

YASKAWA Report

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© Editorial Policy

This report has been compiled with the intent to communicate broadly the future potential of Yaskawa for its shareholders, investors, and a wide readership, and care has been taken to prompt understanding of the company from various perspectives in a balanced manner.

With the appointment of a new representative director and president in FY2016 and a word about the company's business policies included in his message, the report also features Yaskawa's mid-term business plan to promote a deeper understanding of its business strategy.

Yaskawa Electric's ESG initiatives described in this report include introductions from both the perspective of its contributions to the environment and to society through its products and its efforts for reducing burden on the environment as seen at Robot Village. Also included is the addition of a new page that features an interview with an outside director for the company, who has been brought in to enhance the functionality of corporate governance.

O Note on Forecasts Mentioned in this Report

Future projections for performance and other matters contained in this report are based on the information that is available at the time of issue and on a certain level of requirements as seen rational, however, actual results may vary due to various factors.

Some examples of such factors are economic conditions, both in Japan and outside the country, trends in demand for the company's products and services, and trends in foreign exchange and stock markets. Please also note that factors which may impact the company's results are not limited to the aforementioned.



Leading the world over 100 years. Constantly supporting the "times to come."

Since its founding in 1915, Yaskawa Electric has set motors and their applications as its business domain, and continued to support the cutting-edge industries of the times with its products and technologies.

From "motor manufacturer" to "automation provider," we gave birth to the now universally accepted concept of mechatronics*, and now as we evolve to "total solution provider," we contribute to the society by solving the major global issues including dwindling birth rate and an aging population as well as environment and energy issues, by utilizing our core technologies.

*: Yaskawa Electric led the world in putting forward the term "mechatronics" in the late 1960s. This concept evolved when we combined our customers' machinery with Yaskawa's electronic products to create superior quality and function.

Yaskawa Group Principle of Management

At Yaskawa our mission is to leverage the pursuit of our business to contribute to the advancement of society and the well-being of humankind. We will realize our mission by executing these core tenets:

- 1. To emphasize the importance of quality of products and constantly develop and improve technologies in which we can take pride throughout the world.
- 2. To improve the ef ciency of operation and secure pro ts necessary for the survival and continued growth of the company.
- 3. To endeavor to keep a market-oriented attitude, to meet the needs of the market and do our utmost to serve our customers in the best way possible.

Yaskawa Electric's Business Model

Aiming to resolve issues of a global scale arising from megatrends, Yaskawa has nurtured core technologies such as motion control, robotics, power conversion through many years of research and development. It has been leveraging these technologies and offering products and services through three key business segments and continues to create social value by being useful for manufacturing and daily living everywhere in the world.





Manufacturing

Providing value

to users

Yaskawa, Always Close to Us

Many of the products offered by Yaskawa are not items that we see directly in the course of our daily lives. But they play important roles in the manufacturing of cars, smartphones, and other items that are indispensable for our everyday living and for facilities like large-scale air conditioning systems, elevators, and escalators. This page will offer a look at an example of Yaskawa products that are close to us.



MOTOMAN*, in active use at the front lines of car manufacturing

Many industrial robots are being used in the manufacturing process for automobiles. Particularly in welding and painting, which may be hazardous processes for human workers, the rate at which robots are used is approximately 100 percent. Carmakers focus their attention on how compact their manufacturing lines may be made and how efficiently they can manufacture cars at high standards of quality. Yaskawa answers to these expectations by offering high performance robots.

* Name of robots manufactured by Yaskawa



The welding process for car bodies

Devices used for making parts for smartphones use Yaskawa's high performance motors.

Smartphones and other mobile devices are made up of many parts, including LCDs, batteries, semiconductor and electronic parts. Semiconductors have a particularly complicated precision structure and are made through approximately three hundred procedures. Dedicated manufacturing devices are leveraged for these processes, which require high levels of precision. Yaskawa's AC servo motors are built into these manufacturing devices and, needless to mention their ability to reproduce precision movements, are compact, highly efficient and reliable as they support the stable manufacturing of parts.

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AC servo motors

Devices for manufacturing semiconductors

Company History and Strengths

Since its establishment in 1915, Yaskawa Electric has determined that in order to promote various forms of modern industry in the community, its area of business would be electric motors and their applications. Continuing to make challenges to employ the latest technology of the times, it initially began receiving orders and manufacturing electric equipment for use in coal mines, and its technology was introduced for system control at Yawata Steel Works. Yaskawa went on to develop the epoch-making Minertia motor, which dramatically improved the performance of motors, and set out to expand its area of business through research and development for AC drives, which are indispensable for motor control, as well as aim to realize "unmanned factories*"ahead of the rest of the world. Embracing "mechatronics" as its key concept, it became the first in Japan to develop an all-electric-powered industrial robot that was equipped with the motor technology that the company had nurtured and contributed to the automation of manufacturing, starting with the automobile industry. It has leveraged applications of these core technologies in recent years and has been

1990

making new challenges in the areas of clean power and humatronics.

* Unmanned factory: A term coined by Yaskawa with the idea of an automated factory run by humans free from dependence on manpower with support from machines.



At the beginning of the Taisho period (1912-1926), electric motors were starting to advance into all industrial segments as replacements for steam engine. Daigoro Yasukawa, the fifth son of Keiichiro, was among those who learned the fundamentals of such leading-edge technology. In 1915, with his father promising "to provide financial support, but not interfere with the way you run the business," Daigoro founded our predecessor, Yaskawa Electric Manufacturing Co.

The company started its business by manufacturing electric mining products ordered by the mining company operated by Keiichiro. In a time when domestic electric products were both scarce and technologically several steps behind the imported products that dominated most of the market, this was a move that went ahead of the time.

Daigoro Yasukawa, founder



Our plant during the early days (1919)



World's first

seven-axis robot

MOTOMAN-GP8

New model of small robot

Financial and Non-Financial Data

(Millions of yer	1)	(Fiscal year)	2006	2007	2008	2009	2010
Net sales			368,971	382,327	350,249	224,710	296,847
Operatin	ng income		33,564	36,487	20,806	(6,977)	12,874
Operatin	ng income ratio	D	9.1%	9.5%	5.9%	(3.1)%	4.3%
Ordinary	income		33,383	35,212	20,024	(6,049)	13,429
Ordinary	income ratio		9.0%	9.2%	5.7%	(2.7)%	4.5%
Net inco	me		18,982	20,242	6,892	(5,699)	6,544
Net inco	me ratio		5.1%	5.3%	2.0%	(2.5) %	2.2%
		Net sales	159,601	177,899	160,848	104,814	156,450
*1 Sales and	Motion	Operating income	19,832	21,370	11,755	(3,169)	8,980
	Control	Operating income ratio	12.4%	12.0%	7.3%	(3.0) %	5.7%
		Net sales	126,723	123,550	114,124	57,084	83,843
Income by	Robotics	Operating income	8,983	8,576	3,200	(8,327)	1,673
Segment		Operating income ratio	7.1%	6.9%	2.8%	(14.6) %	2.0%
0	. .	Net sales	49,487	50,517	46,768	41,498	34,349
	System	Operating income	1,814	3,940	4,637	5,476	2,061
	Engineering	Operating income ratio	3.7%	7.8%	9.9%	13.2%	6.0%
	Japan		200,275	190,822	169,086	116,197	144,754
	The America	as	55,343	50,947	43,943	29,351	38,779
Sales	Europe		46,566	58,424	52,887	24,332	29,610
by Destination	Asia		65,249	80,869	82,830	53,900	82,749
Other			1,538	1,265	1,503	930	955
Overseas sales ratio		45.7%	50.1%	51.7%	48.3%	51.2%	
Per	Earning - ba	asic	81.12	81.46	27.38	(22.64)	26.00
Share Information	Earning - di	luted	75.29	80.50	_	_	_
(yen) Dividends			6.0	10.0	13.0	3.0	6.0
Shareholders' equity		80,788	100,862	97,068	88,459	93,220	
Shareho	lders' equity r	atio	29.6%	34.9%	39.0%	36.6%	35.2%
ROE: Re	eturn on equity	/	28.4%	22.3%	7.0%	(6.1)%	7.2%
Interest-	bearing debt		46,750	33,829	32,894	42,235	41,439
Debt-to-	-equity ratio (t	imes)	0.6	0.3	0.3	0.5	0.4
Inventor	ies		58,136	57,902	54,705	46,200	58,066
Inventor	y turnover (mo	onths)	1.9	1.8	1.9	2.5	2.3
Capital e	expenditures		8,452	9,121	8,611	4,119	6,655
Deprecia	ation and amo	rtization	6,962	7,676	8,028	7,840	7,057
Researc	h and develo	pment expenses	8,417	9,738	9,704	8,493	9,724
Non-finan	cial data				1	·	
No. of e	mployees (pe	rsons)	8,056	8,347	8,463	8,176	8,085
No. of er	mployees rehi	red (persons)	_	65	106	164	199
	with disabilitie		_	1.56%	1 62%	1.75%	1.85%
No. of non	-Japanese emp	loyees in Japan (persons)	_	12	1/	16	1/
Regular empl	loyees and contract e arental leave	program	_	7/100%	3 /10.0%	5 /100%	2 /100%
No. of female Parental	es using the program/	Üse rate m	_	1/ 100 /0	0710070	4	4
No. of males	days of paid l	ersons) eave taken per vear	_	U	2	1	10.00
(No. of days/p	ciono from arra-	uction	-	12.26	12.44	8.69	12.30
and sales activities (t-CO ₂)			24,441	26,168	23,952	19,053	23,688

*1: Starting FY2013, reportable segments changed to the following 3 segments: Motion Control, Robotics, and System Engineering. There have also been partial changes in the division of businesses within these segments. Value and profit ratios of each segment for the period up until FY2012 are based on figures before the change was implemented. The figures for former Information Technologies segment and Other segment are omitted.

2011	2012	2013	2014	2015	(Fiscal year) (N		(Millions of yen)		
307,111	310,383	363,570	400,153	411,260	Net sales				
14,818	13,070	25,702	31,532	36,730	Operating income)			
4.8%	4.2%	7.1%	7.9%	8.9%	Operating income	e ratio			
15,626	14,053	27,084	33,884	35,833	Ordinary income				
5.1%	4.5%	7.4%	8.5%	8.7%	Ordinary income ratio				
8,432	6,800	16,964	24,819	22,365	Net income				
2.7%	2.2%	4.7%	6.2%	5.4%	Net income ratio				
149,410	144,333	162,346	188,116	187,548	Net sales				
5,824	3,248	16,444	21,748	22,413	Operating income	Motion			
3.9%	2.3%	10.1%	11.6%	12.0%	Operating income ratio	Control	*1		
101,065	110,223	122,543	135,956	154,068	Net sales		Sales and		
7,014	8,365	9,511	10,558	15,304	Operating income	Robotics	Income by		
6.9%	7.6%	7.8%	7.8%	9.9%	Operating income ratio		Segment		
35,520	37,263	35,327	40,980	43,053	Net sales	-			
1,917	1,504	(5)	(768)	(760)	Operating income System				
5.4%	4.0%	(0.0) %	(1.9)%	(1.8)%	Operating income ratio				
143,019	143,456	150,101	144,249	135,495	Japan				
43,985	51,113	58,481	72,616	85,088	The Americas				
33,939	32,047	42,499	46,921	52,011	Europe		Sales		
85,276	81,308	108,595	132,779	134,294	Asia		Destination		
890	2,456	3,892	3,590	4,370	Other		Destination		
53.4%	53.8%	58.7%	64.0%	67.1%	Overseas sales ratio				
33.51	27.03	67.42	98.45	84.71	Earning - basic		Per		
-	25.65	63.98	93.60	84.11	Earning - diluted		Share		
10.0	10.0	12.00	20.00	20.00	Dividends		(yen)		
100,109	112,218	134,076	171,388	181,281	Shareholders' eq	uity	1		
35.9%	37.1%	39.4%	44.1%	48.5%	Shareholders' equ	uity ratio			
8.7%	6.4%	13.8%	16.3%	12.8%	ROE: Return on e	quity			
58,612	54,684	55,528	52,430	48,426	Interest-bearing c	lebt			
0.6	0.5	0.4	0.3	0.3	Debt-to-equity ra	tio (times)			
63,800	64,325	78,364	85,469	77,594	Inventories				
2.5	2.5	2.6	2.6	2.3	Inventory turnove	er (months)			
9,907	15,895	16,980	36,369	16,758	Capital expenditu	ires			
7,606	8,114	9,214	11,534	13,063	Depreciation and	amortization			
10,398	10,731	14,033	15,317	16,819	Research and de	velopment ex	penses		
	,				Non-financial data	a			
8,246	10,383	11,463	11,356	11,450	No. of employees	s (persons)			
239	246	236	213	229	No. of employees	rehired (perso	ons)		
200	240	200	210	225	No. of regular employees and te	emporary contracted wor	kers aged 60 to 64		
1.65%	2.15%	2.15%	2.04%	2.07%	People with disab	ilities employe	ed (%)		
19	18	20	20	22	No. of non-Japanese	employees in Ja	pan (persons)		
5/100%	5/83%	7/100%	4 / 100%	4/100%	Use of parental le	eave program			
4	1	1	3	3	Parental leave pro	ogram am (persons)			
12.81	12.44	12.49	12.48	14.49	Average days of p (No. of days/person)	aid leave take	n per year		
22,086 *2	22,138 *2	22,770 *2	20,737 *2	20,709 *2	CO ₂ emissions from and sales activities	production (t·CO ₂)			

*2: Including sales bases from FY2011. Note: Figures under 100 million yen are rounded off unless otherwise stated.

Financial and Non-Financial Highlights













Note: Figures under 100 million yen are rounded off unless otherwise stated.









Paid dividends per share



CO2 emissions from production and sales activities and



Pushing Forward Dash as We Kick-start the

Special Feature Interview with the President

> We will further bolster our strengths in development, manufacturing and sales capabilities, and aim to create a solid management structure for sustainable growth.

H. Ogasawara

Hiroshi Ogasawara Representative Director President

25 Next 100 Years

Q You've assumed the presidency as of FY2016. Please state your personal thoughts and aspirations.

On accepting my appointment, I would like to take this opportunity to offer a greeting to our stakeholders. First, I would like to express my deepest sympathies to the people who have been affected by the earthquakes in the prefectures of Kumamoto and Oita. I pray that recovery and reconstruction efforts will get underway as soon as possible.

