board of Directors of the holding company,

YANMAR HOLDINGS CO., LTD., contains five directors, one of whom is a highly-independent outside director, making our management fairer, more objective, and more transparent. Under the supervision of the Board of Directors of YANMAR HOLDINGS CO., LTD., the Group Strategy Committee discusses and decides on the direction of the Yanmar Group as a whole and addresses management issues, enabling the Group to be managed efficiently and effectively. Moreover, the Group Risk Management Committee, which was established to act as an advisory body to the Group Strategy Committee, manages key risks pertaining to the business activities of the Group.

The role of the Corporate Auditor of YANMAR HOLDINGS CO., LTD. is to supervise the execution of duties by the holding company's directors and work with the Board of Auditors and Audit Division of YANMAR CO., LTD. to audit the status of corporate management across the Group as a whole. Furthermore, an external auditing firm audits our accounts and provides third-party verification of the suitability and legal compliance of our accounting practices and the internal controls that relate to them.

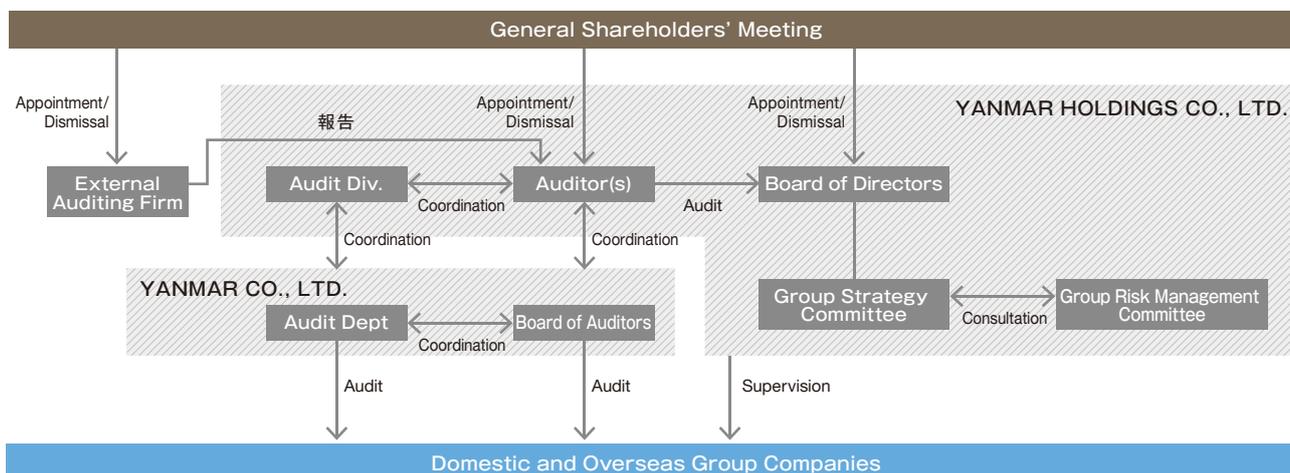
No. of outside directors:

1

Basic Policies for Formation of the Internal Control System (outline)

- A system to ensure that the execution of professional duties by board members and employees conform to the law and to our Articles of Incorporation
- A system concerned with the storage and management of information related to the execution of professional duties by board members
- Regulations and other systems concerned with controlling the danger of losses
- A system to ensure that the execution of professional duties by board members is conducted efficiently
- A system to ensure the appropriate nature of business operations for the corporate Group overall
- A system to ensure that the auditors' duties are being carried out efficiently, and securement of the independence of the auditors' assistant

Corporate Governance Organization Chart (As of June 30, 2014)



Using the Yanmar Safety Confirmation System as an emergency communication tool

In recent years, heavy, localized rains resulting from sudden changes in the weather have caused damage in various areas, and the floor of the low-lying Amagasaki Plant is at risk of inundation should a downpour occur. In August 2014, the Large Power Products Operations Business of YANMAR CO., LTD. established a mechanism based on a safety confirmation system, which enables employees living in the surrounding area to be called to the plant to provide an initial response. Going forward, we will be looking at whether the system can also be used when other risk events occur.



N. Hashimoto
General Affairs Div.
Large Power Products
Operations Business
YANMAR CO., LTD.

Risk management

Basic approach

Yanmar has established a Group Risk Management Committee. The goal is to manage and carry out measures to deal with the various risks that business operations can become involved in. The committee studies the policies and direction for overall risk management efforts and holds conferences that cover the subject of risk management promotion and its countermeasures.

Tackling risks relating to business activities through the Group Risk Management Committee

The Group Risk Management Committee, which was formed in conjunction with the establishment of YANMAR HOLDINGS CO., LTD., handles risks associated with business activities. Under the supervision of the Group Risk Management Committee are eight expert committees tasked with managing risks in different functional areas. These expert committees devise measures for individual organizations (companies) within the Group to prevent occurrences and recurrences of risk events relating to each function.

Eight expert committees manage risks

8

►Diagram of the Risk Management Promotion System (as of June 30, 2014)



Using the Risk Case Report Database

Risk management officers enter progress made on cases that occur within the Yanmar Group companies whenever such cases occur. The content is shared among the top management echelon. Seven cases were reported in FY2013.

Establishing emergency response systems

As part of our efforts to overhaul our initial-response system for emergencies, we reappraised our protocols for responding to emergencies. When a disaster, accident, or incident requiring an emergency response occurs, an emergency response system is established. This system is based on the protocols and reflects the crisis level. In addition, to prepare for emergencies occurring on holidays or during the night, we have prepared an emergency communication network. And to serve as a back-up system in case the emergency contact network fails to function, we have also established the Yanmar Emergency Response Center, which can receive reports 24 hours a day.

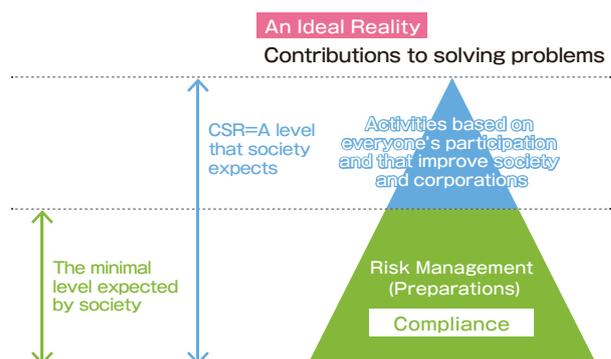
Applying the Safety Confirmation System

In the event of a natural disaster caused by an earthquake, wind, rain, etc. this system allows the safety of employees and their families to be confirmed and messages to be sent to all of them. During FY2013, messages were sent on eight occasions following earthquakes with a seismic intensity of just under 5 or above, and the safety of Yanmar employees and their families was confirmed. Furthermore, in January and September each year all Group employees take part in disaster drills in order to prepare for an actual event. The system also allows messages to be sent to each business site, and each site uses it for urgent communications.

Exercising our corporate social responsibilities with compliance and risk management as the foundation of our business

Yanmar regards compliance and risk management as the foundation of its business, and all our employees participate in CSR activities to meet the expectations of the public and change society and corporations for the better.

►Involvement with CSR and Other Activities



Respecting individuality and diversity, and working to create safe and comfortable working environments

Basic policy toward personnel

In order for Yanmar to survive amid global competition, we want to build up not just our products but also our human resources, called "true Yanmar employees," through recognizing the need for each of the organizations and individuals to grow in strength.

- In addition to securing, training and deploying the personnel we need to realize our corporate Mission and corporate strategy, we are looking to maximize the passion our employees have for their work as well as the capabilities of the employees of the Yanmar Group through motivating them in their activities towards realizing our Mission.
- With the aim of increasing the degree of satisfaction felt by employees of the Yanmar Group, we are looking to manage the company in a fair and just manner with due consideration for the work-life balance.

Promoting diversity

Taking action to increase diversity as part of our globalization strategy

Yanmar employs a variety of human resources for the purpose of "securing professional human resources who can work globally, regardless of nationality, gender or age."

We have recently launched a Group-wide "Diversity Promotion Project," defined a vision for diversity at Yanmar, set goals, and established units for working to promote diversity.

Providing opportunities for female employees

At the end of March 2014, 423 (12.8%) of Yanmar's 3,313 employees were women. To support diversity in women's work styles, we have established a "Female Employee Return Scheme" for women who have left their jobs due to marriage, childbirth, childrearing, the transfer of their spouse to a different geographical location for work, and so on. Under this scheme, such women have an opportunity to return to work at Yanmar.

Female employees as a proportion of the workforce
12.8%

Promoting the employment of persons with disabilities

We are providing more employment opportunities for persons with disabilities, and are also taking steps to increase the retention rate of disabled employees.

TOPICS

YANMAR SYMBIOSIS CO., LTD. established to promote co-existence with society, the community, and diverse types of people

YANMAR SYMBIOSIS was established in April 2014 with the aim of taking the Yanmar Group a step closer to achieving its mission of "providing sustainable solutions" and promoting co-existence with society, the community, and diverse types of people. In November 2014, eleven persons with disabilities joined the company. Furthermore, on October 8 the company received approval as a "special subsidiary company" *.

● Businesses of YANMAR SYMBIOSIS

1. Agricultural solutions business (Ritto Factory): Production, sales, etc. of flower seedlings and vegetable seedlings
2. Office support business (Osaka headquarters): Mail collection and delivery, printing, administrative support, cleaning, etc.
3. Production support (Nagahama Factory): Packing, sorting, etc. engine components (scheduled to begin in April 2015)

* A "special subsidiary company" is a subsidiary focused on the employment of handicapped people. After meeting certain requirements and receiving the approval from the Japanese Minister of Health, Labor, and Welfare, the subsidiary is considered a part of the parent company's operations when calculating the rate of employment for people with disabilities.

Providing opportunities for older employees

At the end of March 2014, 290 (8.8%) of Yanmar's 3,313 employees were people who had been reemployed after reaching mandatory retirement age.

Global talent development

Basic approach

Yanmar is supporting systems of skill development throughout the Group with the view of nurturing human resources who are suited to the expanding realm of global business. In addition to training basic skills at factories in order to bolster our manufacturing power, we are also conducting education aimed at broadening our employees' characters, through such programs that encourage the teaching of knowledge in related fields of business.

 From our employees

Fulfilling my role with the aim of making us the top special subsidiary company in Japan

I joined YANMAR SYMBIOSIS and now perform printing work at the headquarters building. The job gives me lots of opportunities to interact with people from various departments and working here is a real pleasure. My goal is to make YANMAR SYMBIOSIS Japan's leading special subsidiary company in terms of size and performance. To that end, I intend to properly fulfill my role and position and achieve growth step by step.