In looking at the global market, we see that there has been a slowdown in China that has been leading its growth, the departure of the United Kingdom from the European Union, and volatile currency and stock market fluctuations, which are causing uncertainties over the future. It is under such conditions that Dash 25, our new mid-term business plan based on Vision 2025, our long-term business plan, has gotten underway this fiscal year. In the plan, we will expand new projects with a focus on robotics and equipment for the environment and energy, in addition to boosting our existing business based on mechatronics.

In an era of major changes where new technologies like Industrie 4.0^{*1}, IoT^{*2}, and AI prompt technological reform, there are huge possibilities that new business models will be created as a result. I would like to consider these conditions as opportunities and promote open innovation in a flexible manner, while we maximize the strengths of our company to accelerate our growth.

*1 Industrie 4.0 : The concept of the fourth industrial revolution proposed by the German government. Refers to the linkage of goods and services inside and outside factories via the internet and other communication networks to create new values that did not exist before and construct new business models.
*2 IoT : Abbreviation for "Internet of Things." Refers to the technology of connecting everything to the internet.



How do you evaluate Realize 100?

We've positioned our motors and their control as our core technology and have always aimed to be No.1 in the world. In Realize 100, our mid-term business plan that was in effect until last year, we bolstered our strengths in development, manufacturing, and sales from a global perspective. As a result, our FY2015 sales target of 400 billion yen had been achieved a year earlier than anticipated and our operating profit stood at a record high. But changes are extremely quick to occur in the markets, and issues have come to light that we are not fully prepared to cope with those changes. While the

expansion of our existing business in the Chinese market is worthy of note, we have yet to say that full-fledged business operations are underway in new areas such as the environment, energy, and robotics. As a result, our assessment is that the cycle comprising 1) our measures, 2) our targets, 3) our actions, and 4) an organization that produces results has not been interconnected. During the past 100 years, we have taken our time and made cautious efforts based on our accumulated experiences. We will now push this cycle faster as we bring about sustainable growth.



What types of measures are you considering for boosting Yaskawa's strength in development, manufacturing and sales?

Although the business model for our company is basically B to B, we have further segmented two business models: B to B to B for manufacturers of assembled products in our motion control business and B to B to C for end users in our robotics business. And we have now begun to see the constrained, insufficient, and unequable way which have resulted from the differences of our existing methods of selling between individual components and system solutions for automation to customers depending on the area of business. The idea is that while manufacturers of assembled products want to combine the features of robots and motion control to create their own systems, end users simply want to use products where the systems are already built into the robots. But because compatibility is weak between motion control and robots, we couldn't sell robots the same way that we sold motion control and vice versa. Because customers utilize various solutions to come out winning in their field, it is no longer an era where individual sales of robots and motion control alone will continue to be a business. We're going to embrace our motion control products and robots as our strength and go beyond the barrier between them and merge them as integrated solution for our customers.

For a century since its establishment, Yaskawa Electric has continued to be a technology-oriented company. This is our strength, and it will not change in the future. But as we attempt to offer speedy and flexible responses to the requirements of our customers and set out to grow significantly amid volatile changes in the global environment, it's necessary not only to have a solid technology perspective but to also boost our flexible perspectives in sales. Embracing both of these perspectives, we will cross over our respective groups in development, manufacturing and sales and make our structure stronger as it performs in an organic manner.

Fortifying capabilities to meet customer needs comprehensively



You pursued a career in technology field. How do you see the trends in technologies that surround the company and the importance of open innovation?

To date, I have seen countless cases of the dilemma caused by innovation where core industries in Japan have been destructed due to the emergence of technology that is new and different. Under such conditions, motors are still the only way to generate drive force based on electric power conversion, and I don't expect that there will be any other alternative technology for a while. In considering why our company has been able to maintain its business for a 100 years, I think it's possible to say that while there have been a number of improvements in motor technology, technical innovations have not taken place to the extent that motors could be made obsolete. As long as Yaskawa continues to sustain its business without losing its competitive strength, we will accumulate more technology and experience, positioning motors and their control, which are our mainstay technology, at our core. We are already expanding the use of applied technology from power conversion for markets in the field of the environment, such as for PV inverters for solar power generation and for large-scale wind power generation products. But the possibility of technical innovation in motors is not completely unexpected over the next century, and so we must continue to keep close watch over innovation.

As for robots, we have clearly defined our products as industrial robots that can get the work done. But the term "robot" has become generalized in recent years,

and its definition has become vague. As robots continue to be more intelligent, we need to maintain our competitiveness and show our presence in areas besides that for industrial robots. With terms like advanced intelligence, multi-skilled, AI and IoT as our keywords, we will speed up our initiatives to stay ahead.

Our Vision 2025 flags our initiatives to offer new value through the advancement of our core technologies and by merging them with open innovation. The development of basic frameworks to make this possible is one of the key policies outlined in Dash 25, our new mid-term business plan which has begun this year. There are only three ways to further our signature technical strength: 1) the accumulation of technology within the company; 2) development with support from other companies; and 3) buying from outside the company. In an era of IoT and Industrie 4.0 and rapid changes and diversification, we may buy technologies while watching the timing of our actions, but I believe that there will also be rapid increases in the number of opportunities for developing new technologies intentionally. Open innovation is extremely important in order to cover this area well, and we will continue to pay close attention to it. If innovation can come about from new technologies which are developed through collaborations and they have the potential to become our core areas of business, we will actively pursue them and make them our own.

Please offer a word to your stakeholders.

As a company whose business is based on motor technology to continue to thrive without losing its competitive edge, we must accumulate more technology and experience while proactively adopting the technology around us and develop a business foundation that is stronger than ever. And we will continue to pursue enhanced corporate value and sustained growth by expanding our existing areas of business, creating new fields, and contributing to society through our business in a continuous manner. Our Vision 2025 is not a target that will be easy to achieve. But I would like to kick-start our efforts with Dash 25, our new mid-term business plan, to achieve the objectives that are set out in the Vision 2025 ten years from now.

I would like to take this opportunity to ask all of our stakeholders for the continued support and patronage to our company.

What is important is the accelerated launch of new businesses and our global deployments. We will evolve as an organization that does not rely on the market but instead expands its areas of business through its own initiatives.

Kicking off Dash 25, the New Midas a First Step for Realizing Vision

*Long-term Business Plan (FY2016 to FY2025)

In this feature, we will look back on our performance in Realize 100, our previous mid-term business plan, as well as consider evaluations for the three large-scale M&A investments implemented during the period. We will also explain about the targets and objectives in Dash 25, our new mid-term business plan.

Looking back on Realize 100, our previous mid-term business plan

Looking back on our FY2015 performance for the main numerical targets in Realize 100, net sales significantly exceeded our objectives and although operating profit was somewhat below our plan, we were able to achieve record results in both areas.

As to the sales by segment, Motion Control achieved overall results as planned. Although the AC drive business went through a tough period, impacted by sluggish demand in markets related to infrastructure in China and oil and gas in the United States, the timely launch of new AC servo and controller products enabled us to capture precisely the needs for smartphones and machine tools, with a chief focus on the Chinese market. As to Robotics, steady demand related to auto, in addition to our aggressive global deployment of our robot centers to cultivate general markets, proved successful results that exceeded our expectations. The System Engineering went through a difficult period amid sluggish activity concerning steel plant-related areas where we had expected a recovery. As for profits, although targets were not fully achieved, impacted by increases in expenditures such as advance investment in M&As for new business initiatives, improvements in profitability due to an accelerated switch to new AC servo motor products and the tailwind of currency exchange rates, we were able to achieve 2.8 times the revenue achieved in operating profit in FY2012.

With regard to new business areas, while we aimed to deploy our core technology

in new areas, sluggish growth in domestic environment and energy-related markets and the tougher-than-expected entry into overseas markets made us shift our focus to the acquisition of U.S. and European companies with track records, and we accelerated our business by producing synergistic effects by adding our technologies. These measures caused a delay in contributing to sales and our sales targets were unachieved, however, technical development have progressed in solar and wind power generation, EV, nursing and welfare, and biomedical-related areas, and with our lineup of competitive products now in place, we would like to aim for increases in sales in our new mid-term business plan and steadily capture the results from our advance investments.

Pushing forward "glocal" management that has both a global and local perspective, we exceeded our target and posted an overseas sales ratio of 67 percent. We were thorough in promoting a global network for our sales network and production at the point of demand, as well as promoting products that meet the needs of our customers by region. In particular, we were able to boost production at the point of demand to 41 percent in FY2015 from 29 percent in FY2012, which we believe will strengthen our countermeasures against fluctuations in foreign exchange rates. Furthermore, we tripled the number of engineers in local development from FY2012, which we believe is a steady strengthening of our ability to cope locally.

(Billions of yen)	FY2012 Actual	Realize 100 FY2015 Plan	FY2015 Actual	Achievement ratio
Net sales	310.3	400	411.3	103%
Motion Control	128.8	179	187.5	105%
Robotics	110.0	141	154.1	109%
System Engineering and Other	71.5	80	69.7	87%
(From new businesses)	10.4	37	22.0	59%
Operating income	13.0	40	36.7	92%
Operating income ratio	4.2%	10.0%	8.9%	—
Overseas sales ratio	54%	65%	67 %	_

Comparison between FY2015 plan of Realize 100 and FY2015 Actual.

term Business Plan 2025*

Shuji Murakami

Representative Director Corporate Executive Vice President

We acquired VIPA GmbH, a German manufacturer in the PLC field in 2013, Solectria Renewables, LLC, a U.S. manufacturer of PV inverters for solar-power generation, and The Switch Engineering Oy, a Finnish manufacturer of electric equipment for wind power generation in 2014. These three M&As have produced results as anticipated at the time of the acquisitions and we are looking forward to further increases in sales and contribution to profit.

VIPA has a significant customer base, mainly in German packaging, food product and beverage markets, as well as for conveyer systems for distribution. By combining its products with Yaskawa's motion control and robotic products, we have been boosting our ability to offer comprehensive solutions for FA systems, which has been contributing to increased sales in Europe. Solectria is a manufacturer of PV inverters for solar-power systems which focuses on serving U.S. customers and boasts a high level of competitiveness and a significant customer base. Since the acquisition, Solectria and Yaskawa have been pushing forward the joint development of new products for the global market. The Switch manufactures electric equipment such as generators and converters in the large-scale wind power generation market, which is

VIPA GmbH

expected to grow in the time to come. The synergistic effects of the marriage of the specialized technologies at each company, improved efficiency in in-house manufacturing, and aggressive sales activities, such as the cultivation of new customers, led to large-scale orders in Europe and China in the second half of 2015. We will continue our efforts to apply the power generation technology nurtured in relation to large-scale wind power generation in shipping and other areas.

We feel that as in these cases, it is important to note in M&As the range of synergistic effects which may be expected in the future that exceeds the acquired costs (profit generated by the subjected company). We carefully consider acquisitions by anticipating whether acquisition costs may be recovered with profit, including synergies, in a short period, and for corporate acquisitions that extend across borders, if technical resources and sales networks that are suitable for the region may be secured.

The three major M&A investments will contribute to future increases in our sales and profit.



Solectria Renewables, LLC



The Switch Engineering Oy

About Yaskawa

Targets and objectives in Dash 25, our new mid-term business plan

For FY2016 through FY2018, the period that Dash 25 will be underway, we will not be able to expect the effects of yen depreciation as we had in Realize 100, our previous mid-term business plan, and neither do we anticipate a strong leading player for the global economy as China had been in the past. Under these conditions, we created this plan as a kick-start and first step for realizing our long-term business plan, Vision 2025 (FY2016-FY2025). The major direction for this plan is to maximize the effects from the investment that was made in Realize 100 and establish a high-profit constitution, followed by our basic policy to make aggressive challenges in new areas and for new business models. Our specific numerical targets are 450 billion yen in net sales, 45 billion yen in operating profit, and an operating profit ratio of 10 percent in FY2018, the final year for this plan. Out of the aforementioned sales, our sales target for new areas of business such as clean power and humatronics is set to 40 billion yen.

The specific steps for achieving our objectives and to maximize the effects from Realize 100 are to accelerate the speedy launch of new products in each market and region that fully leverage our glocal development structure and to further improve the speed of our response to customers by promoting automation, developing a flexible manufacturing structure, and through production in optimum locations. And starting in FY2016, we will also introduce in stages our new Zero Series AC drives that have enhanced abilities to meet the needs of different applications, and our new robots and controllers with higher performance and smaller sizes, which will also be easier to use. Together with our Σ -7 AC servo motor series, we will speed up switches to these new products to establish a concrete structure for high revenue.

Overview of Mid-term Business Plan Dash 25



We will aim to steadily develop a foundation where we can realize our Vision 2025 and come up with new ideas that leverage IoT, AI, and cloud services to become No.1 in the world in our core areas of business as we make aggressive challenges in new areas and for new business models.

We will maximize the effects from our investment to establish a highly profitable constitution and To be specific, we will establish "YASKAWA Industrie 4.0" as a vision of what we consider to be a form of Industrie 4.0. We will merge our automation technology with the technology at other companies through open innovation and develop Build to Order (BTO) automated lines in our in-house plants to enable flexible manufacturing. And by offering these to our customers, we will find new needs, which we will tie in to the development of our next products.

We will demonstrate these BTO automated lines during the Dash 25 period and aim to create conditions where our customers can offer evaluations while we also push forward the development of new automation equipment, which will serve as the core of these initiatives. We will also apply this concept in the area of "food" and make challenges to automate its production.

In Dash 25, we are also aiming to make the clean power business a core area of business. We will maximize synergies with Solectria and The Switch in the respective areas of business for solar and wind power generation and accelerate our global deployment. We will also penetrate the market in China, where we have the highest expectations for electric drive systems for EVs. We will use the results as a basis for penetrating the high value added market in Japan.

To achieve these objectives, we feel that in addition to expanding our existing areas of business, there is a need for acquisitions and capital alliances once the fields that we should penetrate have been established and to aggressively invest in venture companies and are planning 80 billion yen in growth investment (cumulative) including our capital expenditure plans.

Overview of Mid-term Business Plan Dash 25



*Glocal management: Management style defined by both a global management mindset and best local support capabilities anywhere in the world

We will offer appropriate dividends for the profit that has been generated and while considering a balance for growth investment in looking toward the future, we will gradually increase our payout ratio as our shareholder returns to 30 percent by FY2020. While we basically pay dividends that reflect increases in our profit, we would also like to be conscious of stability in our dividends that match our conditions.

As to ROE (return on equity), we have announced that we will secure more than 13 percent in our Vision 2025. I feel that to maintain and realize this objective, it is most important to increase future profit through steady achievements obtained from the execution of our business plan, which includes growth investment.

Yaskawa Electric is in the midst of changes such as IoT and Industrie 4.0 that are happening in the industry sector. I have every confidence that if our company can lead these changes well, it will tie in with big business opportunities. Yaskawa will proceed in capturing the flow of the times in a precise way and aim to be a company that continues to grow.

in M&As and other areas make aggressive challenges in new fields.

Segment Highlights

MOTION CONTROL

- AC Servo Drives & Controller business
- Drives business

Business Overview

contribute to energy-savings.

Motion & control products including AC servo drives and controllers are incorporated in production equipment for electronic parts, semiconductor parts, etc., that require high precision. Our AC drives are used in social infrastructure, such as HVAC, escalators, elevators, etc., and

Products



 AC servo drives
 Σ -7series and machine controller
 MP3300



ROBOTICS

- Arc and spot welding robots
- Painting robots
- Handling robots
- Clean/vacuum transfer robots for semiconductor and LCDmanufacturing equipment

The segment supplies vertical articulated robots as key products to contribute to the automation of welding, painting, assembly, conveyance, etc., at production sites of automobile-related markets and various other fields.



Dual-arm robot for biomedical applications MOTOMAN-BMDA3

SYSTEM ENGINEERING

- Steel plant business
- Social system business
- Environment & Energy business
- Electrical power business
- Industrial electronics business

The segment mainly targets the market of various large-scale plant facilities, such as steel plants and water treatment plants, as well as large-scale cranes for which stable operation is essential.



- Medium-voltage AC drive FSDrive-MV1000
- Converter panel for shipping system (A1000/D1000)



 Generator and converter for large-scale wind power generation system

OTHER

- IT-related services
- Other

The segment covers information-related businesses and businesses such as logistics services, etc.

CDMA 1X packet communications adapter MMLink-1X





 Laser beam machine LIBWE









ESG Activities







* : Starting FY2013, reportable segments changed to the following 3 segments: Motion Control, Robotics, and System Engineering. There have also been partial changes in the division of businesses within these segments. Value and profit ratios of each segment for the period up until FY2012 are based on figures before the change was implemented.

Motion Control AC Servo Drives & Controller Business

AC servo drives and controllers are incorporated in production equipment for electronic parts, semiconductor products, etc., in which high precision is required. By accurately grasping demand opportunities with expansion trends in the growth markets, we have gained No.1 global market share.



Akira Kumagae

Net Sales* 0_3% decrease over previous year FY2016 FY2015 1 (Plan) 180,000 **187,548** million yen million yen Operating Income* 3.1% increase over previous year FY2016 FY2015 X (Plan) 22,413 million yen 17,400 million yen

Review of Realize 100, our previous mid-term business plan

In Realize 100, our global deployments of the development, manufacturing, and sales of our competitive Σ -7 series enabled us to achieve our sales targets. To be specific, we were quick to set up a plant in Shenyang, China before the rapid growth of the Chinese market. This enabled us to cope locally with the rapid rises in demand for AC servo motors and controllers that followed without the need to export from Japan. From the development perspective, we proceeded with our development of new products that matched the Chinese market with a quadrupolar structure, which allowed us to create products in half the time required for our previous Σ -V series. The basic designs were created in Japan, followed by the development of specific designs in Shenyang, and then the final specifications and designs were decided in Europe while we developed software in the United States and in Europe. We also succeeded in the development of servo motors with built-in amplifiers using GaN power semiconductors, the next-generation of products for our Σ -7 series, and we will aim to offer these on the market in 2017. By embedding GaN power semiconductors for the first time in the world, we have been able to reduce vibrations, improve cooling efficiency, and greatly reduce product sizes to a quarter of the conventional models. In these ways, we will aim to contribute in enhancing added value for our customers through boosted productivity and less space required at the manufacturing scene.

Reflecting on FY2015

While steady performance had been seen in the first half of the year, mainly for semiconductor, electronic component, and machine tool industries in Japan and the Americas, the stalled Chinese economy during the second half and its spreading impact on related global markets prompted a significant negative effect on the business environment at our company. Accordingly, our FY2015 sales were mostly unchanged from the previous year, but the switch to the Σ -7 series on the Chinese market, helped in contributing to our revenue. In addition to the improvements that were made for the basic features of the Σ -7 series, so much so that it is in a league of its own, the smaller main frame, the reduction in the amount of heat generated, and improved operability through its auto tuning and communication features have resulted in high customer acclaim. And as a result of our boosted product lineup tailored to different uses and for different regions aimed at further expansions in sales and market share, our overseas sales ratio now exceeds 60 percent.

As to the manufacturing perspective, while the automation rate for the manufacturing of our previous series had been approximately 70 percent, the Σ -7 series has seen an improvement to around 90 percent, bringing about a reduction in manufacturing costs and a flexible manufacturing structure.

Total numerical value for the AC servo drives & controller business and the drives business of the Motion Control segment.

*: Total numerical value for the AC servo drives & controller business and the drives business of the Motion Control segment.



Product features and strengths

- Overwhelming level of performance, reliability, and usability
- High rate of environmental performance (energy saving from high efficiency, water and dust resistance)
- A speedy service structure offered globally



AC servo drives Σ -7 series



Direct drive servo motors

Key markets

- Manufacturers of manufacturing equipment such as semiconductors, electronic components, liquid crystals
- Manufacturers of machine tools such as injection molding, metalwork, textiles, transportation, food products, and packaging
- · Manufacturers of industrial robots



Machine controller MP3000 series



Linear servo motors

ESG Activities

Our Strategies

About Yaskawa

Our Direction

Outlook for FY2016

While sales are expected to decline from the previous year due to the significant impact from the rapidly rising yen, demand for manufacturing devices such as semiconductors and electronic parts and for machine tools are expected to remain at high levels. As to the market for mobile devices such as smartphones, the greatest end user today, while shipment volume for high-end models is on a decline, a trend is seen for the use of higher quality components for low-end models. Strong market positions have been established for our AC servo motors and controllers, which are being used in the manufacturing process at the majority of semiconductor and electronic component manufacturers, leading to expectations of steady overall sales. And in response to further digitalization of automobiles and household appliances, demand is also increasing in this area for semiconductors and electronic components, and we will apply the technology that we have nurtured for mobile devices.

We will also accelerate the switch to the Σ -7 series that we pushed forward in China in FY2015 on a global scale in FY2016. While the rate of this switch has already reached approximately 80 percent in China, the same cannot be said for Japan, where the switchover rate remains at low levels due to the impact of the evaluation process at customer manufacturing lines among other factors. As to the United States and Europe where the deployments of our series that cope with local voltage standards (400 V) were completed in FY2015, we will push full-fledged switchovers in FY2016 and aim for further improvements in revenue.

Business strategy for Dash 25

As we continue our efforts for the sustained evolution of our existing products and further cultivate markets where our stakes are low, we will also focus on offering solutions that combine AC servo motors, controllers and robots to meet needs for enhancements in automation at the manufacturing scenes of our customers. To realize it, we will fortify the closer company-wide collaboration beyond business segments. For example, there are various steps in the manufacturing of processed food products, such as the cleaning and sterilization of raw ingredients, the processing and cooking, filling and decorating, and packaging and delivery. While some parts of these steps have been mechanized, conditions continue to persist in which a large part of the work is reliant on manual labor. In view of declines in the working population due to low birthrates and an aging population, rising labor costs, and the perspective of food safety, there is an increasing need for automation and less manpower to be used in this area, and our company will push forward our sales activities by offering comprehensive solutions that encompass the entire process. As an example of the combination of AC servo drives & controllers and robots that give shape to our concept of Industrie 4.0, we will also push forward the development of new automation devices that will enable the production of variable quantities of various models and reductions in lead times. We will first promote automation at our own manufacturing sites, then offer suggestions for solutions that reflect the results from these verification, which will be followed by introductions at the facilities of our customers.

Motion Control Drives Business

General-purpose AC drives, which are the main products of this segment, play active roles in social infrastructures such as large-scale air conditioning, escalators, elevators, etc., and have gained the world's top share through the high technical capability and quality.

We shall also perform market deployment of strategic new products, such as the matrix converter that makes use of regenerative energy possible, power conditioners for solar and wind power generation, etc.





^{* :} Total numerical value for the AC servo drives & controller business and the drives business of the Motion Control segment.

Review of Realize 100, our previous mid-term business plan

For Realize 100, we were unable to achieve our sales objectives due to extremely difficult conditions in related market environments which exceeded our expectations. Key markets where the environment significantly worsened include China's infrastructure, U.S. oil and gas, and the area of solar-power generation in Japan. Although the Chinese economy saw a construction boom in the early 2010s related to infrastructure that included urban skyscrapers and airports and while general-purpose AC drives for cranes, elevators, and escalators rose rapidly, the burst of the real estate bubble caused investment interests to quickly wean. As general-purpose AC drives were used for items like high-pressure pumps used for shale gas excavation sites in the United States, significant increases were seen in related sales. However, capital investment was almost at the point of being frozen due to the plunge in crude oil prices and the situation had been such that the operation of oil fields was at a quarter of what they had been during peak periods. The domestic market related to solar power became active, prompted by the feed-in tariff system that had been introduced in 2012, but the impact of connections that were put on hold by major electric power companies for renewable energy power generation facilities led to major declines in demand for related PV inverters. Amid these conditions, our company implemented active efforts to sow the seeds for the future, such as initiatives to promote the development of its next flagship products.

Reflecting on FY2015

The performance of local manufacturers in the Chinese market led to the continuation of fierce competition in the area of elevators, and to break out of the difficult conditions we announced the new Zero Series in November 2015. Positioning further contributions for energy saving as its prerequisite, the concept is for "Intelligent", "Easy to Use", and "Safe." To promote general-purpose products that are optimal for generic industrial machinery and facilities and to offer new added value to customers through optimum products for various applications by region or by market, we also launched our first new product, GA700. As a specific feature, we offered not only smaller sizes but by embedding the features of peripheral devices in AC drives and expanding the frequency bandwidth, we enabled significant reductions in the space required for embedded devices, reductions in wiring, and reductions in labor to minimize the initial investment required for the overall system by our customers. Furthermore, the products offer new forms of support through the use of smartphones, such as wireless connections with AC drives and cloud management of parameters while meeting numerous international standards, and they are designed to be enabled for use in various countries and regions.

As to new business initiatives, the steady sales of PV inverters in the megasolar business at the U. S. company Solectria Renewables, LLC, which we acquired, contributed in boosting our overall sales standards.

*: Total numerical value for the AC servo drives & controller business and the drives business of the Motion Control segment



Product features and strengths

- AC drive technology that contributes to energy saving under the concept of "Intelligent", "Easy to Use", and "Safe"
- A matrix converter that offers both power regeneration and motor drive features and enables performance that is free of harmonics
- PV inverters for solar-power generation and electric drive systems for cars, incorporating the applied use of AC drive technology

Key markets

- · Social infrastructure such as air conditioning systems, elevators, and escalators
- · The oil and gas market where high-pressure pumps are needed at excavation sites
- \cdot Areas of clean power, for example electric vehicles or the field of solar-power generation



Matrix converter U1000





Enewell-SOL

PV inverter

Our Strategies

About Yaskawa

Our Direction

Outlook for FY2016

Although the conditions of our targeted markets remain uncertain, some signs of recovery can be seen. For example, the Chinese infrastructure-related investment has bottomed out and is starting to recover, and the crude oil prices in the U.S. has started rising. We are planning to introduce a lineup of approximately 50 models of the "Zero Series" with the world's highest performance within FY2016 and its contribution to sales and profit, including newly cultivated global customers, is expected. Amid such conditions, the matrix converter U1000, launched in FY2014, has been extremely well received by customers for its use of our proprietary technology, and sales are steadily increasing. As a single unit, it offers both power regeneration and motor drive features and by using regenerative energy from lifting devices such as elevators and cranes, the product realizes an approximately 50 percent reduction in power consumption. Furthermore, as harmonics are generated when converting power through the use of general-purpose AC drives and may sometimes cause damage to peripheral electric devices, particular measures must be taken at public facilities such as data centers and hospitals where precision instruments are being used. U1000 offers harmonicsfree features and requires no particular measures to be in place, making it possible to introduce them promptly at such sites. It received acclaim for these revolutionary features and was awarded the Minister of Economy, Trade and Industry Award, the top prize in Japan's prestigious Energy Conservation Grand Prize in 2015. The company plans to initiate vigorous sales activities for U1000 and boost its sales in FY2016.

Business strategy for Dash 25

Yaskawa expects that the 2015 COP21 agreement to significantly reduce CO2 emissions by 2030 will serve as a major tailwind for its AC drive business which helps save energy. With improved features for its AC drives, the company offers added value to customers, such as "sensorless" or "gearless functionality". It greatly reduces the size of devices with our AC drives embedded while embracing the slogan, "offering value that will bring revolutionary change to machines" as it improves usability. It will also focus on its initiatives in the area of the environment and energy. It will boost its efforts for PV inverters for solar-power generation in the United States and enter the electric vehicle (EV) market in China. In the U.S. market for solar energy, the preferential tax system is being extended until 2022, raising expectations for continued market growth. As the industry trend for related PV inverters is changing from "central types" to "distribution types" which generate power in a stable manner, our company will launch such new products and aim to expand sales and improve revenue.

In the market for electric vehicles, we will establish a joint venture with a Chinese car manufacturer to develop, manufacture, and sell electric drive system products for cars and thus enter the market. Based on an environmental perspective, the spread of electric vehicles is being pushed as a government policy in China, and we will offer optimum electric drive systems by leveraging our strengths in the product technology and manufacturing of motor and AC drives.

Robotics

The industrial robots provided by this segment contribute to automation of welding, painting, assembly, conveyance, etc., in various industrial fields particularly in automobile-related markets. The component machine parts, controllers, etc., are developed within the company and by finely tuned accommodation of advancing customer needs, we have gained the leading status in the industry.