N. Arimoto
Office Support Group
YANMAR SYMBIOSIS CO., LTD.

Organizational Governance

Human Rights and Labour Practices

The Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Developing diverse human resources to adapt to globalization

We deploy and exchange our human resources flexibly and systematically. Apart from regular personnel changes, Yanmar has also introduced a "Personal Reporting System concerning Job Transfers," by which the people concerned directly report their desired changes to the Human Resource Division; the "Yanmar Dreams Come True Program," an in-house new business proposal program; and also the "Career Development Program," which is a skills-development program that systematically nurtures human resources who possess broad perspectives as well as high levels of knowledge about their profession. In addition, to develop global personnel who can understand local cultures and communicate from local perspectives, in FY2013 a total of 300 people engaged in exchanges with subsidiaries outside Japan, took language courses (one-to-one, with the students specially selected), pre-overseas-posting courses (language, risk management). Furthermore, with the aim of nurturing personnel who can lead Yanmar in the future, we provide a management course that is designed to develop management capabilities. In FY2013, 20 people took this course, which was held in six three-day (25 hours over the three days) installments. We also provide support outside Japan with developing abilities such as communication and leadership.

Work-life balance

A range of effective systems that help employees balance their work and home life

Yanmar is striving to create a workplace where employees can continue to work with peace of mind, where they are making the most of their abilities both at work and at home, through solid systems that provide time off work for people raising children and providing nursing care as well as a system of storing up paid leave days.

In FY2013 at Yanmar, 36 people took childcare leave, 34 people opted to work shorter hours, 24 people took pre/post-childbirth leave, and five people took nursing care leave. Furthermore, in order to achieve a better work-life balance and to improve efficiency at work, some sections of our research and development and staffing departments have implemented a flextime system and a discretionary labor system.

No. of people who took childcare leave
36

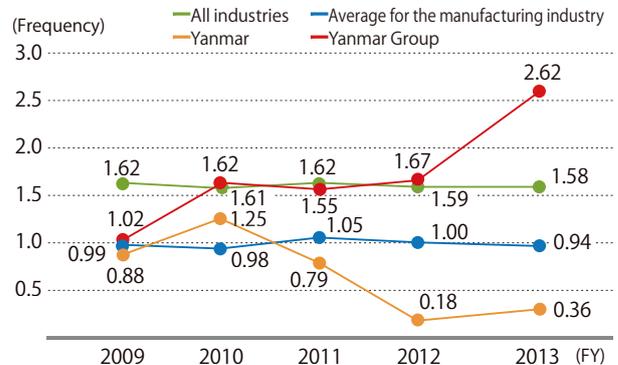
Occupational health and safety

Working to ensure the safety and improve the health of each and every employee

Each plant at Yanmar utilizes its own management system since the working environment differs from plant to plant. Each plant has a health and safety committee that works towards reinforcing health and safety management through organizing health and safety patrols, etc. as well as education and training seminars and workplace-based training to improve accident and disaster prevention.

Meanwhile, to improve the health of employees, we offer mental-health education for senior managers. We also organize a health lecture by an industrial doctor once a year. The Health Management and Promotion Committee at Yanmar is made up of representatives from the health insurance union, the Human Resource Division, the business headquarters General Affairs divisions, and labor union members. The Committee holds meetings on periodic medical checks and measures to mitigate metabolic syndrome, etc.

Occupational Hazard Statistics



*Frequency: Fatalities or injuries per one million working hours
*Subject period: January 1, 2013 - December 31, 2013

Dialog with employees

Maintaining stable relationships with the Labor Union and Employee Union

Yanmar maintains a stable relationship with the Yanmar Labor Union and the Yanmar Employee Union, and engages in periodic negotiations and discussions on the workplace environment and employee working conditions, etc.

We also create opportunities to explain and discuss the Group's financial situation by holding financial-situation briefings, informal labor-management meetings, and so on.

The Yanmar Group has identified the protection of the global environment as one of its most important management policies, and as a result the company is promoting environmental management and sensitivity towards the environment as a fundamental part of its business activities.

Establishment of the Yanmar Group Environmental Vision 2020

In 2011, the Yanmar Group drew up its Environmental Vision 2020, looking towards FY2020, the internationally agreed target year for reducing global-warming gases, and set the direction for the Group's environmental activities.

We are currently working hard to meet the new international targets across the Group.

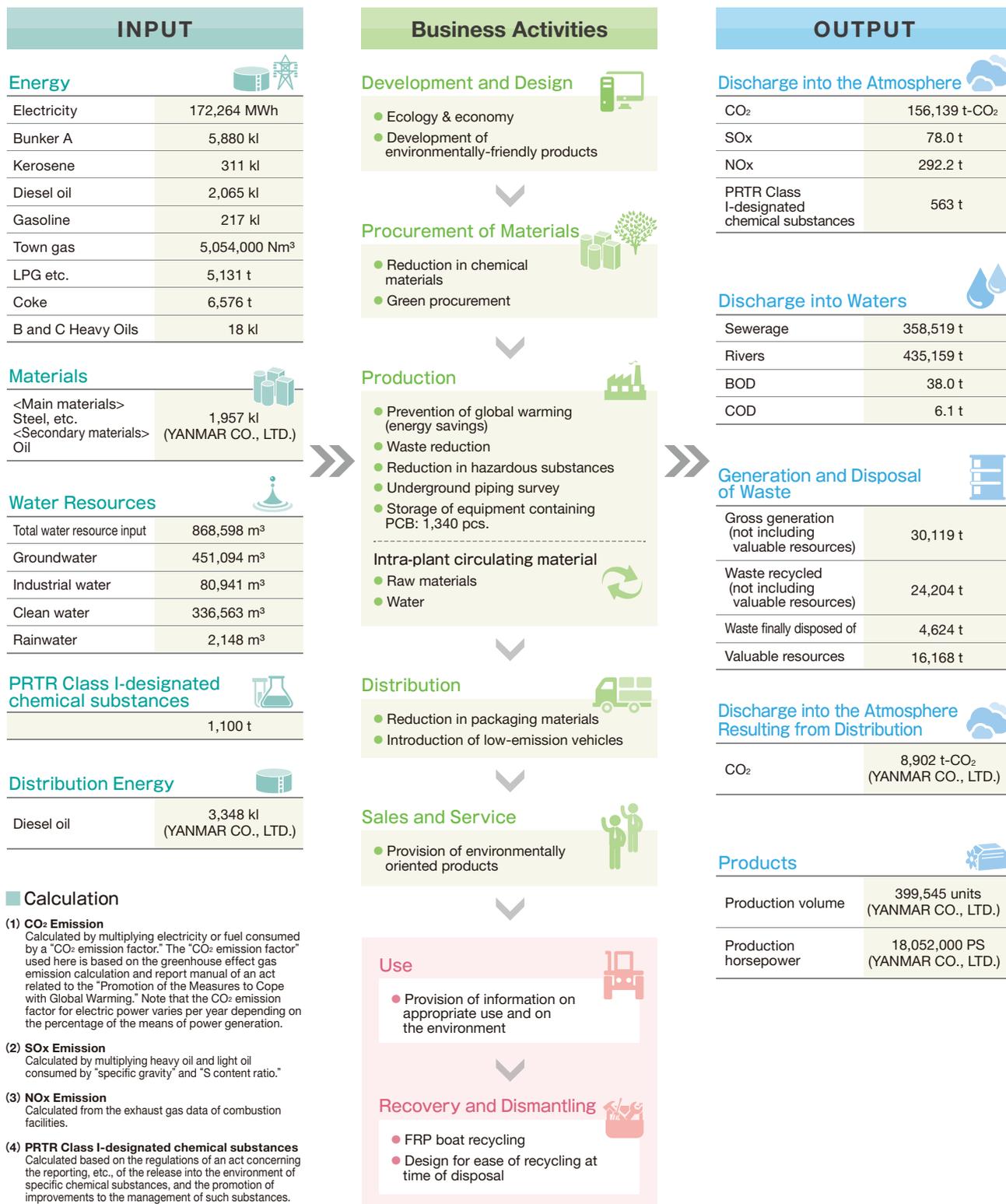


Overview of environmental load

The Yanmar Group understands the need to quantitatively measure and ascertain the environmental loads created at all stages of its business activities, namely from raw material procurement to production, transportation, distribution, use, and disposal. It is also essential that we strive as required to reduce

these loads.

In FY2013, environmental loads continued to be measured at production plants of Group companies to gather the necessary data. We will be striving to analyze and determine the environmental loads created at each stage of the product life cycle.



Targets of the 3rd Environmental Mid-Term Plan (2011-2015) and the Status of Achievement