General Manager, Robotics Div.



Review of Realize 100, our previous mid-term business plan

By starting the mass production of robots at our Changzhou, China plant in fiscal 2013 and boosting our production capacity, we were able to keep up with the rapidly increasing demand in China. We consider these initiatives as improvements in our sales volume and market share amid the emerging presence of Chinese robotics companies. In looking at economic trends, while we are at a point of inflection with the slowdown trend in China and the high yen, we need to continue to pay careful attention to business conditions as uncertainties prevail. While Japan's manufacturing, dubbed *monozukuri*, which literally means 'making things', has become a de facto standard of the world for the automobile industry, the ways in which people think, their preferences, and their sense of speed vary by region from a global perspective, and it is necessary to respond in a suitable way for each region. Although changes have occurred for the auto segment through reflections of economic conditions and currency rates, Yaskawa's high standards of quality and craftsmanship have supported the company in securing high revenue.

The vertically articulated robots, which we have been positioning as our strengths, have been used in welding procedures for cars. There are increasing opportunities in the market for handy multi-axis robots which comprise multiple motors, such as cartesian robots with three axis, scara robots, and delta robots, with particular focus on the food machinery sector and other general industries. While our division has not vigorously developed products in this area to date, it will expand the business in collaboration with the Motion Control Division which obtains high standards of motion control technology.

Reflecting on FY2015

Strong global demand for the automobile industry seen since last year, together with increasing demand for other general industries, boosted sales and operating income for the robotics business in FY2015. Particularly in China, despite some impact from the economic slowdown, we maintained high market share by leading overall demand and keeping up with the market. Our establishment of a new plant in Nakama City, Fukuoka Prefecture, and the reorganization of our domestic plants resulted in a manufacturing structure that produces 3,000 units per month globally that is prepared to answer to further increases in demand. As part of our measures to boost our sales strength, we have proceeded in enhancing our robotics centers throughout the world. Operations were underway at our Chubu Robot Center in Miyoshi City, Aichi Prefecture in FY2015 and at our South Korea Robot Center in Taegu, and we are currently operating in 35 global locations. As to our new business initiatives, in order to accelerate our full-fledged development of our business in the biomedical field, we made an equity participation in Robotic Biology Institute Inc., a National Institute of Advanced Industrial Science and Technology venture. We will also strive to improve the research environment in the biomedical field, which includes universities, research organizations, and medical institutions, by promoting the installation of robots.



Product features and strengths

- Overwhelming robotics, application, and manufacturing technology
- A broad range of products that can meet a wide array of needs for automation
- A support structure offered in 35 locations around the world

Key markets

- General industries such as automobile-related and food product industries
- \cdot Transfer of semiconductor and FPD glass substrates
- \cdot Assembly and distribution
- Biomedical



Outlook for FY2016

While China may be experiencing a modest growth rate compared to the past few years, we position the country as a key market that continues to expand. As seen in our investment in Hangzhou Kaierda Robot Technology Co., Ltd. and our joint venture with the Midea Group, we will expand our business while continuing efforts to develop approaches and capture growth so as to suit each market. As for the domestic front in Japan, we will leverage our three domestic robotics centers and offer new solutions that capture needs precisely in order to meet demand for automation in general industries besides the auto sector.

With regard to new products, we will aim to boost our competitiveness in existing markets through the simultaneous release of the new Motoman-GP series of small robots that offer an innovative mechanical structure to meet needs for smaller robots and a new lineup of YRC 1000 controllers which are equipped with globally uniform sizes and enhanced features.

As we had been unable to effectively reallocate profit from existing businesses as investment for the expansion of new markets in Realize 100, we will review the structure of our business costs in looking toward the development of a stronger organizational foundation. We will effectively adjust our investment allocations for new markets and leverage the capacities and scale of our business division to lead to sales while boosting our quality standards in a prompt manner. And we will also take our competitive edge to areas that expand outside existing markets.

Business strategy for Dash 25

In Dash 25, we will strive to boost profitability in our existing areas of business and vigorously push forward the development of new products for collaborative robots with humans, solutions for general industries, and IoT related measurement such as Industrie 4.0 in order to enhance our performance as well as strengthen our competitiveness over the long term.

In describing Industrie 4.0 as a transition for manufacturing from automation for mass production to the manufacturing of variable types and quantities or through order entries, we believe that global demand is huge. The key to this will be robots that work with humans and are able to move about without safety fences, and the result will be an environment where people and robots will be able to work together for various purposes over long periods of time. In these initiatives, the development of integrated controllers, which will be the foundations for IoT, and the development of platforms will enable us to digitalize and manage information on the locations of huge volumes of parts and stock. By using IoT to enable visual renderings of various types of information and developing new robotic solutions with automated path-planning* through artificial intelligence and technology for deep learning to learn how to grab things, huge amounts of productivity will be generated in production of variable types and quantities like BTO automated lines. Dash 25 will consider this linkage and collaborate with the motion control business and push forward a single platform for the whole. *: A function to automatically generate paths for robots.

System Engineering

The main market targets of this segment are large-scale plant facilities and large-scale crane equipment, with which stable operation is essential.

We participate in projects from the planning stage to provide support from technical proposals to after-sales services. We are also focusing on entering the area of environment and energy, such as large-scale wind power generation systems.



General Manager, System Engineering Div. Hiroyuki Ougi

Review of Realize 100, our previous mid-term business plan

In Realize 100, we have been focusing on entering the market for large-scale wind power generation systems and have launched a new business, acquiring The Switch Engineering Oy in the process. We have applied our prided motor technology and power conversion technology to enhance the performance of generators and converters, which are the key components for wind power generation, and have realized stable sustainability by making improvements to supply chains, which has resulted in synergistic effects.

As for the steel and iron plant market, an existing area of business for our company, we were able to accurately grasp the need for updates for the aging facilities in the country that had been through a construction rush from the 1970s to the 80s. Leveraging the technical expertise that we had accumulated over the years, we offered products and services with high rates of added value to secure a high market share. Meanwhile, consolidations of domestic steel plants occurred rapidly and their number dropped to less than half of what they had been during peak periods in the '80s, which resulted in a downsizing of the market that exceeded our expectations. We were also impacted by increasing competition in the area of large drives and sluggish demand in oil and gas-related markets in the United States. While we made efforts to bolster the makeup of our company under these conditions with initiatives such as shifting and optimizing our internal resources from existing areas of business to new markets, Realize 100 sales targets for FY2015 were largely unachieved.

Reflecting on FY2015

While high operating income ratio were secured for existing areas of business such as steel plants and those related to social systems, our advance investments in R&D and increased manufacturing capacity, made to incorporate the environment and energy business as another core business, resulted in operating losses posted in FY2015. We were steady in leading demand for updates in aging electronic products in the steel plant business to orders and also launched new equipment for the steelmaking process with considerations for the environment. We also began offering solutions in the area of water and sewer systems under a new system, leveraging big data through the use of AI and cloud service for stability and energy efficiency in the process of water quality control. As to other areas, we posted steady sales of equipment for gantry cranes and continue to maintain particularly high market share for these products in China and Singapore. The increasing sizes of containers have spurred a trend of automated operations in recent years and a heightened awareness of the importance of sensor technology. We are also accelerating the introduction of an energy-saving system for the process of raising and lowering containers, leveraging regenerative energy and power storage devices.

FY2016

(Plan)

FY2016

(Plan)

As for our environment and energy domain, we have succeeded in receiving a mass order from a top global wind turbine manufacturer and are looking toward an increase in sales.



Product features and strengths

- Our capacity in system engineering, which continues to be our strength since our initial establishment
- Expansions in our areas of business to electric equipment for large-scale wind power generators
- Applications of our technology for large-scale wind power generation for advancement into marine and other areas

Key markets

- · Large plant facilities (steel plants, water and sewer systems)
- · Large cranes for use at ports and other products
- · Areas related to large-scale wind power generation



Converters

Low-voltage generators

Medium-voltage generators

Large-scale wind power generation system Enewin Series

Outlook for FY2016

We will continue to maintain high rates of profitability for existing business areas by added value with packaging solution of our drive technology and software. For large-scale wind power generation and related areas, we will ensure that the large order received in FY2015 will tie into sales as we continue to cultivate new customers. Through these measures, we are expecting increases in our sales and income in FY2016 and are planning to return to income for the first time in four years. As to the cultivation of new customers, we will expand our role from the position of suppliers of electrical products like generators and converters for wind turbine manufacturers to a manufacturing partner that participates in the manufacturing process (polishing and welding) for items such as blades for wind turbines. The procurement of manufacturing capabilities is an urgent issue to be addressed as we receive more orders, and we will aggressively invest in manufacturing equipment. We will also focus our efforts on boosting sales of shaft generators, where an application of wind power generation technology is used in the area of shipping. This is for supplying efficient power systems for ships, which can reduce the amount of fuel that is carried aboard large ships. Although conditions of falls in crude oil prices may make it difficult to prompt a switch, we anticipate investments by the shipping industry in looking toward the future in regions where strict environmental regulations are in place.

Business strategy for Dash 25

Embracing the concept of "offering systems with drive technology at their core which target markets in the areas of industry, and environment and energy to take leaps into the world stage", Yaskawa has been pushing forward its strategy to maintain high Japanese market share in its existing areas of business. However, there is now a need to leverage the drive technology that it has developed and the global sales and development structures possessed by its other divisions in order to compete in the global arena.

As to new markets, Yaskawa will further grow its business in areas related to large-scale wind power generation. To be specific, it will both push forward its offer of technology to further improve power generation efficiency as well as employ comprehensive measures to ensure product quality. As large offshore wind turbines are extremely difficult to repair or maintain once they have been set up, there is a particular need to be attentive to issues over their quality. As the volume of shipments increase in the time to come, it is a given that we will continue to offer high quality products which have gone through comprehensive manufacturing and testing, and we will also enhance our auditing system for the procurement of our components.

Meanwhile we anticipate that there will be an increasing need for power storage solutions in order to realize stable power supply in the environment and energy domain, we will search for solutions that utilize new ways to store energy.

Business by Region

The ways in which the "Evolving glocal management^{*}," set forth in the mid-term business plan Dash 25, are manifested as measures and results in respective regions shall be introduced here. *The construction of a system, which, in addition to

The Americas

dated Net Sales 21

67%

Review of FY2015

Despite poor weather, port strikes, and other factors for slowdowns at the start of FY2015, the U.S. economy had been strong, supported by steady individual consumption. At Yaskawa America, Inc. there were numerous negative factors such as a significant slump in its business in key oil and gas markets on downturns in crude oil prices, and the stagnating Brazilian economy. However, good performance had been seen in its business areas for solar-power generation and semiconductor markets, and aggressive capital investment in the U.S. and Mexico served as a backdrop for growth for its robotics business, which led to record sales. Yaskawa also aggressively pushed forward its new product development for semiconductor, solar-power generation, and pump markets, as well as collaboration robots.

Outlook

We anticipate a moderate expansion in the U.S. economy in FY2016 against a backdrop of steady individual consumption on rises in employment and income. We expect continued solid performance by Yaskawa America, Inc. for semiconductor, solar-power generation, and HVAC markets in FY2016, anticipate the oil and gas markets to hit bottom, and a full-fledged launch of our medium-voltage AC drives business. This year, we will focus on an expansion in our business for the solar-power generation, medium-voltage AC drives, packaging, and collaboration robot markets and will start supporting the semiconductor robotics business and conduct activities eyeing the offering of solutions which include motion technology.

Topics

Social Contribution Activities in the Americas

Hike for Hope

Aiming to support shelters for people living in poverty, Solectria Renewables, LLC employees and their families took part in a fivemile fundraising Hike for Hope. Solectria Renewables, LLC has been participating as a cosponsor for it since 2014 and on this occasion offered temporary shelters, food, clothing, and job training opportunities through Lazarus House Ministries, Inc. for people facing difficulties within the community.



Participants at Hike for Hope

Local contribution activity in Ohio

Employees taped more than 300 hours of novel and magazine readings in a recording studio that had been set up at the company and offered the sound material to a radio station for people with impaired vision. The company also donated the proceeds from a 5K race that had been held in autumn. Employees in the IT division also conducted overhauls of used PCs which contributed to sales, as well as play a role to help reduce garbage. These activities were conducted through Goodwill (a nationwide charity organization), which is set to recognize the company's efforts with an award.



Local contribution activity in Ohio

Europe

Consolidated Net Sales

Our Direction

Review of FY2015

During FY2015, the European economy was adversely affected by several political and economic issues including the conflict in Ukraine with the subsequent trade embargo to Russia, the war in Syria urging refugees to immigrate into Europe and several terror attempts and threats to Europe by the IS terrorists. Another uncertainty brought to the market was the VOLKSWAGEN emission scandal with the unpredictable impact to the automotive OEM^{*1} and Tier 1^{*2} business. On the other hand the German economy kept the momentum whilst Italy recovered and contributed to the moderate European market growths.

At Yaskawa Europe, we started to promote the 'Total Solution Business' offering system solutions to European machine builders based on the total YASKAWA product portfolio. With the focus on the mid-sized companies, the Motion Control business was able to gain new customers, while the Robotics introduced successfully a range of new spot welding products and solutions with focus on Tier 1 automotive companies.

Outlook

The major concerns in FY2016 are still resulting from the pending issues such as refugee crisis caused by the war in Syria and the still ongoing conflict in Ukraine. The result of the Brexit will impact the economic environment but can't be quantified yet.

67%

At Yaskawa Europe, we will continue to penetrate identified growth markets and target customers. Motion Control business with VIPA focuses on total solution business based on the mutually developed controller. The introduction of the new Σ -7 servo products and the launch of the new AC Drives series will help to gain new customers and new applications. Robotics will continue to pursue the target customer initiatives and the growth programs and the new spot welding products, which are intended to be sold to European Tier 1 customers. The launch of the new robot controller will help to address the general markets.

*1: Automobile manufacturers

*2: Primary subcontractors such as automobile component manufacturers

Topics

Social contribution activities in Europe

Girls' Day Event

The participation to the Girls' Day event is already a tradition for Yaskawa Europe. This initiative from the German government and business associations aim to offer girls career guidance and to inform them at an early age about the opportunities in technical occupations. Yaskawa Europe hosted more than 60 young ladies in FY2015 and explain the content of the Robotics and Motion Control business.