Category	Item	Mid-Term Targets (FY2015)*	FY2013 Group Goals	
Environmental conservation structure	Expansion of the Yanmar Group Global Environment Committee's scope	①Expand activities for domestic and overseas companies	<ul style="list-style-type: none"> Expansion of environmental data coverage (domestic offices and overseas companies) Implementation of Group environmental policy and environmental conservation activities working with each business unit 	
		②Yanmar Group Global Environment committees meetings to be held		
		③Establishment of overseas environmental committees in every region		
Environmental management	Mutual support for activities within the Group	①Environmental education by environmental staff to be mutually implemented	<ul style="list-style-type: none"> Realization of environmental conservation activities through mutual cooperation among business units Strengthening of information exchanges related to environmental conservation activities (visiting environmentally advanced companies & organizing study sessions, etc.) 	
		②Environmental conservation activities through mutual cooperation among business units to be implemented		
	Strengthening of environmental conservation efforts at domestic and overseas companies	Expansion of items of environment data and of environmental conservation activities	<ul style="list-style-type: none"> Joint environmental compliance audit Follow-up for each business where Group environmental policy was implemented Regular meetings of environmental preservation officers in each overseas region 	
Responses to greenhouse gas emissions	① Reducing emissions from products	Determining and reducing the amount of greenhouse gas emissions throughout entire product life cycle	<ul style="list-style-type: none"> Introduction and continuation of development of Life Cycle Assessment (LCA) 1) Test implementation of LCA analysis for the Group's representative products 2) Expansion to each business through LCA workgroup activities 3) Creation of a LCA Procedure Manual (Yanmar Standard PCR) 	
		①Establishment of methods to determine emission volumes		
		②Reduction of energy consumption and emission volumes (15% reduction compared with FY1990)	<ul style="list-style-type: none"> Investigation and examination of implementation possibilities for renewable energy Trial and examination of the electrification and hybridization of machinery and equipment 	
		①Development of carbon-neutral products		
		Introduction of new methods for reducing greenhouse gas emissions	②Examination of introduction of carbon footprints	<ul style="list-style-type: none"> Investigation of the social climate and trends set by competitors Examination of feasibility of introduction to Group products
		Acquisition of certifications related to the environment for products	①Compliance with regulations that cover exhaust emissions of engines	<ul style="list-style-type: none"> Compliance with exhaust gas emission regulations Investigation into trends related to the verification of energy-saving labels; examine developing this for Group products
	②Certifications related to energy-savings and environmental-burden/reduction of work equipment to be acquired			
	② Reduction of emissions from business activities	Reduction of greenhouse gas emissions produced at domestic production sites	③Environmentally oriented products to be developed/commercialized	<ul style="list-style-type: none"> Increase in the proportion of products sold that are environmentally-oriented and environmentally-sensitive
			Reduction of energy consumption and greenhouse-gas emissions in unit requirements to be 13% from FY2005 (1.3% each year) [Converted to total volume: 15% reduction from FY2005 (1.5% each year)]	
		Reduction of greenhouse gas emissions generated at logistics stage	①Scope of data compilation to be expanded	<ul style="list-style-type: none"> Expansion of the scope of data compilation for logistics related to Yanmar and Yanmar Group products and components
			②Reduction of energy consumption and greenhouse gas emissions in unit requirements to be 36% from FY2009 (6.0% each year) [Converted to total volume: 6.6% reduction from FY2009 (1.1% each year)]	
		Reduction of greenhouse gas emissions produced at domestic and overseas companies	①Scope of data compilation to be expanded	<ul style="list-style-type: none"> Guidance to each business unit still not compiling data Investigation of overseas greenhouse gas-related laws
②Reduction of energy consumption and greenhouse-gas emissions at domestic offices in unit requirements to be 36% from FY2009 (6.0% each year)[Converted to total volume: 24% reduction from FY2009 (4.0% each year)]				
Contributing to an environmentally sustainable society	Improvements to input rates of recycled resources	①Scope of determination for new resource inputs to be expanded	<ul style="list-style-type: none"> Investigation into the current status of Yanmar and the trends of other brands/companies Planning and presentation of data compilation plans on resource input volume and waste disposal data 	
		②Amount of water-supply resource inputs in unit requirements to be reduced 40% from FY2005 (4% each year)		
		③Amount of paper resource inputs as unit requirements to be reduced 20% from FY2005 (2% each year)		
		④Volume of total resource inputs and recycled-resource utilization rates to FY2014 to be determined		
		⑤Reduction targets for new resource input rates to be established		
	Improvements to green purchasing rates	Green purchasing rate of office supplies, etc. to achieve 70% or greater increase	<ul style="list-style-type: none"> Amount of water-supply resources inputs in unit requirements to be reduced at least 32% from FY2005 	
		Reduction of landfill disposal volume of waste	①Total volume of waste produced in unit requirements to be reduced 20% from FY2005 (2% each year)	<ul style="list-style-type: none"> Amount of paper resources inputs in unit requirements to be reduced at least 16% from FY2005
	②Volume of landfill disposal to be just under 5% of all waste and other items produced (Just under 1% for each of Yanmar's business units)			
	③Recycle rate of waste at least 70%			
	Introduction of environmentally harmonious designs	①Introduction of design techniques that consider reuse of products, and labor-savings in separation and collection during waste disposal	<ul style="list-style-type: none"> Compilation of data from bases that have yet to start Identification of goods eligible for green purchasing 	
②Environmental burden analysis by lifecycle assessments (LCA)				
Managing environmentally hazardous substances	Reductions of hazardous substances at production sites	①Volume of PRTR Class-I designated chemical substances handled in unit requirements to be reduced by 20% from FY2005 (2% each year)	<ul style="list-style-type: none"> At least 16% reduction from FY2005 in unit requirements Construction of a database, etc. for sharing information related to reducing the amount of waste, etc. Support of work processes to gain a better grasp as to the waste emissions data for domestic sales companies 	
		②Disposal of PCB to end (by 2016)		
	Implementation of information management for hazardous substances contained in products	①Creation of information-management system	<ul style="list-style-type: none"> Establishment of specifications for 3R implementation, and dissemination throughout all relevant departments 	
		②Creation of information-management system that includes supply chain		
Promotion of reduction of hazardous substances used in business activities	①Creation of legal compliance system for regulated hazardous substances	<ul style="list-style-type: none"> Management of products with high density of PCB and decision of a timeframe for their treatment Examination of thorough management and treatment methods for products with low PCB density Investigation with regard to compliance with REACH regulations concerning investigation systems used across the Group Response to inquiries from clients and customers Compliance with regulatory trends in laws and treaties and transmission of information to all Group companies Implementation of management of the latest versions of voluntary regulations (such as green procurement guidelines, YIS standards, etc.) Promotion of replacement of four voluntarily controlled substances and legally banned substances Surveys on chemical substances based on green procurement guidelines and compilation of the results 		
	②Switchover to be completed for voluntarily regulated hazardous substances			
	③Regular reviews of voluntary emissions standards in accordance with the social climate			
Addressing biodiversity	Tackling efforts in business activities to achieve co-existence with nature	①Voluntary standards to be decided, maintained, and managed on environmental burden to air and water	<ul style="list-style-type: none"> Expansion of greenery in business sites and buildings, and the area of environmental facilities Promotion of exchanges with regional residents through cleanup activities 	
		②Planting and cleaning activities at business sites and their vicinities implemented		
		③Creation of new energies to replace fossil fuels		
Provision of products and services that contribute to eco-system conservation		①New businesses linked to conservation of eco-system to be developed	<ul style="list-style-type: none"> Activities that contribute to the preservation of ecosystems New contribution activities through business activities and community exchanges 	
		②Environments that grow organisms anew through regional interchange to be presented		
Social contribution	Continued contributions to residents in vicinity of company sites	①Joint volunteer activities with nearby residents	<ul style="list-style-type: none"> At least one event per business site Opening of business sites to the public (plant visits, general public access to welfare facilities, etc.) Organization and support friendship events 	
		②Friendship activities with customers, nearby residents to be implemented		

*As of date of establishment of FY2013 targets

★★★★ Target achieved ★★★ Partly achieved (70% or more) ★ Not achieved (less than 70%)

FY2013 Group Results	Evaluation	FY2014 Group Goals	関連ページ
<ul style="list-style-type: none"> · Addition of (locations and items) to the scope of environmental data compilation of domestic offices and overseas companies · International conferences with the collaboration of each business unit and local subsidiary or affiliate company unifying local organizations 	★★★	<ul style="list-style-type: none"> · Expansion of the scope of environmental data compilation from domestic sales companies · Expansion of the scope of data compilation from overseas manufacturing companies · Support for ISO 14001 certification and reinforcement of ISO implementation structure 	Web
(No notable results from activities)	★	<ul style="list-style-type: none"> · Promotion of environmental conservation activities through mutual cooperation among business units · Reinforcement of the information exchange systems for environmental preservation activities 	Web
(Independent implementation by the Environmental Bureau)	★	<ul style="list-style-type: none"> · Reinforcement of environmental compliance in overseas companies (particularly in Asia) · Clarification of means of obtaining the latest local legal information for overseas company sites 	Web
· Visits and local meetings to local companies in Indonesia and China	★★★	<ul style="list-style-type: none"> · Set up of environmental goals & preparation for implementation [Start data compilation at overseas companies in North America and Europe] · Continuation of follow-ups for each business where the Group environmental policy is implemented · Support for meetings of environmental preservation officers in each overseas regions 	—
<ul style="list-style-type: none"> · Continuous introduction and implementation of Life Cycle Assessment (LCA) 1) LCA on representative models 2) LCA workshop activities and expanded them to wider business units 	★★★★	<ul style="list-style-type: none"> · Continuous introduction and implementation of Life Cycle Assessment (LCA) 1) LCA at each business unit through LCA workshop activities 2) LCA introduction for new models 	P36
<ul style="list-style-type: none"> · Expansion of the usage of renewable energy (bio fuel) · Examination of electrification and hybridization of work machinery 	★★★★	<ul style="list-style-type: none"> · Survey and assessment of possible usage of renewable energy · Test and assessment of electrification and hybridization of machinery and equipment 	—
· Surveys of social demands and trends within the industry	★★★	<ul style="list-style-type: none"> · Survey of the social climate and trends set by competitors · Examination of feasibility of introduction to Group products 	—
<ul style="list-style-type: none"> · Compliant with the exhaust gas regulations in different countries · Compliant with the fuel efficient construction machinery certification 	★★★★	<ul style="list-style-type: none"> · Compliance with exhaust gas emission regulations · Survey of trends of energy-saving label certificates · Examination of feasibility of energy-saving labels for Group products 	—
<ul style="list-style-type: none"> · 50 billion yen in FY2012 ⇒ 59.7 billion yen in FY2013 · Examination of environmentally conscious products based on new standards 	★★★★	<ul style="list-style-type: none"> · Promotion of development of environmentally-oriented/sensitive products based on the new standards · Enhancement of sales ratio of environmental products 	P7-9
<ul style="list-style-type: none"> · Amount of energy used: Reduced by 20.3% in unit requirements · Amount of greenhouse gas emissions: Reduced by 8.8% in unit requirements · Introduction of energy saving promotion case studies at production facilities through implementation of "Visualization of Electric Power" · Information exchange through intra-company committees 	★★★	<ul style="list-style-type: none"> · Reduction by at least 11.7% (total volume of 13.5%) from FY2005 in unit requirements · Further investment in energy saving and promotion of "Visualization of Electric Power" · Gathering of the latest energy saving information and transmission across the Group · Promotion of peak power usage reduction efforts · Sharing of information through Yanmar Energy Saving Promotion Workgroup · Creation of the Yanmar Energy Saving Mid-Term Plan and the annual plan 	P36
· Reinforced information gathering concerning Modal Shift	★★★	· Expansion of the scope of data compilation for logistics related to Yanmar and Yanmar Group products and components	—
<ul style="list-style-type: none"> · Amount of energy used: Reduced by 4.5 % in unit requirements (+0.9% YOY) · Amount of greenhouse gas emissions: Reduced by 3.5% in unit requirements (+0.8% YOY) 	★	<ul style="list-style-type: none"> · Reduction by at least 30% (5.5% of total volume) per unit requirement compared with FY2009 (Yanmar property) · Reduction by at least 6% (1.1% of total volume) per unit requirement compared with the initial year of data compilation (each applicable Yanmar Group business unit) 	P36
<ul style="list-style-type: none"> · Expansion of scope of data compilation centered on overseas companies in Southeast Asia and provision of instructions on data compilation method · Domestic companies: Amount of energy used: total volume of +6.3% · Amount of greenhouse gas emissions: total volume of +17.3% · Overseas companies: Expansion of the scope of data compilation centered on manufacturing companies 	★★★	<ul style="list-style-type: none"> · Support of each business unit still not compiling data · Surveys on overseas trends concerning greenhouse gas-related laws 	—
<ul style="list-style-type: none"> · Domestic companies: Amount of energy used: total volume of +6.3% · Amount of greenhouse gas emissions: total volume of +17.3% · Overseas companies: Expansion of the scope of data compilation centered on manufacturing companies 	★	<ul style="list-style-type: none"> · Reduction by at least 30% (total volume of 20%) from FY2009 in unit requirements (in offices) · Set up of greenhouse gas emission reduction targets based on national target in each country (overseas companies) 	P36
(No notable results from activities)	★	<ul style="list-style-type: none"> · Surveys on Yanmar's current status and other companies' movements · Plan and presentation of data compilation concept on resource input volume and waste disposal data 	—
· Reduction by 52.4% in unit requirements	★★★★	· Reduction of water-supply resources inputs in unit requirements by at least 36% from FY2005	P37
· Reduction by 6.4% in unit requirements	★	· Reduction of paper resources inputs in unit requirements by at least 18% from FY2005	—
—	—	—	—
—	—	—	—
· Green purchasing rate of 51.9%	★	<ul style="list-style-type: none"> · Compiling data from business sites yet to start · Identification of goods eligible for green purchasing 	—
<ul style="list-style-type: none"> · Reduction by 6.1% in unit requirements · Final disposal rate: 10.2% · Resource recycling rate: 86.9% 	★★★	<ul style="list-style-type: none"> · Reduction by at least 16% in unit requirements from FY2005 · Information sharing database, etc. related to waste reduction, etc. · System to gather and compile waste emissions data from domestic sales companies, and creation of a related management structure 	P37
· Revision of recycling-related standards	★★★★	· Establishment of 3R standards and notification to all relevant departments	—
· Reduction by 28.4% in unit requirements compared to FY2005 (11.7% reduction from FY2011)	★★★★	<ul style="list-style-type: none"> · Reduction by at least 6% in unit requirements from FY2011 [In FY2014, the Environmental Mid-Term Plan was altered to set FY2011 as the comparison year] 	P37
· Continuous control and early disposal of products using high-density PCB	★★★	<ul style="list-style-type: none"> · Implementation of thorough management of products with high PCB density and assessment of their early disposal · Implementation of thorough management of products with low PCB density and assessment of their disposal methods [In FY2014, the Environmental Mid-Term Plan was altered to postpone the deadline to FY2025] 	Web
<ul style="list-style-type: none"> · Examination of hazardous substances contained in products · Response to inquiries from clients and customers 	★★★★	<ul style="list-style-type: none"> · Through compliance with REACH regulations · Response to inquiries from clients and customers 	P37
<ul style="list-style-type: none"> · Reinforced information sharing through intra-Group committee activities · Revision of guidelines based on the latest legal information 	★★★	<ul style="list-style-type: none"> · Compliance with regulatory trends in laws and treaties, and transmission of information to all Group companies · Implementation of management of the latest versions of the voluntary regulations (such as green procurement guidelines, YIS standards, etc.) 	Web
<ul style="list-style-type: none"> · Continuous replacement of banned substances · Continuous chemical substances surveys and information release 	★★★	· Promotion of replacement of four voluntarily controlled substances and legally banned substances	—
· Revision of voluntary emission standards considering social climate and local environment	★★★	· Regularly review of voluntary emissions standards in accordance with the social climate	Web
<ul style="list-style-type: none"> · Promotion of tree and green planting at factories and other sites · Expansion of cleanup activities in factories and neighboring areas 	★★★	<ul style="list-style-type: none"> · Increase in greenery in business sites and buildings, and the area of environmental facilities · Promotion of exchanges with local residents through cleanup activities 	P46
<ul style="list-style-type: none"> · Development of products that make use of renewable energy, such as biomass and sunlight, etc.; implementation of related marketing proposals · Examination of electrification of work machinery 	★★★	—	—
<ul style="list-style-type: none"> · Participation in the Osaka Honey Bee Project · Participated in Vietnam's rainforest restoration project and other similar projects 	★★★	<ul style="list-style-type: none"> · Activities to contribute to the preservation of ecosystems · Proposal of new contribution activities through business activities and community exchanges 	P46
· Planned and conducted volunteer activities centering on cleanup of the neighboring area	★★★	· At least one event at each business site	P46-47
<ul style="list-style-type: none"> · Opened business sites and playgrounds to the public, invited local residents, organized plant tours, and supported friendship events, etc. · Organized events using Yanmar's facilities, such as Yanmar Museum, to contribute to society 	★★★	<ul style="list-style-type: none"> · Opening of business sites to the public (plant visits, general public access to welfare facilities, etc.) · Organization and support of friendship events 	P46

Organizational Governance

Human Rights and Labour Practices

The Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Efforts to prevent global warming

We contribute to global warming prevention by understanding and reducing our CO₂ emissions

Understanding and reducing CO₂ emissions in product life cycles

Utilizing LCA (Life Cycle Assessment), the Yanmar Group is working to quantitatively monitor and assess greenhouse gas (CO₂) emissions in each stage of a product's life cycle—from material procurement, production, distribution, through use and consumption to final disposal.

In FY2013, the LCA workgroups carried out an LCA calculation of greenhouse gas emissions on the representative products of each Group company. We plan to refine the workgroup's activities in order to enhance coverage to a wider scope of products.

Reducing CO₂ emissions to realize efficient energy use

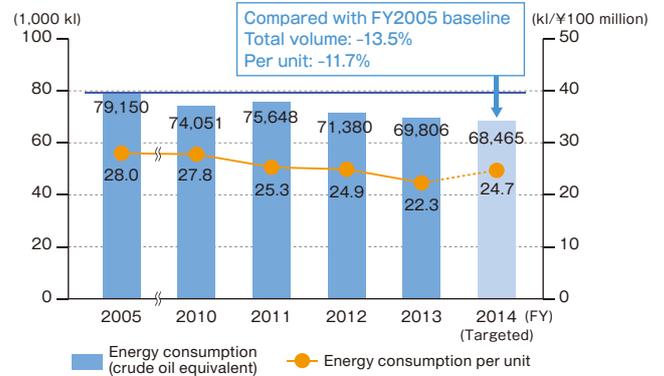
The Yanmar Group has established a structure to efficiently utilize any type of energy, including power and fuel, across all business units throughout Japan. We strive to reduce CO₂ emissions through upgrading facilities with energy-saving equipment, improving trial operation efficiency, energy recycling,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

The Yanmar Group's energy conservation targets for FY2015 are a 13% reduction in both total energy consumption and on a per unit basis, with 2005 as the baseline year, and we are pursuing the same reductions in CO₂ emissions.

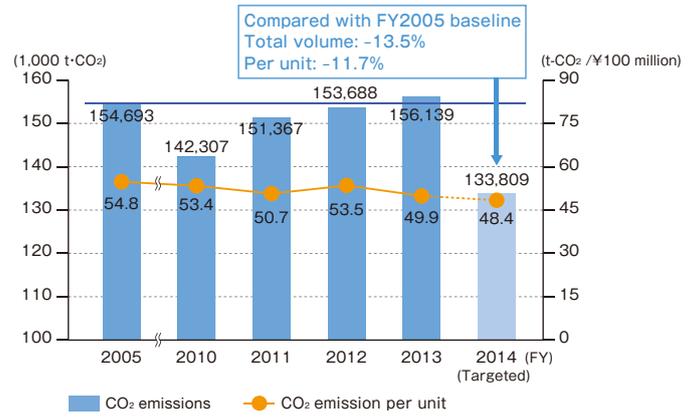
In FY2013, despite a reduction of approx. 1,500 kl in the amount of energy used compared with the previous fiscal year, due to the suspended operations of the nuclear power plants

in Japan, our CO₂ emissions total showed an increase of approx. 2,500 t compared with FY2012.

►Total Energy Consumption and Consumption per Unit



►Total CO₂ Emissions and CO₂ Emissions per Unit



TOPICS

Yanmar participates in the REDD+ initiative in Dien Bien, Vietnam

Together with Sumitomo Forestry Co., Ltd. and ASKUL Corporation, Yanmar has been sponsoring the REDD+ initiative conducted by the Japan International Cooperation Agency (JICA) in Dien Bien Province in Vietnam since 2013.

REDD+ is an international forest conservation initiative to Reduce (CO₂) Emissions from Deforestation and forest Degradation (REDD) in developing countries, plus (+) conservation and enhancement of forest carbon stocks, and sustainable management of forests.

In Dien Bien Province, nearly 340,000 ha of forest disappear every year due to slash-and-burn agriculture. The three companies are working together with the Vietnam Administration of Forestry (VNFORST) - Ministry of Agriculture and Rural Development (MARD), Dien Bien, for sustainable management of forests. Forest protection organizations are formed with help from local residents, and

support and instruction are provided for tree planting and cultivating fruit trees and vegetables. Monitoring the REDD+ activities also helps verify the project's effects as a climate change alleviation measure in each village.

These activities are being operated and managed by Yanmar Environmental Sustainability Support Association from 2014 and the current involvement will be terminated in 2015. However, JICA is continuing its initiative until 2020.



Staff members and local residents participating in the initiative

Reducing and controlling hazardous substances

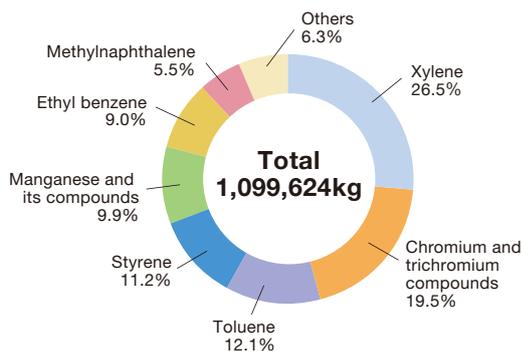
Yanmar endeavors to reduce and manage chemical substances with hazardous or negative impact to the environment

Reduction in chemical substance emissions

In order to develop environment-friendly products while reducing environmental risks, we work towards managing usage quantities of PRTR Class-I designated chemical substances and reducing related emissions. PRTR Class-I designated chemical substances used in FY2013 were reduced by 28.4% in unit requirements from the FY2005 baseline.

Taking account of the significant increase in substances covered by the revised PRTR law in FY2014, the baseline year has been changed to FY2011, the initial year of the 3rd Environmental Mid-Term Plan. We plan to achieve a 2% reduction in unit requirements on a year-on-year basis.

Use of PRTR Class-I Designated Chemical Substances



*See our official website for details about PCB possession status and handling of PRTR Class-I designated chemical substances.

Managing hazardous substances across the entire supply chain

Since 2008, utilizing our green procurement guidelines we have been continuously checking for hazardous substances in the materials and parts provided by suppliers. This is our regular approach to understanding and reducing the usage of hazardous substances. Substance information is then centrally managed by the System for Products Containing Hazardous Substances and shared among Group companies. Yanmar continues to monitor the hazardous substances contained in our products to minimize their usage.

Some substances, such as mercury and lead, are treated as voluntarily controlled substances, and usage reduction is progressing systematically based on our internal application standards.

Voluntarily Controlled Substances

Substances voluntarily controlled by Yanmar

Lead and its compounds, mercury and its compounds, cadmium and its compounds, and hexachromium and its compounds

Contributions to an environmentally sustainable society

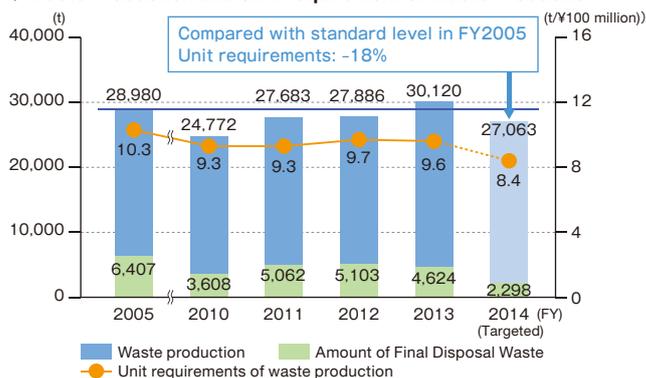
Giving priority to conserving limited resources through efficient usage

Reducing waste and promoting recycling

The Yanmar Group is making efforts to curb the generation of waste from production processes and also decreasing the total amount of waste disposal by promoting the recycling of waste by type, converting the waste into valuable materials.