Girls' Day event

Supporting Activity for Refugees

The employees of Yaskawa Europe with support by the company have been active to support refugees from Middle East. They collected clothing for adults as well as children, and donated toys for the children. In another initiative the employees of VIPA made donations to a local food-bank who gives basic supply to people in need.



Clothes collection for refugees

China

20% Consolidated Net Sales

Review of FY2015

2015 was a year when the Chinese economy went through a transition from a period of high growth to stable growth. This is called 'the new normal' in China. Although the government introduced financial policies and measures to cope with the extremely difficult economic environment, declines were seen in the country's GDP growth rate from the previous year. Capital investment in auto and infrastructure-related industries declined, and the use of conventional facilities for smartphones led to a drop in demand for related equipment. Amid difficult market conditions, Yaskawa Electric (China) focused on activities to bring in new customers and boosted its market share.



Outlook

GDP growth rates in China after 2016 are expected to remain mostly unchanged at less than seven percent. With the strengths of its products and sales, Yaskawa will aim to expand its market share in industrial areas (robots, automation, and energy efficiency) which are being focused by the Chinese government as it looks toward further growth. The company will reinforce production capacities at its servo factory in Shenyang, Liaoning Province and its robotics plant in Changzhou, Jiangsu Province to ensure that it can meet demand from the growing Chinese market.

67%





International Robotics Exhibit held in July 2015

China International Industry Fair held in November 2015

Topics

Social Contribution Activities in China

Tours of Robot Center

Since opening our Shanghai Robot Center in 2014, we have been accepting visits by students from various schools.



May 2016: Students from the international division at Shanghai Experimental School visit the center.



Family Day Event

Yaskawa Electric (China) employees and their families dressed up in Halloween costumes and took part in games as they enjoyed a family day hosted by the company to promote exchange at the Shanghai Robot Center in October 2015.





Family Day event

Asian Countries Except China

In FY2015, slowdowns were seen in exports for the Asian economy

on the back of sluggish demand for investment in China and in major

countries around the world as auto sales declined and demand within

While Yaskawa's robotics sales remained sluggish due to the slump

in car manufacturing in Thailand and Indonesia, its efforts to bolster

sales networks for motion & control operations in each country led

to increases in sales. Sales were also up in the system engineering

By country, reinforcement in Yaskawa's sales structure through its

Vietnam subsidiary boosted sales in the Vietnam market, and the Robot

Center was fully renovated in Thailand in October 2015.

67%

Continued weakness is expected in the export industry, as well as the

lack of autonomous recovery for domestic demand. With the added

uncertainty of Asian currency depreciation, tough economic conditions

Amid these conditions, Yaskawa will continue to bolster its sales

partnerships for each country and boost its service structure, as well

as bring in customers in general industries by leveraging the Robot

Centers and other assets, convey the strengths of its solutions,

develop its solar-power business in Asia, obtain major orders for

system engineering business, and enhance sales networks in emerging

economies in neighboring areas. It will also focus on cultivating markets

and generating demand to further strengthen its sales foundation in

are expected to continue in the region in FY2016.

preparation for future market expansions in Asia.

Our Direction

Topics

Review of FY2015

the region remained stagnant.

segment from orders related to ports.

Social Contribution Activities in Asian Countries

Outlook

Free Seminars for Promotion of Thai Industries

Upon opening the Robot Center in 2015, Yaskawa Electric Thailand began a mutual aid organization comprising 25 member companies. The concept is "experience robots: "Come, See and Touch". Free seminars are held each month for various purposes, contributing to the improvement of the country's automation technology standards and for developing and promoting the robotics industry.



Support Activity for a Hospital in Singapore

Yaskawa Electric Singapore exhibited and demonstrated the LR², its rehabilitation device for the lower limbs, and played a role in supporting the opening ceremony for the Centre for Healthcare Assistive and Robotics Technology, established by Changi General Hospital in July 2015 to leverage robotic technology in healthcare to reduce the burden on medical practitioners. The demonstration had been met with favorable responses from hospital staff and attending officials from government and academia, including Tony Tan, President of Singapore.



Visit of president Tan

Technology Development

Research and Development Policy

We are working to strengthen our ability to execute global businesses in such existing business fields as motion control and robotics and to turn success into further product development. In addition, we are pursuing research and development that will contribute to society well into the future, including the development of technologies and products in the energy creation/storage/application business domain, which is related to renewable energy systems, electrical drive systems for automobiles, etc., and in the Humatronics* business domain for creation of new markets in the medical and welfare sectors.

* Humatronics: Term coined to denote a cross of Human and Mechatronics.

Research and Development Structure

It is made up of the Technology and Development Division, which performs research and development of promising technologies for the future, and the development and design departments in charge of product development in the respective Strategic Business Units (SBUs).

	Tecl	nnology and Development Division	
		Corporate R&D Center	Research on new technology, development of common core technology
		Tsukuba Research Laboratory	Exploring seed technologies
ent		Robotics Human Assist Business Promotion Dept.	Marketing, business planning, Technology development
Fresid	Moti	on Control SBU	Development and design Product development
	— Drive	es SBU	Development and design Product development
	— Rob	otics SBU	Development and design Product development
	Syst	em Engineering SBU	Development and design

Glocal Development Achieved in Realize 100

We constructed a quadrupole development system in Japan, the Americas, Europe, and China as a system capable of releasing new products in a timely manner in the respective markets and regions. In the U.S. and China, development of motion control products and robots is being carried out in collaboration with the development departments in Japan to pursue technology development linked to next-generation products. Software development is carried out in India. Furthermore, we enhanced our resource for development of ASICs (application specific integrated circuits), electrical products for large-scale wind power generation, PV inverters and other products by means of acquisition of VIPA, The Switch and Solectria Renewables.

Technological Roadmap in Dash 25

In the new mid-term business plan Dash 25, we have set the basic policies of maximizing results of previous mid-term business plan, Realize 100, building a foundation for realizing Vision 2025, and developing clean power as core business.

To realize these, we are working to expand the lineup of Σ -7 AC servo drive products and to put into production the next AC drive "Zero series" and new models of robots and controllers.

Development and release of new products







Enhancement of lineup of Σ -7 series Pursued high performance, high precision and usability Next AC drive Zero series Optimized for different applications New robots and controllers Pursued high performance, downsizing and usability

In addition, in the core businesses of motion control and robotics, we aim at realizing Yaskawa Industrie 4.0 by developing components compliant with Built to Order (BTO) and automation equipment made up of carrier devices and new robots using these components.



In the new medical and welfare domain, humatronics equipment such as assist devices is developed and enhanced. We are also accelerating the global deployment of energy creation/application businesses by developing new products of PV inverter and electrical product for large-scale wind power generation, and by using electric powertrain system for EVs, etc.

Intellectual Property

R&D Results & Topics for FY2015

We developed the world's first next-generation matrix converter using full SiC power semiconductor module. It realizes even more efficient input/output voltage current sine wave drive than the conventional model U1000. We aim at providing the ultimate motor drive that is friendly to power source environment and that can be applied to any motor by putting the technology into practical use.



We also developed the world's first servo motor with a built-in amplifier using GaN power semiconductor. It contributes to downsizing of customers' equipment, reduction in wiring, higher efficiency and energy saving as the amplifier part (excluding the converter part) of servo pack is significantly miniaturized and unified with servo motor.

In the medical and welfare areas, we developed indoor mobility assist device to support moving indoors such as between beds and restrooms and action of standing and sitting. Using this device will enable the elderly who have difficulty riding a walker to walk indoors easily by themselves. It does not only improve the users' QOL*, but also contributes to cutting back the workload of helpers.

* QOL: Abbreviation of Quality of Life. It is a concept to evaluate our life in terms of how human and satisfying our lives are including the mental aspect and self-actualization.



Basic Concept of Intellectual Property

Yaskawa Electric respects third-party intellectual property while using its own intellectual property to actively protect its products, giving them an edge on the market.

Positioning of Intellectual Property Activities in the Management

Our intellectual property activities are part of our business strategies as well as R&D strategies, and we are working globally on creation, protection and application of intellectual property.

Intellectual Property Activities

The intellectual property division, which provides company-wide supervision, and staff positioned within the R&D divisions and business divisions promote activities in close cooperation.

Status of Intellectual Property Rights

Each country promotes to secure intellectual properties as the graph below shows.



Corporate Governance for Realizing Sustainable Growth



Yoshiki Akita

Junji Tsuda

Here is an interview with Junji Tsuda, Representative Director and Chairman of the Board, and Yoshiki Akita, Outside Director, for look at the governance structure in place at Yaskawa Electric for realizing sustainable growth.

- We would like to take a look at the corporate governance initiatives underway at Yaskawa Electric.

How was the company structure and its issues faced before the Audit and Supervisory Committee was set up in June 2015?

Tsuda: We've had a board of auditors in place since earlier times and had strengthened our audits with the introduction of an internal control and reporting system (J-SOX) in 2008. At the same time, I also felt that while 'self-cleansing' effects were being achieved, there had been an insufficiency in our rules to clearly eliminate arbitrary ideas when we were making decisions on important matters. Our outside directors were in such a position that they were confirming, for example, matters that had already been decided within our company and our board of directors' meetings were serving as venues to share those matters and our policies. And while we initially had outside auditors, Mr. Akita was our only outside director.

- And it was amid these circumstances that Yaskawa Electric set up an Audit and Supervisory Committee ahead of other companies in FY2015 at the time that the Companies Act had been revised. About a year has passed since the establishment of an Audit and Supervisory Committee amid an increasing awareness of "the separation of execution and supervision" within companies. How has the management structure at Yaskawa Electric changed?

Akita: I felt that our prompt establishment of an Audit and Supervisory Committee was really something. This committee currently obtains consensus from exchanges between members and speaks at board of director's meetings to represent their

collective opinions, and the weight of that is different from what I say individually. It comprises five members: three outside directors and two standing committee members while the internal directors are made up of a total of six people: the chairman, the president, the corporate executive vice president, etc. creating a sense of tension for board meetings in a good sense. I discuss a lot of things at board meetings, and my impression is that as Yaskawa Electric is a very conscientious company, people lend a proper ear to what I have to say.

Tsuda: We introduced an executive officer system in FY2012 and passed on the operations of our business divisions to our executive officers in FY2016 while also designating directors in aiming to strengthen the functions across the company. I believe that this initiative has enabled us to hold discussions at our board meetings with multilateral perspectives. We also reviewed the standards for discussions at our board meetings, particularly for the things that are important to our management or have major impact, so we can narrow down the agenda for deeper discussion.

- We would like to ask you about the Nomination Advisory Committee that has been established along with your Audit and Supervisory Committee. You handed over your post as president to Mr. Ogasawara in March 2016. From your role as member of the Nomination Advisory Committee, do you feel that the selection process for the top management position has been transparent?

Akita: I would first like to say that it's been a wise decision that people outside the company were able to join this Nominated

About Yaskawa

Advisory Committee. While there are various methods for the selection process for appointing a president, an outside director looks at things by considering whether a particular method makes sense and if it's fair. On the other hand, as some of the abilities of a candidate may be hard to guess, we have the president brief us thoroughly on how evaluations were made in the selection process. When Mr. Tsuda stepped down from his post as president, we could sense that it had been a move based on his considerations for the next generation for the company, and he gave us a very detailed briefing on the selection process. My impression was that there wasn't an inkling of self-interest there. Although I often speak up and say "wait a minute", there was nothing about this that I had questions about. I felt that Yaskawa Electric was so blessed as to have Mr. Tsuda as president.

Tsuda: Since being appointed president, I've been involved in the development process of my successor, but most of this has been at my own discretion. I feel that there may be a need to boost transparency regarding the training and evaluation that executives go through, and would like to continue to consider good methods, such as by reporting to the Nominated Advisory Committee on progress in their development process.

- It seems that by strengthening the corporate governance system at Yaskawa Electric in these ways its corporate value is being enhanced. What do you feel are the issues that will need to be faced?



Akita: There's corporate governance as a defensive measure and for the offensive. I feel that corporate governance as a defensive measure at Yaskawa Electric has always been in place and is being enhanced as the company has established an Audit and Supervisory Committee. I think its issue might be just how it can become a company that can create innovation with corporate governance on the offensive. I hope the executives in each division will manage their operations from the standpoint of what they would do if they were the company president and take risks as they sow the seeds for the future.

Tsuda: That's an aspect of our company that can be frustrating. Around fifty years ago, risks were taken as a big shift was made in its direction to go into mechatronics, and the results have been seen since about a decade ago. Our mission statement is



"be a company founded on technology", and while we feel the need to boost the speed of our innovation, I think there are also some aspects where we need to take plenty of time to tackle the issues at hand. We're in the midst of strengthening our financial constitution through measures like global deployments of our business and we'll make more aggressive approaches for new areas of business.

- To wrap up this interview, please tell us about the ideas for sustainable growth through corporate governance at Yaskawa Electric.

Tsuda: In managing a company in a global way, there is a need to set concrete commonalities, even in different cultures, and to envision the state that the company is aiming to achieve. But as an attempt to tie everything together in a single way will have the opposite effect, I would like to present our base ideas, try to aim for corporate governance that matches each region, strive to improve compliance, and conduct management in an efficient way.

Akita: We will enhance Yaskawa Electric's core competence, and I think diversity among the internal directors will be indispensable to make that possible.



Corporate Governance

We recognize the importance of corporate ethics based on compliance with laws and regulations, etc., and consider the increasing of shareholder value through expediting of managerial decision making in accordance with changing social and economic environments and improvement of soundness of management to be an important theme.

Overview

To further strengthen corporate governance and the supervisory function of the Board of Directors with respect to the management and improve soundness and efficiency of management, Yaskawa has in place a system with the Audit and Supervisory Committee. To ensure that the board of directors' meeting plays a greater role in supervising management, the roles of the audit and supervisory committee members are leveraged in ways such as equipping them with the ability to serve as directors who are able to exercise their voting rights on important matters including appointments and dismissals of representative directors at board of directors' meetings and to verify the results on performance by executive directors and to state their opinions on appointments, dismissals, and remuneration at shareholder meetings.

Corporate Governance System



Management System

Board of Directors

Yaskawa's Board of Directors consists of a total of eleven directors with eight internal directors and three outside directors.