To ensure thorough separation of waste at each plant, employees are frequently informed of the importance of waste separation by a list of waste separation rules posted at necessary locations, including waste storage sites in plants, worksites, and offices. Employee-education programs are being implemented and further recycling efforts, including the introduction of returnable pallets, are taking place.

Waste Production and Unit Requirement of Waste Production



*Since 2009 this data includes figures from KOHRIN ENGINEERING CO., LTD.

Reduction in water resource consumption

The Yanmar Group is promoting the recycling of factory water in an effort to conserve resources.

With regard to the amount of water resources used, we set a target of a greater than 32% reduction in unit requirements for FY2013 in comparison with 2005. The Yanmar Group as a whole registered a reduction of 52.4%, thereby achieving our target.

Water Consumption and Unit Requirements for Water Consumption



*Since 2009 this data includes figures from KOHRIN ENGINEERING CO., LTD.

Promoting impeccable corporate ethics and building friendly partnerships

Compliance

Our fundamental approach

The Yanmar Group recognizes that instilling an awareness of the importance of corporate ethics and legal compliance among Group employees as well as top management is the basis for our CSR activities.

Legal Compliance Committee established and ongoing action to mitigate risks being taken

In April 2013, the Yanmar Group Risk Management Committee established the Legal Compliance Committee as one of its expert committees, and we are taking action to mitigate risks relating to legal compliance on an ongoing basis.

Managing the internal reporting system 'Ethics Hotline'

In 2003 the Yanmar Group launched an internal reporting system known as the "Ethics Hotline." Since July 2012, it has been accessible via a free-dial number, making it easier for employees to use. 28 reports and 22 reports were received during FY2012 and FY2013, respectively, with around 50% being received over the telephone.

Separate to the Hotline is the Compliance Committee Secretariat, which receives around 40 consultations and reports from each of the divisions and departments within the Group.

Internal cases (reports) are reviewed by fact-finding investigations to determine whether they constitute a violation of compliance rules, and if so, measures are applied appropriately and in line with office regulations while measures are tackled to ensure the problems are not repeated.

No. of reports received under the internal reporting system

22

Compliance training, public awareness activities

Compliance training is carried out on an annual basis for all employees who have newly joined the company and for all employees who have just taken on a management position. In addition, training at individual offices or seminars on other themes, such as Antitrust Law and Subcontract Law, is conducted when required.

The in-house intranet is used to introduce public awareness activities, such as "Compliance violation case studies that have occurred in the past within Group companies" and "A compilation of taboos overseas" with the aim of raising corporate ethical awareness.

Maintaining regular communication with overseas companies

To ensure that our approach to compliance is also reflected in the business activities of overseas subsidiaries, we provide opportunities for the periodic exchange and sharing of information relating to risks, compliance, legal matters, and other topics with RHQs (regional headquarters) and the executives and CSR officers of overseas subsidiaries.



Periodic exchange of information with overseas subsidiaries

Important activities of the Legal Compliance Committee

With the passage of time, tougher laws and regulations are introduced to meet the demands of the era and values change. To reflect such changes, we revised our Code of Business Conduct in October 2013 and distributed it to all Group employees in the form of a booklet. And looking ahead to 2014, we aim to employ e-learning tools to raise awareness of our corporate ethics.

Initiatives in purchasing

Engaging in various forms of dialog to deepen mutual understanding with suppliers

Purchase policy briefing

The Yanmar Group engages in various forms of communication in order to deepen mutual understanding with its domestic and overseas suppliers. A purchase policy briefing is held at the beginning of every year for our major suppliers to explain the policies for the fiscal year and the mid-term.

In February 2012, we established cost-reduction targets for five years (2011-2015). In order for the entire Group to fulfill these targets, the suppliers were encouraged to propose various ideas for cost reductions and help us together to review product functions, sharing of parts, and enhancement of productivity.

Preventing compliance violations through education

YANMAR ENERGY SYSTEM CO., LTD. organized a workshop on subcontracting law, an area that relates closely with our business. The content was easy to understand as it related to our business and trading practices, and I think it helped employees increase their understanding of subcontracting law.

Employees need to know about not only subcontracting law, but also all the laws that relate to their day-to-day jobs. It's no excuse to say, "I didn't know about it." For this reason, we intend to continue providing education to prevent compliance violations occurring.



T. Onishi
Planning Div.
YANMAR ENERGY SYSTEM
CO., LTD.



Scene from the FY2014 Yanmar purchase policy briefing

Fundamental Purchase Policy

● Reinforcement of Partnerships

From a long-term perspective, we promote the deepening of mutual understanding and trust with suppliers.

● Stable Supply

We audit suppliers in terms of their management situation, productivity, risk avoidance system and procurement from overseas bases, provide the necessary instructions concerning those matters, and promote partnerships with suppliers to ensure the stable acquisition and timely delivery of materials and parts.

● Quality Assurance

We aim to ensure the appropriate quality of parts delivered by suppliers by taking various actions, including quality audits and guidance to suppliers, a quality committee, the initial stable management of new products, and implementation of the Quality Priority Management System* and Quality Control Excellent Certification System.

*Quality Priority Management System: System to provide special quality instructions every year to suppliers with low-rated quality evaluations.

● Cost Reduction

We set up cost targets and target cost reduction with this in mind.

● Legal Compliance

We comply with social norms, laws, regulations, and their spirit and ensure thorough compliance with security protection.

Green Procurement

Since the establishment of the Yanmar Green

Procurement Guideline, we have been promoting the procurement of safe parts and components designed and produced in an environmentally friendly way while collaborating with our suppliers in various parts of the world.

In selecting suppliers, we prioritize transactions with suppliers enthusiastic about environmental conservation activities with an established environmental management system in addition to such evaluation items as value, price and delivery time.

● Green Procurement Guideline

<https://www.yanmar.com/jp/about/csr/green.html>

Supporting suppliers' efforts for improvement

The Procurement Division selects several companies each year on the basis of Q (quality), C (cost), and T (time) and provides instructions for improvement. Furthermore, since FY2007 we have been promoting YWKS activities to enhance the constitutional improvement of quality at suppliers' end and to reinforce our partnerships with them, toward quality improvement, productivity enhancement and inventory reductions.

TOPICS

Addressing the issue of conflict minerals within the Yanmar Group

Some of the minerals (tantalum, tin, gold, and tungsten) produced in the Democratic Republic of Congo and neighboring countries provide a source of funds for insurgents operating in those areas, and are therefore referred to as "conflict minerals."

Guidance from the OECD, an international body, and the Dodd-Frank Act, a U.S. law for financial regulation reform, call for companies to investigate their entire chains to determine whether conflict minerals are present.

The Yanmar Group regards conflict minerals as a key CSR issue, as their purchase can lead to social problems in areas such as human rights and the environment. We have articulated a policy of non-use of conflict minerals, and asked that our suppliers also agree to non-use and cooperate with us in our investigations of our supply chain.

Although the Yanmar Group is not obligated to submit a report concerning the use of conflict minerals to the U.S. Securities & Exchange Commission pursuant to the adopted rules pertaining to Section 1502 of the Dodd-Frank Act, we have received inquiries from U.S. and Japanese business partners that are obligated to do so, and in October-December 2013 performed an investigation of our tier-one suppliers. We carried out the investigation using the CFSI* template, and reported the results to the companies that had made inquiries. The Yanmar Group will continue to work with our suppliers to eliminate conflict minerals from Yanmar products.

*The Conflict-Free Sourcing Initiative, an organization for addressing conflict mineral issues that was established by the EICC and GeSI, non-profit organizations that promote social responsibility and environmental responsibility in supply chains and the sharing of efficiency.

Providing safe, high-quality products that deliver high levels of satisfaction

Our fundamental approach

The first priority of the Yanmar Group is aiming to find ways to address and resolve the needs of our customers around the world by considering the customer's problem together and offering solutions. Each employee strives to earn the full trust and satisfaction of customers on a daily basis by responding to the needs of society as well as providing prompt and suitable products and services that solve our customer's problems. In line with our TQM (total quality management) program, all our employees endeavor to continuously improve quality through initiatives such as QC circles.

Moreover, at each stage of product planning, development, manufacturing, sales and after-sales service, etc., Yanmar has implemented systematic activities aimed at confirming product safety and quality. In particular, the issue of safety, both at home and abroad, is not merely about adhering to laws and regulations and in response to this issue we have introduced our original, in-house safety standards. Yanmar has also established strict checks on both product quality and safety at each stage of new product development as a form of risk assessment that looks to evaluate hazards before they occur, as well as design reviews that examine product design from a variety of perspectives.

Efforts to improve quality

An integrated structure designed to ensure quality and safety

Yanmar is engaged in the integration of quality assurance activities in all stages of business activities, ranging from the planning and development of products to production, sales and service, with the quality assurance department of each business unit serving as the general contact. Every business unit has a Product Safety Committee in place to ensure product safety. The entire Group is being monitored for quality assurance by the Group-wide Quality Assurance Committee. We have also obtained ISO 9001 certification at 30 units, including some overseas.

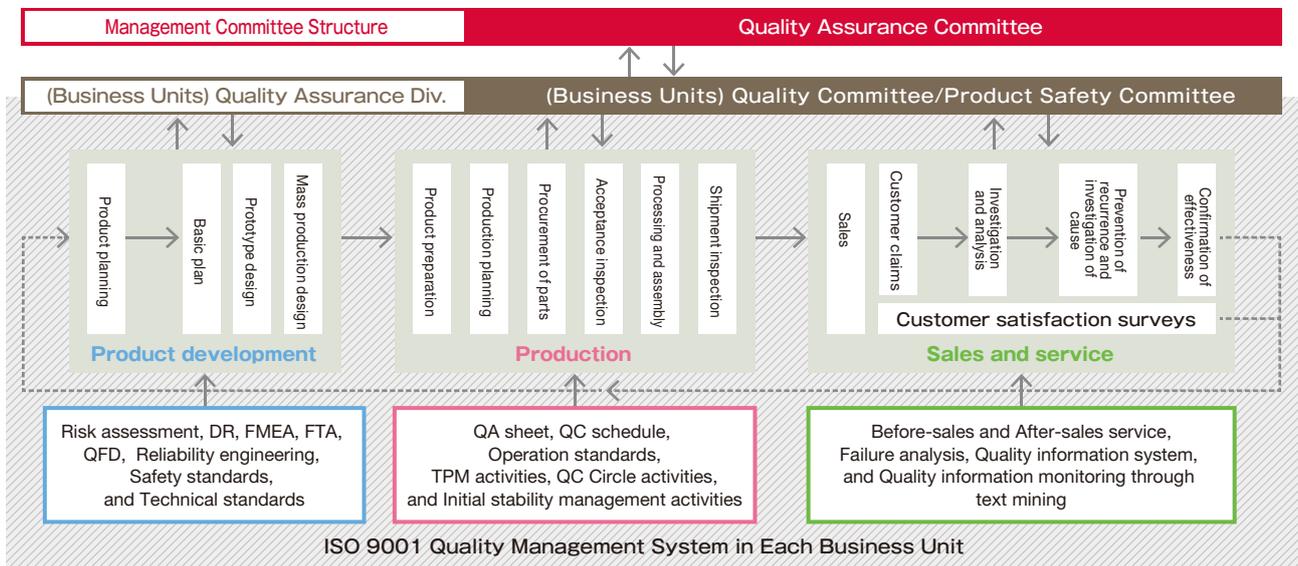
No. of Group entities with ISO 9001 certifications
30

Monitoring and analyzing quality information to detect serious problems at an early stage

In order to detect problems related to quality at an early stage, Yanmar has created a quality information monitoring and analysis system both at home (YTIS) and for overseas markets (e-Claim, Warranty-pro, OEM information). This system makes the process of collecting information and identifying important problem areas quicker and more efficient.