The Board of Directors holds regular meetings of the Board of Directors and, if necessary, extraordinary meetings of the Board of Directors to decide important matters related to business and matters required by laws and regulations. The Board of Directors also continuously monitors the status of the execution of business operations.

We have appointed Yoshiki Akita, Kazumasa Tatsumi and Yasuto Tanaka as outside directors, and expect them to contribute to ensuring legal compliance by observing the company from the standpoint of investors, customers and the general public. During deliberations at the meetings of the Board of Directors, outside directors after having fully grasped the current circumstances of the company based on information that is addressed or reported by internal control divisions, internal audit divisions, head office divisions and the Accounting Auditor, provide recommendations, etc., using their respective knowledge, thus serving as an appropriate supervisory function.

Status of the Outside Directors

Name	Concurrent Positions	Reason for Appointment		
Yoshiki Akita	Chairman and Representative Director, Layers Consulting Co., Ltd. Outside Director, Bell-Park Co., Ltd.	He has been judged to be able to make use of his abundant experience and knowledge that he has gained as a certified public accountant and as a representative director of a consulting firm to contribute to the management of Yaskawa Electric.		
Kazumasa Tatsumi	Attorney and President, Kazumasa Tatsumi Law Office Outside Director, IZUTSUYA CO.,LTD.	He has been judged to be able to make use of his expert knowledge and experience that he has developed as an attorney to contribute to the management of Yaskawa Electric.		
Yasuto Tanaka	Director, Corporate Executive Vice President Krosaki Harima Corporation	He has been judged to be able to make use of the experience that he has developed while holding directorial posts in the administrative department and sales department of a business corporation to contribute to the management of Yaskawa Electric.		

Management Committee

The Yaskawa Electric's Management Committee is comprised of executive directors, executive officers, etc., who deliberate on important decision-making matters regarding the execution of business operations. The Management Committee is held once a month in principle and extraordinarily as needed in the formation of a flexible and agile business execution system.

Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of five directors (three of whom are outside directors) who are members of the Audit and Supervisory Committee.

In performing audits, the Audit and Supervisory Committee ascertains the current circumstances of this company sufficiently based on information reported from internal control divisions, internal audit divisions, and head office divisions, and the internal directors conduct inspections while carrying out their duties appropriately. Further, duties are performed in collaboration with the Accounting Auditor and the duties of the Accounting Auditor are monitored and verified.

Nomination Advisory Committee and Remuneration Advisory Committee

For directors, we have established a Nomination Advisory Committee that serves as an advisory body for the president. This is to ensure transparency and fairness in the process of nominating candidates for directors and selecting Representative Directors and executive directors, and to ensure that outside directors who are members of the Audit and Supervisory Committee are given sufficient information to form opinions about the nomination of officers, etc., and that opportunities to discuss such issues are provided.

For remuneration of directors (excluding those who are members of the Audit and Supervisory Committee) and executive officers, we have established a Remuneration Advisory Committee that serves as an advisory body for the president. This is to ensure appropriateness and transparency through fair deliberations and to ensure that outside directors who

Internal Control System

We have charged the Board of Directors, Management Committee and other bodies with carrying out appropriate and effective administration of business operations through internal control systems.

In addition, the Board of Directors issues resolutions regarding basic policy for improving and maintaining the articles of incorporation, information disclosure policy, risk management systems, division of duties, operational authority, and group company management, and revises them as needed. Also, with regard to norms for corporate activities, compliance and enlightenment of these norms are being promoted within the company and group companies including subsidiaries, with the development and promotion of a compliance system through the "Group Principle of Management" and the "Guidance on Yaskawa Corporate Activity Standards." In addition, we have established the "Basic Regulations for Group Compliance" in order to maintain the compliance system, and have also established a whistle-blowing system "Compliance Hot Line" for this company and each group company.

Risk Management

In constructing a risk management within the Yaskawa Group, the basic policies for day-to-day preparedness and emergencies within the Yaskawa Group are clearly set out based on the "Basic Regulations for Risk Management." Furthermore, we have established a Risk Management Committee for policy formulation and promotion, management system follow-up, and enlightenment of awareness regarding risk management, and a Compliance Committee that aims to achieve compliance and enlightenment, and system fortification and promotion of the "Guidance on Yaskawa Group Corporate Activity Standards."

Also, in cases requiring legal decisions, we discuss with and receive advice from corporate lawyers.

Director Compensation

The annual compensation limit for directors (excluding director members of the Audit and Supervisory Committee) is the total (excluding employee wages) of the fixed annual amount up to 430 million yen and the profit-linked amount of not more than 1.0% of the consolidated net income for the fiscal year prior to that of the General Meeting of Shareholders at which the director was appointed or reappointed.

The annual compensation limit for director members of the Audit and Supervisory Committee is not more than 100 million yen.

The amounts of compensation, etc., of the directors and auditors for FY2015 are as follows.

Compensation, etc., paid to directors and auditors

Before the Audit and Supervisory Committee is established						
Directors	7	108 million yen				
Auditors	4	14 million yen				
Total (outside officers)	11 (3)	122 million yen (5 million yen)				

After the Audit and Supervisory Committee is established							
Directors (excluding members of the Audit and Supervisory Committee)	6	284 million yen					
Directors (members of the Audit and Supervisory Committee)	5	54 million yen					
Total (outside officers)	11 (3)	338 million yen (20 million yen)					

Compliance Systems

Based on the "Guidance on Yaskawa Group Code of Conduct" as rules for corporate actions, we shall engage in constructing and improving a system for promoting compliance and implementing compliance measures.

Implementation of Various Compliance Measures

Basic Regulations for Group Compliance

Based on its Basic Group Compliance Regulations for employees and officers of the company and its consolidated subsidiaries in Japan and under the direction of a director in charge of compliance, Yaskawa makes a group-wide effort to promote compliance by establishing division managers at Yaskawa Electric and presidents at subsidiaries as leaders responsible for compliance.

Guidance on Yaskawa Group Code of Conduct

The Compliance Guideline, established in 2003, and the Yaskawa Electric Group Corporate Code of Conduct, established in 2010, were fully revised in FY2015 and released in a number of languages as "Guidance on Yaskawa Group Code of Conduct". In an effort to boost the group's awareness of compliance, the company has also produced handy cards that may be carried around on which the Yaskawa Group Code of Conduct and its business philosophy are printed and has distributed these to all employees, including people who work at consolidated subsidiaries in Japan.

Compliance Training

Education on compliance is given in training sessions provided according to hierarchy and according to job rank. The company also provides leadership training for compliance promotion leaders (business planning division managers and administrative managers at consolidated subsidiaries in Japan) who have been designated based on its Basic Regulations for Group Compliance, which includes group sessions including case studies.



Initiatives for Information Security

Yaskawa has established an Information Security Committee based on its Administrative Regulations for Company Information and takes steps to prevent information leaks, including the assignment of a person in each division who is responsible for administering information as well as offering training to all employees. These regulations will also be used at consolidated subsidiaries in FY2016 and onward as the Yaskawa Group makes further strides to boost its initiatives for information security.

In-house System for Information Disclosure

We have established the Guidance on Yaskawa Group Code of Conduct, which state our basic policies. These policies are

1) We shall engage in communication not only with shareholders, but also with members of society at large, including active and fair disclosure of corporate information, making every effort to prevent insider trading, and 2) We shall operate businesses based on fair, transparent, and free competition and sound trade, which strictly observe all laws and never violate social norms.

Based on these policies, we strive to conduct timely and appropriate information disclosure with regard to the company operations (such as facts about decisions made and actual events, information about financial results), including those of subsidiaries to investors and financial instrument exchanges.

Directors and Corporate Vice Presidents

As of June 16, 2016

Directors (excluding director members of the Audit and Supervisory Committee)



Representative Director Chairman of the Board Junji Tsuda



Corporate Senior Vice President Yoshikatsu Minami

Representative Director President Hiroshi Ogasawara



Director Corporate Senior Vice President Koichi Takamiya

Representative Director Corporate Executive Vice President Shuji Murakami



Director Corporate Vice President Yuji Nakayama



Outside Director Member of the Audit and Supervisory Committee Yasuto Tanaka

Masanori Imahuku Corporate Vice President

Director Members of the Audit and Supervisory Committee



Director Member of the Audit and Supervisory Committee Masahiko Oda

Hiroyuki Ougi

Corporate Senior

Akira Kumagae

Corporate Senior

Vice President

Vice President

Corporate Vice Presidents



Director Member of the Audit and Supervisory Committee Konosuke Noda

Michihiko Zenke

Manfred Stern

Corporate Vice President

Corporate Vice President



Outside Director Member of the Audit and Supervisory Committee Yoshiki Akita

Masahiro Ogawa

Michael Stephen

Corporate Vice President

Knapek

Corporate Vice President



Outside Director Member of the Audit and Supervisory Committee Kazumasa Tatsumi

Takeshi Ikuyama Corporate Vice President

Yasuhiko Morikawa Corporate Vice President



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Environmental Management

We are promoting environmental management in order to pass on the earth's blessings to the next generation.



Yaskawa Group's Vision and Medium- to Long-term Plans for the Environment

Together with its stakeholders, the Yaskawa Group aims to create a society that is sustainable.

It plans to make contributions for the environment by reducing the burdens that result from its manufacturing activities (its green process) at a greater rate than it has to date, and by reducing the burden on the ecosystem with its products (green products) leveraging its technology to enhance the environmental performance.

YASKAWA ECO VISION



Yaskawa Group Environmental Policies

Environmental Philosophy

Based on the Management Principles of the Yaskawa Group, we recognize that the conservation of the global environment is one of the most important issues for all humankind. In every stage of our business operation, we contribute to the realization of a sustainable society through our proactive environmentally conscious actions.

Environmental Action Guidelines

1 Participation by everyone

We strongly believe that we all should participate and take responsibility in order to achieve realization of biodiversity conservation, and a low-carbon and recycle-based society.

2 Environmental contribution by innovative technologies

For the future prosperity of society, we will contribute to the improvement of the global environment through our products and services developed by technological innovation that will be useful in a wide range of applications in communities worldwide.

3 Environmental consideration of products and services

We strive to reduce the environmental impacts of our products and services, for their entire life-cycle, from research and development, product design, procurement, manufacturing, distribution and usage through to end-of-life handling.

4 Aiming for future-oriented goals and objectives

We aim to heighten social and environmental excellence not only by complying with applicable environmental laws and regulations but also by establishing our own future oriented goals and objectives. We will continue to improve our environmental management and to endeavor to minimize environmental risks.

5 Improvement of environmental awareness

We strive to improve environmental awareness among all of us by education and enlightenment about our relationship with the environment from a broad perspective so that each of us can independently implement the environmental activities.

6 Information disclosure and communication

We are committed to disclosing information about our environmental activities and communicate proactively and openly with stakeholders for deep mutual understanding.

FY2025 Targets

Green products	 Reduction of environmental loads through products*1 CO₂ emission control by 69 million tons Installation of the in-house environmental products and displaying them Improvement in recyclability of product components Application of green procurement to all products 				
Green processes	 Reduction of GHG emission by 10%*² Reduction by 15% by 2030 Reduction of waste by 1% every year*³ Appropriate management of use and waste of water Thorough management of harmful substances in production 				
*1: Cumulative total after FY2016 *2: Compared to FY2015 *3: Per unit of sales					

Basic Philosophy of Biodiversity

To realize a sustainable society, the Yaskawa Electric Group recognizes that our business activities are founded on various services provided by biodiversity and shall promote the conservation of biodiversity through business activities and social contribution activities based on our Basic Philosophy of Environmental Protection and our Basic Action Guidelines under the concept that the protection of the global environment is one of the most important themes in common to all human beings.

Action Guidelines

- We shall strive to prevent global warming, recycle and save resources, and perform appropriate management of chemical substances in our business activities.
- We shall promote our environment/energy business domain to reduce environmental loads from both energy saving and energy creating aspects.
- We shall deepen our employees' knowledge on biodiversity and collaborate with the local community, administration, NPOs, and NGOs to carry out activities both internally and externally.



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Environmental Management System

The Yaskawa Group acquired ISO14001 certification (environmental management system) at its manufacturing sites in 1998 and has been conducting activities for the environment.

To further develop these activities, it obtained integrated certification for all five of its domestic manufacturing sites in August 2014 in a bid to "strengthen the capacities of top management, boost its environmental management standards, unify and invigorate environmental activities of all of its business divisions, and to boost mutual cooperation".

Under this new management structure, Yaskawa has promoted the PDCA cycle across the organization through company-wide environmental promotion committees attended by relevant divisions at all sites and by having its head office management division conduct environmental audits for continuous improvements of its integrated environmental management system and to promote activities aimed at achieving the high standards of environmental objectives that it has established.

Compliance with Environmental Regulations

For comprehensive adherence to laws and regulations pertaining to the environment, Yaskawa has stipulations in place based on its internal regulations for checking legislation that is applicable to each of its business sites, the details which should be seen to, and the methods for such initiatives, and each location of operation, as well as its integrated ISO administration office, engage in checking compliance. No violations or penalties occurred with regard to laws and regulations during FY2015.

Introduction of Environmental Technologies at Robot Village®*

Yaskawa has positioned and revamped its headquarter in Kitakyushu as "Robot Village".

Robot Village offers five perspectives on energy: "reduce," "create," "smart use," "store," and "recover". By leveraging its technology, the Yaskawa Group has succeeded in cutting CO₂ emissions at all of its head office by half and also reducing the amount of energy that is used by 42 percent when converted to crude oil and 35 percent in peak power.

The environmental technologies employed at Robot Village are explained at YASKAWA Innovation Center, clearly for anyone to understand.



Automatic warehouse

In-house technology in the Robot Village Energy monitoring control Fan and pump control



Power regeneration converter





Received the Energy Conservation Grand Prize

Robot Village was awarded the Energy Conservation Center Japan chairman's prize in the 2015 Energy Conservation Grand Prize. In the products and business model category, it also received the minister's prize, Ministry of Economy, Trade and Industry, for Yaskawa Matrix Converter U1000.