In the event of a clear problem related to quality, once all of the

►Yanmar's Quality Assurance System



From our employees

Enhancing quality by accurately passing on requests for improvements from customers

Due to globalization, Yanmar tractors are now being used by customers all over the world. They are used in various environments and in various ways, and problems that occur in the field and requests for improvements are fed back to us in the form of quality information and improvement requests.

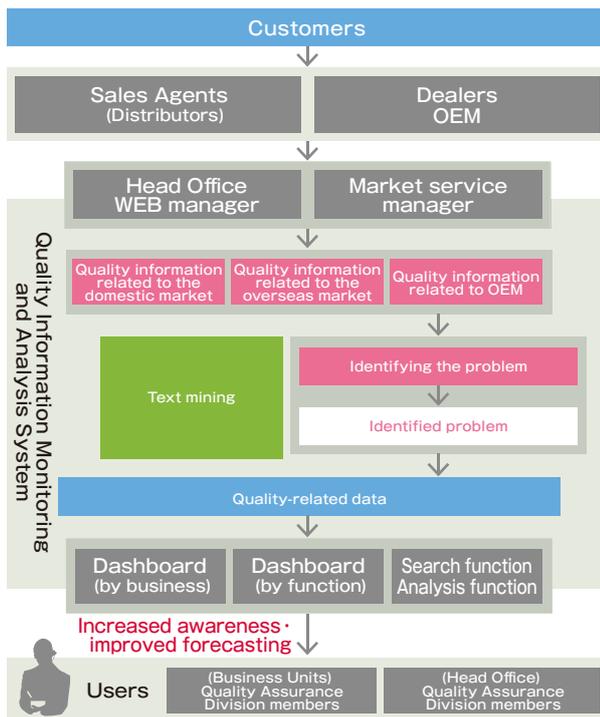
We endeavor to improve quality by confirming such information with overseas subsidiaries and passing on accurate information to the development and production departments, who make improvements to current models and reflect the information in the designs of new ones.



A. Takahashi
Quality Assurance Div.
Agricultural Operations Business
YANMAR CO., LTD.

information related to this issue has been analyzed, each business department in charge will receive feedback concerning the relevant information.

►Quality Information Monitoring and Analysis System



Response to recalls

In case a problem arises affecting products and action is judged necessary, Yanmar will swiftly implement appropriate actions, including the recovery, repair, inspection or replacement of products with customer safety and damage prevention as top priorities. In case of a recall, we shall notify the relevant organizations^{*1} and disclose this information on our website, and if necessary in recall notices in newspapers. In this way we are continuing to make improvements to our compliance with recall regulations.

►Number of recalls in Japan^{*2}

FY	2009	2010	2011	2012	2013
Number of recalls	8	7	5	8	6

►Important Product Information (Japanese Only)

<https://www.yanmar.com/jp/important/index.html>

^{*1} Ministry of Land, Infrastructure, Transport, and Tourism, Ministry of Economy, Trade and Industry, Ministry of Agriculture, Forestry and Fisheries, the Japan Boating Industry Association, etc.

^{*2} Number of reported cases of product recalls based on Land Ministry recalls, improvement measures and the Consumer Product Safety Act.

Customer satisfaction

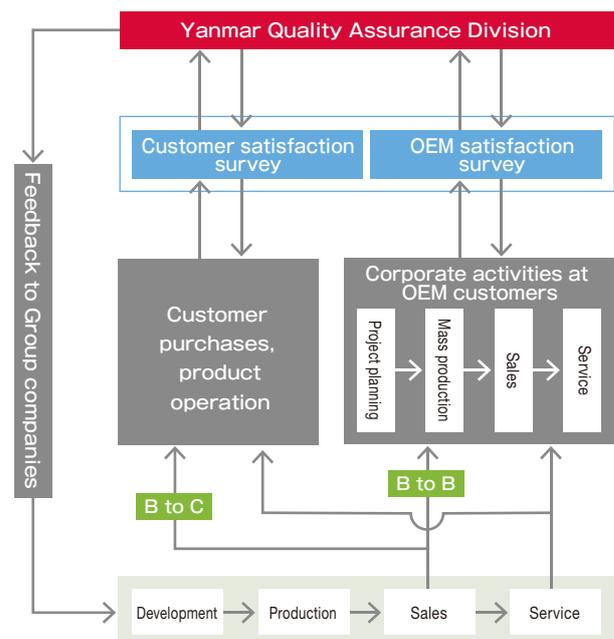
Expanding and improving sales and service by listening carefully to what customers are saying

Each year, Yanmar strives to improve the level of its after-sales services by undertaking an annual survey of customers to find out their thoughts on our business, services and products as well as issuing certificates of free inspections of products and service records, etc.

For example, the customer satisfaction surveys targeting OEM companies feature questions in five categories: products, technical support, responding to customers, quality, and overall evaluation. We analyze the results, and use them to design products from the customer's perspective, improve the way we respond to customers, and increase our ability to solve customers' problems and the speed with which we do it.

In addition to reflecting opinions and requests to the company found in the survey on the planning and development stage of new products, Yanmar also strives to improve and bolster its services and sales accordingly. Furthermore, by gaining an accurate grasp of customer feedback, Yanmar is implementing measures that serve to maximize customer profit.

►Customer Satisfaction Surveys



A unique approach to community service based on moving forward and coexisting with the local community

Activities to support recovery efforts in areas affected by the Great East Japan Earthquake and Tsunami

New recruits helped with recovery efforts in Rikuzentakata City as volunteers

As part of their induction, YANMAR AGRI JAPAN CO., LTD. sent FY2014 recruits from its local branch to take part in volunteer recovery efforts in Rikuzentakata City, which was badly affected by the Great East Japan Earthquake and Tsunami of 2011. To protect rice plants from damage by animals such as deer and civet, the team spent three days working under the supervision of local farmers to install approximately 50km of electric fences.

60% of farmland in coastal areas of Iwate Prefecture was inundated by the tsunami, and 90ha of farmland in the Otomo district of Rikuzentakata City's Hirota Peninsula suffered damage. An agricultural union called Sun Farm Otomo was established to restore farmland in the area. Rice for both human and animal consumption was to be planted, and the plan was to erect fences to protect the crops from animals. However, the members of the union are elderly, and installing fences is hard work, so we decided to help out.

Not only the farmers but also the new hires worked hard together to finish the job. It proved to be a very worthwhile aspect of their training, as they got to interact with local producers and learn about the situation in coastal agricultural areas striving to recover from the Great East Japan Earthquake and Tsunami.



A meeting before getting started on the work



Installing protective fences around the rice fields



The new recruits worked in groups of three or four



From the participants

I worked with local farmers to install fences to protect crops from animals

We carried out a recovery project in Rikuzentakata City in Iwate Prefecture. Rice plants being grown there were being eaten by deer, so we worked with local farmers to erect protective fences around the rice fields.

It's been three years since the disaster, but although reconstruction has been progressing rapidly, a lot of tsunami-damaged structures remain, so it seems that full reconstruction is going to take some time.

Nevertheless, the local people are not looking back. They are extremely positive, and I was struck by their strong determination to rebuild their own town with their own hands. In July, I was assigned to Iwate Prefecture, and I somehow felt that destiny had brought me here. And I won't just be

standing by. I intend to continue playing an active part in reconstruction here.



T. Kaneko
Sales Dept.
East Japan Company
YANMAR AGRI JAPAN CO., LTD.

Assisting with the sale of farm products from Fukushima at Cerezo Osaka home games

With the aim of supporting the recovery of the agricultural industry in Fukushima Prefecture, an area badly affected by the Great East Japan Earthquake and Tsunami, since 2013, at home games of the Cerezo Osaka soccer team, we have been running a campaign with the Fukushima prefectural government and JA Zen-Noh Fukushima called Yanmar Sporting Match "Ganbappe!" Fukushima to eliminate prejudice concerning Fukushima farm products resulting from the damage to the Fukushima Daiichi Nuclear Power Station there.

The idea for the campaign came from our sponsorship of a television program called Shokumeki Fukushima (produced by Fukushima Broadcasting), which features growers who are working to rebuild the agricultural industry in Fukushima Prefecture. We realized that we could use Cerezo Osaka to expand the scope of our support for such efforts through the team's fans.

"Ganbappe" is Fukushima dialect for ganbaro (let's do our best), and in keeping with the meaning of the word, support is provided in various ways. Special booths selling Fukushima products such as peaches and drinking water are set up around the stadium on game days, and at half time videos showing growers from Fukushima emphasizing the safety of their produce are broadcast.



A commemorative photograph taken before a game



Booths selling produce outside the stadium

Contributing to education and culture

Supporting education in various ways to help nurture the next generation

Call for participants: Yanmar Student Essay Contest

Since 1990 Yanmar has asked for thesis and essay submissions for the Yanmar Student Essay Contest, the purpose being to promote free thinking by young people, who will grow to become future leaders, about the future of farming and farm communities.

The theme for 2013, the 24th year that the contest has been held, was "The Challenges for the Evolution of Agriculture". Submissions were sent in from all over Japan, with a total of 72 theses and 555 essays received. The winning entry in the thesis section was submitted by Toshiyuki Miyazaki, a student in the fourth year of his studies in the Department of Economic Management, Faculty of Economics, Kyoto University. His thesis was titled: Beyond Markets – An Examination of Entities Reorganizing Urban Agriculture in Changing Times as Seen in the Case of Kyoto Vegetables. The winning essay was submitted by Yumi Nishikunihara, a first year student in the Vegetable Department, Faculty of Agriculture, Kagoshima Prefectural University of Agriculture. The essay was titled: "Aiming to Become a Manager Who Shapes the Future".



Commemorative photograph from the Yanmar Student Essay Contest award ceremony

Children's Painting Exhibition

Yanmar wants to help children discover the wonder of rural life, while encouraging greater interest in the land and the sea. The National Federation of Land Improvement Associations (and the prefectural land improvement associations that are its members) holds an annual painting contest for children based on the theme of "Rural Life: Rice Paddies and Streams" and Yanmar is an enthusiastic supporter of the contest.