Preventing Global Warming

Transition in the amount of energy used in production and sales activities and the amount of energy per basic unit of production output

Per basic unit of mid-term business plan

Per basic unit of production output

2013

Amount used (kl/100 million ven)

2014

8.0

Initiatives to Save Energy

Yaskawa conducted activities to conserve energy, aiming for a "four percent reduction (versus FY2012) in energy consumption, per unit of production volume" targeted in its 2015 mid-term environmental plan. It achieved its objective, succeeding in an 11.1 percent reduction. Specifically, it initiated diagnosis for energy conservation at all of its manufacturing locations in addition to the introduction of high-efficiency equipment such as LED lighting and AC drive-based compressors and was able to pick up a large number of topics for improvement. As a result of its efforts for improvement, we were able to reduce its use of energy by 25 kl per year.

production output

CO2 omissions

(t-CO₂)

30,000 -

25.000 -

20,000 -

15.000 -

10.000 -

5,000 -

0

2012

2013

- 12

- 10

- 8

- 6

- 4

- 2

0

2015 (FY)





Diagnostics for energy conservation at manufacturing locations

gas heat pump type air conditioning systems



Resource Recycling and Resource Saving

Recycling Activities

2012

Initiatives were made to introduce thorough separations of refuse to enable efficient recycling of unused items, vendors were cultivated, and the company succeeded in maintaining zero emissions for industrial waste.





Initiatives for recycling

A change in work clothes resulted in the mass generation of work wear, which were offered free of charge for reuse as automotive upholstery. These activities were recognized with the awarding of the Fukuoka

governor's award for outstanding efforts to promote a recycling-oriented society and a prize offered by the city of Kitakyushu for the promotion of 3R activities (a recycling award).





18

Certificate of Appreciation



Reuse as automotive upholstery

Development of Products with Consideration for Resource Saving

The matrix converter U1000 is a next-generation drive product that was initially developed for the purpose of saving resources, recycling, protecting the environment, safety, and enhanced energy saving. The size of the area required for its installation has been reduced by 65 percent and wiring has also been reduced by 70 percent.



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(kl)

16,000 -

14,000 -

12,000 -

10,000 -

8.000 -

6,000 -

4,000 -

2,000 -

0

Green Products: Contributing to Improve the Global Environment through Climate Change Control

Through its products, Yaskawa will continue to remarkably improve productivity and energy saving of its customers and reduce the burden on the environment around the world.

It has created a system in which it uses an evaluation system from an environmental perspective to certify products which meet certain criteria as "Green Products" and those that have the best environmental functions in the industry as "Super Green Products".



Super Green Products

Product name	Key points for environmental consideration	External awards
Matrix converter U1000	 A regenerative all-in-one drive that realizes AC-AC dual conversion Energy saving through efficient use of regenerative energy Free of high harmonics (individually clears high harmonics control guidelines) No need for peripheral equipment to cope with high harmonics Reduction in size of space required for installation, less wiring needed Function for switching to commercial power supplies 	2015 Energy Conservation Grand Prize (minister's prize, Ministry of Economy, Trade and Industry)
Medium-voltage AC drive FSDrive- MV1000	A medium-voltage drive that realizes the smallest size in the world, comprising a simple main circuit configuration • The smallest size in the world • The best industry standards for conversion efficiency • Free of high harmonics (individually clears high harmonics control guidelines) • A multi-motor operation feature • Maintenance enabled by individual cell	2013 Energy-Efficient Machinery Award (JMF's President Award, The Japan Machinery Federation) ででの 優秀省エネルギー機器
AC servo motor Σ -7 series	A servo motor that realizes small size, high precision, and high efficiency. • Small size • High resolution • High efficiency, low heat generation • Improved water resistance (IP67)	56th hosting of 10 major new products prize, Nikkan Kogyo Shimbun Ltd. in 2013 (Japan's capacities award)
Green Products		
Product name	Key points for environmental consideration	
Advanced vector control AC drives	A Yaskawa AC drive with current · Control enabled for any r vector control that can be used · Control with encoder-free	notor e positionina

A1000



Machine controller MP3300



A machine controller based on the concept of consideration for the environment and energy conservation

for high efficiency synchronous

motors

· Enabled with the fastest scan synchronization in the industry

· Equipped with a diverse array of auto tuning functions

- \cdot High precision control (double-precision type; compatible with 64-bit integers)
- · Greatly reduced time required for setup

· Innovative torque features

· Monitor function for servo power consumption

Biodiversity Conservation Initiatives

In the Kitakyushu area where Yaskawa's headquarter is located, the company participates in a "Donguri Bank" ('acorn bank') initiative for a "1 million tree planting project in the environmental capital: a project in Hibikinada to create a green gallery where birds sing" hosted by the city.



More than 30 employees and family members took part in a tree planting event held in March for the project, which aims to plant a million trees. With a total of 625,954 trees (as of April 2016) planted to date, Yaskawa will continue to take part in these activities as efforts continue to achieve the targeted number.



Tree planting scene

List of Environmental Data

We are working toward self-action objectives on a daily basis in order to inspire commitment toward environmental load reduction. The environmental data (results) from FY2010 to FY2015 is listed below. For details on the Group, please refer to our corporate website.

Input item			Unit	FY2011	FY2012	FY2013	FY2014	FY2015
Input energy		Electric power	10,000kWh	4,276	4,246	4,418	4,138	4,045
		City gas	10,000m ³	26	31	37	66	61
	Production and sales	Liquefied petroleum gas	t	509	482	470	470	634
		Heavy oil, light oil, kerosene, gasoline	kl	309	210	241	196	184
		Steam and heat	TJ	17.8	23.6	19.8	1.18	1.16
	Logistics ^{*3}		TJ	51.0	50.2	43.4	42.3	36.8
Amount of greenho	ouse gas (SF6) han	dled	t	2.28	1.86	1.42	0.47	1.06
Amount of chemicals handled subject to the PRTR law		t	63.5	52.2	63.2	56.8	41.0	
Amount of water used			1,000m ³	195	193	200	198	186
Paper resources	;		t	137	123	124	117	113

	Output item		Unit	FY2011	FY2012	FY2013	FY2014	FY2015
Greenhouse gas ^{*1}	CO ₂ emissions	Production and sales	t-CO ₂	22,086	22,138	22,770	20,737	20,709
		Logistics*3	t-CO ₂	3,497	3,445	2,977	2,902	2,525
	SF6 emissions		kg	59	45	35	11.4	49.2
Greenhouse	CO emissione	Scope 1 and 2	t-CO ₂	_	—	—	30,262	29,403
gas* ²	CO2 emissions	Scope 3 ^{*4}	t-CO ₂	-	—	-	45,237	26,296
Air nellutente	NOx		kg	309	372	262	179	275
Air poliutants	SOx		kg	22	49	15	7	0
Water	BOD		t	7.12	5.21	8.32	11.3	7.95
pollutants	COD		t	1.36	1.03	1.02	1.16	1.27
	Release		t	50.3	38.4	52.2	44.5	31.3
FNIN	Transfer		t	8.3	7.6	7.2	8.6	5.3
Industrial	Amount of genera	ation	t	5,870	5,642	6,373	6,152	4,935
waste and	Amount of final di	sposal	t	35	31	10	1.8	0.42
valuables	Final disposal rate		%	0.59	0.55	0.15	0.03	0.01
General waste,	Amount of genera	ation	t	6,440	6,246	6,758	6,522	6,158
Industrial waste,	Amount of final di	sposal	t	75	72	51	54	40
Valuables	Final disposal rate	Э	%	1.16	1.15	0.75	0.82	0.65

*1: An emission factor of 0.42 kg-CO2/kWh is used to calculate the CO2 emissions of electric power.

Red Character: Correction of past data

* 2: Emission factors made public by electric power companies are used to calculate the CO2 emissions of electrical power. The Scope 3 value is the total value for Categories 2, 3, 5, 6, and 7. It is verified by the Japan Quality Assurance Organization that there is no error in calculation of the emission values of the respective Scopes.

To boost the reliability of the company's emission calculations, Yaskawa receives third-party verifications by SGS Japan Inc.

[Range of applicability of data] Yaskawa Electric, group companies and affiliated companies within Yaskawa Electric business sites, and Yaskawa Motor Corporation. However, the ranges are set separately for the following items.

*3: "Logistics": Yaskawa Logistec Corporation

*4: "Scope 3": Yaskawa Electric and group companies and affiliated companies within Yaskawa Electric business sites

Ceremony held marking 10,000th guest to YASKAWA Innovation Center





Many people have visited YASKAWA Innovation Center since its opening in June 2015. The Innovation Center offers visitors an opportunity to gain first-hand experience with Yaskawa's technologies and holds workshops and seminars for "learning, thinking, and creating" as it aims to become a venue for co-creation with the people of the community.

Number of Visitors to YASKAWA Innovation Center

The YASKAWA Innovation Center and robot factories are a part of the industrial tourism route aggressively promoted by the city of Kitakyushu, where Yaskawa Electric is located. From children to adults, everyone has a chance to see up close the scenes where robots and other items are made, and the Center has welcomed about 30,000 visitors during the year since its opening in June 2015.

Number of visitors to Robot Village (Visitors to YASKAWA Innovation Center and robot factories) April 2015 - March 2016 30,000 25,000



Ceremony Held to Mark 10,000th Visitor to YASKAWA Innovation Center

On October 2, 2015, only four months since its opening, YASKAWA Innovation Center marked the 10,000th visitor to the facility, exceeding the company's previous expectations to receive 20,000 visitors in a year.

A ceremony was held as a fifth year pupil at Ouma Elementary School in Kitakyushu was welcomed as the commemorative 10,000th guest to the site. Miniature MOTOMAN models with the children's names on them and mini-cars built by the robots on exhibit were given away as presents during the ceremony, which wrapped

up with a MOTOMAN-SIA20 robot on display cracking open a ceremonial paper ball hung over the festivities.





Family Event

The first Family Day Event was held at YASKAWA Innovation Center for three days during the summer holidays, attended by 820 people. The highlight of the event was a workshop held for elementary school-aged children to make things, where they built paper clip motors, learned about the structure of motors, and received tips for making them move fast. 301 people, both children and their family members, took part in the workshop that was held six times in total and experienced the joy of making things.

A Workshop Held for Making Things



Scene from workshop



Social Contribution Activities

To continue our company's evolution as a corporate citizen working together with society, we are pushing forward with revitalizing local communities and providing support to the young people, who will play an active role in the future.



Yaskawa Mirai Club Initiatives

The Yaskawa Mirai (Future) Club was established on Yaskawa Electric's 90th anniversary in FY2005 for the purpose of expressing our gratitude to all of our supporters including our customers, shareholders, and local residents, as well as further contributing to society.

Membership is voluntary, and employees of the Yaskawa Group donate part of their salaries to engage in activities to support organizations involved in areas such as healthcare and welfare, the healthy development of young people, the protection of the environment, and greenification initiatives.

Yaskawa Electric and Yaskawa Mirai Club made donations to help the people who had been affected by the 2016 Kumamoto Earthquake. Members, along with many other employees who prayed for the early restoration of Kumamoto, used their holidays to visit the disaster area and took part in volunteer activities for recovery efforts.

Fukushima Prefecture Project for Exchange between Children

In a show of support for the ideas behind the Smilink Project, a project launched in 2012 to promote interaction between Kitakyushu and Fukushima. Yaskawa has also been hosting factory tours for children from Fukushima since last year. 26 children and volunteers took part in a tour hosted on this occasion at YASKAWA Innovation Center and robot factories.



Children from Fukushima on an exchange tour





Since 2005, Yaskawa Electric has co-sponsored the annual Technical College Students' Robot Contest, popularly known as the Kosen Robo-Con, in which engineers-to-be from around Japan compete in contests focusing on robot production ideas and technology as well as robot performance. 2015 marked RoboCon's 28th anniversary.

As a company in the robotics business, we support this educational opportunity in order to encourage many young students to get involved in manufacturing and in hopes of fostering the next generation of talent.





Technical college students' robot contest



Volunteering for recovery after the Kumamoto Earthquake



About Yaskawa

Communication with Local Community

Yaskawa Electric strives to interact with the community and build a better relationship with people in local communities. To do this, we participate in volunteer activities and local events, as well as offer sponsorship of the local soccer team, among other activities.

Yaskawa Track and Field Team in Community Event

The Yaskawa track and field team took part in the Kurosaki Health Festival, held jointly by the community and its companies for the first time in a bid to promote the revitalization of the town of Kurosaki, Kitakyushu, where the Yaskawa headquarter is located. The company auditorium was made available as a main venue, members of the team made guest appearances in a talk show, and employees offered their cooperation as operations staff.

Since its establishment in 1974, the team has been receiving much support from the people of the community at Ekiden long distance relay competitions for company-sponsored teams, the World Championships in Athletics, and Olympic competitions, and deepening exchange with the children of the community through athletics as well.

Although the athletes had appeared tense at the start of the event, perhaps due to the fact that it had been the first time for a talk session to be held, they spoke about their experiences, offered tips on the ways to stretch, and made efforts to contribute to the revitalization of the community through athletics.



Community event



Volunteer Activities at Kitakyushu Marathon 2016

Yaskawa has been supporting the Kitakyushu Marathon, which has been held since 2014 to commemorate the 50th anniversary of the establishment of the city, as a main sponsor since its beginning for three consecutive years. Employees and their families also took part in supporting the marathon as volunteers.



Sponsoring Giravanz Kitakyushu

We have supported the Kitakyushu-based professional soccer team, Giravanz Kitakyushu, since 2009. We also contribute to the cultivation of young people by promoting sports in the local region. Our sponsor

logo is displayed on the team uniforms and everyone in the Yaskawa Group is rooting for them.



Giravanz Kitakyushu in a match

Kurosaki Shrine Omikuji Robot at JR Kurosaki Station

For the purpose of supporting the revitalization of the community, Yaskawa set up its seven-axis, vertical multi-joint robot at JR Kurosaki station, the closest train station to the head office, as an "Omikuji Robot". A press of the button at the front of the booth, built in the form of torii gate, brings on the sound of cheerful music as the robot sets the ball in place and the action begins.

The rails, set up like a roller coaster, are cut off here and there, and the

robot bridges those gaps with complicated movements as it guides the ball to the finish line. An Omikuji slip is produced when the ball slides into one of the several goal pockets, for the day's fortune to be told. (Hours: 9:30 – 17:00 ; free of charge)



Yaskawa-kun at Various Special Events

Yaskawa-kun, an ice-cream vending robot, debuted in the summer of 2010 and continues to be exhibited at various events. Many adults as well as children, who ordinarily have little opportunity to see an industrial robot, are enjoying it greatly.