In 2013 (the 14th time that the contest has been held) there were 8,650 entries of which 19 were awarded prizes, 118 were officially selected and 42 were awarded prizes from regional organizations. The Yanmar Prize went to Yuto Kitazawa (a sixth grade student at the Omachi North Elementary School, Omachi City, Nagano Prefecture) for his entry, titled Me Harvesting Rice.



Me Harvesting Rice – winner of the Yanmar Prize

Activities to support education – Yamaoka Scholarship Foundation

Yanmar's founder Magokichi Yamaoka established the Yamaoka Scholarship Foundation in 1950 to develop human resources capable of contributing to world peace and prosperity and cultural improvement. So far over 5,300 people have received scholarships from the Foundation and moved on to perform active roles in various fields.

From FY2013, the Foundation launched a new scholarship offered to students in South East Asia, in addition to the regular scholarship grants and loans available to high school, college and university graduate students as well as foreign exchange students in Japan. In FY2014, this scholarship was awarded to 15 junior high school students in Thailand and 23 students in Indonesia who are struggling economically as they strive to continue their schooling whilst looking to pursue a career in soccer. Ceremonies to award the Scholarship Certificates were held in Thailand and Indonesia.

No. of new scholarship recipients (overseas)
38



Award ceremony for Scholarship Certificates (Thailand)

Registered students (as of August 2014)

Graduate school students	Foreign exchange students	College students	High school students	Japan total
31	13	1	28	73
Thailand	Indonesia	Overseas total		
30	56	86		

*In order to promote diligent study and friendship between the scholarship students, several seminars are planned, such as a Research Presentation Seminar for technical graduate school students and a study tour of UNESCO sites in Japan for foreign exchange students.

Contributing to society by supporting sports and cultural activities

Support for soccer, the game that is loved the world over

Soccer is one of the world's most popular sports, overcoming barriers such as language, race, and nationality. Since establishing a soccer club in 1957, Yanmar has empathized with the dreams, emotions, and spirit of challenge that soccer provides, and shared the immense value that the game delivers.

Later, with the launch of the J-League, the Yanmar soccer club became Cerezo Osaka, which developed into one of Japan's leading teams, and we have now been a professional club owner company for over 20 years.

Yanmar has supported the professional career of Shinji Kagawa, who used to be with the club, since he was 17, and continues to support him even though he now plays outside Japan. We can really relate to Kagawa's success on the world stage, as Yanmar is also striving to achieve more success in and make a greater contribution to the global market.

And through our sponsorship of English Premier League club Manchester United, the most popular soccer team in the world, we aim to become the world's leading presence in various fields, and going forward we hope that we can connect with people worldwide who possess dreams and a "never give up" spirit of challenge.



Supporting Manchester United as an Official Global Partner

Acquired naming rights to Nagai Stadium

In March 2014, Yanmar acquired the naming rights to Nagai Stadium, which has been the home of Cerezo Osaka for many years, and the neighboring athletics field, and the names of the arenas changed to Yanmar Stadium Nagai and Yanmar Field Nagai, respectively.

Going forward, the stadiums will be used for J-League and Japan national team games, international athletic meetings, and various other sporting events, music events, and so on, and as a Kansai company, we will be taking full advantage of such occasions to share our determination to invigorate Osaka not only with Cerezo Osaka supporters but numerous other people, too.



Yanmar Stadium Nagai

■ Supplying generators to an electric vehicle racing team

Yanmar has supplied the Association for the Promotion of Electric Vehicles (APEV)'s electric vehicle racing team, Team APEV with Monster Sport, with the generators required to power the vehicles.

Like Yanmar, the APEV is committed to protecting the earth's environment and creating a sustainable society, and since 2012 has been entering the Electric Vehicle Class of the Pikes Peak International Hill Climb, an automobile race that has been held since 1916.

The team's driver, Nobuhiro Tajima of Monster Sport, battled to a third-place in this year's race after winning it the previous year, and Yanmar's super-efficient, clean generator helped him succeed in this race through the Rocky Mountains in Colorado, U.S.A, a harsh environment over 4000m above sea level.



Supplying generators to Team APEV with Monster Sport

Revitalizing agriculture

Revitalizing agriculture to solve the problems faced by farmers

■ Operating a members-only farming society - Yanmar Yuyu Farm

Since 2012, we have been directly operating a members-only farming society called the Yanmar Yuyu Farm, where members can experience farming hands-on in the woodlands of Toyono Town in Osaka Prefecture.

With the continuing aging of the farming demographic and the lack of labor in the farming sector, there are growing concerns about the amount of land that is being left idle. In order to break this cycle and give a shot in the arm to the domestic farming industry, this initiative borrowed some land located in the Takayama District of Toyono that was in danger of being left idle and put it to use as a model farm area where city folk could come and experience farming and agricultural life.

The farm covers an area of approximately 60a, of which around 30a is for rice plants and around 20a is for vegetables. Two courses are offered – rice cultivation on the "Rice Paddy Experience" course and vegetable cultivation on the "Allotment Experience" course. In addition to these two courses, a range of events are held throughout the year. Yanmar also offers workshops on its agricultural equipment and there are workshops aimed at forming links between Osaka Prefecture and the local community. Even novices can enjoy these workshops.

With members able to learn how to make the most of local resources via the Yanmar Agricultural Resource Recycling

Method, experience the cultivation of traditional local vegetables, and so on, we hope that the farm will establish itself as a hands-on agricultural facility that is firmly rooted in the local community.



Experiencing rice cultivation in the woodlands

TOPICS

Training for new recruits conducted at Yanmar Yuyu Farm

Yanmar chose Yanmar Yuyu Farm as the location for its training of FY2014 new recruits. Before they were assigned to our various departments, we wanted them to understand the environment surrounding agricultural producers, who are our customers, and experience hands on how hard farm work is and how important agricultural machinery is for making it easier.

56 new recruits were divided into three groups, each of which went to the Farm for two days each in April-May. They learned how to operate Yanmar tractors and power tillers, and under the supervision of local producers, carried out agricultural tasks in the field, such as mowing grass, erecting electric fences, and tilling the earth.

They also joined local elementary school students in planting rice. Each new employee was assigned keep an eye on a student one-to-one, so it was also a good way for them to develop their personal skills.

Yanmar intends to continue providing this training in the future, as it gives all new recruits the opportunity to handle Yanmar products and contributes to the community in Toyono, where the Farm is located.



Mastering the basics of farming



Performing real work on a rice terrace

Regional activities

Providing support and engaging in activities that are rooted in local communities

Supporting the Incorporated NPO Osaka Honey Bee Project

Supporting the Incorporated NPO Osaka Honey Bee Project
Yanmar provides support for the Osaka Honey Bee Project, an urban bee-keeping initiative that began in 2011 following a proposal from employees.

Bees pollinate urban trees and flowers, helping them to produce fruit. Wild birds eat the fruit and take the seeds they have eaten away to other places, where new trees and plants can grow. This project helps communicate the essential role that bees play in the ecosystem, and promotes the continuous greening of the area. This resonates with the business of Yanmar, which involves promoting continuous development in harmony with nature. Yanmar has also tied the project in with the CSR activities it performs in the area.

In 2013 the project attained NPO status, and since then it has strengthened its links with the local community. For example, it has started encouraging local restaurants to use the honey produced and using the money raised from its activities for the greening of local schools. After the construction of its new headquarters building, Yanmar once again provided space in its rooftop garden for hives, and will continue to cooperate with the project.



Beekeeping on the roof



Planting trees at a nearby elementary school

Collaborating with the Yodogawa Flower Project

Yanmar, in conjunction with Kita Ward Office of Osaka and Junior Chamber International Osaka, is working to enhance the scenery of the left bank of the Yodogawa River, near the Yanmar Head Office. Since FY2012, we have been removing trash and stones from the river terrace and using Yanmar tractors to till the soil, and in July 2013 we were joined by 200 Kita Ward residents in sowing cosmos seeds there. When the flowers bloomed in September, we organized an event to view them.

Later, in October, we planted rape seeds, which bloomed the following March. So the Yodogawa River terrace has been transformed, with its appearance changing with the seasons as cosmos blooms in the spring and rape blooms in the fall. Before the project began, the river terrace was littered with so much illegally dumped trash and so many large stones that the tractor's blades would break. But it is now so beautiful that it's

unrecognizable as the same place, and Yanmar intends to continue working to make it even more beautiful in the future.



Tilling the soil with a Yanmar tractor



Rape flowers in full bloom on the river terrace

Cleaning up the area around the head office building and sponsoring a fireworks festival - YANMAR CONSTRUCTION EQUIPMENT CO., LTD. -

YANMAR CONSTRUCTION EQUIPMENT is involved in its local community and plans and implements various initiatives aimed at making residents happy. Since 2009, its employees have been cleaning up the area around its head office one every two months. Each time, several dozen volunteers perform the clean-up before they start work. The company also sponsors the firework display held in the suburbs of Chikugo City.



Scene at a clean-up

Organizing and inviting local residents to a summer festival - YANMAR AGRICULTURAL MACHINERY MANUFACTURING CO., LTD. -

Each year, YANMAR AGRICULTURAL MACHINERY MANUFACTURING organizes a summer festival at its headquarters at the Okayama Plant, and 2014 saw the festival held for the 27th time. Employees operate stalls and game corners, and the festival reflects the latest trends by featuring concerts by local stars, for example, so employees and local residents have fun together. This year, a tour of the plant was included in the festival itinerary for the first time, which the company used as an opportunity to introduce its operations to local residents.



The summer festival bustling with around 1,000 local residents

Contributing to society in various parts of the world

Supporting vocational education by providing job training for PRO Almere students - YANMAR EUROPE B.V. -

Since 2010, YANMAR EUROPE has been providing job training for students from the PRO Almere school, which provides a junior-high-school level of education to young people with intellectual disabilities. The training programs provided by the company focus on equipping the students with technical and social skills that will help them succeed in life after they graduate. Two types of program are offered: short programs where trainees learn how to pack products and performing cleaning in the warehouse and long (approximately six months) programs where they acquire, for example, forklift licenses so that they can work as order pickers. These programs provide a valuable opportunity for many students to prepare themselves for the world of work.

Donating pumps to the Department of Agriculture to help agriculture recover following typhoon damage in the Philippines - YANMAR ASIA (SINGAPORE) CORPORATION PTE. LTD. -

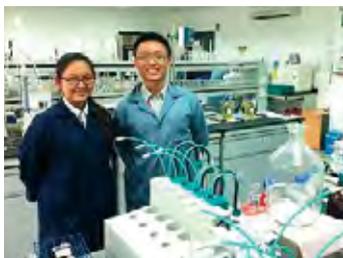
To assist with the restoration of farms in the Eastern Visayas region of the Philippines, which was hit by a typhoon, YANMAR ASIA (SINGAPORE) donated 36 units of YDP30N Yanmar water pumps (worth approximately 2.34 million pesos) to the local Department of Agriculture through its sales agents. Going forward, Yanmar will continue to do what it can to enable the farmers, whose farms suffered heavy damage, to resume farming.