Human Resource Utilization

In order to bring out the full potential of our global human resources and diverse talents, we engage in various diversity promoting activities. Also, through realizing work-life balance, etc., we are furnishing pleasant working environments while valuing the individuality of the employees.



Promotion of Diversity

As part of its long-term business plan "Vision 2025" announced in March 2015, Yaskawa is performing various activities under the theme of promoting diversity (human resources diversity) to create a corporate culture that can bring out the strengths of the diverse human resources.

Background of Diversity Promotion at Yaskawa

The ability to come up with new ideas and perspectives, rather than being constrained by conventional mainstream ideas, is necessary for the true globalization of a company and the cultivation of new markets. For that, diverse human resources with different attributes such as gender, age, and nationality, different values and experiences are indispensable.

And for such human resources to perform to their full ability, it is crucial that choices are made available for diverse styles of working, taking into consideration various family situations and lifestyles and offering flexible responses on the part of the company.

The Yaskawa Group declares that it will continue to both aggressively and continuously promote diversity as it aims to create a system for human resources and work styles that enable all employees to perform and shine.

Basic Policy for Diversity Promotion

We established the Diversity Management Division led by the president in September 2014 to deploy diversity promotion measures with the following three missions.

Missions of the Diversity Management Division

- 1. To construct a corporate constitution strong against environmental changes by adopting and fostering human resources with diverse values and ways of thinking.
- 2. To incorporate diverse opinions and viewpoints to create a corporate culture where innovation arises as a matter of course.
- 3. To realize a satisfying working environment by eliminating all factors of discrimination and respecting the individuality of employees.

Yaskawa regards the promotion of work-life balance through reformation of the way of working to be pivotal to diversity promotion and at the same time positions these as the wheels of a vehicle for corporate advancement. By examining flexible and diverse ways of working and personnel systems and tying up with the "K30 promotion activities" aimed at increasing the business efficiency by 30% through improvement of the labor productivity of each and every employee, we shall work toward reforming the corporate culture with an aim at becoming a corporation where one can advance his/her career while realizing compatibility of work with individual lifestyles and life events, such as child rearing and nursing care.

Status of Engagement

With human resource diversity, there are various attributes of diversity, such as race, nationality, age, gender, personal history, etc. We at Yaskawa have taken up the promotion of activity of women, who make up the largest minority, as the top priority theme and are engaging in various measures under the strong commitment of the top management.

Strong Commitment from the Top Management

The top management itself, including the president, issues diversity messages to employees and holds employee interactive gatherings focused on women. The top management thus directly provides opportunities for taking up the diverse opinions of employees.

Career Support and Training

In FY2015, Yaskawa invited female business manager who are active in the business community as a lecturer and held lecture events for all of its female employees. It also conducted group training for female employees (by open invitation and for selected employees) and for all managers. In response to opinions of female employees that it is difficult to envision their career path for the future, the company is currently making efforts to develop steps for offering career support for mid-level general staff to those in management positions.



Lecture for all female employees

Hosting of a Girls' Day at Yaskawa Electric

As a part of its initiatives to contribute to the community, Yaskawa Electric has been hosting a Girls' Day for female students attending junior high school since 2016. Girls' Day is an event that originates in Germany, where introductions are offered for jobs in the science and engineering field which may not be too familiar in everyday life, piquing the interest of participants as they have fun. After touring YASKAWA Innovation Center and robot plants, the female students experienced the motions of real industrial robots. Various comments were received from participants, including the following: "This has made me interested in robots and electricity."





Action Plan based on The Act on Promotion of Women's Participation and Advancement in the Workplace

Full-time employee gender data of Yaskawa Electric (unconsolidated) are as follows. (as of April, 2016)

	The number of full-time employee	Avg. Age*	Avg. Number o Years in Employment*
Females	330	40.7	17.6
Males	2,437	41.6	17.7
Total	2,767	41.5	17.7

*: Does not include executives, consignments, senior staff

Females **12**.1% —



Yaskawa Electric is proud to have built a work environment where the average age and average number of years in service are no different between male and female staff, and women are able to continue to work while raising children. However, female leaders are still few in number: four section heads and 15 subsection chiefs. In considering this issue, the company is gaining an understanding of the fact that there have been limited avenues for its female employees to perform, and that there have been few women aiming to become a manager. It is aiming to have more women perform by setting objectives to boost their share of hires and managers.

To steadily push forward its initiatives to promote women in the workplace, the government in April 2016 introduced The Act on Promotion of Women's Participation and Advancement in the Workplace.

Yaskawa Electric is taking further steps to boost the efforts that it has been making to date to promote diversity and established and submitted an action plan for performance by women.

Scene from Girls' Day event

Developing Human Resources at Yaskawa Electric

The basic policy of Yaskawa is to foster human resources with the passion to contribute to global projects by providing a place where employees can take up the challenge and through communication to encourage growing and fostering.

Interactive Gatherings with the Management

Yaskawa conducts activities across the company to promote the development of people, and it initiates efforts for human resources development with a focus on dialog with management. In aiming to develop a corporate culture to encourage growing and fostering, the company president took the reins for promoting the development of Yaskawa employees from FY2007, the circle of communications has widened, and improvements have been made in the development of human resources.

He also sponsored and participated in the interactive gatherings, the "Y-Wai Club" which has met 196 times to date and attracted 1,832 attendees (FY2007-FY2015). He also started interactive gatherings with the head office and division general managers, and these have been held 856 times to date and attracted 5,749 attendees (FY2007-FY2015).

Through interactive dialog with participants, the company has been aiming to create a corporate culture to take challenges and to prompt employees to face new challenges. It will continue to promote its human resource development and focus on boosting motivation and creating an open and vigorous corporate culture.



Passion of Chairman Tsuda

Y-Wai Club gathering

A willingness to develop people who have aspirations and are willing to learn and take action. A willingness to create a corporate culture where people continue to cheer each other on until they achieve their objectives

A willingness to make Yaskawa a Group that continues to push forward and continues grow and evolve.

Fostering of Global Human Resources

We are putting our efforts into global human resource education as the globalization of the Yaskawa Group accelerates.

"Global tolerance reinforcement program (3 days of training within Japan)"

Mind-setting concerning knowledge, skills, and mental attitude necessary for residing overseas is provided for human resources for whom overseas posting is expected in the near future. The participants prepare actions plans up to the posting and work hard for self-improvement after the training as well.

English study program in the Philippines

To quickly boost their skills in the English language, employees who are expected to perform in the global arena are sent to the Philippines to study English.

Participants work on a curriculum for 11 hours a day for about three months so they can use the vocabulary that they have in actual speech. Upon returning to Japan, more than half the participants become active in appointments abroad or take on responsibilities for overseas duties.

Growth Steps of Global Human Resource Candidates



Developing a Pleasant Working Environment

Under our fundamental policy of "creating a safe, friendly, and pleasant workplace," we strive to build a workplace environment where employees can maintain health and vigor whether at work or at home and live a full, satisfying social life.

Yaskawa's Measures Against Harassment

We at Yaskawa consider it most important to create and maintain a workplace environment where all employees are respected as individuals and can work with mutual trust.

Any form of harassment by any employee shall not be ignored or overlooked.

In FY2014, training concerning the definition of harassment and ways of preventing it was carried for all employees and a special page concerning harassment was set up in our intranet to thoroughly notify information on consultation contact offices, etc.

Initiatives for Improving the Level of Safety and Health

At each workplace, we provide work standards and training to ensure that work is carried out safely, perform risk assessments, and carry out accident prevention activities in daily operations.



Internal audits are also carried out to determine whether the results of these activities meet health and safety policies and targets, and by performing activities that reflect these results, we have been able to achieve an industrial accident frequency rate below the average of the same industrial field.

Especially in this fiscal year, we are making preparations to implement chemical substance risk assessment to further improve the level of safety and health.



"Frequency rate": Expresses the frequency of occurrence of accidents by the number of casualties due to industrial accidents per 1 million gross hours of actual work Calculation method: (Number of casualties due to industrial accidents/gross hours of actual work) × 1.000.000



Fall prevention

Employee Health Support

Employee general and special physical exams are carried out organically and efficiently, from ascertaining the working environment

and selecting employees, to performing tests and followup care, while giving ample consideration to relevant laws and regulations and various tests characteristics. This not only results in preventing workrelated illness, but also provides health care guidance and education with an emphasis on lifestyle and occupational support.



Mental Health Care

From the standpoint that mental diseases and disorders are just like physical diseases in being illnesses can happen to anyone, we provide living and occupational support as necessary.

Also, as part of our measures to minimize psychological stress that can impact an employee's health and lifestyle in various ways, we carry out stress surveys using questionnaires and provide feedback, based on the results, to individuals and their workplaces.

Support for Returning to Work from Sick Leave

When an employee who is forced to take leave due to illness or injury are ready to return to work, consultation is performed not only with the employee him/herself but also with his/her manager and managing department and an industrial doctor to ensure that a supportive physical environment and human support structure is provided to the extent possible.

Corporate Information

As of March 20, 2016

Corporate Name	YASKAWA Electric Corporation	Sales Offices	Chubu Office	Phone +81-561-36-9310
Founded	July 16, 1915			Fax. +81-561-36-9311
Employees	Consolidated: 11,450 Non-consolidated: 2,869		Osaka Office	Phone +81-6-6346-4500 Fax. +81-6-6346-4555
Head Office	2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan Phone +81-93-645-8801 Fax. +81-93-645-8831		Kyushu Office	Phone +81-92-714-5331 Fax. +81-92-714-5799
		Plants	Yahata-nishi Plant, Yukuhashi Plant, Iruma Plant, Nakama Plant, China (Shenyang, Changzhou,	
Tokyo Office	New Pier Takeshiba South Tower, 1-16-1 Kaigan, Minato-ku, Tokyo 105-6891, Japan Phone +81-3-5402-4511 Fax. +81-3-5402-4580		Shanghai)	e
		Laboratories	Corporate Research & Development Center (Kokura Plant), Tsukuba Research Laboratory	

Group Companies

Japan

YE DATA INC.

Information-related products and services (optomechatronics, Information security and information multimedia)

YASKAWA CONTROLS CO., LTD.

Manufacturing and sales of electric machines, and parts

YASKAWA ELECTRIC ENGINEERING CORPORATION Maintenance, test operation and adjustment of electric machines

and facilities and technical training

YASKAWA MECHATREC CORPORATION Sales of electric machines and other machinery

YASKAWA MOTOR CORPORATION

Design, manufacturing, sales and maintenance of motors, generators and motor applications

YASKAWA LOGISTEC CORPORATION

General product distribution

YASKAWA OBVIOUS COMMUNICATIONS INC.

Public relations planning, advertisement and publications; producing catalogs and technical documents

Europe

YASKAWA EUROPE GmbH (Germany)

Manufacturing, sales, and after-sales service of AC drives, servo motors and controllers. Sales and after-sales service of robots

YASKAWA NORDIC AB (Sweden)

Sales and after-sales service of robots

YASKAWA ELECTRIC UK LTD. (U.K.)

Manufacturing, sales, and after-sales service of AC drives and servo amplifiers

YASKAWA EUROPE TECHNOLOGY LTD. (Israel)

Development, manufacturing, sales, and after-sales service of servo motors and controllers. Sales and after-sales service of robots

Asia

YASKAWA ELECTRIC (CHINA) CO., LTD. (China) Sales and after-sales service of AC drives, servo motors and controllers

SHANGHAI YASKAWA DRIVE CO., LTD. (China) Manufacturing and sales of AC drives

- YASKAWA SHOUGANG ROBOT CO., LTD. (China) Sales and after-sales service of robots
- YASKAWA ELECTRIC (SHENYANG) CO., LTD. (China) Manufacturing, sales, and after-sales service of servo motors and controllers
- YASKAWA ELECTRIC (SINGAPORE) PTE. LTD. (Singapore) Sales and after-sales service of AC drives, servo motors, controllers and robots
- YASKAWA ELECTRIC KOREA CORPORATION (Korea) Sales and after-sales service of AC drives, servo motors, controllers and robots
- YASKAWA ELECTRIC TAIWAN CORPORATION (Taiwan) Sales and after-sales service of AC drives, servo motors, controllers and robots

YASKAWA ELECTRIC INDIA PVT. LTD. (India) Manufacturing and sales of AC drives. Sales and after-sales service of robots

The Americas

YASKAWA AMERICA, INC. (U.S.A.)

Manufacturing, sales, and after-sales service of AC drives, servo motors and controllers. Sales and after-sales service of robots

YASKAWA CANADA, INC. (Canada) Sales and after-sales service of AC drives, servo motors, controllers and robots

YASKAWA ELETRICO DO BRASIL LTDA. (Brazil) Sales and after-sales service of AC drives, servo motors and controllers

MOTOMAN ROBOTICA DO BRASIL, LTDA. (Brazil) Sales and after-sales service of robots

Stock Information

As of March 20, 2016

Number of Authorized Shares		560,000 thousand
Number of Shares Outstanding		266,690 thousand
Capital Stock	····· 30,562 million yen	
Number of Shareholders		38,652
Stock Code		6506 (Japan)

Major Shareholders

Major shareholders (Top 10 shareholders)	Number of shares (1,000s)	Share- holding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	23,622	8.86%
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,748	7.40%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT (Standing Proxy: The Bank of Tokyo-Mitsubish UFJ, Ltd.)	9,594	3.60%
Mizuho Bank, Ltd. (MHBK)	8,100	3.04%
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited (Employee Retirement Benefit Trust Account))	7,970	2.99%
Meiji Yasuda Life Insurance Company	7,774	2.92%
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust Account, The Bank of Fukuoka, Ltd. Employee Retirement Benefit Trust Account)	6,375	2.39%
Trust & Custody Service Bank Ltd. (Securities Investment Trust Account)	3,965	1.49%
Nishi-nippon City Bank, Ltd.	3,438	1.29%
Nippon Life Insurance Company	3,228	1.21%

Note: Treasury stock is deducted in the calculation of the shareholding ratio.

Share Distribution by Shareholder Type





Note: The prices displayed are the monthly high and low prices traded at Tokyo Stock Exchange.

The Company's stock has been selected for the Nikkei Stock Average and the JPX-Nikkei Index 400.





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