Scene at the donation ceremony

Accepting local college students as interns - YANMAR KOTA KINABALU R&D CENTER SDN. BHD. -

For a three-month period starting in September 2013, the Center accepted two chemistry students from Malaysia Sabah University as interns, and provided them with practical industrial training in the laboratories.



The student interns

Providing training in agricultural machinery in collaboration with the local government and union - YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD. -

YANMAR AGRICULTURAL EQUIPMENT (CHINA), in collaboration with Wuxi City's agricultural management bureau and general union, provided training free of charge in the maintenance of agricultural machinery for the fourth time. 26 agricultural machinery service personnel from six districts of the Wuxi prefectural district received the training, helping to raise agricultural machinery service skills throughout the Wuxi prefectural district.



Agricultural machinery training in progress

Off-site training program provided to local teachers - TUFF TORQ CORPORATION -

In June 2014, TUFF TORQ welcomed three teachers from various local schools for an off-site training program at its manufacturing plant. The program turned out to be a good opportunity for the teachers to find out directly what kinds of skills local manufacturing companies are looking for and to obtain valuable information.



Teachers receiving off-site training at the plant

Supporting the education of local residents by helping them attain a GED - ANMAR AMERICA CORPORATION -

Since 2013, YANMAR AMERICA has been working with Advance Adairsville, a non-profit organization, to support education through a program to promote acquisition of the GED (General Education Diploma, a High School Leaving Certificate) among citizens of Adairsville, where the rate of students dropping out of high school before graduation is higher than the state average. The aim of this initiative is to open doors to potential careers by encouraging people to obtain the GED. To date, 144 people have taken advantage of the program, of which 37 have taken the GED examination, all of whom passed. Moreover, 11 of them have already achieved great success by, for example, enrolling in college. Two volunteers from YANMAR AMERICA are involved in the administration of the program.



Students attending a GED award ceremony

Corporate Profile

Corporate Profile

Trade name YANMAR CO., LTD.

Head Office YANMAR FLYING-Y BUILDING
1-32 Chayamachi, Kita-ku, Osaka, 530-8311, Japan

Tokyo Office 2-1-1 Yaesu, Chuo-ku, Tokyo, 104-8486, Japan

Founded March 22, 1912

Capital ¥6.3 billion

President Takehito Yamaoka

Net Sales (FY2013) ¥650.7 billion (consolidated base)
¥338.6 billion (company base)

Employees (as of March 31, 2014) 16,678 (consolidated base)
3,313 (company base)



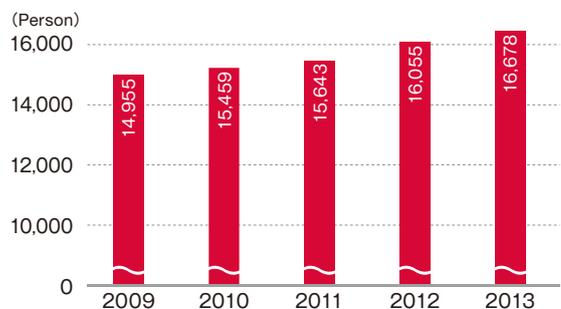
YANMAR FLYING-Y BUILDING

Major Indicators

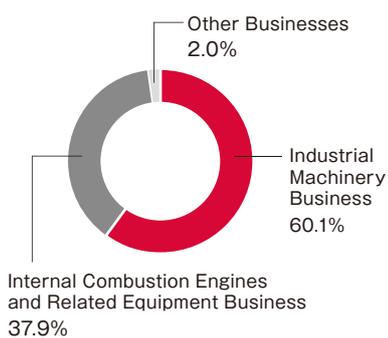
Consolidated Net Sales and Ordinary Profit



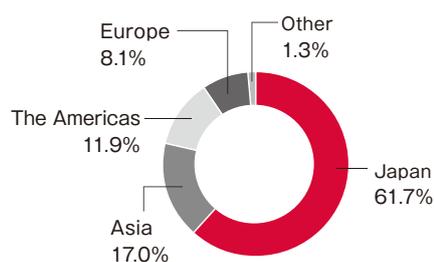
Employees (Consolidated)



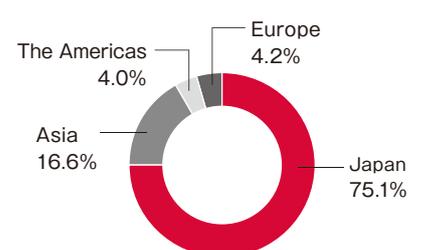
Consolidated Sales Rate by Segment (FY2013)



Consolidated Sales Rate by Region (FY2013)



Employees by Region (as of March 31, 2014)



The Yanmar Group Network

Head offices, centers, etc.

YANMAR HOLDINGS CO., LTD.

Head Office

YANMAR CO., LTD.

Head Office

Tokyo Office

Research & Development Center

■ Power System Operations Business

- Biwa Factory ● Kinomoto Factory
- Omori Factory ● Nagahara Factory
- Nagahama

■ Large Power Products Operations Business

- Amagasaki Factory

■ Marine Business

- Tsukaguchi Factory

■ Agricultural Operations Business

■ YANMAR CO., LTD. - MOSCOW REPRESENTATIVE OFFICE

■ THE REPRESENTATIVE OFFICE OF YANMAR CO., LTD. IN CAN THO CITY

■ Global Human Resources Development Institute

■ Yanmar Museum

Group Companies

Group Companies (Japan)

Agricultural Business

- YANMAR AGRICULTURAL MACHINERY MANUFACTURING CO., LTD.
- NEW DELTA INDUSTRIAL CO., LTD.
- KYOURITSU IRRIGATE CO., LTD.
- YANMAR AGRI JAPAN CO., LTD.
- YANMAR GREEN SYSTEM CO., LTD.
- YANMAR HELI & AGRI CO., LTD.
- YANMAR AGRICULTURAL INNOVATIONCO., LTD.
- BUNMEI NOKI CO., LTD.

Construction Business

- YANMAR CONSTRUCTION EQUIPMENT CO., LTD.

Energy System Business

- YANMAR ENERGY SYSTEM CO., LTD.
- YANMAR ENERGY SYSTEM MFG. CO., LTD.
- KOHRIN ENGINEERING CO., LTD.

Marine Business

- YANMAR MARINE SYSTEM CO., LTD.
- YANMAR SHIPBUILDING & ENGINEERING CO., LTD.

Component Business

- KANZAKI KOKYUKOKI MFG. CO., LTD.

Engine Business

- YANMAR CASTING TECHNOLOGY CO., LTD.
- YANMAR ENGINEERING CO., LTD.

Others

- YANMAR OKINAWA CO., LTD.
- YANMAR SANGYO CO., LTD.
- YANMAR CREDIT SERVICE CO., LTD.
- YANMAR LOGISTICS SERVICE CO., LTD.
- YANMAR INFORMATION SYSTEM SERVICE CO., LTD.
- YANMAR BUSINESS SERVICE CO., LTD
- YANMAR TECHNICAL SERVICE CO., LTD.
- SEIREI TOTAL SERVICE CO., LTD.
- KOWA COMPANY, LTD.
- YAESU SHOPPING MALL CO., LTD.
- SEIREI KOSAN CO., LTD.
- OSAKA FOOTBALL CLUB CO., LTD.
- YANMAR ENVIRONMENTAL SUSTAINABILITY SUPPORT ASSOCIATION
- YAMAOKA SCHOLARSHIP FOUNDATION
- YANMAR HEALTH UNION
- YANMAR CORPORATE PENSION FUND
- YANMAR AGRI JAPAN PENSION FUND
- YANMAR SYMBIOSIS CO., LTD.
- E-STIR CO., LTD.

Group Companies (Worldwide)

The Americas

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

Europe

- YANMAR EUROPE B.V.
- YANMAR MARINE INTERNATIONAL B.V.
- YANMAR ITALY S.p.A.
- YANMAR CONSTRUCTION EQUIPMENT EUROPE S.A.S.
- YANMAR R&D EUROPE S.R.L.
- YANMAR INTERNATIONAL EUROPE B.V.
- YANMAR BENELUX B.V.
- YANMAR NORGE A.S.
- YANMAR SVERIGE A.B.
- YANMAR EQUIPMENT IBERICA S.L.
- YANMAR RUS LLC
- VETUS B.V.

Asia

- YANMAR ENGINE (SHANGHAI) CO., LTD.
- YANMAR ENGINE (SHANDONG) CO., LTD.
- YANMAR AGRICULTURAL EQUIPMENT (CHINA) CO., LTD.
- HARBIN YANMAR AGRICULTURAL EQUIPMENT CO., LTD.
- YANMAR AGRICULTURAL MACHINERY (KOREA) CO., LTD.
- YANMAR ASIA (SINGAPORE) CORPORATION PTE. LTD.
- YANMAR S.P. CO., LTD.
- YANMAR CAPITAL (THAILAND) CO., LTD.
- P.T. YANMAR DIESEL INDONESIA
- P.T. YANMAR AGRICULTURAL MACHINERY MANUFACTURING INDONESIA
- P.T. YKT GEAR INDONESIA
- P.T. YANMAR INDONESIA
- P.T. KANZAKI TJOKRO MACHINE TOOLS INDONESIA
- YANMAR INDIA PRIVATE LIMITED
- YANMAR KOTA KINABALU R&D CENTER SDN. BHD.
- YANMAR INTERNATIONAL SINGAPORE PTE. LTD.
- YANMAR ENGINEERING (HK) CO., LTD.

Editorial Notes

This report is published every year to inform our diverse stakeholders on our approaches and the current state of the Yanmar Group's CSR efforts, and to present company results for each fiscal year, with the aim of improving CSR activities through two-way communication. The information carried in this report was selected from the view of its importance to the Group and to society, in line with the core standards of ISO 26000*. Numeric data and other details and descriptions of past activities are presented on our website.

*ISO 26000 is a set of international standards on social responsibility published in November 2010 by the International Organization for Standardization (ISO). "ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way." (from the ISO website)

■ Reference Guidelines

1. "Environmental Report Guidelines (2012)" of the Japanese Ministry of Environment
2. "Sustainability Reporting Guidelines (G3)" of the Global Reporting Initiative
3. ISO 26000

■ Period

The activities and data disclosed in this report are for the period of fiscal year 2013 (April 1, 2013, to March 31, 2014). However, the Report also includes some items occurring in fiscal 2014.

■ Sites

In general, the information in this report applies to the Yanmar Group as a whole. Information specific to Yanmar Co., Ltd. or any particular area or related company is indicated as such in the text. The term "Shiga Zone" as used in this report refers to our facilities located in Shiga Prefecture, Japan: Biwa Factory, Kinomoto Factory (small-engine production), Nagahama Site (development, testing, etc.), Omori Factory, Nagahara Factory (precision-equipment production). The term "Amagasaki Zone" refers to our facilities located in Amagasaki City, Hyogo Prefecture, Japan: Amagasaki Factory (large-engine production), Tsukaguchi Factory (marine-engine production).

■ Date of Issue

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YANMAR

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